

# The Road Ahead: Canada's Automotive Evolution

Voice of the Dealer Opinion Survey

February 2025



# Executive Summary

# Executive Summary (1 of 4)

As part of the *Road Ahead: Canada's Automotive Evolution* project, CADA commissioned a forward-looking study among Canada's most senior auto retail leaders. The feedback from 422 dealer principals and other equity-participating retail leaders was collected in December 2024 in a confidential survey.

Several key themes emerged:

- **Technology:** Retail operations will be re-shaped by digital and artificial intelligence (AI) tools.
- **Profitability:** Fixed operations will be the primary driver of dealership profitability.
- **Consumers:** Customers will expect a 'know me', personalized experience in sales and after-sales.
- **Talent:** The quest for talent will intensify including the need to hire for different skills and competencies.
- **OEM Relations:** The need for mutually-beneficial dialogue between OEMs and Dealers will intensify.
- **NEV Transition:** The transition to New Energy Vehicles will happen; it is the path and timing that remain uncertain.
- **Structural Change:** The consolidation of dealerships into larger groups will continue. It is only a matter of time before Chinese brands and vehicles land on Canadian roads.

# Executive Summary (2 of 4)

- **Digitalization and AI will reshape retail operations**

- 85% of dealers expect to spend more (somewhat or a lot more) on digitalization and artificial intelligence (AI) tools in the future
- Over 3 in 5 dealers (62%) expect AI will have a major or radical impact on their business
- However, fewer than 1 in 3 dealers (31%) feel they are currently well-prepared to integrate AI tools into their operations
- AI is expected to provide notable benefits in supporting sales leads and helping with service activities

- **Dealership profitability will depend on a robust fixed operations business**

- Fully 4 in 5 Canadian dealers (80%) predict fixed operations will be the most significant contributor to overall profitability
- Used vehicle sales will be the second-most important profit driver (61% of dealers), followed by new vehicle sales (60%) and Finance & Insurance (49%)

- **Customer expectations will continue to increase**

- The vast majority of dealers (89%) predict customers will want a more personalized, 'know me' experience
- Nearly 3 in 5 dealers (58%) agree or strongly agree that customers will require more advice and guidance than today
- Dealers are essentially split on whether new vehicles prices will continue to be negotiated or move to a one-price model
- Some dealers commented on the increasing expectation of their customers for valet and pick-up and drop-off services

# Executive Summary (3 of 4)

- **The quest for talent intensifies**

- When asked to share their Top 3 focus priorities looking forward, workforce and talent is the most frequently listed (57%), ahead of new (43%) and used (37%) vehicle sales
- Technicians will remain the most challenging role to recruit, alongside customer-facing service roles (advisors and managers)
- Over 4 in 5 dealers (81%) recognize the need to recruit employees with different skills and competencies than today (agree and strongly agree), in response to customer expectations for more personalized services and the increasing sophistication of the vehicles we sell and service
- Nearly three-quarters of dealers (72%) expect to increase their investment (somewhat or a lot more) in recruiting and training

- **New Energy Vehicles (NEVs) will represent the majority of new vehicle sales by 2035**

- Canadian dealers expect that nearly 2 in 3 vehicles they sell in 2035 will be a NEV (63%):
  - 57% will be plug-in electric vehicles: BEV + PHEV + EREV\*
  - One-third (33.5%) will remain ICE or Hybrid powered
- A majority of dealers (65%) express concern that NEVs will have a negative impact on profitability (agree or strongly agree)
- A significant number of dealers recognize the need to reinvent their approach to vehicle marketing and sales (55%) and the need to innovate with the creation of new sources of revenue (32%)

\* EREV = extended range electric vehicle

# Executive Summary (4 of 4)

- **Dealer relationships and communication with their OEMs will be more important than ever**
  - The relationship with the manufacturer is expected to remain difficult for some dealers with concerns related to changing business models, compressed margins, and a general lack of trust with some franchises
  - Over 1 in 3 Canadian dealers (37%) anticipate their OEM relationship will deteriorate over the next 10 years
  - For some dealers reviewing their business model will require diversification of revenue streams, as well as a focus on less manufacturer-controlled areas of their business, notably used sales, service, F&I etc.
- **Canadian dealers expect to grow**
  - Nearly 2 in 3 Canadian dealers (64%) expect to grow their business over the next decade
  - Dealers overwhelmingly expect retail consolidation to continue (94%)
  - Nearly half of Canadian dealers (46%) expect to sell their business by 2035 (likely or very likely)
  - Over 3 in 4 dealers (76%) anticipate Chinese brands and vehicles on Canadian roads by 2035 with the majority (77%) view that the overall impact on the retail sector will be negative (small to large impact)
  - However, nearly half (49%) of dealers are open to considering a Chinese franchise in the future

# Study Methodology


# The Road Ahead Project Roadmap



Given the unprecedented pace of change in our industry, CADA commissioned Clarify Group to research the trends that will most likely influence industry trajectory and the resulting business environment that Canadian franchise dealers can expect by 2035. This effort will culminate in the publication of the **Road Ahead: Canada's Automotive Evolution** report later in 2025.

A key input into the Road Ahead effort is a **Voice of the Dealer Opinion Survey** conducted with senior (equity participating) dealer leaders across Canada in December 2024. The results of this survey are presented in this document. While some questions pertained to current realities, the main thrust of the survey was to understand dealer expectations and priorities for how the industry and their individual businesses will evolve over the next decade.

It is CADA's intent to repeat this survey over time to monitor the pulse of Canadian dealers in a rapidly changing industry.

Research powered by 

# Online Survey Summary

- **Fieldwork:**

- Conducted between 4th and 20th December 2024
- CADA emailed invitations to all franchised dealers in Canada
- 4 Reminders (9th, 12th, 17th and 19th December 2024)
- Note: the survey was conducted immediately after the close of data collection for the 2025 CADA DSI Study

- **Sample:**

- Provided by CADA with additional contacts from the Clarify *Canadian New Vehicle Dealer Database*
- Total number of emails sent: 7,254 with 6,798 emails delivered

- **Eligible Respondents:**

- Leaders of Canadian franchised dealerships or dealer groups with responsibility for any part of the strategic direction, investment, financing or operations of a franchised new vehicle dealership in Canada

- **Returns:**

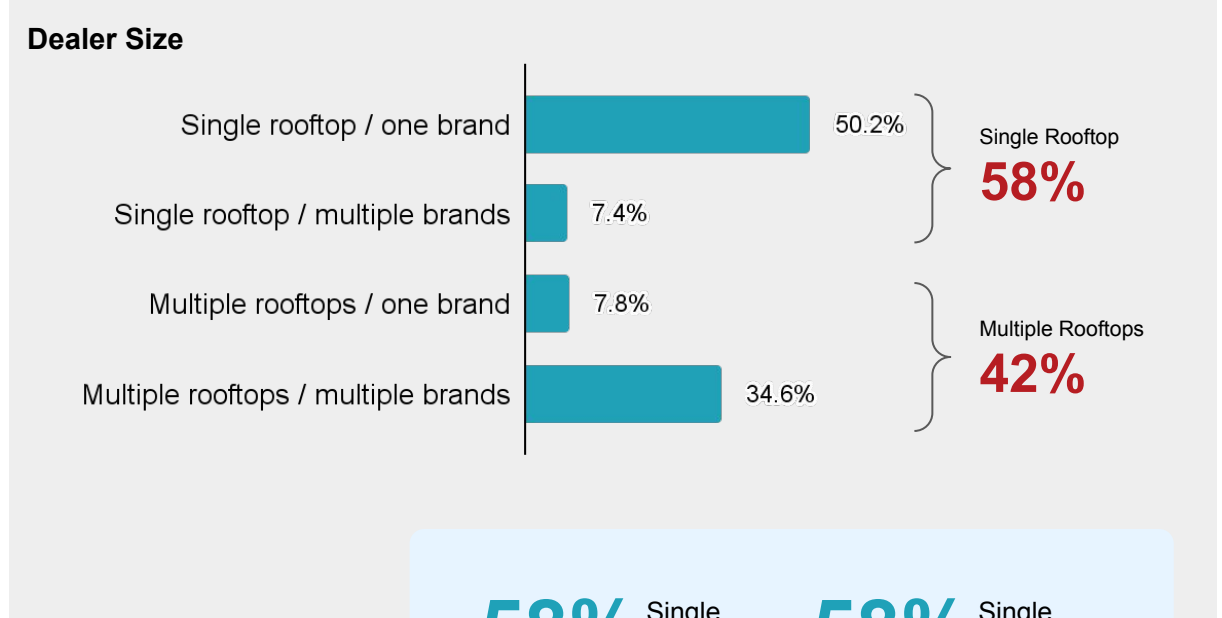
- 422 fully completed surveys
- Valid response rate = **6.2%**

# Dealer Respondent Profile

# Respondent Summary

Role	
Owner, Co-Owner, Dealer Principal, Chairperson, CEO, President	58.5%
General Manager	31.0%
Other Exec. Roles	10.4%

Age and Gender	
Mean Age	54.3
% Male	89.3%



**58%** Single Rooftop

**58%** Single Franchise

S3. What is your job title at your automotive dealership or dealer group?

Q1. Is your dealership...?

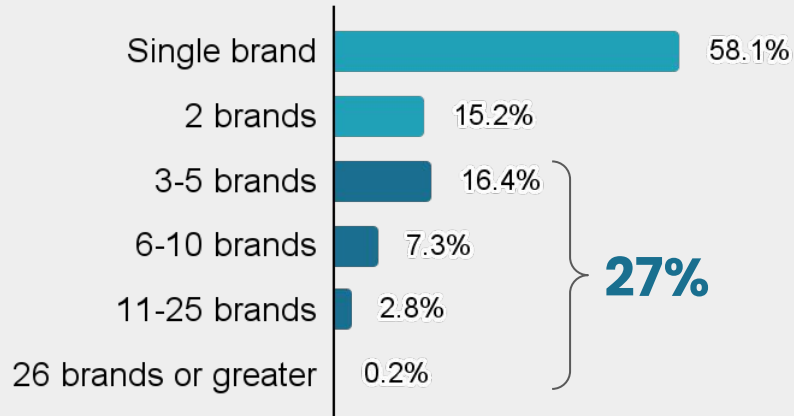
Q2. How many brands does your business include?

Q4. How many store(s) (rooftops) does your business have?

n=422

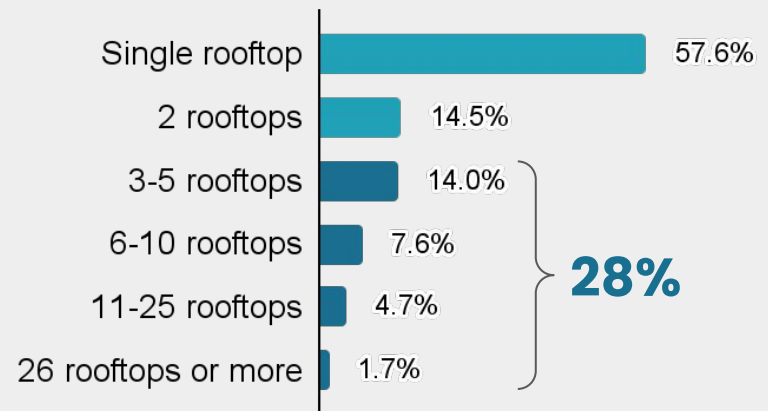
# Distribution by Dealer Size

## Brand Coverage



**27%** Over a quarter of respondents have 3 or more brands

## Number of Rooftops



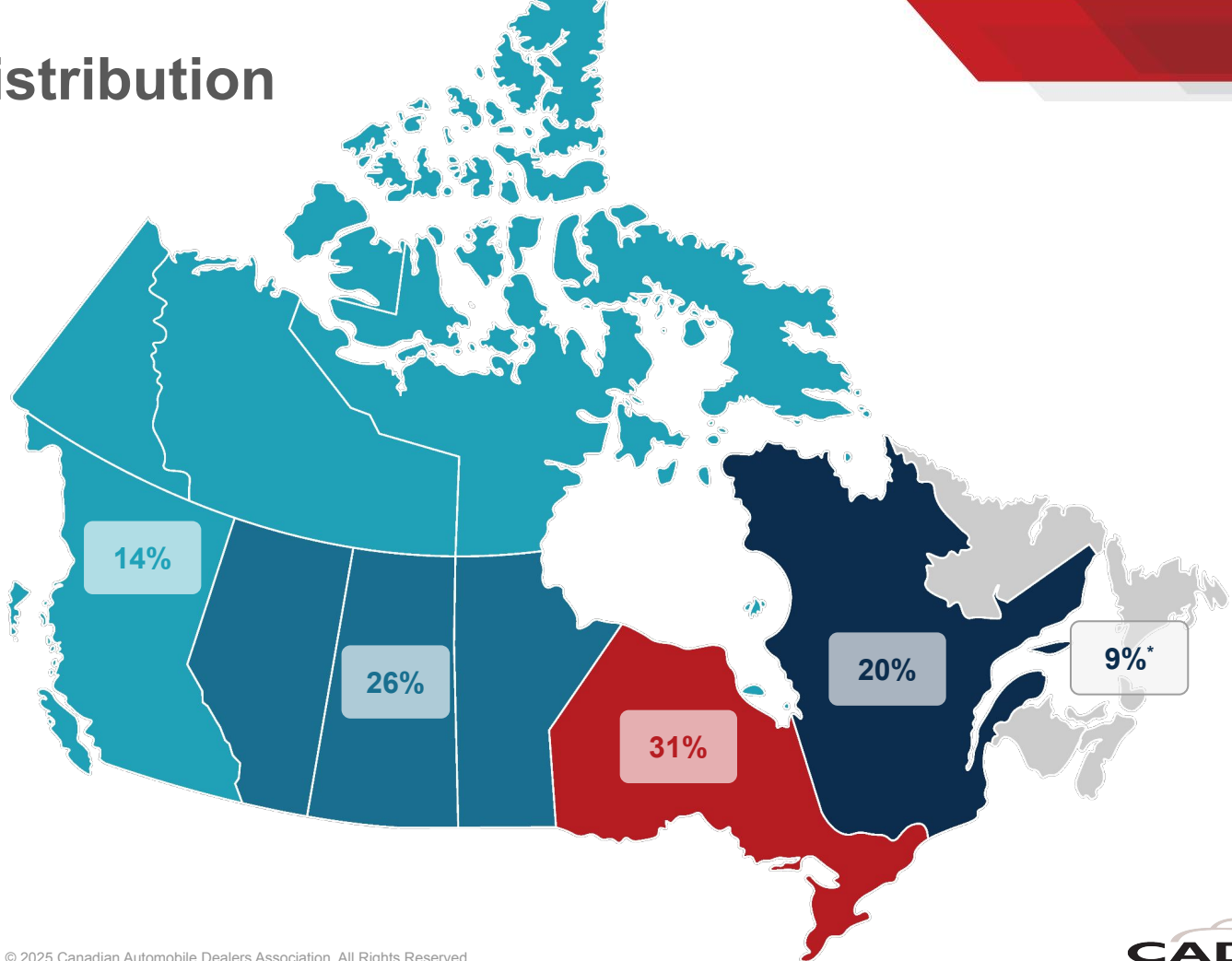
**28%** Nearly 3 in 10 respondents have 3 or more rooftops

Q2. How many brands does your business include?  
Q4. How many store(s) (rooftops) does your business have?

n=422

# Regional Distribution

Share of Responses (%)



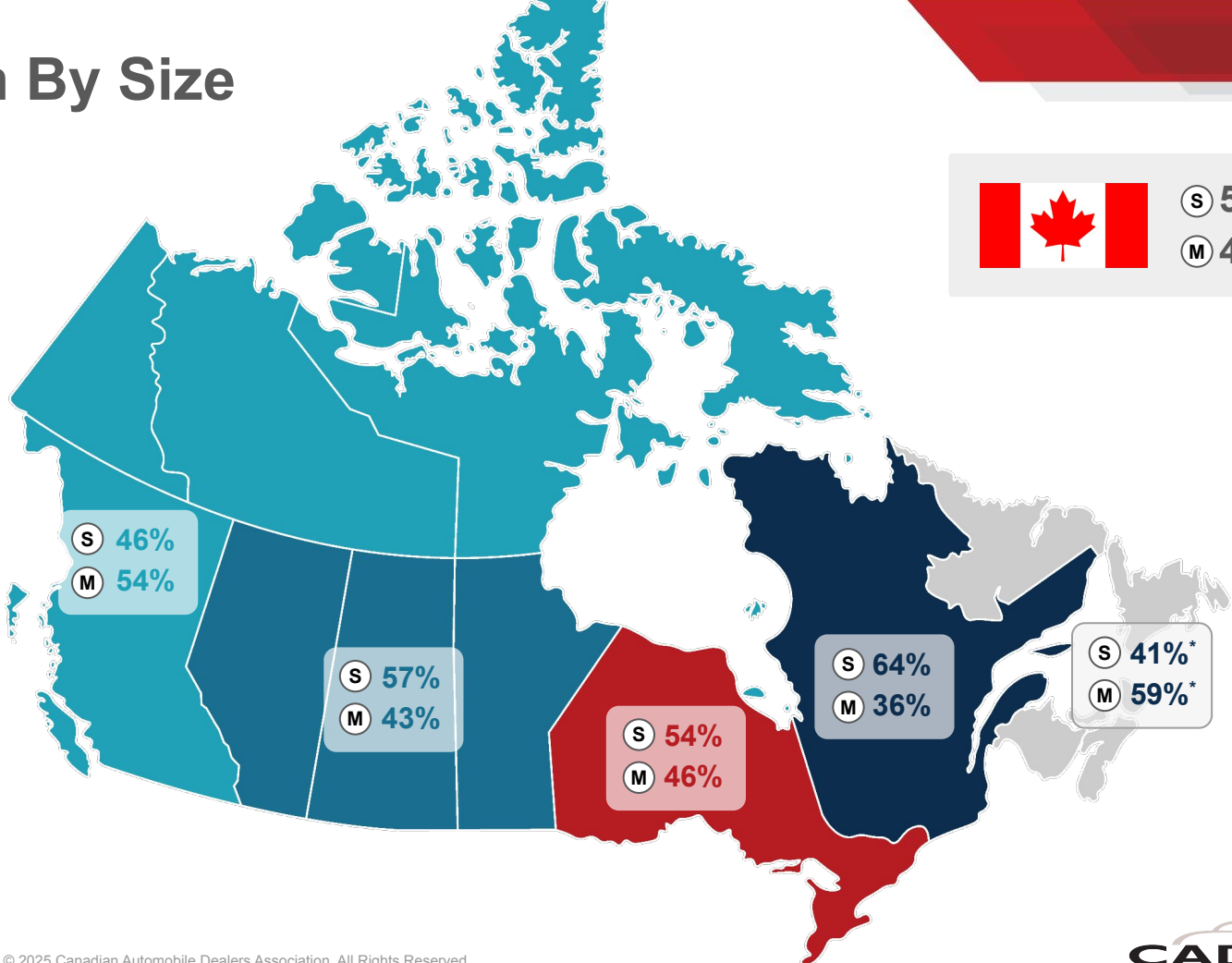
**Total Sample Size = 422**

\*Caution Small Sample n<50

# Distribution By Size

## Type of Dealers

- S** Single Rooftop
- M** Multi-Rooftop



**Total Sample Size = 422**

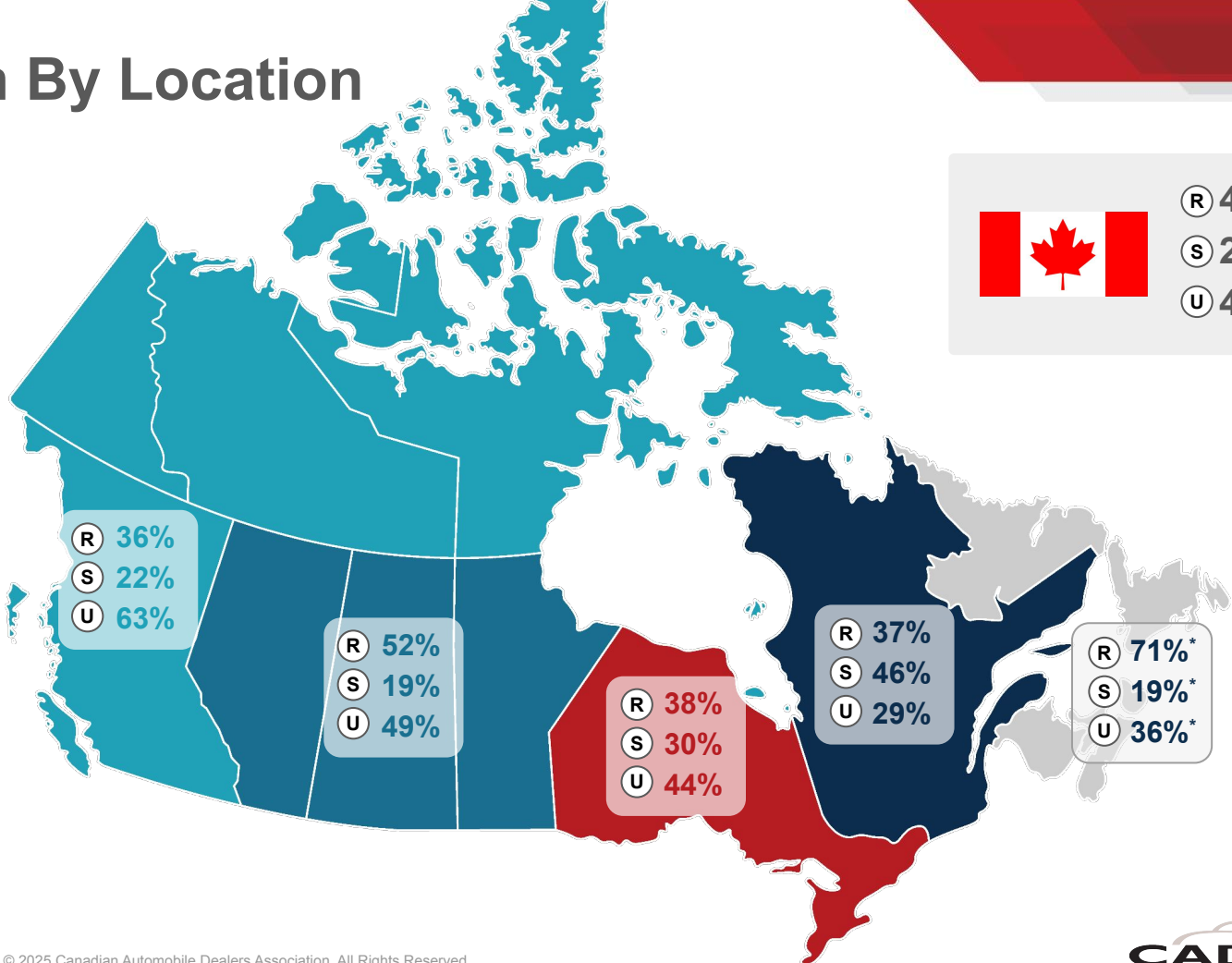
\*Caution Small Sample n<50

# Distribution By Location

## Location of Dealers

(Multiple responses)

- R** Rural
- S** Suburban
- U** Urban



**Total Sample Size = 422**

\*Caution Small Sample n<50

n = 422, multiple response option.

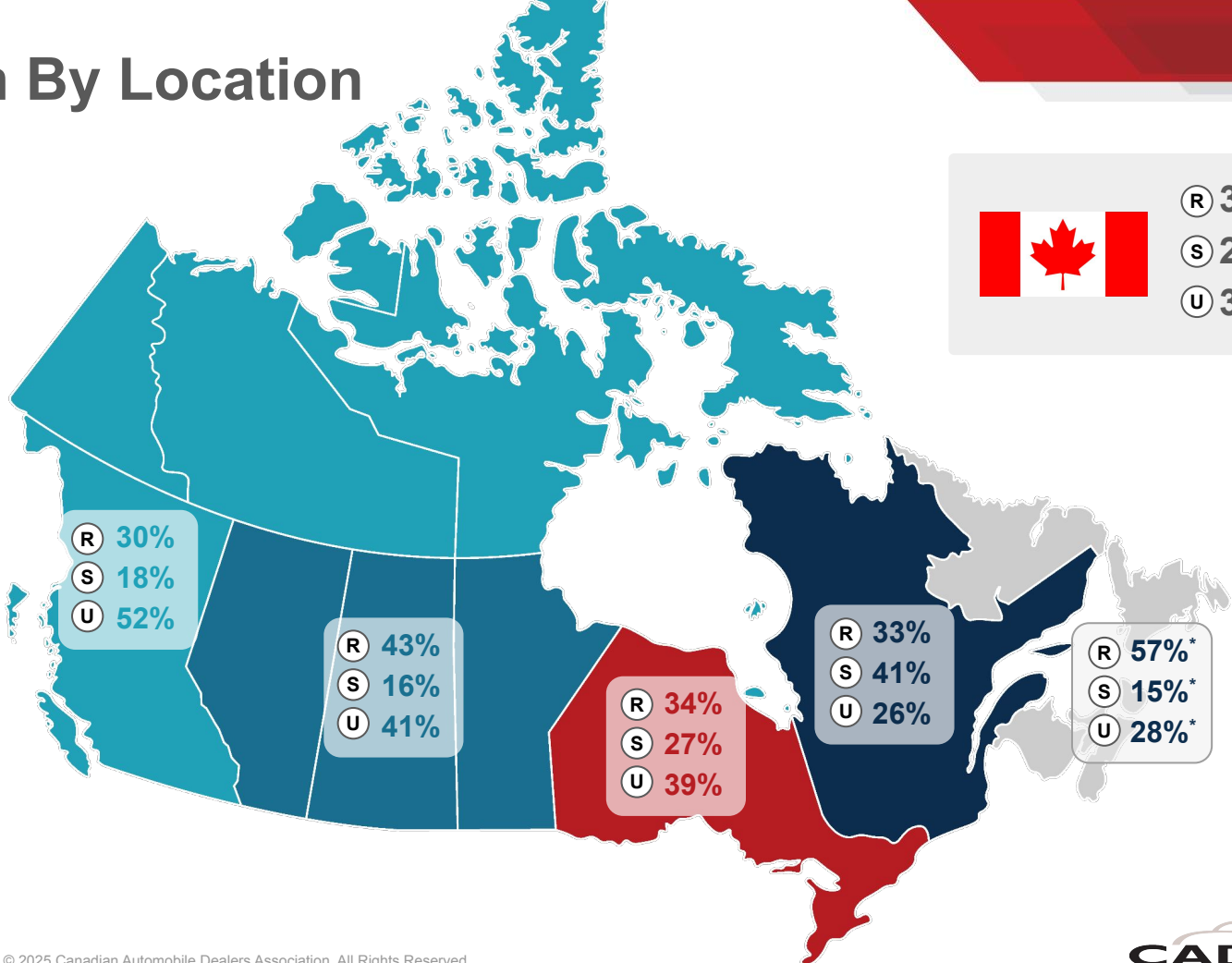
Totals add to more than 100%

# Distribution By Location

## Location of Dealers

(Share, rebased to 100%)

- R** Rural
- S** Suburban
- U** Urban



**Total Sample Size = 422**

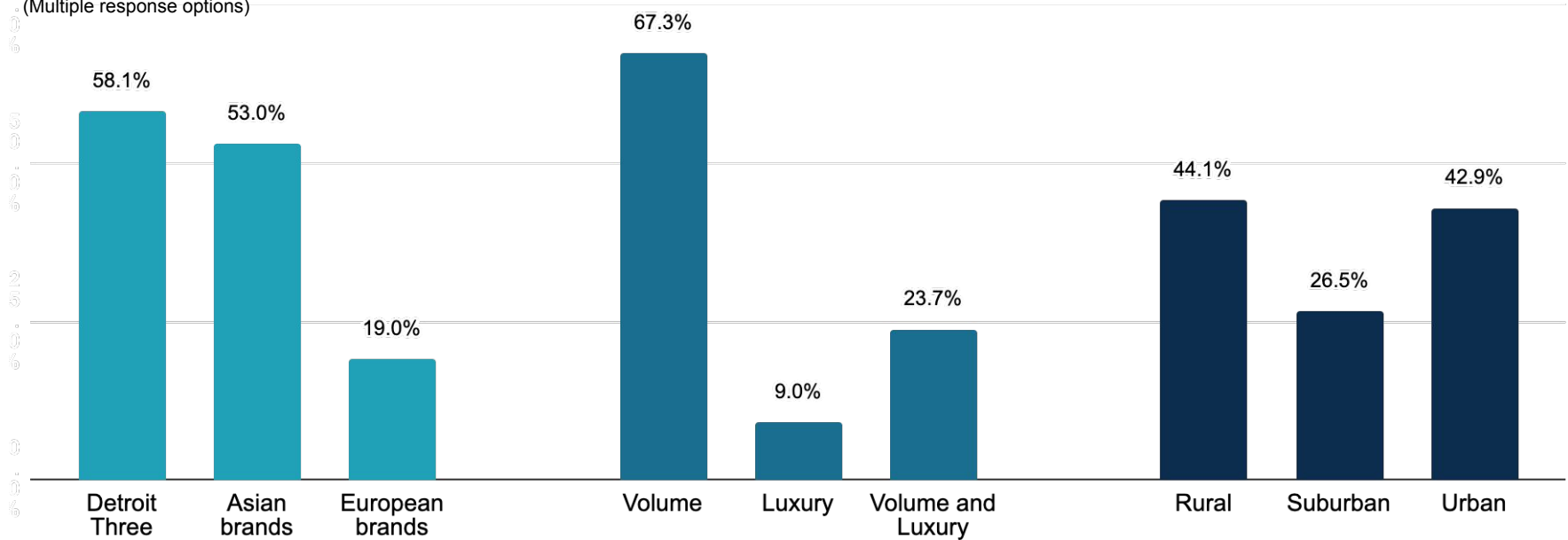
\*Caution Small Sample n<50

n = 422, multiple response option.  
Shares rebased to 100%.

# Distribution by Brand

## Share of Responses (%)

(Multiple response options)



Q3. Which types of brands do you represent in your dealership(s)

Q7. Does your franchise(s) represent volume brand(s), luxury brand(s), or both?

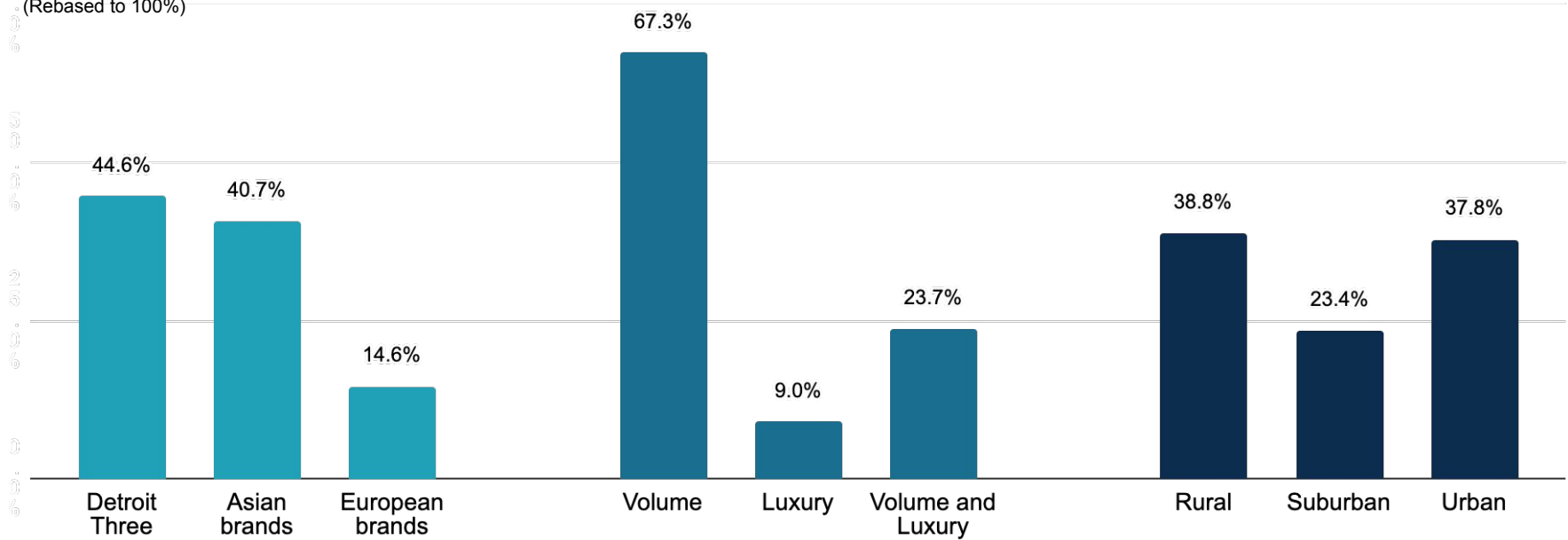
Q6. How would you best describe the location of your store(s)?

n = 422, Q3 and Q6 are multiple response options. Totals add to more than 100%

# Distribution by Brand

## Share of Responses (%)

(Rebased to 100%)



Q3. Which types of brands do you represent in your dealership(s)

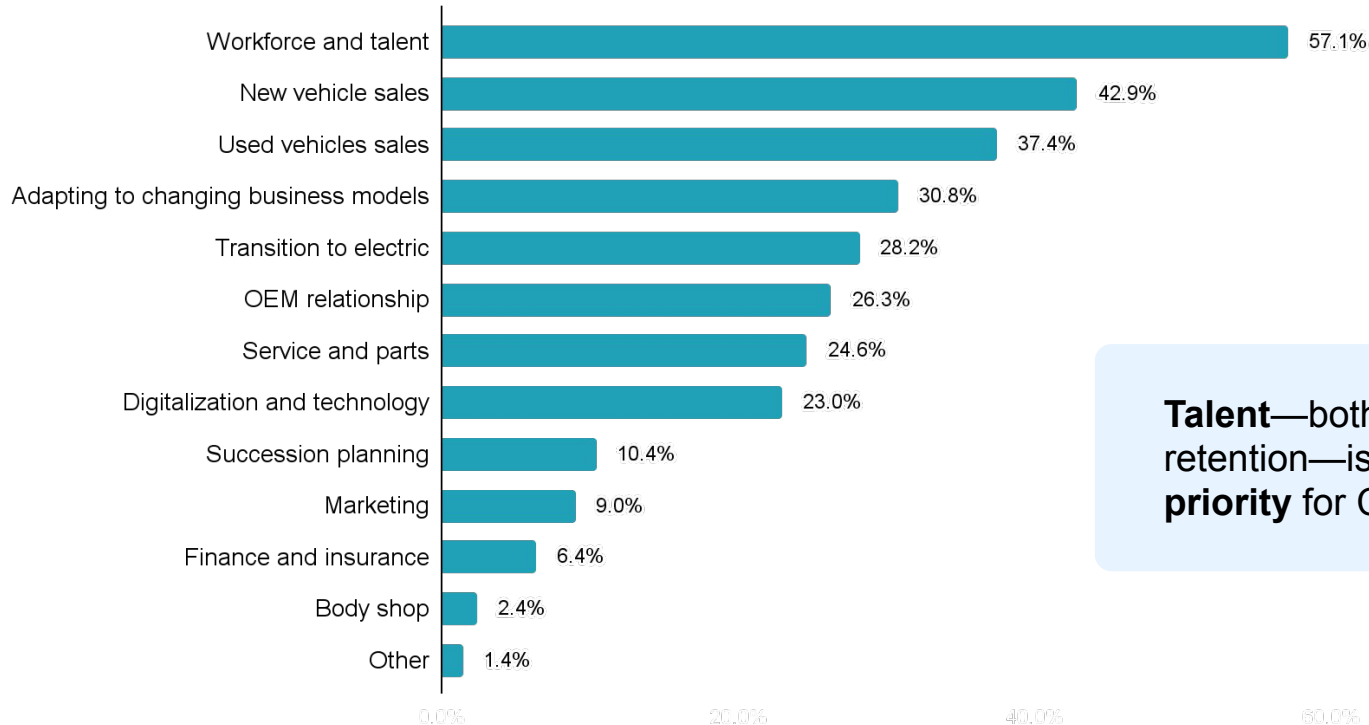
Q7. Does your franchise(s) represent volume brand(s), luxury brand(s), or both?

Q6. How would you best describe the location of your store(s)?

n=422, Q3 and Q6 are multiple response options. Rebased to 100% (share)

# Dealer Priorities

# Top 3 Areas of Dealer Attention



**Talent**—both recruitment and retention—is the **number one** priority for Canadian dealers.

Q8. What would you say are the 3 areas that require the greatest attention in your business today?

n = 422, multiple responses

# Top 3 Areas of Dealer Attention

## By Dealer Type

Q8: Top 3 Areas for Attention (%)	Total	Single Rooftop	Multi-Rooftop	Rural	Suburban	Urban	Detroit Three	Asian Brands	European Brands
Workforce and talent	57.1	51.0	65.4	58.1	58.0	55.8	61.4	55.5	55.7
New vehicle sales	42.9	48.1	35.8	39.2	46.4	42.0	42.3	38.6	39.2
Used vehicles sales	37.4	37.9	36.9	37.1	39.3	40.3	36.9	38.2	32.9
Adapting to changing business models	30.8	27.6	35.2	30.1	29.5	32.6	30.7	35.5	32.9
Transition to electric	28.2	30.9	24.6	31.2	22.3	27.6	26.6	29.5	29.1
OEM relationship	26.3	24.7	28.5	26.3	21.4	27.6	24.5	26.4	29.1
Service and parts	24.6	25.9	22.9	23.7	28.6	22.7	23.2	25.5	24.1
Digitalization and technology	23.0	22.2	24.0	22.0	23.2	21.5	24.5	23.2	26.6
Succession planning	10.4	10.3	10.6	11.8	5.4	12.2	10.0	10.0	15.2
Marketing	9.0	11.5	5.6	9.1	16.1	6.1	9.5	7.3	7.6
Finance and insurance	6.4	6.2	6.7	7.5	6.3	7.2	5.4	6.8	7.6
Body shop	2.4	2.9	1.7	1.6	1.8	2.8	2.9	1.8	0.0
Other	1.4	0.8	2.2	2.2	1.8	1.7	2.1	1.8	0.0

- Multi-rooftop dealers are feeling the quest for talent and changing business model challenges more acutely than single rooftop operators
- Single rooftop dealers feel the need to pay more attention to new vehicle sales and the transition to electric compared to multi-point operators

n = 422, multiple responses

# Top 3 Areas of Dealer Attention

## By Region

Q8: Top 3 Areas for Attention (%)	Total	BC & Territories	Prairies	Ontario	Québec	Atlantic*
Workforce and talent	57.1	58.7	53.9	64.0	47.1	61.9
New vehicle sales	42.9	41.3	40.9	33.8	58.6	42.9
Used vehicles sales	37.4	38.1	35.7	40.3	32.2	40.5
Adapting to changing business models	30.8	36.5	33.9	34.5	19.5	28.6
Transition to electric	28.2	31.7	27.8	23.0	35.6	26.2
OEM relationship	26.3	19.0	27.0	28.8	28.7	23.8
Service and parts	24.6	27.0	23.5	23.0	26.4	23.8
Digitalization and technology	23.0	19.0	25.2	25.2	19.5	26.2
Succession planning	10.4	7.9	12.2	7.9	10.3	16.7
Marketing	9.0	9.5	10.4	9.4	12.6	0.0
Finance and insurance	6.4	9.5	5.2	4.3	8.0	7.1
Body shop	2.4	0.0	4.3	3.6	0.0	0.0
Other	1.4	1.6	0.0	2.2	1.1	2.4

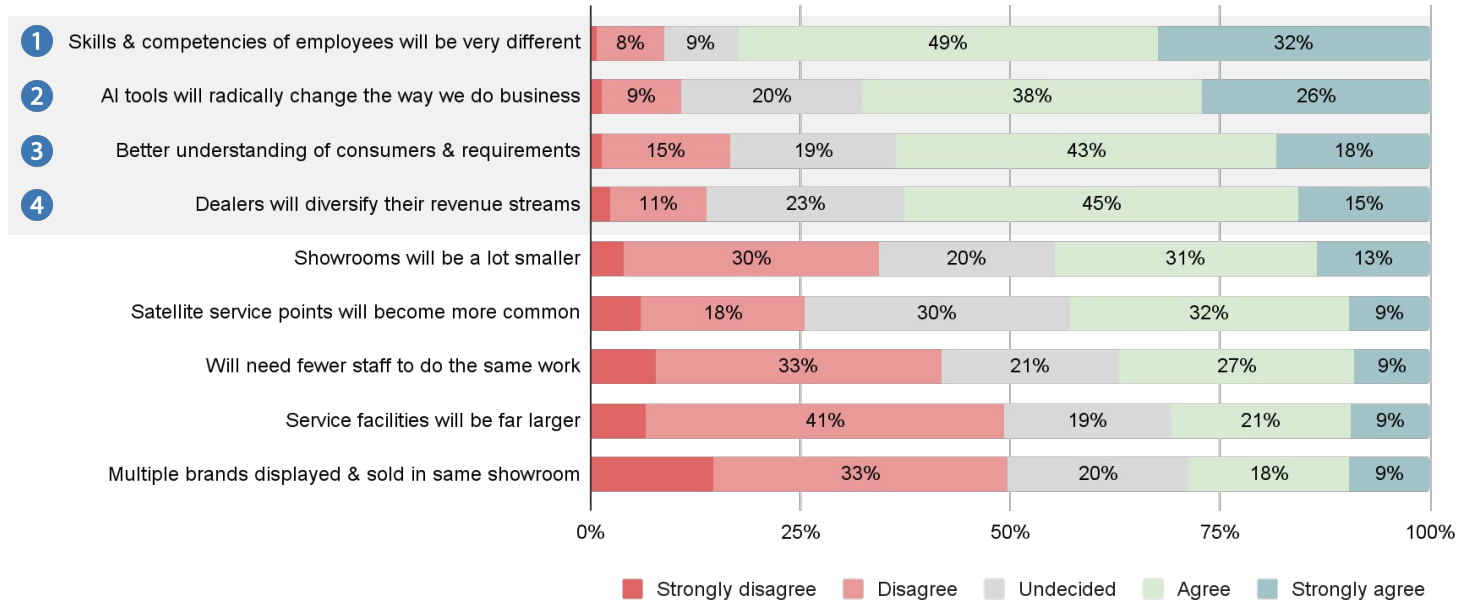
- Ontario and Atlantic dealers are feeling the quest for talent challenge more acutely than other parts of Canada
- The number one priority for Québec dealers is new vehicle sales, influenced at least in part by Roulez Vert program uncertainty

n = 422, multiple responses

# Looking Ahead

# Dealer Expectations

## Key Trends Next Decade



Canadian dealers are most confident that:

- The skills needed in the future will be different: 81% of dealers agree or strongly agree
- AI tools will reshape retail operations: 64% of dealers agree or strongly agree
- CRM will help dealers better understand customer needs and preferences: 61% of dealers agree or strongly agree
- They will need to diversify revenue streams: 60% of dealers agree or strongly agree

Q9. Thinking ahead for your business in the next 10 years, how much do you disagree or agree with the following statements?

n = 422, excludes 'Don't know'; Statements ranked ordered by 'Strongly agree'

# Dealer Expectations

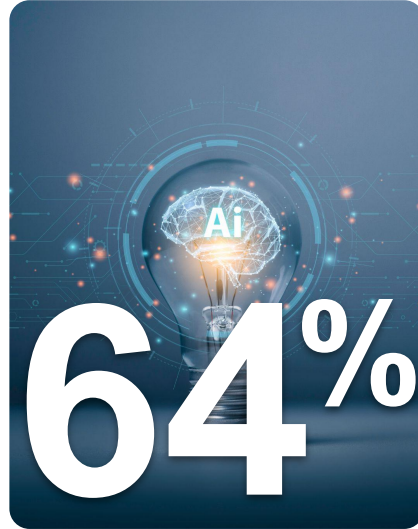
## Top 4 Trends



81%

**AGREE OR STRONGLY AGREE**

Skills and competencies of employees will be very different



64%

**AGREE OR STRONGLY AGREE**

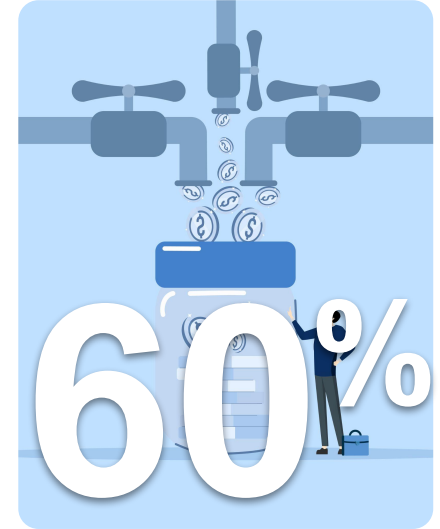
AI tools will radically change the way we do business



61%

**AGREE OR STRONGLY AGREE**

We will better understand our consumers and their requirements



60%

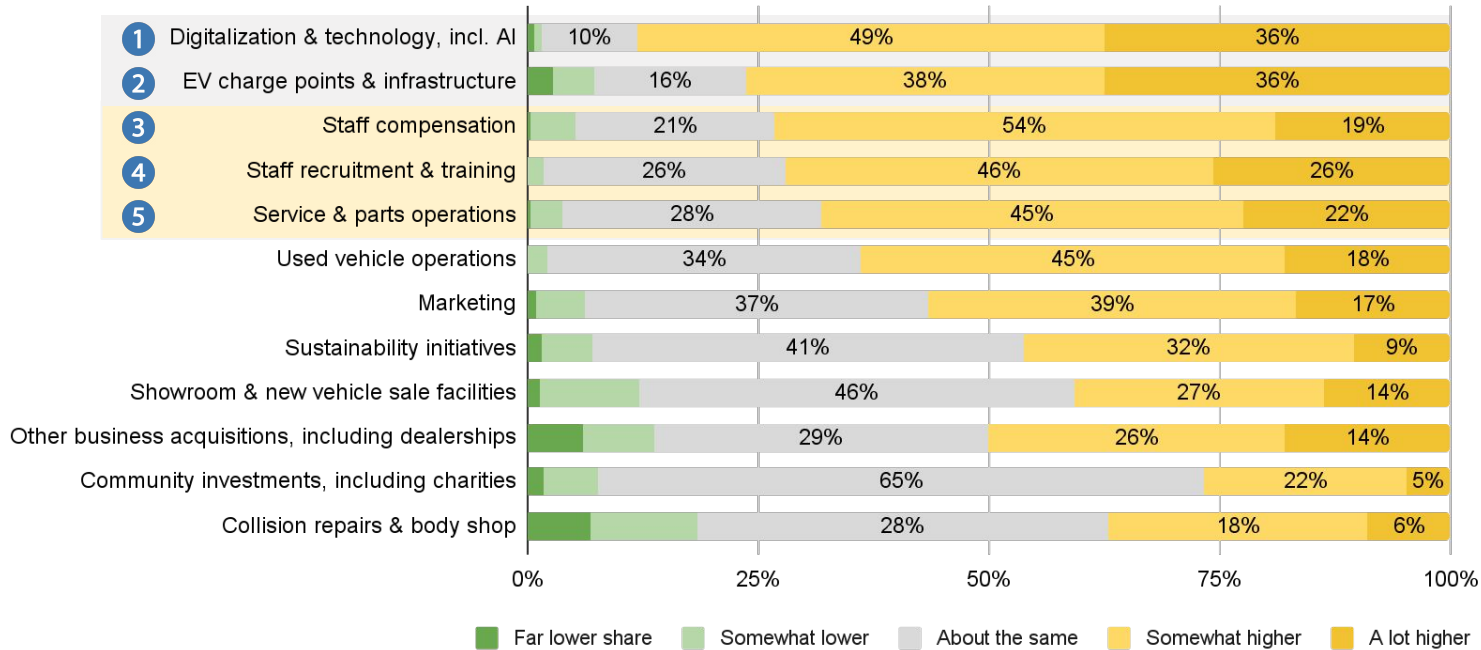
**AGREE OR STRONGLY AGREE**

Dealers will diversify their revenue streams beyond selling, servicing and repairing vehicles

Q9. Thinking ahead for your business in the next 10 years, how much do you disagree or agree with the following statements?

n = 422

# Dealer Investment Priorities: Next Decade



The majority of Canadian dealers expect to increase their investment (somewhat or a lot) in the following areas:

1. Digital and AI: 85%
2. EV charging: 74%
3. Staff compensation: 73%
4. Recruitment/training: 72%
5. Fixed Operations: 67%

Q10. Do you expect to invest a higher or lower share of your total spend over the next 10 years on the following?

n = 422, 'Don't know' and 'Not applicable / No spend' responses not shown

Statements rank ordered by 'Somewhat higher' and 'A lot higher'

# Top 5 Dealer Investment Priorities

(Somewhat or A Lot Higher)



Q10. Do you expect to invest a higher or lower share of your total spend over the next 10 years on the following?

n = 422, 'Don't know' and "Not applicable / No spend" responses not shown

Statements rank ordered by 'Somewhat higher' and 'A lot higher'

# Digital and AI

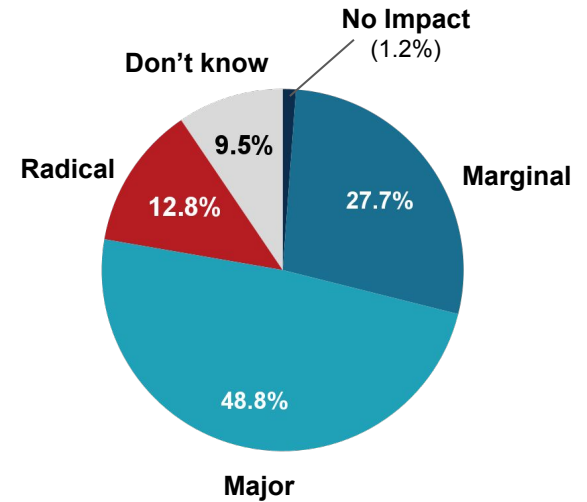
# AI Impact: Next Decade

 We asked Dealers...

How do you see Artificial Intelligence (AI) tools impacting your business in the next 10 years?



SAID RADICAL OR MAJOR IMPACT



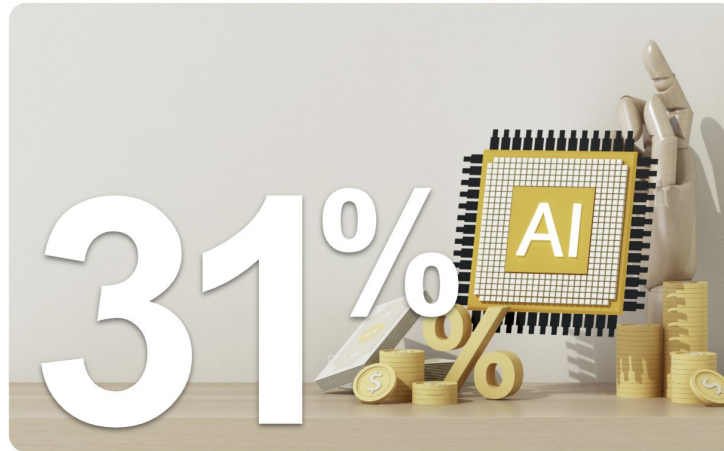
Q11. How do you see Artificial Intelligence (AI) tools impacting your business in the next 10 years?

n = 422

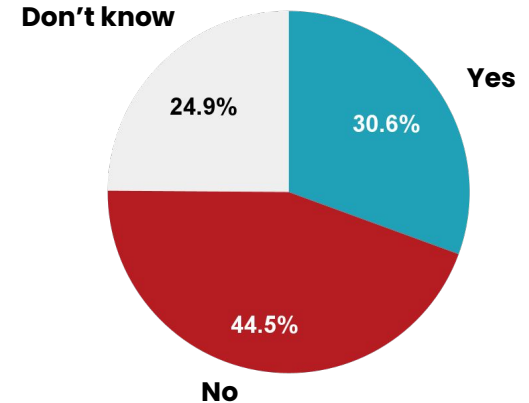
# AI Readiness

 We asked Dealers...

**Do you feel your business is well prepared to integrate Artificial Intelligence (AI) tools into your business today?**



SAID YES



Q13. Do you feel your business is well prepared to integrate Artificial Intelligence (AI) tools into your business today?

n = 422

# Dealer Comments: AI Opportunities

**In every aspect. If used correctly and within the business umbrella, this can be a valuable tool for staff. This should be able to boost efficiencies and increase communication.**

—Single Rooftop, Asian brand

**Quicker and better quality response for our customers.**

—Single Rooftop, Detroit Three

**Online lead responses, booking appointments, gathering and summarizing diagnostic questions from customers, vehicle selection, inventory management, coding and posting accounting invoices.**

—Multi-Rooftop, Detroit Three and Asian brand(s)

**Build trust with customers. Consistent, timely and factual communication. Supports a digital sales and service process as required by individual customer wants.**

—Single Rooftop, Detroit Three

**Parts departments will see the immediate benefit where it can take trends from market as well the store and change levels of parts required. Sales will take a couple years, as it will change what we order as well consumer preferences in regards to what they want in colour and trim levels. The service departments I can see techs having a liaison or assistant AI while repair vehicles that will guide them through so much more software and wiring repairs verses tech hotlines today guiding them. Dealers will have more access to data and will accent anything that is not showing right or performing to optimized levels.**

—Multi-Rooftop, Detroit Three, Asian & European brands

**Developing training for employees in a quicker and easier fashion, a more targeted approach to marketing (less spray and pray). I don't think AI will take replace people but will change the way they are able to deliver results.**

—Multi-Rooftop, Detroit Three and Asian brand(s)

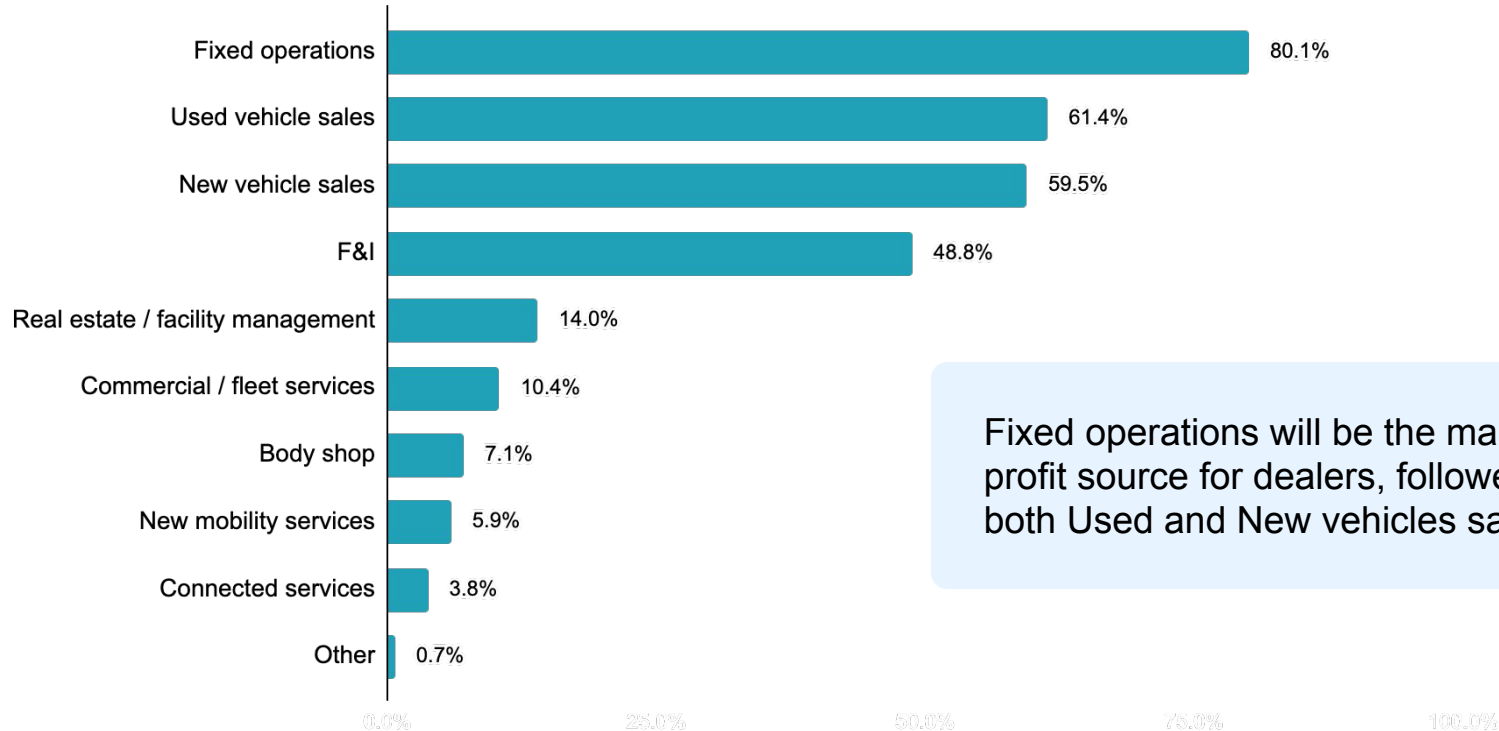
**None. AI is too stupid to do the job.**

—Single Rooftop, Detroit Three

Q12. Where do you see opportunities for Artificial Intelligence (AI) in your businesses?

# Dealer Profitability

# Retail Profit Drivers: Next Decade



Fixed operations will be the main profit source for dealers, followed by both Used and New vehicles sales

Q14. Which aspects of your dealership will contribute most to your business' overall profitability in the next 10 years?

n = 422, multiple responses

# Retail Profit Drivers: Next Decade

## By Dealer Type

Q14: Top Profitability Areas (%)	Total	Single Rooftop	Multi-Rooftop	Rural	Suburban	Urban	Detroit Three	Asian Brands	European Brands
Fixed operations	80.1	78.2	82.7	82.8	79.5	79.0	80.9	80.9	77.2
Used vehicle sales	61.4	61.7	60.9	62.9	58.9	57.5	54.8	65.0	69.6
New vehicle sales	59.5	63.4	54.2	60.2	61.6	54.7	58.1	56.8	53.2
F&I	48.8	48.1	49.7	51.1	42.0	53.6	51.5	50.5	46.8
Real estate / facility management	14.0	11.5	17.3	9.7	17.0	18.8	14.5	16.4	17.7
Commercial / fleet services	10.4	10.7	10.1	8.1	14.3	11.0	15.4	3.6	7.6
Body shop	7.1	4.5	10.6	7.5	4.5	8.3	7.9	8.6	8.9
New mobility services	5.9	7.4	3.9	4.8	4.5	7.7	4.6	6.8	7.6
Connected services	3.8	4.1	3.4	2.7	6.3	4.4	2.9	1.8	6.3
Other	0.7	0.4	1.1	0.5	0.9	0.6	1.2	0.9	0.0

- The business model of European brand dealers appears to be evolving with an emphasis on Used over New vehicle sales
- Canadian dealers are not yet seeing the opportunity to generate revenue from connected services—this represents an opportunity to collaborate more closely with OEM partners

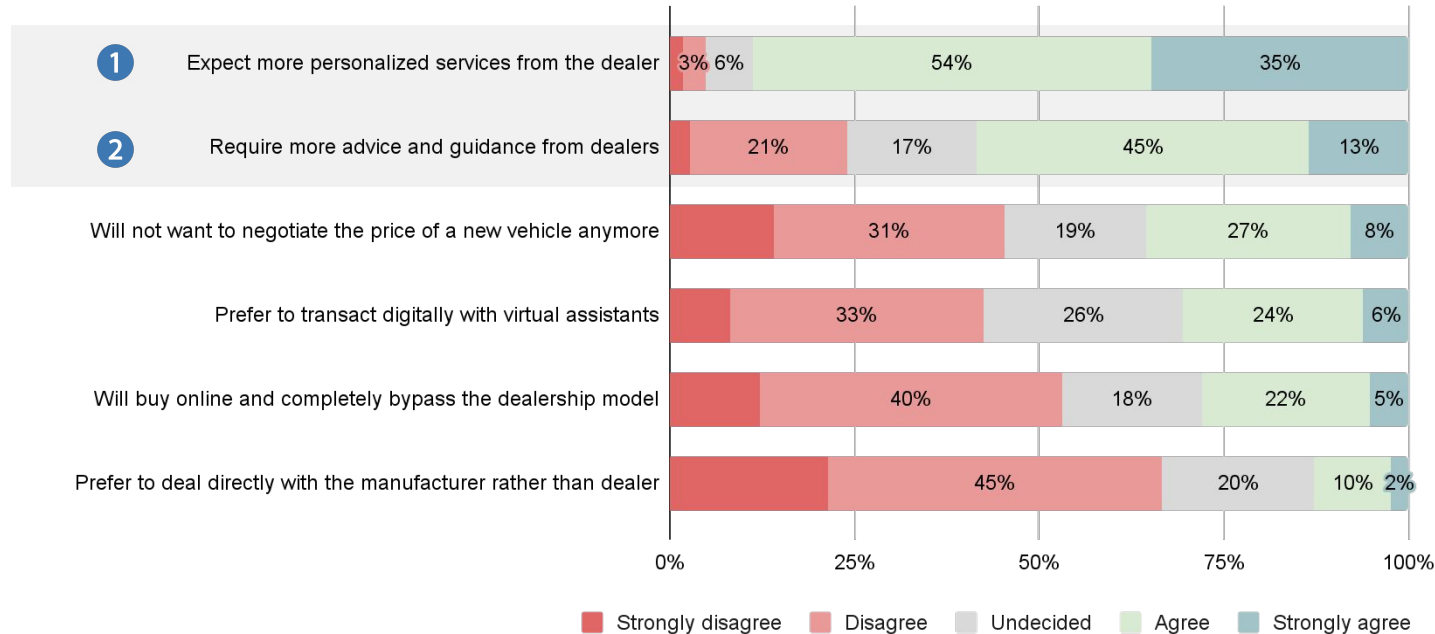
Q14. Which aspects of your dealership will contribute most to your business' overall profitability in the next 10 years?

n = 422, multiple responses

# The Changing Consumer

# How Will Customer Expectations Change

## Next Decade



The majority of Canadian dealers anticipate the evolution of customer expectations and the way in which they will need to respond:

- Nearly 9 in 10 dealers (89%) recognize that customers want a more personalized experience from their dealership
- Nearly 3 in 5 dealers (58%) recognize that customers need hand-holding and trusted advisor support especially during the transition to electric

Q15. How do you see consumer expectations and behaviours will change in the next 10 years?

n = 422, 'Too early to say/Don't know' responses not shown

Statements rank ordered by 'Agree' and 'Strongly agree'

# Top 2 Ways Customer Expectations Will Evolve



**AGREE OR STRONGLY AGREE**

Consumers will expect more personalized services from their dealer



**AGREE OR STRONGLY AGREE**

Consumers will require more advice and guidance from their dealer

Q15. How do you see consumer expectations and behaviours will change in the next 10 years?

n = 422

# How Can Dealers Respond?

 We asked Dealers...

**Will we have a better understanding of our consumers and their requirements than we do today?**



**AGREE OR STRONGLY AGREE**

Leveraging **CRM** to deliver a **personalized, 'know me' experience** will become a **core competency** for dealers

Q9. Thinking ahead for your business in the next 10 years, how much do you disagree or agree with the following statements?

n = 422

# Dealer Comments: The Changing Consumer

**Pace of service. Dealers need to become almost anticipatory of customer wants and needs.**

—Single Rooftop, European brand

**It will remain to be seen. Some will prefer a complete digital transaction while many will still prefer to see, touch and feel what they are going to invest in and drive. A heightened professional, custom tailored omni-channel experience that allows the client to guide their transaction with the ability to transact, service and warrant their purchase locally will remain paramount.**

—Single Franchise, Asian brand

**More commoditization, more transaction, less relationship.**

—Multi-Rooftop, Detroit Three and Asian brand(s)

**Higher levels of personalized services. 24 hrs dealership virtual concierge . Digital tracking for all dealership and OEM services via mobile device in one single app. Lifestyle and other non traditional automotive services incorporated into their customer journey.**

—Multi-Rooftop, European brand

**Vehicle delivery to the door. Valet service. Immaculate follow-up and reminder systems.**

—Single Rooftop, Asian brands

**Consumers will continue to want an easier more transparent transaction but will value the personal interaction with a 'trusted dealership' advisor whether it is service or purchase related. I believe there will be more emphasis on dealerships to provide a more tailored approach to service options for clients. For example: pick up and delivery options, remote location service facilities (neighbourhoods). I also think better lease and vehicle renewal options than we have today that require much less less hassle.**

—Multi-Rooftop, Detroit Three

**Complete transparency on all transactions, less intrusive marketing, buying seamlessly online and then using the facility to for delivery only.**

—Single Rooftop, Asian brand

**We talk about the 60 minute car deal, but I think the next generation want to move at a faster pace than that.**

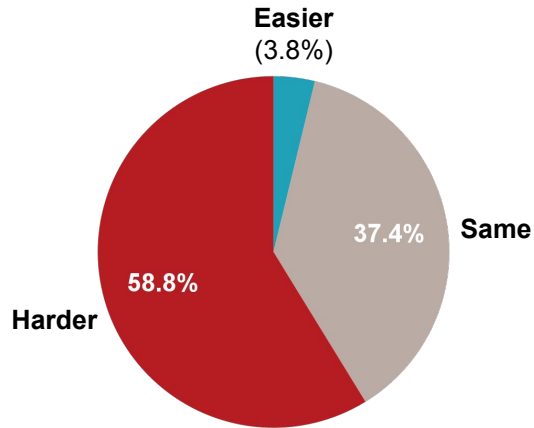
—Single Rooftop, Detroit Three

Q16. What other consumer expectations do you think will change?

# The Quest for Talent

# Recruitment Concerns

## Recruitment in the Future



Q17. Overall, do you expect new staff recruitment will be easier, the same or harder in the future?  
n = 422

## Harder Roles to Recruit



Q18. Which roles will be harder to recruit for?  
n = 248, 'Will be harder' respondents only, multiple responses

- Among dealers expecting recruitment to become more challenging, Technicians and customer-facing service roles will be the priority
- Given that dealers expect Fixed Operations to be a key profit driver in the future, talent management will become the great differentiator among dealerships: the ability to attract and retain staff
- New thinking is also needed as we're hiring for different skills and from a talent pool with different expectations

# Hiring for Different Skills

? We asked Dealers...

**Will the skills and competencies of employees be very different?**



**AGREE OR STRONGLY AGREE**

Q9. Thinking ahead for your business in the next 10 years, how much do you disagree or agree with the following statements?

n = 422

# The Need to Invest in Talent

? We asked Dealers...

**Do you expect to invest a higher or lower share of your total spend in staff recruitment and training?**



**SAID SOMEWHAT OR A LOT HIGHER**

Q10. Do you expect to invest a higher or lower share of your total spend over the next 10 years on the following?

n = 422

# Overcoming Recruitment Challenges

## Best Methods



# 1

**Work closely with local schools**



# 2

**Better career path planning**



# 3

**More creative compensation plans**



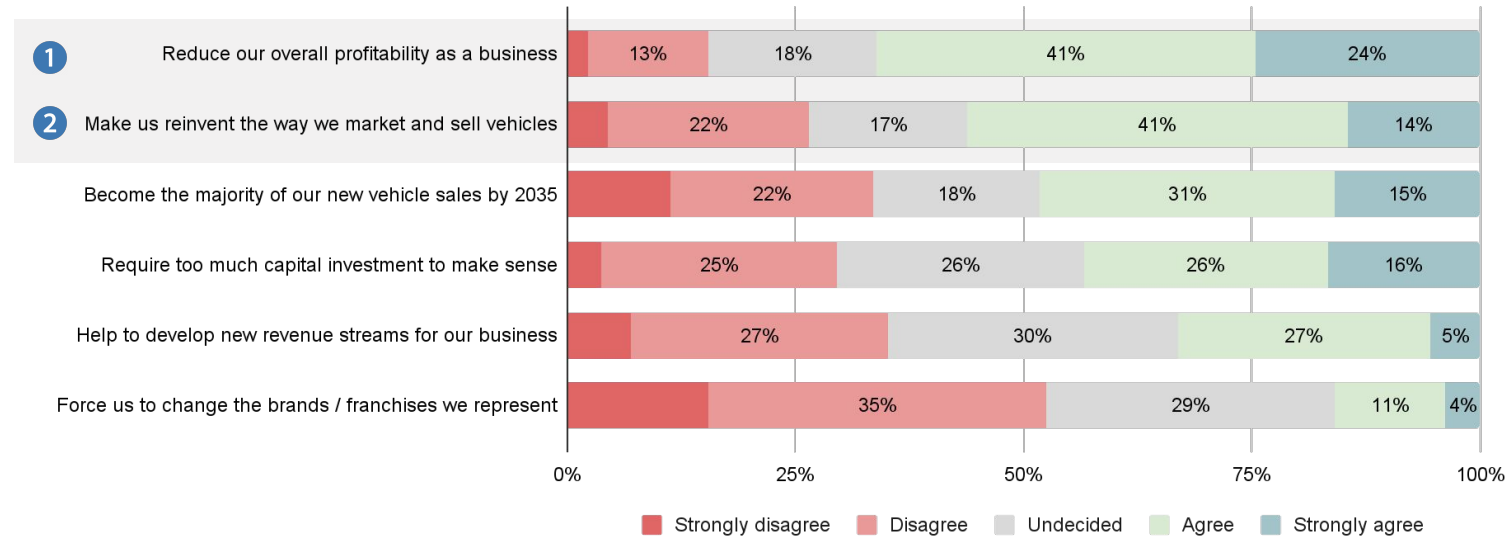
Q19. How can the recruitment challenges be best overcome?

n = 406, 'Will be harder' and 'The same' respondents only, multiple responses

# New Energy Vehicles (NEV)

# Impact of NEVs on the Business

## Next Decade



- A majority of Canadian dealers (65%) are concerned about profitability as a result of the NEV transition (agree or strongly agree)
- At the same time, dealers recognize the need for entrepreneurship:
  - Over half of dealers (55%) see the need to reinvent the way they do business
  - Nearly one-third of dealers (32%) intend to develop new revenue streams

Q20. How do you see the transition to New Energy Vehicles (battery electric, plug-in electric, extended range electric, and fuel cell electric) impacting your business in the next 10 years?

n = 422, 'Too early to say/Don't know' responses not shown  
Statements rank ordered by 'Agree' and 'Strongly agree'

# Anticipated NEV Revenue Streams

## VEHICLE SERVICES



Battery Health



Tires!



New Maintenance

## NEW REVENUE STREAMS



Charging Stations



Home Charger Installation

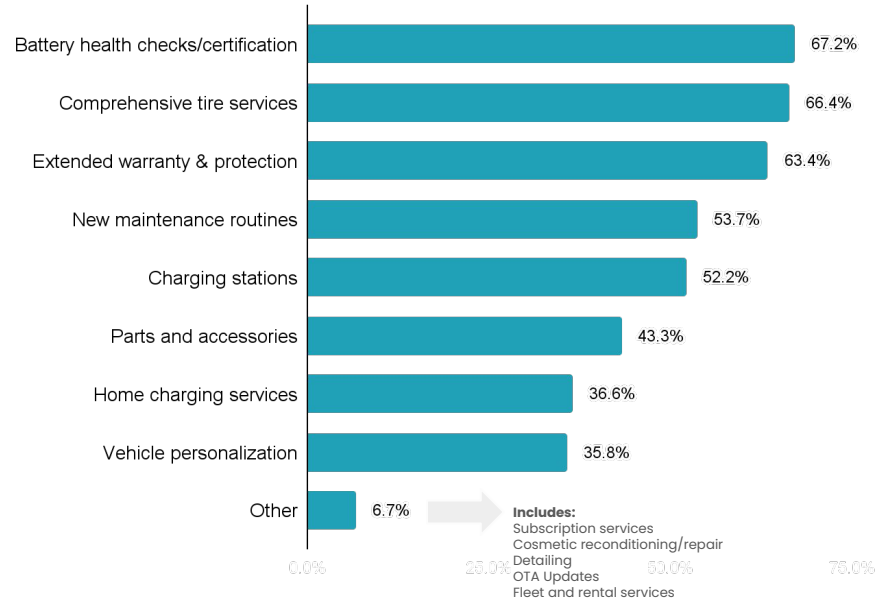
## VEHICLE PROTECTION & CUSTOMIZATION



Extended Warranties  
& Protection Products



Vehicle Personalization,  
Vinyl Wraps, PPF, etc.

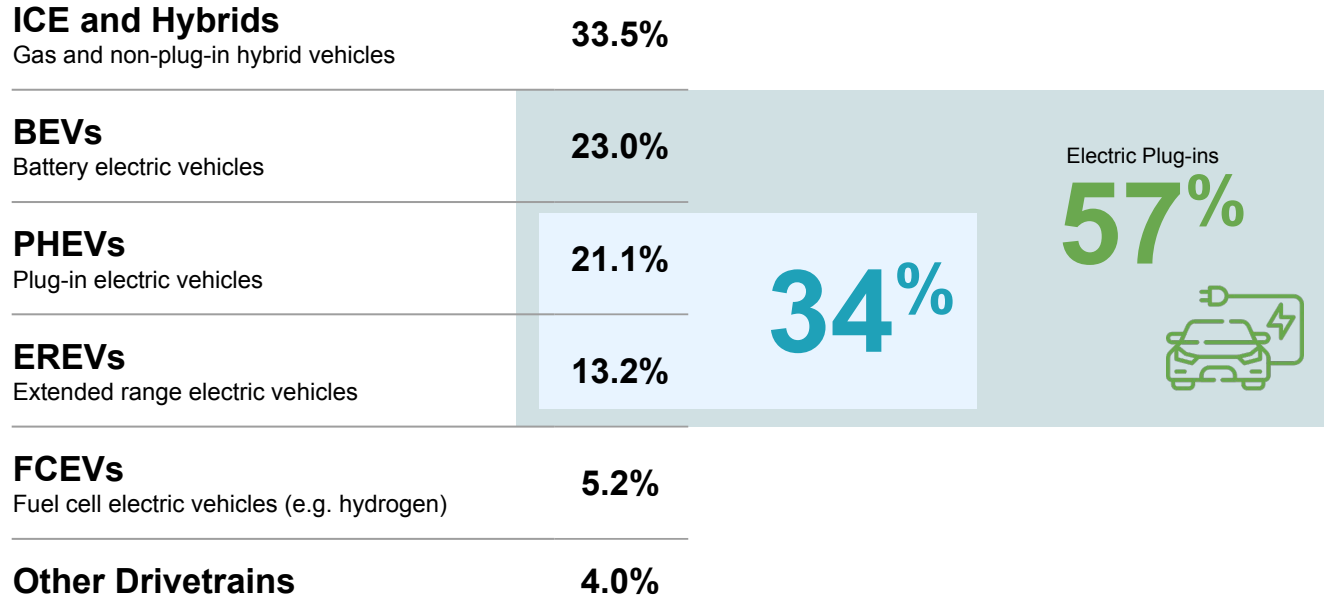


Q21. Where do you see additional revenue streams as a result of the transition to New Energy Vehicles (NEVs)?

n = 134, 'Help to develop new revenue streams for our business' respondents only, multiple responses

# Dealer Anticipated Powertrain Mix

Next Decade



Q22. Based on your experience, what do you think will be the mix of drivetrains among new sales across your dealership by 2035?

n = 422

# Anticipated Powertrain Mix

## Next Decade by Dealer Type

Q22: 2035 Drivetrain Mix (%)	Total	Single Rooftop	Multi-Rooftop	Rural	Suburban	Urban	Detroit Three	Asian Brands	European Brands
<b>ICE and Hybrids</b>	33.5	33.9	33.0	37.9	29.4	30.2	36.6	31.8	27.9
<b>PHEVs</b>	21.1	20.8	21.5	18.4	20.5	24.6	17.9	22.3	28.5
<b>EREVs</b>	13.2	14.1	11.9	13.0	15.3	12.1	13.6	13.3	9.6
<b>BEVs</b>	23.0	21.9	24.4	21.1	27.0	24.0	22.0	24.3	26.4
<b>FCEVs</b>	5.2	5.8	4.5	5.8	4.8	4.7	4.6	5.7	4.8
<b>Other Drivetrains</b>	4.0	3.5	4.6	3.8	3.0	4.5	5.3	2.6	2.8

- Not unsurprisingly given driving and vehicle usage patterns, rural Canadian dealerships expect to sell a higher percentage of ICE-powered vehicles than either suburban and urban dealers over the next decade
- Suburban dealers are the most bullish on full BEV powertrain sales reflecting the greater likelihood that their customers will have home charging options

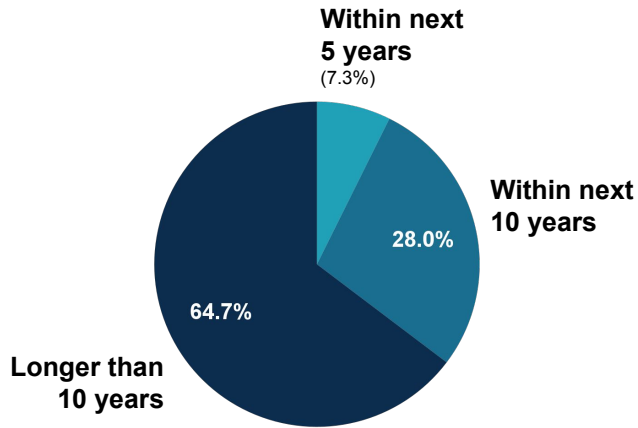
Q22. Based on your experience, what do you think will be the mix of drivetrains among new sales across your dealership by 2035?

n = 422

# Impact of Autonomous Vehicles

Next Decade

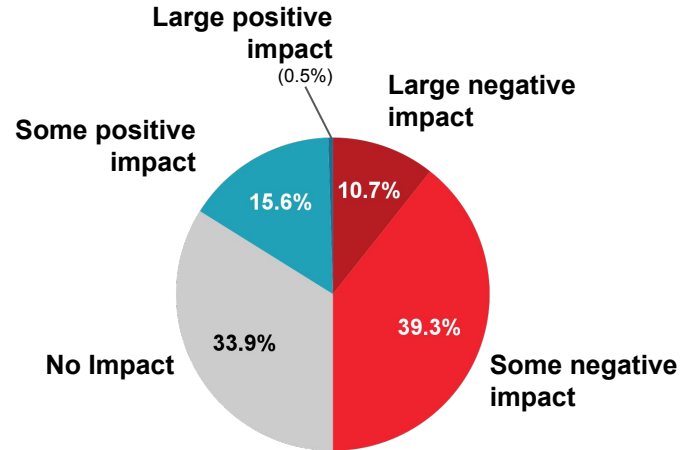
## Fully Autonomous Vehicles Timing



Q23. When do you think fully autonomous vehicles will be commonplace in Canada?

n = 422

## AV Impact on Profitability



Q24. How much impact do you think fully autonomous vehicles will have on the profitability of your business?

n = 422

- The majority of Canadian dealers don't expect to see autonomous vehicles (AVs) at scale before 2035
- Dealers are split on whether AVs will have a neutral/positive (50%) or negative (50%) impact on profitability

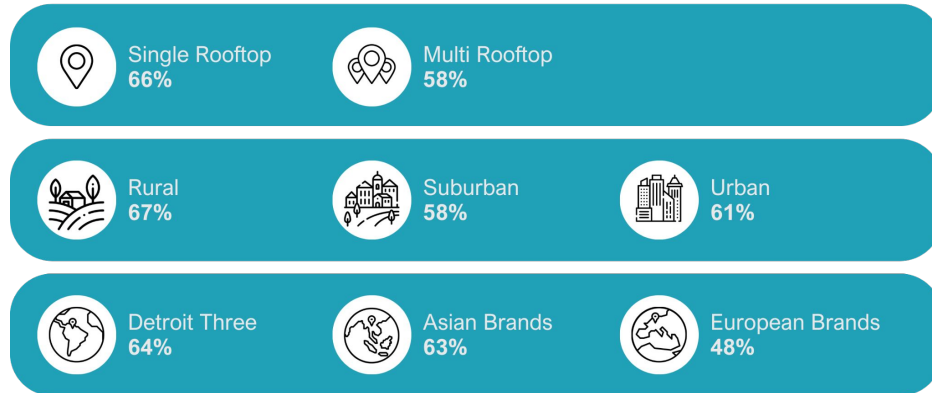
# The OEM-Dealer Relationship

# Expectation of the OEM-Dealer Relationship

Next Decade

 We asked Dealers...

How do you see the relationship between your business and the OEM changing over the next 10 years? Will it improve, remain the same, or deteriorate?



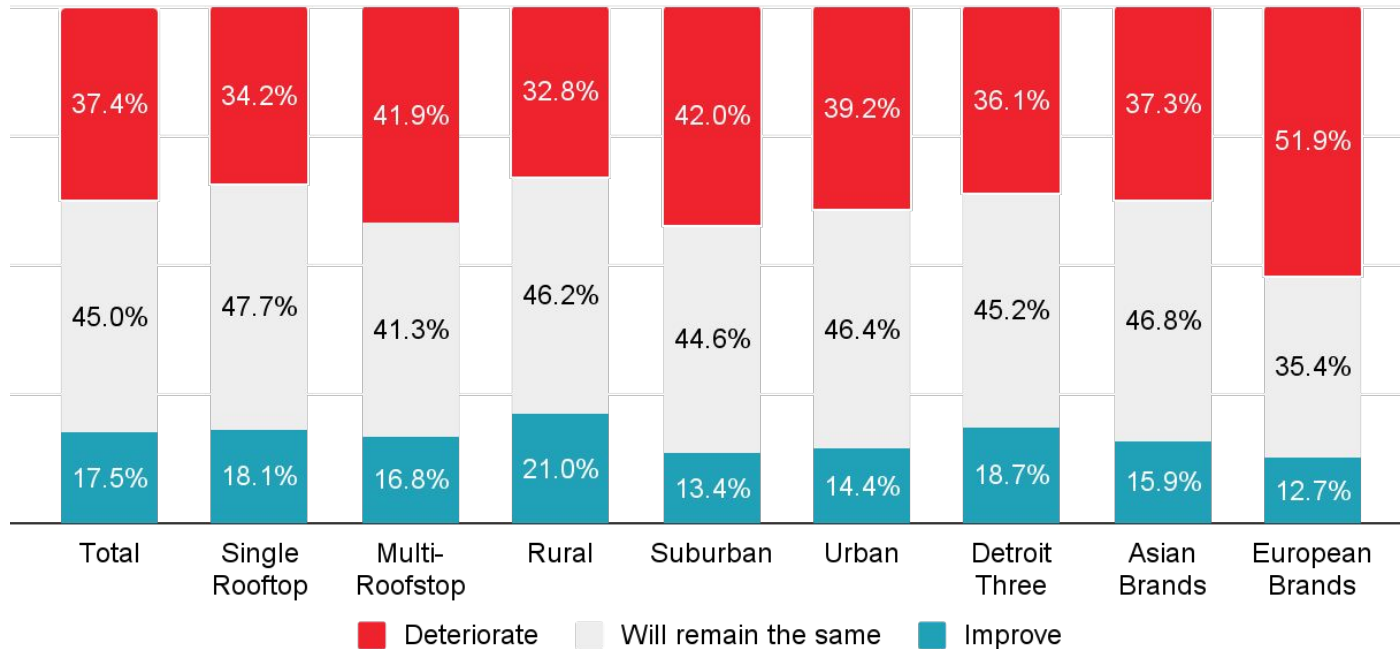
- A majority of Canadian dealers (63%) expect to maintain or improve relationships with their OEM
- Single-rooftop, Rural and Detroit-Three brand dealers are the most optimistic that the OEM relationship will improve or stay the same

Q25. How do you see the relationship between your business and the OEM changing over the next 10 years? Will it improve, remain the same, or deteriorate?

n = 422

# Expectations of the OEM-Dealer Relationship

## Next Decade by Dealer Type



Q25. How do you see the relationship between your business and the OEM changing over the next 10 years? Will it improve, remain the same, or deteriorate?

n = 422

# Dealer Comments: OEM-Dealer Relationship

**The relationship is good... I think we will continue to work towards a common goal.**

—Single Rooftop, Detroit Three

**[The] manufacturer will keep cutting dealer margins while demanding more and more responsibility for their products and customers bore on by the dealer. The manufacturer does not want to do direct retail as they dont want to deal with relationship and customer issues. Since manufacturer employees have no ownership or skin in the game they are here today gone tomorrow and will never be able to handle retail. Hence the fact Mercedes Benz has sold all their retail operations world wide. Tesla will do the same one day.**

—Single Rooftop, European brand

**Adapting and creating new powertrain technology is incredibly expensive and the manufacturer will be looking to compensate for this by trying to reduce the profit margins of dealers, this will lead to conflict.**

—Multi-Rooftop, Asian brands

**I believe the intent of the OEMs is to go more direct to consumer, and continually erode the profitability of the dealership by taking more gross on new vehicle sales, F&I products and subscriptions.**

—Multi-Rooftop, Asian brands

**We've seen constant deterioration over the past 24 months from both domestic and import manufacturers. Rural stores are not a priority in the transition to alternative power vehicles. Pricing increases have reduced the ability for most rural families to replace aging vehicles.**

—Multi-Rooftop, Detroit Three and Asian brand(s)

**The OEM is already tinkering with direct-to-consumer models in other markets and using spin-off brands. The OEM cannot be trusted to be honest and transparent about the larger forces affecting vehicle supply and new model introductions.**

—Single Rooftop, European brand

**OEMs will continue to find ways to erode franchise profitability and move to pseudo-agency models wherever an opportunity exists.**

—Single Rooftop, Asian brand

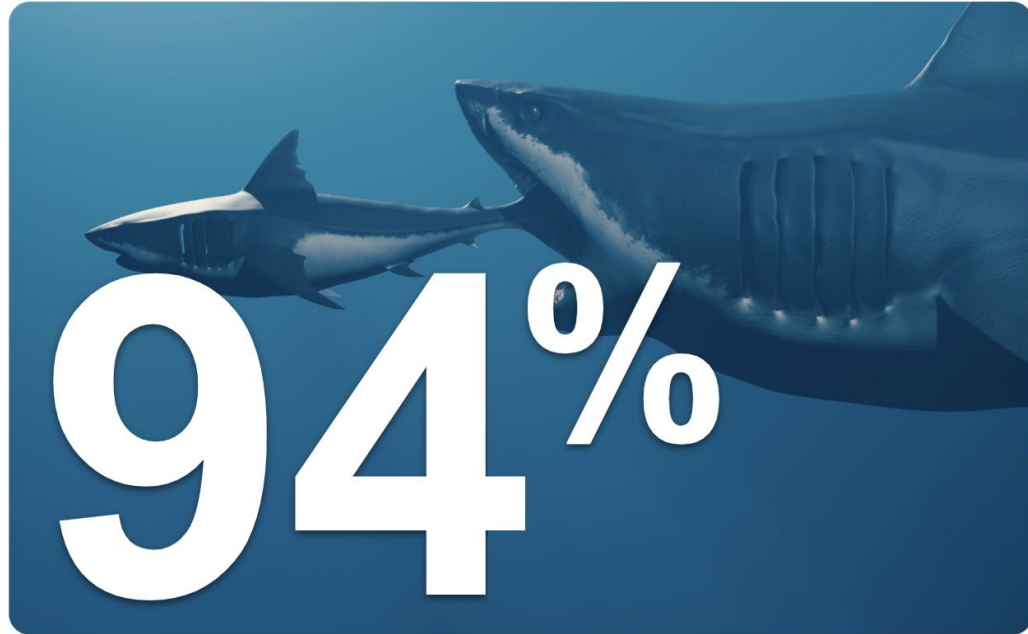
Q26. Why did you give this response? [To changing OEM relationship Q25.]

# Future Plans

# Dealers Views on Consolidation

? We asked Dealers...

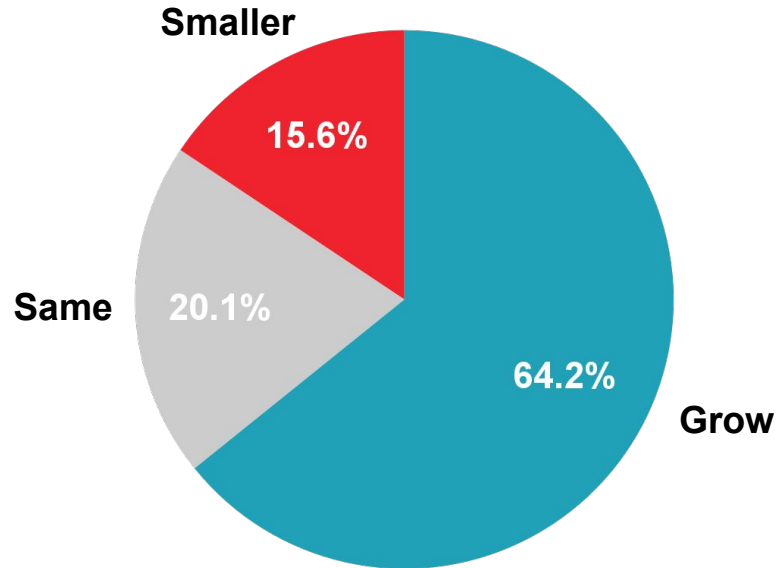
**Do you think the industry will see further consolidation of dealers into larger dealer groups?**



**SAID YES**

Q27. Do you think the industry will see further consolidation of dealers into larger dealer groups?  
n = 422

# Dealer Outlook: Next Decade



**64%**

Nearly 2 in 3 Canadian dealers expect to grow their business over the next decade

Q28. Do you think your business will grow, stay the same, or get smaller by 2035?  
n = 422

# Likelihood to Sell: Next Decade

We asked Dealers...

How likely are you to sell your automotive retail business by 2035?

46%   54%

 Single Rooftop  
44%

 Multi Rooftop  
48%

 Rural  
49%

 Suburban  
38%

 Urban  
41%

 Detroit Three  
45%

 Asian Brands  
42%

 European Brands  
39%

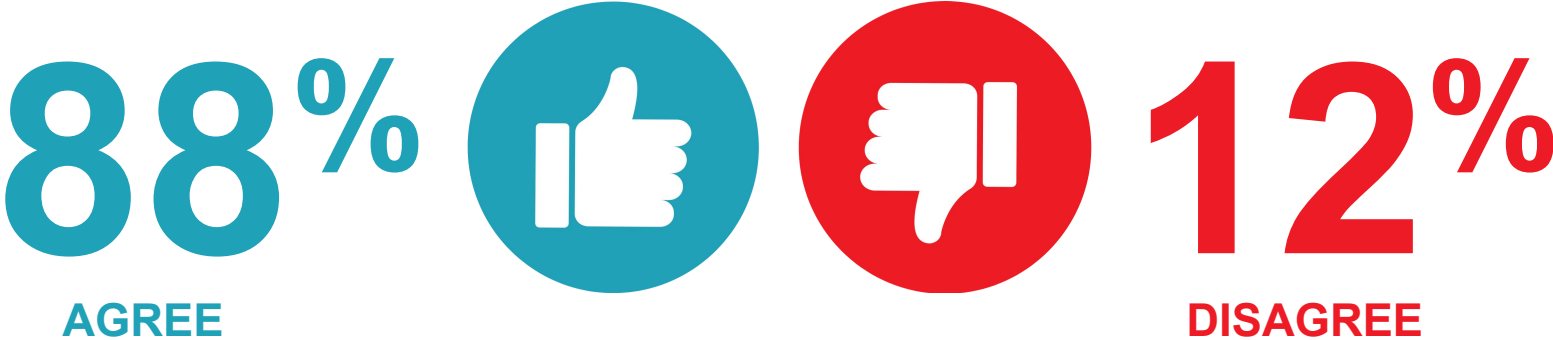
- Nearly half of Canadian dealers (46%) are considering selling their business over the next decade
- Multi-rooftop, Rural and Detroit-Three brand dealers are the most likely to consider selling their stores

Q29. How likely are you to sell your automotive retail business by 2035?

n = 422

# Tariffs on Chinese-made EVs

Dealer Support



Q30. Do you disagree or agree with the Canadian government's application of tariffs on imported Chinese EVs?

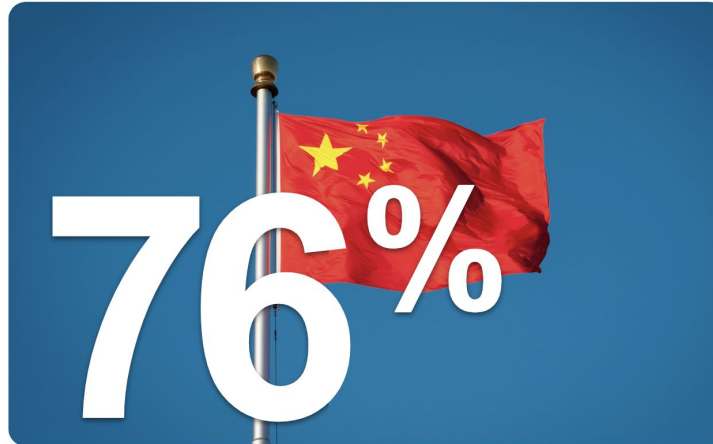
n = 422

# Likelihood of Chinese OEMs in Canada

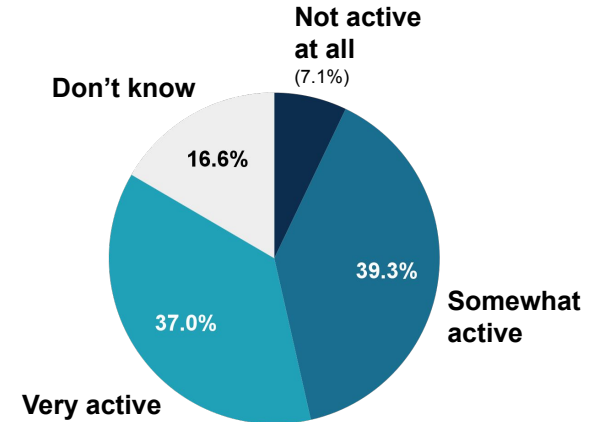
Next Decade

 We asked Dealers...

How active and present do you think Chinese OEMs and products will be in the Canadian automotive market by 2035?



SAID SOMEWHAT ACTIVE OR VERY ACTIVE

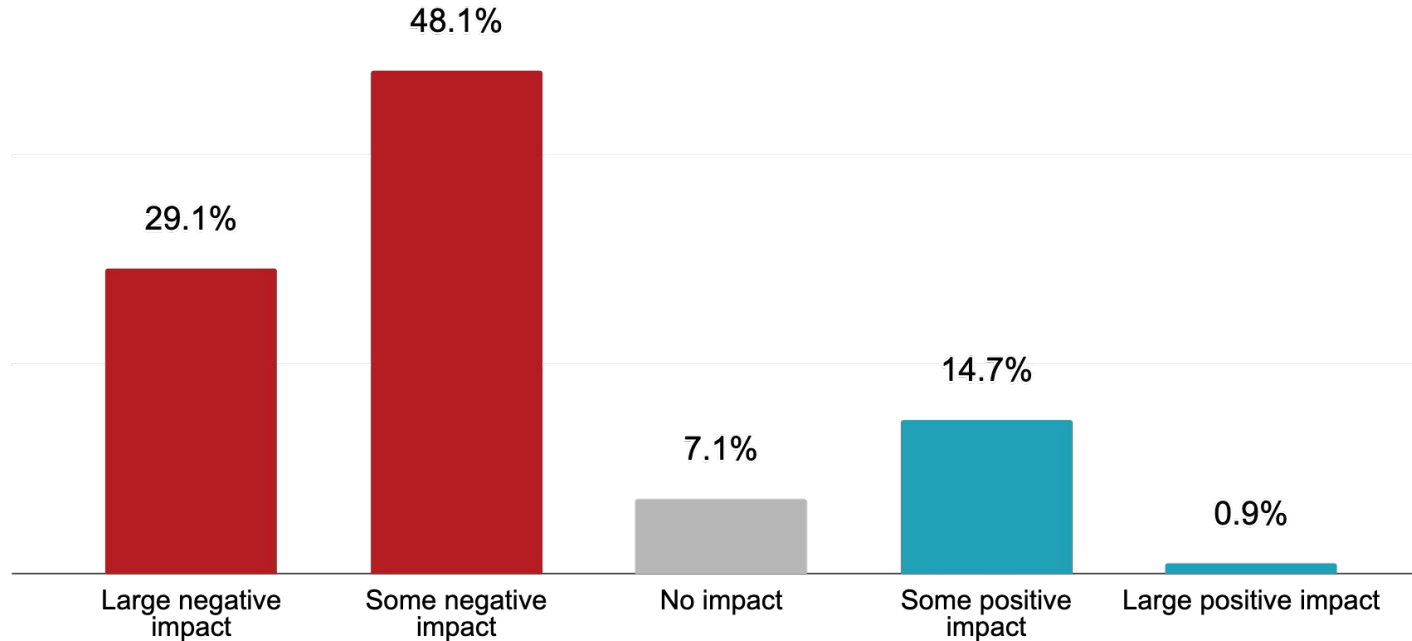


Q31. How active and present do you think Chinese OEMs and products will be in the Canadian automotive market by 2035?

n = 422

# Impact of Chinese OEMs in Canada

Next Decade



- The majority of Canadian dealers (77%) believe that Chinese OEMs will have a negative impact on their business presumably because of the cost and technology advantages the Chinese currently have in comparison to legacy automakers

Q32. What impact do you feel Chinese OEMs will have on the Canadian auto retail sector by 2035?

n = 422

# Likelihood to Consider Chinese EV Franchise

Next Decade

We asked Dealers...

Would you consider taking on a Chinese EV franchise?

49%   51%



Single Rooftop  
47%



Multi Rooftop  
51%



Rural  
42%



Suburban  
55%



Urban  
55%



Detroit Three  
51%



Asian Brands  
53%



European Brands  
60%

- Despite the view that the arrival of Chinese OEMs in Canada may be more negative than positive, nearly half (49%) of dealers are open to the idea of taking on a Chinese brand store

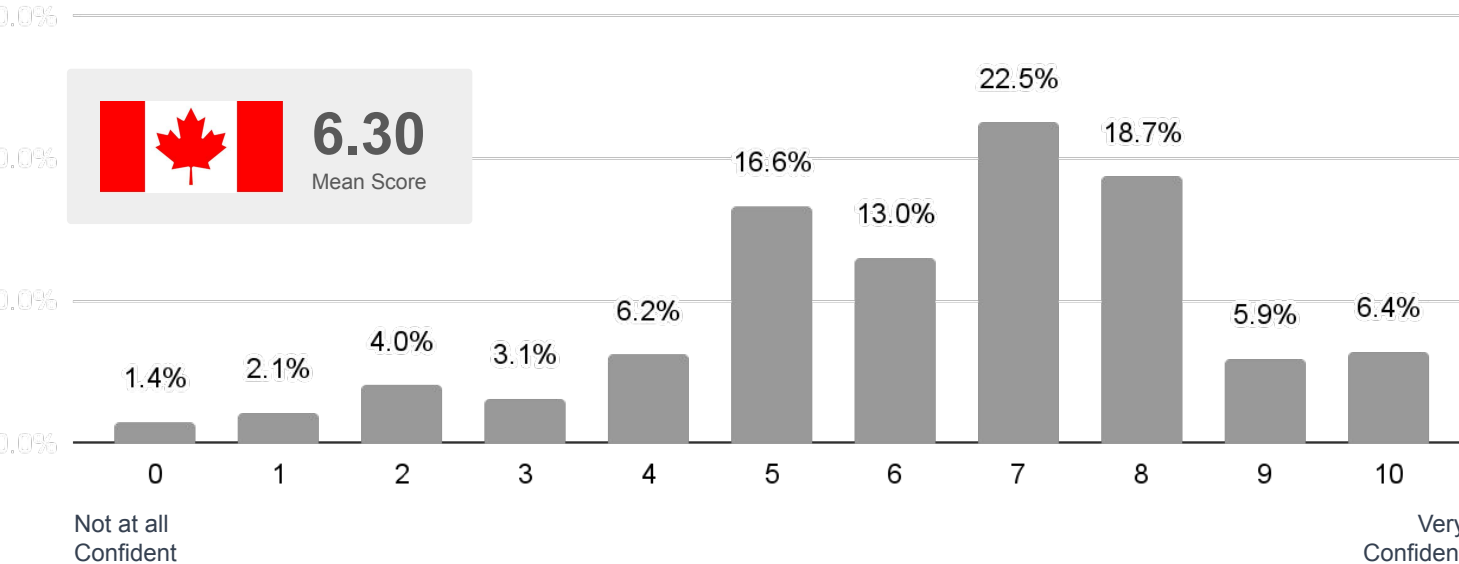
Q33. Would you consider taking on a Chinese EV franchise?

n = 422

# Dealer Confidence

# Dealer Confidence: Auto Retail Sector

Next Decade



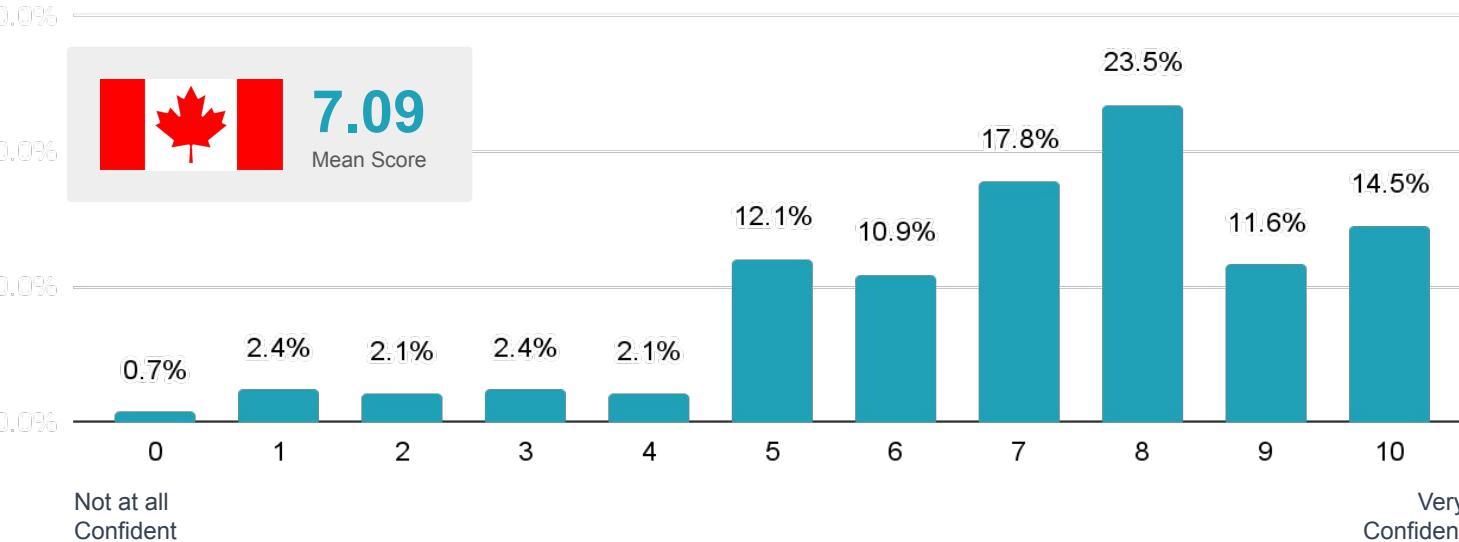
- Only a third of dealers (33%) express a pessimistic view of prospects for the retail industry over the coming decade (rating of 5 or less)

Q34. How confident are you that the Canadian auto retail business will be in a positive position in 2035?

n = 422

# Dealer Confidence: For Their Own Business

Next Decade



- The vast majority of Canadian dealers (78%) express some or very high levels of confidence in their prospects over the next decade (rating of at least 6 or higher)
- Canadian dealers are more bullish on the prospects for their own business (confidence rating of 7.1) than for the retail sector overall (confidence rating of 6.3) reflecting, at least in part, the entrepreneurial nature of dealers

Q35. What about your own business? How confident are you that your business will be in a positive position in 2035?

n = 422

# Dealer Confidence: Next Decade

How confident are you that the Canadian auto retail business will be in a positive position in 2035?

**6.3** Mean Score  
out of 10

What about your own business? How confident are you that your business will be in a positive position in 2035?

**7.1** Mean Score  
out of 10

Q34. How confident are you that the Canadian auto retail business will be in a positive position in 2035?

Q35. What about your own business? How confident are you that your business will be in a positive position in 2035?

n = 422

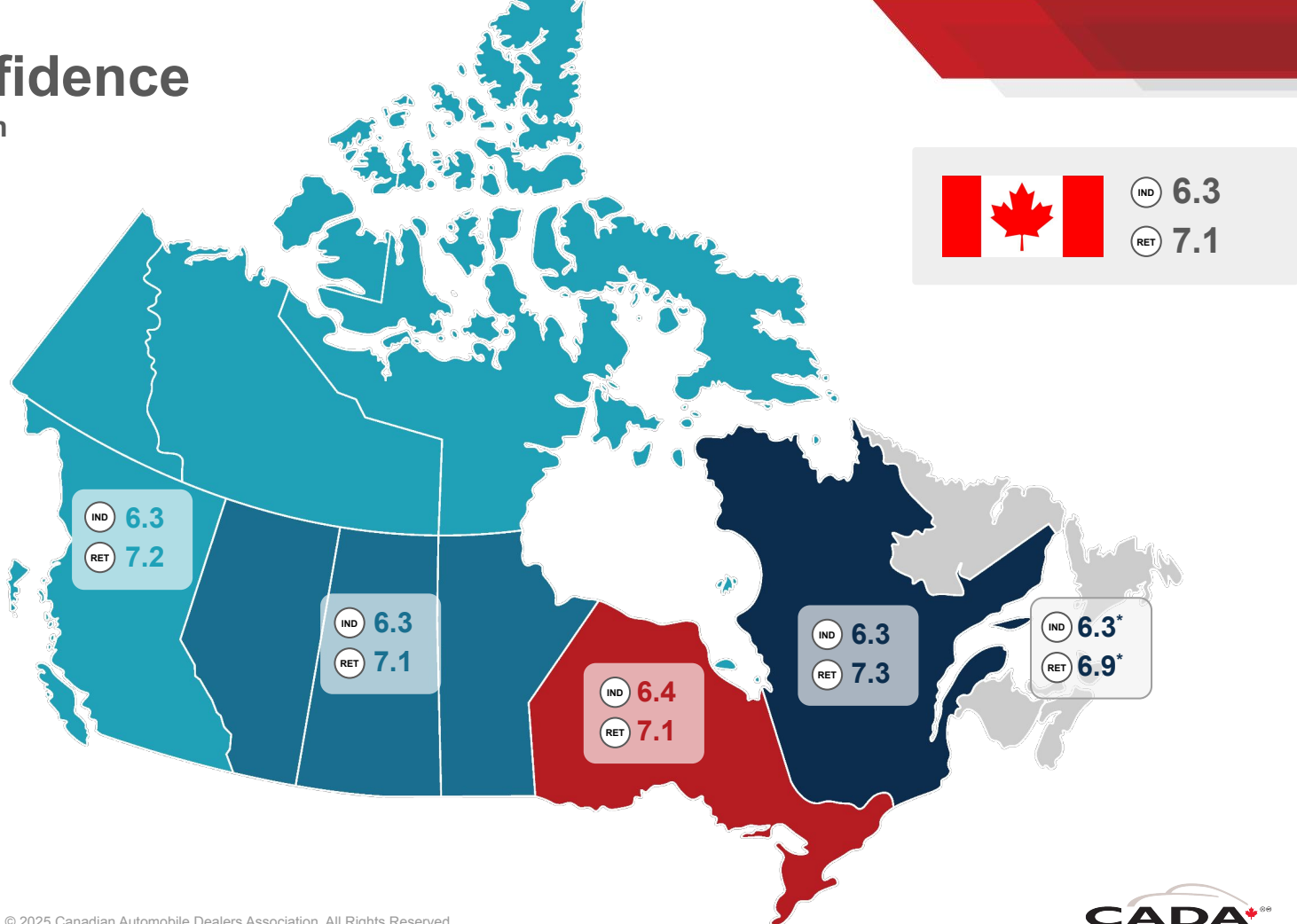
# Dealer Confidence

## Next Decade by Region

### Mean Scores:

IND Industry Mean

RET Retailer Mean



**Total Sample Size = 422**

\*Caution Small Sample n<50

# Dealer Comments: Future Prospects

**The opportunity in front of us is figuring out how to make it easy for our customers to do business with us. This applies to all parts of our business. Mobile tire changes, parts delivery to retail customers, wholesale sales, direct to home car buying are all options to make it easier for our customers. We just need to figure out how to make it all work.**

—Multi-Rooftop, Detroit Three and Asian brand(s)

**We plan to diversify our portfolio so that we are less impacted when a manufacturer goes through a difficult period.**

—Multi-Rooftop, Detroit Three and Asian brand(s)

**Manufacturers required investments are getting out of control. Our return on sales is shrinking and expenses are growing. If you are an urban retailer you must play the real estate game to consolidate your market, and hopefully have a revenue stream down the line.**

—Multi-Rooftop, Asian and European brands

**I believe smaller, rural dealerships like mine will evolve to be more 'boutique' in nature. Offering higher customer service but selling less new and used vehicles.**

—Single Rooftop, Asian brand

**The VERY SUCCESSFUL chain stores are those run by strong on the ground General Managers. The opportunity for smaller Dealer Groups — is developing staff who deliver personalized service (along with those policies and procedures that strangle larger corporations!) at a higher level, than their neighborhood large Dealer Group store.**

—Multi-Rooftop, Detroit Three and Asian brand(s)

**Staffing is chief concern. We don't appear to be an attractive industry for job seekers and I am concerned about finding technicians. New vehicle profitability is under pressure due to increasing costs and competition. Fixed operations struggling due to lack of staff. Contribution of fixed operations to profits is declining, making our operations and profitability more volatile and exposed to economic challenges.**

—Single Rooftop, Asian brands

**I think the business will change and I believe OEM's should consider having their own centralized service hubs. Dealers should only sell the vehicles. If this were to happen it would create an opportunity and a challenger all at once; you would need less dealers, however the best customer focused dealers would stay and overall vehicle purchase experiences would get better through more detailed franchised rules agreements.**

—Single Rooftop, Detroit Three

Q36. Finally, is there anything else you feel will be an opportunity or a challenge facing your automotive dealership in the next 10 year?


For more information please contact:

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