



The Road Ahead

Canada's Automotive Evolution



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THE TRUE NORTH STRONG AND FREE



Agenda

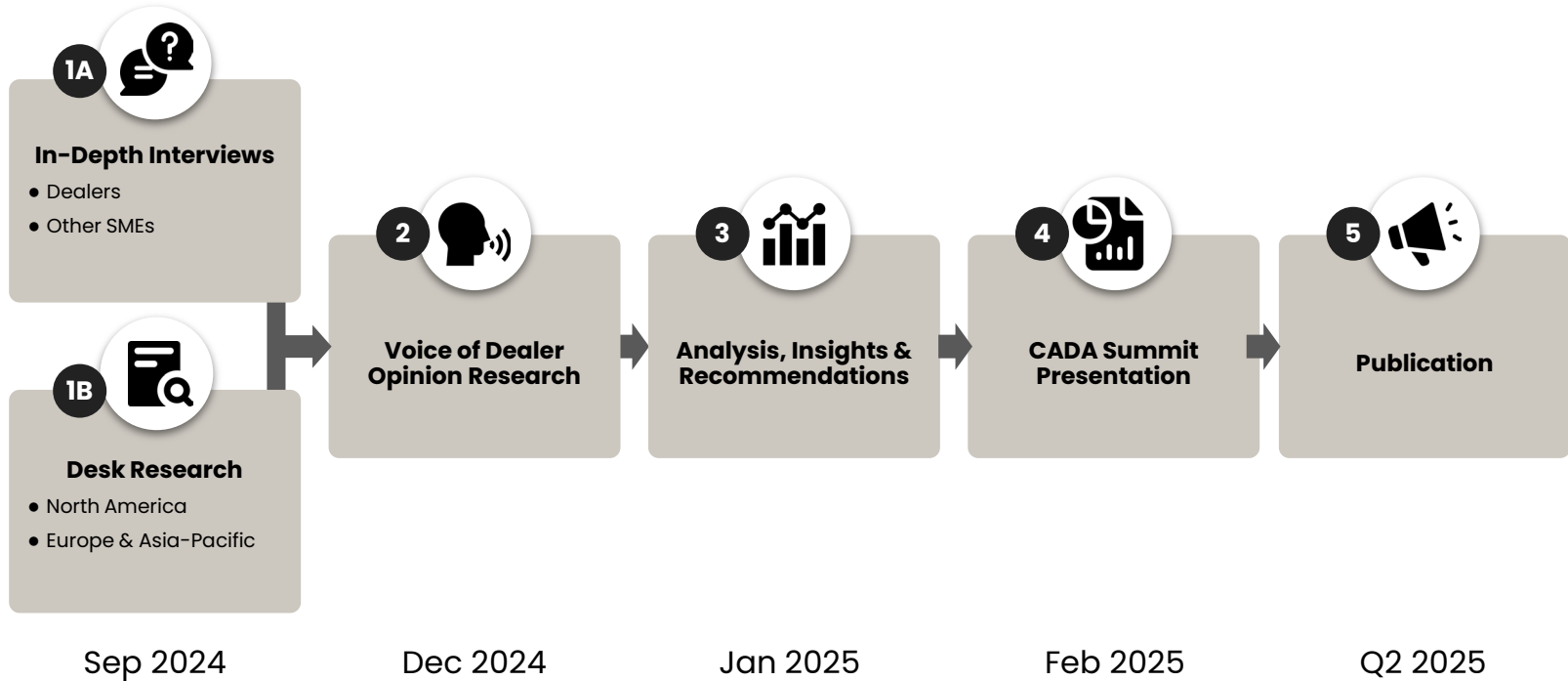
- The Mandate
- The Top 7
- Implications for dealers



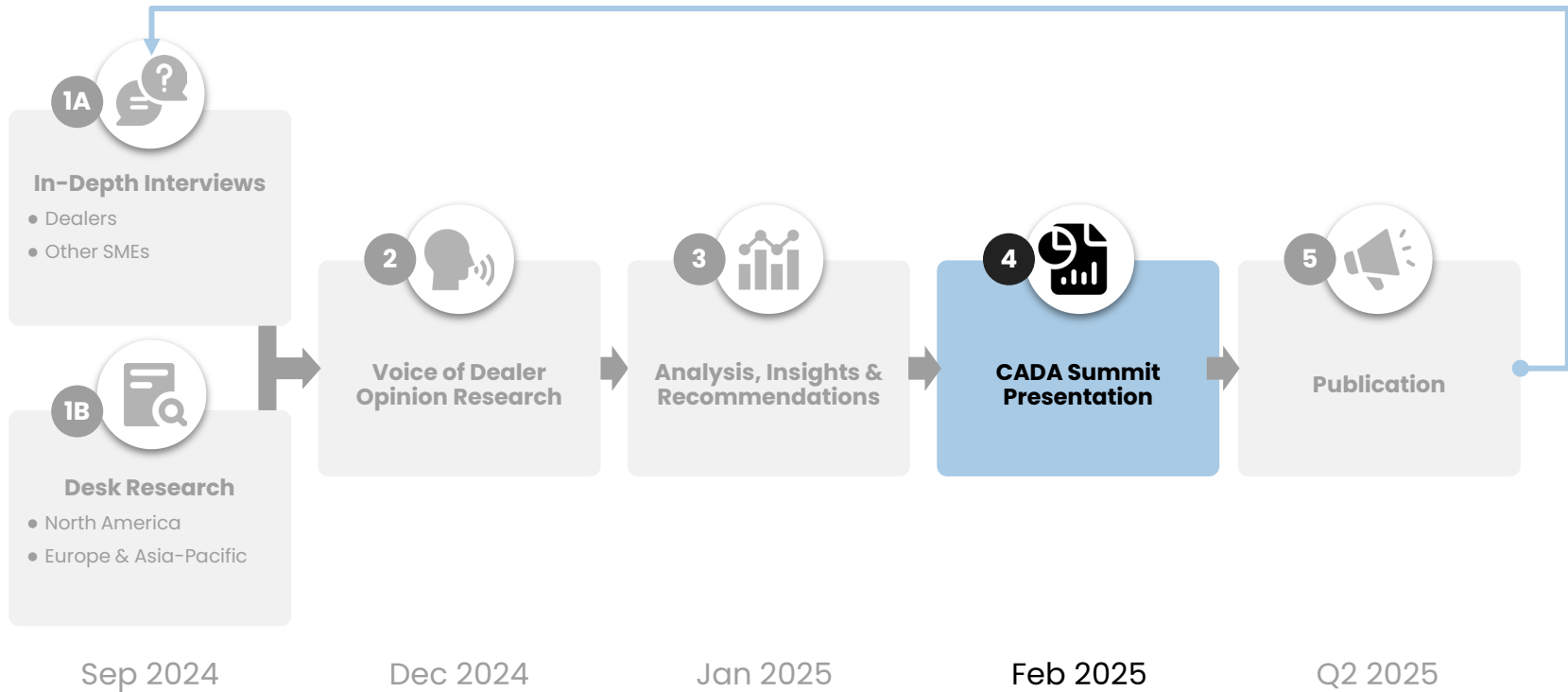
The Mandate



The Road Ahead Project Roadmap



The Road Ahead Project Roadmap



➔ Key Input: Voice of Canadian Dealer Leaders

The Road Ahead: Canada's Automotive Evolution



What does the future hold for Automotive Retail in Canada?



As a Canadian dealership leader, you are a key stakeholder in the future of the automotive retail industry. The Canadian Automobile Dealers Association (CADA) would like to hear from you to understand what is important to you and your business today and in the future.

As part of an extensive research study undertaken by the CADA on the opportunities and challenges faced by dealers over the next decade, we really appreciate your participation in this confidential online survey.



Conducted December 2024



Senior leaders across Canada



Looking ahead over next decade



422 dealers responded

2025 TOP 7 LIST

The Changing Consumer

A large, white, stylized number "7" is centered on the slide. It is superimposed over a background of many dark grey umbrellas, with one yellow umbrella standing out prominently behind the number.

➤ Shifting demographics



Today

Population **41.3M**

65+	19%
15-64	66%

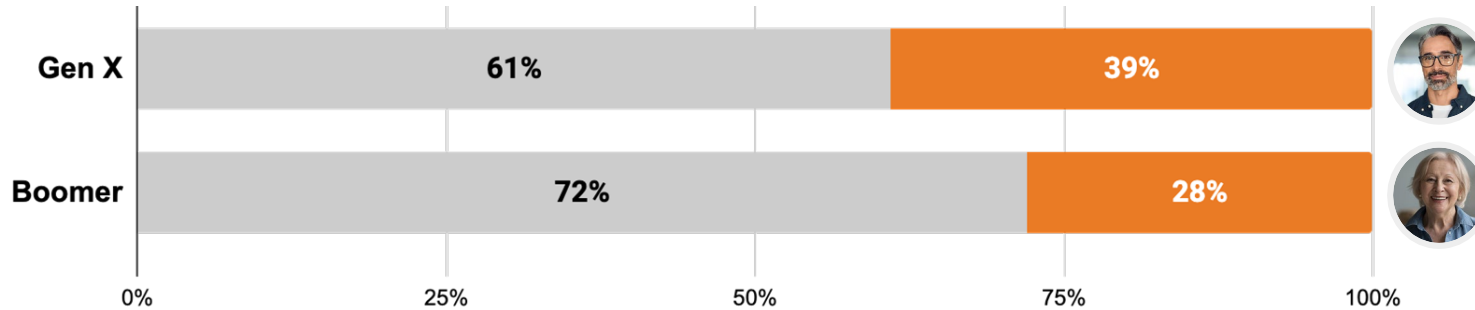
2035

Population **44.1M** (Medium Growth Scenario)

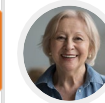
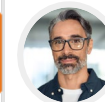
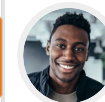
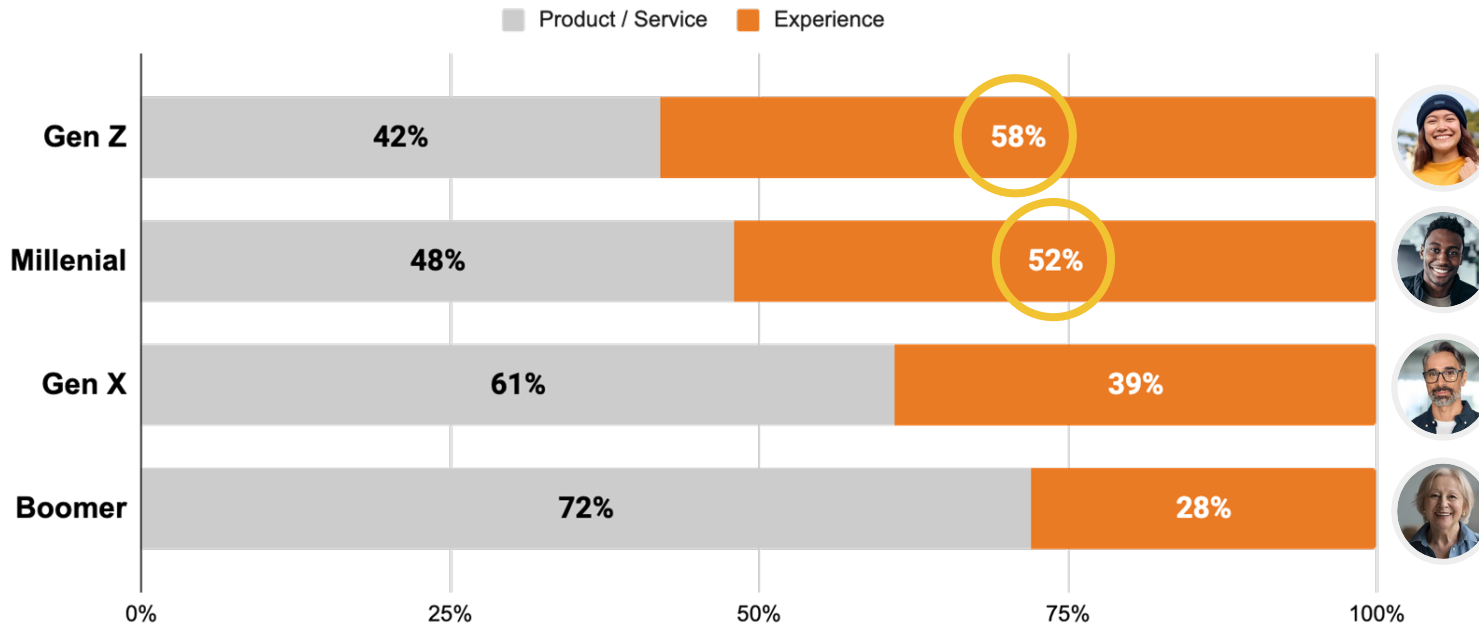
65+	23% ↑ 4PP
15-64	64% ↓ 2PP

➔ With different expectations

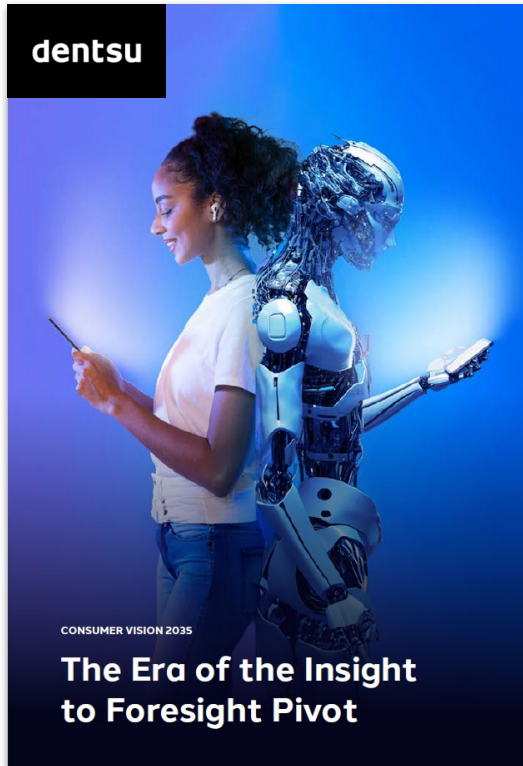
■ Product / Service ■ Experience



➔ With different expectations



➤ From reactive to anticipatory



*“... [We’re talking] about a **fundamental shift** that dictates how in the 2030s it will no longer be enough to understand and respond to the moment, but instead there will be a mandate to **get ahead** of that understanding and **act preemptively**”*

*“Dealers need to become almost **anticipatory** of customer wants and needs”*

— Single Point Canadian Franchise Retailer, European brand

➤ The evolution of customer expectations...

"No channel amnesia"

Anticipatory

Personalized

CRM to CEM

Support Vehicle Complexity

Trusted Advisor



➤ Personalization

🗨️ We asked Dealers...

Will consumers expect more personalized services from their dealer?



AGREE OR STRONGLY AGREE

➤ Trusted advisor

🗨️ We asked Dealers...

**Will consumers
require more
advice and
guidance from
dealers?**



AGREE OR STRONGLY AGREE

➤ Leverage CRM

? We asked Dealers...

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



AGREE OR STRONGLY AGREE

➤ New Energy Vehicle Transition



New Energy Vehicle Transition

The background of the slide features a glowing blue digital illustration. On the left is an electric vehicle charging station with a charging cable. On the right is a car, also rendered in a glowing blue, circuit-like style. The text "NEV IS THE FUTURE. THAT MUCH IS CLEAR." is overlaid on this background. "NEV IS THE FUTURE." is in orange, and "THAT MUCH IS CLEAR." is in white.

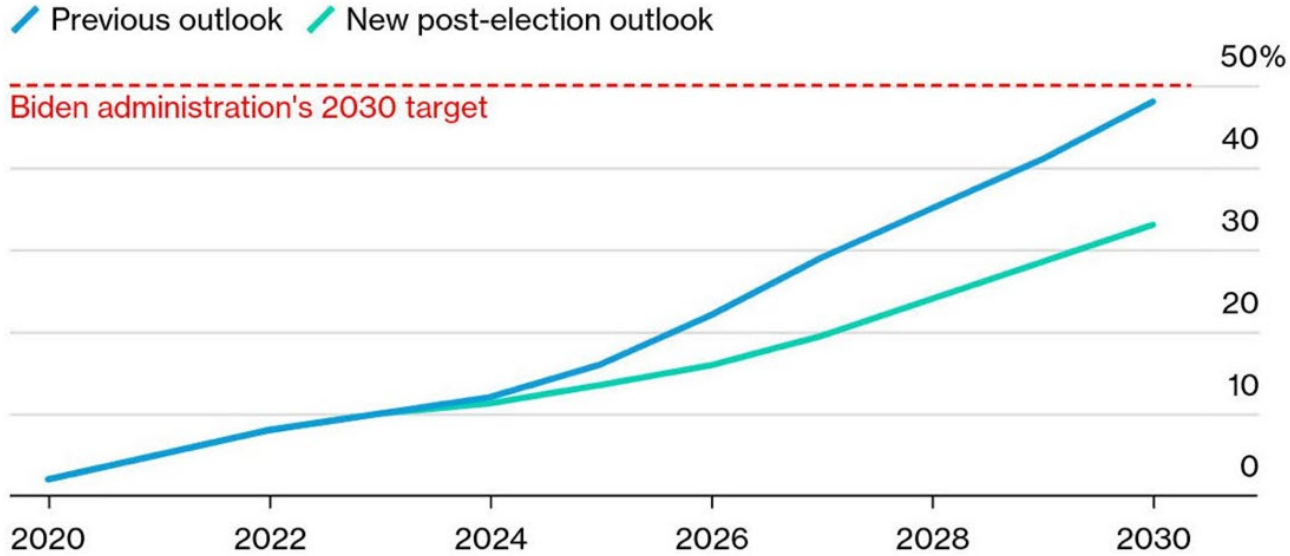
NEV IS THE FUTURE.
THAT MUCH IS CLEAR.

New Energy Vehicle Transition

A stylized graphic of a car and a battery pack, rendered in glowing blue lines and dots, serving as a background for the main text. The car is shown from a side profile, and the battery pack is positioned to its left. The entire graphic is set against a dark blue background with a subtle grid pattern.

**THE PATH AND TIMING
ARE COMPLICATED.**

Government expectations



BloombergNEF

Source: BloombergNEF
 Note: Includes battery-electric and plug-in hybrid vehicles.

➤ Dealer expectations

 We asked Dealers...

What do you think will be the mix of drivetrains among new vehicle sales at your dealership by 2035?



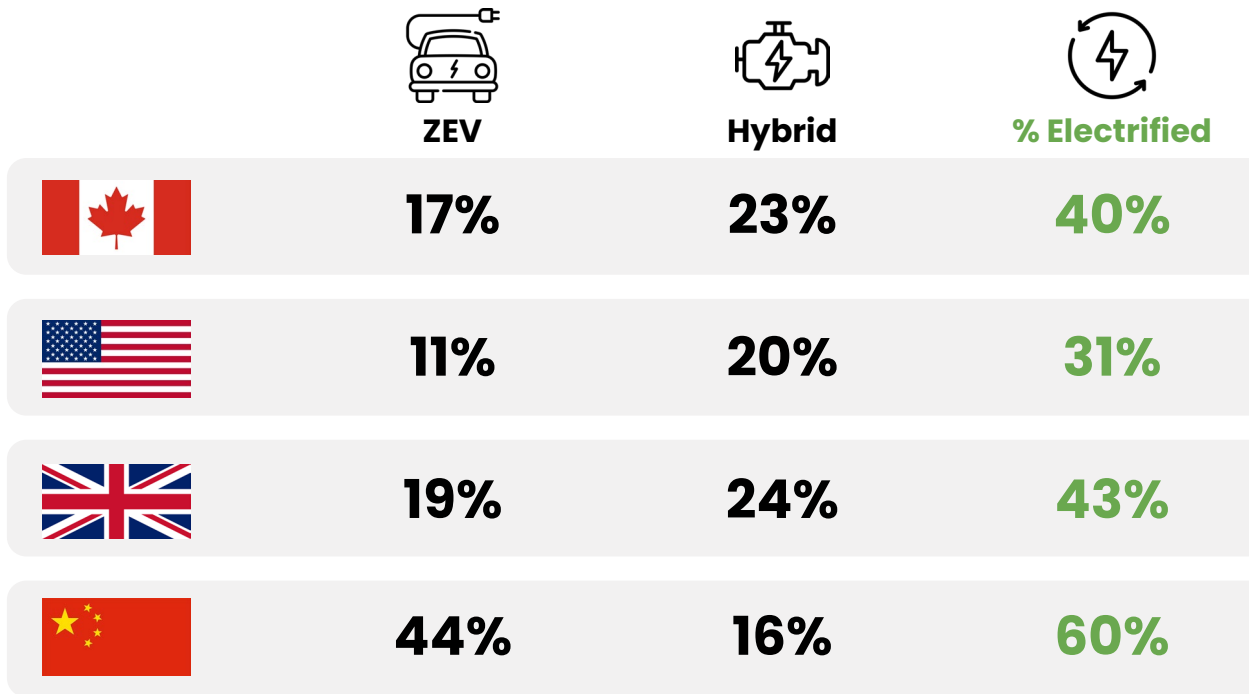
63%



33%

➤ Consumer expectations

Preference for engine type in next vehicle



Deloitte.

Source: 2025 Deloitte Global Automotive Consumer Study

➤ Dealer innovation required

🗨️ We asked Dealers...

Will the transition to NEVs make us reinvent the way we market and sell vehicles?



AGREE OR STRONGLY AGREE

➤ Evolution of Retail Operations

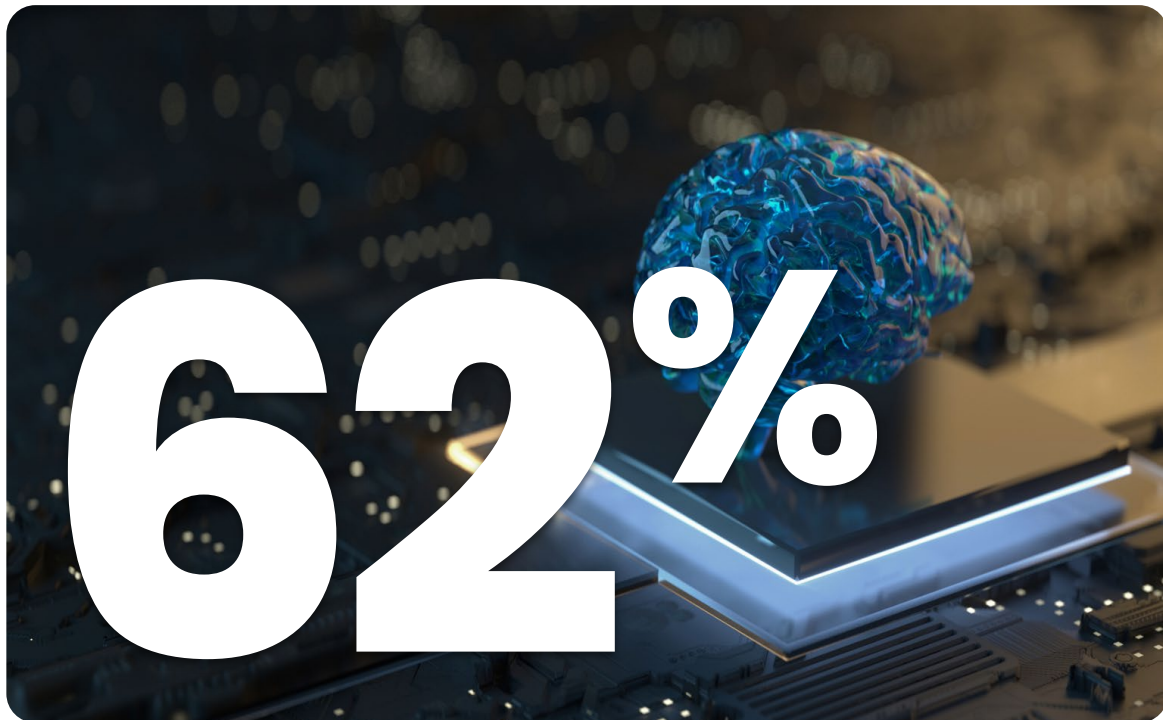
5



➤ AI impact

🗣️ We asked Dealers...

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



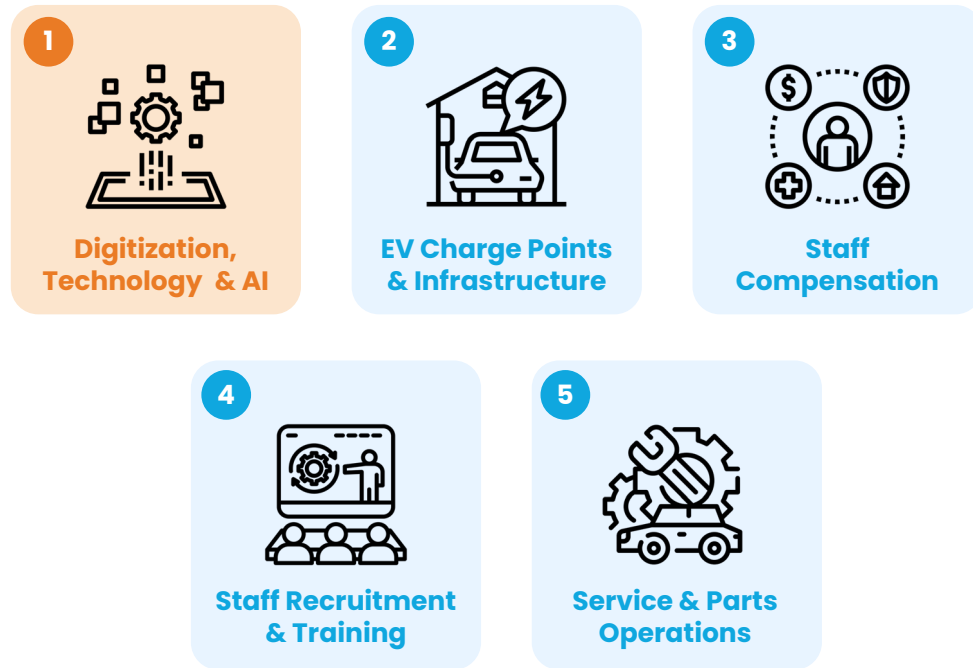
SAID RADICAL OR MAJOR IMPACT

➤ Dealer investment

We asked Dealers...

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

TOP 5 INVESTMENT AREAS (A Lot Higher + Somewhat Higher)



➤ Dealer preparedness for AI

🗣️ We asked Dealers...

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



SAID YES

➤ From Retailer to Experience Centre



*“The **car buying journey** is undergoing a **profound transformation** powered by the combined emergence of new digital technologies, electrification, connected vehicles, changing customer preferences, and new business models.”*

Changing OEM Landscape

4

December 1, 2024

Board Accepts Carlos Tavares' Resignation as Chief Executive Officer

- Creation of Interim Executive Committee to be chaired by Oliver Elkann
- New CEO will be appointed in early 2025
- Full year 2024 financial results to be released in early 2025

STE

THE

Porsche Woes Mount After Botched Bet on Electric Sports Cars

Porsche's Post-IPO Slide

Carmaker's market value has halved from May 2023 peak

FINANCIAL TIMES

Renault reactivates talks with Foxconn over sale of Nissan stake

French group launches search for new investors, with companies including Apple

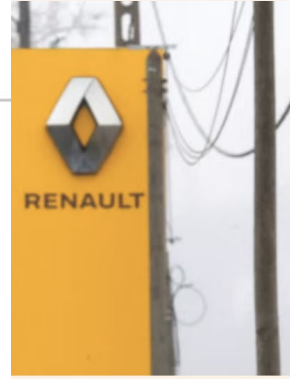


WSJ | OPINION

The Dumbest Trade War in History

Trump will impose 25% tariffs on Canada and Mexico for no good reason.

s
growth
momentum slows



BUSINESS | AUTOS INDUSTRY

In China, the Is Over

Foreign brands lose share as Chinese manufacturers' lead in electric cars pays off

➤ The OEM-Dealer relationship

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?

63%

Improve or same



37%

Deteriorate



Single Rooftop
66%



Multi Rooftop
58%



Rural
67%



Suburban
58%



Urban
61%



Detroit Three
64%

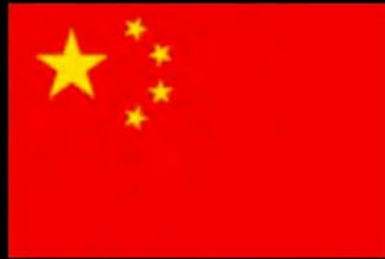


Asian Brands
63%



European Brands
48%

➤ Massive scale and global ambition



31 Million



15M



10.5M



8.5M



4.2M

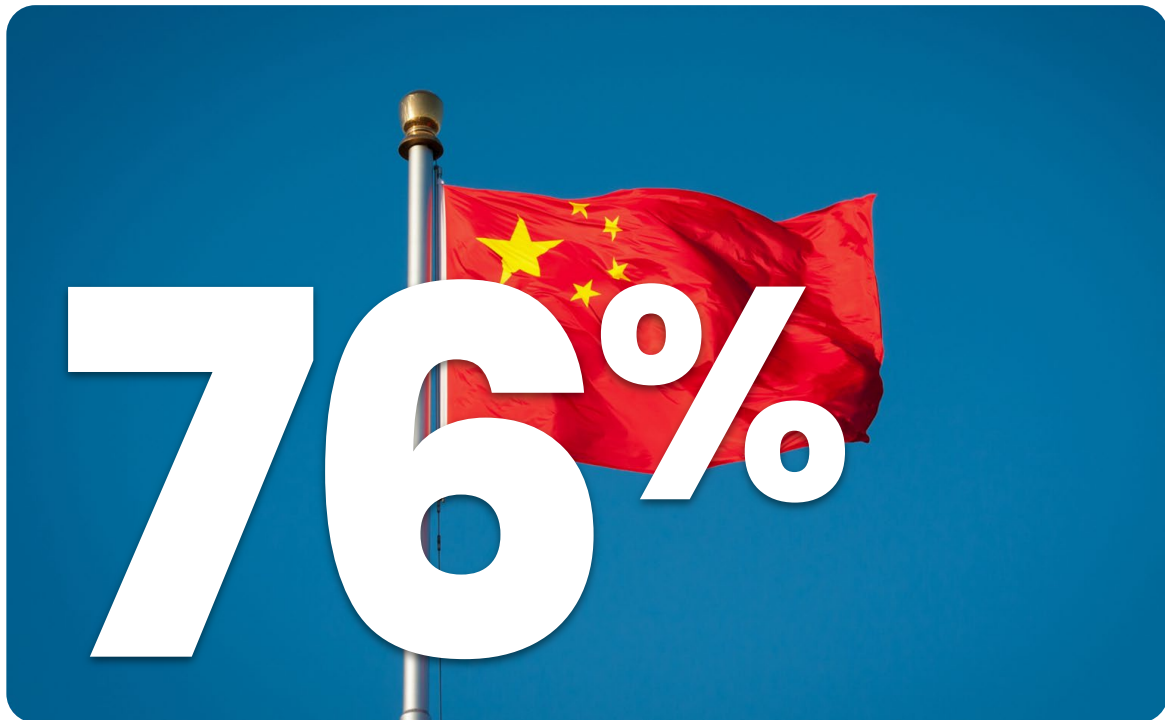
Vehicle Production – 2024

DUNNE
INSIGHTS

➤ Dealer expectation

🗣️ We asked Dealers...

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

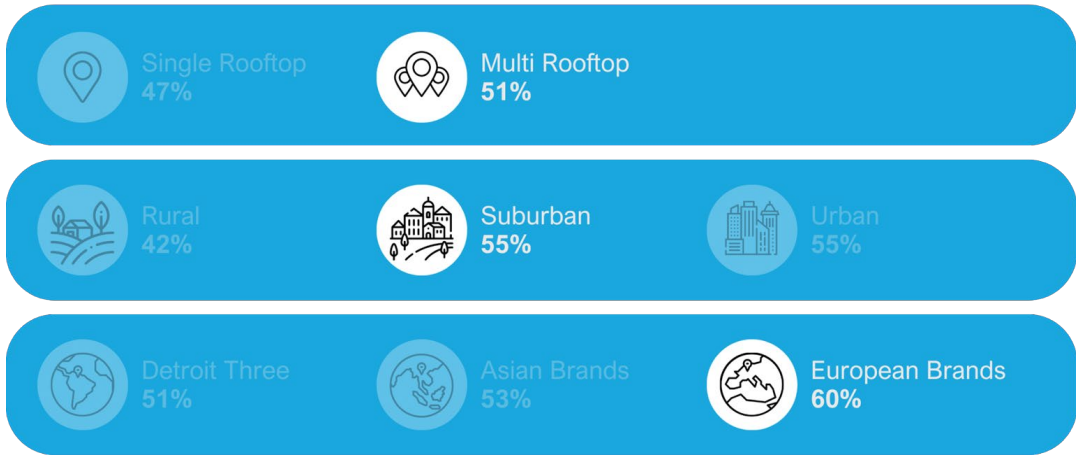


SAID SOMEWHAT ACTIVE OR VERY ACTIVE

➤ Dealer receptivity

We asked Dealers...

Would you consider taking on a Chinese EV franchise?



Profitability Drivers

3



➤ New revenue opportunities

? We asked Dealers...

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

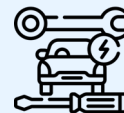
VEHICLE SERVICES



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.

➤ Dealer confidence

? We asked Dealers...

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

? We asked Dealers...

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

➤ Consolidation will continue

? We asked Dealers...

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



SAID YES

The Quest for Talent

2

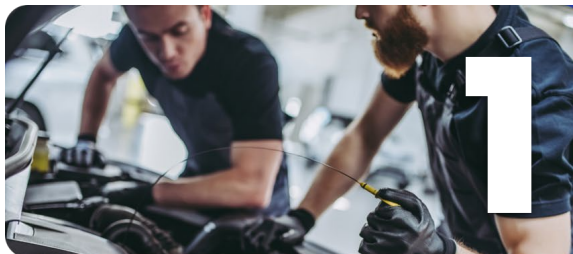
The Quest for Talent

**RECRUITMENT IS THE
AREA OF GREATEST
FOCUS ACROSS THE
INDUSTRY**

➤ Dealer Top 3 priorities

 We asked Dealers...

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



1

Workforce and talent



2

Vehicle Sales



3

Changing business models

➤ Different skills needed

? We asked Dealers...

Will the skills and competencies of employees be very different?



AGREE OR STRONGLY AGREE

➤ Dealers prepared to invest

? 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

➤ Overcoming challenges

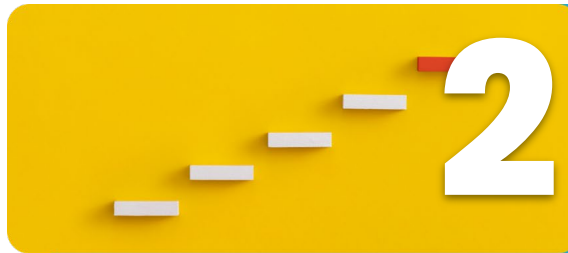
 We asked Dealers...

How can the recruitment challenges be best overcome?



1

Work closely with local schools



2

Better career path planning



3

More creative compensation plans

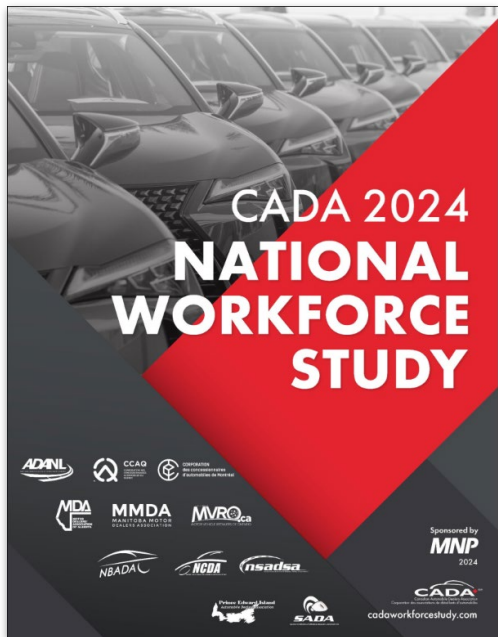
➔ And let's not forget about retention!

Key roles reach peak productivity **AFTER 3 YEARS**

RETENTION RATES AFTER 3 YEARS



Too many of our employees move on before they reach peak productivity



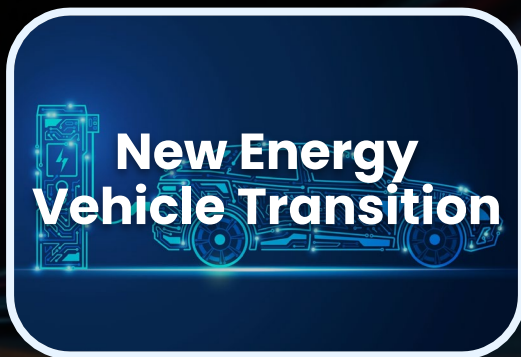
The Only Constant is Change



➔ The Only Constant is Change

**STATUS QUO IS
NOT AN OPTION.**

➤ The Only Constant is Change



➔ Implications for Canadian dealers



The Changing Consumer

Leveraging **CRM** to deliver a **personalized, "know me" experience** is becoming a **core competency** for dealers.



New Energy Vehicle Transition

It's not about BEVs, it's about **'electrification'**. Your customers need a **trusted advisor** to make the transition.



Evolution of Retail Operations

Before rushing into **AI investments**, take the time to **educate** yourself. Talk to your tech partners. Be clear on **why** and **how** you expect **AI to benefit** the business.

➤ Implications for Canadian dealers (continued)

Changing OEM Landscape

Stay close to your OEM. In turbulent times, **Dealer Council engagement with the OEM** is more important than ever.

Profitability Drivers

The transition to NEVs demands dealer **entrepreneurship** to develop **new sources of revenue**.

The Quest for Talent

Talent management will be the great **differentiator** (attracting and retaining). **New thinking** is needed as we're hiring for **different skills** and from a talent pool with **different expectations**.

“If you fail to plan,
you are planning to fail.”

– Benjamin Franklin

Are you

TEFFF

Enough?



THANK YOU

For more information, or a copy of this presentation, please contact:

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