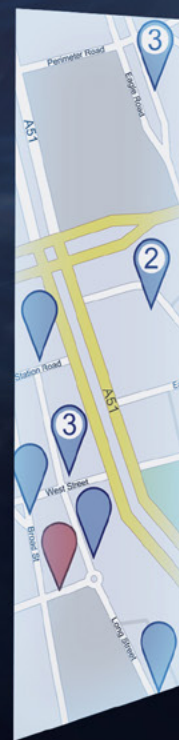
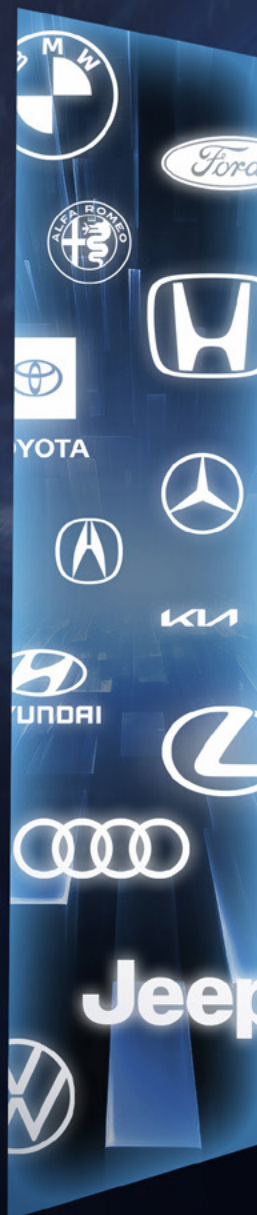


THE PLATFORM ERA

Dealers are no longer competing store vs. store – they are increasingly competing platform vs. platform.



As auto dealers have discovered, running a successful business has evolved over the past decade. Being a dealer is no longer only about operating rooftops; it's increasingly about managing strategic platforms.



Brian Gordon

The specifics vary by dealer and dealership group, based on that group's long-term business objectives. While seemingly obvious, it's still rare that dealership groups have a focused direction that includes clarity on why they're growing and what the business needs to do to achieve the right strategic growth. Once this is established, it's far easier to leverage the company's strengths in a focused way.

"What's changing the most is dealers beginning to ask why they need to grow versus believing that growth for growth's sake is the actual strategy," said Brian Gordon, president of DCG, one of the industry's leading M&A advisory companies. "As the industry has evolved, strategic growth usually means locally focused scale and manufacturer diversification, even if that's within a particular segment."

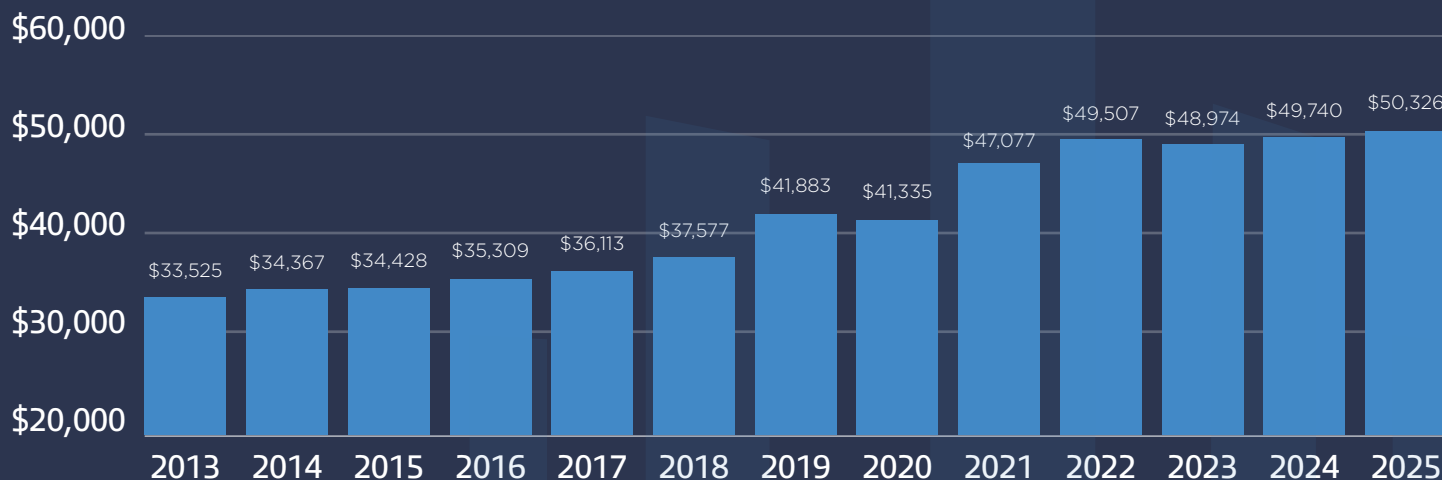
Over the past 20 years, automotive retailing has moved from an era of simpler products and predictable consumer behavior to one of supply chain disruptions and a push toward increasingly complex vehicles, spurring a rapid increase in the average vehicle price. Today, OEM strategies are diverging, the retail landscape is consolidating, and the nationwide affordability crisis is reshaping consumer behavior — permanently.

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— **Brian Gordon**
Dave Cantin Group

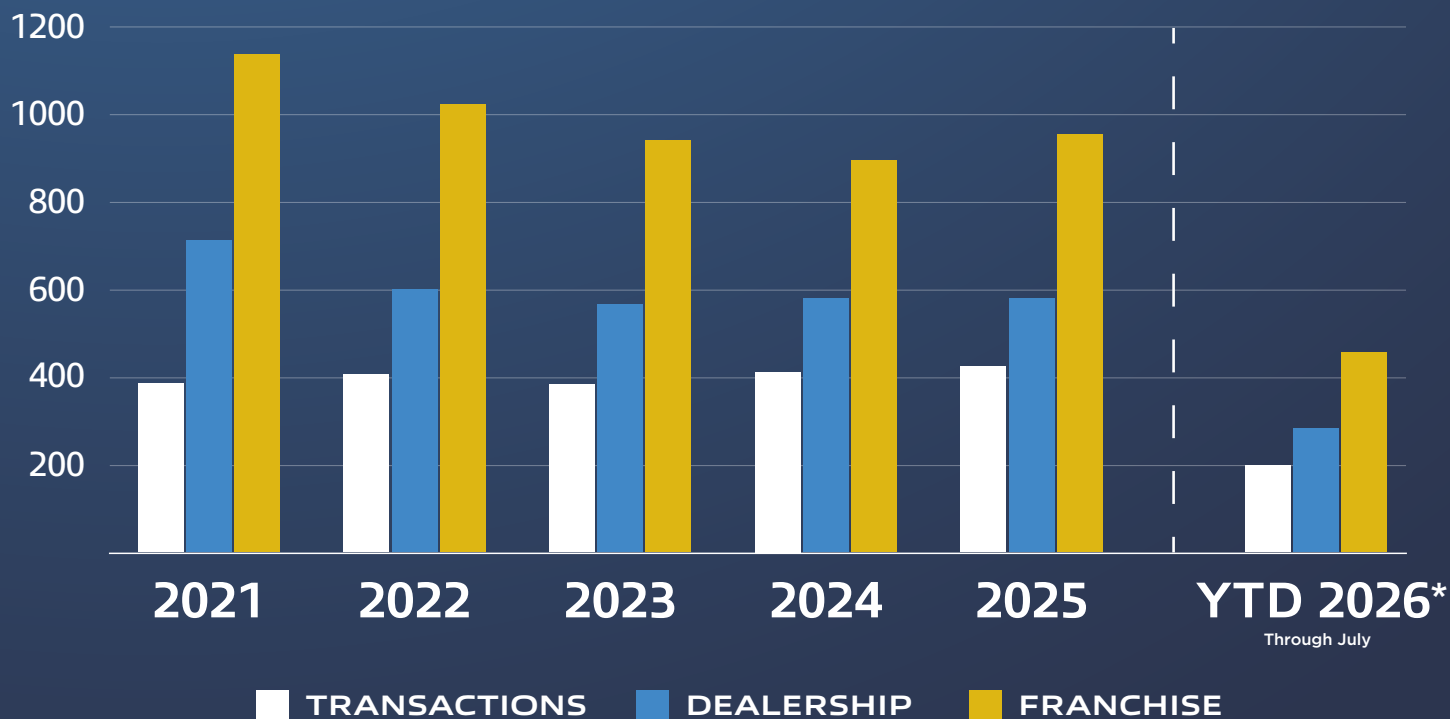
U.S. AVERAGE NEW-VEHICLE TRANSACTION PRICE (ATP), 2013–2025



*2019 figure is November (most recent KBB release located); a December 2019 press figure was not identified.

Sources: Cox Automotive, Kelley Blue Book ATP monthly reports

BUY-SELL DEALS CONTINUE STRONG



Source: Automotive News Research & Data Center Dealership Buy-Sell Database.

“Many of the tactical questions dealers ask are the same today as they were years ago,” Gordon explained. “They center around how to improve variable sales, reach potential customers more efficiently, maximize service capacity, retain customers and employees, etc. What’s changing is the realization that a dealer can impact many of those with macro strategy — constructing the right platform that has effective scale and logical synergy. This is why M&A has to become an always-on, critical component of business strategy.”

Dealers are realizing that success depends on new strategies. A strategic platform might focus on a portfolio of stores in a particular region. Or it might be a set of stores centered on a few key OEM brands. Or the strategy might be to serve customers with one-stop shopping — end-to-end sales and service.

Each of those strategic choices can entail different tactics: investing in and enhancing current operations, expanding through acquisitions, or divesting assets better to improve the portfolio mix.

Ryan LaFontaine started in the business 27 years ago and understands how things have changed, as well as the new importance of a focused strategy. “Back in the day, a dealer might have one store in Michigan, another in Florida, another in Illinois. They never gained those efficiencies — internally and for the customer,” he said. “You never gained efficiency in processes. Consumers didn’t really get to know you. You might never really understand those markets.



Ryan LaFontaine

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“But having clusters of stores, you can have one team providing mobile service. Or one body shop servicing a group of stores. From a marketing perspective, you can share marketing costs and also really build a brand and reputation.”

LaFontaine Automotive Group is the country’s 26th-largest dealership group, with 43 stores in Michigan. CEO LaFontaine said geographic concentration means “every day, every month, every year you are not only investing in one store, you’re investing in a multistore platform. We’ve seen that. We can fuel those efficiencies and outrun the cost barrier and expense barrier that every business is facing now, especially with the costly technology we need today.”

A geography-first strategy is increasingly endorsed by OEMs and popular with many dealers as they think about how to grow. “We want to own the markets in which we’re located,” said David Wyler, CEO of the Jeff Wyler Automotive Family. “If you live in our region and you don’t consider Jeff Wyler when you’re buying a new or used car, then we’re not doing our job.”



David Wyler

That strategy led Wyler to plan beyond what he’d ever imagined: In early 2026, he purchased Midwestern Auto Group — 14 luxury franchises set on a single campus in Dublin, Ohio — for more than \$500 million. The campus has been rebranded as The Wyler Collection; and its revenues will push Wyler, currently the country’s 27th-largest dealership group, over the \$3 billion mark in annual sales.

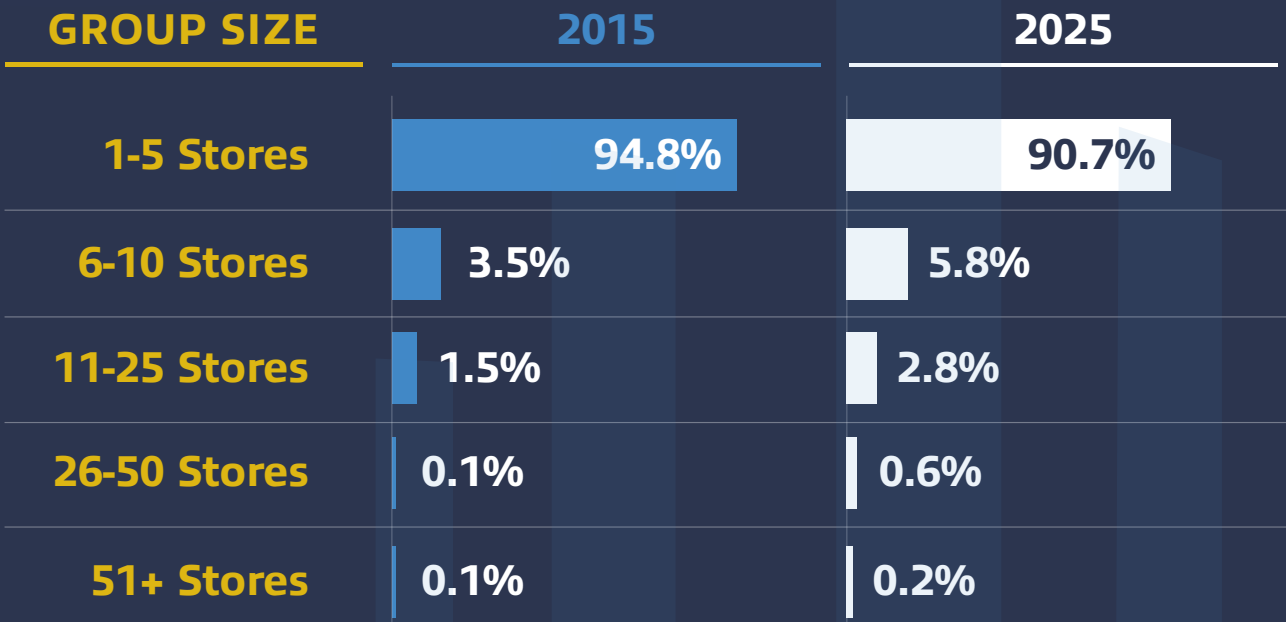
“Our approach to growth is that we want to stay within our geographical footprint,” Wyler said. “What that means is that we really want to look at any growth opportunities within 100 miles of Cincinnati. We can scale within those markets. That means more impact and efficiencies for our branding, our assets, our people — and quite frankly, we can afford to pay more than anybody else because of that.”

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“ We want to own the markets in which we’re located. ”

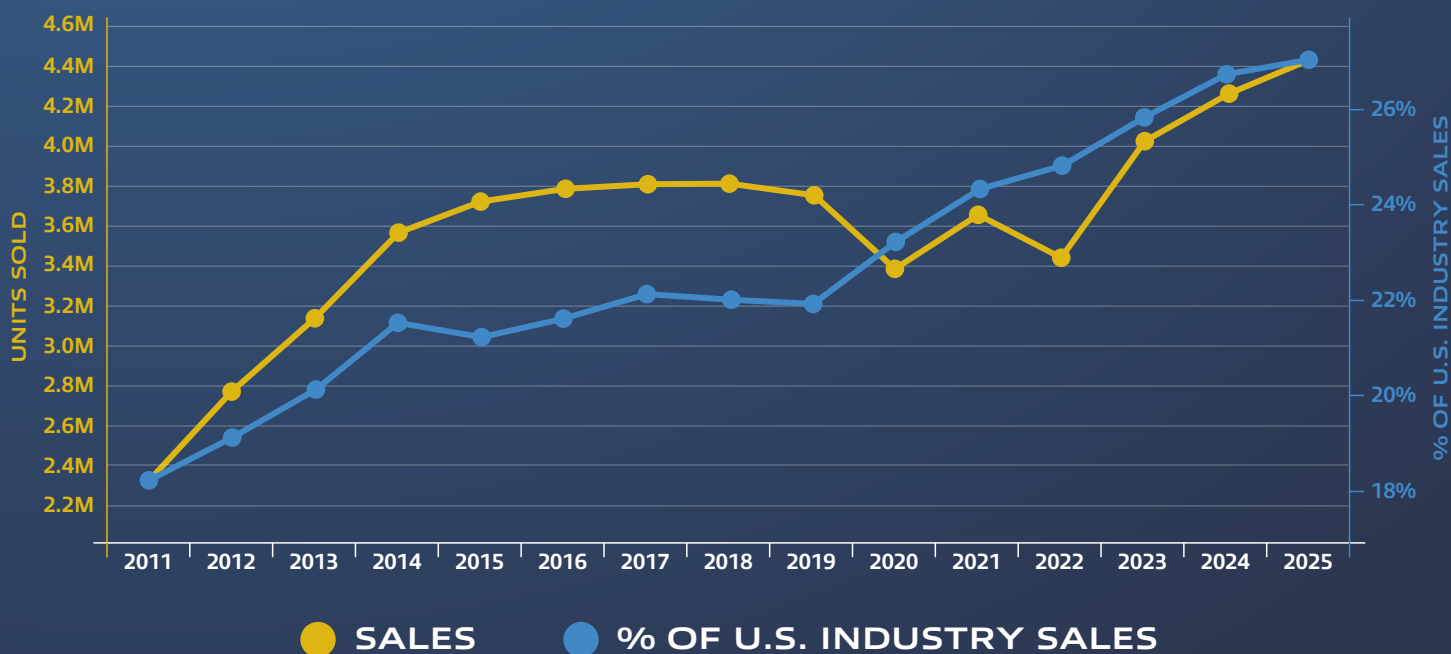
— David Wyler
Wyler Auto Group

BIGGEST GROWTH IS IN SMALL- TO- MEDIUM-SIZED GROUPS



Source: National Automobile Dealers Association

VEHICLE SALES BY TOP 150 GROUPS



*Fleet and retail

Source: Automotive News Research & Data Center

There are lifestyle considerations as well. “Selfishly speaking, I don’t want to have to hop on an airplane and fly to California, Florida, wherever, to put out a fire,” he said, “Because inevitably in this business, you know, you’re gonna have issues that come about.”

LaFontaine said his cluster strategy is about even more than the operational benefits and synergies.

“Honestly, the biggest factor in this is looking at it from the consumer’s perspective,” he said. “We want to build a relationship with a consumer. We’re already selling a vehicle,

servicing it, selling them parts, building what that foundation has to be. Then it’s about developing that relationship for life — because each customer goes through different life stages, or their children go through different life stages, or the journey changes. Maybe at one point they’re a [GMC] Yukon customer as they’re carting kids around. Then they’re older and looking for a Subaru or a Toyota Camry. Or they want a performance vehicle or a luxury model. When you have a set of dealerships and groupings like ours, you can really be that car guy or car gal for life and handle that customer’s transactions throughout.”

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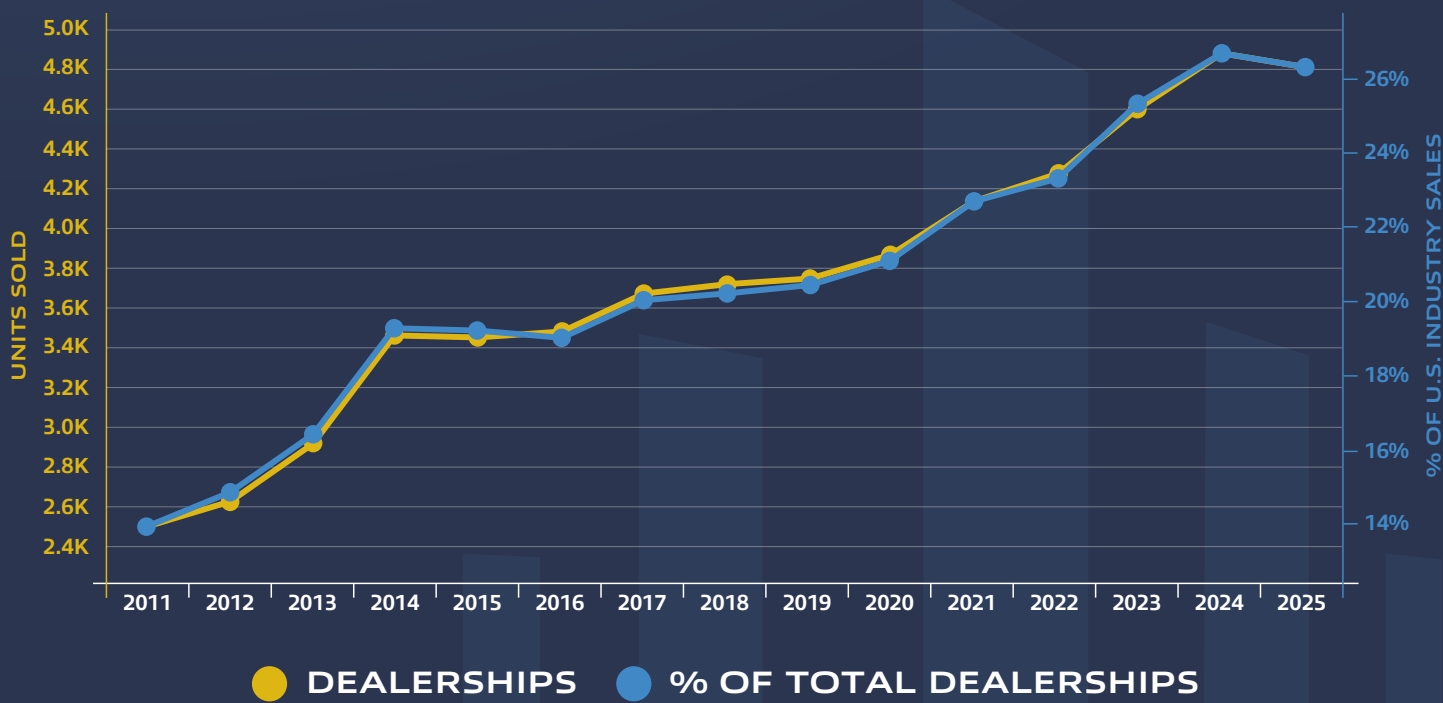
Mark Strand

With decreasing margins on new-car sales, dealers are looking for growth in other areas of the business. “Among dealers, there is more awareness that this is a business with multiple pillars. It’s not just about selling new cars,” said Mark Strand, deputy chief/senior director of economic and industry insights for Cox Automotive. “There’s new focus on the importance of fixed ops, F&I and ancillary streams of revenue. For the foreseeable future, with affordability pressuring more consumers to stay with their current vehicles longer, there’s great opportunity for dealers to compete more aggressively for that parts and maintenance business.”

A cluster strategy isn’t always about geography alone. Some dealers go all in on a small set of OEM brands, which allows a dealership group to do fewer things at a higher level and reap the rewards of deep knowledge and expertise. Scaling by brand can mean access to a much larger vehicle inventory for customers, less training for staff and the ability to more easily stay on top of the programs and demands of a smaller group of brands. Dealers can go deep on a brand across service and parts operations, as well as commercial, fleet and government sales and service.

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TOP 150 DEALERSHIP SHARE CLIMBS



*Fleet and retail

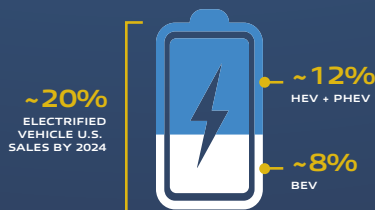
Source: Automotive News Research & Data Center

SIGNIFICANT INCREASE IN CONSUMER CHOICE AND CONFIGURATION COMPLEXITY

POWERTRAINS

Electrified vehicles (BEV + HEV + PHEV) reach **-20%** of U.S. sales by 2024; BEVs alone **-8%**.

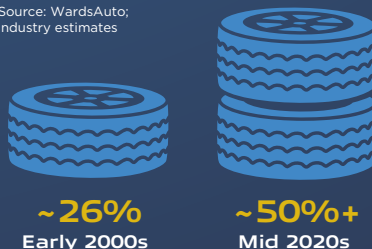
Source: EIA; Cox Automotive



DRIVETRAINS

AWD/4WD penetration grows from **-26%** (early 2000s baseline) to **-50%+** by mid-2020s.

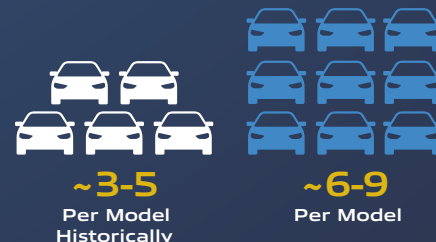
Source: WardsAuto; industry estimates



TRIM LEVELS

Expand from **-3-5** historically to **6-9+** per model.

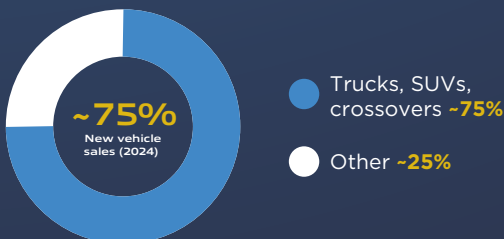
Source: Progressive/Capital One; manufacturer configurator data



VEHICLE MIX

Trucks/SUVs/crossovers grow to **-75%** of new vehicle sales.

Source: Edmunds; Money Magazine; KBB



TECHNOLOGY EXPECTATIONS

Rapid adoption of:

- ADAS
- Apple CarPlay/Android Auto
- Over-the-air (OTA) updates
- Wireless connectivity features



Brian McCafferty

While any of these strategies might entail deep investments in current operations or tactical acquisitions, managing a portfolio is not always about acquiring more stores; sometimes the strategy is best served by divesting rooftops. Brian McCafferty, who owns three Toyota franchises including his flagship Avondale Toyota in Arizona, last year made the tough decision to sell his lone Subaru dealership because it wasn't the right fit for his long-term strategy.

"We got a great offer and decided to pivot and focus on a new opportunity with Toyota," he said. "It made more sense to put my eggs in that basket and deal with three great Toyota stores."

Said DCG's Gordon: "Platforms must be viewed as a fluid landscape of assets. As the industry landscape changes around

a dealer group, you have to be able to adjust accordingly. These changes surround the dealer: manufacturer pivots, rival auto group acquisitions, demographic and population shifts, capital requirements, economic changes and even internal disruption that impacts strategic direction."

Advisers shouldn't just be advising on what to buy and sell; they should help the group understand why it's buying or selling.

"When we work with clients," Gordon said, "we start by asking big questions intended to draw out what the challenges are and how M&A can help shape or reshape a platform to solve some of those challenges or to create an environment that will make it easier for those challenges to be solved. From there, we push them to get proactive and go on offense by leveraging strategic divestitures and strategic buy-side M&A to shape their platforms for long-term success."

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Proactive dealers are moving from reactive decision-making to more intentional, forward-looking strategy development.

In a more complex environment, dealers are evaluating a broader set of strategic options:

- Investing in existing operations to improve performance
- Reallocating capital across brands or markets
- Expanding through acquisitions to strengthen market position
- Divesting assets to optimize portfolio mix

Strategic approaches emerging in the market:

- Expanding within existing geographies to strengthen competitive position
- Focusing on “share of wallet” and customer retention
- Building integrated ecosystems across sales and fixed operations

M&A emerges as one of several tools, not a requirement, but increasingly relevant:

- To build scale in key markets
- To align with stronger or more stable OEMs
- To enhance competitive positioning
- To manage risk in a changing environment