

STATE OF THE INDUSTRY

COVID-19 AND ITS ONGOING IMPACTS

ACERTUS has taken the initiative to address COVID-19's many challenges with a strategic focus and timely plan on behalf of its many partners within the industry.



A Look at the Current Auto Environment



Auto manufacturers, dealerships, retailers and others in the auto industry continue to grapple with the far-reaching impacts of the COVID-19 global pandemic. As those in the industry work to remain agile and navigate the ripple effects from this worldwide public health and economic crisis, the virus and subsequent health regulations across the country and globe continue to cause major disruptions. In particular, COVID has presented significant challenges to the auto supply chain, overall vehicle capacity and pricing standards for both new and used vehicles worldwide.



To better explain this new and ever-changing reality, we've developed a brief outline of what we've seen from an auto industry standpoint thus far:

- ⚠ Supply Chain Disruptions
- ⚠ Capacity Constraints
- ⚠ Vehicle Pricing Challenges

Supply Chain Disruptions

As manufacturing plants both in the US and abroad reopen after COVID-19-based closures, they're working hard to once again ramp up production. Unfortunately, dealers and retailers are still extremely low on new inventory, affecting overall new-vehicle sales for 2020. In fact, Michelle Krebs, a senior analyst at AutoTrader, [told The Detroit News](#) recently that new-vehicle inventory numbers are the lowest they've been in almost nine years.

While dealers have been working tirelessly to source and sell inventory, and both [used vehicle sales and pricing have largely risen](#), many parts of the world are again forcing closures or putting new restrictions in place due to new virus outbreaks. [Marketplace recently reported](#) that the Mexican government implemented new staffing limits in the state of Chihuahua, where many auto suppliers exist, and US unions have been in conversations with plants in areas like Texas, as virus cases rise there.



Capacity Constraints

The numerous global shutdowns and regulations, just recently being repealed in many parts of the world, have created [unprecedented capacity constraints](#) for the industry - both in terms of the capacity to produce more vehicles and the capacity to get those vehicles delivered to market. Concerns over future closures, staffing limitations and rising cases loom large over the auto supply chain, which is still adapting to the new COVID era.

Describing this, Kristin Dziczek, Center of Automotive Research representative, [recently told Marketplace](#) that auto manufacturers need "healthy demand, healthy supply chains and healthy workers" if they're going to produce vehicles at a steady pace.

Vehicle Pricing Challenges

Car manufacturers and dealerships have been working together throughout this pandemic - especially prior to the rise in consumer demand - to slash new vehicle prices and offer enticing value options for customers. Certainly, demand was at a low earlier this year when countries around the world were affected by the novel coronavirus and had to force shutdowns or temporarily halt manufacturing or operations. In May, companies like Hyundai and GM were seen introducing new, more forgiving payment plans and investment incentives to attract sales during that time, and dealerships themselves even tried their hand at new marketing efforts and discounts.

But as dealers have quickly adapted to rising demand for virtual, contact-free shopping and delivery, and as manufacturers continue to reopen plants and bulk up business efforts, the industry has seen large spikes in consumer demand. While demand for new-versus-used vehicles hasn't necessarily changed, used-vehicle sales continue to rise due to the lack of new-vehicle inventory. Both manufacturers and dealers are paying attention to these numbers, and as a result, have starting increasing prices on used vehicles in the US and abroad.

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ACERTUS Taking Bold Steps to Help Its Auto Partners



We understand the unprecedented circumstances of this global pandemic have caused serious disruptions and continue to present unknowns for multiple stakeholders throughout the overall auto supply chain. As such, ACERTUS has taken the initiative to address COVID-19's many challenges with a strategic focus and timely plan on behalf of its many partners within the industry.

There are a number of key factors that make this possible, differentiate ACERTUS from our competitors and allow us to gain a slight advantage for our many partners during this unusual time:

- 🔑 Technology-Driven Platforms are Key
- 🔑 Secure Dispatch Infrastructure with Wide Availability
- 🔑 Service Teams Committed to Speed and Flexibility



Technology-Driven Platforms are Key

Long before this global pandemic, we made the appropriate investments to transform into a technology-driven provider. These decisions continue to prove productive, especially in the current virus-impacted reality, for both our teams and our auto partners.

Our automated, technology-enabled solutions, including our proprietary online software VINlocity, allow for seamless communication with our drivers, carriers and customers. We support the customers we partner with, providing crucial information, instantaneously, and facilitating decision-making as they navigate obstacles like inventory shortages, capacity constraints and ongoing changes in both consumer demand and pricing. And with transparency as a top priority, our teams strive to deliver fast and efficient reporting and updates, so customers have visibility into the status of their assets at any given time.

Service Teams Committed to Speed and Flexibility

Teams at ACERTUS consistently work under the belief that we must excel in delivering the most effective, fastest and most flexible service to our partners, both in good times and challenging ones. This commitment certainly holds true now, amid ongoing challenges throughout the industry.

We've committed to working tirelessly to insulate our customers as much as possible from potential supply chain or capacity stressors, while still maintaining transparency and keeping them informed of what is going on at any given point during a respective transport or logistics move.

We stand firm in our promise to move your freight with the highest-possible level of efficiency, keeping you abreast of any obstacles our carrier network faces and partnering closely with you to develop the best go-forward strategy for your business.

Secure Dispatch Infrastructure with Wide Availability

Now more than ever, we're aware that our partners need to know their vehicles are being transported and handled with the utmost security - and that they need more flexibility with hours and dispatch availability. Therefore, we are pushing our team of logistics professionals to work late nights and early mornings, ensuring we deliver success.

Diligently working overtime, our goal is to continue staying ahead of the constraints and changes as they occur, innovating new solutions wherever possible and heading off as many problems as we possibly can, as we move forward together.



We remain your steadfast partner during this challenging time

Regardless of whether you need your fleet's most current status, have a vehicle-transport question or want to speak with us about adapting your overall logistics strategy - our teams are here and ready to help.

We will partner you with one single point of contact for all your business needs, streamlining your process and ensuring you receive timely updates as they arrive.

PLEASE REACH OUT WITH YOUR QUESTIONS AND CONCERNS.

WE ARE COMMITTED TO SERVING AS YOUR PARTNER DURING THIS CHALLENGING TIME.



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