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XLerate Group Sees Continued Demand for In-Person Auto Auctions

XLerate dealer survey demonstrates preference for in-person auto auctions

Carmel, Indiana: XLerate Group, a leading nationwide auction and remarketing facilitation company, today announced its dealer expectations for the coming year. A recent survey of XLerate's dealer base suggests a return to in-person automotive auctions in 2021, following a "COVID-19" year in which digital-only auctions experienced a surge in volume.

Over the past year, the used car automotive auction business, like many industries, has had to adapt its business model to meet and address the short-term disruptions related to the global pandemic.

XLerate's experience was no different. Throughout 2020, the company's auto auctions had to rely on more online and digital transactions to address pandemic-related concerns. Even as some companies attempted to switch entirely to online-only auctions, the auction industry has learned what XLerate has experienced – the dealers that buy and sell cars from auctions prefer to buy and sell their vehicles on-site.

"Last year, many within our industry predicted that 2020 would be the year that put an end to physical auto auctions. Last year put the effectiveness of in-person automotive auctions through a stress test that was far more difficult than anything we could have imagined," said XLerate Group CEO Cam Hitchcock. "But as the year came to a close, it remained clearer than ever that the dealers who preferred to buy vehicles online before COVID-19 hit still prefer to buy vehicles online, while dealers who preferred to buy vehicles in person at our auction sites still prefer to buy vehicles in person."

Online auto auctions perform an important role in this industry. In 2020, online auction sales increased by 30 percent, or more, at some of XLerate's locations, as the company and its customers navigated the pandemic. At the same time, customers have expressed an eagerness for the industry to resume selling cars live. When XLerate reached out to the dealers and commercial consignors for feedback on online vs. in-

person auctions, an overwhelming majority of customers expressed a strong preference for transacting in-person over the alternative digital-only auctions.

Dealers told XLerate during the survey that:

- They can make a much better assessment of the vehicle's condition when they are on-site.
- They can spot unexpected deals when walking the lot that they could not have known to look for in an online environment.
- Inaccurate condition reports invariably lead to a heightened risk of time-consuming and costly arbitration over the vehicle price.

While the safety of employees and customers remains XLerate's top concern, and as the nation slowly begins to emerge from the one-year shutdown, the company predicts the industry will largely return to its traditional business model by the end of 2021, with much of the industry returning to buying used vehicles at in-person auto auctions.

"Digital, used car auto auctions have been an important tool in our industry for many years, and we expect the demand for this service to continue because of the convenience it provides for many of our customers," Hitchcock commented. "That said, we believe that early predictions that in-person auto auctions would fade away were premature. In-person auto auctions continue to offer advantages for buyers that cannot be fully replaced with software and video – no matter how good that technology purports to be."

Leading lower-middle-market private equity firm Huron Capital formed XLerate in 2014 to pursue a buy-and-build strategy in the rapidly changing automotive auction industry. Under Huron Capital's ExecFactor® investment model, XLerate has continued to grow, completing eight acquisitions since 2014 and launching a floorplan finance company.

For more information, contact:

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ABOUT THE XLERATE GROUP XLerate Group is a leading nationwide auction and remarketing facilitation company facilitates transactions between buyers and sellers at its Internet-enabled physical and private label remote sales. Since 2014, XLerate Group has grown through several acquisitions to 14 auction sites and 6 mobile sites in 11 states. Those auctions are located in California, Texas, Florida, South Carolina, Ohio, Illinois, Georgia, Michigan, New Mexico, Pennsylvania, and Wisconsin. For more information, please visit: www.XLerateGroup.com