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SONIC AUTOMOTIVE INC. SWOT & PESTLE ANALYSIS

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Company Name : Sonic Automotive Inc.

Company Sector : Automotive

Operating Geography : United States, North America, Global

About the Company :

Sonic Automotive Inc. is an automotive retailer. O Bruton Smith founded Sonic Automotive as a public company in November 1997, with headquarters in Charlotte, North Carolina. In the urban southern, midwestern, and southwestern United States, the company operates dealers and collision repair centres. The firm specializes in the sale of new and old cars, as well as replacement components. It also offers vehicle maintenance, warranty, paint, and repair services, as well as financing. Franchised Dealerships and EchoPark are the company's two business segments. The company has 87 franchised locations in 12 states, mostly in California, Texas, and the Southeast, as well as approximately 30 EchoPark used-car shops. The company earns money from parts and collision repair, finance, insurance, and wholesale auctions in addition to new and used vehicle sales. On April 26, 2022, Sonic Automotive, Inc. announced the opening of its newest delivery center in Columbus, Georgia, as part of the EchoPark Automotive brand's continued expansion. The company is on track to reach 90% of the US population and generate \$14 billion in revenue by 2025, according to its ambitious expansion plan.

Sonic Automotive's USP lies in its being one of the leading automotive dealers in the United States, as a Fortune 500 company and a member of the Russell 2000 Index. The mission statement of Sonic Automotive reads, "We are an industry-leading automotive retailer committed to providing our customers with an outstanding automotive experience that is delivered with professionalism, integrity and enthusiasm".

Revenue :

US\$ 12,396 million - FY ending 31st December, 2021

US\$ 9,767 million - FY ending 31st December, 2020

SWOT Analysis :

The SWOT Analysis for Sonic Automotive Inc. is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> 1.A diversified portfolio of products and services 2.In terms of revenue, the company is one of the largest automotive retailers in US 3.Omnichannel capabilities providing it competitive advantage 4.Strong financial performance with operating profits recorded for the past 10 years 	<ul style="list-style-type: none"> 1.Several parts and vehicles are manufactured outside US exposing it to various risks associated with international transactions 2.The high indebtedness of the company leads to increase in costs 3.Heavy dependence of US for a significant proportion of revenue
Opportunities	Threats
<ul style="list-style-type: none"> 1.The expansion of the EchoPark Segment will provide long term benefits to the company. 2.Development of e-commerce platforms will lead to enhanced customer experience. 3.Expansion of luxury and mid-line import brands in the company's franchised dealerships 	<ul style="list-style-type: none"> 1.The retail automotive industry is highly competitive. 2.Availability of desirable used vehicle inventory. 3.Debate in the availability of finance in consumer automotive lending.

PESTLE Analysis :

The PESTLE Analysis for Sonic Automotive Inc. is given below:

Political	Economical
1.The Biden administration is in favor of electric cars which will significantly impact the traditional vehicle sales	1.High unemployment because of the pandemic has accelerated the trend to used vehicles 2.US-China trade war will negatively impact the automotive industry 3.Increasing demand for ride hailing and sharing services impose a threat to car selling companies
Social	Technological
1.High prices of new cars are driving customers to buy used cars instead 2.Customers prefer completing a part of the vehicle purchase online	1.Leveraging technology to enhance customer experience 2.Enhancing sales capabilities through intelligence solutions
Legal	Environmental
1.State dealer laws positively impact the company 2.The Dodd-Frank Act has led to additional indirect regulation of automotive dealers	1.Working towards reduction of carbon footprint

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