

## The story behind Kunes Auto Group's significant expansion

Company nearly doubles its regional footprint in the last five years



By Sonia Spitz
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Delavan-based <u>Kunes Auto & RV Group</u> has nearly doubled its footprint since 2020, adding nearly 20 new auto dealership locations to its repertoire through acquisition.

At the beginning of 2020, Kunes operated 23 locations across the Midwest in Wisconsin, Illinois, Iowa and Minnesota. Today, the company operates over 40, and more growth is to come, said **Scott Kunes**, chief operating officer and managing director of automotive for Kunes.

Often, Kunes' acquisitions are a result of years of rapport built with dealerships' owners. In its most recent purchase of Griffin Chevrolet in Milwaukee, Kunes and his father and sole owner of Kunes Auto & RV Gregg Kunes served on a number of boards with Griffin Chevy's owner Jim Griffin. The relationship allowed Kunes to succeed Griffin in the continuation of the dealership.

Kunes' acquisition model primarily revolves around dealership owners looking for an appropriate succession plan.

"Typically, these dealerships are a large proponent of the community and owners want to ensure that kind of that legacy continues," Kunes said. "It's not always about the almighty dollar. It's about knowing that you're selling to a good organization that's going to continue to take care of the community and the people in it."

The company's rate of growth can be attributed to both the status of the auto sales market as well as the frequency of dealership owners looking to retire or sell.

"We are seeing a lot of consolidation in the industry in terms of larger groups starting to buy up single point stores and smaller groups as well," Kunes said.

The company is being opportunistic as dealerships are listed for sale because many are only sold once in a generation. The current increase in listings is also largely due to the market being cyclical, Kunes said.

Kunes' growth strategy combines the trend of the market, the legacy of the dealership and its revenue, which the company restricts to \$30 million and above.

In the last five years, Kunes has acquired several General Motors (GM) dealerships including Griffin Chevrolet in Milwaukee, Finley GMC in Beloit, John Paul's Buick GMC in Greenfield and All-Star Buick GMC in Oak Creek, among others.

Its affinity to GM dealerships comes from Kunes' belief in the brand's strength and the idea that it is overlooked as major brands like Toyota, Honda and Subaru lead the industry.

While auto sales make up the majority of Kunes' revenue, its RV sector, introduced in 2018, has contributed significantly to its physical and financial growth.

Between 2020 and 2023, the RV market spiked as families became interested in road trip travel during the COVID-19 pandemic. Since 2023, however, the market has seen a significant drop-off, Kunes said.

"RV as an industry is often referred to as the canary in the coal mine," Kunes said. "When it comes to recessionary trends, it's one of the first industries to get hit."

Although the market is not as strong as it was during the pandemic, Kunes has continued to grow its RV sector with the recent acquisition of Wisconsin RV World in DeForest. Its draw to the acquisition was mainly real estate based. The dealership's prominent DeForest location combined with its proximity to Kunes RV of Madison, which it merged with in the deal, made the acquisition one that "strengthened the brand as a whole," Kunes said.

Outside of auto & RV sales, Kunes is involved with several community organizations and events like its recent venture with Summerfest sponsoring the festival's Lasso Lounge and its Trade In Hunger initiative, which included \$400,000 worth of food donations to local food pantries.

In the coming years, the company plans to expand more in the Midwest and is considering markets outside of the region as well.