

2014 CPO STUDY

WHAT YOU NEED TO KNOW

ABOUT THIS STUDY

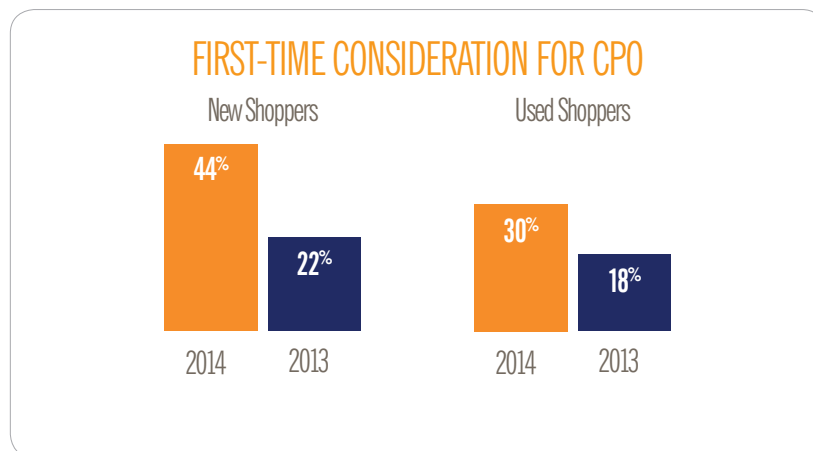
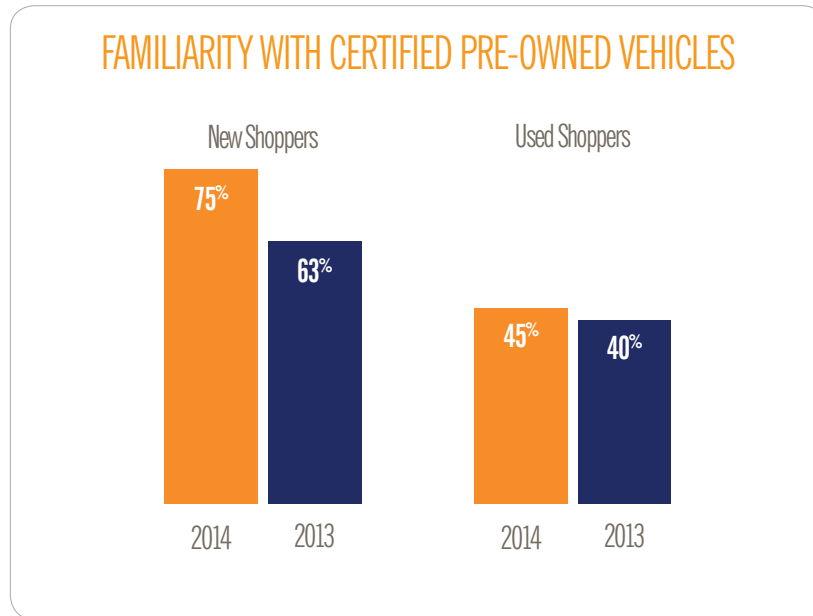
To understand shopper perceptions of CPO vehicles as well as the CPO ownership experience, Autotrader conducted two quantitative online surveys, which together comprise the 2014 Autotrader CPO Study. For the shopper portion of the study, Autotrader completed a total of 450

interviews among shoppers, split evenly among New, Used and CPO considerers who were planning to purchase a vehicle in the next 6 months. To understand the CPO ownership experience, Autotrader surveyed 1,195 current CPO owners. Both surveys took place in August 2014.

2014: A RECORD YEAR FOR CPO SALES

It's a great time to be in the CPO business. Certified Pre-Owned (CPO) car sales continue to gain traction and are up 9%* over 2013, and the percentage of shoppers who are aware of CPO and considering it for the first time has also increased significantly over previous years. While overall familiarity is higher in 2014 than in previous years,

shopper awareness of which brands offer CPO programs is still relatively low. Therefore, manufacturers should build awareness of CPO with national and regional marketing, along with messaging on a brand's website homepage. Dealers should build awareness and understanding of CPO at the local level, ensuring sales and service personnel can speak to the subject.



*As of October 2014

CPO BUYERS SPEND MAJORITY OF SHOPPING TIME ONLINE*

CPO buyers spend 75% of their time shopping online. Dealer websites and third-party sites are critical sources of information for CPO shoppers, **so it's important to educate them about the value of CPO on these sites to drive influence and preference for CPO inventory and for dealerships.** Dealers can bring CPO to life by taking cues from the manufacturer and using their assets. With an increased understanding of the value and benefits of

CPO, approximately 3 out of 4 car shoppers are likely to consider it.

Since CPO shoppers frequently refer to manufacturer websites for information, **manufacturers should continue to convey the value of their CPO programs** on their websites as well as in traditional advertising, especially television.



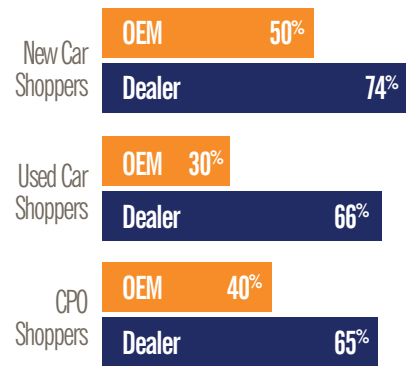
*Source: 2014 IHS Automotive Buyer Influence Study

MORE SHOPPERS WOULD CONSIDER CPO WITH MORE EDUCATION

Currently, the majority of car shoppers believe the dealership certifies CPO vehicles. However, once car shoppers understand CPO, particularly the manufacturer warranty, comprehensive warranty and detailed

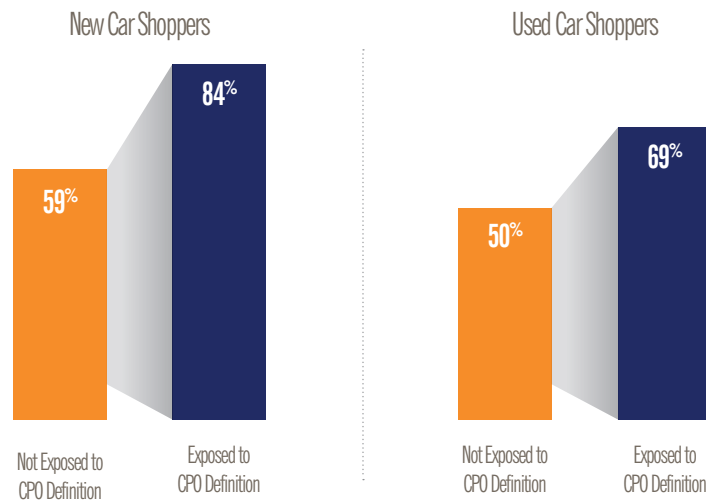
inspection, **their likelihood to consider it increases significantly.** Therefore, dealers and manufacturers should endeavor to provide CPO education online where CPO shoppers spend most of their time.

MOST SHOPPERS BELIEVE THE DEALERSHIP CERTIFIES VEHICLES



Initially, car shoppers tend to be unaware that the manufacturer is involved in certifying CPO vehicles.

CPO CONSIDERATION AFTER EXPOSURE TO DEFINITION



Consideration for CPO increases significantly once car shoppers understand it.

REASONS SHOPPERS CHOOSE CPO

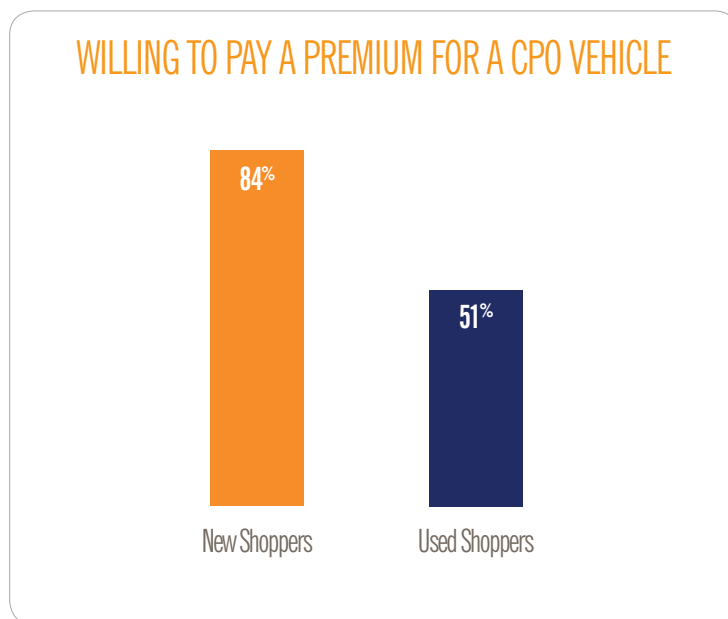
NEW CAR	USED CAR
Certification gives peace of mind..... 67%	Certification gives peace of mind..... 58%
Warranty..... 47%	Warranty..... 52%
Can afford a new vehicle, but don't want to pay that much..... 44%	Can't afford a new vehicle..... 45%

Peace of mind, warranty and affordability are the main reasons car shoppers consider CPO.
As a result, these are key messages to communicate in CPO marketing and advertising.

CAR SHOPPERS ARE WILLING TO PAY A PREMIUM FOR CPO

“Warranty,” “inspected/certified” and “reliable/dependable” are the top reasons car shoppers are willing to pay a premium for CPO. New car

shoppers are willing to pay an average of **\$2,032** more for a CPO vehicle while Used car shoppers are willing to pay an average of **\$2,085** more.



CPO KEEPS CAR BUYERS IN-BRAND, SUPPORTS LOYALTY & MOVE-UPS

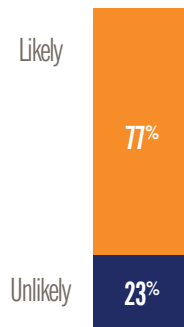
CPO programs are good for both manufacturers and dealers. Certified programs help keep car buyers in-brand and also supports dealership loyalty. While CPO often presents a lower-cost alternative to a New car, especially for luxury brands, the payoff with CPO programs is an increased likelihood that a car buyer will purchase either a New or CPO vehicle of the same brand again, with half of current CPO owners saying they are likely to purchase a New vehicle and three-fourths of current CPO owners

saying they are likely to purchase another CPO vehicle of the same brand.

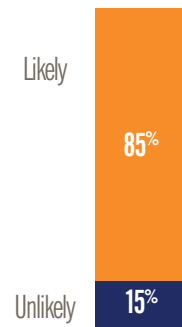
Millennial CPO owners are more likely than older generations to buy a New car from the same brand for their next purchase.

CPO programs are not only good for manufacturers, they're also good for dealers. **An overwhelming majority of current CPO owners say they will purchase from the same dealership again.**

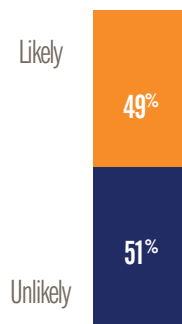
LIKELIHOOD TO PURCHASE SAME BRAND



LIKELIHOOD TO PURCHASE FROM SAME DEALERSHIP



LIKELIHOOD TO PURCHASE NEW VEHICLE IN SAME BRAND



LIKELIHOOD TO PURCHASE CPO VEHICLE IN SAME BRAND



While CPO can act as a gateway to New vehicle sales, manufacturers and dealers must work diligently to help shoppers convert up within the first few purchases before they become set in a CPO-buying pattern. According to the study, first-time CPO owners are more likely to buy a New vehicle from the same brand, but repeat CPO owners are likely to buy a CPO vehicle from the same brand.

