



# CAR BUYER JOURNEY --- 2018



DEALER.COM



Kelley Blue Book

# SHOPPERS ARE SPENDING LESS TIME IN-MARKET

Shoppers are spending a total of four fewer days in market for a car than last year. The biggest decrease is among Used buyers, as **2 in 3** state they need, rather than want, a new vehicle.

## TOTAL DAYS SPENT IN MARKET



## SHOPPING DRIVEN BY NEED VS. WANT

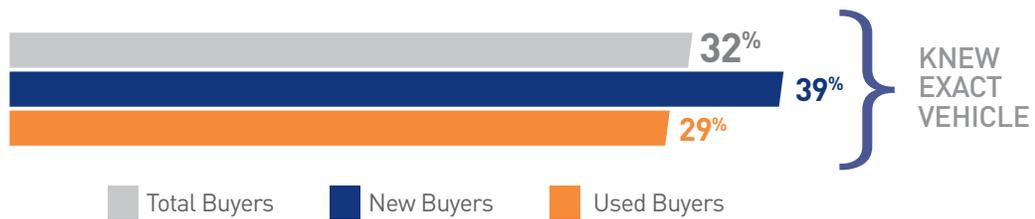


# MOST CAR BUYERS ARE UNDECIDED AT THE START OF THE SHOPPING PROCESS, BUT MANY REPEAT PREVIOUS DECISIONS.

Only **1 in 3** car buyers know the exact vehicle they want to purchase when they start shopping. Many buyers are open to both New and Used vehicles. It's also helpful for dealers to understand the role previous decisions can play. Among those who make a purchase, few are first-time buyers, and more than half have previously owned the same make.

While car shoppers can be influenced about what to buy and who to buy from, the time to influence and convert them is online, where they spend the majority of their shopping time making decisions.

## INITIAL MAKE/MODEL PURCHASE INTENT



**40%**

of New car buyers considered both New & Used vehicles



**55%**

of Used car buyers considered both New & Used vehicles

## REPEAT PURCHASE OR LEASE



**92%**

of those purchasing have previously purchased a vehicle



**70%**

of those leasing have previously leased a vehicle

## BRAND LOYALTY\*



**56%**

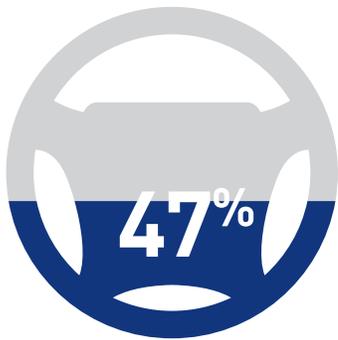
have previously owned the same make

\*Among those who have previously purchased a vehicle

# BUYERS WANT TO KNOW THE TOTAL PRICE OF THE VEHICLE

While **53%** of car buyers look for monthly payment information while researching a vehicle, **47%** of buyers said that the total price of the vehicle is more important than the monthly payment. In general, lessees, females, younger age groups (particularly younger females), consumers with lower-incomes and those with children are among those more interested in a monthly price. That said, more than one-third of buyers feel the total and monthly price are equally important, highlighting the need for dealers to provide both options in their online merchandising.

## VEHICLE PRICING PREFERENCE



Total price of vehicle



Total price and monthly payment important

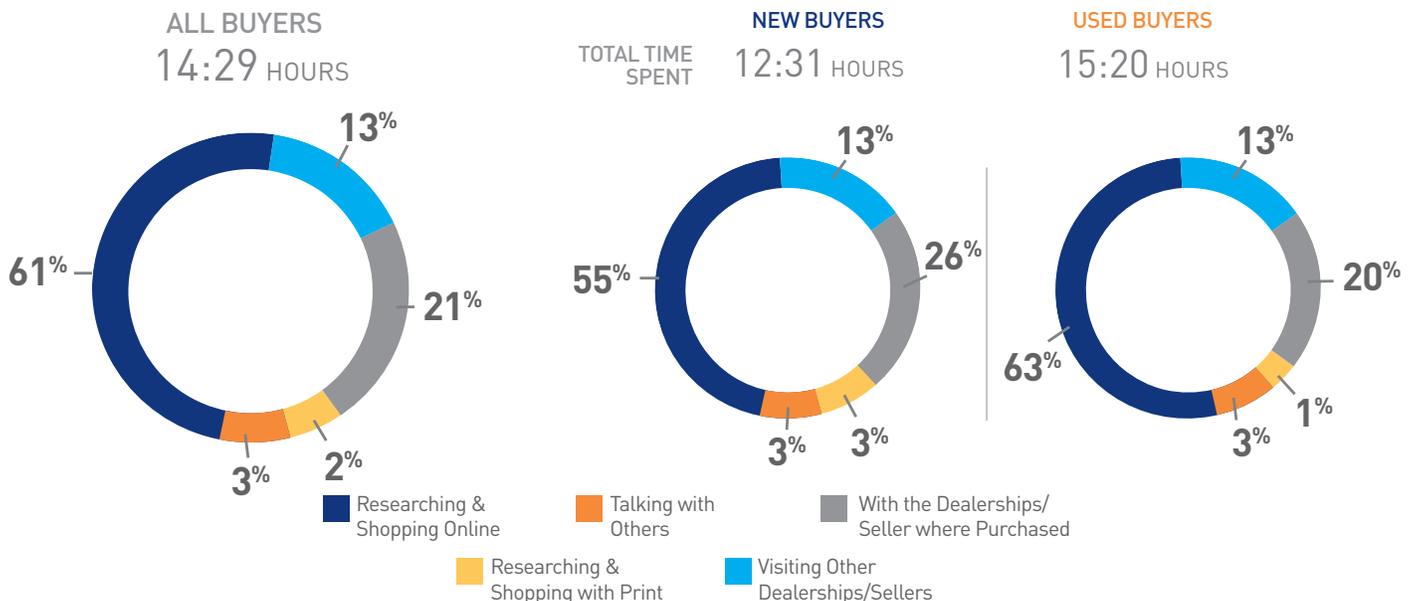


Monthly payment

# CAR BUYERS SPEND 60% OF THEIR TIME ONLINE

(among those who shopped online)

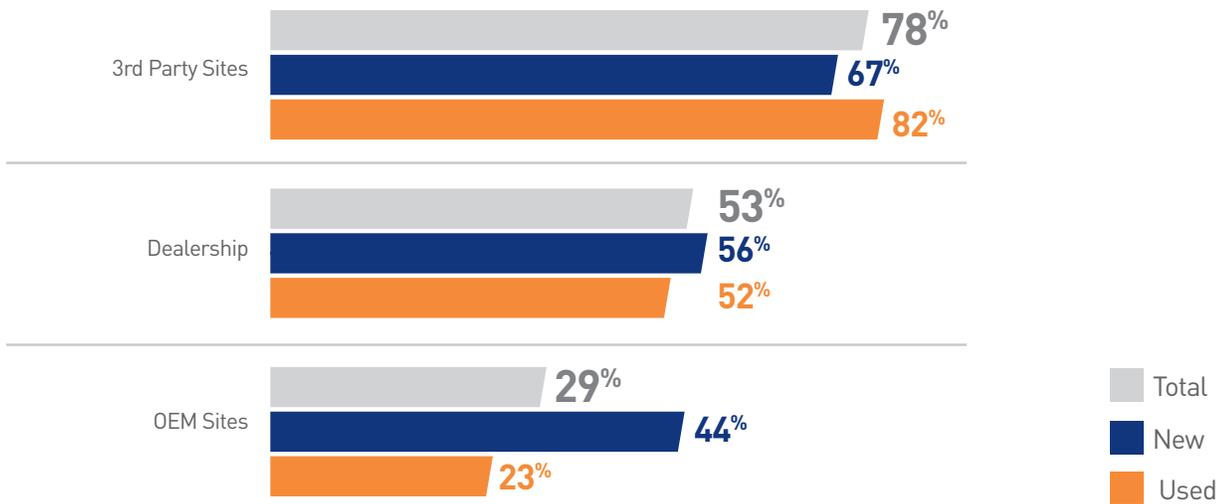
## TIME SPENT SHOPPING/BUYING A VEHICLE



# THIRD-PARTY SITES ARE THE MOST-USED SITES FOR ONLINE CAR SHOPPING

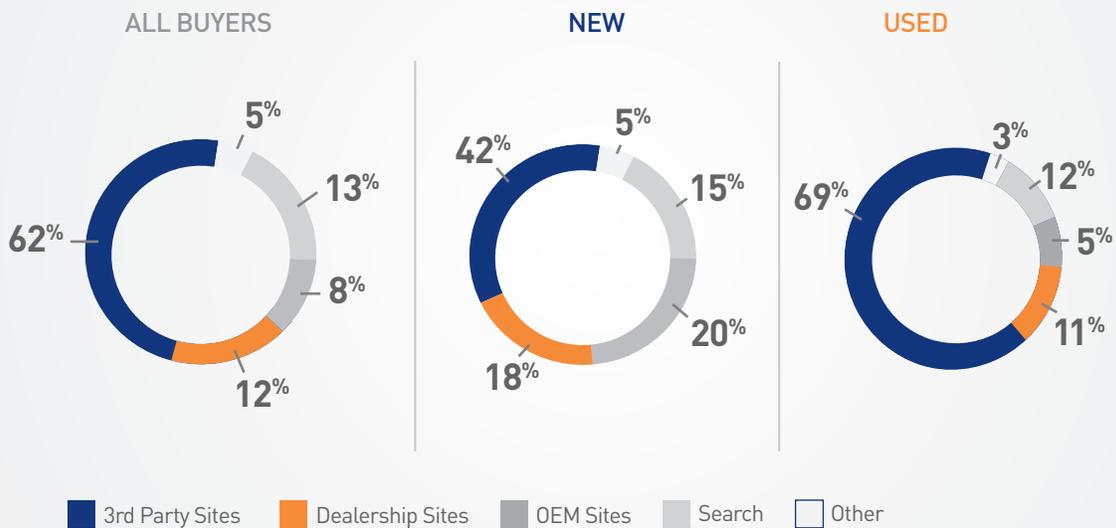
While car buyers use a variety of sites to shop, **third-party sites** are the most-used site of any online resource.

## SOURCES USED TO SHOP\*



\*Respondents were asked, "Please select the names of the specific website(s)/apps that you used." Some selected more than one answer.

## TIME SPENT ON VARIOUS SITES

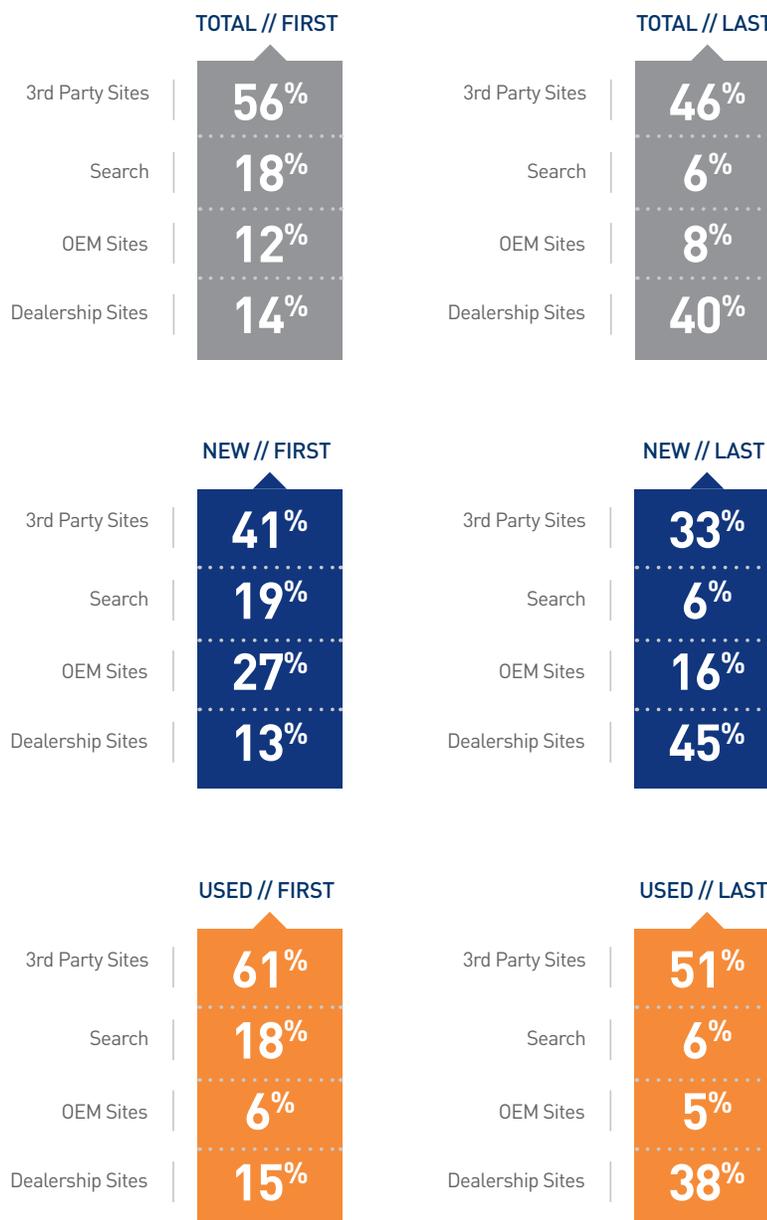


While car buyers are using fewer websites (4.7 in 2018 down from 5.5 in 2017) during the shopping process than in prior years, the perceived helpfulness of each website category has not changed. Buyers continue to spend most of their time shopping on third-party sites. Dealer sites and search engines complement each other during the shopping process, and automotive marketers need to have a broad yet integrated marketing strategy, including a strong presence in the online inventory marketplace, to effectively reach and influence shoppers wherever they are shopping online.

# BUYERS MOST OFTEN START AT THIRD-PARTY WEBSITES

When researching online, New buyers most often start at a third-party site and end at a dealer website, while Used buyers often start and end at third-party sites. Dealers should focus on unique ways to deliver a consistent overall message across all sites. It is also critical that dealership websites are user-friendly, compelling, easy to search, consistent across devices and accurately reflect the pricing, incentives, services and amenities that are offered when the consumer visits the brick-and-mortar dealership.

## FIRST AND LAST WEBSITE VISITED

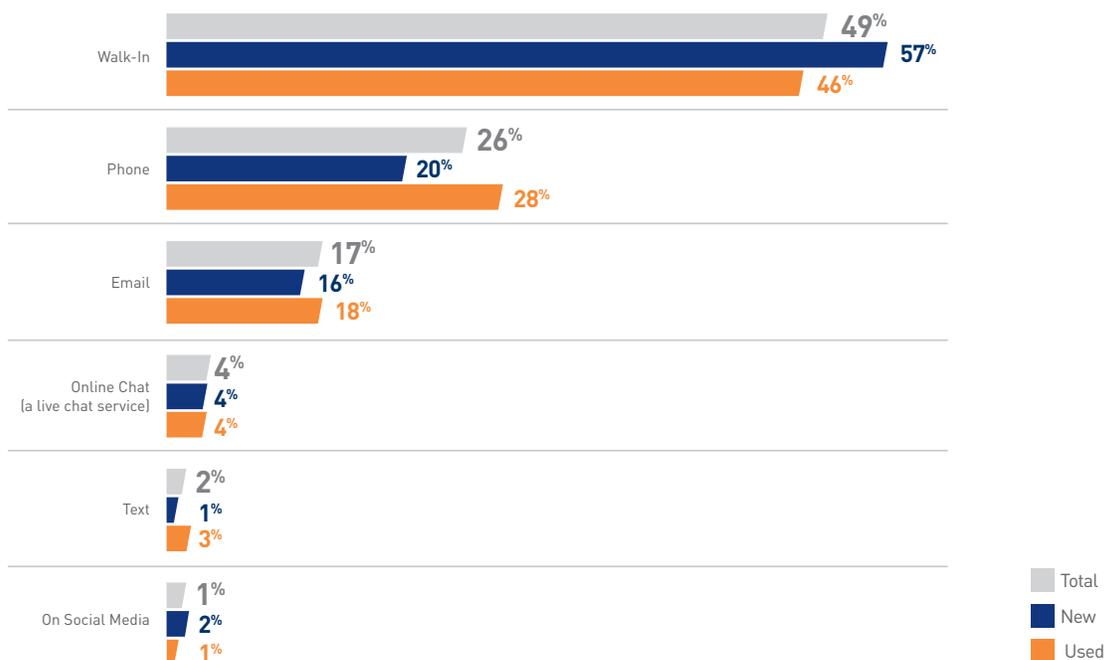


# “WALKING IN” REMAINS MOST-COMMON INITIAL POINT OF CONTACT WITH DEALERS

Half of car buyers do not contact the dealership prior to their first visit. **While we anticipate a future shift in this behavior as dealers begin to adopt digital retailing tools**, it will remain crucial for dealers to have effective sourcing and CRM processes in place to help understand initial contacts and walk-in traffic.

Knowing what influenced a shopper to contact the dealership, regardless of method, can help dealers determine the value of their advertising and understand where to most successfully invest marketing dollars.

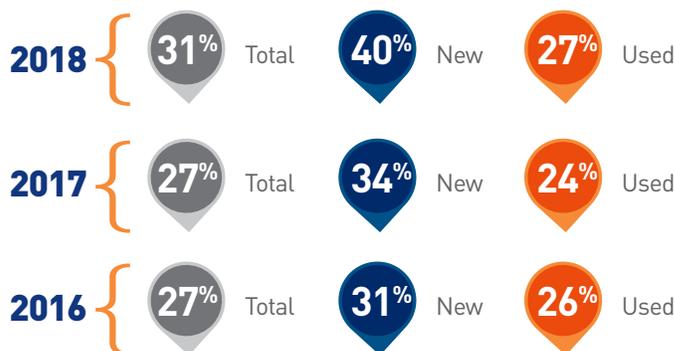
## INITIAL CONTACT WITH DEALERSHIP



# MORE BUYERS ARE GOING TO DEALERSHIPS WHERE THEY HAVE PREVIOUS EXPERIENCE

The percentage of consumers who purchased/leased from a dealership where they had previously purchased/leased has increased.

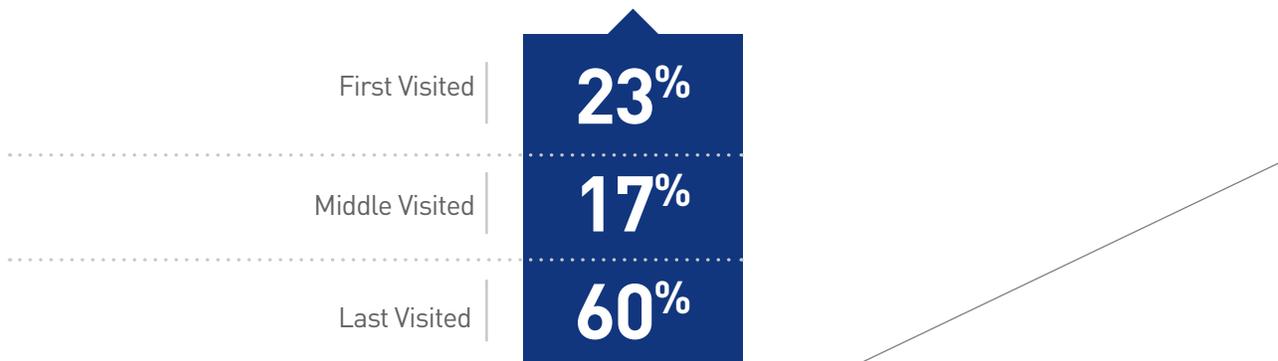
## PREVIOUSLY PURCHASED/LEASED FROM DEALERSHIP



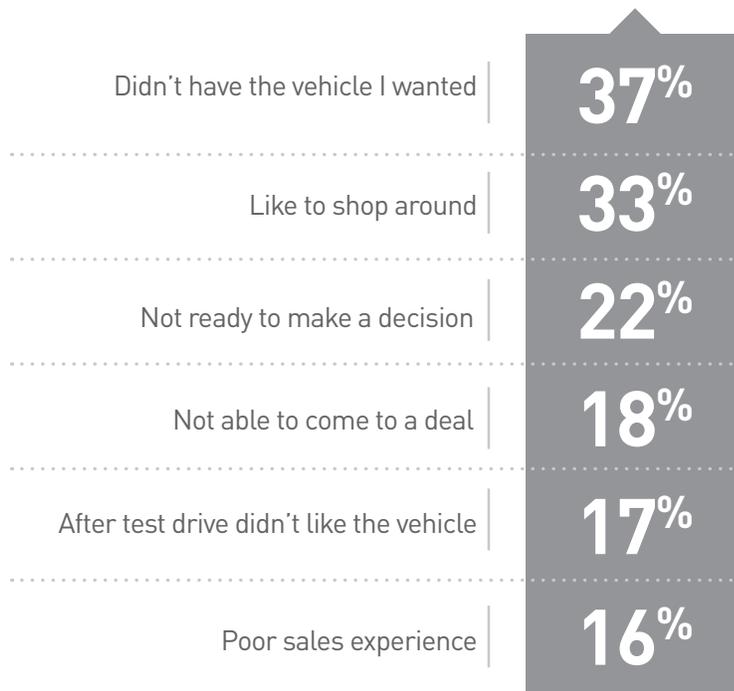
# WHY BUYERS DID NOT PURCHASE FROM THE FIRST DEALERSHIP VISITED

Most buyers visiting multiple dealerships buy from the last dealer they visit. *Didn't have the vehicle I wanted* and *Like to shop around* are the main reasons for not purchasing from the first dealership visited. Additionally, **1 in 6** New buyers did not buy from the first dealership they visited because they had a *Poor Sales Experience*. Dealers should focus on creating a positive in-store experience for shoppers and use stocking and acquisition tools to get the right inventory for their store.

## DEALERSHIP PURCHASED/LEASED FROM\*



## REASONS FOR NOT PURCHASING FROM FIRST DEALERSHIP VISITED\*\*



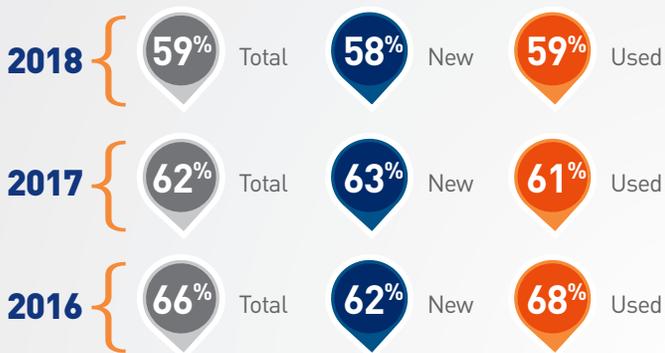
\* Among those who visited and purchased or leased from a dealership

\*\* Among those who visited multiple dealerships and purchased or leased, but didn't purchase or lease from the first dealership

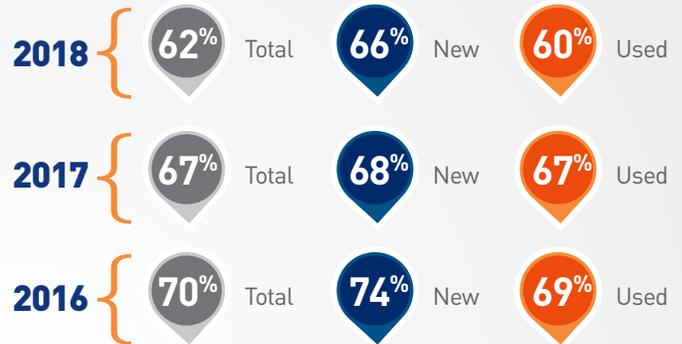
# BUYERS ARE SHOPPING AROUND LESS & ARE LESS SATISFIED WITH PRICE

The percentage of car buyers visiting multiple dealerships has been declining in recent years. At the same time, buyers report being less satisfied with the price they paid for their vehicle and less often trust that the dealership gave them the best deal. A simple, pressure-free shopping experience, transparent pricing (reinforced by online and in-store pricing tools that can help provide market context, such as Kelley Blue Book® Price Advisor), and a set price or non-negotiable price model can help build customer satisfaction in this area. These features should be stressed in advertising and as part of the sales process.

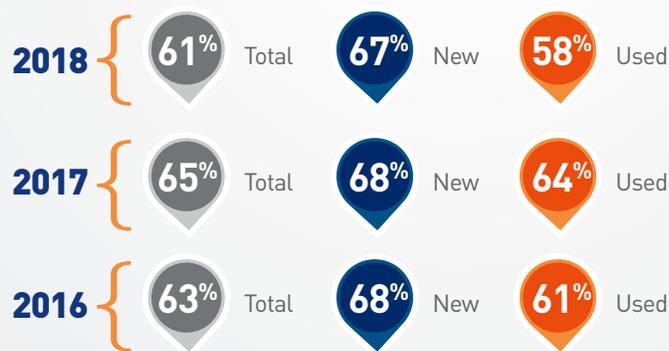
## BUYERS VISITING TWO OR MORE DEALERSHIPS



## SATISFACTION WITH PRICE PAID FOR VEHICLE



## TRUST DEALERSHIP GAVE THE BEST DEAL



# BUYERS ARE LEAST SATISFIED WITH LONG PURCHASE PROCESS

When asked to rate their satisfaction on a scale of 1-10, **77%** of car buyers gave the test-driving process an 8-10 rating. Satisfaction declined to **59%** when interactions with the F&I department were factored in. Of the 3-hours average time spent at the dealership during the purchase process, half is spent negotiating or doing paperwork, resulting in a **46%** satisfaction rate for how long the process takes. Among buyers who were dissatisfied with how long the process took, *Negotiations* and *Financing/Paperwork* were the top 2 areas that took longer than they expected.

Dealers should strive to shorten the deal-making purchase process – particularly through streamlining F&I paperwork and negotiations – in order to enhance customer satisfaction and improve loyalty and retention rates. Digital retailing can help accomplish this goal by allowing consumers to complete purchase steps online before completing purchase activities in-store — thereby reducing the time spent on the deal at the dealership.

## SATISFACTION WITH OVERALL DEALERSHIP EXPERIENCE



Your overall experience with the dealership

ALL BUYERS

71%

NEW

75%

USED

69%

## SATISFACTION WITH DEALERSHIP PROCESS



The test-driving process

ALL BUYERS

77%

NEW

79%

USED

76%



Interactions with dealership sales people

73%

76%

72%



The selection of inventory available

62%

68%

60%



Interactions with the financing department

59%

63%

57%



How long the process took

46%

50%

45%

## WHAT PART OF THE PROCESS TOOK LONGER THAN YOU EXPECTED?\*



Total



New



Used



Total



New



Used



Financing/Paperwork



Negotiation

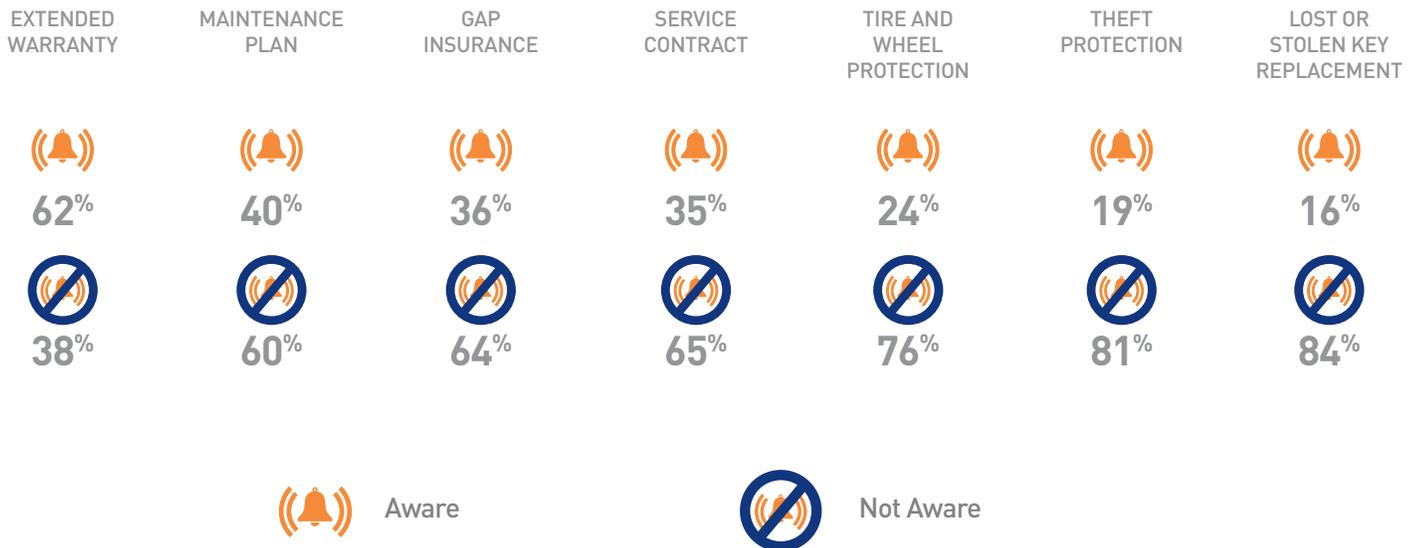
Buyers spend nearly 40 minutes idle at the dealership. Leaving customers idle has the potential to lead to headaches in finalizing the sale, as some start to rethink the deal during that time.

\*Among buyers who were dissatisfied with how long the process took

# PRIOR AWARENESS IS CRITICAL TO F&I SALES

Although awareness is increasing, nearly **1 in 4** buyers are not already aware of F&I products prior to going to the dealership. Since purchase of F&I products is much higher among consumers who are already aware of the products before going to the dealership, dealers should offer F&I educational resources on the dealership website (which buyers say they prefer) and provide opportunities for consumers to learn more about F&I on their own during the sales process (e.g., on an iPad while waiting for preparation of paperwork).

## AWARENESS OF F&I PRODUCTS



## ABOUT THIS STUDY

For the past five years, Cox Automotive has conducted studies designed to gain an understanding of consumer car-shopping behavior and perceptions of the dealer experience. The 2018 Car Buyer Journey, commissioned by Cox Automotive through IHS Markit, is based on a survey of 2,050 consumers who purchased or leased a vehicle within 12 months of September 13, 2017.





©2018 Cox Automotive. All Rights Reserved. "Autotrader" is a registered trademark of TPI Holdings Inc. used under exclusive license. Kelley Blue Book, KBB.com and the Kelley Blue Book logo are trademarks of Kelley Blue Book Co., Inc.

COX AUTOMOTIVE™