4 TRUTHS OF DIGITAL & “CONNECTED” RETAIL
FUTURE OF DIGITAL RETAIL STUDY

2,550
shopper interviews

Interviews conducted between July 28 – August 7, 2017 with shoppers in the market for a vehicle in the next 12 months
TRUTH #1

Your customers want to start their buying process online now
83%

want to do one or more steps of the purchase process online

Source: Cox Automotive Future of Digital Retail Study (November 2017)
2 YEARS AGO...

17 / 4,002

CONSUMERS LIKED THE EXISTING RETAIL PROCESS

...that’s less than 1%

Source: 2015 Autotrader Car Buyer of the Future Study
TIME RANKS LOWEST IN CUSTOMER SATISFACTION

Source: 2018 Cox Automotive Car Buyer Journey
WORKING THE DEAL TAKES TOO LONG

<table>
<thead>
<tr>
<th>YEAR</th>
<th>MAKE</th>
<th>MILEAGE</th>
<th>PAYMENTS OF $</th>
<th>TRADE-IN INFORMATION</th>
<th>ADDITIONAL ACCESSORIES</th>
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<tbody>
<tr>
<td>2010</td>
<td>NISSAN</td>
<td>169K</td>
<td>ClearTrade</td>
<td>Running Boards</td>
<td>Mud Guards</td>
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<td>Flood Lights</td>
<td>Wheel locks</td>
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<td>Alarm</td>
<td>Rear bumper guards</td>
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**1/3 CASH DOWN**

- $21,000 + Fees
- $4000 for trade
- $5000 cash

**MONTHLY PAYMENTS**

- $1992 down payment
- $1900 zero

**NO TRADE**

**21,000**

**SALER**

SALESMAN cannot accept this offer or obligate seller in any manner whatsoever. OFFER IS NOT BINDING until accepted in writing by officer or sales manager of seller.
Average time saved on the deal* by completing steps online

30 MINUTES

*while at the dealership

Source: 2018 Cox Automotive Car Buyer Journey
WHAT SHOPPERS PREFER TO DO “ONLINE AWAY FROM DEALERSHIP”

71% GET INFORMATION ABOUT THE DEAL (prices, warranties, add-ons, trades)

51% STRUCTURE THE DEAL

43% UNDERSTAND & SECURE FINANCING

% who prefer to do at least one step within each stage of the process “online away from the dealership”

Source: Cox Automotive Future of Digital Retail Study (November 2017)
65% of consumers think it is important that dealers don’t force them down a set sales process.
TRUTH #2
Your dealership is essential to completing the sale
“I like the idea of signing the papers at the actual dealership. I like the face to face contact in a very technology advanced world. I feel it is nice to have someone there if I have any further comments, questions, or concerns.”
TRUTH #3

Dealership staff are valuable consultants
still want help from dealership staff even if online purchase options are available

Source: Cox Automotive Future of Digital Retail Study (November 2017)
STAFF NEEDS TO BE PRODUCT SPECIALISTS AS WELL AS CONSULTANTS

TOP SKILLS NEEDED IN A PRODUCT SPECIALIST

**Product Specialist Skills**

- Detailed knowledge of vehicle specs: 45%
- Explain features/technology: 36%
- Explain different trims/models: 35%
- Knowledge of competitive vehicles: 32%
- Teach how to use technology: 23%

**Consultant Skills**

- Low sales pressure: 36%
- Listen to my needs: 31%

Source: Cox Automotive Future of Digital Retail Follow Up Study (November 2017)
80% would never purchase without a test drive

Source: Cox Automotive Future of Digital Retail Study (November 2017)
Use the time they save to get to know the vehicle better

Source: Cox Automotive Future of Digital Retail Study (November 2017)
TRUTH #4

Dealers gain a competitive edge by offering **online steps to the sale**
85%

more likely to buy from a particular dealership that allows them to start or complete nearly all of the vehicle purchase online.

Source: Cox Automotive Future of Digital Retail Study (November 2017)
71% would consider buying a car more often if they could start or complete nearly all of the purchase online.

Source: Cox Automotive Future of Digital Retail Study (November 2017)
Online tools also increase likelihood of service and repair business

56% of car owners are more likely to service vehicle at a dealership that offers online service appointment scheduling.

55% of car owners are more likely to service vehicle at a dealership that provides online estimates of service costs.

Source: Cox Automotive Future of Digital Retail Study (November 2017)
THE NEW AGE OF AUTO RETAIL

SELF-DIRECTED
Personalized shopping experience

FAST
Process is measured in minutes not hours

TRANSPARENT
Profitable and predictable

ENJOYABLE
Building and strengthening relationships
WHAT YOU SHOULD DO

• Differentiate by providing a digital buying experience
• Enable consumers to take as many steps online as they like and plan ahead for the transaction moving online in the future
• Seamlessly connect your online to offline experiences
• Create digital sales specialists to facilitate deals online
• Train staff as “product specialists” and “consultants”

WHAT YOU SHOULD REMEMBER

• One set process does not meet the needs of all buyers
• Consumers want to start the process online and finish it at the dealership
• The in-store experience will become more focused on the vehicle and the relationship with dealership staff as more purchase steps move online