



2018 VEHICLE TECH FEATURES STUDY



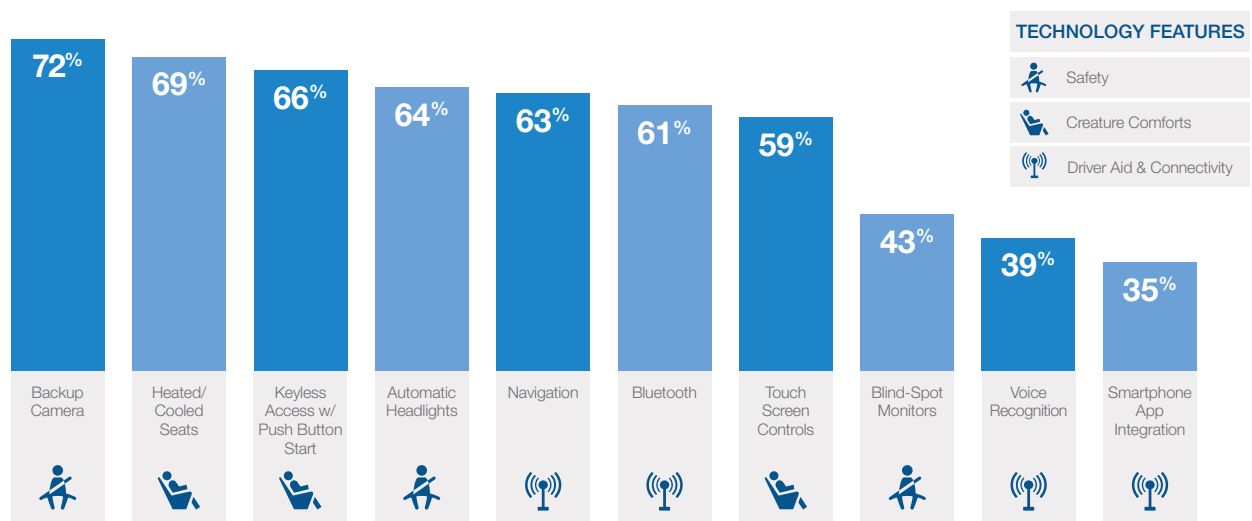
ABOUT THIS STUDY

In-vehicle technology has significantly increased in importance to vehicle shoppers over the last four years. In fact, **vehicle tech now ranks ahead of exterior styling** when it comes to deciding which car to buy.¹ This data can help OEMs and dealers more effectively target in-market shoppers, close more sales and upsell tech features to new and existing customers.

This study surveyed 2,554 geographically dispersed KBB.com visitors to measure the consumer's awareness and preferences for automotive technology features currently available. While KBB.com visitors are of all ages and ethnicities, 47% of those surveyed for this study were ages 51-69, 83% were male, 82% were Caucasian and most tended to be somewhat more affluent and educated than the general U.S. population.²

TOP 10 MOST FAMILIAR TECH FEATURES

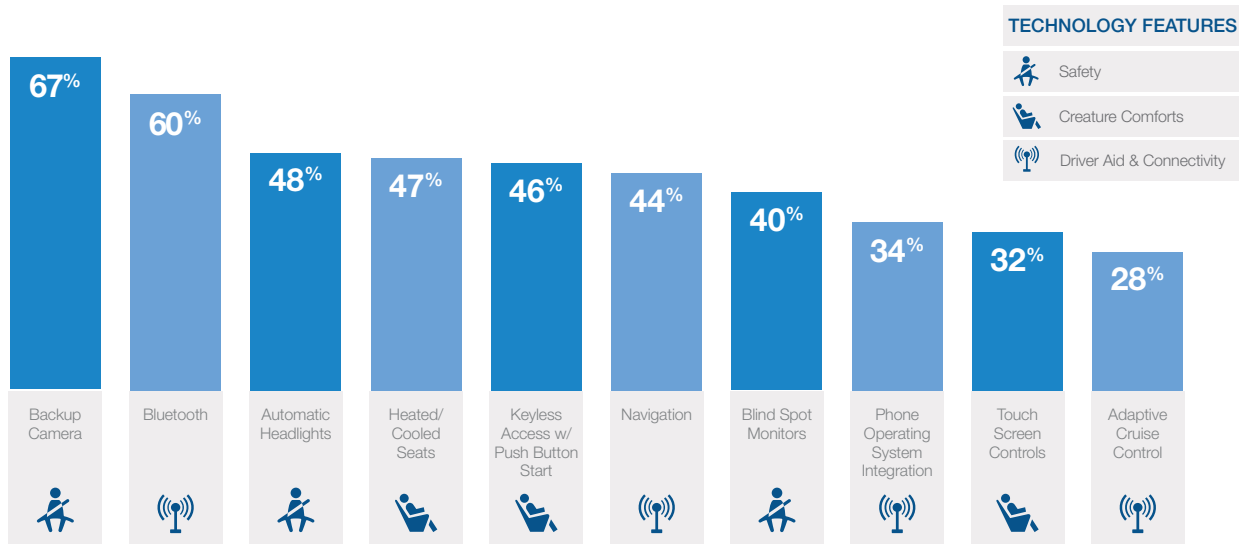
Consumers are most familiar with tech features related to vehicle safety and creature comforts.



Q: Please indicate which vehicle feature(s) you are the most familiar with (select all that apply)

TOP 10 MUST-HAVE TECH FEATURES

Safety and connectivity features are most likely to be on shoppers' must-have lists.



Q: Please select any feature(s) that a vehicle must have in order for you to consider purchasing or leasing it (select all that apply)

FAMILIARITY, VALUE & PACKAGING OPTIONS

Increasing consumer familiarity with connectivity technology can help differentiate inventory. Consumers are more often familiar with technology they consider to be “Essential” — such as heated/cooled seats, navigation and blind-spot monitors — and are willing to pay more for these features.

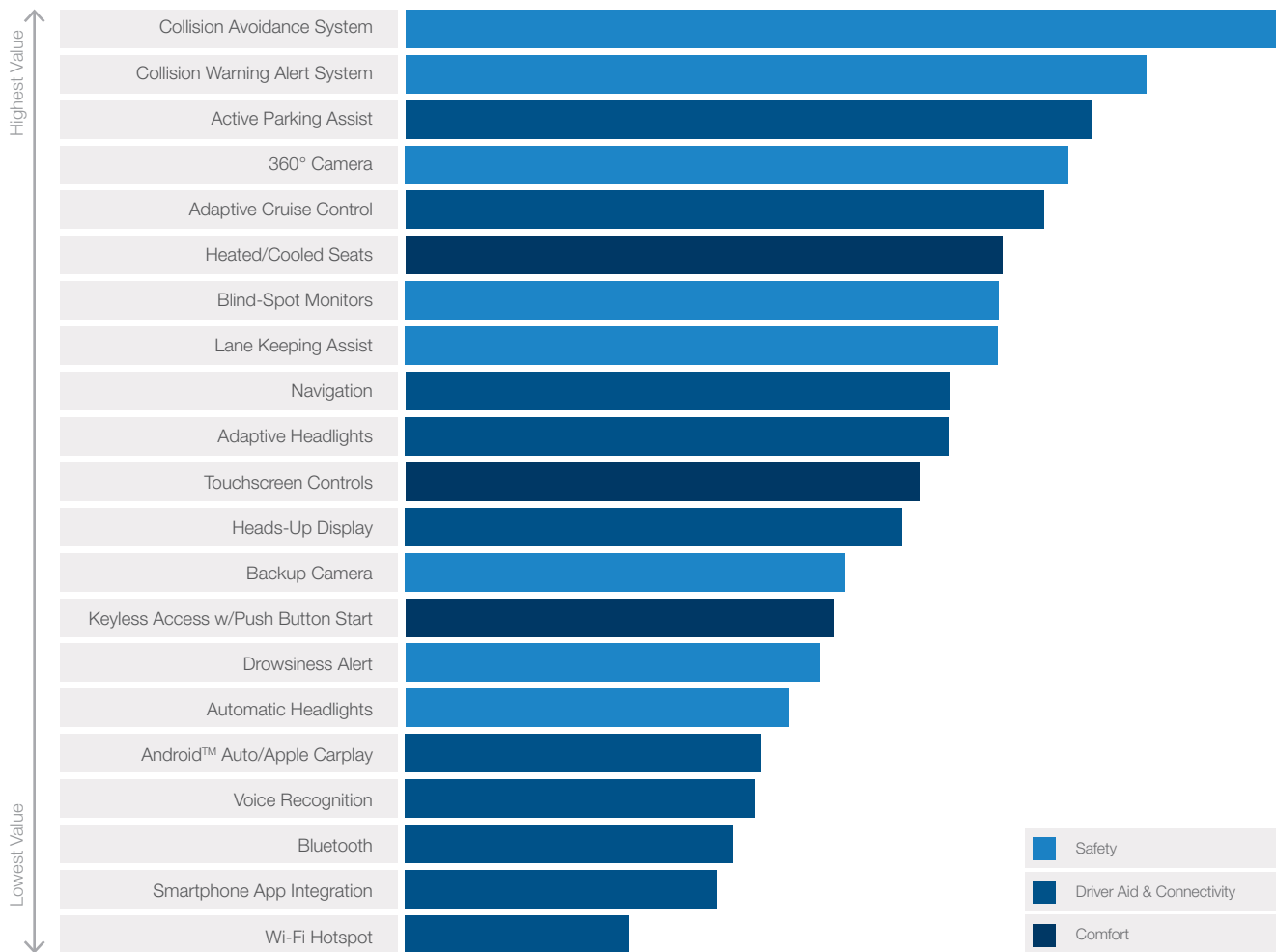
Connectivity features — such as smartphone app integration (e.g., Pandora/Spotify®) and phone operating system integration (e.g., Apple CarPlay/Android™ Auto) — are important to many people, although they may be less willing to pay more for them due to a lack of familiarity. Increasing familiarity of these features can reinforce their perceived value.

Consumers are most familiar with backup camera, Bluetooth, automatic headlights and keyless entry, and think these features are important, but are less willing to pay more for them likely because they see these features as standard equipment. Conversely, consumers may be willing to pay more for heated/cooled seats, navigation and blind-spot monitoring as premium options. Likewise, consumers are willing to pay more for autonomous features such as collision avoidance and warning systems, and as familiarity with these features increases, their importance to consumers could increase as well.

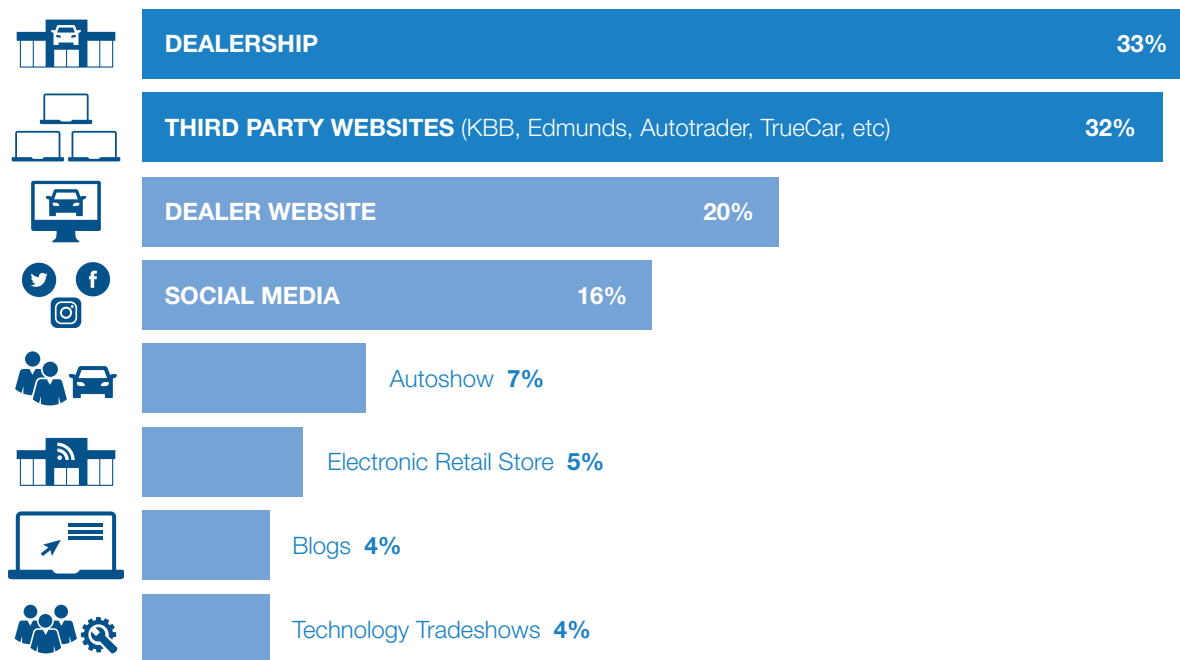


PERCEIVED VALUE OF TECH FEATURES

Shoppers see safety features as adding the most value. (i.e., what they are willing to pay the most for).



WHERE CONSUMERS RESEARCH TECH FEATURES



Q: If you are researching vehicle technology for your next purchase or lease, where would you do your research? (select Top 3)

DEALERSHIP STAFF ARE VALUABLE TECH CONSULTANTS

Top sources where consumers learn about vehicle tech are at the dealership or while researching on third-party websites. While 57% say they want to figure out new technology on their own, the role of a product specialist at the dealership is important for those who want an expert to educate them in-store. In fact, the in-store learning experience is so important that the majority of car buyers want to spend less time

on the deal and more time learning about the vehicle while at the dealership.³ The top two skills needed in a product specialist are: 1) Detailed knowledge of vehicle specs, and the ability to 2) Explain features/technology.³ Dealership websites can also play a crucial role in educating consumers about vehicle technology. In addition, social media can be an effective tool for increasing awareness of desirable tech features.

TECH TURN-OFFS



Technology Features Have High Costs
(e.g., Low Resale Value, Expensive to Own)

46%



Technology Features Could Be Useless

46%



**Update For Technology Updates
Could Be Inconvenient**

43%



Using Technology Features Is A Hassle
(Confusing, Don't Always Work)

26%



None Of The Above

14%

Q: Which of the following might deter you from adding technology features in your next vehicle purchase or lease? (select all that apply)

While marketing messaging should be aspirational in highlighting the benefits of tech, overcoming common objections – such as cost, limited utility, lack of convenience or poor usability – is also an important element of successfully leveraging in-vehicle technology as a selling tool.

Describing the latest tech features, demonstrating their ease-of-use and explaining how they can enhance safety (e.g., how they can help comply with state laws regarding mobile device usage while driving) can be particularly useful in showing their value.



DEMOGRAPHIC DIFFERENCES



MEN vs. WOMEN – Men are significantly more familiar with tech features than women and are therefore more likely to expect tech features to come standard, but only two features were significantly different among the sexes when it comes to importance:

- Backup camera is the tech feature that men state that they are most familiar with, a feature they must have and which is most important in their next purchase.
- Women are more likely than men to feel that automatic headlights are a must-have to even get considered and that adaptive headlights are important in their next vehicle.



ETHNICITY – African American, Asian American and Hispanic consumers place more importance on technology features than Caucasian consumers do, and prefer to have a variety of technology features in their vehicle.



MILLENNIALS – This demographic is more focused on connectivity features – Bluetooth is a must-have for millennials.⁵ Compared to baby boomers:

- Nearly 60% of millennials would switch vehicle brands to get the technology they want, but only 42% of baby boomers are willing to do the same.
- 55% of millennial buyers are willing to spend extra to get the technology they want compared with 38% of baby boomers.
- The average millennial will pay \$2,617 more for their ideal tech features – almost \$600 more than boomers will pay.⁶



SUV vs. CAR – Safety features such as collision avoidance/warning alert systems are a must-have for sport utility vehicle shoppers.



LUXURY vs. NON-LUXURY – Connectivity and creature comforts are important to luxury shoppers, and their must-have list is more comprehensive when compared to non-luxury shoppers, likely because their price range may be higher.

TECH TAKEAWAYS

- Safety Tech features are highly popular, ranking in the top three in both the Top 10 Most Familiar and Must-Have lists. However, Driver Aid & Connectivity Tech (e.g., navigation, Bluetooth, etc.) features are also prominent because consumers feel a strong need to stay connected and desire access to music and apps on their smartphones. OEMs and dealers should prominently promote these features.
- Consumers are willing to spend more on Safety Tech features with autonomous functionality, such as collision avoidance and warning systems.
- While most consumers would prefer to learn about tech features on their own, it is still critical to have product specialists in the showroom who can illustrate the operation and usefulness of tech features.
- Although most consumers plan to research the latest technology before shopping, 44% still don't know what features they want when they take a test drive and a third of consumers say they'd walk away from a purchase if the vehicle's in-car technology seemed too difficult to use during the test drive. Therefore, it is critical that salespeople can explain the latest tech features and demonstrate their ease-of-use.⁶
- Since 31% of millennials and 61% of older generations say that the test drive doesn't offer enough time to master vehicle tech,⁶ OEMs and dealers should consider offering additional learning sessions to consumers who want extra guidance. This additional support system can motivate hesitant consumers to invest in a more sophisticated vehicle.
- 53% of consumers would like to see innovations in safety tech in the next 3-5 years, so OEMs should strive to create awareness of ongoing new developments in vehicle safety technology.



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TECH FEATURE DESCRIPTIONS

360-DEGREE CAMERA – A suite of cameras all around the vehicle that display either a birds-eye view of the vehicle to assist in parking maneuvers or a combination of angles for different purposes.

ACTIVE PARKING ASSIST – Allows the vehicle to steer itself into a parking spot while the driver operates the pedals.

ADAPTIVE CRUISE CONTROL – Cruise control that coordinates the vehicle's speed with the vehicle directly ahead to maintain a set following distance.

ADAPTIVE HEADLIGHTS – Headlights with the ability to swivel around corners, making night driving safer.

AUTO TRUNK RELEASE (proximity motion sensor activated) – Allows the driver to open the trunk or tailgate hands-free when they have the key; requires either a foot-sweep gesture or waiting behind the vehicle.

AUTOMATIC HEADLIGHTS – Turns the headlights and taillights on automatically at night.

BACKUP CAMERA – Display of what's directly behind the vehicle when the vehicle is in the reverse position.

BLIND-SPOT MONITORS – Displays a warning light when another vehicle is in your blind spot; may also flash and/or chime if you attempt to change lanes at that point.

BLUETOOTH – Provides a wireless connection allowing audio (including music and phone calls) to be transmitted through the sound system.

COLLISION AVOIDANCE SYSTEM – Automatically activates the brakes in the event of an impending collision with a vehicle or obstacle ahead.

COLLISION WARNING ALERT SYSTEM – Activates visual and/or audible warnings if a collision is likely.

DROWSINESS ALERT – Displays a message advising the driver to stop and rest if it detects signs of drowsiness.

HEADS-UP DISPLAY – Projects a display onto the windshield (or glass pane above dash) to allow driver to access various types of information while their eyes are on the road.

HEATED/COOLED SEATS – Heating elements and cooling fans in the seat backs and bottoms.

KEYLESS ACCESS WITH PUSH BUTTON START – Allows the driver to enter and start the vehicle without taking the key out of a pocket or bag.

LANE-KEEPING ASSIST TECHNOLOGY – If the vehicle is drifting from its lane without signaling, it applies braking or steering input to bring it back in the lane.

NAVIGATION – A central screen that displays maps, driving directions, and points of interest.

PHONE OPERATING SYSTEM INTEGRATION (e.g., Apple CarPlay, Android™ Auto, etc.) – Provides a smartphone connection and a similar experience on the vehicle's infotainment screen to that of an iPhone or Android™ phone.

SMARTPHONE APP INTEGRATION (e.g., Pandora, Spotify, etc.) – Allows the vehicle's infotainment system to connect with a smartphone to stream content using the phone's data connection.

TOUCH SCREEN CONTROLS – Control a range of vehicle functions (including media, navigation, climate and vehicle settings) through a touch-screen display.

VOICE RECOGNITION – Allows occupants to access vehicle functions or perform searches by voice command rather than buttons or touch screen.

WI-FI HOTSPOT – Provides a mobile wireless internet connection for connected devices.

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¹Cox Automotive Brand Watch Survey, 2015 - 2017

²2018 comScore Media Metrix Demographic Profile KBB Multi-Platform (% Composition Unique Visitors December 2017)

³Cox Automotive 2018 Future of Digital Retail Study

⁴2018 Cox Automotive Car Buyer Journey Study

⁵Cox Automotive 2018 Vehicle Tech Features Study

⁶Autotrader 2016 Auto Tech Study