

COVID-19 DIGITAL SHOPPING STUDY 2.0

MAY 2020

Cox
AUTOMOTIVE™



Digital Shopping 2.0 Study

Consumers

Online survey representative of the U.S.
consumer base fielded April 25 – 27, 2020
1,125 Total Consumers (575 New Vehicle Shoppers)
Fielded via Online Panel

Respondent Qualifications

Age: 18-70
Must intend to purchase within the next 6 months

Research Objectives

1

Explore COVID-19's impact on automotive consumers' purchase decisions

2

Understand how intenders' considerations are changing between new and used, luxury and non-luxury, and across vehicle segments

3

Assess whether luxury shoppers' purchase decisions differ from non-luxury shoppers

TOP 4 THINGS YOU NEED TO KNOW

1

Once the government allows businesses to open up, nearly half of delayed shoppers will be comfortable and ready to transact within a month... which means they are shopping now and therefore it's crucial to provide the reassurance that safety measures are in place to protect customers and instill confidence.

2

While the “right deal” continues to be the best tool to lure in shoppers who are delaying their purchase, it's even stronger for SUV shoppers, with more than half ready to transact if they find the right deal.

3

Due to the COVID-19 situation, more than a third of shoppers are reconsidering their vehicle body type. With additional incentives and favorable pricing because of CV19, 2/3rds of truck shoppers are willing to switch to an SUV.

4

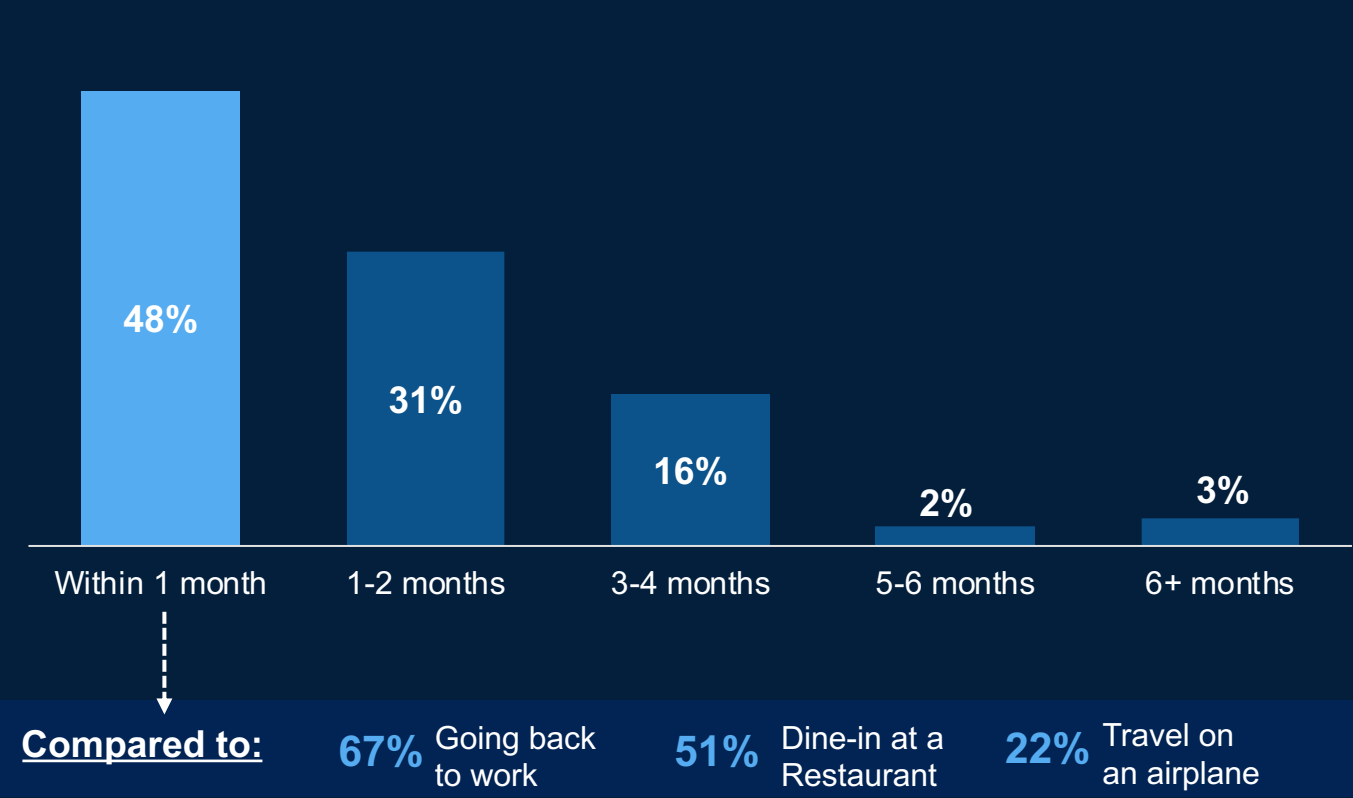
Although 2/3 of shoppers are ready to transact in a fully digital environment, the remaining 1/3 have some hesitation moving the negotiation and financial aspects of the transaction online. Their hesitance could indicate the need for further education on current options or continued evolution of the alternatives available to them.



Nearly half of delayed new vehicle shoppers will be comfortable buying a vehicle within 30 days once restrictions are lifted

Timeline to Purchase Once Restrictions are Lifted

(among those New Vehicle Shoppers who have delayed purchase)



Within 1 month

52%

Extremely Concerned about COVID-19



43%

Less Concerned about COVID-19

A similar number of those more and less concerned about COVID-19 plan to purchase within a month of restrictions being lifted

Q6c. How soon would you be comfortable purchasing a vehicle from a dealership once your local government lifts quarantines and dealerships re-open for business as usual? (Please select one)
Q27a. Please think ahead to when the current stay-at-home/quarantine measures are lifted and businesses and other public places re-open. How soon after that time would you feel comfortable doing each of the following?

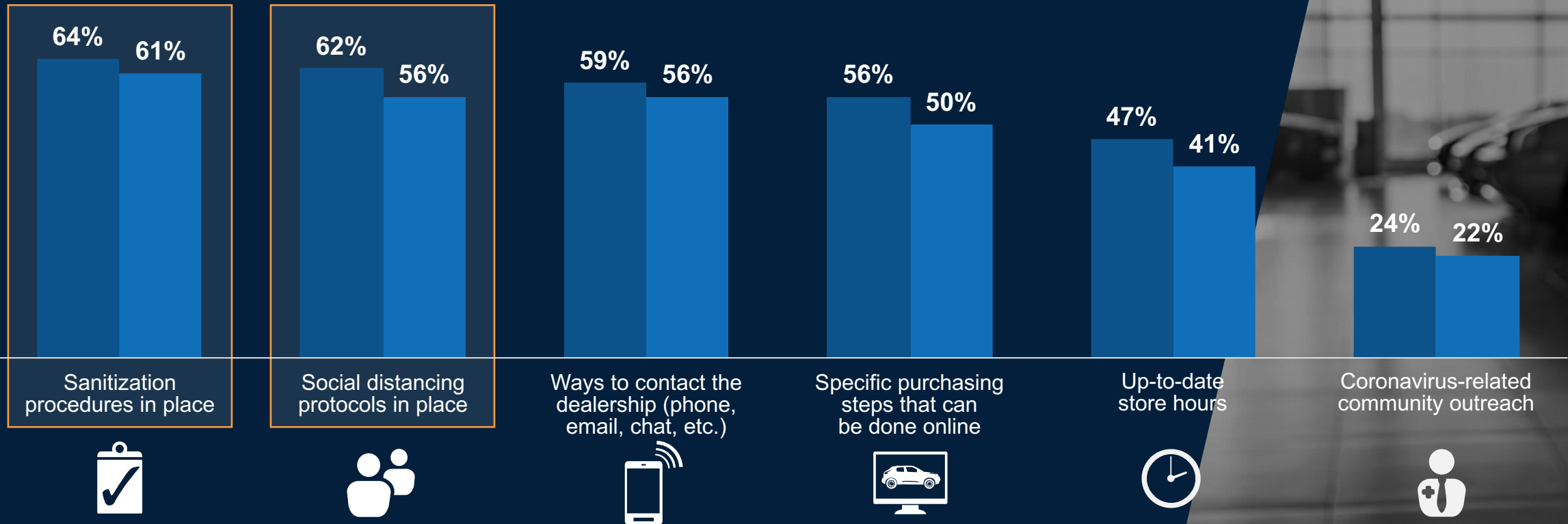
Because **safety comes first** for most consumers, it will be vital for your dealers to effectively communicate what protocols they have adopted for their store

Important Items to Know Before Engaging Dealers

(% who say important)

■ New*

■ Used*



*Shopper classification: 'New' shoppers are those considering only new or leaning towards new vehicles; 'Used' shoppers are those considering only used or leaning towards used vehicles
Q14. Thinking about this current time period of "life impacted by the spread of Coronavirus", which of the following dealership information would be important to you before contacting a dealer? (Please select all that apply)

As “health” remains a key concern, shoppers are more open to options that improve their in-vehicle air quality

36%

of New Vehicle Shoppers



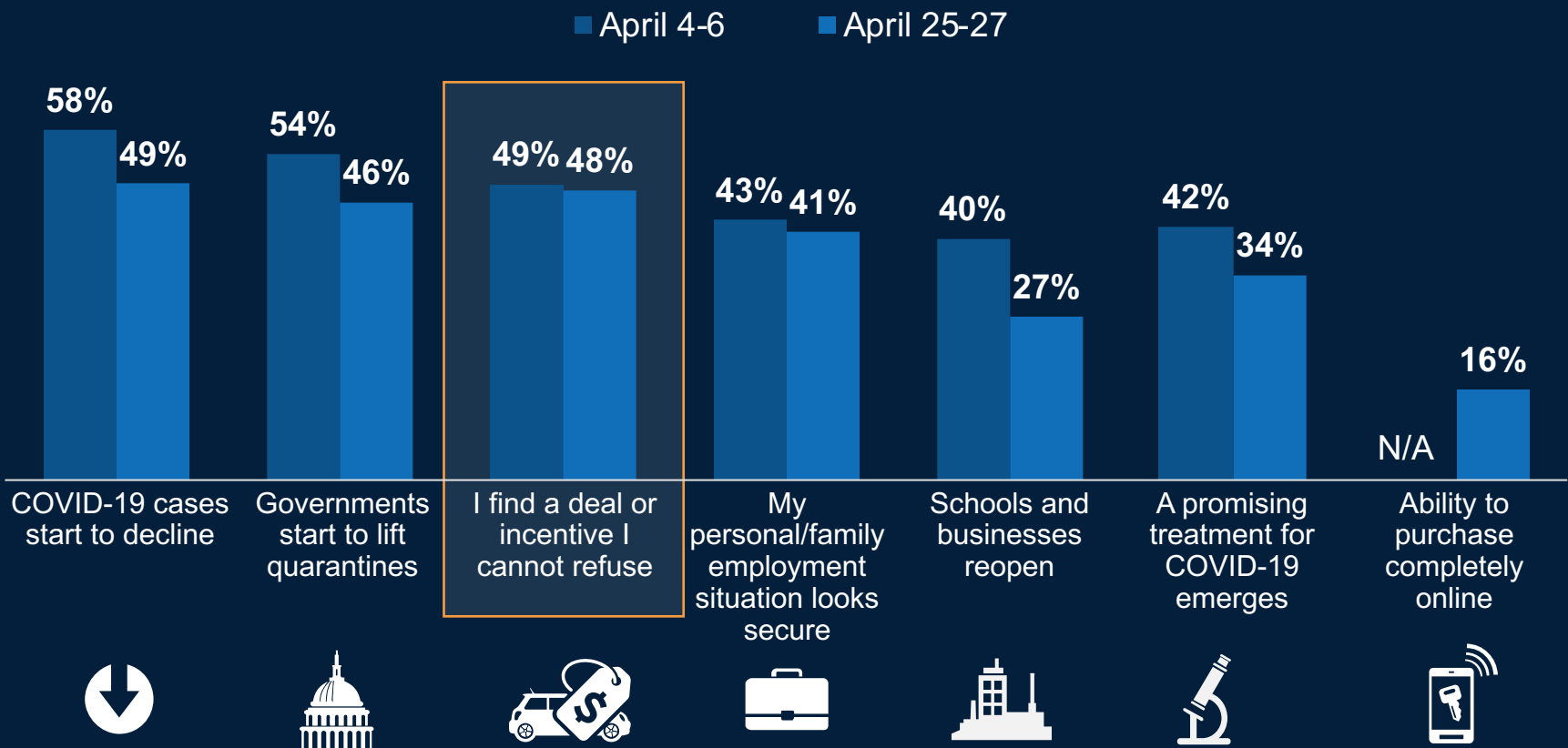
are more likely to consider air quality features inside their vehicle

Q16. Now, please think ahead to when the things are back to normal and the threat of the Coronavirus clears. Please estimate how much you will do each of the following compared to “pre-Coronavirus”. Consider features that control air quality inside my vehicle (e.g., cabin air filters, air settings, etc.) Please select one.

As pandemic factors decline, incentives remain important in driving sales

Triggers that Could Accelerate Vehicle Purchase

(among those who have delayed purchase)



SUV shoppers (52%) are significantly more likely than CAR shoppers (47%) to **select “deal or incentive”**



Gen Z (22%) & Millennials (18%) are significantly more likely than Gen X (11%) to **select “purchasing online”**

Q5aa./Q6b. What would need to happen for you to purchase a vehicle sooner? (Please select all that apply.)

'The right deal' may spur purchases for some luxury buyers



Triggers that Could Accelerate Vehicle Purchase for Luxury Buyers

(among Luxury shoppers who have delayed purchase)



Coronavirus cases start to decline

58%
April 4-6

51%
April 25-27



Governments start to lift quarantines

54%
April 4-6

39%
April 25-27



I find a deal or incentive I cannot refuse

49%
April 4-6

39%
April 25-27



My personal/family employment situation looks secure

43%
April 4-6

32%
April 25-27



A promising treatment for COVID-19 emerges

42%
April 4-6

35%
April 25-27



Schools and businesses reopen

40%
April 4-6

27%
April 25-27

Q5aa./Q6b What would need to happen for you to purchase a vehicle sooner? (Please select all that apply.)

9 out of 10 new vehicle shoppers expect a good deal

Type of “Favorable Terms” Shoppers Expect to Receive



88% Believe they will get some sort of favorable terms

“Dealers want to sell cars and they will be more amenable to negotiating.”

“I won’t have to make 1st payment for a long period of time.”

“I believe everyone is tightening their credit lending and so it will be much harder to negotiate for a favorable term at this time”

Q22. As a shopper, in which of the following areas do you feel you will get more favorable terms given the spread of the Coronavirus and its impact on the current economy? (Please select all that apply)

Changing circumstances and the expectation of good deals have caused half of new vehicle shoppers to rethink their budgets and down payments



48%

Reconsidered their vehicle price range

47% Made no change

Of those shoppers who have reconsidered their price range, 68% expect it to decline



51%

Reconsidered their down payment

44% Made no change

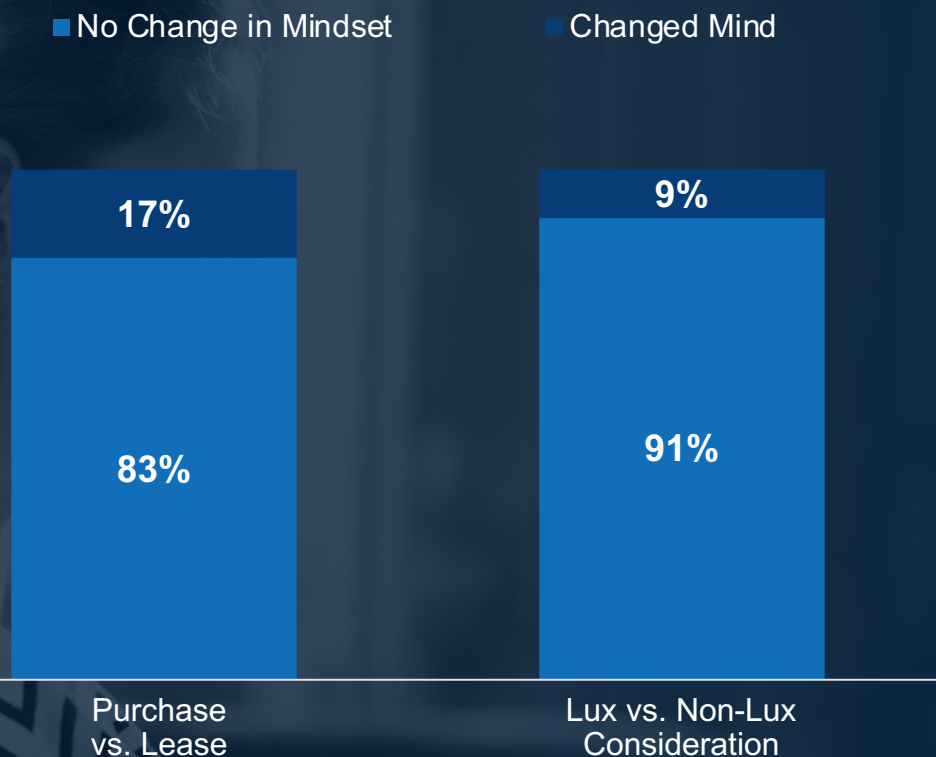
Of those shoppers who have reconsidered their down payment, 67% expect it to decline

Q5. For each of the following, how much has your mindset changed from life as normal/pre-Coronavirus to now?

Q7/7a. You mentioned that you have reconsidered your [vehicle price range/down payment amount] for your next vehicle purchase or lease due to the spread of the Coronavirus. By how much have you adjusted the maximum [price you would pay/amount you would put down for a down payment]? (Please select one)

COVID-19 has not altered most shoppers' consideration sets

COVID-19 Impact on Vehicle Consideration



Top Reasons for Changing Vehicle Consideration



Cost Related Factors



Incentives Offered



Lifestyle Needs/Changes

QS4-6. Which of the following best describes your mindset when shopping for your next vehicle? *Please select one.*

QBC4-6. Now, thinking back to *“life as normal/pre-Coronavirus”*, which type of vehicle were you considering at that time? *Please select one.*

About 1-in-10 shoppers switched their consideration from used to new

Changed Consideration Because of COVID-19:

10%



Used Shoppers
Switched to New

10%



Used Luxury Shoppers
Switched to New Luxury

QS4. Which of the following best describes your mindset when shopping for your next vehicle? Please select one
QBC4. Now, thinking back to "life as normal/pre-Coronavirus", which type of vehicle were you considering at that time?

Body style is one area where shoppers are showing some flexibility

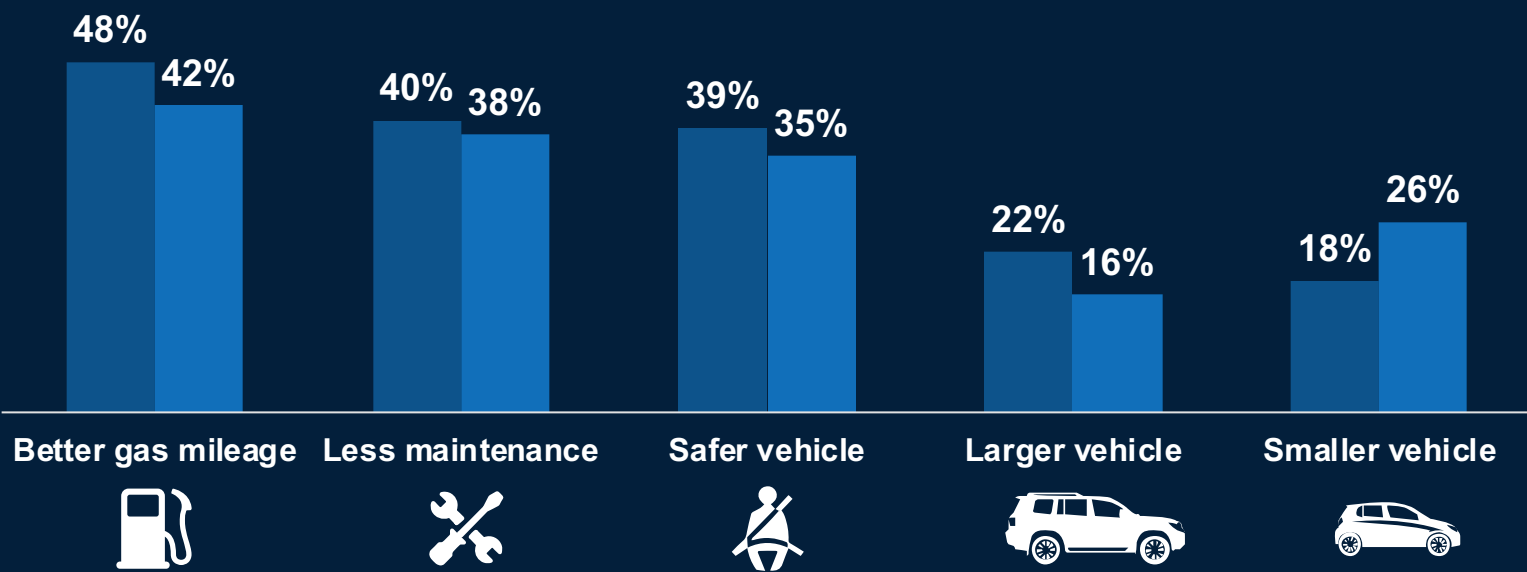


31%

Reconsidered vehicle body type (due to COVID-19)

Factors Influencing Reconsideration

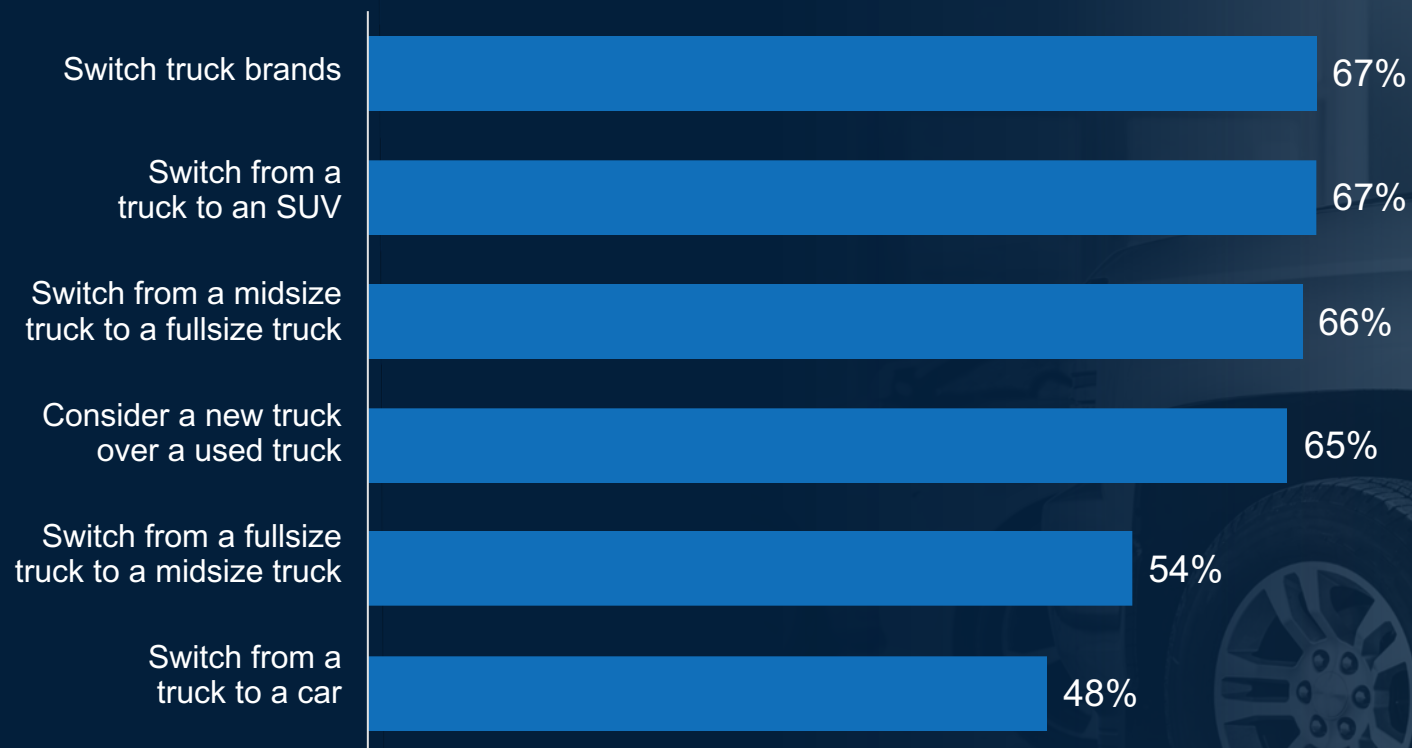
■ New ■ Used



Q5. For each of the following, how much has your mindset changed from life as normal/pre-Coronavirus to now? If I buy a different vehicle body type (car vs SUV vs truck, etc.)
Q11. You mentioned that you have considered more than one vehicle body types (e.g., car, SUV, truck, etc.). Which of the following describes how the spread of the Coronavirus has impacted your view of which vehicle body type (e.g., car, SUV, truck, etc.) is the best choice for you? (Please select all that apply)

Truck buyers are willing to alter their consideration with the right incentive

Would Switch if the Incentives or Pricing were Appealing Enough (Among truck considerers; % Strongly agree/somewhat agree)



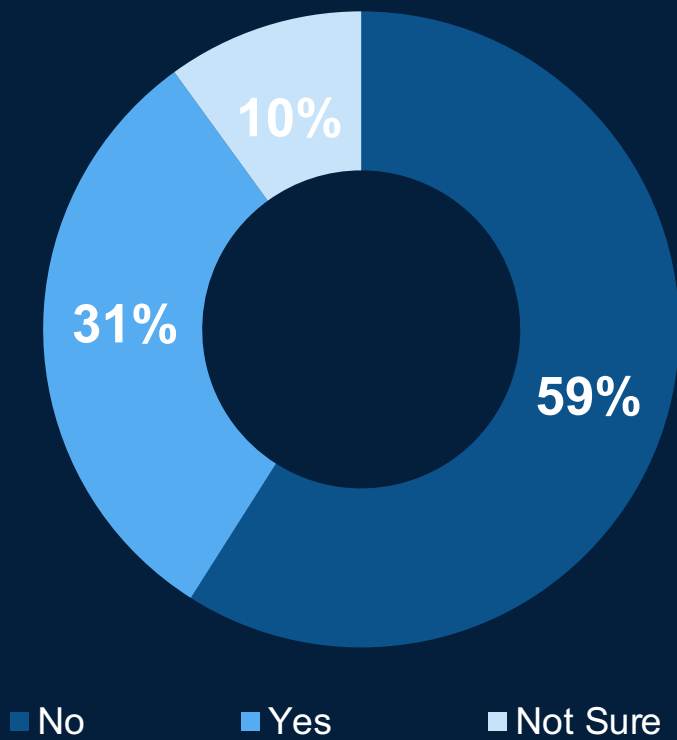
Q11c. To what extent do you agree or disagree with each of the following statements about trucks? Please select one.

Source: 2020 Cox Automotive COVID-19 Digital Shopping Study 2.0

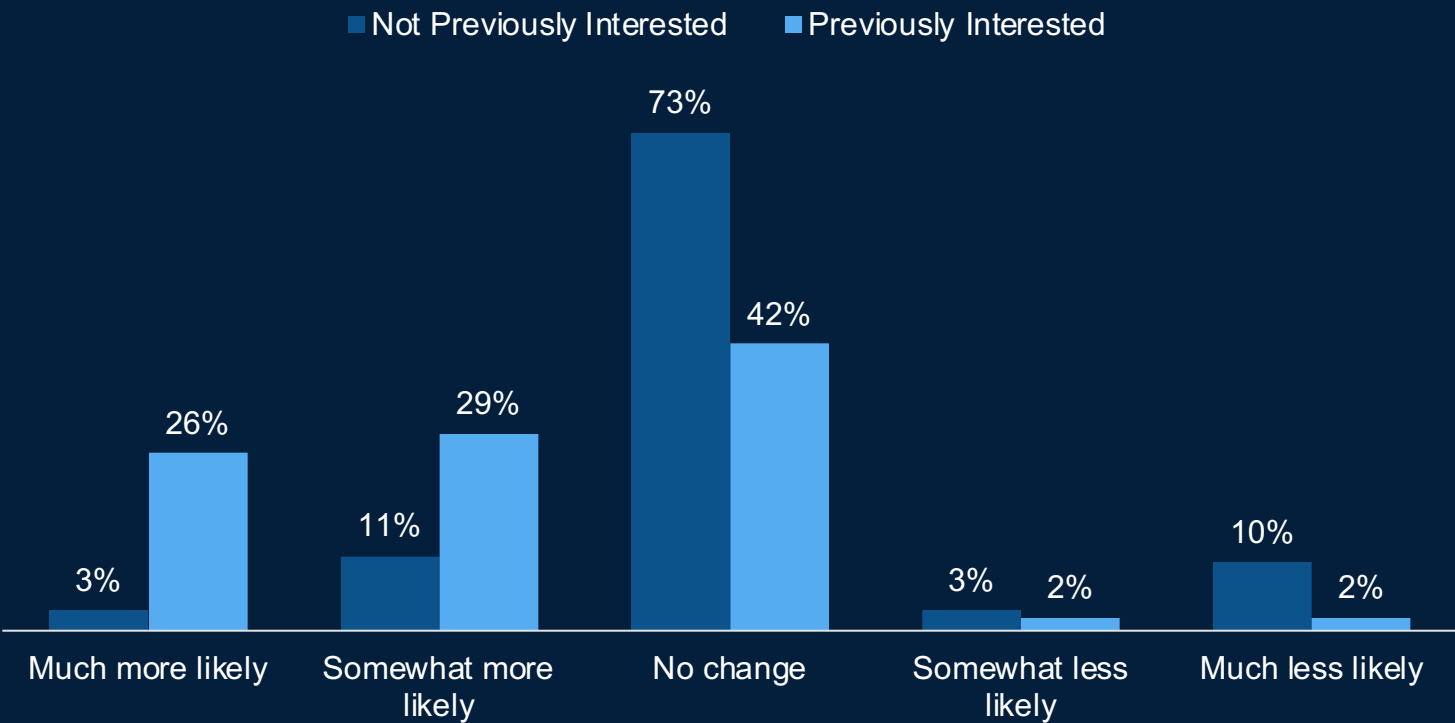
KBB.com Site data, Q1 2020

New Vehicle Shoppers that were previously interested in EVs prior to COVID-19 are showing even more interest now

EV Interest Pre-COVID-19
(among new vehicle shoppers)



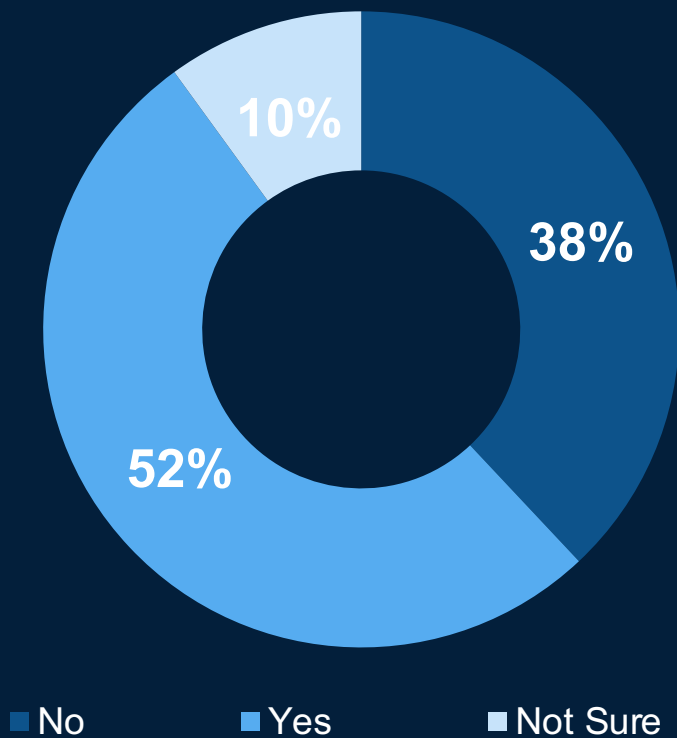
Changes in EV Interest
(among new vehicle shoppers)



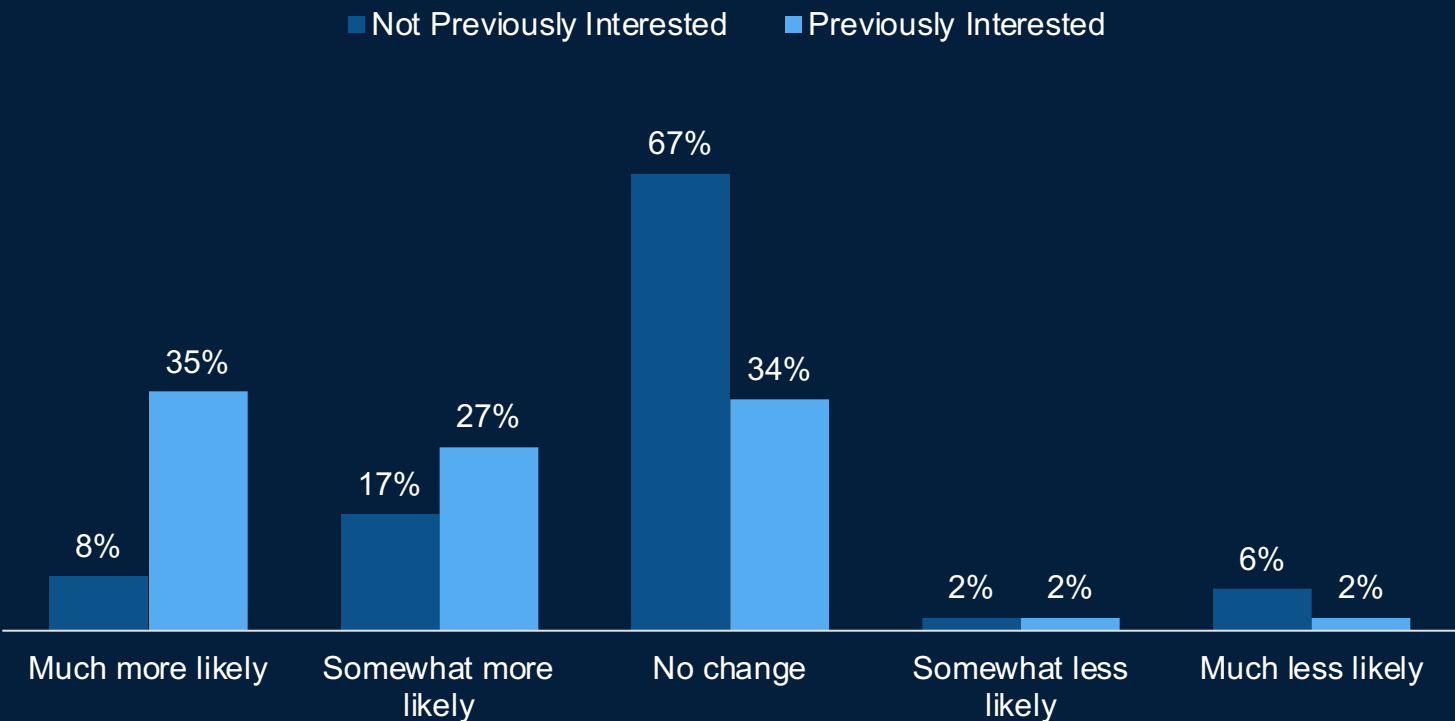
PRE12. Before the spread of the Coronavirus, were you considering the purchase of an electric vehicle? Please select one.
Q12. How has the spread of the Coronavirus impacted your view of electric vehicles? Please select one.

Luxury shoppers were more interested in EVs pre-COVID, and see larger increases in interest for both groups

EV Interest Pre-COVID-19
(among Luxury shoppers)



Changes in EV Interest
(among Luxury shoppers)

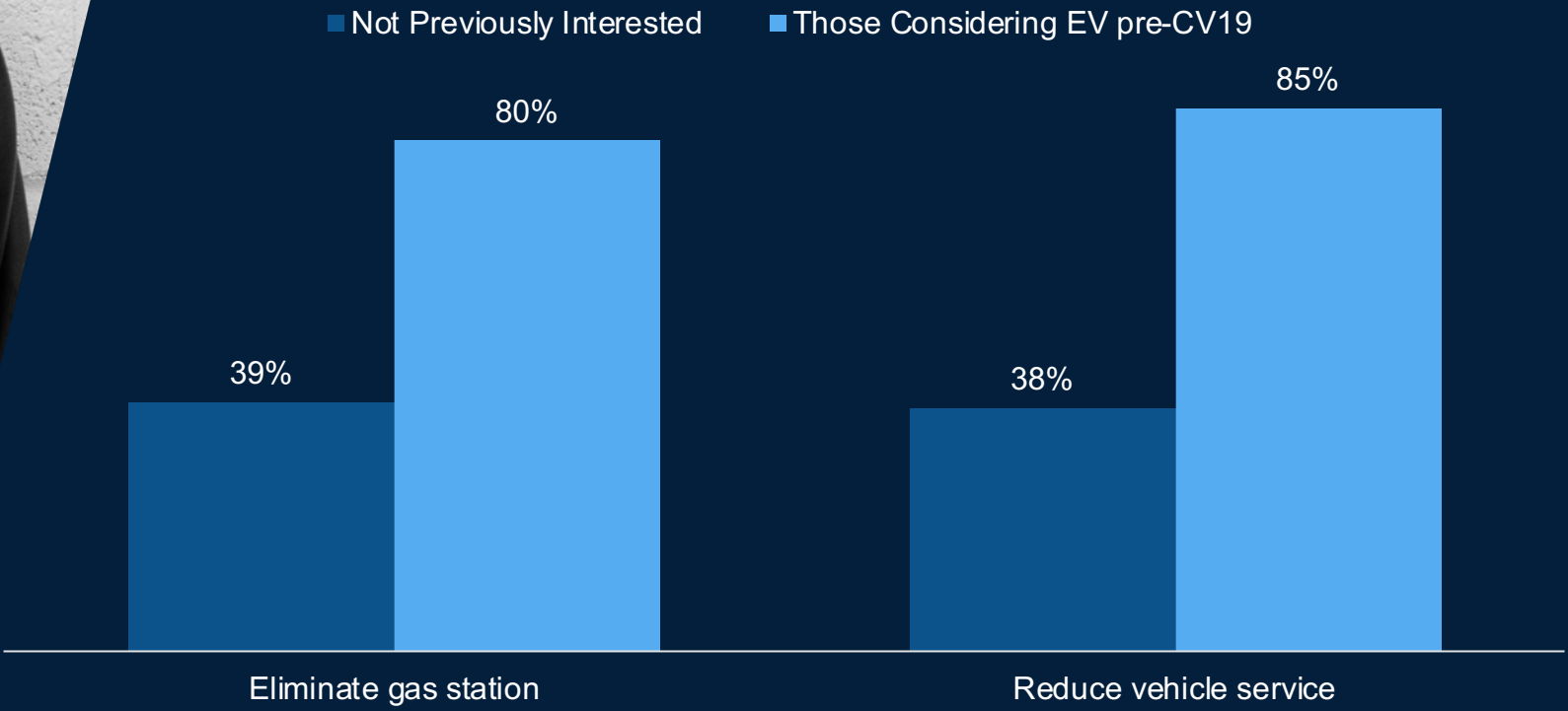


PRE12. Before the spread of the Coronavirus, were you considering the purchase of an electric vehicle? Please select one.
Q12. How has the spread of the Coronavirus impacted your view of electric vehicles? Please select one.

Avoiding the gas station and reducing vehicle service is an appealing aspect to EV ownership



COVID-19 Impact on EV Appeal
(% much/somewhat more appealing among new vehicle shoppers)



Q12a. How does the spread of the Coronavirus impact the level of appeal of each of the following statements about electric vehicles (EVs)? *Please select all that apply.*
An EV would reduce my need to deal with servicing the vehicle
An EV will eliminate my need to go to the gas station

More shoppers now want to **shop** and **purchase** online...

2 out of 3

shoppers are more likely to
buy the vehicle 100% online**

62%

of consumers state
they are more likely
to complete steps of
the purchase process
online due to
COVID-19*

*Q15c. How, if at all, do you think coronavirus will impact your likelihood to complete steps of the vehicle purchase process online

**Q12. Some car dealerships are beginning to allow you to purchase/lease a vehicle entirely online without ever having to leave your house. Thinking about this current time period of "life impacted by the spread of Coronavirus", if this option were available, are you more or less likely to complete the entire vehicle purchase process online than you would have been previously?

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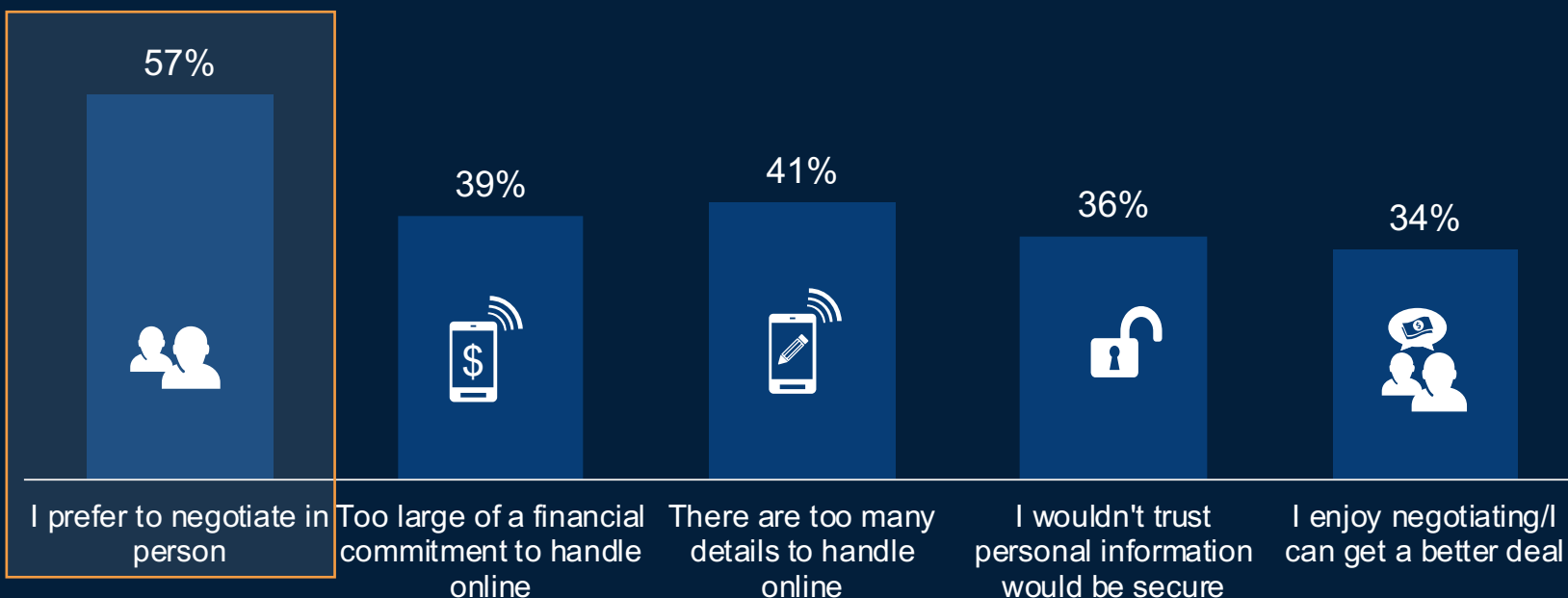
*Source: 2020 Cox Automotive COVID-19 Consumer Impact Study, Wave 9

**Source: 2020 Cox Automotive COVID-19 Digital Shopping Study, April 4-5, 2020

There are still hurdles for the remaining 1/3 of shoppers

1 out of 3 Shoppers

are less likely to buy the vehicle 100% online



Baby boomers
over index on "I prefer to negotiate in person"



Non-luxury shoppers
over index on "Too large of a financial commitment to handle online"



Truck shoppers
over index on "I enjoy negotiating/I can get a better deal"

Q21 For what reasons would you never prefer to finalize various aspects of a deal online for a vehicle? (Please select all that apply)