



# How the Rise of 'Digital' is Changing Consumer & Dealer Experiences

MAY 5, 2020

# GOAL

Educate our business and clients about the impact of digital experiences in the era of COVID-19

## KEY QUESTIONS

- How is COVID-19 transforming the shopping experience?
- How are dealers leveraging digital tools to respond to COVID-19?
- What long-term shifts will we see in consumers' behavior?
- Is the digital experience here to stay?

*\*All sources noted in appendix*



# Key Findings



**#1** While uncertainty in the market is disrupting the traditional car buying experience, dealers are quickly embracing new “**buying alternatives**”.

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**#2** Most shoppers want to do more online, with 2-in-3 more likely to purchase **completely online** in today's environment.

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**#3** Dealers are working to accommodate car buyers' concerns by conducting business **beyond their physical location**.

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**#4** **The demand of digital** is helping dealers move forward today, with most planning to retain the experience for consumers long after COVID-19 is behind us.

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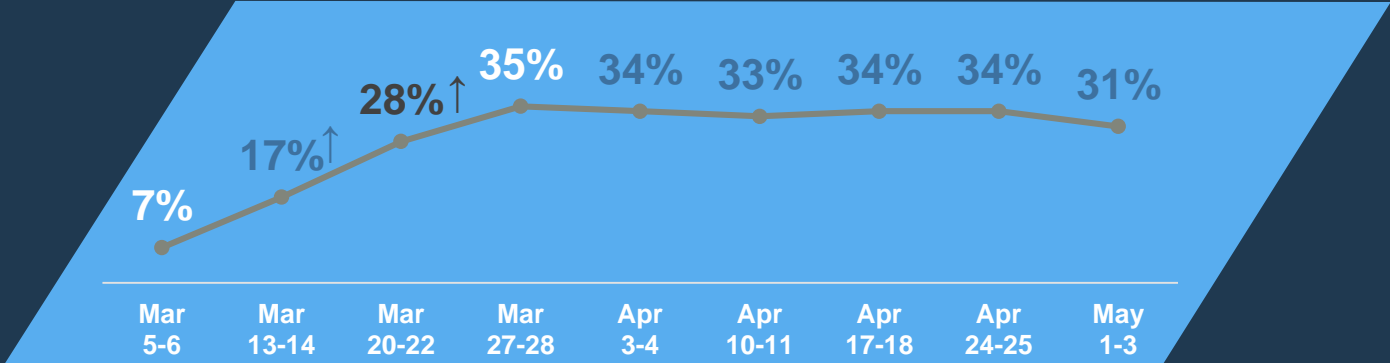
**#5** The continued adoption of **digital and touchless** experiences will have **long-term implications** that expand well beyond the sale of a vehicle.

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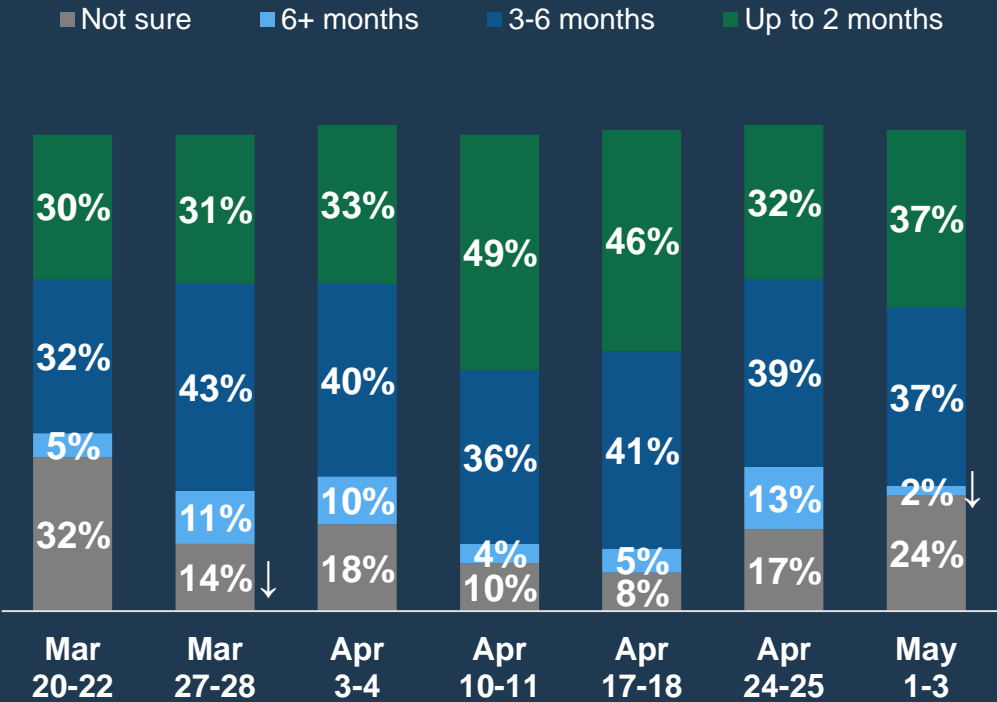
# Delay in vehicle purchase holds steady, with fluctuating delay timelines

## Delaying Vehicle Purchase/Lease\*



## Anticipated Delay in Vehicle Purchase\*\*

(among those planning to delay purchase)



\*Among 6-month auto intenders

\*\*Among 6-month auto intenders who will delay purchasing/leasing a vehicle

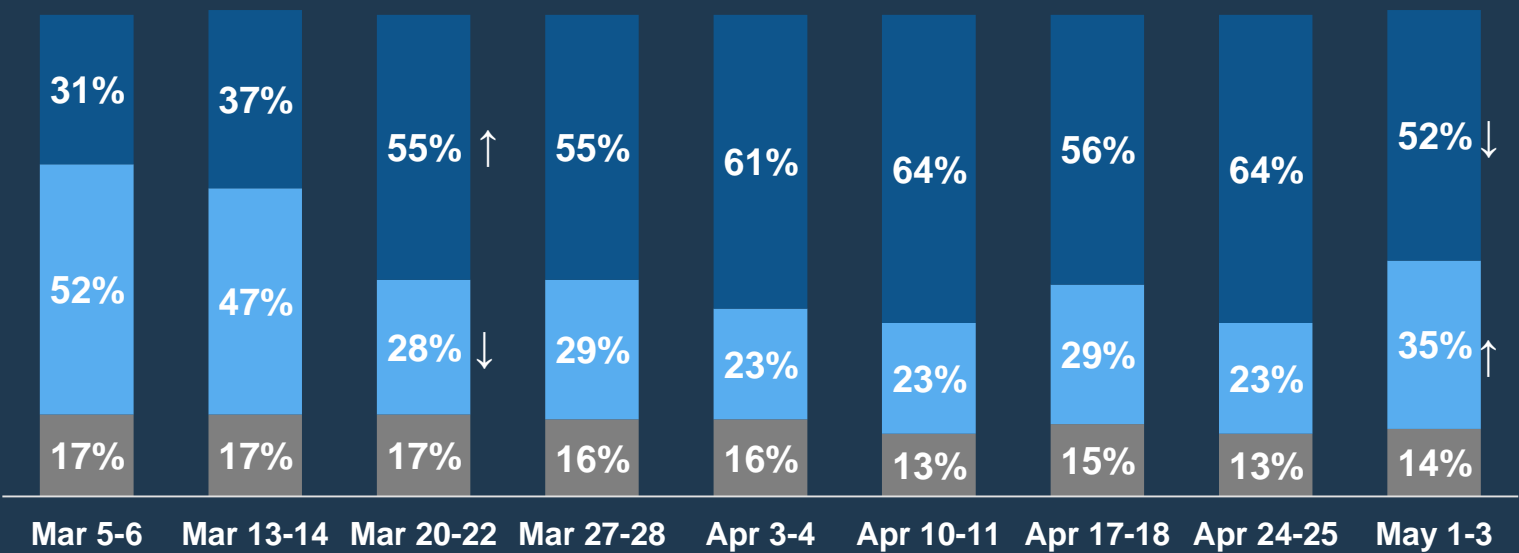
Q10. Have you done, or do you think you will do any of the following because of the coronavirus? \*Note: Added "have done" in Wave 4  
Q17a1. How do you anticipate the coronavirus will change the timing of when you purchase or lease a vehicle, if at all?

With fewer shoppers comfortable visiting a dealer in-person, dealers are looking beyond their physical store to provide “**buying alternatives**” to consumers

## Impact on Likelihood to Visit the Dealership

(among 6-month auto intenders)

■ Not sure   ■ No impact   ■ Much/Somewhat less likely



88%

of dealers are going beyond just conducting business in their physical location

Q15. How, if at all, would the spread of coronavirus impact your likelihood to visit a car dealership in-person?  
Q24. How, if at all, is your dealership currently selling vehicles? (Please select all that apply.)

*In today's reality, increasingly more shoppers want to **shop** and **purchase online**...*

**\*62%** of consumers state they are more likely to complete steps of the purchase process online due to COVID-19

**\*\*2 out of 3** shoppers are more likely to buy the vehicle 100% online

\*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?

COX AUTOMOTIVE™

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

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

...with many becoming more interested in “new ways” to shop

## Changes in shopping preferences ( Pre-COVID vs. Post-COVID )

### Finalize the Deal

**+73%**

% change in likelihood to  
complete online

### Coordinate a Test Drive

**+37%**

% change in likelihood to  
complete online

### Apply for a Car Loan/Get Financing

**+30%**

% change in likelihood to  
complete online

### Research Extended Warranty & Service

**+14%**

% change in likelihood to  
complete online

Q8. First, thinking back to “life as normal/pre-Coronavirus”, please tell us which of these activities you would typically do using online sources. Please select all that apply.

Q9. And now, during this current time period of “life impacted by the spread of Coronavirus”, please tell us which of these activities you are doing, or plan to do, using online sources. Please select all that apply.

Q10. Finally, thinking ahead, when the threat of the Coronavirus clears, and things return to normal, please tell us which of these activities you will prefer to do using online sources.

# Shoppers are looking for ways to **do as much online as they can** in order to mitigate in-person contact

“

Dealers should provide an online platform to discuss and do video test drive or an agent brings the vehicle to my house for test.

”

“

Maybe shop online and have them drive the vehicle here to my home so I can look it over and test drive it.

”

“

I would shop online and do more research first. When I have made up my mind and am sure about purchasing a vehicle then I would probably visit the dealership.

”

“

Doing all the negotiations and paperwork remotely and walking in to just sign the papers would be best at this point.

”

“

A car dealership has many different people from all walks of life come into its showroom. I would be afraid that someone that is infected or is infected but doesn't know it yet might come in. I would look at vehicles online and try to find the vehicle I want that way. Then I might call and arrange financing. Lastly, I would arrange a time to take in my paperwork and pick up the vehicle to limit any contact with others.

”

Q150E. What, specifically, could dealerships do to make you more comfortable visiting in-person to shop for or purchase a vehicle?



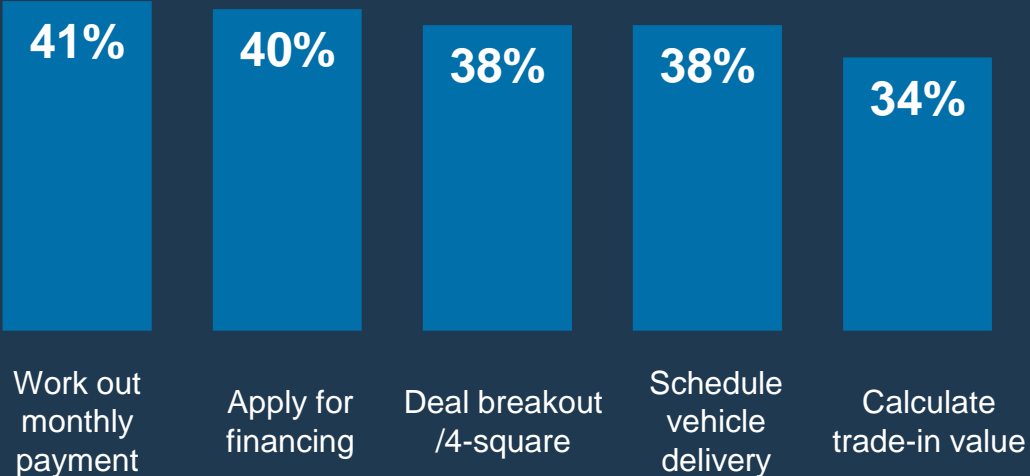
As a result, dealers are embracing **Digital Retailing** and seeing that translate into **increased consumer activity online**

**80%<sup>↑</sup> / 50%**

**Franchise / Independent**

**% that have a digital retailing  
solution in place**

**\*% of dealers observing an increase in  
consumer online activities since COVID-19**  
(among dealers offering these purchasing steps)



Q14. Does your dealership currently have a digital retailing solution in place? By digital retailing, we mean the ability for your customers to complete all or parts of the car buying process online.  
\*Q7. Which specific digital retailing activities have you noticed being done more online since coronavirus (COVID-19) started emerging in the United States?

The majority of dealers are **satisfied** with their current Digital Retailing solution...

**\*62%** of dealers are satisfied with their current digital retailing solution

TOP BENEFITS

- 28%** Capability / functionality
- 25%** Ease of use
- 19%** Customer interaction (leads, communication/research)

TOP FRUSTRATIONS

- 34%** Lack of face-to-face customer interaction
- 12%** Inconvenient / slow to conduct business
- 11%** Lack of capability / functionality

Q14. Overall, how satisfied is your dealership with the digital retailing solution you are currently using?

Q78. What do you like most about your digital retailing solutions?

Q79. What do you like least about your digital retailing solutions?

## ...and realizing the **benefits**

“

*There is an increased interest from consumers. We have had the option for quite a long time but it is finally gaining serious traction.*

”

“

*It makes the buying process much smoother and lets customers create their own deal before taking delivery.*

”

“

*We are seeing more customers engage in the process online first and are more prepared when they purchase (easier deals).*

”

“

*Because the showrooms are locked out, we are forced to follow up on every lead, set appointments online, and work thru the online process more than ever before. Fewer deals, but better margins.*

”

“

*We can offer contact-less showings, financing, and delivery which wasn't as necessary before recently.*

”

“

*Fast tracks the sales process.... makes delivery so much easier.*

”

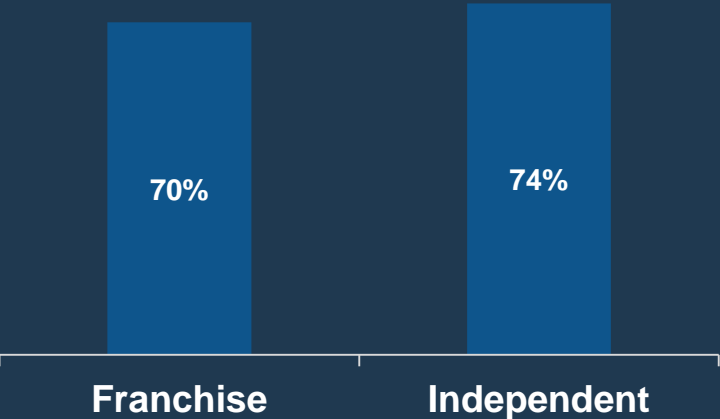
Q7. How is your dealership leveraging digital retailing more now than before coronavirus (COVID-19) started emerging in the United States?

Q78. What do you like most about your digital retailing solutions?

# Most dealers *plan to continue using DR* post COVID-19 and *well into the future*

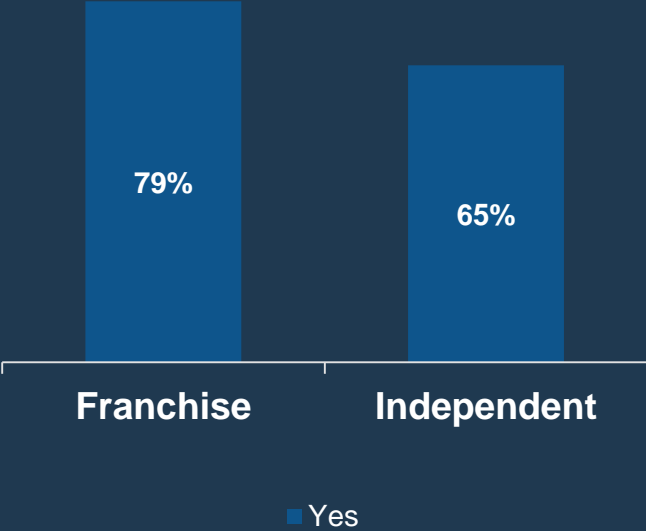
## As consumers complete more of the buying process online...

(Customers are completing more steps online as reported by dealers)



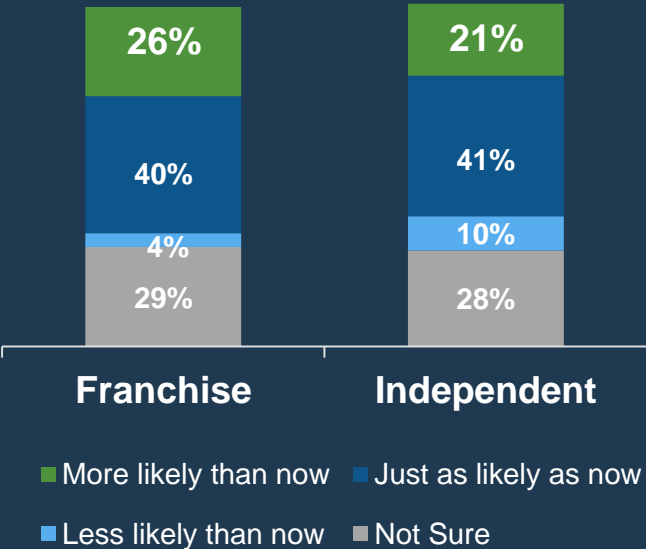
## ...dealers see value in continuing their digital adoption...

(Dealers planning to continue DR usage once things return to normal)



## ...and potentially even expanding it in the future

(Likelihood of moving more steps of the buying process online in the future\*)



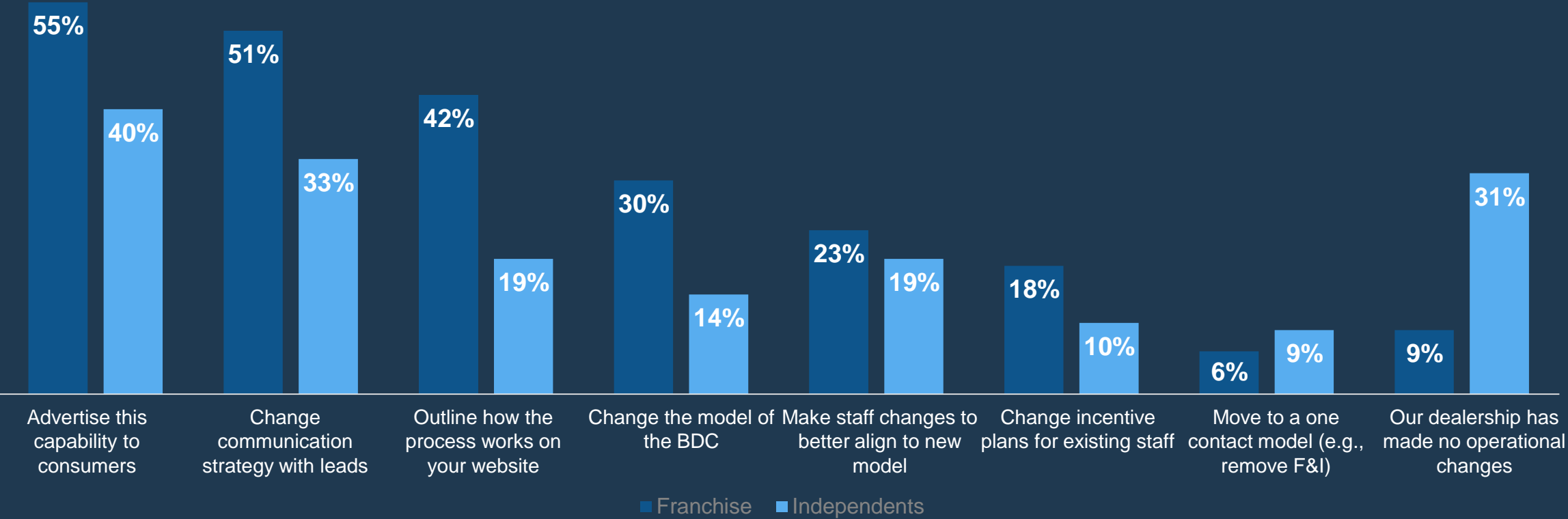
Q98. Have your current customers been completing more steps online? Wave 7  
Q81. Does your dealership plan to continue using Digital Retailing after the economy opens up and starts to stabilize? Wave 6  
Q83. How likely is your dealership to move more of the steps of the car buying process online after the economy starts to stabilize? Wave 6  
\* Among all dealers



Today, dealers have an opportunity to **better promote** Digital Retailing to consumers and **better integrate** it as part of their overall operations

### What Dealers are doing to maximize the value of Digital Retailing

(among dealers that have a digital retailing solution in place)



Q80. What has your dealership done in order to maximize the value of your Digital Retailing investment? (Please select all that apply)

Appropriately **staffing** for a digital future is equally important

\*PRE-COVID-19

**52%** say they had  
dedicated  
digital retailing  
staff

\*TODAY

**66%** say they have  
dedicated  
digital retailing  
staff

**\*Over ½** of dealers say their digital retailing staff is working remotely  
and **nearly all** have access to dealership software from home

\*Q13 Prior to the coronavirus (COVID-19), did you have a dedicated digital retailing staff that was focused on implementing, maintaining and optimizing your digital retailing solutions?

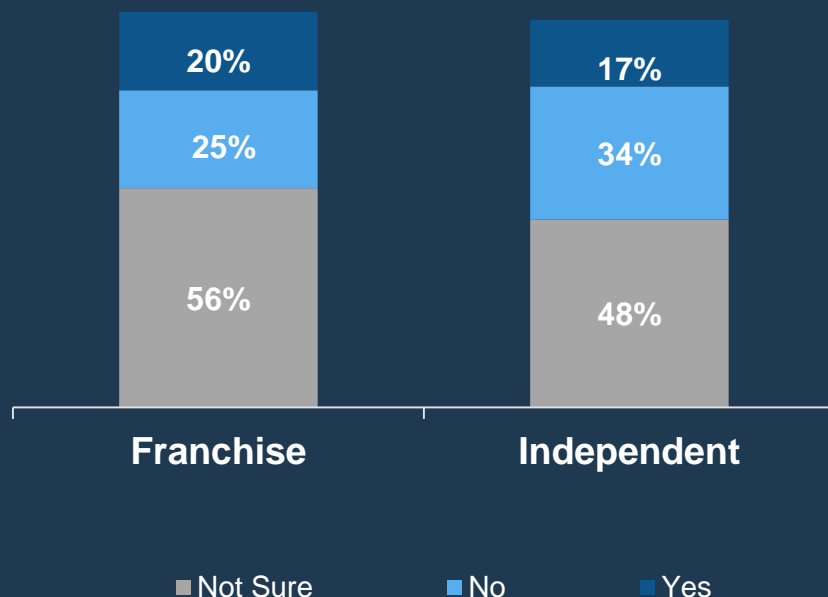
\*Q14 Currently, do you have a dedicated digital retailing staff that is focused on implementing, maintaining and optimizing your digital retailing solutions?

\*Q15 Currently, are any staff who manage your digital retailing solutions working remotely/from home?

\*Q16 Is your digital retailing staff working remotely able to access your dealership's software solutions (e.g., CRM, etc.)?

...with some dealers starting to think about adapting their workforce to align to the new normal of selling cars

### Plan to hire people with a different skills moving forward



### Desired future skillsets / background

(among dealers looking to hire people with different skills)

Internet/Digitally Savvy	37%
Ability to perform multiple roles	16%
Customer Service	7%

***“Digital and online experience”***

Franchise / Dealer Principal

***“Social savvy, internet smart, online marketing background”***

Franchise / General Manager

***“More technology-centric”***

Independent / Dealer Principal

***“Probably more Internet savvy”***

Independent / Dealer Principal

Q97. Considering the long-term impacts of coronavirus (COVID-19), will you be looking to hire people with a different mix of skillsets and backgrounds moving forward?

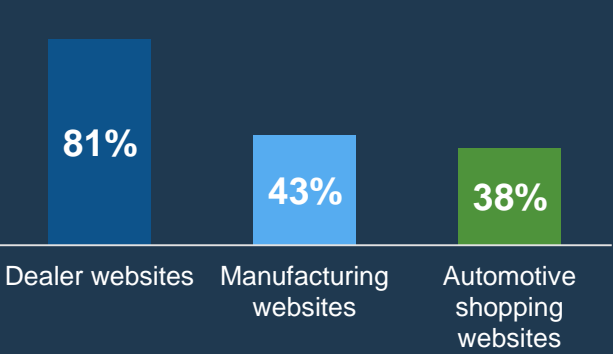
Q95. What will the different mix of skill sets and backgrounds look like?

Effectively *integrating* Digital Retailing into their digital storefront is essential and dealer sites are the preferred alternative to the physical dealership

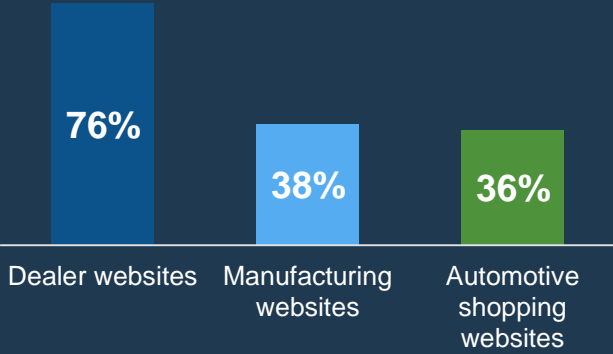
Preferred site to complete activity

(among consumers interested in completing activity online)

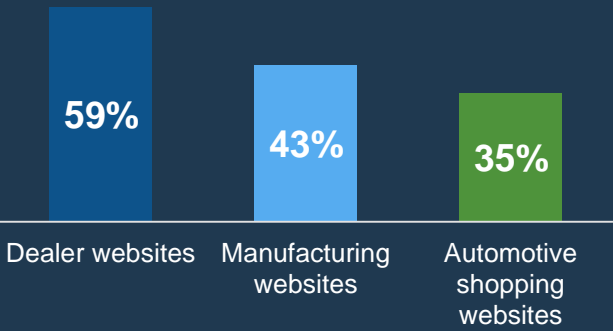
Review and Sign Final Contracts



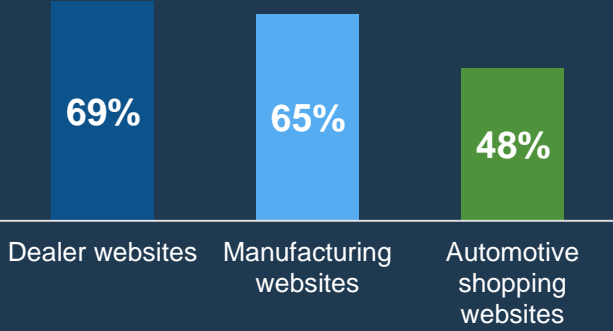
Coordinate a Test Drive Online



Apply for a Car Loan/Get Financing



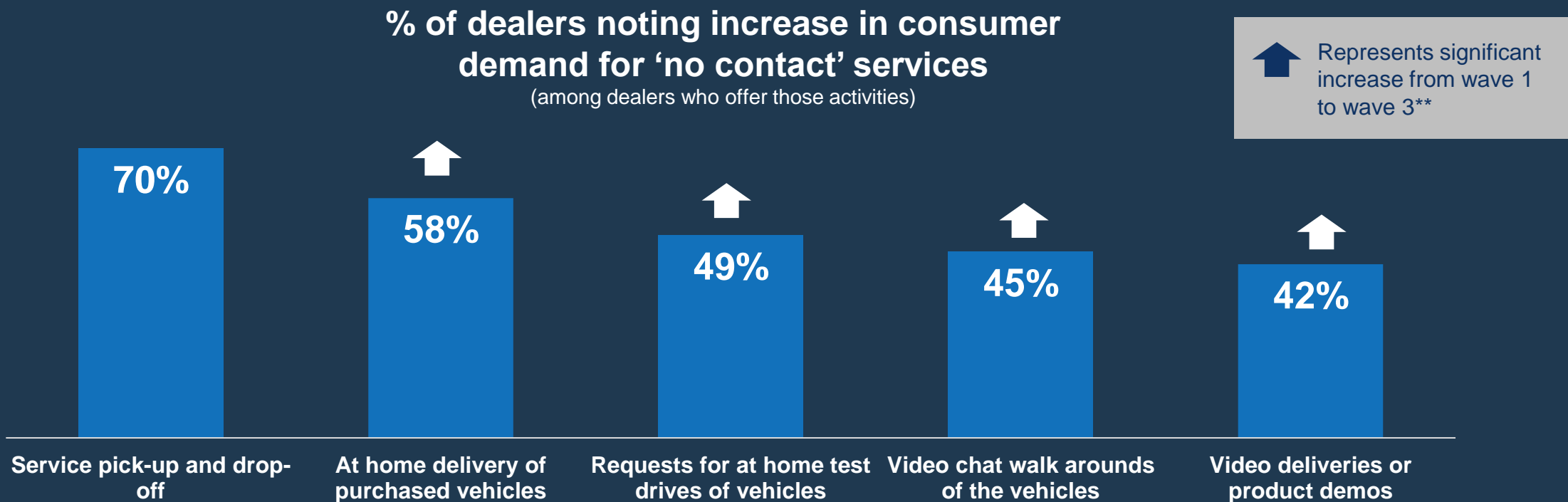
Research Extended Warranty & Service Packages



Q9a8. You mentioned you would apply for a car loan/get financing online. Which types of websites will you use to complete these activities? (Please select all that apply).  
Q9a9. You mentioned you would get information on and select extended warranty, service packages and add-ons (i.e., accessories) online. Which types of websites will you use to complete these activities? (Please select all that apply.)  
Q9a10. You mentioned you would coordinate a test drive online. Which types of websites will you use to complete these activities? (Please select all that apply.)  
Q9a11. You mentioned you would finalize the deal (reviewing and signing final documents/contracts) online. Which types of websites will you use to complete these activities? (Please select all that apply.)



Digital Retailing is critical, but it's just one part of the “**new normal**” experience consumers are looking for



Q11. As a result of coronavirus (COVID-19), has your dealership noticed an increase in customer requests for any of the following? \*\* Wave 1 Field Dates: March 25-27, Wave 3 Field Dates: April 22-24, 2020

# In today's reality, Dealers are looking for **best practices** to support vehicle sales



Q10. Which of the following are you currently doing at your dealership as a result of coronavirus (COVID-19)?

Q35. Below are some techniques that some dealers are implementing in order to try to continue to reach as many customers as possible during these times. Which of the following are you currently doing at your dealership as a result of coronavirus (COVID-19)?

Q10. Which of the following, if any, does your dealership currently offer? (DR Impact)

...and beyond with **best practices** throughout the dealership



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