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## **Car Buyers Report Higher Satisfaction When Using Digital Financing Tools, New Cox Automotive Study Shows**

- Newly released Cox Automotive Car Buyer Financing Journey Study explores the steps of the financing journey and measures consumers' satisfaction with the overall vehicle financing process.
- Satisfaction with the dealership and lender experiences increase when more financing steps are completed online, according to the study.
- New study finds that nearly all buyers are willing to apply for financing online.

**ATLANTA, April 26, 2022** – Though only 29% of buyers applied for financing online for their most recent vehicle purchase, 96% of those surveyed are willing to do so, according to a new study published by Cox Automotive. The Cox Automotive Car Buyer Financing Journey Study revealed that buyers who completed key financing steps online saved time and were more satisfied with the time they spent at the dealership than buyers who completed the same steps in person.

Cox Automotive has been researching the [car-buying process](#) for 12 years and, with the release of this new study, is diving into the financing aspect of the car buying process for the first time. Financing is an integral part of the car buying process, with 85% of new vehicles and 39% of used vehicles financed in 2021, according to Experian data. The new Cox Automotive Car Buyer Financing Journey Study explores the steps of the financing journey and measures consumers' satisfaction with the overall vehicle financing process.

The Cox Automotive Car Buyer Financing Journey Study is based on an online survey of 3,050 consumers who financed the purchase or lease of a new (2,116) or used (934) vehicle in the past 12 months. To qualify, the respondents had to be at least 18 years old and had to use the internet during their shopping process. The survey was conducted from Oct. 7 to Nov. 16, 2021.

### **Five Takeaways from the Car Buyer Financing Journey Study**

This extensive study measured buyers' satisfaction with the vehicle financing steps taken, including the lender selection process and resources used to obtain vehicle financing. In addition, the research uncovered what financing steps consumers take online versus in person and their comfort level and concerns with financing online. Here are five takeaways from the inaugural study:

1. **Car buyers spend significant time on vehicle financing.** Nearly all (87%) car buyers explored their financing options before visiting a dealership. Over a third of the time spent in the car-shopping process is dedicated to financing activities. Of the 12 hours and 19 minutes spent car shopping, 4 hours and 23 minutes are spent on researching financing options, securing financing, and signing the contract.
2. **Strong relationships matter.** The study showed that 70% of car buyers considered two or more lenders before choosing one and many had an established relationship with the lender they considered first. Buyers who were mostly digital, meaning they completed more than 51% of their car-buying journey steps completely online, have stronger loyalty to their lenders, resulting in more direct financing and higher loan satisfaction. "I trust this lender" was the top reason mostly digital purchasers stated for selecting a lender.

3. **Vehicle affordability is paramount.** According to the latest [Cox Automotive/Moody's Analytics Vehicle Affordability Index](#), the median weeks of income needed to purchase the average new vehicle in March was 42.9 weeks, and the estimated typical monthly payment increased to \$691, a record high. The study found that monthly payments and interest rates were considered the most helpful information – 86% of buyers estimated their monthly payments and 76% compared interest rates.
4. **Digitization positively impacts time spent and satisfaction.** Mostly digital buyers spent more time researching and securing their loans online and less time at the dealership. Buyers who applied for financing online saved 30 minutes at the dealership, and those who signed paperwork online saved 38 minutes. Both groups of mostly digital buyers indicated that they were more satisfied with the time they spent at the dealership.
5. **Many buyers are open to buying a vehicle completely online.** More than three-quarters of the study respondents stated that they were open to buying a car completely online, and 47% said they were open to buying a car completely online from a lender.

Another interesting insight from this new study is that although different generations are similar in their willingness to apply for financing online, their need for assistance from a dealer or lender during the process varies. While younger generations – Gen Z and millennials – are the most likely to apply for financing online, nearly half prefer assistance. While they understand how digital lending works, younger buyers need a specialist to guide them and explain the stages of the transaction. On the other hand, baby boomers are only slightly less likely to apply for financing online, and when they do, only 38% state that they prefer assistance.

“Our industry is well past wondering if consumers will ever buy a car online,” said Andy Mayers, lender solutions strategist and associate vice president of operations at Cox Automotive. “This time has come, and the research indicates a solid growth trajectory. The auto financing industry needs to be prepared by implementing digital strategies that increase operational efficiency and enable consumers to find, finance and finalize their next vehicle purchase when, where, and however they prefer.”

To find out more, [download the study highlights](#) and [register to attend](#) the American Financial Services Association (AFSA) Business Partner Webinar, Vehicle Financing in the Era of the Digital Consumer, on Thursday, May 26, at 2 p.m. EST. Mayers will be joined by Angela Drake, senior research manager at Cox Automotive, to delve into consumers’ buying/financing psyche and how lenders should be strategically positioning their organizations for the fundamental shift to fully eCommerce auto retailing.

### **Study Background and Methodology**

Cox Automotive has been researching the [car-buying process](#) for 12 years and is diving into the financing aspect of the car buying process for the first time. The Cox Automotive Car Buyer Financing Journey Study is based on an online survey of 3,050 consumers who financed the purchase or lease of a new (2,116) or used (934) vehicle in the past 12 months. To qualify, the respondents had to be at least 18 years old and had to use the internet during their shopping process. The survey was conducted from Oct. 7 to Nov. 16, 2021. This extensive study measured consumers’ satisfaction with the steps taken and resources used to obtain vehicle financing. The research identified lenders considered and used in addition to covering the lender selection process. This study determined what steps consumers take when financing online versus in person and their comfort level and concerns with financing online.

### **About Cox Automotive**

Cox Automotive Inc. makes buying, selling, owning and using vehicles easier for everyone. The global company’s more than 27,000 team members and family of brands, including Autotrader®, Dealer.com®, Dealertrack®, Kelley



Blue Book<sup>®</sup>, Manheim<sup>®</sup>, NextGear Capital<sup>®</sup>, VinSolutions<sup>®</sup>, vAuto<sup>®</sup> and Xtime<sup>®</sup>, are passionate about helping millions of car shoppers, 40,000 auto dealer clients across five continents and many others throughout the automotive industry thrive for generations to come. Cox Automotive is a subsidiary of Cox Enterprises Inc., a privately-owned, Atlanta-based company with annual revenues of nearly \$20 billion. [www.coxautoinc.com](http://www.coxautoinc.com)

**Media Contacts:**

Mark Schirmer

734 883 6346

[mark.schirmer@coxautoinc.com](mailto:mark.schirmer@coxautoinc.com)

Dara Hailes

470 658 0656

[dara.hailes@coxautoinc.com](mailto:dara.hailes@coxautoinc.com)