

COX AUTOMOTIVE™

OCTOBER 2023

# 2023 Digitization of Car Buying Study



The Power of One | Cox Automotive

# 5 Key Takeaways

1

Satisfaction with digital retailing solutions remains high, as **personal connections with the customer** emerges as a benefit.

2

Shoppers are willing to provide information needed for a **more customized experience**.

3

**Deal continuity** is an area of growth and is impacted by data **inaccuracies and repetition**, which can lead to **inefficiencies and dissatisfaction**.

4

**Building shopper confidence in-store** without repeating the process, along with **providing price and inventory transparency** can help **narrow the trust gap and increase satisfaction**.

5

A **hybrid digital approach** is desirable to manage the deal process, meet shoppers where they are and streamline the sales process in the store.



Section 1:

Digital retailing continues to drive efficiency, but now becomes a tool for **strengthening personal connections.**



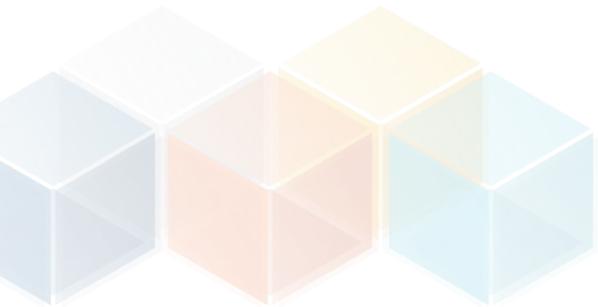
# More dealers are offering more parts of the purchase process online and continue to remain highly satisfied

2023

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**39%** of dealers offer customers the ability to complete each step of the deal online  
(34%)

**72%** are satisfied with digital retailing solutions  
(74%)



( ) 2022

Source: Cox Automotive 2023 Digitization of Car Buying



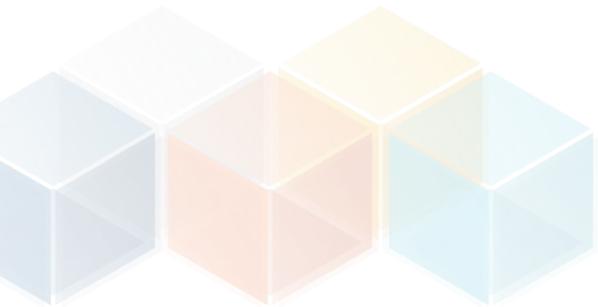
# Nearly all dealers say their business is positively impacted by digital retailing, especially their customer's experience and satisfaction

2023

## DIGITAL RETAILING...

# 90%

of dealers said digital retailing positively impacted at least one area of their business



## Top Business Areas Positively Impacted by DR

% Very/Somewhat Positive

Customer satisfaction/experience*	79%
Customer relationships	76% ↑
Ease of completing the deal	76% ↑
Time spent on the deal	76%
Workflow for employees*	72%
Staff efficiency	71% ↑
Number of vehicles sold	66%
Employee satisfaction*	66%
Close rates*	65%
F&I profit	61% ↑

\* Added in 2023

Source: Cox Automotive 2023 Digitization of Car Buying// Arrows = statistically significant compared to previous wave.

While saving time on the deal remains the primary benefit...

**TOP BENEFIT  
FOR DEALERS**

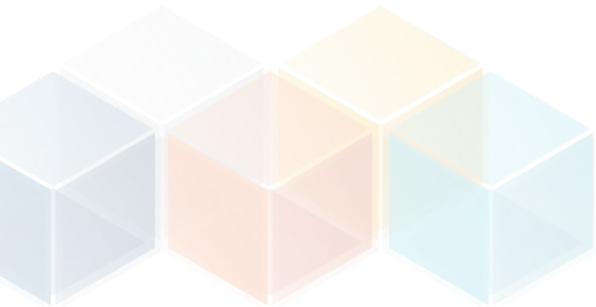
**60%**  
2022 (66%)

✓ Saves Time

**TOP BENEFIT  
FOR SHOPPERS**

**93%**  
2022 (93%)

✓ Saves Time



Source: Cox Automotive 2023 Digitization of Car Buying



# ...deepening connections with shoppers is emerging as a win for digital

2023

## OTHER BENEFITS of Digital Retailing for Dealers

- ✓ Improves the customer experience

59%

(54%, 2022)

- ✓ Creates a more personal connection with shoppers

43% ↑

(25%, 2022)

## ONLY BARRIER to show significant decline this year for Dealers

Lack of personal connection with customers

26% ↓

(40%, 2022)



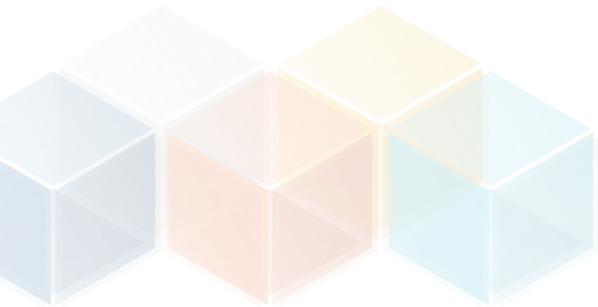
# Dealers strongly agree that digital is the tool that can deliver a more personalized shopping experience

2023

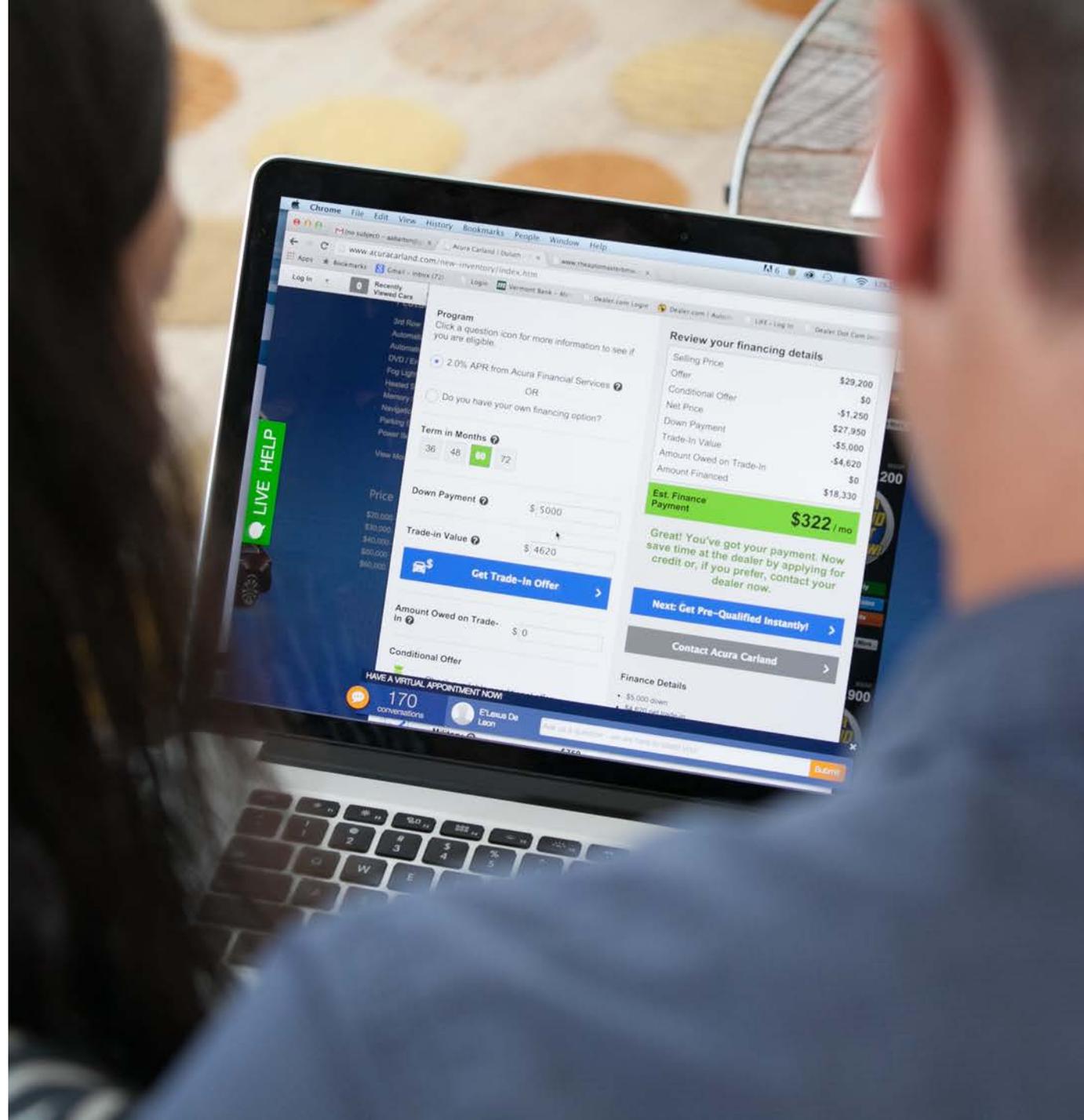
% Somewhat/Strongly Agree

81%

of dealers say digital retailing provides a more **customized vehicle shopping experience** for consumers



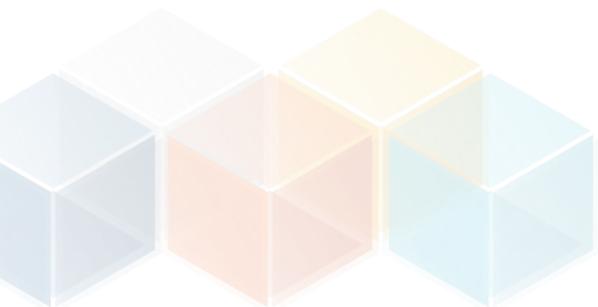
Source: Cox Automotive 2023 Digitization of Car Buying



# Shoppers are willing to provide access to information that enable an ideal experience

## TOP INFORMATION DEALERS WANT ACCESS TO

- 70%** Income and credit score
- 60%** Emails, texts or messages
- 59%** Previous purchase history
- 49%** Vehicle usage data
- 45%** Online search history



## TOP INFORMATION SHOPPERS ARE COMFORTABLE SHARING WITH DEALER

- 74%** **Personal Data**  
(income and credit score, emails, texts or messages, hobbies and interests so dealers can tailor messages and inventory, GPS locations)
- 52%** **Vehicle Data**  
(vehicle usage data, previous purchase/lease history)
- 29%** **Online/Social Media Data**  
(Online search history, social media activity)

## TOP BENEFIT FOR SHOPPERS

**Saves Time**

**Helps Dealers Make Relevant Recommendations**

# Buyers who submit more detailed information online are more satisfied with their shopping journey

## SUBMITTED A LEAD ONLINE

9% submitted a basic lead  
51% submitted an enhanced lead

# 60%

Submitted a **BASIC** lead online (A)

Submitted an **ENHANCED** lead online (B)

Satisfaction with the dealership of purchase

# 67%

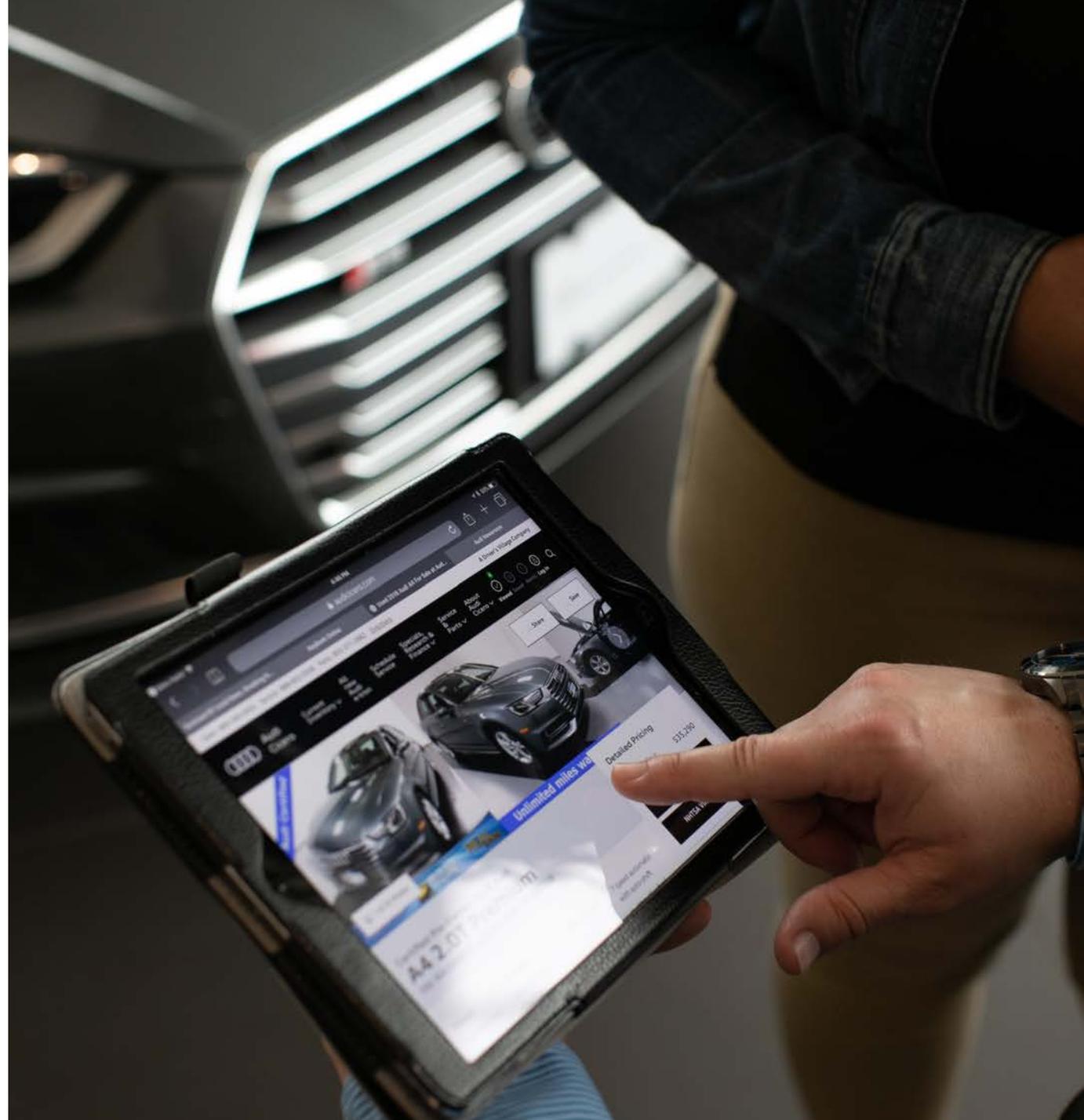
# 77%<sup>A</sup>

The experience was better this time

# 27%

# 48%<sup>A</sup>

Letters indicate significant difference between groups at the 95% confidence interval



## Why buyers' experiences were better this year

*“ The salesperson that helped me out was extremely friendly and informative.”*

– New Buyer

*“ I had a personal connection to the staff at the dealership, was treated super well.”*

– New Buyer

*“ This experienced was more personalized and we felt taken care of throughout the whole process.”*

– Used Buyer

*“ Because I dealt with a dealership before, and they always treat me right [very professional] which is why I keep going back.”*

– Used Buyer



Section 2:

Easing the challenges limiting deal continuity can help build **shopper confidence.**



# While personalization is optimizing the digital car buying experience, maintaining consistency across channels is an area of growth

2023

% Somewhat/Strongly Agree

## Digital retailing...

SHOPPERS

80% ↓

Allows shoppers to **seamlessly** continue in-person where they left off online  
(83% in 2022, 84% in 2020)

DEALERS

72% ↓

Allows a **seamless** experience where shoppers can pick up where they left off  
(79% in 2022, 79% in 2020)

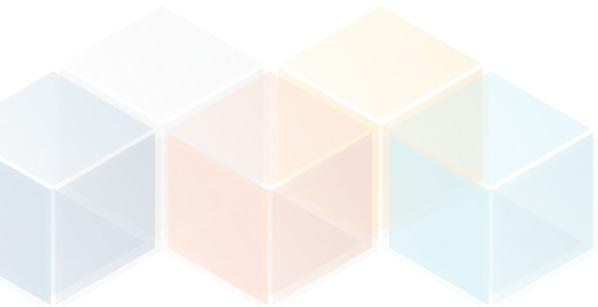


# Almost all dealers say customers repeat steps in-store

2023

# 97%

of dealers said that customers  
complete steps online and  
**repeat** them in-store



Source: Cox Automotive 2023 Digitization of  
Car Buying

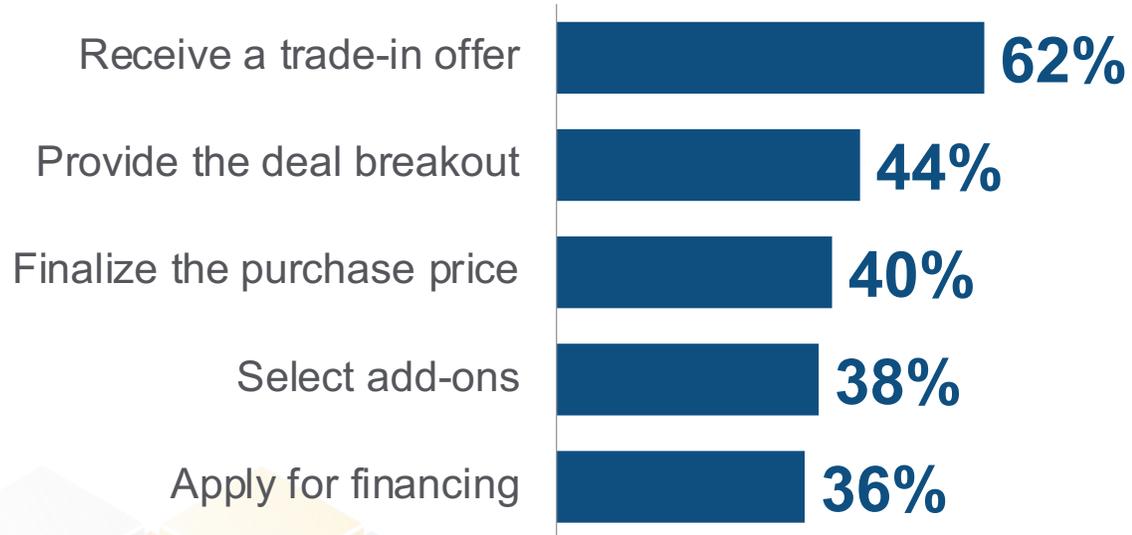


# Repetition at these specific parts of the deal can hinder benefits of digital retailing

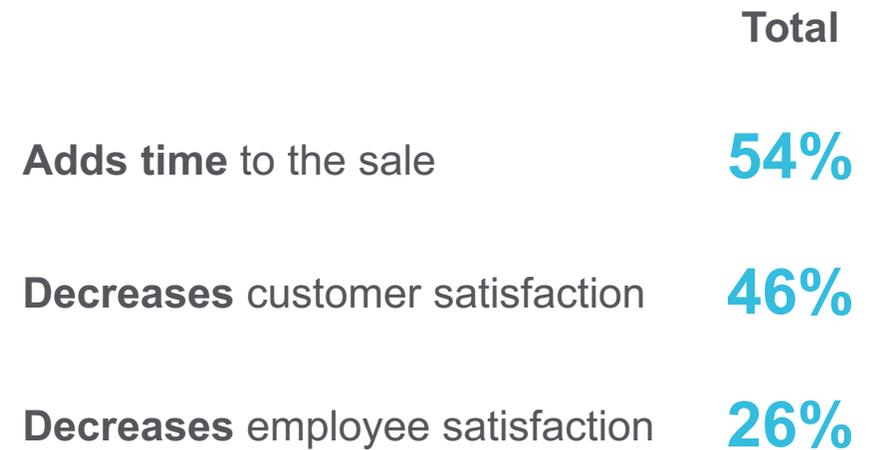
2023

Among dealers who reported that customers repeated steps

## Most Frequently Repeated Steps



## Impact of Repeating Steps In-Store



# Information submitted online exposes the need to improve accuracy and the verification process

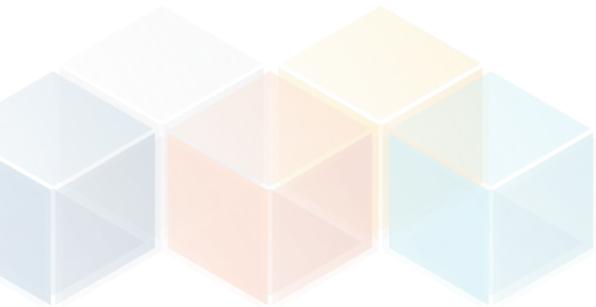
2023

8%

of dealers completely trust the information shoppers share with them online

70%

of dealers say shoppers repeat steps to verify data is accurate



Source: Cox Automotive 2023 Digitization of Car Buying



# Shoppers prefer to simply review information at the dealership for reassurance instead of unnecessarily repeating the process

2023

## In-store Shopper Preferences After Starting Process Online

37%

Pick up with a dealer right where I left off online, without having to review information I already submitted

### Most likely to be...

- A non-luxury shopper
- Someone that says doing steps online makes them feel more confident with their decision

49%

Review the information I've already submitted online with a dealer before moving forward

### Most likely to be...

- A non-luxury shopper

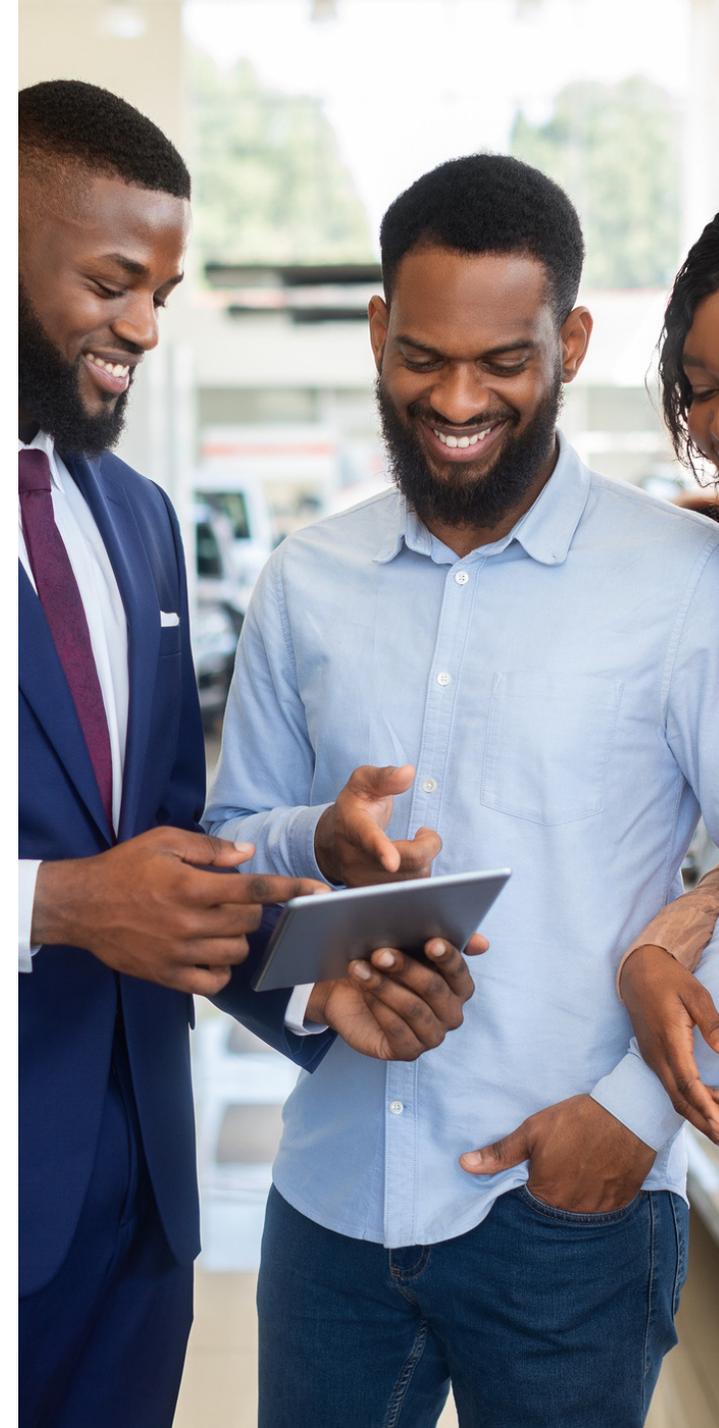
14%

Start the process over at the beginning with the dealer

### Most likely to be...

- A Millennial
- Someone with a high credit score
- A luxury shopper
- A "light digital" shopper

Source: Cox Automotive 2023 Digitization of Car Buying



## What seamlessness can look like in-store...

*“A dealership could help me by having all the documents from online already ready and printed, not having to wait for a long period of time to finalize or get car.” – Gen X Shopper*

*“It would be helpful if I had a consistent profile that showed which step in the process I'm currently in, and that I could review past steps.” – Millennial Shopper*

*“Mainly that all input is correct, that we can go from online to dealership with no problem with information. To have the tedious part done.” – Gen X Shopper*

*“Transparency and syncing of the information between online process and phasing over at a particularly point to the dealer in person. Then going over the fine print well so I know openly what I'm getting into.” – Gen X Shopper*

*“The dealership should have a complete record of all interactions and information I've provided online at hand so that I don't have to re-enter anything once I arrive at the dealership. This entire interaction shouldn't take more than an hour at most.” – Boomer Shopper*



# Most dealers share customer-centric focus on streamlining in-store sales processes

2023

In-store Priority

# 70%

of dealers agree that creating efficiencies in-store for the shopper is **most** important.

(vs. making the *online* experience easier for the shopper)



# Over half of dealers are already planning to make changes to enable a more seamless process

## Enhance Digital Workflow Tools

Implement technology to improve end-to-end customer experience by synching shopper data to the deal

**69%** Likely to change

**12%** Already done

## Performance & Strategy Optimization

Identification, monitoring and refinement of key metrics to assess and improve performance of both online and in-store deals

**56%** Likely to change

**11%** Already done

## Shopper Experience

Establish/adjust in-store processes to align with a digital environment, implement tools to enable a digital sale

**53%** Likely to change

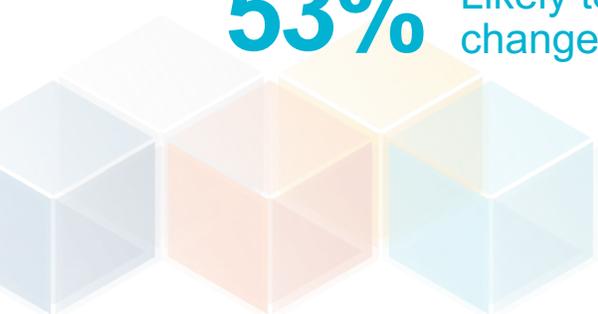
**14%** Already done

## Sales Process

Salesperson completes more of the deal upfront (including F&I), exposing customers to add-on products earlier in the process

**50%** Likely to change

**12%** Already done



Section 3:

A **hybrid digital approach** in-store can mitigate barriers to online.



Only 1-in-4 dealers acknowledge their digital solutions offer a congruent experience online and in-store.

2023

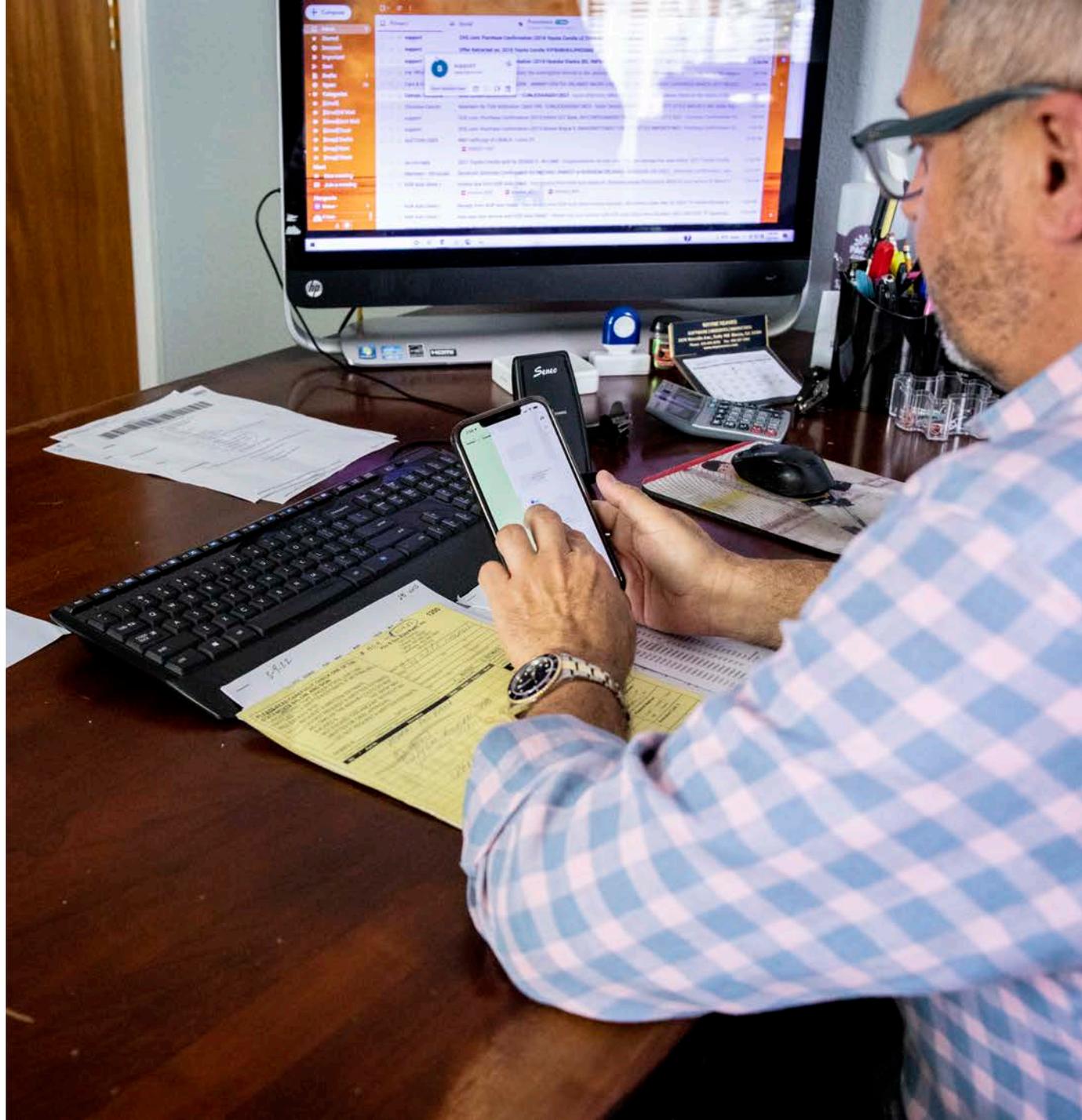
% Strongly Agree

23%

of dealers say their current digital retailing solution offers an experience that is the same online as it is in-store for their customers

23%

of dealers say their customers can get the same information they need online and in-store



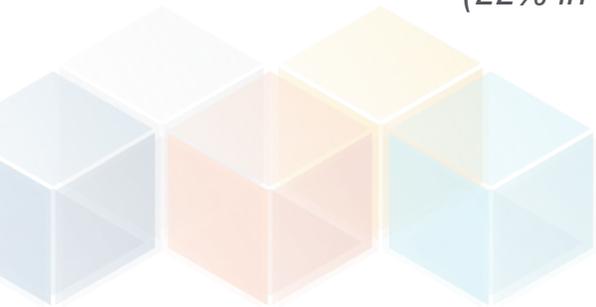
# The lack of consistency drives shoppers to go into the dealership...

2023

#1 Shopper Barrier for Online

27%↑

prefer to work directly with dealership staff to answer any questions they may have  
*(22% in 2022)*

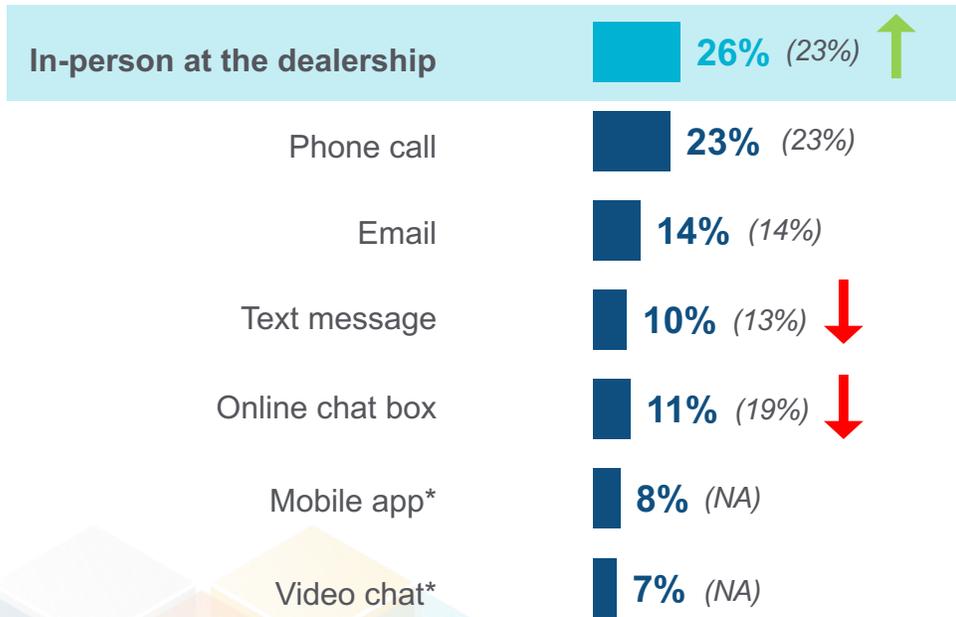


Source: Cox Automotive 2023 Digitization of Car Buying

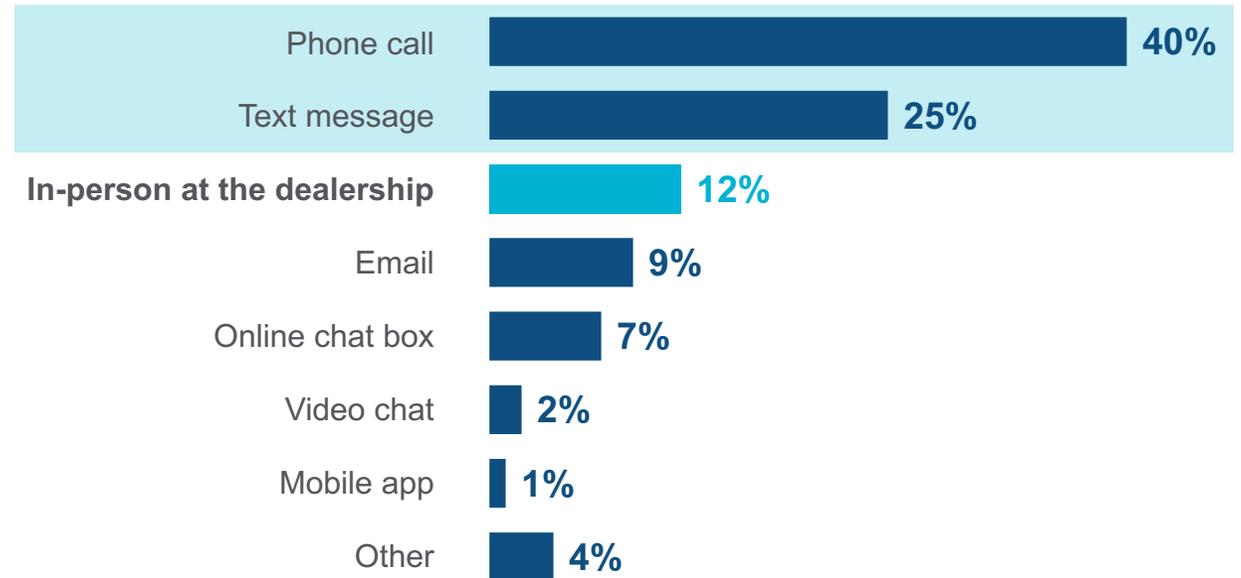


# ...but dealers are pushing to address deal-related questions remotely

## Top **SHOPPER** Communication Preference for Asking Questions (Rank Order, Showing Top 1)



## Top **DEALER** Communication Preference for Shopper Questions



( ) 2022



...and prefer to manage later stages of the deal in person.

Top Dealer Preferred Steps  
to Conduct In-person

**55%**

Finalize purchase price

**64%**

Review and sign final paperwork

Source: Cox Automotive 2023 Digitization  
of Car Buying



# Price and inventory discrepancies frustrate shoppers, and dealers agree these are must-haves for consistency

## Top Online to In-Store CHALLENGES for Shopper

### FOR SHOPPER

Price differences online vs. dealership	<b>42%</b>
Deal term differences online vs. dealership	<b>38%</b>
Vehicle detail differences online vs. dealership	<b>36%</b>

## Top Areas of **IMPORTANCE** for Online to in-Store Process Consistency (% Very/Somewhat Important)

### FOR SHOPPER

Price is same online vs. dealership	<b>90%</b>
Deal terms are same online vs. dealership	<b>90%</b>
Vehicle details are same online vs. dealership	<b>89%</b>

## Top Areas of **IMPORTANCE** for Online to in-Store Process Consistency (% Very/Somewhat Important)

### FOR DEALER

Dealership can easily access all information customer submitted online	<b>95%</b>
Pricing is the same online vs. dealership	<b>93%</b>
Show same available vehicles online vs. dealership	<b>81%</b>



**Recent Buyers** who have high trust that the dealer gave them the best deal are more satisfied with the consistency online and in-store.



# Elevating the customer experience and trust starts with transparent pricing

2023

% Positive

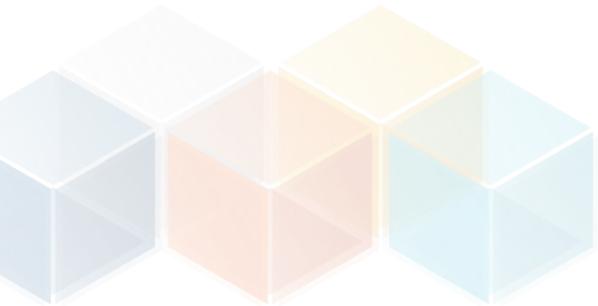
## Impact of Price Transparency

81%

of dealers agree price transparency positively impacts customer experience

75%

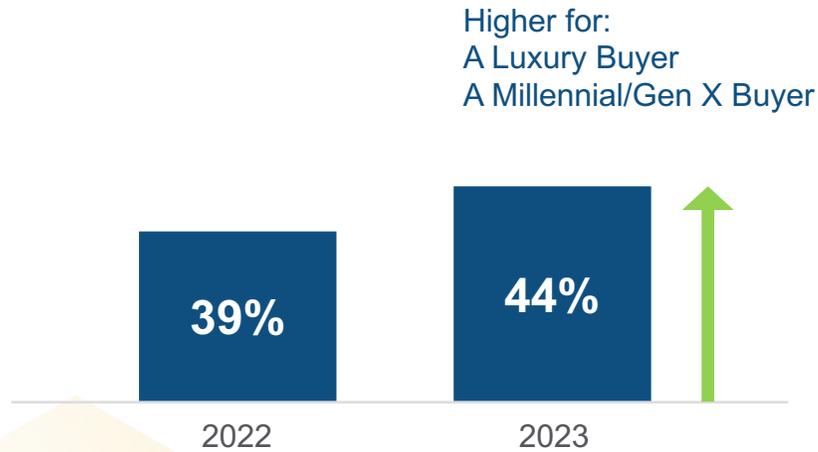
of dealers agree price transparency positively impacts trust of the salesperson



# The amount of people demanding a hybrid approach increased significantly year-over-year

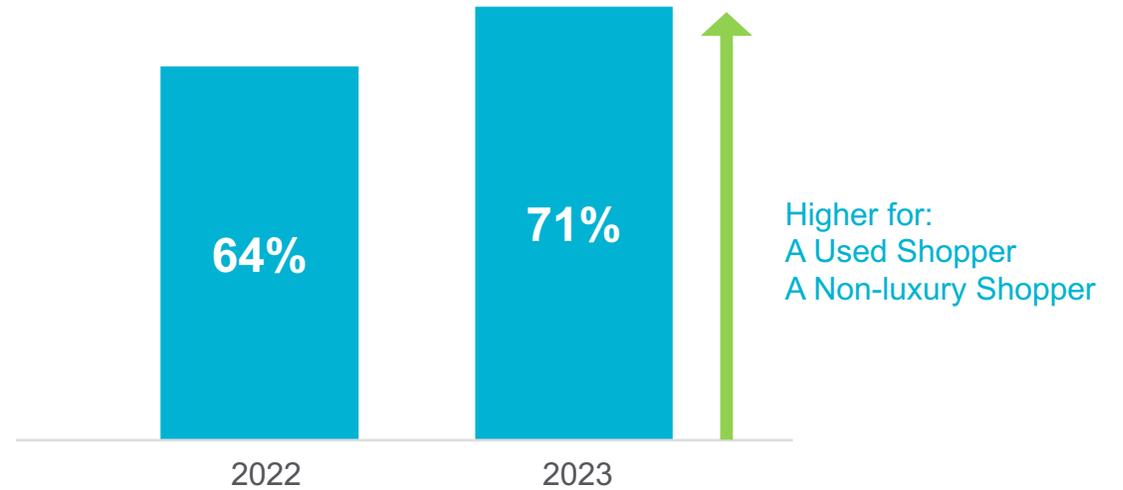
## How Buyers Completed Their **RECENT** Purchase

% mix online/offline



## How Shoppers Will Likely Complete Purchase **NEXT** Time

% mix online/offline



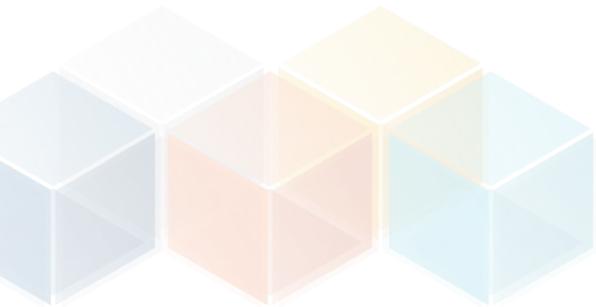
# A digital environment can serve as balanced medium for shoppers and dealers to communicate

2023

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# 91%

of shoppers want the option to **interact digitally** at the dealership



Source: Cox Automotive 2023 Digitization of Car Buying



# Shoppers like the idea of a hybrid environment and many dealers are embracing new tools

2023

**Shopper Interest In Self-serve Tools**  
*(% Very/Somewhat Interested)*

**Dealer Interest or Currently Use**

**75%**

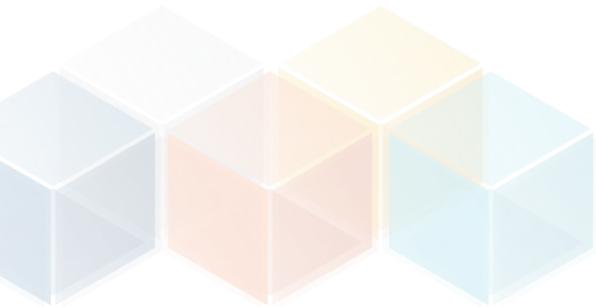
Working with a salesperson at the dealership to continue the process on a tablet/digital tool

**81%**

**57%**

Using a kiosk or other self-serve digital tools in the dealership

**50%**



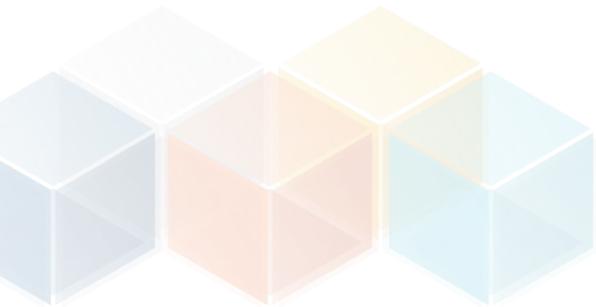
# Digital interactions at the store can also enable a frictionless sales process

2023

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**86%** of shoppers believe the use of digital tools in-store will save them time in the store

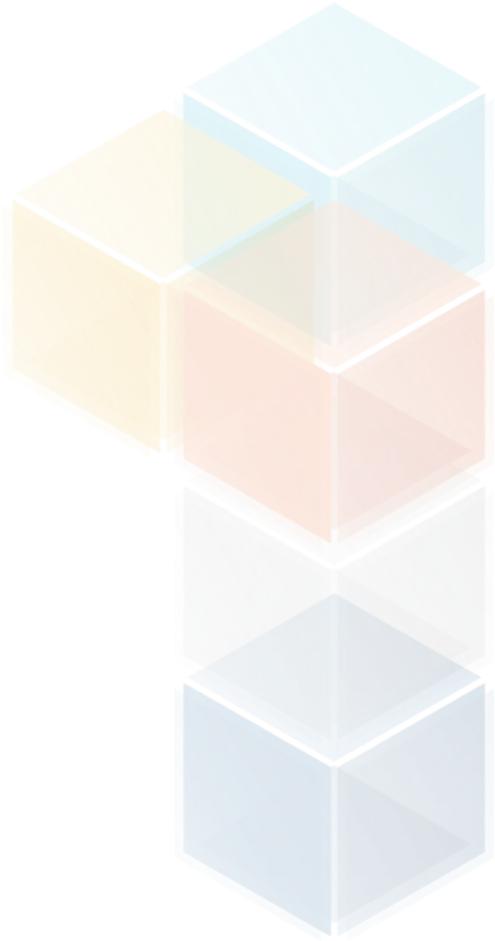
**79%** of dealers believe the use of digital tools in-store will help make processes more efficient



*Source: Cox Automotive 2023 Digitization of Car Buying*



# Dealer Implications



1. **Invest** in digital and AI-powered tools intended to provide a single view of the customer, synthesize shoppers' online behaviors and vehicle data, and predict shopper preferences to keep dealers well-informed for conversations when shoppers transition into the store.
2. **Maintain** a comfortable, trusting environment for shoppers to provide personal, vehicle and online data by prioritizing data security and communicating privacy standards to customers.
3. **Enable and encourage** shoppers to leverage online capabilities, including financing tools for pre-approvals and aftermarket selections, to improve experience and personalization.
4. **Build** shopper confidence by incorporating digital tools into the in-store process, enabling a more efficient way to co-review information submitted online, ensure data accuracy and consistency online to in-store.



# Section 4 Appendix



# Study Background & Methodology

## OBJECTIVE

Cox Automotive conducted research to understand how dealers, shoppers and buyers continue to be impacted by digitization.

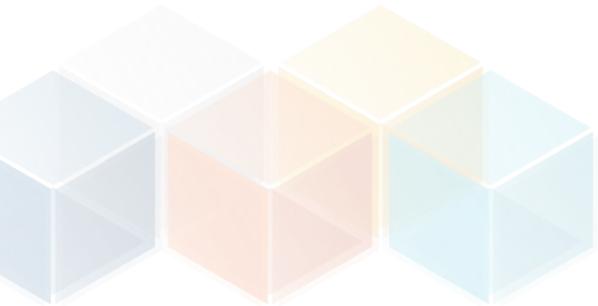
2023

## RESPONDENTS SURVEYED

**1,650**  
Shoppers

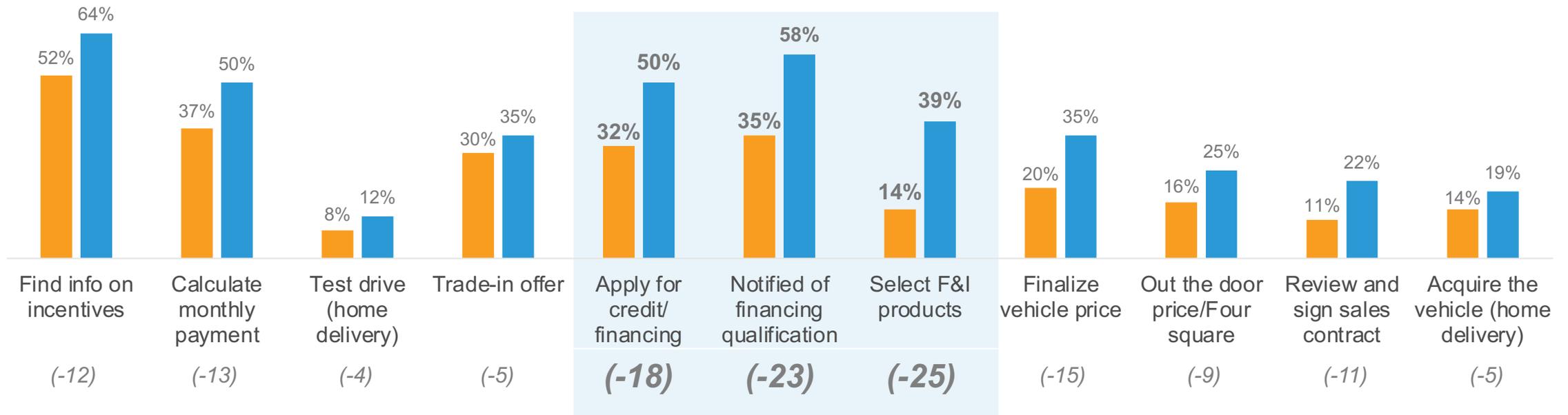
**393**  
Franchise  
Dealers

**2,963**  
Buyers



# Gaps in finance-related activities online remain for buyers

2023 Consumer Shopping Behaviors vs. Preference



■ % of shoppers who prefer to complete activity online or at home  
■ % of buyers who completed activity online or at home  
**( ) = Gap between preference and actual behavior**

