

New AutoTrader.com Study Shows Key Changes In Shoppers' Familiarity, Opinion And Consideration Of CPO Vehicles

While consideration for CPO vehicles among new car shoppers has increased, familiarity with CPO has dropped, along with the percent of shoppers who are willing to pay a premium for CPO vehicles.

ATLANTA, Dec. 5, 2013 /PRNewswire/ -- According to the AutoTrader.com® 2013 Certified Pre-Owned (CPO) Study, conducted by Morpace, CPO consideration for new car shoppers is approaching levels seen for used car shoppers, but their overall familiarity with specific aspects of CPO programs has dropped considerably. Additionally, the study showed that the percent of shoppers who are willing to pay a premium for CPO vehicles decreased. However, the study showed that shoppers' willingness to consider CPO increased when exposed to more information about CPO vehicles, pointing to the fact that education is key.

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"While it is good to see that consideration for CPO vehicles is strong, there is still a lot of confusion about what CPO actually means," said Rick Wainschel, vice president of customer insights at AutoTrader.com. "The more shoppers know about CPO, the more willing they are to consider the vehicles."

Between 2012 and 2013, the percent of new car shoppers who are likely to consider a CPO vehicle increased from 43 percent to 55 percent; used car shoppers considering CPO vehicles remained relatively flat during that time, going from 61 percent in 2012 to 60 percent in 2013. When exposed to a CPO definition, however, those numbers increased. New car shoppers likely to consider a CPO vehicle after being exposed to the definition increased to 69 percent, while used car shoppers likely to consider a CPO vehicle increased to 66 percent.

Even so, the percent of shoppers willing to pay a premium for a CPO vehicle (over a used, non-certified vehicle) decreased in the last two years. In 2011, 51 percent of used shoppers were willing to pay a premium, but that dropped to just 34 percent in 2013. For new car shoppers, the decrease was more modest, going from 67 percent in 2011 to 62 percent in 2013. But the good news is that both groups indicated that the amount they would be willing to pay increased significantly. In just two years, the premium used car shoppers are willing to pay increased 67 percent from \$1,292 in 2011 to \$2,163 in 2013. The premium new car shoppers are willing to pay more than doubled in that timeframe, from \$1,245 in 2011 to \$2,940 in 2013.

According to Wainschel, the importance of CPO programs to dealers and OEMs can't be understated. For OEMs, CPO acts as an early entry point to the brand and has a trickledown effect that helps to manage off-lease programs and protect residuals, which can result in better lease offerings and facilitate new car purchases through increased trade-in values. For dealers, CPO programs help them distinguish themselves in the marketplace and establish longer-lasting relationships with buyers through increased service and dealership loyalty.

"CPO programs are incredibly important to both dealers and OEMs, and both sides need to ensure that they are doing everything they can—from certifying the right amount of their eligible inventory to educating shoppers on what CPO means and merchandising CPO vehicles effectively—to turn shoppers into CPO owners. Doing so can have a lasting, positive impact on

both the brand and the dealership," Wainschel continued.

The study showed that current CPO owners are more likely to show loyalty in the service lane (70 percent for CPO owners versus 61 percent who have never owned a CPO vehicle) and return to the dealership for their next purchase (60 percent for CPO owners versus 47 percent for those who have never owned a CPO vehicle). Additionally, 92% of current CPO owners who are shopping for another CPO vehicle are likely to stay with the same brand.

About the Study

A quantitative online survey was conducted by Morpace in September 2013, with a total of 862 interviews completed. Respondents must have been planning to purchase a vehicle in the next 6 months to qualify. The 862 interviews were split fairly evenly among new vehicle considerers, used (non-certified) considerers and CPO vehicle considerers. Weights were applied to male/female for new and used vehicle considerers.

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