ATCBOF14

Autotrader

CAR BUYER OF THE FUTURE

STUDY

CONSUMERS
WANT CHANGE IN THE CAR-BUYING PROCESS

ONLY **17** OUT OF **4,000**

prefer the CURRENT CAR BUYING PROCESS

Autotrader's **Car Buyer of the Future Study** looked at the current shopping, buying and ownership process and asked more than 4,000 consumers about their ideal process. Only 17 car shoppers and buyers out of 4,000 – that's less than **1%** – chose the current process as their ideal experience. But there is good news for the automotive industry because the study also revealed that improvements in the process will benefit the industry.

IMPROVEMENTS TO THE PROCESS MAY LEAD TO THESE POSITIVE OUTCOMES

1

66%

will be much more likely to buy from a dealership with their preferred experience

2

72%

will visit dealerships more often

3

53%

will buy a vehicle more often

In the future, while the actual components of car shopping and buying will remain the same, the execution will look different. Convenience and shared control of the process will be essential to earning a car shopper's business and loyalty. An important consideration for the industry, however, is that the future is imminent and the evolution of the process should begin today.

DISPELLING MYTHS

ABOUT THE FUTURE OF CAR-BUYING

MYTH

SALESPEOPLE WILL BE LESS IMPORTANT

Dealerships of the future will not just be for transactions. **43%** of consumers say they will go to the dealership to learn about cars, and **84%** of consumers actually prefer to buy vehicles in person at the dealership.

84%

want to **BUY** a car in person **AT THE DEALERSHIP**

43%

see the dealerships as a place to **LEARN**

MYTH

CONSUMERS DON'T WANT TO NEGOTIATE

56%

prefer to **NEGOTIATE**

56% of consumers said they prefer to negotiate, yet the 2015 Automotive Buyer Influence Study shows negotiating is a top frustration for car buyers. This points to an opportunity to increase trust in the dealer–car shopper relationship and highlights a significant pain point: Car shoppers believe that negotiating is the only way to get the best deal or a fair price. Dealerships of the future can build trust and transparency by using tools like Kelley Blue Book Price Advisor and Trade-In Marketplace to validate pricing.

MYTH

LOWEST PRICE WILL ALWAYS WIN

Consumers will pay more for a better experience. In fact, **54%** said they would buy from a dealership that offers their preferred experience, even if it didn't have the lowest price.

54%

would buy from a dealership with their preferred **EXPERIENCE** over lowest price

73%

are willing to drive further for a **GREAT SALESPERSON** vs. 65% who are willing to drive for lowest price

"Buying a car online would be a little weird. I think losing that personal touch would be a bad thing."

WHAT WILL THE FUTURE LOOK LIKE?

THE STUDY IDENTIFIED KEY AREAS WHERE CONSUMER DEMAND IS INFLUENCING RAPID CHANGE. HIGHLIGHTED BELOW ARE AREAS OF THE **SHOPPING PROCESS** WHERE THE INDUSTRY SHOULD FOCUS FIRST ON MAKING IMPROVEMENTS.

SHOPPERS WILL CONTINUE TO RESEARCH ONLINE & ACROSS MULTIPLE DEVICES

Car buyers of the future will continue to use third-party sites like Autotrader and Kelley Blue Book to look at inventory, compare makes/models, research car pricing and find out what their current car is worth[1], and they will do so on an arsenal of devices. Today, **42%** of car buyers use multiple devices to shop for a car and it's growing rapidly.[1] By 2020, it is projected to be **80%**.[2]

As a result, investing in mobile experiences is a necessity and content is king. Dealers should focus on robust online merchandising that is easily accessible across all devices. Strong, relevant content creates a better shopping experience across multiple screens, opening up more opportunities for dealers and manufacturers to drive influence and preference for their dealership and brand.

42% TODAY
car buyers use multiple devices to shop for a car

80% BY 2020
the vast majority will use multiple devices to shop for a car

DEAL-STRUCTURING WILL BEGIN ONLINE

56%
like to start the negotiation on their terms

45%
like being anonymous to the dealer until they lock in a deal

Consumers want to structure deals online before arriving at the dealership. **56%** like to start the negotiation on their terms and **45%** like being anonymous to the dealer until they lock in a deal. Instead of ecommerce, the future will be more about online "connection commerce," where the dealership still plays an important role. There are now tools available, like MakeMyDeal℠, that facilitate connection commerce by allowing car shoppers to engage dealers online and start structuring deals.

It's important for dealers to provide customer handling training for their salespeople to help them understand the online negotiation process. Pressuring consumers during online negotiations to come into the dealership to structure the deal will likely turn them off and result in a lost sale.

THE TEST-DRIVE EXPERIENCE WILL EVOLVE

Test-drives will still play an important role in the future. In fact, **88%** of consumers said they would not purchase a car without test-driving it first, yet **81%** of consumers prefer a different test-drive experience than the traditional accompanied test-drive model that predominantly exists today. The key to successful test-drives in the future are ones that will center around convenience for car shoppers and low sales pressure. The study explored various alternative options – some real, some hypothetical – to the current accompanied test-drive. Consumers in the study preferred home test-drives, or test-drive centers that allowed them to drive different makes and models, or "unlock" test-drives that allow them to visit the dealership at any time and conduct a test-drive on their own. Test-drives should allow consumers to learn more about different models and experience them first-hand as part of the shopping process, and should focus less on closing a sale. Dealers who make adjustments to their test-drive process will be better positioned to earn a car buyer's business and higher customer satisfaction.

81%
prefer a different test-drive experience than the traditional accompanied test-drive

67%
like not having pressure while test-driving

"If I don't lay eyes on it and hands on it, I am not buying it. You can take a picture 100 different ways and get 100 different perspectives. I have to put my hands on it."

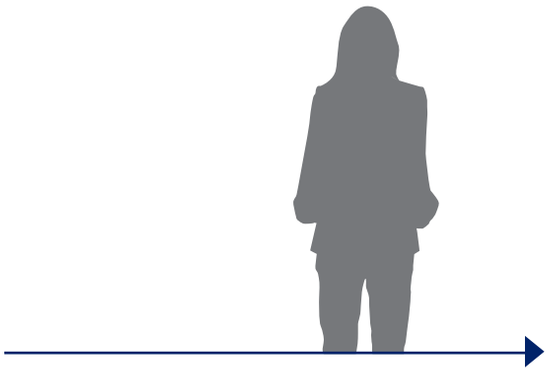
WHAT WILL THE FUTURE LOOK LIKE?

THE STUDY IDENTIFIED KEY AREAS WHERE CONSUMER DEMAND IS INFLUENCING RAPID CHANGE. HIGHLIGHTED BELOW ARE AREAS OF THE **BUYING AND OWNERSHIP PROCESS** WHERE THE INDUSTRY SHOULD FOCUS FIRST ON MAKING IMPROVEMENTS.

FINANCING PROCESS WILL BEGIN ONLINE

An overwhelming majority **– 70% –** of consumers said that when it comes to F&I, they want to start the process online. Not only will it shorten the time spent in the dealership to complete a purchase, which is a top frustration among car buyers,[1] it can also increase customer satisfaction. Customer satisfaction is highest within the first 90 minutes at the dealership, as the amount of time a customer spends at the dealership increases customer satisfaction with that dealer is likely to decrease.[3]

With continued online research, online deal-building and the desire to begin the financing process online as the new standard, this also means that after-market pitches need to come earlier in the process – and online. The good news is that car shoppers say they would actually buy more after-market (F&I) products if they learned about them earlier in the process.[4]



72%

find online paperwork appealing

72%

want to save time at the dealership

71%

don't want to be pressured when filling out paperwork

CONSUMERS WANT LOCAL SERVICE NETWORKS

92% of consumers want more service location options where they can have their car serviced at any of the dealership's local service centers, even if they didn't purchase their car there. As a result, the industry should focus on providing consumers more flexibility, control and convenience in the area of service. There is an opportunity for manufacturers, dealers and industry partners to work together to provide more meaningful options to consumers.

83%

find local service networks appealing

76%

want to go to a service center close by

73%

want to be able to service their vehicle anywhere

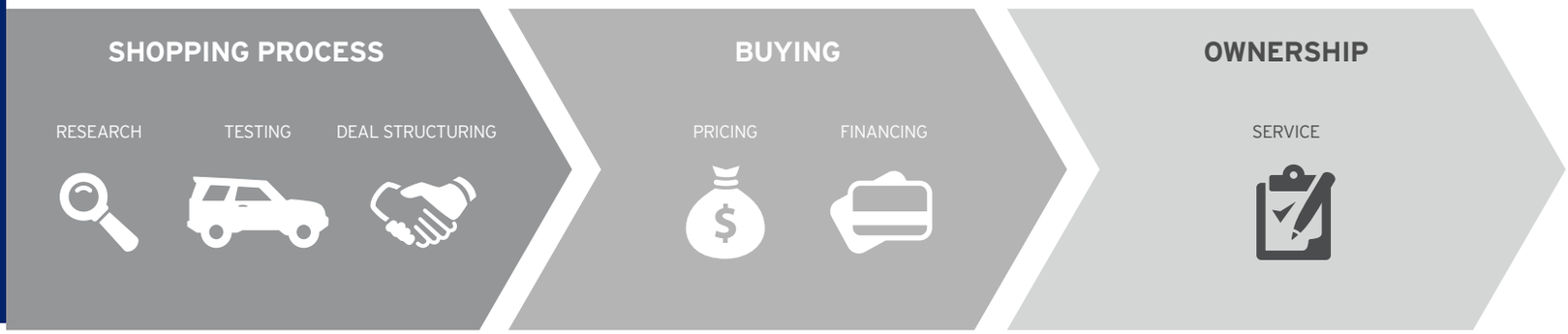
"With the two-year oil–change and maintenance, I thought I was going to be able to go to any Toyota dealer but I couldn't and that kind of upset me."

ABOUT THIS STUDY

Autotrader's **Car Buyer of the Future Study** looked at the current shopping, buying and ownership process and asked more than 4,000 consumers about their ideal process. The study was a multi-stage approach with both qualitative and quantitative research that included:

- 13 expert interviews
- 8 lead user ethnographies
- Focus groups with 40 new and used car buyers
- Quantitative survey among 4,002 car shoppers and buyers
- Study conducted June 2014 through January 2015

CURRENT PROCESS



Sources: (1) 2015 Automotive Buyer Influence Study (2) Autotrader forecast, 2015 (3) Autotrader Sourcing Studies, 2014 (4) 2015 F&I Study, MakeMyDeal