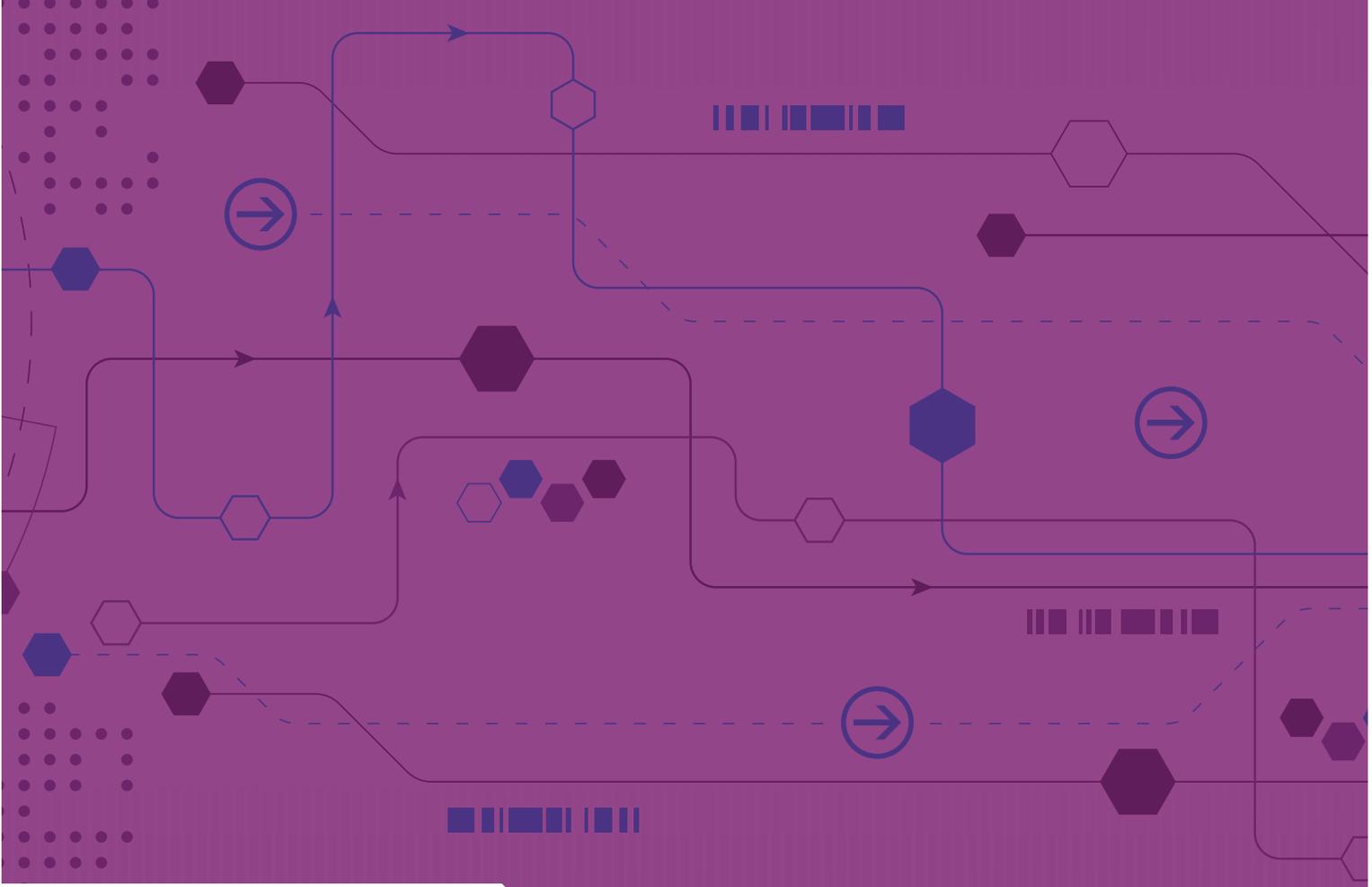


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CAR BUYER JOURNEY 2017



Kelley Blue Book
KBB.COM
The Trusted Resource

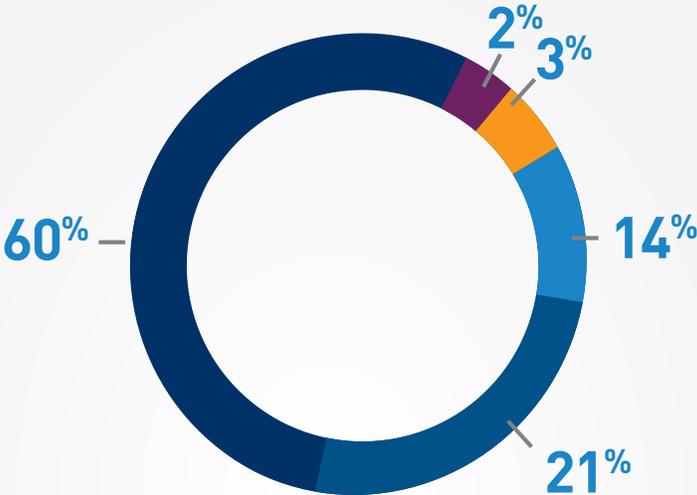
CAR BUYERS SPEND 60% OF THEIR TIME ONLINE

(among those who shopped online)

TIME SPENT GETTING A VEHICLE

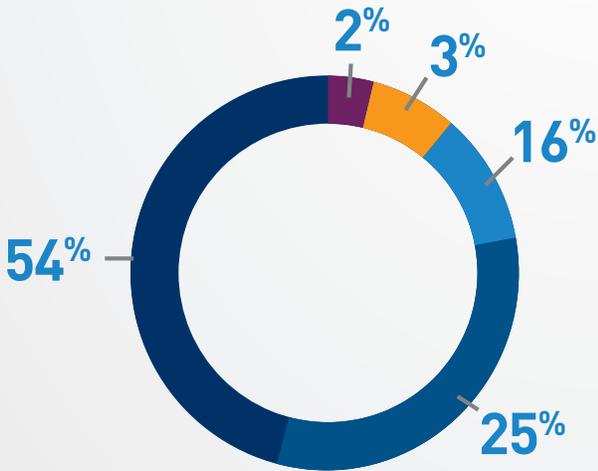
ALL BUYERS

14:48 HOURS



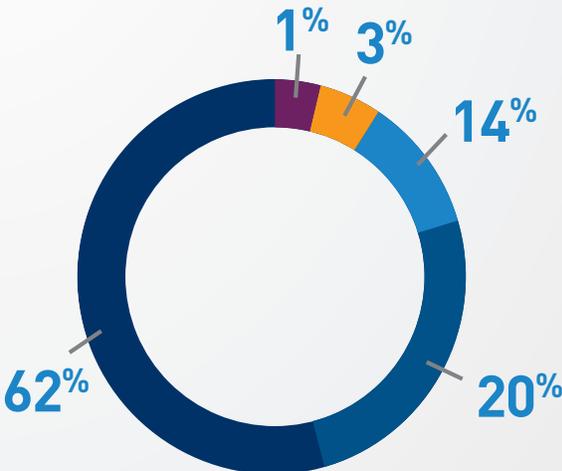
NEW BUYERS

13:04 HOURS



USED BUYERS

15:39 HOURS

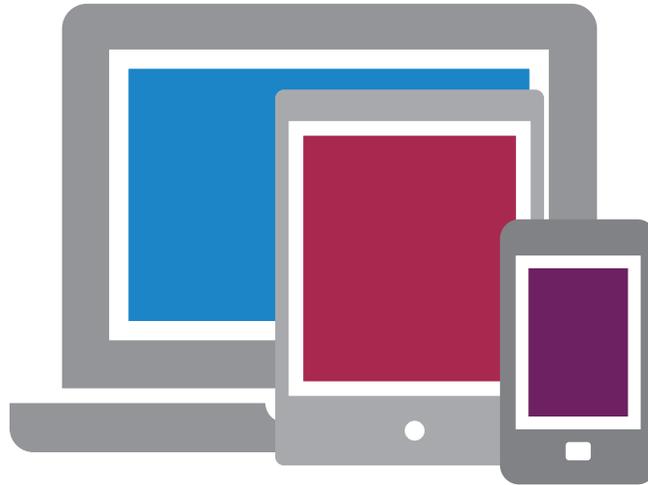


TOTAL TIME SPENT

- Researching & Shopping Online
- Researching & Shopping with Print
- Talking with Others
- Visiting Other Dealerships/Sellers
- With the Dealerships/Seller where Purchased

CAR SHOPPING ON MULTIPLE DEVICES = MULTIPLE MARKETING OPPORTUNITIES

DEVICE USAGE* (INTERNET USERS)



53%
used multiple
devices

18%
only used
mobile

79%
Desktop/Laptop

56%
Smartphone

32%
Tablet

*Respondents were asked "Prior to purchasing your vehicle, which of the following devices did you use to access automotive information, either through the Internet or by using a mobile device?" Some selected more than one answer.

Car buyers are using a variety of devices to shop, including desktop and laptop computers, smartphones and tablets. According to the study, **53%** use multiple devices when shopping for a car.

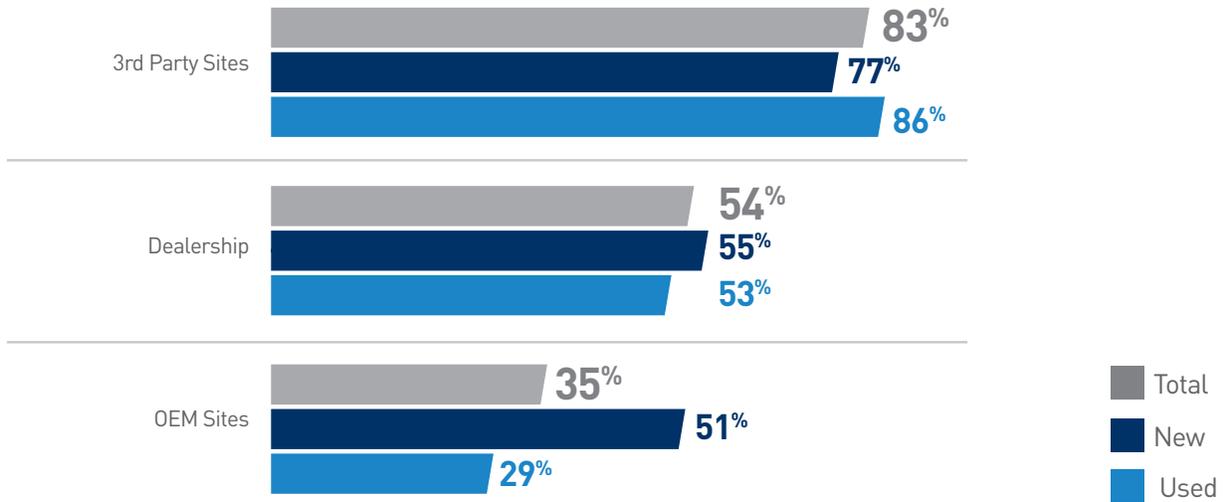
The prevalence of a multi-screen car-shopping experience gives automotive marketers substantial opportunities to

target and effectively influence shoppers at any time or any place. Dealers should focus on unique ways to deliver a consistent overall message with content designed for each specific device being used during the car-shopping process.

THIRD-PARTY SITES ARE THE MOST-USED SITES FOR ONLINE CAR SHOPPING

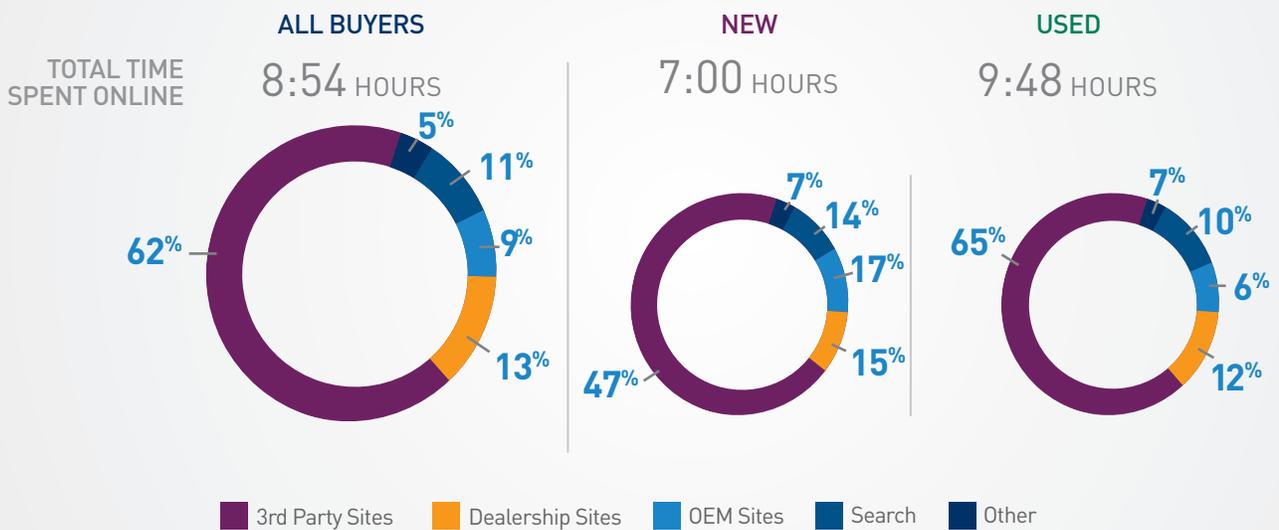
While car buyers use a variety of sites to shop, **third-party sites** are the most-used site of any online resource.

SOURCES USED TO SHOP*



*Respondents were asked "Please select the names of the specific website(s)/apps that you used." Some selected more than one answer.

TIME SPENT ON VARIOUS SITES



While car buyers use a variety of sites to shop, they spend most of their time shopping on third-party sites. Dealer sites and search engines complement each other during the shopping process. Therefore, automotive marketers need to have a broad yet integrated

marketing strategy, including a strong presence in the online inventory marketplace, to effectively reach and influence shoppers wherever they are shopping online.

DEALERSHIP WEBSITES DRIVE DEALERSHIP VISITS

Nearly half of all buyers visited the website of the dealership where they purchased or leased a vehicle. When asked to rate how influential the dealer website was on their decision to visit the dealership, 47% of New buyers and 60% of Used buyers gave the dealership site an 8-10 rating on a scale of 1-10. It is critical that dealership websites are user-friendly, compelling, consistent across devices and accurately reflect the pricing, incentives, services and amenities that are offered when the consumer visits the brick-and-mortar dealership.

VISITED AND INFLUENCED BY DEALERSHIP WEBSITE

All Buyers

New

Used

Visited Dealer Website Where Purchased/Leased (% Yes)



49%



50%



47%

Dealer Website Influenced Buyer to Visit Dealership



56%



47%



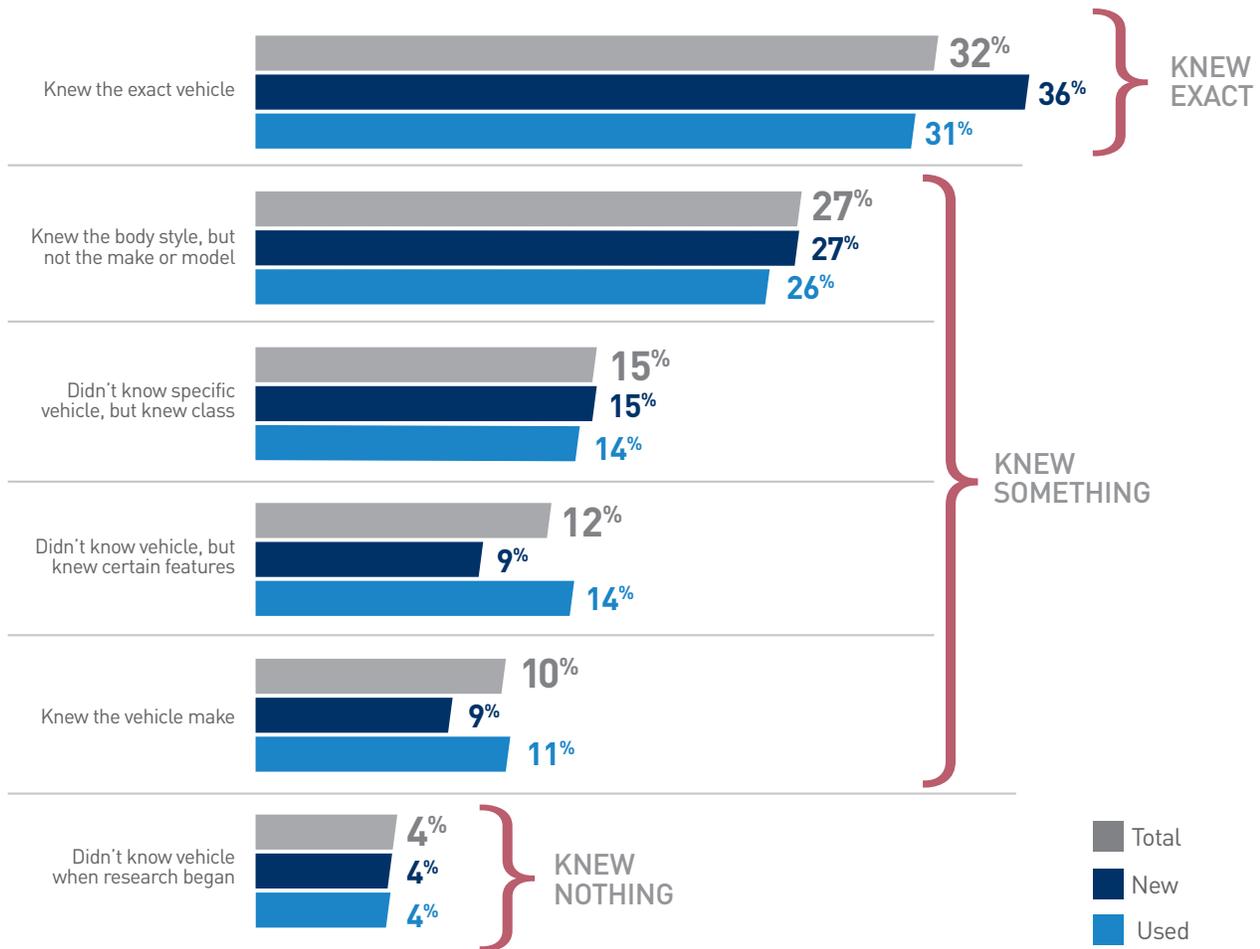
60%

MOST CAR BUYERS ARE UNDECIDED AT THE START OF THE SHOPPING PROCESS

Car buyers consider a variety of makes/models and purchase options as they move through the shopping process. Although most buyers have some idea of what they are looking for, less than half have a specific make in mind when they start shopping. Many of them are also open to both New and Used vehicles, but by the time they actually show up to the dealership, they already know

the exact vehicle they want to buy. 38% of car buyers only visit one dealership, and 55% only test drive one vehicle. While car shoppers can be influenced about what to buy and who to buy from, the time to influence and convert them is online, where car buyers spend the majority of their shopping time making decisions.

INITIAL MAKE/MODEL PURCHASE INTENT



37%

of New car buyers considered both New & Used vehicles



57%

of Used car buyers considered both New & Used vehicles



55%

of all buyers test drive only one vehicle



38%

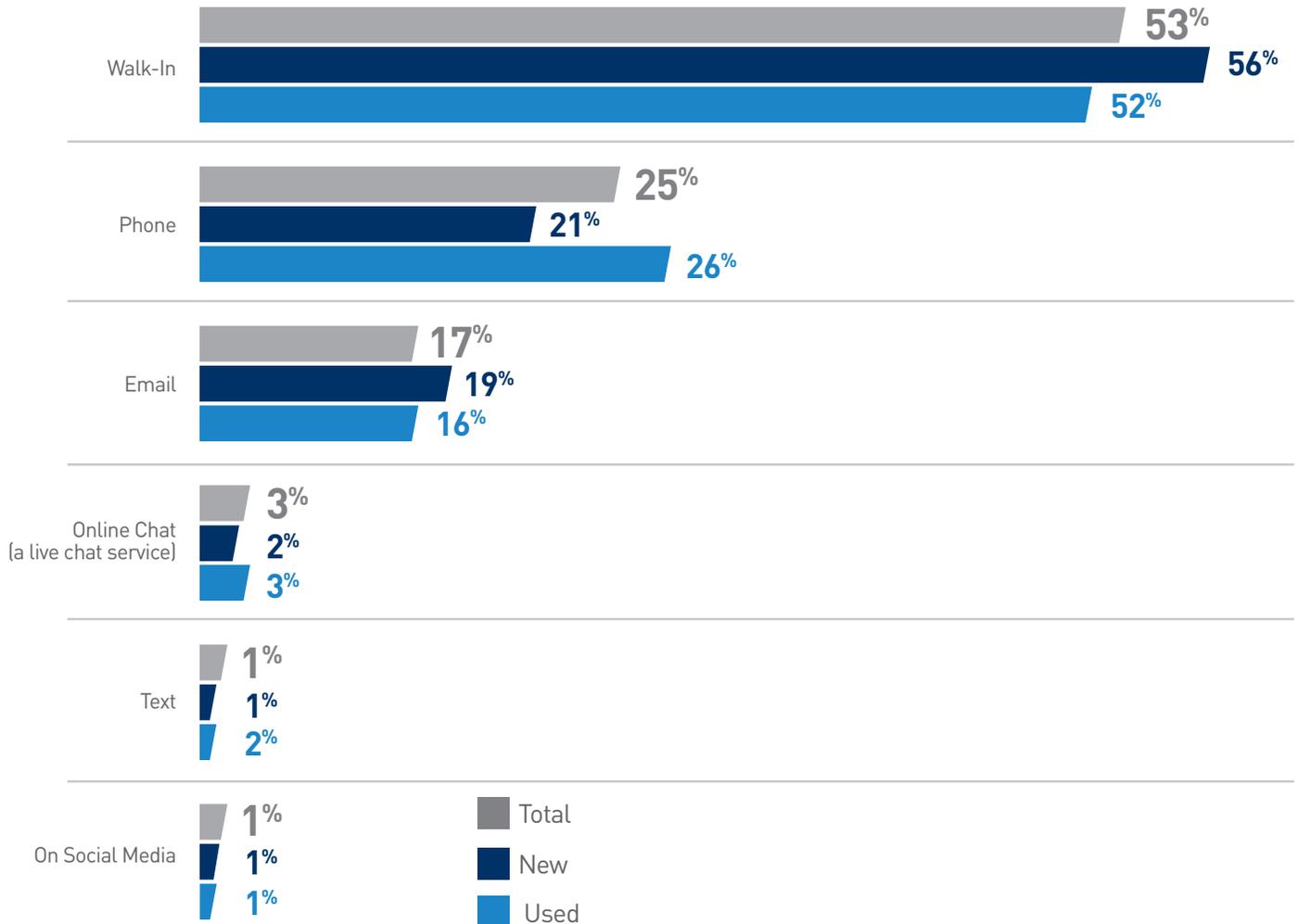
of all buyers only went to the dealership where they purchased

“WALKING IN” REMAINS MOST-COMMON INITIAL POINT OF CONTACT WITH DEALERS

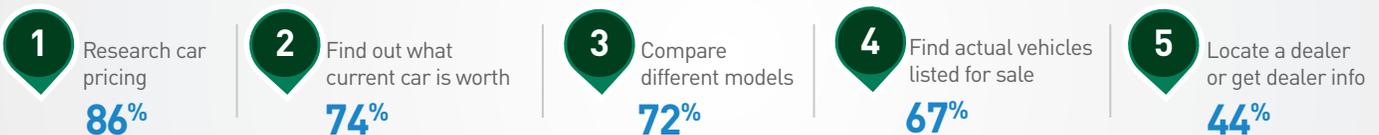
More than half of car buyers do not contact the dealership prior to their first visit. It is therefore crucial for dealers to have effective sourcing and CRM processes in place to help understand initial contacts and walk-in traffic.

Knowing what influenced a shopper to contact the dealership, regardless of method, can help dealers determine the value of their advertising and understand where to most successfully invest marketing dollars.

INITIAL CONTACT WITH DEALERSHIP



TOP 5 ACTIVITIES ONLINE DURING THE SHOPPING PROCESS

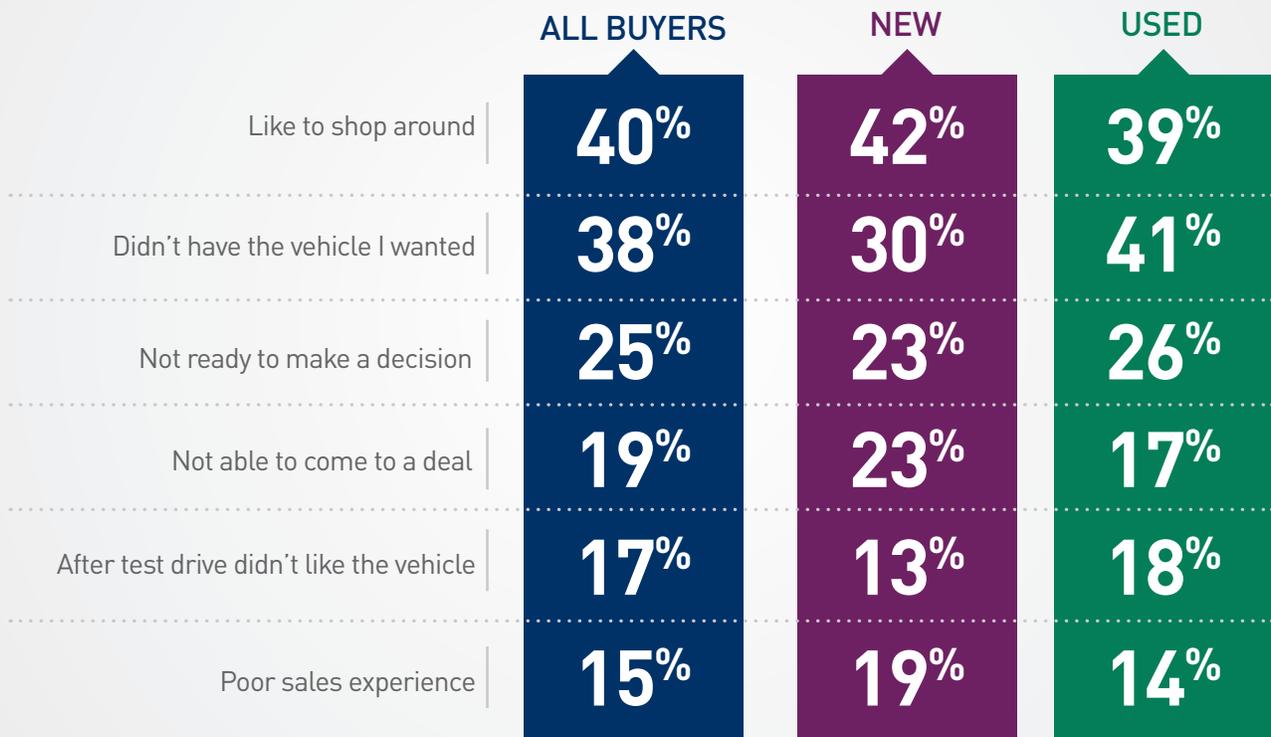


Understanding what car buyers are looking for can help ensure you are delivering the right marketing message and content to the right shopper at the right time to help influence their decisions about what to buy and whom to buy from.

WHY BUYERS DID NOT PURCHASE FROM THE FIRST DEALERSHIP VISITED

Shopping Around and *Inventory* are the main reasons for not purchasing from the first dealership visited. Additionally, 1 in 5 New buyers did not buy from the first dealership they visited because they had a *Poor Sales Experience*. Dealers should focus on creating a positive in-store experience for shoppers and use stocking and acquisition tools to get the right inventory for their store.

REASONS FOR NOT PURCHASING FROM FIRST DEALERSHIP VISITED



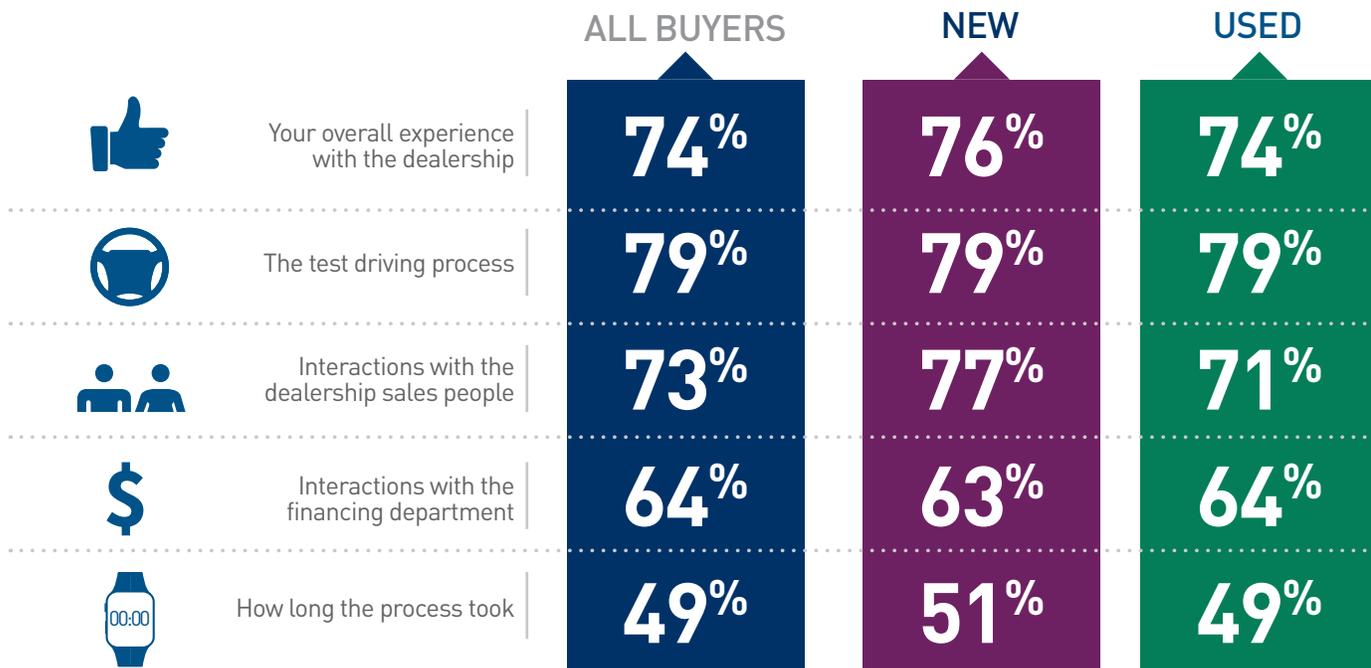
BUYERS ARE LEAST SATISFIED WITH LONG PURCHASE PROCESS

When asked to rate their satisfaction on a scale of 1-10, 79% of car buyers gave the test-driving process an 8-10 rating. However, satisfaction declined to 64% when interactions with the F&I department were factored in. Of the 3-hours average time spent at the dealer during the purchase process, more than half of that time is spent negotiating or doing paperwork, resulting in a 49% satisfaction rate for how long the process takes.

Among buyers who were dissatisfied with how long the process took, *Financing/Paperwork* and *Negotiations* were the top 2 areas that took longer than they expected.

Dealers should strive to shorten the purchase process – particularly through streamlining F&I paperwork and negotiations – in order to enhance customer satisfaction and improve loyalty and retention rates.

SATISFACTION WITH PURCHASE PROCESS



WHAT PART OF THE PROCESS TOOK LONGER THAN YOU EXPECTED?*



Total



New



Used



Total



New



Used

 Financing/Paperwork

 Negotiation

*Among buyers who were dissatisfied with how long the process took

PRIOR AWARENESS IS CRITICAL TO F&I SALES

Purchase of F&I products is much higher among consumers who are already aware of the products before going to the dealership. Since 1 in 3 buyers are not already aware of F&I products prior to going to the dealership, dealers should offer F&I educational resources on the dealership website and provide opportunities for consumers to learn more about F&I on their own during the sales process (e.g., on an iPad while waiting for preparation of paperwork).

AWARENESS OF F&I PRODUCTS & PURCHASE BASED ON AWARENESS



MAINTENANCE & REPAIR SERVICES CAN BE KEY TO CUSTOMER SATISFACTION

Over half of buyers had maintenance/repair service performed after purchasing or leasing a vehicle, but nearly half of those did not return to the dealership for those services. The top reason buyers cited for not returning to the dealer was because the dealership was inconveniently located. Scheduling difficulty, price and preferring a previously trusted provider were also top reasons that buyers did

not return. However, buyers who returned to the dealer for service had higher satisfaction with the dealership than those who did not. Significantly, less than half of New buyers and only one fourth of Used buyers are introduced to the service department at the time of purchase/lease; those who are introduced are more satisfied with their experience and more likely to return for service.

SERVICE SINCE PURCHASE/LEASE

HAVE HAD MAINTENANCE / REPAIR SINCE PURCHASE / LEASE



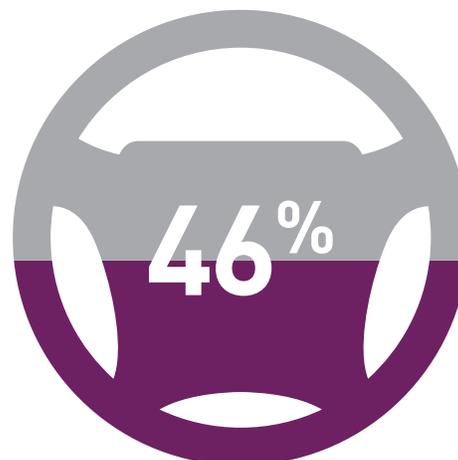
41%

New

57%

Used

DID NOT GO BACK TO THE DEALER WHERE PURCHASED / LEASED FOR SERVICE



23%

New

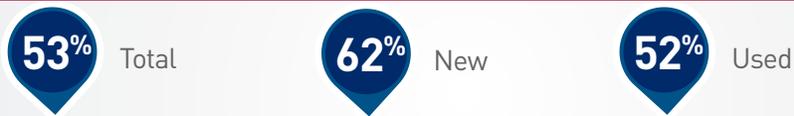
53%

Used

TOP REASONS FOR NOT GOING BACK TO DEALER WHERE PURCHASED / LEASED FOR MAINTENANCE & REPAIR

1

LOCATION / CONVENIENCE



2

SCHEDULING & TIME



3

PRICE



4

USED SAME PROVIDER FOR YEARS



Since fixed ops is one of the dealership's biggest profit centers, dealers should strive to optimize maintenance and repair operations by:

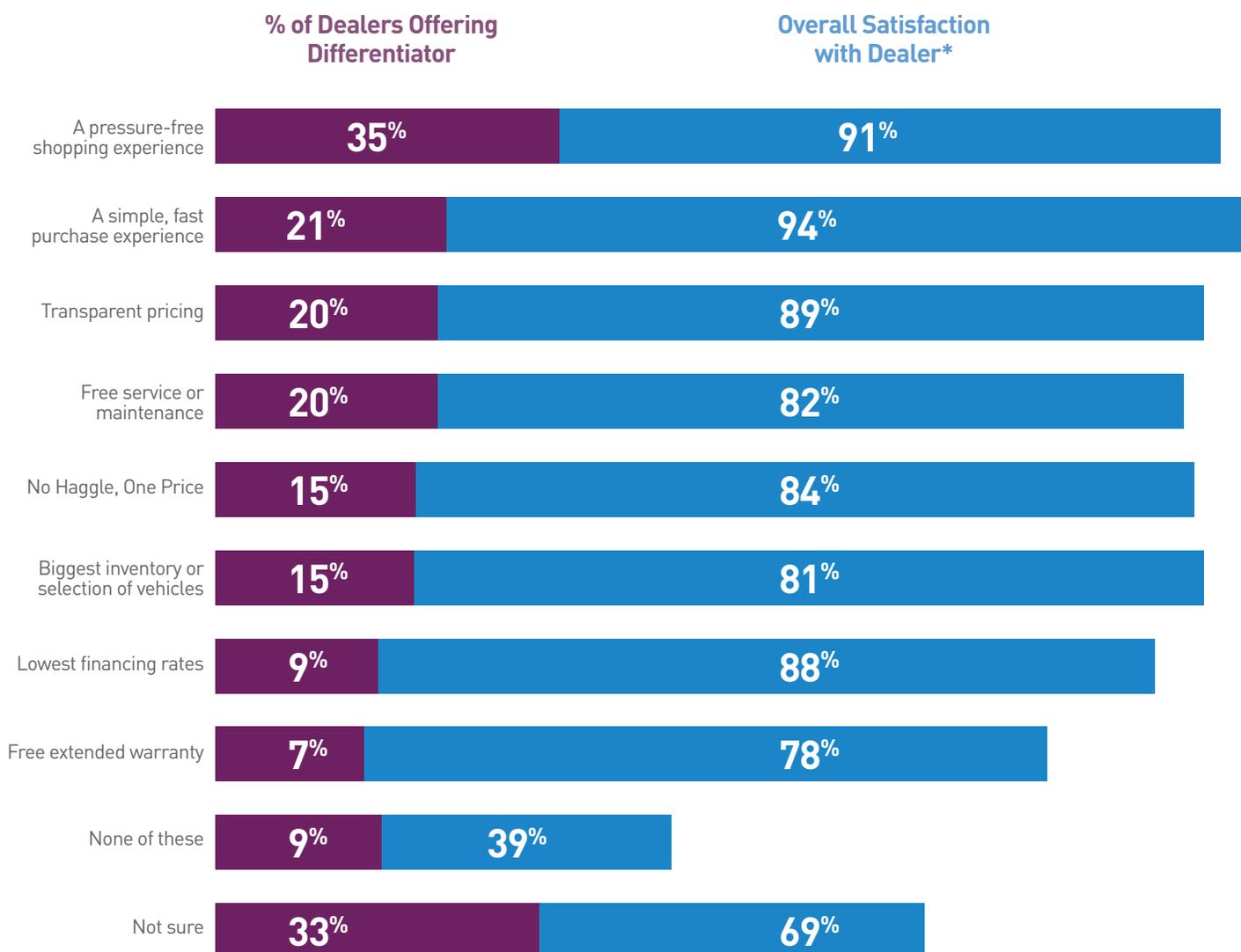
- Looking for ways to sell more extended warranties and service agreements, especially since warranties help transcend the distance barrier (service visits that occur more than 25 miles from the customer's home are twice as likely to be under warranty).*
- Implementing online scheduling and making customers aware that this convenience is available.

- Automating service reminders and recall notices to create customer awareness of critical vehicle maintenance/repairs while also building brand awareness for the dealership.
- Promoting competitive pricing and price match guarantees while focusing on advertising messages about high-quality service (e.g., OEM parts and certified technicians).
- Introducing buyers to the Service Advisor as part of the sales transaction and experience.

A FAST, NO-PRESSURE PROCESS, TRANSPARENT PRICING & LOW FINANCING RATES HAVE THE GREATEST IMPACT ON CUSTOMER SATISFACTION

Dealers are more likely to have higher overall satisfaction scores if they offer: a fast, simple, pressure-free shopping experience; transparent pricing; low financing rates; free service or maintenance; a “No Hagggle/One-Price” negotiation model; and a wide selection of inventory. These features should be stressed in advertising, CRM and as part of the sales process.

DEALER DIFFERENTIATOR IMPACT ON CUSTOMER SATISFACTION



*Percentage of buyers who gave the dealership an 8-10 rating on a scale of 1-10

ABOUT THIS STUDY

The 2017 Car Buyer Journey, commissioned by Cox Automotive through IHS Automotive, was conducted to gain an understanding of consumer car-shopping behavior and perception of the dealer experience. A total of 2,175 car buyers who purchased a vehicle within the 12 months prior to August 6, 2016 completed a survey.

IHS AUTOMOTIVE
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