

# Have Internet, Will Travel:

Research Shows Online Car Shoppers Travel Farther to Make Vehicle Purchase



Advancements in data collection and analysis shine new light on never-before seen information regarding the influence online research and shopping has on car buyers. Using proprietary technology and data as well as survey research, AutoTrader.com conducted a geo-distance analysis of 67,742 new and used car buyers to understand the relationship between the distance car buyers travel to a dealership to make a vehicle purchase and the tools they use during the car shopping process.

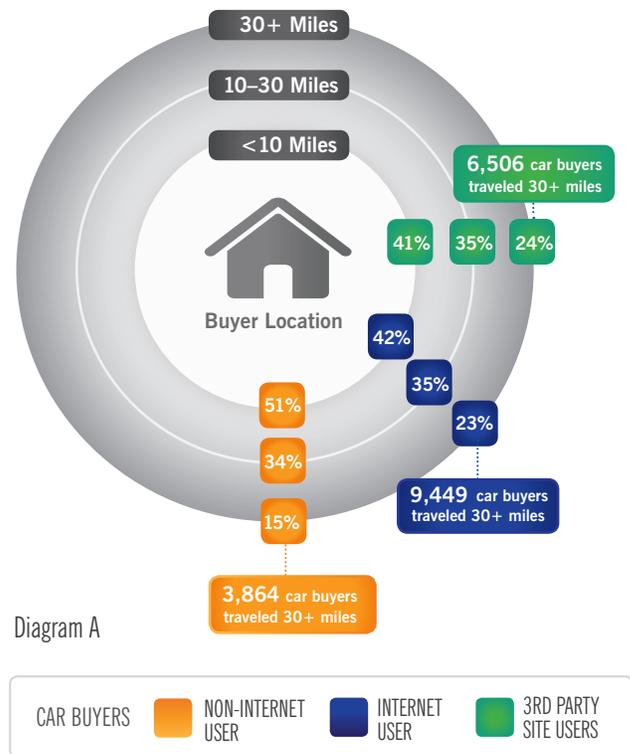
The findings reveal key insights about the reach and influence Internet usage has on car-buying behavior. This information is essential to informing dealer business decisions regarding effective advertising as well as in-store processes.

## Car Buyers that Use the Internet During the Research and Shopping Process Travel Farther to Make a Vehicle Purchase Versus Non-Internet Users.

While it is generally accepted and acknowledged among automotive marketers that the Internet provides extensive and unparalleled potential reach to in-market car shoppers, until now there previously has been no historical evidence to quantify the influence that online automotive advertising has on car buying behavior and the distance car buyers travel to complete a vehicle purchase. Consequently, dealers may adhere to long-held perceptions that their addressable audience is largely limited to a defined market area and therefore base advertising decisions on traditional, pre-Internet models.

In contrast, the research reveals that effective Internet advertising not only provides dealers with greater reach to car shoppers but can also successfully attract car buyers from outside their market. In fact, 9,449 new and used car buyers, or 23% of all car buyers who used the Internet, traveled more than 30 miles to a dealership to purchase a vehicle versus only 3,864 non-Internet users, or 15% (see Diagram A). **That's almost two and a half times more car buyers traveling distances of 30+ miles to purchase a vehicle when the Internet was used during the shopping process.**

In addition, two out of three car buyers who used the Internet also used third-party sites such as AutoTrader.com or Kelley Blue Book during the car shopping process. Among third-party site users, 6,506, or 24%, traveled distances greater than 30 miles to make a vehicle purchase. **That's 68% more car buyers traveling distances of 30+ miles when third-party sites were used versus car buyers who did not use the Internet at all.**



This diagram demonstrates the number of new and used car buyers that traveled certain distances from the locations where their car searches originated. Each ring around the home icon (Buyer Location) represents the number of miles traveled to a car dealership to complete a vehicle purchase.

**Two and a half times more car buyers traveled distances of 30+ miles to purchase a vehicle when the Internet was used during the shopping process.**

## Contributing Factors to Successfully Attracting Car Buyers

While these insights are groundbreaking regarding the far-reaching influence the Internet can have on car buyers, it is important to note the role effective merchandising plays in attracting both local and long-distance car buyers to a dealership. Dealerships' success in attracting car buyers varied widely relative to the merchandising applied to vehicle listings on third-party sites. **The most successful dealers at drawing car buyers both near and far also exhibited the highest level of vehicle merchandising in their online advertising.** Factors that contributed to merchandising effectiveness included:

- Multiple custom (not stock) photos of the actual vehicle for both new and used vehicles
- Seller's comments/vehicle description
- Video
- Dealership merchandising/value proposition

In fact, **30%** more new and used car buyers traveled 30+ miles to dealerships that used multiple custom vehicle photos (not stock) versus dealerships without multiple custom photos. Additionally, **26.4%** more car buyers traveled 30+ miles to dealerships that used comments versus dealerships without vehicle comments.

According to the survey portion of the research, there were also other contributing factors that attracted local and long-distance car buyers. When asked why they purchased their vehicles from a specific dealer, both new and used car buyers cited the following as the top three reasons:

- Desired vehicle in stock
- Competitive price
- Salesperson/service

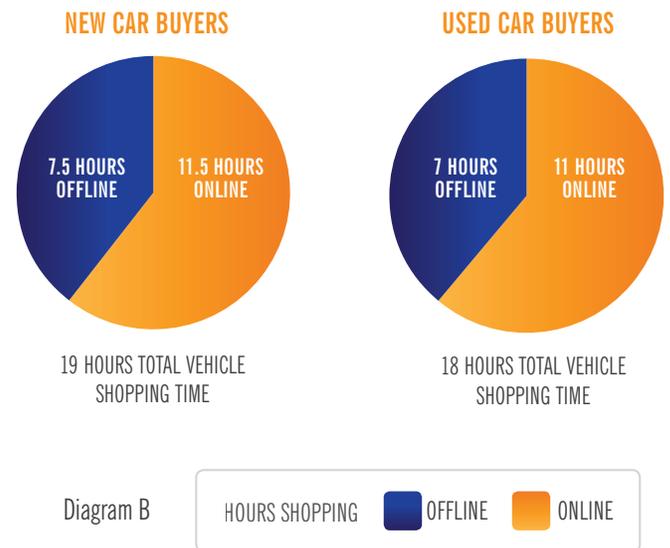
Not surprisingly, having the desired vehicle in stock was most important to used car buyers (**37%**) while the customer experience, or salesperson/service, was the top consideration among new car buyers (**31%**).

As a result, it's important for dealers to not only consider how well they merchandise their vehicle listings but also how well they merchandise their dealerships online. In addition, dealers should also look at the used inventory they stock to ensure it aligns with consumer demand. **Dealers can leverage provisioning tools as well as reporting from third-party automotive sites to understand what vehicles are being searched for most online.**

## Car Buyers Visit One to Two Dealerships Prior to Purchase

The ability for car buyers to conduct extensive vehicle and dealership research on the Internet while shopping for a vehicle may also reduce the number of dealerships they visit before making a final vehicle selection and purchase. In fact, **58% of car buyers only visited one or two dealerships before making a vehicle purchase.** Online access to comprehensive vehicle information including pricing, selection, professional and consumer reviews, vehicle options and features, gas mileage, safety ratings, and dealership consumer ratings may equate to fewer in-person dealership visits during the car shopping process. This is further indication that online shopping behavior influences offline buying activities.

It is also important to note the amount of time car buyers spend online versus offline during the shopping process. A separate study conducted by Polk last year found that new and used car buyers who use the Internet to shop for cars spend 60% of the shopping process online (see *Diagram B*).<sup>1</sup>



***The most successful dealers at drawing car buyers both near and far also exhibited the highest quality of vehicle merchandising in their online advertising.***

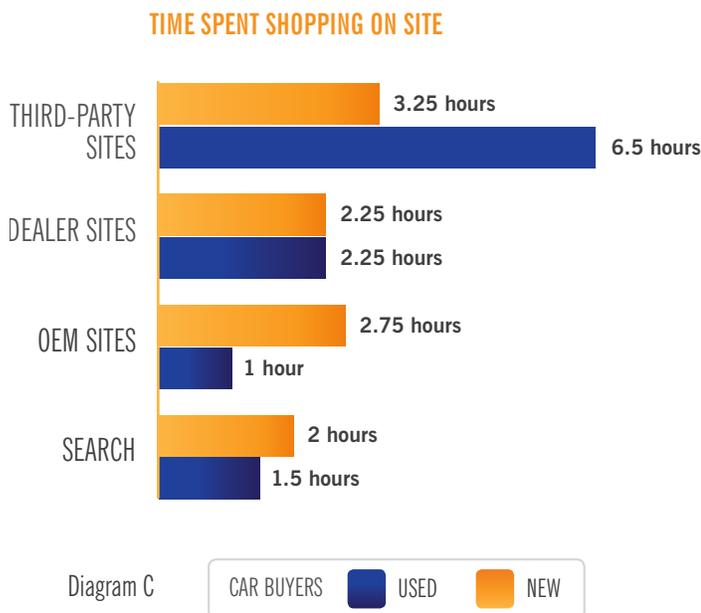
1. Source: 2011 Polk Automotive Buyer Influence Study

Furthermore, new and used car buyers spend the most time on third-party sites while shopping online according to the Polk study (see Diagram C).<sup>1</sup> This information is significant because it demonstrates where car buyers find the most value while shopping for a car and further supports the need for well-merchandised inventory and dealerships. As a result, dealers should consider using an inventory-based marketing strategy (i.e., a strong inventory presence) on third-party sites as well as their own dealership websites where shoppers can see what inventory is available as well as compare pricing.

- Dealers can wield greater influence on car shoppers by implementing effective online merchandising tactics, such as multiple custom (not stock) photos of the actual vehicle, vehicle comments, and walk-around videos that showcase the vehicle.
- Embracing tools and technologies to inform competitive pricing and inventory stocking strategies can align dealerships with consumer demand, thereby attracting more car buyers to their store.

## Methodology

AutoTrader.com commissioned KS&R, a third-party market research firm based in Syracuse, N.Y., to conduct post-purchase telephone surveys among car buyers that purchased a vehicle from an AutoTrader.com dealer customer between July 2011 and August 2012 to understand their usage of the Internet and third-party sites during the car shopping process. 35,077 new car buyers and 32,665 used car buyers were interviewed. Subsequently, KS&R conducted a geo-distance analysis by calculating the linear distance that the buyer traveled from their home to the dealership from which they purchased their vehicle. This methodology does not collect or use personally identifiable information (PII). The sample of new and used car buyers reflects vehicles purchased from dealerships representing a mix of manufacturers, independent and franchise dealership types, and luxury and non-luxury brands across the U.S.



## Conclusions

- Internet advertising provides greater reach to consumers and can attract car buyers from greater distances. Dealers can tap into this wider audience and grow their customer base by leveraging online resources and automotive shopping sites where car buyers spend the majority of their time shopping.
- Employing an inventory-based marketing strategy (i.e., a strong inventory presence) and maximizing exposure by positioning in-demand vehicle inventory online in front of as many in-market shoppers as possible may increase opportunities to be included in shoppers' consideration set.

***Dealers can wield greater influence on car shoppers by implementing effective online merchandising tactics.***

## About AutoTrader.com

Created in 1997, Atlanta-based AutoTrader.com is the Internet's ultimate automotive marketplace. As a leading resource for car shoppers and sellers, AutoTrader.com aggregates millions of new, used, and certified pre-owned cars from thousands of dealers and private sellers, and provides expert articles and reviews. AutoTrader.com, which also operates the AutoTraderClassics.com auto marketing brand, is wholly owned by AutoTrader Group. Additionally, AutoTrader Group owns Kelley Blue Book (kbb.com) as well as three other companies that provide a full suite of software tools that help dealers and manufacturers manage their inventory and advertising online: vAuto, HomeNet Automotive, and VinSolutions. AutoTrader Group is a majority-owned subsidiary of Cox Enterprises. Providence Equity Partners is a 25 percent owner of the company and Kleiner Perkins Caufield & Byers is also an investor.

## About KS&R

KS&R (Knowledge Systems & Research, Inc.) is a full-service, privately held market research firm based in Syracuse, New York. The firm's mission is to provide clients with rich market insights they can use to improve their business performance and deepen customer relationships. Founded in 1983, KS&R continues to experience consistent growth and now has offices in New York, Atlanta, Denver, Memphis, and Frankfurt, Germany. KS&R creates and executes global custom market research initiatives for some of the best-known corporations in the world in more than 100 countries and 50 languages. The company's diverse clients span industries including technology, telecommunications, transportation, healthcare/medical devices, and finance/insurance.

## About Polk

Polk is the premier provider of automotive information and marketing solutions. Polk collects and interprets global data, and provides extensive automotive business expertise to help customers understand their market position, identify trends, build brand loyalty, conquest new business, and gain a competitive advantage. Polk helps automotive manufacturers and dealers, automotive aftermarket companies, finance and insurance companies, advertising agencies, media companies, consulting organizations, government agencies, and market research firms make good business decisions. A privately held global firm, Polk is based in Southfield, MI, with operations in Australia, Canada, China, France, Germany, Japan, Spain, the United Kingdom, and the United States. For more information, please visit [www.polk.com](http://www.polk.com).

