WHAT YOU NEED TO KNOW

THE NEXT GENERATION CAR BUYER

Millennials

Millenials (born after 1980) are the 75-million strong Millennial generation, nearly as large as their Boomer parents. This group is so large that AutoTrader.com broke it into two sub-groups: Young Millennials (ages 16–24, 92% single) and Older Millennials (ages 25–32, 53% married). And as a total group, Millennials are the most diverse, most educated, the most socially conscious and the most tech-savvy group the world has ever known. As more and more Millennials hit their career stride, their shopping needs and preferences will drive the market and make-or-break car manufacturers.

Despite that Millennials are not ideal customers today – many carry college debt, and unemployment among them is currently high compared to other demographics – tomorrow, however, this generation is projected to be the wealthiest ever. They will wield a buying power that eclipses Boomers’ wallets by nearly a third ($3.4 trillion vs. $2.8 trillion). In the next 10 years, 40% of all new vehicles will be sold to Millennials, and they’ll be buying cars for the rest of the 21st century.

The Next Generation Car Buyer reveals Millennials’ relationship with automotive brands and their car-shopping process. More importantly, it provides implications for what manufacturers should be doing now to lay the foundation that will support the relationship between this important contingent of car buyers and automotive brands for decades to come.

ABOUT THE STUDY

AutoTrader.com conducted a study of Millennial car shoppers and car buyers to better understand how this generation shops for vehicles and how they perceive automotive brands. The study, Millennials: The Next Generation Car Buyer, is comprised of data from an online survey that was conducted from January 7 – 25, 2013, among 1,657 Millennials, 993 Gen Xers and 1,062 Baby Boomers, as well as information from various syndicated sources. The information included here reflects some of the key, top-line findings and their implications of this very large demographic whose impact on the automotive industry will be as significant as the Baby Boomer generation.

IMPLICATIONS

Millennials view their car as an extension of their personality, not an accomplishment. They use technology in everything they do and the next Theatre, Theatre “push” standard marketing may not be sufficient. Instead, consumer trends will need to be complemented technologically with “pull” marketing, such as experiential campaigns (“Experience the Brand”), social networking and0 in-car entertainment.

Manufacturers today want to speak to each generation on multiple levels. Millennials aren’t interested in an “ultimate” or “premium” car, they’re interested in value. They’re increasingly sophisticated, they’re more informed consumers. They’re not going to be fooled by hype, and they’re not afraid to do their homework.

Finally, a solid strategy is essential. While deeds are Millennials’ values, the means to achieve them are Millennials’ values.

METHODOLOGY

AutoTrader.com conducted a study of Millennials’ shopping and consumer behavior at the intersection of technology and the car buying experience. The study, Millennials: The Next Generation Car Buyer, is comprised of data from an online survey that was conducted from January 7 – 25, 2013, among 1,657 Millennials, 993 Gen Xers and 1,062 Baby Boomers, as well as information from various syndicated sources. The study was conducted to better understand how the Millennials’ generation shops for vehicles and how they perceive automotive brands.

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Despite Millennials’ car buying habits, manufacturers have continued to cater to the Baby Boomer generation. The group is growing, but the Millennials’ generation is not. Millennials’ purchases represent 15% of all new car sales, while Baby Boomers represent 45%. This means every manufacturer is at risk of losing the next generation of car buyers.

What’s fascinating about Millennials is that they are consumers of the digital age. They buy and research cars electronically before ever visiting a dealership. They research their car-buying process on the Internet, and they typically compare different options before making a purchase decision. They’re also more price-sensitive and value-driven than previous generations. As a result, manufacturers need to rethink how they handle the Millennials’ generation.

Manufacturers also need to ensure a strong brand presence across multiple sites. Millennials are not impulse buyers and typically rely on numerous sources. Since referrals play such an important role in the Millennials’ purchasing decisions, manufacturers need to ensure their current customers also become satisfied, loyal customers of the manufacturer.

Finally, a mobile strategy is essential. Millennials use technology in everything they do. And because of this, manufacturers need to ensure they have a mobile strategy in place.

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Millenials haven’t even begun to hit their stride in terms of economic influence, but their influence with technology usage has turned the car-buying process upside down and will continue to do so. Manufacturers and marketers need to plan now for this next generation of car buyers by investing in brand-building for the future – understanding what brands appeal to Millennials, why those brands are appealing, and what brands will need to do to earn their loyalty so appropriate and adequate investments can be made.

Millenials view their car as an extension of their personality and accomplishments. They are extremely conscious and will look for the latest and greatest features to set them apart. In order to succeed, these brands need to complement traditional advertising with social media campaigns. "Experience the Brand" can also make it easier to understand personalized features that are available and personalize the shopping experience.

Manufacturers also need to leverage additional purchases as well. Millennials and Gen Xers spend significantly more on insurance, maintenance, and service charges than Boomers. This makes it even more important to offer attractive and practical features that can make cars much more affordable and provide a satisfying user experience.

Manufacturers also need to ensure a strong brand presence across multiple sites. Millennials are not impulse buyers and typically rely on numerous sources. Since referrals play such an important role, it is necessary to provide a seamless and consistent experience across all platforms.

Finally, a mobile strategy is essential. Millennials are on their phones and mobile devices are part of their daily lives. It is essential to make sure that manufacturers are present and accessible on mobile devices to connect with Millennials and build loyalty.

Millenials: The Next Generation Car Buyer is comprised of data from an online survey that was conducted from January 7 – 25, 2013, among 1,657 Millennials, 993 Gen Xers and 1,062 Baby Boomers, as well as information from various syndicated sources. The information included here reflects some of the key, top line findings and their implications of this very large demographic whose impact on the automotive industry will be as significant as the Baby Boomer generation.

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MILLENNIAL TRAITS

51% Think their personal economic
42% Think they will be better off
despite coming of age in the Great Recession
5
MILLENNIAL TRAITS

32% Like to impress people

DEEPLY TRUST THE EXPERIENCE OF OTHERS

80% Texted in the past 24 hours

TECH-SAVVY & HYPER-CONNECTED

46% Reply on word-of-mouth (WOM) when

BRANDS & BUILDING CONNECTIONS

Manufacturers approach the research process differently. Today’s Millennials are more likely to choose a car that represents their personality and lifestyle through features like Bluetooth. Millennials are the only generation with an import as the top brand considered, yet they are equally as likely to consider domestic and import brands.9

HOW MILLENNIALS RESEARCH & SHOP FOR A CAR

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CARS ARE IMPORTANT TO MILLENNIALS

86% of Millennials see a car as an aspect of their Millennial identity

67%

30% do not believe personal

19% think cars are a status symbol

36%

58% think cars are an investment

57%

49% think cars are an essential

13%

27%

50%

63%

46%

51%

48%

52%
51% Think their personal economic situation will be better in a year.

80% Texted in the past 24 hours

46% Reply on word-of-mouth (WOM) when making purchases

40% Show off their taste & style

Top 5 Desired Features When Shopping for a Car

1. Navigation system
2. Satellite radio
3. Bluetooth
4. MP3 player
5. Mobile integration

CARS ARE IMPORTANT TO MILLENNIALS

Today, Millennials are putting down roots and considering whether to buy their first home, have children, or start a business. However, in the midst of these major life events, they’re still thinking about their future personal economic situation, which is why they’re looking for a car that will suit their needs for years to come.

TOP 5 DESIRED FEATURES WHEN SHOPPING FOR A CAR

Millennials are using mobile-based research to narrow their list of possible vehicles to a few that meet their needs. They are critically important to them. For example, more than 70% of Younger Millennials cite "technical proficiency" as "very important" when making a car decision, while 70% of Millennials say they want"a vehicle that fits my personality." 

BRANDS & BUILDING CONNECTIONS

Manufacturers that offer these features at a price Millennials can afford may very well attract this generation. However, they are more dissatisfied with their current car and less likely to stay loyal to a brand. What differentiates Millennials from other generations, too, is their use of referrals and their influence on each other regarding purchase decisions. This influence is critically important to Millennials because they are more likely to become aware of their vehicle choice through friends or seeing cars on the road. Millennials are also more likely to purchase a vehicle based on referrals than previous generations (28% of Millennials vs. 20% of Xers or Baby Boomers).

HOW MILLENNIALS RESEARCH & SHOP FOR A CAR

Millenials approach the research process critically. According to the 2013 Polk Automotive Buyer Influence Study, 79% identify research as the most important step in their vehicle purchase, but only 8% identify the purchase itself as the most important step. Millennials use a varied list of sources, and they’re more likely to use mobile devices when researching a vehicle. Despite their preference for technology (social media, blogs & text messaging), Millennials still like to visit dealerships to see vehicles in person before making a purchase.

INTERNET USAGE

17% of Millennials use their device more than 17 hours per week.

INTERNET SOURCES

43% Say the internet is very or extremely important

INTERNET SEARCH

53% Say they will search online for a car

INTENT TO BUY

76% Say they are seriously considering buying a car

BRAND CONSIDERATION

Top 3 Most-Familiar Brands

1. Toyota
2. Ford
3. Honda

BRAND FAMILIARITY *

34% Say they are familiar with domestic brands

34% Say they are familiar with import brands

33% Say they are familiar with luxury brands

31% Say they are familiar with non-luxury domestic brands

30% Say they are familiar with non-luxury import brands

28% Say they are familiar with non-luxury luxury brands

"Brands with "familiarity" below 22% not shown"
Today, Millennials are more likely to own a car than their predecessors. In fact, Millennials are more likely to drive than any other generation. While many older generations are downsizing, Millennials are sticking to their personal preferences in the area of transportation, living in denser cities, and relying on their personal transportation to go get things done. However, Millennials are still buying cars, but that isn’t the way they planned. They simply aren’t buying cars right now. Why? The answer is because Millennials are more focused on non-essential purchases or ones that are not perceived as priorities. This is an area where car manufacturers and dealerships need to pay attention. Millennials are more focused on more essential purchases, such as food and housing. Millennials are more focused on their lifestyle and what is important to them. However, when it comes to purchasing a car, Millennials are more focused on the features and what they can realistically afford. It also levels the playing field for every brand.

Millennials, especially Younger Millennials, are more focused on connections and technology. They are more focused on being connected and what they can realistically afford. When it comes to purchasing a car, Millennials are more focused on the features and what they can realistically afford. It also levels the playing field for every brand.

CARS ARE IMPORTANT TO MILLENNIALS

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TOP 5 DESIRED FEATURES WHEN SHOPPING FOR A CAR

1. Navigation system
2. Satellite radio
3. Bluetooth
4. Bluetooth
5. Mobile integration

BRANDS & BUILDING CONNECTIONS

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HOW MILLENNIALS RESEARCH & SHOP FOR A CAR

Millennials approach the research process critically. Technology and infotainment features are “must-haves” when purchasing a car. Notably, Millennials are just as brand-loyal in general as other generations. However, they are more focused on connections and technology. They are more focused on being connected and what they can realistically afford. When it comes to purchasing a car, Millennials are more focused on the features and what they can realistically afford. It also levels the playing field for every brand.

INTERNET USAGE

Source: 2013 Polk Automotive Buyer Influence Study
**MILLENIAL TRAITS**

51% Think their personal economic situation currently is or will be better than their parents

42% Think they will be better off than their parents

46% Reply on word-of-mouth (WOM) when searching for a job or place to live

50% Enjoy being social

49% Read customer reviews frequently

45% Prefer to spend more than the previous generation

43% blkact as a team

41% Show off their taste

37% Have more in common with their peers

36% Have a positive outlook on the future

35% Think their personal economic situation currently is or will be better than their parents

34% Think they will be better off than their parents

33% Are more likely to buy a car for fun

32% Are more likely to talk to their friends and family before making a purchase

30% Are more likely to buy a car because of their current economic situation and not for lack of interest

**CARS ARE IMPORTANT TO MILLENNIALS**

Today Millennials are the most likely of any age cohort to value cars, and they place a higher level of responsibility on their long-term decision-making process.

**BRANDS & BUILDING CONNECTIONS**

Millennials approach the process across multiple disciplines. The search for a “familiar” brand is even more pronounced today, with young drivers now being more likely to rely on trusted friends for referrals and their influence on each other regarding purchase decisions. Millennials are more likely to become aware of their vehicle choice through friends and family, because of their current economic situation and not for lack of interest.

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Millenials Born after 1980, the 75-million strong Millennial generation is nearly as large as their Boomer parents. This group is so large that AutoTrader.com broke it into two sub-groups: Young Millennials (ages 16–24, 92% single) and Older Millennials (ages 25–32, 53% married). And as a total group, Millennials are the most diverse, most educated, most socially conscious and most tech-savvy group the world has ever known. As more and more hit their career stride, their shopping needs and preferences will drive the market and make-or-break car manufacturers.

Despite that Millennials are not ideal customers today – many carry college debt, and unemployment among them is currently high compared to other demographics – tomorrow, however, this generation is projected to be the wealthiest ever. They will wield a buying power that eclipses Boomers’ wallets by nearly a third ($3.4 trillion vs. $2.8 trillion). In the next 10 years, 40% of all new vehicles will be sold to Millennials, and they’ll be buying cars for the rest of the 21st century. The Next Generation Car Buyer reveals Millennials’ relationship with automotive brands and their car-shopping process. More importantly, it provides implications for what manufacturers should be doing now to lay the foundation that will support the relationship between this important contingent of car buyers and automotive brands for decades to come.

METHODOLOGY

AutoTrader.com conducted the Millennials shopper and consumer behavior analysis to understand the relationship of the three generations at the heart of automotive consumers. The study, Millennials: The Next Generation Car Buyer, comprised of a full-scale online survey, focus-group sessions, in-home interviews, and a mobile app.

IMPLICATIONS

Millenials haven’t even begun to hit their stride in terms of economic influence, but their influence with technology usage has turned the car-buying process upside down and will continue to do so. Manufacturers and marketers need to plan now for this next generation of car buyers by investing in brand-building for the future – understanding what brands appeal to Millennials, why those brands are appealing, and what brands will need to do to earn their loyalty so appropriate and adequate investments can be made.

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Manufacturers also need to ensure a strong brand presence across multiple sites. Millennials are not impulse buyers and typically rely on numerous sources to make buying decisions. Since referrals play such an important role, there is enormous opportunity to leverage other satisfied customers to better connect with Millennials and build brand loyalty.

Finally, a mobile strategy is essential. Millennials are Millennials: Millennials can’t do anything today without their mobile devices.

ABOUT THE STUDY

AutoTrader.com conducted a study of Millennial car shoppers and car buyers to better understand how this generation shops for vehicles and how they perceive automotive brands. The study, Millennials: The Next Generation Car Buyer, is comprised of data from an online survey that was conducted from January 7 – 25, 2013, among 1,657 Millennials, 993 Gen Xers and 1,062 Baby Boomers, as well as information from various syndicated sources. The information included here reflects some of the key, top-line findings and their implications of this very large demographic whose impact on the automotive industry will be as significant as the Baby Boomer generation.

METHODOLOGY


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13_Q3_02 - Millennials _Brochure_Phase2
Millennials, born after 1980, are the largest generational group in America. They are nearly as large as their Boomer parents and as a total group, Millennials are the most diverse, most educated, most socially conscious and most tech-savvy group the world has ever known. As more and more hit their career stride, their shopping needs and preferences will drive the market and make-or-break car manufacturers.

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Millennials view their car as an extension of their unique personality and their accomplishments. They want to personally connect with the brands they own. Therefore, traditional “push” models of advertising may not be as effective. Instead, manufacturers will need to complement traditional advertising with “pull” marketing, such as experiential campaigns (“Experience the Brand”), social networking and the like, to build excitement and enthusiasm for brands.

Manufacturers also need to ensure a strong brand presence across multiple sites. Millennials are more likely to research online for hours than to visit a dealer, and are more likely to base their purchase decision on their research. The website is the first interaction Millennials have with a dealership, and it is crucial that it is up-to-date and user-friendly.

Finally, mobile is a key strategy for Millennials. Millennials carry mobile phones with them everywhere, using them for virtually everything they do. Mobile devices are Millennials’ lifeblood, carrying over into virtually everything they do.

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METHODOLOGY

5. Source: Millennial Values Survey, (Public Religion Research Institute & Georgetown University), 2012
8. Source: 2013 Polk Automotive Buyer Influence Study

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