

4 TRUTHS OF “CONNECTED” RETAIL

HOW TO MEET CONSUMER DEMAND FOR A CONVENIENT, CONSULTATIVE SALES PROCESS THAT SEAMLESSLY CONNECTS ONLINE & OFFLINE CAR-BUYING OPTIONS.



DEALER.COM



Kelley Blue Book

TRUTH #1



YOUR CUSTOMERS WANT TO START THEIR BUYING PROCESS ONLINE NOW

As part of the Cox Automotive *Future of Digital Retail Study*, 2,550 car shoppers described the steps in their ideal car-buying process.

On average, these steps are:



1 *Get Information About the Deal*



2 *Understand and Secure Financing*



3 *Structure the Deal*



4 *Complete Transaction*

While these steps may seem like a logical progression, it is important to note that they do not necessarily reflect today's typical car-buying process. The initial research phase, for example, extends beyond car shopping and encompasses activities—such as learning about warranties and add-ons and getting a trade-in offer—that often and more traditionally occur later in the process.



83% want to do one or more steps of the purchase process online.

7 in 10 consumers are more likely to buy from a dealership if they could start the process online.





90% of consumers preferred a unique, personalized car-buying journey.

And while these steps represent an “average” path to purchase, 2 in 3 consumers don’t want to be forced to follow a prescribed sales process. In fact, 90% of surveyed consumers preferred a unique car-buying journey that allows them to shop and buy in a very personalized way.

However, most car buyers have one thing in common: Their preferred path to purchase includes being able to perform key car-buying steps online. Nearly 6 in 10 want to perform purchase activities digitally while at the dealership, and **8 in 10 would prefer to complete at least one of the purchase steps online away from the dealership.**

PREFERRED CAR-BUYING EXPERIENCE

57% want to perform purchase activities digitally while at the dealership.

83% want to do one or more steps of the purchase process online.

Significantly, of the 83% of consumers who prefer to complete at least one purchase activity online away from the dealership, 71% want to research incentives, add-ons and trade-in; 51% want to structure the deal, which includes things like agreeing on a price, selecting add-ons, and making a deposit; and 43% want to apply for financing/get pre-qualified away from the dealership. Shoppers want to do these things in their own way, at their own time, in their own order. Therefore, **dealers can meet consumer demand by providing the ability to complete the initial steps of the car-buying process online.**

WHAT SHOPPERS* PREFER TO DO “ONLINE AWAY FROM DEALERSHIP”

71% get information about the deal

Find info on incentives, trade-in value, info on add-ons, trade-in offer

43% understand and secure financing

Apply for financing, notified of financing qualification

51% structure the deal

Select add-ons, four square, make a deposit, finalize price

Consumer preference for completing the initial steps of the car-buying process online is largely driven by a desire to reduce the time it takes to make the deal. **In fact, the amount of time spent completing a car purchase is the #1 area of customer dissatisfaction.**¹ Less than half of car-buyers said they were satisfied with the length of the process, and satisfaction with time spent continues to decrease, dropping nine percentage points over the last two years.¹

This is especially significant since time spent at the dealership is strongly related to overall satisfaction with the dealership. Unfortunately, the average buyer spends just over three hours at the dealership, with 50% of that time dedicated to trade-in appraisal, negotiating deal terms, finalizing financing and evaluating and purchasing add-ons.¹

Dealers should therefore provide car-buyers with the ability to complete as many portions of these purchase steps online as possible as a way to reduce the amount of time customers spend completing in-store car-buying activities. In addition to enhancing customer satisfaction, the resulting improvement in process efficiency can help reduce costs, increase closing rate, and boost repeat and referral business.



46% of consumers say they are satisfied with the length of the car buying process, down from 55% in 2016.¹

*Percentage of the 83% of surveyed consumers who prefer to complete at least one purchase activity online away from the dealership.

TRUTH #2



YOUR DEALERSHIP IS ESSENTIAL TO COMPLETING THE SALE

Car buyers want to finalize their purchase in-store:
89% of consumers said they wanted to sign final documents
at the dealership.

Importantly, among the 89% who want to sign final documents in-person, 1 in 4
want to review the paperwork electronically before coming into the dealership to
sign. **Dealers can offer a better experience by giving consumers the option
to start car-buying activities online and finish them at the dealership.**

Signing documents at the dealership is important to many car buyers primarily
because they are not yet ready to trust a completely online process for such a
large purchase. During the final stage of the sales process, in-person interaction
helps consumers feel that questions are answered, document accuracy and
security are verified, and someone can be held accountable.



11% want to review
and sign online.

25% want to review
online and sign
in-person.

64% want to review
and sign
in-person.

89% of consumers said they
wanted to sign final
documents at the dealership.

*Completing the purchase
in-person is important to
most buyers.*



TRUTH #3



DEALERSHIP STAFF ARE VALUABLE CONSULTANTS

Car buyers want to visit the dealership to learn about their vehicle: **8 in 10 would never purchase a vehicle without a physical test drive** and 7 in 10 would never purchase a car without seeing it in-person, even if a condition report was provided.

The in-store learning experience is so important that the majority of car buyers want to spend less time on the deal and more time learning about the vehicle while at the dealership. **In fact, most car buyers would prefer to reallocate time spent on the deal-making process and use it for the test drive and vehicle delivery.**¹

Dealers can cater to this preference by providing car buyers with online deal-making options: **Consumers who completed at least some deal-related activities online saved an average of 30 minutes** compared to those who completed the entire deal in-person.¹



80% of consumers would never purchase without a test drive.

Consumers want to spend more time learning about the vehicle—and less time on the deal—while at the dealership.






Consumers want dealer staff to act as consultants who listen to their needs in a low-pressure environment.

When asked how they would spend that time saved, 6 in 10 said they would use it to focus more on learning about the vehicle. That means consumers who use online deal-making options do not necessarily want to spend less total time in the dealership. **Rather, they want to spend more time learning about the vehicle—and less time on the deal—while at the dealership.**

Likewise, offering online purchase options does not reduce the importance of learning from dealership staff: **6 in 10 consumers would still want help from dealership staff even if they could purchase online.** And car buyers prefer staff who are “product specialists”. Consumers not only want dealership staff to be highly knowledgeable about the product (e.g., vehicle specs, features, technology, models, and trim levels), they also want them to act as consultants who listen to their needs in a low-pressure environment.



Consumers who completed some deal-related activities online saved an average of 30 minutes¹ and 60% said they would use that time saved to learn more about the vehicle.





STAFF NEEDS TO BE PRODUCT SPECIALISTS AS WELL AS CONSULTANTS

Top skills needed in a product specialist:

» PRODUCT SPECIALIST SKILLS

Detailed knowledge of vehicle specs	45%
Explain features/technology	36%
Explain different trims/models	35%
Knowledge of competitive vehicles	32%
Teach how to use technology	23%

» CONSULTANT SKILLS

Low sales pressure	36%
Listen to my needs	31%

TRUTH #4



DEALERS GAIN A COMPETITIVE EDGE BY OFFERING ONLINE STEPS TO THE SALE

Consumers prefer to buy from dealers who offer online car-buying options: nearly **9 in 10 are more likely to buy from a dealership that offers at least one component of digital retailing.**

Giving consumers the option to complete just a few of the initial car-buying steps online is likely to create a competitive advantage: 7 in 10 consumers would consider buying a car more often if they could start the process online.

Digital tools also help create a competitive advantage when it comes to fixed ops. Over half of consumers said they would be more likely to service their vehicle at a dealership that offered “online scheduling for service” and “online cost estimates.” Updates on service and repair via text message or mobile app is particularly appealing to Gen Z consumers.



85% of shoppers are more likely to buy from a dealership that offers at least one component of digital retailing.

71% would consider buying a car more often if they could start or complete nearly all the purchase online.

Online tools also increase likelihood of service and repair business.



56% of car owners are more likely to service their vehicle at a dealership that offers online service appointment scheduling.

55% of car owners are more likely to service their vehicle at a dealership that provides online estimates of service costs.

IMPLICATIONS

- » One set car-buying process does not meet the needs of all consumers.
- » Consumers want to start the car-buying process online and finish it at the dealership.
- » As more purchase steps move online, the in-store experience will become more focused on learning about the vehicle and cultivating a relationship between the consumer and dealership staff.
- » Consumers want a transparent, self-directed, personalized, no-pressure shopping experience measured in minutes, not hours.

WHAT DEALERS CAN DO

- » Differentiate by providing a “connected” retail experience that seamlessly integrates online and offline car-buying options.
- » Provide car-buyers with digital retailing tools for conducting research, securing financing and structuring the deal, both online away from the dealership and in-store.
- » Give consumers the ability to start car-buying activities online and finish them at the dealership.
- » Enable consumers to take as many steps online as they like.
- » Ensure that dealership staff are trained as “product specialists” who are highly knowledgeable about vehicle specs, features, technology, models, trim levels, etc., and act as consultants who listen to consumer needs in a low-pressure environment.
- » Create digital sales specialists to effectively facilitate deals online.
- » Plan ahead to meet future consumer demand for the ability to complete the entire car-buying process online.





ABOUT THIS STUDY

From July 28 to August 7, 2017, 2,550 demographically diverse shoppers were interviewed as part of the Cox Automotive Future of Digital Retail Study.

Study participants were:

- » Planning to purchase a vehicle within the next 12 months
- » Primary or shared decision-makers
- » Involved in at least half of the vehicle research
- » Looking to purchase/lease from a dealership, not a private seller

¹ 2018 Cox Automotive Car Buyer Journey Study

ABOUT COX AUTOMOTIVE

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