



Cox AUTOMOTIVE™

OCTOBER 2023

2023 Digitalization of End-to-End Retail Study



The Power of One | Cox Automotive

Study Background & Methodology

OBJECTIVE

Cox Automotive conducted research to understand how dealers, shoppers and buyers continue to be impacted by digitization.

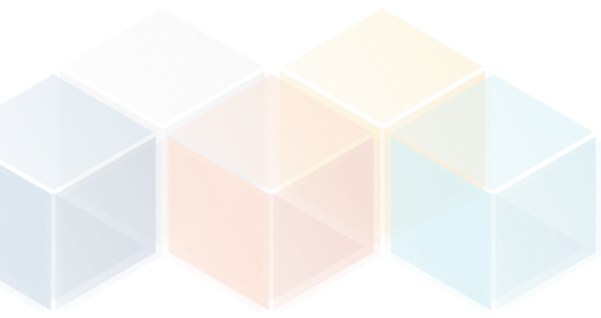
2023

RESPONDENTS SURVEYED

1,650
Shoppers

393
Franchise
Dealers

2,963
Buyers



5 Key Takeaways

1

Satisfaction with digital retailing solutions remains high, as **personal connections with the customer** emerges as a benefit.

2

Shoppers are willing to provide information needed for a **more customized experience**.

3

Deal continuity is an area of growth and is impacted by data **inaccuracies and repetition**, which can lead to **inefficiencies and dissatisfaction**.

4

Building shopper confidence in-store without repeating the process, along with **providing price and inventory transparency** can help **narrow the trust gap and increase satisfaction**.

5

A **hybrid digital approach** is desirable to manage the deal process, meet shoppers where they are and streamline the sales process in the store.



Section 1:

Digital retailing continues to drive efficiency, but now becomes a tool for **strengthening personal connections.**



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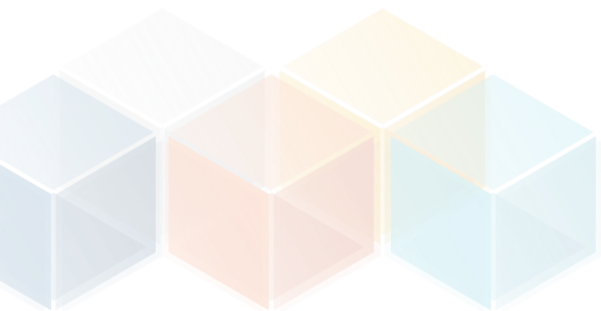
Nearly all dealers say their business is positively impacted by digital retailing, especially their customer's experience and satisfaction

2023

DIGITAL RETAILING...

90%

of dealers said digital retailing positively impacted at least one area of their business



Top Business Areas Positively Impacted by DR

% Very/Somewhat Positive

Customer satisfaction/experience*	79%
Customer relationships	76% ↑
Ease of completing the deal	76% ↑
Time spent on the deal	76%
Workflow for employees*	72%
Staff efficiency	71% ↑
Number of vehicles sold	66%
Employee satisfaction*	66%
Close rates*	65%
F&I profit	61% ↑

* Added in 2023

Source: Cox Automotive 2023 Digitization of End-to-End Retail // Arrows = statistically significant compared to previous wave.



...deepening connections with shoppers is emerging as a win for digital

2023

OTHER BENEFITS of Digital Retailing for Dealers

- ✓ Improves the customer experience

59%

(54%, 2022)

- ✓ Creates a more personal connection with shoppers

43% ↑

(25%, 2022)

ONLY BARRIER to show significant decline this year for Dealers

Lack of personal connection with customers

26% ↓

(40%, 2022)

Source: Cox Automotive 2023 Digitization of End-to-End Retail
Arrows = statistically significant compared to previous wave.



Shoppers are willing to provide access to information that enable an ideal experience

TOP INFORMATION DEALERS WANT ACCESS TO

- 70%** Income and credit score
- 60%** Emails, texts or messages
- 59%** Previous purchase history
- 49%** Vehicle usage data
- 45%** Online search history



TOP INFORMATION SHOPPERS ARE COMFORTABLE SHARING WITH DEALER

- 74%** **Personal Data**
(income and credit score, emails, texts or messages, hobbies and interests so dealers can tailor messages and inventory, GPS locations)
- 52%** **Vehicle Data**
(vehicle usage data, previous purchase/lease history)
- 29%** **Online/Social Media Data**
(Online search history, social media activity)

TOP BENEFIT FOR SHOPPERS

**Saves
Time**

**Helps Dealers
Make Relevant
Recommendations**



Buyers who submit more detailed information online are more satisfied with their shopping journey

SUBMITTED A LEAD ONLINE

9% submitted a basic lead

51% submitted an enhanced lead

60%

Submitted a **BASIC**
lead online (A)

Submitted an **ENHANCED**
lead online (B)

Satisfaction with the
dealership of purchase

67%

77%^A

The experience was
better this time

27%

48%^A

Letters indicate significant difference between groups
at the 95% confidence interval



Section 2:

Easing the challenges limiting deal continuity can help build **shopper confidence.**



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While personalization is optimizing the digital car buying experience, maintaining consistency across channels is an area of growth

2023

% Somewhat/Strongly Agree

Digital retailing...

SHOPPERS

80%



Allows shoppers to **seamlessly** continue in-person where they left off online
(83% in 2022, 84% in 2020)

DEALERS

72%



Allows a **seamless** experience where shoppers can pick up where they left off
(79% in 2022, 79% in 2020)

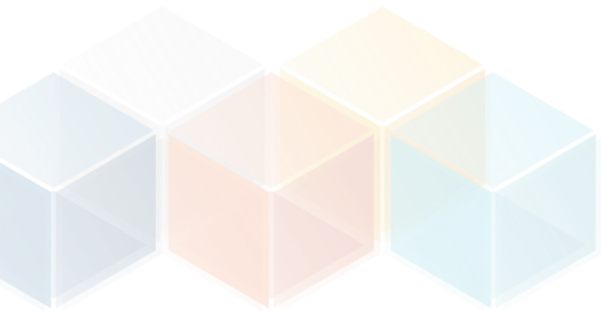


Almost all dealers say customers repeat steps in-store

2023

97%

of dealers said that customers
complete steps online and
repeat them in-store



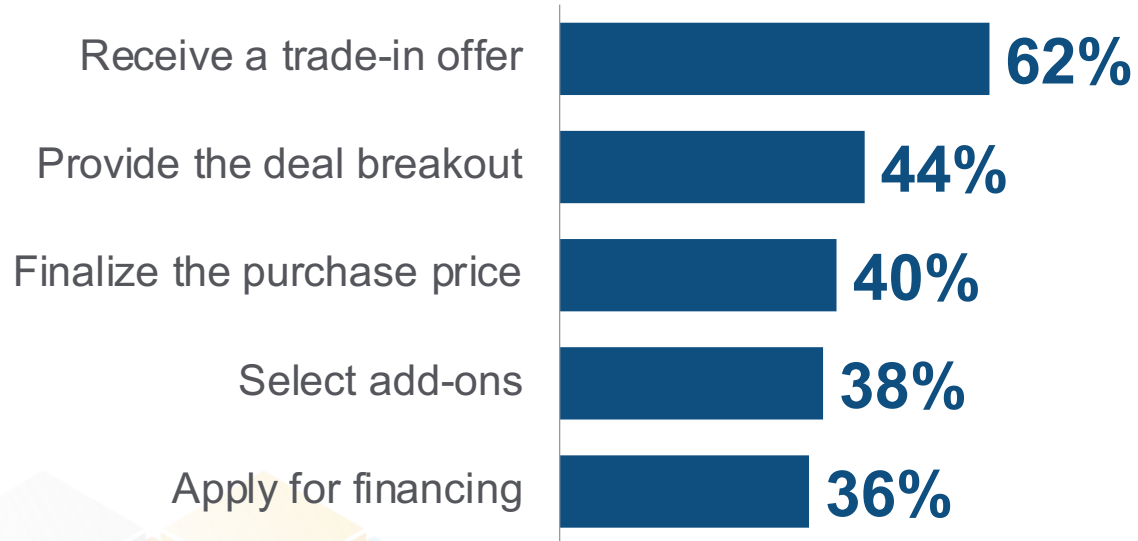
*Source: Cox Automotive 2023 Digitization of
End-to-End Retail*



Repetition at these specific parts of the deal can hinder benefits of digital retailing

2023*Among dealers who reported that customers repeated steps*

Most Frequently Repeated Steps



Impact of Repeating Steps In-Store

	Total
Adds time to the sale	54%
Decreases customer satisfaction	46%
Decreases employee satisfaction	26%

Shoppers prefer to simply review information at the dealership for reassurance instead of unnecessarily repeating the process

2023

In-store Shopper Preferences After Starting Process Online

37%

Pick up with a dealer right where I left off online, without having to review information I already submitted

Most likely to be...

- A non-luxury shopper
- Someone that says doing steps online makes them feel more confident with their decision

49%

Review the information I've already submitted online with a dealer before moving forward

Most likely to be...

- A non-luxury shopper

14%

Start the process over at the beginning with the dealer

Most likely to be...

- A Millennial
- Someone with a high credit score
- A luxury shopper
- A “light digital” shopper

Source: Cox Automotive 2023 Digitization of End-to-End Retail



Most dealers share customer-centric focus on streamlining in-store sales processes

2023

In-store Priority

70%

of dealers agree that creating efficiencies in-store for the shopper is **most** important.

(vs. making the *online* experience easier for the shopper)



Over half of dealers are already planning to make changes to enable a more seamless process

Enhance Digital Workflow Tools

Implement technology to improve end-to-end customer experience by synching shopper data to the deal

69% Likely to change

12% Already done

Shopper Experience

Establish/adjust in-store processes to align with a digital environment, implement tools to enable a digital sale

53% Likely to change

14% Already done

Performance & Strategy Optimization

Identification, monitoring and refinement of key metrics to assess and improve performance of both online and in-store deals

56% Likely to change

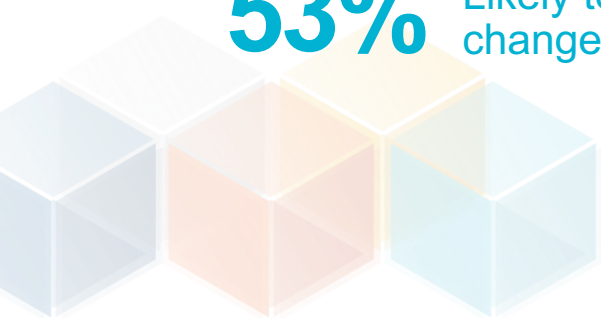
11% Already done

Sales Process

Salesperson completes more of the deal upfront (including F&I), exposing customers to add-on products earlier in the process

50% Likely to change

12% Already done



Section 3:

A **hybrid digital approach** in-store can mitigate barriers to online.



Only 1-in-4 dealers acknowledge their digital solutions offer a congruent experience online and in-store.

2023

% Strongly Agree

23%

of dealers say their current digital retailing solution offers an experience that is the same online as it is in-store for their customers

23%

of dealers say their customers can get the same information they need online and in-store



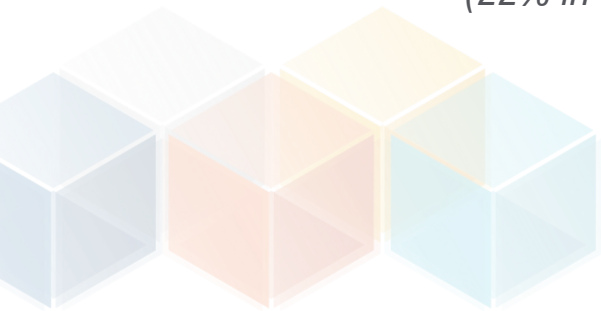
The lack of consistency drives shoppers to go into the dealership...

2023

#1 Shopper Barrier for Online

27%↑

prefer to work directly with dealership staff to answer any questions they may have
(22% in 2022)



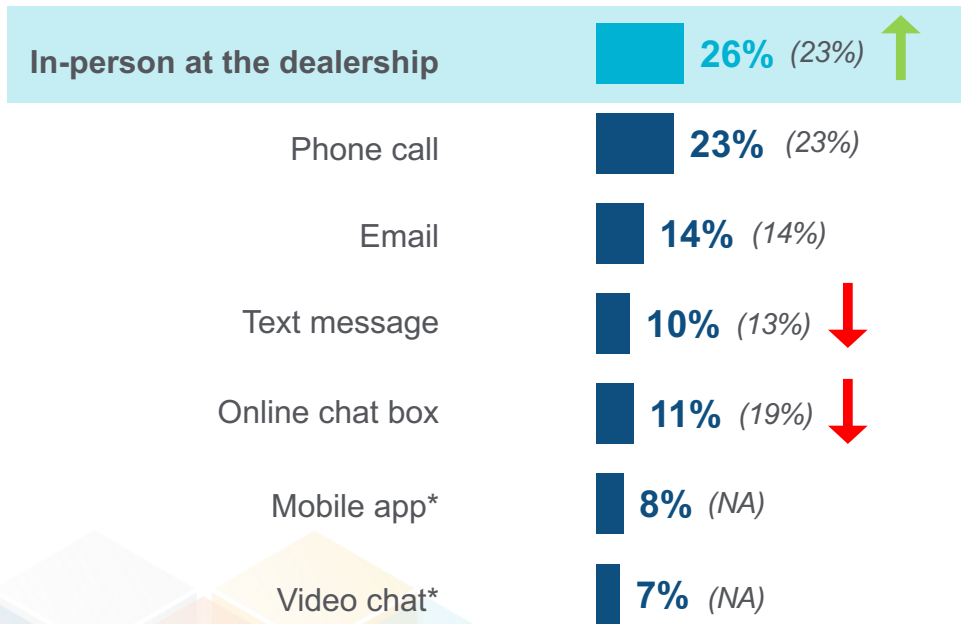
Source: Cox Automotive 2023 Digitization of End-to-End Retail



...but dealers are pushing to address deal-related questions remotely

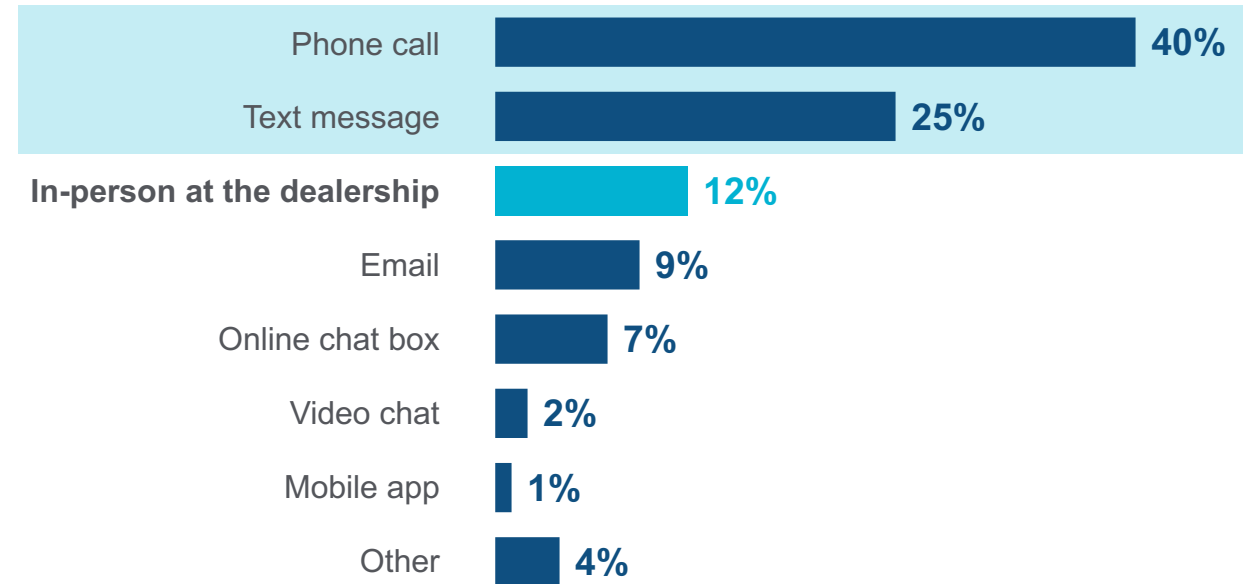
Top **SHOPPER** Communication Preference for Asking Questions

(Rank Order, Showing Top 1)



() 2022

Top **DEALER** Communication Preference for Shopper Questions



Price and inventory discrepancies frustrate shoppers, and dealers agree these are must-haves for consistency

Top Online to In-Store **CHALLENGES** for Shopper

FOR SHOPPER

Price differences
online vs. dealership **42%**

Deal term differences
online vs. dealership **38%**

Vehicle detail
differences online
vs. dealership **36%**

Top Areas of **IMPORTANCE** for Online to in-Store Process Consistency (% Very/Somewhat Important)

FOR SHOPPER

Price is same online
vs. dealership **90%**

Deal terms are same
online vs. dealership **90%**

Vehicle details are same
online vs. dealership **89%**

Top Areas of **IMPORTANCE** for Online to in-Store Process Consistency (% Very/Somewhat Important)

FOR DEALER

Dealership can easily access
all information customer
submitted online **95%**

Pricing is the same
online vs. dealership **93%**

Show same available
vehicles online vs. dealership **81%**

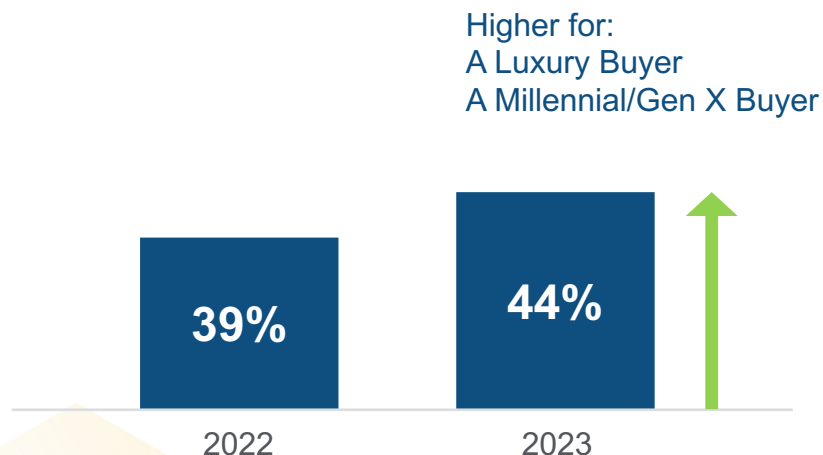


Recent Buyers who have high trust that the dealer gave them the best deal are more satisfied with the consistency online and in-store.

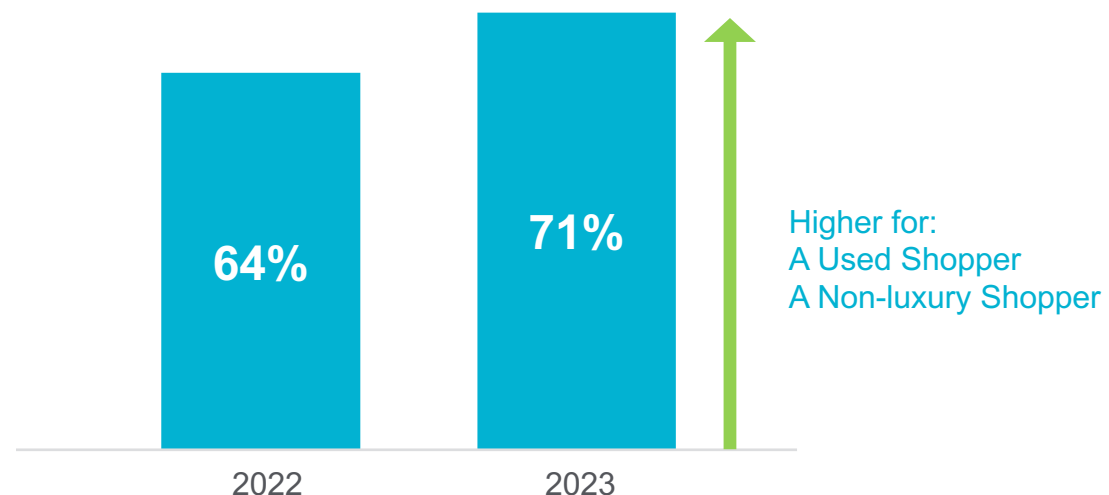


The amount of people demanding a hybrid approach increased significantly year-over-year

How Buyers Completed Their **RECENT** Purchase
% mix online/offline



How Shoppers Will Likely Complete Purchase **NEXT** Time
% mix online/offline

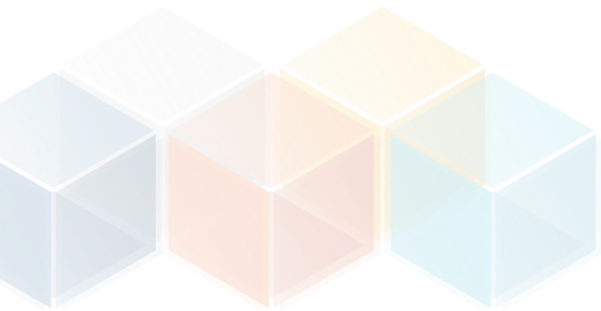


A digital environment can serve as balanced medium for shoppers and dealers to communicate

2023

91%

of shoppers want the option to **interact digitally** at the dealership



Source: Cox Automotive 2023 Digitization of End-to-End Retail



Shoppers like the idea of a hybrid environment and many dealers are embracing new tools

2023

Shopper Interest In Self-serve Tools (% Very/Somewhat Interested)

75%

Working with a salesperson at the dealership to continue the process on a tablet/digital tool

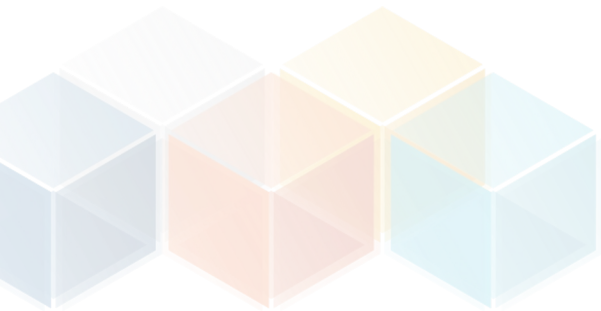
57%

Using a kiosk or other self-serve digital tools in the dealership

Dealer Interest or Currently Use

81%

50%

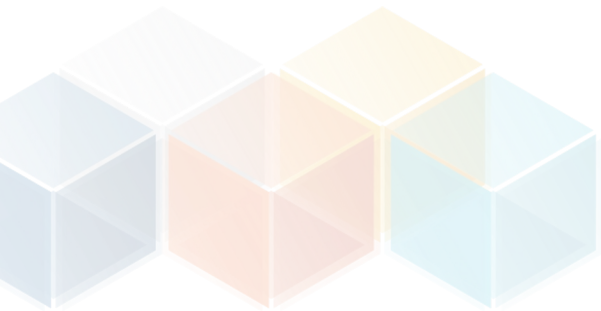


Digital interactions at the store can also enable a frictionless sales process

2023

86% of shoppers believe the use of digital tools in-store will save them time in the store

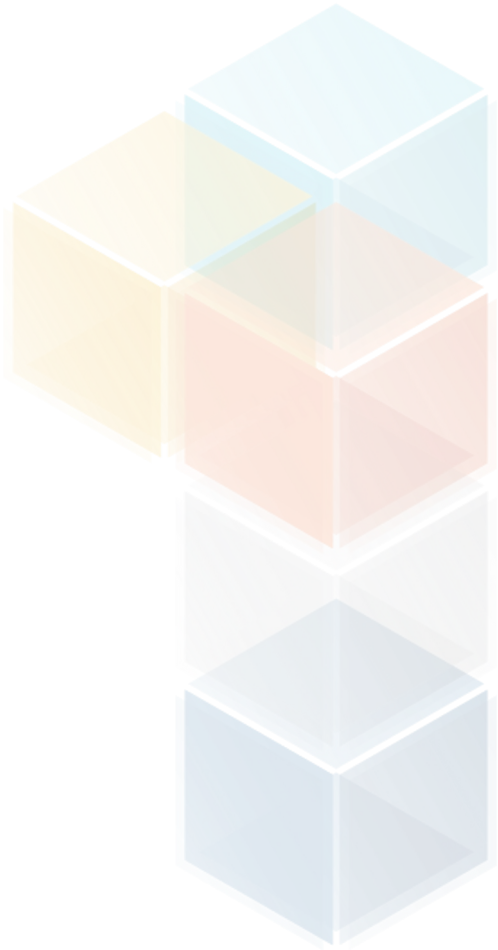
79% of dealers believe the use of digital tools in-store will help make processes more efficient



Source: Cox Automotive 2023 Digitization of End-to-End Retail



Dealer Implications



1. **Invest** in digital and AI-powered tools intended to provide a single view of the customer, synthesize shoppers' online behaviors and vehicle data, and predict shopper preferences to keep dealers well-informed for conversations when shoppers transition into the store.
2. **Maintain** a comfortable environment for shoppers to provide personal, vehicle and online data by prioritizing data security and communicating privacy standards to customers.
3. **Build** shopper confidence by incorporating digital tools into the in-store process, enabling a more efficient way to co-review information submitted online, ensure data accuracy and increase the likelihood that information provided online will reflect the same information provided in the store.
4. **Encourage** shopper use of financing tools on dealer websites where they can choose F&I add-ons and submit financial information for pre-approvals online to receive most accurate pricing estimates, inclusive of additional fees and taxes.



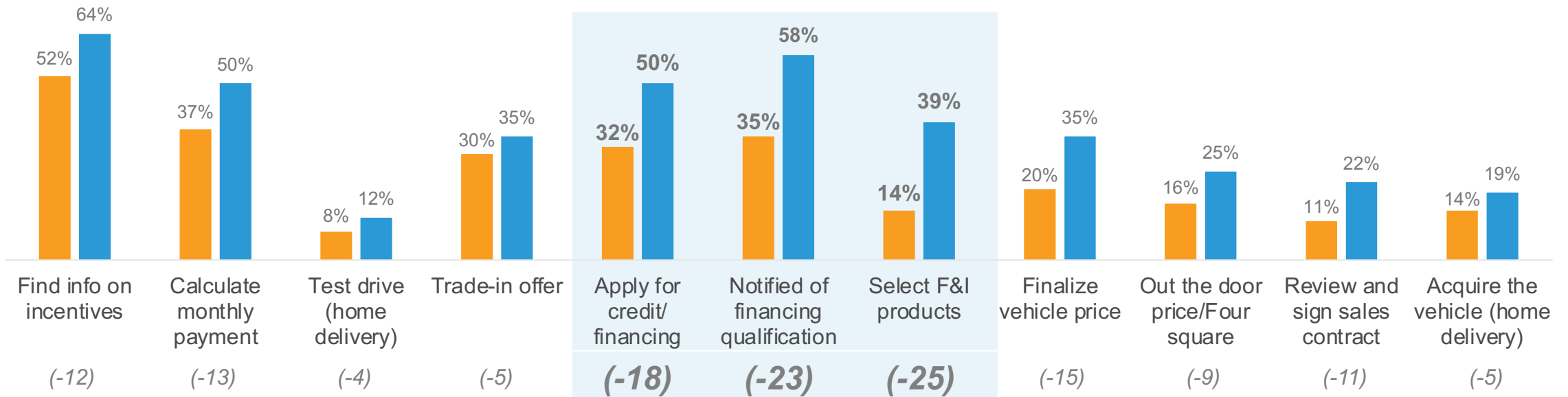
Section 4

Appendix



Gaps in finance-related activities online remain for buyers

2023 Consumer Shopping Behaviors vs. Preference



■ % of shoppers who prefer to complete activity online or at home

■ % of buyers who completed activity online or at home

() = Gap between preference and actual behavior

