2023 Cox Automotive Car Buyer Journey Study

December 2023

Cox Automotive Research & Market Intelligence

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Study background & methodology

Background

Cox Automotive has been researching the car buying journey for 14 years to monitor key changes in consumer buying behaviors

Respondents

Online survey with consumers that have purchased or leased a vehicle from September 2022 to August 2023

2,963 TOTAL BUYERS

1,966 NEW BUYERS

997 USED BUYERS

In-Field Dates
August – September 2023

*Used the Internet during the shopping/buying process. Results are weighted to be representative of the buyer population.

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1

Ownership is here to stay

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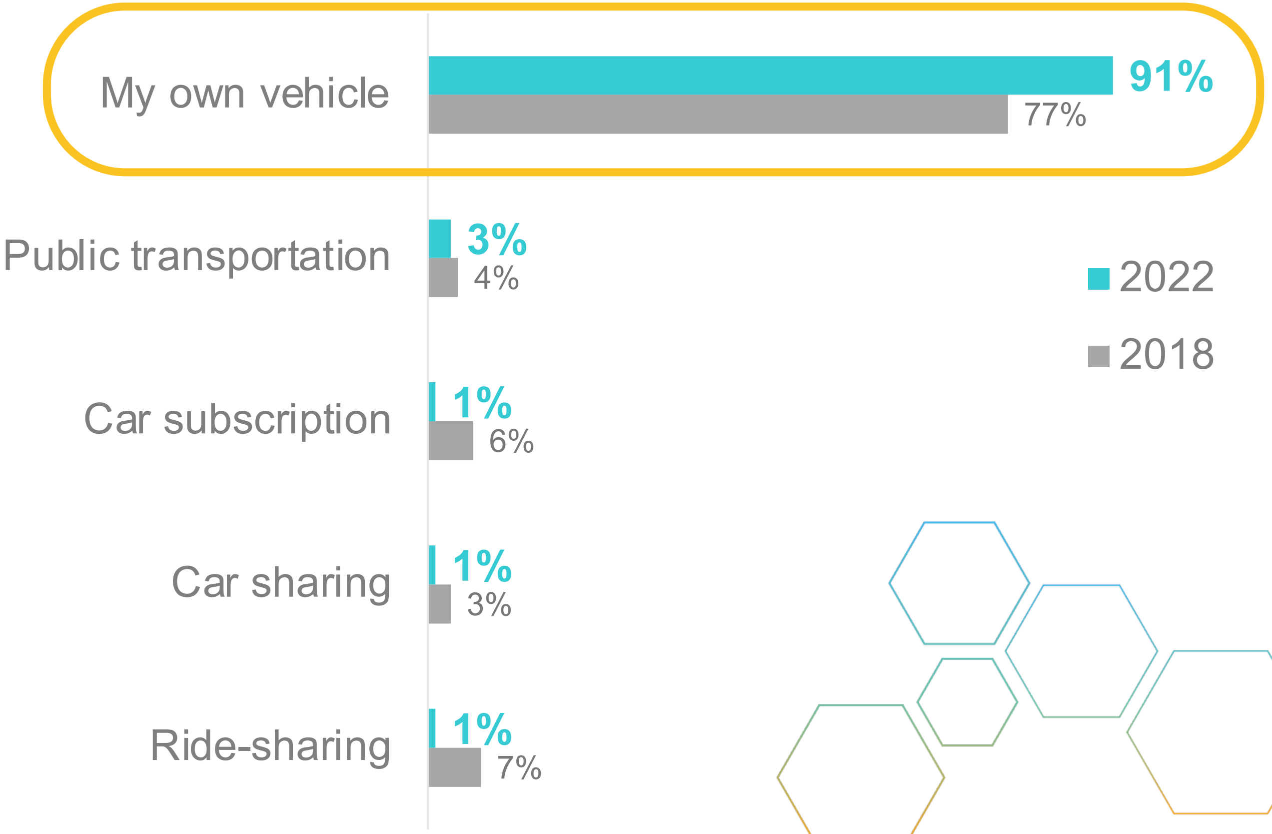
Personal ownership poised to dominate

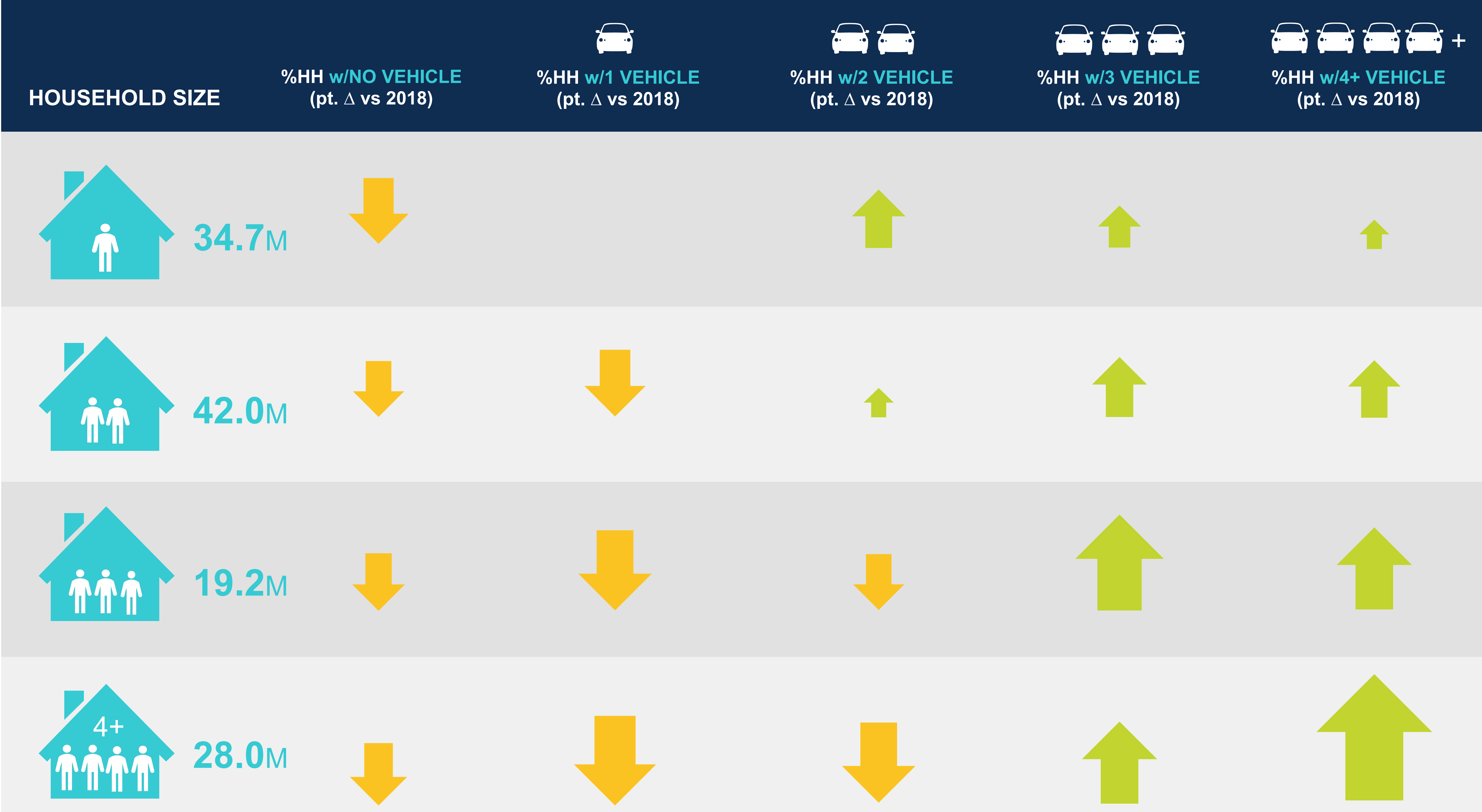
Transportation is necessary, but ownership is not
(% agree)

43%
2018

35%
2022

Primary Mode of Transportation in 5 Years





Source: Cox Automotive Analysis of S&P Global registration data

Recent buyers expanded their household fleet

Purchase Trigger – Needed Additional Vehicle in Household
(Among Total Buyers)

15% ↑
2022: 11%

36% Increase YOY

13%
New
2022: 12%

15% ↑
Used
2022: 11%

Arrows indicate significant difference between years at the 95% confidence interval

Source: 2023 Cox Automotive Car Buyer Journey// © 2023 by Cox Automotive, Inc. All rights reserved.

… and were less likely to trade in their vehicles

Prior Vehicle Disposal

37% ↓
Trade in vehicle at retailer
2022: 41%

New (A)	Used (B)
40% [B]	**35%**
2022: 43% ↓	*2022: 40%*

15% ↑
Kept vehicle
2022: 10%

New (A)	Used (B)
14% ↑	**16%** ↑
2022: 10%	*2022: 10%*

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Data in parenthesis represents 2022 and 2021.

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2

Inventory levels rebounded, lifting buyer's satisfaction

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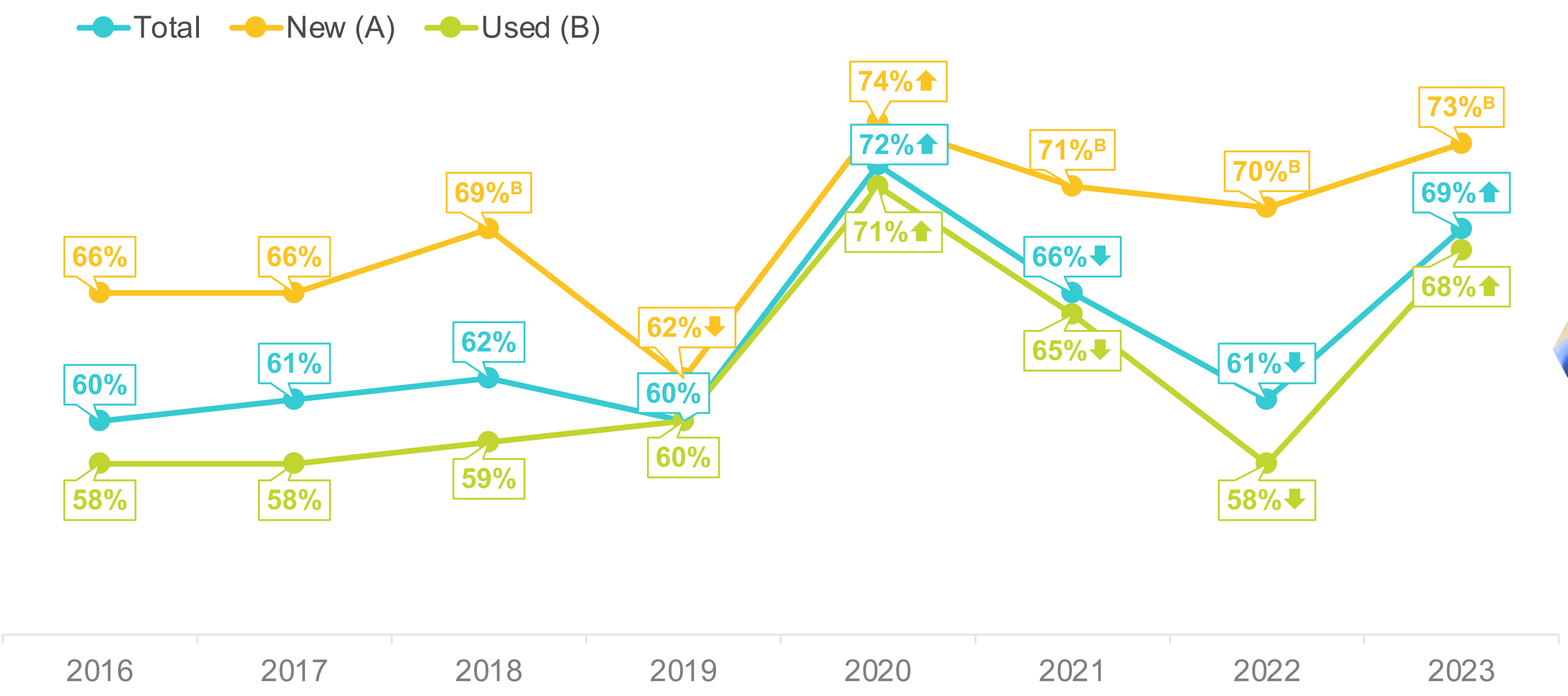
Satisfaction with the shopping journey surged, primarily driven by Used buyers

Overall Satisfaction With Shopping Experience (%8-10)



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Buyers found a better selection. Proactive dealer outreach and better deals also helped lift satisfaction, especially for Used buyers.

Buyer Sentiment

*While down compared to 2022, **affordability is still a pain point** as nearly half of buyers found prices were higher than expected.*

49%↓
Prices higher than expected
(54%↑, 31%)

- New (A): **42%** *(42%↑, 25%)*
- Used (B): **51%[A]↓** *(58%[A]↑, 33%[A])*

39%↓
Limited vehicle selection
(56%↑, 39%)

- New (A): **41%↓** *(51%↑, 40%)*
- Used (B): **38%↓** *(58%[A]↑, 39%)*

17%↑
Dealer contacted with a good incentive/ financing deal
(14%, 12%)

- New (A): **18%** *(16%[B]↓, 20%[B])*
- Used (B): **17%↑** *(13%↑, 10%)*

CPO Used buyers significantly more likely to cite a dealer contacted them with a good incentive/financing deal. (20% CPO vs. 13% Non-CPO)

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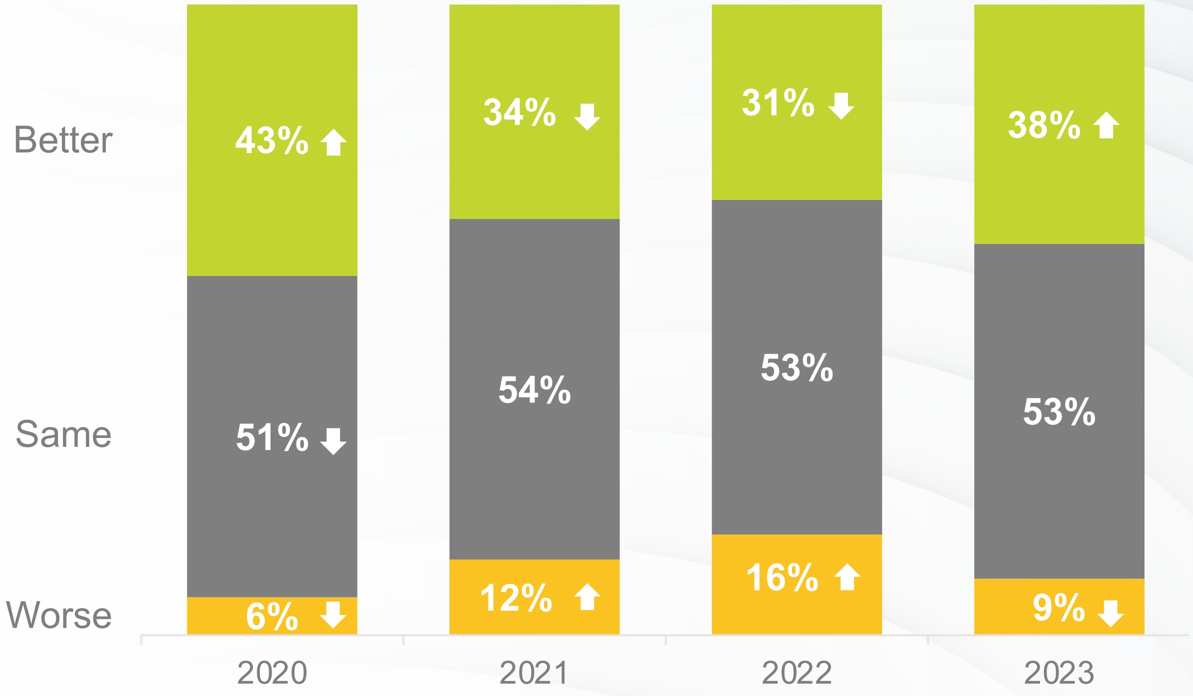
After a couple of declining years, more customers enjoyed an improved experience

Experience Was Better/Worse Than Last Purchase



2023: New: 38%↑ **Used**: 38%↑

*"Because now **technology is really helpful** towards the buyer and the process is **a lot easier than before**." (New Buyer)*

*"The vehicle I wanted **was in stock,** coupled with the **dealership was willing to negotiate pricing**." (Used CPO Buyer)*

*"I did a lot of research beforehand. I **knew exactly what I wanted** and what I was willing to pay for it. I also had a **better understanding of the financing options** available to me, which made the process a lot smoother. Finally, the **salesperson** I worked with **was very knowledgeable and helpful**, which made me feel more confident in my purchase. Overall, it was a much more positive experience than I've had in the past." (Used CPO Buyer)*

Letters indicate significant difference between groups at the 95% confidence interval
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COX AUTOMOTIVE **Research & Market Intelligence** *Source: Cox Automotive Car Buyer Journey – 2023 // © 2023 by Cox Automotive, Inc. All rights reserved.*

As buyers search for the best deal, cross consideration increased further among Used buyers…

Cross Consideration

Total

68%
Considered both **New & Used Vehicles**
(64%↑, 55%)

30%↑
Considered both **Purchasing & Leasing**
(21%↑, 15% ↓)

2.1
Avg # of Vehicles **Seriously Considered***

	New (A)	Used (B)
Considered both New & Used	37% (37%↑, 27%)	78%[A]↑ (73%[A]↑, 65%[A])
Considered both Purchasing & Leasing	25% (23%↑, 18%[B])	31%[A]↑ (20%↑, 14%↓)
Avg # of Vehicles Seriously Considered*	2.0	2.2[A]

*New question added in 2023.
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…and they were visiting more dealers than New buyers

Number of Dealerships Visited

Total

2.2

(2.1↑, 2.0)

New
(A)

2.0

(2.1↑, 1.9)

Used
(B)

2.3 A

(2.2, 2.0)

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Online efficiency is normalized due to the recovery in inventory levels

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Buyers tend to have a more expedited journey than 2022

Total Time Spent

Total

13:31↓
(14:39↑, 12:27)

-1:08
vs. 2022

New (A)

11:45↓
(13:07↑, 11:06)

-1:22
vs. 2022

Used (B)

14:08[A]
(15:09[A]↑, 12:54[A])

-1:01
vs. 2022

	Researching & Shopping Online	Talking with Others	Visiting Other Dealerships/Sellers	With the Dealership/ Seller Where Purchased
Total	6:41↓	0:50	2:50	2:52
New (A)	5:25↓	0:37	2:34	2:47
Used (B)	7:08[A]↓	0:55[A]	2:55[A]	2:54

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"Researching & shopping with print" data not shown
Data in parenthesis' represents 2022 and 2021

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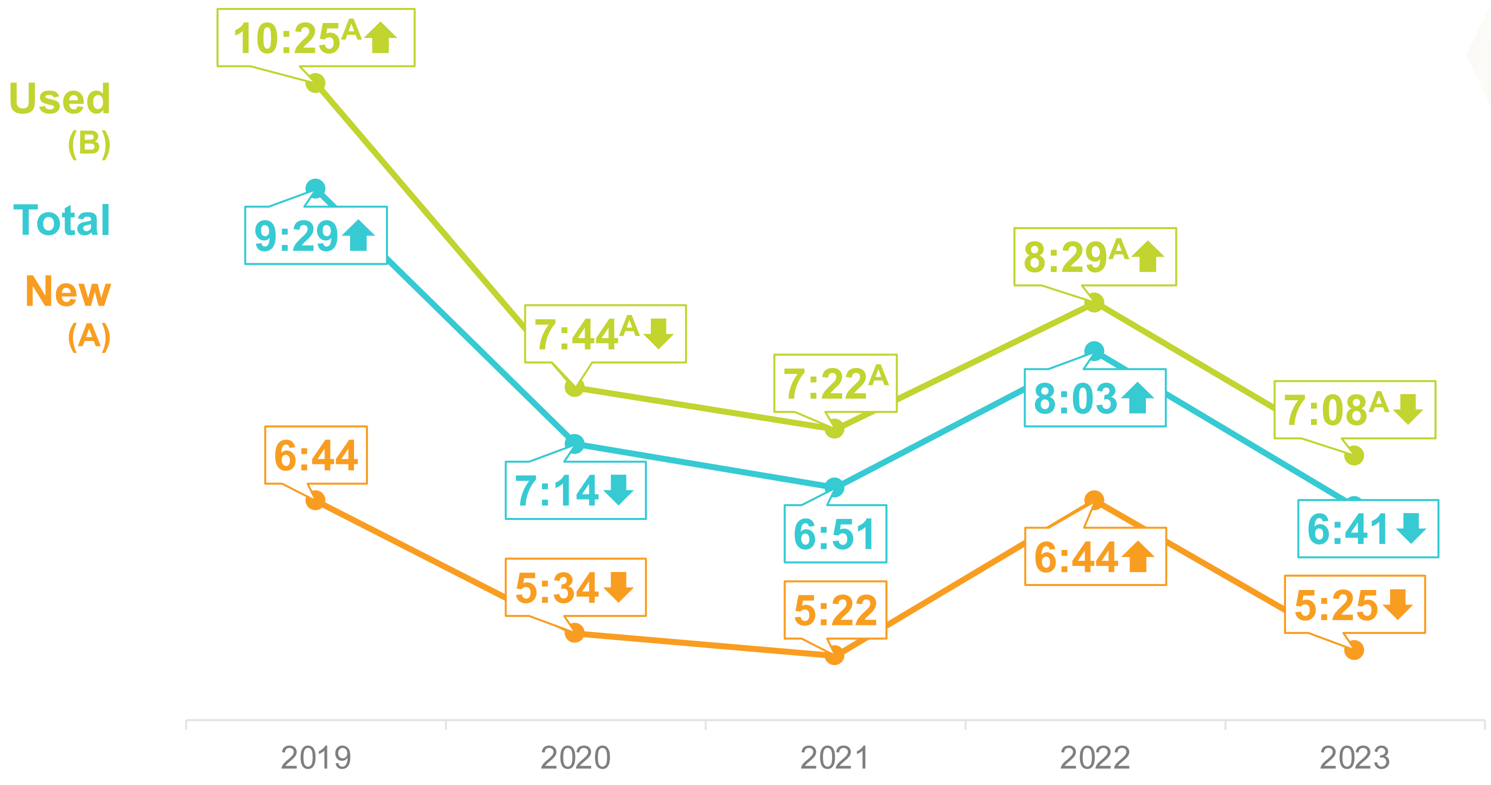
Time spent online is back to 2021 levels

Time Spent Researching & Shopping Online



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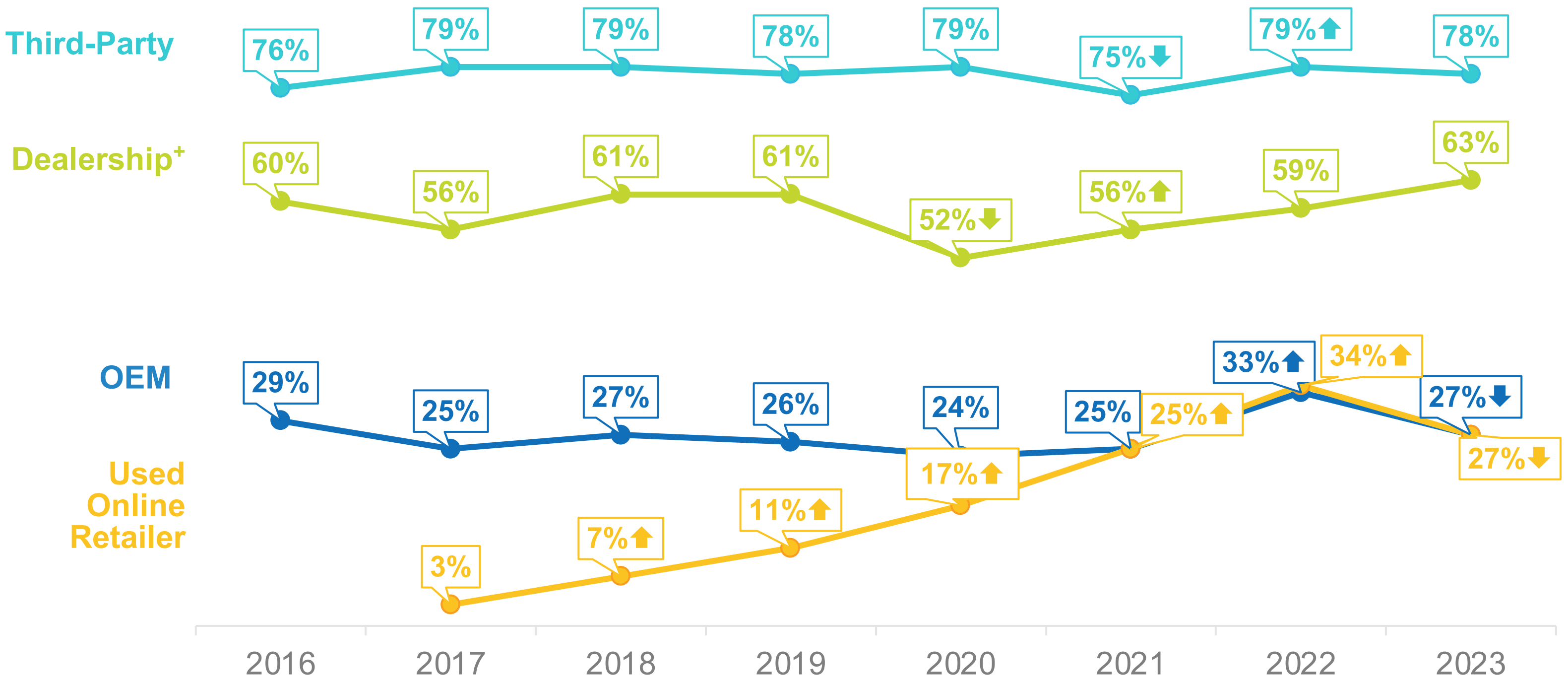
Third party have been resilient throughout the pandemic and chip shortage while other sites normalized

Website Category Usage



Average Websites Visited	2016	2017	2018	2019	2020	2021	2022	2023
	4.5	4.1	4.2	4.2	3.9 ↓	4.0	4.9 ↑	4.5 ↓

+Dealership includes CarMax
Arrows indicate significant difference between years at the 95% confidence interval

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More buyers are exclusively leveraging third party sites without using OEM, especially Used buyers

Visited Third-Party Site Without Using OEM

57% ⬆

Visited third-party site without using OEM Site

(51%⬇, 55%⬇)

New (A)	Used (B)
43%	62%[A] ⬆
(40%, 43%)	*(55%[A], 59%[A]⬇)*

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Third party sites stand out as being trustworthy and unbiased that customers can rely on

Attributes That Scored Higher Than Other Sites

	Third Party	Dealer	OEM
1	Trustworthy	Allows me to start purchase online	Provide very detailed/specific info
2	Reliable	Has most comprehensive vehicle inventory	Has all the info I need
3	Unbiased/objective	Provide relevant/personalized info	

Note: Attributes in each column are either significantly or directionally better than other sites
**new question added in 2023*

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The retailer experience is consistently top notch

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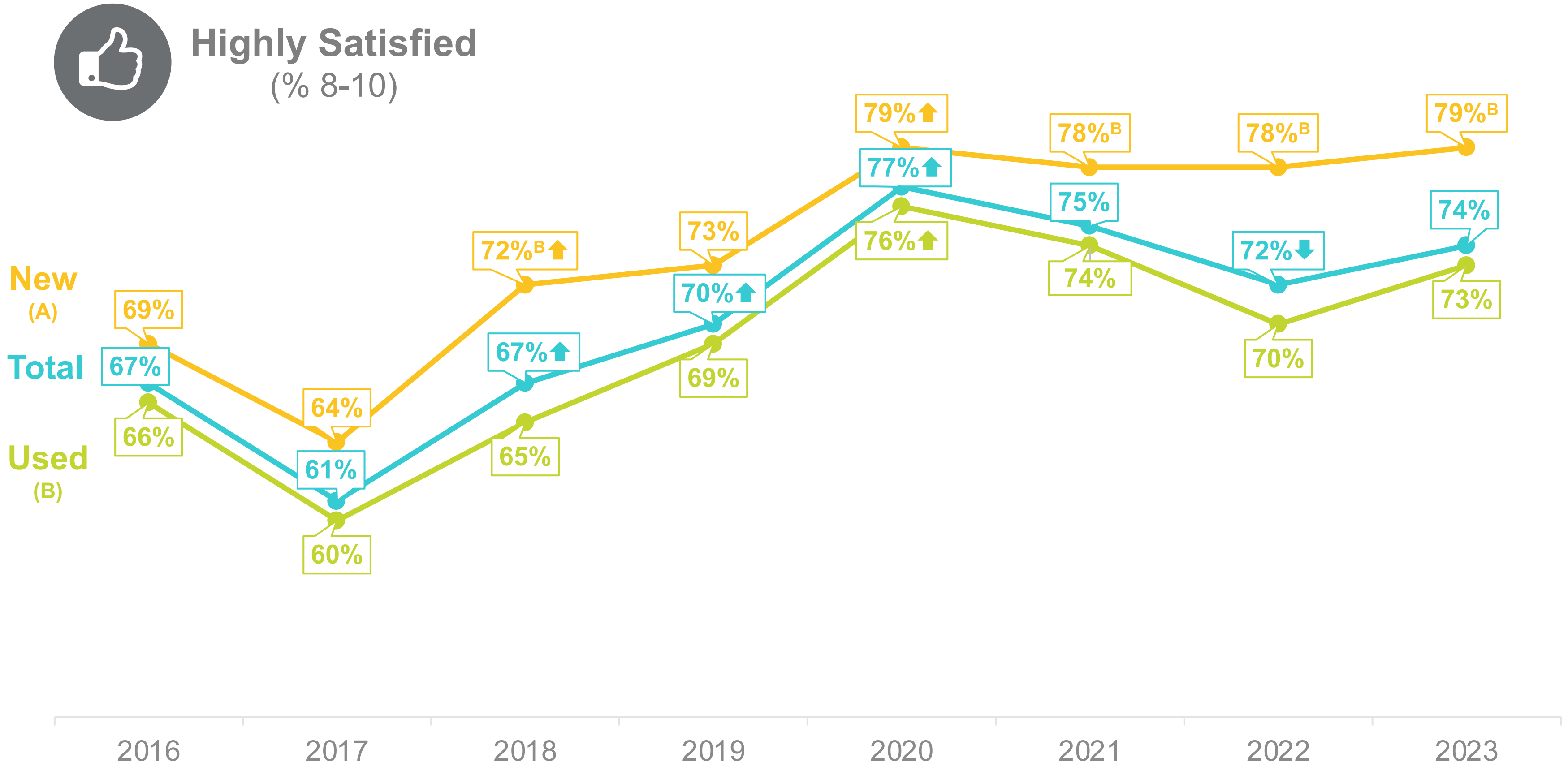
Customers continued to be highly content with the dealer experience

Overall satisfaction with experience at dealership/retailer of purchase+



+N/A excluded in 2020-2022.
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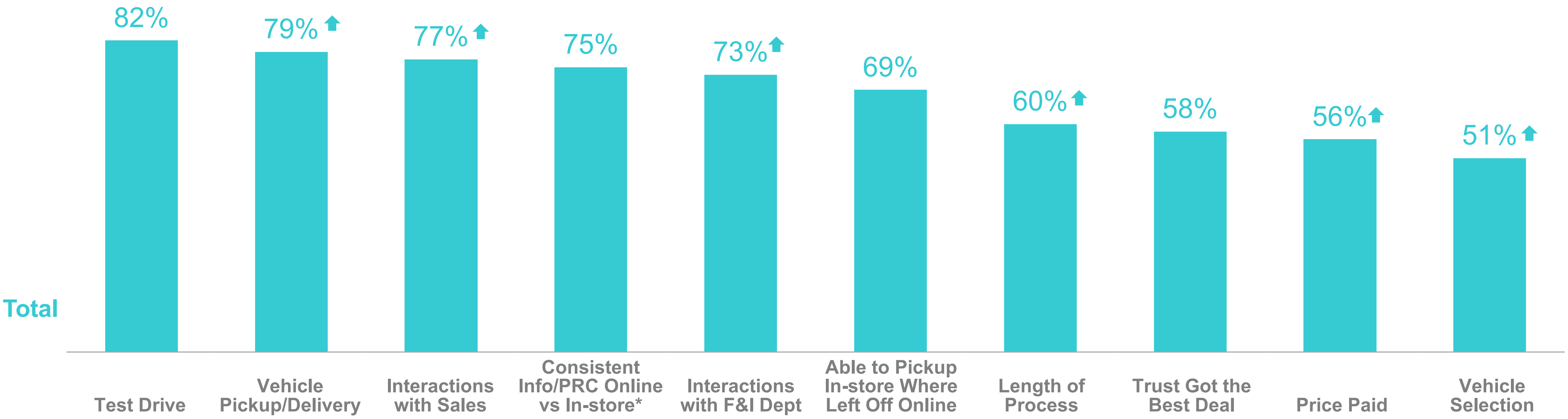
Satisfaction with dealer experience improved in key areas, among both New and Used



	Test Drive	Vehicle Pickup/Delivery	Interactions with Sales	Consistent Info/PRC Online vs In-store*	Interactions with F&I Dept	Able to Pickup In-store Where Left Off Online	Length of Process	Trust Got the Best Deal	Price Paid	Vehicle Selection
New (A)	84% ↑	83%[B]	79%	77%	74%	73%[B]	63% ↑	67%[B]	62%[B] ↑	56%[B] ↑
Used (B)	82%	78% ↑	76% ↑	74%	72% ↑	68%	59% ↑	55%	54% ↑	49% ↑

*Option added in 2023
Ordered by Key Drivers of Satisfaction with the Dealership Experience.
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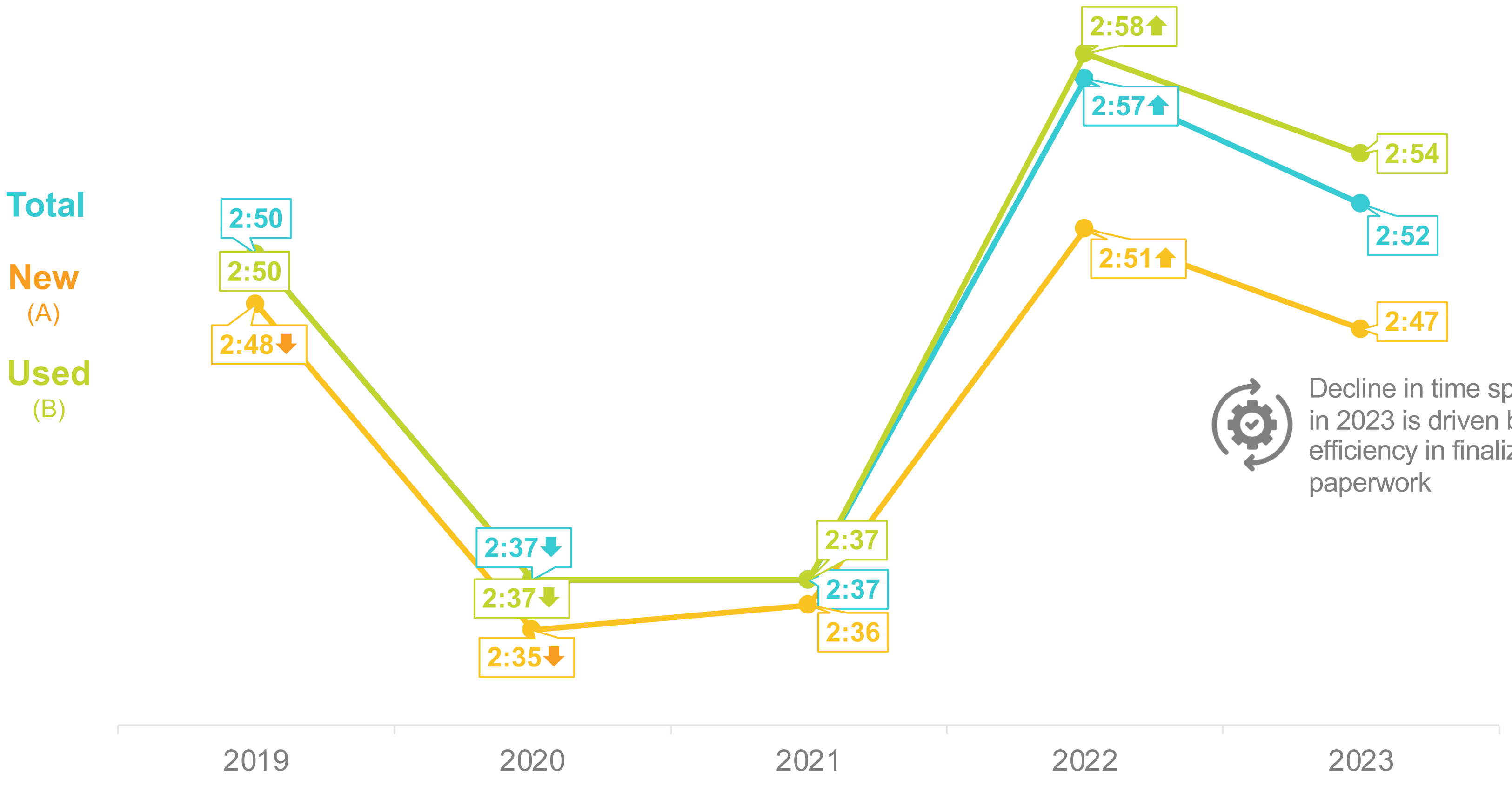
Time spent at the dealership is back to pre-pandemic levels

Time Spent at Dealership Purchased/Leased



Decline in time spent in 2023 is driven by efficiency in finalizing paperwork

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Encourage shoppers to submit an enhanced lead to yield higher satisfaction, potentially taking dealer experience to new heights

Submitted Lead Online Before Going to Dealership

60%

Submitted a lead online

9% submitted a basic lead
51% submitted an enhanced lead

	Submitted a Basic lead online (A)	Submitted an Enhanced lead online (B)
Satisfaction with the dealership of purchase	67%	77%[A]
New	78%	80%
Used	63%	75%
Experience was better than last Purchase	27%	48%[A]
New	26%	50%[A]
Used	27%	48%[A]

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Dealer loyalty rebounded, but not for brand among New since 2021. Both measures soared for Used since 2021.

Loyalty Metrics

Dealer Loyalty

40%
Total
(37%, 37%)

51%[B]↑
New (A)
(47%[B]↓, 52%[B])

37%
Used (B)
(33%, 31%)

Brand Loyalty

62%↑
Total
(56%, 58%↓)

64%
New (A)
(63%[B]↓, 69% [B]↓)

61%↑
Used (B)
(54%, 54%)

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5 Used buyers are progressing to more digital

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More buyers are moving towards omnichannel

Used Buyers more likely to cite all in-person

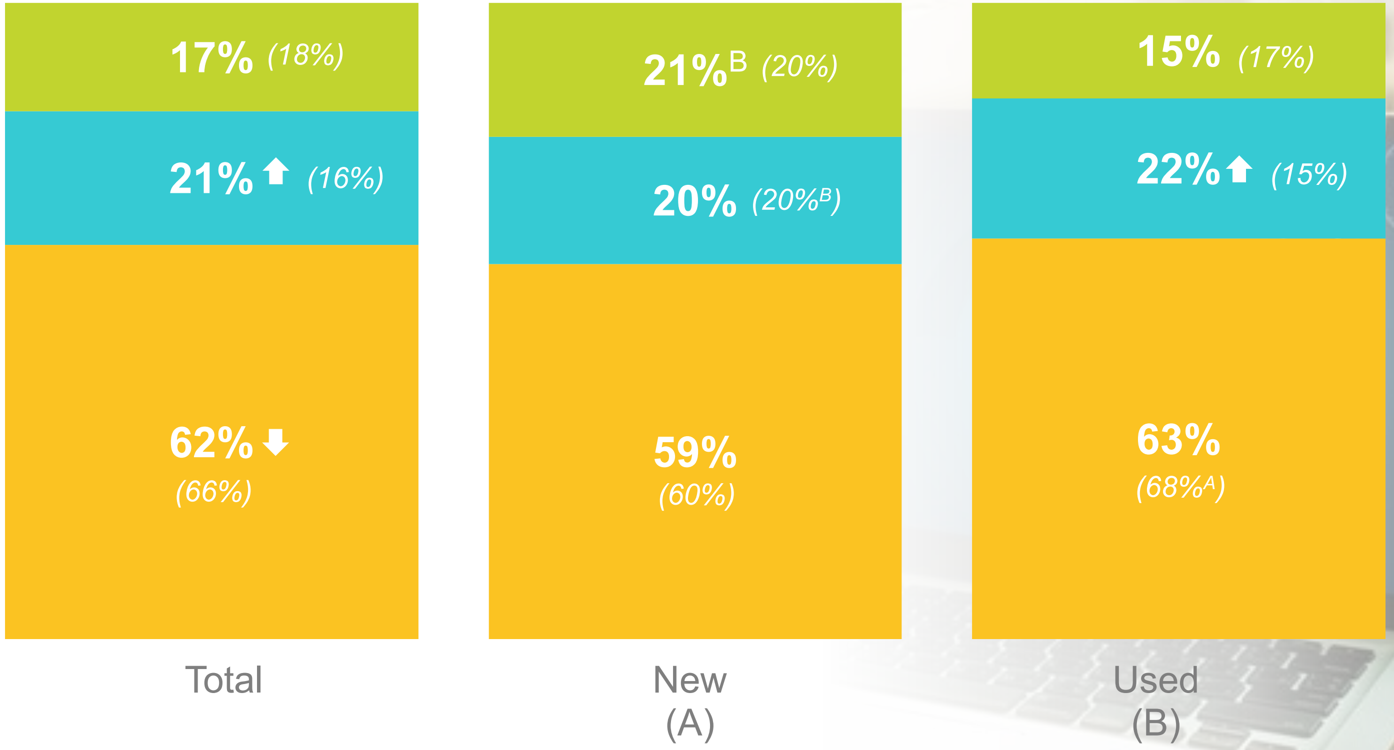
Shift from Light to Moderate Digital in 2023, driven by Used buyers. New buyers more often Mostly Digital.

Digital Buyer Mix

Mostly
> 50% of purchase completed online

Moderate
21-50% of purchase completed online

Light
< 21% of purchase completed online



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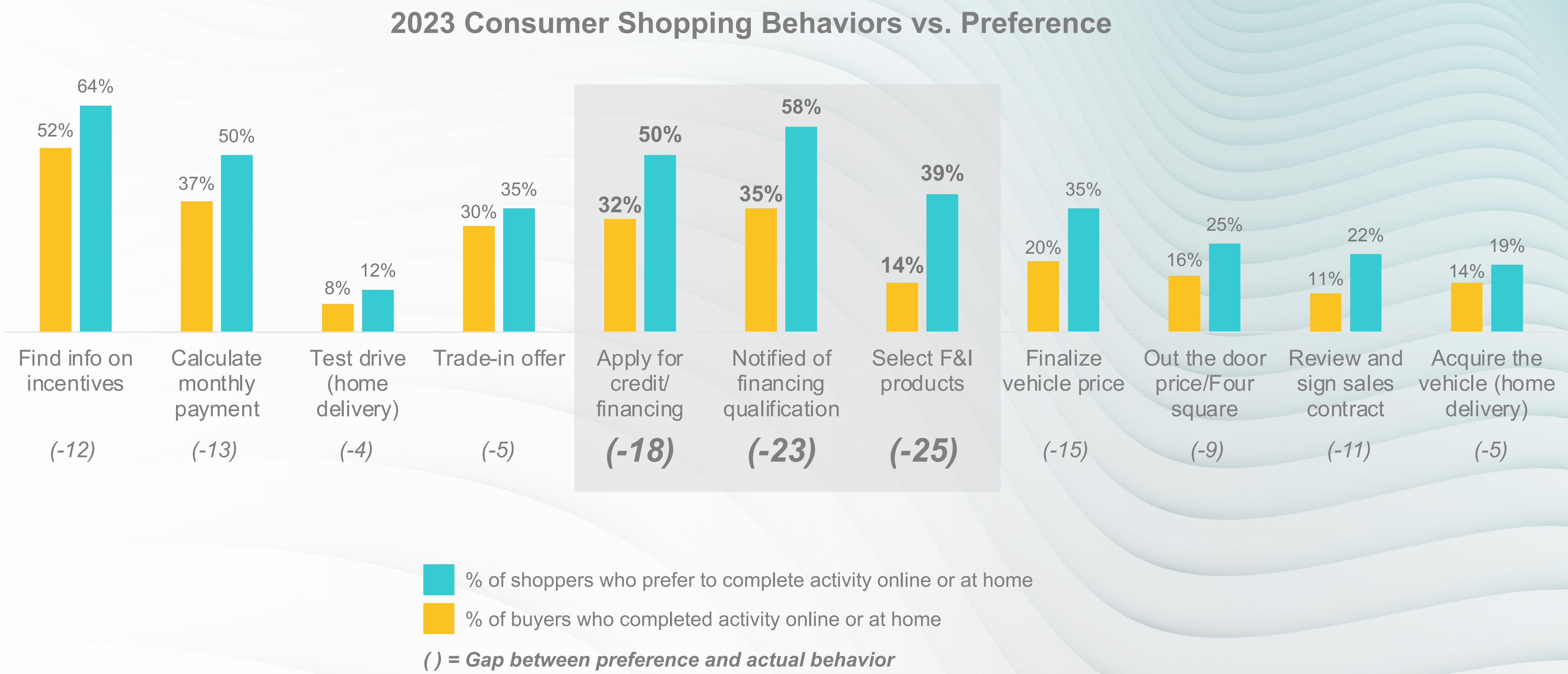
Gaps in finance-related activities online remain for buyers



Source: Cox Automotive 2023 Digitization of End-to-End Retail, 2023 Car Buyer Journey

There are key digital steps to help Used buyers move the needle on

Activities More Likely to Be Completed Online By New

	Finalize the Price	Select Add-ons	Agree on out-the-door price	Sign Paperwork
New (A)	23%[B]	19%[B]	20%[B]	15%[B]
Used (B)	18%	13%	14%	10%

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Time savings and an improved journey are key digital benefits

Time Saved at Dealership of Purchase

Mostly Digital (vs. Light)

40 mins

New: 39 mins
Used: 40 mins

Most time saved with negotiations and finalizing paperwork

Experience was Better this time

	Mostly Digital (A)	Light Digital (B)
Total	52% [B]	30% ↑
New	55% [B]	29%
Used	51% [B]	30% ↑

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More online engagement proved to be fruitful for Most Digital buyers

Mostly Digital Buyers are More Likely to Be Satisfied with Dealership Activities

	Mostly Digital (A)	Light Digital (B)
Picked Up Where Left Off Online	79% B	63%
Interactions with F&I Dept	78% B	72%
Length of Process	73% B ↑	57% ↑

	Mostly Digital (A)	Light Digital (B)
Trust Got the Best Deal	67% B	55%
Price Paid	67% B	52% ↑
Vehicle Selection	66% B ↑	45% ↑

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KEY TAKEAWAYS
5 BIG THINGS

1. ***Vehicle ownership is here is stay*** *as the pandemic shifted mindsets to more personal usage and more consumers are adding to their household fleet. It's more important than ever to enhance the customer experience.*

2. ***Inventory levels rebounded and satisfaction with the overall purchase journey improved*** *especially for Used buyers. However, affordability remained a pain point, so dealers, lenders, and OEMs can tout any APR specials and help ease the financing process.*

3. ***Online efficiency is normalized as inventory levels ramped up*** *and buyers didn't have to put in as much effort as 2022. Third party sites proved to be the most resilient source as consumers find them to be trustworthy and objective.*

4. ***The dealership experience is consistently stellar*** *with buyers being more content with price, selection, and engagement with sales and F&I. There's opportunity to take customer satisfaction to new heights by encouraging enhanced lead submissions for a personalized experience.*

5. *Digital retailing continue to be highly beneficial for the customers.* ***Used buyers became more progressive in taking online steps****, however there's still room to improve on certain deal-making steps.*

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Appendix

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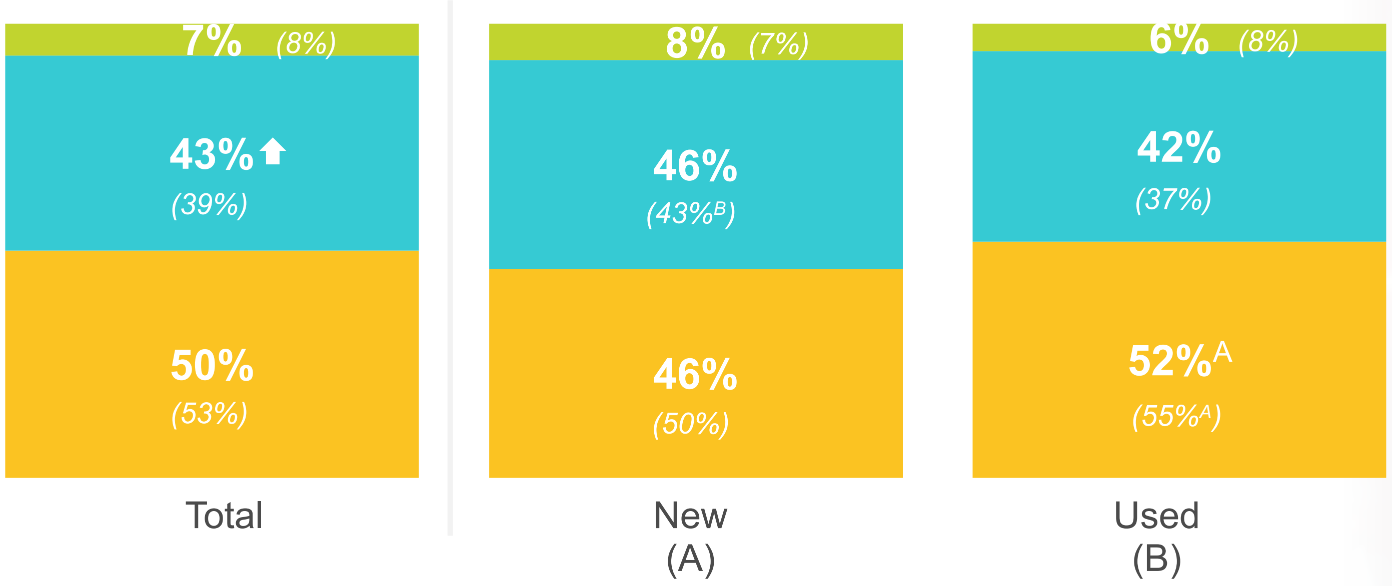
More buyers are moving towards omnichannel

Digital Buyer Mix



All in-person
100% steps completed in-person

Mix
Steps completed online and offline

All online
100% steps completed online

Data in parenthesis displays 2022 results
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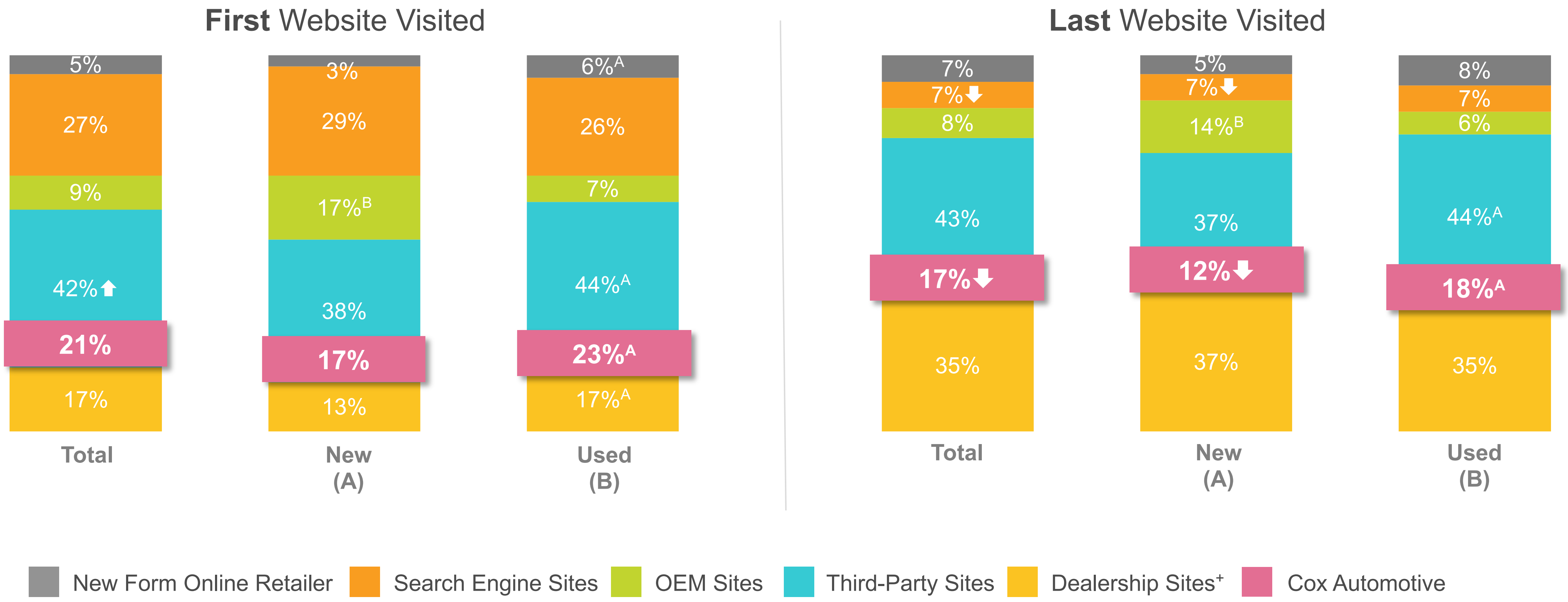
Third party sites are mostly the preferred first and last destination, however, dealer site gained usage among New buyers

First and last website visited (Among those visiting multiple websites)



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Majority of buyers leveraged Cox Auto sites

Cox Automotive Sites Visitation

64%
Total

57%
New
(A)

67%[A]
Used
(B)

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Usage of KBB tools remained high

Usage of KBB Tools Among Total Buyers

	2023	2022	2021
KBB Website for Researching and Shopping	**59%**	63%↑	56%
KBB Values	**58%**	56%	53%↓
KBB Price Advisor	**58%**	56%↑	50%
KBB Value for Purchased Vehicle	**56%**	53%	54%↓
KBB Touch	**80%**	**80%**	**79%**

Arrows indicate significant difference between years at the 95% confidence interval

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Among New buyers, use of KBB Price Advisor continues to trend upward

Usage of KBB Tools Among New Buyers

	2023	2022	2021
KBB Website for Researching and Shopping	**53%**↓	57%↑	53%
KBB Values	**54%**	54%	52%↓
KBB Price Advisor	**48%**↑	43%↑	40%↓
KBB Value for Purchased Vehicle	**41%**	39%	40%↓
KBB Touch	**74%**	**76%**	**74%**

Arrows indicate significant difference between years at the 95% confidence interval

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Over 8-in-10 leveraged KBB

Usage of KBB Tools Among Used Buyers

	2023	2022	2021
KBB Website for Researching and Shopping	**61%**	64%↑	57%
KBB Values	**59%**	57%	54%
KBB Price Advisor	**61%**	60%↑	54%
KBB Value for Purchased Vehicle	**60%**	57%	58%
KBB Touch	**82%**	**81%**	**81%**

Arrows indicate significant difference between years at the 95% confidence interval

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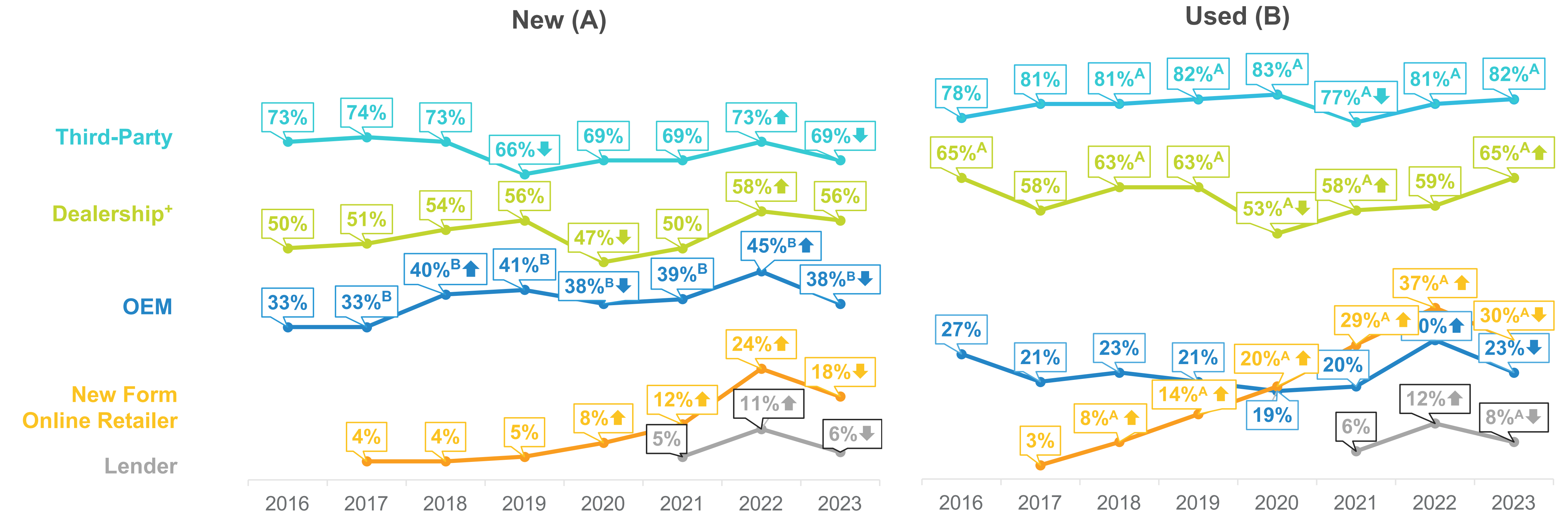
Source usage has normalized back to 2021 levels for most across New and Used buyers

Website Category Usage



Average Websites Visited	2016	2017	2018	2019	2020	2021	2022	2023
New (A)	3.6	3.7	4.2⬆	3.9	3.5⬇	3.7	4.9⬆	4.0⬇
Used (B)	4.9A	4.3	4.2	4.3A	4.0A	4.1A	4.9⬆	4.6A

+Dealership includes CarMax
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Condition of the previous vehicle (older/high mileage) remained the top purchase trigger

Purchase Triggers

Top Purchase Triggers for New Buyers (A)

- **25%** Previous vehicle was older
- **23%**[B] Wanted vehicle with certain features
- **20%** Need/wanted different vehicle type
- **16%** Previous vehicle was unreliable
- **14%**[B] Attractive trade in price on prior vehicle

Top Purchase Triggers for Used Buyers (B)

- **26%** Previous vehicle was older
- **25%**[A] Previous vehicle was unreliable
- **19%** Need/wanted different vehicle type
- **18%** Wanted vehicle with certain features
- **18%**[A] Previous vehicle was damaged

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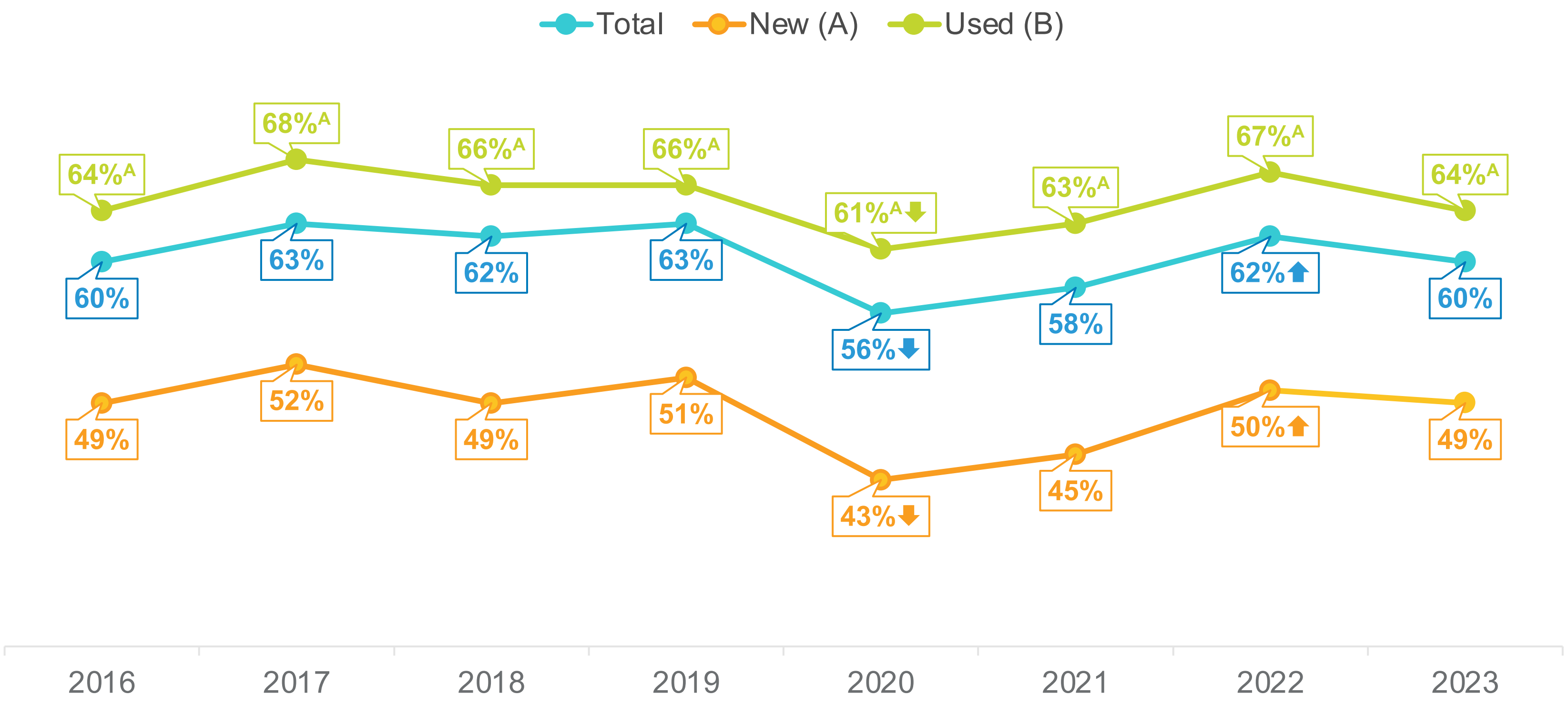
Used buyers were more likely driven to purchase by Need

Purchase Triggered By Need



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