

# Consumers are time poor; how can dealers better understand consumers' buyer behaviour?

# INSIGHTS

We've compiled 6 key trends to consider when thinking about how best to understand your customers' behaviour



## COST OF LIVING

This has skyrocketed. March 2022 saw the highest inflation rate since early 90's: -9% which will have an impact on affordability levels



## SUPPLY SHORTAGES

One of the biggest consumer frustrations at the moment with car values rising sharply in the past 18m.

We've seen a 15% increase in applications across both Prime and Near Prime



## EMOTIONAL CONNECTION

There are still consumers who want to touch, feel, look at and drive a car.

Images and video go some way to help but for some consumers the missing 'connection' is still a barrier to them purchasing online



## ONLINE ACCELERATION

The age of the vehicle determines the channel across which the vehicle will be bought.

Consumers are enjoying the experience of purchasing vehicles online and numbers are accelerating



## OMNICHANNEL

Consumers want choose how they purchase a car.

They may start in the dealership and switch during the car buying process to buy from home.

Either way - the experience needs to be as simple as possible.



## CONSUMER RESEARCH

90% of consumer vehicle purchases start with online research, with consumers spending up to 10h online choosing their next car purchase.

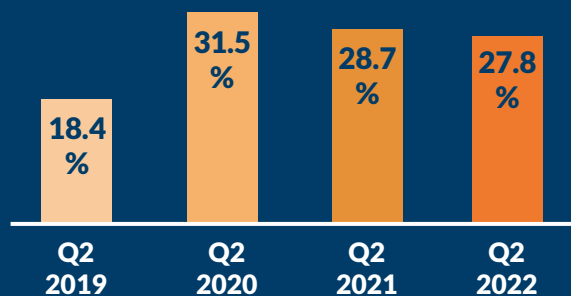
# BUYING ONLINE IS GROWING, FAST

The industry has digitised rapidly (largely thanks to Covid)  
offering consumers more car buying services online than ever before

Despite showroom closures in 2021,  
retailers sold c.**90%** of normal

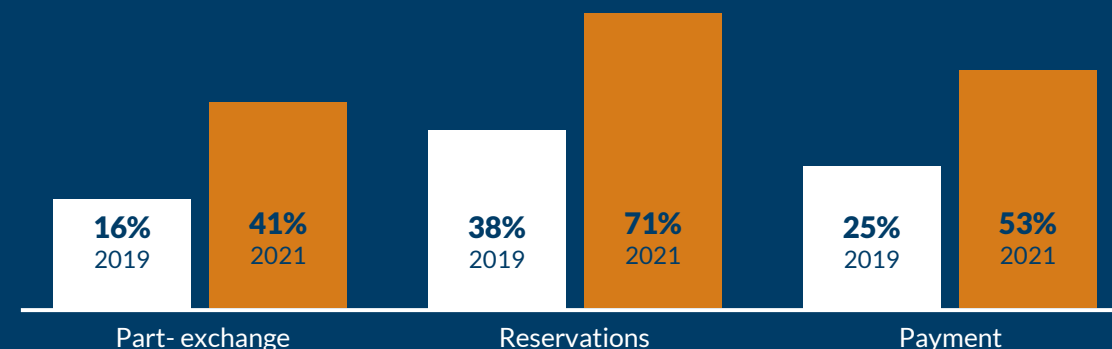


And British consumers are still  
spending more online



Source: ONS: UK Online Sales as a proportion of retailing (%)

Key automotive e-commerce functions have more than doubled since 2019



Source: NFDA/ ICDP / Auto Trader Dec 2021, n=155

**72%** find  
digital car buying  
appealing when  
shown a viable  
scenario



**>60%** of  
consumers  
would even buy  
without a test  
drive if a money  
back guarantee  
were in place



**Two thirds**  
want to do most of  
their car buying jobs  
online



**90%** of  
consumer  
vehicle  
purchases start  
with online  
research



# THE BENEFITS OF ONLINE RETAILING ARE CLEAR

## CONSUMERS

- Ease
- Transparency
- Convenience

## RETAILERS

- Speed
- Efficiency

## LENDERS

- Efficiency
- More business
- Reduced risk



# BUT: THERE'S STILL A PLACE FOR DEALERSHIPS

There's a trust issue (particularly when it comes to used cars), so customer service is key.

% of motorists who **lack the confidence** to buy a (used) car online

66%



Source: Manheim Auctions



Reliability is always a top concern for buyers, but many struggle to assess it, particularly when buying used.



Madison Edwards, Director of Consumer Insights at CarGurus

How customers judge a great deal:

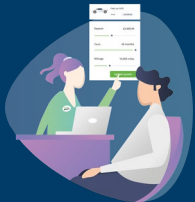
- Ease of process
- Level of trust in seller
- Price paid compared to budget
- Price paid compared to initial price given
- Additional benefits (e.g., oil changes, warranty)
- Part exchange amount

Dealerships have 2 advantages over online-only stores

**YOUR SHOWROOM**  
**Enabling**  
customers to view vehicles in-person

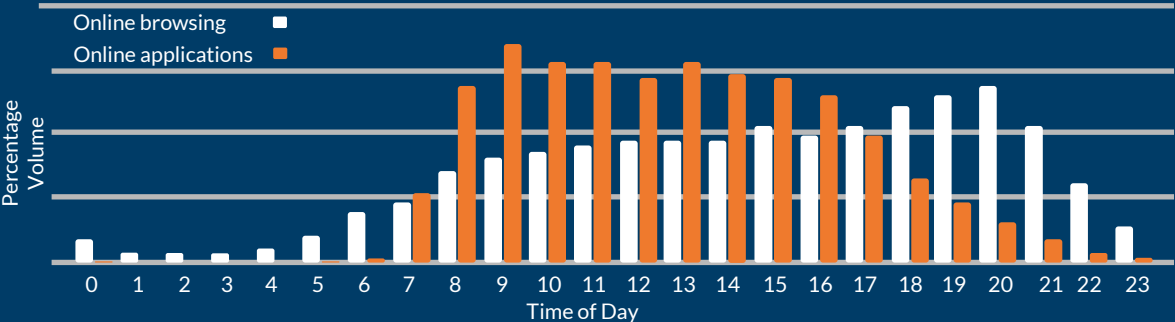


**YOUR PEOPLE**  
**Providing**  
reassurance



If consumers are browsing your website in the evening and completing finance applications online, why are the applications happening during business hours?

Maybe they need help and reassurance before proceeding.



% of consumers who consider a **personal touchpoint with the dealer** to be essential

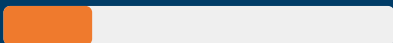
82%



Source: Competitor Monitor industry insights

% who would be happy to agree to a price online but **wouldn't part with cash** before viewing in person\*

25%



Source: Manheim Auctions

# MAXIMISING THE ONLINE OPPORTUNITY

Most customers want to experience a blended journey between online and in-person. So adapt your offering and your processes for digital, to cater for all 3 audience groups

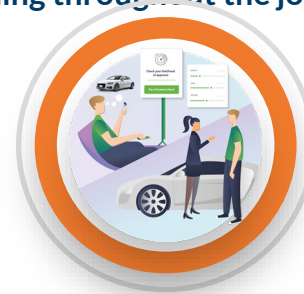
**ONLINE** Happy to complete whole process online. A growing segment but still the smallest (around 5%)



**IN-PERSON** Wholly showroom process. This group takes the longest time to make a purchase and comes with highest operational cost



**CHANNEL HOPPER** Now the biggest segment, they start online and switch to showroom (and continue switching throughout the journey)



The best retailers are **answering** the detailed **questions online**, quickly



## Create an online journey

Start by assessing your current offering and identifying gaps.

Look to incorporate these key functionalities:

- Great vehicle images and descriptions
- Reviews to build trust
- Finance checking/ application
- Ability to communicate with the consumer

High quality vehicle ads lead to **more confident consumers**



Extensive imagery



Interactive experiences



An honest, in-depth vehicle description



Details of imperfections and faults



Clear pricing and finance options



Trade in valuation



Reviews



Comparison tool



## Contributions from:

