

Decisions, Decisions: What Drives Shopping Choices for Vehicle Re-Purchasers?

Since 2010, the Autotrader Sourcing program has been conducting an annual survey of consumers who bought vehicles from over 400 franchise and independent dealerships across the U.S. So far, a total of approximately 400,000 new and used car buyers have been surveyed. One of the primary purposes of the research is to examine two of the most important questions car shoppers ask themselves when purchasing a vehicle:

1. What type of vehicle am I going to get?
2. Who am I going to get it from?

An analysis of the 2015 survey of 38,169 respondents showed that 84% of new car buyers and 73% of used car buyers surveyed bought a vehicle to replace the one they were driving at the time of purchase. The research provided insights into a variety of important questions about these vehicle “re-purchasers,” including what percentage of them:

- Returned to buy from the same dealership
- Re-purchased the same make
- Re-purchased the same make and model

The survey also provided a glimpse of what drove their shopping decisions. Key insights gleaned from the study and resulting actions that dealers can take to maximize their sales efforts to re-purchasers are illustrated in Figure 1.

Dealership Experience

Buyers with prior dealership experience were more satisfied and more likely to purchase from the same dealership in the future. However, 50% of those surveyed who had prior dealership experience and 44% of those that did not still said that they had at least one frustration with the car-buying process. **Time spent at the dealership and negotiating price were particularly cited as frustrating for both returning customers and those with no prior dealership experience.**

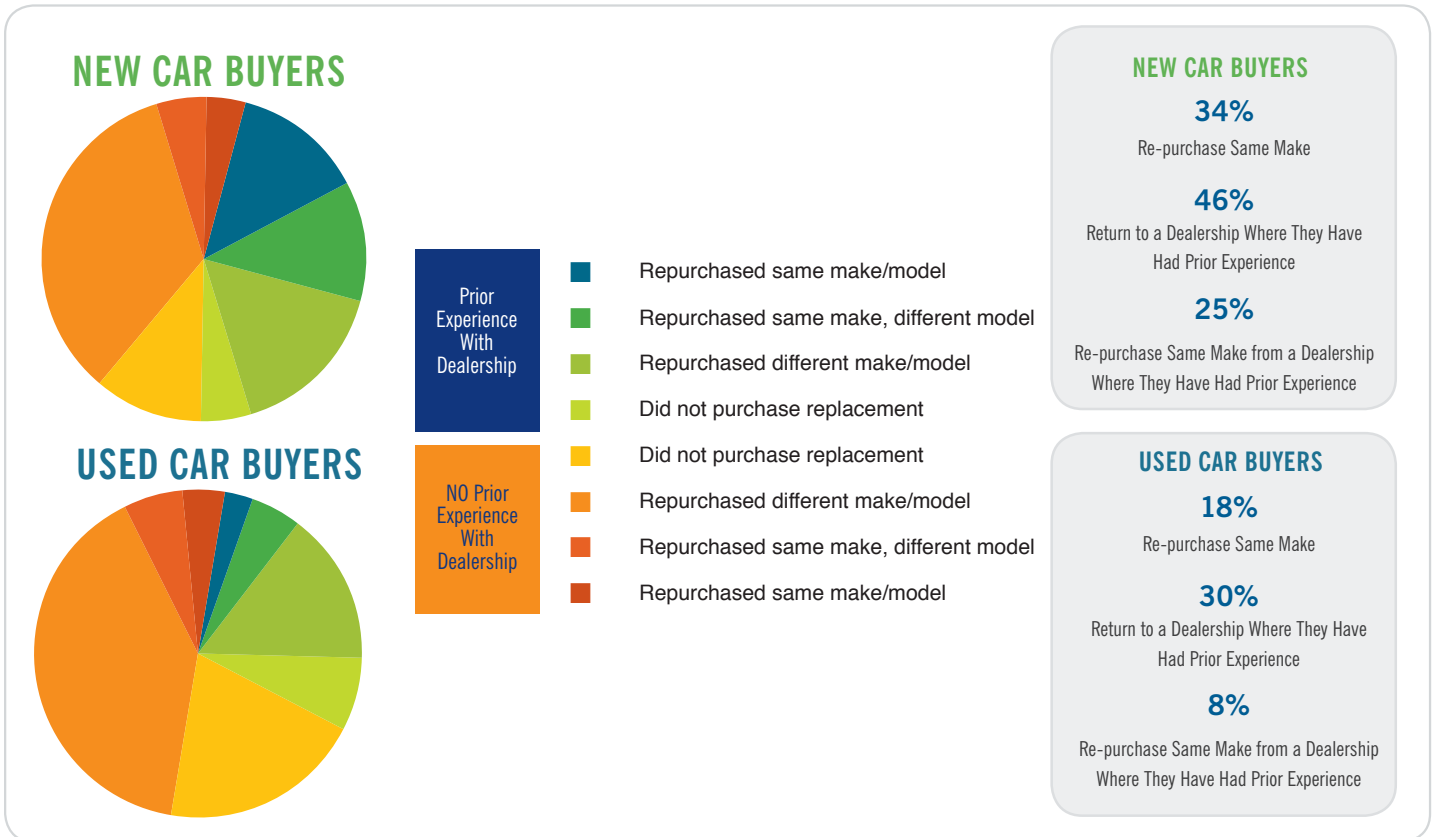
Dealers should therefore strive to reduce cycle time by discerning the experience and knowledge that customers have obtained prior to their visit. Sales staff should then leverage that knowledge as part of a streamlined sales process that avoids repeating information-gathering actions that shoppers have already undertaken upon arrival at the dealership. Providing online options for completing sales process activities can also help limit the time that customers spend in the dealership. The frustration customers associate with negotiating can be mitigated by implementing transparent pricing and F&I practices, and including pricing validation tools and financing information online.



Figure 1
Key Insights

| RE-PURCHASER INSIGHT | DEALER ACTION |
|--|---|
| <p>A good dealership experience has a significant impact on whether re-purchasers shop around to multiple dealers or return to a dealership where they had prior experience.</p> | <p>Focus on improving CSI as a long-term strategy to gain repeat and referral business. For example, CSI can be positively impacted by:</p> <ul style="list-style-type: none"> • Implementing a consumer-led sales process based on transparent information and efficient interactions. • Allowing customers to complete buying activities online or in-store, whichever they prefer. • Minimizing handoffs to multiple staff members. |
| <p>Time spent at the dealership and negotiating price are frustrating for both returning customers and those with no prior dealership experience.</p> | <p>Reduce cycle time by:</p> <ul style="list-style-type: none"> • Leveraging customer experience and knowledge they've obtained prior to their visit. • Focusing on continuing the sales process instead of repeating information-gathering actions that shoppers have already undertaken upon arrival at the dealership. • Providing online options for completing sales process activities. <p>Limit negotiations through:</p> <ul style="list-style-type: none"> • Implementing transparent pricing and financing practices. • Including pricing validation tools and financing information online. |
| <p>Consumer loyalty to a dealership is stronger than consumer loyalty to vehicle make. Buyers go back to a dealership, even if not for the same make/model, which is particularly true for used car buyers.</p> | <p>Get ahead of the purchase decision by tracking time since purchase, service activity, etc., and strategically reach out when a variety of desirable makes/models are available.</p> |
| <p>Most re-purchasers consider another make/model other than the vehicle they purchase. Nearly half of new re-purchasers and over half of used re-purchasers buy an entirely different make and model from the vehicle they are replacing.</p> | <p>Encourage consumer consideration of a variety of makes/models by aligning customer preferences with inventory. For example:</p> <ul style="list-style-type: none"> • Keep customers informed (e.g., via email and newsletter campaigns) of inventory that may align with their preferences. • Expose customers to inventory options via dealership signage and collateral that are easily visible during service visits. |
| <p>New car buyers and re-purchasers of the same make are more likely to have had prior experience with the dealership.</p> | <p>When customers return to the dealership, explore opportunities to sell new cars and vehicles of the same make as the vehicle they are replacing by:</p> <ul style="list-style-type: none"> • Assessing customer needs/wants and providing expert benefits-based recommendations of applicable new/upgraded models of the same make. • Stressing current technological features of newer models of the same make. • Providing collateral and links to online information that allow returning customers to easily make benefit and cost comparisons across different models/trim levels of their desired make. |
| <p>New car buyers are nearly twice as likely to re-purchase the same make as used car buyers.</p> | <p>For customers looking to buy a new vehicle, be prepared to offer detailed, benefits-focused information on new models of the same make that they are replacing.</p> |
| <p>Loyalty to a dealership and the likelihood to purchase a new vehicle increase as car buyers get older.</p> | <p>Be sure the sales team is aware that although younger shoppers are more likely to purchase used vehicles, cultivating their loyalty can eventually lead to new car purchases as they grow older. Dealers should therefore cultivate customer loyalty as soon as possible by:</p> <ul style="list-style-type: none"> • Focusing on CSI. • Offering incentives and leasing/financing options that keep customers coming back. • Marketing special service/warranty offers and sale pricing to existing customers. |
| <p>Re-purchasers over age 55 are more often influenced by prior dealership experience and location, and more than half live within 10 miles of the dealership.</p> | <p>Focus marketing efforts on both prior customers and non-prior customers that fit this demographic and are located near the dealership.</p> |

Figure 2



Car-buyer loyalty to a dealership is stronger than loyalty to vehicle make.

Customer Loyalty

According to the research, **customer loyalty to a dealership is stronger than their loyalty to vehicle make**: 46% of new car buyers and 30% of used car buyers return to a dealership where they previously purchased a vehicle or had a previous vehicle serviced. By comparison, only 34% of new car buyers and 18% of used car buyers re-purchased the same make. Significantly, 25% of new car buyers re-purchased the same make from the same dealership while only 8% of used car buyers showed such loyalty to both vehicle make and dealership (see Figure 2). Dealers can therefore take advantage of the strength of consumer loyalty to the dealership (relative to vehicle make) by tracking time since purchase, service activity, etc., and then strategically reaching out to prior customers when a variety of desirable makes/models are available.

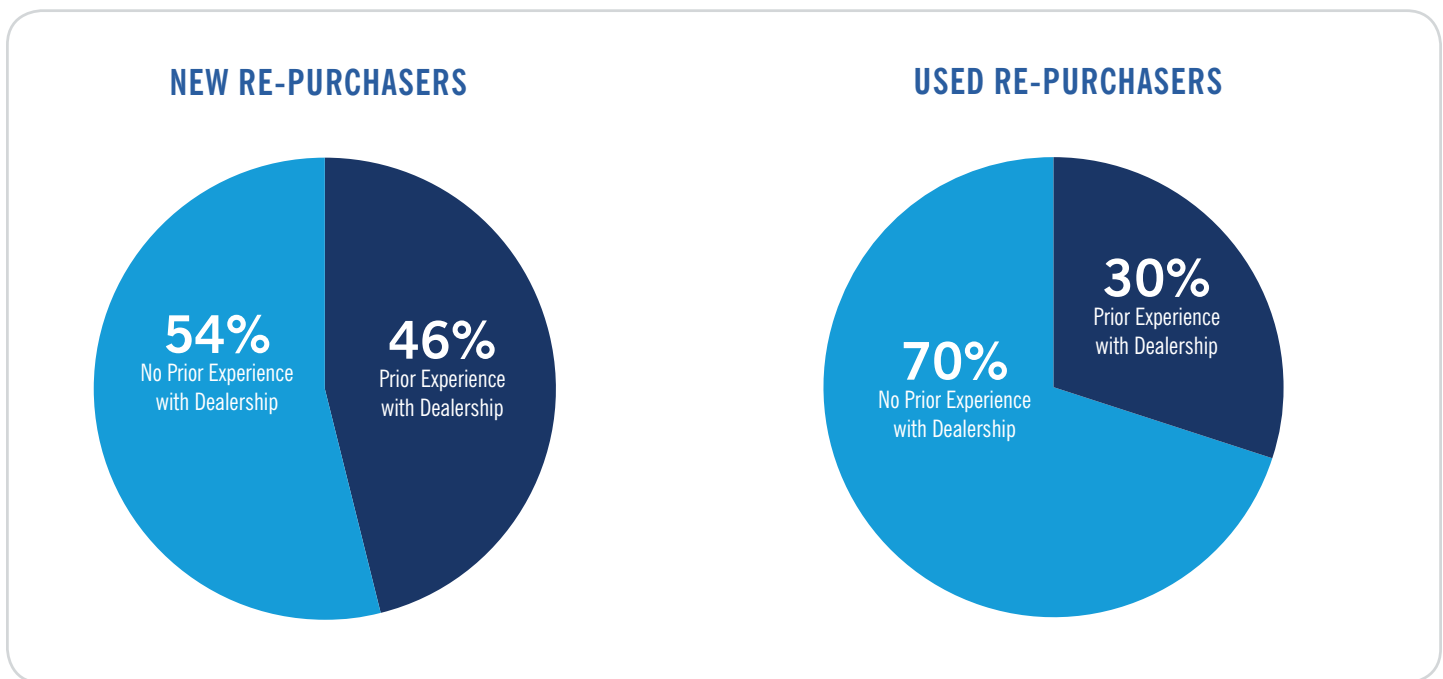
New car buyers are more likely to have had prior experience with the dealer they purchased from: 72% of new car buyers returned to a dealership where they shopped previously, while only 45% of used car buyers did so. **For 46% of new buyers and 30% of used buyers, the decision to purchase at the dealership was solely based on their overall dealership experience (see Figure 3).**

And a good dealership experience has a significant impact on overall shopping activity: Of all vehicle re-purchasers who had a previous experience with the dealership they ended up re-purchasing from, only 2 in 5 visited other dealerships prior to purchase. Focusing on improving CSI is therefore vital as a long-term strategy to gain a competitive edge while generating repeat and referral business. Dealers can strive to improve CSI by implementing a consumer-led sales process based on transparent information and efficient interactions that limit handoffs to multiple staff members. Allowing customers to complete buying activities online or in-store, whichever they prefer, can also help enhance the customer experience.

The survey also showed that prior dealership experience is much more common among both new and used buyers who re-purchase the same make. Therefore, when customers return to the dealership, sales staff should explore opportunities to sell new cars and vehicles of the same make as the vehicle the customer is replacing by:

- Assessing customer needs/wants and providing expert benefits-based recommendations of applicable new/upgraded models of the same make,

Figure 3



A significant percentage of re-purchasers chose to purchase from a dealership where they previously had a good dealership experience.

- Stressing current technological features of newer models of the same make, and
- Providing collateral and links to online information that allow returning customers to easily make benefit and cost comparisons across different models/trim levels of their desired make.

Dealers should therefore keep customers informed when inventory aligns with their buying preferences. Since new car buyers are nearly twice as likely to re-purchase the same make as used car buyers, sales staff should be prepared to provide new car buyers with detailed, benefits-focused information on new models of the same make that they are replacing.

Both new and used car buyers who had no prior experience with their dealership of purchase were primarily motivated by getting a good deal, while those with prior dealership experience were primarily motivated by their dealership experience. Used buyers with prior dealership experience were 20% more likely to be primarily motivated by their dealership experience (see Figure 4).

Positive previous experience with the brand was the main reason that both new and used buyers cited for re-purchasing the same make. The survey also showed that nearly two-thirds of both new and used car re-purchasers considered another make/model other than the vehicle they purchased. More than half of those that purchased the same make considered another vehicle. These results were consistent across all makes.

Re-Purchasing Make/Model

Of new car re-purchasers surveyed, 34% bought the same make as the car they were replacing and 17% bought the same make and model as the car they were replacing. Nearly half of these new car re-purchasers bought an entirely different make and model. Of used car re-purchasers surveyed, 19% bought the same make as the car they were replacing and 7% bought the same make and model as the car they were replacing. Over half of these used car re-purchasers bought an entirely different make and model.

OEM-Specific Results

According to the research, Mercedes-Benz, Honda and Chrysler led among new car buyers who chose the same make/model for re-purchase. Mercedes-Benz, Chevrolet and Honda led among new car buyers who chose the same make for re-purchase. RAM, Subaru and Lincoln led among used car buyers who chose the same make/model for re-purchase. RAM, Ford and BMW led among used car buyers who chose the same make for re-purchase.

Figure 4



Re-Purchaser Types

The survey showed that life stages can predict vehicle re-purchasing habits and dealership selection. Millennials, for example, are more likely to purchase used vehicles. However, as re-purchasers age, their likelihood to purchase new vehicles increases (as does their likelihood to become a vehicle re-purchaser in general). Loyalty to dealerships also increases as re-purchasers age. Although younger shoppers are more likely to purchase used vehicles, cultivating their loyalty can eventually lead to new car purchases as they grow older. Dealers should therefore cultivate customer loyalty as soon as possible by focusing on CSI, offering incentives and leasing/financing options that keep customers coming back, and marketing special service/warranty offers and sale pricing to existing customers.

Millennials are more likely to shop around to multiple dealerships and focus on price/getting a good deal compared to older re-purchasers. Car buyers over age 55 are more often influenced by prior dealership experience and location. In fact, more than half of re-purchasers over age 55 live within 10 miles of the dealership where they bought their vehicle. Dealers can therefore benefit from focusing marketing efforts on both prior customers and non-prior customers that fit this demographic and are located near the dealership.

The research also revealed re-purchaser types at opposite ends of the shopping spectrum: “Super Shoppers” vs. “Status Quo Shoppers.” Super Shoppers were the 15% of new and 21% of used car re-purchasers surveyed who visited 3 or more dealerships and considered a variety of makes and models. Getting a good deal was their most common motivator, particularly for used-car Super Shoppers. Only 3% of Super Shoppers re-purchased the same make of vehicle. Status Quo Shoppers, on the other hand, were the 8% of new and 3% of used re-purchasers who bought the same make from a dealership where they had previous experience, without considering other vehicles or visiting other dealerships.

About Cox Automotive

Cox Automotive is a leader in vehicle remarketing services, digital marketing and software solutions for automotive dealers. Cox Automotive, a subsidiary of Atlanta-based Cox Enterprises, includes Manheim, DealerTrack, Autotrader, Kelley Blue Book and a host of global businesses and brands serving customers such as auto dealers, manufacturers and financial institutions. Headquartered in Atlanta, Cox Automotive employs nearly 24,000 employees in over 150 locations worldwide. We partner with more than 40,000 dealers and touch over 67 percent of all car buyers in the U.S. with the most recognized brands in the industry. We unite over 20 brands in this space, providing an end-to-end solution to transform the way people buy and sell cars every day.

