



EMOTIONAL CONNECTIONS STUDY

Addressing customer pain points during the car-buying process



CONSUMERS EXPERIENCE WAVES OF EMOTIONS DURING THE IN-STORE PROCESS



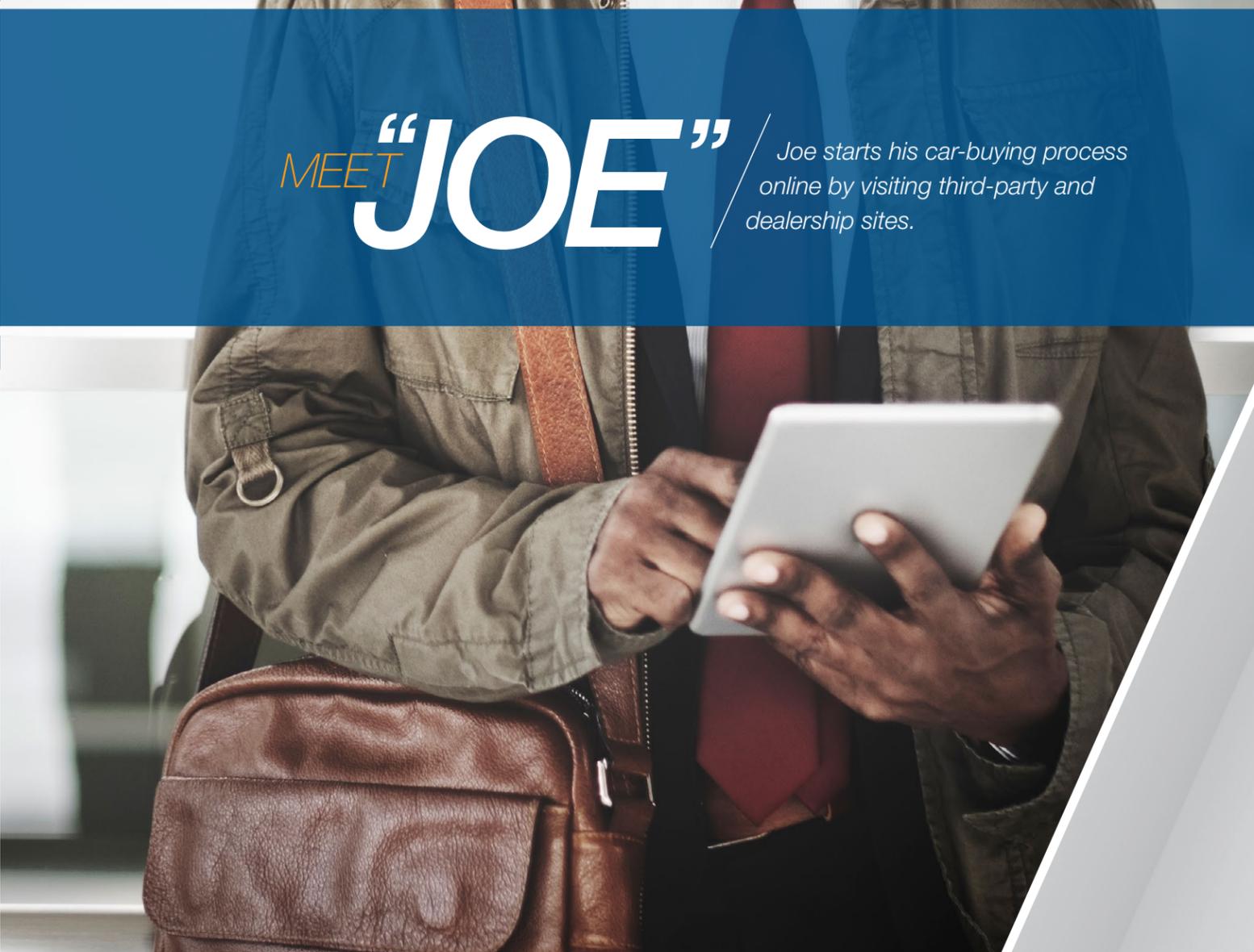
CAR-BUYING IS AN EMOTIONAL EXPERIENCE

MEET “JOE”

Joe starts his car-buying process online by visiting third-party and dealership sites.

It's no surprise that buying or leasing a vehicle is an emotional experience for consumers, but the Cox Automotive 2018 Emotional Connections Study reveals the specific emotions and pain points consumers undergo through all phases of the vehicle purchase process.

Armed with insight into these varying emotions, dealers have an opportunity to reduce negative emotions and enhance positive portions of the experience. The following two hypothetical car-buying scenarios highlight typical consumer emotions during the buying process and best practices dealers can use to improve customer satisfaction.



JOE'S SHOPPING EXPERIENCE



SHOPPER EXPERIENCE



Informed salesperson



Test-drive



A positive test-drive experience is often followed by frustrating negotiations



Comparing vehicles & payments online



Comparing vehicles & payments in-store



Trade-in appraisal



Negotiate deal terms

Negative emotions start in the research phase. Joe narrows his search down to three vehicles, but the details and prices are inconsistent, making it hard to compare dealers and vehicles and figure out accurate monthly payments. **Joe is one of the 53% of car buyers who look for monthly payment information while researching a vehicle.¹**

83% of consumers prefer to complete at least one purchase activity online away from the dealership. Joe is part of the 71% who want to research incentives, add-ons and trade-in online. He is also part of the 51% who want to structure the deal online (which includes things like agreeing on a price, selecting add-ons and making a deposit). **And like 43% of consumers, Joe would like to apply for financing/get pre-qualified online away from the dealership.²** But these tools aren't always available.

Although Joe doesn't have all the information he wants, he heads to the dealership. **Like 49% of car buyers, his initial contact with the dealer happens when he walks into the dealership.¹** Joe wants to visit the dealership to learn about

the vehicles he is interested in. **He is one of the 80% of consumers who would never purchase without a test-drive.²** He's happy to be met by an informed salesperson whose knowledge and approach help Joe feel empowered, not pressured.

That positive feeling ends, though, when Joe tries to compare vehicles and payment estimates. Despite the salesperson's helpful knowledge, Joe is overwhelmed by the number of choices—especially because some of the information presented at the dealership isn't consistent with what he learned online. Still feeling confused about the options, he selects a car to test-drive. The salesperson answers questions during the test-drive, and Joe feels hopeful and excited again.

Because this dealership doesn't offer an online trade-in appraisal tool, Joe isn't sure what to expect for a trade-in offer. So despite his positive test-drive experience, he is anxious when the time comes to negotiate a trade-in. As he feared, the offer comes in lower than he hoped.

Disappointed, Joe sits in the waiting room flipping through magazines until it's time to negotiate the deal terms. **He spends nearly 40 minutes idle at the dealership.¹** Leaving customers idle has the potential to lead to headaches in finalizing the sale, as some start to rethink the deal during that time. Once Joe finishes the negotiation process, he feels anxious again. How can he know he's getting a good deal?

Then it's back out to the waiting room until the F&I manager is available to finalize the vehicle financing. At this point, Joe is still anxious—but he's also bored and frustrated. **He's been at the dealership for nearly three hours.¹**

Joe is confused and frustrated when the F&I manager starts discussing additional options like gap insurance, extended warranty and add-ons he's not interested in. He's already negotiated the deal, and these options would increase the purchase price.

Finally, after almost three hours at the dealership,¹ it's time for delivery and orientation on his new car. While Joe leaves the dealership feeling excited, satisfied and empowered about his purchase, the negative aspects of his overall experience may encourage him to look at other vehicle purchase options when it's time for his next car. Unless he has warranty coverage and/or a maintenance agreement,

TOP PAIN POINTS

#1 Negotiating a final purchase price online

#2 Determining an accurate monthly payment



54% of car buyers are dissatisfied with how long the process took.¹

OVER **50%** of time in dealership occurs during steps that involve money and paperwork.



CAR BUYERS WANT A PAINLESS PATH TO PURCHASE

Delivery & vehicle orientation



Selling add-ons decreases satisfaction, but car delivery ends the process positively



Finalize vehicle finance



Evaluate & purchase add-on products

Joe may go elsewhere to get his vehicle serviced, and he may also be reluctant to give a completely positive dealership referral to his family and friends.

Joe's experience is not unusual. The 2018 Emotional Connections Study shows that while consumers leave the dealership feeling excited about their vehicle and satisfied and empowered by their purchase, over half the time they spend in-store is associated with negative emotions.

This valley of negative emotions occurs during steps that involve money and paperwork — trade-in appraisal, negotiating deal terms, vehicle financing, and evaluating insurance and add-on products. Compared to other steps, these have the highest anxiety, confusion, frustration or

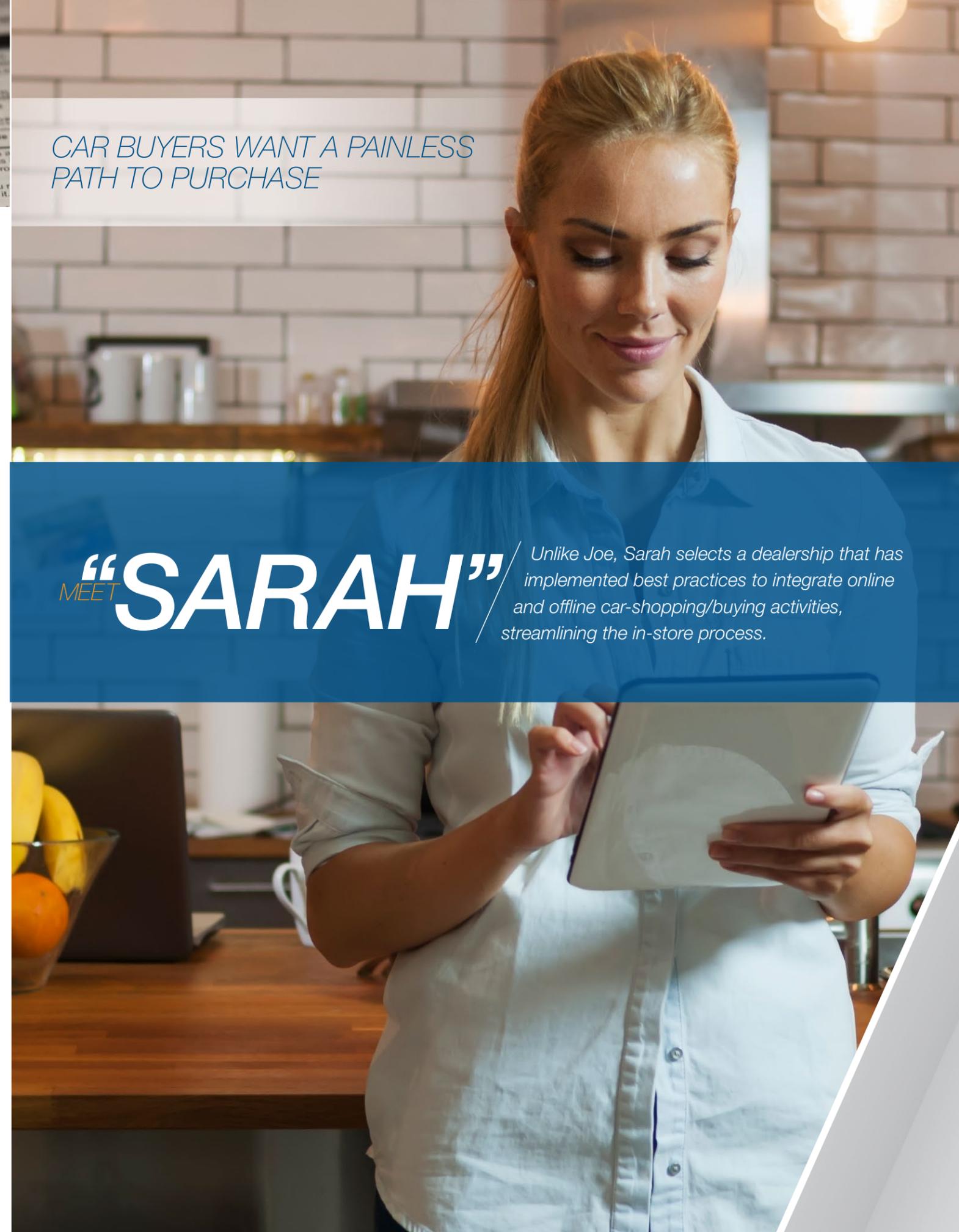
disappointment for consumers. Idle wait time amplifies these negative emotions, and the overall length of the process is a major source of customer dissatisfaction.

In fact, when asked to rate their satisfaction on a scale of 1–10, **77% of car buyers gave the test-driving process an 8–10 rating. Satisfaction drops to 59% for interactions with the F&I Department.** Of the **three hours average time spent at the dealer** during the purchase process, half of that time is spent negotiating or doing paperwork, **resulting in a 46% satisfaction rate** for how long the process takes. Among buyers who were dissatisfied with how long the process took, **Negotiations and Financing/Paperwork were the top two areas that took longer than they expected.**¹

MEET **“SARAH”**

Unlike Joe, Sarah selects a dealership that has implemented best practices to integrate online and offline car-shopping/buying activities, streamlining the in-store process.

Customers Spend Most of a Lengthy Sales Process Feeling Dissatisfied



SARAH'S SHOPPING EXPERIENCE



+
SHOPPER
EXPERIENCE

Comparing vehicles & payments online



Informed salesperson



Comparing vehicles & payments in-store



Test-drive



Trade-in appraisal



Negotiate deal terms



Finalize vehicle finance



Evaluate & purchase add-on products



Delivery & vehicle orientation



Comparing vehicles & payments online smooths the pre-test-drive process.

When car-buyers use digital tools for credit, negotiation & trade-in appraisal, dealers can help make final steps fast & painless by reinforcing the decisions these customers made online.

Her shopping experience begins online, where Sarah uses third-party websites to research vehicles. She finds a local dealership with comprehensive listings that enable her to accurately compare vehicles and monthly payments. Sarah wants to be prepared when she gets to the dealership, so she researches F&I options, completes a trade-in estimate and fills out a credit application, all from the dealership website. She has the option to negotiate online, too. **Sarah is one of the 85% of shoppers who are more likely to buy from a dealership that allows them to start or complete the vehicle purchase online.**²

Sarah now has enough information to decide which vehicle she wants to test-drive. She uses the dealership website to schedule a test-drive, and is met by a knowledgeable salesperson who helps to inform her decision. Since Sarah has already done extensive online research, he listens to her questions and doesn't push her through a set sales process.

The dealership offers information that is consistent with what Sarah has learned online, so she is reassured that the dealership is being transparent and honest, and it's easy for her to

understand the affordability of the vehicle she's considering. The digital retailing write-up tools the dealership features on its website also allowed Sarah to see and understand the variables in the deal before she came to the store.

The discussion about Sarah's trade-in is short because she already completed a valuation on the dealership website. Because she already determined her purchase price and monthly payment using tools on the dealership website, there is not much negotiation, but rather a quick confirmation of the deal she expected. **Sarah is one of those consumers who completed at least some deal-related activities online and saved an average of 30 minutes compared to those who completed the entire deal in-person.**²

The dealership has streamlined the shopping and purchase process with minimal idle time and hand-offs between employees, so Sarah only has to wait a few minutes to meet with the F&I manager. She already used online tools to review payment options and the dealership downloaded the credit application she completed online, so the F&I process is quick and efficient.

Since Sarah already reviewed and chose the add-on products she would like to purchase before coming to the store, the salesperson forgoes the sales pitch. He reviews her choices and asks if there are any other value-added services or products that she would like to learn more about.

Sarah's new car is delivered to her, and the salesperson orients her on the features. Sarah leaves the dealership feeling excited, satisfied and empowered about her purchase.

Sarah was pleased that the dealer provided options that allowed her to complete different steps in the buying process either online or in-store, whichever she preferred. Her overall experience was convenient, fast, transparent and low-pressure. And dealership personnel were knowledgeable, helpful, honest and genuinely eager to meet her individual needs. Because of her positive experience, she will return to the dealership to have her vehicle serviced and to buy her next car. She will recommend the dealer to her family and friends.

83% of consumers want to do one or more steps of the purchase process online.²





BOOSTING POSITIVE EMOTIONS: WHAT DEALERS CAN DO

Consumers' immediate access to online information and functionality has led them to expect fast, simple and efficient experiences. Dealerships need to align with this growing appetite for greater convenience, speed and simplicity by implementing a streamlined sales process that integrates online and offline car-shopping and buying activities. Dealers can achieve this integration with the help of digital retailing tools that allow online shoppers to quickly compare vehicles and prices, calculate monthly payments, complete F&I paperwork and negotiate a final purchase price.

IN ADDITION TO IMPROVING THE CUSTOMER EXPERIENCE, DIGITAL RETAILING CAN **INCREASE PROFITABILITY** BY:

- Allowing dealerships to sell vehicles an average of six days faster.³
- Creating 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*.²

When it comes to the in-store portions of the sales process, F&I, trade-in, deskling, idle time and total time spent at the dealership are the areas that need the most improvement. Dealers who integrate online and in-store activities as seamlessly as possible, and allow consumers to choose what they do online versus in-store, will provide greater transparency and autonomy for the consumer while reducing idle time and total time spent in-store. Streamlining in-store activities by using digital tools to eliminate duplicate data entry and repetition of tasks while reducing hand-offs between staff will also shorten process time and lead to more positive consumer emotions.

71% would consider buying a car more often if they could start or complete nearly all the purchase online.²

ABOUT THIS STUDY

The 2018 Emotional Connections Study was conducted to gain an understanding of how consumers think about and experience pain points related to the car-buying/leasing process, during both the online research and in-store purchase phases. A total of 1,000 adults who purchased or leased a new or used car at a franchise dealership within the six months prior to August 25, 2017 completed an online survey.

ABOUT COX AUTOMOTIVE

Cox Automotive Inc. is transforming the way the world buys, sells and owns cars with industry-leading digital marketing, software, financial, wholesale and e-commerce solutions for consumers, dealers, manufacturers and the overall automotive ecosystem worldwide. Committed to open choice and dedicated to strong partnerships, the Cox Automotive family includes Autotrader®, Dealer.com®, Dealertrack®, Kelley Blue Book®, Manheim®, NextGear Capital®, vAuto®, Xtime® and a host of other brands. The global company has over 34,000 team members in more than 200 locations and is partner to more than 40,000 auto dealers, as well as most major automobile manufacturers, while engaging U.S. consumer car buyers with the most recognized media brands in the industry. Cox Automotive is a subsidiary of Cox Enterprises Inc., an Atlanta-based company with revenues of \$18 billion and approximately 60,000 employees. Cox Enterprises' other major operating subsidiaries include Cox Communications and Cox Media Group.

¹ Cox Automotive 2018 Car Buyer Journey Study

² Cox Automotive Future of Digital Retail Study

³ Cox Automotive 2016 study based on a qualified sample of Cox Automotive Digital Retailing product customers using VinSolutions CRM between December 2015 and December 2016



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