

INCREASE THE IMPACT OF INCENTIVES

THE CHALLENGE

New vehicle incentives have increased dramatically since 2014, yet over 50% of consumers have little to no familiarity with them.





Source: Motor Intelligence, 2014 - 2017 Incentives data includes: consumer rebates, discount financing, lease rate subvention, residual exposure, dealer allowances, volume bonus payments and contests

THE OPPORTUNITY

However, **60% of shoppers are most likely to research incentives at least weekly** during their purchase process, and **third-party sites are the top sourced used, with over 2/3 using these sites to conduct this research.** Use of third-party sites for incentive research is especially high among luxury shoppers. CONSUMER FAMILIARITY WITH INCENTIVES IS LOW

HOW FAMILIAR ARE YOU WITH INCENTIVES AVAILABLE ON THE VEHICLES YOU ARE CONSIDERING?



Cash rebates are twice as preferred as extended warranties or special APRs. Compared to non-luxury shoppers, luxury shoppers are more likely to want free maintenance.

CASH IS KING PLEASE RANK THE FOLLOWING 5 TYPES OF INCENTIVES IN ORDER OF IMPORTANCE TO YOUR PURCHASE DECISION: Factory Rebates/Cash Back Extended Warranty At No **20**[%] ((\$) (S) (S) Additional Or Discounted Cost **3 3 20**[%] Special Financing Rates (\$) **S** 15[%] Free Maintenance Program Feature upgrades (OnStar®, WIFI, satellite radio, concierge 6% S service) at no additional cost or discounted cost

The median rebate that would motivate shoppers to buy within a week is **\$2,500**. Free extended warranties and maintenance plans would need to last two years to motivate a quick purchase, while financing would need to be at 0%.

MOST MOTIVATING INCENTIVES

WHAT OFFER WOULD PERSUADE YOU TO BUY WITHIN A WEEK BEFORE IT EXPIRES?



SOLUTIONS

1	Pair cash rebates with limited-time offers to more quickly sell slow-moving inventory.
2	Target luxury shoppers with messaging around free maintenance and feature upgrades, and target all shoppers with messaging around cash back and special financing rates.
3	U.S. brands can benefit from higher rebates commensurate with average transaction price compared to foreign brands.
4	Incentives should be presented prominently and consistently across OEM and third-party websites where over two-thirds of shoppers research them.
5	OEM and dealer advertising around incentives should be consistent across all tiers.
6	Dealers can use tools, such as Cox Automotive Integrated Incentives, that automatically account for the latest factory offers to help eliminate the time-consuming complexity of managing incentives and rebates.
7	Including incentives and special offers prominently in online vehicle descriptions and ads can drive sales while demonstrating to consumers that OEMs and dealers are working to offer them the best possible deal.
8	Make reviewing incentives a part of the sales process.

Source: Kelley Blue Book 2017 Incentives Survey

INCENTIVE TYPES:

DEALER CASH – Car manufacturers offer cash rebates directly to dealers when a consumer purchases a vehicle. Most of the time, this will help lower the transaction price for the consumer.

EXTENDED WARRANTY AT NO ADDITIONAL OR DISCOUNTED COST – A prolonged warranty offered to a consumer in addition to the standard warranty on new items.

FACTORY REBATES – Car manufacturers offer cash rebates directly to a consumer when they purchase a vehicle before a specified date.

FEATURE UPDATES – Car manufacturers offer free or discounted features such as OnStar[®], WiFi, satellite radio, concierge service, etc.

FREE MAINTENANCE PROGRAMS – Car manufacturers offer free maintenance services to a consumer for a specified amount of time when they purchase a vehicle.

SPECIAL FINANCE RATES – Low financing rates offered to a consumer when they purchase a vehicle before a specified date.