

The Changing Automotive Landscape

FROM IN-STORE TO ONLINE



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ABOUT THIS STUDY

This report was compiled from responses from 1,185 dealership consumers and employees. The goal of this report is to understand consumer needs and preferences toward online and digital dealership experiences in both sales and service, as well as explore how dealerships are responding to these needs.

What is the reason you interacted with the dealership?

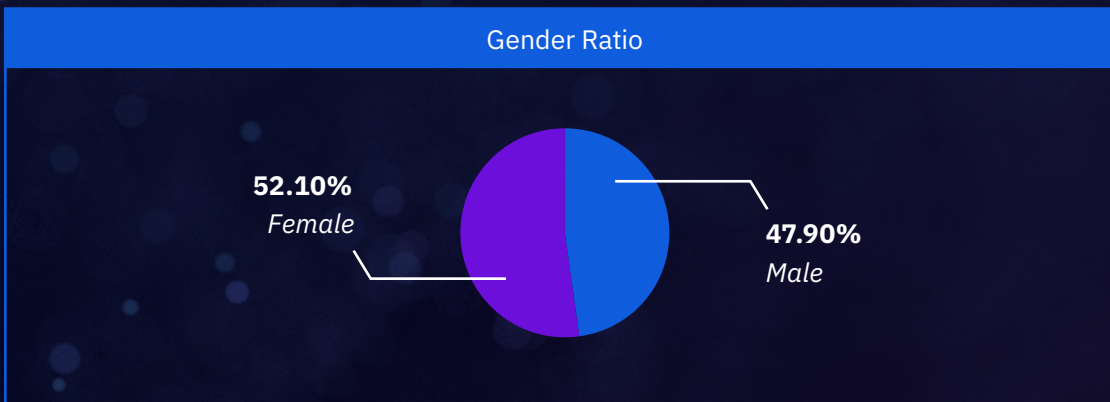
Consumer Interaction With Dealership	
Purchased a new or used vehicle	44.09%
Service work	40.53%
Other	15.38%

62.8% of consumer respondents had their last interaction with a dealership within the past year. The age range, income, and gender ratio of consumers were evenly dispersed.

Age Range	
18-29	21.56%
30-44	25.15%
45-60	28.14%
>60	25.15%

Income Range	
<\$50,000	35.13%
\$50,000 - \$124,999	39.72%
\$125,000 - \$199,999	7.38%
>\$200,000	3.99%

13.78% of respondents preferred not to answer this question.

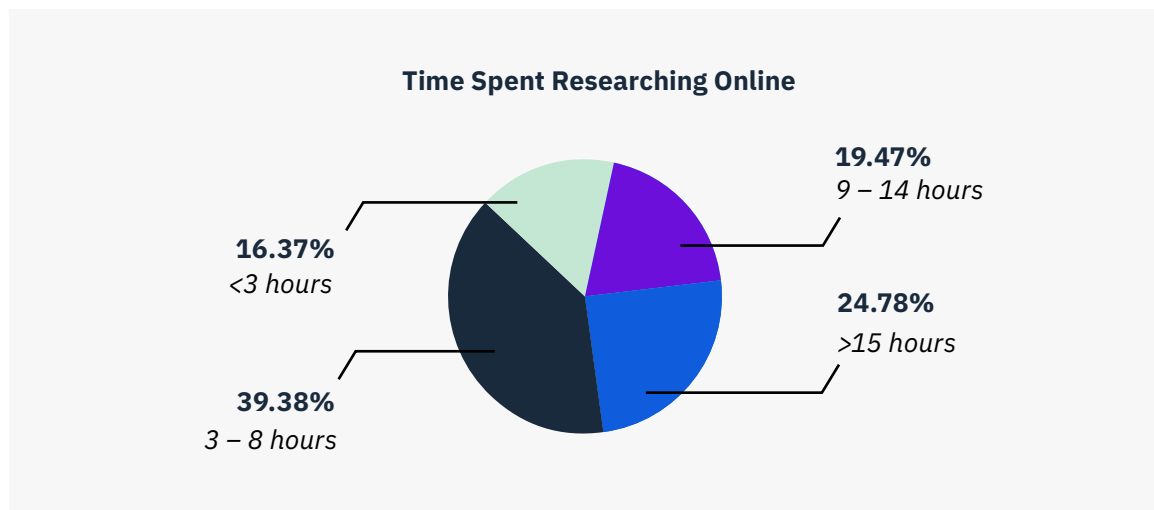


Of dealership employees that participated in the survey, nearly all were in management positions.

Employee Positions	
Sales Manager	46.52%
F&I Manager	29.14%
Dealer Principal/General Manager	23.68%
Other	0.66%

OVERVIEW OF THE EVERYDAY CAR BUYER

Whether or not the everyday car buyer ultimately purchases their vehicle online or in-store, one thing is certain: they spend a lot of time researching online.



They research different vehicle makes and models (72.77%), compare local dealerships to see where they ultimately want to buy from (50.89%), and identify the available inventory and price at those dealerships (49.55%).

Additionally, the everyday car buyer will typically use payment calculator (46.43%) and trade evaluation (28.13%) tools to get an even better idea of what their vehicle purchase might truly cost them.

When it came time for the everyday car buyer to choose a dealership to buy from, price and available inventory were the two most important reasons for selecting a dealership.

What factors are the most important to you when selecting a dealership to purchase from?

1. Price
2. Available inventory
3. Reputation of the dealership
4. Location of the dealership
5. Trade-in amount offered
6. The look of the facility/building
7. Ability to buy online/review and sign paperwork remotely

What does this mean for you?

It's clear nearly every buyer starts their purchase journey online. Their first introduction to your store will be your website, not your showroom. These buyers will be focused on the inventory you have available, the price listed, and your dealership's overall reputation.

Now, let's dive a little deeper into the specific behaviors and preferences of the two types of car buyers we see today: the online car buyer and the traditional car buyer.

THE ONLINE CAR BUYER

The online car buyer is someone who completes as much of the vehicle sale as possible online. For some, this is the entire vehicle sale, including having the vehicle delivered to them while never visiting the dealership. For others, this may involve determining the vehicle and payment online, but ultimately going to the dealership to complete the purchase process.

When asked about their satisfaction with the online purchase experience, respondents said it was mediocre with a 5.5 on a 10-point scale.

Reasons for this included:

“It took too long to process information.”

“It was difficult to communicate with the dealership.”

“The website didn’t function very well.”

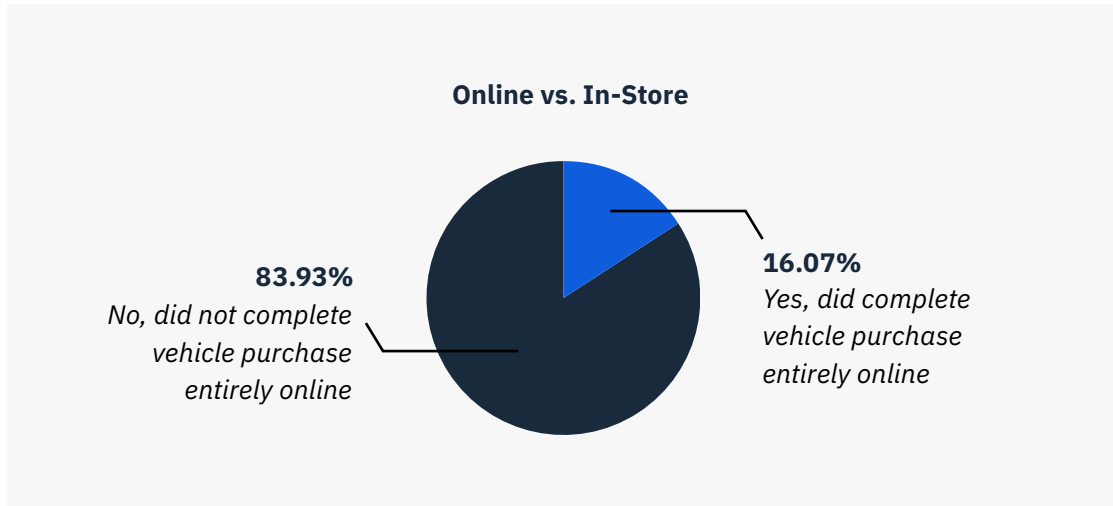
Following the traditional vehicle buying process, what portions did you complete online or without going to the dealership?

Steps From Start to Finish	
Researched dealerships	50.89%
Researched different vehicle makes and models	72.77%
Researched available inventory at specific dealerships	49.55%
Calculated your estimated payment	46.43%
Calculated your estimated trade-in value	28.13%
Submitted a lead for your desired vehicle	10.71%
Filled out the credit application	13.39%
Submitted actual trade information (type of vehicle, amount owed, condition, etc.)	8.48%
Received a guaranteed offer on your trade	7.14%
Selected applicable rebates, discounts, or incentives	8.48%
Worked with the dealership to come up with your exact payment/price	13.84%
Paid a down payment with a credit/debit card	11.16%
Reviewed aftermarket finance and insurance products like GAP insurance, service maintenance plans, etc.	10.27%
Signed all paperwork without going to the dealership	4.91%

Although over 50% of respondents spent time researching dealerships and vehicles online, only 10.71% actually submitted a lead to the dealership.

Notice only 4.91% of respondents signed their paperwork without going to the dealership.

Did you complete your entire vehicle purchase online?



To dig deeper into what consumers **perceive** as online vs. in-store, we asked those who said “Yes” to completing their entire vehicle purchase online, if they visited the dealership for any reason. The responses are quite surprising; with over 90% of them still visiting the dealership.

Even though you completed your entire vehicle purchase online, did you go into the dealership for any reason?

Reasons For Visiting The Dealership	
Finalize the price	53.85%
Test drive the vehicle	48.72%
Sign paperwork	46.15%
Pick up the vehicle	43.59%
I did not go into the dealership for any reason	7.69%

What does this mean for you?

Due to the complex nature and high price tag of buying a vehicle, many consumers are still hesitant to complete a fully-online purchase. In fact, when looking at the full data set of respondents who purchased a vehicle, only three of them experienced a truly online buying process without going to the dealership. Almost half of respondents still want to test drive their potential vehicle and, at a minimum, buyers want to look over and ensure their vehicle is in tip-top shape before their purchase.

Dealers must provide a top-tier online experience for those consumers who wish to complete the process online, while also ensuring a seamless transition for consumers who move online to in-store. What does this look like? Essentially, everything an online car buyer does must be tracked and accounted for so that when they come into the dealership, like most do, your staff can pick up exactly where they left off. There should be no need to restart conversations, rekey information, or re-calculate the deal.

All too often, when a consumer starts the buying process online and then comes in-store, they are starting the process over from scratch. This leads to inefficiency for your dealership and decreased satisfaction for your customer.

THE TRADITIONAL CAR BUYER

An overwhelming majority of respondents followed the traditional car purchase path of going into the dealership. They did quite a bit of research online, making the website their first interaction with the dealership. In addition to research, the traditional car buyer might also have calculated their payment, estimated their trade value, submitted a credit application, or even submitted a web lead. But ultimately, they came into the dealership to select, negotiate, and purchase their vehicle.

Their satisfaction with the in-store process was also mediocre, at 5.6 on a 10-point scale.

When asked why they did not purchase online, 69.9% of respondents were not comfortable with certain aspects of the online process.

Reason(s) For Not Purchasing Online	
I didn't feel comfortable purchasing my vehicle online	52.15%
The dealership didn't offer an online purchase option	29.57%
I didn't feel comfortable providing that type of information online	17.74%
Other	16.13%

For the 16.13% who selected other, their responses could be categorized into these three additional reasons why they did not purchase online:

Test Drive
26.7%

"It's important to sit in the vehicle, take a test drive, and check out all the features in person that you cannot do online."

Humanizing the Process
23.33%

"I prefer a face-to-face interaction."

Dealership Relationship
13.33%

"I like the dealership; I've purchased 4 vehicles from them."

When asked about specific online preferences, 22.31% wanted to complete their entire purchase online.

If available from your dealership, what portion(s) of the vehicle purchase would you prefer to complete online?

Purchasing Experience Preferences	
Fill out credit application	55.38%
Submit actual trade info	43.82%
Select applicable rebates, discounts, incentives	43.82%
Work with the dealership to come up with exact payment/price	43.82%
Sign all paperwork	30.28%
Provide a down payment	27.89%
Review and select aftermarket finance and insurance products	25.10%
I would like to complete the entire purchase process online	22.31%

When asked how likely they were to purchase entirely online in the future, 32% were not likely at all and 14.67% were extremely likely.

How likely are you to purchase your next vehicle entirely online without going to the dealership?

Online Purchase Likelihood		
Not Likely	1	32.00%
	2	8.00%
	3	10.67%
	4	5.33%
	5	14.67%
	6	8.00%
	7	2.67%
	8	1.33%
	9	2.67%
Extremely Likely	10	14.67%

What does this mean for you?

Consumer buying preferences are unique. As more digital options become available, the number of variables in the buying process will continue to increase. So, it seems you have to make a choice. You can create a process that serves only those who want to buy online, only those who want to buy in-store, or provide two different buying experiences for your customers.

A fourth option exists: provide a single, seamless process that is the same for your employees whether the customer is in-store or at home, but that is tailored to how the consumer ultimately wants to buy their vehicle. This allows you to increase customer satisfaction while also improving employee efficiency.

FROM THE DEALERSHIP'S POINT OF VIEW

To get a full picture, over 600 dealership employees shared their views. When asked what aspect(s) of an online vehicle sale their dealership was able to do, these were their responses.

Dealership Capabilities	
The customer and dealership can complete all negotiations and determine the exact selling price and monthly payment without coming to the dealership	67.59%
The dealership can present aftermarket products to the customer online	58.35%
The customer can sign most of the paperwork digitally, but still has to sign a few contracts physically at the time of pick up or delivery	53.32%
The customer can sign all paperwork digitally	23.82%
The vehicle is delivered to the customer's home	15.07%

Only 15% of dealerships surveyed are able to complete a fully online sales process where the customer never steps foot in their store. It's also worth noting that not all dealerships see this as a goal. Here are some of their concerns:

"You lose the opportunity to have face-to-face time and build a relationship."

"Face-to-face interaction is key to sales."

"You are able to provide a better customer experience in-person."

"Online sales may lead to higher instant satisfaction but lower long-term satisfaction for both the customer and your dealership."

"Without the in-person experience, the customer does not know why your dealership is better than any other."

"Our customers become repeat customers when they can experience our best asset, our people."

Aspects of the online vehicle sale from least challenging to most challenging:

- Ensuring the customer is provided with the appropriate rebates and incentives up front.
- Gathering all the necessary customer information efficiently.
- Ensuring the deal information provided to the customer is accurate.
- Providing a secure and compliant signing ceremony.
- Selling aftermarket F&I products in a remote setting.
- Verifying the identity of the customer remotely.
- Gathering the necessary wet ink signatures when a customer doesn't want to come into the store.

Dealership respondents had the opportunity to write in challenges not listed above. The most common challenge written in was “the ability to answer all questions carefully and quickly.” Even though your customer may be going through the sales process online, that doesn't necessarily mean they want to do it alone. Your sales and F&I staff still have an important role to play that chat bots and automated services can't always fill.

What does this mean for you?

It seems dealerships in general are lagging when it comes to what consumers would like to see happen online, but with good reason. The advent of the internet and online research represented a paradigm shift in buying behavior, when the purchase became about price and price alone. Consumers would research which dealership had the cheapest price on their website. But at that time, the consumer would still come to the dealership and experience their facility and staff. The dealership had the opportunity to provide an outstanding experience that would hopefully turn them into a repeat buyer and service customer.

If you take the dealership out of the equation completely and put everything online, what is the impact on dealership profitability? What might that do to customer loyalty or repeat business?

To win in this digital environment, dealerships need to provide two things: A seamless process no matter where the customer is and a human factor to a digital process so that customers build a connection with your dealership.

Without these, you risk losing customers, profits, and long-term success.

WHAT HAPPENS AFTER THE SALE: CONSUMER HABITS IN SERVICE

Although there will always be an in-person aspect of the service experience, more and more pieces are being offered digitally. We asked recent dealership service customers about their experiences, as well as their preferences.

The most important factors a consumer considered when deciding where to take their vehicle for service were price of the service and location of the dealership. The least important factors were the look of the facility/building and whether or not transportation during service is available.

What factors are the most important to you when selecting a dealership to service your vehicle?

1. Price of the service work
2. Location of the dealership
3. Reputation of the dealership
4. How quickly work can be completed
5. Whether transportation during service is available
6. The look of the facility/building

1=Most Important -- 6=Least Important

When asked how they would prefer to complete specific actions during their service visit, 72% prefer to schedule their visit online and a little over 30% would like to check-in and drop-off their keys using a self-service station or kiosk.

It's also notable that 54.67% would like to receive text or email links to review recommended maintenance. 49.33% would like to receive photos or videos of vehicle damage to see what needs repaired.

Which of these actions would you prefer to complete when it comes to your dealership service visit?

Scheduling and Check-In	
Schedule your service visit online	72.00%
Check-in for your service visit using a mobile app	40.00%
Check-in and drop off your keys using a self-service station	33.33%

Communication Preferences	
Receive a text or email link to review recommended maintenance from the technician	54.67%
Receive photos or videos of your vehicle to show damage or issues needing repair	49.33%
Receive notifications regarding your vehicle's service visit via text or email	48.00%
Approve or deny recommended maintenance using a mobile app or web portal	41.33%

Payment and Check-Out	
Pay for the service work online	37.33%
Receive your payment invoice/bill via text or email	34.67%
Check-out using a mobile app or kiosk	32.00%

How did you schedule your last service visit?

Even though 72% would prefer to schedule online, only 24.15% actually did this when scheduling their last service visit.

Service Visit Scheduling	
Over the phone	57.97%
Online through the website	24.15%
Walk in	17.39%
Email	0.48%

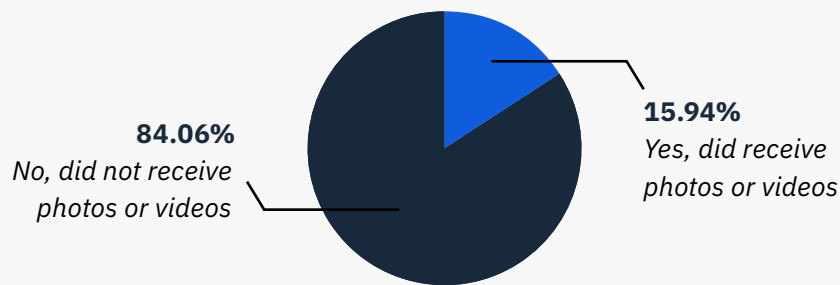
How did you check-in for your service visit?

The check-in process has some of the biggest disparities between consumer preferences and dealership offerings. Only 6.28% checked-in using a kiosk, while 33.33% would like to. Similarly, 3.86% used a mobile app to check-in, while 40% prefer to.

Service Check-In	
In-person at an advisor's desk/counter	57.49%
In-person at my vehicle	30.43%
Used a check-in kiosk	6.28%
Used a mobile app	3.86%
Other	1.93%

When it came to recommending service work, only 15.94% of consumers received photo or video evidence from the dealership related to their vehicles issues. But, 66.83% would like to see photos or videos if given the option.

Did the dealership send you photos or videos related to vehicle issues when recommending service work?



What does this mean for your dealership?

When comparing consumer preference to actual behavior, there appears to be a divide. Consumers continue to prefer more digital options in service such as text and email links, photo and video evidence, and additional forms of check-in and check-out using self-service technology.

The dealership that meets these new preferences is likely the dealership that will beat out the competition, increase customer satisfaction, and drive service profits.

BALANCING THE CHANGING LANDSCAPE

There's no doubt digital options are a necessity in today's automotive retail environment. But, the data indicates not all consumers are ready to abandon the in-person sales experience completely. Today, the majority of customers will still visit your dealership at some point in the buying process. Your dealership must be prepared for an online customer to move in-store at any point.

Looking at the service side of the dealership, we see a large gap between the digital options consumers are receiving and what they prefer. Consumers in service are craving more digital options that keep them connected during the service experience like text updates, photos and videos of their vehicle, and even methods for electronic approvals and payments.

Dealerships must find a balance between the online experience and the in-store experience in order to meet your customer's needs and expectations – wherever they are – without sacrificing what's important to your dealership...control and profitability, accuracy, and efficiency.

To learn more about how you can achieve this balance, visit reyrey.com/retailanywhere.

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