



THE AUTOMOTIVE BUYER STUDY 2021

Trust, Transparency & The Transaction

Who Wins the Car Sale
Today & Why?



Situation

Why do today's consumers choose one automotive dealership over another? How do successful dealers convince buyers to spend thousands of dollars at their stores, and build brand loyalty for years to come?

Certainly, competitive pricing, large selection, targeted marketing and convenient hours and location are all important. Dealers have focused on these factors for years.

But the COVID-19 pandemic response opened a whole new world. Everything in the auto-buying industry shifted during the global pandemic of 2020, from the way cars are sold to the tools that are used to sell them. Today, consumers won't spend hours in a dealership when making decisions. Instead they have been driven to educate themselves with online tools and are further down the purchasing path prior to contacting a dealer. For example, the first contact, often over the phone, has emerged as a critical touchpoint to establishing the trust they need to make a purchase from a dealer. The experience has clearly changed in the eyes of the consumer and so have their expectations of their auto purchase. Knowing who consumers are today, during this critical inflection point in history, has never been more important to the automotive industry.

In this study, Marchex interviewed more than 1,700 auto buyers and shoppers during 2020 to understand what convinced consumers to select one dealership over another. While the interview data was collected and analyzed to uncover how buyers made decisions during the extreme circumstances of a pandemic, many of these behavioral changes are expected to remain long after the pandemic has ended.

The data is clear: consumers today demand a seamless path to purchase in which they spend little to no time physically inside a dealership. Understanding how to offer these valuable customer experiences will make the difference between dealers who thrive in this new market environment — and those who don't.



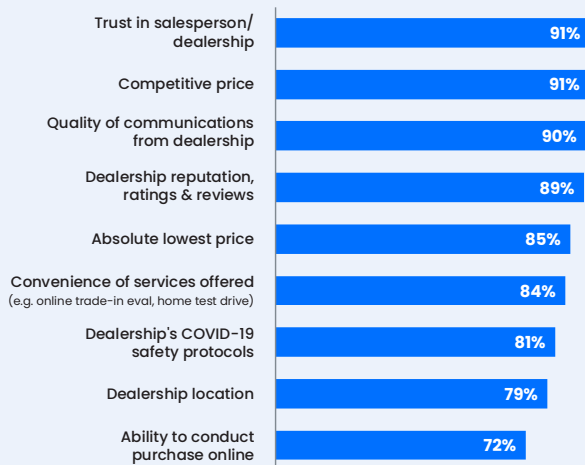
Summary of Key Findings

Trust has always played a vital role in dealership selection, and never more so than in the COVID-19 era. Data found that trust in the dealership or salesperson *is as important as the price* of the vehicle in selecting a dealership to purchase from.

Trust beat out convenience services such as home test drives and online trade-ins, dealership location, and even dealership reviews and ratings. Even more interesting: trust is equal to a *competitive price* — not the absolute lowest price.

Trust is Equal to Price in Dealership Selection Process

Importance of Factors (Very/Somewhat Important)



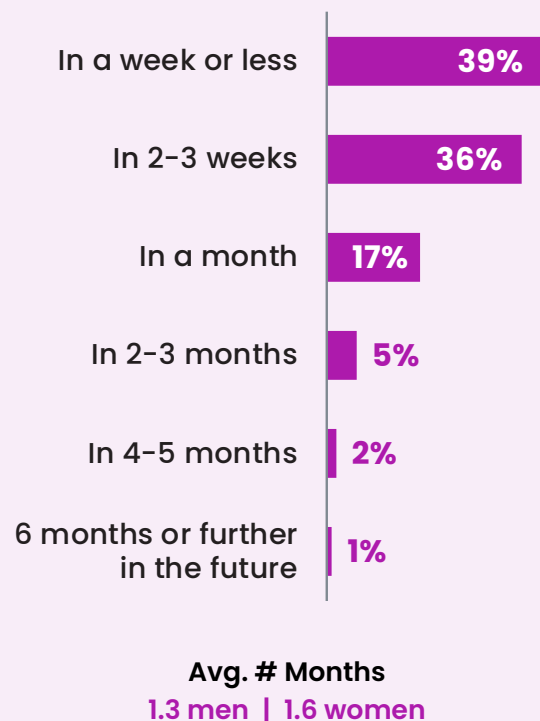
Base: Total Respondents (n=1,698)

Q17. Please rate how important each of the following are in deciding who you want to buy a vehicle from.

The reason that consumers value trust more today is because during the pandemic many consumers minimized extraneous trips and shopping. Nearly all 1,700 consumers interviewed considered spending time at the dealership to be a health risk. As a result, consumers invested more time up front doing research online, narrowing options and selecting dealerships. This greatly minimized or even eliminated time inside the dealership.

When consumers reach out to a dealership today, they are serious about buying and are ready to do so quickly. 97% report that they are somewhat or very serious, and a full **75% anticipate purchasing within 3 weeks of initial contact**, with 39% planning to buy within a week or less.

Anticipated Purchase Timeline At Time Of First Contact



For many consumers, the dealership is no longer the place where the most important purchase decision is made. **It's at home.** Consumers visit the dealership to review and finalize the purchase.

This has forced a sea change in relationship-building. Previously, much of the chemistry and relationship building between the customer and the sales representative happened in the showroom. Today, it must happen online or more frequently, on the phone.

The critical importance of quality communication and the first impression

Phone calls to dealerships, once a more casual element peppered throughout the auto buying process, are occurring later in the purchase funnel after significant research has been done.

The study revealed that some factors are still critical to winning business: despite all the research they're doing, buyers ultimately still want to know— and like — who they're doing business with. This means that the initial contact is a make-it or break-it moment. This study revealed that the initial phone call has more influence than ever setting expectations about working with the dealership. This initial conversation helps auto buyers filter and narrow dealerships they want on their "short list."

There is strong evidence that dealers who answer *all* of the customers' questions are rewarded. 81% of shoppers in this study indicated that they were still working with the first dealership that they contacted. Conversely, the leading cause of a negative dealership experience reported was "they did not answer my questions fully."

The communication method used by nearly 8 of 10 buyers is the phone, beating out all other communication sources.

Questions about vehicle availability, price and an individual's payment rank among the most frequent and most important questions for dealerships to answer while the customer is on the phone.

The analysis also found that sales representatives must be prepared to address financing and trade-in valuation questions early in the conversation, in order not to lose potential buyers over the phone. To improve trust and conversion rates on sales calls, payment and finance details should no longer fall under the exclusive domain of the finance office.

81%

of shoppers were still engaged with the first dealership contacted

Base n=962

9 out of 10

consumers report that receiving a final "out the door price and payment" is important during the first interaction

Base n=1698

The Competitive Edge: Competing on Customer Experience & Convenience

Great dealers stand out from the competition by realizing that today, it's all about winning with the customer experience. In addition to answering all questions with transparency, this also means making it easy for the consumer to purchase in the manner that is best for them. That means offering a range of experiences, from the traditional showroom purchase, to fully online, to the blended approach of starting the deal online and finalizing either at the dealership or at the consumer's home.

As consumers become increasingly comfortable with the ability to conduct purchases away from the dealership, more will do so.

Today:

- 27% of consumers prefer to negotiate and finalize the deal completely online.
- 42% of consumers want to start the deal online and finish it at the dealership or at their home.

Furthermore, dealers must be prepared for this segment to grow. 71% of consumers report that they would be interested in starting the purchase and paperwork online and finishing it at their home. For dealers looking for a competitive edge today, respondents report that if all other factors were equal, 44% would choose a dealership that offered this service over one that did not.

79%
of Buyers Prefer the Phone

(Communication method preference of buyers.
Top 2 box base n=772)



Earning Their Business in 2021 and Beyond

Making a great first impression is critical to building trust between the auto buyer and the dealership. Today, most dealerships are doing a very good job at it, with 89% of consumers reporting that their questions were being answered during their first contact. The implication is that most dealers are doing a good job in this area. This effectively raises the bar and dealers striving for the competitive edge must now focus on moving from good to great in the area of delivering an exceptional customer experience. And it all starts with quality communication and building trust from that crucial first point of contact.



Research Focus & Methodology

Marchex contracted automotive research firm Root & Associates to conduct qualitative and quantitative studies to identify:

- How communication between consumers and dealerships impacts brand and dealership selection;
- The role that trust plays in the selection of dealerships from which to purchase;
- The most common drivers of trust and barriers to trust in car sales;
- The most common phrases and approaches used by the highest-performing dealers as measured by call-to-appointment-set ratios;
- The most common causes of missed appointment setting as a result of a phone-based dealership inquiry;
- Consumer pain points relating to dealership communication;
- Insight into dealership best practices that overcome pain points and exceed consumer needs and expectations.

Research was conducted during the summer of 2020 and included:

13 face-to-face in-depth interviews of individuals meeting the following requirements:

- All resided in the Chicago or Los Angeles metro areas
- Mix of males and females
- Mix of recent volume new vehicle purchasers (past 4 months) and near-term intenders actively shopping to purchase/lease a new volume-brand vehicle in the next 3+ months
- Has placed a phone call to a dealership in the course of their auto shopping
- Mix of first time and experienced auto buyers, as possible
- A majority had a car to trade in
- Were open to conducting live calls to dealerships during the recorded interview

Findings from the in-depth interviews were used to inform the quantitative study consisting of:

1,698 consumers who met the following criteria:

- Males & females age 20–64
- New vehicle buyer or shopper
(Have purchased in past 4 months or are actively shopping with intent to purchase in the next 4 months)
- Have sole or shared responsibility in buying decision
- Have engaged in communication with a dealership

Total	1698
Buyers	772
Shoppers	926
Gender	
Male	960
Female	738
Age	
20–34	633
35–54	773
55–64	292

Additionally, 228,399 calls to full-line automotive manufacturers were scored and analyzed using the Marchex conversational analytics platform. Dealerships were categorized into top and bottom performers, based on call-to-appointment-set ratios. Call conversations were analyzed to uncover the most common language and techniques that were used by the highest performers to secure a dealership appointment. Data was contrasted to the most common language and approaches used by the worst performers.



Automotive Market Research
www.root.associates

About Marchex

Marchex understands that the best customers are those who call your company—they convert faster, buy more, and churn less. Marchex provides solutions that help companies drive more calls, understand what happens on those calls, and convert more of those callers into customers. Our actionable intelligence strengthens the connection between companies and their customers, bridging the physical and digital world, to help brands maximize their marketing investments and operating efficiencies to acquire the best customers.

About the Marchex Institute

The Marchex Institute is the data and insights arm of Marchex. Comprised of senior marketing analysts and data scientists, our group produces custom studies for global brands and commissioned research for the automotive, communications, travel, financial services, and home services industries.

Learn more at Marchex.com
or call (800) 840-1012



