CAR BUYERS REPORT

H1 2019

Carzone

INTRODUCTION

Welcome to the Carzone Car Buyers Report, an innovative and comprehensive new study into the journey that the Irish car buyer takes. Technology has massively changed how people go about researching and buying cars – old and new – and we wanted to gain a full understanding of the car buying journey, from the very first seed of contemplating a change of car to doing the deal and driving away.

Instead of taking the traditional approach of simply surveying car buyers that have already been through the process, we sought to follow car buyers throughout the whole journey and combine their qualitative thoughts and feelings about the process with data from a quantitative survey. Both those that have bought recently and those that are buying soon answered an in-depth online survey. Our group of buyers that we followed along the journey kept video and image diaries of the process, documenting how they thought about and researched their next car, how they decided upon it and their interactions with sellers and the motor industry.

The results of this approach are fascinating, offering the most accurate look at the way the Irish car buying journey has evolved. We identified plenty of challenges for car buyers and the motor industry along the way, but most of those can be turned into opportunities for the future to improve the process for all involved.

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KEY FINDINGS

AFFORDABILITY

Price is at the core of the whole car buying process from the buyer's point of view. They always have a budget in mind, but they are just as concerned with getting what they perceive to be a good deal. Perception is key, as, how a car buyer perceives a seller or dealer when it comes to deciding upon a specific car has as much importance as the car itself.

TRUST & ANXIETY

Many car buyers mistrust the motor industry to start with and are anxious about the whole car buying process. This anxiety stems from the desire to get a good deal and the idea that salespeople are more interested in making commission than helping them find the right car. Female car buyers in particular are more uncomfortable with the situation than their male counterparts. Car buyers are put off buying because they feel the process will be harder work than it is. Communicating in the right way will help car buyers feel less pressurised. Avoiding jargon, providing as much detail as possible and pricing to the market will all help to build trust with car buyers.

OPEN-MINDEDNESS

Car buyers regularly change their minds about what they need throughout the process, potentially altering course to a completely different make, model, fuel type or car type at the very last moment. Hence, they are open to influence from start to finish. Indeed, buyers are open to passive influence even before they have decided upon changing their cars – and that influence comes from a wide variety of sources.

PLANNING AHEAD

Car buyers contemplate their next car for a very long time in general, except for those that are forced into an unplanned purchase. Car buyers relish reaching certain milestones of the process, but it doesn't take much to set them back to a previous stage of the journey.

INFORMATION OVERLOAD

A significant proportion of car buyers grow weary of the process and the overload of information and end up settling on a car that is 'good enough'. The wealth of information available early on also contributes to a delay in committing to the buying process. Buyers need reassurance throughout that they are on the right path.

TRADITIONAL CAR BUYING JOURNEY MODEL

This simple four-stage process has been referred to as the standard car buying journey model for quite some time.

TRIGGERS
Triggered to enter the market

REVIEW
Review needs

EVALUATION
Evaluate car against needs

DECISION
Make a decision

EVOLVED CAR BUYING JOURNEY MODEL

In reality, thanks to a wealth of online information and outside influences, the car buying journey is not so simple, and neither is it a continuous path in one direction, as is illustrated below.

STAGE 1

CONTEMPLATION

Not in the market but forming opinions and daydreaming about new cars

STAGE 2

TRIGGERS

Motivation to start looking for a car now

STAGE 3

CONSIDERATION

Education about 'dream' cars online and through word of mouth

STAGE 4

PREFERENCES

Narrowing down options to find specific cars within budget and requirements

STAGE 5

DECISION

Visiting dealers or sellers and test driving until the right car is found

STAGE 6

DOING THE DEAL

Negotiating and getting the best value for money possible

NEW INFORMATION

STAGE ONE
CONTEMPLATION

All car buying begins with contemplation, though it's difficult to precisely say when this stage begins, as, regardless of how far away from purchasing a car the buyer is, they will sub-consciously be influenced by a wide variety of factors. The contemplation stage can take months according to our respondents, but in reality it could be going on for a lot longer than that. The data says that, on average, some 3.2 different cars are being realistically considered by buyers at this stage of the journey, but those are only the ones the buyers haven't already passively ruled out.

BEFORE ACTIVELY LOOKING for a new car, many are already passively considering options

THIS PASSIVE SHORTLISTING WAS INFORMED BY:

- The **reliability** and **enjoyment** of current car
- **Good/bad** service from dealers / sellers during last purchase
- Being a passenger in **friends' cars**
- Talking to **car enthusiasts** about new purchases or issues with their own car
- Attention being drawn by **cars on the road**

Some car buyers are **"ALWAYS-ON"**, when it comes to researching, they search manufacturers' websites and read reviews to keep an eye out for what is new, and any good deals

44% of those currently on the buying journey

HAVE SPENT SEVERAL MONTHS

in the contemplation stage

BUYERS that have yet to find their car reckon it will take a lot of time and effort to do so, but those that have already bought think otherwise, suggesting there is an inflated perception of how difficult the process is

45%

Future buyers

39%

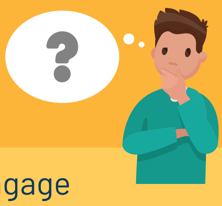
Recent buyers

RELUCTANCE to move past the contemplation stage is driven by enduring **negative** preconceptions of the process

Dealers and sellers are often mistrusted, with people feeling it can be hard to get a good deal and the truth about a car

Females assume they **will not be treated as well** as their male counterparts during the buying process

CONSIDERATIONS



- Realise that motorists are potentially always **open to passive influence,** even if they have no conscious intention to change their car any time soon. This is not seasonal.

- Make an effort to engage with the 'always-on' car buyers, as they are **open to changing their cars more frequently** and they have a strong influence over a wide circle of people in terms of choosing cars.

STAGE TWO TRIGGERS

Car buyers may be contemplating what car they'll get next for a very long time, forming opinions on what will suit them, but nothing will happen until something in their life triggers, moving them along the car buying path with more intention. Planned or not, it's a key time in the journey, though it doesn't necessarily mean there's a change of car imminent. The theoretical shortlist of cars remains at 3.2 at this stage.

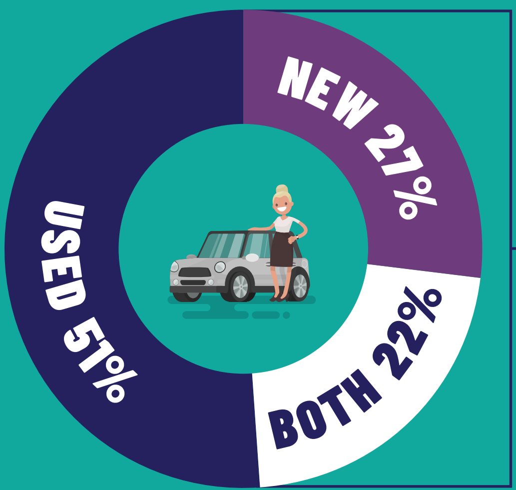
TRIGGERS come under three categories

1. UNPLANNED	2. PLANNED NECESSITY	3. PLANNED CHOICE
• Car needs replacing due to being unsafe • Saw a good deal that interested them • Crashed car • Terminal breakdown	• Change of circumstances - need a different type of car • Current car is increasingly expensive to run and maintain	• Regularly change (1-4 years) to ensure safe, reliable, good value for money • Losing interest in current car, and wanting something new

Nearly **25%** of recent car buyers have been triggered by something unplanned, for example a breakdown, compared to only **10%** of future buyers. This suggests people are spending too long in the contemplation stage, until the planned necessity becomes an unplanned emergency.

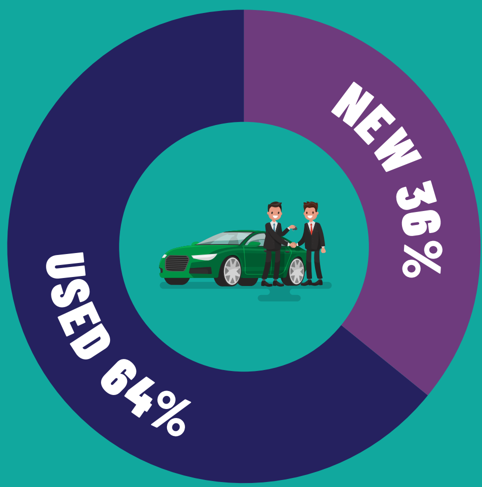
This early part of the car buying journey is aspirational, with 49% **CONSIDERING A BRAND-NEW CAR,** though only one third ultimately buying a brand new model.

FUTURE BUYERS



49% thinking of buying new

RECENT BUYERS



CONSIDERATIONS

- The industry can influence and assist car buyers regardless of their triggers, but should actively consider the trigger, and perhaps even cause a trigger. For example, buyers that have not yet reached the end of their current finance deal could be attracted by the prospect of an early exit and new car if it makes financial sense.
- The data shows that planned triggers don't always create a sense of urgency, often because of the perceived effort of the car buying journey. It would not be difficult to clearly communicate the steps required to reassure buyers.
- There is a huge opportunity to help those triggered by unplanned events, building trust and a relationship for the future. Perhaps focus on that assistance rather than the eventual sale of the next car. Consider hiring or loaning a car for the short-term while making sure the buyer then eventually gets the car that really suits them rather than a hurried purchase.

STAGE THREE
CONSIDERATION

Now, following a trigger, car buyers admit to themselves that they're on the path to getting their next vehicle. It's time for them to enter the consideration phase, actively thinking about what they want from a car, talking to people about it and spending more time online researching. Unsurprisingly, the number of cars being seriously considered increases, but only by a little, to an average of 3.4.

People now **ACTIVELY CONSIDER** some of the influences that have been at play since before their journey started:

- **Reflection on their current car:** what needs to be the same and what needs to be different?
- **Reflection on previous searches:** what went well and should be done again? What should be avoided?
- **Exploring options online:** manufacturer websites, dealership websites, selling sites, as well as, online reviews, comparisons and forums

- **Cars driven by friends and family**: which cars do they like being a passenger in and which cars do they claim they 'love'
- **Asking trusted car enthusiasts:** to point them in the right direction or help them find specific cars
- **Spotting cars on the road and in advertising:** online, TV, radio, and outdoor advertisements

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50% of buyers who bought in the last six months spent up to a month researching, while **20%** took several months or more

97% of buyers are open to
RECOMMENDATIONS
during their journey:

83% from
PEOPLE THEY KNOW

50% from buying and selling
WEBSITES

25% from
MANUFACTURERS

39% from
DEALERS

CONSIDERATIONS

- Buyers have confirmed that they use their current cars as reference points, so make an effort to engage with them to discover what they like or don't like about their existing car. This will build trust, a relationship and help to formalise what they want from their next car, benefitting everyone.
- Recommendations are actively sought by car buyers at this stage, and independent advice ranks highest, so make access to relevant independent advice easy in terms of promoting expert reviews – good and bad, as that will build trust.
- Make sure that all information about a car is available to view online with no further action needed by the car buyer, as many will have no intention of speaking with someone from a dealer at this stage and may rule out cars that have incomplete information in their eyes.
- Consider creating online guides on how to choose the right car, making them completely unbiased and unbranded with no hint of a hard-sell.

STAGE FOUR
PREFERENCES

Having considered their influences and options, car buyers move into the fourth stage of the journey and narrow down their preferences, trying their best to align them with the realities of their car needs. Interestingly, here we see the average number of cars being considered drop for the first time, to 3.0.

START OF JOURNEY

- Overall affordability consideration
- Research price of applicable target cars
- Consider whether to buy new or used
- Research value of current car
- Compare target car specifications
- Analyse online reviews of target car
- Research car finance & payment options
- Decide on trade in or direct sale for current car
- Outline total running costs of new purchase
- Online search for cars shortlisted
- Ask for help and advice
- Consider travel time to purchase the car

END OF JOURNEY
Visit the dealership

When **SHORTLISTING SPECIFIC CARS,**
there is a lot to consider

IN TERMS OF WHAT IS IMPORTANT, CAR BUYERS IDENTIFIED THE FOLLOWING AS THE MOST IMPORTANT FACTORS IN THEIR DECISION

1. Affordability	6. Dealer reputation
2. Running costs	7. Fuel type
3. Mileage	8. Car size
4. Age of car	9. Engine size
5. Service history	10. Model

At this stage, **ADDITIONAL CARS** will come into consideration as people refine their preferences

94% of buyers changed their mind about the **MAKE** they were considering

92% of buyers changed their mind about the **MODEL** they were considering at least once

Over 50% of buyers changed their mind about whether they would buy a **USED OR NEW** car at least once

85% of buyers

CHANGED THE BUDGET THEY WERE WILLING TO SPEND

at least once

65% of buyers changed their mind on how they were going to

FINANCE

the car at least once

75% of buyers changed their mind over

WHERE TO BUY

at least once

CONSIDERATIONS

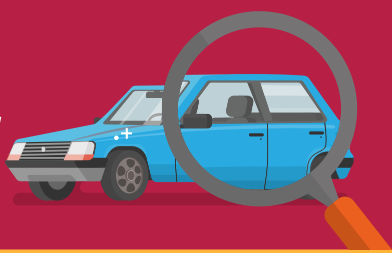
- At this stage, it can be a case of data overload for the car buyer, so anything that can be done to reduce that burden and reassure them that they're on the right path is good for everyone. A series of online guides to help buyers mentally tick all the boxes would be especially useful at this stage.

- Buyers would benefit massively from a trusted advisor at this point in the journey, be that a parent, mechanic friend or an expert from an independent source. However, dealers could still be of assistance if they dedicated staff to this purpose without any focus on selling an actual car.

STAGE FIVE
DECISION

Following stage four, the car buyer should have a firm handle on what they want and what they need, so it's time to start making decisions. For many, this is likely to be the first time in the journey that they will actually sit in and drive potential future cars. And it's a critical point in the process for all involved. Our respondents say that their shortlist of cars has reduced to 2.4 on average by this stage.

As people **GET CLOSER** to the right car for them, they will look to examine the car in detail



THIS INVOLVES VISITING A NUMBER OF DEALERSHIPS OR PRIVATE SELLERS TO:

- Examine the car in person – confirming it is in good condition
- Evaluate less important factors – comfort, colour and tech have not been prioritised in the journey so far, but now become important as people imagine themselves driving the car every day
- Test drive the car – is it laid-out as expected, and is it enjoyable to drive?

PERSONAL PREFERENCE is the main factor when deciding between dealers and private sellers; however, each offers distinct advantages

At this stage, buyers are still **OPEN TO INFLUENCE,** therefore it is important that car buyers are provided with the best experience possible

FEELINGS ABOUT CAR DEALERSHIPS
are mixed

Over 50% **ARE HAPPY** to visit a car dealership

36% **ARE RELUCTANT** to visit a car dealership

Only 5% say that they **TRUST ALL** car dealers

More positively **20%** say they **GENERALLY TRUST** car dealers, but some are untrustworthy

A REPUTABLE CAR DEALER is often determined by

Car buyers not feeling pressured

- Use different methods to communicate, for example live chat or text

Good reviews

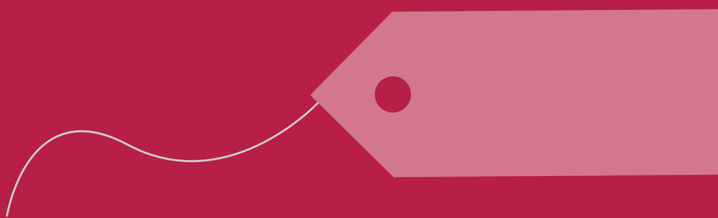
- Encourage your customers to leave reviews, both good and bad to build credibility

Good quality stock

- Give as much attention to your online forecourt
  - Present the stock in the best possible way; include up to 20 images, including 360 views of the car and videos to build trust
  - Include full descriptions online without the jargon
  - Remove adverts online when the car is sold

Transparent pricing

- Ensure you price to market



Someone who is recommended

Friendly staff

- Ensure potential car buyers are responded to as quickly as possible

Whatever the experience so far,

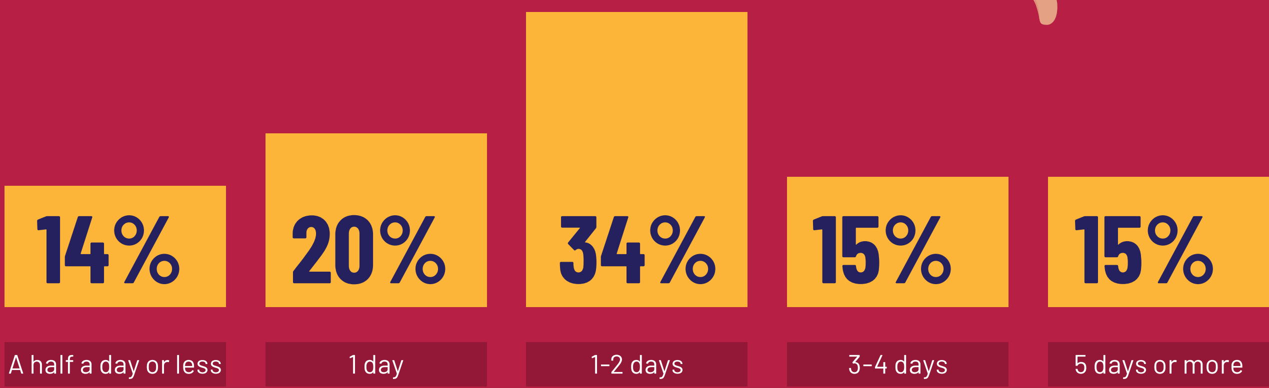
EVERYTHING CAN CHANGE ON THE DAY

EXPERIENCES ON THE DAY CAN MAKE OR BREAK THE DEAL. DEALERSHIPS NEED TO ENSURE THAT CUSTOMERS:

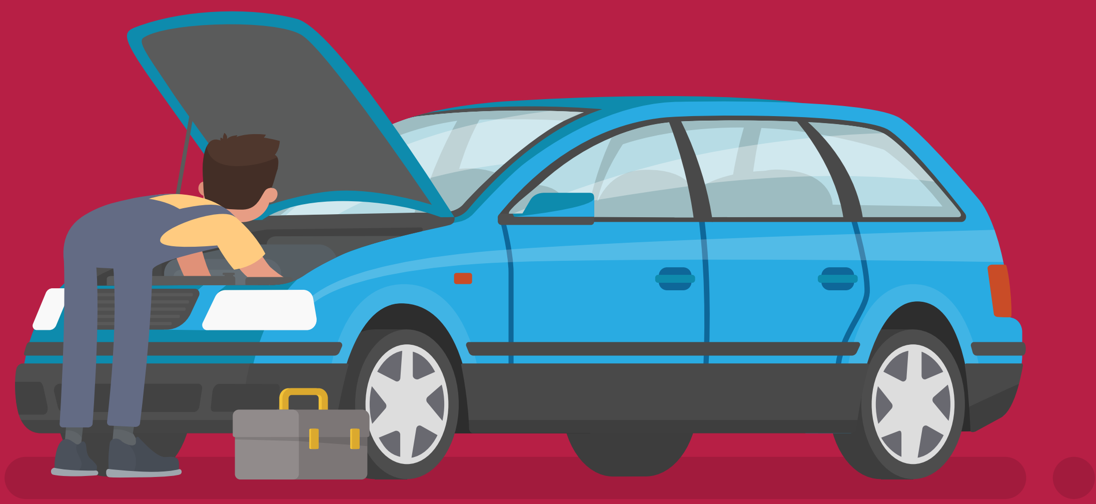
- Can visit at a time that works for them
- Feel welcomed
- Are not rushed and encouraged to take their time
- Consider all options

> **"LAST TIME** we ended up driving away in a car I had never considered before; it was the right one for us"
>
> Jacquie

For nearly **66%** of car buyers, it still takes **more than a day to make the final decision**



It's still quite possible at this point for **SOMETHING TO GO WRONG** and set a car buyer back a number of stages in their journey – so retailers can't afford to be complacent



CONSIDERATIONS

- There's a fine line between being helpful and attentive and pressurising a prospective car buyer in a showroom or on a forecourt. To have a way to filter people coming through the door according to their likely stage of the journey would be invaluable.
- It's worth bearing in mind that the car buyer is looking to make a deal, so they should be under no pressure whatsoever and actually should be encouraged to relax in the showroom or car. A folder with all the relevant information (and nothing missing) about the car could be handed over at this stage, while the staff make themselves scarce, but likewise easy to summon for more discussion.
- Transparency, openness, friendliness and authenticity are crucial to the success of this process, just as important as having the right car at the right price.
- Remember to ask the car buyers about their needs and make sure you are meeting them with the car in question. Selling a car that turns out to be wrong for someone will mean no repeat business.

STAGE SIX
DOING THE DEAL

Finally, the car buyer has decided on the one they want and it's time to make a deal. It's possible that the buyer will change their mind at this stage, but more likely they will not. However, making the experience a pleasurable one will reap rewards. Apparently, buyers are still, until the last moment, considering 2.5 cars on average.

TIME SPENT to actually buy the car (recent buyers)

15%	25%	18%	15%	18%
A half a day or less	1 day	1-2 days	3-4 days	5 days or more

Interestingly, nearly half of car buyers spend a day or more after buying reflecting on their decision. For many buyers they have reached a point of fatigue and go for the car that is good enough.

CONSIDERATIONS

- Price transparency is extremely important, so all aspects of a deal should be spelled out clearly to prevent the car buyer from asking (or wondering) what something is. This is key to making the car buyer trust they are getting good value for money.
- It may be prudent to offer an online ordering process with fixed pricing for those that don't feel comfortable with the face-to-face of the final deal.
- Many buyers indicate that they've reached a point of fatigue and go for a car that is 'good enough' by the end, so it would be a worthwhile task by the dealer to make sure that is not the case, perhaps suggesting a better deal for the buyer or a more-suited car. That would enhance the trust and relationship.

REFLECTING ON THE JOURNEY

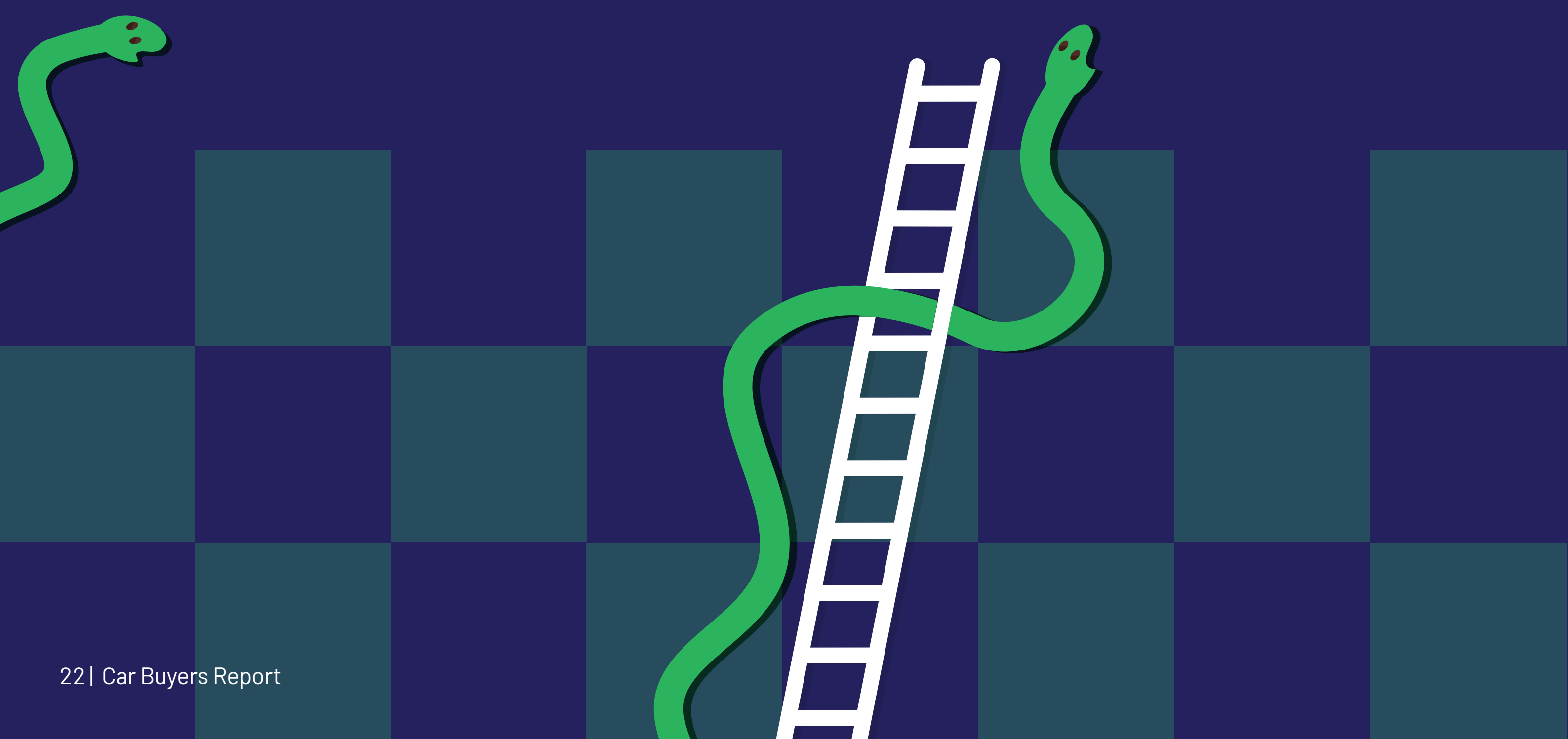
CAR BUYERS feel satisfied when they reach certain milestones, it provides a sense of achievement as decisions are made. For example:

Shortlisting makes/models	Finding cars that meet certain criteria such as affordability	Good service and experience in a dealership	Purchasing the right car

While the highs keep people motivated, there are setbacks along the way.

NEW INFORMATION can mean they may re-consider their options and most people experience at least one set back along the way. For example:

Having to compromise due to budget	Not finding cars or details online	Having to start again as cars get sold	Bad service or experience in a dealership



Whilst it may not be possible to eliminate all setbacks for all car buyers, the motor industry has an opportunity to play a big role in assisting car buyers through the journey in as enjoyable a manner as possible. That applies to dealers, manufacturers, selling and review websites equally. All have a part to play in managing expectations and keeping consumers informed. Building trust between car buyers and the motor industry is key to a good relationship for the future.

Engaging with car buyers at all steps of the process in a targeted and understanding manner would go a long way to building the much-needed improvement in trust. Each stage requires a different type of engagement and communication. There is no seasonality to this. It's also important to communicate effectively with different types of buyers – from influential car enthusiasts to others that only think about cars when it's time for them to change theirs.

That engagement can come in the form of advertising and direct marketing, but the showroom experience also needs to be looked at, moving it away from the image of somewhere people go to do a deal with salespeople to one in which car buyers are assisted with their journey. Regardless of the stage they are at, this should be an open, honest, jargon-free and unpressurised environment. A massive effort is required to ease the process and enhance trust.

If the industry can put the car buyer and their needs at the heart of the whole journey, helping a buyer drive away in the perfect car for them, happy with the deal they've made, that is the best advert for any business.

RESEARCH METHODOLOGY

We recruited **274** people actively looking to buy a car or who had purchased a car in the past six months, to take part in both qualitative and quantitative research for this report, representing a mix of ages, genders and regions, as well as type of car buyer: new, used, those that had just started looking and those who had been searching for months.

18 people who were actively looking to buy a car used a bespoke app to log 'in the moment' experiences over four weeks, resulting in 100s of individual moments, including seeing cars that sparked their interest, conversations with friends and family, advertisements, online browsing, as well as actual forecourt visits. This was followed up with in-depth interviews to discuss their experience, challenges and objectives. These initial findings were then fed into a survey of 256 consumers, 30% of which had recently purchased a car, the remainder of whom were still actively in the buying process. This enabled us to quantify the key themes that were emerging. The research was conducted by independent research agency Join the Dots.

Carzone