Connect with the New Digital Car Buyer

A research report assessing the impact of COVID-19 and how to best capitalise on current opportunities.

October 2020

Autotrader GumtreeCars BrandSpark International

In a year of significant change, understanding the new digital car buyer is key.

An Independent Digital Influence Study.

2020 has been a challenging year. Not just for the Automotive industry, but for all of us, as we navigate through the many unprecedented circumstances brought on by a global pandemic.

It has also been a year of accelerated change, particularly in the digital space, as many businesses rapidly responded to new safety restrictions, strict lockdowns and changing consumer expectations by further transitioning their operations online and exploring new opportunities.

It is in the context of these themes that Autotrader and Gumtree Cars have together commissioned new consumer research, conducted by leading research agency BrandSpark International, to assist our national network of Dealer partners and other industry professionals to gain a better understanding of the new COVID vehicle buyer, the consumer shopping journey and the role of digital influence.

BrandSpark International

About BrandSpark

BrandSpark are experts in studying global retail environments, uncovering how customers shop, research and make purchase decisions. For over 15 years, BrandSpark have studied the consumer consideration mindset to gain practical insights for big brands and small businesses alike.

In 2019, BrandSpark lead the Gumtree Cars 'Connecting the Disconnected' in-depth research and have been conducting similar studies globally for the wider eBay Classifieds Group for several years.

Focused on delivering insights that help Dealers and OEMs optimise their sales and marketing investments, BrandSpark research outcomes can assist in driving vehicle sales through identifying optimal messaging at key 'moments of truth' throughout the extended vehicle purchase journey.

Answering the burning questions from Dealers.

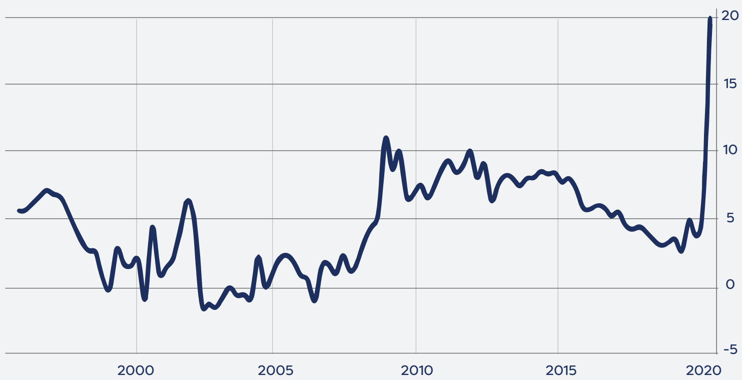
This research was conducted to answer the burning questions asked by dealers to better understand the impact of COVID on car buyers and the car buying journey.

People are saving more following COVID, representing a growing opportunity for big ticket purchases.

One trend from the ABS that tends to go underreported is that many people have been saving a lot of money since the beginning of COVID – in fact, the households savings rate is the highest it's been in the last 25 years in Australia.

This increased rate of savings could start flowing into big ticket purchases, which provides a new opportunity for Dealers, as people are restricted from spending on major travel and events.

Household Savings Rate: Last 25 years



SOURCE: TRADINGECONOMICS.COM | AUSTRALIAN BUREAU OF STATISTICS

A Nationally Representative Car Buying Audience.

Our research sample size was a healthy mix of past and future car intenders – with the online survey completed by over 1200 Australians conducted in early September (n=1299). We surveyed a National Australian panel, to ensure responses are unbiased to any one brand, and representative of the Australian car buying audience.

648

PAST PURCHASERS

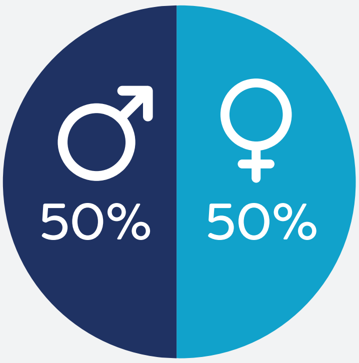
Purchased a new vehicle in the past 12 months

651

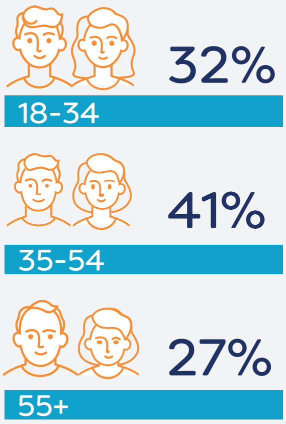
FUTURE PURCHASERS

Intend to purchase a new vehicle in the next 6 months

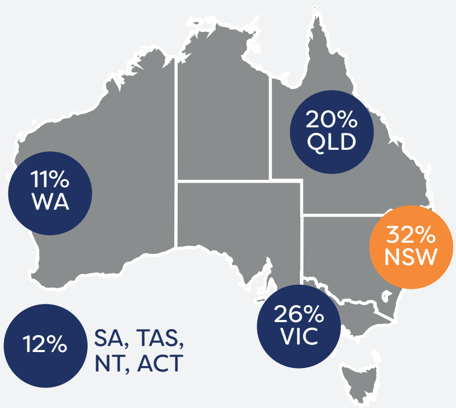
Gender



Age



Located across Australia



What we discovered.

1

How COVID-19 has impacted the Australian vehicle shopping landscape

2

Connecting with the new COVID-19 buyer segment

3

Capitalising on the "considering BOTH new and used" buyer opportunity

1

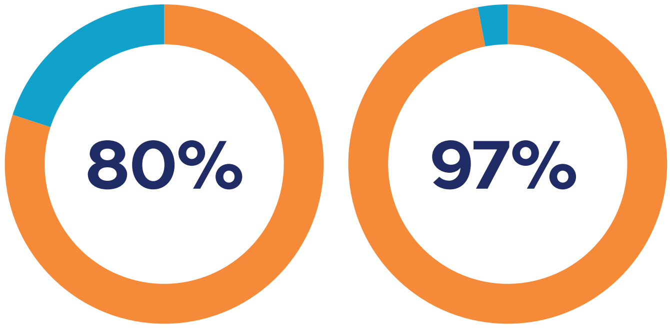
How COVID-19 has impacted the overall vehicle shopping landscape in Australia

Consumers are extremely well informed before entering the dealership.

It's no surprise that Australian car shoppers are spending more time researching their next vehicle. COVID has seen an acceleration of the long-term trend towards increasing consumer behaviour online. In fact, 97% of respondents said they'll prepare before contacting a dealership. Overall, 62% of people started their vehicle search online and they spent on average 6 weeks researching.

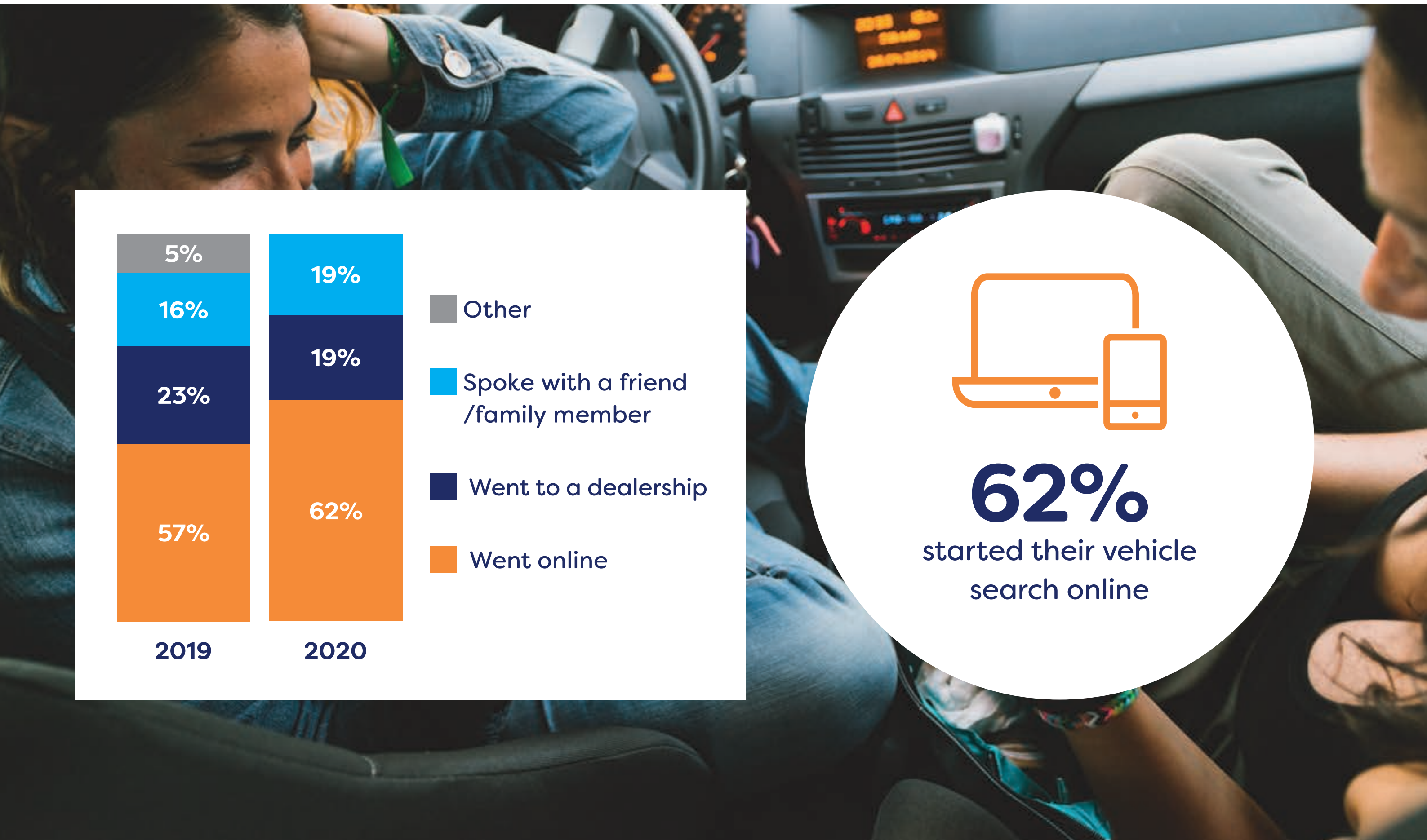
The average buyer spends

~6 weeks preparing



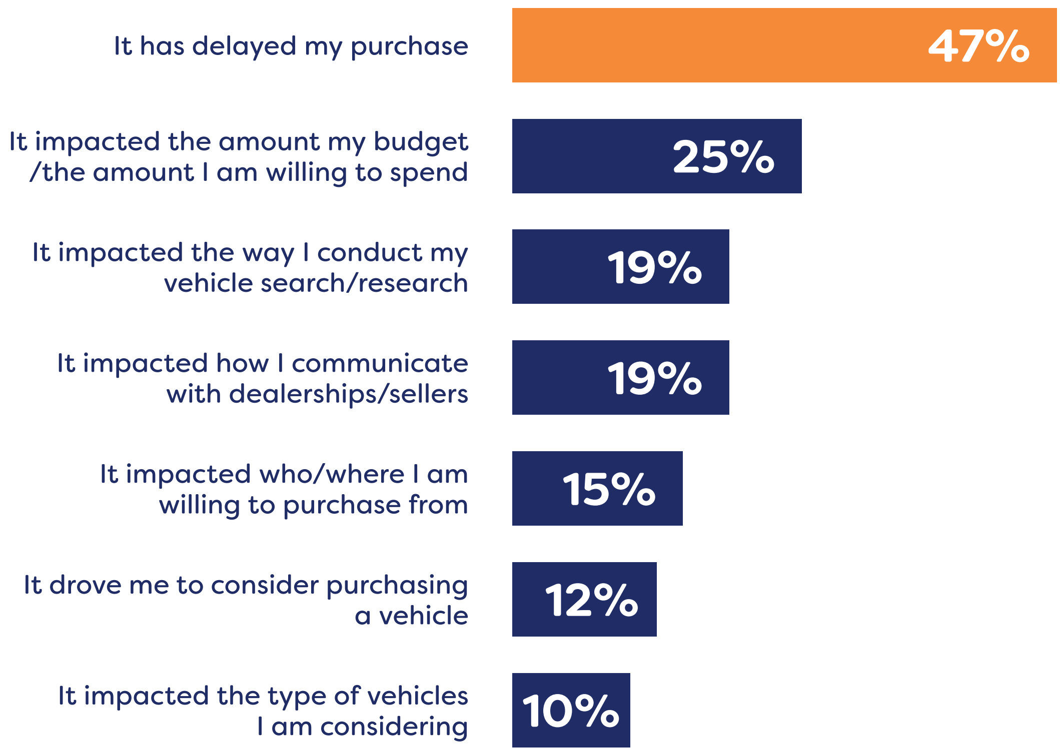
of buyers prepare for at least 2 weeks

have prepared before contacting a dealership



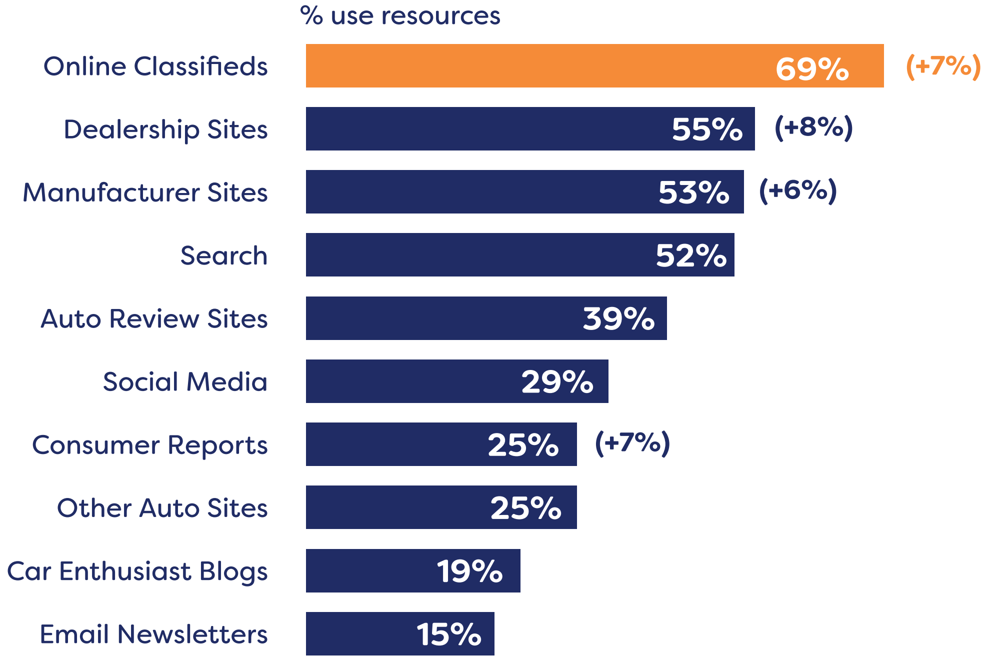
As the world moves towards a new normal, the impact of COVID has been mixed.

Of those who were impacted, close to half delayed their purchase.



Online Classifieds is still the #1 resource for vehicle research.

Australian car shoppers use a variety of online resources to assist their research and vehicle selection. Some channels are more popular than others, with online classifieds out in front and increasing +7% year on year in 2020.



As buyers continue to increase their online research, digital showrooms are driving purchase likelihood.

First impressions count, even those who 'shop around' will typically come back.

The first contact opportunity is critically important with the majority of buyers purchasing from the first dealer they visit if they have the right make and model.

30%
communicate with only one dealer

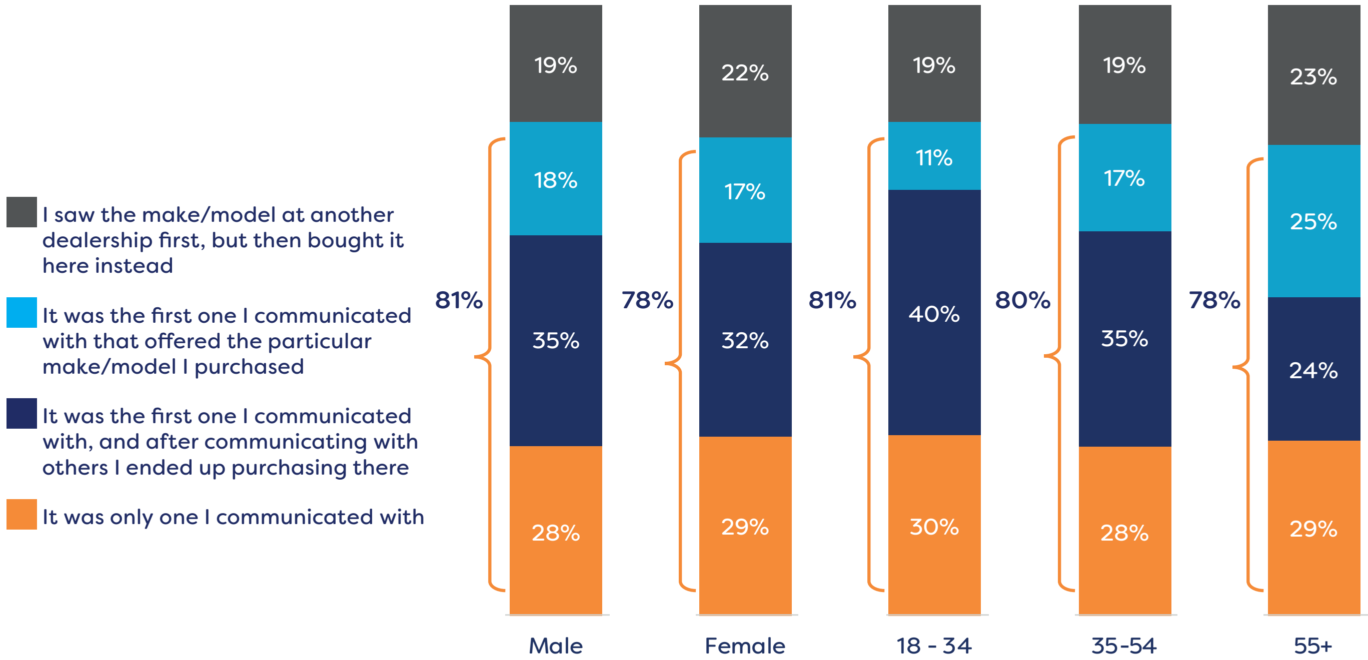
33%
shop around, but buy from the first dealer they started with

18%
switch dealers to get a specific make/model the first dealer didn't offer

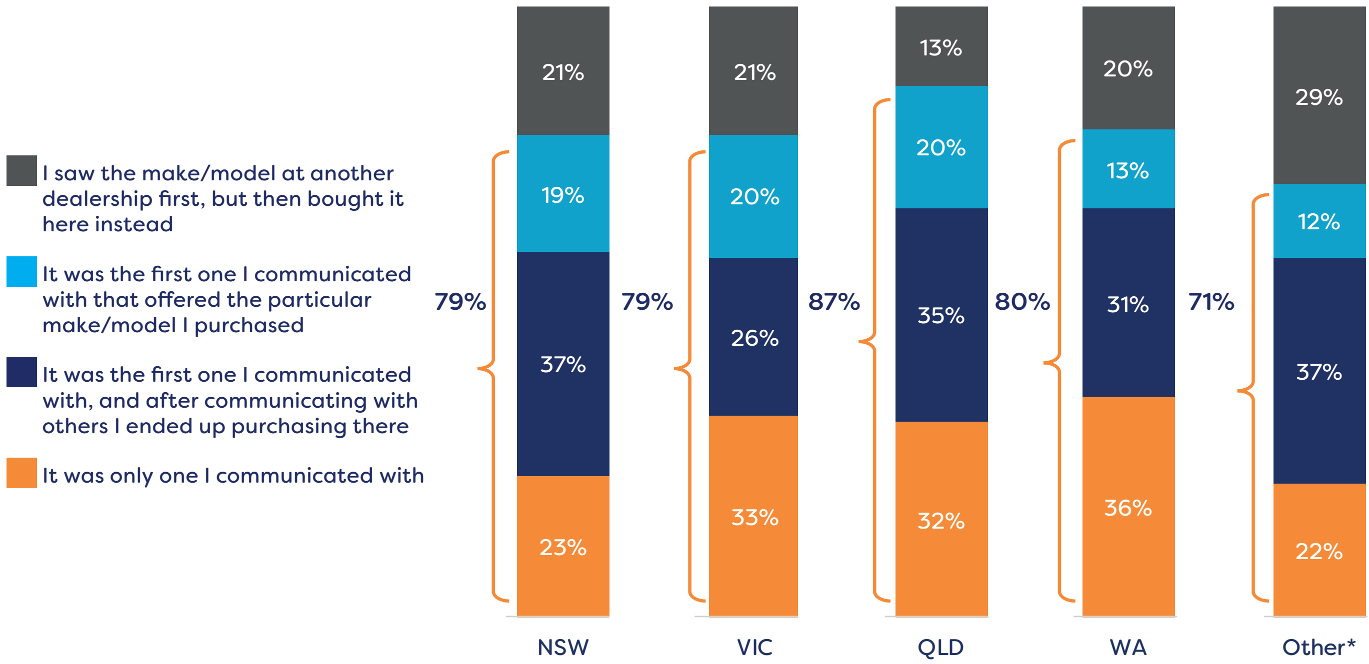
20%
see a vehicle make/model at one dealership, but it somewhere else

Auto intenders are consistently exhibiting this 'first and final' buying behaviour.

The trend is consistent by gender and age, with the younger demo most likely to shop around first.



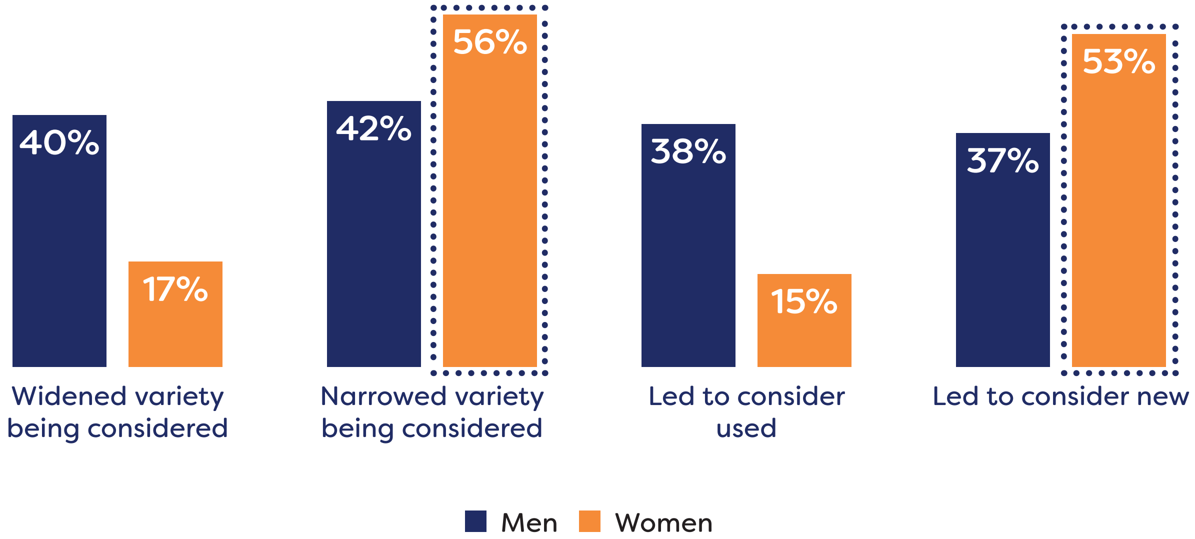
This 'first and final' buying behaviour is also consistent across regions.

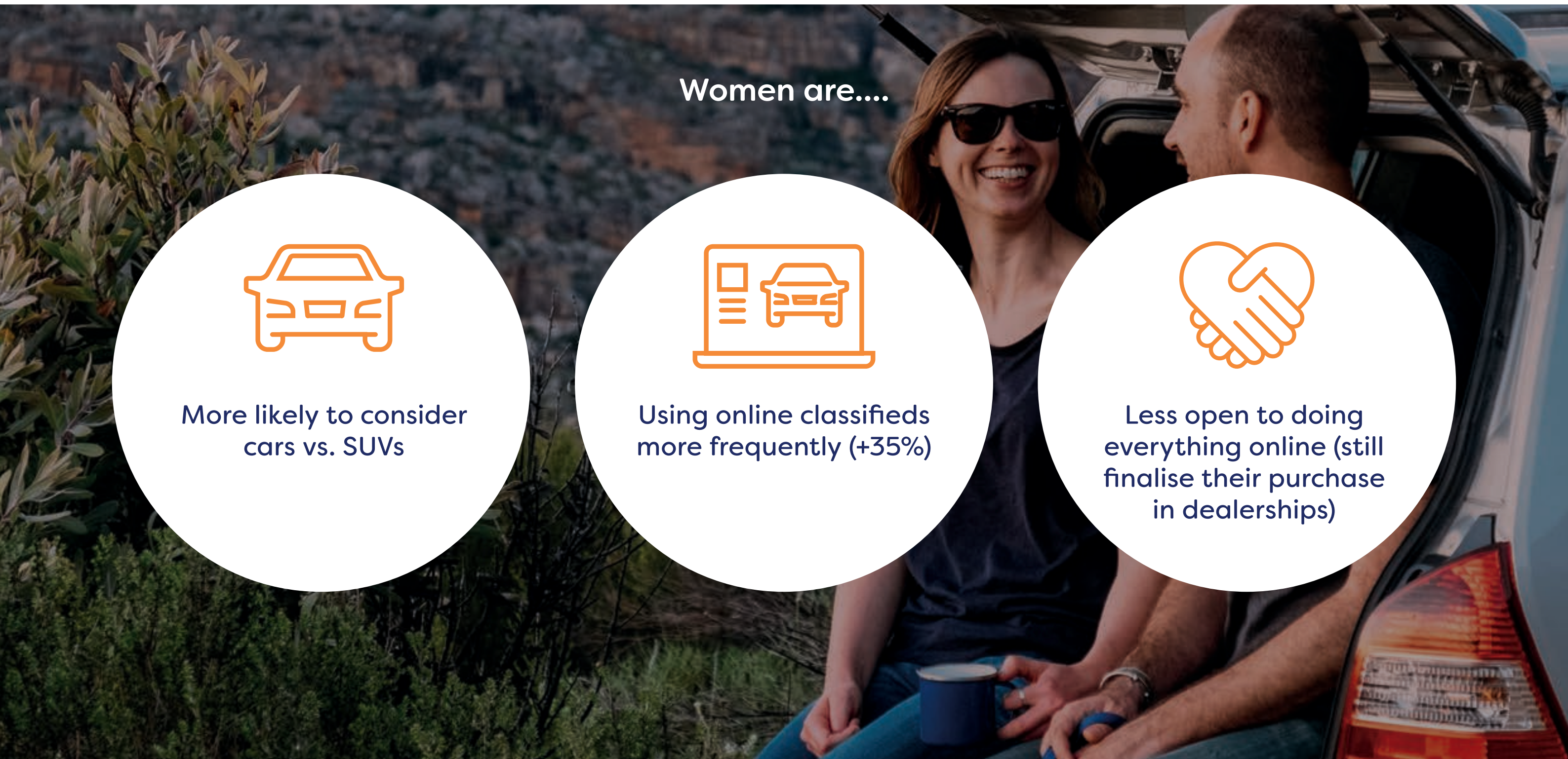


Men and Women are considering their vehicle options very differently during COVID.

It is clear from the research that female buyers have different needs and shopping behaviours to men, particularly following COVID.

Men are widening their choices, while women are narrowing their choices (towards new vehicles)





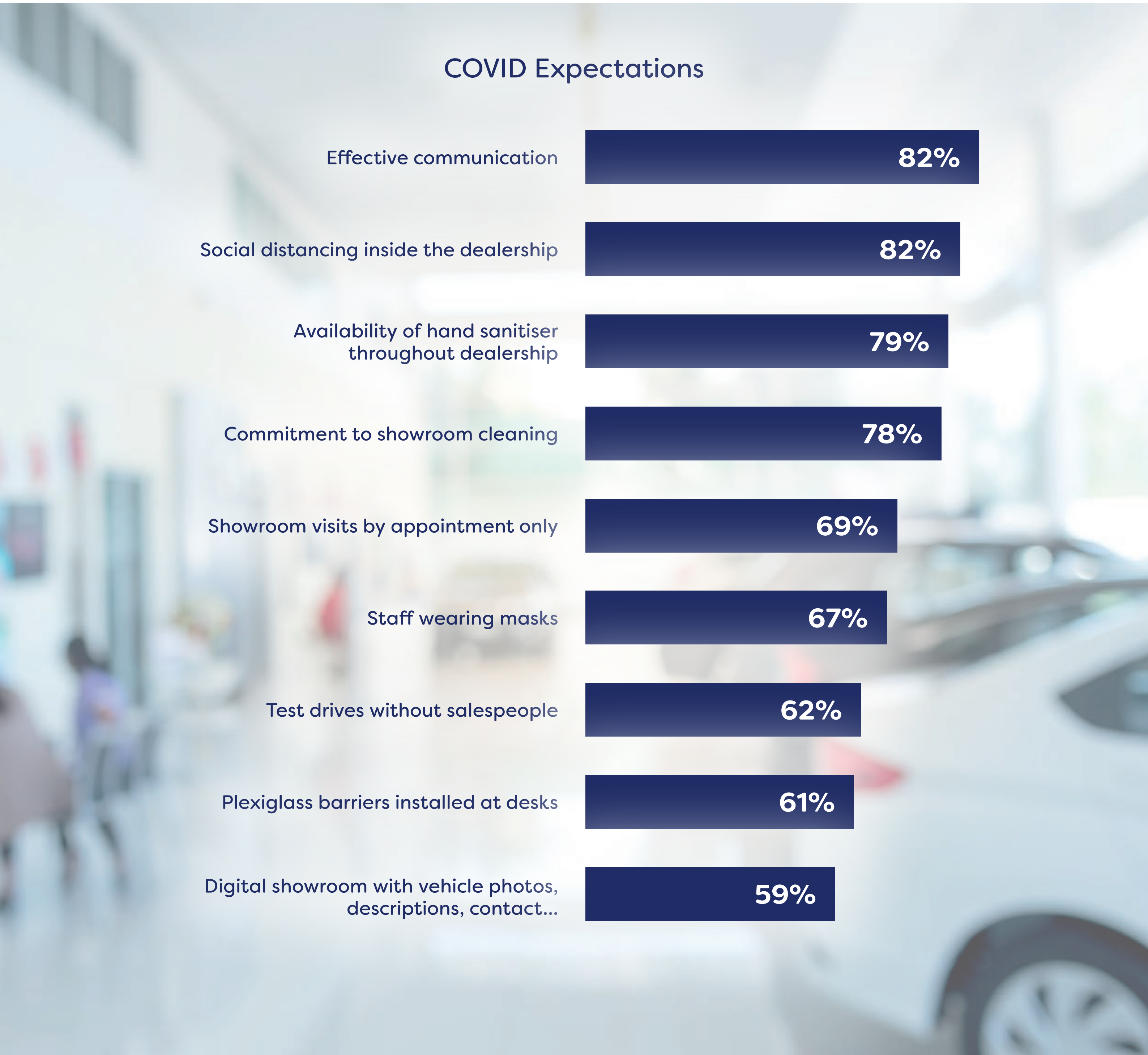
The key to sales success for your dealership.

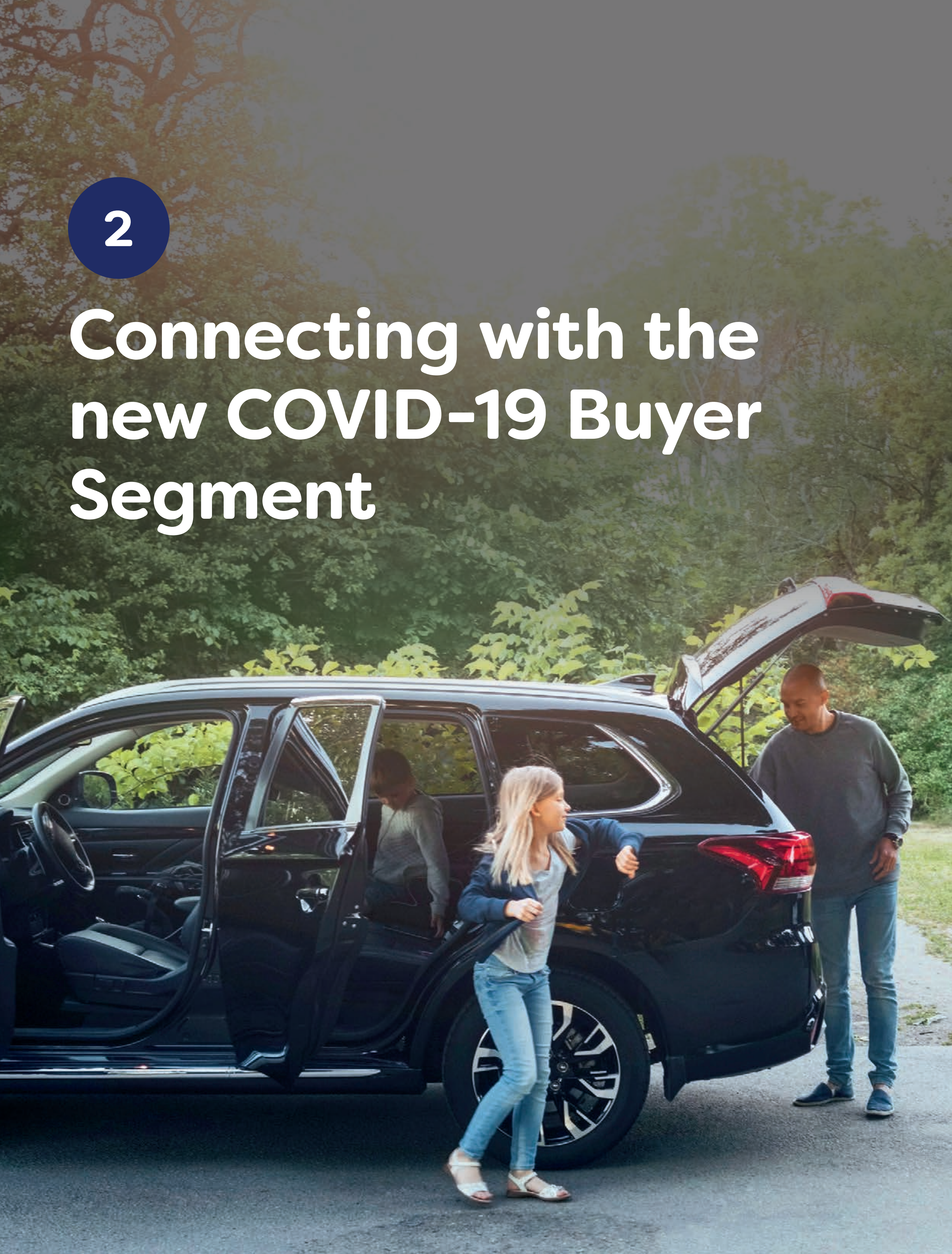
As presented last year, Dealers are already indicating an understanding that sales success relies on skills and techniques beyond 'sales experience'. More specifically, when hiring new staff, the top soft skills Dealers are looking for include effective communication and listening, a positive attitude and enthusiasm for customer service. In addition, this year's research also identified that customers prefer to deal with Dealerships that are open and honest and provide fair pricing, above all else.

Source: Gumtree Cars 'Connecting the Disconnected' Research, 2019, pg. 36

Vehicle shoppers expect Dealers have the COVID basics covered.

All retailers are expected to comply with COVID safe practices and have a range of documented processes and procedures in place to protect their staff and safeguard customers. These operational considerations have become the new normal, with more than 4-in-5 customers expecting proper sanitation after test drives and salespeople to maintain social distancing.





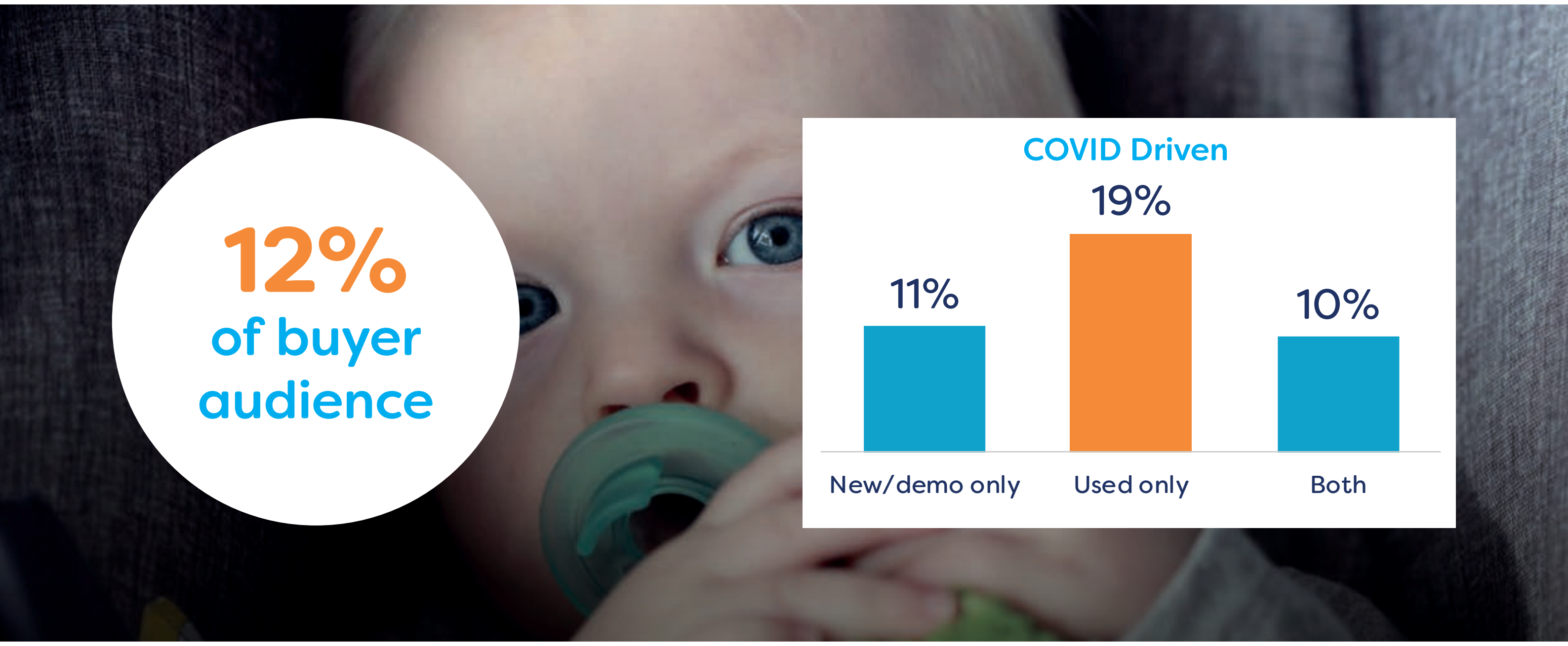
2

Connecting with the new COVID-19 Buyer Segment

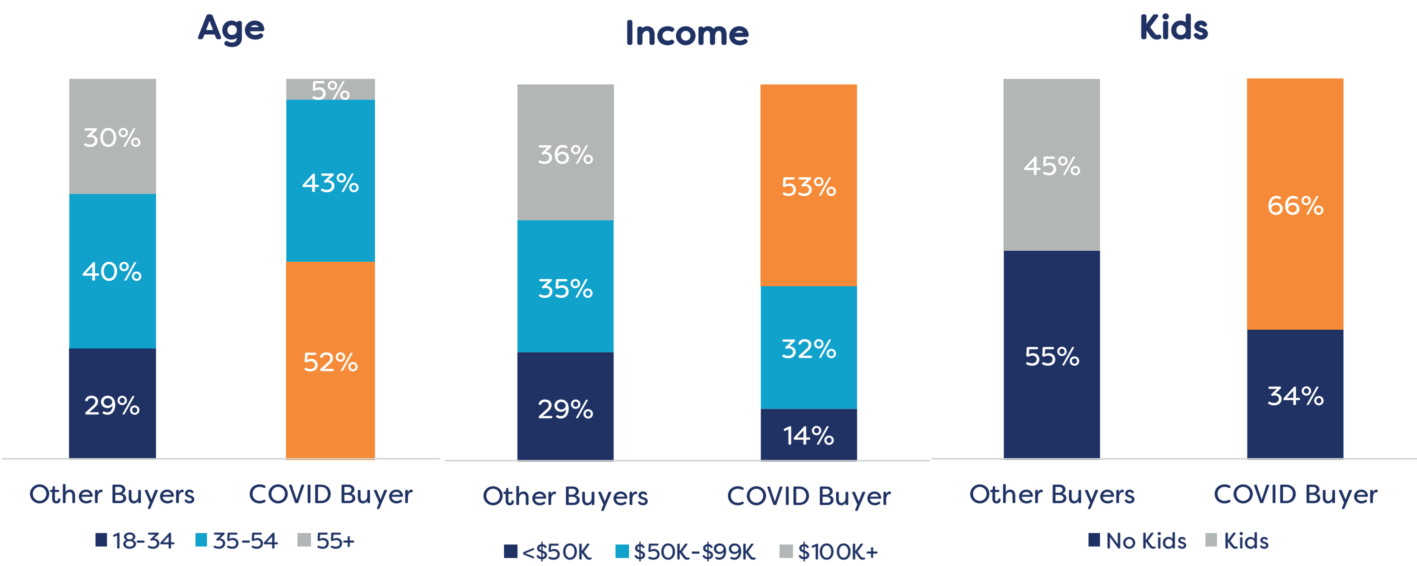
COVID has created vehicle purchase demand.

Accounting for more than 1-in-10 buyers, this new segment have indicated that they are only purchasing a vehicle because of a change in circumstance due to COVID. They might have an expanding family, need a second vehicle for the household or are avoiding public transport.

This new COVID buyer group are twice as likely to consider 'used' vehicles.

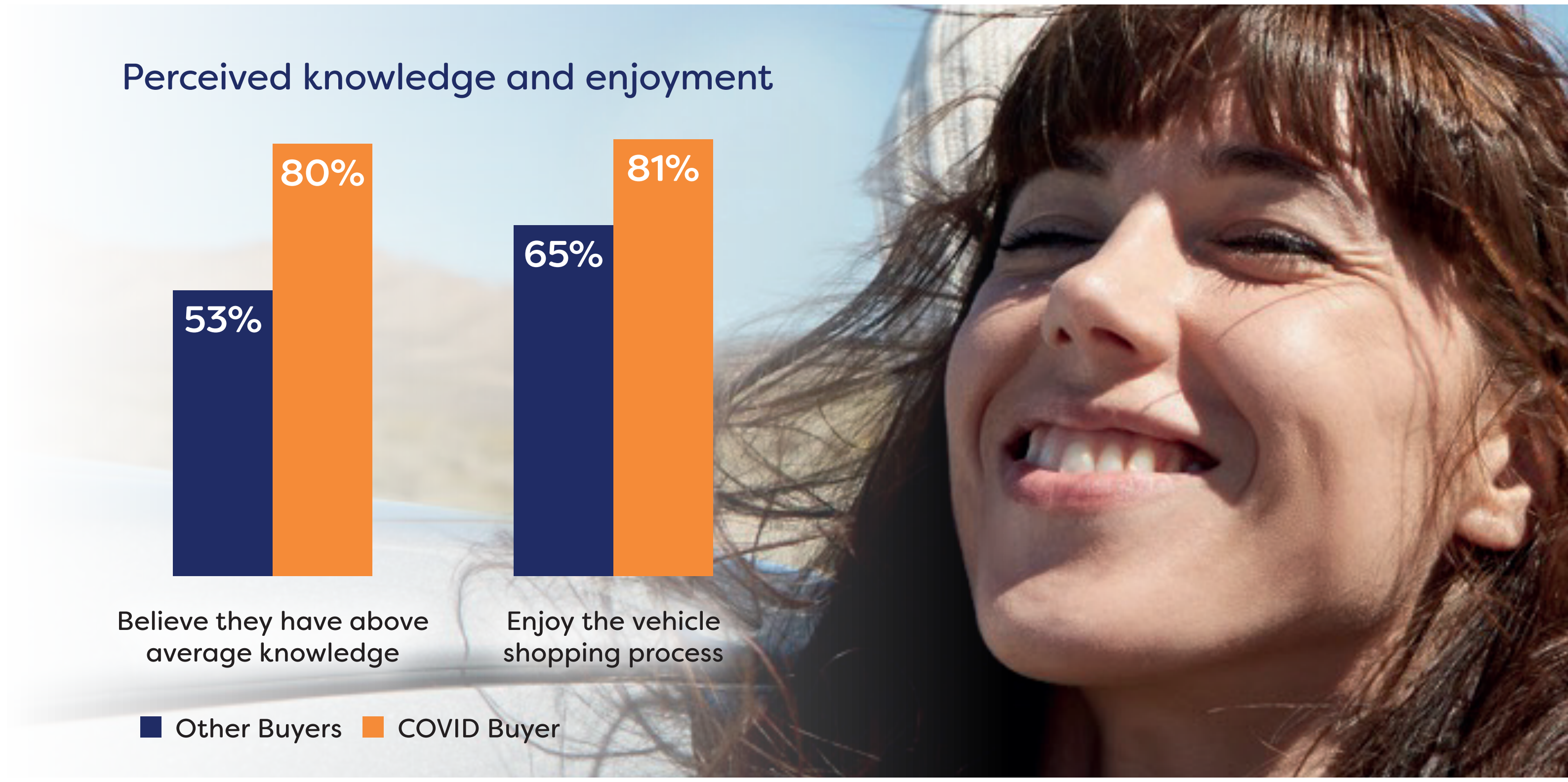


COVID buyers are younger, have a higher income and have kids at home.



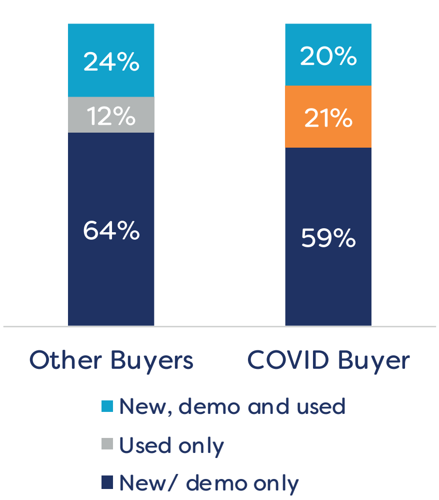
This new segment is more likely to consider themselves knowledgeable – and enjoy the shopping process.

Perhaps counterintuitively for someone who has been forced to purchase a vehicle due to COVID, this segment believe they have an above average knowledge and actually enjoy the vehicle shopping process more than other buyers.

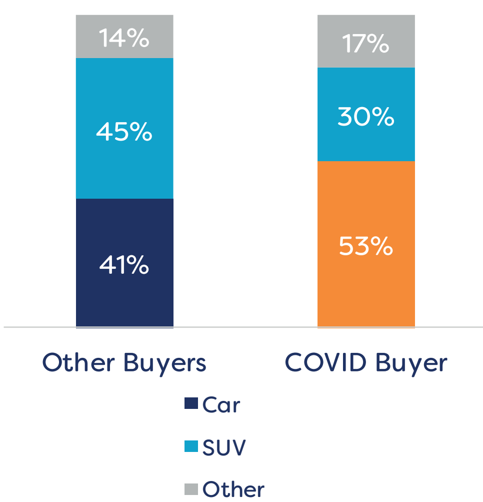


They are largely seeking used options, cars rather than SUVs, and have a specific make/model in mind.

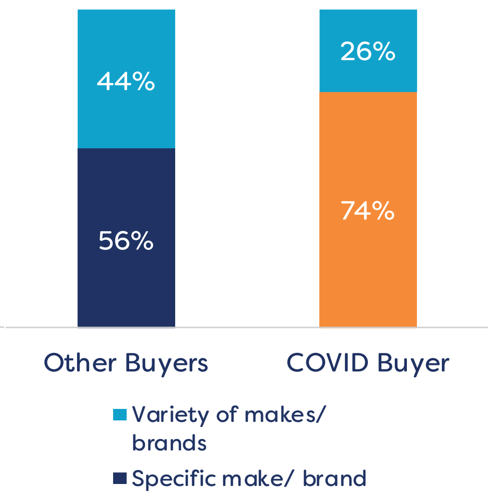
Types of vehicles considering



Types of vehicles considering



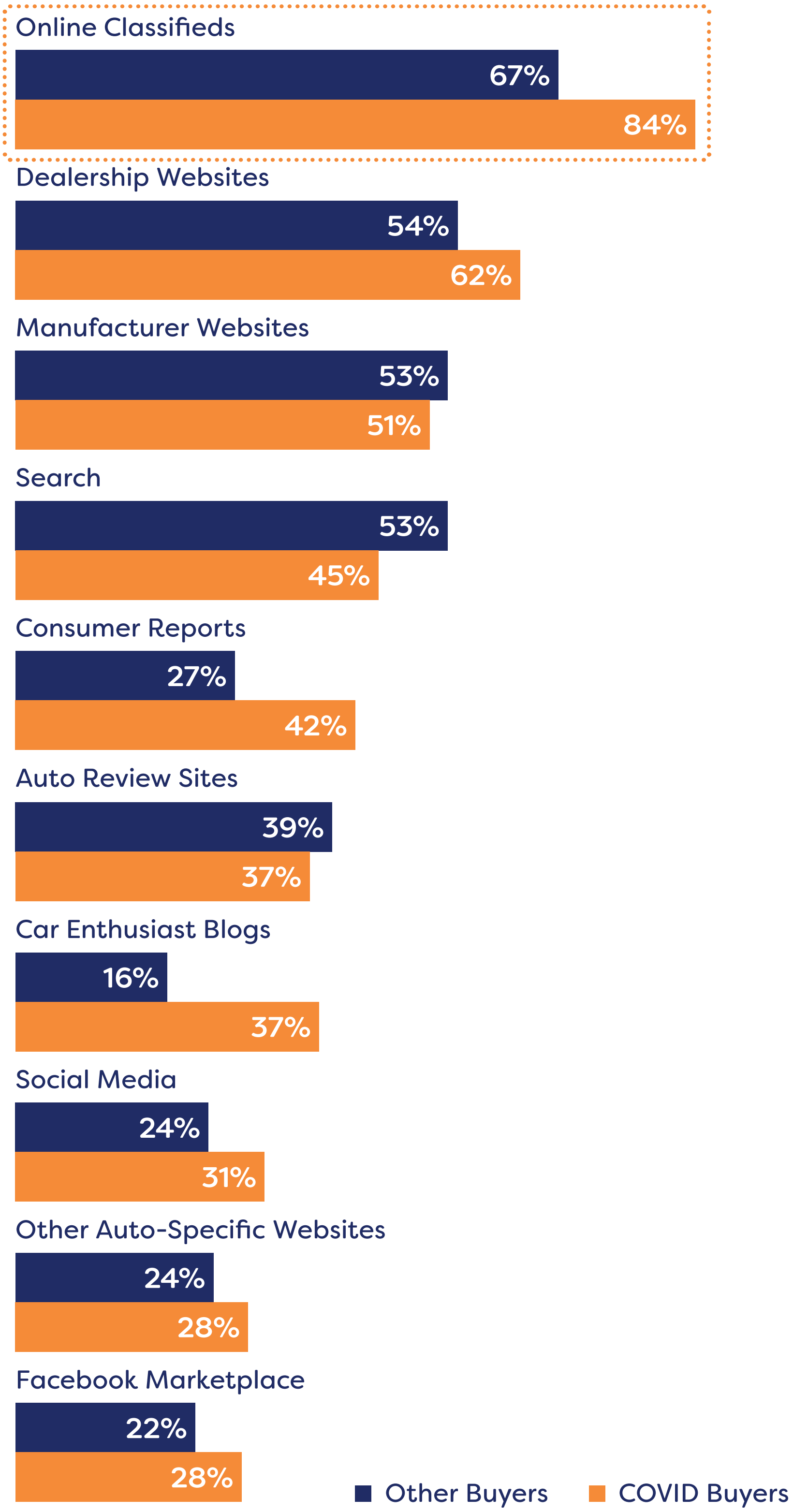
Amount of variety considering



Online classifieds continue to dominate.

The new COVID buyer uses a wide range of online resources to research their next vehicle, with online classifieds still the most popular way to narrow down vehicle options and select a dealer. This preference is even greater for the new COVID buyer (84%).

% Use Resources



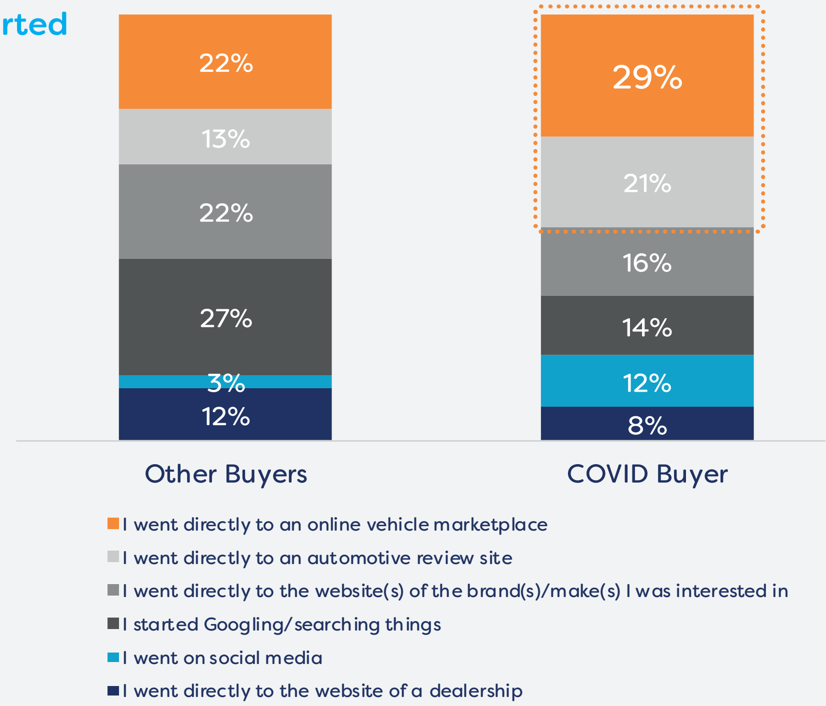
The #1 destination for research

Reach a whopping 84% of COVID buyers

Lead the 'other buyer' segments, with more than 2 in 3 visiting

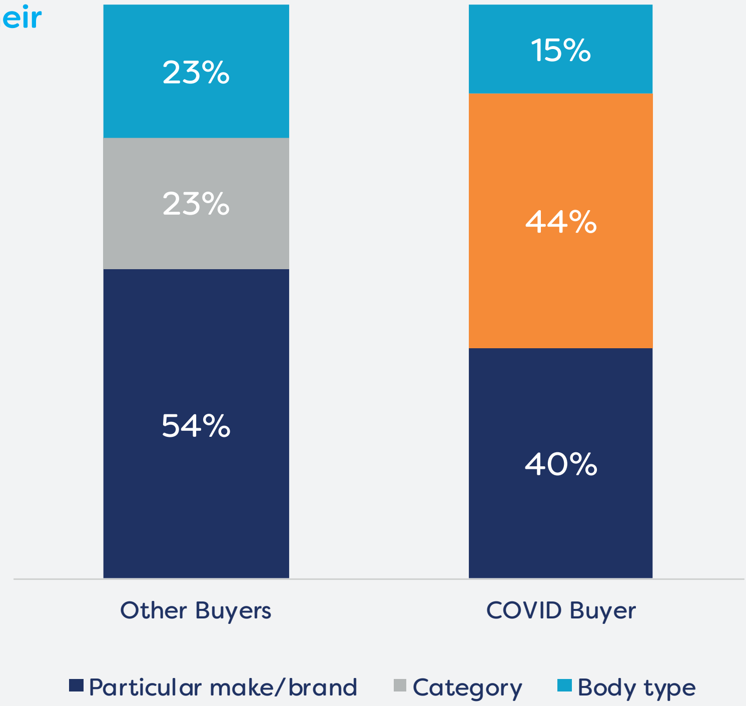
The new COVID buyer is more likely to start their search with online classifieds, followed by auto review sites.

First step if started online.



They are also much more likely to start their vehicle search at a category level (e.g. 'family car' or 'electric car').

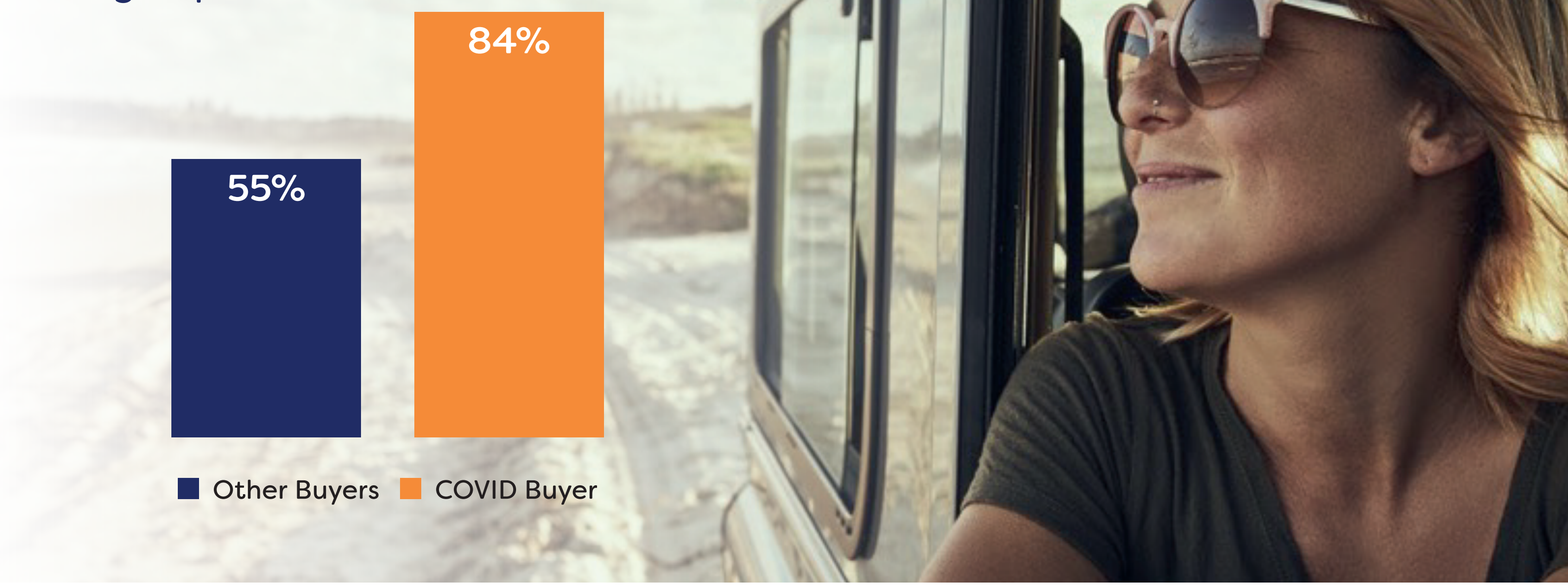
How they start their search on online classifieds.



There is high interest in digital showrooms and other innovations.

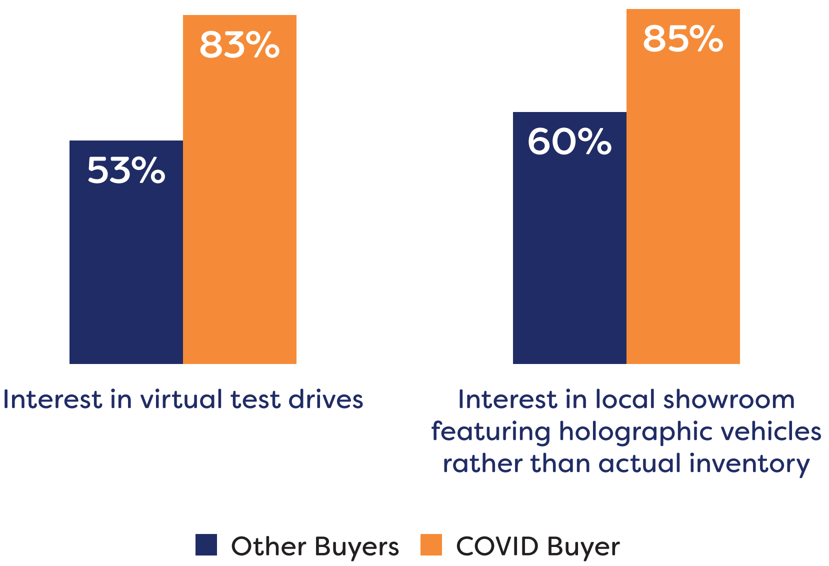
More than half of other buyers are interested in online showrooms (55%), but among COVID buyers, this interest shoots up to 84%. An online showroom must transparently show the dealers name, location, contact information as well as include a full description of the vehicle with detailed photos.

The presence of an online showroom is even more likely to influence this group than others.



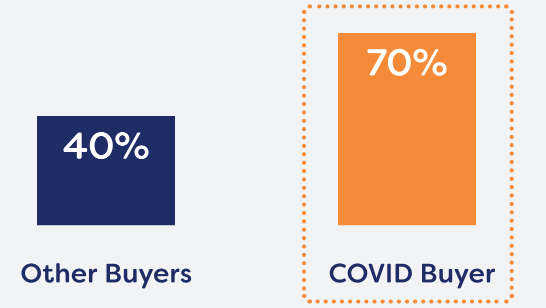
They have a much higher interest than others in digital innovations.

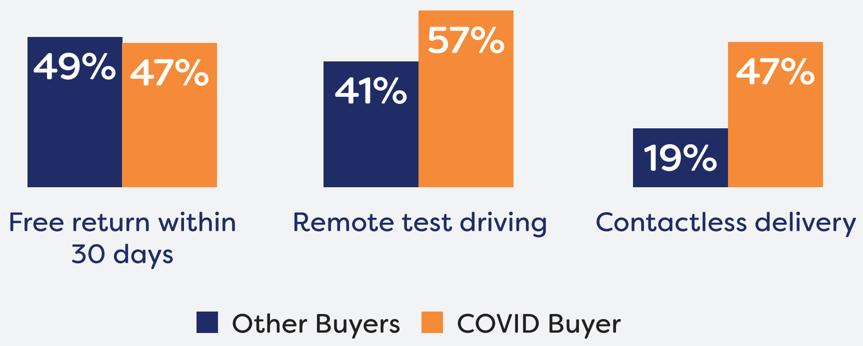
Interest in select digital options



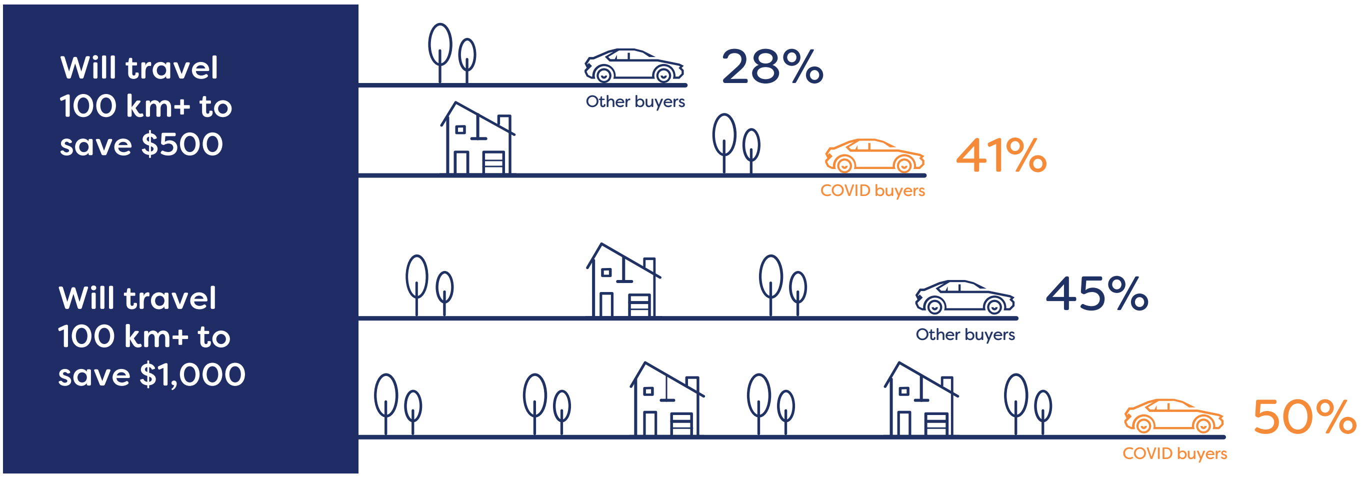
They are a lot more willing to consider completing the entire process online.

Although there is general interest among other buyers, these COVID buyers are a lot more willing to consider completing the entire process online without ever visiting a dealership.





COVID buyers are willing to travel to get a good deal.



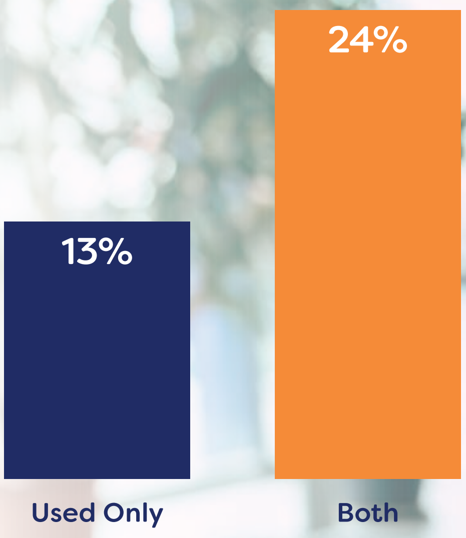
3

Capitalising on the "Considering New and Used" shopper opportunity

The group considering "both new and used" is almost twice as big as "used only".

Almost 1 in 4 car buyers are considering both new and used vehicle options, presenting a huge opportunity for Dealers to target in on a market segment that doesn't receive much attention. Often, people are interested in just new car buyers or just used car buyers, without focusing on those that are considering both and how their purchase journey differs.

Vehicle type consideration.



60% of this "undecided" group end up buying new instead of used.

40% of shoppers looking at used vehicles end up buying a new one

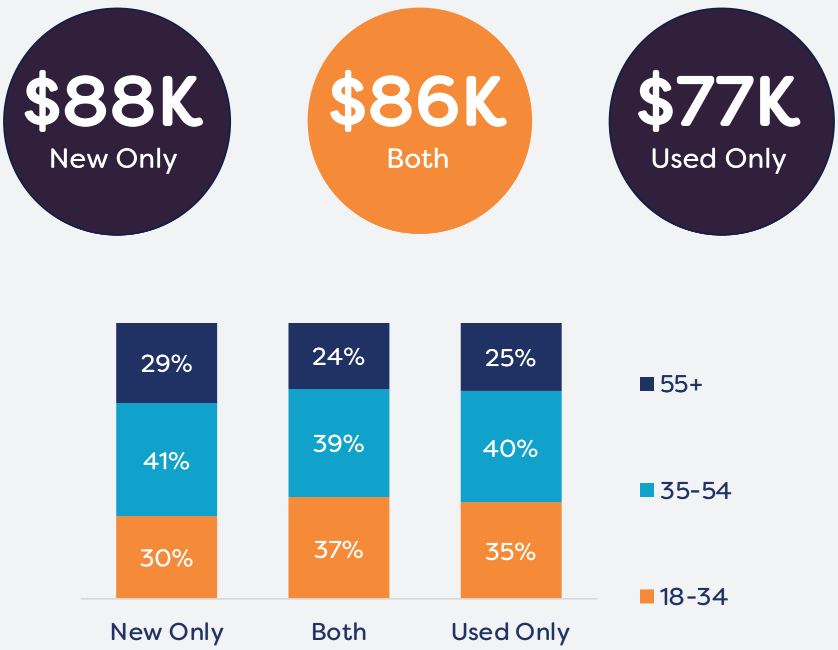
20% of new vehicle buyers also considered used options along the way

Who are these considering "both new and used" buyers and how do they research?

Looking at their details, this segment are a bit younger than the "new only" group, make about the same amount of money, and skew just a bit female. They also are more likely to start their search using online classifieds than new only buyers.

They are younger than the "new only" group, have a similar income.

Average personal income



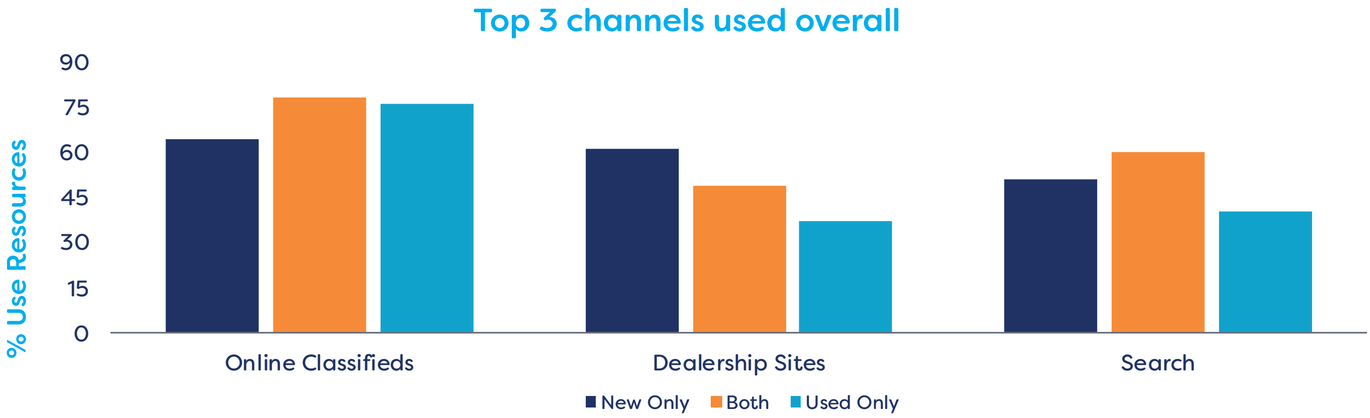
The "both new & used" buyer segment are far more likely to start their search using online classifieds than new only.

% Started online search at an online vehicle marketplace

They are massively multi-channel – providing a wider variety of opportunities for exposure and influence.

These buyers that are looking for both new and used do a lot of research online across multiple channels and platforms, they are more likely to consider a variety of vehicle options (56%), and on average, they enjoy the vehicle shopping process more than those looking at used cars only, but less than those who only consider new.

Overall, there are three primary ways they are researching.

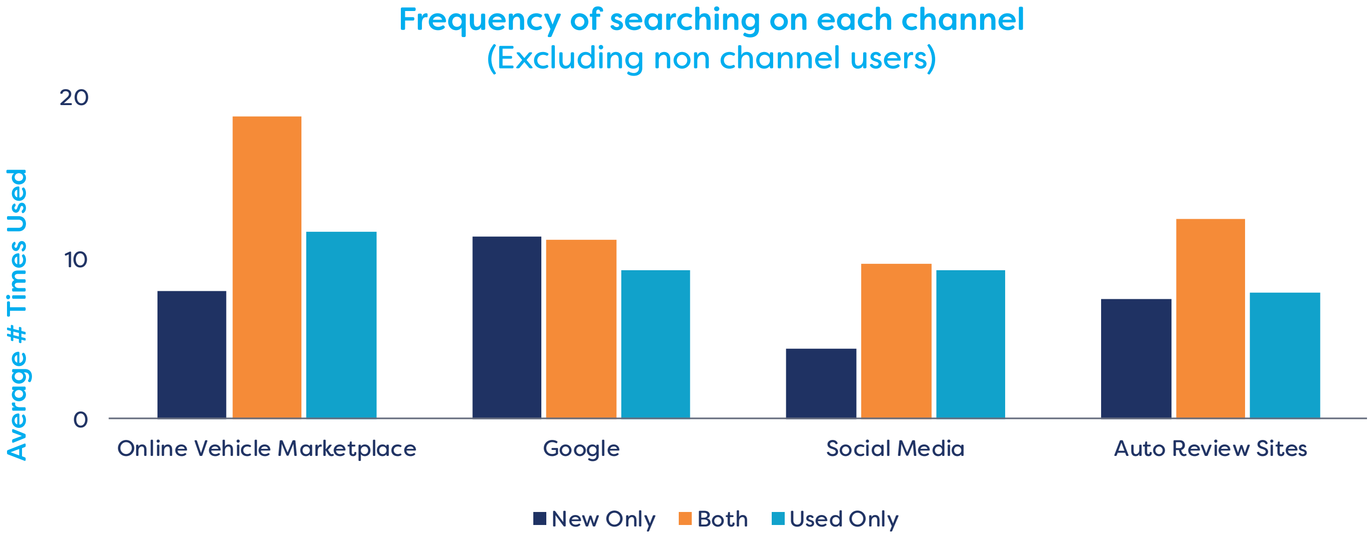


The “both” group uses online classifieds as much as “used only”...

... and uses dealership sites almost as much as “new only”...

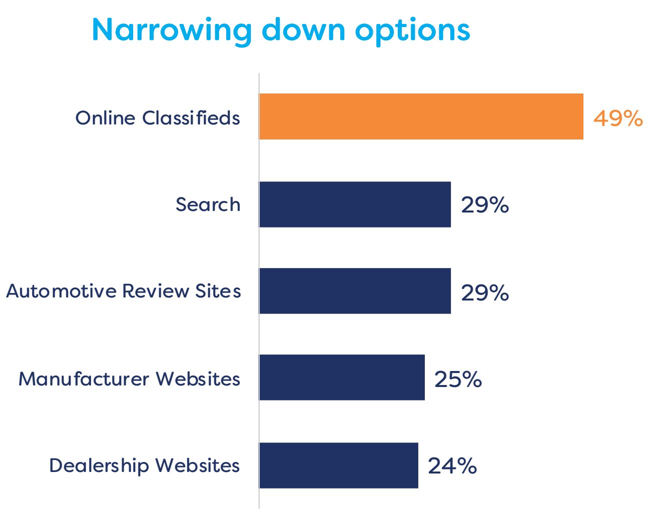
... and uses search more than either group.

They return to online classifieds far more frequently than other segments.



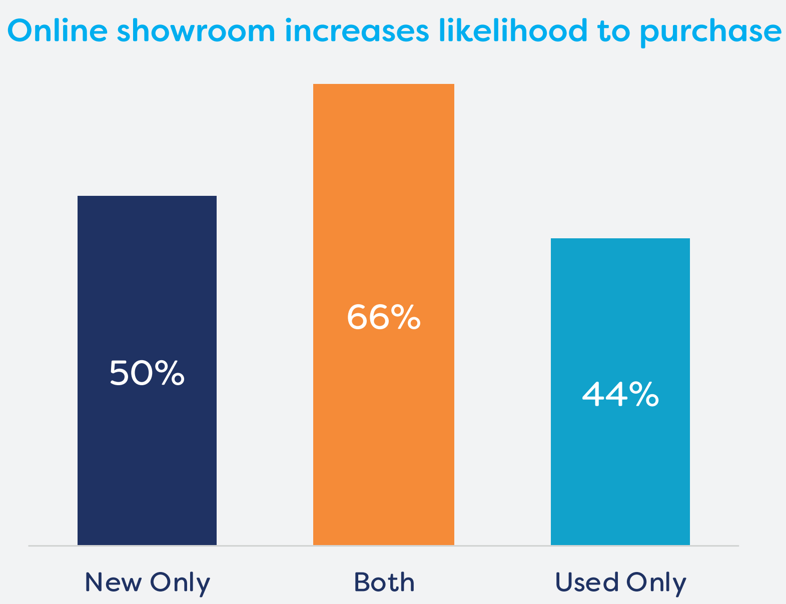
Online classifieds are the "most helpful" resource across the buyer journey.

Whether it's narrowing down vehicle options or selecting a dealer to purchase from, online classifieds are the most helpful resource across the vehicle shopping journey.



They return to online classifieds far more frequently than other segments.

Transparent online showrooms, those that show the dealership name, location, contact information, as well as include a full description of the vehicle with detailed photos, have a particularly high impact on buyers that consider "both new and used" options.



(showing their dealership name, location, contact information as well as a full description of their vehicle with detailed photos)

What does this mean for Dealers?

A summary of what we discovered.

1

COVID has further accelerated the shift to online, which has been taking place for years. It's more evolution than disruption.

2

It has created a new segment of buyers representing more than 1 in 10 of the market.
They are younger, more influenced by online ads, and use online classifieds significantly more than other segments.

3

Buyers considering both "new and used" are a bigger opportunity than "used only", and they are particularly influenced by online classifieds across the purchase journey.

Key Take Outs for Dealers

1

Continually optimise online classified listings as the most trusted resource when narrowing down options and choosing a dealership

2

Harness the power of transparent digital showrooms to increase the likelihood of purchase and drive walk-in customer enquiries

3

The first contact opportunity is critically important, as the vast majority of buyers (even those that “shop around”) return to purchase from the first dealer they communicated with

4

First impressions count, customers are asking for dealers who convey openness, honesty and transparency from the start, leverage this to be the first dealer they visit

5

Tap into the new car opportunities by capitalising on the large number of shoppers looking at used vehicles that end up buying new


Autotrader
GumtreeCars
BrandSpark International