

YouGov

2016 Car Buyers' Census

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The consumer landscape has changed significantly over the years. To be successful in today's retail landscape, it takes a whole range of on and offline strategies and approaches to suit the huge variety of ever more sophisticated customers. The used car market place is no different. It no longer just involves dealers making sales on the forecourt or listing their vehicles on third-party websites. Now, more than ever, the industry needs to have every base covered.

Disruptive technology has a big part to play in this, and it isn't just in the car where innovations are being made that will profoundly change our relationship with driving in the future. The technology in our pocket - smartphones, software and search engines - will play just as bigger part in the years to come.

As the 2016 Car Buyers' Census shows, the industry has many challenges ahead, but there's also plenty of room for optimism too. Overall, the picture it paints is one of opportunity; especially for the more forward-thinking companies who can embrace new technologies in different ways to suit all types of drivers."

Tim Jackson, Investor and Founder of QXL.com

INTRODUCTION

“The 2016 Car Buyers’ Census clearly shows what we have believed for some time - that buyers are changing the ways they research, find and buy cars. This online YouGov survey asked car buyers around the country a number of questions about their car buying habits; how they did it, where they did it, what they thought about it and what was important to them. The results show how the UK’s car buying habits have changed, and are continuing to change in the light of new technologies and new generational changes. The report also reminds us that all car buyers are different. They have different needs, different requirements and different start points and a ‘one-size-fits-all’ approach doesn’t work anymore.

Take over-55s for example. Together, they’re a powerful consumer group in the UK, but each one of them is an individual with unique requirements when it comes to cars. While car dealers and manufacturers have done plenty to make the process of finding the right car easier for them, the results of this census suggest that the biggest, classified websites have not. A large majority of this age group chose instead to go direct to a car dealer; the people with the knowledge and expertise they know they can trust. By making online car search easier for everyone, we can connect these buyers with dealers online first-off, cutting out expensive middlemen from the process.

Middlemen who, on average, add more than £1,200 on to the price of every used car sold in the UK. Classified sites, traditional car buying sites and auctions are driving up the cost of motoring for millions of people, including dealers. However this report suggests more than three quarters of drivers in the UK are unaware. They should know where their money is really going.

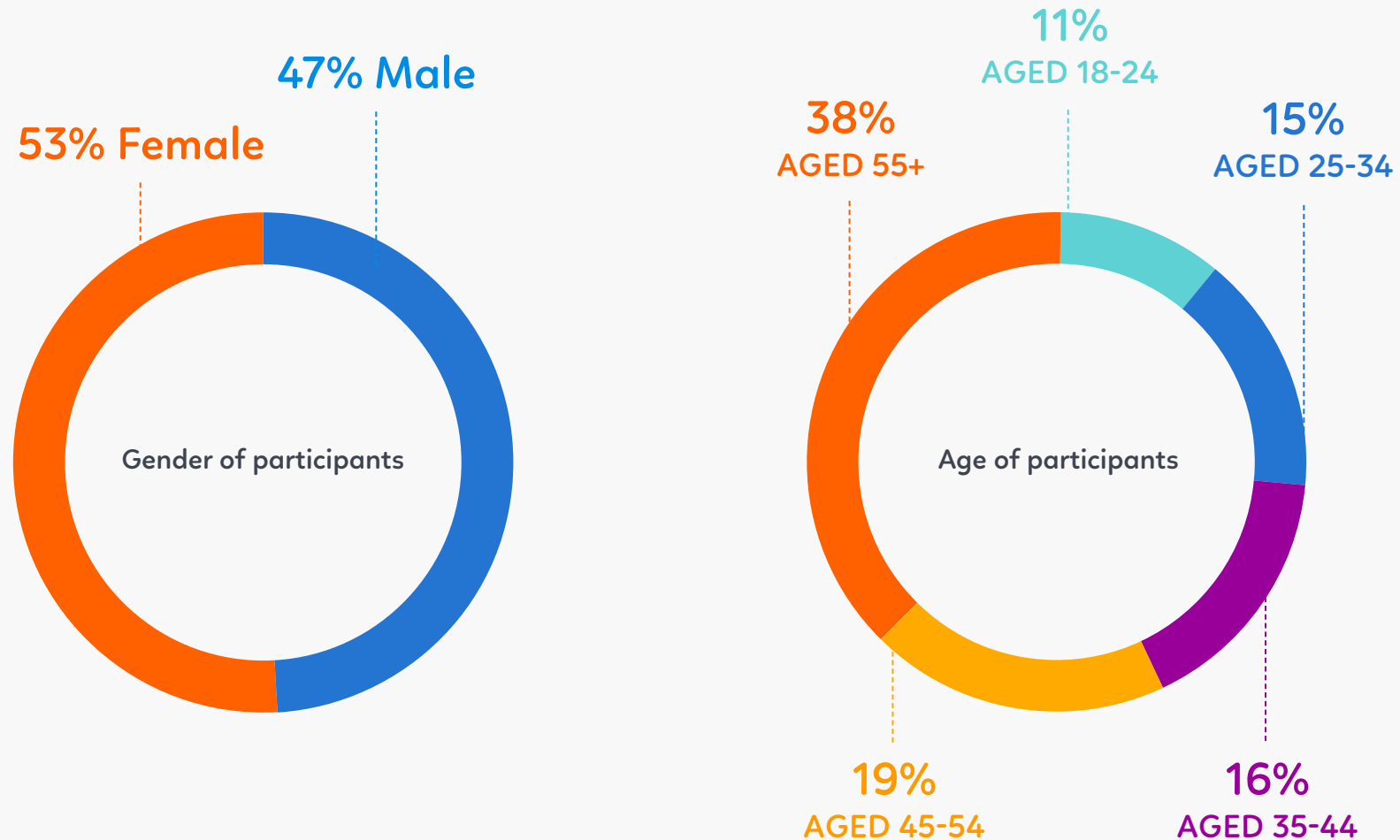
The statistics in this report support what many people have suspected for a while; that a ‘digital divide’ exists between older buyers and the so-called ‘Generations Y and Z’. These younger consumers value peer recommendations and expert reviews enormously when deciding which car to buy - very few value car classified sites.

Dealers have to recognise that the ways people are now choosing to buy their cars are changing dramatically. Car search platforms should be supporting them and helping them adapt to this change by directly connecting buyers and sellers and enabling different buyers to search in different ways. Things can and should be better.”

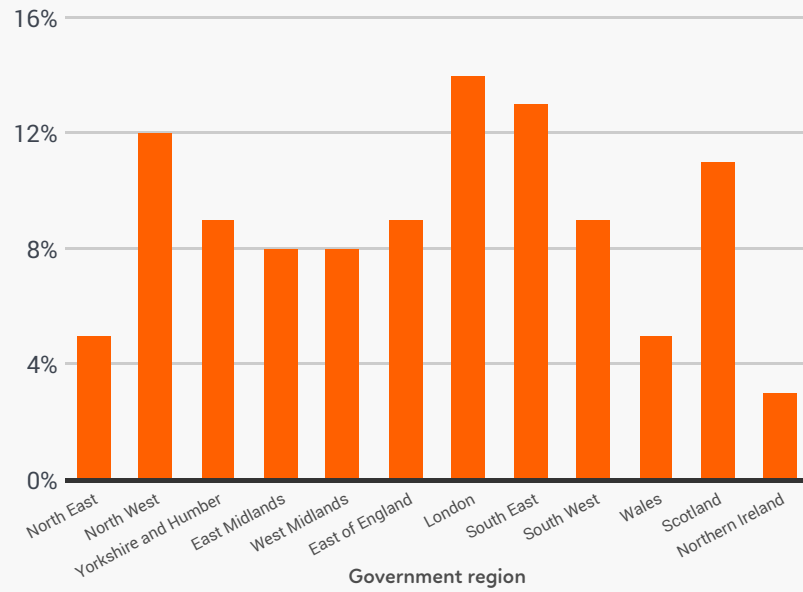
Alastair Campbell, CEO, Carsnip

WHO DID WE ASK?

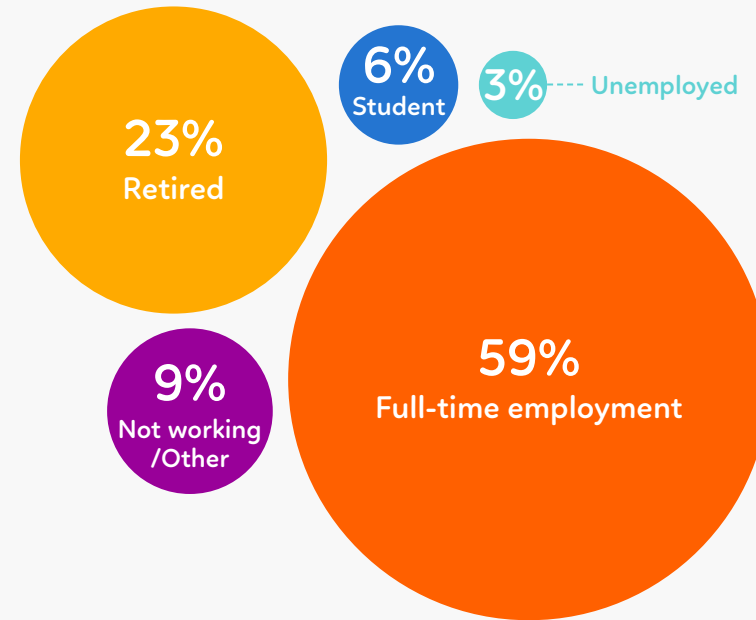
We commissioned an independent YouGov poll to make sure the results were accurate and impartial. In total, more than 2,000 people across the UK were asked about their car buying habits. 2,093 people were polled; 47% were male and 53% were female.



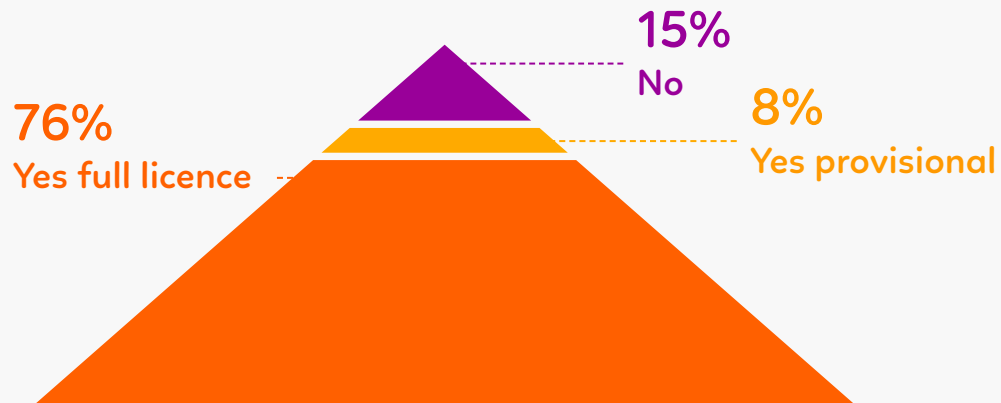
Regional participation



Working status



Driving licence held



All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,093 UK adults, lowered to 1,541 UK adults who had previously bought a car. Fieldwork was undertaken between 21-22nd March 2016. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+). All percentages rounded up to nearest full number.

WHAT WE FOUND

The 'one-size-fits-all' approach no longer works

"The research confirms what we've suspected since we launched; that for a huge number of people, maybe millions of drivers, current online car search simply isn't good enough. Car search websites should connect buyers with sellers directly right at the start of the process, and then get out of the way and leave them to it."

Alastair Campbell, CEO, Carsnip

The generation gap

The so-called 'digital divide' between young and older generations of car buyers is alive and well according to our findings. It revealed itself clearly when we asked people how they bought their last car, and what steps they took along the way. Just 31% of 18-24 year olds visited a car dealer in person, compared to 70% of over 55s and 61% for all other age groups.

56% of 18-24 year olds and 41% of 25-34 year olds said they asked friends or family for advice before buying their last car. That compares to just 19% of 35-54 year olds, and 13% of over 55s.

Among over-55s, more than 2 in 5 (44%) were disengaged with using online car sales tools for their most recent purchase, the highest among all age groups

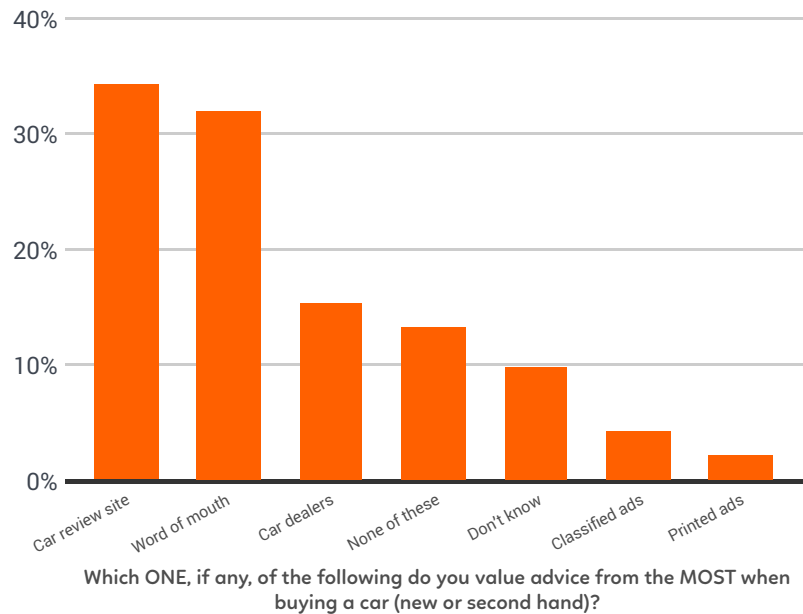
and over double the average across 18-54 year olds (21%). And more than half of retired people (51%) said they didn't use traditional car search websites, compared to 21% of full-time workers.

"These results are the strongest indication yet that a generational divide in buying habits is taking place among UK car buyers. The findings also show that there's more than just one type of car buyer, people care about different things depending on what stage of life they're at. An 18-year old might care more about insurance costs, a 35-year old might need a family car and a 55-year old might want the sports car they've always dreamed of.

Also, younger buyers trust recommendations and expert advice much more. As such, a personalised, peer-reviewed approach to online car search is needed in order to meet the varying needs of these audiences needs."

Dan Freedman, Director of Motor Development, Direct Line Group

PEOPLE TRUST EXPERT ADVICE OVER TRADITIONAL CLASSIFIED SITES



When it comes to buying a car, expert advice or recommendations were found to be really important - however, the source of this advice hugely affects how valuable it's deemed to be.

We asked who's advice people valued the most during the car buying process - three quarters (74%) said that advice from forums, experts or people they knew was their number one choice. Almost a third (29%) said 'word of mouth' was most

important to them. A further third (31%) said 'car review websites or forums' and 14% said 'car dealers or experts'.

Just 4% said 'classified advertising listing websites'; the likes of the big traditional incumbent sites that currently dominate the online car buying market. In Scotland that number was less than 1%, and it was also 1% among retired people, a huge part of the car buying market.

39% of 18-24 year olds said they valued 'word of mouth' the most, compared to 25% of over-55s. The latter, however, were almost twice as likely as any other age group to value the advice of car dealers or experts. This suggests that not only the places people go to for advice are changing from generation to generation, but also that public perceptions of car dealers maybe need to improve, particularly among young people.

"Customers have always looked to their social networks for advice when thinking of buying a car, the difference now though is that social media and the internet has made it easier than ever for people to seek out knowledge from a range of different places. We're certainly seeing they have done their research, with our staff now sought out as experts."

Ben Elliot, Group CRM and Marketing Manager, Knights BMW

TRADITIONAL CLASSIFIED SITES ARE MISSING A HUGE MARKET

£14bn

Offline used car sales being missed by dealer websites

30%

don't use traditional classified sites

Nearly one in three adults bought their last car without using the big car search sites. 30% of people who had previously bought a car said they didn't use complicated traditional classified car websites like Autotrader or Motors. That means that potentially millions of drivers could have found their right car faster and easier online if car search had served them better.

Importantly for dealers; as there were more than 7m used car sales in the UK last year, averaging around £6,500 per sale*, up to 2.1m cars could have been purchased without using online car search sites; leaving a potential £14bn market where car dealer websites are currently missing out.

Our research revealed big regional and demographic differences across the country too. People in Wales were least likely to use these sites (38%), compared to the East of England where people were the most likely. 9% of people who did use traditional classified websites said they didn't find them easy to use, with slightly more men (7%) than women (6%) finding them difficult.

“We have customers of all ages buying from us, and not everyone is tech savvy. Most people aren't 'car people' either, so searching using the traditional methods can be hard for them, especially when not all of the UK's used cars are advertised on the two big classified sites due to cost. Customers are often missing out.”

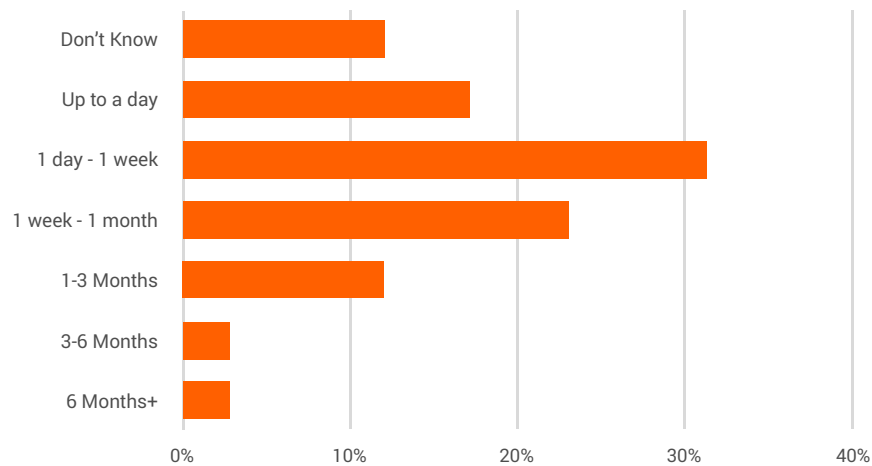
Jim Reid, Director, Jim Reid Vehicle Sales

Source: BCA Marketplace via The FT

<http://www.ft.com/cms/s/0/8aaca92e-c5ad-11e5-b3b1-7b2481276e45.html#axzz45FNFn7I>

FINDING THE RIGHT CAR TAKES TOO LONG

40% said it took longer than a week to find the right car

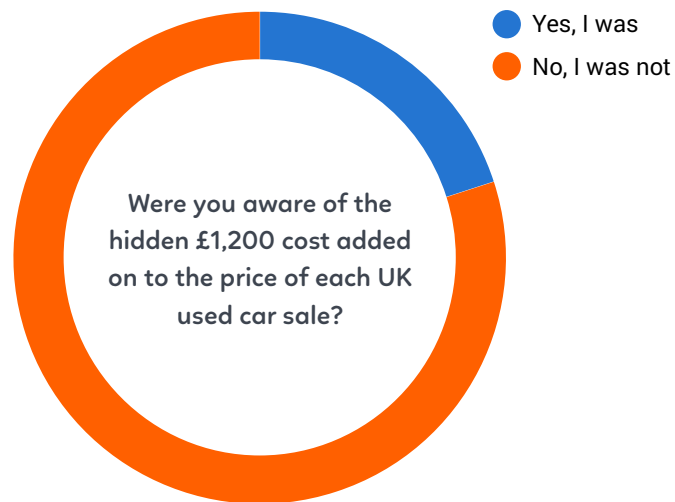


There are millions of used cars for sale in the UK - finding the right one should be easy, but it's not. For 18% of car buyers - almost one in five - it took more than a month, for some of them it took longer than six months.

“When you think about how much easier and more convenient the internet has made shopping in other retail sectors, the car industry has lagged behind for too long. It takes days and often weeks of research to find the ideal car, when there are millions of vehicles for sale. The good news is, the technology is there to make the customer journey simpler. Car dealers can be the leaders of this revolution.”

Andrea Pullen, Digital Manager, Halfords Autocentre

USED CARS COST UP TO £1,200 TOO MUCH BUT IT'S NOT THE DEALERS WHO PROFIT



Car buyers often complain about vehicles losing value the minute they're driven off the forecourt, but that's not down to the dealers' profit - it's the artificially high costs they've paid to acquire the stock in the first place. This practise is now commonplace, but 78% of people don't even know about it.

Using industry-standard figures for used car sales*, we calculated that middlemen add at least £1,200, on average, on to the cost of each used car sale in the UK. These include car classified portals, traditional buying sites that sell to auctions or the auctions themselves.

Almost four out of five people that we spoke to didn't realise this was the case. 78% answered 'no', compared to 22% who said 'yes', meaning that potentially millions of drivers are unaware that they are being charged more when buying used cars or getting less when part-exchanging.**

Awareness of these 'hidden costs' was largely even across all age groups, and with generally little regional or demographic differences. Men were more likely than women to already know though, by 25% to 19%.

"Our calculation of £1,214 is a conservative estimate. The real cost of middlemen could be as high as £1,625, and that's just an average. That figure is indicative, but it highlights a growing problem with the current car sales marketplace."

Nik Chotai, CFO, Carsnip

*BCA Used Car Report 2014/15

**UK Government Fol request for driving licence figures:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/397430/FOIR4341_How_many_people_hold_licences_in_the_UK.pdf

Full workings available on request.

TAKEAWAYS

Big data is a big opportunity

Knowing these results is one thing, but the industry needs to know how to put big data like this to practical use, to improve business and the experience of their customers. Here are five ways for dealers to do just that.

Be the expert, or someone else will be

According to this survey, three quarters of people said they trusted advice from experts or people they knew when buying a car - but only 14% of them said that these were 'car dealers or experts'; far behind friends, family or word of mouth. If you're a dealer, that expert could be you, through social media, forums or through your own website.

Revisit your online marketing

Just 4% of people said they trusted classified-ad websites, but remember that three quarters trust friends or car experts. Consider expanding how you're marketing your cars online, using new ways to get customers to your own website.

Cater to all your customers

A third of people said they didn't use classified-ad sites the last time they bought a car. If you apply that figure to the whole country that's a lot of potential customers. Over-55s prefer to visit a car dealer in person – 70% in fact. Think about ways you can help give these customers the benefits of visiting your website and dealership during their research phase.

Modernise

Half of 18 to 35-year-olds speak to people they know for advice, while that age group was half as likely to trust car dealers or experts above anyone else than over-55s. These 'Generation Z' and 'millennials' prefer to buy their cars in different ways to older drivers, generally speaking at least. They also view car dealers differently too. So embrace the world of peer-recommendations and get active online.

Help them find the right car, faster

Finding the right car should be easy, but it's not. For almost 1/5 car buyers it took more than a month, while for a large minority it took longer than six months. Consider ways that you can make the process faster and more personalised for them.

PRESS ENQUIRIES

Full details and founder interviews available on request.
For further information please contact our press
manager **Rob Tomkinson**.

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