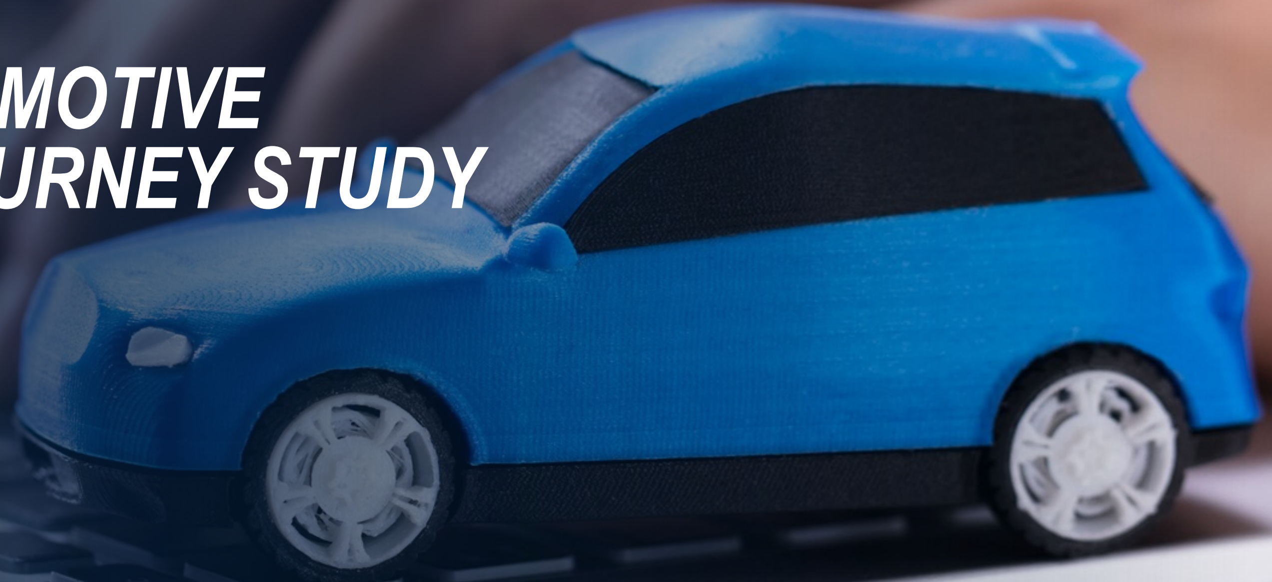
2021 COX AUTOMOTIVE CAR BUYER JOURNEY STUDY

OVERVIEW

JANUARY 2022



COX AUTOMOTIVE™

Research & Market Intelligence

Study Background & Methodology

Background

- Cox Automotive has been researching the car buying journey for 12 years to monitor key changes in consumer buying behaviors

Goal

- Inform strategic decisions for Cox Automotive and OEM & Dealer clients

In-Field Dates

- August 5 – September 3, 2021

Respondents

- Online survey with consumers that have purchased or leased a vehicle from September 2020 to August 2021 (vehicle year must be within the past 5 years)

2,976 Recent Vehicle Buyers } **1,998** New Buyers | **978** Used Buyers

**Used the Internet during the shopping/buying process. Results are weighted to be representative of the buyer population.*

1 THE CHIP SHORTAGE HAMPERED THE BUYING EXPERIENCE

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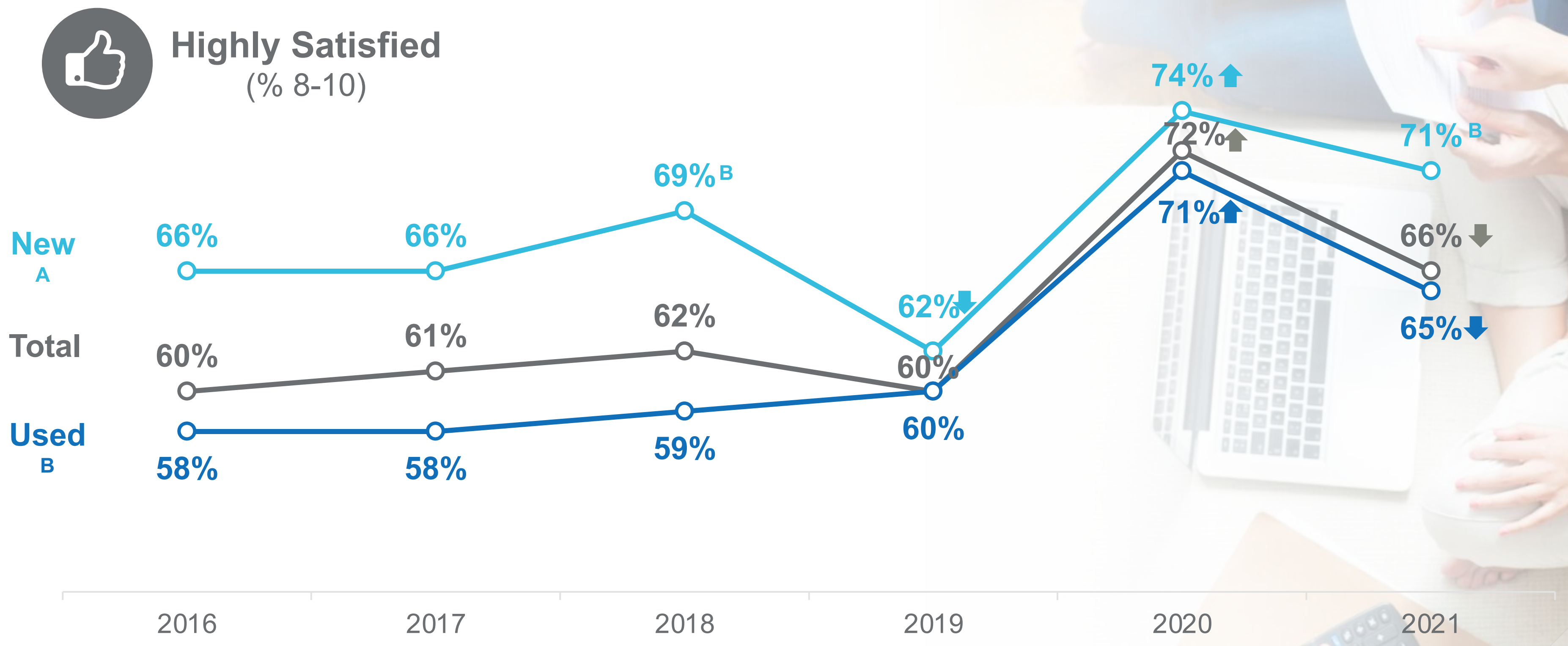
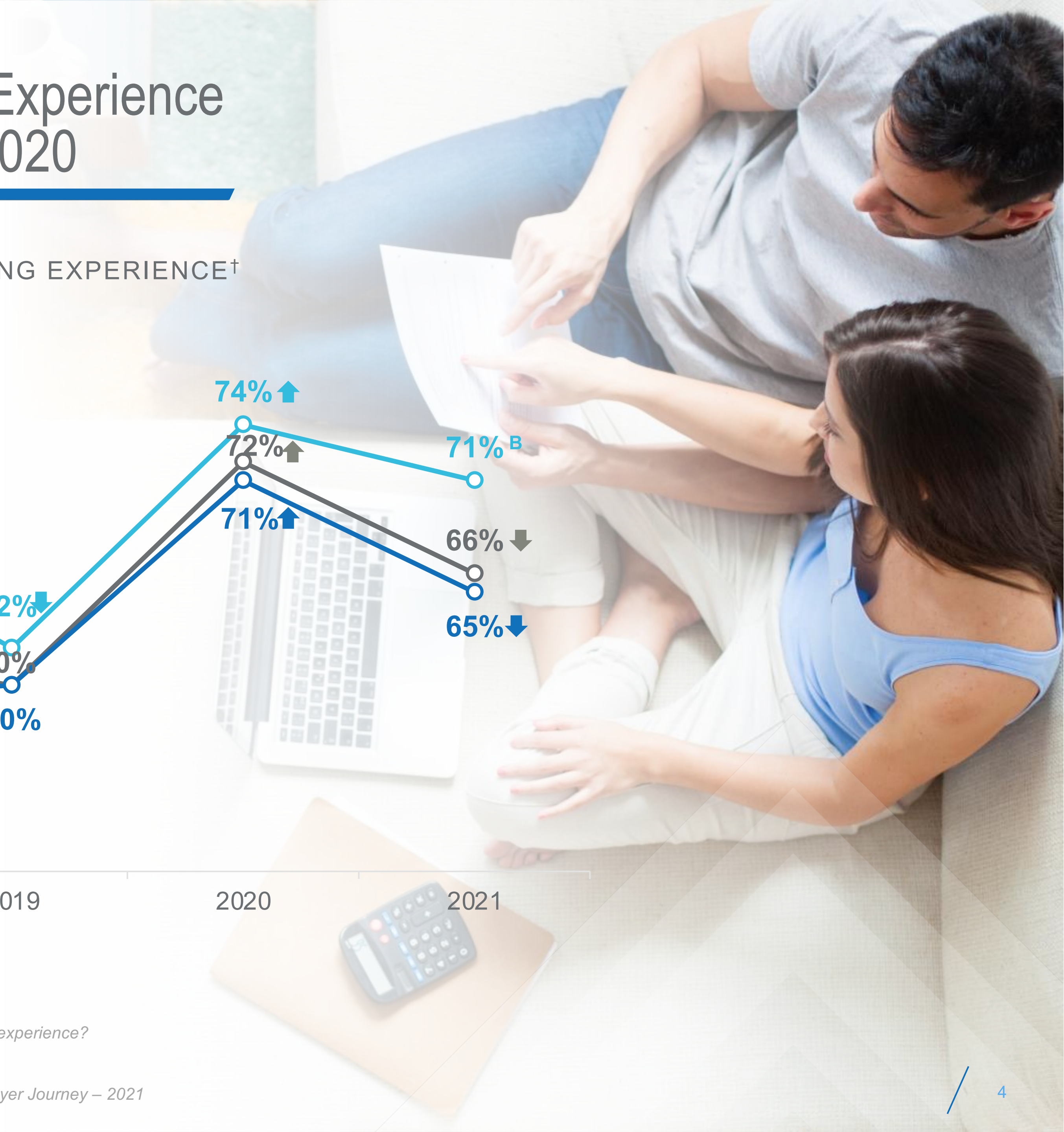
Satisfaction with the Overall Shopping Experience softened after reaching peak levels in 2020

OVERALL SATISFACTION WITH SHOPPING EXPERIENCE†

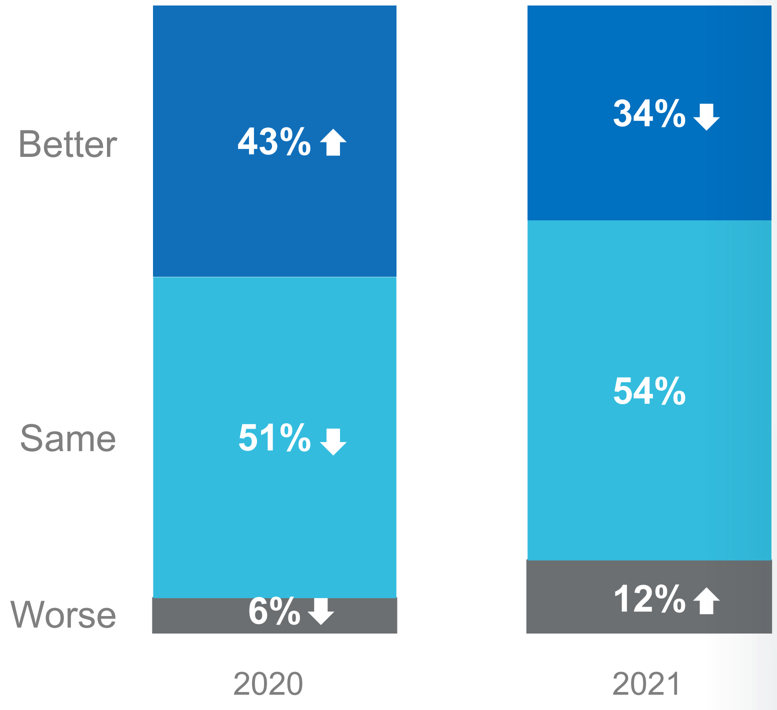




† Excludes private sellers
Letters indicate significant difference between groups at the 95% confidence interval
Arrows indicate significant difference between years at the 95% confidence interval
Q602. Thinking back to your entire automotive shopping experience, how satisfied were you with your shopping experience?

The purchase experience suffered due to inventory frustrations

EXPERIENCE WAS BETTER/WORSE THAN LAST PURCHASE



Arrows indicate significant difference between timeframes at the 95% confidence interval

*“**Seamless experience with online** and delivery.”*

*“Everything was streamlined; no time wasted haggling over price; **vehicle was custom-ordered online**; just go to dealership to finalize purchase; wait 2 months for delivery; go back to dealership to pick up vehicle.”*

*“**Fewer options** and **more expensive**, thank you COVID.”*

*“There is a **limited selection** of used vehicles and they’re **overpriced** because they’re in such **high demand**, which wasn’t great because I paid in cash so I wanted a better deal.”*

Buyers recognized the impact of the chip shortage

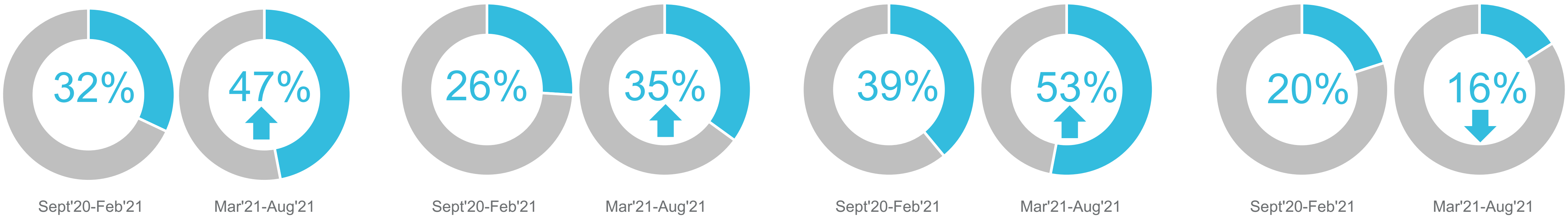
2021 BUYER SENTIMENT

39%
Limited Vehicle Selection

31%
Prices are Higher than Expected

48%
Paid More than Initially Intended (Among those who stated Prices Higher than Expected)

18%
A Dealer/Retailer Contacted With Incentive/Financing Deal, Trade-in/Early Lease Return

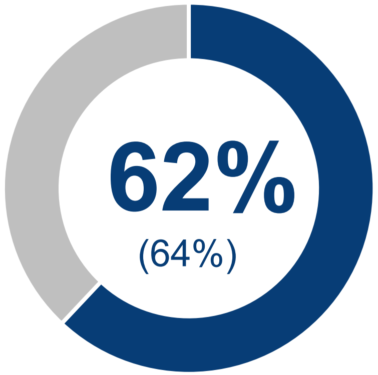


Arrows indicate significant difference between timeframes at the 95% confidence interval

Source: Cox Automotive Consumer Lending Journey - 2021

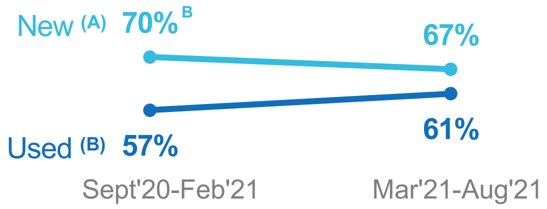
Inflated vehicle prices led to declining satisfaction with Price Paid and Trust in the Deal

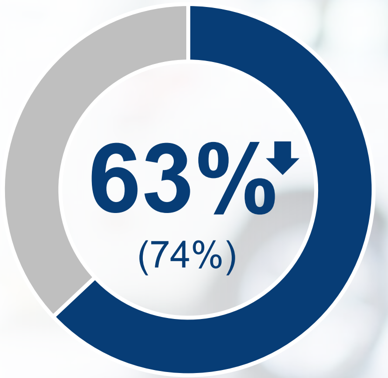
TRUST IN THE DEAL



Trust The Dealership/Retailer Gave Me The Best Deal

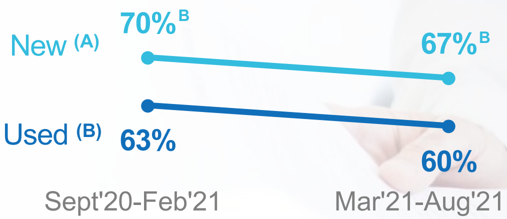
New (A)	Used (B)
68%[B]	59%





Satisfied with Price Paid

New (A)	Used (B)
69%[B] ↓	61% ↓



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Thriving economy and shift to vehicle ownership spurred demand

1 Strong U.S. economy – highest annual GDP growth since 1984

6% 2021 estimated GDP growth

2 Consumers focused on vehicle ownership spurred by safety and cost

35% Plan to increase # of vehicles owned/ leased in 5 years

TOP FACTORS FOR VEHICLE OWNERSHIP VS. OTHER TRANSPORTATION

- **93%**↑ Safety
- **91%**↑ Total cost of ownership
- **87%** Convenience

Arrows indicate significant difference between timeframes at the 95% confidence interval.

Attractive trade-in offers and Needs triggered purchase

3 Buyers motivated by attractive trade-in or sell value of previous vehicle

NEW (A): 25%B

17% Sep'20-Feb'21

USED (B): 17%

21% ⬆ Mar'21-Aug'21

4 Used buyers more motivated by Needs and switched from New due to scarce inventory

63% Purchase triggered by Needs (45% for New)

150% Increase in Used buyers who initially shopped New only (2020 vs. 2021)

38% Shift consideration from New to Used due to chip shortage (among shoppers)

Source: Cox Automotive Consumer Lending Journey – 2021
2021 Cox Auto Chip Shortage Research

2 HIGHER DIGITAL ENGAGEMENT BOOSTED CUSTOMER'S CONFIDENCE IN PRICE AND OVERALL SATISFACTION

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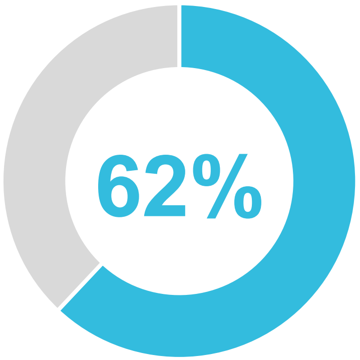
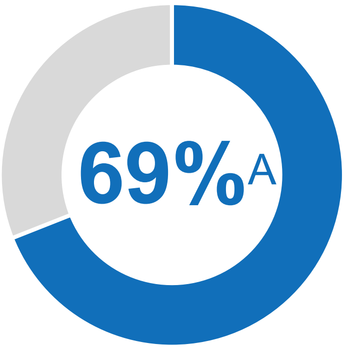
Mostly Digital buyers were more confident with the price and deal…

SATISFIED WITH PRICE PAID (%8-10)

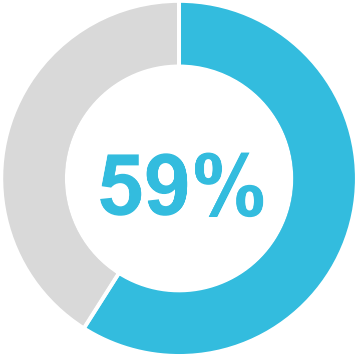


Light Digital (A)

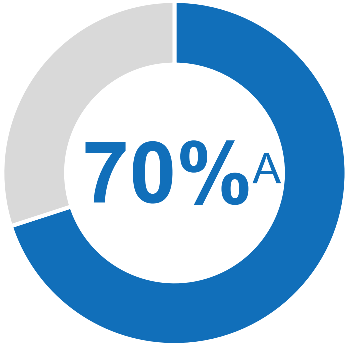


Mostly Digital (B)

TRUST THAT THE DEALERSHIP/ RETAILER GAVE THE BEST DEAL (%8-10)



Light Digital (A)



Mostly Digital (B)

Light Digital
Buyers completed 20% or less of the steps in their buying journey entirely online

Mostly Digital
Buyers completed more than 50% of the steps in their buying journey entirely online

Arrows indicate significant difference between timeframes at the 95% confidence interval.
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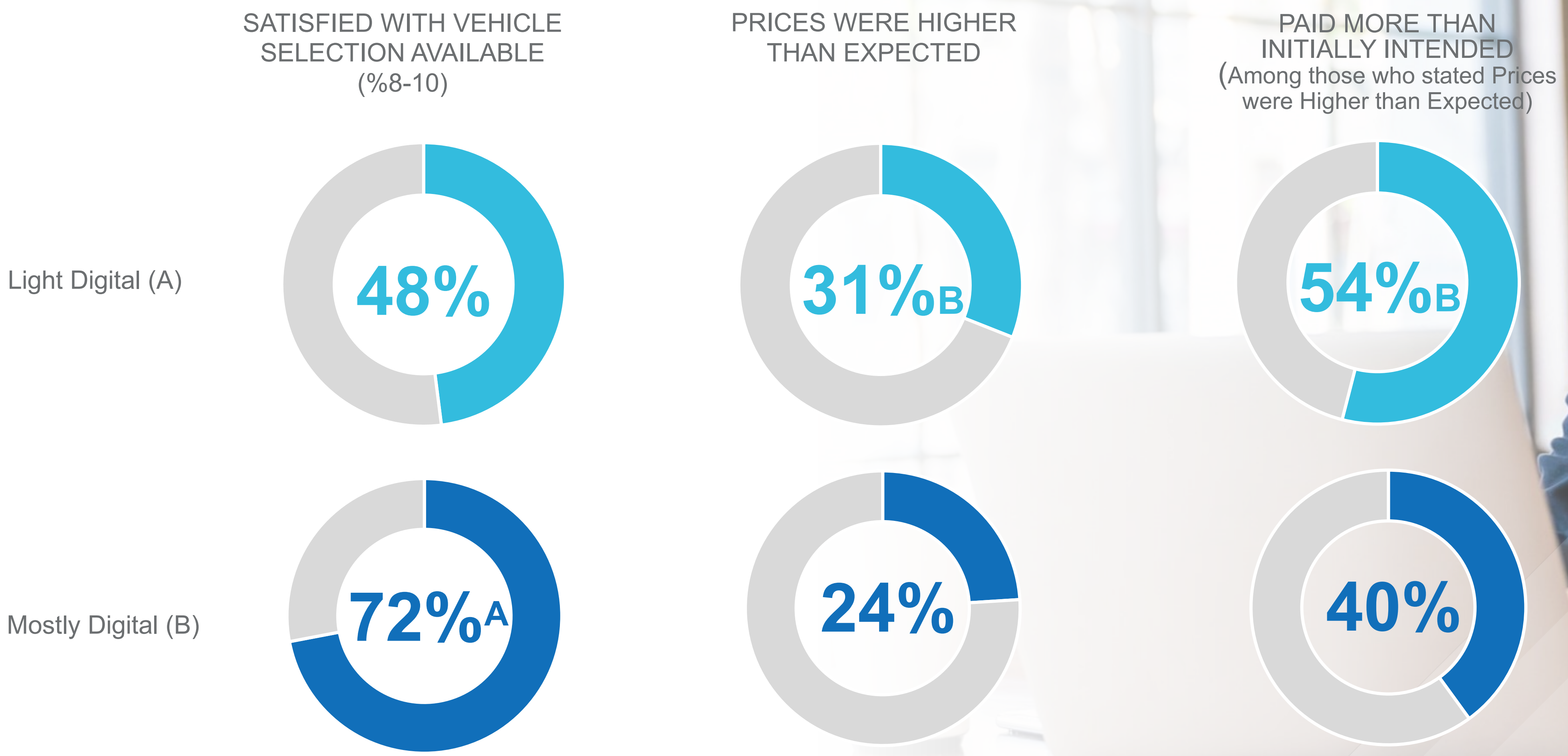
...Likely driven by better vehicle selection and less sticker shock



Arrows indicate significant difference between timeframes at the 95% confidence interval.
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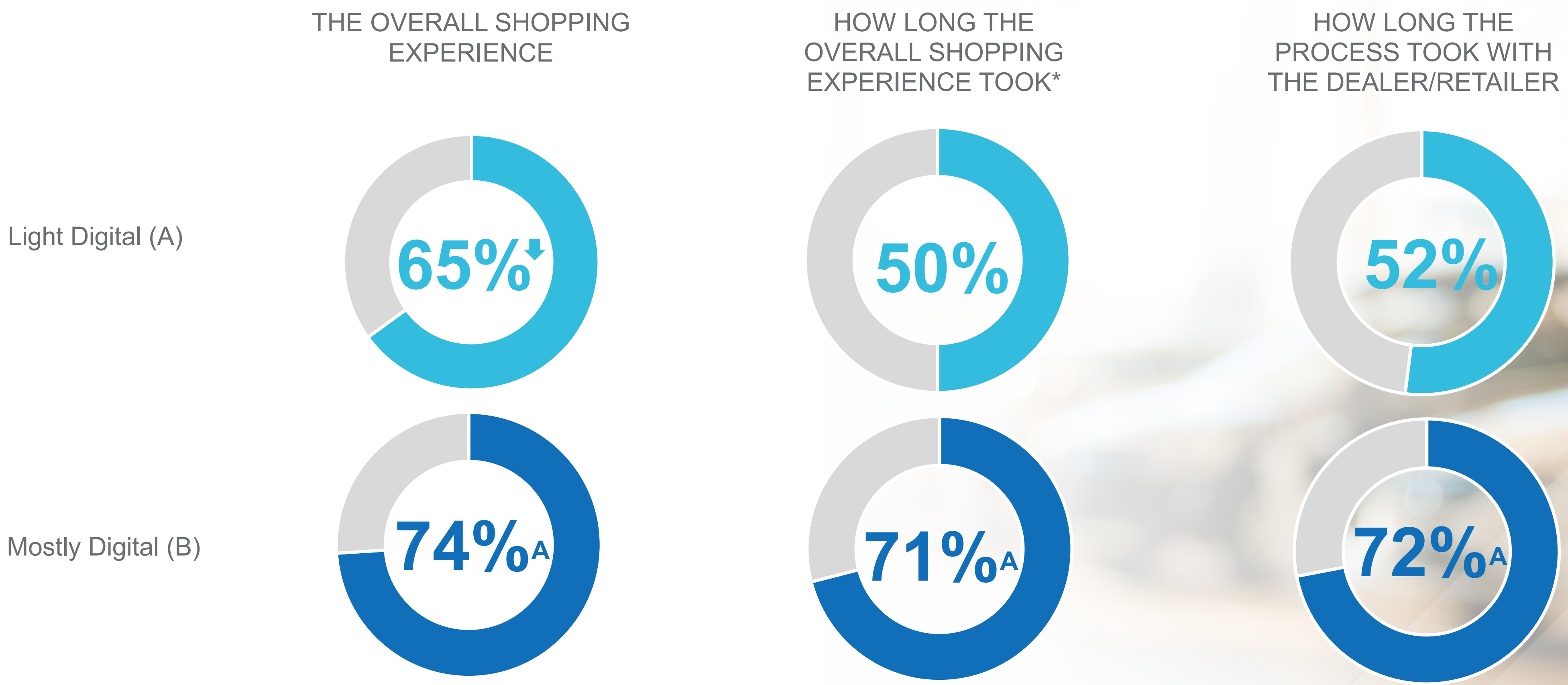
Mostly Digital Buyers were more satisfied with the shopping experience and time commitment

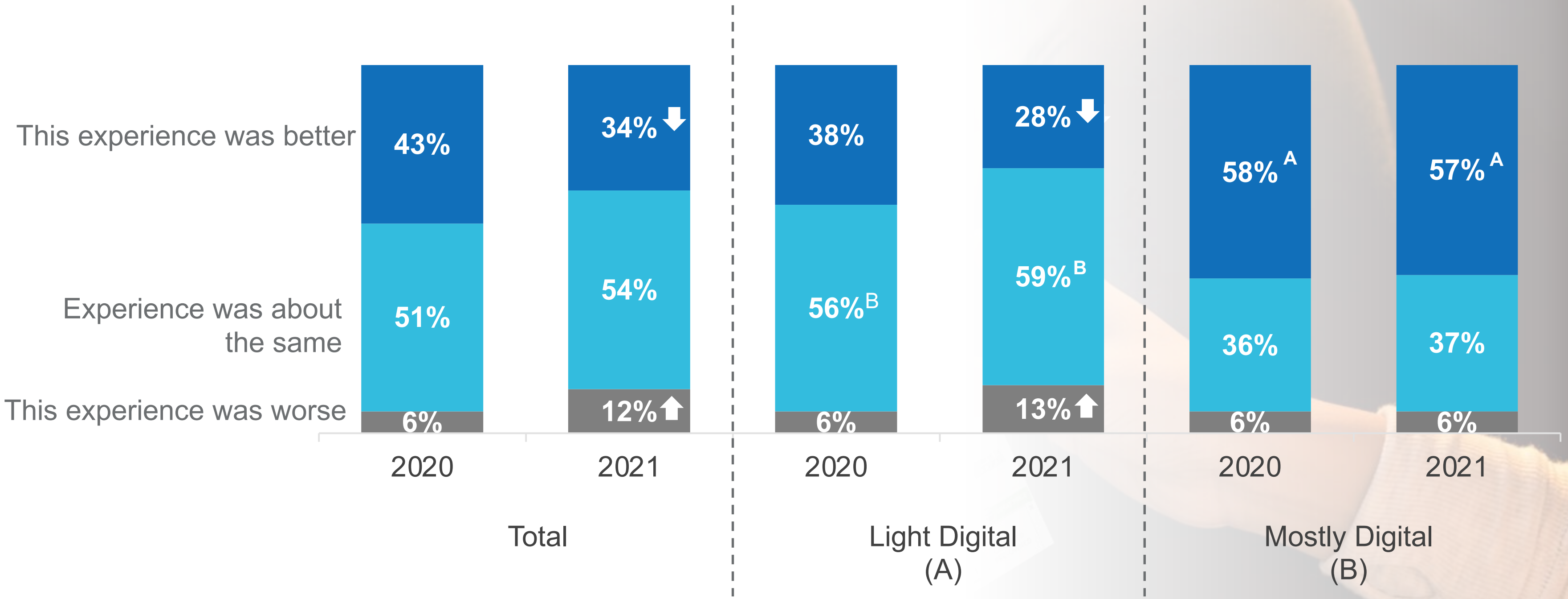
MOSTLY DIGITAL SATISFACTION (%8-10)



*New question added in 2021.
Letters indicate significant difference between years at the 95% confidence interval
Arrows indicate significant difference between years at the 95% confidence interval

Majority of Mostly Digital Buyers weathered the impact of limited inventory

SHOPPING EXPERIENCE COMPARED TO PREVIOUS EXPERIENCES



"I didn't have to visit the dealership and feel pressured by salespeople. I was able to choose what I wanted from the comfort of my home and have it delivered."

†Asked among those who bought/leased a vehicle previously
Letters indicate significant difference between groups at the 95% confidence interval
Arrows indicate significant difference between years at the 95% confidence interval

3

BUYERS WERE MORE FOCUSED IN THEIR ONLINE SEARCH

Buyers spent less time spent shopping online

TOTAL TIME SPENT RESEARCHING AND SHOPPING

12:27	11:06	12:54[A]
(-0:46)	(-0:05)	(-0:55)
Total	New (A)	Used (B)


Researching & Shopping Online


Researching & Shopping with Print


Talking with Others


Visiting Other Dealerships/Sellers


With the Dealership/ Seller Where Purchased

	Researching & Shopping Online	Researching & Shopping with Print	Talking with Others	Visiting Other Dealerships/Sellers	With the Dealership/ Seller Where Purchased
Total	6:51 (-0:23)	0:15 (-0:04)	0:35 (-0:07)	2:09↓ (-0:12)	2:37 (+0:00)
New (A)	5:22 (-0:12)	0:22[B] (-0:03)	0:34 (+0:05)	2:12 (+0:04)	2:36 (+0:01)
Used (B)	7:22[A] (-0:22)	0:13 (-0:04)	0:35 (-0:09)	2:07↓ (-0:18)	2:37 (+0:00)

+Outliers Removed
Arrows indicate significant difference between timeframes at the 95% confidence interval.
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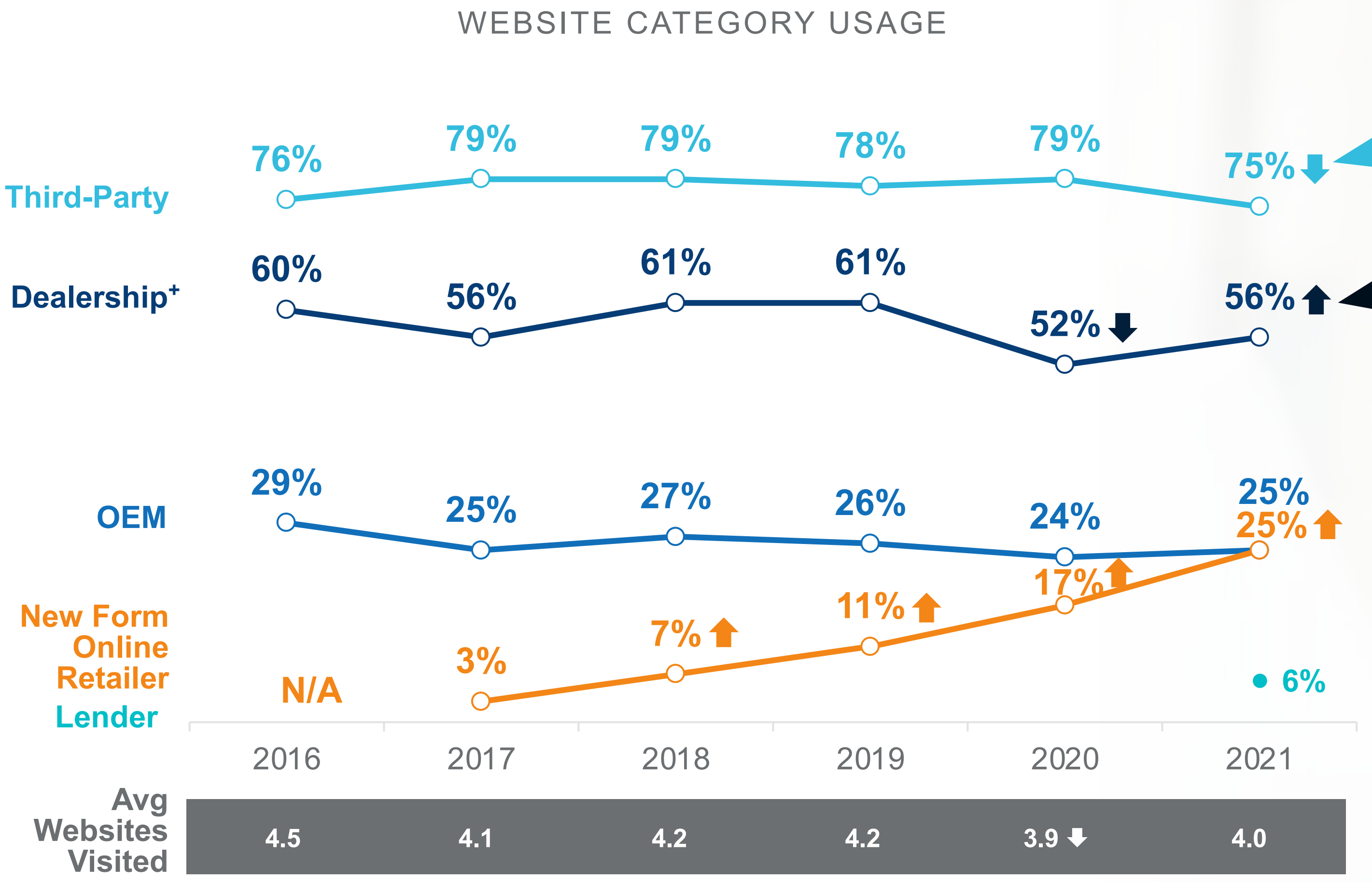
Third party sites were most relied on, however usage slipped when inventory shortages began



Third-Party usage declined when inventory shortages hit…

- *77% Sep'21-Feb'21*
- *72% Mar'21-Aug'21*

While Dealership usage increased…

- *53% Sep'21-Feb'21*
- *58% Mar'21-Aug'21*

+Dealership includes CarMax
Arrows indicate significant difference between timeframes at the 95% confidence interval.

Source: Cox Automotive Car Buyer Journey - 2021

Cox Automotive sites experienced visitor growth

COX AUTOMOTIVE SITES
YEAR-OVER-YEAR GROWTH

+12%
In Visitors

+17%
In Visits

COX AUTOMOTIVE™

TOP 3 THIRD PARTY SITES
WITH MOST VISITOR GROWTH

#1 › CarGurus

#2 › Autotrader

#3 › Kelley Blue Book KBB.COM The Trusted Resource

Source: Comscore Monthly Metrics, Sept 2020 to Sept 2021

Source: Cox Automotive Car Buyer Journey – 2021

KBB and Autotrader were widely used

SOURCES USED

Cox Automotive™

63%

of buyers used Cox Automotive
(66% in 2020)

TOP THIRD-PARTY WEBSITES/APPS USED TO RESEARCH & SHOP

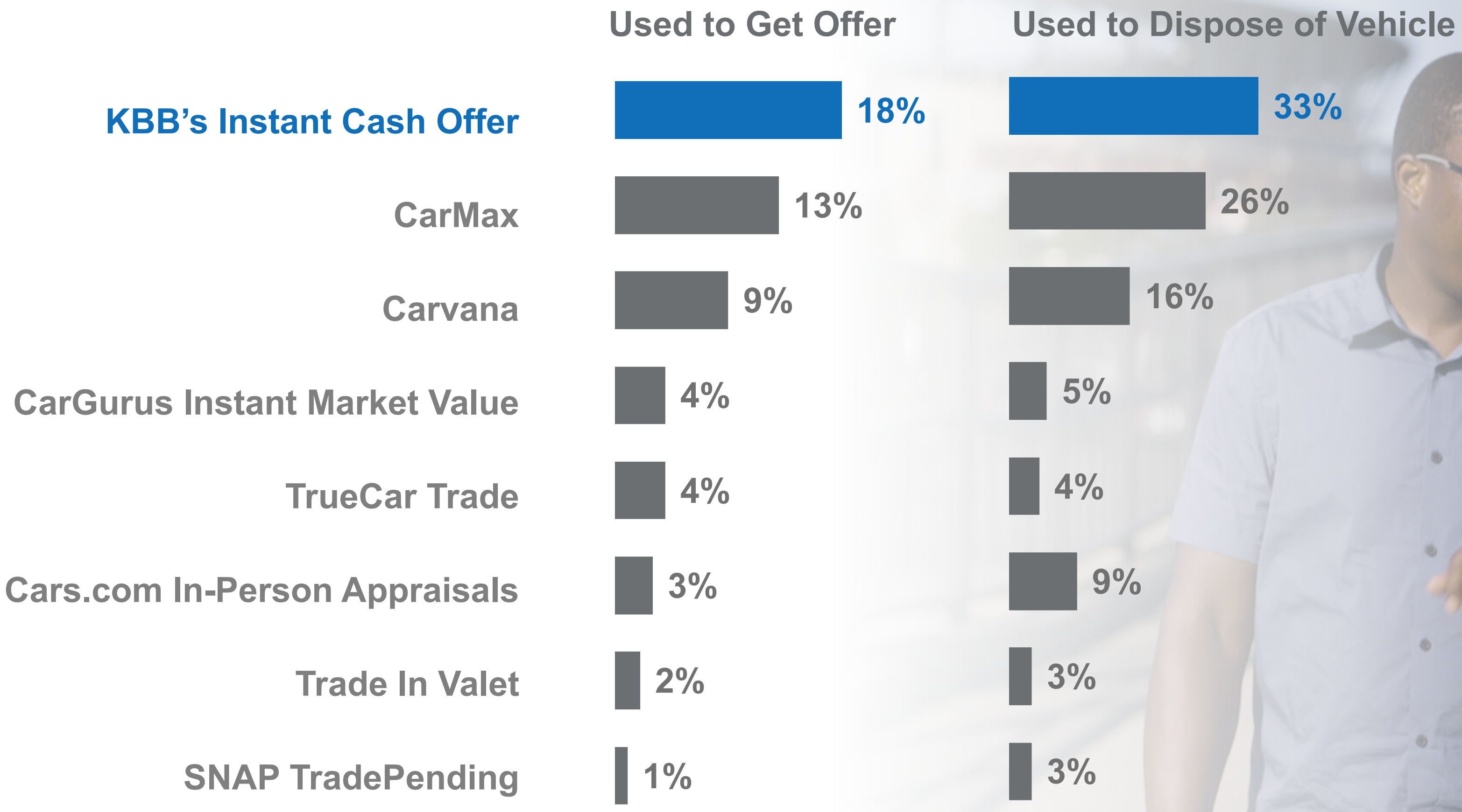
- #1 › Kelley Blue Book
- #2 › cars.com
- #3 › Autotrader
- #4 › CARFAX
- #5 › edmunds
- #6 › CarGurus
- #7 › TrueCar

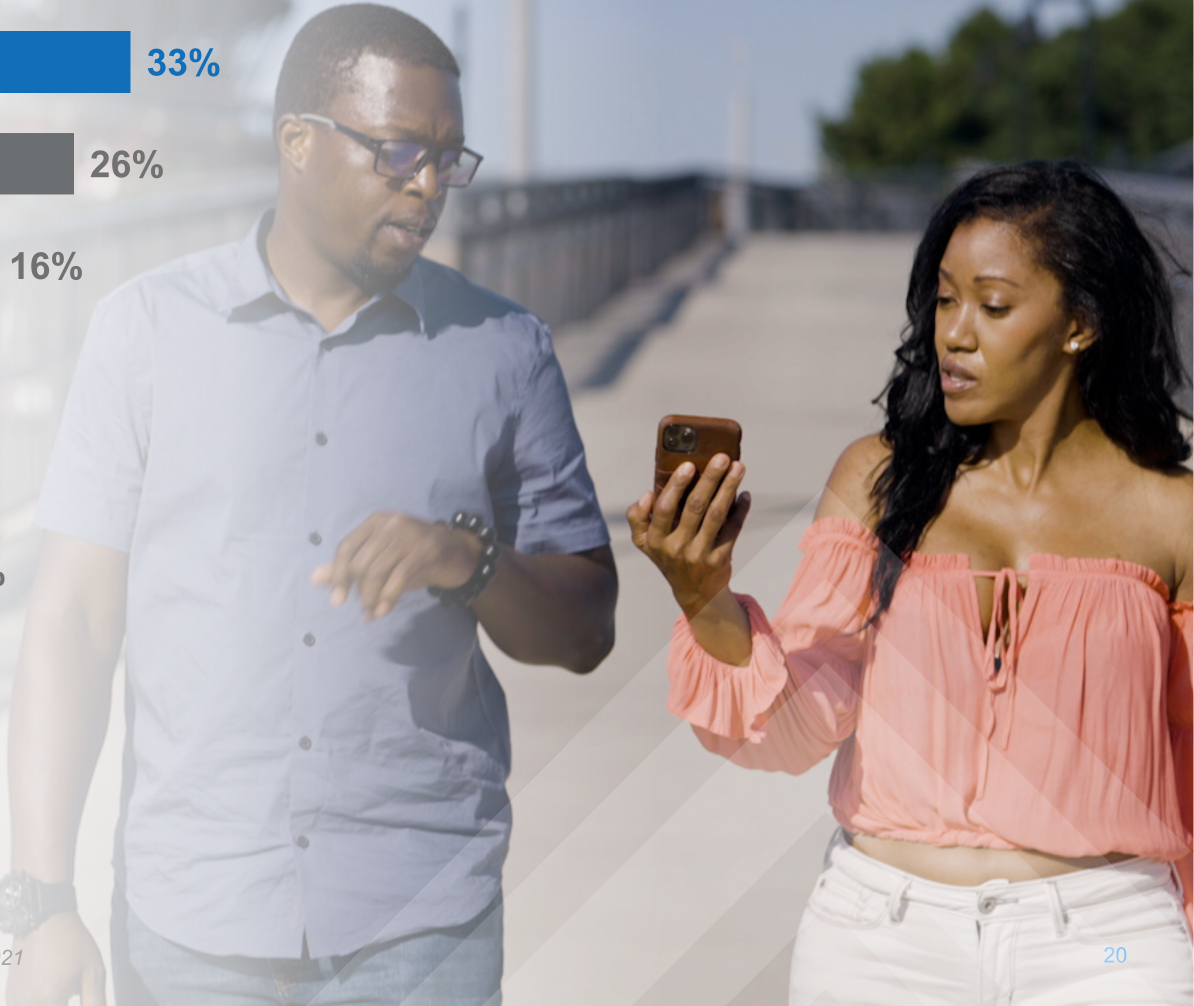
Arrows indicate significant difference between timeframes at the 95% confidence interval.

Source: Cox Automotive Car Buyer Journey – 2021

Kelley Blue Book’s ICO was the most used trade-in tool

TRADE-IN TOOLS





Source: Cox Automotive Car Buyer Journey – 2021

4 DEALER EXPERIENCE REMAINED TOP NOTCH

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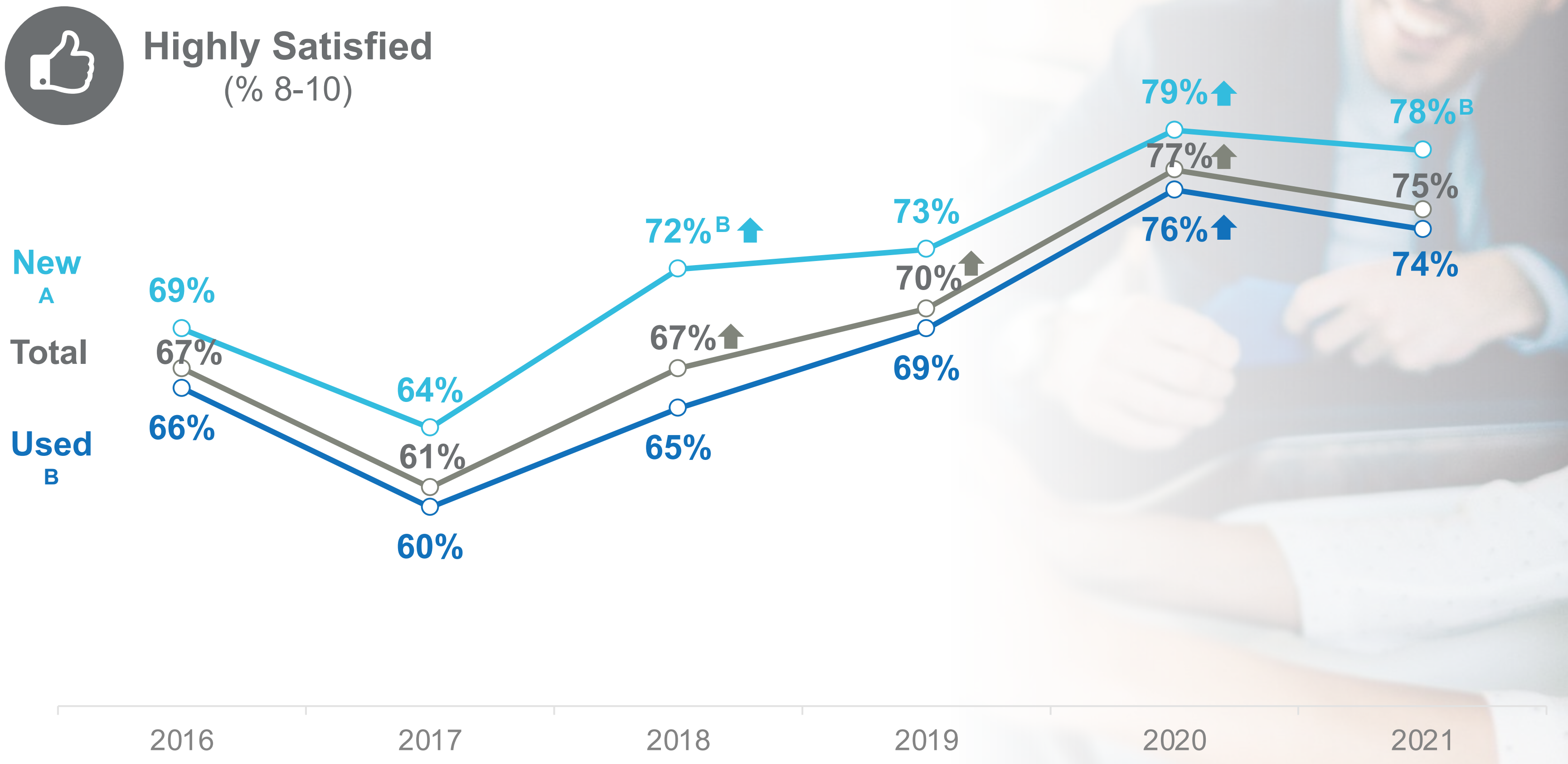
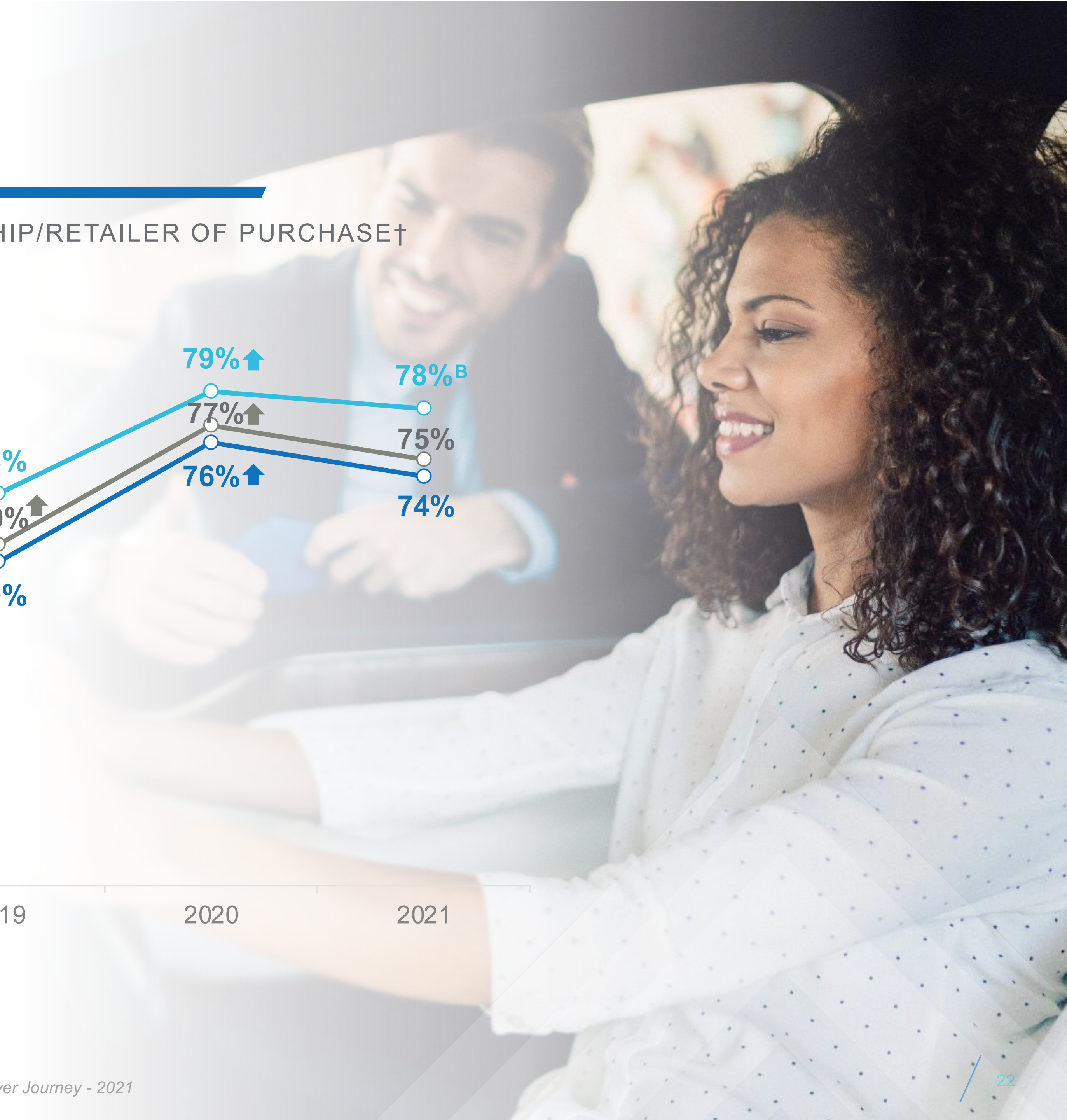
Stellar dealer satisfaction prevailed

OVERALL SATISFACTION WITH EXPERIENCE AT DEALERSHIP/RETAILER OF PURCHASE†

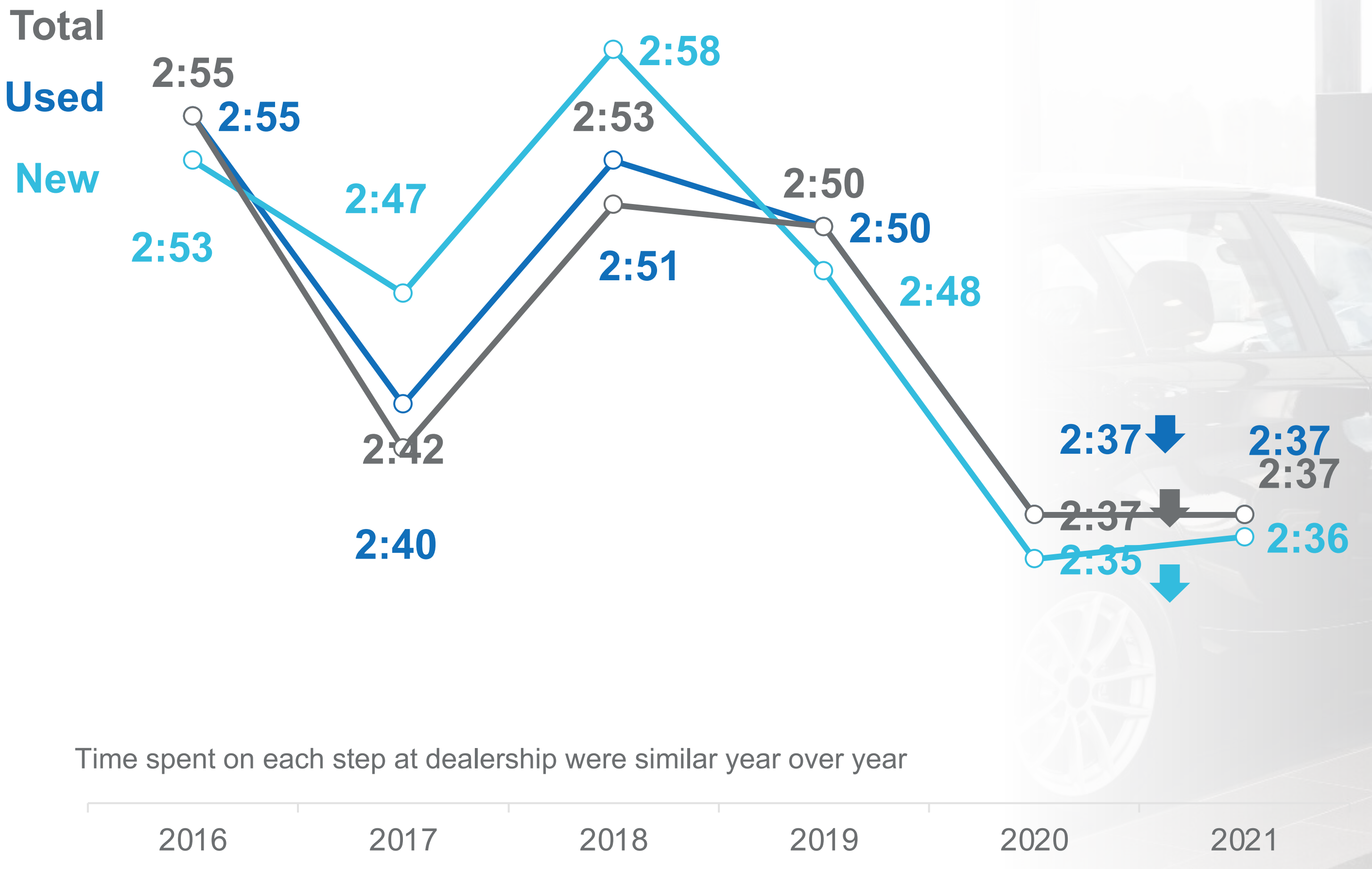




† N/A excluded in 2020/2021.
Arrows indicate significant differences from previous timeframe at the 95% confidence interval.
Letters indicate significant differences between New and Used at the 95% confidence interval.

The benefits of a streamlined process induced by the pandemic helped minimize time at dealership

TIME SPENT WITH THE DEALERSHIP/RETAILER



"(The process) was shorter this time and I didn't feel like I was being haggled by the dealership."

+Outliers Removed
Arrows indicate significant differences from 2020 or previous timeframe at the 95% confidence interval.
Letters indicate significant differences between New and Used at the 95% confidence interval.

Buyers were more content in their interactions with Finance…

OVERALL SATISFACTION WITH DEALERSHIP EXPERIENCE

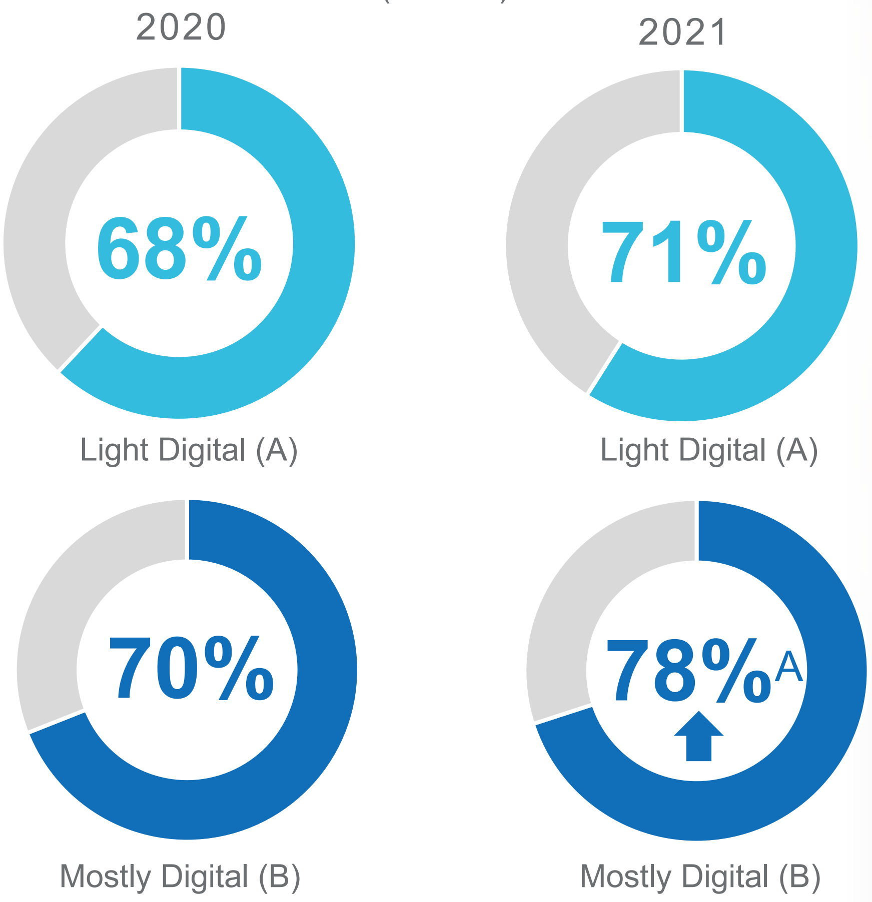
Total	New (A)	Used (B)
75% (77%)	78%[B] (79%)	74% (76%)

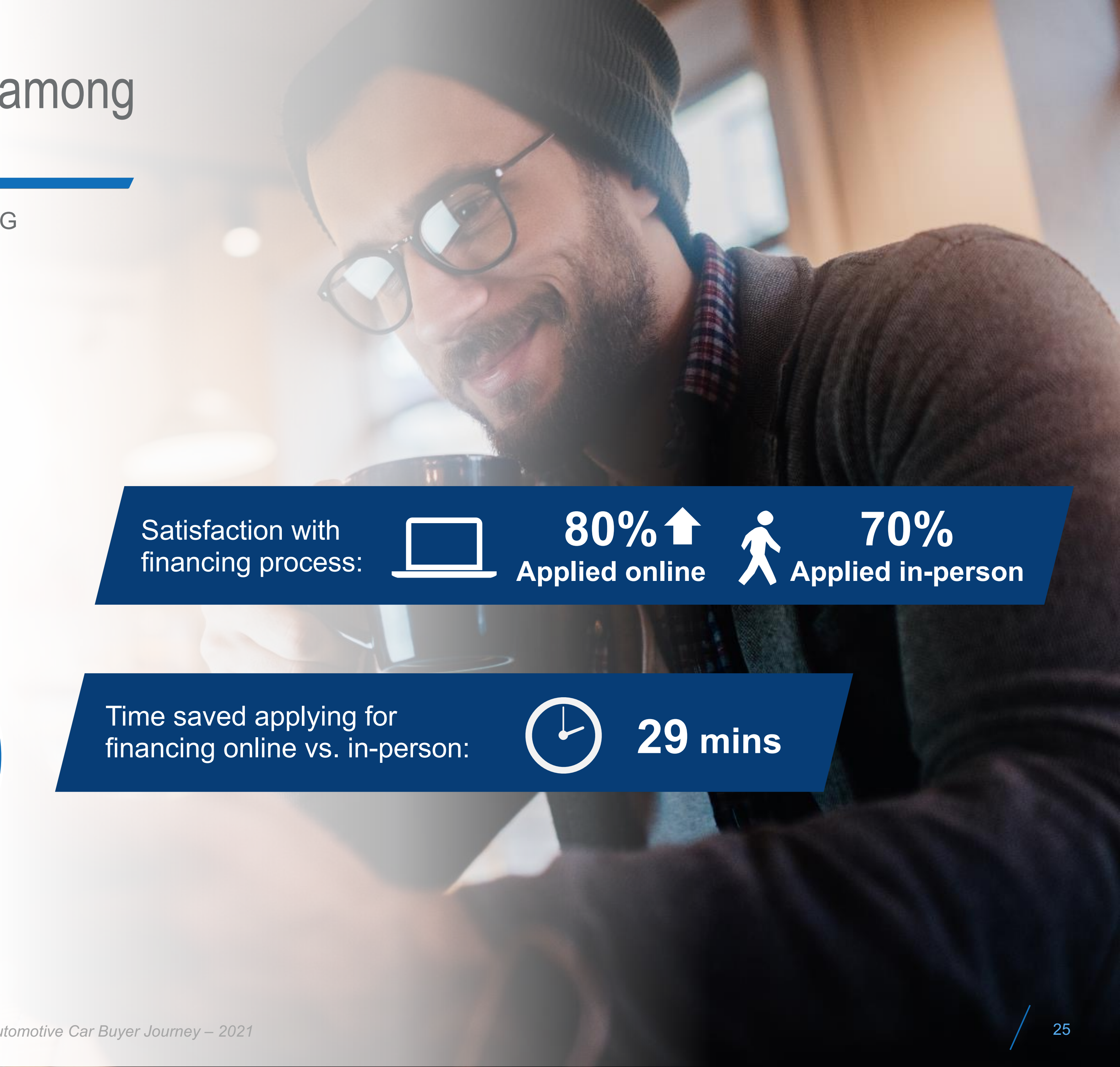
	Interactions with Sales	Interactions with Financing	Trust You Got the Best Deal	Vehicle Pickup/ Delivery	Cleanliness of Facility	Safety of Facility	How Long the Process Took	Price Paid	Test Driving Process	Selection of Vehicles
Total	75%	72% ↑	62%	77%	85%	84%	56%	63% ↓	83%	53% ↓
New (A)	78%[B]	75% ↑	68%[B]	81%[B]	86%	85% ↑	61%[B]	69%[B] ↓	84%	56%[B] ↓
Used (B)	73%	71%	59%	76%	85%	83%	54%	61% ↓	82%	51% ↓

Ordered by Key Drivers of Satisfaction with the Dealership Experience.

...Driven by the lift in satisfaction among Heavy Digital buyers

SATISFIED WITH INTERACTIONS WITH FINANCING (%8-10)





Satisfaction with financing process: 80% Applied online | 70% Applied in-person

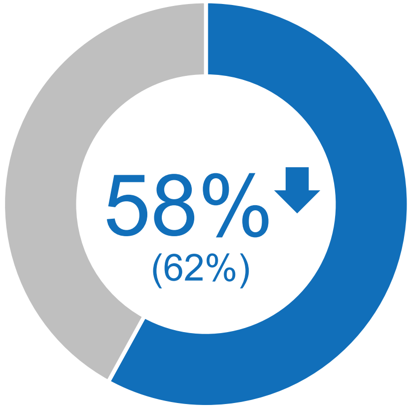
Time saved applying for financing online vs. in-person: 29 mins

Arrows indicate significant difference between timeframes at the 95% confidence interval.
Letters indicate significant difference between groups at the 95% confidence interval.

Source: Cox Automotive Car Buyer Journey – 2021

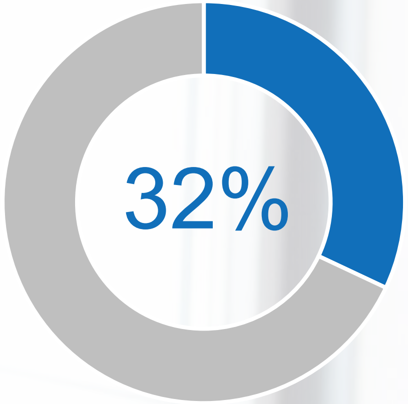
Focus on rebuilding brand loyalty, which eroded due to inventory pressures

HAVE PURCHASED THE SAME MAKE PRIOR TO THEIR CURRENT VEHICLE

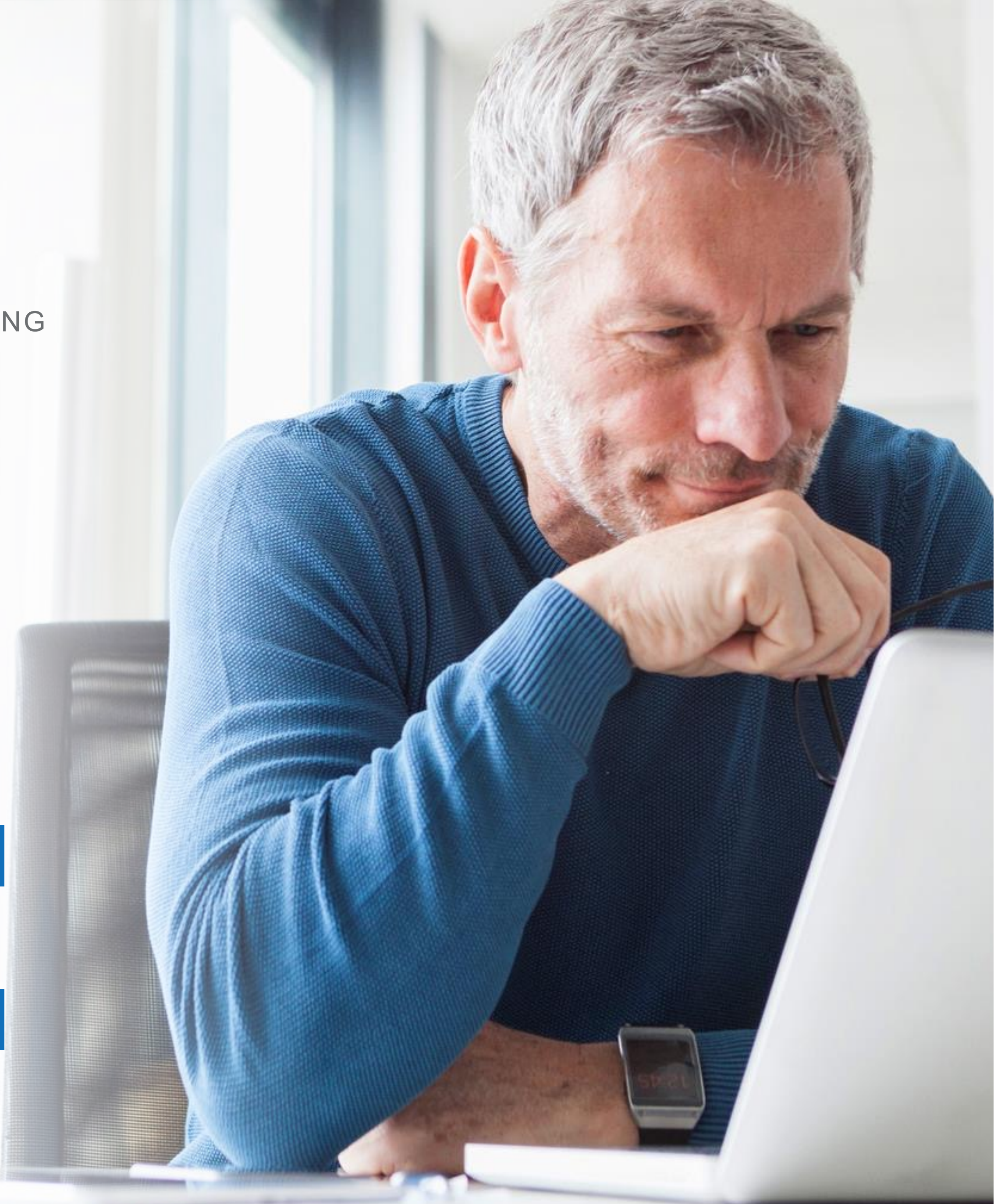


New (A)	Used (B)
69%[B] ↓ (72%)	54% (58%)
Sep'20-Feb'21	**Mar'21-Aug'21**
62%	54%

SWITCH BRANDS CONSIDERING DUE TO CHIP SHORTAGE (AMONG SHOPPERS)

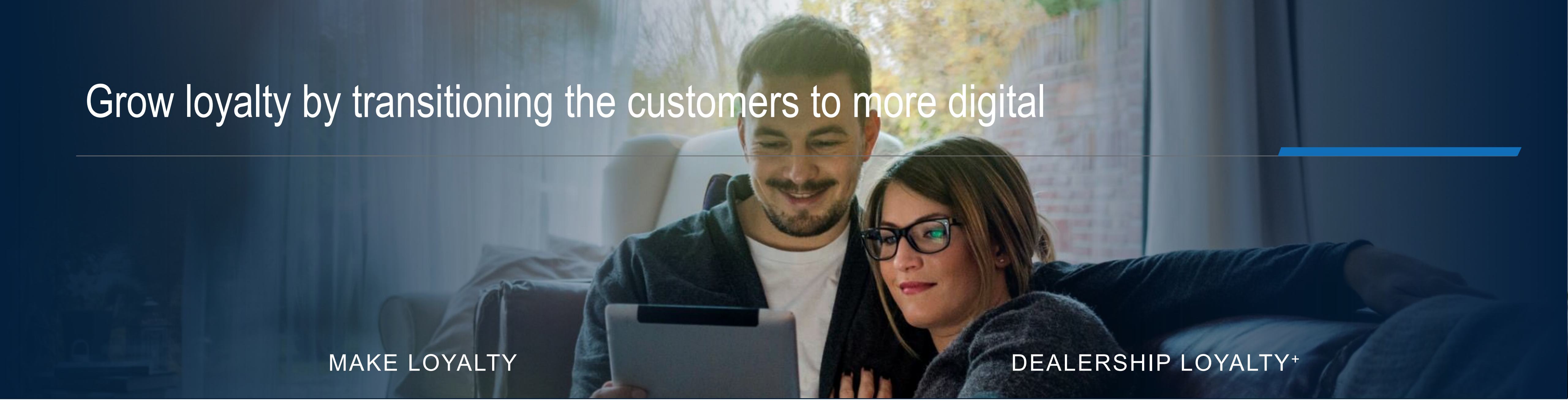


From import to domestic brand
35%
From domestic to import brand
24%

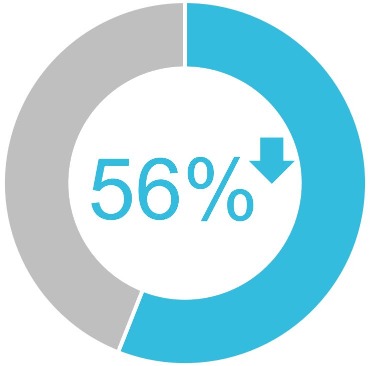


Source: Cox Automotive Car Buyer Journey – 2021
2021 Cox Automotive Chip Shortage Research

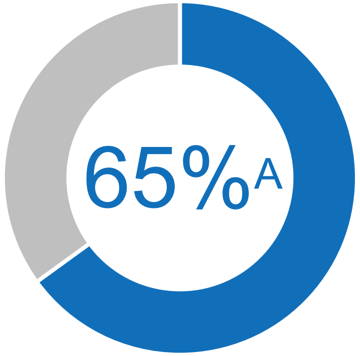
Grow loyalty by transitioning the customers to more digital



MAKE LOYALTY



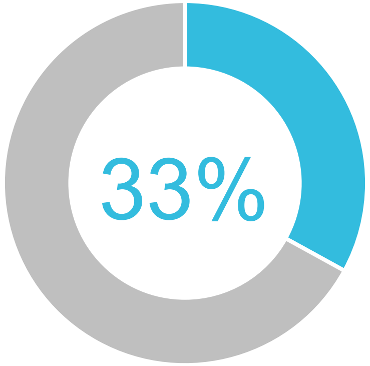
Light Digital (A)



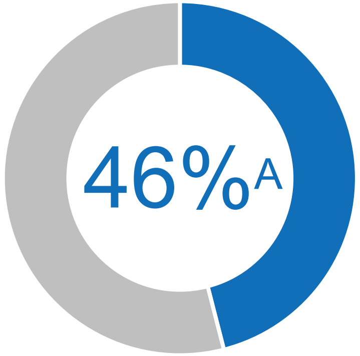
Mostly Digital (B)

	Light Digital (A)	Mostly Digital (B)
NEW	67%	72%[A]
USED	52%	62%[A]

DEALERSHIP LOYALTY+



Light Digital (A)



Mostly Digital (B)

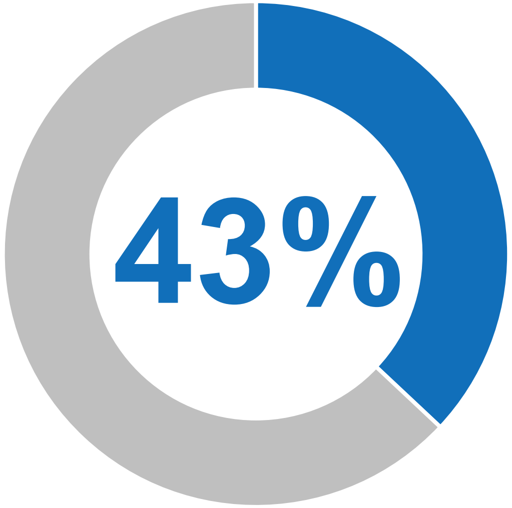
	Light Digital (A)	Mostly Digital (B)
NEW	47%	66%[A]
USED	29%	37%

+Not sure excluded.
Arrows indicate significant difference between timeframes at the 95% confidence interval.
Letters indicate significant difference between groups at the 95% confidence interval.

Source: Cox Automotive Consumer Lending Journey - 2021

Leverage the service department to expand brand loyalty

PREVIOUSLY HAD SERVICE DONE AT DEALERSHIP WHERE PURCHASED (AMONG BRAND LOYAL BUYERS)



vs. **19%**
Among Buyers Who were not Brand Loyal

Source: Cox Automotive Car Buyer Journey – 2021

Stay top of mind and promote pre-orders

Dealers who **decreased ad spending between 50% and 89%** saw **sales drop by** **28%**

About 1/3 of Intenders are likely to pre-order their vehicles

37% of Intenders are willing to wait **up to 6 months** for the right vehicle

Source: Cox Auto Chip Shortage Research; PureCars data

Key Implications

1 Despite inventory shortages and the surge in prices, causing a decline in satisfaction with the price and deal, consumers were still very motivated to purchase. OEMs and Dealers must **continue to engage customers with compelling messaging to sustain demand and protect loyalty**.

2 **Increase accessibility to Digital Retailing tools.** Those who are more committed to virtual tools experienced minimal impact of the chip shortage. Those "all in" on Digital were more confident in the price paid, more content with the inventory selection, and more dealer and brand loyal.

3 Buyers utilized dealer sites more once the chip shortage began in search of inventory, however third party sites remained the top destination for their shopping needs. **Leverage visitation growth of Cox Auto sites and trade-in tools to enhance and expedite the shopper's purchase journey**.

4 Satisfaction with the Dealership Experience remained stellar, however brand loyalty suffered. **Rebuild loyalty by transitioning purchasers to more Digital, influencing current Service customers, and continuing to advertise to stay top of mind.**

Source: Cox Automotive Car Buyer Journey – 2021

APPENDIX

Cox Automotive™

Research & Market Intelligence

Source: Cox Automotive Car Buyer Journey – 2021

Boomers tend to shy away from buying in 2021

2021 BUYER PROFILE

	Total	New (A)	Used (B)
Male	51%	60%B	49%
Female	49%	40%	51%A
Avg Age	50	53B	49
Gen Z (1996-2011)	3%	2%	4%
Millennial (1982-1995)	25%	23%	26%
Gen X (1965-1981)	39%	33%	40%A
Baby Boomer (1946-1964)	29%	36%B	26%
Pre-Boomer (Pre-1946)	4%↓	6%B↓	4%
White/Caucasian	88%	91%B	87%
African American or Black	6%	4%	6%
Hispanic	12%	12%	12%
Asian	3%	4%	3%

	Total	New (A)	Used (B)
Income Under $75K	38%	28%	42%A
Income $75K+	62%	72%B	58%
Have Children	50%	48%	51%

Letters indicate significant difference between groups at the 95% confidence interval
Arrows indicate significant difference between years at the 95% confidence interval

Source: Cox Automotive Car Buyer Journey - 2021