

AUTOMOTIVE

## Auto buyers increasingly supportive of online purchasing

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*Seventy-two percent of shoppers were highly satisfied with online shopping experiences in 2020. Image credit: Cox Automotive*

By NORA HOWE

Automotive dealerships are shifting more steps of the retail process online, resulting in an all-time high consumer satisfaction rate, according to a new study.

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A new survey from Cox Automotive found that as buyers spend less time at dealerships, it is more crucial than ever for auto dealers to incorporate more efficient, digital retailing processes into their business strategies. In its new [Digitization of End-to-End Retailing \(DoEER\)](#) study, Cox Automotive aimed to measure shifts in consumer preference towards a more online purchase experience, understand consumer and dealer barriers to adoption, quantify the impact of digital retailing on the consumer and dealer and identify digital retailing best practices for dealerships.

"2020 saw heightened digital activity everywhere, and the automotive industry was no exception," said Sonia Kher, manager of research and market intelligence at [Cox Automotive](#), Atlanta. "We're seeing more shoppers say they want to complete more parts of the shopping process online compared to three years ago and they're happier with the overall shopping process because they are spending less time at the dealership than ever before."

Cox Automotive interviewed 1,859 primary and shared decision makers between the ages of 16 and 64 who planned to purchase a vehicle in the next 12 months from a dealership, as well as 462 franchise dealers with digital retailing who sell at least five vehicles per month.

### Online deals

Digital opens new opportunities within automotive shopping.

According to the report, 69 percent of franchise dealers added at least one digital step to their purchasing processes, due to COVID-19, some of which included: test drive home delivery, purchased vehicle home delivery and online credit application.



*Only 33 percent of franchise owners offer an exclusively online buying process. Image credit: Cox Automotive*

Between 2019 and 2020, buyers' satisfaction with their overall shopping experience rose 12 percent, from 60 to 72 percent, respectively.

Another key takeaway is that consumers believe digital retailing will save them time, as 86 percent agreed that saving time in person at the dealership was the number one benefit of digital. Additionally, 61 percent of franchise dealers agreed that reduced time spent on sale was a benefit of using digital retailing.

While 76 percent of shoppers are open to the idea of buying a car completely online, only one in three franchise dealers offer an exclusively online purchase process.

Despite not being equipped to move fully online, however, 78 percent of franchise dealers said they are willing to adapt to meet consumer expectations. Additionally, 61 percent of franchise dealers have or will likely adjust sales incentives to encourage staff to adopt digital retail, and 52 percent said they would place greater emphasis on hiring digital skill sets in the future.

Higher commitment to digital drives greater rewards, as 80 percent of franchise dealers plan to offer more parts of the purchase process online in the next two years. The most popular steps for adoption include: payment calculator, select add-ons and review and sign paperwork.

Finally, three in four franchise dealers agree that they would not be able to survive in the long run if they do not begin adopting digital retailing soon. The study concluded that the future of automotive sales has reached a point of no return, as dealers predict a significant shift in the auto landscape.



*With new COVID-19 lockdowns closing physical dealerships, digital growth is crucial to the automotive industry. Image credit: Bentley*

While interest in digital retailing continues to grow rapidly, Cox Automotive still believes that physical dealerships will continue to play a critical role in the vehicle buying experience. However, there is no denying the future is digital and the buying process is undergoing a significant transition.

#### Driving digital

As the ongoing COVID-19 pandemic has accelerated affluent's acceptance of ecommerce, luxury auto manufacturers have started to significantly expand their online offerings.

Earlier this month, British automaker Bentley Motors introduced online offerings to digitize the car buying experience during the COVID-era. Through Bentley's Digital Commissioning Experience, clients are now able to remotely personalize their vehicles with the help of the automaker's retailer experts.

The launch came after the U.K. declared its second national lockdown amid rising COVID-19 cases, leaving dealerships closed for sales visits and test drives ([see story](#)).

German auto manufacturer BMW Group is making aggressive investments in digitizing its sales and marketing in a bid to give consumers more custom options and grow its electric vehicle business. Amid the COVID-19 pandemic, the auto group will continue to make its sales process as contact-free as possible.

Eventually, drivers are expected to have the ability to configure custom vehicles entirely online. Already, staff in more than 60 markets are able to sell vehicles remotely and offer virtual tours ([see story](#)).

"We've seen the rise of digital shopping and buying have an even greater impact on luxury than non-luxury," Cox Automotive's Ms. Kher said. "Luxury shoppers and buyers have always had a tendency to prefer digital, and we continue to see that in this study.

"Luxury dealers have a large gap to close between what their buyers can do today, and what buyers want to do in the future."

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