

COX AUTOMOTIVE™

A smiling woman with dark hair tied back, wearing a light blue button-down shirt over a green ribbed top, stands in a car dealership. She is holding a car key in her right hand. In the background, a white car is visible, and the scene is brightly lit. A blue gradient overlay covers the bottom half of the image.

The Evolving Consumer

and how to meet their needs

Retail360

Introduction

Providing a great experience for car shoppers—and one that ultimately boosts profits for you—is about having a solid understanding of their needs and wants. This ebook will help you do just that.

To better understand current and emerging car shopping needs, Cox Automotive conducted a study of 2,502 U.S. adults ages 18 to 65 who are the decision makers about vehicle purchases for their household.

In the study, we asked consumers to “indicate your agreement with these statements, but **put yourself 10 years in the future, and think about how your life and the world may have changed.**”

In this ebook, we’ll use the study’s key findings to look into the future. We’ll learn the top five trends that will impact consumers’ purchasing power and how consumers may prefer to shop, buy and own vehicles. Plus, we’ll share how your dealership can help meet the needs of car buyers—today and tomorrow.



What's on Consumers' Minds

When we asked car buyers to think about their needs in 10 years, they indicated that these five macrorends will influence future purchasing behavior.

Shifting Priorities

Shopping trends will change as consumers start to rethink how they use products and how they shop for them. Flexibility and convenience will be a priority for these shoppers—expect to see more purchases completed using an omnichannel approach, combining online and in-store purchase steps.

63% will be comfortable buying a vehicle online on a vehicle manufacturer website

61% will be comfortable buying a vehicle online on a well-known automotive website

60% would purchase a vehicle without a test drive if given a specified window to make returns with no questions asked

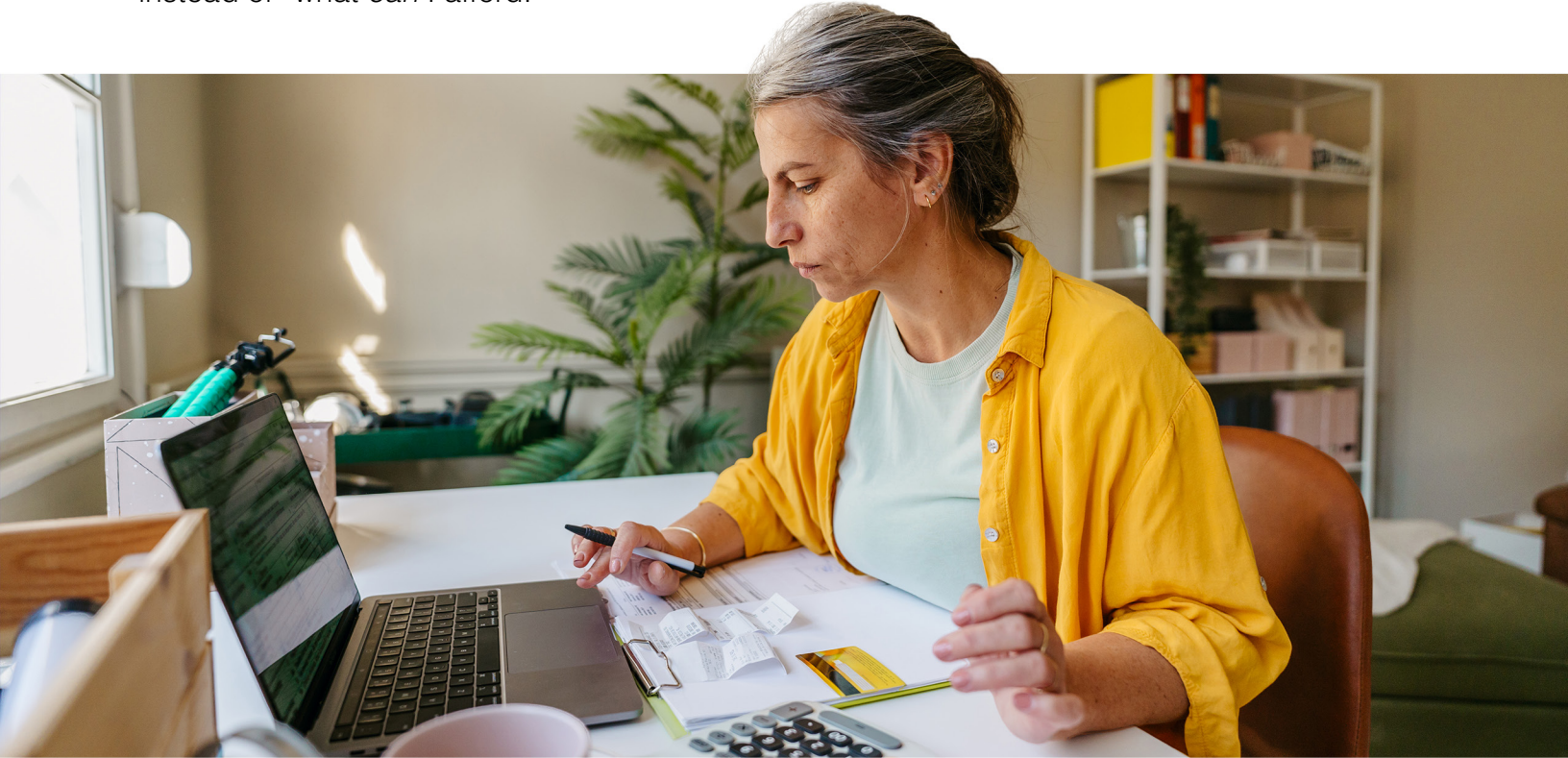
A Note on Generational Differences

The study indicated that many of these key trends are of even higher importance to younger buyers—meaning the percentage of buyers concerned about these issues will only continue to increase over time.



Redefining Affordability

According to the study, consumer attitudes toward how they spend their money will shift in the next decade. For many, affordability will be about “what do I *want* to afford,” instead of “what *can* I afford.”



62% will be willing to indulge on a vehicle if it makes them feel good and improves their quality of life

18% higher among Gen Z/Millennial consumers vs. Gen X/Boomers

53% will only purchase from brands or dealerships with excellent customer service

17% higher among Gen Z/Millennial consumers vs. Gen X/Boomers

52% will spend more on a vehicle if the brand or dealership provides a personalized experience

17% higher among Gen Z/Millennial consumers vs. Gen X/Boomers

Trust & Transparency

In an age of data breaches and cyber fraud, privacy and protection are at the top of consumers' minds—and, based on the study, people will expect companies they trust to prioritize privacy and protection over profit.

77% will only share information with companies that are transparent about how their data is protected

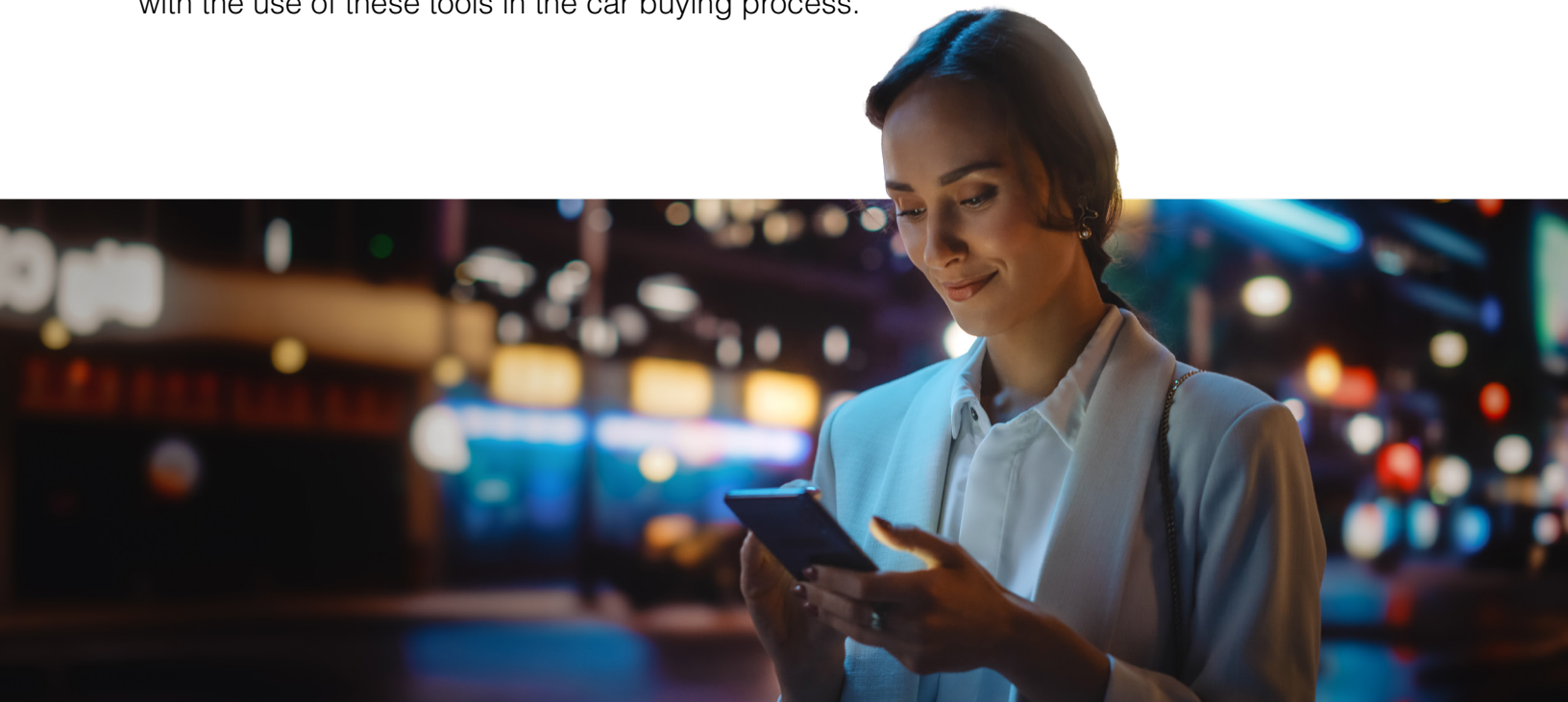
72% won't purchase from companies that aren't transparent about data usage

68% agree it will be harder for companies to earn their trust compared to in the past



Artificial Intelligence & Automation

Artificial intelligence (AI) and automation technology is already having an impact on consumer behavior and their expectations. In 10 years, we'll see a growing number of shoppers—especially among Gen Z and Millennials—feel at ease with the use of these tools in the car buying process.



55% will be comfortable with banks analyzing more than traditional financial info to get a better interest rate or loan terms

20% higher among Gen Z/Millennial consumers vs. Gen X/Boomers

44% will trust AI over a salesperson to analyze their history and make vehicle recommendations

30% higher among Gen Z/Millennial consumers vs. Gen X/Boomers

41% will trust AI over a human underwriter to analyze finances when applying for automotive loan

35% higher among Gen Z/Millennial consumers vs. Gen X/Boomers

Social Responsibility

Especially among Gen Z and Millennials, more people today expect businesses to move toward a greener, more inclusive and more equitable world. That trend continues into the next decade.

65% will pay attention to the environmental impact of their purchases

Closely divided among Gen Z/Millennial consumers vs. Gen X/Boomers

57% will pay close attention to companies that support and address social/environmental issues when deciding what to purchase

30% higher among Gen Z/Millennial consumers vs. Gen X/Boomers

55% will seek out brands that have diverse and inclusive representation and marketing

35% higher among Gen Z/Millennial consumers vs. Gen X/Boomers



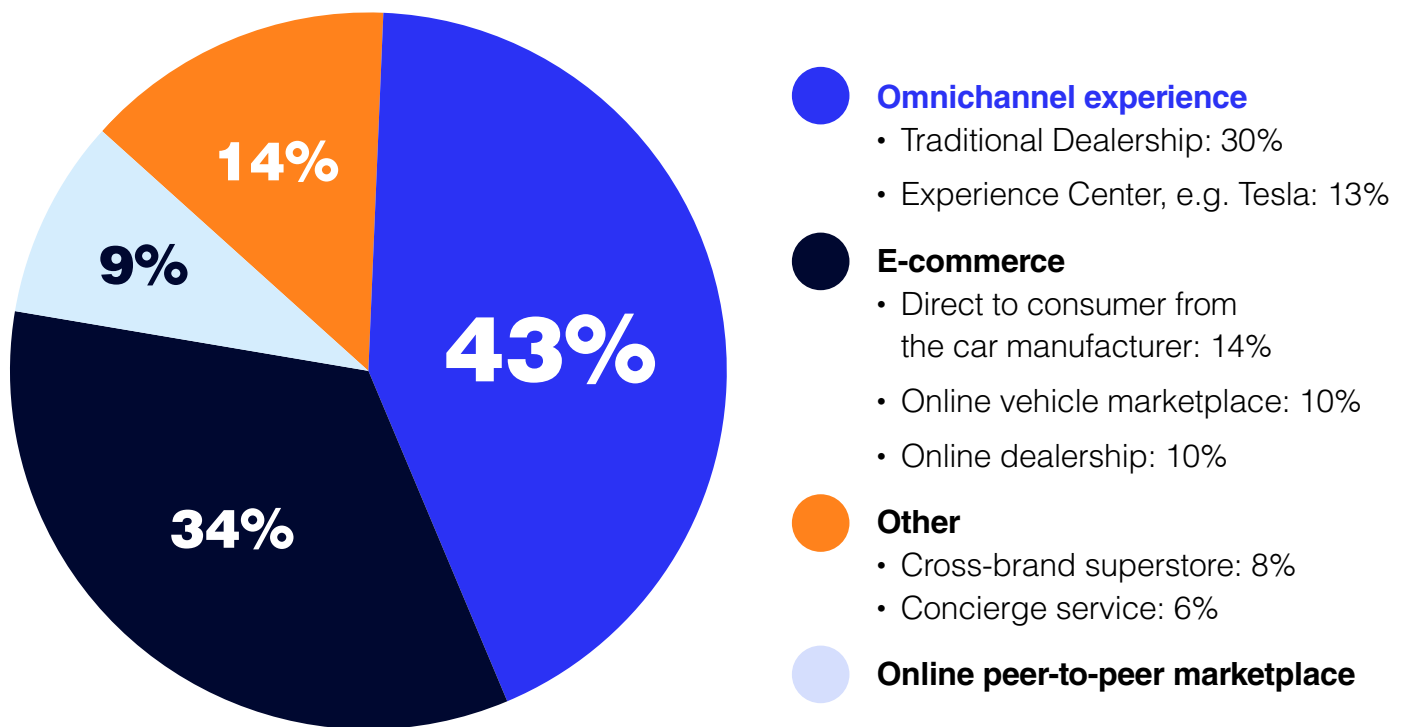
The Future of Buying and Owning

How consumers may prefer to shop for, buy and own vehicles in 10 years

Looking to the future, one thing is clear: The car buying landscape is going to change. With changing purchase behaviors, new consumer interests and evolving technology, dealerships will need to adapt and evolve to meet shoppers' new preferences in 10 years.

As for ownership options, most consumers plan to follow the current payment models: all cash, a loan or a traditional lease. But microleasing and car subscriptions are becoming more intriguing to consumers. A quarter of the total surveyed are looking to move toward these options in the future, while one in three Gen Z and Millennial car buyers are interested in these new ownership models.

The Future Car Buying Landscape



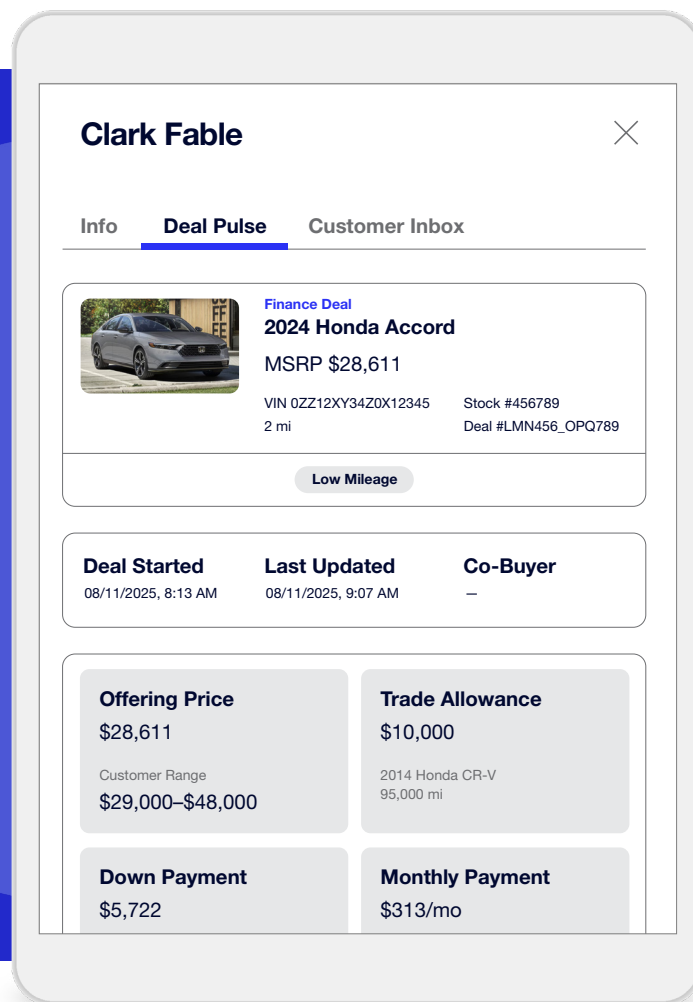
43% of car buyers are more likely to use an omnichannel approach to make their vehicle purchase

5 Ways to Meet Consumer Needs— for Today and Tomorrow

Shifting Priorities

Make it easy for car buyers to purchase from you, no matter which path they take. With an omnichannel approach to retail, you can meet consumers wherever they are in their buying journey—and pick up right where they left off.

This streamlined retail solution powered by connected data enables a consistent journey flow without the friction and restarts that frustrate everyone. Enable shoppers and sellers to view the same deal details in real time—whether they're together in the showroom or working together remotely—so everyone stays in sync.



Cox Automotive Deal Central provides a detailed view of a potential customer before they set foot in your dealership.

Redefining Affordability

Redefine personalization and the shopper experience. Shoppers have indicated that they are willing to spend more for an excellent experience. Thanks to insights and automation, an ultra-personalized retail experience is already within reach.

Today's marketing technology creates unique experiences for every shopper based on insights generated from their browsing behavior. These insights give dealers the opportunity to execute highly targeted, highly personalized campaigns—without any human intervention. Technology enables dealerships to provide shopper experiences that drive more profit.

3 Ways Personalization Improves the Shopper Experience



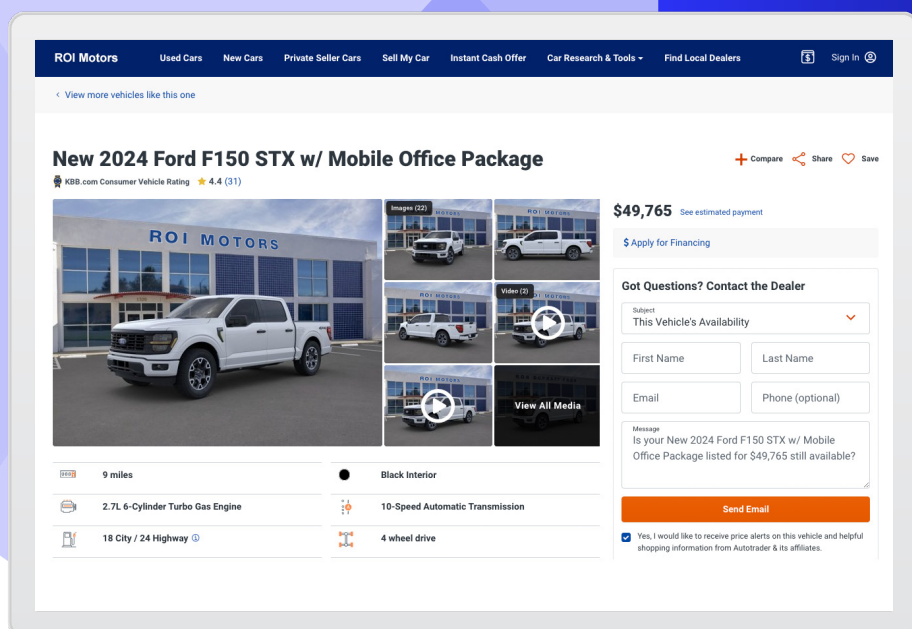
Targeted ads to match shopper searches



Website experiences optimized for every visitor



Service marketing that matches a customer's exact vehicle

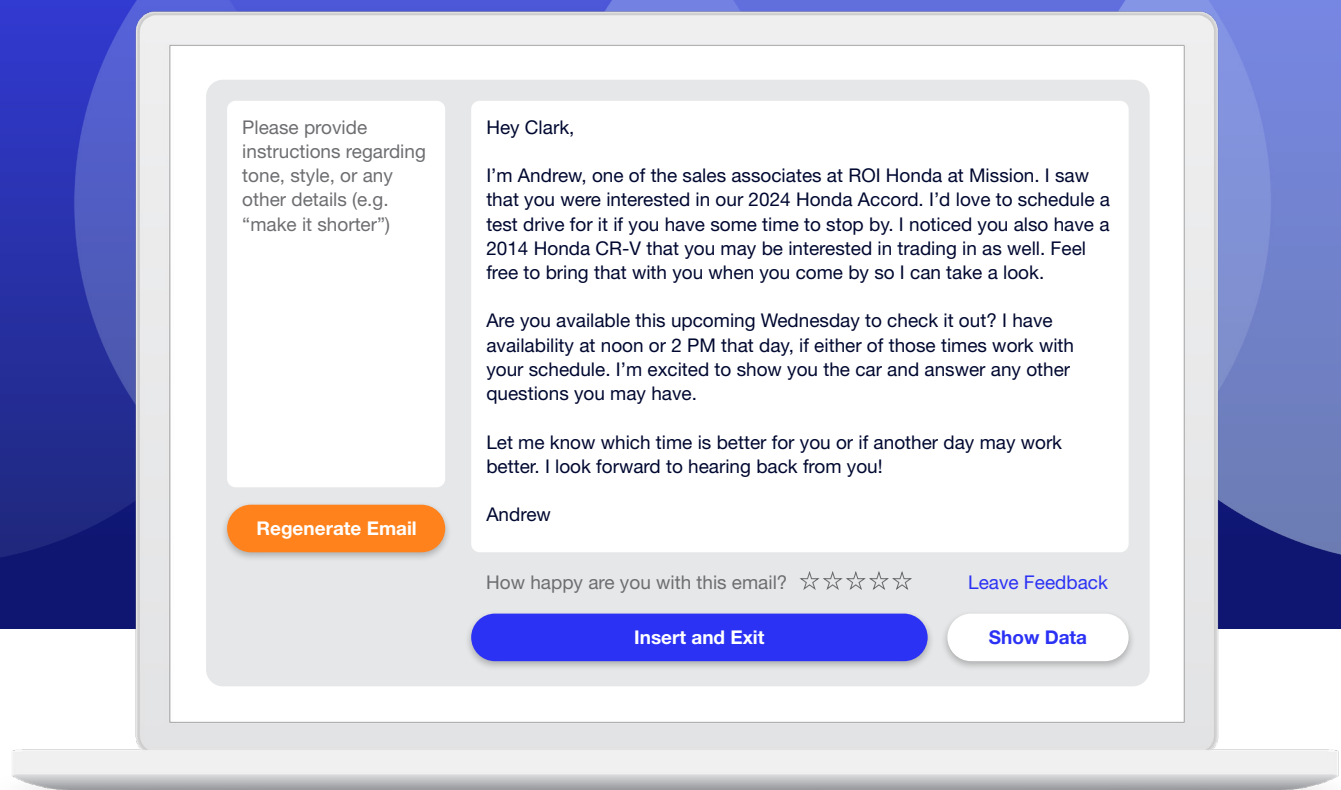


With insights generated from consumer browsing behavior, dealers can execute ultra-personalized campaigns.

Trust & Transparency

Create customer value with data. Shoppers are going to become increasingly stringent with their data. One way to ensure they keep sharing it with you is by using their data to create meaningful value for them. The fastest way to earn consumer trust—and long-term loyalty—is through transparency.

With the right insights used well, dealers can build deals shoppers can't walk away from. Predictive insights give dealers an opportunity to “read shoppers’ minds,” making recommendations and meeting their needs before the shopper even tells the dealers what their needs are. The consumer will feel heard, valued and understood, which builds the trust, transparency and confidence required to keep the flow of information open.



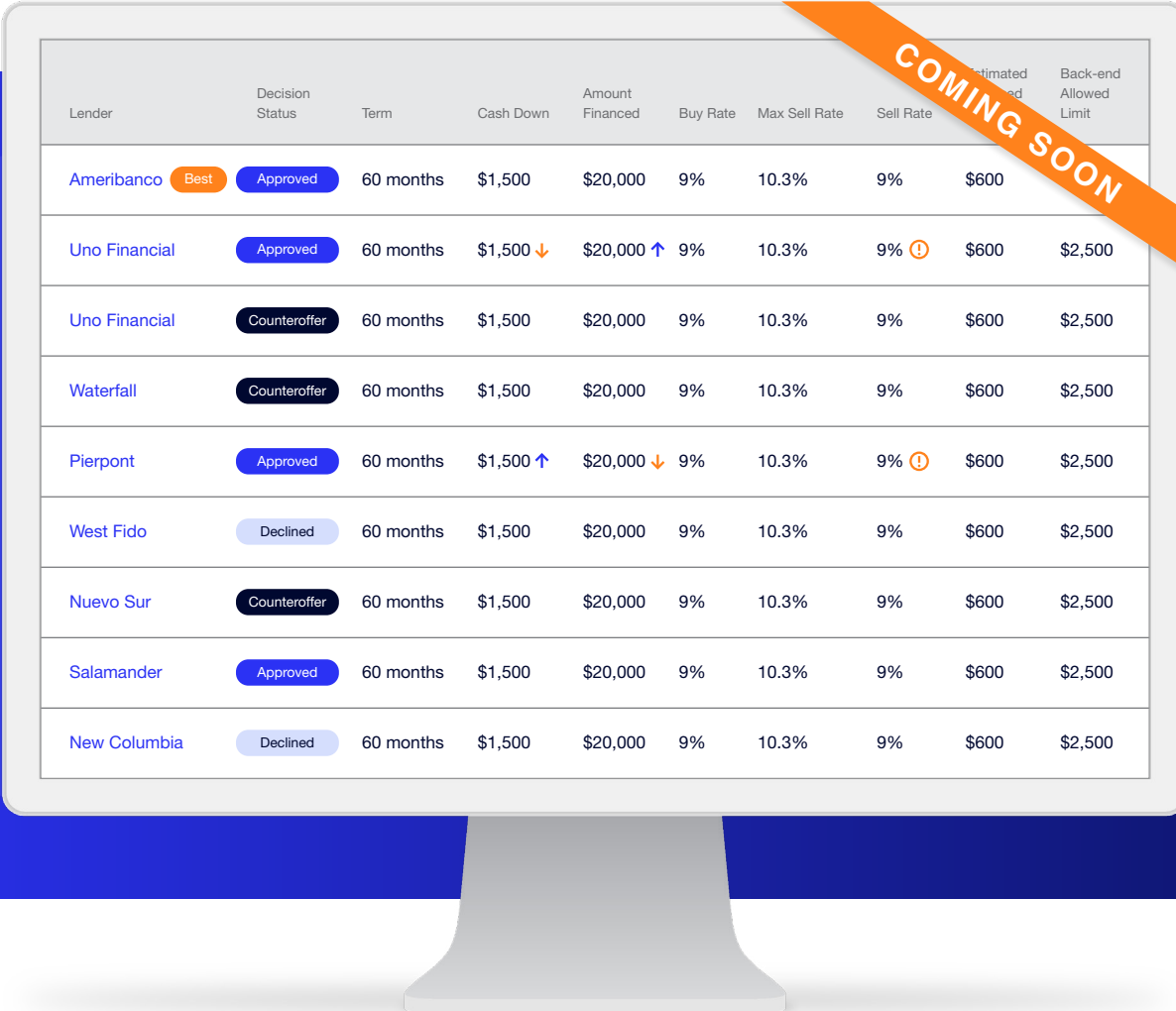
VinSolutions Generative AI can easily create personalized communications that are relevant to the consumer's shopping interests.

Artificial Intelligence & Automation

Embrace automation. Consumers have indicated they will become increasingly comfortable with AI and automation. Embrace it today in your own operations to prepare for tomorrow's changes.

Intelligent automation uses AI to complete tasks and processes that typically need human intervention. In automotive retailing today, it can automate repetitive tasks, improve accuracy, prevent fraud, and reduce the risk of human error.

For example, F&I intelligence and automation can determine which lenders automatically receive credit applications. It can aggregate full lender decisions—and when full lenders' rate sheets are available, present side-by-side profitability calculations for quick comparison of deal decisions and potential profitability.



Lender	Decision Status	Term	Cash Down	Amount Financed	Buy Rate	Max Sell Rate	Sell Rate	Estimated Profit	Back-end Allowed Limit
Ameribanco	Best Approved	60 months	\$1,500	\$20,000	9%	10.3%	9%	\$600	
Uno Financial	Approved	60 months	\$1,500 ↓	\$20,000 ↑	9%	10.3%	9% ⚠	\$600	\$2,500
Uno Financial	Counteroffer	60 months	\$1,500	\$20,000	9%	10.3%	9%	\$600	\$2,500
Waterfall	Counteroffer	60 months	\$1,500	\$20,000	9%	10.3%	9%	\$600	\$2,500
Pierpont	Approved	60 months	\$1,500 ↑	\$20,000 ↓	9%	10.3%	9% ⚠	\$600	\$2,500
West Fido	Declined	60 months	\$1,500	\$20,000	9%	10.3%	9%	\$600	\$2,500
Nuevo Sur	Counteroffer	60 months	\$1,500	\$20,000	9%	10.3%	9%	\$600	\$2,500
Salamander	Approved	60 months	\$1,500	\$20,000	9%	10.3%	9%	\$600	\$2,500
New Columbia	Declined	60 months	\$1,500	\$20,000	9%	10.3%	9%	\$600	\$2,500

F&I intelligence and automation intelligently routes credit applications to the lenders who are most likely to provide optimal financing.

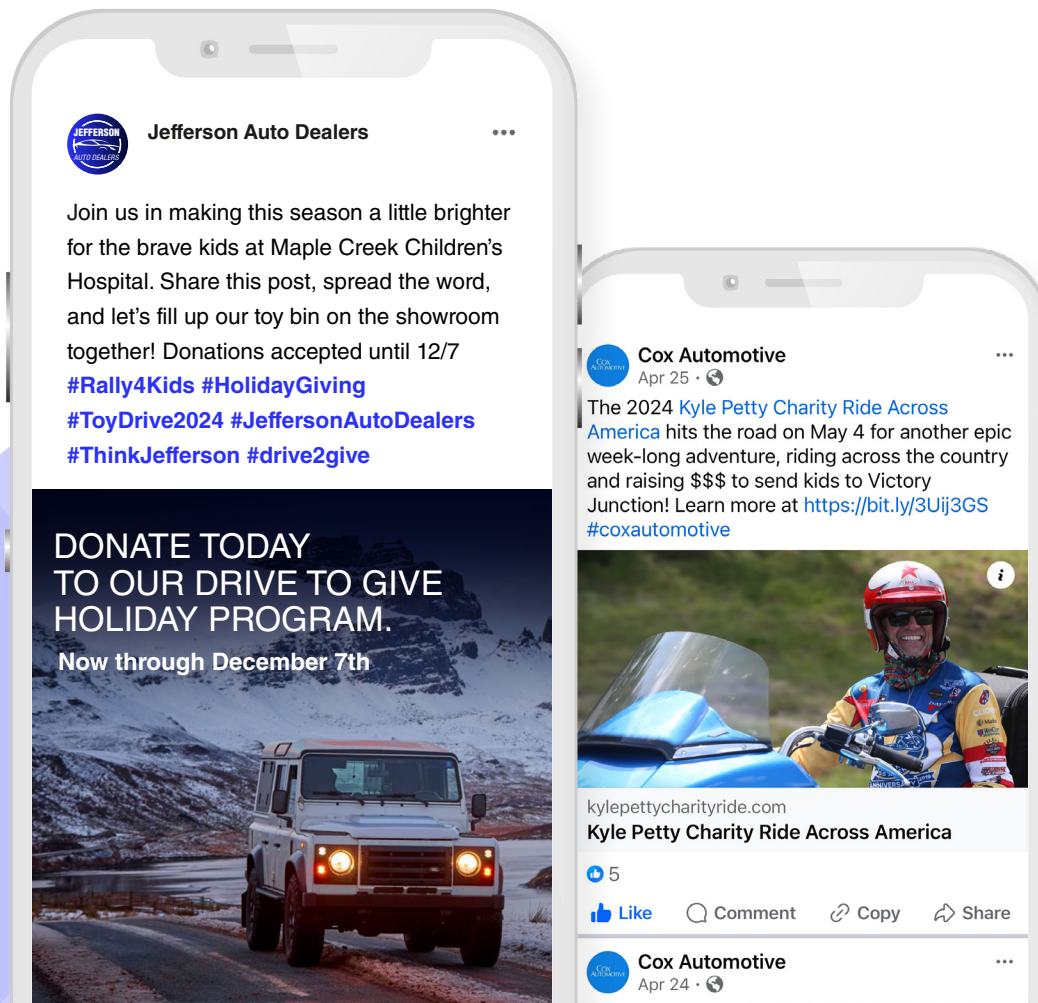
Social Responsibility

Partners with a purpose. Consumers have made it clear that they will only continue to pay more attention to how the businesses they purchase from contribute to society. By prioritizing social responsibility—and demonstrating that commitment through partnerships with vendors who also value social responsibility—you can build trust with your customers and make a positive impact.

Celebrate your causes with shoppers by showcasing your partnerships and causes in your marketing. Managed social media accounts leverage the expertise of dedicated social media coordinators to develop strategy, write content, design assets and schedule posts for optimal reach and engagement.

Dealers can leverage these resources to highlight community sponsorships, create events on social accounts and promote dealership activities across Facebook, Instagram, Google Business, TikTok, LinkedIn, X, YouTube and Pinterest.

With managed social media accounts, dealers can highlight community involvement, feature events and promote dealership activities.



Meet the Needs of Tomorrow's Car Buyers

These macrorends signal a shift in expectations for car buyers. They want connected car buying experiences that are tailored to their specific needs. Dealers who are investing in these opportunities now are seeing 50% more leads, 28% more monthly profits and a 17% higher close rate*.

With Retail360, the suite of connected end-to-end tools from Cox Automotive, dealerships can pick up where they left off with every shopper to create unmatched transparency, build trust and increase profit with data-driven solutions that keep everyone in sync.



Power On Retail360

THE EXPERIENCES CONSUMERS WANT. THE RESULTS DEALERS NEED.

Only Retail360—Cox Automotive's comprehensive suite of solutions—powers on true omnichannel experiences that unlock every path to purchase. The Retail360 connected ecosystem is enabled and enhanced by the category's most powerful consumer insights, aggregated by predictive artificial intelligence and elevated with efficiency-driving automation. And it's all backed by the unmatched expertise of Cox Automotive innovators and performance managers.

* Results based on dealers who have six or more Cox Automotive products compared to those with two or fewer.