

2024 Car Buyer Journey

Financing Edition Key Takeaways

COX AUTOMOTIVE

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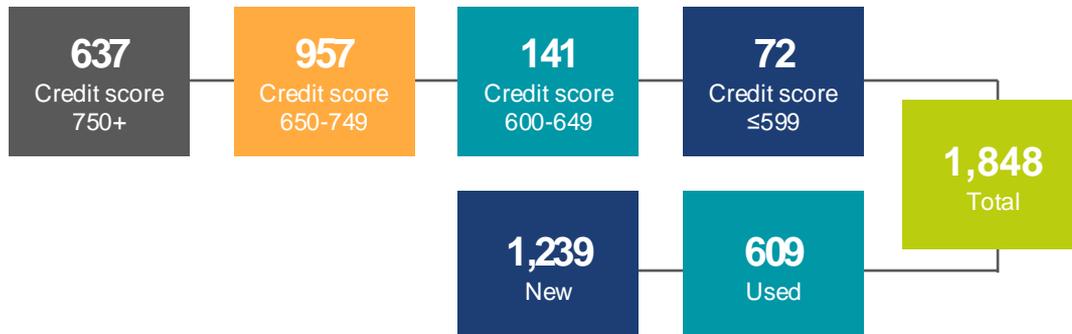
Study background & methodology

Background

Cox Automotive has been researching the car buying journey for 15 years to monitor key changes in consumer buying behaviors

Respondents

Online survey with consumers that have purchased a vehicle from September 2023 to August 2024 by securing a loan or lease

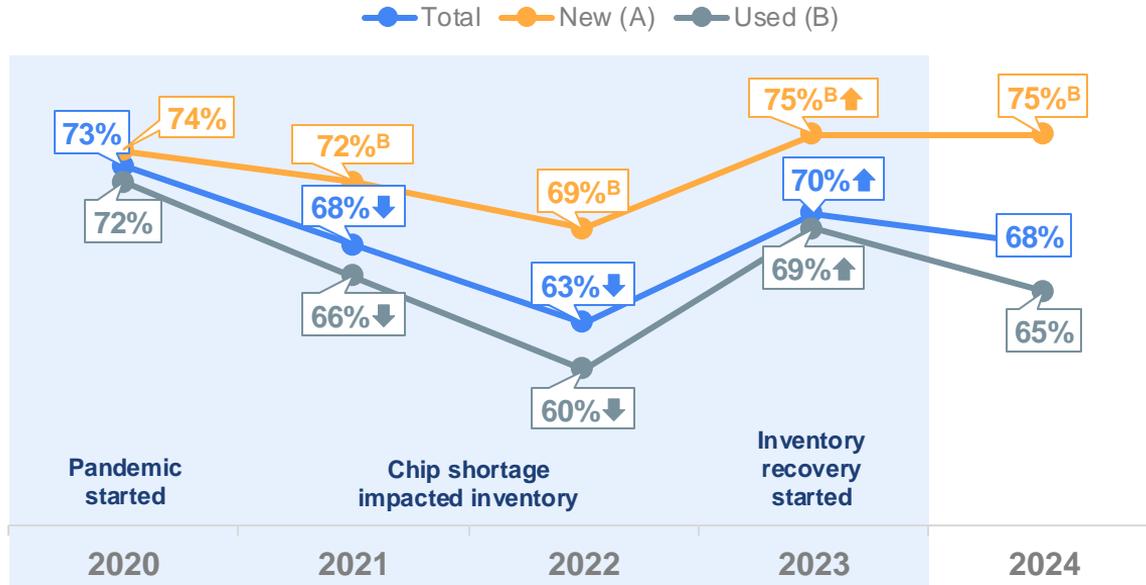


**Used the Internet during the shopping/buying process. Results are weighted to be representative of the buyer population.*



New buyer and lessee satisfaction with the shopping experience remains at peak levels while Used satisfaction declines

Overall Satisfaction with Shopping Experience (%8-10)
Among Those Who Financed



“I was able to be fully financed before I started looking for a vehicle, so I felt empowered to know that I could go anywhere I wanted to get what I wanted.” (New Purchaser)

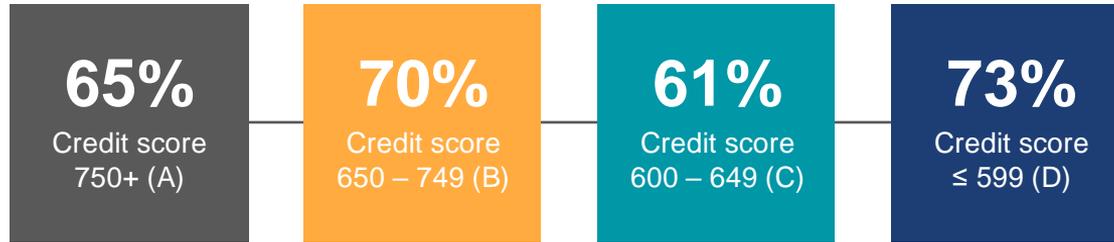
“Extremely high pressure and non-transparent financing department. Tried to commit usury basically by offering auto loan rates five times more than what we agreed upon.” (Used Purchaser)

Base: New and used vehicle buyers who financed their vehicle (excludes cash buyers)
Letters indicate significant difference between groups at the 95% confidence interval
Arrows indicate significant difference between years at the 95% confidence interval

Shifting affordability perceptions among better credit buyers helps maintain high satisfaction with shopping

Overall Satisfaction with the Shopping Experience (%8-10)

Among Those Who Financed

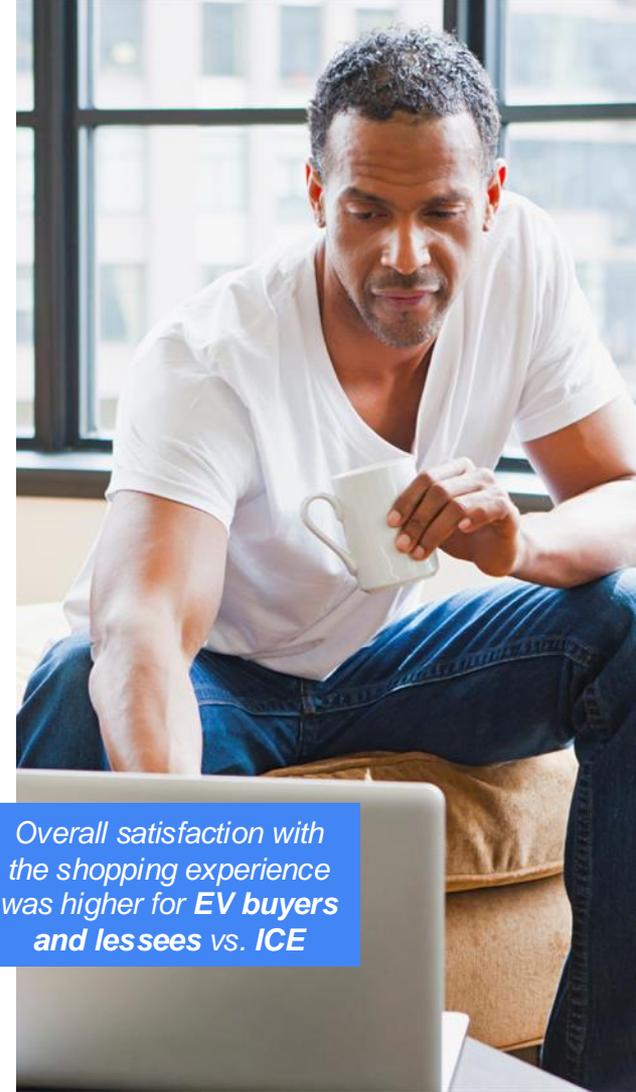


Vehicle Prices Were Higher Than Expected

Among Those Who Financed



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A man with a beard, wearing a plaid shirt, is shown in profile, looking down at a smartphone he is holding in his right hand. He is sitting at a table in what appears to be a cafe or restaurant, with a white mug of coffee in front of him. In the background, there are blurred lights and other people, suggesting a busy indoor environment. A blue rectangular box is overlaid on the left side of the image, containing white text.

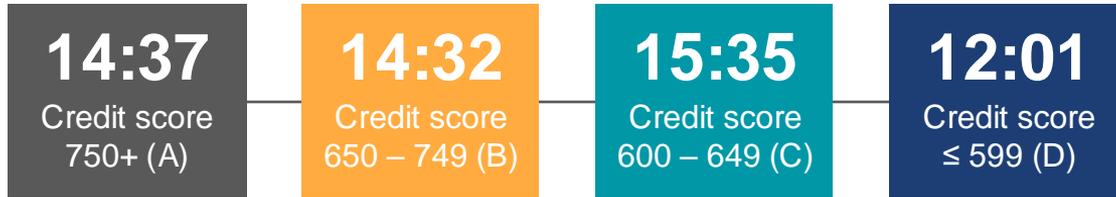
**Buyers leverage lender
digital tools — wider
availability is needed**



Buyers across all credit tiers allocate similar amounts of time towards financing activities

Time Spent Shopping by Credit Tier (hh:mm)

Among Those Who Financed**



28%

Among Those Who Financed**+

**Avg. Shopping
Time Spent on
Financing Steps**

**Excludes lessees

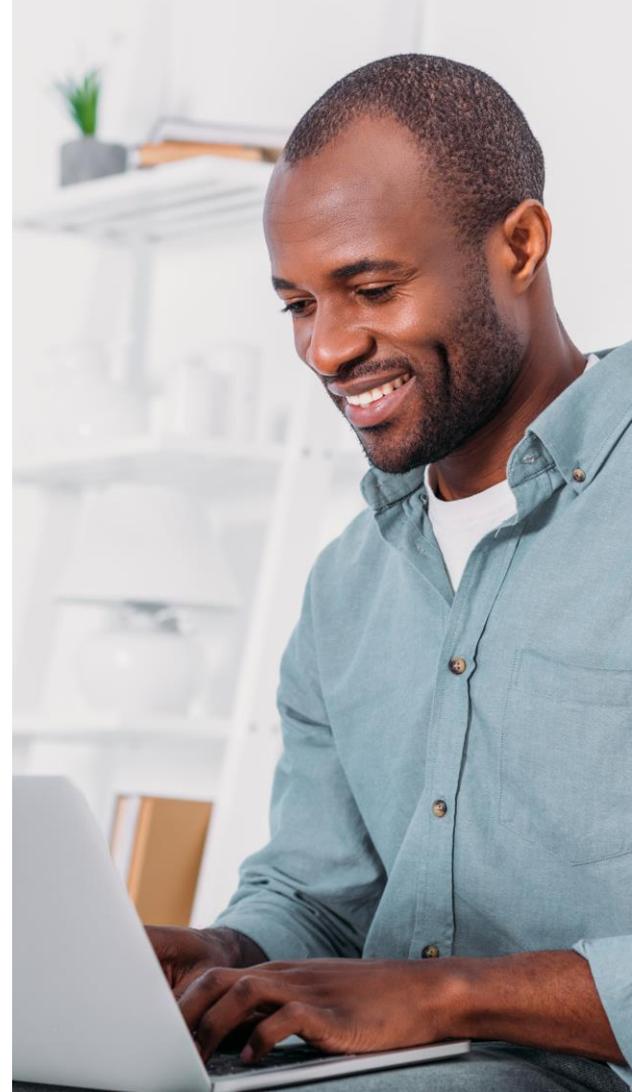
Base: New and used vehicle buyers who financed their vehicle **with a loan**

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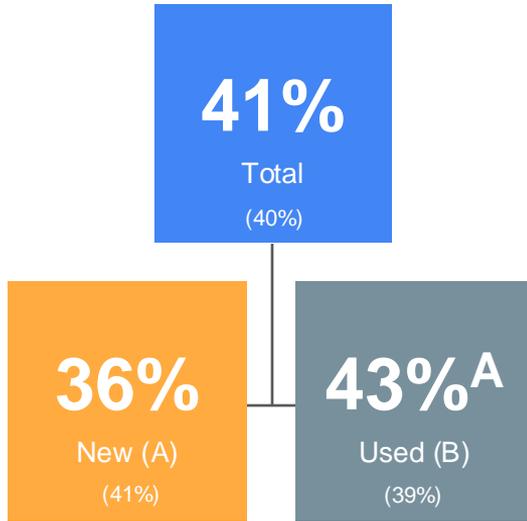
+The steps in the vehicle financing process are:

1. Look up credit score
2. Compare interest rates
3. Pre-qualify
4. Pre-approval
5. Calculate monthly payment
6. Apply for credit/financing
7. Sign paperwork

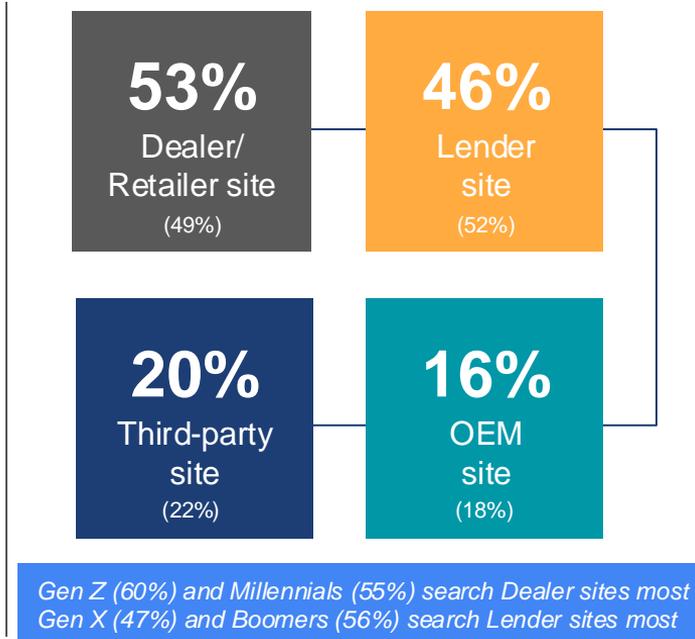


2 of 5 buyers research financing online – Dealer and Lender sites are the top sources

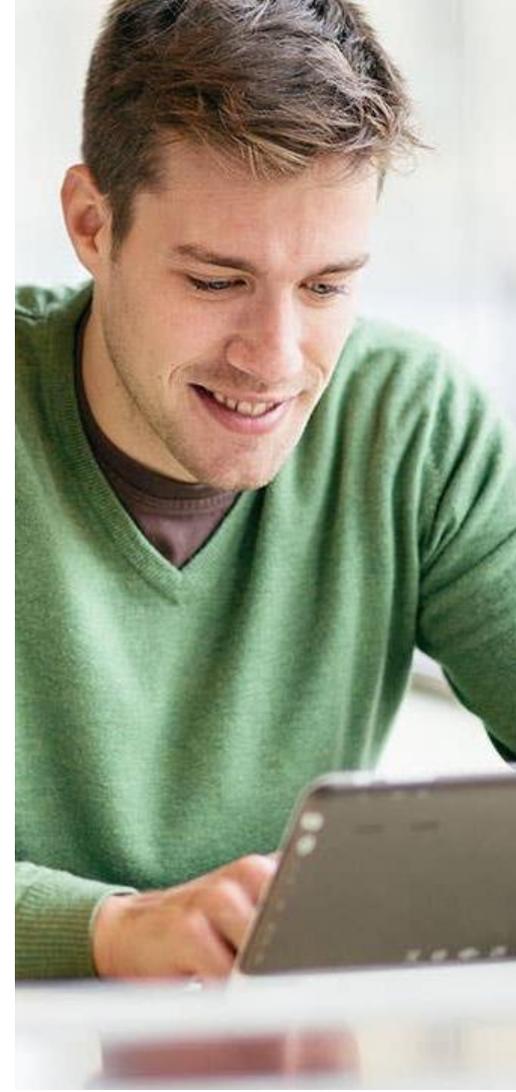
% of Buyers Who Researched Financing Online Only



Online Sources Used to Research Financing



() = 2023
 Base: New and used vehicle buyers who financed their vehicle (excludes cash buyers)
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Adoption of online financing tools is strong, and lender websites are the leading source for completing many of these steps digitally

% of Buyers Who Completed Each Step Online Only**
(Among Those Who Completed Each Step)



% of Buyers Who Completed Each Step on a Lender Website**
(Among Those Who Completed Each Step Online)



Trending not available

**Excludes lessees

Base: New and used vehicle buyers who financed their vehicle with a loan

Consumers say:
“*A seamless online to in-store transition is a priority.*”

The majority of car buyers today conduct a mix of online and offline steps.

**Picked Up In-Store
Where I Left Off Online****
(% Highly Satisfied 8-10)

59%
1-3 financing
steps online+ (A)

80%^A
7 financing
steps online+ (B)

+The steps in the vehicle financing process are:
1. Look up credit score 2. Compare interest rates 3. Pre-qualify 4. Pre-approval 5. Calculate monthly payment 6. Apply for credit/financing 7. Sign paperwork

Trending not available

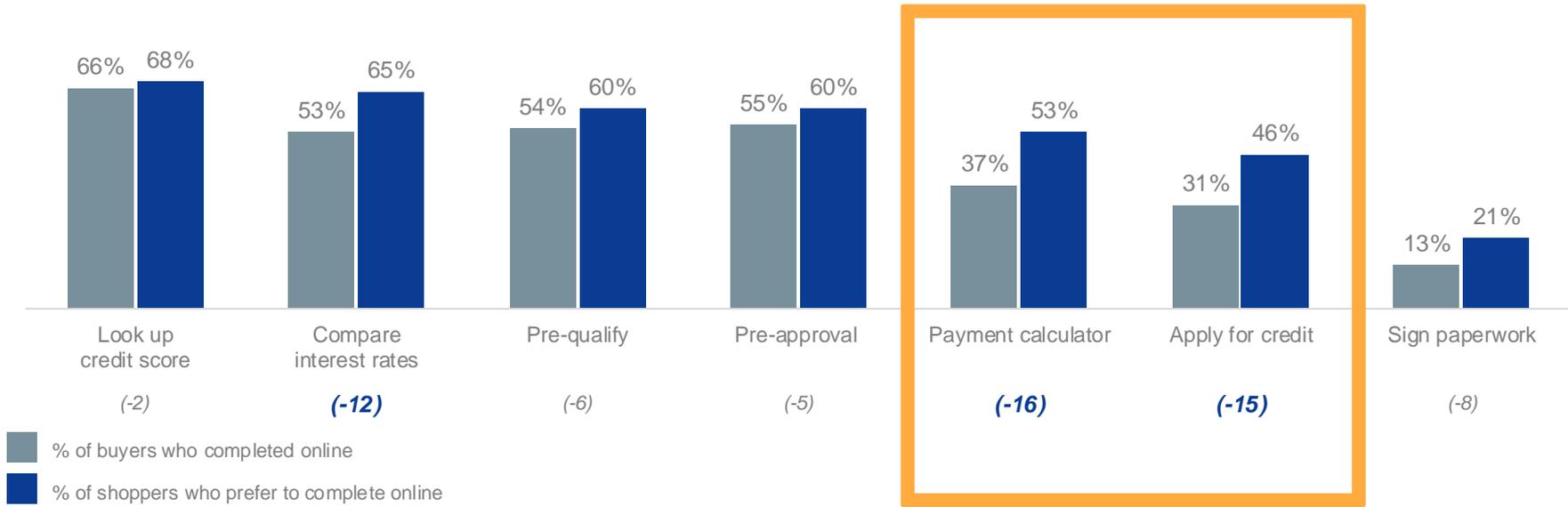
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Gaps exist between online financing preferences and actual behaviors, notably monthly payment calculations and applying for credit

Buyer Behavior** vs. Shopper Preference



% of buyers who completed online
 % of shoppers who prefer to complete online

() = Gap between preference and actual behavior

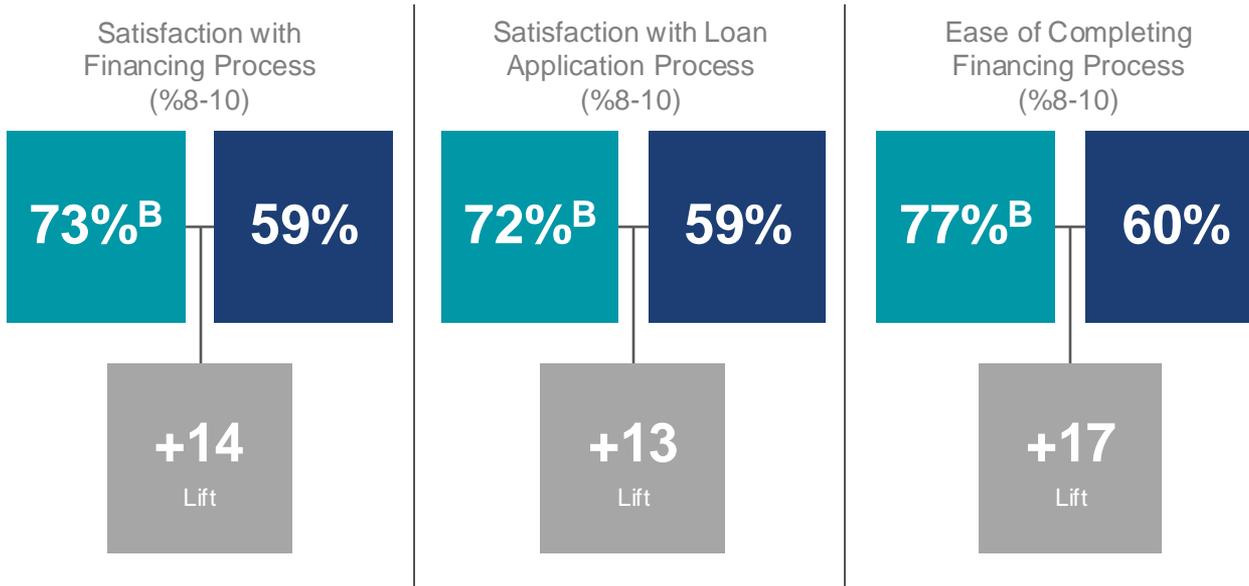
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**Excludes lessees

Base: New and used vehicle buyers who financed their vehicle (excludes cash buyers)

Online credit application positively impacts the financing experience

Higher satisfaction when applying online vs in-store**



Trending not available

*New question added to CBJ in 2024

**Excludes lessees

Base: New and used vehicle buyers who applied for credit

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 Applied for credit online only (A)
 Applied for credit in-person (B)

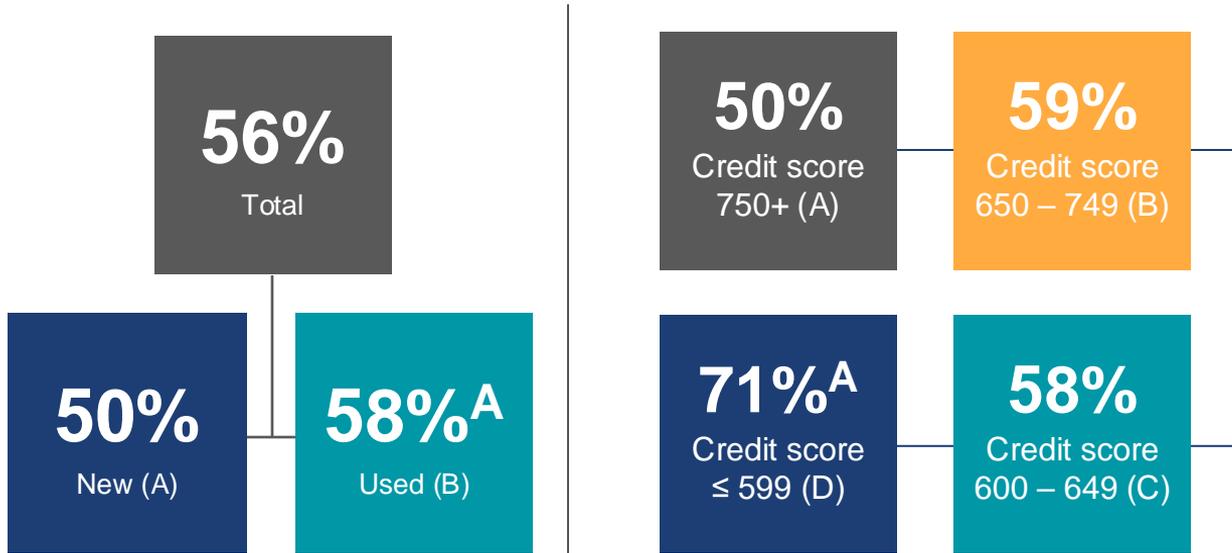


A young woman with dark hair pulled back, wearing glasses and a grey t-shirt, is sitting at a desk. She has her right hand resting on her chin and is looking off to the side with a thoughtful expression. The background is softly blurred, showing what appears to be a window with curtains. A blue rectangular box is overlaid on the left side of the image, containing white text.

**Relationships influence
lender selection but
cost still matters**

Used buyers and those with Poor credit are more likely to consider multiple lenders

% of Buyers Considering 2+ Lenders**



Trending not available

**Excludes lessees

Base: New and used vehicle buyers who financed their vehicle **with a loan**

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Highest credit tier buyers prioritize low interest rates, trust and easy applications. Lower credit buyers look for affordability and availability

Top Reasons for Selecting a Lender**

	Credit score 750+ (A)	Credit score 650 – 749 (B)	Credit score 600 – 649 (C)	Credit score ≤ 599 (D)
#1 reason	Lowest interest rate/APR (44% ^{CD})	Lowest interest rate/APR (45% ^{CD})	Lowest/affordable monthly payment (42% ^A)	Options for no credit/bad credit (41% ^{ABC})
#2 reason	Lowest/affordable monthly payment (27%)	Lowest/affordable monthly payment (38% ^A)	Lowest interest rate/APR (25%)	Lowest/affordable monthly payment (33%)
#3 reason	Ease of loan application process (25% ^C)	I trust this lender (27% ^D)	Dealer recommendation (24%)	Dealer recommendation (30%)
#4 reason	Dealer recommendation (25%)	Ease of loan application process (24% ^C)	I trust this lender (19%)	Ease of loan application process (23%)
#5 reason	I trust this lender (21% ^D)	Dealer recommendation (18%)	Allowed a low down-payment (16% ^A)	Lowest interest rate/APR (17%)

Trending not available

**Excludes lessees

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Both EV and Hybrid buyers prefer borrowing directly with lenders over indirect financing through dealers

How Purchasers Financed Their Vehicle**

	EV (A)	Hybrid (B)	ICE (C)
Vehicle Mix	83% New ^{BC} 17% Used	40% New ^C 60% Used ^A	21% New 79% Used ^{AB}
#1 method	Direct Financing with Bank/CU 44% ^C	Direct Financing with Bank/CU 42% ^C	Bank/CU Through Dealer/Retailer 56%^{AB}
#2 method	Bank/CU Through Dealer/Retailer 32%	Bank/CU Through Dealer/Retailer 41%	Direct Financing with Bank/CU 29%
#3 method	Financed with Auto Manufacturer 23% ^C	Financed with Auto Manufacturer 17%	Financed with Auto Manufacturer 14%

Trending not available

**Excludes lessees

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Takeaways

Recommendations for remaining resilient amid uncertainty

- 1 Assess your consumer acquisition/retention strategies: Leverage digital tools, AI and automation to target desirable shoppers, expedite pre-approvals, and create smooth purchase transactions between car buyers and your dealer partners.
- 2 Promote online financing tools on your website (and consider third party channels, such as Autotrader and Kelley Blue Book) to introduce car buyers into the financing funnel earlier in the shopping journey.
- 3 Employ technology that facilitates the steps consumers want to take online, delivers a seamless data flow for faster deal-making and contracting, AND optimizes originations and funding operations.
- 4 **Stay informed!** Bookmark <https://us.dealertrack.com/content/dealertrack/en/lender-solutions.html>
- 5 Not sure where to start, or ready to move forward? Contact a Cox Automotive Lender Solutions expert to privately discuss solutions that will help you reach your business goals.