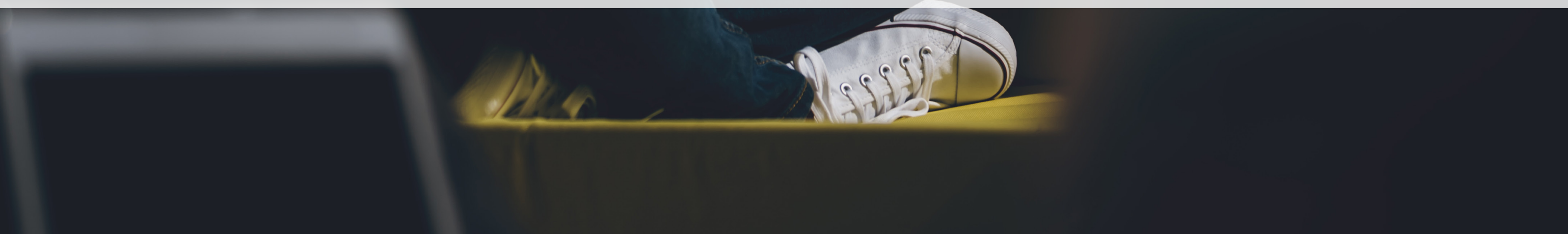




CarGurus

2021 Buyer Insight Report

Analyzing the digital purchase paths of 1,500+ auto shoppers in Canada.





Top 6 takeaways

- 1** Most buyers (64%) start undecided on where to buy. About half are undecided on make (46%) and model (50%). When choosing a car, shoppers care most about budget, reliability, and brand name. They look for prices, inventory, and location in a seller.
- 2** Shoppers use a combination of desktop, mobile, and tablet based on their shopping missions. Desktop is most preferred for activities related to vehicle discovery, like deciding which type to buy (54%) and comparing makes, models, and trims (53%). Mobile is most preferred for activities related to the dealer, like finding a seller (53%) or preparing for the seller visit (57%).
- 3** On auto shopping sites, most (83%) buyers wait to submit a lead until they are at least somewhat certain the vehicle is a good fit. About half (47%) wait until they are very/extremely certain.
- 4** After researching independently online, buyers first reach out to dealers most often by phone (38%) or online (28%). The average buyer contacts just 3 sellers and visits only 2 before buying.
- 5** With shutdowns due to the pandemic, many shoppers considered the idea of buying online for the first time. Before the pandemic, 35% of shoppers said they were open to buying online. Now, 53% are.
- 6** While the way people buy cars may change in the next decade, its clear car ownership is here to stay. Nearly all (95%) plan to maintain or increase the number of vehicles in their household. Almost half (43%) of millennials plan to own more.

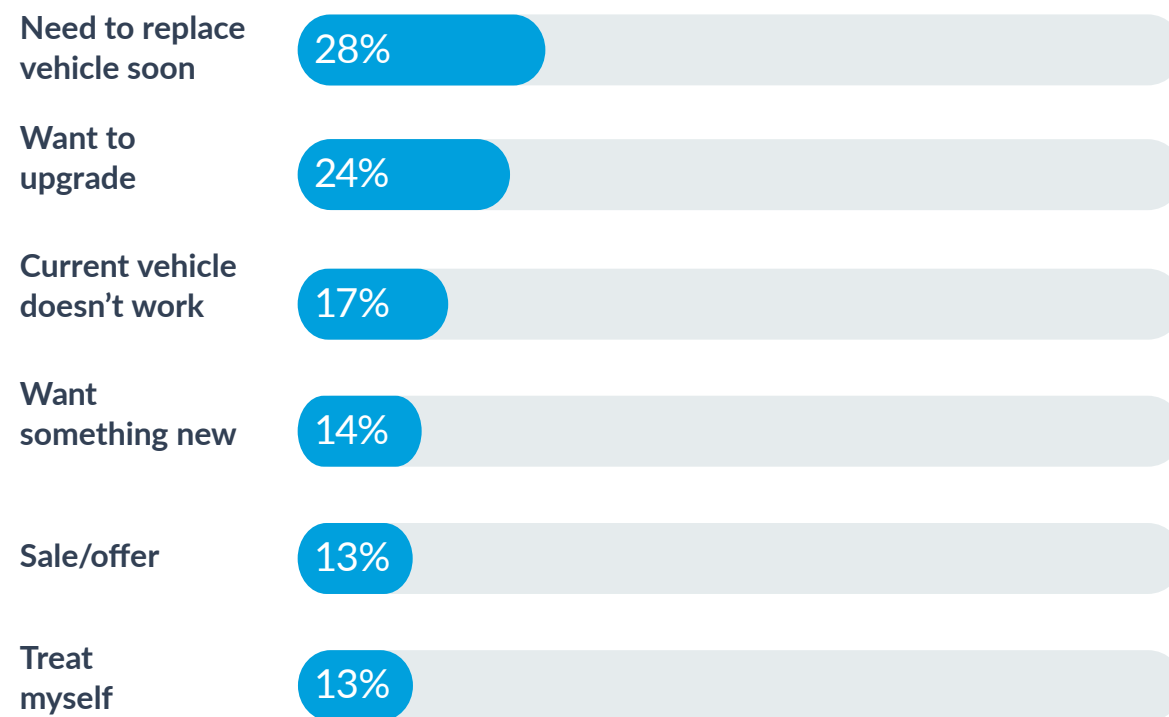


Path to purchase

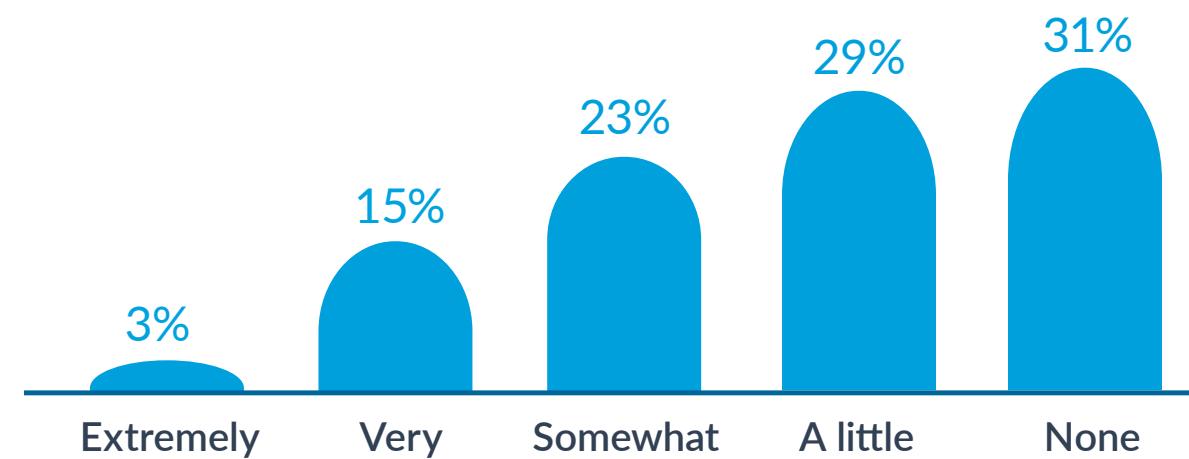
Why buy?

Respondents note both desire (e.g. want an upgrade or something new) and necessity (e.g. need to replace vehicle soon, current vehicle doesn't work) as primary purchase drivers.

Reasons for being in-market

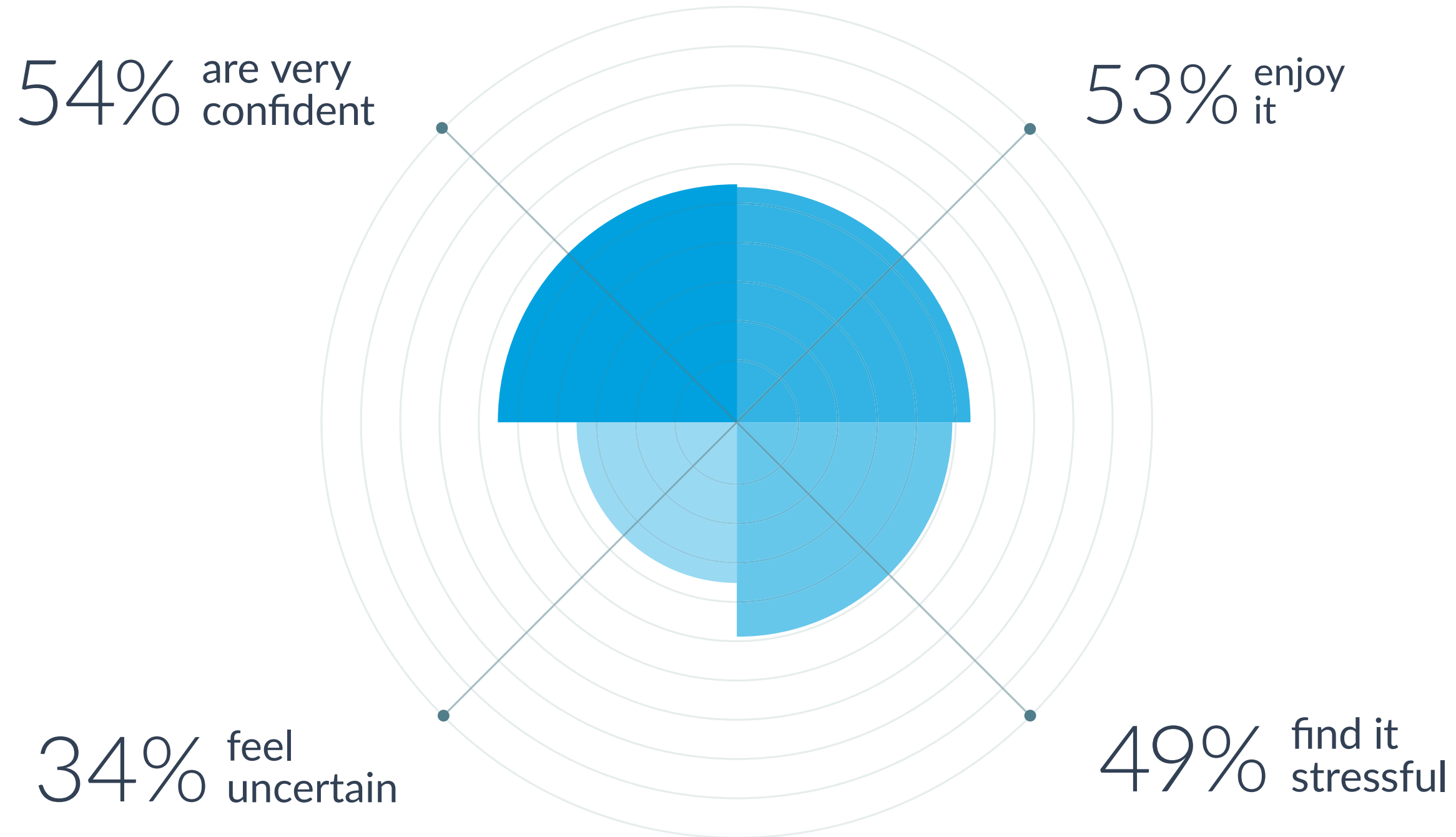


Purchase urgency



Attitudes toward car buying

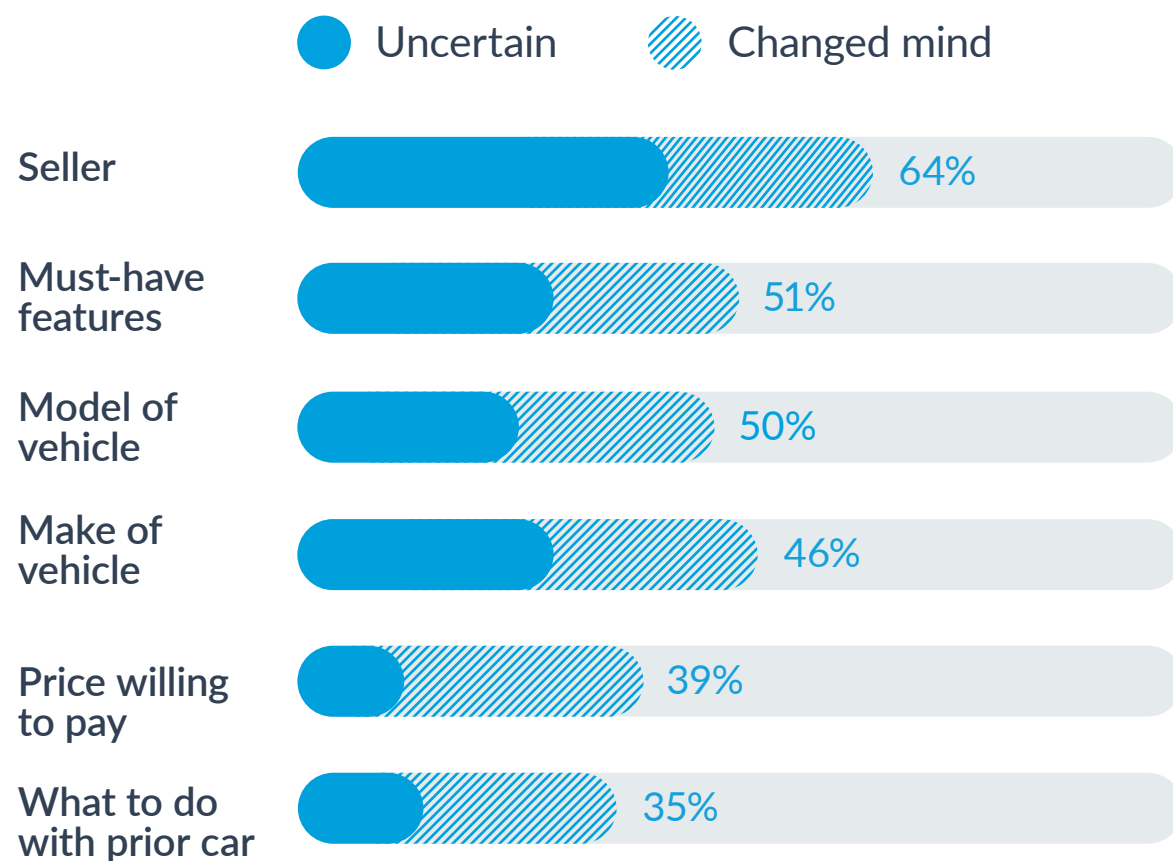
Whether confident, stressed, excited, or uncertain, car buyers experience one constant—emotion. Serving them requires that dealerships not only fulfill tangible needs, but emotional ones, as well.



Buyers start full of uncertainty

Many drivers only replace their vehicle every five years, so they're not experts on car buying, and their alternatives have changed since the last time they purchased. The majority (64%) start undecided on where to buy.

They're uncertain or changing their minds about...



of buyers replacing a prior vehicle switch brands



of buyers choose a dealership they've never bought from before

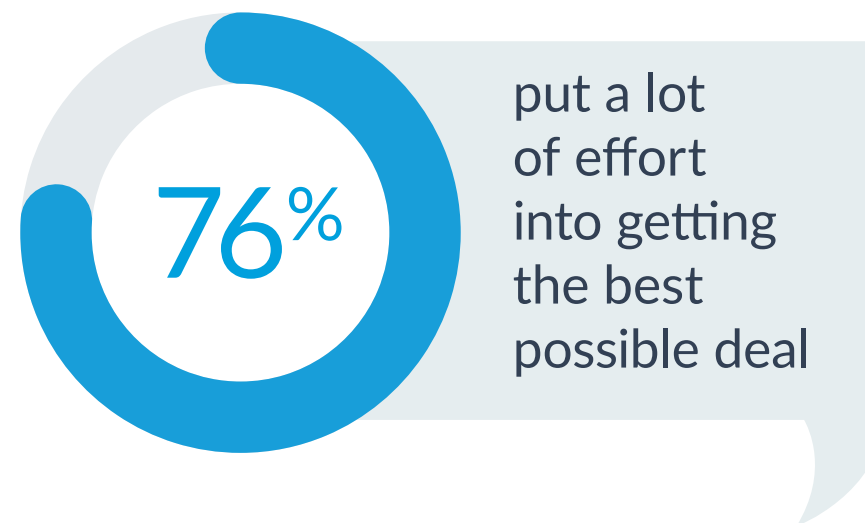
Because of this uncertainty, they're looking for insights from outside sources throughout the shopping process.



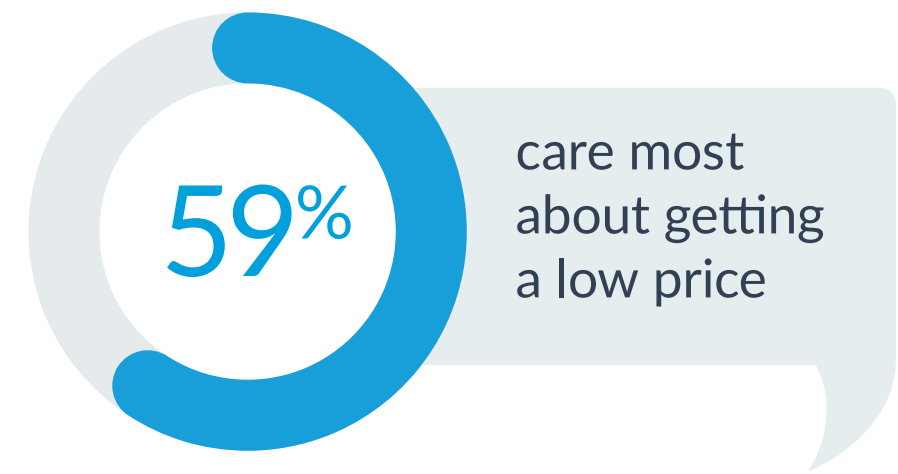
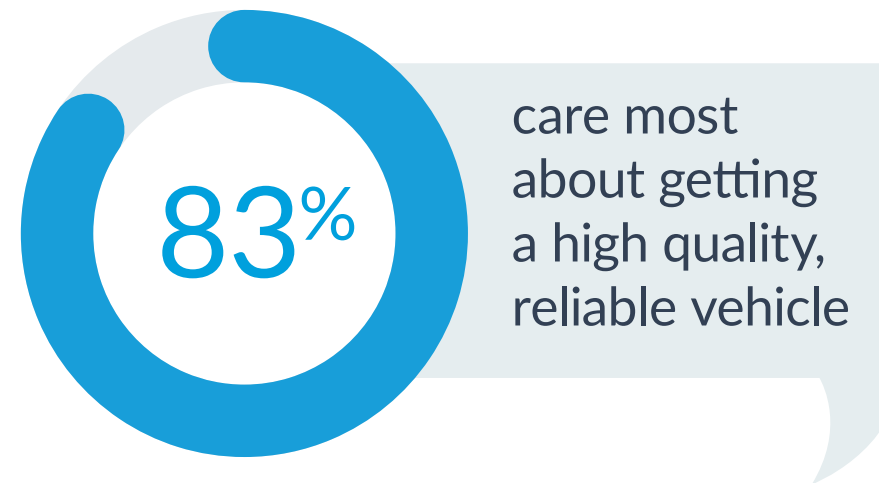
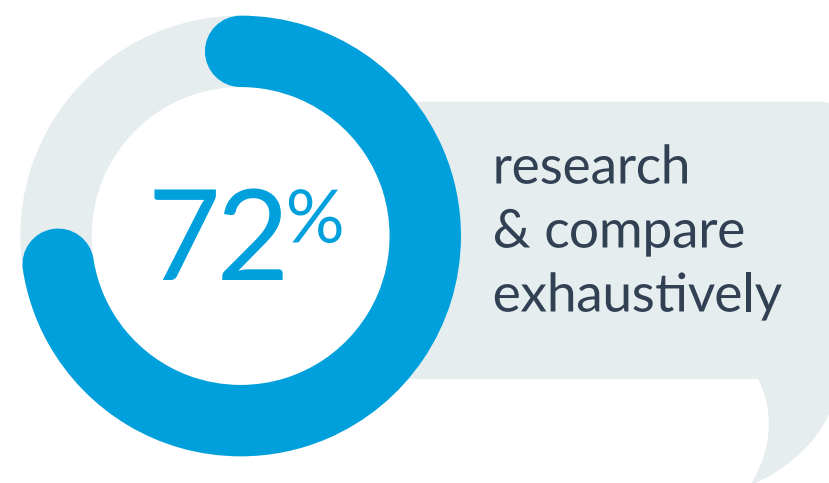
Research approach

Buyers today are accustomed to using online to inform their every purchase. Whether they're buying cleaning products or a car, shoppers will dig through ratings and reviews to ensure they're being treated fairly. When car buying, consumers care most about quality, more so than just getting a low price.

When buying generally...



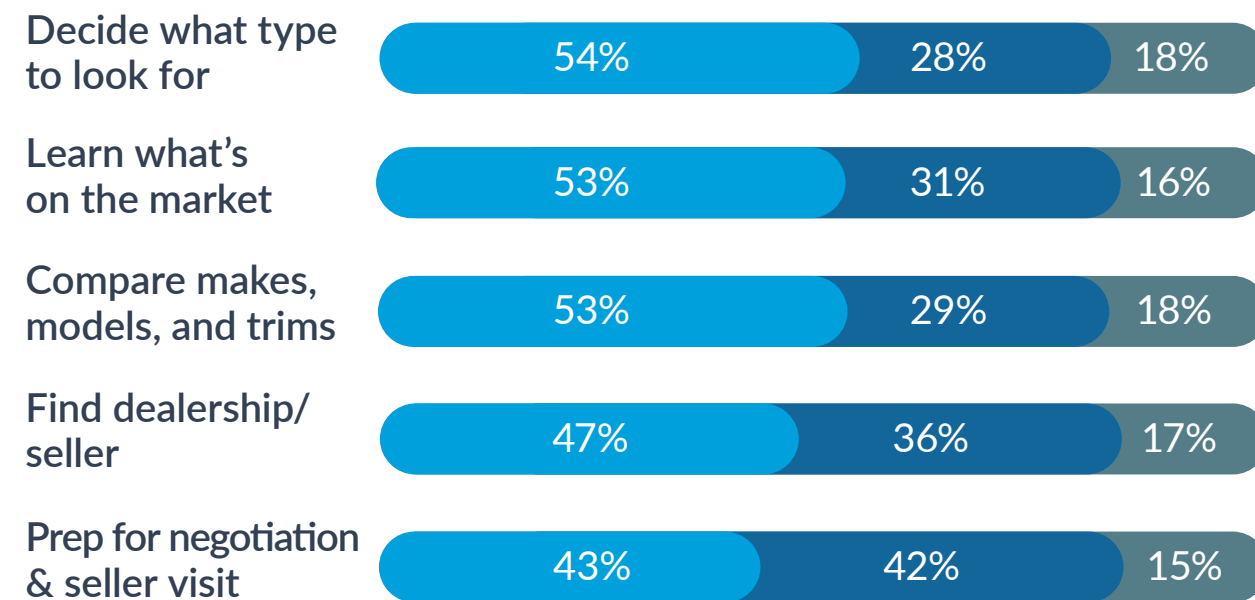
When buying a vehicle...



Cross-device shopping

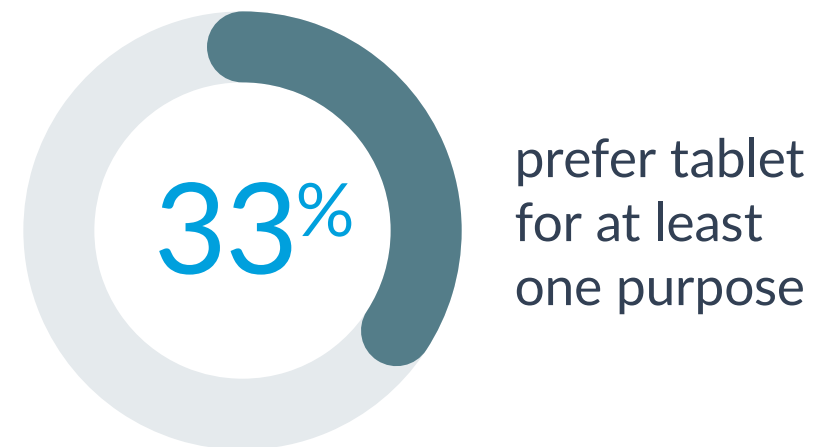
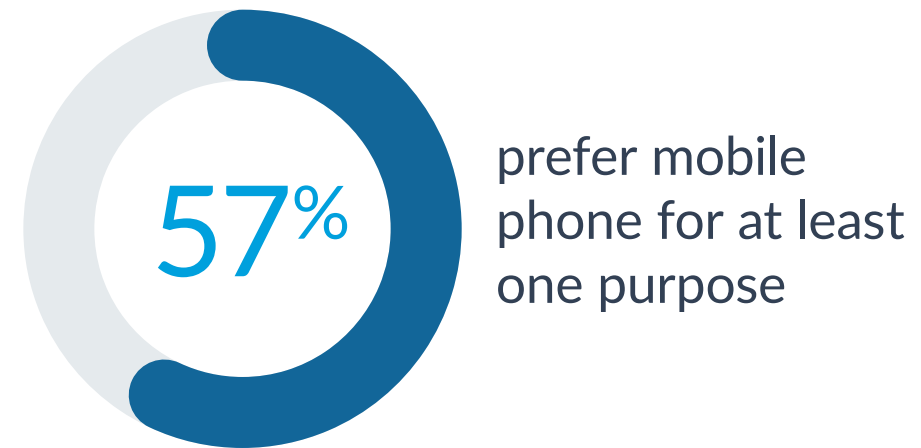
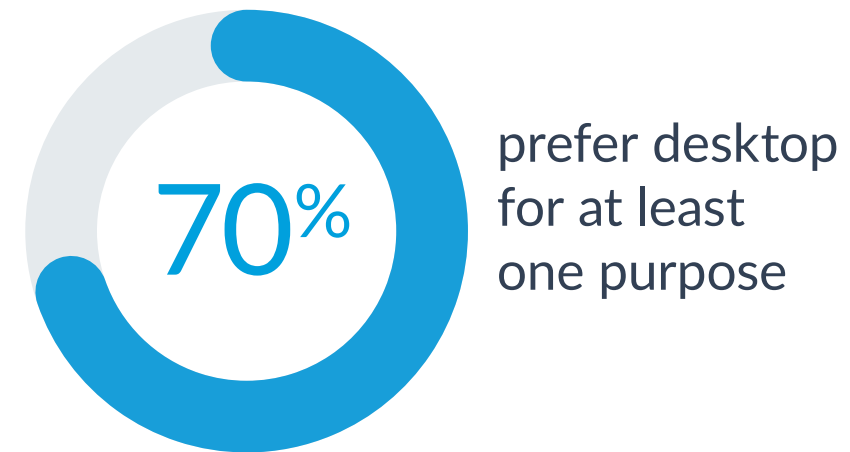
Shoppers use a combination of devices when car shopping, based on their situation and shopping mission. Translation? It's important to create a user experience that transitions seamlessly from one to the other.

Preferred device for activity



- Desktop
- Mobile phone
- Tablet

Mobile & desktop approach



Fuel types

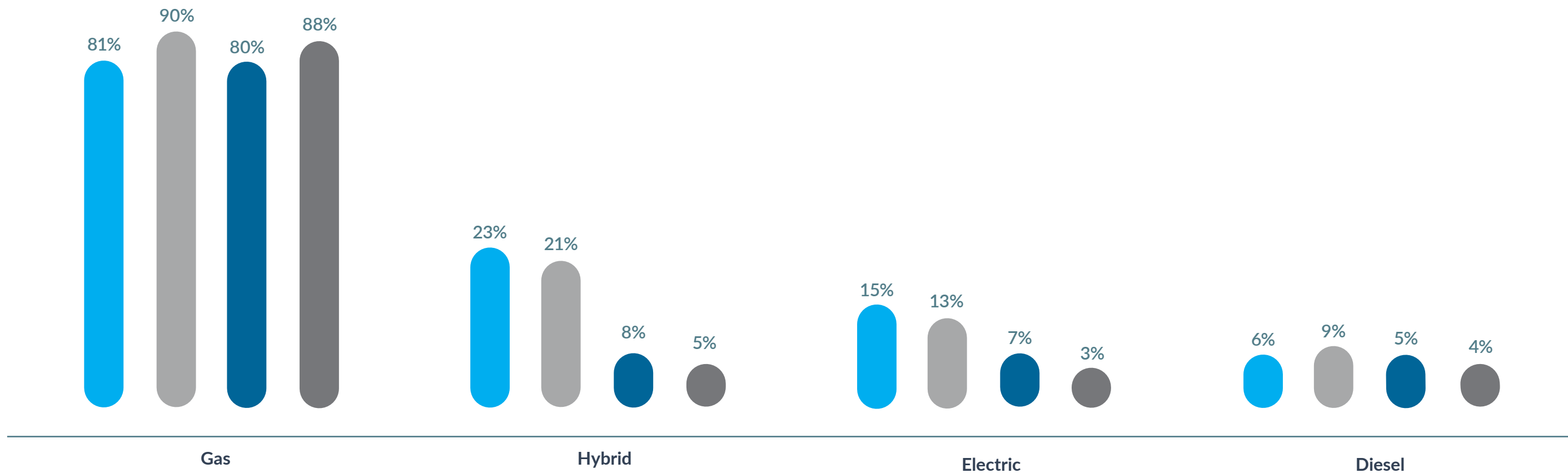
Traditional gas vehicles remain the most popular, but shoppers often consider alternative fuel types. Roughly one in four new car buyers considered a hybrid vehicle while shopping. About one in ten followed through.

32%

of buyers start undecided on what fuel type to buy

Fuel types considered/purchased among new vs. used buyers

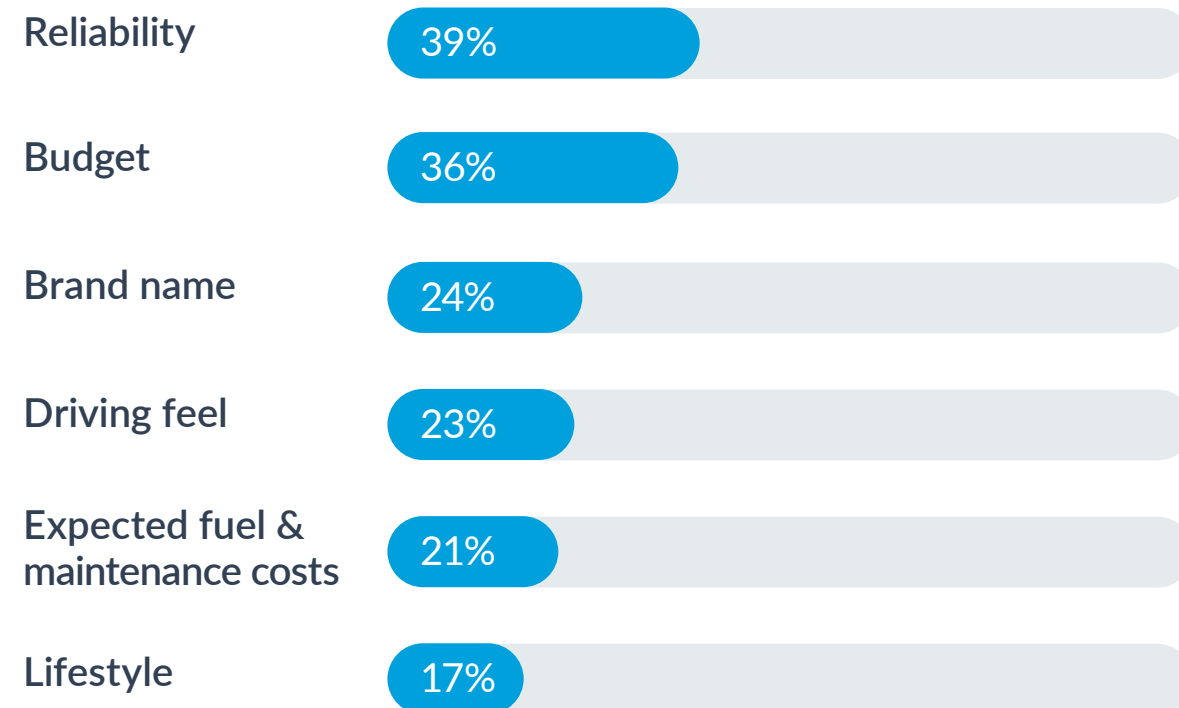
● Considered (new) ● Purchased (new) ● Considered (used) ● Purchased (used)



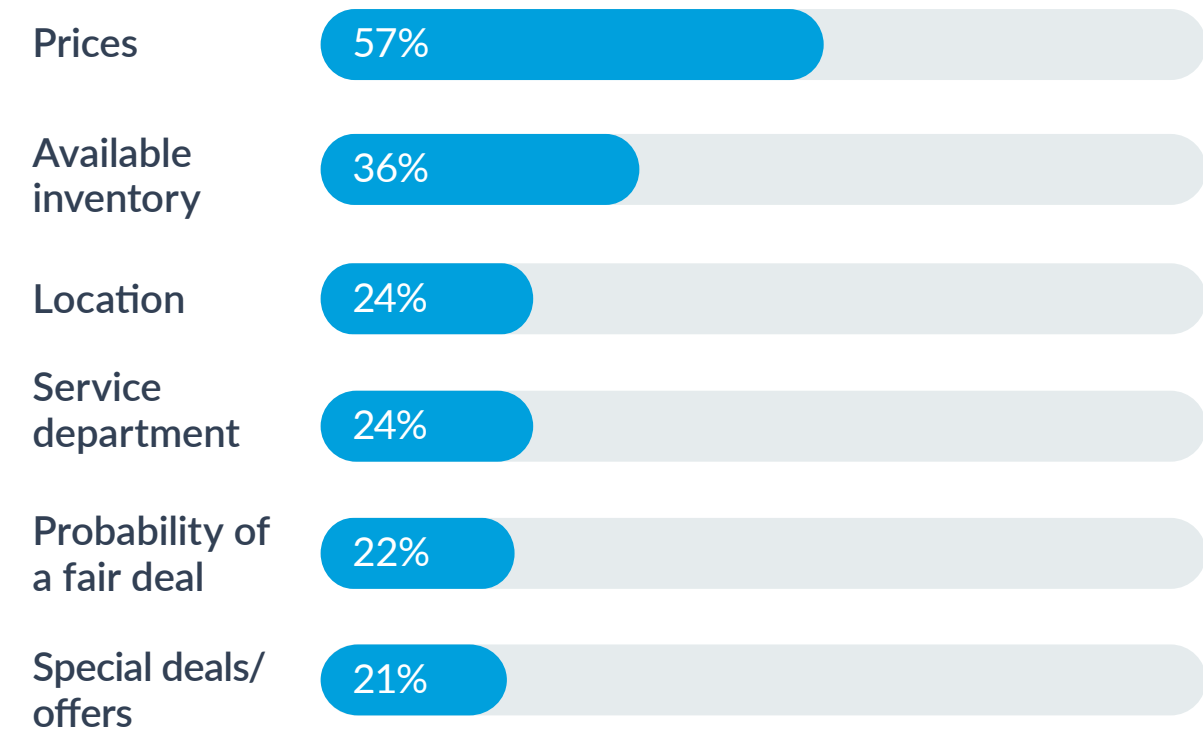
Vehicle & dealership selection

Practical factors like reliability, budget, inventory, and location, overwhelmingly influence shoppers' decisions on what and where to buy.

Factors driving vehicle selection



Factors driving dealership selection

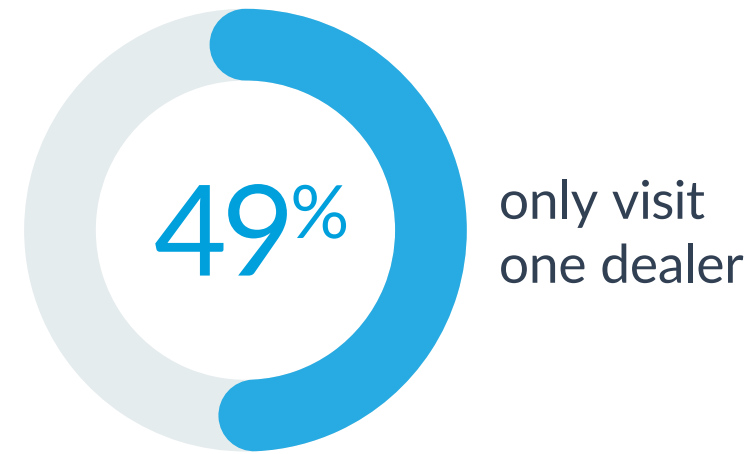


Who do they consider?

With the transparency online offers, shoppers can confidently vet & narrow down their consideration sets of dealers before ever stepping on a lot. As a result, car buyers typically only contact dealers they're seriously considering—however, dealers need to catch their attention early.

3 average
number of
dealers contacted

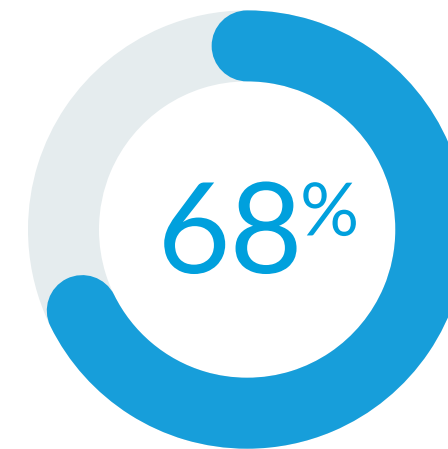
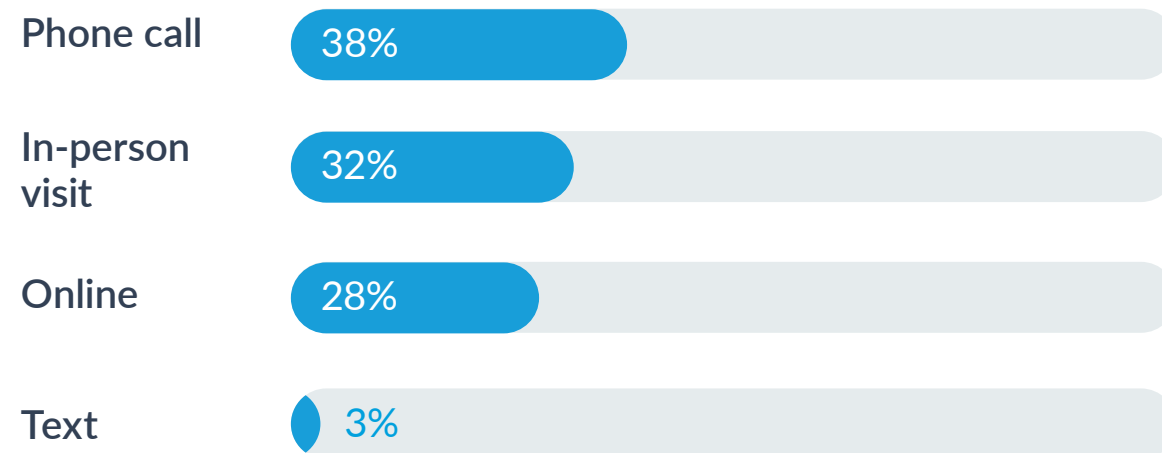
2 average
number of
dealers visited



Dealer outreach

Most car buyers give dealers advance notice before showing up to the forecourt, most often by phone (38%) or online (28%). This gives dealers the opportunity to prepare.

Method used for first contacting dealership

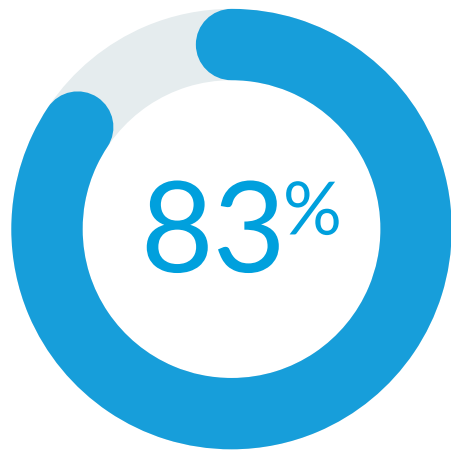


gave advance notice to dealers before showing up to the forecourt

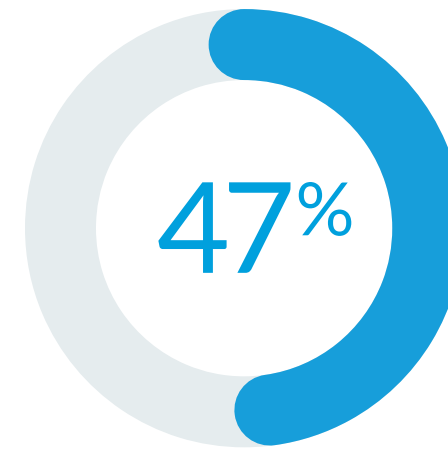
Quality leads

Most buyers say they wait until they are at least somewhat certain the vehicle is a good fit before submitting a lead through an auto shopping site. About half (47%) wait until they are very/extremely certain.

Of the 88% of car buyers willing to submit a lead through an auto shopping site...



wait until they are
at least somewhat certain
the vehicle is a good fit



wait until they are
very/extremely certain
the vehicle is a good fit

Last-minute research

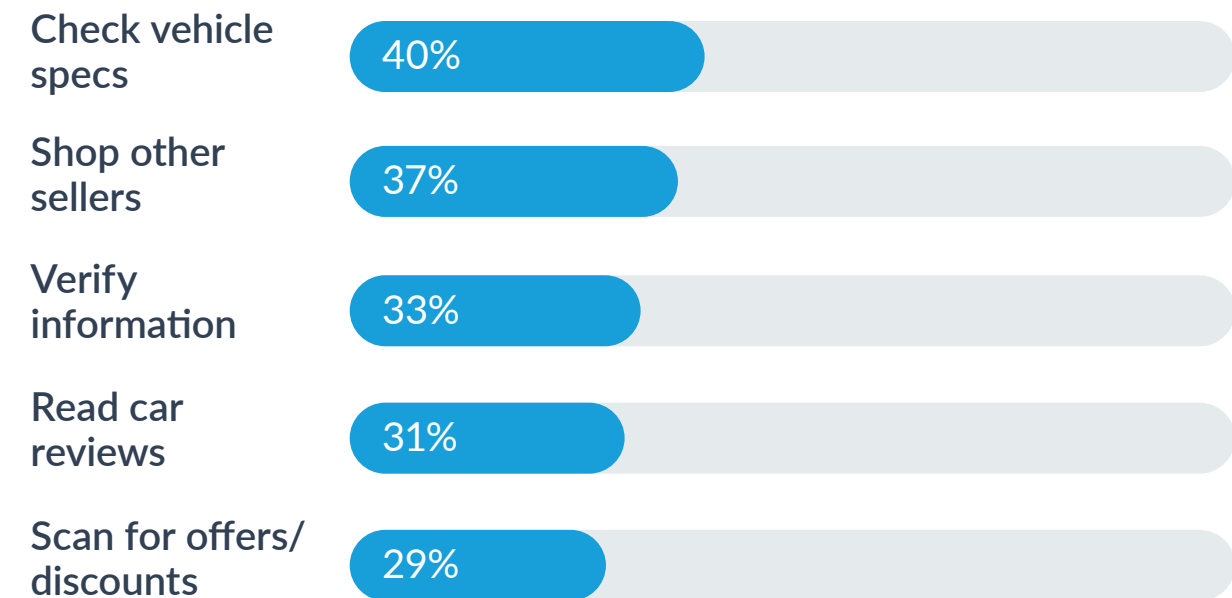
Even once buyers get to the lot, they can continue to research thanks to mobile. 59% of auto buyers, and 82% of millennials² report using their mobile at the dealership. Most common activities include checking specs and shopping competitors.

Use of mobile at the dealership

- Total auto buyers
- Millennials²



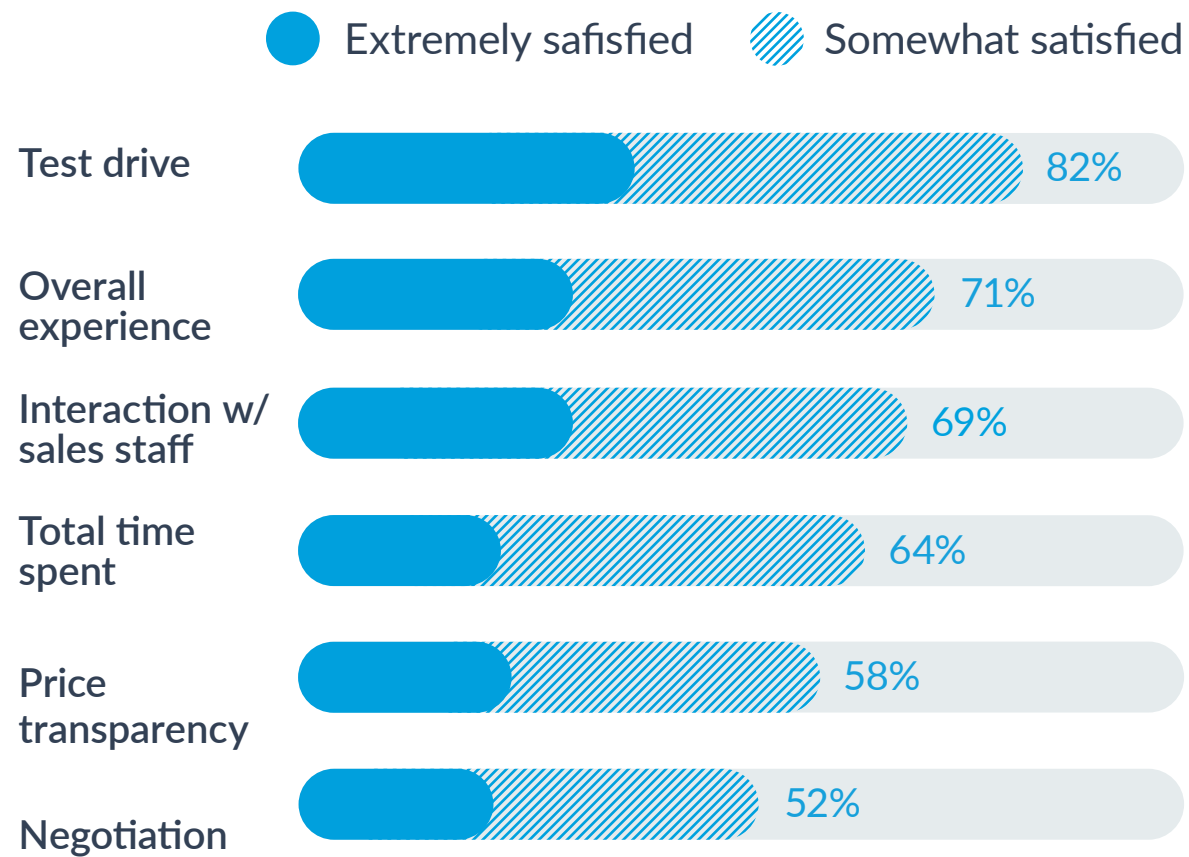
Most common activities on mobile while at the dealership



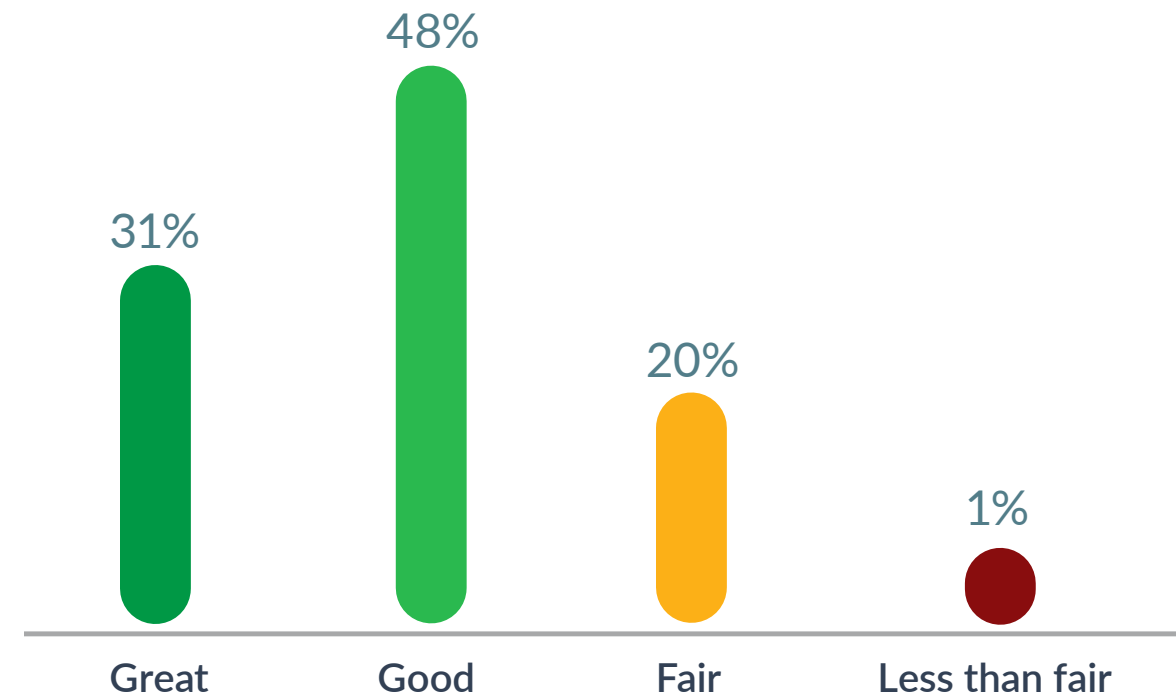
Closing perceptions

Buyers generally enjoy the dealership experience, though price transparency and negotiation are the least pleasant parts. Most often buyers think they received a good, not great deal.

Dealership satisfaction



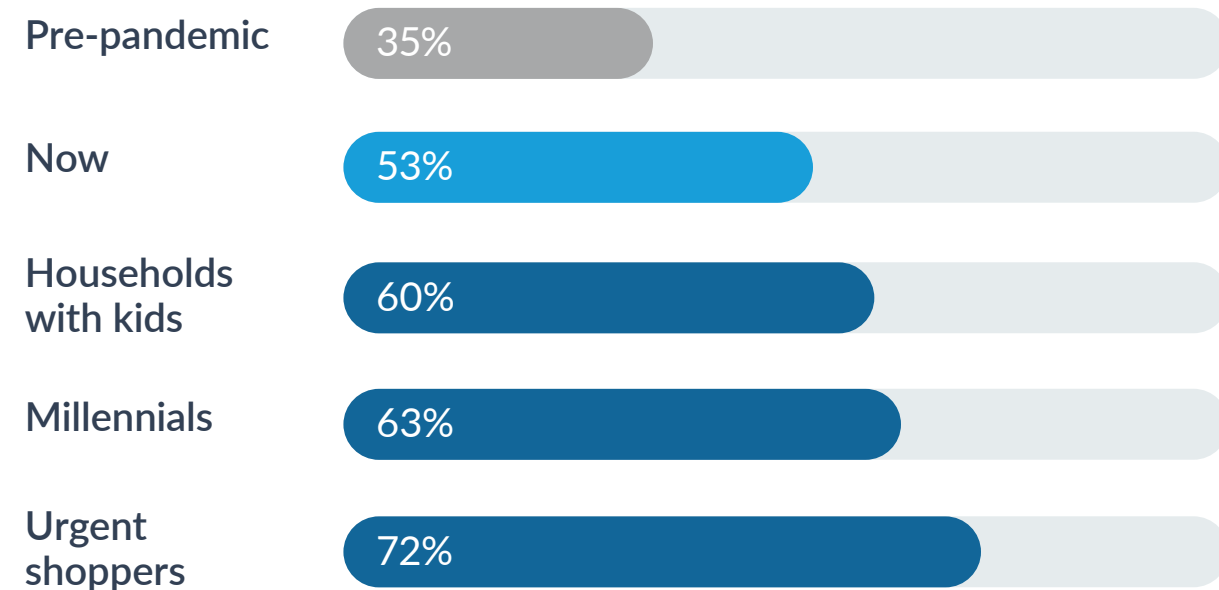
Perception of deal



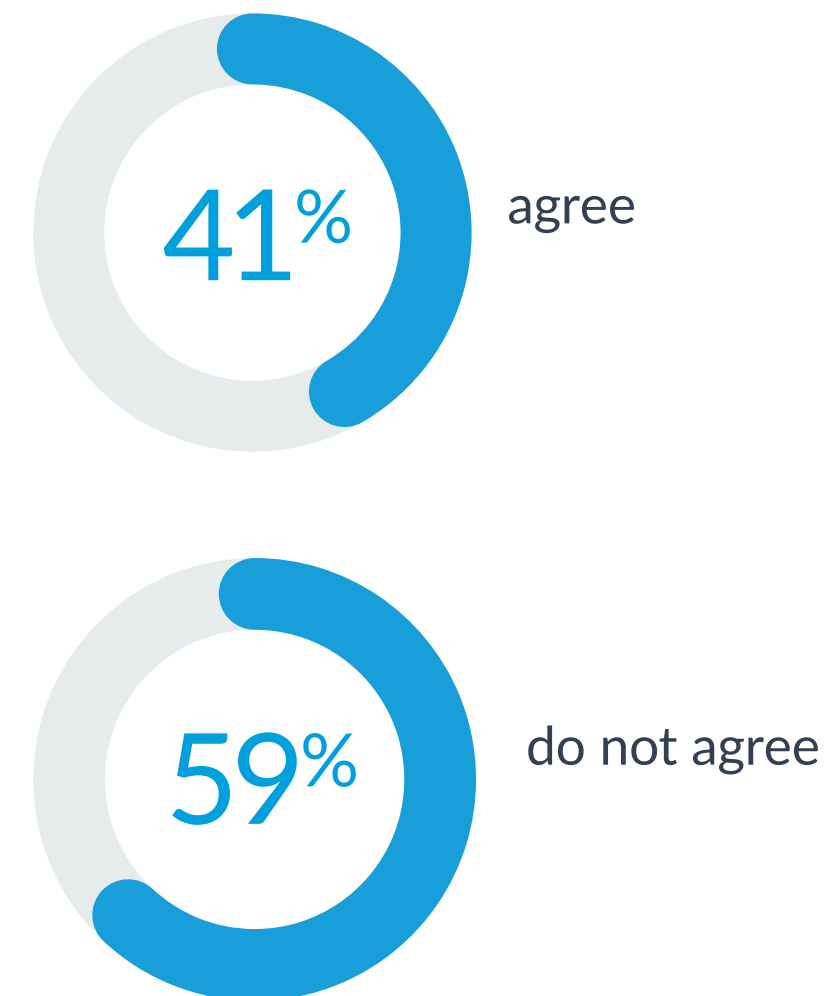
New ways of buying

With shutdowns due to the pandemic, many shoppers considered the idea of buying online for the first time. Before the pandemic, 35% of shoppers said they were open to buying online. Now, 53% are.

Openness to buying online



Prefer to buy at a haggle-free price



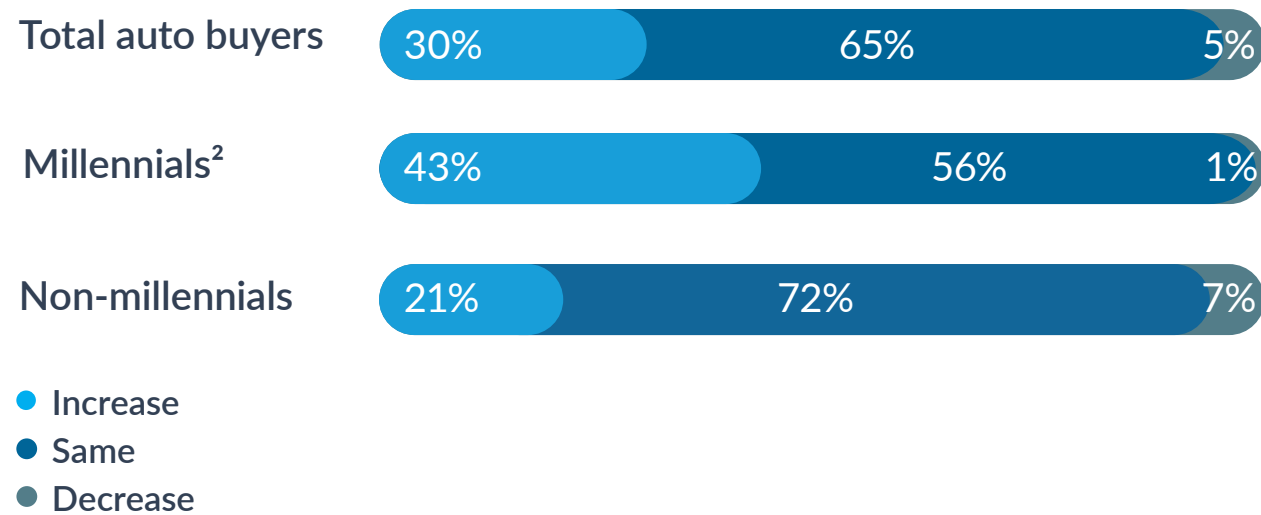
Car ownership here to stay

While the way people buy may change in the next decade, it's clear car ownership is here to stay. Nearly all (95%) recent car buyers plan to maintain or increase the number of vehicles in their household. About half (43%) of millennials plan to buy more.

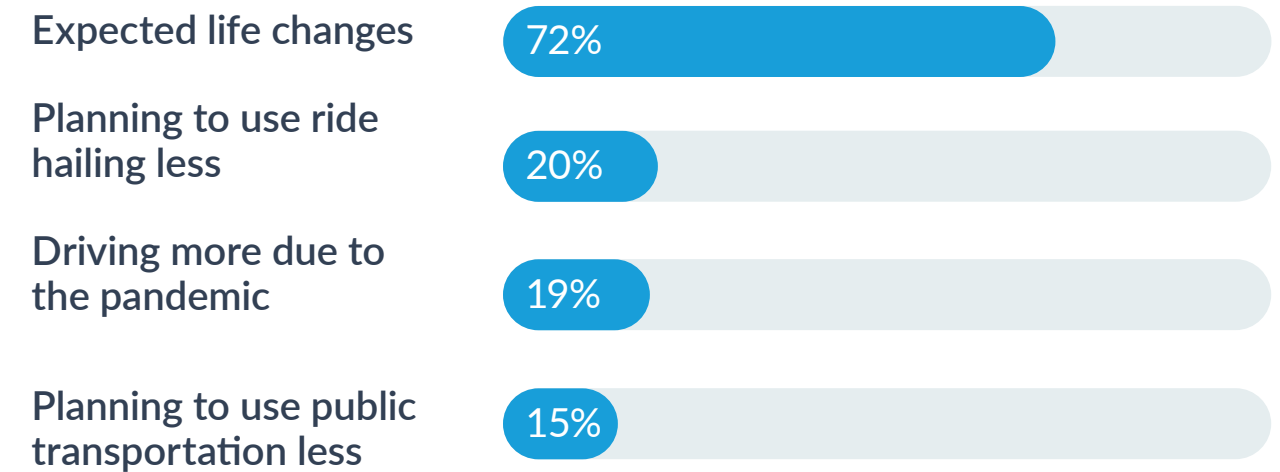
95%

of buyers plan to maintain or increase the number of vehicles in their household in the next 5-10 years

Plans for vehicle ownership in next 5-10 years



Why buy more cars?



Methodology

Data is sourced from a Q4 2020 study conducted by CarGurus and GfK, a leading market research firm. The study included a survey of 1,511 recent auto buyers, including new and used. Data is appropriately weighted and sourced to accurately represent the Canadian market of auto buyers in terms of demographics (i.e., gender, income, region) and market factors (i.e., new/used, vehicle price point).

About CarGurus

Founded in 2006, CarGurus (Nasdaq: CARG) is a global, online automotive marketplace connecting buyers and sellers of new and used cars. The Company uses proprietary technology, search algorithms and data analytics to bring trust and transparency to the automotive search experience and help users find great deals from top-rated dealers. CarGurus is the most visited automotive shopping site in the U.S. (source: Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Total Audience, Q3 2020, U.S. (Competitive set includes: CarGurus.com, Autotrader.com, Cars.com, TrueCar.com)). In addition to the United States, CarGurus operates online marketplaces under the CarGurus brand in Canada and the United Kingdom. In the United States and the United Kingdom, CarGurus also operates the Autolist and PistonHeads online marketplaces, respectively, as independent brands.