

CarGurus® 2022

# UK BUYER INSIGHT REPORT

Analysing the digital purchase paths of over 1,500 car buyers.



# STATE OF THE MARKET



**Kevin Roberts**

*Director of Industry Analytics*

"COVID continues to cause commotion in the automotive industry, as chip shortages have impacted both new and used inventory. Meanwhile, consumers are especially eager to buy cars due to strengthened spending confidence and concerns over shared mobility. Both factors have resulted in a unique phenomenon: extraordinarily high demand and low supply."



**Madison Edwards**

*Director of Consumer Insights*

"The pandemic forced people to change their routines and habits. Over two years into it, many buyers tell us that these changes are here to stay. Those include increased personal vehicle use and handling more of the car-buying process online. As a result, people have a greater appreciation for their vehicles and the new, more convenient shopping options available."

# Table of contents

It goes without saying that the automotive market has changed significantly over the past 12–24 months. This report—which features findings from our second annual path-to-purchase study in partnership with GfK—aims to help you adapt your business model to this new normal. Using current insights on consumers’ mindsets and behaviours, we’ll point out the most effective strategies for success in the automotive industry.

<b>Buyer mindset</b>	<b>4</b>	<b>14</b>	<b>Buyer predictions</b>
Why they buy	5	15	The rise of digital retail
How they feel	6	16	Focus on ease
Who they consider	7	17	Electric and self-driving cars
		18	Mobility trends
<b>Buyer behaviour</b>	<b>8</b>	<b>19</b>	<b>Conclusion</b>
Buying journey by the numbers	9	19	Key takeaways
The social media they use	10	20	Background & methodology
The devices they prefer	11		
The criteria they look for	12		
The ways they make contact	13		

To discuss the report in-depth and learn how CarGurus can help drive more sales for your dealership, call 0808 175 0799 or [submit an enquiry](#).



# BUYER MINDSET

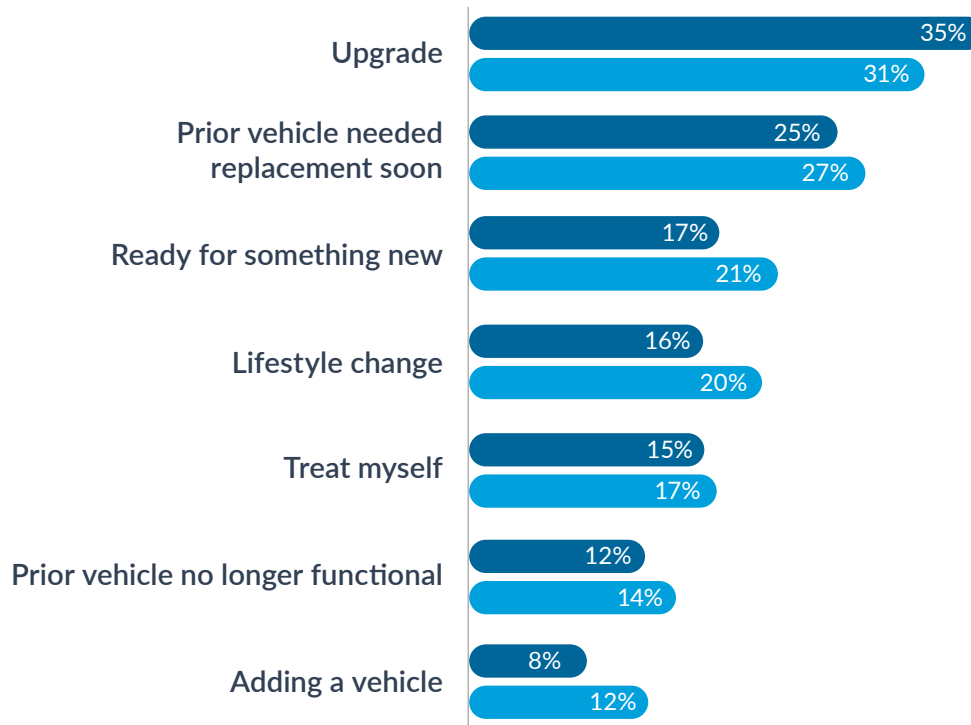
In order to best serve their customers, dealerships must meet buyers where they're at, easing their anxiety and building their excitement.

## WHY THEY BUY

Car buyers cited their desire for an upgrade and a pressing need to replace an old vehicle as their primary purchase drivers.

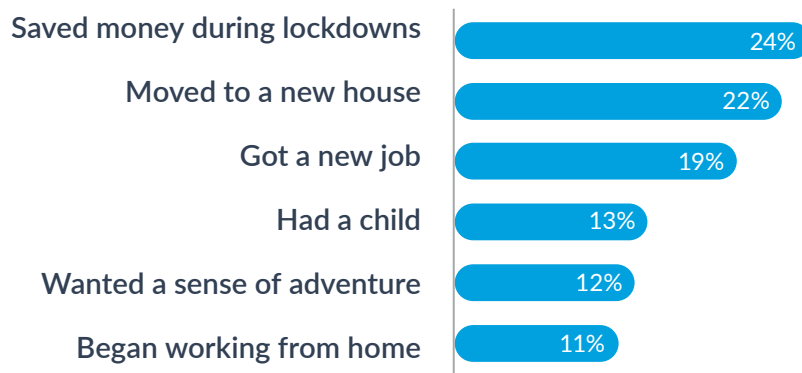
### Reasons for being in-market

● 2020 ● 2022



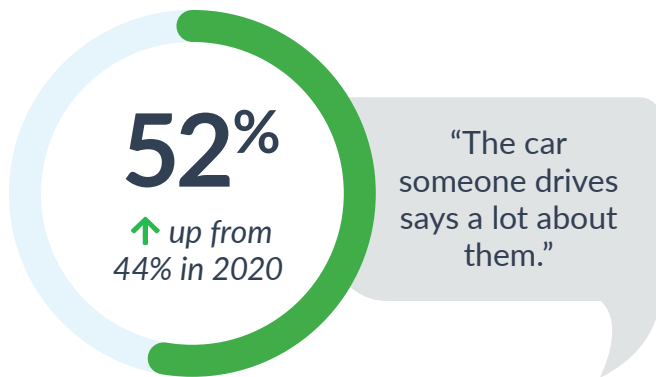
During the pandemic, people continued to make major life changes, like moving into new homes or getting new jobs. The money people saved during lockdown prompted a rise in buying confidence.

### Life changes that spurred car purchases

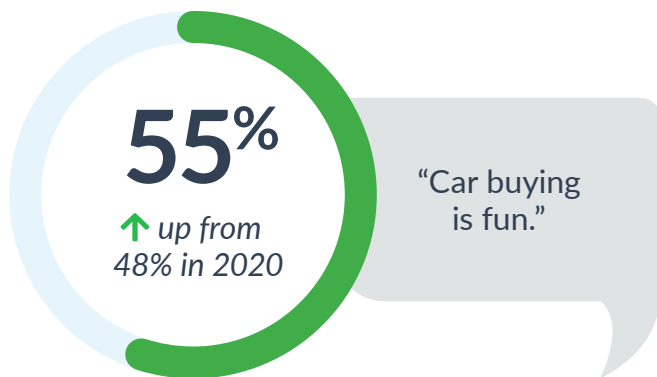


## HOW THEY FEEL

Over the course of the COVID-19 pandemic, more buyers felt a kinship with their vehicles, having purchased cars that let them do the things they love most—from hiking to DIY projects around the home.



Finding the right vehicle can feel like an emotional rollercoaster. Buyers report enjoying parts of the process, like the test drive, and feeling anxious during others, like negotiation. As a result, they experience a range of emotions.

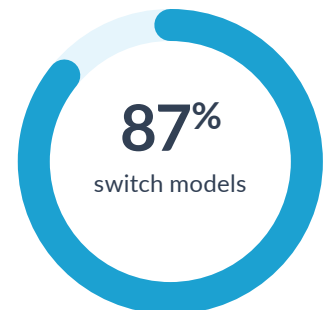
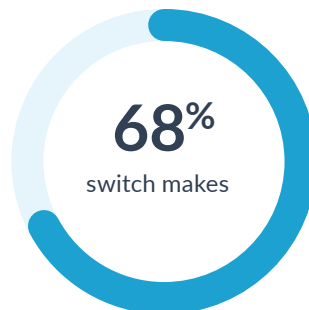
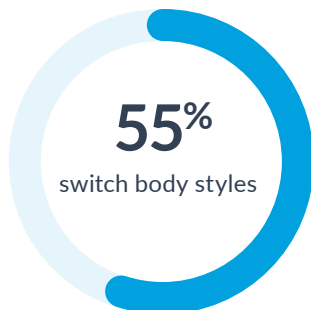
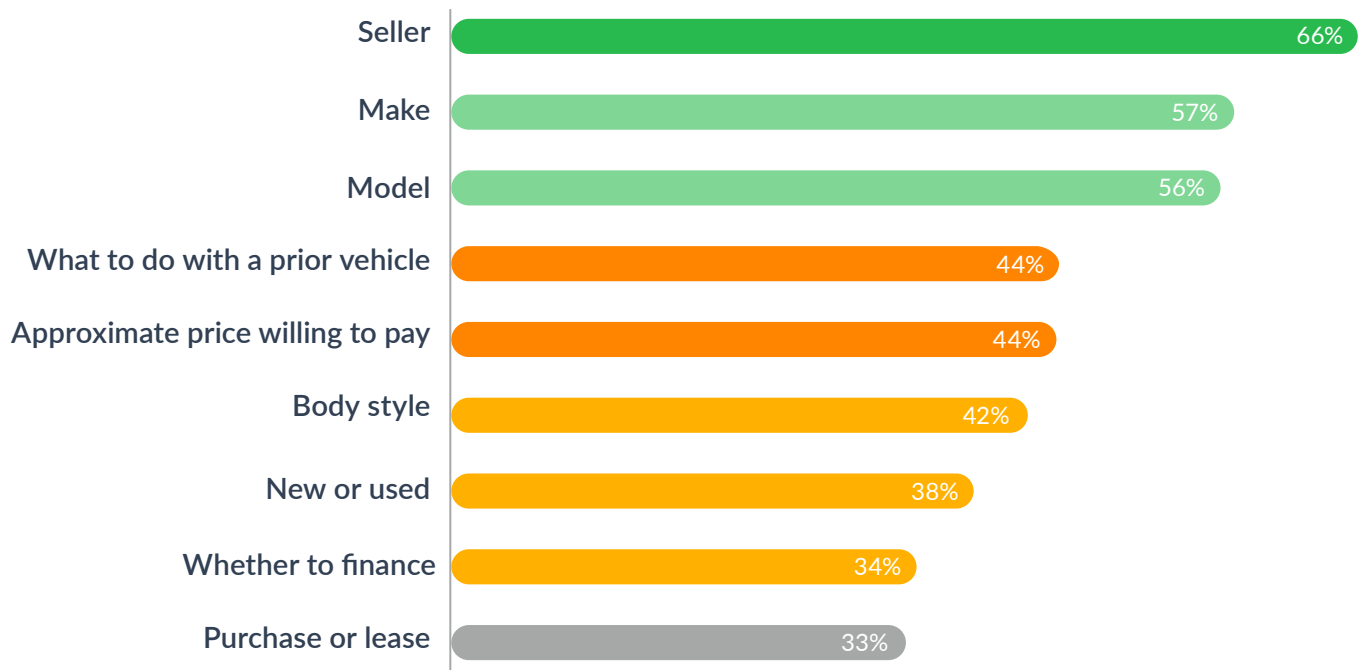




## WHO THEY CONSIDER

Many drivers only replace their vehicle every four years, so they're not experts on car buying, and their alternatives have changed since the last time they purchased. As a result, they're prone to switching behaviours.

### Buyers' uncertainty on initial decisions





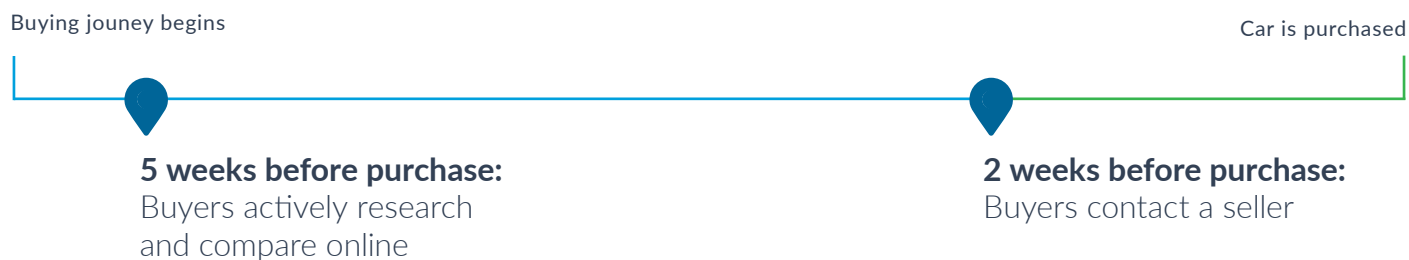
# BUYER BEHAVIOUR

Understanding how people navigate a car purchase—specifically the sources they trust, devices they prefer, and ways they contact sellers—is helpful when determining how to communicate with them.



## BUYING JOURNEY BY THE NUMBERS

In buyers' minds, the buying journey begins five weeks before they purchase a car (though people typically start browsing even earlier). They use the internet to find the specific vehicle they want, so it's important that dealers, listing sites, and other online resources provide them with the right information to narrow down their search.

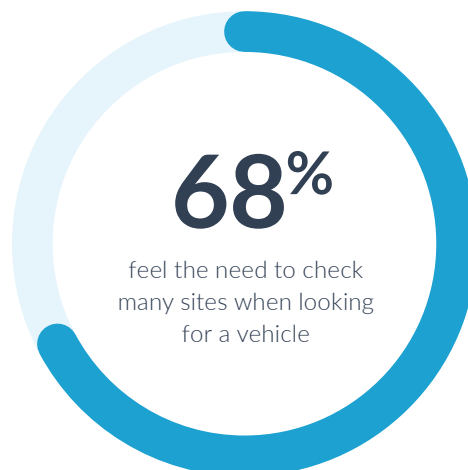


**3** dealers **contacted**  
on average

**2** dealers **visited**  
on average

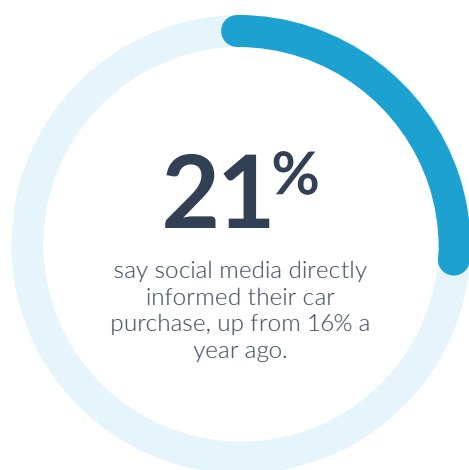
**45%** of buyers visited  
**only one dealer**  
before buying

Nearly all car buyers report using listing sites at least once. Most say they feel inclined to check many sites, which makes sense given that a vehicle is the largest investment they make after their home.



## THE SOCIAL MEDIA THEY USE

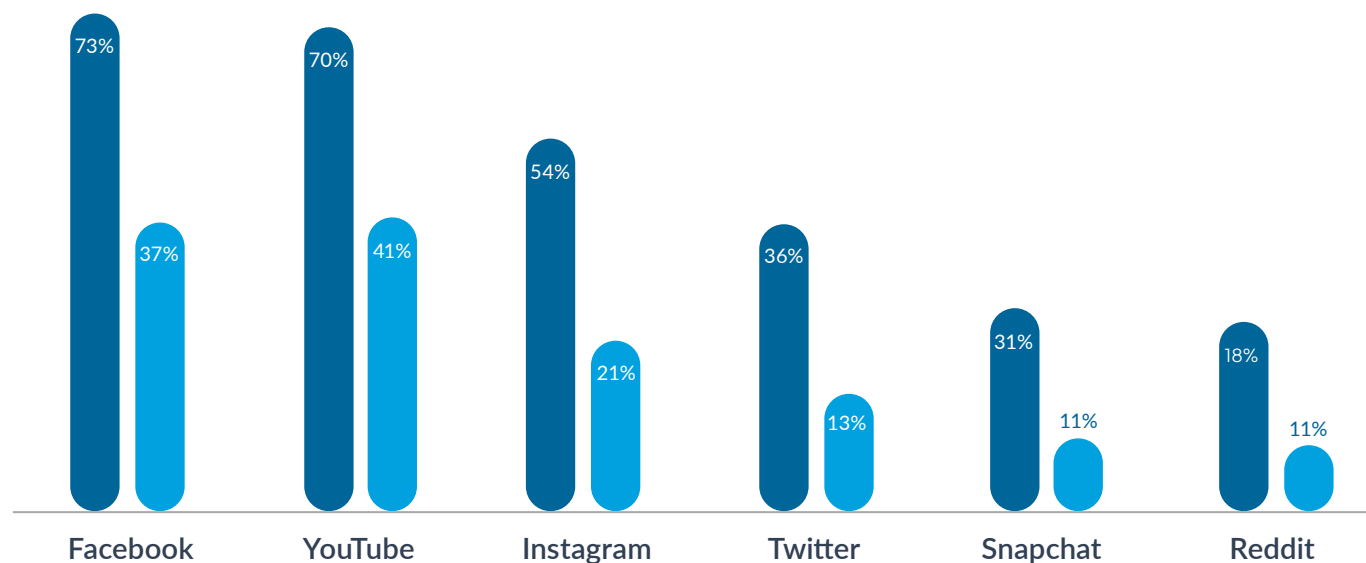
Car shopping sites aren't the only popular destination for car shoppers. They also use social media to actively research, crowdsource recommendations, and engage with dealers and brands.



YouTube and Facebook are people's most-used social media channels for recreational and car-buying purposes.

### Social media use

● Use regularly ● Use for car buying



## THE DEVICES THEY PREFER

People have become more tech-savvy during the pandemic. As a result, more now use their mobile phones while on the forecourt. Top activities include checking vehicle specs, shopping other sellers, and reading car and dealer reviews for last-minute reassurance.

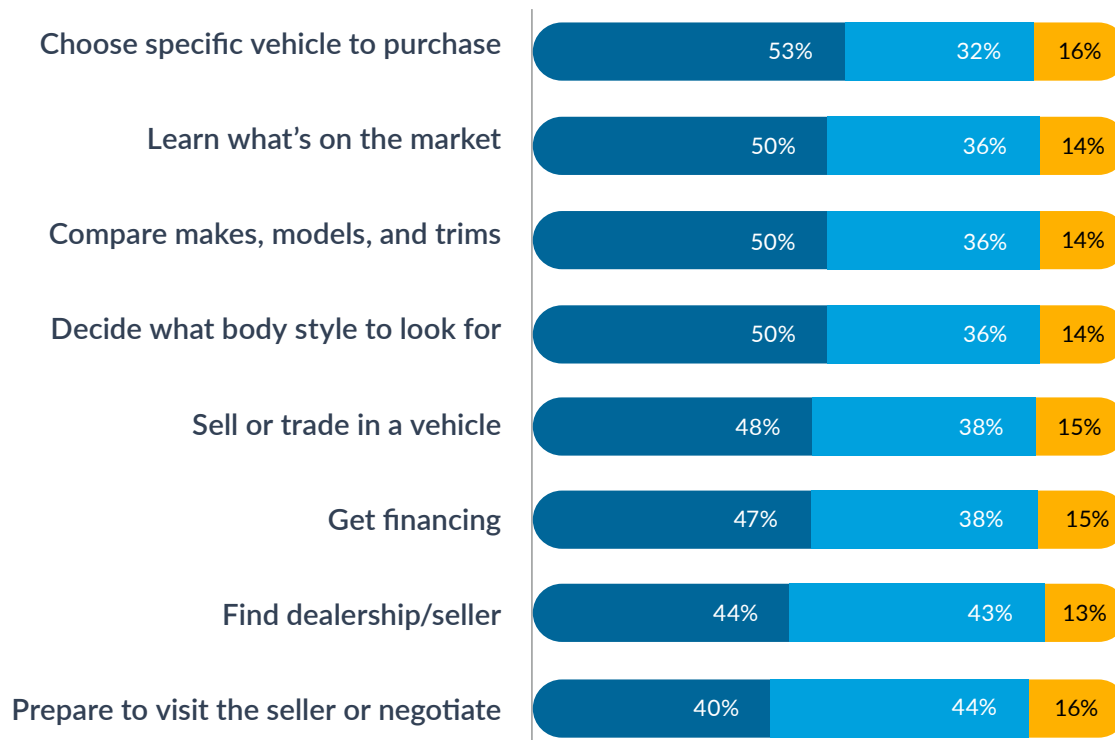
### Mobile device use to research in-store



People use a combination of devices when searching for the right car online. Most prefer desktop in the discovery-and-comparison phase. Why? A bigger screen is helpful for getting a good look at a car.

### Preferred device for activity

● Desktop ● Mobile ● Tablet



## THE CRITERIA THEY LOOK FOR

Buyers care most about finding a car that's reliable and fits their budget.

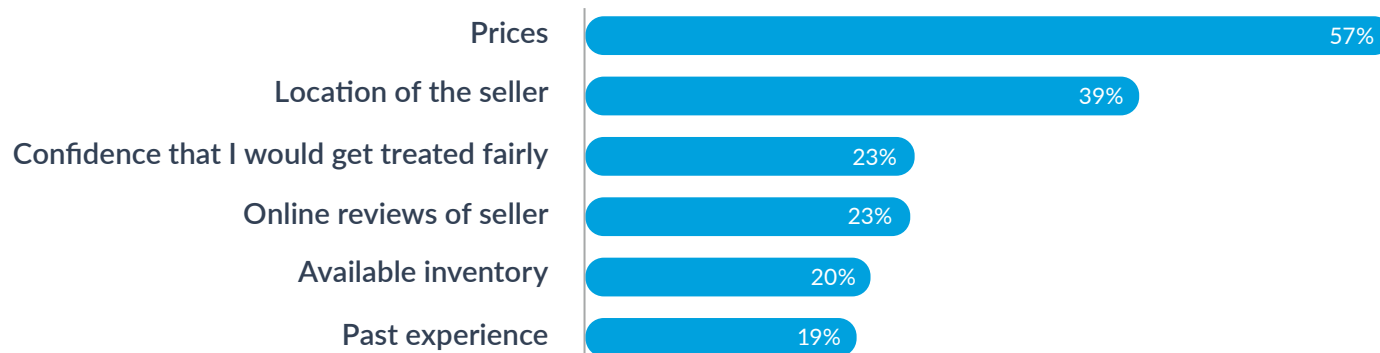
### Top reasons for choosing a vehicle



**“Reliability is always a top concern for buyers, but many struggle to assess it, particularly when buying used.”**

*- Madison Edwards, Director of Consumer Insights*

### Top reasons for choosing a dealership

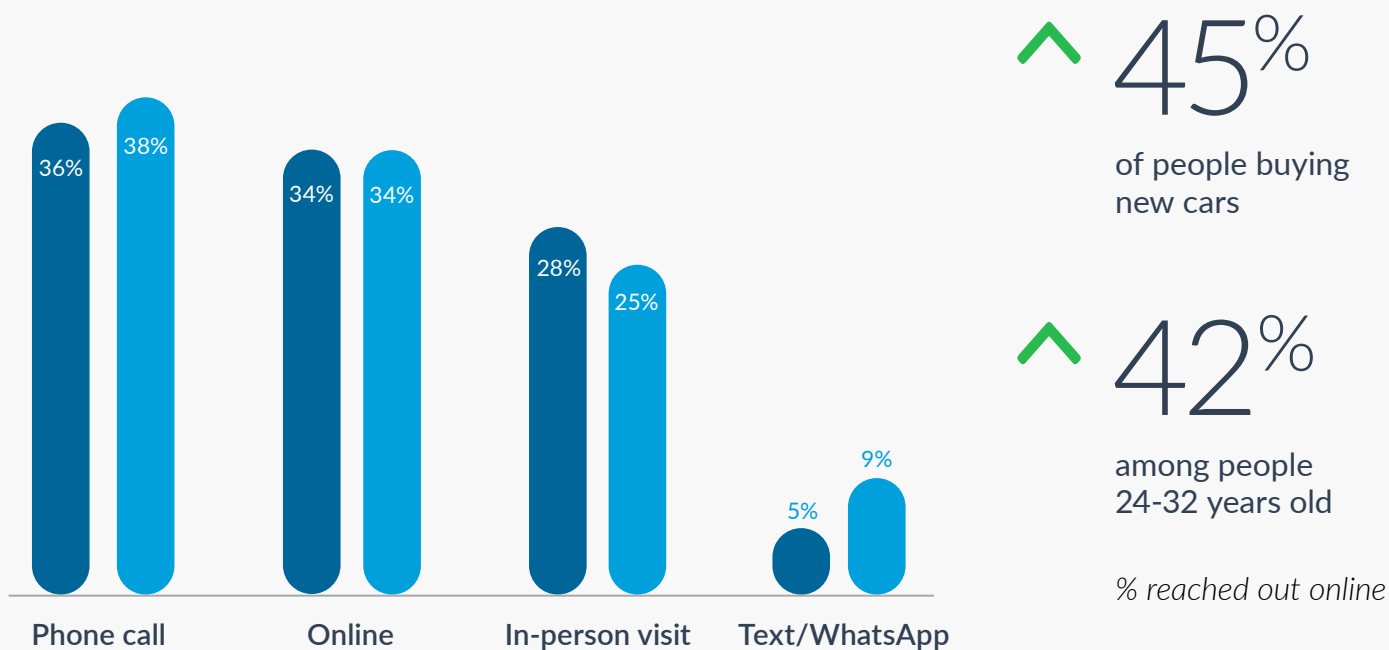


## THE WAYS THEY MAKE CONTACT

Today's buyers are more likely to call a dealership or contact one online before visiting in person. This is especially true of people who buy new cars, with 45% contacting the dealer online ahead of an in-person visit.

### How buyers first contacted dealerships

● 2020 ● 2022



### WHAT BUYERS ARE SAYING

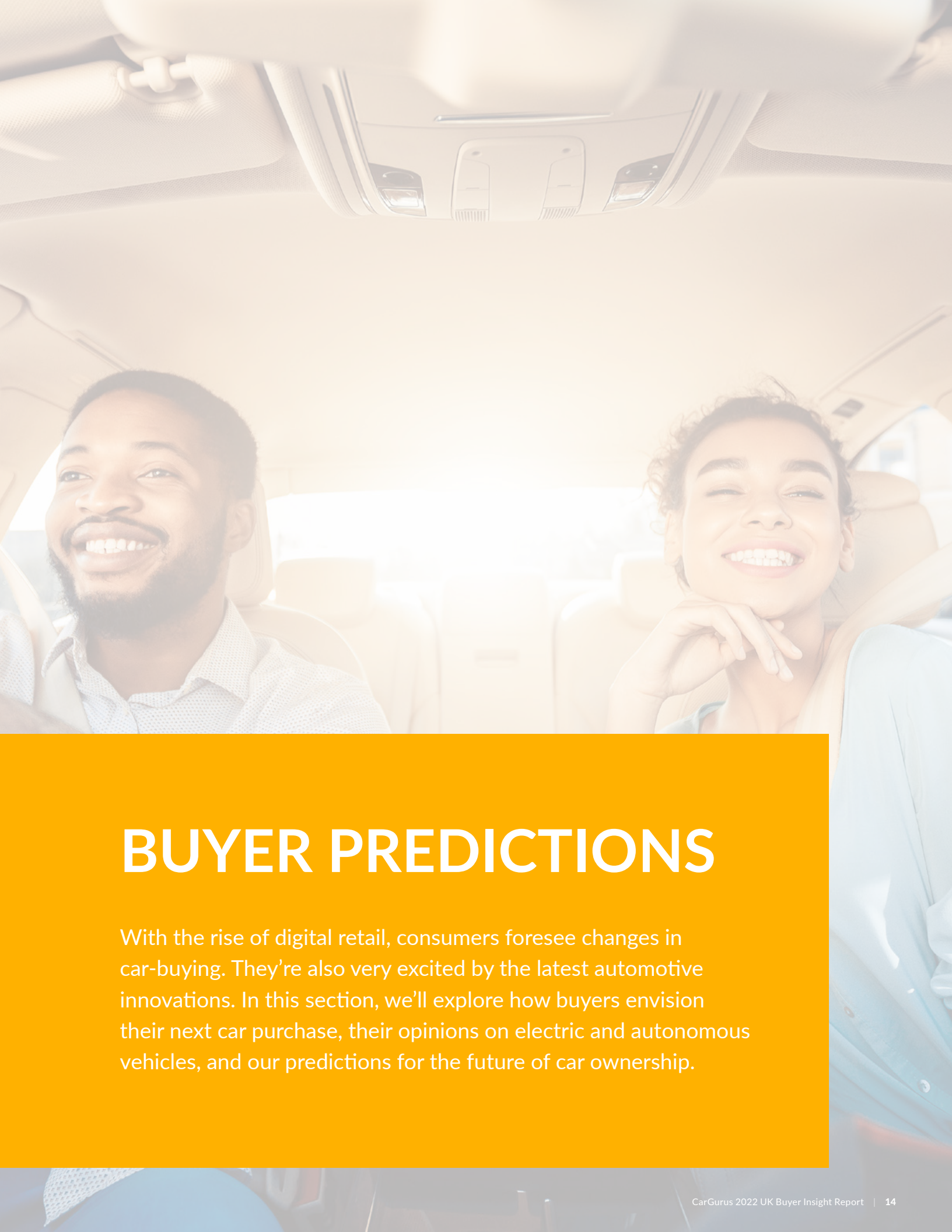
"[Virtual communication] made things a lot easier. I was able to reach out to people and see if the car was still there so I could tell if I was wasting my time or not."

– CarGurus user, July 2021



### DID YOU KNOW?

Buyers who first contact a seller online are more likely to be upgrading, eager to buy, and open-minded on price compared to those who walk in.



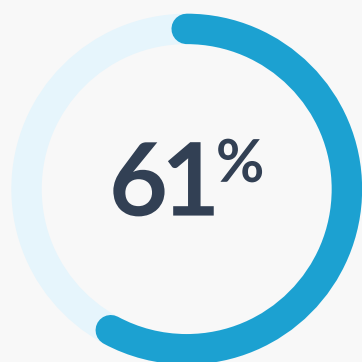
# BUYER PREDICTIONS

With the rise of digital retail, consumers foresee changes in car-buying. They're also very excited by the latest automotive innovations. In this section, we'll explore how buyers envision their next car purchase, their opinions on electric and autonomous vehicles, and our predictions for the future of car ownership.



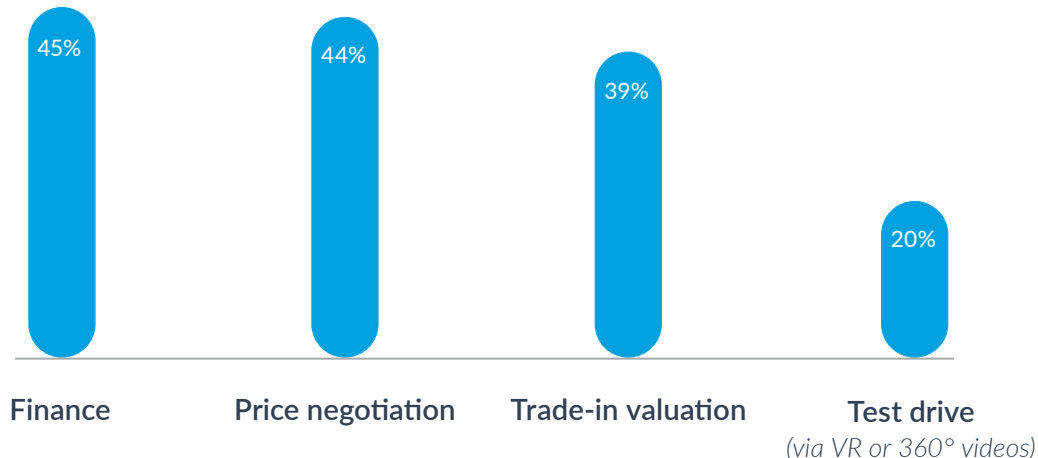
## THE RISE OF DIGITAL RETAIL

Consumers' openness to buying online spiked during the pandemic. For now, the test drive remains the biggest deterrent to a completely digital purchase. However, people want to get their car buying done quickly. For that reason, they love the idea of handling more of the purchase process from home and online, specifically financing, negotiation, and trade-in valuation.



of car buyers say they'd prefer to do **more of the car-buying process from home** for their next purchase

### Preference for handling car-buying activities online



**"During the pandemic, more buyers learned about the ways they can jump-start their car-buying process from home. Now that they know there are options, they have even higher expectations for their next purchase."**

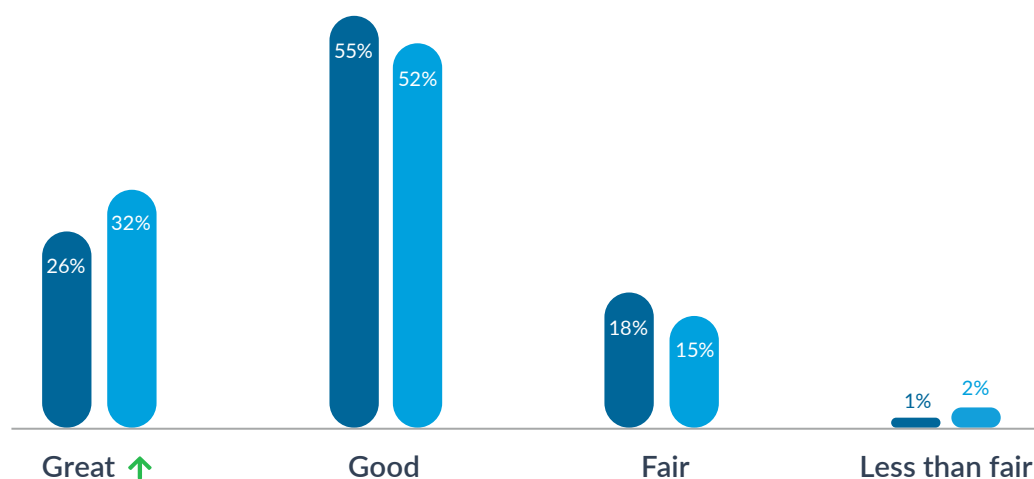
- Madison Edwards, Director of Consumer Insights

## FOCUS ON EASE

Despite rising car prices, more buyers in 2021 said they received a great deal. Why? Because the process was easy, and they trusted the seller they were buying from. Dealers who continue to focus on delivering an easy and transparent experience for buyers stand to win in our new normal.

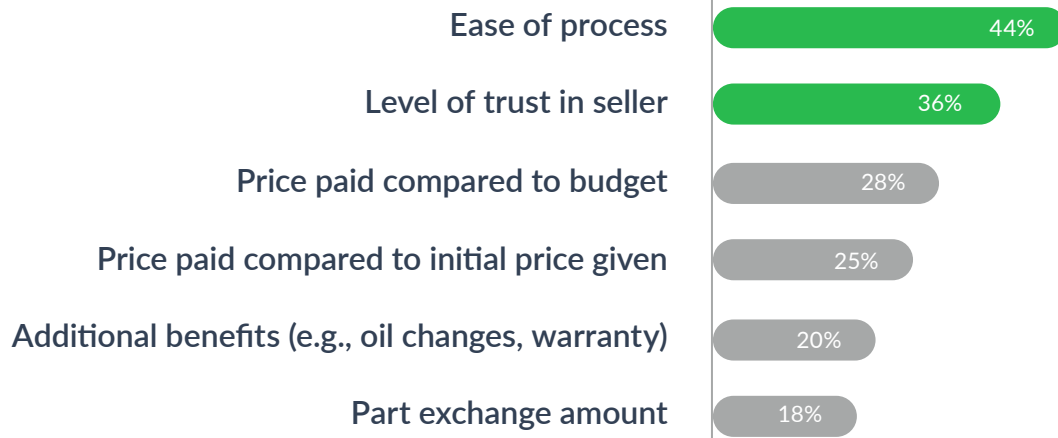
### Buyers' perceptions of their deals

● 2020 (bought June 2020 - October 2020) ● 2021-22 (bought Aug 2021 - Jan 2022)



### How buyers judge a great deal

(showing top six reasons)



## ELECTRIC & SELF-DRIVING CARS

Electric vehicles are becoming far more mainstream, though perhaps not as quickly as one might anticipate given UK legislation. Few people expect to own self-driving cars within the decade.

### Car owners' plans to own...

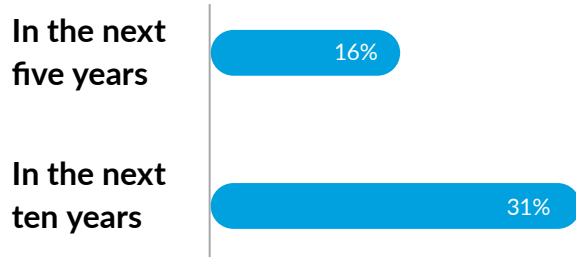
#### An electric vehicle



#### Top brands considered among buyers interested in EVs

AUDI 45% | BMW 44% | TESLA 34% | FORD 34% | MERCEDES-BENZ 31%

#### An autonomous vehicle



#### Top brands considered among buyers interested in AVs

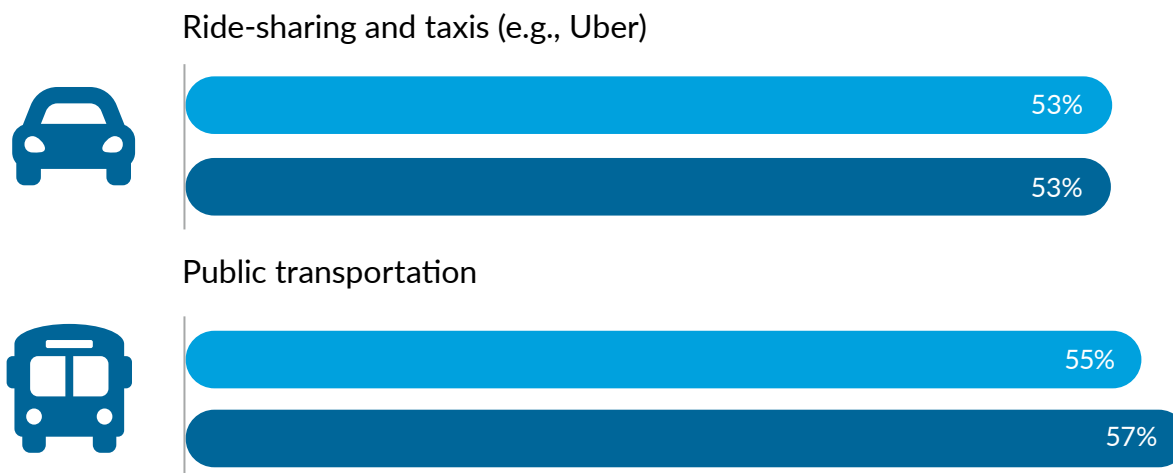
BMW 44% | AUDI 42% | TESLA 33% | MERCEDES-BENZ 27% | FORD 26%

## MOBILITY TRENDS

Consumers have stopped or reduced their use of shared transportation during the pandemic, and many are not eager to resume, even in the long-term. People have become reliant on personal vehicles to replace these services, and to offer an escape and sense of joy during the pandemic. Looking forward, it's clear that personal vehicle ownership is here to stay.

### Share of people planning to resume the following pre-pandemic activities

● In the next year ● In the long-term



### Plans for vehicle ownership in the next 5-10 years

● Increase ● Keep same ● Decrease



^ 42% of people ages 24-32 plan to increase the number of cars in their household



**“As a result of the pandemic, people are relying on their cars more than ever before. This, in part, explains why demand has hit record highs.”**

- Kevin Roberts, Director of Industry Analytics

# KEY TAKEAWAYS

## Takeaway #1

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Most buyers feel the need to stay open-minded in today's challenging buying environment and are prone to switching behaviours. Now more than ever, they're also accustomed to searching online.



## What this means

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Digital is the most effective and necessary component of dealers' marketing strategy.

## Takeaway #2

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Many buyers feel that a car is a high-stakes purchase, so they check many online channels for knowledge and reassurance. Those include listing sites, where they compare selection and read dealer reviews, and social media, where they seek advice from other car buyers.



## What this means

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Adopt an omnichannel marketing strategy that prioritises listing sites, bolstered with retargeting.

## Takeaway #3

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Although most people still feel that an in-person test drive is necessary, interest in online car buying spiked during the pandemic. The majority of buyers would love to streamline the process and do more from home.



## What this means

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Cater to changing buyer preferences and unlock the power of digital retail by allowing buyers to do more online.

# BACKGROUND & METHODOLOGY

## Methodology

Data is primarily sourced from a Q1 2022 study conducted by GfK, a leading market research firm. The study included a survey of 1,565 recent car buyers, including new and used. This study was previously fielded in Q4 2020 to 1,508 car buyers. Data is appropriately weighted and sourced to accurately represent the UK market of auto buyers in terms of demographics (i.e., gender, income, region) and market factors (i.e., new/used, vehicle price point). Additional data is sourced from CarGurus 2021 COVID-19 Sentiment Study, CarGurus 2021 Electric Vehicle Sentiment Study, and CarGurus 2021 Self-Driving Sentiment Study. Please see those reports for detailed methodology.

## About CarGurus

Founded in 2006 by TripAdvisor co-founder, Langley Steinert, CarGurus, Inc. (Nasdaq: CARG) is a global, online automotive marketplace that uses proprietary technology and data analytics to connect buyers and sellers of cars. The company launched CarGurus.co.uk in 2015 and acquired UK-based PistonHeads.com in 2019. CarGurus operates CarGurus UK and PistonHeads as distinct consumer brands, with combined dealership sales operations.

CarGurus is the most visited automotive shopping site in the U.S.<sup>1</sup> and is the fastest growing online automotive marketplace in the UK among its nearest competitors based on the quarter-over-quarter percent change in average unique monthly visitors<sup>2</sup>. PistonHeads is the largest online motoring community in the UK<sup>3</sup>. In addition to the United Kingdom and the United States, CarGurus also operates an online marketplace under the CarGurus brand in Canada. In the United States, CarGurus also operates the Autolist online marketplace as an independent brand. CarGurus holds a majority stake in CarOffer, a digital wholesale marketplace based in Addison, Texas.

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<sup>1</sup> Source: Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Total Visits, Q3 2021, U.S.

<sup>2</sup> Comscore MMX Multi-Platform®, Total Unique Monthly Visitors, Custom-defined list includes: CarGurus.co.uk, Motors.co.uk, AutoTrader.co.uk, Gumtree.com, Q2 2021 to Q3 2021, UK.

<sup>3</sup> Comscore Media Metrix® Multi-Platform, Total Audience, Q3 2021, UK. Custom list defined by CarGurus includes: PistonHeads.com and CarThrottle.com.