

AUTO DATA TRENDS



UberMedia Cross-Shopping Report

UberMedia Data Insights on The Auto Purchasing Journey

What Mobile Reveals About Cross-Shopping
and Real-World Showroom Foot Traffic



What Location Data Can Tell Us About Car Buyers

There is a commonly held belief among auto marketers that by the time a perspective car buyer steps onto a lot, they've already made up their minds.

Some sources have echoed this data point, claiming that the average buyer visits 1.6 auto dealerships while car shopping, down from 10 years ago when buyers visited an average of five dealerships.¹ While other sources believe that the average number of consumer visits to a dealership before buying a car has dropped to just one for some brands in some geographies.²

While no one can dispute that the rise of online research, mobile technology, social media, and omni-channel shopping behavior are opening up new opportunities to transform the showroom experience, the belief that this new behavior is completely syphoning off actual real-world foot traffic to car dealer showrooms doesn't fairly represent UberMedia's current mobile data findings or other viable automotive research sources.

Based on UberMedia's large-scale, first-party mobile data pool and our unique ability to synthesize real-world location and behavioral data, we believe there is still a large segment of the car buying population that does visit multiple dealerships to test drive car brands, cross-shop, and make the most informed purchase decisions.

Here are our findings.

Research Methodology

To uncover real-world auto shopping patterns for this report, UberMedia, a trusted mobile authority that transforms mobile behavioral data into actionable consumer insights, distilled two years' worth of proprietary dealership visitation data combined with existing research to better understand what mobile location data can tell us about how people shop for cars, and which brands attract the most foot traffic and consumer interest.

UberMedia reaches

87%

OF MOBILE CONSUMERS

across every demographic and can uncover the heart of consumer shopping habits using one of the largest real-world location and interest graphs currently available.

As part of our research methodology and unprecedented access to vast amounts of high-quality location data points, and social and interest cues, we synthesized cross-shopping foot traffic data at more than

18,000

AUTO DEALERSHIPS

across the U.S. accounting for every major automotive manufacturer.





Key insights

Cross-shopping is essential to the consumer mindset

Cross-shopping, the quintessential shopping process in which auto intenders visit more than one dealership to compare brands, remains a vital practice for many people actively looking for cars.³

Online research is a given, but we still kick the tires

Digital research is an integral part of the car shopping process. But despite the wealth of information at consumer fingertips, they still want personal interaction with a car brand before making a decision.

Gen Y/Millennials rely heavily on technology, but they still behave like the general market

While this coveted demographic may be changing the world in so many ways, Gen Y/Millennials still see value in dealership visits, with a significant percentage believing that real-world showroom access and their relationship with dealers strongly influence their purchasing decisions.

Dealership visits are still integral to the car-buying process

Technology has radically changed the way we buy cars, but that's not the whole story. Consumers still look to in-person dealership visits to do additional research, test drive different makes and models, and ostensibly get a better deal. Very rarely do they make a car purchase based solely on off-site information.

Well-Informed Researchers Visit More Dealerships

To give UberMedia's data findings some context, let's review what we already know about the way people purchase cars today. The purchasing journey is a fragmented, not a linear, path. Rather than evaluating a finite number of choices and then narrowing those options down to "a winner," consumers often start by focusing on brands they're familiar with and then adding additional contenders as their research progresses.

Digital research and social media play an increasingly prominent role in this process. Consumers gather as much information as possible, read reviews, and compare prices and features. But despite all the online research at their disposal, and a commonly held aversion to the dealership experience, third-party research and UberMedia's own empirical data show that people still kick the tires at multiple dealerships before making a decision.

People add an average of 2.2 new brands to their shortlist when they enter the active consideration phase.

When auto intenders enter the active evaluation phase, they consider more choices rather than fewer. In fact, people add an average of 2.2 new brands to their shortlist when they enter the active consideration phase.⁵

This is partly due to the proliferation of knowledge sources and the rise of digital media. Plus, mobile devices make it easier than ever to get second opinions quickly. In fact, more than 50% of Americans spend more than 10 hours researching possible vehicles, according to research from Deloitte.⁶

- **Auto intenders who spent the most time doing online research also visited the most dealerships prior to purchase.**⁴
- Consumer behavior indicates that online research has not replaced in-person dealership visits and that people are instead using this information to influence their decisions.⁴
- J.D. Power research shows that new vehicle buyers who use the internet during their shopping process often use their mobile devices at the dealership to access vehicle pricing information during the negotiation process.⁴

Mobile Usage Among Auto Shoppers.

51% of new-vehicle internet shoppers use a mobile device to conduct research that helps them find the vehicle they want at the best price.⁷

Since 2012, the use of tablets to shop for a vehicle has increased by 83%, and the use of smartphones has increased by 70%.⁷

48% of new-vehicle buyers that shop on a mobile device use their smartphone while at the dealership.⁷

What Location Data Reveals About Cross-Shopping

The rise of mobile technology, social media, and omni-channel shopping behavior has radically changed the way we buy cars. UberMedia research corroborated findings from J.D. Power that at least half of consumers still rely on multiple dealership visits to help them make their purchasing decision. Our mobile location data shows that consumers' likelihood to cross-shop is influenced by the type of cars they are considering and where they live. Let's take a look at some key cross-shopping trends and patterns.

More than half of auto shoppers visit multiple dealerships before purchase

Some research sources claim that 41% of new car buyers visit one dealership, but 59% visit an average of up to 5 dealers.^{3,9} The typical person considers 2.4 vehicles on average.^{3,7}

Cross shoppers look like single dealership shoppers

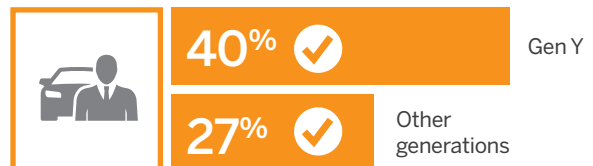
For most brands, cross-shoppers have the same demographics as single-dealer visitors, and the likelihood to cross-shop does not seem to be affected by gender or age. UberMedia looked at mass market shoppers that visited multiple dealerships versus shoppers that only visited one dealership and we found no demographic difference between the two groups.

The Gen Y/Millennial purchasing journey

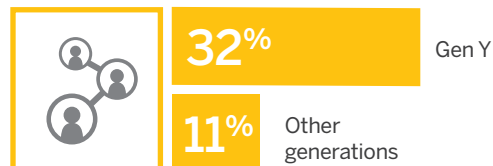
Most consumers don't like shopping for cars, but even the coveted Generation Y, also known as the Millennial generation, realizes that dealership visits matter. UberMedia found that Gen Y/Millennials (defined as those born between 1977 and 1995 by The Center for Generational Kinetics) are no less likely to visit multiple dealers than any other age group. UberMedia findings align with Deloitte research. Deloitte found that 40% of responders indicate that dealership visits have a significant influence on their purchasing decision. This is 13% higher than responders from other generations.

Which factor impacts the auto intender buying decision the most?

Salesperson at the dealership



Social networking sites



The research cited here is based on Deloitte's analysis of U.S. survey respondents. The study concluded that Gen Y actually has a more favorable opinion of automobile dealerships than other generations do.

Segments of affluent shoppers behave differently

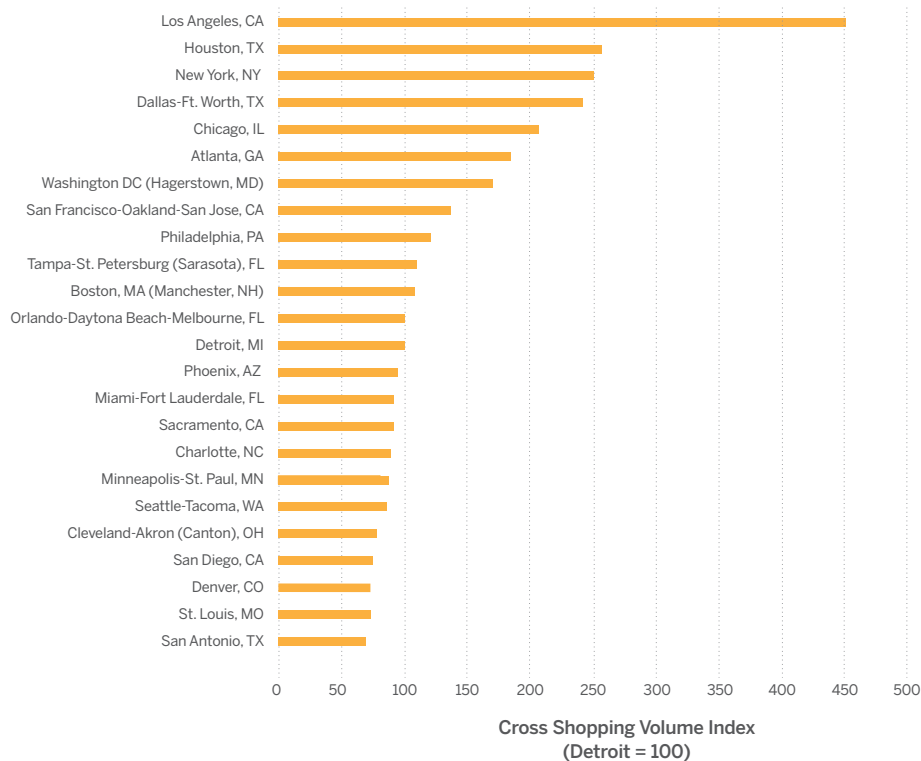
Customers in the “lower-income” range for luxury brands (but who are still affluent by most standards) are more likely to be seen at multiple dealerships than those people in the top one percent of the highest income bracket earners. In other words, the super affluent tend to go to one dealership only before making a purchase.

41% of new car buyers visit one dealership, but 59% visit an average of up to 5 dealers.

Rural vs. urban, why location matters

Cross-shopping is more common in urban areas where there are more brands and dealerships to choose from, and less common in rural areas. Let's take a look at the cities with the most cross-shopping individuals, by volume.

Cities With the Most Cross-Shopping Consumers



Mobile Foot Traffic Patterns By Brand

UberMedia location data reveals that some automotive brands are more likely to be cross-shopped than others. Manufacturers that are visited by the most shoppers (who were also seen at other brand dealerships) tend to be mass market brands that in many cases ladder up to the top-ranked manufacturers (General Motors, Ford, Toyota, Chrysler Group). Given the larger dealer footprint and the volume of models from these OEMs, this makes sense.

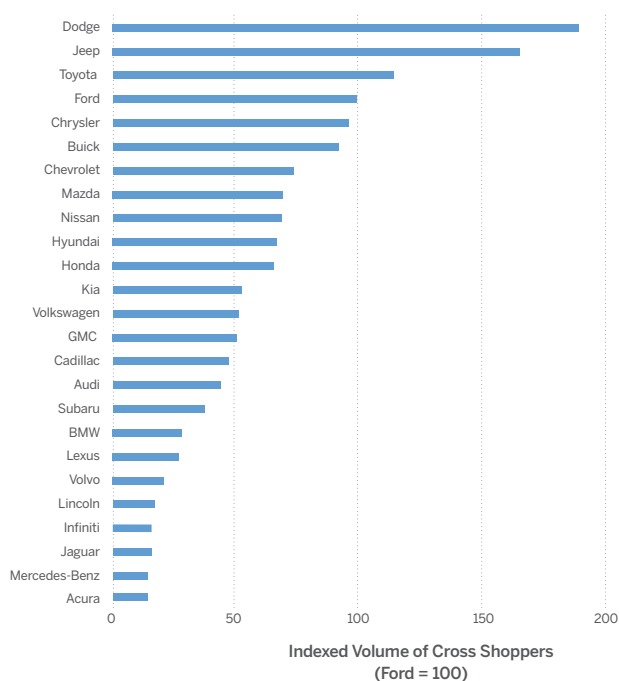
The most cross-shopped automotive brands based on dealer foot traffic

The ranking below represents the most cross-shopped automotive brands based on two years' worth of UberMedia mobile location data across U.S. dealerships.

In general, we found that luxury brands experience less cross-shopping than mass market brands, perhaps because these brands enjoy a moderate amount of loyalty, the dealer experience is often better, and the luxury customer is less value-concerned than the general market.

Brands that are cross-shopped also tend to be mass market manufacturers with multiple models and larger dealer networks.

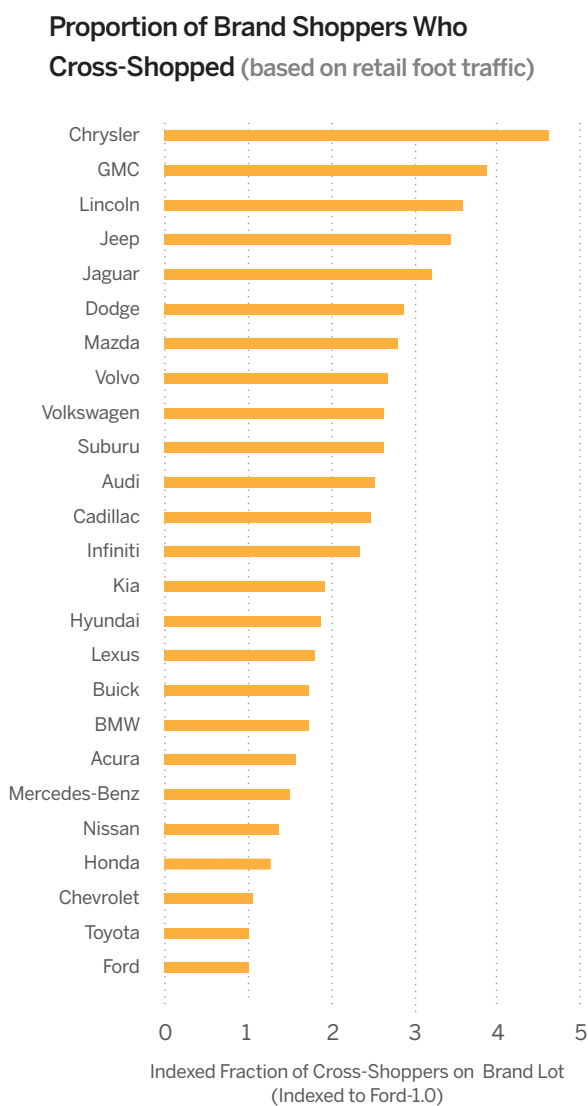
The Most Cross-Shopped Brands



Values in this chart are scaled volume, relative to the volume of Ford lots. So Chrysler (96) sees approximately 2x the number of cross shoppers as Cadillac (47). No adjustment is made for total lot visits or sales volume. The choice of Ford as index value is arbitrary.

Why Some Brands Are More Likely to Be Cross-Shopped

In addition to analyzing the sheer volume of cross-shoppers, UberMedia took a look at specific auto intender foot traffic to see what proportion of them can be seen at other dealer showrooms.



Values in this chart are the fraction of lot shoppers who are also cross-shoppers, relative to the fraction seen on Ford lots. So a person on a GMC lot (3.9) is 3x more likely to shop elsewhere than a person on a Honda lot (1.3). The choice of Ford as index value is arbitrary. The top 10 brands with the highest *purchase* loyalty are shown in green (see purchase loyalty chart).

Chrysler is more likely to be cross-shopped than any other brand contender. Ford customers, on the other hand, despite Ford's large volume of vehicles and shoppers, are actually less likely to cross-shop than other customers.

This could be in part because of their loyal customer base (see the loyalty chart below). Volvo has relatively few cross-shoppers (see "The Most Cross Shopped Brands" chart on page 4), although a statistically large percentage of their user base check out other brands.

Brand loyalty impacts consumer choice

It appears that brand loyalty and other factors closely associated, such as the dealer experience, vehicle reliability, and overall pride of ownership, are correlated to how likely a consumer is to visit other dealer showrooms during their shopping journey.

Notably, Ford, Mercedes, and Toyota, which rank high in customer loyalty, according to Experian Automotive, are the least cross-shopped brands by proportion of those shoppers seen in other dealer showrooms.

Highest Car Brand Purchase/Lease Loyalty in 2016 ("Would you buy/lease again?")

Brand	Loyalty rate
1. Subaru	67.7%
2. Ford	66.7%
3. Mercedes-Benz	65.1%
4. Toyota	63.5%
5. Kia	63.2%
6. Hyundai	61.3%
7. Nissan	61.1%
8. Chevrolet	60.7%
9. Lexus	60.7%
10. Honda	59.9%

Source: Experian Automotive, 2015⁸

The Most Common Cross-Shopping Pairs

Below are the most common cross-shopped brand combinations using UberMedia real-world dealership foot traffic data. Some of these patterns are quite logical and represent notorious “rivalries” in the automobile space or brands that often have dealerships in close proximity.



UberMedia observed that customers cross-shop Chrysler and Ford more often than any other brand combination.



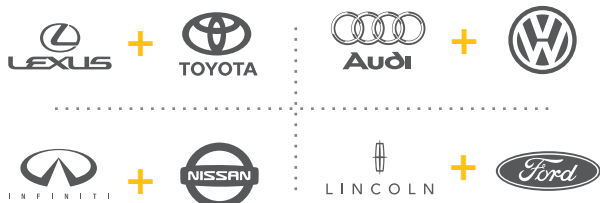
This cross-shopping pattern is no surprise. Since Hyundai's 2009 banner year, the Korean OEM has been incredibly competitive with other Asian imports and domestic brands. Toyota has taken note and countered with aggressive market gain strategies.



It's a street fight! For years these brands have been battling it out at the dealer level to gain market share.



BMW and Audi have been in a tight race for the No. 1 spot as the premium European luxury brand. This pairing might be the result of the well-documented BMW and Audi advertising battle over the last several years.



Here we are seeing the luxury arm of mainstream brands being cross-shopped within the same family. This is very likely a result of consumer hesitancy to pay a high price for a mainstream make/model. For example, some shoppers find it hard to pay the premium for a Lexus when they can buy a Toyota Camry.



For some, this Ford-Mazda pairing might seem odd. Yet, it is likely due to their competitive lineup of passenger sub-compacts and cross-over SUVs. For example, the Ford Focus competes with the Mazda3, and the Ford Escape goes head-to-head with the Mazda CX-5.

How to Capture More Buyer Foot Traffic

The automotive consumer journey is more complicated than ever before and mobile location data and the critical business insights it provides present a unique opportunity for auto marketers and manufacturers to gain market share and conquest shoppers from other brands.

Although a greater number of people are using digital sources to research their cars than they were 10 years ago, more than half of all shoppers, including Gen Y/Millennials, are cross-shopping by visiting multiple dealerships to research, test drive, and get a better deal. Automotive marketers and dealerships are being challenged to rethink every aspect of their marketing approach and the enormous potential of mobile location data as a strategic intelligence and measurement tool.

To capitalize on these emerging cross-shopping trends and the real-world foot traffic of the average car consumer on and off the lot, consider these mobile marketing tactics:

Near Market Intender Targeting

UberMedia's proprietary Near Market Intender Targeting is an advanced predictive model that finds consumers who are most likely to be in-market to buy a car. Use this strategy to target by make and model and be the first to enter into a consumer's consideration set and capture buyer interest before the competition.

Real-Life Retargeting

Re-target your best prospects, namely those shoppers who visit your showroom and are predisposed to your brand.

Enhanced Competitor Conquesting

UberMedia has an enhanced competitive conquesting toolbox that helps marketers effectively gain market share from their competitors. Our toolbox leverages competitive shopping foot traffic, optimal shopping patterns by dealer by market, and can measure foot traffic market gains/losses over time.

Optimal GeoSpace Targeting

Our patent-pending technology dynamically creates custom flexible Optimal GeoSpace™ mobile location technology fences around each retail location based on a dealerships' optimal shopping area and unique path-to-purchase. This is far superior than standard geo-fences and allows the marketer to accurately target and conquest competitive trade areas based on shopping data.

Optimize to Location Visits

UberMedia's Location Visit Optimization™ (LVO) ad optimizer technology enables marketers to optimize mobile ad campaigns in real-time based on location visits. This exclusive technology is designed to drive incremental foot traffic through sophisticated machine learning.

Cross Media Location Measurement & Attribution

Know how well your media plan is generating dealer foot traffic. Understand your location return-on-investment, know which publishers are driving incremental visits, and see how your conquesting tactics are working, plus much more.

About UberMedia®

One of the most trusted mobile authorities, UberMedia transforms mobile behavioral data to power actionable business intelligence, advertising, and measurement. UberMedia's diverse suite of products process billions of social, demographic, and location signals daily for Fortune 500 companies across retail, automotive, and entertainment to better understand and influence modern consumers with the most accurate business decision science. Recognized as a pioneer in targeted mobile advertising, UberMedia was listed as Fast Company's "50 Most Innovative Companies" and The Wall Street Journal's Top "50 Startups." UberMedia is headquartered in Pasadena, CA as a network company of idealab, a world-renowned operator of leading technology businesses. For more information, visit www.ubermedia.com.

Sources

All data is based on the UberMedia Data Insights on The Auto Purchasing Journey Report unless otherwise stated or cited. If multiple sources are cited, the findings were corroborated by multiple studies.

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