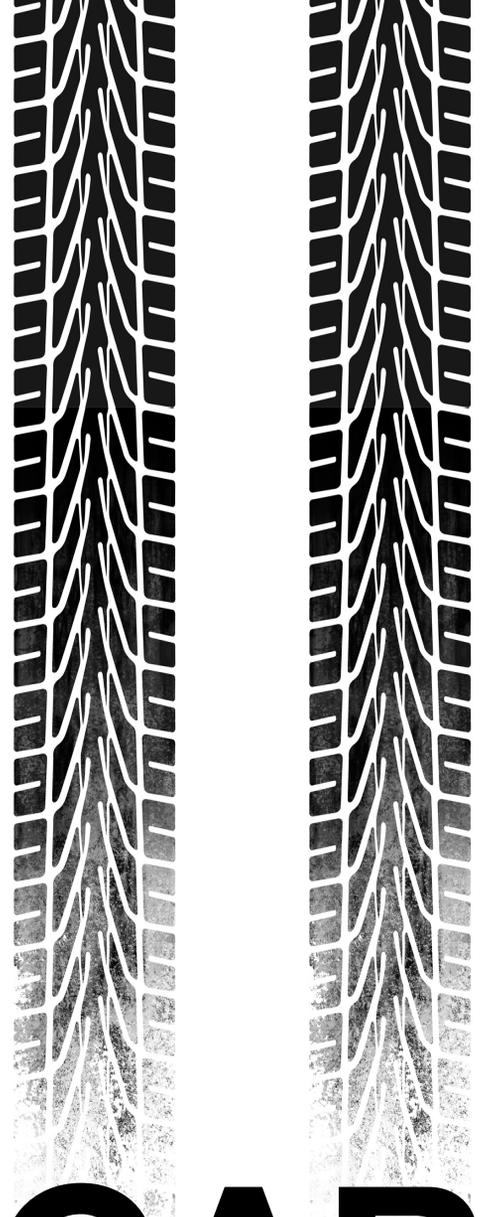


2009
2010
2011
2012
2013



CAR
SHOPPING
TRENDS
REPORT



At Edmunds.com, we're in a unique position to paint a vivid portrait of today's car shopper. About 18 million visitors use our site every month to shop for their next new or used car, and this gives us unparalleled insight into the car research and shopping process.

For years, Edmunds.com has used these data and insights to establish itself as the premier resource for car shopping and automotive information. And while these insights have always been readily available to our business partners and to the public through academic and media requests, never before have they been assembled together in one coherent piece.

That's why today we proudly present the 2013 Edmunds.com Car Shopping Trends Report. The report mines Edmunds.com's extensive data to reveal the most relevant car shopping and purchasing trends in America today. These trends offer direct clues toward ways that the automotive industry can move toward a more engaging car shopping experience.

Throughout this report, you'll also find references to a 2011 survey conducted by Added Value on behalf of Edmunds.com that asked 2,476 online car shoppers representing the U.S. car shopper population to describe their expectations for their next car purchase. We correlated these responses to real-world buying data to see if shopper expectations match reality. In many cases, we found some remarkable consistencies, suggesting that shoppers have a strong sense of the automotive marketplace and that they know how to set reasonable expectations.

By evaluating this wealth of data, we uncovered a story about car shoppers that is often surprising and counterintuitive, and at other times, reinforces critical theories held throughout the industry. Some of the key findings in our report include:

- Two out of every three car shoppers consider themselves highly engaged in the car shopping process, and they turn to a variety of information to help them decide on a new or used car. Time spent on Edmunds.com is up 2 percent

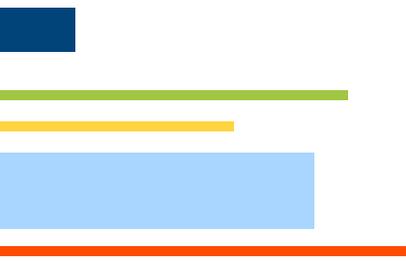
from 2011 to 2012. And the most-viewed elements by new car shoppers on Edmunds.com are reviews, pricing information and photos.

- Mobile access is becoming a powerful tool for car buyers. Traffic to Edmunds.com's mobile site spikes on the weekends – and especially on Saturdays – when the bulk of car buying takes place.
- Shoppers are very good at anticipating how much they'll pay for a new car. New car shoppers told us in 2011 that they plan to spend \$30,500, on average, for their next vehicle. In fact the average transaction price for a new car the following year was \$30,803.
- The average age of a new car buyer is about four years older than the average age of a used car buyer.
- Shoppers are turning to leases now more than ever. And the difference between the average monthly lease payment (\$433) and the average monthly finance payment (\$468) is greater than at any time since Edmunds.com started keeping records.
- About 44 percent of all trade-in vehicles last year went toward a new car by the same brand, which is consistent with our 2011 survey that found that 49 percent of shoppers say they “plan to stick with a brand that has worked in the past.”
- Luxury car owners and shoppers are buying and considering more non-luxury cars. The trend speaks to the improved quality of non-luxury vehicles.
- Many shoppers say they want just the basics in a new car, but emotions can drive buyers to add options. New car buyers are willing to spend an average of \$2,200 – or about seven percent – above base model and trim prices to add more options on their cars.

Edmunds.com's 2013 Car Shopping Trends Report is intended to be a free resource for anyone who is as interested as we are in creating a better car buying experience. This is just the first in a series of reports that we hope will shed more light on car shopping behavior. We sincerely hope that these findings will open up a dialogue to improve the industry, and we encourage you to contact us at any time to discuss more ways that Edmunds.com can help you better understand today's car shopper.

Sincerely,

Seth Berkowitz
President
Edmunds.com



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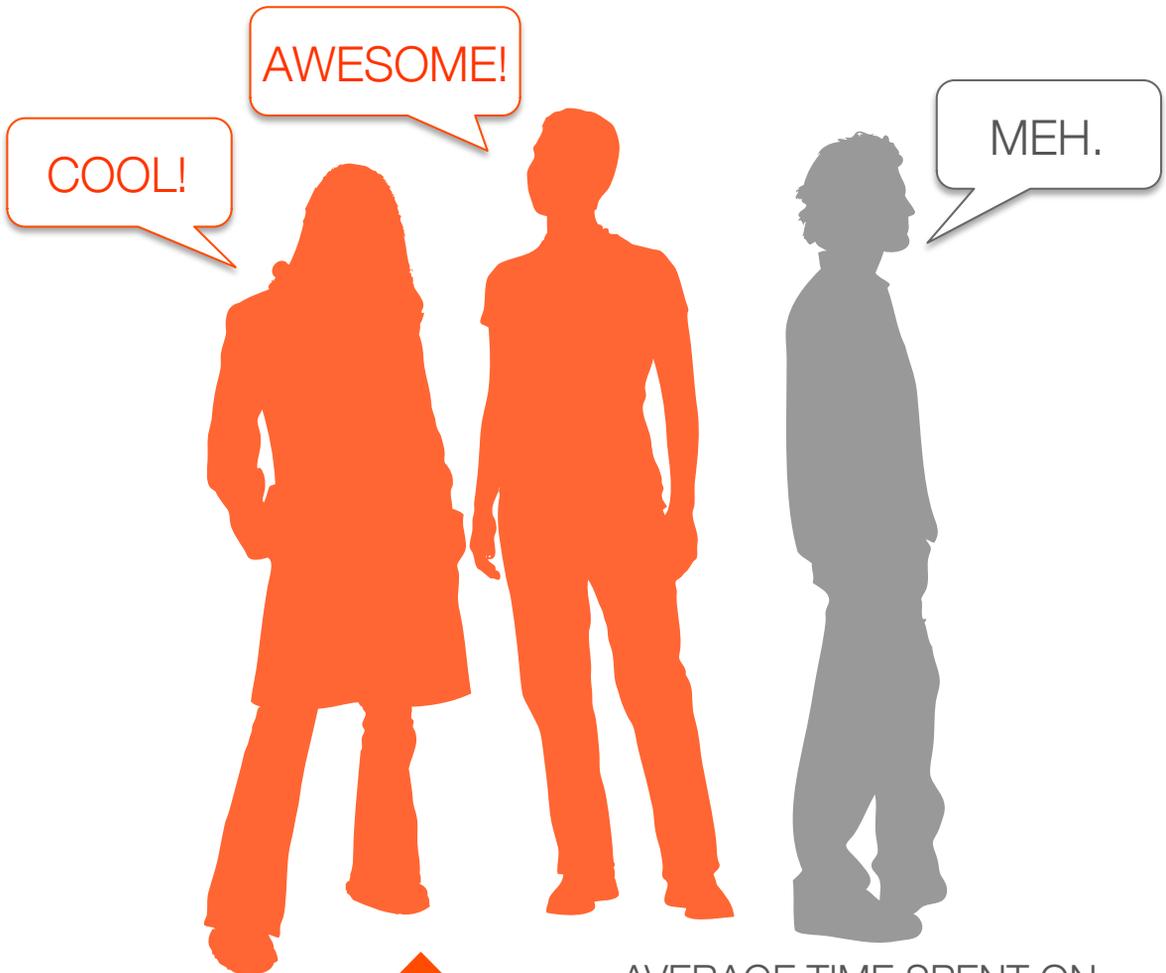
Basic Needs
vs Options

Shopping



SHOPPING

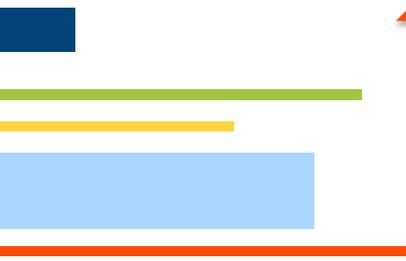
The Edmunds.com/Added Value survey found that 2 out of 3 car shoppers consider themselves highly engaged in the car shopping process.



AVERAGE TIME SPENT ON EDMUNDS.COM IN 2012

2%

FROM 2011



SHOPPING

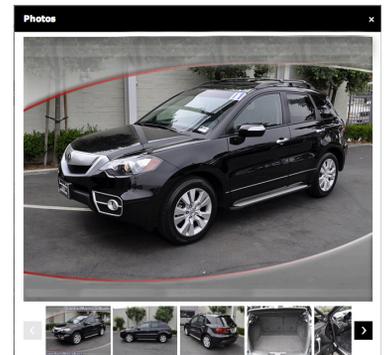
Data from December 2012 and January 2013 reveal exactly how car shoppers engage in their shopping online. Edmunds.com found that:

63% OF ALL NEW CAR SHOPPERS ON THE SITE LOOK AT EDITORIAL REVIEWS



49% OF ALL NEW CAR SHOPPERS ON THE SITE LOOK AT PRICING

34% OF ALL NEW CAR SHOPPERS ON THE SITE LOOK AT PHOTOS



SHOPPING

Top 5 General Behaviors

Editorial Reviews	63%
Pricing	49%
Photos	34%
Completed Configuration	21%
Features	18%

BUY



SHOPPING

Some behaviors on Edmunds.com drive users to buy more than others. Compared to the average Edmunds.com shopper:

- ✓ Shoppers who look at new car inventory are **4X as likely to buy**
- ✓ Shoppers who look at road tests are **3.5X as likely to buy**
- ✓ Shoppers who look at incentives are **3X as likely to buy**
- ✓ Shoppers who look at photos are **2X as likely to buy**



SHOPPING

Mobile

Engaging With Dealers

With so many ways to communicate these days, what's the preferred way for buyers to reach out and start the sales process?



DIAL	EMAIL	TEXT MSG
33.5%	32.5%	34.0%

ALL 3 MODES OF COMMUNICATION ARE
EQUALLY POPULAR



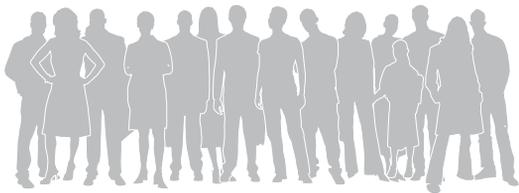
SHOPPING Mobile

Mobile Has Become A Force In The Auto Sales Industry

From 2011 to 2012

6X

3X



AUDIENCE



VISITS

On Edmunds.com
mobile site



SHOPPING

Mobile

When car buyers engage with the Edmunds.com mobile app at or near a dealer lot ...



SHOPPING

Mobile Site Usage On Dealer Lots



VISITORS ON DEALER LOTS

SUN

MON

TUE

WED

THU

FRI

SAT

Highest On
SATURDAYS

Spending



Spending

According to the Edmunds.com/Added Value survey...



SHOPPERS SAID THEY
PLANNED TO SPEND
\$30,500
ON AVERAGE

for their next new car

That number aligns almost exactly with the average transaction price for a new car in 2011 (\$30,583) and in 2012 (\$30,803).



Spending

USED car shoppers appear to **over-estimate** how much they'll pay.

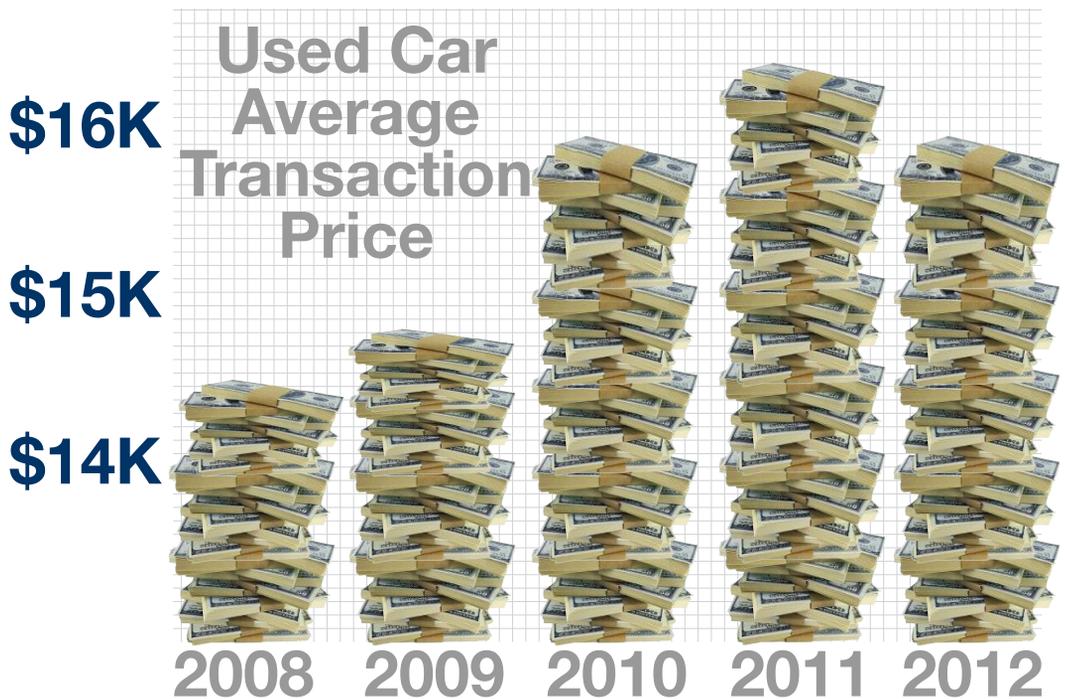


SHOPPERS EXPECTED TO PAY

\$17,900
ON AVERAGE

for their next used car

But according to **Edmunds.com**
SHOPPERS SPENT APPROXIMATELY
11% LESS THAN THEIR EXPECTED BUDGET



Spending

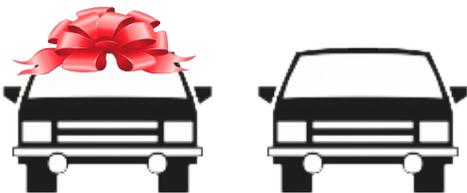


11%
**discount
percentage**

on **NEW CAR** purchases in 2012 was the lowest discount percentage for any year since Edmunds.com started tracking it in 2002.

The **HIGHEST** discount percentage since 2002 came in **2003 and was 16%**.

NEW vs USED



One of the most basic decisions any car shopper needs to make is whether to buy new or used. According to the Edmunds.com/Added Value survey...

43%

Of car shoppers say they will
only consider
NEW



24%

Of car shoppers say they will
only consider
USED



NEW vs USED



Of car shoppers say they are

open to
BOTH
OPTIONS

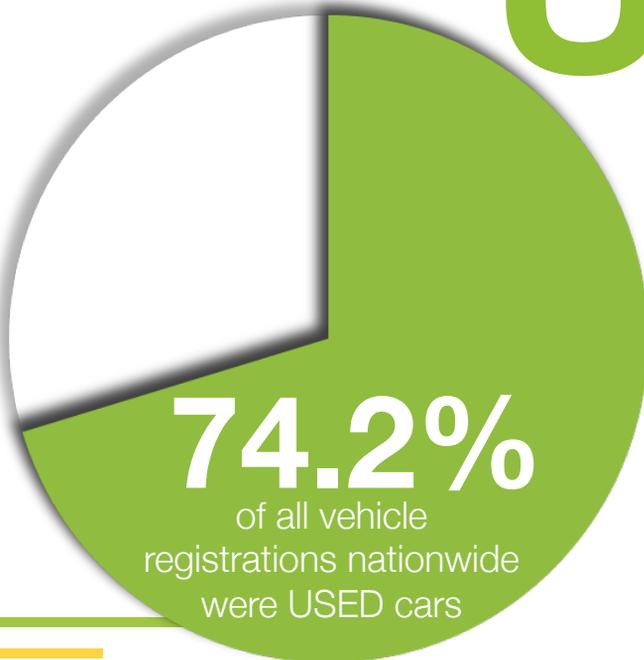
3% of us are UNSURE which way to go!



However...

actual data skews more toward

USED



(ALTHOUGH THIS WAS LOWEST RATE OF USED CAR REGISTRATIONS in the last five years)

Source: Polk

NEW vs USED

Used car buyers are
4 YEARS YOUNGER
than new car buyers

Source: Polk



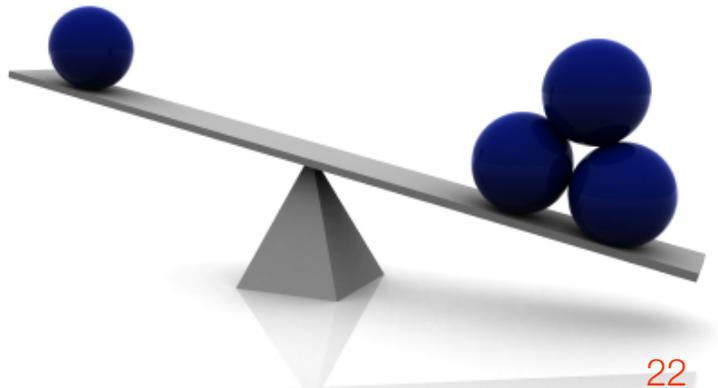
That gap has narrowed since 2009

when the average age of a new car buyer spiked to **6.5 years** older than the average age of a used car buyer at the height of the recession.



Source: Polk

BUY_{vs}LEASE



BUY vs LEASE

86% SAY

they will definitely purchase or are more inclined to purchase (not lease) their next car

Edmunds.com/Added Value Survey 2011

In fact, **almost 8 out of 10 new car transactions in 2012 were PURCHASED.**



More People BUY

BUY vs LEASE

...But More People Are
LEASING
Than Ever.

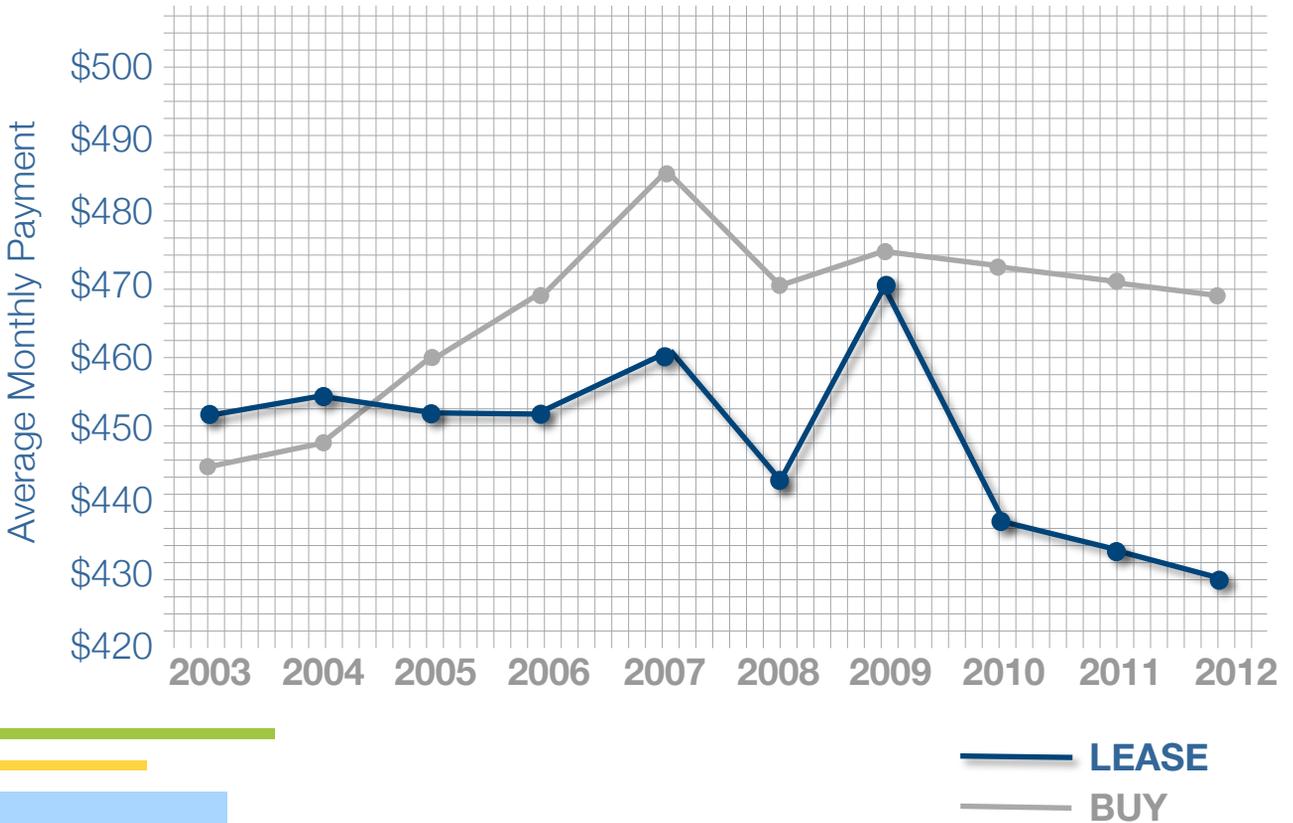


BUY vs LEASE

...perhaps because

LEASING

Has Become The More Affordable Option



FINANCING



FINANCING

Even as leasing soars, buyers are living in an unprecedented time for financing.

Interest Rates Are At An All-Time **LOW** of 4.2%



On average **In 2012**



FINANCING

Buyers are even putting more cash down on their new cars.

In 2012 The Average Down Payment On A New Car Was

11% (\$3,452)

Or 2.4 percentage points (and \$1,000) more than the average down payment just six years earlier.

AND car buyers are financing their vehicles for longer periods than ever. **The average term of a new car loan in 2012**

was nearly 65 months



FINANCING

In theory:

BIGGER DOWN PAYMENT + **SMALLER INTEREST RATES** + **LONGER TERMS**
= **SIGNIFICANTLY LOWER MONTHLY PAYMENTS**

In reality

The average monthly payments on new car loans have only shrunk \$10 since 2009, because the average transaction price of a new car has gone up \$2,000 in that time.



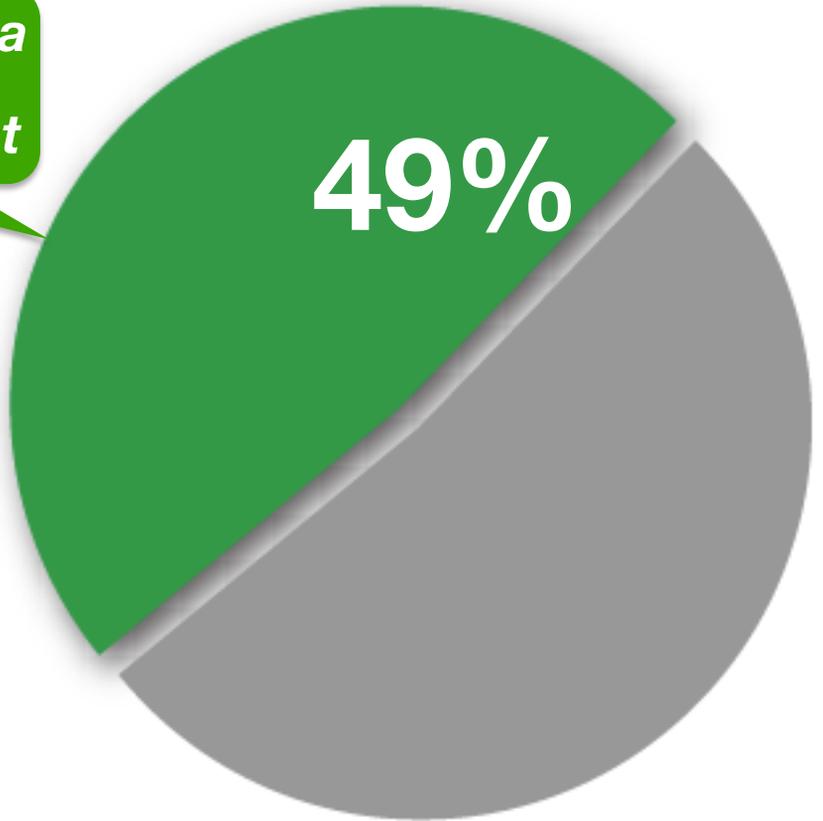
LOYALTY



LOYALTY

Almost half of shoppers
SAY they...

***tend to stick with a
brand that has
worked in the past***

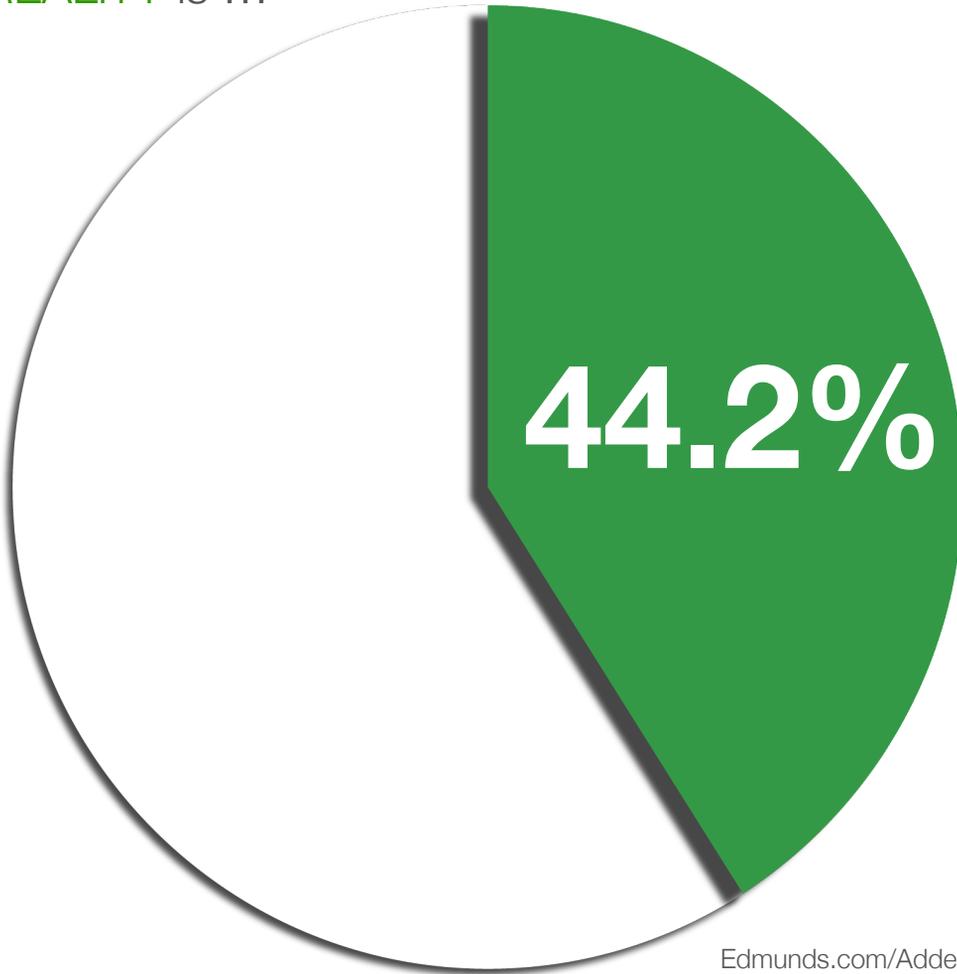


And while that could mean these shoppers will turn to brands that they've rented or borrowed or have been recommended by trusted family and friends, the one concrete way to look at actual brand loyalty is to examine vehicle trade-in data.



LOYALTY

The REALITY is ...



Edmunds.com/Added Value survey 2011

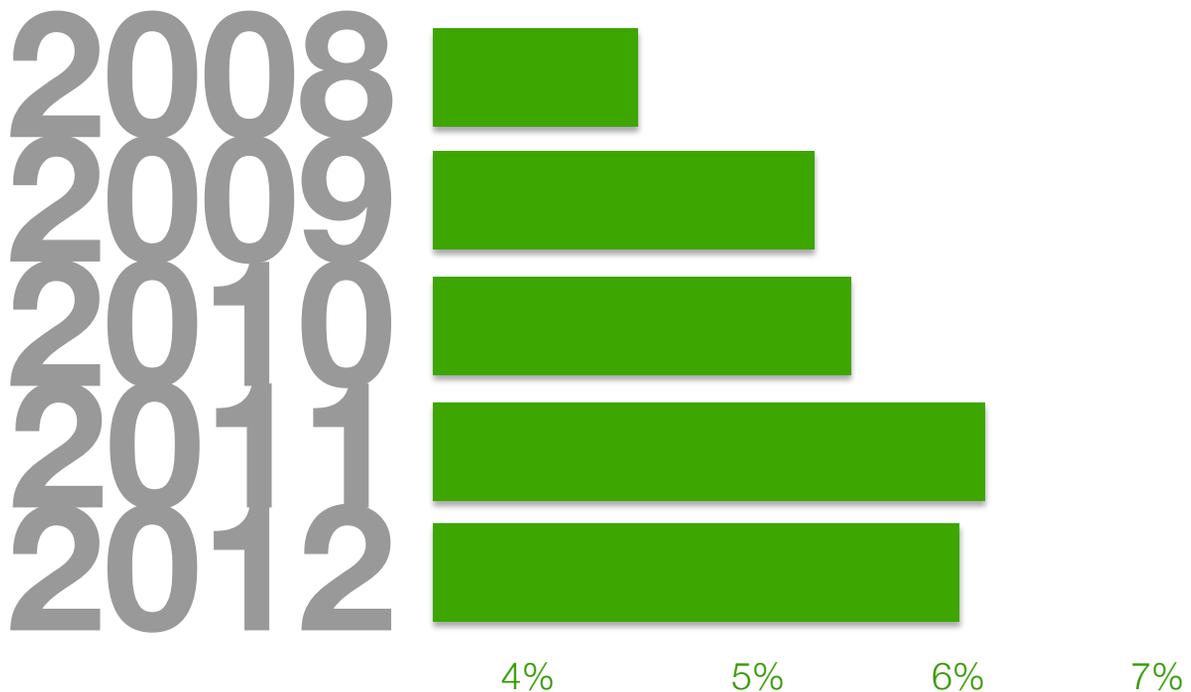
OF VEHICLES TRADED IN LAST YEAR WENT TOWARD A NEW CAR BY THE SAME BRAND.

That rate has remained relatively unchanged in the last three years.

LOYALTY

Interestingly, luxury car owners are becoming more and more **DISLOYAL** to the segment.

THE PERCENT OF CAR BUYERS WHO TRADED IN A LUXURY CAR FOR A NON-LUXURY CAR



The trend speaks to the higher quality of non-luxury vehicles available on the market today.



BASIC NEEDS **VS** OPTIONS



BASIC NEEDS VS OPTIONS

34% SAY they just want a car that gets them from Point A to Point B.

But **REAL WORLD DATA** suggests that **when it comes time to make a purchase, THEY UPGRADE.**



CAR BUYERS SPENT

7%

above the base retail price, on average, for a vehicle with more options in 2012.

This works out to **about \$2,200 more** than if they stuck with base models and trims, and this appears to be a consistent buying pattern that's changed very little in recent years.



BASIC NEEDS VS OPTIONS

So, what options and upgrades do car buyers find most enticing? According to Edmunds.com's configuration data, **the top five most-selected option categories** are:

1



FLOOR MATS

2



WHEELS

4



AUDIO

3



NAVIGATION SYSTEM

5



STORAGE CARGO

BASIC NEEDS VS OPTIONS

A car's **COLOR** is always an essential choice that every buyer has to make.



BLACK WAS THE MOST
POPULAR NEW CAR COLOR
IN 2012

(20.4% of all new purchases)

And if you think you've been seeing more **WHITE** cars on the road lately, you're right:



THE SHARE OF WHITE CARS
AMONG NEW PURCHASES

CLIMBED 21%

FROM 2008 TO 2012

BASIC NEEDS VS OPTIONS



DARK BLUE CARS HAVE
DROPPED IN POPULARITY BY

↓ **24%**

FROM 2008 TO 2012

... As have **RED** CARS.



FALLING IN POPULARITY BY

↓ **14%**

FROM 2008 TO 2012

Contact Us For More Information

For Dealer Inquiries:
855-EDMUNDS

For Press Inquiries:
310-309-4900

