

## **Cars.com: Pandemic Spurs New Ways to Buy and Sell Cars Digitally**

*Automotive Marketplace Reveals 6 Trends That Will Drive the Industry in the Second Half of 2020*

CHICAGO, July 27, 2020 /PRNewswire/ -- [Cars.com](#) (NYSE: CARS), a leading digital automotive marketplace and solutions provider, shares its latest data identifying six trends for the second half of 2020. The pandemic has served as an accelerant for automotive, igniting the rapid digital transformation of the industry. Cars.com believes the digital shift will advance the industry and change car buying and selling for the better.

"The current climate drove dealerships across the country to quickly adapt to meet the changing needs of American car buyers," said Alex Vetter, president and CEO of Cars.com Inc. "It has been incredible to witness an industry as large and established as automotive respond with new technology and adopt new processes to ensure a safe and frictionless car-buying experience. As the pandemic continues into the second half of 2020, more people will turn to car ownership to safely get around while social distancing. And I believe we will see durable changes to car buying and selling that deliver an improved experience for all."

Cars.com Inc. has tracked the impact of COVID-19 on the automotive industry from [shopper](#) and [seller](#) perspectives, and released a significant amount of data and research since March 2020. As concerns persist into the rest of the year, the company compiled six trends that will drive the automotive industry forward.

### **Car dealerships go digital — permanently.**

Cars.com predicts a durable trend in dealerships offering digital car-buying options long past the pandemic. Prior to the current climate, only 54% of total dealers offered digital retailing tools to help shoppers move further into the purchase process online<sup>1</sup>. As many dealerships' physical showrooms were forced to close, Cars.com-owned Dealer Inspire saw a 250% increase in dealer inquiries for its digital retailing solution [Online Shopper](#)<sup>2</sup>. By May, car sales through Online Shopper were up 63% compared to before the pandemic hit<sup>2</sup>. Ultimately, consumer expectations have changed as 71% of shoppers want to complete some, if not all, of a car purchase online<sup>3</sup>.

### **Americans want food, groceries and ... a car delivered at home.**

Although many shoppers still want to kick the tires on a purchase as large as a car, concierge services such as at-home vehicle pickup and delivery skyrocketed as of late. Thirty percent of American car shoppers want their local dealerships to offer at-home test-driving, while 31% want dealers to deliver their car at home after the purchase<sup>4</sup>. Dealers are responding: In March, 45% offered [home delivery](#); by April, that number rose to 67%<sup>1</sup>. Furthermore, within weeks of Cars.com's launch of its new Home Delivery and Virtual Appointment badges (to indicate which dealers offer these new services), the company reported more than 2 million vehicles were badged on its site by some 8,800 dealerships nationwide<sup>2</sup>. And engagement levels grew, with a 32% increase in "saved vehicles" from consumers<sup>2</sup>. Shoppers are certainly taking advantage of the seamless experience dealers are offering right now.

### **AI-powered chatbots become a lifeline for shoppers and sellers.**

As many dealer showrooms maintain skeleton crews, technology will play a more prominent role in the car-buying-and-selling process. Dealer Inspire saw significant increases in its chat tool, [Conversations](#). The artificial-intelligence-powered chatbot answers basic questions such as whether a dealership is open, how to schedule an appointment and even offers vehicle trade-in values before turning the conversation over to a dealership employee for more in-depth information. Month-over-month, online chat conversations between shoppers and dealers increased 23% in April and 38% in May<sup>2</sup>. As consumers put their health first, the company expects increased shopper demand for instant, real-time communication tools that allow them to collect necessary information at home and move quicker and deeper [into the purchase process](#) hassle-free.

### **Sedans find their place in urban markets from a new generation of buyers.**

Nearly 20% of consumers who previously did not own a car are considering purchasing one as many Americans are concerned about using public transit and ride-sharing services<sup>5</sup>. In addition, Cars.com expects this trend to emerge stronger in urban markets where a new generation of shoppers search for affordable rides to escape their homes safely. Interestingly, after years of declining interest in sedans, Cars.com witnessed an uptick in search activity: People searching for [sedans](#) increased 14 percentage points higher than the growth in overall search activity from April to June. Also, major metro hubs saw more significant growth in sedan activity than the rest of the country: New York City sedan searches were 41 percentage points higher, Chicago was 24 percentage points higher and Los Angeles was 4 percentage points higher than the overall increase in searches on the site<sup>2</sup>.

### **The used-car market rebounds as dealers feel a new-car inventory pinch.**

In the first few months of the pandemic, new-vehicle searches gained a significant share over used-vehicle searches on Cars.com, largely driven by automaker's incentives, which were at all-time highs. The high incentives, coupled with a pause in production, led to a [new-car inventory shortage](#) at dealerships. However, as the automotive market rebounds and returns to more normal conditions, the average maximum search price went from a high of approximately \$39,000 on March 23 to approximately \$27,000 on June 23. During that same time, the share of searches for new vehicles decreased 3 percentage points while used-vehicle searches increased 4.5 percentage points<sup>2</sup>. Until production fully rebounds and automakers can deliver a larger inventory of new cars, expect more shoppers to turn to used cars to fill the demand. In turn, dealers can expect more opportunities to acquire used inventory outside of the traditional auction lane to beef up supply. Shoppers should also anticipate potential price increases on used vehicles as demand increases and inventory shrinks.

### **The affordability crisis continues.**

There has been an [affordability crisis](#) brewing for some time with new-car prices reaching all-time highs, and as a result, six- and seven-year car loans became the new normal. The pandemic only widened the gap with extraordinary loans for qualified buyers: 0% APR financing for up to seven or eight years with three months of deferred payments. However, Americans — especially younger generations — should [beware of the out-the-door price](#) and do their [homework](#) before agreeing to longer loan terms. Recent Cars.com research found that 60% of Gen Xers and millennials are more concerned about a low monthly payment and therefore more likely to purchase a new car with longer loan terms compared to their older counterparts<sup>6</sup>. As economic uncertainty lingers and consumers feel a personal economic pinch due to unemployment, stimulus funds drying up and/or potentially new expenditures such as childcare if schools delay opening, the auto industry will feel the effects.

Added Vetter, "The long-term impact of COVID-19 on the auto industry remains to be seen, yet our data and research indicate reasons for optimism. Despite the pandemic, our site traffic has grown for 11 consecutive weeks dating back to the start of May, and leads from shoppers to dealers have increased for 14 consecutive weeks. There is significant activity taking place and in the midst of all this, our industry is changing for the better."

For more information about car-buying tips and tricks, visit Cars.com.

<sup>1</sup> CARS dealer panel survey April 29-May 26, 2020; 200 responses

<sup>2</sup> Dealer Inspire internal data: Increase in Online Shopper inquiries April 2020 MoM, increase in car sales May vs. January 2020, increase in chat April & May 2020 MoM

<sup>3</sup> Cars.com consumer community and visitors survey May 28, 2020; 3,000 responses

<sup>4</sup> Cars.com consumer community survey, July 15, 2020; 710 responses

<sup>5</sup> CARS consumer panel survey March 16-25, 2020; 3,021 responses

<sup>6</sup> CARS consumer panel survey Jan. 13, 2020; 954 responses

### **ABOUT CARS.COM**

[CARS Inc.](#) is a leading digital marketplace and solutions provider for the automotive industry that connects car shoppers with sellers. Launched in 1998 with the flagship marketplace site Cars.com and headquartered in Chicago, the Company empowers shoppers with the data, resources and digital tools needed to make informed buying decisions and seamlessly connect with automotive retailers. In a rapidly changing market, [CARS](#) enables dealerships and OEMs with innovative technical solutions and data-driven intelligence to better reach and influence ready-to-buy shoppers, increase inventory turn and gain market share. In 2018, [CARS](#) acquired Dealer Inspire®, an innovative technology company building solutions that future-proof dealerships with more efficient operations, a faster and easier car buying process, and connected digital experiences that sell and service more vehicles.

[Cars.com](#)™ properties include DealerRater®, Dealer Inspire®, [Auto.com](#)™, [PickupTrucks.com](#)® and [NewCars.com](#)®. For more information, visit [www.Cars.com](http://www.Cars.com).

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