

# **Around the Bend:**

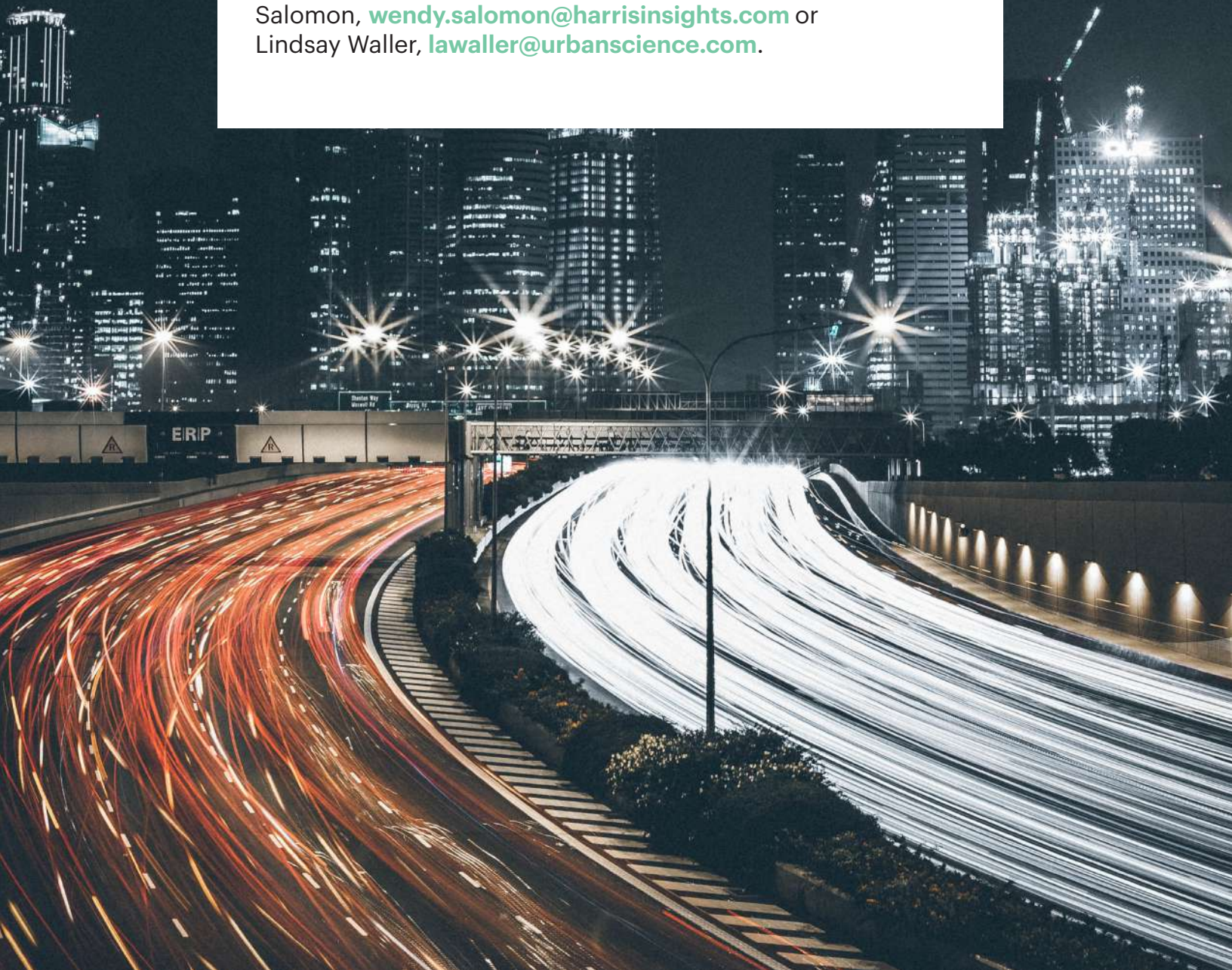
How COVID-19 Impacts the  
Next Normal for Dealers



## METHODOLOGY

This survey was conducted online within the United States by The Harris Poll in partnership with Urban Science from June 2-9, 2020 among 1,505 adults age 18+. Results are weighted to be representative of this population. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.

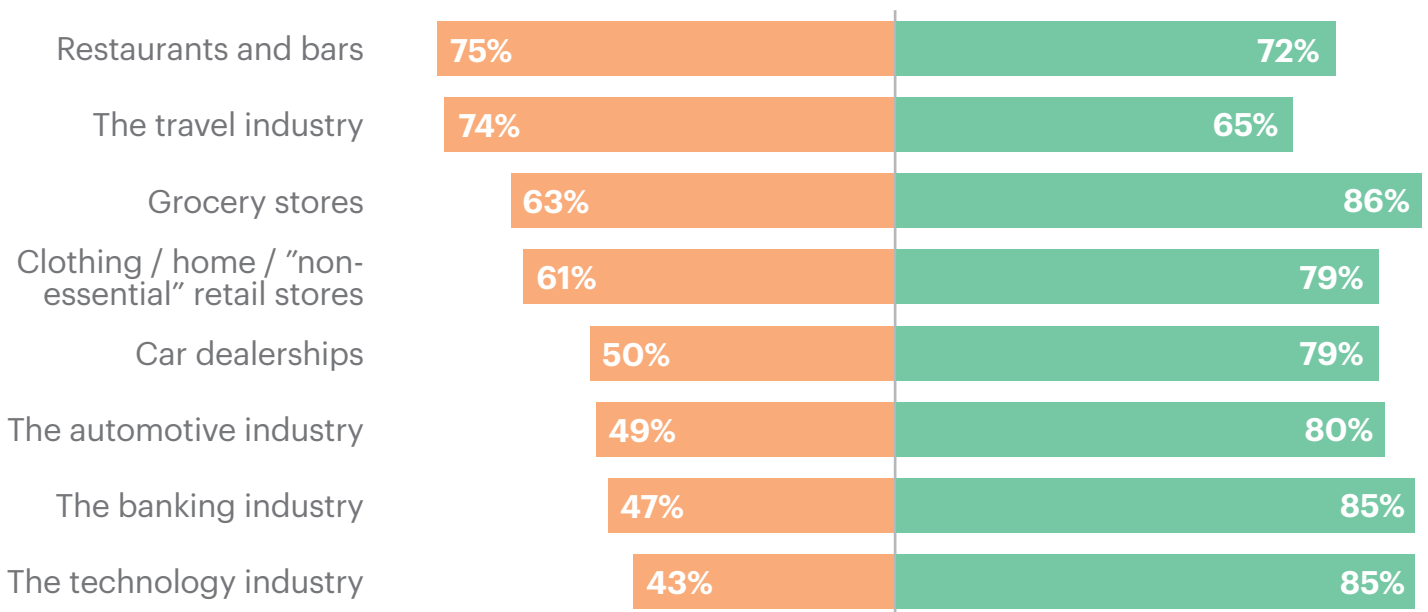
This report summarizes the key findings of the research. For more information about this survey, contact Wendy Salomon, [wendy.salomon@harrisinsights.com](mailto:wendy.salomon@harrisinsights.com) or Lindsay Waller, [lawaller@urbanscience.com](mailto:lawaller@urbanscience.com).



## COVID-19 will spark changes to the way certain industries operate in the future – some are expected to adapt better than others

With COVID-19 uprooting seemingly every aspect of our daily lives, it is no surprise that consumers believe it will change the way certain industries will need to operate in the future. Three-quarters of U.S. adults believe COVID-19 will change the way restaurants/bars and the travel industry will need to operate in the future at least a moderate amount, compared to half or less who say the same of car dealerships, the automotive industry, banking industry, or technology industry.

Compounding the pain for restaurants/bars and the travel industry, they hold the least amount of consumer confidence that they can keep up with the changing needs of the future – more than 7 in 10 and 6 in 10 respectively, compared to 8 in 10 or more who are confident in car dealerships and the automotive, banking, and tech industries.



- % who believe COVID-19 will change [business type] a moderate amount/a great deal
- % who are confident [business type] can keep up with changing needs of the future





While the impact to car dealerships may not be as sizable as some other businesses, most consumers do expect there to be some long-term effects, with 61% agreeing that the entire vehicle purchase process will change forever as a result of COVID-19. Visiting a dealership has long been part of the vehicle buying process - consumers rely on this experience to help them make decisions, but COVID-19 has forced them to re-think the safest (or most convenient) ways to make those decisions and limit these interactions.

We know from a 2019 study<sup>1</sup> that seeing the vehicle in-person and test driving the vehicle are paramount in decision-making – and that is still true, but faltering. In 2019, 1 in 2 consumers said it was absolutely essential to see a vehicle in-person and to test drive the vehicle before buying. Today, these are still the top two items, but only 2 in 5 say they are absolutely essential. Simultaneously, reliance on online information gathering is gaining importance and the importance of visiting more than one dealership or even the same dealership more than once is declining.



- Seeing the vehicle in-person for myself (41%, down from 50%)
- Test driving the vehicle (40%, down from 50%)
- Visiting more than one dealership (14%, down from 20%)
- Visiting the same dealership more than once (12%, down from 15%)



- Researching the brand or vehicle online (28%, up from 24%)
- Viewing photos of the vehicle online (25%, up from 21%)
- Reading consumer reports or reviews (24%, up from 21%)

<sup>1</sup> Urban Science Insight Lab <https://www.urbanscience.com/insightlab/social-science-meets-urban-science/>

Further, 7 in 10 (71%) agree that they would limit the number of dealerships they visited if they were purchasing or leasing a new vehicle right now due to health/safety concerns.

Long-term, a quarter of adults think fewer people will do in-person test drives before

buying/leasing (27%) and that more people will be willing to use virtual or augmented reality to experience a vehicle (25%), with nearly one-third (31%) believing sales departments will do more mobile visits (e.g., delivering a vehicle to a customer's home for a test drive).

# INSIGHT

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The anticipated changes to retail appear seismic overall and there are indications that certain activities at a dealership can transition to an online experience. Not all activities, however, make for an easy transition. For example, test drives are hard to accomplish efficiently and in a way that allows a consumer to “kick the tires.” Many consumers may also feel they could get a better deal through in-person negotiation.

The value that consumers find in not only dealerships, but salespeople, is perhaps contrary to popular belief and is as true today as it was a year ago. In our 2019 study, 65% of consumers agreed that salespeople have an expertise necessary to help navigate the complex vehicle buying process – that number has increased to 71% today. In 2019, 64% said that they would not want to buy a vehicle without a dealership involved – a number that has held steady today despite our current environment (65%). As changes continue to unfold across retail, specifically dealerships, consumers will expect that how they interact with salespeople will also evolve and continue to provide the expertise they value.

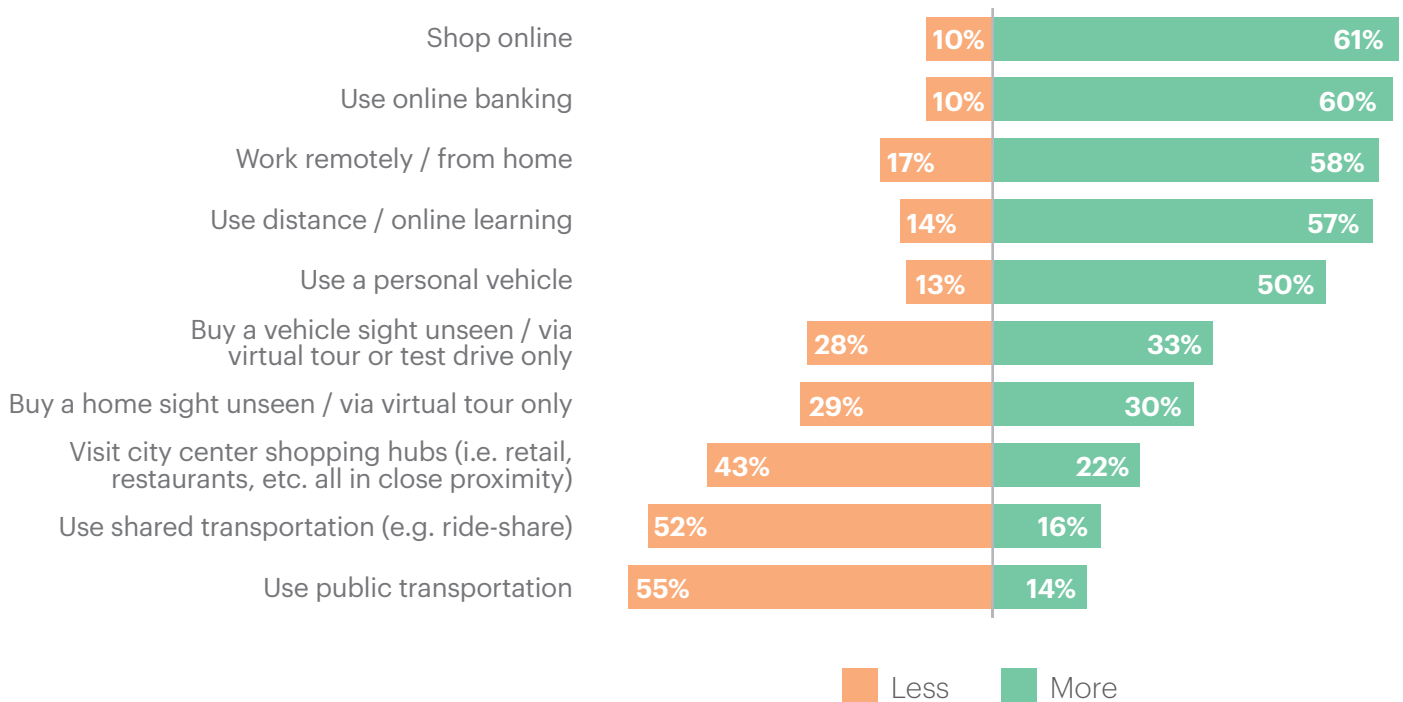
Consumer confidence in the automotive industry meeting their needs is positive, and dealerships are well-positioned to serve them due to the relative convenience that well-designed dealer networks already provide. To cement this confidence, advertising safety assurances and ensuring ongoing dealer participation in mandated processes is necessary.

# Post-pandemic our world looks even more virtual than it did before – with some warning signs for shared and mass transit

Once the pandemic has subsided, consumers expect many of our habits during quarantine to stick, particularly those that allow us to do things from the convenience of our own homes. More than half of consumers say people will do more online shopping, online banking, working from home, and online/distance learning.

When we do venture out of our virtual bubbles, an emphasis on personal transportation is expected to remain as well. About half of consumers expect that more people will use a personal vehicle and less people will use shared or public transportation even after the pandemic is behind us.

After the **COVID-19 pandemic has subsided**, people will...



The Harris Poll's COVID-19 tracker data from May found that personal vehicles were by far considered the safest means of transportation - 90% compared to less than half saying that

bike shares (44%), Ubers (40%), trains (39%), commercial flights (37%) taxis (36%), and the subway (29%) are safe.<sup>2</sup>

<sup>2</sup> Harris Poll COVID-19 Tracker Wave 13 conducted from May 20-22 among a nationally representative sample of 2,032 U.S. adults, <https://theharrispoll.com/the-harris-poll-covid19-tracker/>

Beyond just the use of a personal vehicle, some think COVID-19 could actually expand the number of people buying vehicles and change how the buying process is completed. Nearly a quarter (23%) believe a long-term effect on car dealerships will be more people buying/leasing personal vehicles due to reduced reliance on public transportation, 34% think more people will buy or lease online, and 29% believe more salespeople will use video conferencing to showcase vehicles (e.g., virtually showing a customer a vehicle, showroom, or inventory on the lot).

*The Harris Poll's COVID-19 tracker further shows that pent up demand for buying a car once things return to normal and businesses re-open has increased since the end of March (11%) compared to the end of May (19%).<sup>3</sup>*

# INSIGHT

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While consumers see long-term changes in how they engage in many of their daily activities, they are mixed when it comes to the automotive industry and still see the need to engage with the dealership as the cost of a vehicle warrants a physical inspection.

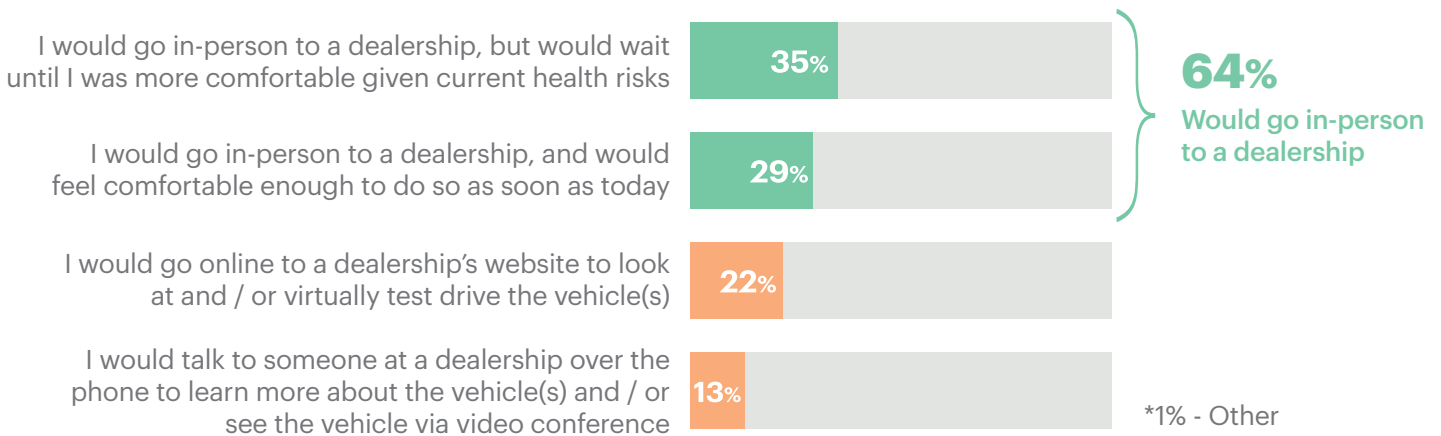
Vehicle sales may increase short-term from consumer distrust of public transportation and ridesharing, but this lack of trust tends to diminish somewhat over time. Given pent-up demand and inventory shortages, the monthly sales patterns emerging now are most likely anomalous – in reality, longer term sales volumes may be negatively impacted from the population segment who could permanently work from home.

# In-person vehicle purchases are still preferred – and while COVID-19 may accelerate us into the future of buying them completely online, not everything can be done virtually

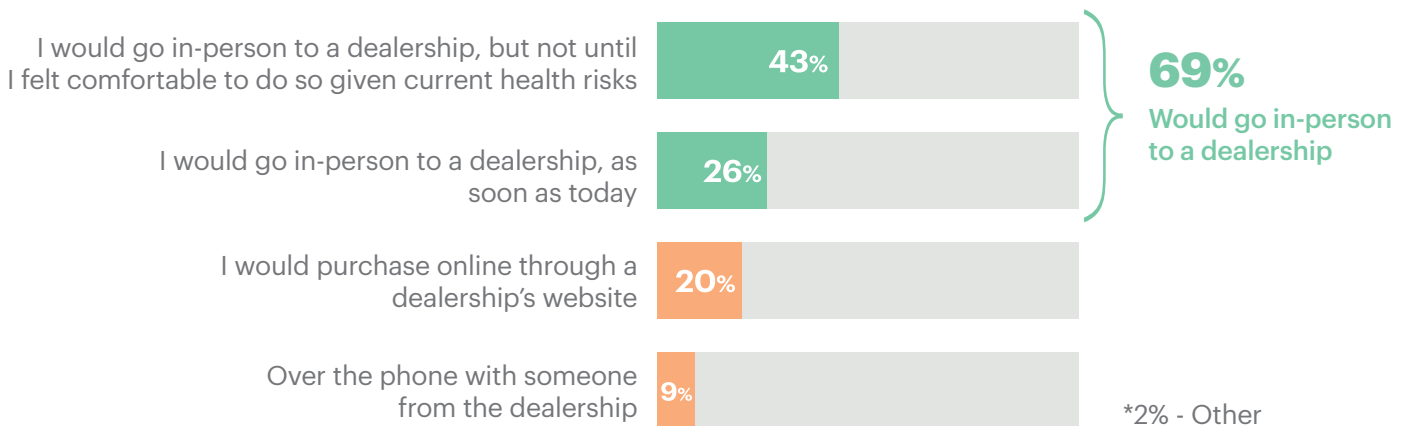
With a general sense of the vehicle(s) they may want to purchase or lease in mind, consumers are still inclined to visit a dealership in-person instead of online, both for additional information gathering as well as completing

the purchase. While about a quarter would go in-person and feel comfortable enough doing so as soon as today, for a third or more, they would wait to go in-person until they felt more comfortable given COVID-19 health risks.

Imagine **you are planning to purchase/lease a new vehicle** - you've done research and have a sense of the vehicle(s) you may want, but need more information before deciding. How would you **gather more info?**



## What about when **completing the purchase?**







For the majority (83%), there are simple things dealerships can do (and probably are already doing) to make them feel comfortable enough to visit in-person today.

These include having hand sanitizer available throughout the dealership (49%), having social distancing guidelines in place (46%), and mandating that employees (44%) and customers (42%) wear masks. About a third (35%) say that having a certification of cleanliness (e.g., per CDC guidelines) would make them feel comfortable, and more than a quarter (27%) say having this certification would be absolutely essential when selecting a car dealership. For a select few though (11%), nothing would make them comfortable enough to visit in-person today.

Even once the pandemic subsides, over half say having sanitation measures in place both within each vehicle (55%) and throughout the building (54%) are must-haves. Another 4 in 10 or more feel health checks of all employees before shifts (46%), requiring customers to wear a mask at all times on the premises (43%), and having that certification of cleanliness (40%) are must-have policies to help make customers feel safe.

## When it comes to a completely online purchase process, most consumers can see the benefits.

However, nearly all express some concern with a purchase process that takes place entirely online, and comfort with various aspects of the process moving online is inconsistent.

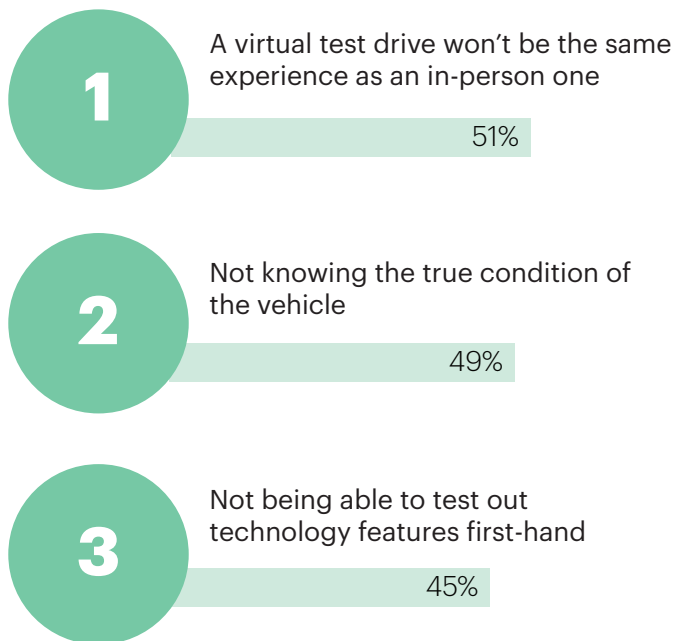
More than three-quarters (78%) see some benefit to shopping for a new vehicle entirely online versus in-person, with about a third or more citing less pressure from salespeople (38%), and the convenience (37%) or safety (32%) of not having to leave the home – interestingly, even in this time of health crisis, the convenience of not having to leave the

home outweighs the safety of not having to leave the home.

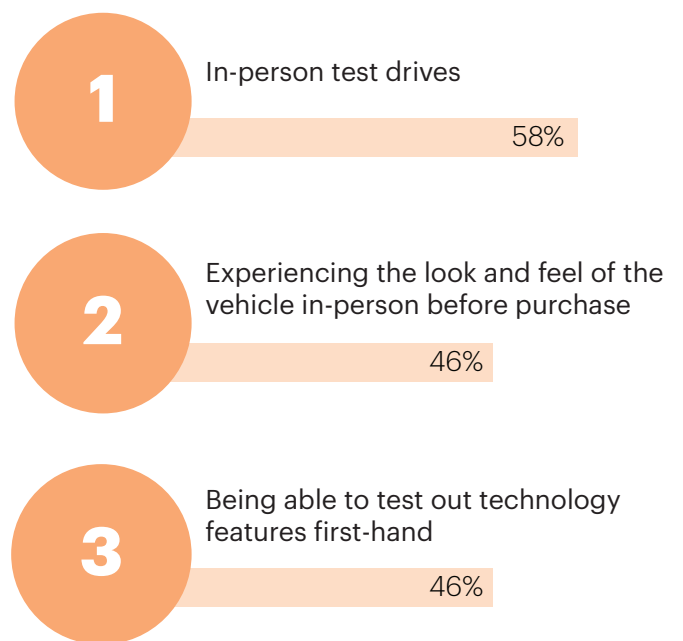
Though they can see the benefits, even more (93%) express some concern with an entirely online vehicle purchase process. Their biggest concerns, again, center around the inability to touch, feel and experience the vehicle first-hand.

There are also some tangible things that people say they would miss the most if the entire purchase process moved online.

### Biggest concerns with an entirely online vehicle purchasing process:



### What people would miss the most if the purchase process moved online





Two thirds or more are comfortable shopping around/viewing vehicles of interest online (78%), handling contracting or financing paperwork and discussions online (70%), or negotiating the vehicle price or terms via email, chat or phone (67%), but less than half are comfortable virtually test driving (46%) or selecting the vehicle they want to purchase/lease without seeing it in-person (43%).

*Most adults (82%) agree that there are certain elements of the vehicle purchase process that cannot be replicated online and should be done in-person.*

Those who agree with this sentiment overwhelmingly point to test drives (80%) as elements of the process that cannot be replicated online. However, attitudes about

test drives and seeing a vehicle in-person have changed a bit from what we saw in 2019. While still a majority agree that that a vehicle is too big of an investment to risk not seeing it for yourself before buying (81%) and that they would never buy a vehicle without test driving it first (79%), there is more openness to the idea – slight, but notable; 85% and 84% in 2019, respectively.

All this provides us with a mountain of evidence that test drives and being able to physically touch and feel the vehicle may not be as easily replicated in an online environment. Assuming that seeing and test driving the vehicle remain “the things” – those that are not only most important to do before buying, but also the hardest to replicate online – dealerships will need to get creative about how they balance convenience (and safety) with a hands-on experience.





# INSIGHT

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Dealers need to provide consumers the ability to purchase a vehicle in a manner they desire, which may be online, offline or a combination of the two – with the combination left up to the consumer throughout the journey. The best-in-class dealers will:

- Provide a highly positive experience when a customer first engages with the brand
- Offer consumers different methods (online, offline or combination) to both identify inventory that meets their criteria and purchase a vehicle in a manner they desire
- Be transparent with the sales process

Consumer comfort level with using videoconferencing services has improved because of COVID-19, and some consumers will want that style of interaction with a dealership. Consumers indicate they want more choices in how they buy and maintain a vehicle, enabled through technology and convenience. And the success of transitioning most services to be online depends on consumer trust – they feel the dealership has their interests at the forefront and believe they are getting a good deal. Our data shows that 67% of consumers would be more open to buying a new vehicle online if it was a brand or dealership they were already familiar with.

It's important to note that one-third of consumers (36%) agree there is no reason to ever step foot in a car dealership again. Alternative retail formats, such as Brand Experience Centers, could have a role in changing consumer sentiment through the provision of safe, trusted locations to interact with vehicles of interest and receive information from a neutral representative of the brand.

To learn more about this study, The Harris Poll, Urban Science, or how we can help you navigate the next normal, please contact Wendy Salomon, [wendy.salomon@harrisinsights.com](mailto:wendy.salomon@harrisinsights.com) or Lindsay Waller, [lawaller@urbanscience.com](mailto:lawaller@urbanscience.com).



## About Urban Science

Founded in 1977, Urban Science is a global retail consulting firm that takes the scientific approach to help companies identify where they should allocate resources in order to increase their market share and profitability in the most effective and efficient way possible. With headquarters in Detroit, Urban Science serves its global clientele from 21 offices in the United States, Australia, Brazil, China, France, Germany, Italy, Japan, Mexico, Russia, Spain and the United Kingdom. For more information, visit [urban-science.com](http://urban-science.com).

## About The Harris Poll

The Harris Poll is one of the longest-running surveys in the U.S., tracking public opinion, motivations and social sentiment since 1963. It is now part of Harris Insights & Analytics, a global consulting and market research firm that strives to reveal the authentic values of modern society to inspire leaders to create a better tomorrow. We work with clients in three primary areas; building twenty-first-century corporate reputation, crafting brand strategy and performance tracking, and earning organic media through public relations research. Our mission is to provide insights and advisory to help leaders make the best decisions possible.



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