Automotive Retailing Insights: First Contact with Dealerships More Important Than Ever; Study Finds 75% of Consumers Who Contact Dealerships Plan to Buy Within Three Weeks

February 4, 2021

Pandemic has changed how consumers buy cars; they do more research up front and contact fewer dealers when ready to buy, according to Marchex study

SEATTLE--(BUSINESS WIRE)--Feb. 4, 2021-- Marchex (NASDAQ: MCHX), a leading conversational analytics and solutions company that connects the voice of the customer to your business, today released findings from a major study of consumers and their interactions with franchised automotive dealerships showing that potential car buyers in the United States are highly informed and are closing in quickly on a purchase by the time they make first contact with a dealer. In fact, 75% of these shoppers who contact a dealer are ready to buy a car within three weeks—but only if they feel a high level of trust with the dealership, according to the data. Furthermore, 83% of consumers are researching and qualifying dealers more than before and 71% report visiting fewer showrooms than before the pandemic.

The study, titled “Trust, Transparency and the Transaction,” finds that one of the most important keys to establishing trust is being prepared to give consumers an out-the-door price on their vehicle of choice during the first conversation. The Marchex Institute worked with Root & Associates, an automotive research and consulting firm, to uncover new data detailing how COVID-19 has impacted the car-buying process at dealerships across the U.S. since the pandemic hit, as well as other trends. The findings are the result of a large-scale, comprehensive study that included interviews with car-buyers, a survey of 1,700 in-market and near purchase or recently purchased consumers, and analysis of more than 228,000 sales-related phone conversations between consumers and franchised dealers completed in the fourth quarter of 2020. The study finds:

- 97% of consumers interviewed say they are somewhat or very serious about buying when they contact a dealer.
- 75% anticipate purchasing within three weeks of contact. Nearly 40% plan to do so within a week or less.
- 91% say trust in a salesperson or dealership is very or somewhat important in choosing who to buy from. This is equal to competitive price as a consideration and more important than lowest price.
- 39% of consumers use a phone to call or text a dealer to make initial contact, making the phone the leading channel for consumer outreach, far outpacing any other form of initial contact, including walk-ins, email, or chat.
- 71% report visiting fewer showrooms than before the pandemic. The pandemic has caused consumers to spend more time researching options online and by phone before fully engaging a dealership.
- 82% want to know how a dealership is addressing customer protection and safety during the buying process and pandemic. Specifically, consumers are interested in how often a dealership itself is sanitized as well as the cars on the lot.

A summary of the study is available here.

A NEW NORMAL FOR DEALERSHIPS

“The process of buying cars has changed profoundly during the past year. Pre-pandemic, dealerships were hesitant to discuss price before the customer came into their showrooms. In the new normal, the initial call a consumer makes to a dealership is now the make-or-break point of a sale,” said Matt Muilenburg, Marchex Senior Vice President of Automotive. “Dealers cannot operate the way they did in the past. Today, many consumers want to understand what they will pay before they visit a dealership and dealers need to be ready and willing to address that – upfront. A competitive price is one piece of building a trusting relationship. What you say, and often what you don’t, during that initial call, will define if you win the sale.”

According to the study, consumers are looking to limit their time inside a dealership because of COVID-19, and they know exactly what they want because they have spent significant time at home researching vehicles and comparing costs before contacting dealers.

“More than ever, this means dealers need to focus on transparency—they need to be trust providers,” Muilenburg added. “From the moment the consumer calls, texts or walks in the door, the dealer must be prepared to answer questions, provide details, and educate the consumer to build that critical layer of trust. The data shows that dealers who differentiate by establishing trust with the consumer earn the right to charge a competitive price and ultimately sell more cars.”

About Marchex

Marchex understands the best customers are those who call your company - they convert faster, buy more, and churn less. Marchex provides solutions that help companies drive more calls, understand what happens on those calls, and convert more of those callers into customers. Our actionable intelligence strengthens the connection between companies and their customers, bridging the physical and digital world, to help brands maximize their marketing investments and operating efficiencies to acquire the best customers.

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Source: Marchex