HEARST AUTOS

# 2023 General In-Market Survey Results

US MARKET

# OVERVIEW

**Hearst Autos represents some of the most trusted, authoritative editorial voices** in the auto and auto enthusiast space with brands like *Car and Driver*, *Road & Track*, and *Autoweek*.

Replicating last year's marketplace study, **over 1,700 in-market consumers were surveyed to understand vehicle shopping attitudes, behavior, and purchase intent.**

In addition to looking closely at those considering luxury brands or models and those open to considering Certified Pre-Owned (CPO) or used vehicles, we also took a deep-dive into the Gen Z and Younger Millennial generations, the youngest car buyers on the market.

# KEY TAKEAWAYS

## RESEARCH

Overall, in-market shoppers continue to be practical and cautious with vehicle research — trying to get the best bang for their buck by reading detailed reviews, relying on their past experience with brands, and taking input from family and friends.

## SEDANS

Sedan popularity continues to decline, however 50% of previous owners are loyal to the segment and want to purchase a sedan again. For those planning to shift into another segment, the majority (~25%) will purchase an SUV/CUV.

## ALTERNATIVE FUELS

Despite gas still being the top preferred powertrain, demand in alternative fuel vehicles continues to grow rapidly. As more models and options debut and infrastructure develops, the desire for alternatives will continue to grow as well.

## EVs

Some shoppers are considering buying/leasing an EV now or in less than 2 years. Lower fuel costs and environmental benefits continue to be the top motivations, however, they're concerned about public charging, high upfront costs, and driving range.

## PRICING

Price sensitivity in the market continues due to inflation and short supply of lower-priced new and used vehicles. However, compared to last year, there is a slight shift in spending expectations from lower ranges to the mid and higher ranges.

## IN-PERSON SHOPPING

In-person activity is still preferred overall when it comes to car buying, and won't be going away anytime soon. However, there continues to be growing interest in buying from online retailers as well, particularly amongst younger buyers.

## YOUNGER GENERATIONS

As Gen Zs and Younger Millennials enter the marketplace they are showing different shopping patterns than previous generations.

More interest in buying/leasing from alternative retailers (such as Carmax or Carvana) vs. traditional dealerships than the overall market.

They use social media, YouTube and/or online videos to help make vehicle purchase decisions more than older generations.

There is more consideration of luxury-only brands or *both* non-luxury and luxury compared to the overall market. They are also more eager to buy/lease BEVs than the older generations.

# WHOM WE SPOKE TO

## GENDER

Nearly **50/50** split, with 52% female, 47% male

## HHI

**~50%** have a household income of $49K or less

**36%** are middle class*

**~20%** have a household income of $100k+

## AGE

**51%** currently in-market are Millennials and Gen X

**35%** currently in-market are Gen Z and Younger Millennials

## KIDS

**63%** currently do not have children under 18 living at home

## ETHNICITY

**52%** Identified as White

**43%** Identified as Black, Hispanic/Latino, and Asian American

## GEO

**44%** live in suburban areas

**20%** live in rural areas

**34%** live in urban areas

Those in-market for a vehicle are from the **East and parts of the Midwest**

Top states: TX, CA, FL, NY

## OWNERSHIP

Potential buyers who currently do not own a vehicle **skew younger than car owners**

Note: **Gender**, **Age**, **and Race/Ethnicity data are close to the US Census data** (as of July 2022)

*Middle Class definition: incomes between $50,000 - $99,999

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IN-MARKET SURVEY RESULTS

# CAR OWNERSHIP & CONSUMERSHIP

# CURRENT VEHICLE OWNERS

**85%**
currently own or lease a vehicle

**Top 5 Brands they currently own and primarily drive**
Chevrolet, Ford, Toyota, Honda, BMW

## IN-MARKET TIMELINE

**1/3**
plan to buy or lease a vehicle within the next 3-6 months

**54%**
plan to buy or lease a vehicle within a year or more

## WHY IN-MARKET

**56%**
want to upgrade their vehicle

**~1/5**
want to switch to an EV or a more fuel efficient vehicle

# NEW-TO-MARKET

**15%**
do not currently own or lease a vehicle

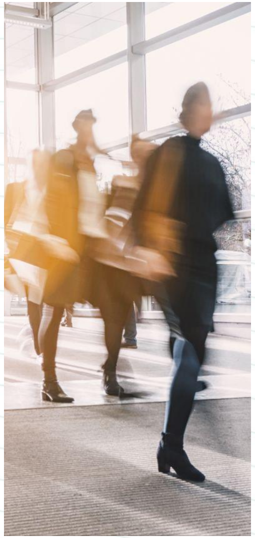
## IN-MARKET TIMELINE

**2-in-5**
plan to buy or lease a vehicle within the next 3-6 months

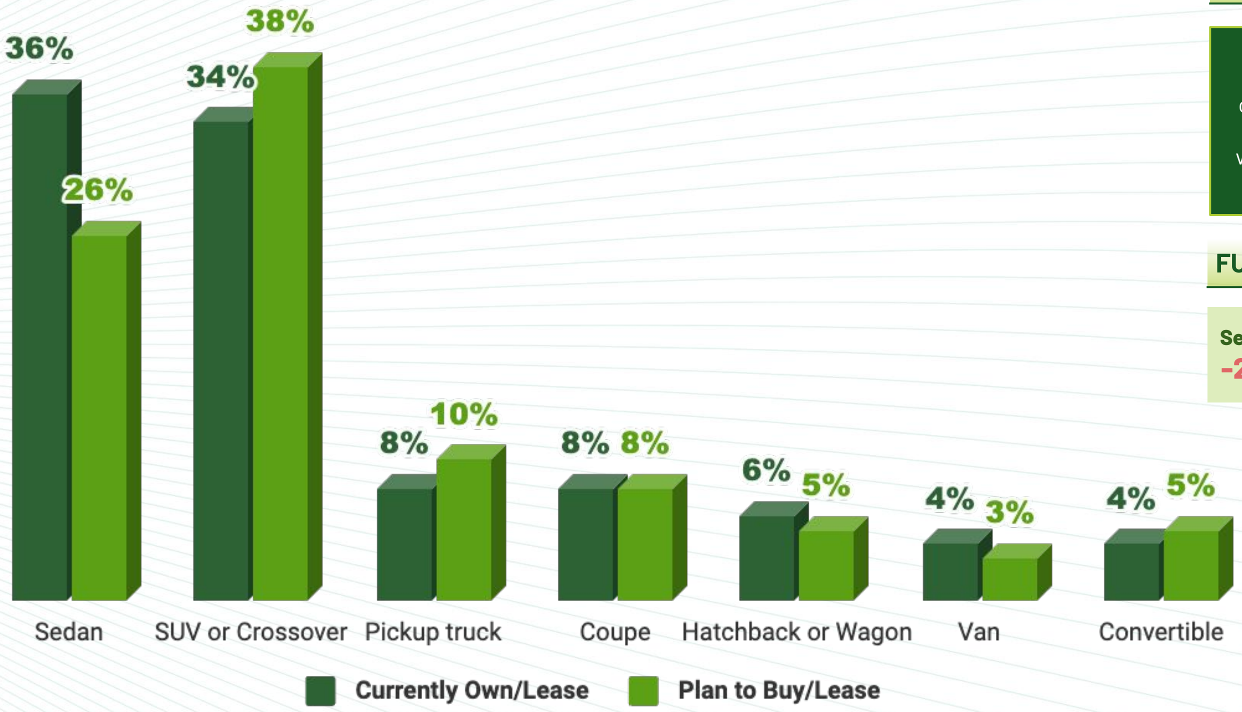
**~50%**
plan to buy or lease a vehicle within a year or more

## WHY IN-MARKET

**85%**
need a car for commuting or due to a lifestyle change



# CURRENT OWNERSHIP vs. PLAN TO BUY / LEASE




## CURRENT OWNERSHIP

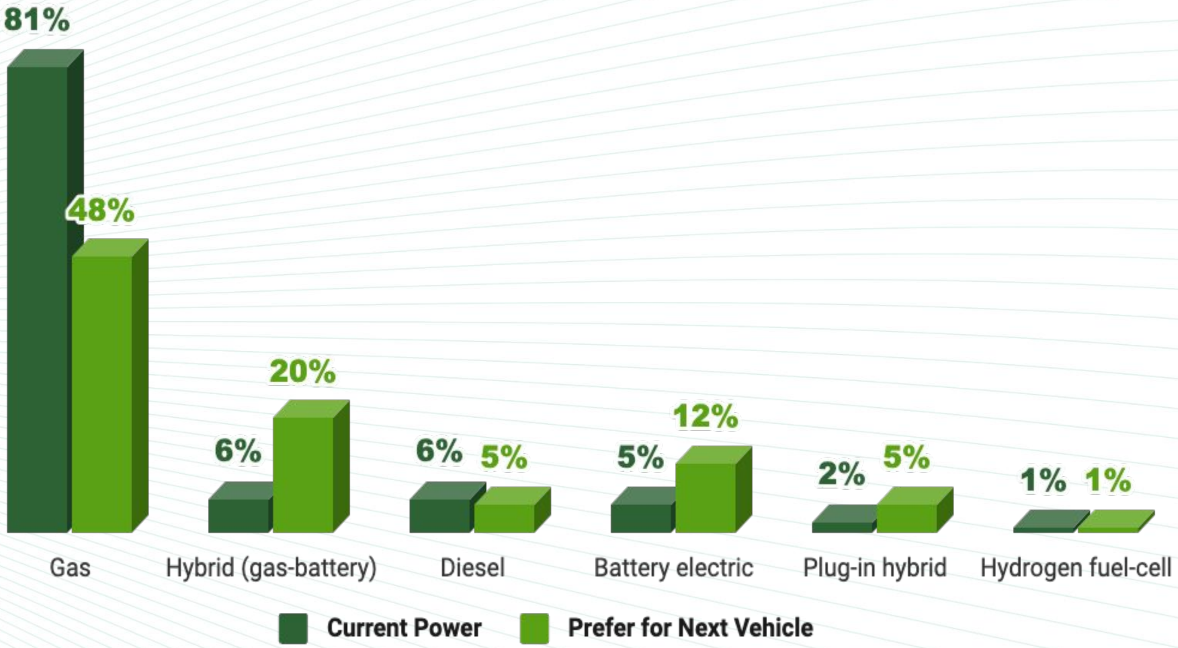
**36%** own sedans, the most popular vehicle owned or leased

**34%** own SUVs/CUVs as the second most popular vehicle owned or leased

## FUTURE CONSIDERATION

| Sedans | SUV or CUV | Pickup Truck | Van |
|---|---|---|---|
| -28% | +12% | +25% | -25% |

# VEHICLE POWERTRAIN




## CURRENT OWNERSHIP

**81%**
own gas vehicles, but only 48% plan to purchase this powertrain next.

**1 in 7**
own an alternative fuel vehicle. This almost triples for future consideration.

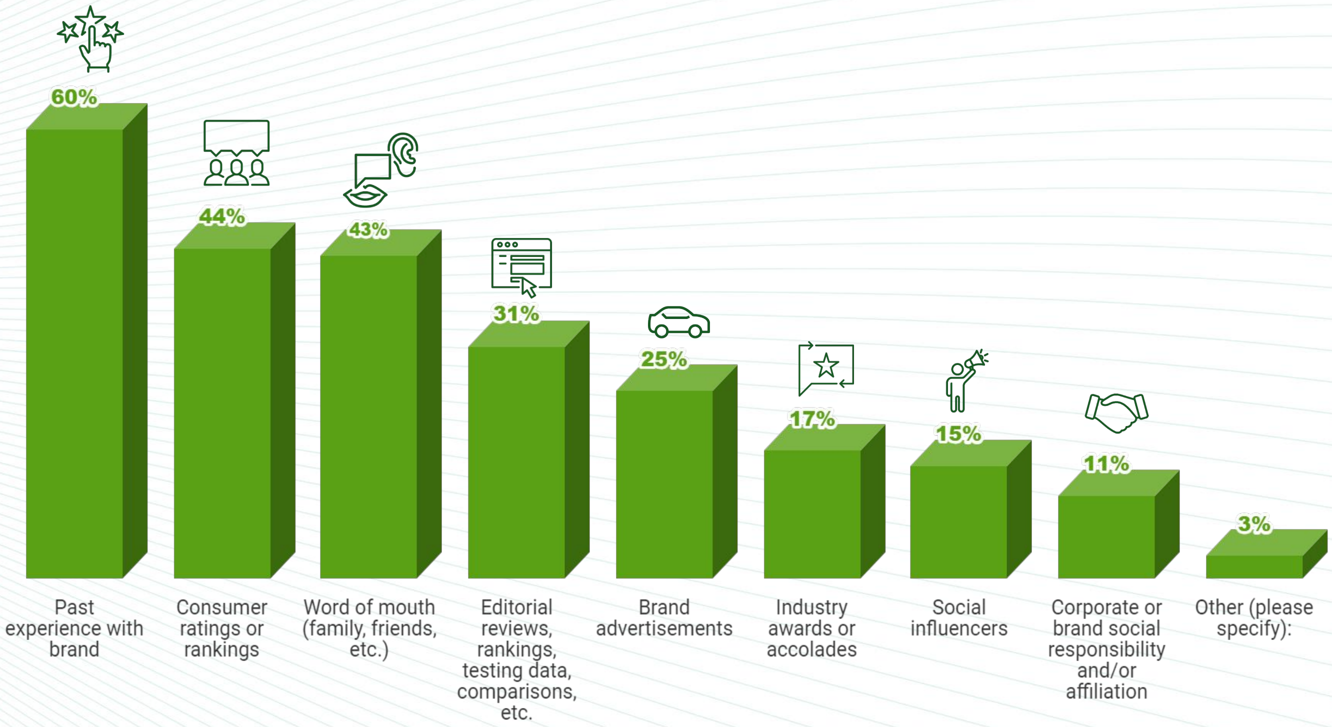
## FUTURE CONSIDERATION

| Hybrid | BEV | Gas |
|---|---|---|
| +233% | +140% | -41% |

## OBSERVATIONS

Results show high growth in demand for alternative fuel vehicles continues, esp. with Hybrids and Battery Electric Vehicles (BEVs). **Preference for gas has dropped by 41%—consistent decline with last year's study.**

# THESE FACTORS INFLUENCE CONSIDERATION OF A VEHICLE BRAND OR MODEL




## OBSERVATIONS

**'Past experience with brand', followed by 'consumer ratings or rankings' and 'word of mouth'**, are the top influences of vehicle brand or model consideration.

*Note: 'Corporate or brand social responsibility / affiliation' was added in this year's survey.

# Alternative Retailers vs. Traditional Dealerships

**~70%**

are considering alternative retailers Carmax and / or Carvana, instead of buying or leasing through a traditional dealership

**30%**

plan to stick with buying or leasing a vehicle from a traditional dealership

# PRIORITIES OF BUYING OR LEASING A VEHICLE

## LOWEST PURCHASE PRICE IS THE BOTTOM LINE

**Lowest purchase price** was ranked the highest in importance of buying or leasing a vehicle, with lowest monthly payment right behind

**Relationship with dealer or brand** was least prioritized*

# CAR SHOPPING PROCESS METHOD OF PREFERENCE

Although in-person activity for the car shopping process remains preferred overall, there is growing interest in taking these steps online, especially with **inventory search** and selecting **insurance policies and rates**.

# VEHICLE RESEARCH

## NEW VEHICLES ONLY

**Consumers would like to look at ratings/rankings and read reviews** from owners and experts before buying a brand new car. They would also like to compare vehicles and see if any safety/recall notices exist.

## USED VEHICLES ONLY

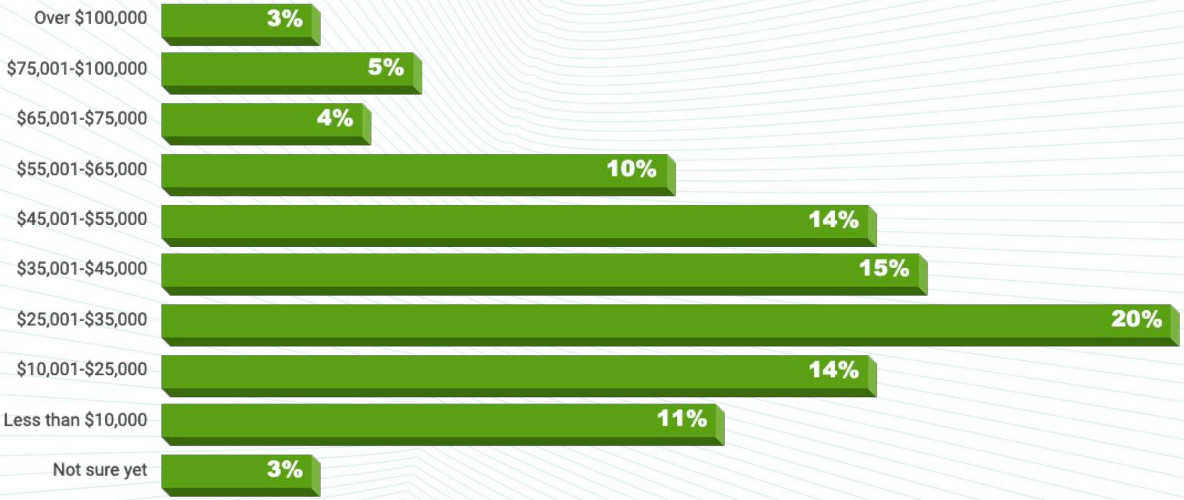
**The top 3 types of information looked at were: 1. Vehicle history report, 2. Used car values, and 3. Safety and recall notices.** They are making sure the used vehicle(s) they're considering are in tip-top shape after being driven by previous owners. They also want to check prices to make sure they're getting a fair deal.

## ALL CONDITIONS VEHICLES

**Ratings/rankings** is the top type of research for those considering all vehicle conditions. They're also looking at **vehicle history reports** and **safety/recall notices** to make sure that no matter what condition, the vehicle is drivable. To better understand cost, they are looking into **insurance costs/options** and **used car values**.

*This type of aspect was added to this year's questionnaire and was not included in last year's questionnaire.

# CAR SPENDING BUDGET




**50%** are willing to spend between $25k - $55k

## OBSERVATIONS

Since last year, the majority now fall into the mid to higher ranges of how much they want to spend on their next vehicle, **with only a quarter looking to spend less than $25,000.**

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IN-MARKET SURVEY RESULTS

# IN-MARKET CONSIDERATIONS

# TOTAL IN-MARKET PREFERENCES / NEEDS*

**~50%** fall into Gen Y and Gen Z age groups

## BODY STYLE

**1/3** plan on buying/leasing SUVs/CUVs

**1/4** plan to buy or lease a Sedan

# CURRENT VEHICLE OWNERS

**45%** fall into Gen Y and Gen Z age groups

## CONDITION CONSIDERATIONS

**45%** are considering "new only" vehicles

**1/3** are looking at all conditions (new, used, and CPO)

# NEW-TO-MARKET

**61%** fall into Gen Y and Gen Z age groups

## CONDITION CONSIDERATIONS

**44%** are considering "used only" vehicles

**1/3** are looking at all conditions (new, used, and CPO)

## POWERTRAIN TYPE

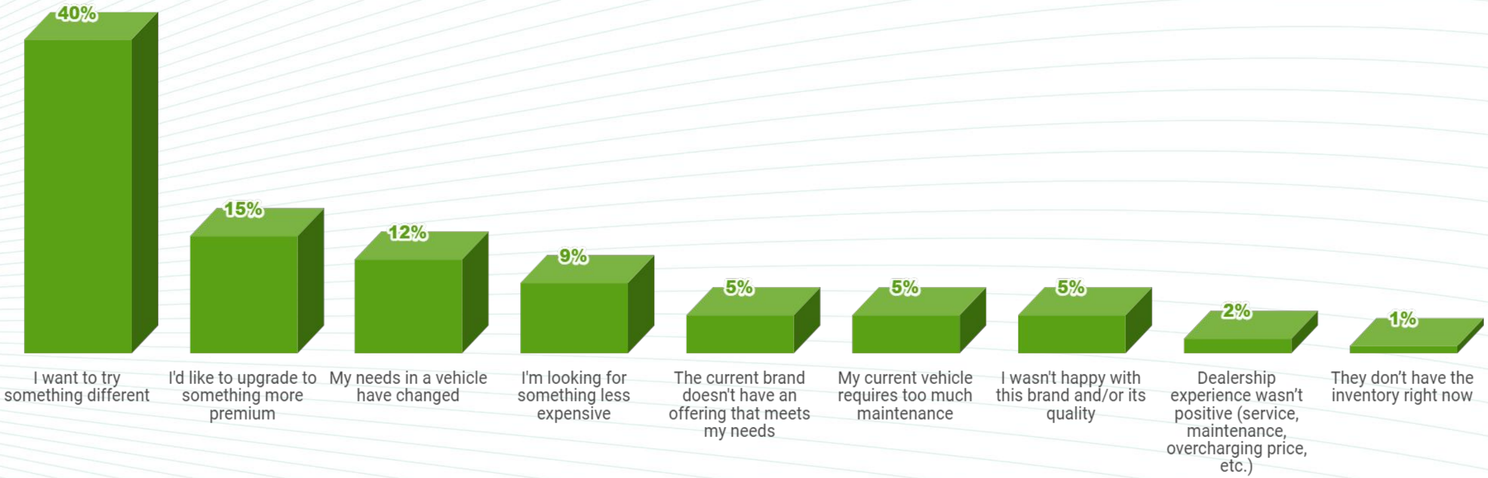
**65%** would prefer gas for their future purchase

**1/4** would prefer an alternative fuel vehicle

*Includes total in-market shoppers

# BRAND CONSIDERATIONS

## MAIN REASON FOR CONSIDERING A DIFFERENT BRAND FROM THEIR CURRENT VEHICLE




## OBSERVATIONS

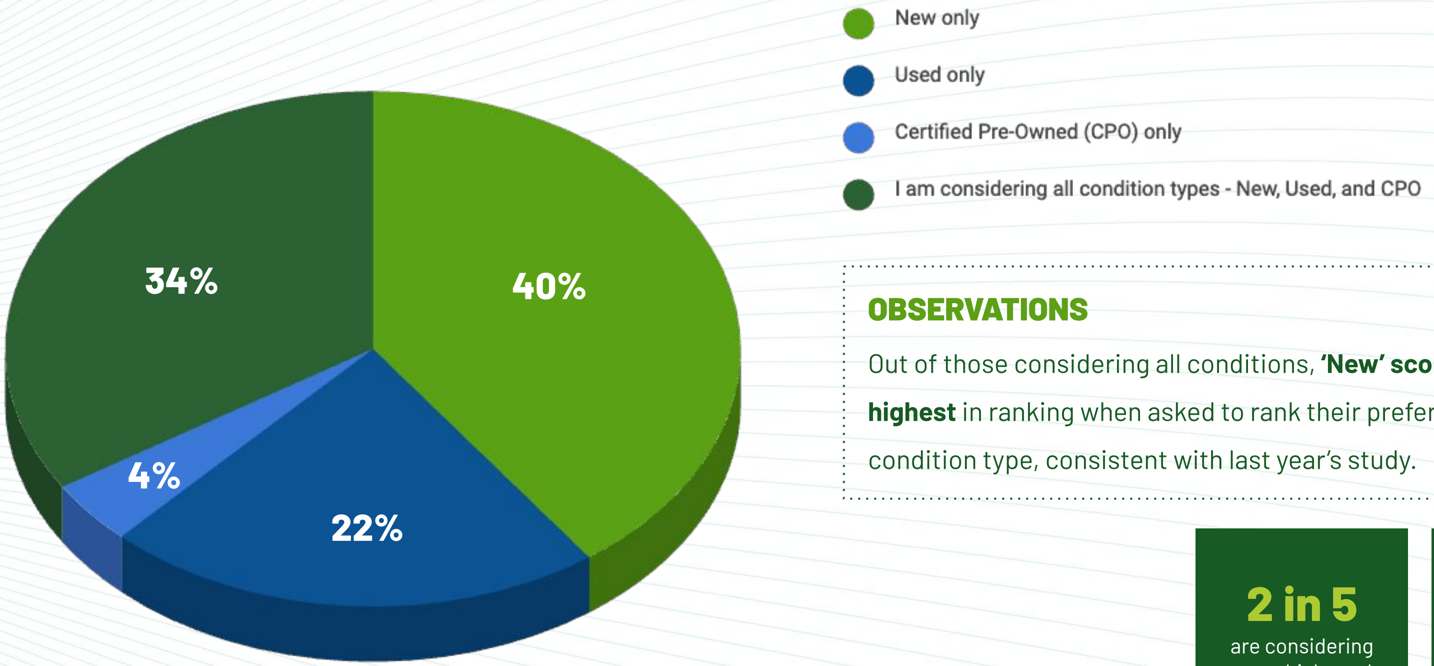
The top two brands, **CHEVROLET** (24%) and **TOYOTA** (23%), are being considered by nearly half.

**HONDA** (19%) and **FORD** (19%) are also top contenders, followed by **BMW** (13%), then **DODGE** (11%).

**2 in 5** are open to considering other vehicle brands

**~60%** are either "likely" or "extremely likely" to buy or lease the same brand

# CONDITION CONSIDERATIONS




## OBSERVATIONS

Out of those considering all conditions, **'New' scored the highest** in ranking when asked to rank their preference on condition type, consistent with last year's study.

**2 in 5**
are considering new vehicles only

**1/3**
are open to all condition types (new, used, and CPO)

 n=1,265

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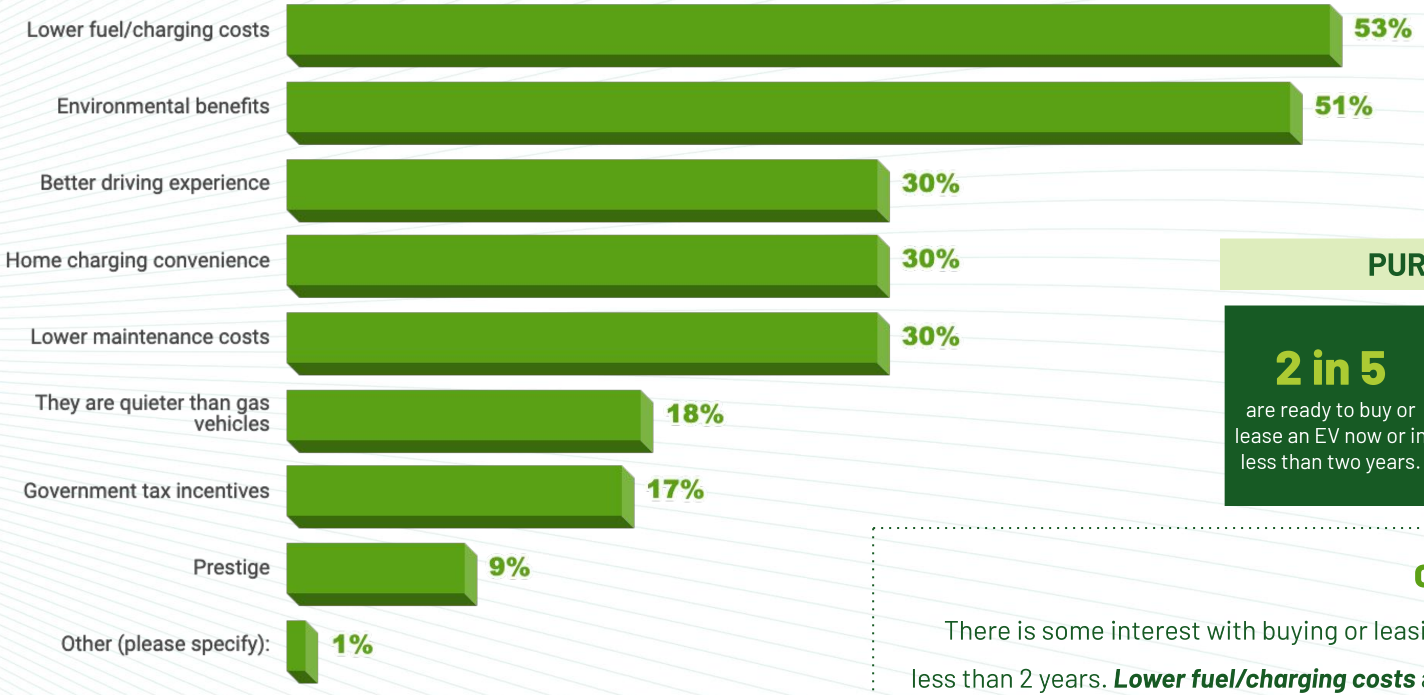
IN-MARKET SURVEY RESULTS

# EV ATTITUDES

# FEELINGS TOWARD EVs: Why Consumers are Interested in Electric Vehicles




## PURCHASE

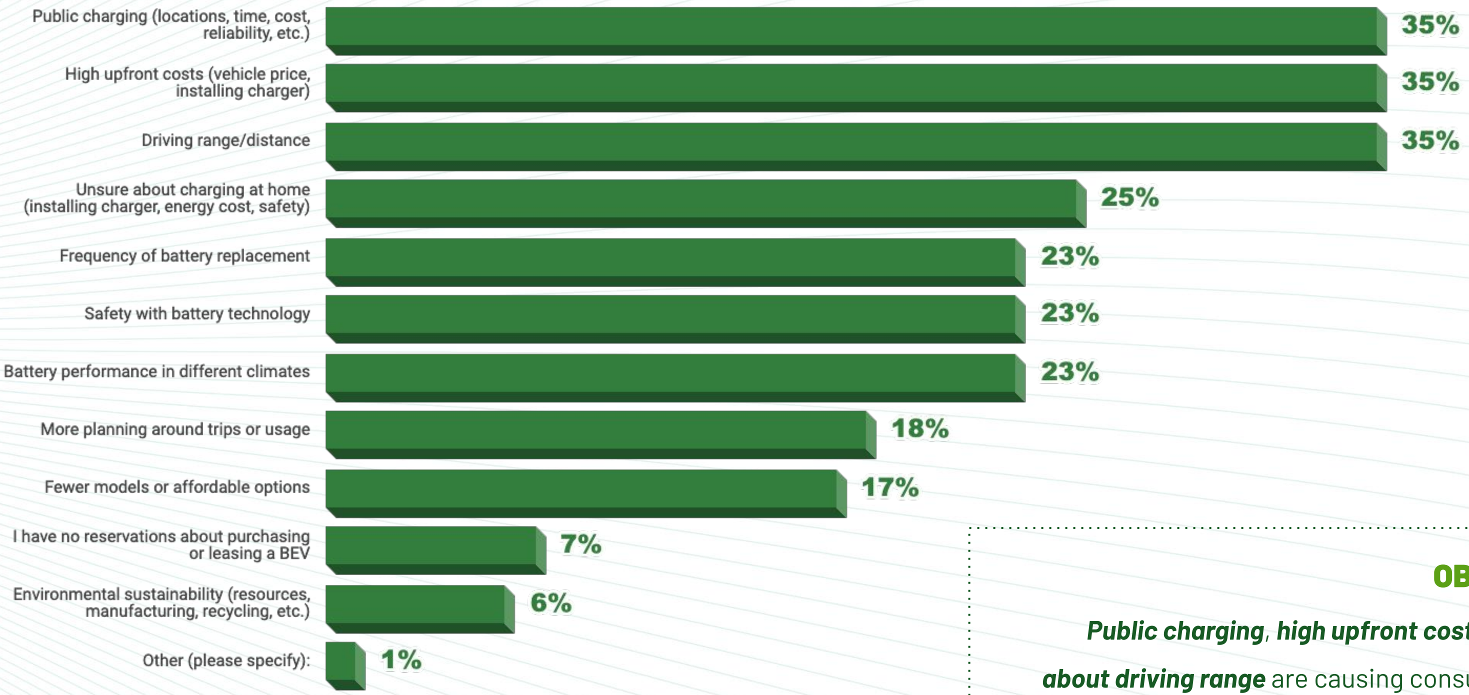
**2 in 5** are ready to buy or lease an EV now or in less than two years.

**1 in 5** are interested in buying or leasing an EV in 2-5 years from now.

## OBSERVATIONS

There is some interest with buying or leasing an EV now or in less than 2 years. ***Lower fuel/charging costs*** and ***environmental benefits*** are the top appealing aspects of owning an EV.

# FEELINGS TOWARD EVs: Consumer Reservations of Electric Vehicles




## OBSERVATIONS

***Public charging***, ***high upfront costs***, and ***concerns about driving range*** are causing consumer reluctance in buying or leasing an EV.

 n=1,571

IN-MARKET SURVEY RESULTS

# VEHICLE ATTITUDES

# PRIMARY ATTRIBUTES INFLUENCING PURCHASE DECISIONS

| PRIMARY ATTRIBUTE | FINDING |
|---|---|
| VEHICLE SIZE | Similar to last year's results, ***comfort of ride*** was voted highly by consumers as something extra that they are willing to pay for, followed by ***passenger seating*** and ***cargo capacity***. |
| SAFETY TECH | ***Back-up camera***, ***emergency braking***, and ***blind spot detection*** are the top safety tech features that consumers are willing to pay extra for, similar to last year's results. |
| ENTERTAINMENT + CONNECTIVITY | ***Bluetooth***, ***charging ports****, and ***high-quality audio sound system*** were found to be the top entertainment/connectivity features that consumers are willing to pay extra for.<br>****Note: charging ports was an added feature for this year's survey.*** |



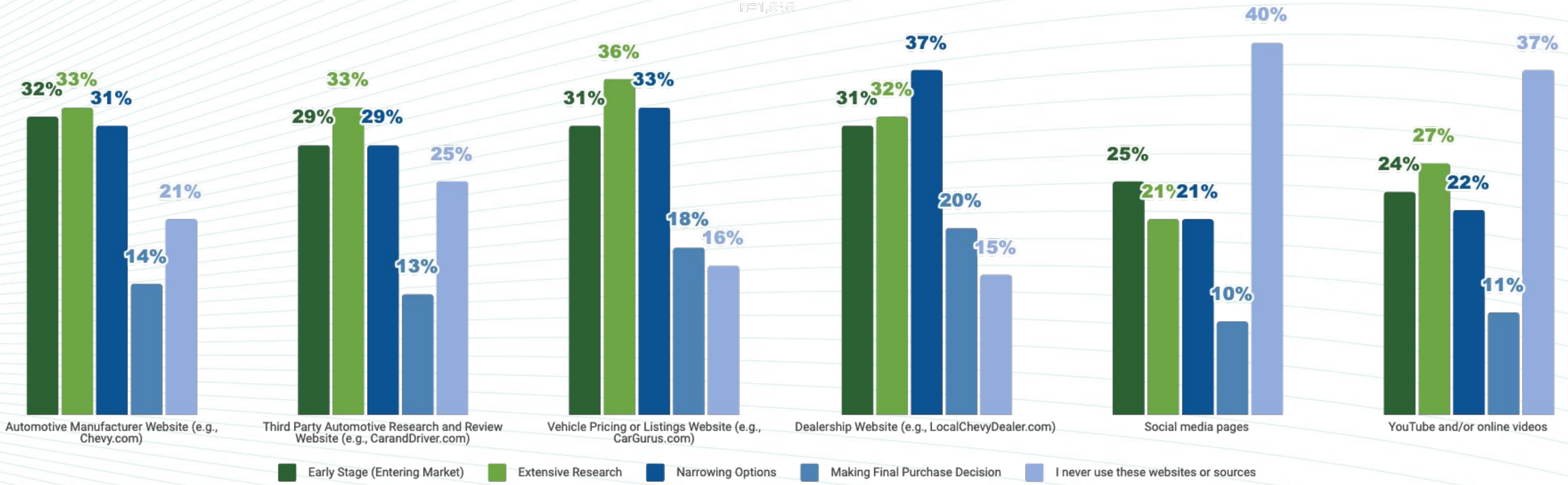


n=1,158

IN-MARKET SURVEY RESULTS

# MEDIA CONSUMPTION

# PUBLICATIONS + WEBSITES: When Consumers Use Auto Sites and Sources to Help Make Vehicle Purchase / Lease Decisions




**SOCIAL MEDIA**

**40%**
never use social media to help with vehicle purchase decisions

However,
**1 in 4**
use social media when "entering the market"

## OBSERVATIONS

**Consumers continue to use as many sources as they can to learn as much as possible throughout each stage of the process**, especially with the three earliest stages.
When it comes to "narrowing options" and "making final purchase decisions", consumers rely on vehicle pricing/listings websites and dealership websites.
***Note: for this year's survey, we added "YouTube and/or online videos" – as part of their research, consumers do make use of online videos to learn more about specific models.***

# SITES THEY'RE USING FOR RESEARCH + INVENTORY

## RESEARCH / READING REVIEWS

**57%**

used these Hearst Autos websites for researching

| | |
|---|---|
| Car and Driver | 24% |
| Autoweek | 15% |
| Best Cars U.S. News | 11% |
| Road & Track | 7% |

## VEHICLE INVENTORY, LISTINGS, OR TRADE-IN VALUES

**28%**

used these Hearst Autos websites to search pricing and inventory

| | |
|---|---|
| J.D. POWER | 16% |
| Vehicle History | 8% |
| autobytel | 4% |

 Researching/Reviews n=1,531; Inventory n=1,514 *When the survey was in field, NADAGuides was referenced as an independent site. At the time of publication, it was consolidated under JD Power.

IN-MARKET SURVEY RESULTS

# GEN Z & YOUNG MILLENNIAL INSIGHTS

# CURRENT VEHICLE OWNERS

## 75% of Gen Zs
## 85% of Young Millennials

currently own or lease a vehicle

### IN-MARKET MOTIVATORS

**55%**
want to upgrade their vehicle

**40%**
are in-market for a vehicle due to a lifestyle or family change

**OVERALL RESPONDENT AGES:**
A18-25 (Gen Z): 19% / A26-35 (Young Millennials): 16%

# NEW-TO-MARKET

## 25% of Gen Zs
## 15% of Young Millennials

**do not** currently own or lease a vehicle

### BODY, STYLE & POWERTRAIN PREFERENCE

**50%**
are considering either Sedans or SUVs/CUVs

**66%**
would prefer a gas vehicle for their future purchase

**25%**
would prefer a Hybrid or BEV

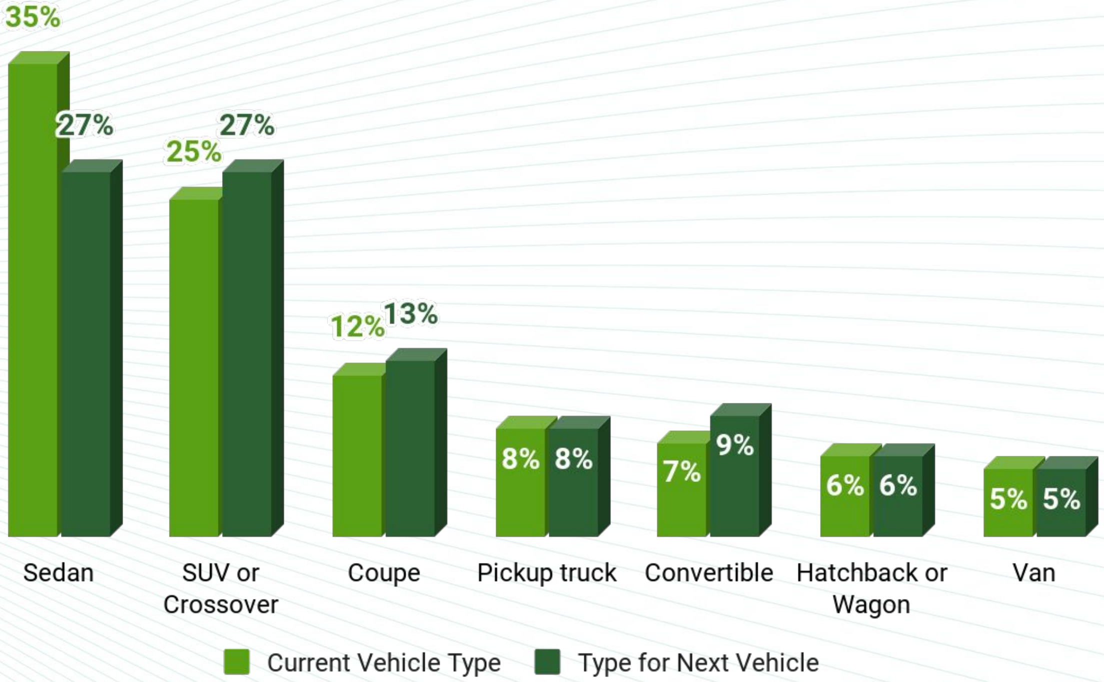
### IN-MARKET MOTIVATORS

**50%**
have new commuting needs and need a vehicle

**~50%**
are in-market for a vehicle due to a lifestyle or family change

# CURRENT OWNERSHIP VS. NEXT VEHICLE:
## Gen Z + Young Millennials / Vehicle Type

VEHICLE TYPE




PURCHASE INTENTION TRENDS

+8% SUV or CUV

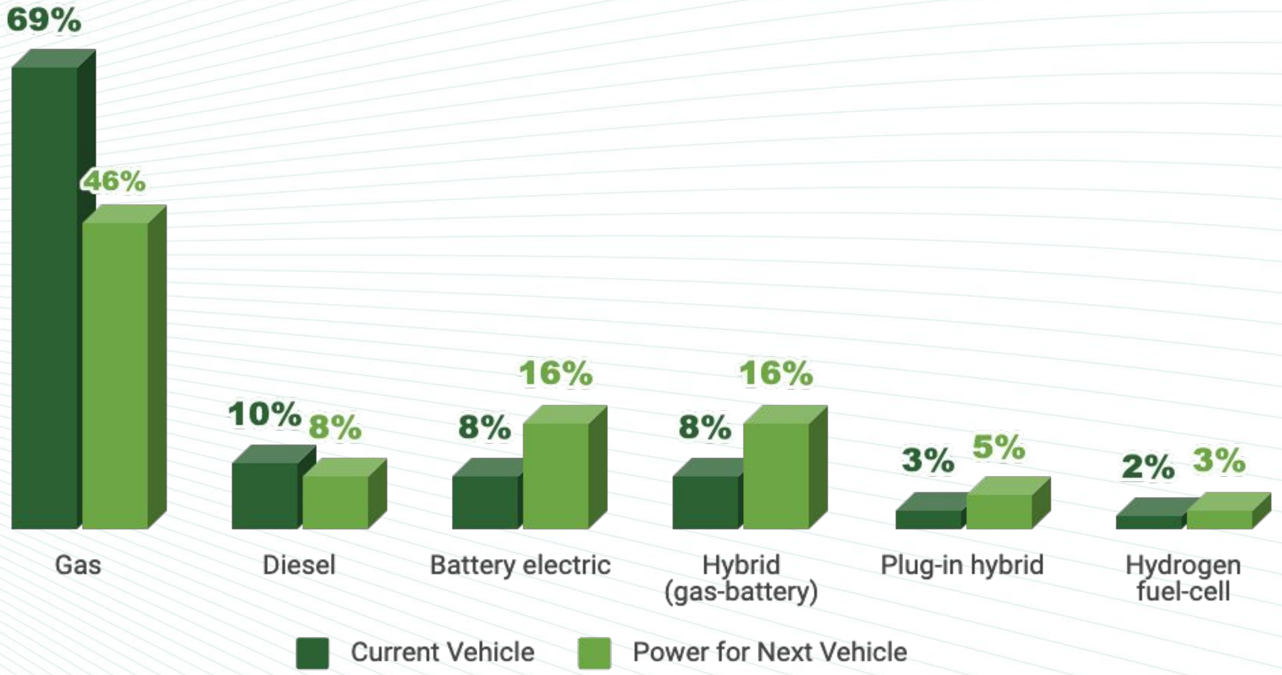
+29% Convertible

-23% Sedan

 n=448

# CURRENT OWNERSHIP VS. NEXT VEHICLE:
## Gen Z + Young Millennials / Vehicle Powertrain

POWERTRAIN




PURCHASE INTENTION TRENDS

+100% BEV

+100% PHEV

-33% Gas

 n=448

# PRIORITIES OF BUYING OR LEASING A VEHICLE

## OBSERVATIONS

- Gen Zs and Young Millennials are *more likely* to be influenced by **industry awards or accolades** than the 51+ age groups.
- The younger groups (especially Gen Zs and Young Millennials) are *significantly more influenced* by **brand advertisements** than older generations.
- Gen Zs and Young Millennials are not as influenced by consumer ratings/rankings as the older generations (43+).

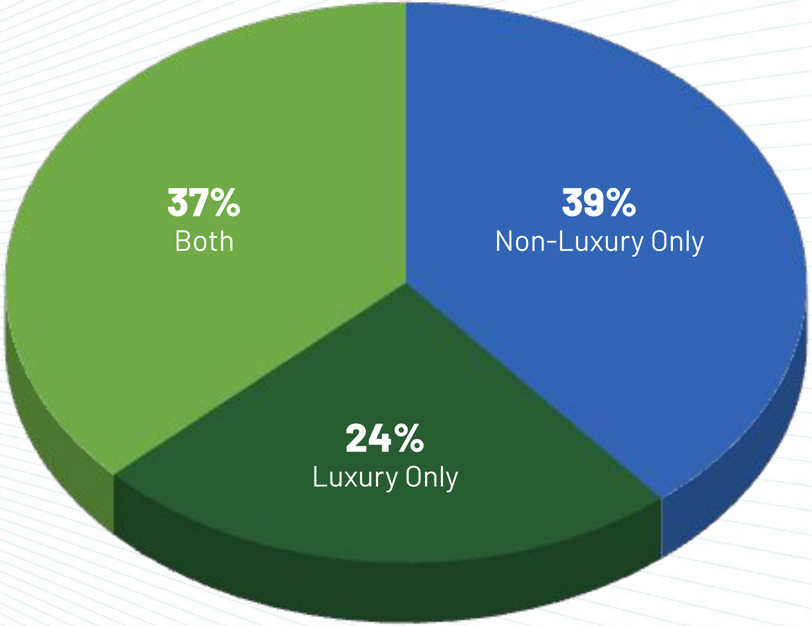
### WORD OF MOUTH + PAST EXPERIENCE WITH BRAND

Top Influencing Factors for Gen Z & Young Millennials

### SOCIAL INFLUENCERS

More likely to influence Gen Z & Young Millennials than older generations

# BRAND CONSIDERATIONS: Gen Z + Young Millennials



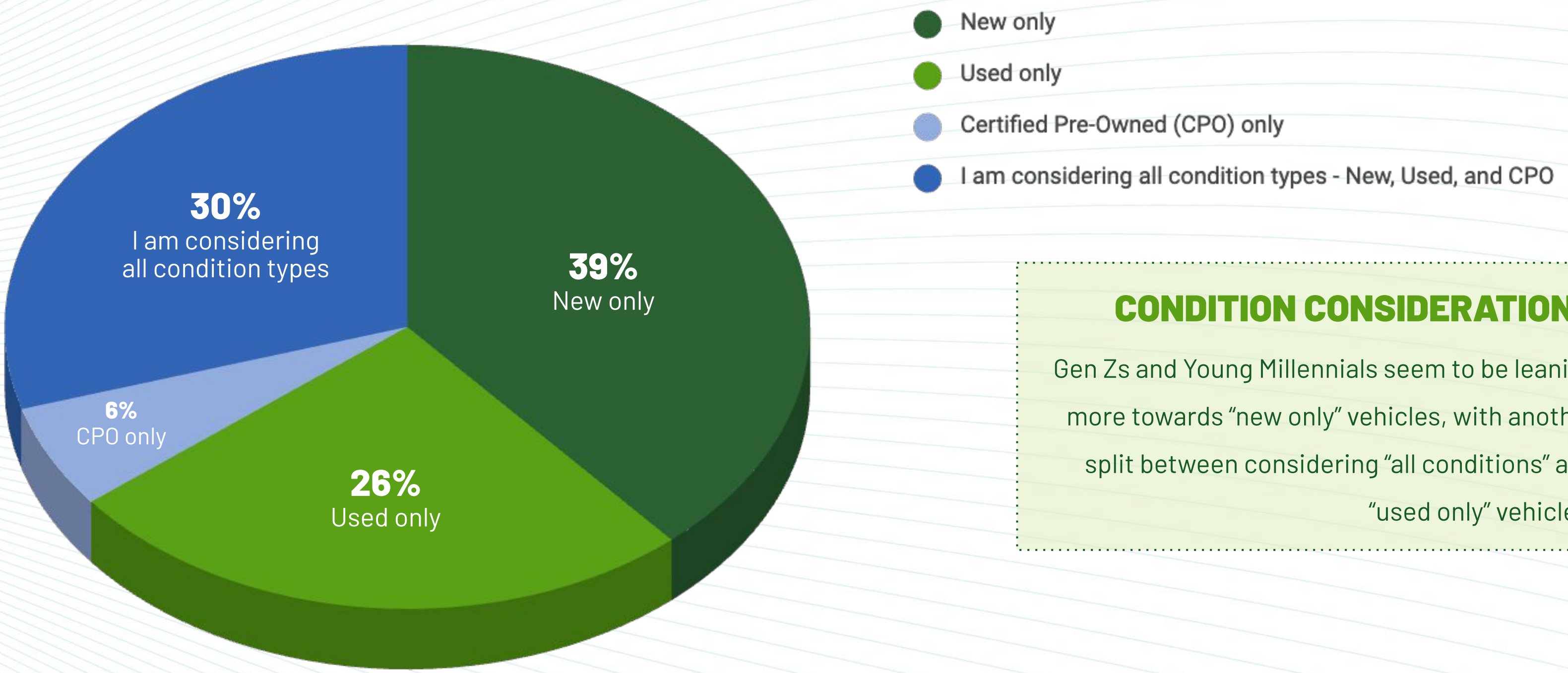

## BRAND CONSIDERATIONS

The top 5 vehicle brands Gen Zs and Young Millennials are considering for purchase or lease are **BMW**, **CHEVROLET**, **HONDA**, **TOYOTA**, and **DODGE**. These were also top brands for consideration with the overall sample, however, the order was **CHEVROLET** (24%), **TOYOTA** (23%), **HONDA** (19%), **FORD** (instead of **DODGE**, 19%), and **BMW** (13%).

## LUXURY BRANDS vs NON-LUXURY BRANDS

Although overall considerations of brands are split, consideration from Gen Zs and Young Millennials lean towards non-luxury brands only, or both luxury and non-luxury.

# CONDITION CONSIDERATIONS: Gen Z + Young Millennials




## CONDITION CONSIDERATIONS

Gen Zs and Young Millennials seem to be leaning more towards "new only" vehicles, with another split between considering "all conditions" and "used only" vehicles.

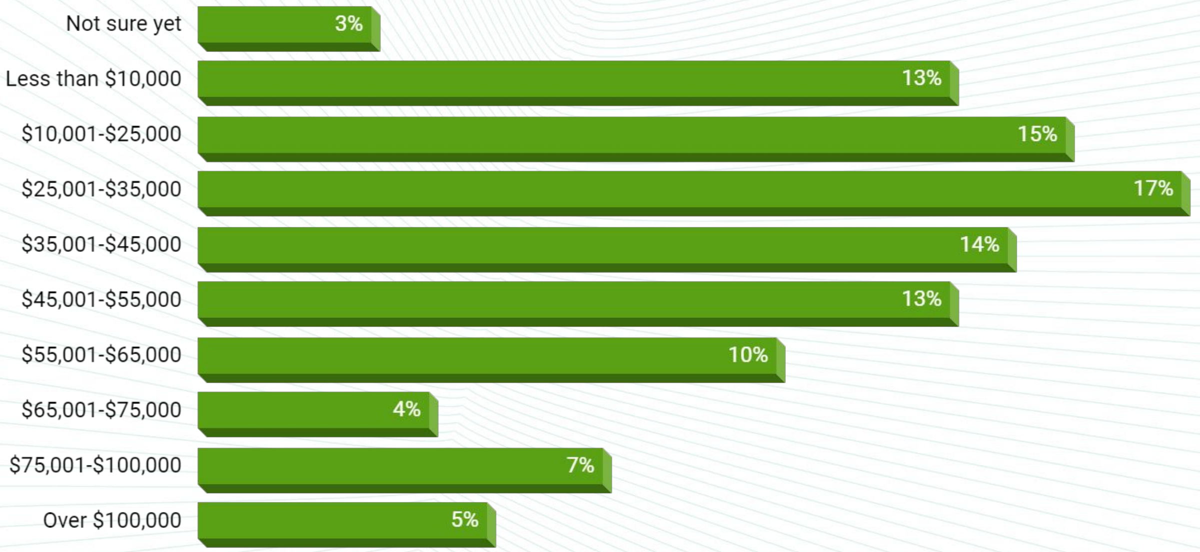
# Gen Zs + Young Millennials: Alternative Retailers vs. Traditional Dealerships

**85%**

are considering alternative retailers, Carmax and / or Carvana, instead of buying or leasing through a traditional dealership


n=479

# CAR SPENDING BUDGET




**45%** are willing to spend between $10k - $35k

## OBSERVATIONS

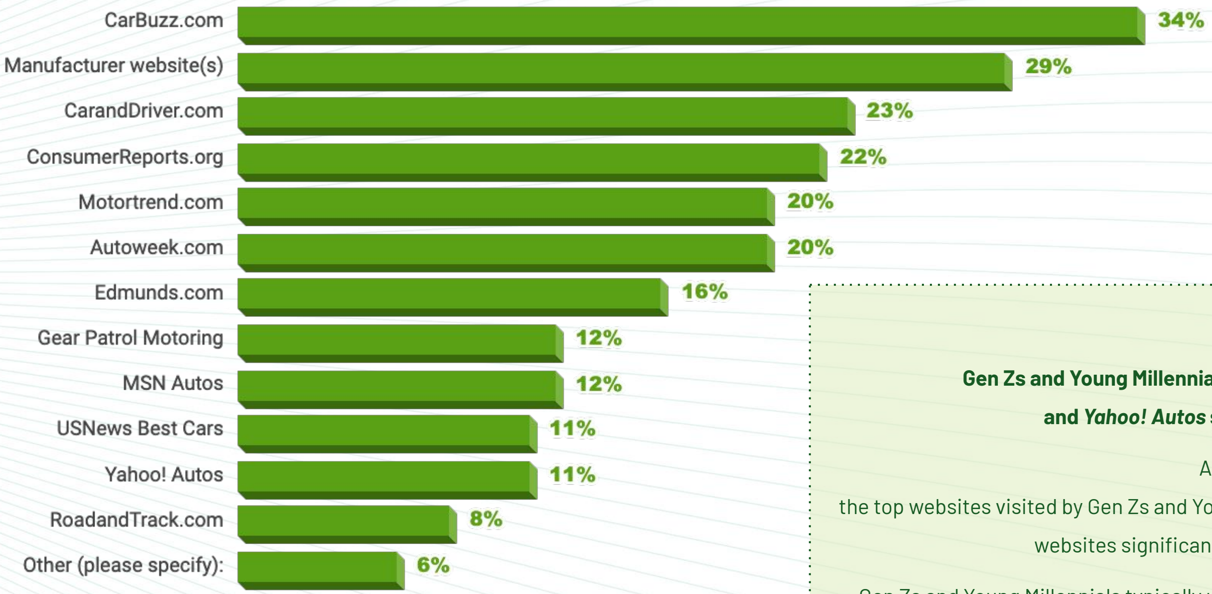
Gen Zs and Young Millennials are not looking not to spend much on their next vehicle, with **~one-third expecting to spend $10,000-$35,000 and another quarter $35,000-$55,000.**

## PAYING EXTRA FOR MORE

Gen Zs and Young Millennials are willing to pay extra for Apple/Android car play and video entertainment packages more than the older generations.

# RESEARCH + INVENTORY SITE PREFERENCES:
## Gen Z + Young Millennials

### RESEARCH




**3/4**

of the top publishers utilized for research are within the Hearst Autos family of brands

CARBUZZ
CAR AND DRIVER
Autoweek

### OBSERVATIONS

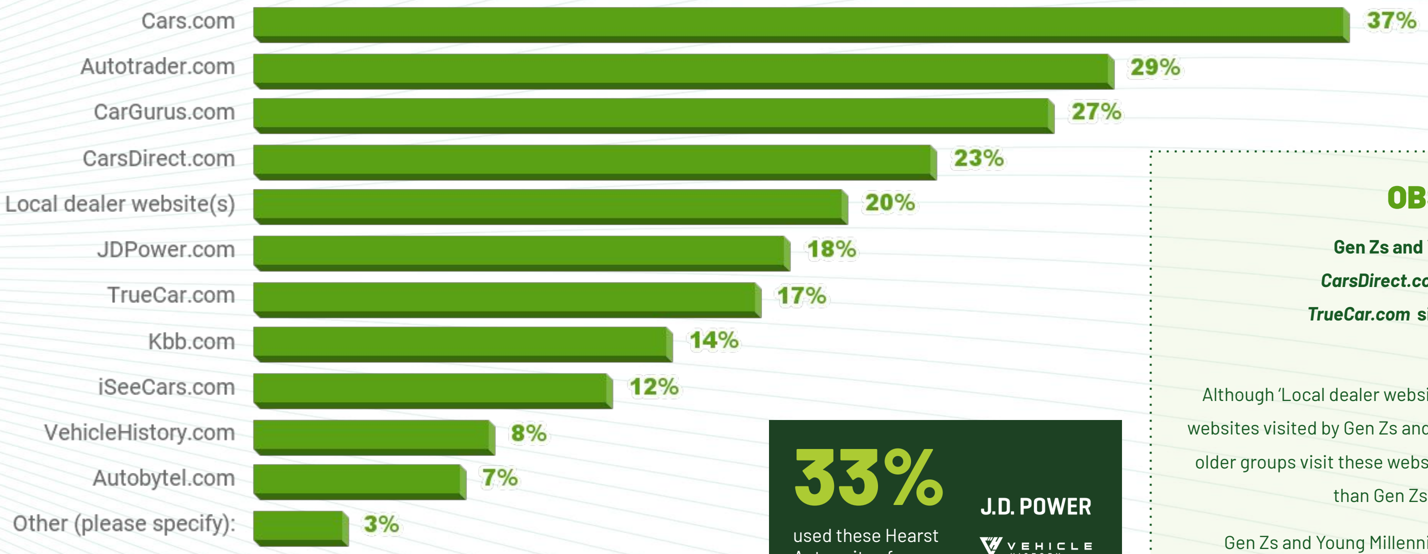
**Gen Zs and Young Millennials visit *CarBuzz.com, Gear Patrol Motoring,* and *Yahoo! Autos* significantly more than older generations.**

Although 'Manufacturer websites' are among the top websites visited by Gen Zs and Young Millennials, the older groups visit these websites significantly more than Gen Zs and Young Millennials.

Gen Zs and Young Millennials typically use social media pages and YouTube and/or online videos to help make vehicle purchase decisions more than older generations.

# RESEARCH + INVENTORY SITE PREFERENCES:
## Gen Z + Young Millennials

### INVENTORY, LISTINGS, TRADE-IN VALUES




**33%**

used these Hearst Autos sites for inventory, listings and trade-in values, led by J.D. Power (18%)

J.D. POWER
VEHICLE HISTORY
autobytel

### OBSERVATIONS

**Gen Zs and Young Millennials visit *CarsDirect.com, CarGurus.com*, and *TrueCar.com* significantly more than older generations.**

Although 'Local dealer websites' are among the top websites visited by Gen Zs and Young Millennials, the older groups visit these websites significantly more than Gen Zs and Young Millennials.

Gen Zs and Young Millennials typically use social media pages and YouTube and/or online videos to help make vehicle purchase decisions more than older generations.

# GEN Zs + YOUNG MILLENNIALS' ATTITUDES TOWARDS BEVS

## OBSERVATIONS

- **Better driving experience** and **prestige** are 'reasons of interest' in BEVs were selected *significantly more* by Gen Zs and Young Millennials than the older generations. However, Gen Zs are more concerned than older generations about having **fewer models or affordable options**.
- Both Gen Zs and Young Millennials have more reservations about **increased planning around trips or usage** and **battery performance in different climates** than older generations.

**50%+**

are ready to buy or lease a BEV now or within two years, and are more likely to purchase than the older generations.

**Lower Fuel / Charging Cost, Environmental Benefits + Better Driving Experience**

Top Appealing Aspects of owning a BEV

**High Upfront Cost, Public Charging + Battery Performance Concerns**

Top Reservations of owning a BEV

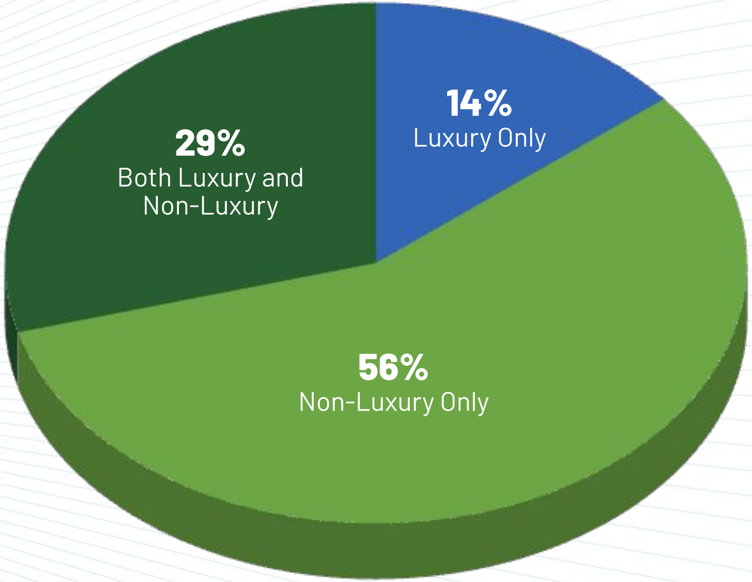


*This type of aspect was added to this year's questionnaire and was not included in last year's questionnaire.

IN-MARKET SURVEY RESULTS

# LUXURY INSIGHTS

# LUXURY INSIGHTS: Consumers Considering a Luxury or Non-Luxury Vehicle for Purchase or Lease

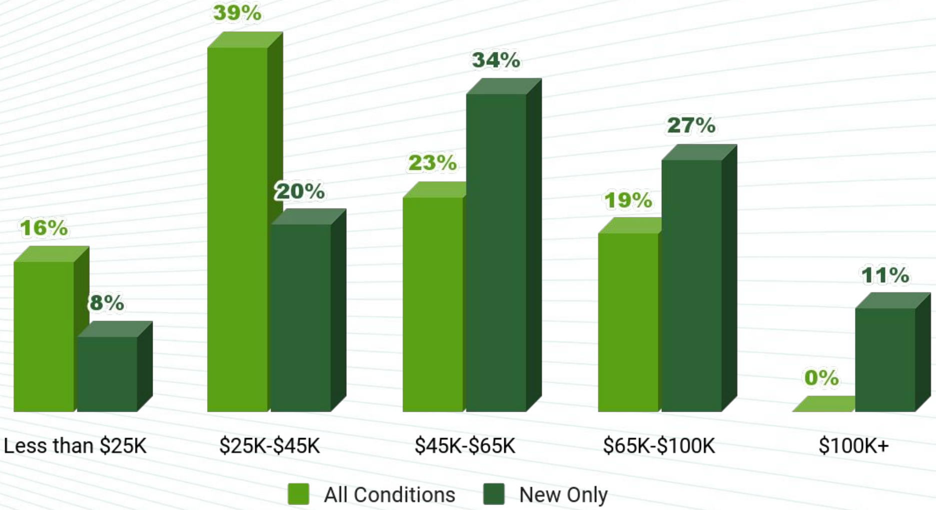



**~60%**

of those considering luxury brands only, are looking to buy new only vehicles

 n=1,646

# LUXURY INSIGHTS: Luxury Consumer Price Considerations / All Conditions vs New Only




**25%+**

of those looking at all conditions of luxury and expecting to spend between $25K-$45K, are considering used or CPO options

**45%**

are looking for an upgrade

**27%**

are in-market because of a lifestyle change (e.g. new baby or job change)

# LUXURY INSIGHTS

## TOP 3 LUXURY BRANDS FOR CONSIDERATION

| | |
|---|---|
| BMW | 13% |
| Audi | 8% |
| TESLA | 8% |

## LUXURY SHOPPERS: EV CONSIDERATION

**29%**
indicated they are ready to buy or lease an EV

**27%**
indicated they will be interested in an EV in less than 2 years

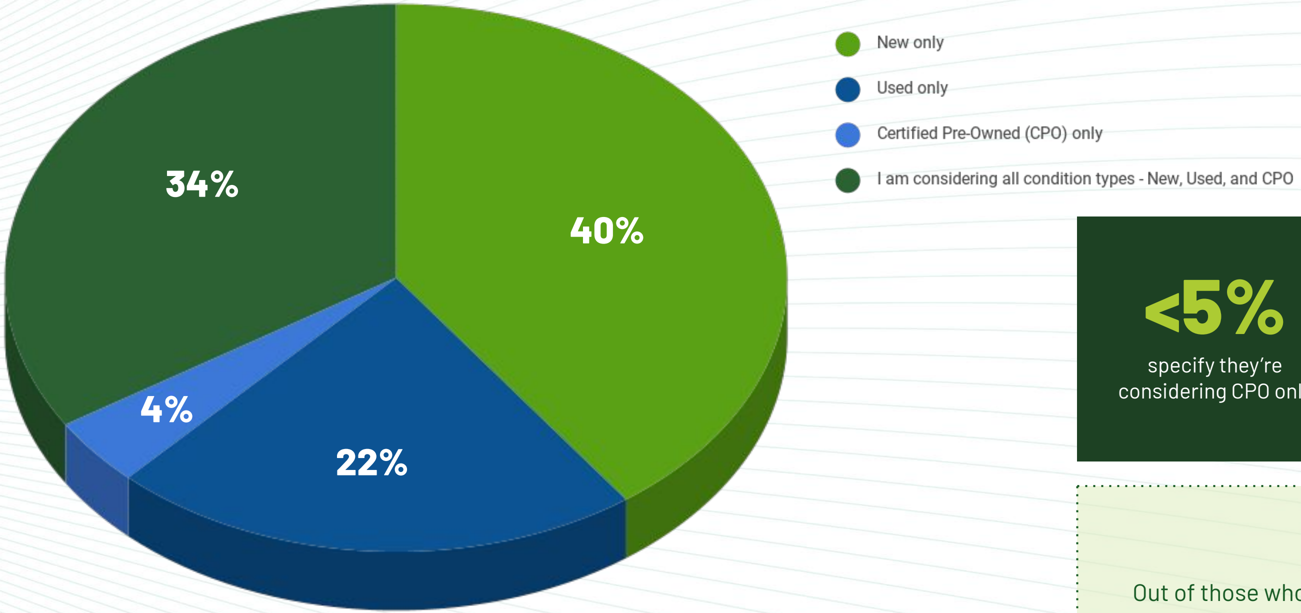
### OBSERVATIONS

This group is practical and wants to start the transition from gas to electric right away and save money, given the rising gas prices. **'Lower fuel/charging costs'** and **'Environmental benefits'** were the top answers when asked what interests them most about EVs. **The top concerns about EVs were driving range/distance, public charging, and high upfront costs.**

IN-MARKET SURVEY RESULTS

# CERTIFIED PRE-OWNED VEHICLE INSIGHTS

# CPO INSIGHTS: Overall Sample




**<5%** specify they're considering CPO only

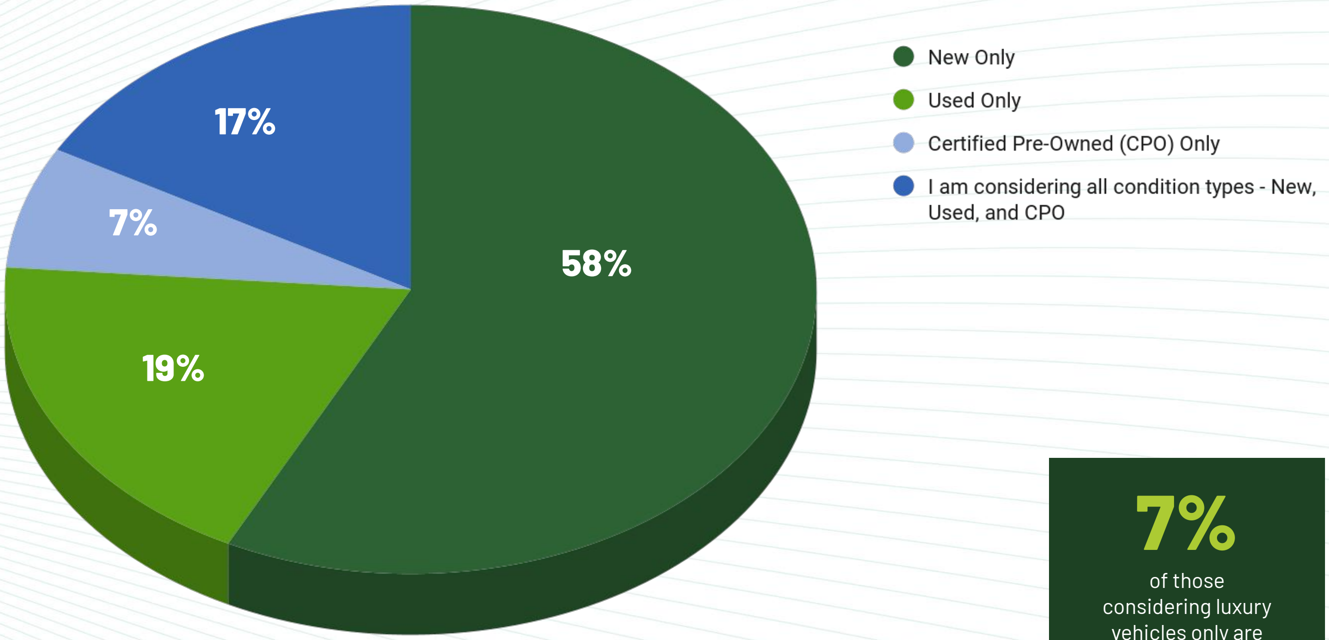
**1/3** are considering 'all condition types', including CPO

## OBSERVATIONS

Out of those who are considering all conditions, **most rank CPOs as their second or third choice of consideration**, with 1 in 5 looking at CPOs as their first choice.

 n=1,265

# CPO INSIGHTS: Luxury Shoppers Only




**7%**

of those considering luxury vehicles only are considering CPOs

This is

**55%**

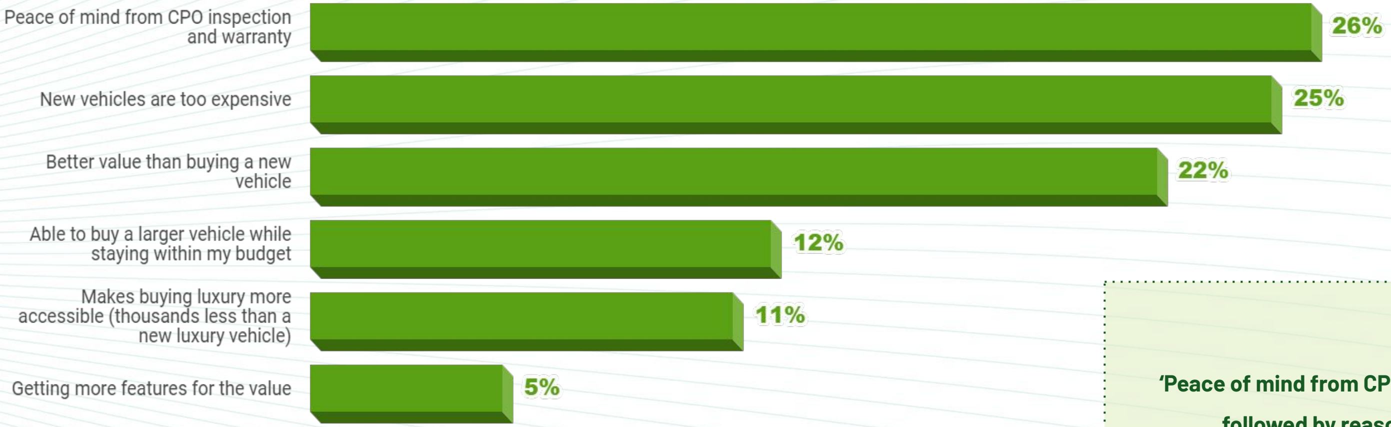
higher than the non-luxury shopper



 n=196

# CPO INSIGHTS

## MAIN REASON FOR CONSIDERING A CERTIFIED PRE-OWNED VEHICLE




### OBSERVATIONS

**'Peace of mind from CPO inspection/warranty', followed by reasons against new vehicle pricing and value, are the primary reasons consumers are considering CPOs.**

**Note: 'New vehicles are too expensive' and 'Getting more features for the value' were options that were added in this year's survey.*

# OBJECTIVES / METHODOLOGY

## RESEARCH OBJECTIVE

To further understand the general consumer vehicle shopping behavior and attitudes, respondents were surveyed about:

- Car ownership and consumership
- Vehicle attitudes and preferences
- EV attitudes
- Media consumption

## METHODOLOGY

- U.S. respondents via online survey
- In field from April 12, 2023 to April 17, 2023
- Sample: Recruitment of Auto Intenders* via Cint panel
    - Size: 2,844 respondents started the survey, with 1,711 qualifying at a 54% completion rate
    - Incidence rate: 60%

 *Auto Intenders - consumers who are in-market for a vehicle and plan to buy/lease within 2 years or less

HEARST AUTOS

# THANK **YOU**

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