2023

Consumer Insights Report

U.S. shopper trends along the car buying and selling journey

CarGurus®

Table of contents

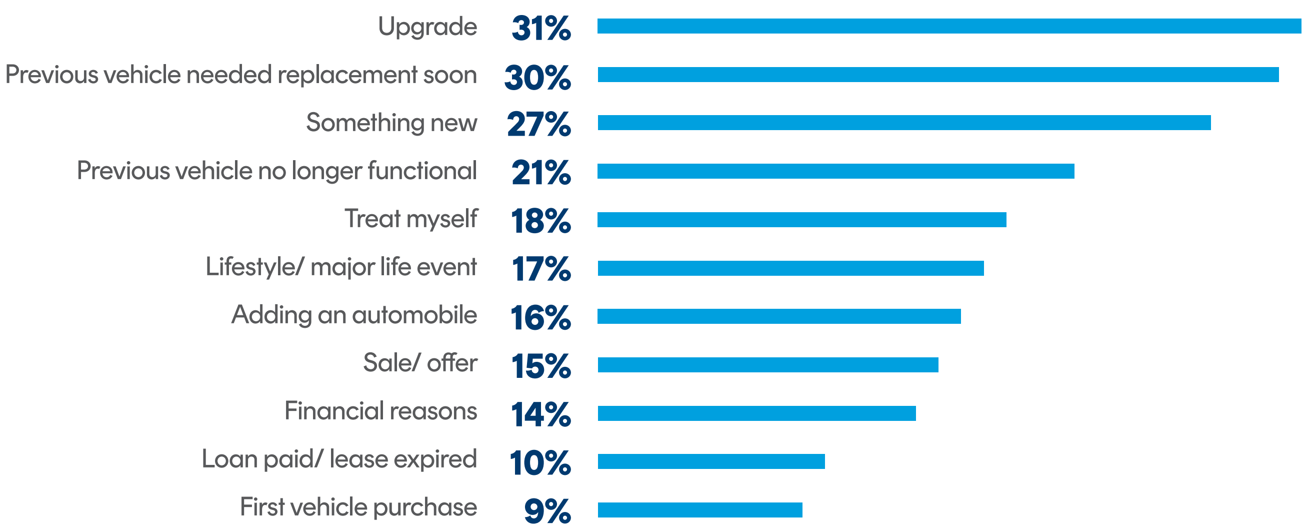
Explore the latest findings from CarGurus' 6th annual path-to-purchase study.

Buyer insights

Why they buy

The leading reasons for entering the market include desire for an upgrade, need for a replacement, and motivation for something new.

Top motivators to purchase a car



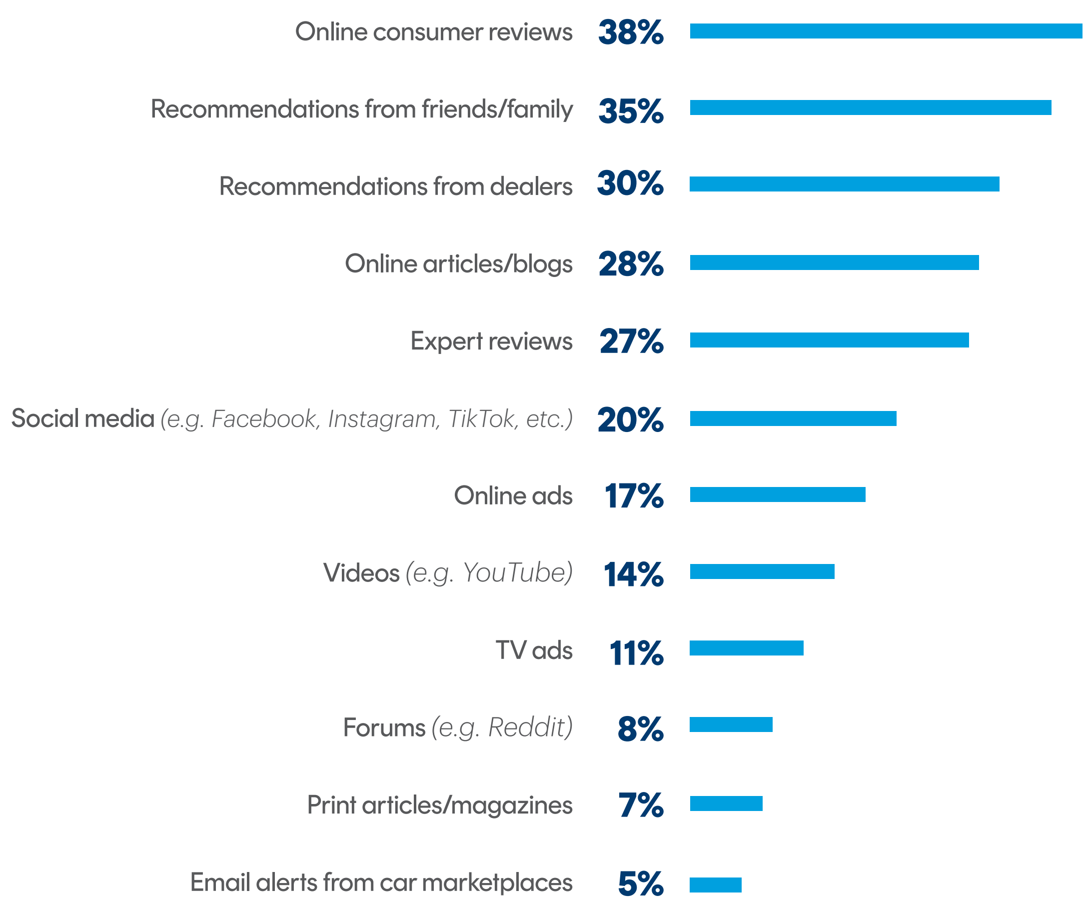
Share of buyers who consider their purchase very/extremely urgent

Buyer urgency has **remained consistent** year-over-year.

2021	2022	2023
25%	32%	33%

The leading sources of influence at the beginning of the shopping journey are online consumer reviews, personal recommendations, and dealer recommendations.

Top sources of influence

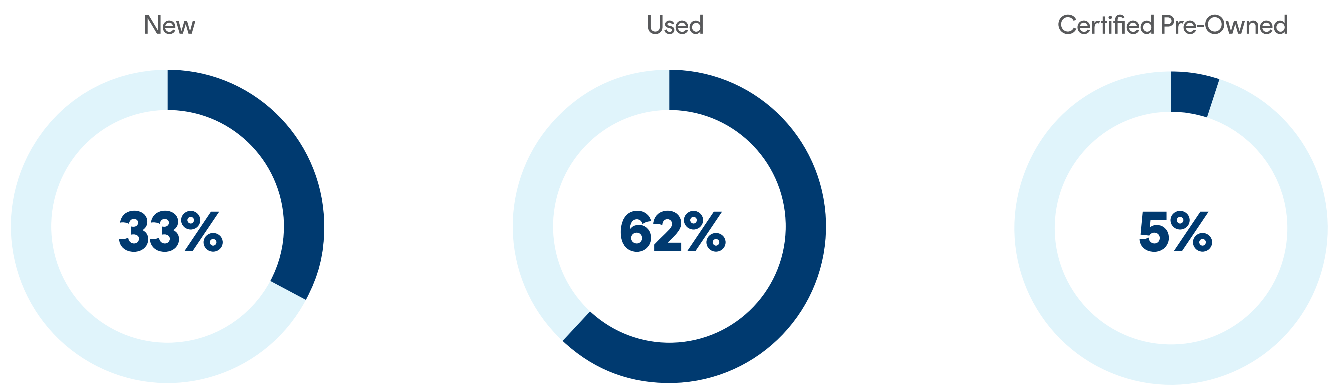


81% of shoppers research what vehicle to buy online.

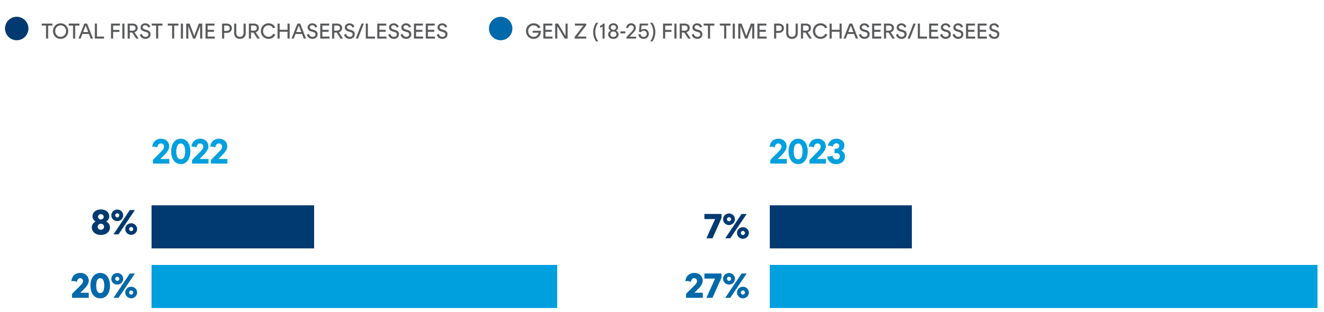
What they look for in a car

The majority of buyers purchased used.

Type of car purchased

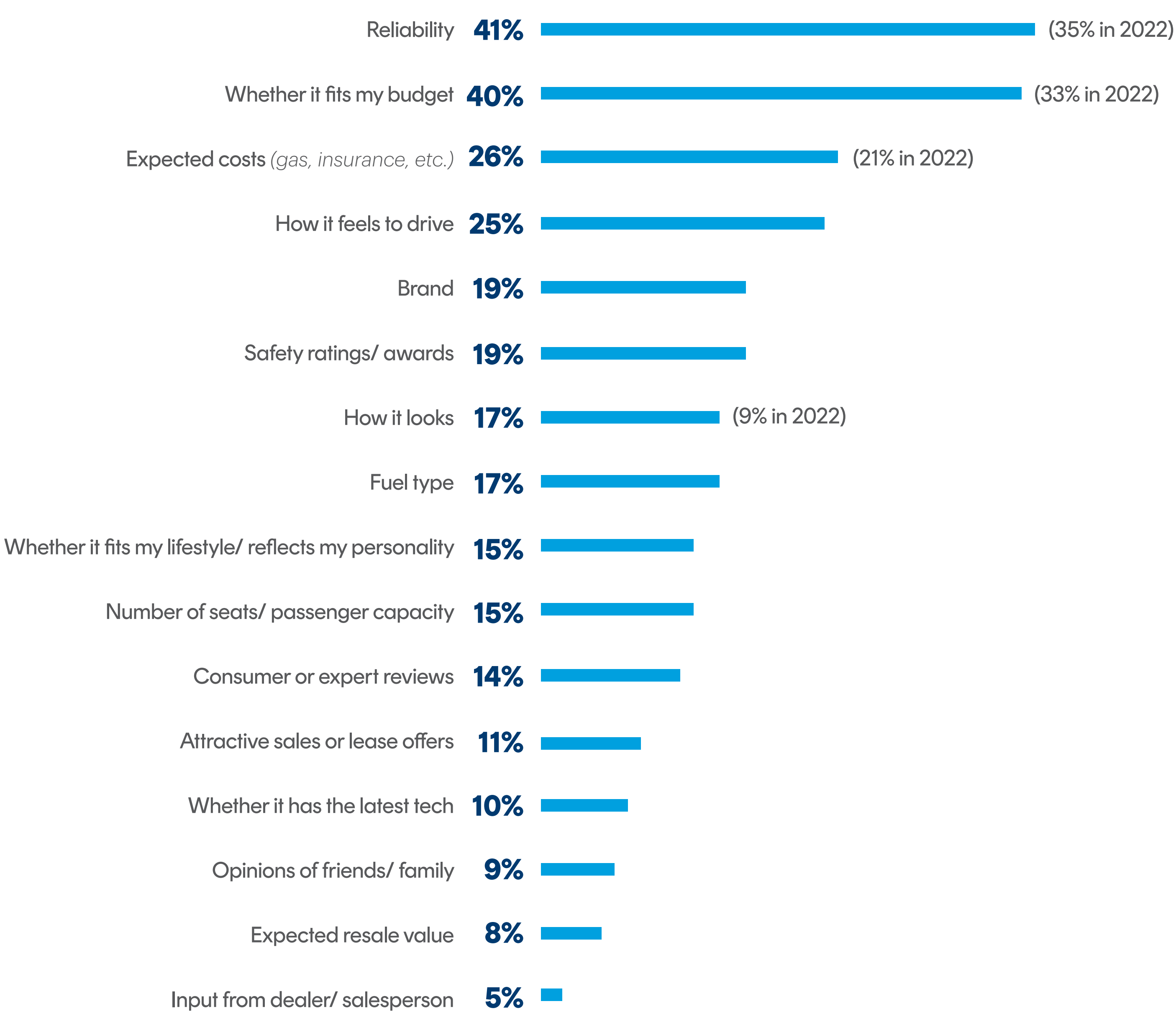


More young buyers purchased or leased their first car in 2023. Of all Gen Z buyers, 65% opted for used.



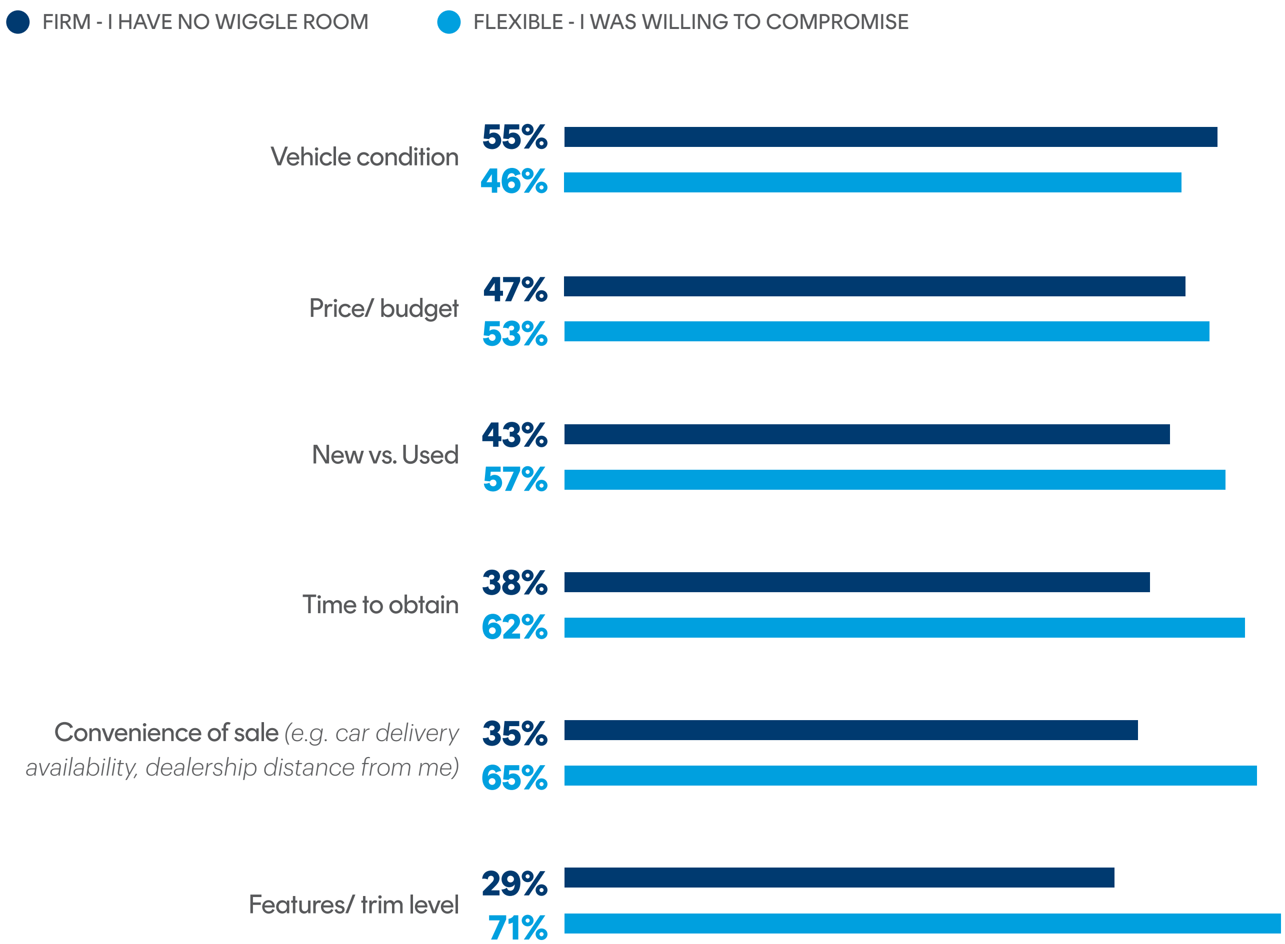
Vehicle reliability and budget remain the most important factors in determining what car to buy, increasing significantly from last year. A car's appearance also increased in importance.

Most important factors for deciding what to buy



When making a final decision, shoppers report being most firm on vehicle condition. With shifting prices and inventory, consumers were more flexible on budget and time to receive their car.

Most important criteria for final decision



Average price paid

2023: $24k average ($29k in 2022)

New **$46k** ($41k in 2022)

CPO **$32k** ($25k in 2022)

Used **$18k** ($24k in 2022)

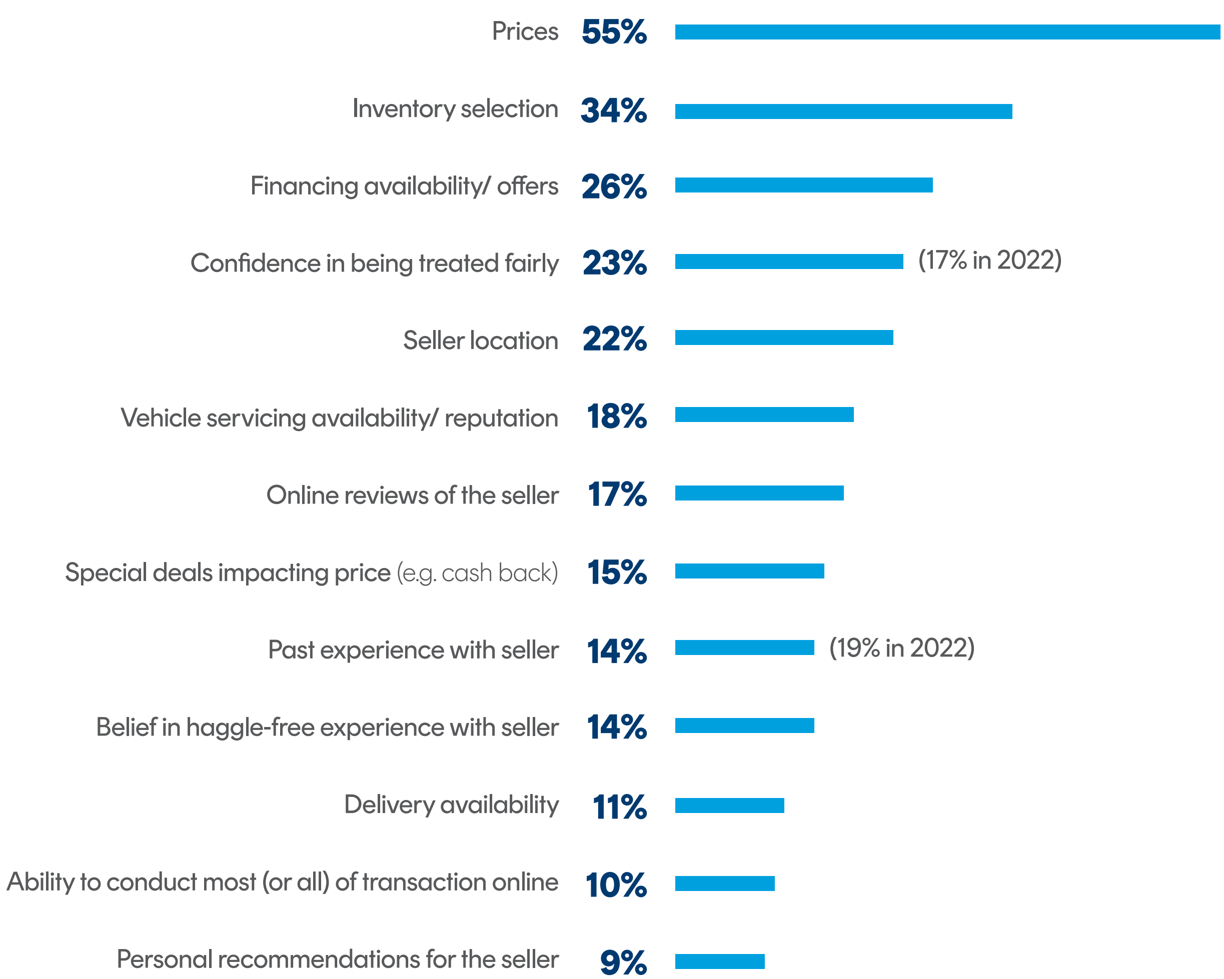
Average price by age

Gen Z (18-25)	Millennial (26-40)
$21k	**$26k**
Gen X (41-56)	Boomers (57-65)
$24k	**$19k**

What they look for in a seller

Price remains the top priority in purchasing decisions. However, having confidence that the seller treated them fairly has increased in importance.

Most important factors influencing where to buy



74% of buyers contact two or more dealerships.

Where and how they shop

Shopper demand to handle more of the process from home was unchanged from last year, indicating a lasting shift in preferences.

81%

researched what vehicle to buy online

69%

want to do more from home
(up from 60% in 2021)

61%

used the Internet "a lot" or "exclusively"

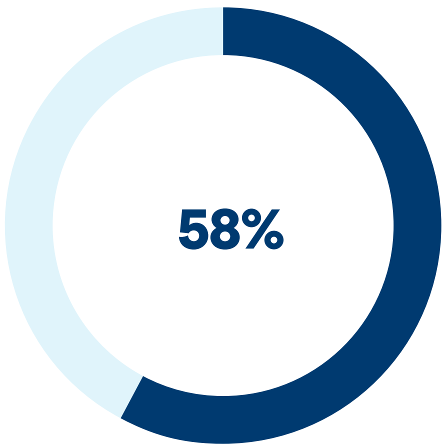
12%

used Internet minimally or not at all

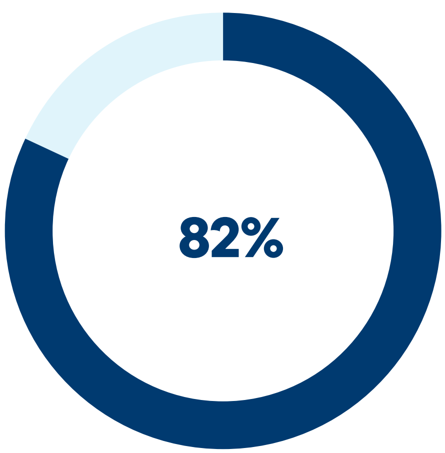
Who's most open to doing more from home?

Men	**73%**
Women	**65%**
Gen Z (18-25)	**74%**
Millennials (26-40)	**74%**
Gen X (41-56)	**64%**
First-time purchasers	**78%**
Affluent shoppers ($150k+)	**78%**
Young families	**75%**

Overall, consumers are more comfortable selling 100% online compared to buying 100% online. However, certain segments are more open to a fully online experience.

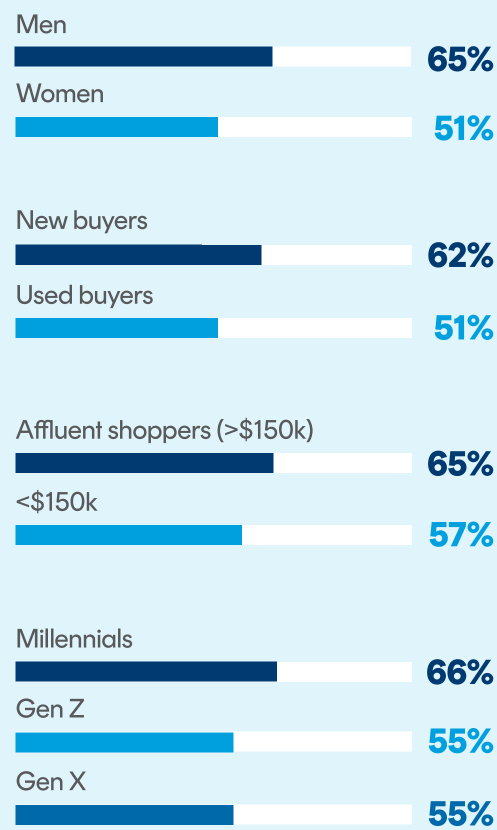


are open to **buying** completely online



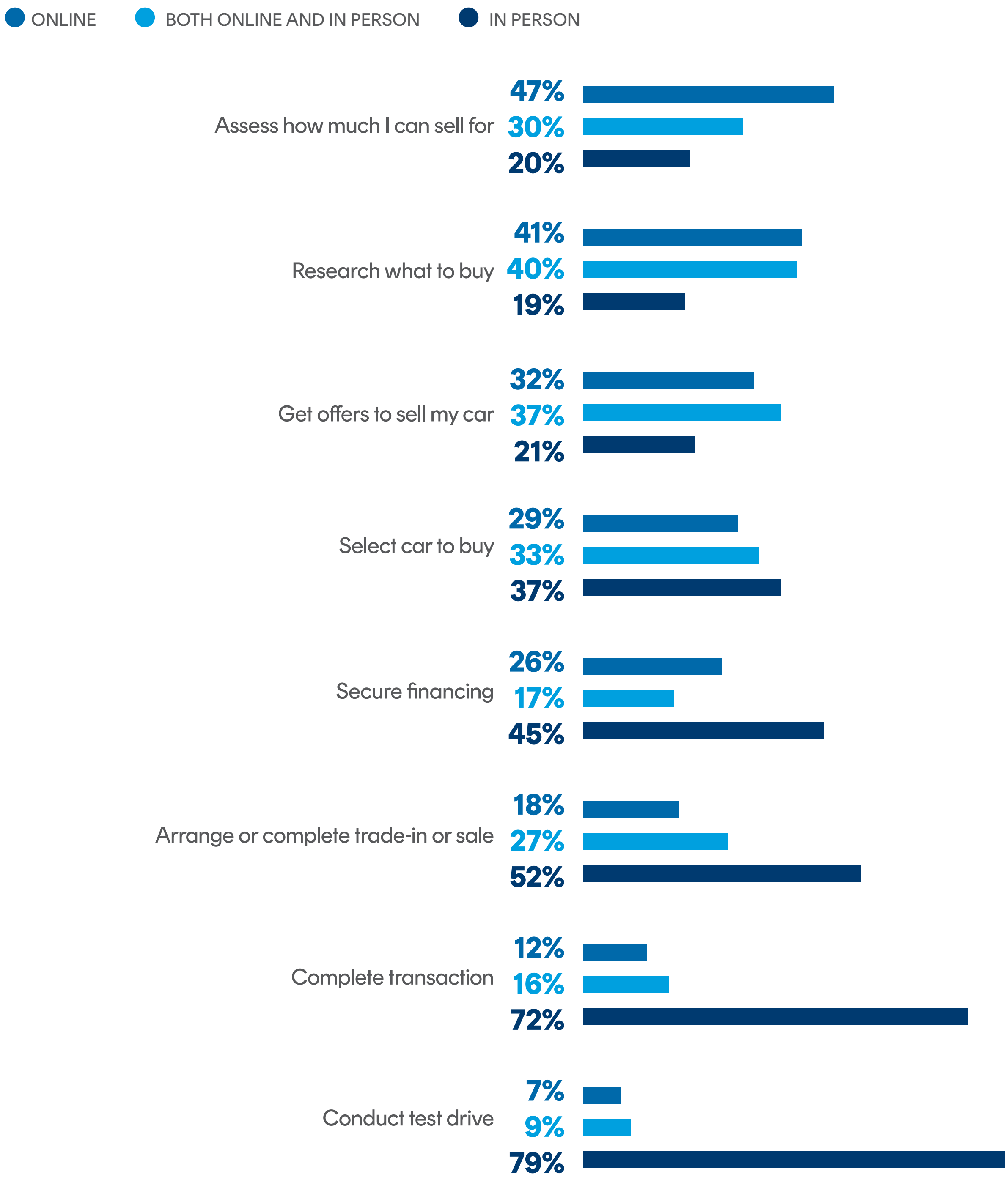
are open to **selling** completely online

Who's most open to buying 100% online?

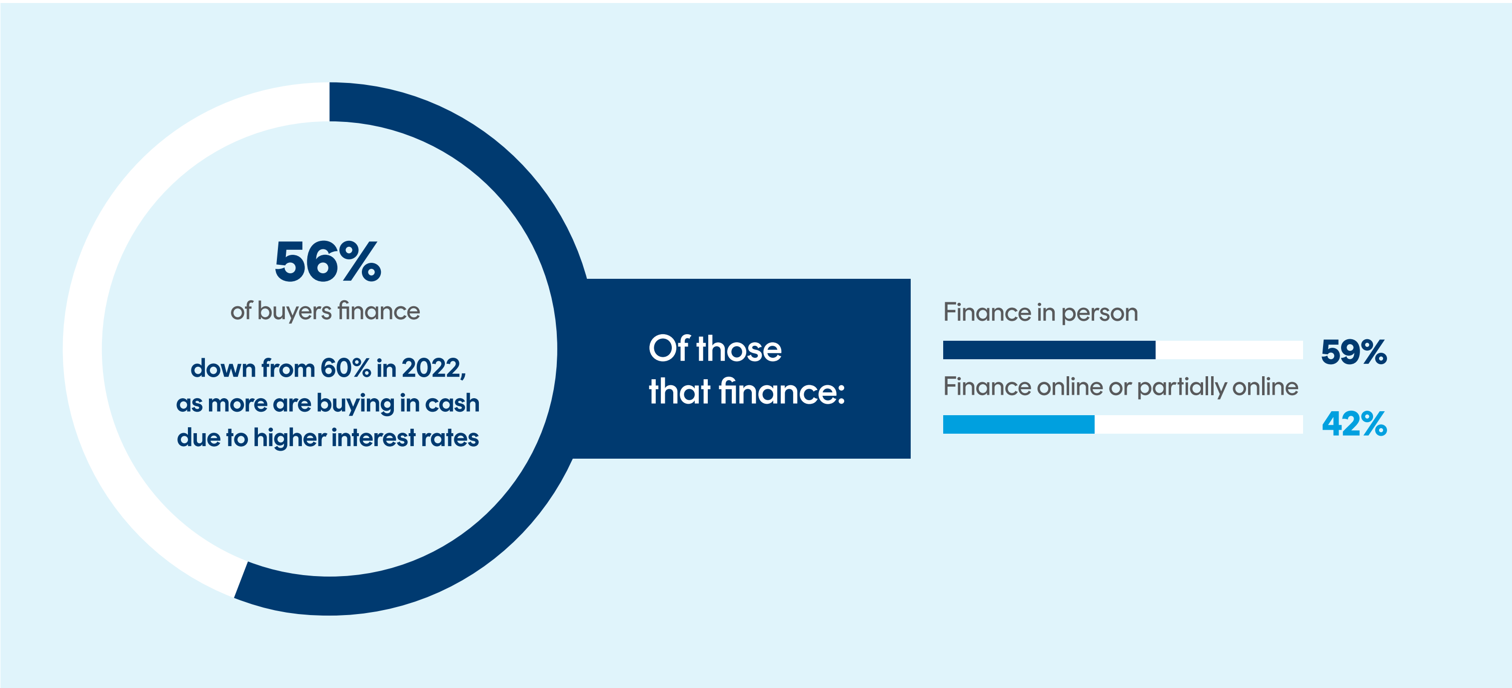


Most car buyers use online platforms (or a combination of online and in-person methods) during the initial stages to assess the value of their current car and research what to buy. However, steps to finalize the sale are primarily done in person.

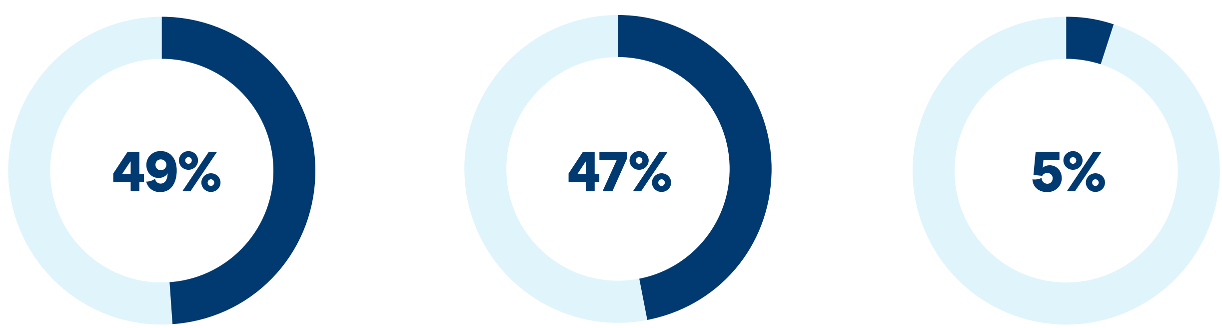
Location of purchase journey steps



Most apply for and complete financing in person, but 42% apply before visiting the dealership.



How financing was obtained by those who purchased from dealership



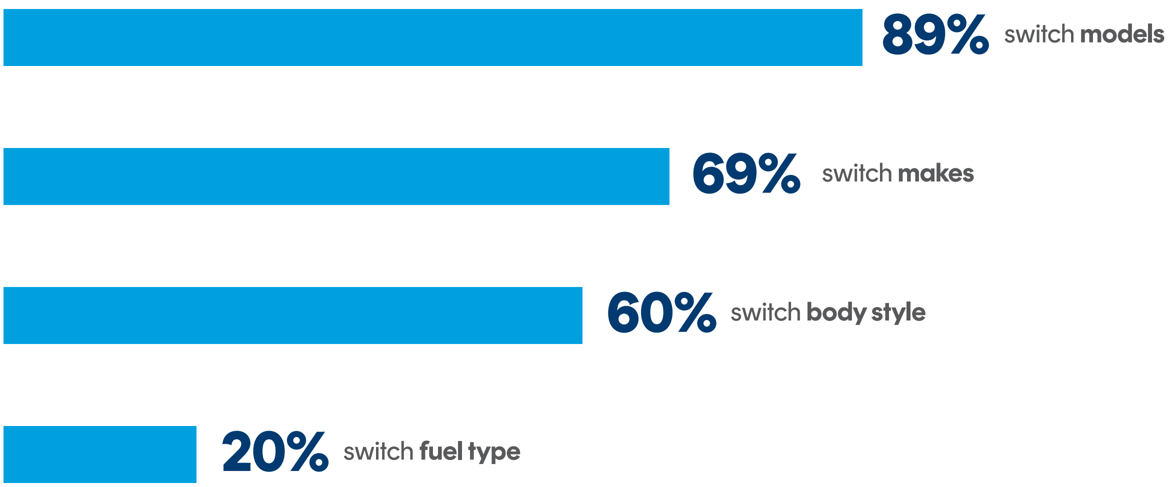
Through the dealership where the vehicle was purchased

Through a bank, credit union, or internet lender

Through an online vehicle buying/shopping website

What they buy

While the majority of buyers are likely to switch model and body style when replacing a car, there are few who decide to switch fuel type.

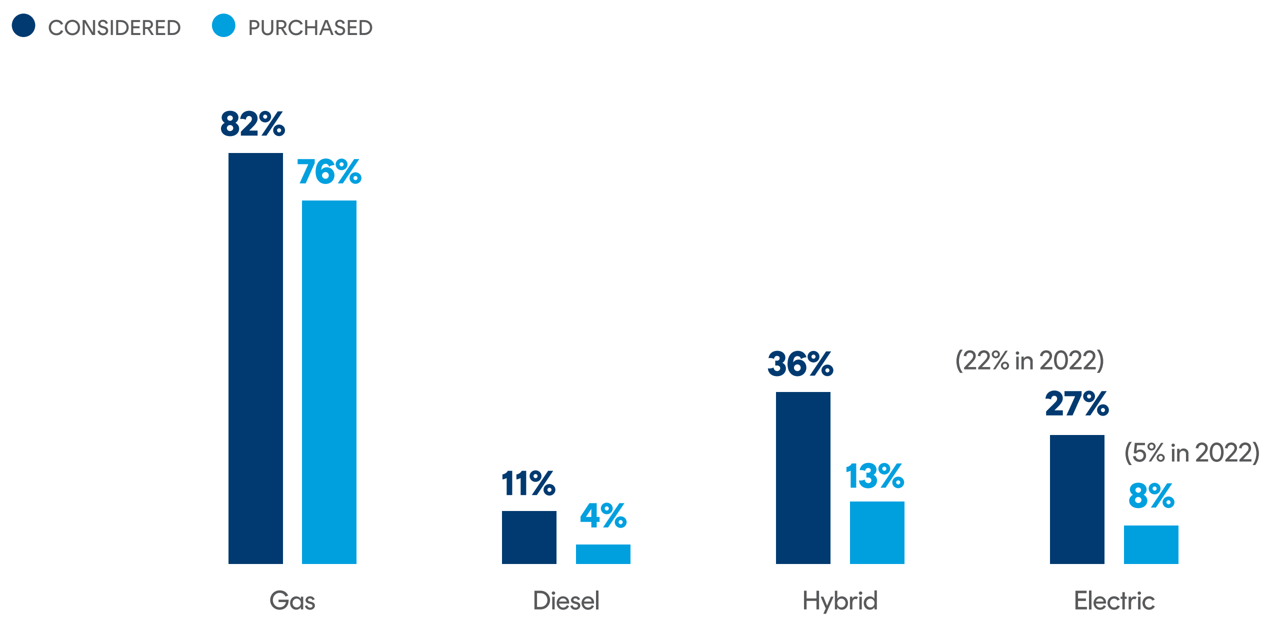


The most popular makes vary between generations

Gen Z (18-25)	Millennials (26-40)	Gen X (41-56)	Boomers (57-65)
Toyota **(15%)**	Subaru **(34%)**	Subaru **(28%)**	Ford **(12%)**
Chevrolet **(14%)**	Ford **(15%)**	Chevrolet **(14%)**	Honda **(12%)**
Honda **(8%)**	Chevrolet **(12%)**	Ford **(12%)**	Toyota **(10%)**
BMW **(8%)**	Toyota **(9%)**	Honda **(10%)**	Chevrolet **(9%)**
Ford **(7%)**	Honda **(7%)**	Toyota **(9%)**	Nissan **(9%)**
Dodge **(5%)**	Dodge **(5%)**	Nissan **(8%)**	Kia **(6%)**
Kia **(5%)**	Nissan **(5%)**	Jeep **(6%)**	Volkswagen **(5%)**
Subaru **(4%)**	Audi **(5%)**	Hyundai **(5%)**	Hyundai **(5%)**
Nissan **(4%)**	BMW **(5%)**	Kia **(5%)**	Subaru **(5%)**

Consideration of electric vehicles (EVs) is up in 2023. But this has not yet translated into higher purchase rates, with a 3% rise since 2022.

Vehicle fuel type considered vs. purchased



The majority of those replacing a hybrid or EV remain in that category for their next car.

Gas

- **84%** **Stay with gas**
- **1%** Switch to diesel
- **11%** Switch to hybrid
- **5%** Switch to EV

Diesel

- **46%** **Stay with diesel**
- **20%** Switch to gas
- **16%** Switch to Hybrid
- **18%** Switch to EV

Hybrid

- **55%** **Stay with hybrid**
- **25%** Switch to gas
- **5%** Switch to diesel
- **15%** Switch to EV

EV

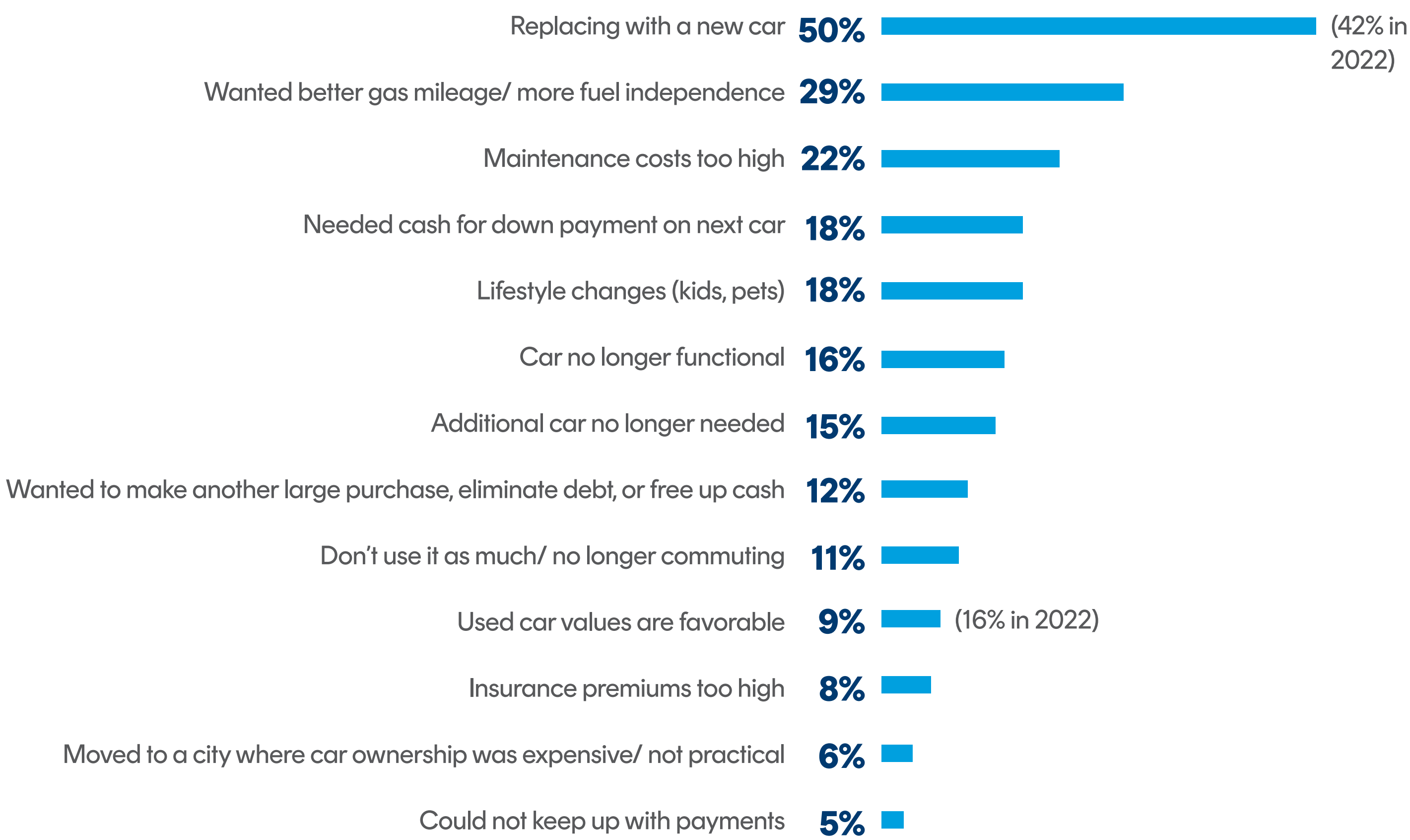
- **67%** **Stay with EV**
- **20%** Switch to gas
- **1%** Switch to diesel
- **11%** Switch to hybrid

Seller insights

Why they sell

The leading reasons for selling a previous car include a desire for improved fuel efficiency or lower maintenance costs.

Reason for initial decision to sell or trade-in car



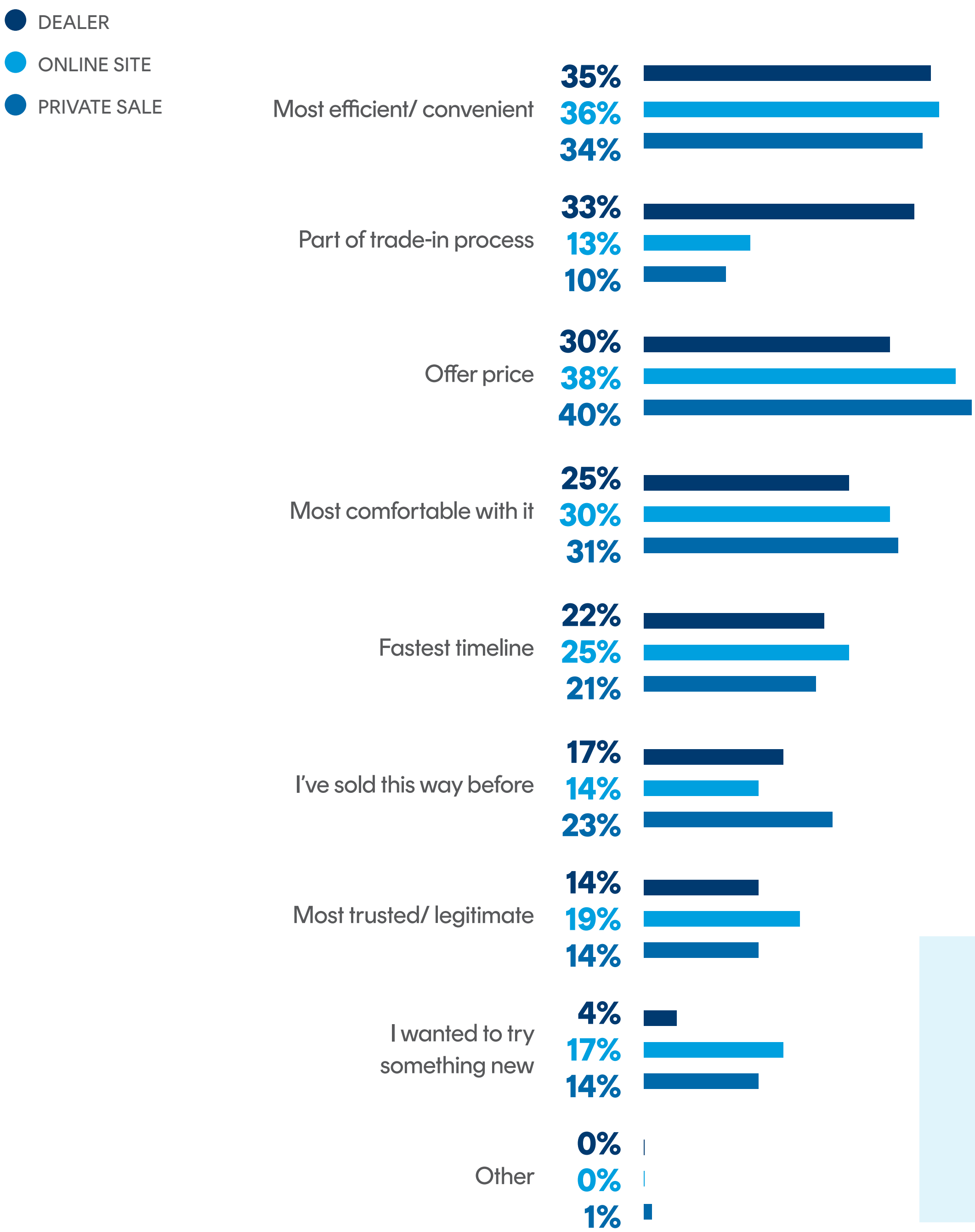
Over half of automobile replacers owned their prior vehicle for **less than four years.**

29% consider their sale extremely or very urgent

How they sell

Those who opted for an online site or private sale were motivated by the price.

Reasons for selling method

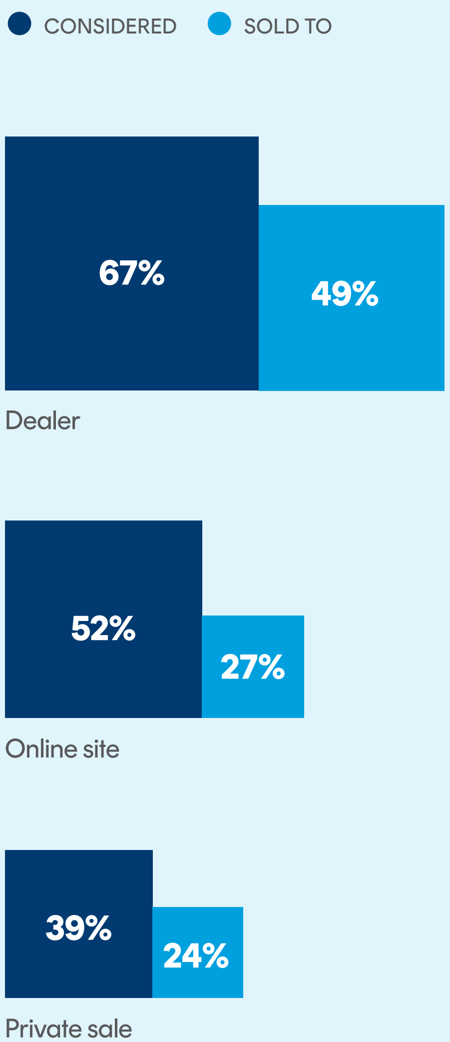


51% of sellers get an online offer to guide decision-making.

Where they sell

While more are open to selling to an online site, the majority sold to a dealer, citing efficiency and convenience as the main drivers.

Buyers considered vs sold to during selling process



More than half of sellers sold within 25 miles of home

54% Immediate (within 25 miles or 30 min drive)

26% Local (within 50 miles or 1-hour drive)

12% Nearby (with 100 miles or 2-hour drive)

7% Neighboring market (within 300 miles or 5-hour drive)

1% Distant market (more than 500 miles or 5-hour drive)

Key takeaways

Build your brand online

Shoppers rely heavily on online reviews, personal recommendations, and dealer endorsements at the start of their buying journey.

Prioritize your online presence and reputation management to influence potential buyers and foster customer loyalty.

→ Check out CarGurus Guide to the Art of Reputation Management.

Leverage tools & technologies to maintain competitive edge

Vehicle price, reliability, and expected costs have gained importance among buyers compared to last year, particularly amidst challenging market conditions.

Make small price adjustments to improve deal ratings and capture the attention of more buyers in your market who are narrowing down their options and comparing offers online before contacting dealers.

→ Ask your account rep about our brand-new Next Best Deal Ratings Report.

Embrace the future of omni-channel retail

Consumer willingness to buy and sell entirely online is increasing, as the vast majority of shoppers prefer to do more online. Also, online buyers report greater satisfaction with their overall experience than those who purchased at a dealership (37% vs. 27% selecting extremely satisfied).

Adapt to the changing landscape by offering seamless digital retail experiences while retaining focus on efficiency and convenience for those who prefer in-person experiences.

→ Bridge the gap from online shopping to sales with Digital Deal.

Background & methodology

Methodology

Data is primarily sourced from a June/July 2023 study conducted by CarGurus and GfK, a leading market research firm. The study included a survey of 3,185 past-four-month auto purchasers/sellers of new or used vehicles: n=3,012 opt-in sample and n=173 CarGurus CRM sample. Respondents could qualify as both buyers and sellers, are 18+ years old, and weighted to be representative of the U.S. auto market in terms of demographics (age, gender, income, etc.) and market factors (new/used, price point, etc.). In some cases figures may not sum to 100% because of rounding.

About CarGurus

CarGurus (Nasdaq: CARG) is a multinational, online automotive platform for buying and selling vehicles that is building upon its industry-leading listings marketplace with both digital retail solutions and the CarOffer online wholesale platform. The CarGurus marketplace gives consumers the confidence to purchase or sell a vehicle either online or in-person, and gives dealerships the power to accurately price, effectively market, instantly acquire, and quickly sell vehicles — all with a nationwide reach. The company uses proprietary technology, search algorithms, and data analytics to bring trust, transparency, and competitive pricing to the automotive shopping experience. CarGurus is the number one visited U.S. automobile marketplace*. CarGurus also operates online marketplaces, respectively, under the CarGurus brand in Canada and the U.K. In the U.S. and the U.K., CarGurus operates the Autolist and PistonHeads online marketplaces as independent brands. To learn more about CarGurus, visit www.cargurus.com. For more information on CarOffer, visit www.caroffer.com.

*Source: SimilarWeb: Traffic Report, Q4 2023, U.S.


Thank you!
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