

CDK GLOBAL®

Understanding the Gen Z Car Shopper

AUTOMOTIVE RETAIL FRICTION POINT REPORT

CONNECTIONS THAT MOVE YOU

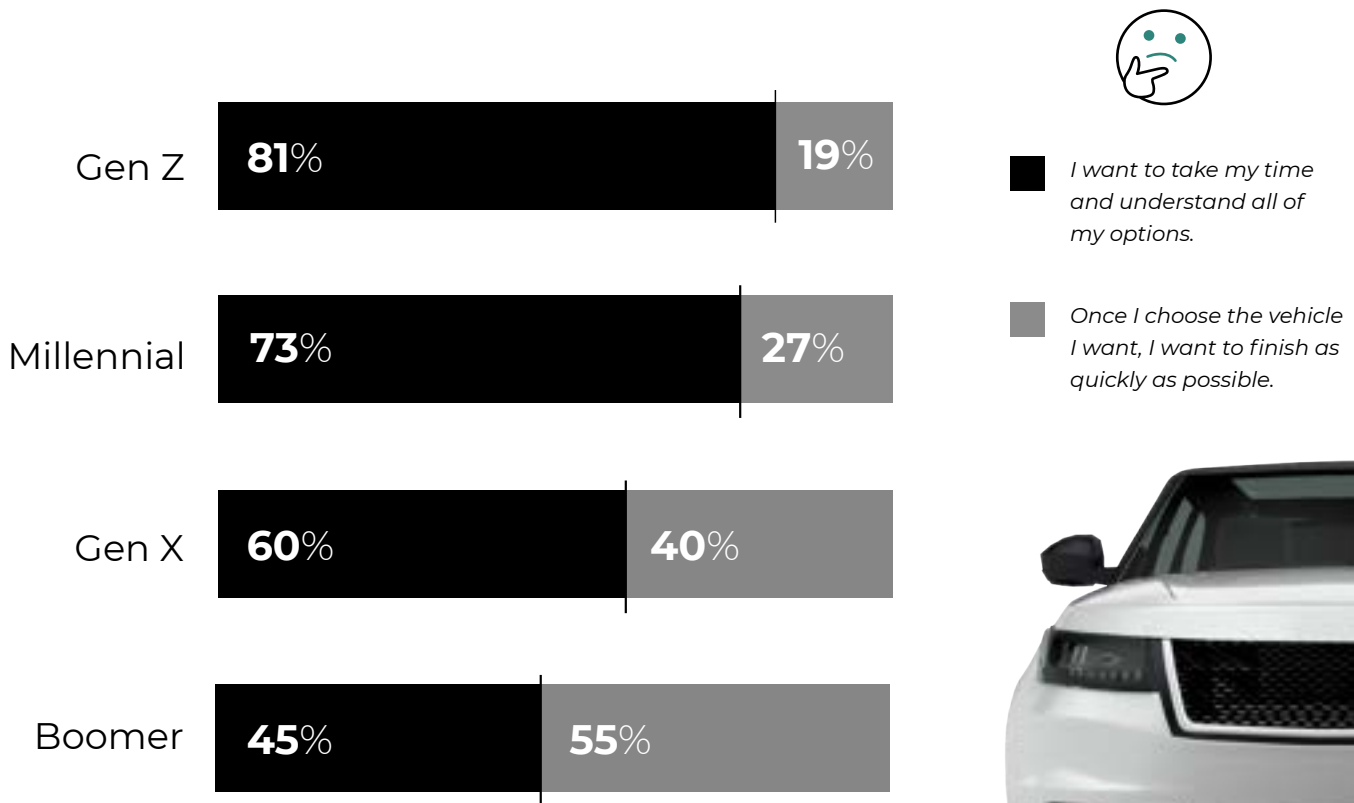
➤ Digital Sales / CRM / F&I / Fixed Operations / DMS / IT Solutions / Intelligence

Intro

There are a lot of assumptions about Generation Z. Those born between 1997 and 2012 are generally thought to be hyper-online and at the leading edge of consumption trends.

But when it comes to buying a car, Gen Z is much different than the stereotypes portrayed on social networks. In a recent survey, CDK Global asked over 1,100 people of all ages, including Gen Z shoppers 18–25, about the car-buying experience. The results found that Gen Z can be more thoughtful, spending more time weighing decisions, but they also found the car-buying process more difficult than any other age group and were least likely to recommend their dealership experience.

Perhaps for these shoppers, 56% of whom were buying their very first car, education is key.



Providing Space to Learn

81%

of Gen Z shoppers said they wanted to **take their time** to understand all of their options when purchasing a vehicle.

Compared to buying a new smartphone with only a few options, a new car can have multiple powertrains and half a dozen trim levels, plus a variety of stand-alone options and accessories. There are also multiple ways to finance, and even deciding on the amount of a down payment is more work than purchasing a phone or choosing a payment plan.

Like other generations, Gen Z finds that getting the best price is most important. These younger shoppers are **more interested in working with a knowledgeable representative** than any other group.



2022 Sedan L
\$27,989
Heated Front Seats



2022 Sedan SX
\$29,656
180-Watt Audio System with 8 Speakers



2022 Sedan EX
\$35,298
LED Headlights, 18-inch Wheels, Leather Interior

Expert Guidance Preference

Gen Z

16%

Millennial

12%

Boomer

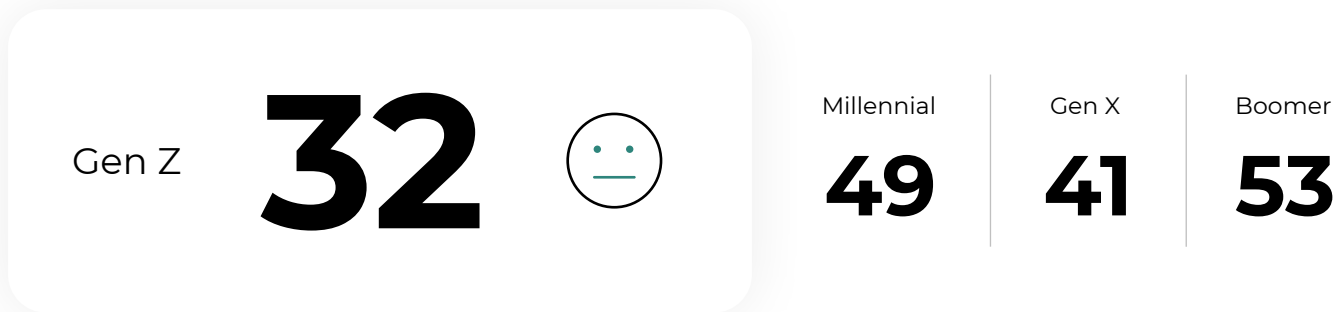
4%

Gen X

8%



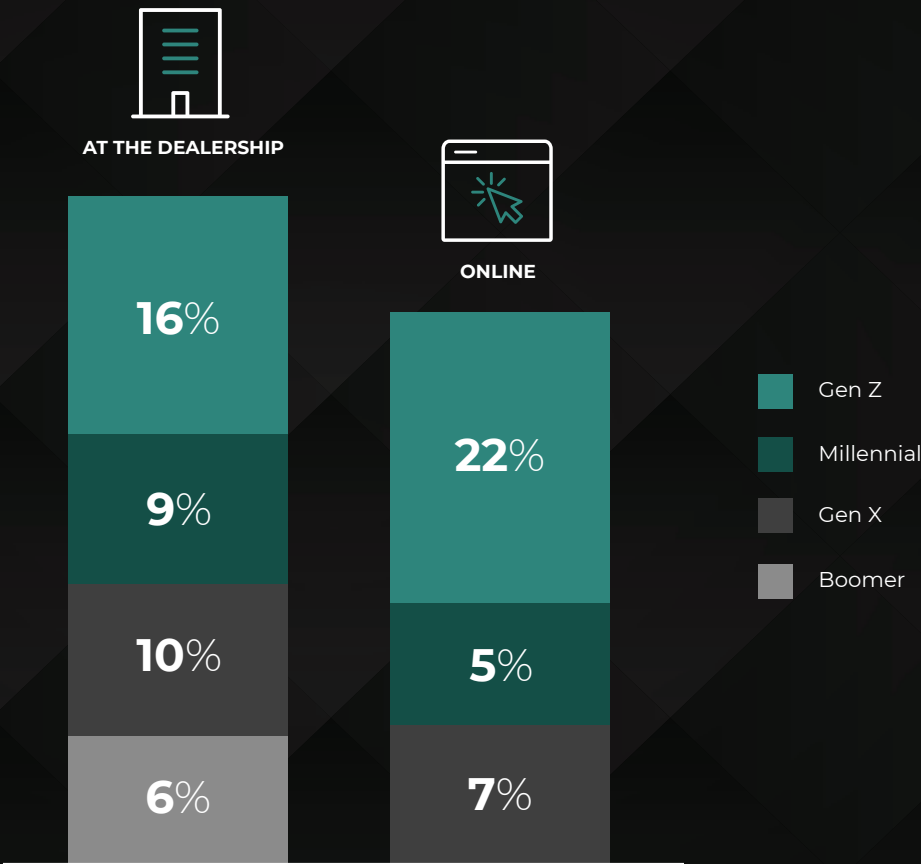
NPS Scores



The interaction between dealership touchpoints in Sales and F&I with their youngest customers is important because they are the **least likely to recommend their dealership experience to a friend.**

As seen in the chart below, Gen Z shoppers also found it more difficult to buy a new car — whether it was at a dealership or online — than any other generation. While they may be social media natives, they had far more issues buying online than their millennial and Gen X cohorts.

Percentage That Found It Difficult to Buy a Car...



Where Are the Roadblocks?



In our original Friction Point study, time — or more accurately, **wasting time waiting** — was the number one complaint of car buyers across generations. Indeed, time waiting for a salesperson and F&I were high on Gen Z's list as well. But these less experienced shoppers also ranked **frustration around additional fees** as high as waiting.

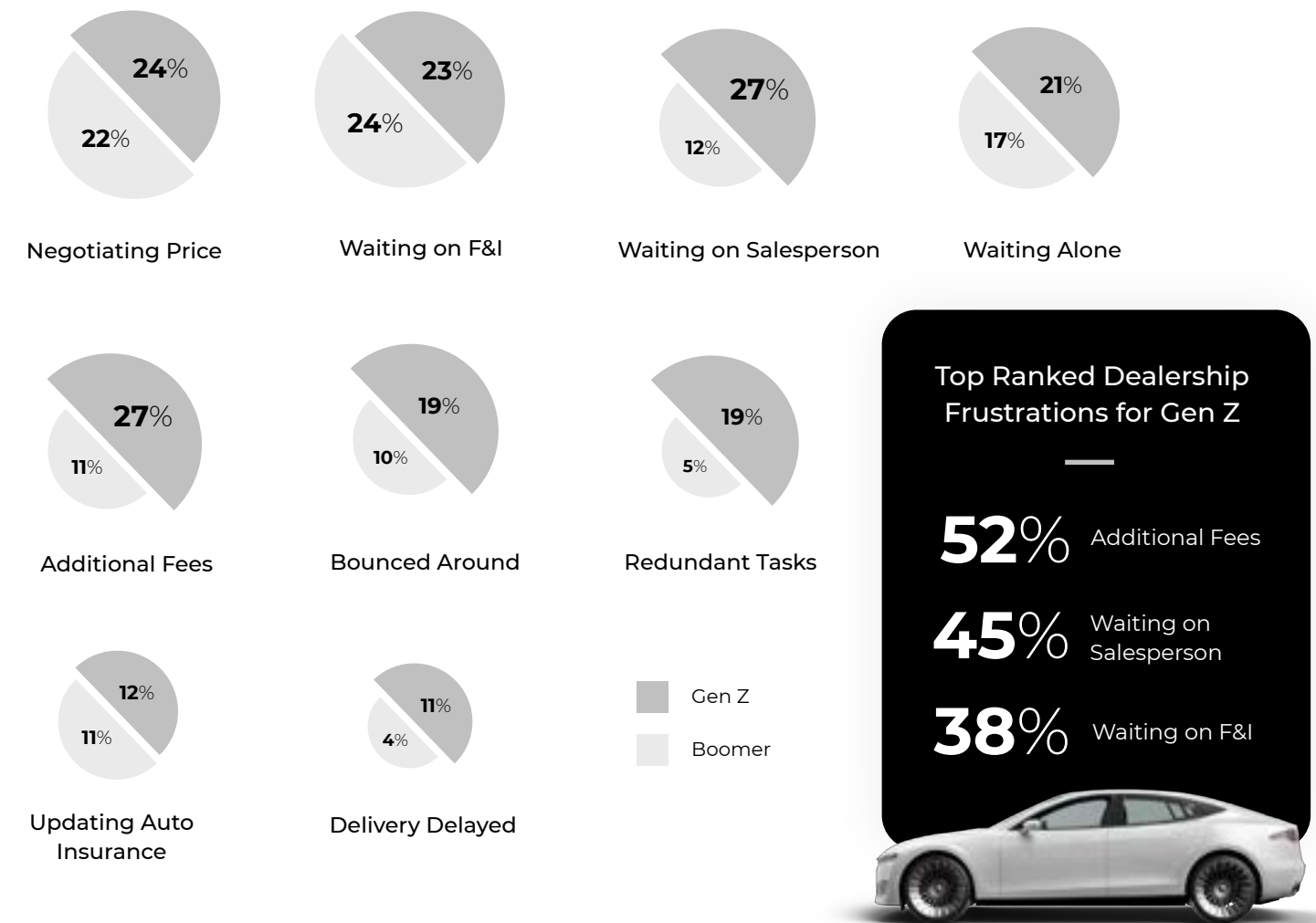
This was more than double the percentage of boomers. These new car shoppers might have been frustrated over traditional licensing and other fees, delivery charges or even sales taxes.

And while Gen Z didn't mind spending time early on in the purchase to understand all of their options, they were much more frustrated by being bounced around and having to complete redundant tasks than boomers.

Their patience also wore thin over delivery delays, nearly **3X more** than boomers.

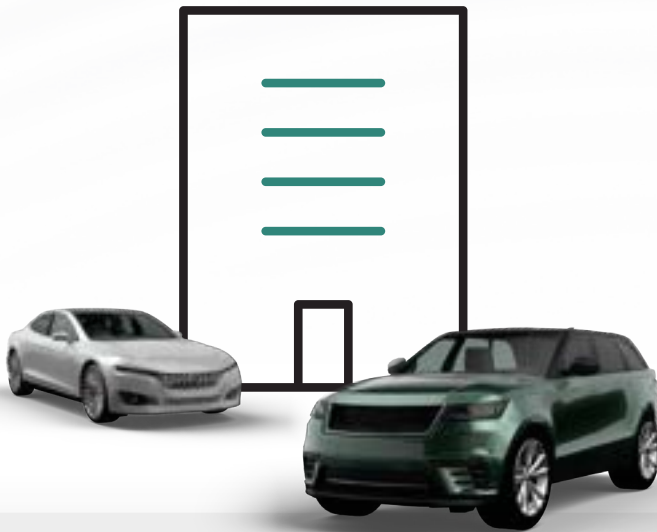
GEN Z VS. BOOMER

Dealership Friction Points



Advice for Selling to Gen Z

It's clear that Gen Z is a much more complex and thoughtful generation when it comes to car shopping than might be assumed. And while they use the internet to shop for cars more than other age groups, they are still coming to the dealership to complete some part of their purchase.



87%

of Gen Z shoppers either buy at the dealership or start online and finish at the dealership.

Key Takeaways

Touchpoints Are More Important for Gen Z

Knowing that Gen Z can be more critical of the dealership experience and may need more time understanding their options, representatives should ensure they are explaining the **shopping process clearly** and understand that Gen Z shoppers may ask more questions than other customers.

By taking advantage of this group's desire for **expert guidance**, representatives should not only raise the final NPS but reduce friction points around options and additional fees.

Don't Assume They Can't Afford Luxury Cars

Younger shoppers are much more likely to buy luxury brands than any other generation in our survey with **39% buying a luxury car versus 29% of millennials, 27% of Gen Xers and just 12% of boomers**. They also choose European imports more than any other group.

There should be no assumption that a younger shopper entering a luxury shop isn't willing or able to complete a deal.

Don't Make Them Wait

No one likes to wait no matter their age. For Gen Z it was waiting on a salesperson that ranked near the top of their list of friction points at the dealership, and **45% of them ranked it as the most frustrating part of buying a car**. This was second only to additional fees.

And while there may not be an easy way to reduce the pain around fees, **reducing the amount of time spent waiting** on a salesperson should be much simpler to address.

ABOUT THIS SURVEY

CDK Global Research surveyed over 300 dealers and 1,100 car buyers of all generations who made a purchase in 2021. Of this group, 13% identified as Gen Z between the ages of 18 and 25.

The survey participants included a mix of gender, ethnicity, household income, region and geographic areas. 85% of survey participants purchased their vehicle, with the remaining 15% choosing to lease a vehicle.

The goal of the survey was to understand what can become a friction point along the car-buying journey and what dealers can do to improve the process. This report takes a specific look at the issues that are unique to Gen Z.

ABOUT CDK GLOBAL

With approximately \$2 billion in revenues, CDK Global (NASDAQ: CDK) is a leading provider of retail technology and software as a service (SaaS) solutions that help dealers and auto manufacturers run their businesses more efficiently, drive improved profitability and create frictionless purchasing and ownership experiences for consumers. Today, CDK serves over 15,000 retail locations in North America. For more information, visit cdkglobal.com.

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