
AutoTrader.com

NEXT GENERATION CAR BUYER STUDY

Executive Summary
August, 2013

WHO ARE MILLENNIALS?

Millennials are in late adolescence or young adulthood

YOUNG MILLENNIALS		OLDER MILLENNIALS		GEN X		BABY BOOMERS	
Age:	16-24	Age:	25-32	Age:	33-47	Age:	48-66
Marital Status:	92% Single	Marital Status:	53% Married	Marital Status:	73% Married	Marital Status:	74% Married
Living Situation:	60% Live with Parents	Living Situation:	53% Own	Living Situation:	67% Own	Living Situation:	85% Own

Born between 1980 and 2000, the **75-million**-strong Millennial Generation is nearly as large as their Boomer parents¹. But that's where the similarities end. Nearly **80% of Americans say there are major differences now in the point-of-view of younger and older adults**².

Millennials are projected to be the **wealthiest generation ever**, with a collective projected annual income of **\$3.4 trillion by 2018**². **In 2012, 25% of all new vehicles sold in the U.S. were purchased by Millennials. That figure is expected to nearly double by 2022**³. That's why, as part of the company's mission to make car buying and selling easier for consumers, dealers and manufacturers, AutoTrader.com's expert research team conducted an extensive research study to explore the motivations, opinions and behaviors of this unique new generation of car shoppers.

WHAT DO MILLENNIALS THINK ABOUT CARS AND DRIVING?

Millennials care more about cars than you may think...

It's true that **younger Millennials are delaying getting their driver's license at a higher rate than older generations** (36% of younger Millennials, older Millennials: 27%, Generation X: 28%, Baby Boomers: 24%). But this has very little to do with lack of a need to drive (9%), lack of an interest in driving (6%) or lack of access to a car (5%). **Younger Millennials are "too busy with other things" (23%), are "afraid of driving" (19%), say "it is too expensive" (15%) and want more time to train (14%).**

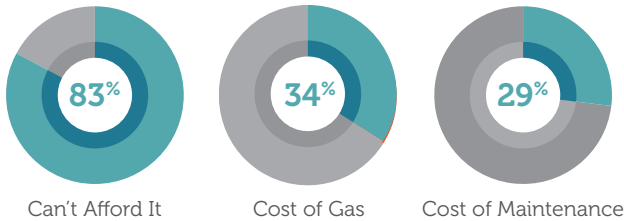
When it comes to thinking about owning a car, **at this stage in a millennial's life, a car is more of a practical purchase than an emotional one.**

Why did you decide to purchase a new vehicle?

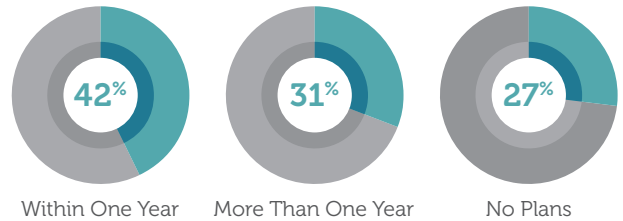
YOUNG MILLENNIALS		OLDER MILLENNIALS		GEN X		BABY BOOMERS	
I needed one:	80%	I needed one:	72%	I needed one:	62%	I needed one:	57%
I wanted one:	20%	I wanted one:	28%	I wanted one:	30%	I wanted one:	31%

This is a result of life-stage as well as current economic situation. **50% of young Millennials and 16% of older Millennials surveyed don't currently own a vehicle, and cost is the primary factor.**

Why Don't Young Millennials Own a Car?



When Do Young Millennials Plan to Get a Car?



HOW DO MILLENNIALS RELATE TO AUTOMOTIVE BRANDS?

Millennials aspire to automotive brands that align with their image of themselves: sophisticated, innovative and stylish. But those brands aren't the ones they actually buy...yet.

Brand Fits Personality (Top 5 Brands)

YOUNG MILLENNIALS



OLDER MILLENNIALS



GEN X



BABY BOOMERS



The brand fit metric is a good way to get a sense of where the automotive market could be heading. Even though many of the brands Millennials say are a fit for them exceed their current means, Millennials are highly aspirational and are showing an interest in obtaining luxury as soon as they're able to reasonably afford it.

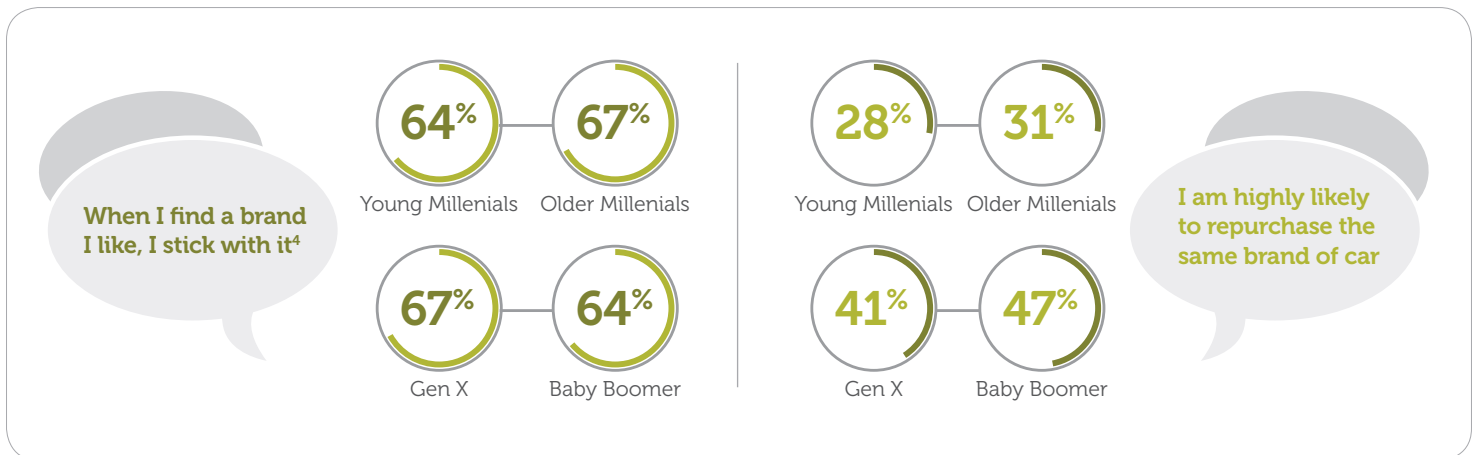
Brands millennials are much more likely than Baby Boomers to consider:

1. Audi
2. Nissan, Scion (tie)
3. Kia
4. BMW, Fiat, Acura (tie)
5. Mitsubishi, MINI (tie)
6. Mazda

Brands millennials are much more familiar with than Baby Boomers:

7. Lexus, Scion (tie)
8. Honda, Kia, Mitsubishi (tie)
9. Nissan, Hyundai (tie)
10. BMW
11. Jeep, Audi, MINI (tie)
12. Mercedes, Acura (tie)

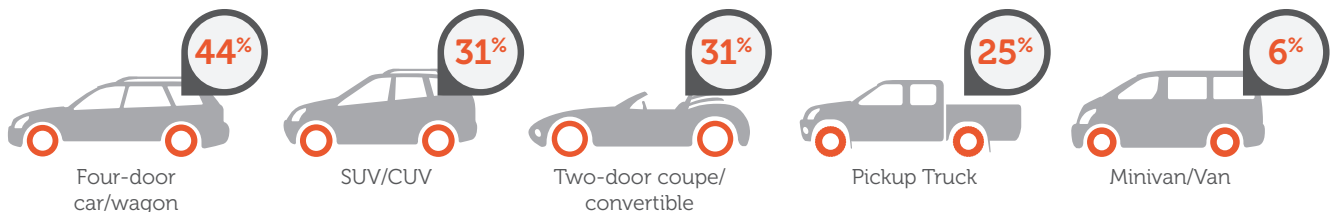
Millennials do have the potential to be brand loyal, but their trust is more difficult to gain and easier to lose. In general, Millennials are just as loyal to brands as older generations, but not when it comes to their cars. Only **41% of Millennials are highly likely to recommend their current vehicle to someone else compared to 56% of Baby Boomers.**



WHAT DO MILLENNIALS WANT IN A CAR?

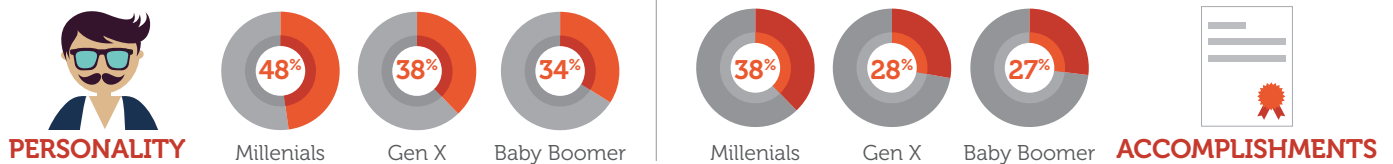
A Millennial's ideal vehicle: Stylish, Fun, Capable, Practical, Environmental, Refined.

A Millennial's next car will likely be⁵:



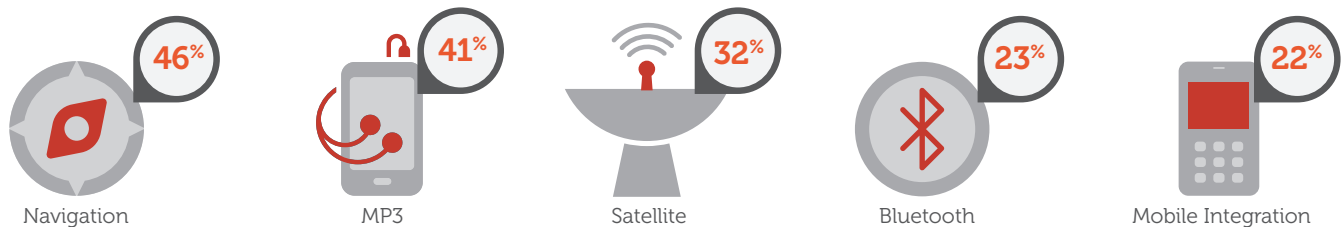
For a Millennial, a car isn't simply a piece of conveyance to get them from point A to B. They place great value on individuality and personal expression: **Millennials view their car as a means to tell the world who they are.**

It's important for Millennials that their car represents their personality and their accomplishments



More than 70% of younger Millennials say infotainment features are "must-haves" when shopping for a vehicle.

Top Must Have Features for Younger Millennials



For every generation other than Baby Boomers, technology is more important to a good social life than a car...but the margin is thin. Millennials still view their car as an essential part of their lives to keep them connected to the things that are important to them. There are indications that technology is starting to take priority, but the shift is very gradual.

"My vehicle is critical to so many parts of my life. I need it for work, sports, friends, family, etc. I am lost without it. I would put it on a level with my phone. They are both critical to me, but in the end it (car) is slightly more important." – Millennial Study Participant

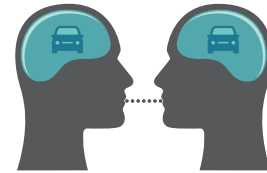
As Millennials age and mature into different phases of their lives, they become more pragmatic in what keeps them happy about their vehicle. For **younger Millennials, style and features drive vehicle satisfaction, while older Millennials are more focused on safety and performance.**

WHAT MOTIVATES A MILLENNIAL TO BUY A CAR?

A Millennial is most likely to first be introduced to the car they purchase through family and friends, as opposed to Baby Boomers, who were most likely introduced to their car by visiting the dealership.



Millennials depend more heavily on word-of-mouth when shopping for a car more than other generations...
(Millennials: 43%; Gen X: 28%; Baby Boomers: 32%)



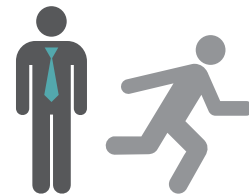
...And most of that is face-to-face
(Face-to-face: 90%; Blogs/forums: 41%; e-mail: 36%)⁷

Millennials enjoy browsing the dealer lot more than older generations, and are more likely to visit a dealership multiple times before making their final purchase decision.

"I think car dealerships are essential in deciding whether you truly want a certain car or not – I think you need to try the physical thing before making a big purchase and investment." – Millennial Study Participant



Millennials rely more heavily on a salesperson for information than older generations...
(Millennials: 49%, Gen X: 41%, Boomers: 38%)



...but are more likely to go out of their way to avoid interacting with them for fear of high-pressure sales tactics
(Millennials: 56%, Gen X: 49%, Boomers: 37%)

Millennials appreciate car dealers who are honest, straightforward and give them the time and space they need to make the right decision. They strongly prefer a salesperson close to their own age who adopts a consultative approach.

METHODOLOGY AND SOURCES

The cornerstone of this research is AutoTrader.com's 2013 Millennial Study. An online survey was conducted from January 7 to January 25, 2013 among 1,657 Millennials, 993 Gen Xers, and 1,062 Baby Boomers, including an oversample among those who purchased a vehicle within the past 3 months. In addition, 75 Millennials who were actively shopping for a vehicle during the study period participated in a month-long online community providing AutoTrader.com real-time feedback on their experiences.

1. Population Reference Bureau
2. Pew Research Center
3. 2012 Gen Y Automotive Study, Deloitte
4. 2013 Forrester Research Inc.
5. 2012 AutoTrader.com User Profile Study
6. WardsAuto, 2013
7. 2012 AutoTrader.com Audience Segmentation Study

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