

A red car is shown in a tunnel, with light trails from its headlights and taillights creating a sense of motion. The car is positioned in the center-right of the frame, facing left. The tunnel's structure is visible as a series of curved lines and panels.

Auto Data Trends:

What Customers Expect in a Post Pandemic World

March 2021

Summary

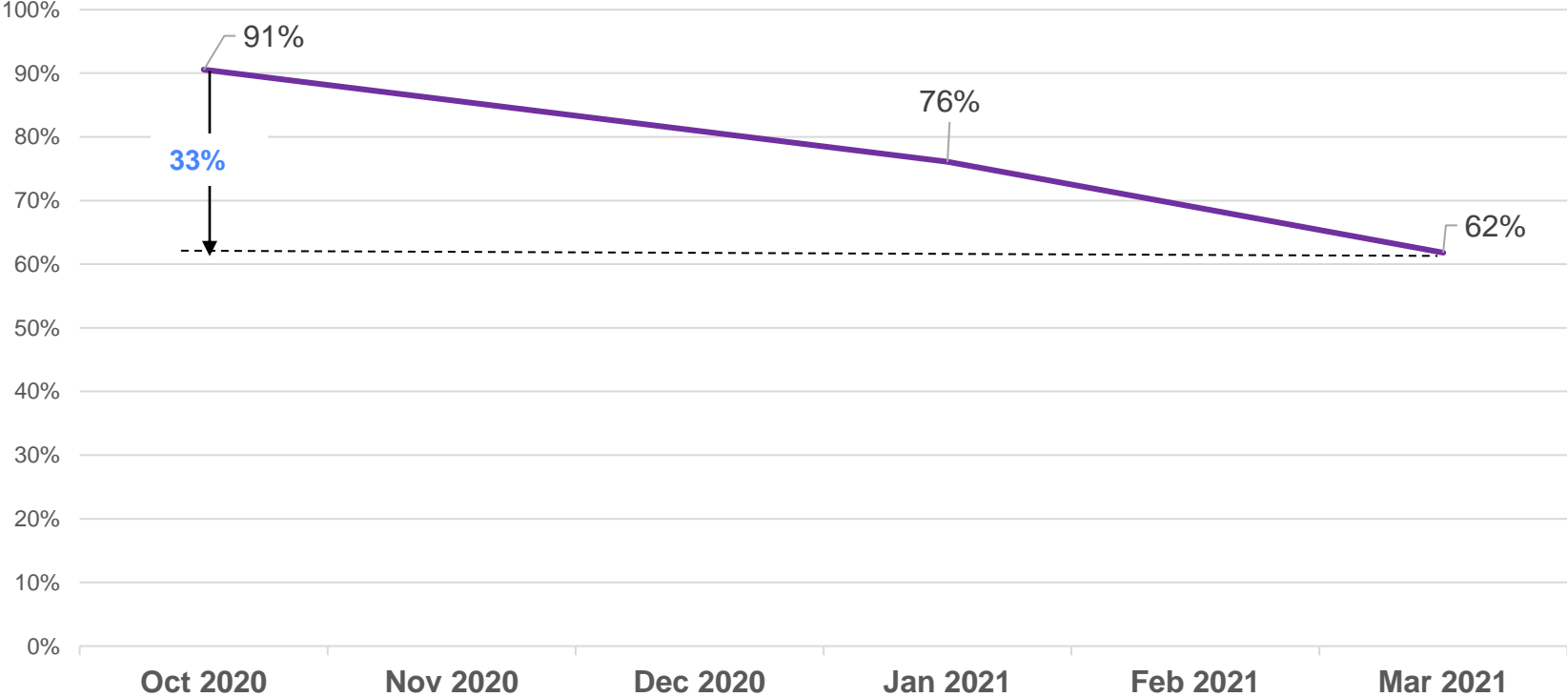
The following data comes from a survey of **1,202 consumers** conducted on **March 18, 2021** to determine how COVID-19 has impacted consumer experiences, views and expectations of auto lending and purchasing today.

The data continues the trend of **consumer demand for more robust and easier digital and remote solutions** even as consumer confidence grows.

Pandemic Impact Reduced

Consumer financial confidence is growing

Yes, I am concerned about my ability to pay back car loan

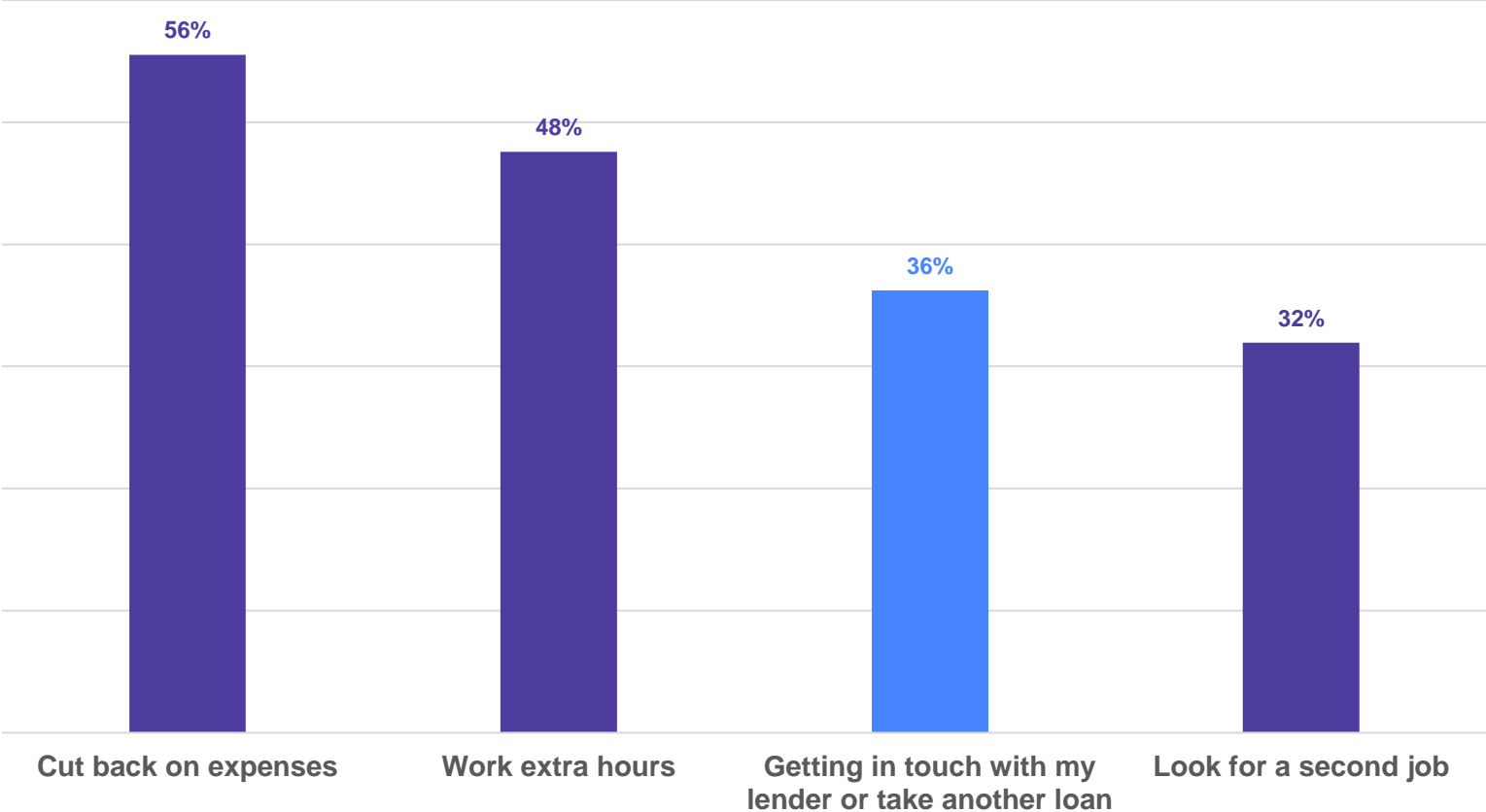


33%

Drop in consumer concern about paying back auto loans

But consumers still working to **improve finances**

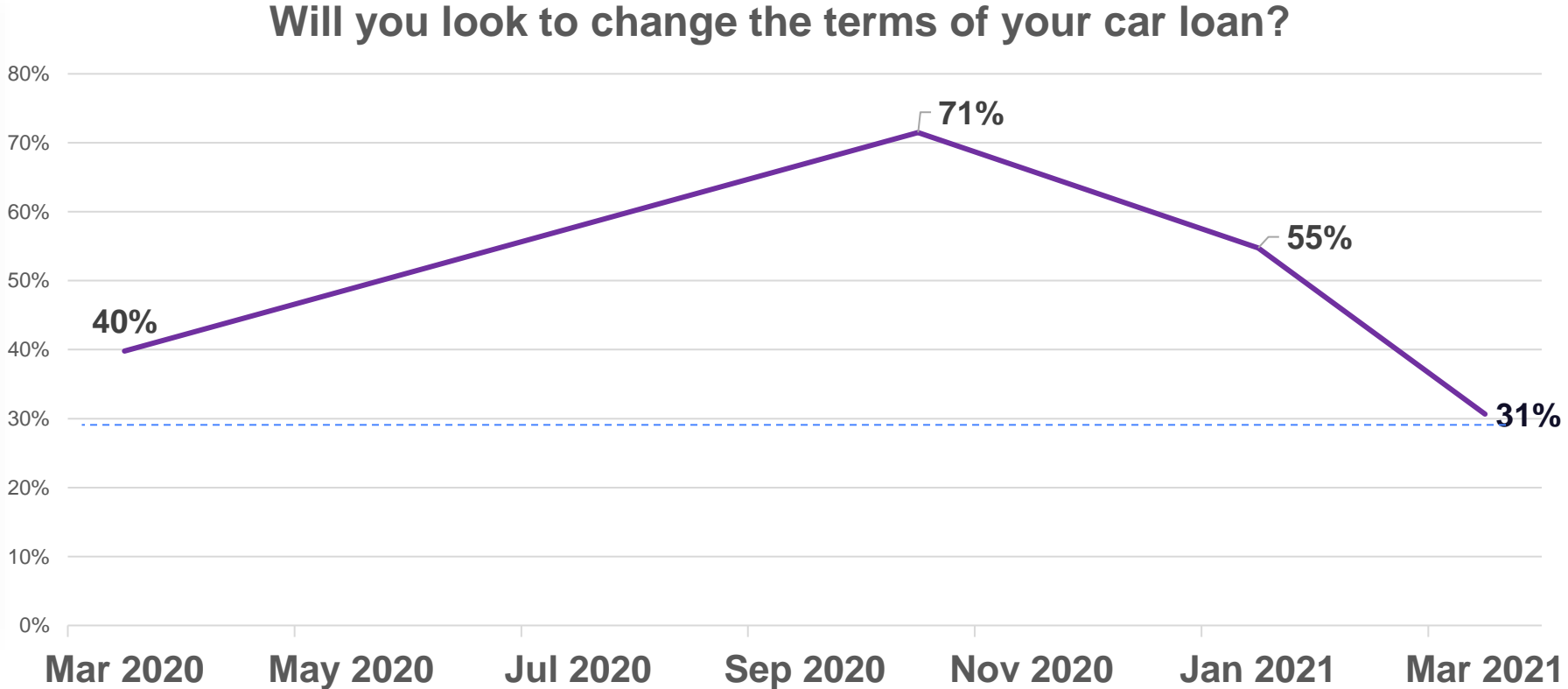
What steps are you/have you taken to deal with your financial distress?



1 out of 3
consumers are looking into refinancing or take another loan

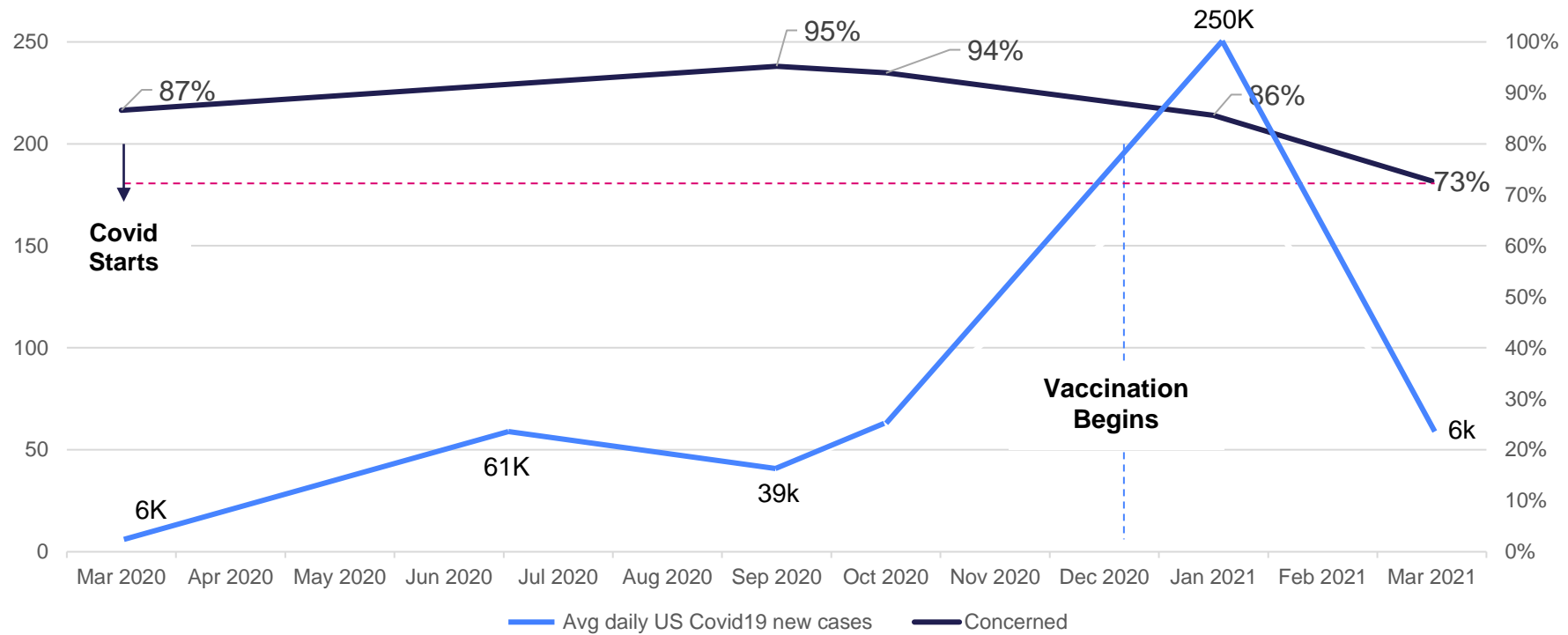
Servicing is **going back** to pre-pandemic level

Demand for car loan servicing has decreased steadily since vaccination began to pre-pandemic levels – likely due to increased optimism and financial confidence with only **1/3 of consumers** looking to change car loan terms



Consumer confidence in going to a **physical location** is growing

I am concerned about going to visit dealership or auto lender



Health concerns regarding in-person visits have decreased to pre-March 2020 levels – correlating with decrease in daily COVID19 cases¹

¹ Based on CDC reported daily COVID Cases 7-day average https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases

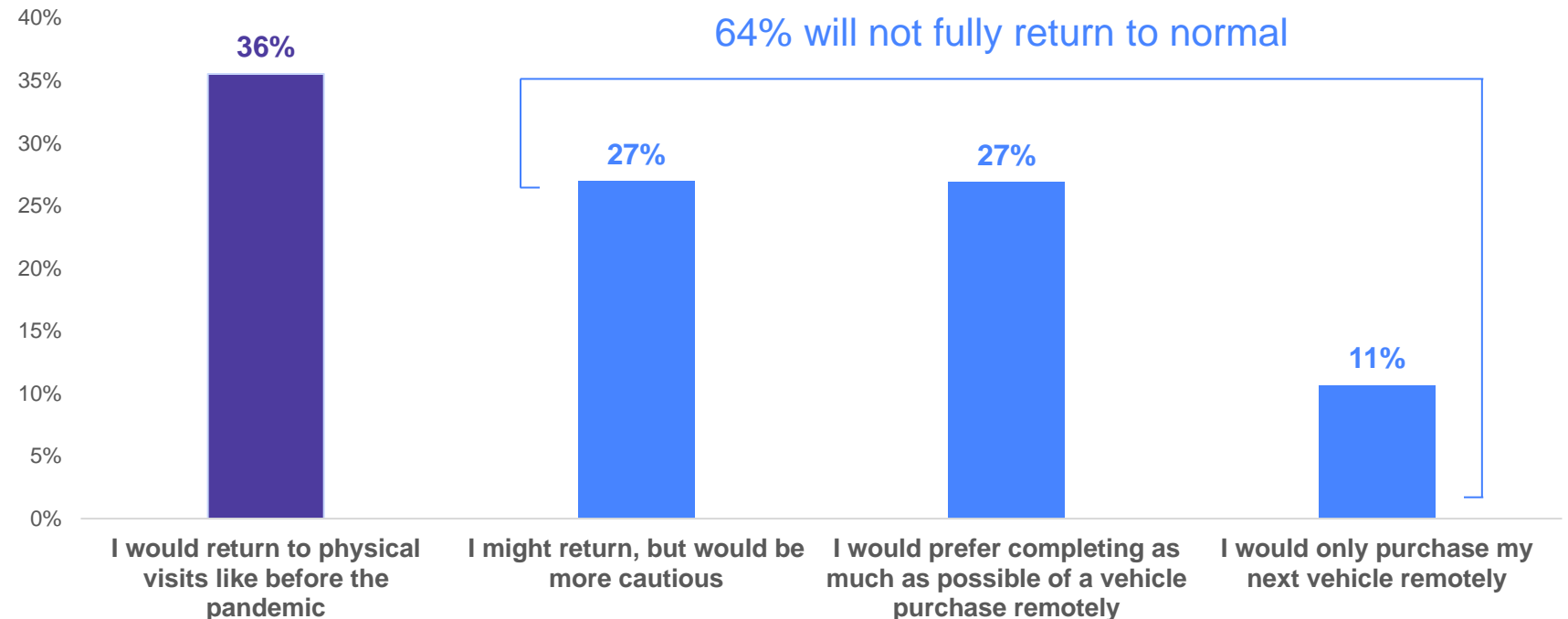


Yet, most don't want pre-COVID **car purchasing** normal

1 out of 3 people would return to physical visits to their auto dealer (want to feel, touch, drive the car)

Yet, most prefer a more remote solution with **11%** interested exclusively in remote vehicle purchasing

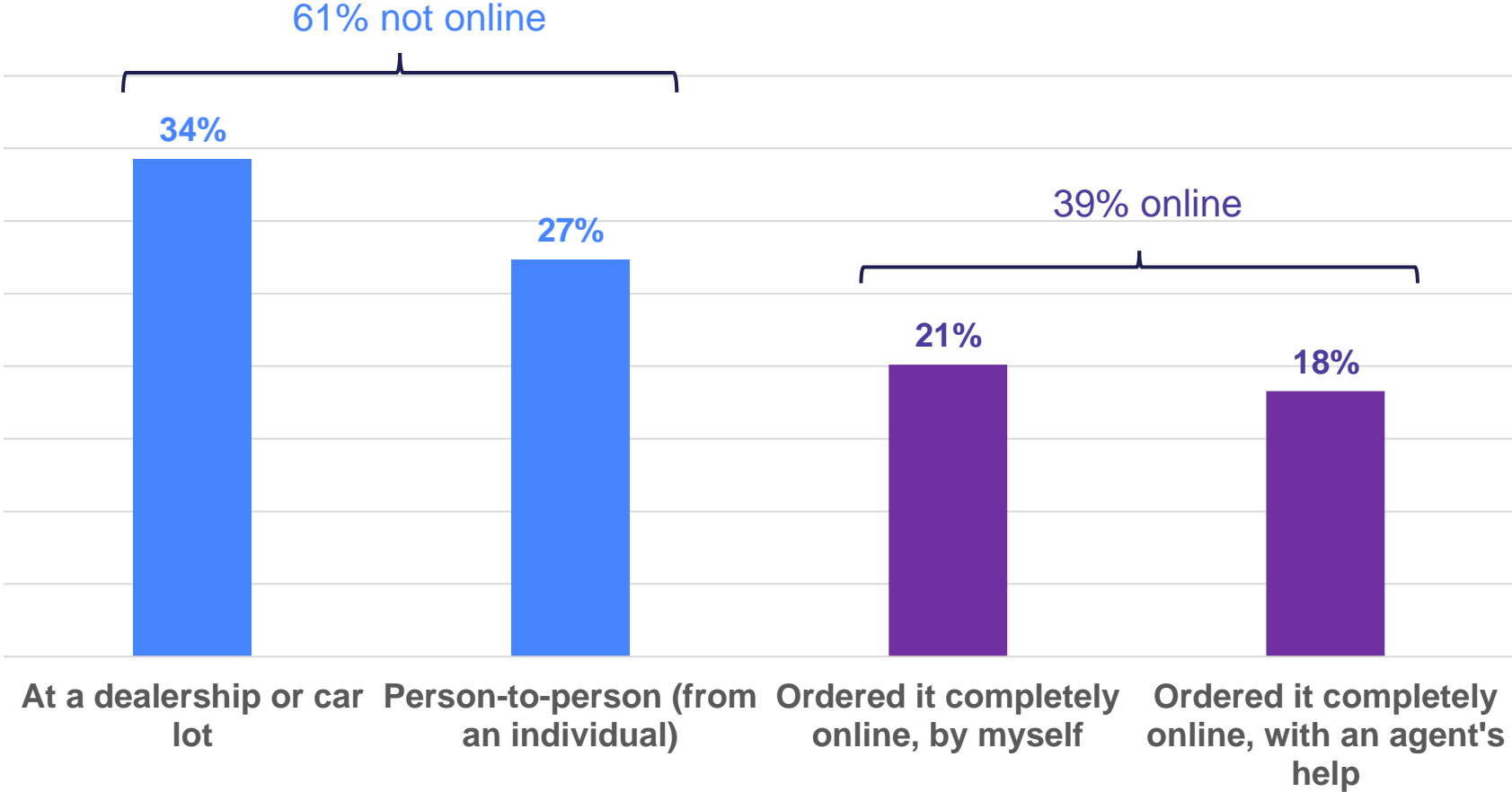
How does the coronavirus vaccine becoming available change your attitude towards visiting an auto dealer?



A Look at Current State of Digital

Online **auto purchasing** is now a significant

Have you purchased a car in the past 12 months -
if so, how/where did you do it?



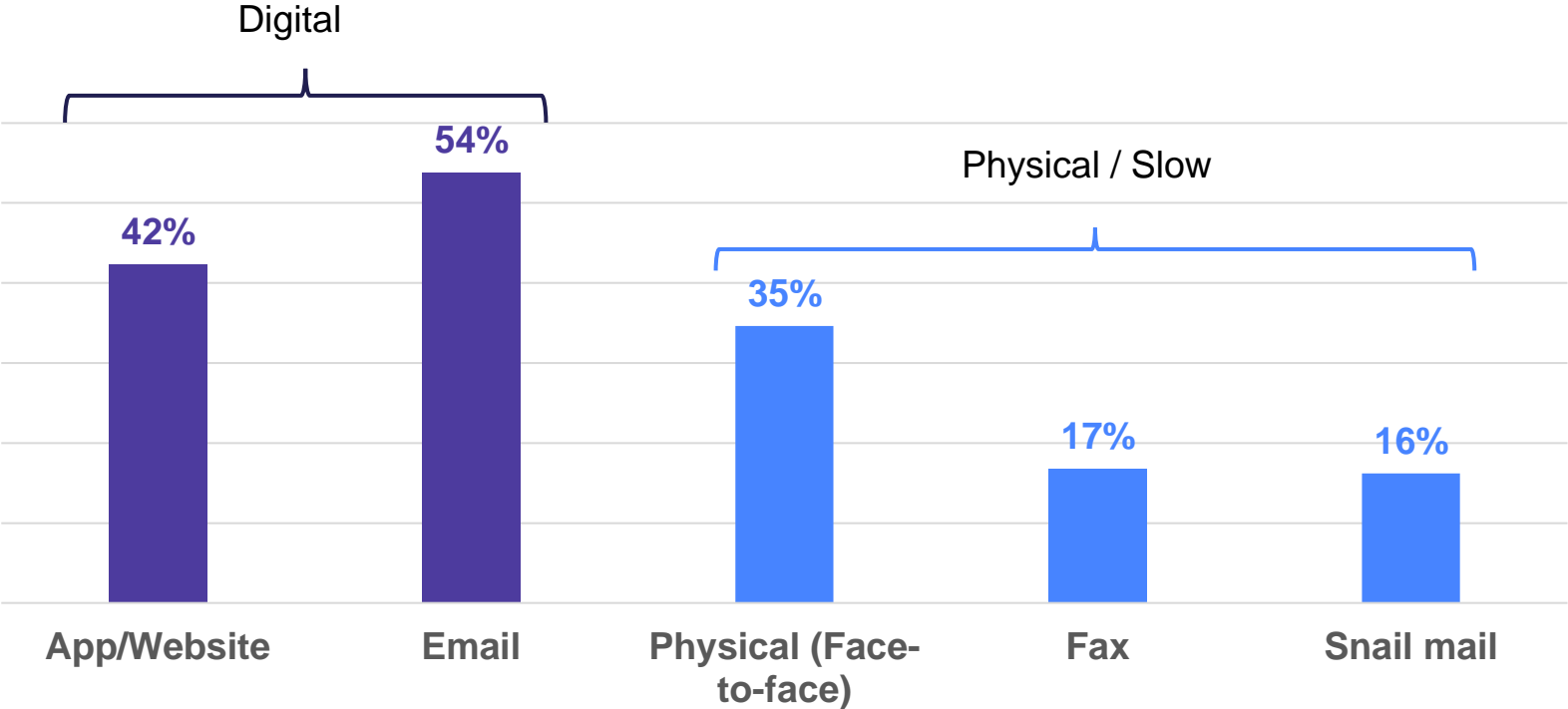
More than **39%** of people reported purchasing a car online in the past 12 months vs only **9.5%** in 2018¹

¹ According to eMarketer survey of Online Sales Purchasing in 2018
<https://dismalscience.journalism.cuny.edu/2019/04/01/buying-a-car-online-like-you-buy-your-phone-remains-a-distant-reality/>



But can't complete **auto loans** online

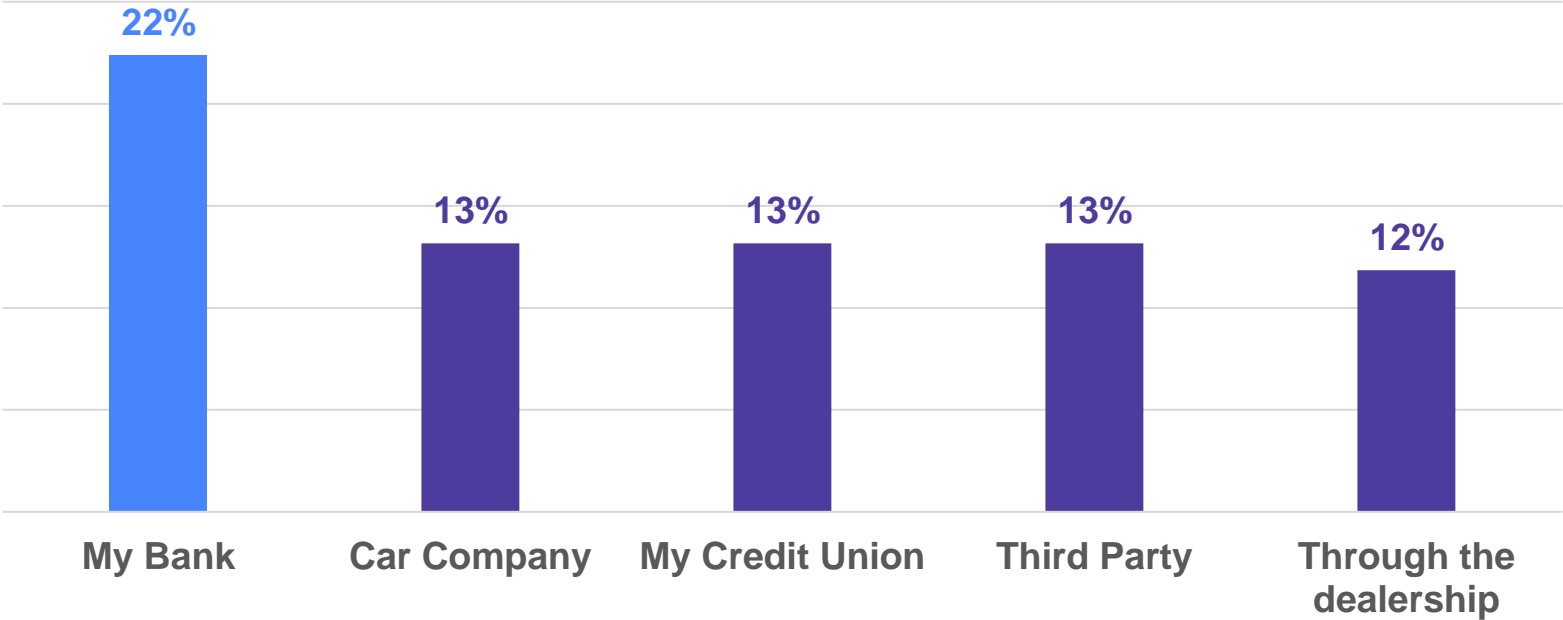
While changing your loan terms, how did you submit the required paperwork?



More than **50%** of the interactions are still physical/slow

Snail mail is **still** a part of the auto loan process

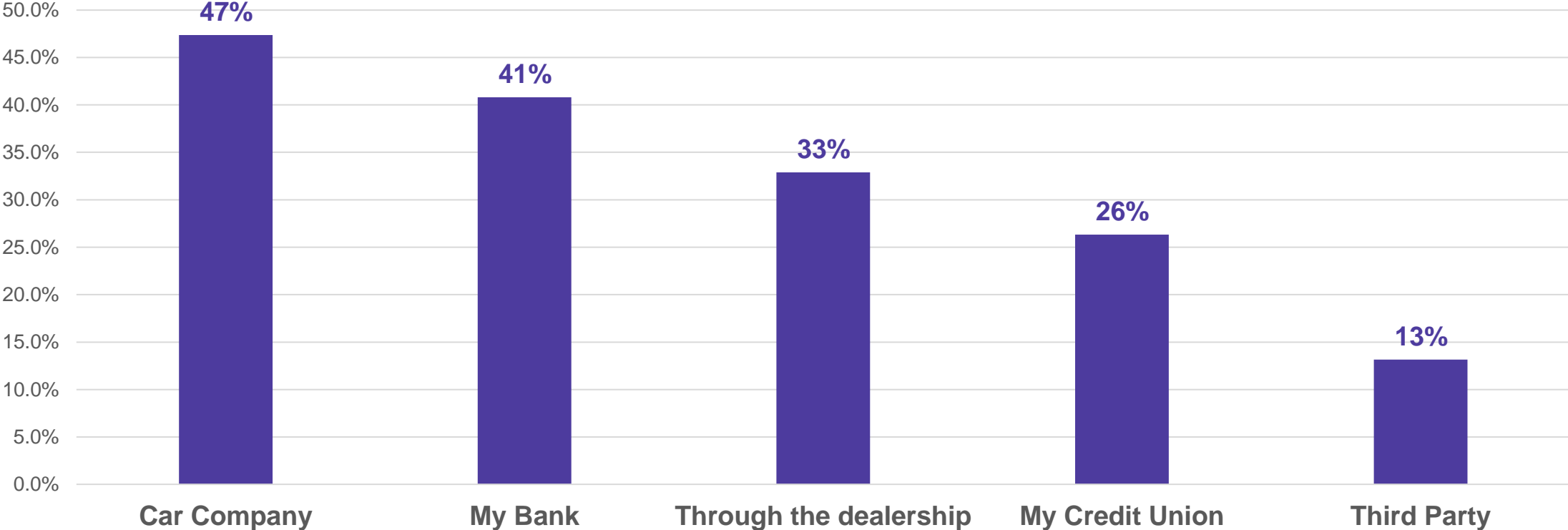
Auto loan required providing paperwork through **Snail Mail**
(by loan provider)



Banks lag the most but room for improvement across the board

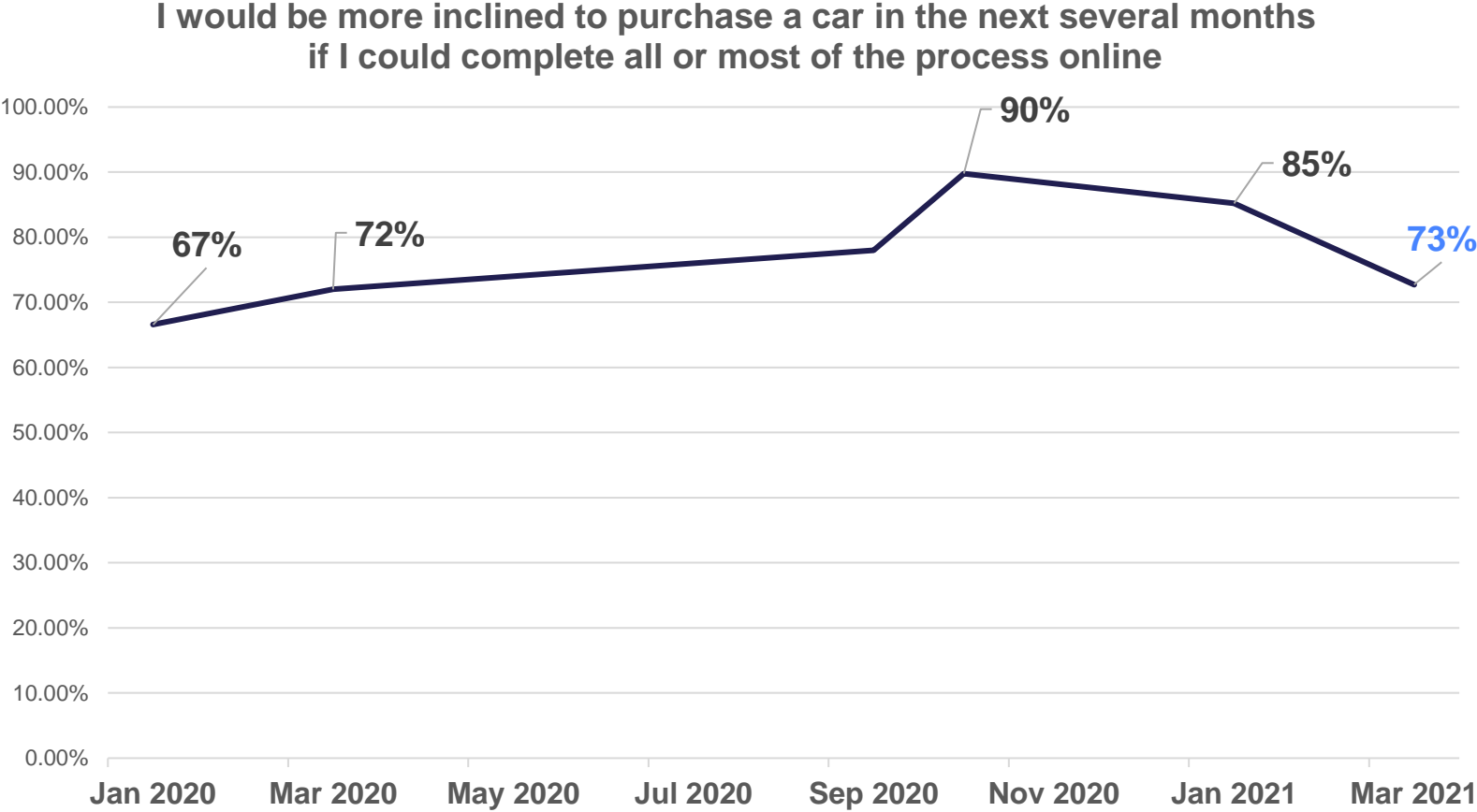
Face-to-face **still** a requirement for many loans

Auto loan required providing paperwork **physically** (Face-to-face)
(by loan provider)



Consumer Expectations

Consumers consistently want fully digital **originations**

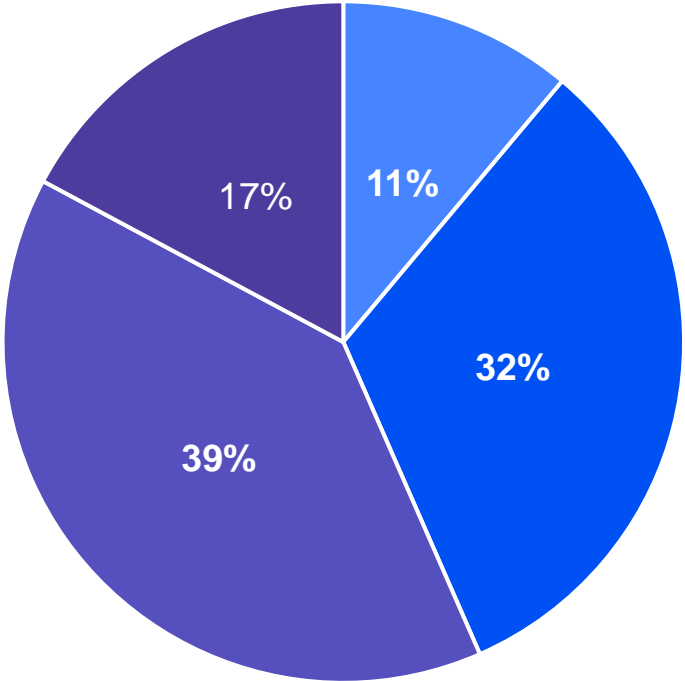


73%

would be more inclined to purchase a car in the next several months if they could complete all or most of the process online

Consumers consistently want fully digital **originations**

I would not take a car loan if it requires a physical visit



■ Strongly agree ■ Agree ■ Disagree ■ Strongly disagree

43% would not take a car *loan* if it requires a physical visit

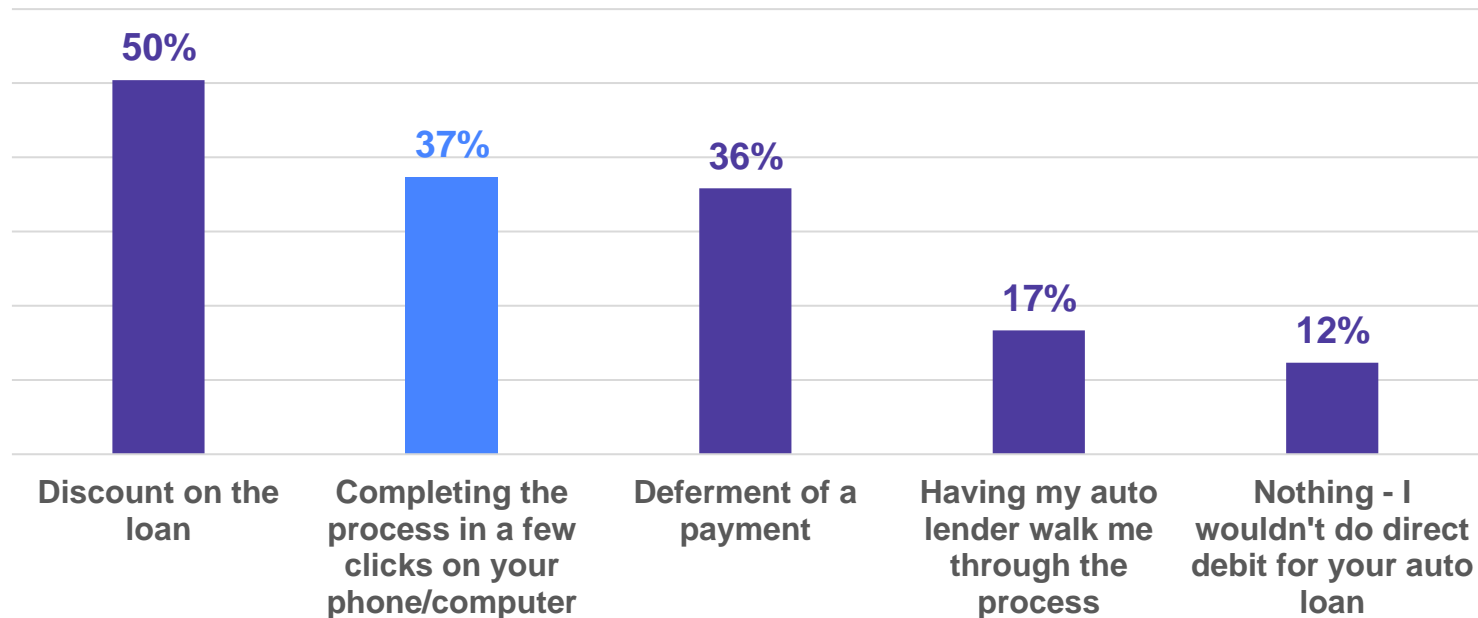
vs

11% would not *purchase* a car if it requires a physical visit¹

¹ See Slide 8 – 11% would “only purchase their next vehicle remotely”

Digital servicing - Plenty of ways to get loans on ACH

What would incentivize you to set up a direct debit for your auto loan?



Even more than deferment of payment, digitalizing the process can help increase auto loans on ACH

Key Takeaways



Consumer confidence
is growing



Use of older
communication
means too much still



Digital originations
and servicing
is in demand



Yet, consumers still
need servicing

Methodology

- Survey was conducted on 1,202 US residents via an online survey panel
- Results were collected on March 18, 2021
- The statistics presented are with 95% confidence and estimated 3% margin of error
- Some statistics shown here are based on previous surveys conducted by Lightico in a similar manner
- All statistics shown are Lightico data unless otherwise noted
- Baseline statistics
 - Age Breakdown: 18-24 (61), 25-34 (459), 35-44 (373), 45-54 (178), 55-64 (101), 65+ (30)
 - Annual Household Income Breakdown: <\$35k (189), \$36-60k (407), \$61-85k (294), \$86-125k (195), \$128k+ (117)

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lightico.com



Contact:

Eytan Morgenstern

Director of Media Relations and Data Analysis

Eytanm@lightico.com

+1 (917) 688-4314