



CarGurus Study Reveals Desire for More Car Financing Information Earlier in Shopping Journey

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Survey Shows More Education and Awareness Needed Around Auto Loan Literacy

CAMBRIDGE, Mass., March 09, 2021 (GLOBE NEWSWIRE) -- CarGurus (Nasdaq: CARG), a leading global online automotive marketplace, today released a consumer sentiment study focusing on automotive finance. The study sheds new light on car shoppers' perceptions around vehicle financing, including how financing impacts the overall cost of their vehicle purchase. In addition, the analysis shows that most car shoppers prefer to solidify their financing options earlier in the car shopping journey before they visit a dealership.

The study found:

- 93% of car shoppers agree that pre-qualification for a loan before visiting the dealership would be useful.
- Despite this overwhelming trend, only two in three shoppers were aware that it was a possible option; and of those who recently financed a vehicle, 50% pre-qualified for financing before doing so.
- Pre-qualifying for auto financing gives shoppers more confidence, with 68% of shoppers believing that doing so would help them feel more confident and prepared to talk to dealers about financing, and 66% found value in pre-qualification because they wanted to complete more of the shopping process before visiting the dealership.
- However, 46% of shoppers are concerned that their pre-qualification rates would not be final, and 41% are concerned that they would have to repeat the financing process at the dealership.
- When it comes to financing a vehicle, 42% of shoppers wished they could see their monthly payment estimates while shopping for a car online before visiting a dealership.

"Our research found that consumers are eager to purchase a vehicle in a similar fashion to buying a home, and they want to know more about financing for this major purchase in advance instead of treating it as an afterthought," said Madison Gross, Director of Customer Insights at CarGurus. "According to the study, there is also a lot of room to educate consumers on the general ideas around automotive finance, which should ultimately provide a better shopping experience for both consumers and dealerships."

In addition to asking car shoppers about pre-qualification in advance of visiting the dealership, the study also aimed to learn more about their overall automotive financing knowledge. The study also found:

- Shoppers believe that a vehicle's price drives the most profit for dealerships (45%), while 30% think that auto loans do.
- When considering a loan for a vehicle, the monthly payment and interest rate equally mattered most to car shoppers (37% each), followed by total price paid over loan life (18%) and the length of the loan (7%).
- When presented with an imaginary car shopping scenario involving a 5-year loan with 5% APR for a \$25,000 vehicle and \$5,000 down payment, shoppers believed the following would have the greatest impact on monthly payments:
 - 46% - whether the interest rate increased from 5% to 8%
 - 29% - if the length of the loan increased from 5 to 6 years
 - 24% - if there were no down payment

In addition, the study delved into a wide array of similar automotive finance topics, some of which regards ways to improve shoppers' experiences when purchasing a vehicle. This study's full findings can be found [here](#), and an accompanying blog post to educate dealerships can be found on [CarGurus' Dealer Resource Center](#).

Methodology

In November 2020, CarGurus surveyed 754 shoppers on their financial literacy when it comes to auto financing. Specifically, we asked questions related to overall knowledge, in-dealership experience, and financing pre-qualification. In addition, we asked some questions that compared auto financing to home financing. All respondents either had intentions to buy a vehicle in the next 12 months, or had purchased one in the last 2 years. All respondents also must have used outside financing for their recent car purchase, or are considering financing for their upcoming purchase.

About CarGurus

Founded in 2006, CarGurus (Nasdaq: CARG) is a global online automotive marketplace connecting buyers and sellers of new and used cars. The company uses proprietary technology, search algorithms and data analytics to bring trust and transparency to the automotive search experience and help users find great deals from top-rated dealers. CarGurus is the most visited automotive shopping site in the U.S. (source: Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Total Audience, Q4 2020, U.S. (Competitive set includes: [CarGurus.com](#), [Autotrader.com](#), [Cars.com](#), [TrueCar.com](#)). In addition to the United States, CarGurus operates online marketplaces in Canada and the United Kingdom. In the United States and the United Kingdom, CarGurus also operates the Autolist and PistonHeads online marketplaces, respectively, as independent brands. CarGurus also holds a majority stake in CarOffer, an instant trade digital wholesale platform based in Plano, Texas. To learn more about CarGurus, visit [www.cargurus.com](#).

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