



# Money Advice Service

Car Buying Journey

Research debrief

4<sup>th</sup> March 2014



# Objectives & methodology

# Business & research objectives



## Overall business objective

Developing **compelling car buying journey content** to help consumers think about the wider ramifications of the purchase that they are about to make

## Research Objectives

- To explore the **needs, attitudes and motivations** of the three hypothesised segments of ‘Starting Out’, ‘Struggling Family’ & ‘Proud & Status Driven’ when purchasing a car
- To obtain feedback on consumers’ **car buying journeys and experiences** particularly around the ‘researching’ and ‘buying’ stages
  - To understand how the key stages envisaged by MAS map against the actual journeys for each segment
- Explore expectations of any website content and information under the key journey stages
- Identify any areas of potential concern and **consumer ‘detriment’** in the car buying process
- Explore the resonance of **example guide contents** and a **calculating tool** that estimates the full cost of running a car
- Understand the actions that consumers are likely to take after using the proposed MAS car buying information services



## Methodology - 6 focus groups



Group	Segment	Key criteria	Locations
1	Starting out	18-30 year old Pre family Personal income of <£25K	London
2			Birmingham
3	Struggling family	25-40 years old Young kids under 6 at home Personal income of <£30K	London
4			Birmingham
5	Proud & status driven	25-45 year old Pre family Personal income of <£40K	London
6			London

### Additional criteria

- All bought a car in the last 6 months or intending to buy a car in the next 6 months
- All BC1C2D
- All main or joint financial decision-maker in the household
- All working full or part time
- The groups were conducted 20<sup>th</sup>-25<sup>th</sup> February 2014

# The segments

## Rosie, 24 – Starting out

- Student/recent graduate.
- Little to no income.
- Single.

Rosie has just passed her test and is now looking to buy her first car. She's on a limited income that means that the second-hand market is the main source of purchase and she's looking for a smaller model. She's not particularly financially savvy and doesn't have much responsibility.



### KEY NEEDS

- A clear visualisation of the process and all the steps involved.
- Help with budgeting.
- Confidence in dealing with third parties.

## Petra, 28 & Simon, 32 – Struggling family

- Both employed.
- Household income of £30K.
- Married and expecting a baby.

Petra & Simon are starting a family – and starting a new phase of their life, too. They need a car that's much more practical than the one they've currently got, so they want to change their life run-around for a safer, more secure family vehicle.



### KEY NEEDS

- Help working out what they can afford.
- Save them time by making the process simple.
- Empower them to negotiate a great deal.

## Josh, 35 – Proud and status driven

- Full time work.
- Earning less than £40K.
- Single.

Josh is all about the status that the right car can give you. He is heavily attracted by prestige marques and is at very high risk of spending more than he can afford, especially in the dealership where the shiny new cars around him will act as an irresistible temptation.

### KEY NEEDS

- Demonstrate MAS 'get' car enthusiasts to build trust.
- Enable comparison of the car details he is interested in and costs all in one place.
- Play to his ego.



# Segment overview

	Starting out	Struggling family	Proud & status driven
			<b>STATUS</b> 
Defining attitudes & characteristics	<ul style="list-style-type: none"> <li>Lifestage means they are straddling having fun with taking on new responsibilities and trying to save</li> </ul>	<ul style="list-style-type: none"> <li>Cliché of being time poor rings true</li> <li>Can feel highly stretched and planning is very short term</li> </ul>	<ul style="list-style-type: none"> <li>Single/no kids means that have relatively high disposable income</li> <li>Willing to treat themselves</li> </ul>
Attitudes towards buying a car	<ul style="list-style-type: none"> <li>Big 'fun' but important purchase that is critical to their social status and independence</li> <li>Insurance is almost as big a cost as the car purchase</li> </ul>	<ul style="list-style-type: none"> <li>High dependency upon their car means they feel they can't be without one</li> <li>Some lament that they are trading fun for practicality in their choice of car</li> </ul>	<ul style="list-style-type: none"> <li>Important and enjoyable purchase</li> <li>Some willing to spend a significant amount of time shopping around - particular if they are a car enthusiasts</li> </ul>
Propensity to seek advice	<ul style="list-style-type: none"> <li>Heavily reliant on parents and/or car knowledgeable friends for advice</li> <li>Less experienced - so don't know to put the time in to 'shop the market' and compare options</li> </ul>	<ul style="list-style-type: none"> <li>Willing in theory to shop around and read reviews and compare prices</li> <li>In reality can lack the time to put the hours in doing this</li> </ul>	<ul style="list-style-type: none"> <li>Some evidence of people being confident and 'knowing what they want' - e.g. specific model so proceeding directly to that option</li> <li>Others are willing to spend time search the market widely and increase their knowledge levels</li> </ul>
How plan to finance car purchase	<ul style="list-style-type: none"> <li>Save as much as they can but many have to borrow / take out first loans</li> <li>Some limited evidence of parents helping fund the purchase</li> </ul>	<ul style="list-style-type: none"> <li>Mix of savings &amp; bank loans/borrowing</li> <li>More cautious about HP and leasing options and can dislike the 'pushy' nature of dealership finance options</li> </ul>	<ul style="list-style-type: none"> <li>Mix of savings &amp; bank loans/borrowing</li> <li>More likely to consider HP and leasing options - as more confident in their ability to pay back loans</li> </ul>

# Starting out

**Rosie, 24 – Starting out**

- Student/recent graduate.
- Little to no income.
- Single.

Rosie has just passed her test and is now looking to buy her first car. She's on a limited income that means that the second-hand market is the main source of purchase and she's looking for a smaller model. She's not particularly financially savvy and doesn't have much responsibility.

**KEY NEEDS**

- A clear visualisation of the process and all the steps involved.
- Help with budgeting.
- Confidence in dealing with third parties.

## Key purchase drivers

- **Affordability** - getting together a deposit
- **Insurance** - need to ensure that doesn't preclude choice of car
- **Reliability** - won't break down
- **Appearance** - impressing their friends/peers

## Does the hypothesis hold true?

- **YES** - limited incomes amongst this segment mean that many are shopping in the **second hand market** (e.g. Auto-Trader & Gumtree)
  - Willingness to consider private sales means there is a need to understand the dangers involved
- Lack the **experience and expertise to feel financially savvy**
  - As never purchased a car before they don't know the process and the different stages of research that can be undertaken

*“I just went into the dealership near to where I live back at home. I didn't really shop around on the internet and compare different options.” London Starting out*

## Key needs

- They appreciate that they need help understanding the car buying process and the potential pitfalls
  - Some don't know any better than proceeding quickly to the purchase stage
- Budgeting is a strong information need
  - Many can underestimate running costs (or not even consider these) - and insurance is particularly expensive and prohibitive
- Strong desire for help and guidance when interacting with dealerships and private sellers

# Struggling family

**Petra, 28 & Simon, 32 – Struggling family**

- Both employed.
- Household income of £30K.
- Married and expecting a baby.

Petra & Simon are starting a family – and starting a new phase of their life, too. They need a car that's much more practical than the one they've currently got, so they want to change their little run-around for a safer, more secure family vehicle.

**KEY NEEDS**

- Help working out what they can afford.
- Save them time by making the process simple.
- Empower them to negotiate a great deal.



## Key purchase drivers

- Practicality - safety & space
- Reliability - not going to break down
- Low/predictable running costs
- But also emotional | & status factors - e.g. speed, how it looks, performance

## Does the hypothesis hold true?

- **Broadly** - cliché of being time poor and financially stretched certainly rings true
  - Many ‘upsize’ because need a bigger car and have to spend more money
  - But also examples of cars being downsized , buying less expensive models as trading in more ‘sporty cars’
- Some evidence of being a rushed process
  - E.g. had an accident or life changing events come around quickly
  - *“The baby came around so quickly we just needed to get a five door car.” London Struggling family*
  - But still a big decision that ‘need to get right’

## Key needs

- Needs are generally well met by MAS suggested content
  - Require help calculating and budgeting what they can afford
  - Strong interest in time saving / simplification devices
  - Definitely want to be empowered to negotiate a great deal
- *“Any tips on haggling and negotiating would be great.” London struggling family*



# Proud and status driven

## Josh, 35 – Proud and status driven

- Full time work.
- Earning less than £40k.
- Single.

Josh is all about the status that the right car can give you. He is heavily attracted by prestige marques and is at very high risk of spending more than he can afford, especially in the dealership where the shiny new cars around him will act as an irresistible temptation.

**KEY NEEDS**

- Demonstrate MAS 'gets' car enthusiasts to build trust.
- Enable comparison of the car details he is interested in and costs all in one place.
- Play to his ego.

## Key purchase drivers

- Reputation - badge reassurance
- Aesthesis & performance - pleasant & powerful drive
- Comfort - driving comfort & extra features
- But also practical factors - e.g. safety, MPG

## Does the hypothesis hold true?

- **Partly** - some evidence of an 'ego' amongst these types of consumer and some appreciate the status that an upmarket car provides
  - *“The car is an extension of yourself and it does say where you are at in the world.”* London Proud & Status
  - *“I do want a fun and sexy car.”* London Proud & Status
  - But few overtly admit to being this proud or status orientated
- More likely to admit to wanting to buy 'quality' and the reassurance of a reputable brand

## Key needs

- Needs not really being addressed at the moment through MAS potential service
  - Not displaying enough any car enthusiasm
  - Not 'playing' and recognising ego in current content
    - E.g. tone can feel slightly patronising and constraining - planting the seed of doubt whether can afford car

# The car buying journey

## Number of different car buying journeys

- There are a number of different car buying journeys that are shaped by a range of factors, such as personality, affluence levels and enthusiasm for cars
- Majority of consumers do not approach budgeting and finding the car separately - seen as one inter-linked task
  - This means that the journey is not linear and they **circle back and forth** between trying to find a car and seeing whether they can afford it
  - The preference for the online channel to research cars/ finance options means this is not a particularly onerous task
  - *“I’m always on the Auto-trader App, every lunchtime. Looking for cars” Birmingham, Starting Out*
  - This mentality can therefore struggle to relate to the headings of ‘*finding a budget that meets your lifestyle*’ and ‘*finding the right car for you*’  
Just one stage - ‘*finding the right car for your budget*’
- Minority of consumers approach the task in a more linear fashion
  - Second approach - very organised individuals who sort out their budget and have a **funnel approach** where they systematically narrow down their potential shortlist
  - The third purchase approach is a **tunnel focus** - these individuals know the types of car that they want and won’t be persuaded from purchasing it

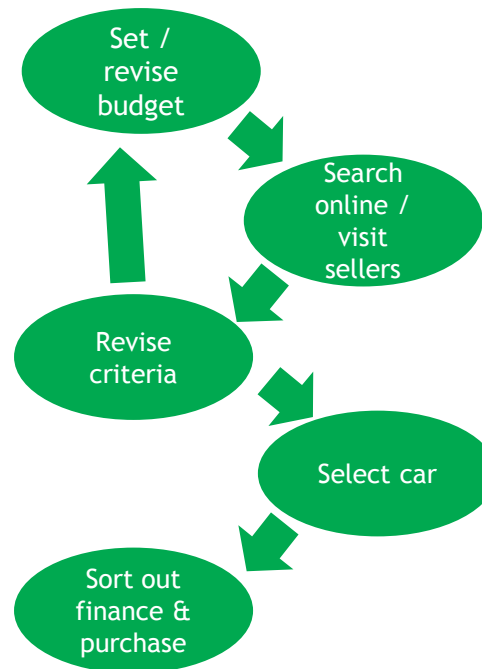


# Three different car purchasing journeys evident

**Funnel  
(budgeting)**



**Circular  
(budget & car finding linked)**



**Tunnel  
(finding the car)**



## A number of consumer pitfalls exist within the journey

- Consumers are worried about a number of elements within the car buying process and making an ‘expensive mistake’
  - Lack of **knowledge about cars**
    - Perceived as an asymmetry of power between dealers & sellers who know much more about their cars and the naïve purchaser  
*“I would take my Dad along because it’s intimidating buying a car when you don’t know what to look for” London Starting out*  
*“I just have no idea what to look for. And as they are sold as seen so I have no comeback” Birmingham, Starting Out*
  - Something going wrong with the car mechanically
    - Particularly in the second hand market and having no comeback to get the car fixed/repaired post purchase
  - **Buying a write-off a ‘cut and shut’ or a car with tampered mileage**
    - Most now know to use HPI/the AA to check, but a couple have been caught out  
*“You are worried about buying a lemon aren’t you?” Birmingham Struggling family*  
*“I didn’t know mine was a cut and shut until I came to sell it. I’d been driving it all that time” Birmingham Starting Out*
  - **Not getting the best price / deal**
    - High anxiety about paying ‘over the odds’
    - Also a real danger of being ‘talked up’ into spending more on a car when in a dealership after having formed an emotional attachment to a car
  - Being persuaded into **expensive finance options**
    - Car dealerships are considered to be persuasive in offering different finance options at the point of sale
  - Not considering **running costs**
    - Wide lack of awareness - but implicit rather than explicit need



# Conclusions & recommendations

# No reason why MAS can't offer car buying advice and information



- Awareness and knowledge of MAS is increasing
  - E.g. a few consumers per group can play-back the 'MA' adverts on TV
- However, MAS is still pigeonholed as being targeted towards people 'struggling financially'
  - Our older segments don't see MAS as being directly relevant to them (e.g. help at point of crisis, not before)
- There are some minor questions - why are they doing this?
  - *"What's their link with motoring?"* London Starting out
- Therefore the initiative needs careful positioning to enable consumers to have an attitude of 'why not?'
  - Appreciate that buying a car is costly
    - Second most expensive purchase likely to make
    - Raise awareness of the real running costs
  - Need to explain the danger of getting the purchase wrong (and potentially incurring avoidable debts)
  - If MAS can help save money and make a smarter decision then this will meet a universal consumer need

## Number of things for MAS to dial up to builds its credentials



**the Money  
Advice Service**™

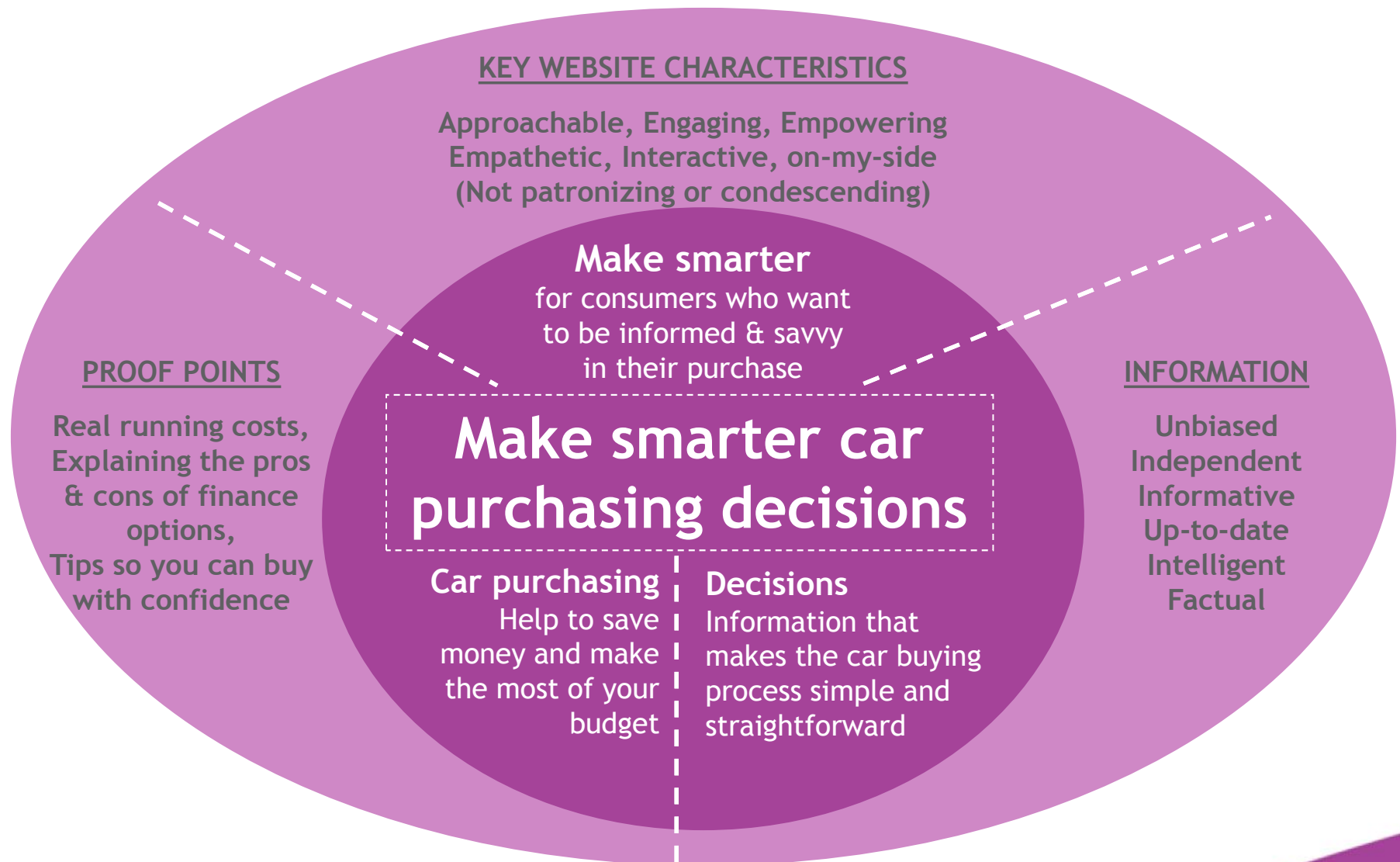
- Advice within MAS's core perceived area of expertise (budgeting and finance options) will be readily accepted
  - MAS seen as highly impartial and objective here
  - Consumers appreciate not being 'sold to' as the majority of other brands they encounter in their search are actively selling to them
- Less natural fit and credibility when recommending cars and motoring advice
  - However, the proposed content does not really stray into that territory anyway at the moment

### Key things for MAS to dial up

- Independent & non-profit making organisation
- No agenda/independent
  - Apart from raising awareness of the real running costs and pitfalls of buying a car
- Credible & authoritative information sources
  - E.g. No manufacturer or financial provide ties
- No adverts / endorsements to emphasis impartiality
- How MAS can help ensure consumers do '*not buy a lemon*' (biggest need - should be addressed)



# The positioning for the MAS car buying website



# Starting out & struggling families are the key target audience

<p><b>Rosie, 24 – Starting out</b></p> <ul style="list-style-type: none"> <li>• Student/recent graduate</li> <li>• Little to no income</li> <li>• Single</li> </ul> <p>Rosie has just passed her test and is now looking to buy her first car. She's on a limited income that means that the second-hand market is the main source of purchase and she's looking for a smaller model. She's not particularly financially savvy and doesn't have much responsibility.</p> <p><b>KEY NEEDS</b></p> <ul style="list-style-type: none"> <li>• A clear visualisation of the process and all the steps involved.</li> <li>• Help with budgeting.</li> <li>• Confidence in dealing with third parties.</li> </ul> 	<p><b>Petra, 28 &amp; Simon, 32 – Struggling family</b></p> <ul style="list-style-type: none"> <li>• Both employed</li> <li>• Household income of £18K</li> <li>• Married and expecting a baby</li> </ul> <p>Petra &amp; Simon are starting a family - and entering a new phase of their life too. They need a car much more practical than the one they've currently got, so they want to change their life but aren't sure for a car, more secure family vehicle.</p> <p><b>KEY NEEDS</b></p> <ul style="list-style-type: none"> <li>• Help working out what they can afford.</li> <li>• Save their time by making the process simple.</li> <li>• To get some ideas for buying a new car when.</li> </ul> 	<p><b>Josh, 35 – Proud and status driven</b></p> <ul style="list-style-type: none"> <li>• Full time work</li> <li>• Earning less than £40k</li> <li>• Single</li> </ul> <p>Josh is all about the status that the right car can give you. He is heavily attracted by prestige marquees and is at very high risk of spending more than he can afford, especially in the dealership where the shiny new cars around him will act as an irresistible temptation.</p> <p><b>KEY NEEDS</b></p> <ul style="list-style-type: none"> <li>• Demonstrate MAS' gets' car enthusiasts to build trust.</li> <li>• Enable comparison of the car details he is interested in and costs all in one place.</li> <li>• Play to his ego.</li> </ul> 
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- The overall premise appeals most strongly towards **Starting Out & Struggling family**
  - Most willing and receptive audiences to receiving advice
  - Have the most applicable needs...
    - *Starting out* - understanding the process and help budgeting and understand what they can afford
    - *Struggling families* - checking affordability and saving time
- Some strong interest amongst some **Proud & status driven individuals**
  - However, not currently the car expertise or right Tone of Voice to play to their ego and feed their car enthusiasm
  - But there are elements that they will use - e.g. relevant content & Guides / car cost tool
- No reason why the website and content wouldn't appeal strongly to a broader audience - e.g. Surviving families or Empty nesters