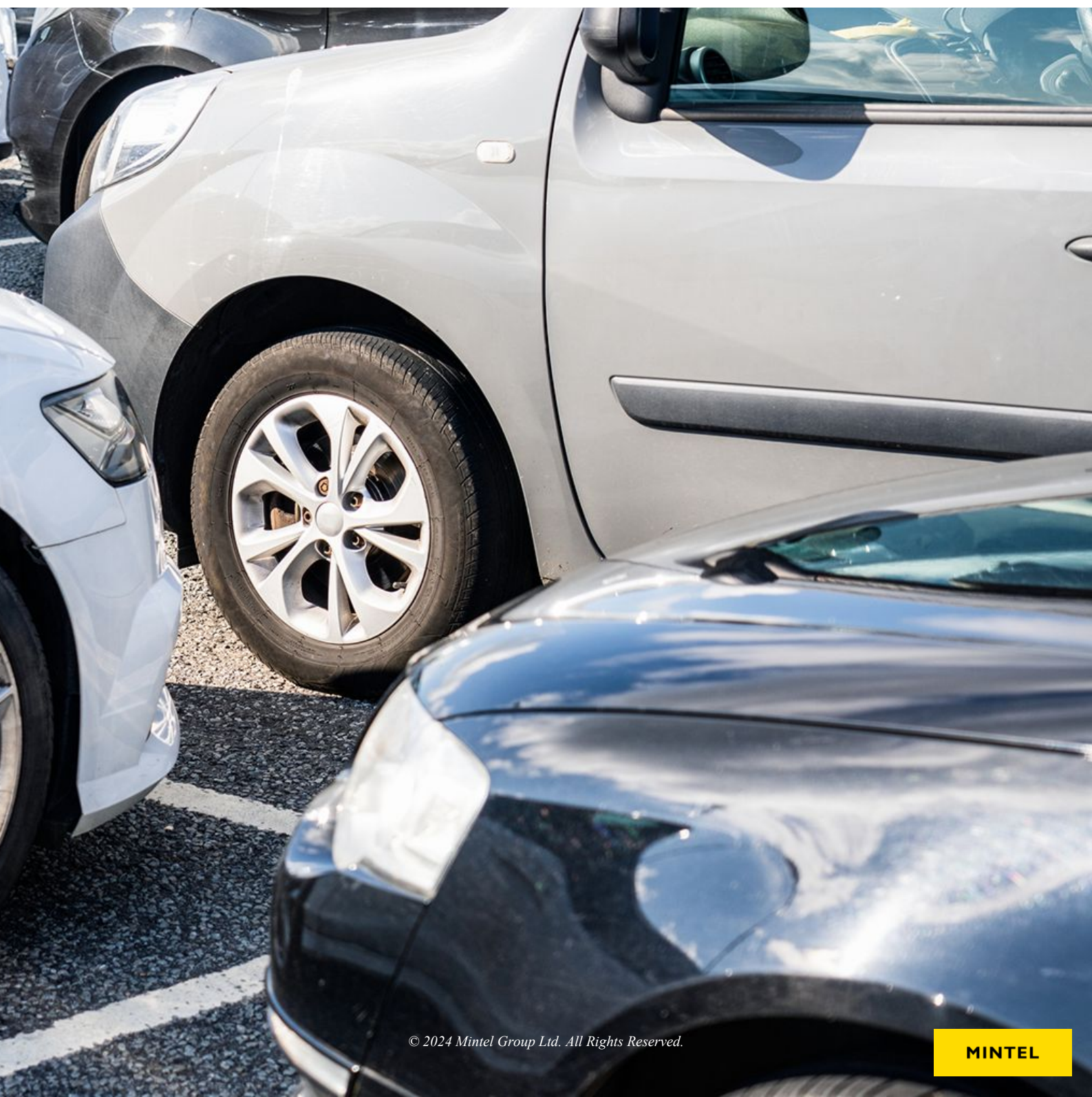


CPO AND USED VEHICLES – US – 2023

Economic factors and barriers to new vehicles drive consumers' interest in CPO/used cars. Educating consumers on these offerings will be critical in their adoption.



Gabe Sanchez,
Automotive Analyst



CPO And Used Vehicles - US - 2023

This report looks at the following areas:

- When consumers intend to purchase; how much they intend to spend
- Consumers' consideration of CPO/used vehicles
- Sources of information used
- Familiarity and understanding of CPO offerings
- Factors weighed among consumers considering CPO/used vehicles
- Attitudes toward CPO/used vehicles



Economic factors and barriers to new vehicles drive consumers' interest in CPO/used cars. Educating consumers on these offerings will be critical in their adoption.

Overview

As supply chain disruptions within the automotive industry continue to limit the availability of new vehicles, consumers are looking to alternative options for their next vehicle. **44% of consumers** that are interested in purchasing a vehicle in the next three years would consider purchasing a used or CPO vehicle. This interest in used and CPO vehicles is especially apparent among younger and multicultural consumers, those that are also interested in purchasing in the shorter-term. Economic influences, paired with barriers related to the affordability and availability of used vehicles, have left consumers with a difficult purchasing decision.

Brands and retailers must continue improve consumers' familiarity of CPO offerings; as **40% of consumers** know a little bit about these programs and only 17% know a lot about it. As economic limitations persist, it will be critical for traditional brands and retailers to establish perceptions of value for these offerings by providing an abundance of transparent

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information - in line with the practices of online car marketplaces that consumers have started to gravitate toward.

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Report Content

EXECUTIVE SUMMARY

- What you need to know
- Consumer trends: key takeaways
- Consumer trends: key takeaways (cont'd)
- Market predictions
- Opportunities
- Opportunities (cont'd)

CONSUMER INSIGHTS

Consumer fast facts

- The CPO/used vehicle consumer – fast facts

Purchase time frame and type of purchase

- Take measures to increase short-term sales among younger consumers
- Target younger and multicultural consumers when marketing used and CPO vehicles

Price expectations

- Gen Z, Millennials indicate limited pricing expectations
 - Graph 1: consumer pricing expectations for their next vehicle, by generation, 2023
- Multicultural consumers expect to pay less than their counterparts
 - Graph 2: consumer pricing expectations for their next vehicle, by race and Hispanic origin, 2023

Consumer familiarity with CPO

- Get to know CPO
- Brands and retailers must look to educate consumers on CPO offerings
- Older consumers are more likely to have heard of CPO
 - Graph 3: consumer knowledge of CPO programs – have heard of CPO, by generation, 2023
- Areas of focus to increase familiarity among younger generations
- Consumers across financial situations have a limited knowledge of CPO programs
 - Graph 4: consumer knowledge of CPO programs, by financial situation, 2023
- Costco Auto Program partners with Volvo to offer member-exclusive incentives

Sources of learning

- Third party websites are a popular source of information among consumers
 - Graph 5: information sources used, by gender, 2023

CPO and Used Vehicles – US – 2023

- Top advertisers
 - Graph 6: share of spend, by select sources, YTD
- Top advertiser examples
- Advertiser examples (cont'd)
- Beyond the top sources, younger consumers gravitate to online marketplaces for information
 - Graph 7: top sources of learning, by generation, 2023
- Online car shopping marketplaces leverage AI
- AI applications

Important factors

- Consumers prioritize multiple factors, driven by skepticism
- Mileage outweighs price consideration among consumers considering CPO and used
 - Graph 8: important factors when buying used/CPO, 2023
- Addressing the top factors
- Experience drives consumers considering CPO to prioritize more factors
 - Graph 9: important factors when buying used/CPO, by generation, 2023

Attitudes toward used and CPO vehicles

- Online car marketplaces are a driving force
- The majority of consumers see the value in CPO vehicles
 - Graph 10: attitudes toward CPO vehicles – perceptions, by generation, 2023
- Despite an existing perception of value, some consumers remain skeptical
 - Graph 11: attitudes toward CPO – cost, by race and Hispanic origin, 2023
- Brands and retailers could reach younger consumers through new avenues
 - Graph 12: attitudes toward CPO vehicles – innovation, by generation, 2023

COMPETITIVE STRATEGIES

- Polestar unveils CPO program as limited new inventories persist
- Carvana debuts same-day delivery
- Stellantis launches Spoticar
- Caramel aims to change private-party purchasing

Opportunities

- Extend reach among consumers with innovative research tools
- Emulate the online car buying process to drive appeal
- Target emerging consumer segments entering the market
- Highlight the availability of used/CPO hybrids and EVs
- Reimagine the meaning of ownership by providing flexible plans

THE MARKET

Market context

- Market Context

Market drivers

- Consumer confidence edges up, influencing consumers' interest in short-term purchasing
- Prices of new and used vehicles present barriers, but also opportunities
- Younger consumers present an opportunity for used/CPO vehicles
- Multicultural consumers present further opportunities for growth
- Gas prices present barriers related to affordability, value

Market size and forecast

- Internal and external factors leave the future of the market in flux
- Brands and retailers will be challenged as used/CPO vehicle prices remain at near-historic highs

APPENDIX

Additional advertising examples

- CarMax highlights pre-qualification feature
- Cars.com introduces a new logo and campaign
- Market definition
- Consumer research methodology
- Generations
- Abbreviations and Terms
- Forecast
- Forecast fan chart

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