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The 2010 Automotive Aftermarket Study

Google/Compete

The Role of the Internet and Search in the Automotive Parts, Tires, Services, and Accessories (PTSA) Research and Purchasing Process
U.S., Nov 2010

Background and Methodology

Background

- The purpose of this study is to quantify consumers' use of the online channel for automotive parts and service research and shopping.

Methodology:

Phase 1

- Identify visitors to parts & service websites and report the following analytics:
 - Trended unique visitors, time on site and search referrals to the aftermarket sites: parts, accessories, service and tires
 - Branded vs. non-branded search referrals to aftermarket sites among website visitors and aftermarket purchasers
 - Sponsored vs. organic search referrals to the aftermarket sites among website visitors and aftermarket purchasers
- Compete uses its proprietary tracking of consumer online behavior to identify and analyze visitors

Phase 2

- Survey visitors to parts & service websites to identify attitudes and intent
- Compete fielded a targeted survey from August-September 2010 with 1,126 respondent completes with the following criteria:
 - Respondents are 18 years of age or older AND
 - Respondents were observed researching parts, tires, services or accessories online or offline within the past six months

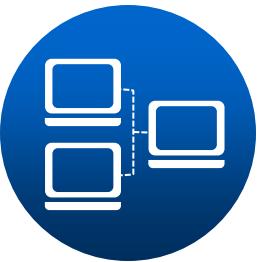
2010 Study Key Findings



Search remains an integral part of the PTSA research & buying process



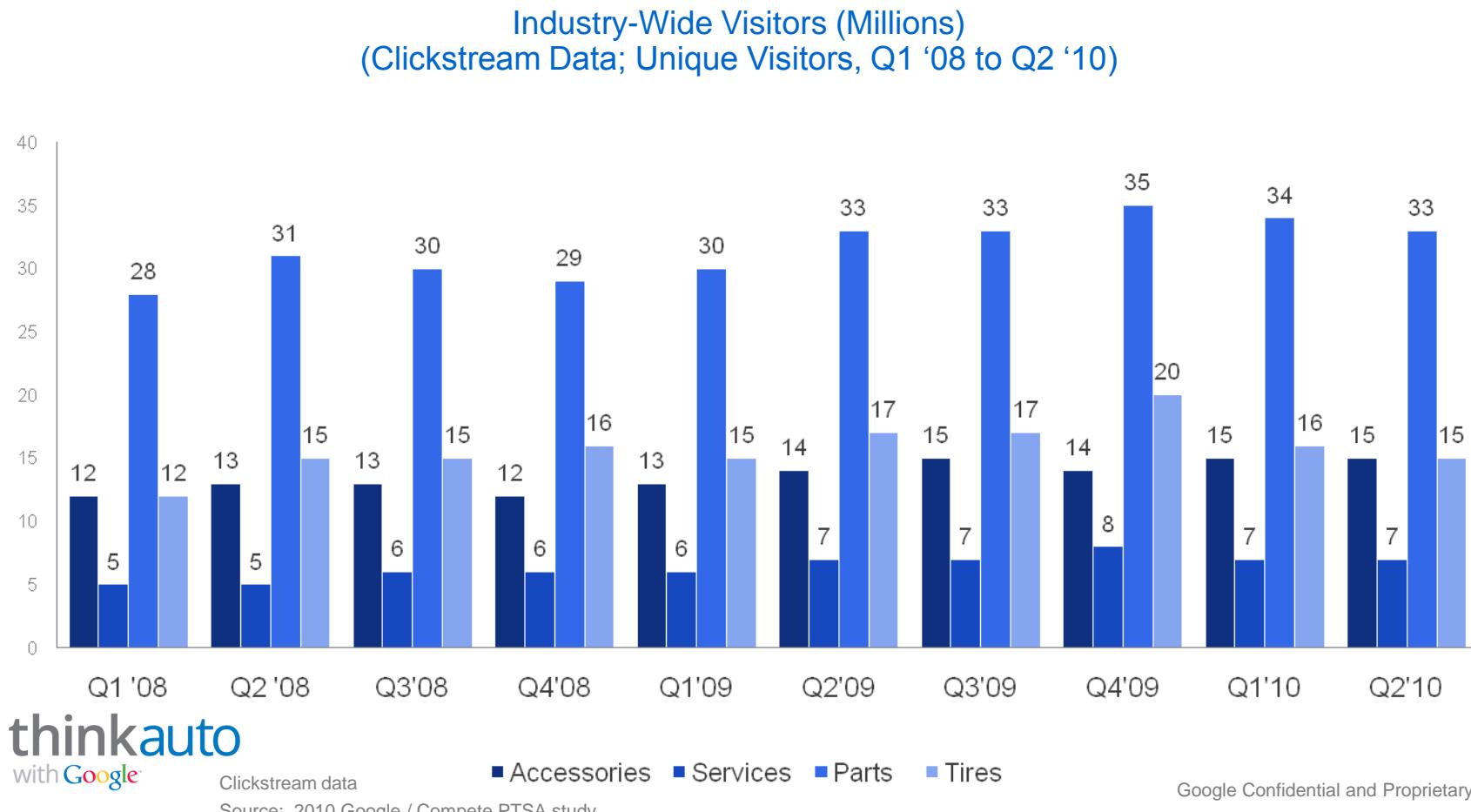
Consumers are utilizing the online channel for price & comparison shopping



Retailers are the preferred purchasing outlet over Dealers- both online and offline

Traffic To PSTA Sites Increased Year-Over-Year

Service sites had the largest percentage gain in traffic increasing 1.5x to over 7M unique visitors from Q1'08-Q2'10



Search By The Numbers....



40%

Of Parts, Tires, Service, and Accessory site referrals come from Search...

40%

...of these referrals result in a key purchase indicator

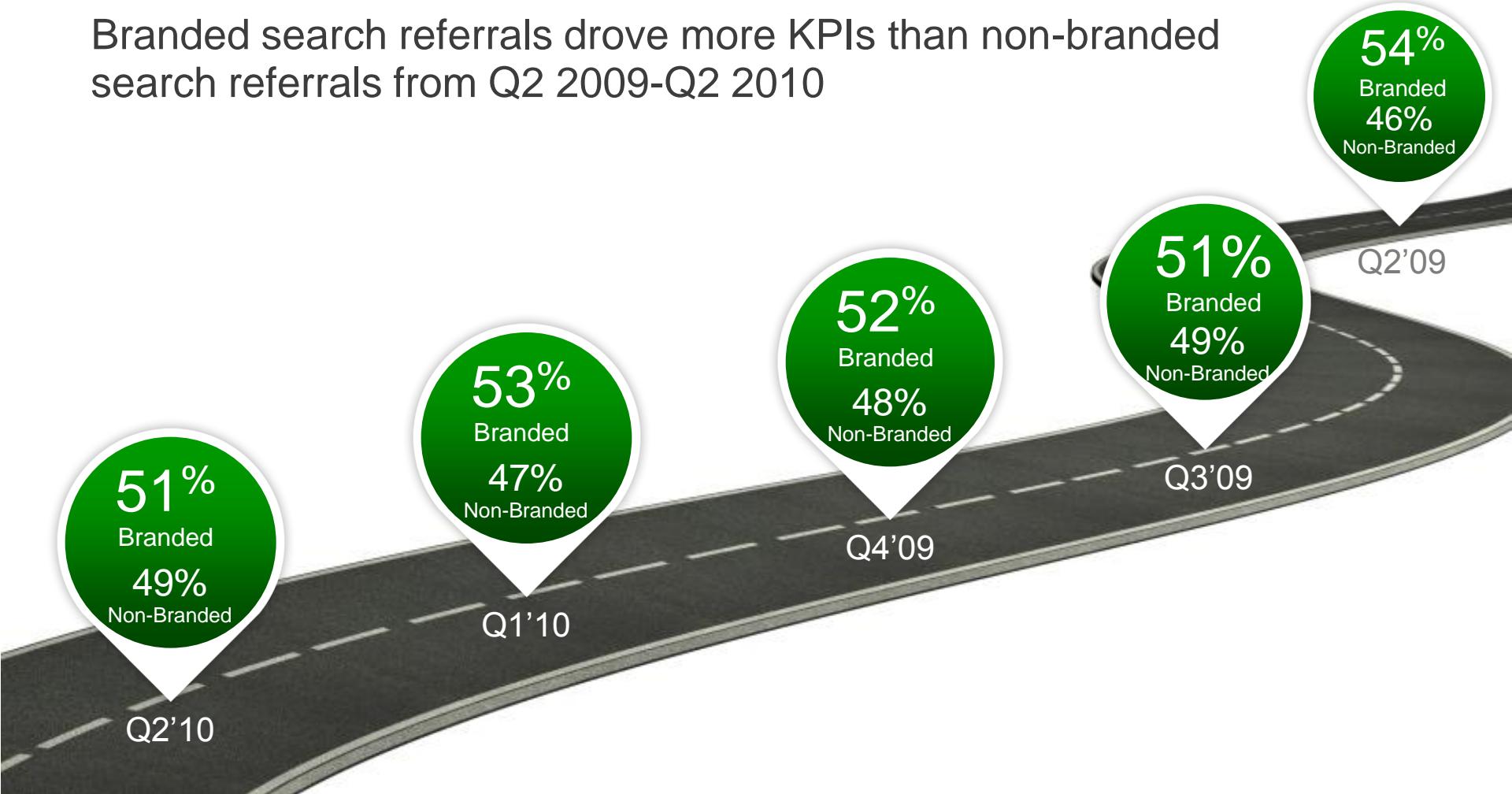
&

20%

...of these referrals are exclusive

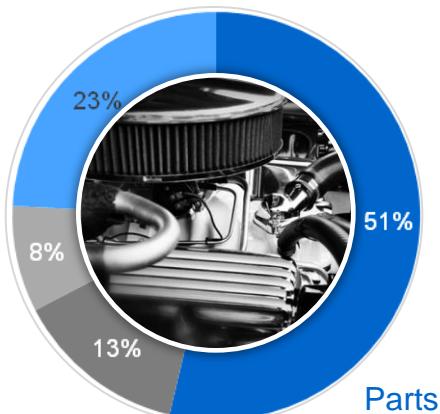
Branded Referrals Continue to Drive KPIs

Branded search referrals drove more KPIs than non-branded search referrals from Q2 2009-Q2 2010

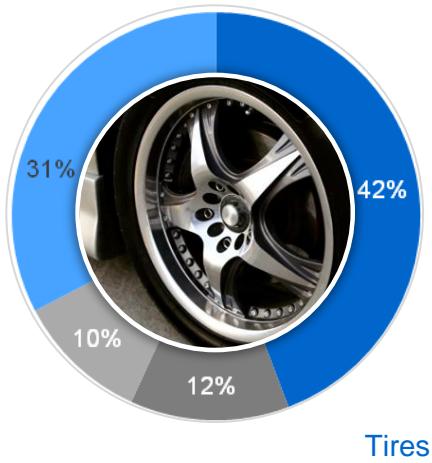


Search Was Used Early And Often

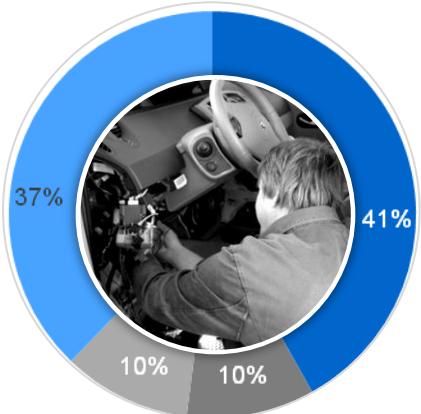
Over a third used search throughout the process



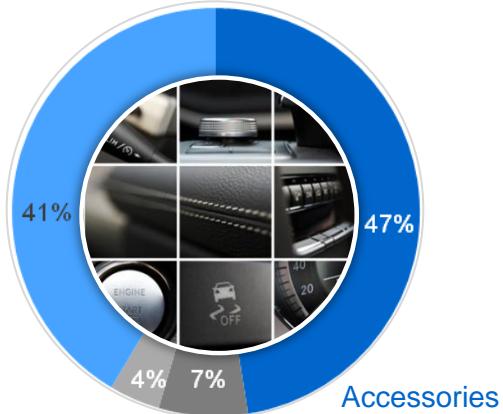
Parts



Tires



Service



Accessories

Search Usage During the Research Process

- Used this source at the very beginning of my research
- Used this source in the middle of my research
- Used this source at the very end of my research
- Used this source throughout the entire process

Mobile Research Usage On The Rise

Over a third of PTSA researchers said they were more likely to use their mobile device for PTSA research than a year ago

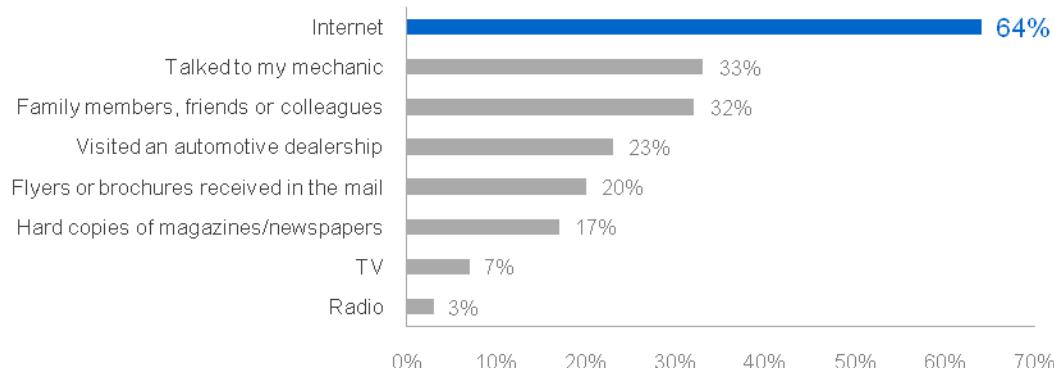
Nearly 20% of PTSA purchasers researched their purchase on a mobile device.



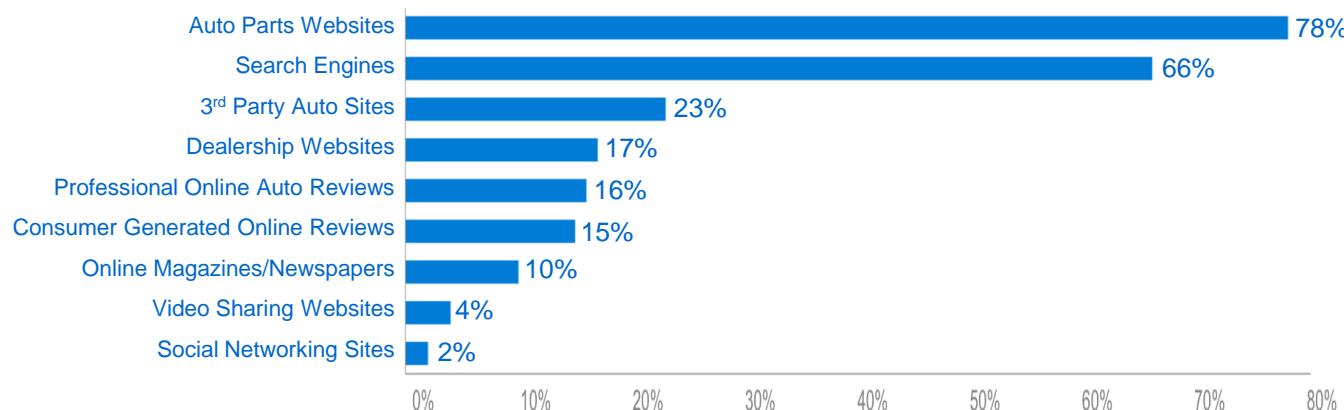
Automotive Parts Analysis

Internet Usage Key for Parts Purchasers

Research Sources Used



Online Research Sources Used



Source: 2010 Google / Compete PTSA study

Q1. Which of the following sources, if any, did you use to learn about or research parts? Base: All parts respondents (n=580)

Q2. Specifically, which of the following online sources did you use in your research? Please select all that apply.

Base: Selected Internet in Q1 (n=376);

Q5. Earlier you mentioned using Social Networking and/or Consumer Generated Online Review websites during your research.

What, specifically, did you do on these websites? Base: Selected social networking websites or consumer generated online reviews in Q2 (n=55)

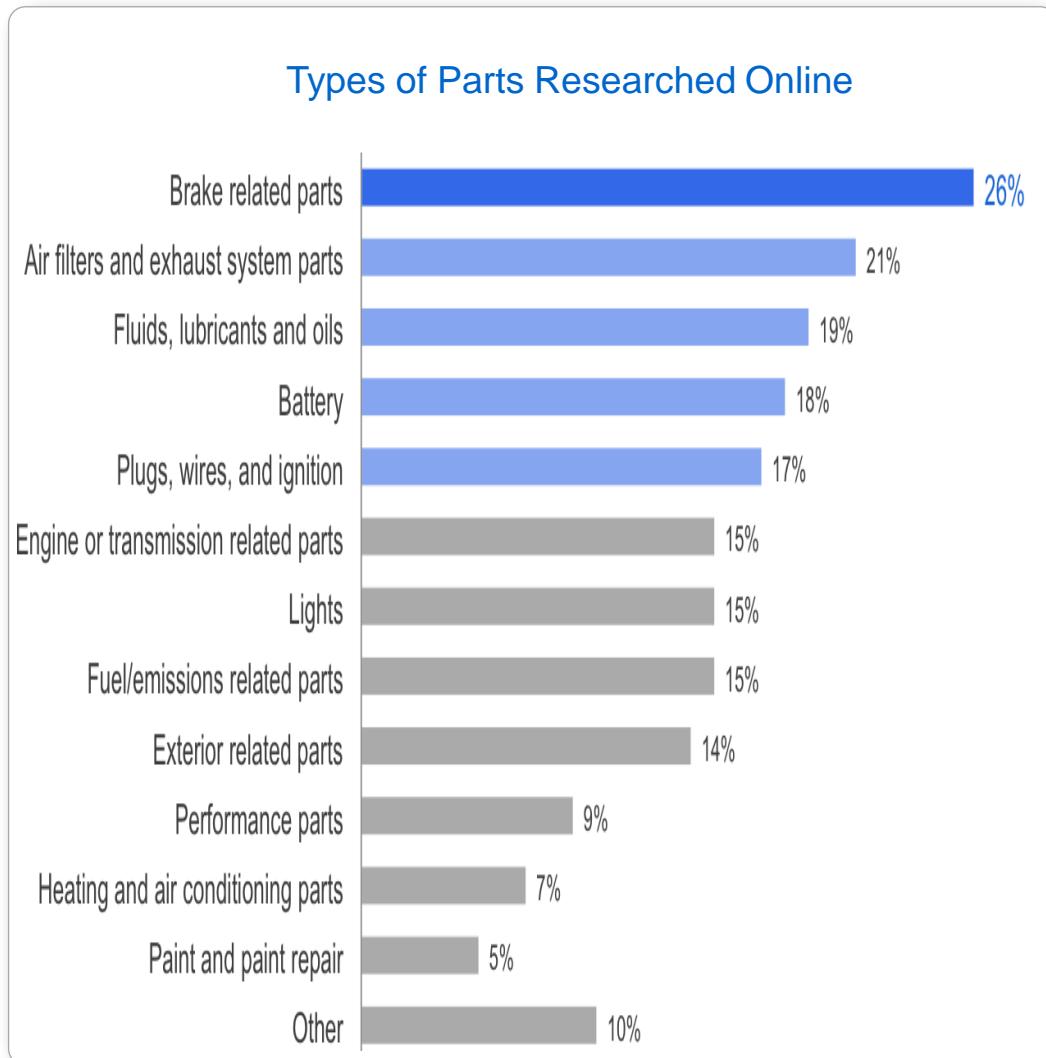
Purchasers Remain More Likely To Go Online

60% of purchasers are more likely to utilize the web for parts compared to two



Online Research Lead to Offline Sales

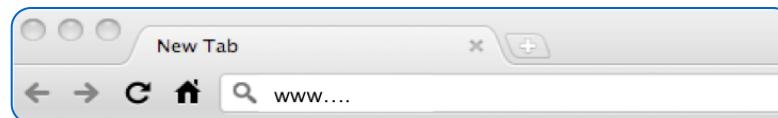
- The average online research to offline purchase conversion rate for parts is 85%
- While brakes are researched online most, batteries have the highest online-offline conversion rate



Parts Researchers Looking For Best Deals

- Over three-quarters of consumers who were researching parts online were looking for the cheapest prices

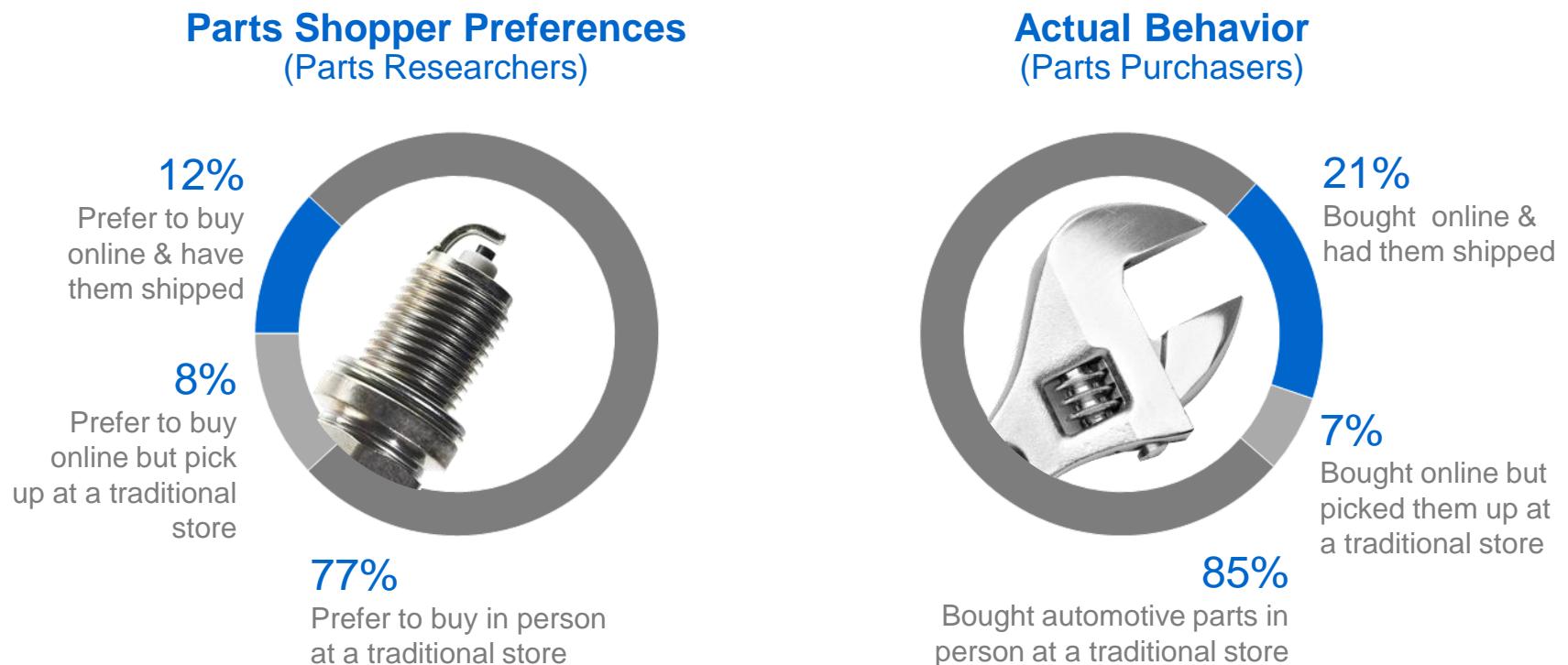
Intent of Online Service Research
(Researched Service Online)



Q16. Among the automotive parts you researched online, what was the intent of your research? Please select all that apply.
Base: Did not select none/don't know in Q12 (n=416)
Source: 2010 Google / Compete PTS study

Majority Prefer To Purchase Parts Offline

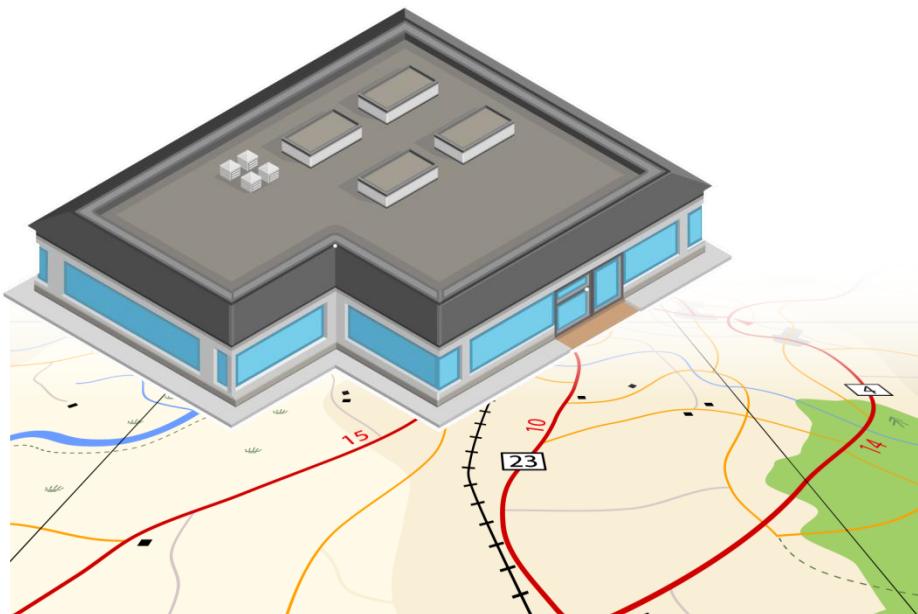
- Parts purchasing preferences are in line with their actions
 - However, purchasing parts online and having them shipped appeared to gain momentum at the point of purchase



Shipping was the most common factor of online purchase rejection among Parts buyers

Both cost of shipping and shipping time were among in the top-3 factors

Online Purchase Rejection Drivers



Q32. Why did you purchase automotive parts offline (in a store) rather than online? Please select all that apply /

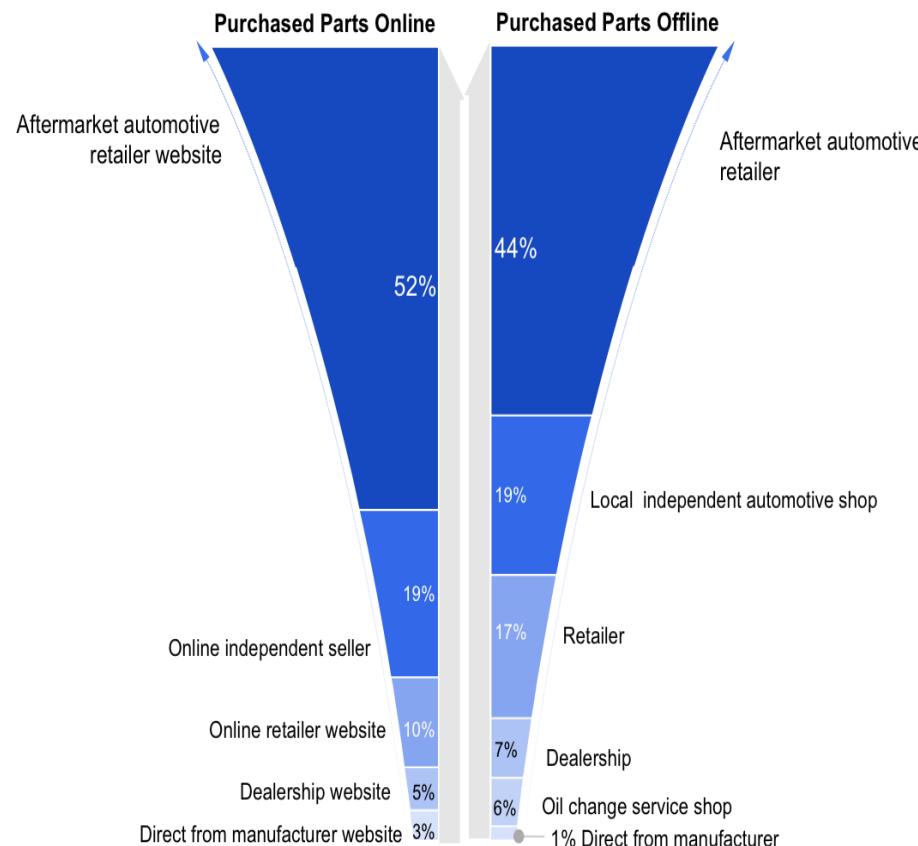
Q15p: Which of the following factors have caused you to buy automotive parts offline (in a store) rather than online?

Base: Purchased parts offline; 2010 study (n=489), 2009 study (n=333)

Too long to ship	42%
Cost of shipping too high	40%
Need professional advice	25%
Can't determine correct model or part	10%
No local pickup location	10%
Couldn't find what I need	8%
Installation too tough	8%
Item too big	7%
I don't know where to buy online	5%

Parts Purchasers Prefer to Buy from Retailers

Price and loyalty were key drivers for consumers to purchase from a **3rd party source** versus a **dealer** or **manufacturer**, both online and offline



<u>Reasons for Purchasing from 3rd Party Source</u>	<u>Online Purchasers</u>	<u>Offline Purchasers</u>
They had the lowest price	74%	55%
Used them in the past	44%	50%
Most convenient location	n/a	47%
The only place that had what I needed in stock	32%	8%
They had the best knowledge/expertise	n/a	16%
It was the first site I visited	7%	n/a
Referred by Friends/Family	2%	9%

Source: 2010 Google / Compete PTS study

Q19. Where, specifically, did you purchase your most recent part online?; Q21. Where, specifically, did you purchase your most recent part offline?

Base: Purchased at least one part online (n=116) or offline in Q18 (n=489)

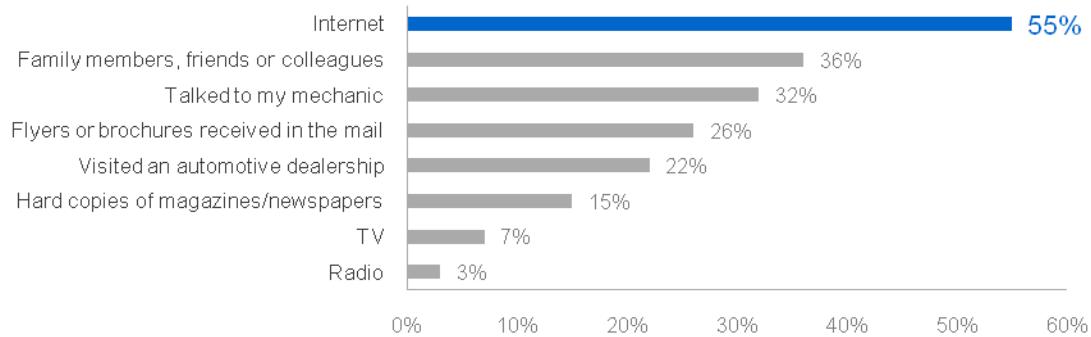
Q20/Q22. Regarding your most recent online/offline purchase, why did you choose to purchase from a 3rd party retailer or independent seller rather than a dealer or manufacturer? Please select all that apply. Base: Purchased at least one part online (n=73) or offline in Q18 (n=420) from 3rd party source versus dealer or manufacturer



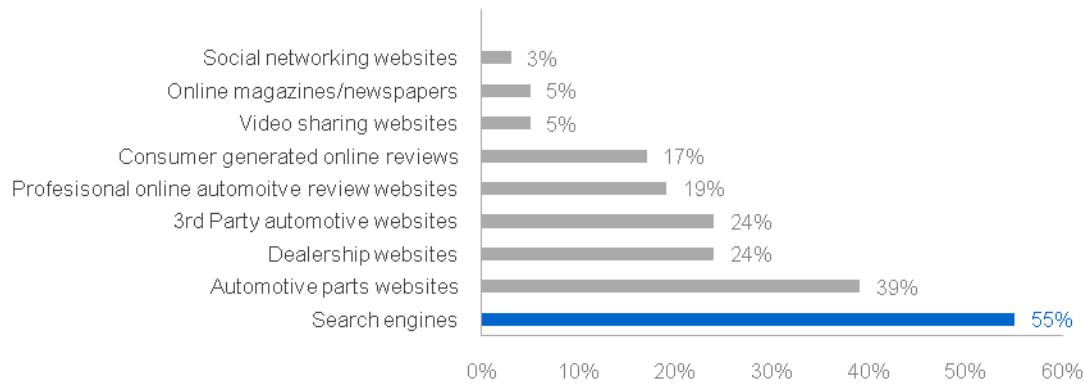
Automotive Service Analysis

The Internet is a Key Source for Service Purchasers

Research Sources Used



Online Research Sources Used



Q1. Which of the following sources, if any, did you use to learn about or research services? Base: All services respondents (n=635)

Q2. Specifically, which of the following online sources did you use in your research? Please select all that apply.

Base: Selected Internet in Q1 (n=376); Note: ^ denotes low sample

Source: 2010 Google / Compete PTSA study

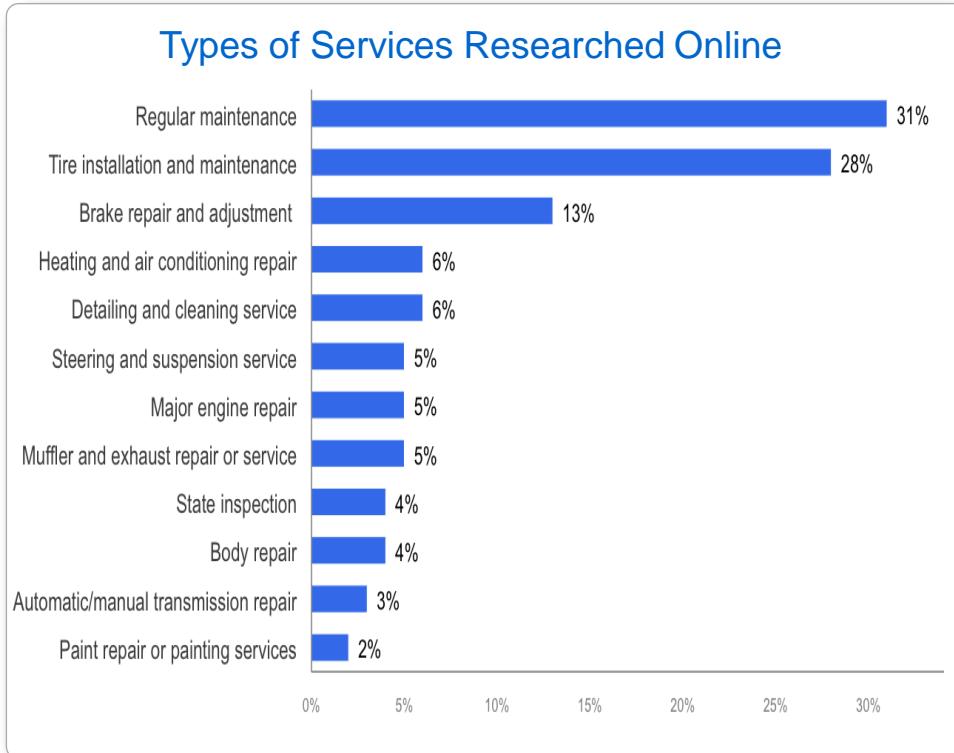
Purchasers Remain More Likely To Go Online

55% of purchasers are more likely to research service related items using the



Regular Maintenance Drove Service Research

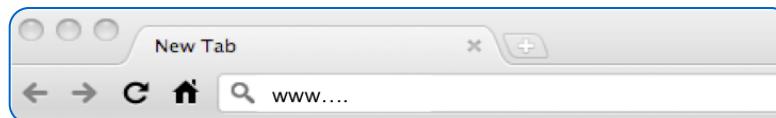
The average conversion rate for **online research** to **offline scheduling** for the services mentioned below is **94%**



Over Half Researched For Price Or Discounts

- Price and discounts led reasons for researching online
 - However, one-third were looking for a local store/service location

Intent of Online Service Research
(Researched Service Online)



Q16. Among the automotive services you researched online, what was the intent of your research? Please select all that apply.
Base: Did not select none/don't know in Q13 (n=379)
Source: 2010 Google / Compete PTS study

Research Intentions In Line With Purchase

The majority of service appointments were made over the phone or in person



Consumers Lacked Online Scheduling Awareness

Similar to 2009, consumers do not know where or how to book service appointments online



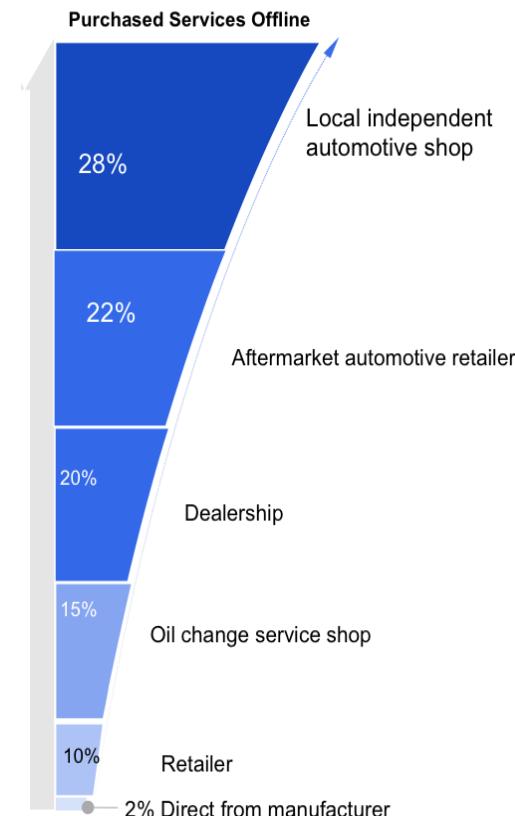
Online Scheduling Rejection Drivers

I didn't know I could schedule appointments online	30%
Need professional advice	28%
Didn't know where to schedule online	19%
Scheduling appointments online was too difficult or time consuming	15%

Service Purchasers Prefer Independent Shops

When choosing where to purchase services offline, consumers prefer **dealerships** for their knowledge and expertise **and 3rd party sources** to get the lowest price

Reasons for Purchasing	<u>Dealership Purchasers</u>	<u>3rd Party Purchasers</u>
They had the best knowledge/expertise	55%	19%
Used them in the past	48%	56%
Most convenient location	36%	37%
To get the lowest price	12%	53%
I was referred by friends/family	7%	11%
Other	13%	4%



Source: 2010 Google / Compete PTSA study

Q19. Where, specifically, did you purchase your most recent service online?; Q21. Where, specifically, did you purchase your most recent service offline?

Base: Purchased at least one service online (n=43) or offline in Q18 (n=555);

Q22. Regarding your most recent offline purchase, why did you choose to purchase from a 3rd party retailer or independent seller rather than a dealer or manufacturer? Please select all that apply.

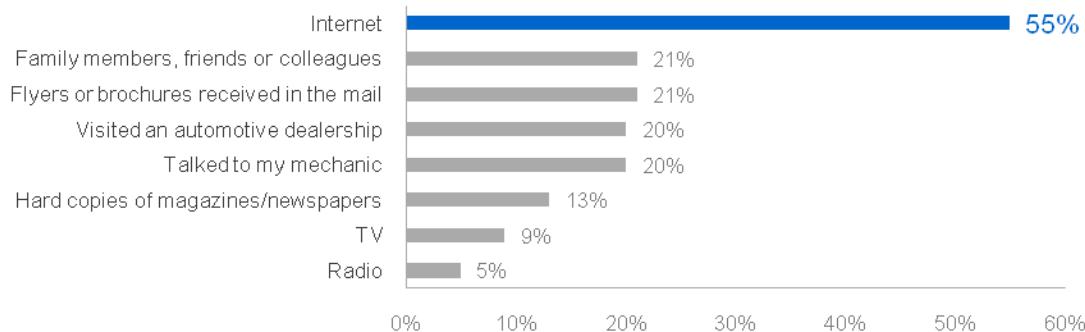
Base: Purchased at least one service offline from dealer/manufacturer or 3rd party (n=535)



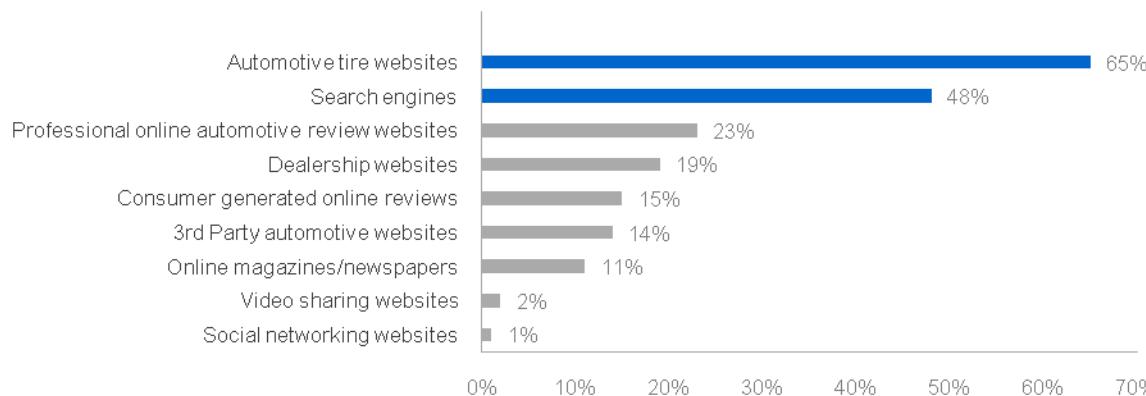
Automotive Tires Analysis

More Than Half of Tire Buyers Use the Web

Research Sources Used



Online Research Sources Used



Q1. Which of the following sources, if any, did you use to learn about or research tires?

Base: All tires respondents (n=286)

Q2. Specifically, which of the following online sources did you use in your research? Please select all that apply.

Base: Selected Internet in Q1 (n=161)

Source: 2010 Google / Compete PTSA study

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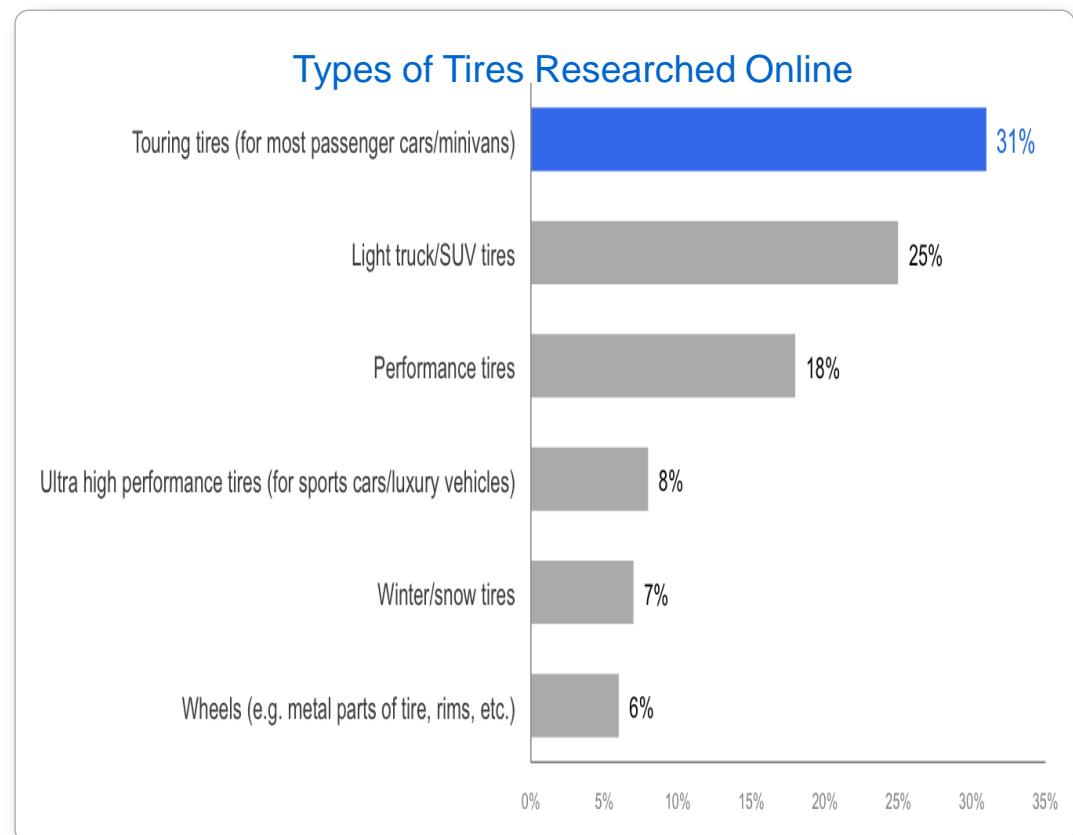
Purchasers Remain More Likely To Go Online

Nearly half of purchasers are more likely to research tire items using the online channel compared to two years ago.



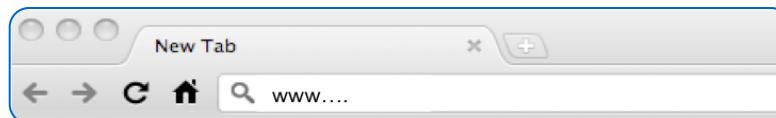
Online Tire Research Leads to Offline Sales

- 2 out of 3 online tire researches purchased tires offline
 - Representing a 32% increase in the online to offline conversion rate



Online Channel Used To Price and Compare

- Over half of all tire researchers were looking to find the **lowest price** or **compare similar items**



Q16. Among the automotive tires you researched online, what was the intent of your research? Please select all that apply.
Base: Did not select none/don't know in Q14 (n=215)
Source: 2010 Google / Compete PTS study

Majority Of Tire Purchases Made Offline

- Tire buyer intentions are in line with actual purchase behavior

Tires Shopper Preferences
(Tires Researchers)



Actual Purchaser Behavior
(Tires Purchasers)



Q26/Q30. Thinking about automotive tires purchases in general, do you prefer to make/how have you typically made your purchases online or through a traditional store or service location?
Base: Researched tires (Q26) (n=286); Purchased tires (Q30) (n=187)
Source: 2010 Google / Compete PTS study

Tires Purchased Offline to Facilitate Installation

Purchasers indicated **installation** as the main driver to purchase offline

Cost of shipping and length of shipping time remained important factors in choosing between offline versus online



Online Purchase Rejection Drivers

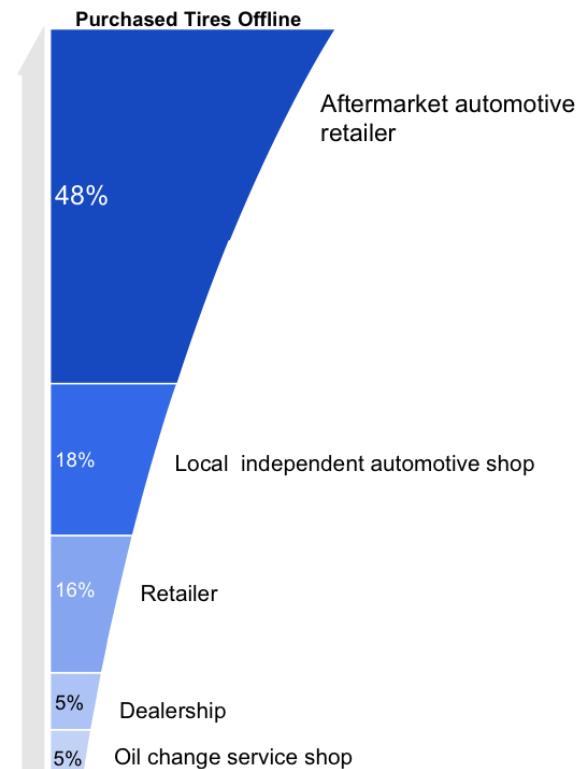
Installation too difficult/time consuming	34%
Need professional advice	26%
Cost of shipping too high	22%
Shipping takes too long	20%
Item too big	9%
I didn't know where to buy online	8%
Couldn't find what I need	7%
No local pickup location	6%
Couldn't determine the correct size or type of tire	6%

Tire Buyers Prefer to Purchase from 3rd Parties

- Price and Loyalty were leading factors for 3rd Party purchases vs Dealer purchases

Offline 3rd Party Purchase Drivers

Find the Cheapest Price	53%
I've used them in the past	51%
It was the most convenient location	36%
They had the best knowledge/expertise	21%
It was the only resource that had the item I needed in stock	21%
I was referred by friends/family	8%

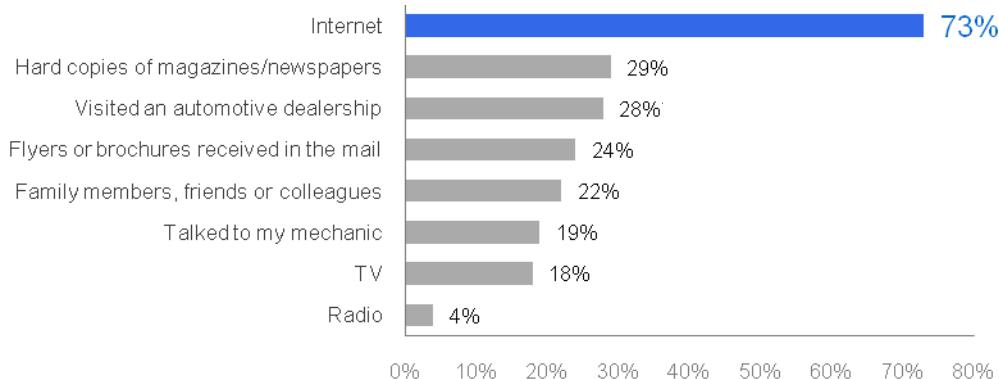




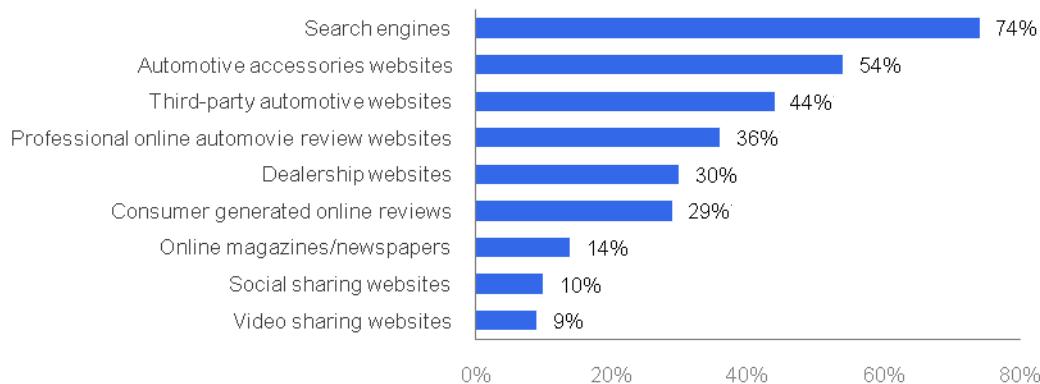
Automotive Accessories Analysis

Accessory Purchasers Utilize the Web

Research Sources Used



Online Research Sources Used



Source: 2010 Google / Compete PTS study

Q1. Which of the following sources, if any, did you use to learn about or research services? Base: All services respondents (n=635)

Q2. Specifically, which of the following online sources did you use in your research? Please select all that apply.

Base: Selected Internet in Q1 (n=167)

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Accessory Purchasers More Likely to Go Online

56% of purchasers are more likely to research accessory related items using the online channel compared to two years ago.



Accessory Category Research Varies

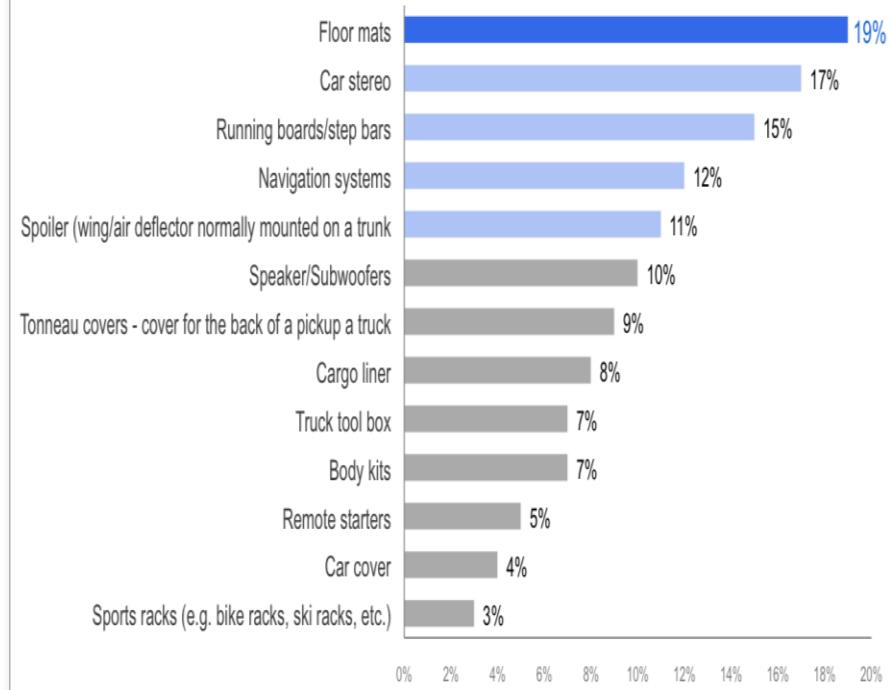
With a wide array of automotive accessories, 'other' accessories were researched the most online (not shown – 23%)

–Electronic accessories were the most cited from this category

The average conversion rate for online research to offline sales for the accessory category is 40%



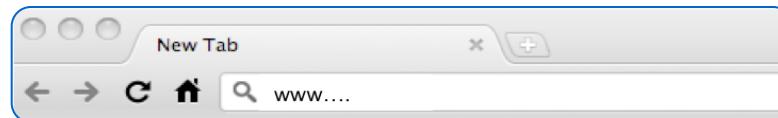
Types of Accessories Researched Online



Online Channel Used To Price and Compare

- Most accessory researchers were looking to find the **lowest price** or **compare similar items**

Intent of Online Accessory Research
(Researched Accessories Online)



Over Two-Thirds Purchased Online

In contrast to parts, tires, and services, the majority of accessories purchasers bought online rather than in person



Q27/Q31. Thinking about automotive accessories purchases in general, do you prefer to make/how have you typically made your purchases online or through a traditional store or service location?

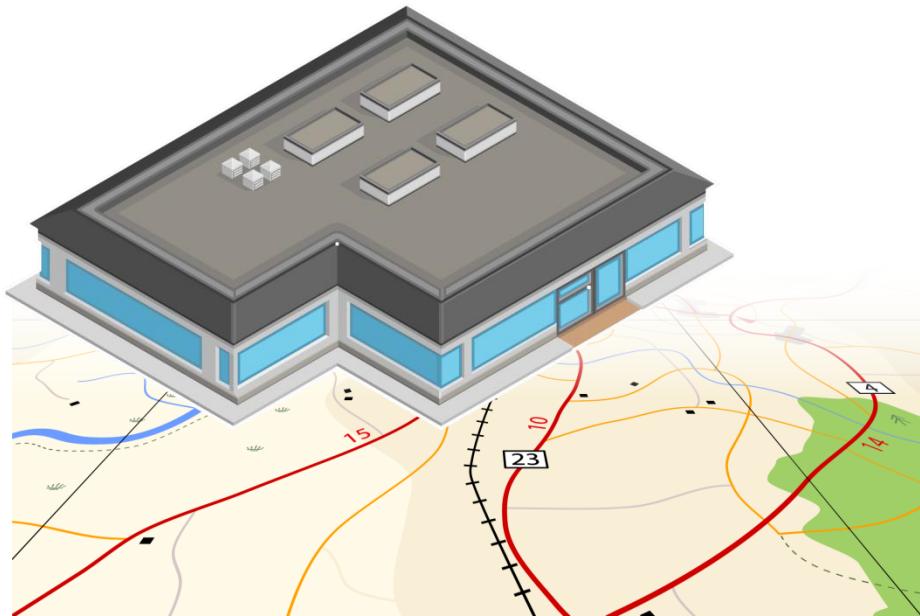
Base: Researched accessories (Q27) (n=218); Purchased accessories (Q31) (n=107)

Source: 2010 Google / Compete PTSA study

Finding Accessories Online Is Key To Shoppers

27% of purchasers indicated they made their purchase offline because they did not know where to purchase online

Decline in cost of shipping as a rejection driver may have reflected increased use of “free shipping” to encourage purchases



Q35. Why did you purchase automotive accessories offline (in a store) rather than online?
Please select all that apply.;

Q15a: Which of the following factors have caused you to buy automotive accessories offline (in a store) rather than online?

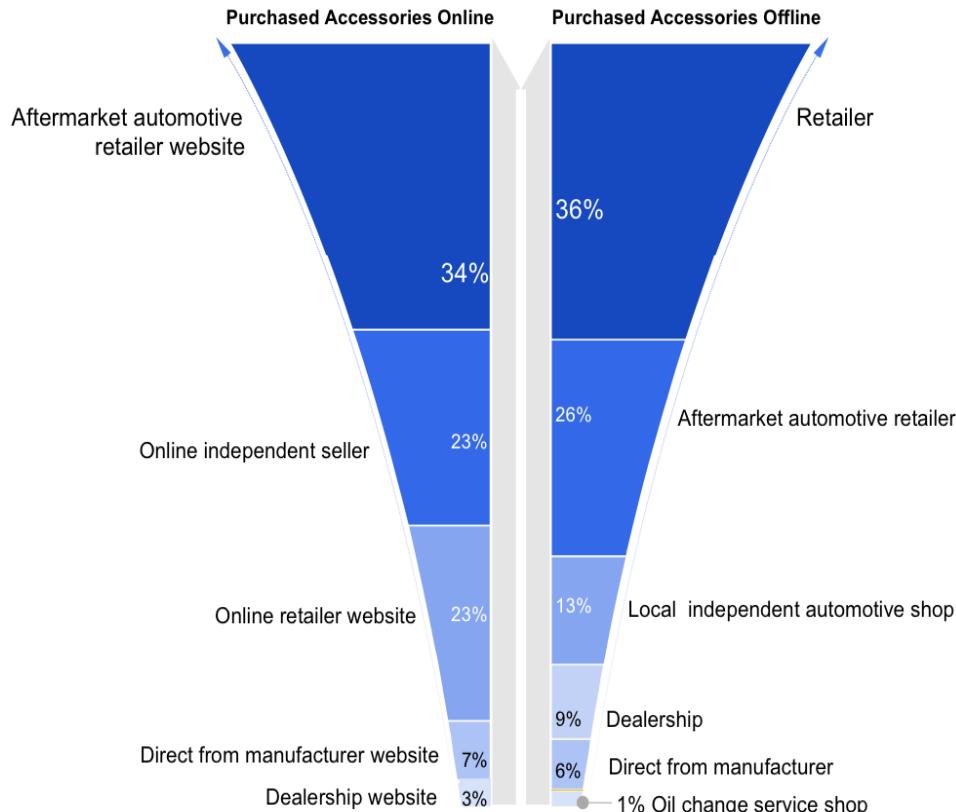
Base: Purchased accessories offline; 2010 study (n=64), 2009 study (n=117)

Online Purchase Rejection Drivers

Cost of shipping too high	35%
I didn't know where to buy online	27%
Need professional advice	25%
Shipping time too long	23%
Couldn't determine correct model or accessory	18%
Item too big	14%
Installation too tough	14%
I couldn't find what I need	12%
No local pickup	5%

Accessory Purchasers Prefer 3rd Parties

Location & price were key drivers for consumers to purchase from a 3rd party source versus a dealer or manufacturer



<u>Reasons for Purchasing from 3rd Party Source</u>	<u>Offline Purchasers</u>
Most convenient location	48%
To get the lowest price	48%
I've used them in the past	27%
I was referred by friends/family members	26%
They had the best knowledge/expertise	15%
It was the only resource that had what I needed in stock	11%

* Not enough sample to breakout online responses

Q19. Where, specifically, did you purchase your most recent accessory online?; Q21. Where, specifically, did you purchase your most recent accessory offline?

Base: Purchased at least one accessory online (n=51) or offline in Q18 (n=64)

Q22. Regarding your most recent offline purchase, why did you choose to purchase from a 3rd party retailer or independent seller rather than a dealer or manufacturer? Please select all that apply. Base: Purchased at least one accessory offline in Q18 from 3rd party source versus dealer or manufacturer (n=49)

Source: 2010 Google / Compete PTSA study

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2010 Aftermarket Study Recap

Search continues to remain an integral part of the PTSA purchasing process

Consumers are utilizing the online channel to find the best deals, prices, and for comparison shopping.

Aftermarket purchasers prefer to buy from Retailers rather than from Dealers or directly from Manufacturers.



Appendix

Sites / Brands Included In Study

Parts Sites Included	
1Aauto	Motorcycle Superstore
Acdelco	Napa
Auto Anything	Pep Boys
Auto Body Toolmart	Plus Brakes
Auto Zone	RightWayATV
Autohaus Arizona	Rock Auto
Autoparts	
Warehouse	Summit Racing
Bike Bandit	The Car Part Warehouse
Cherry Auto	The Steering Store
Clearly Auto	Tirerack
Cskaap	Transamerican Auto Parts
Ebay Motors	Truck Add Ons
EverDrive	Us Auto Parts
Ford	L.O.F
GM Performance	
Parts	Roll Masters
Jc Whitney	K2 Motor Corp.
Jegs	US Speed
K&N Engineering	Palm Beach Motoring
Minipocketrockets	

Accessories Sites Included	
Auto Anything	Onstar
Auto Body Toolmart	Peragon Truck
Auto Truck Toys	Plus Brakes
Autohaus Arizona	Rack Attack
Bike Bandit	RightWayATV
Clearly Auto	Stylin Trucks
DiamondBack Truck	
Covers	The Car Part Warehouse
E-Trailer	Toyota
Ford Accessories	
Store	Transamerican Auto Parts
Glass Doctor	Truck Add Ons
Honda	Wooddash Experts
Lincoln	Xtreme Diesel
Mercury	L.O.F
Minipocketrockets	K2 Motor Corp.
Mopar	Auto Part Nexus
Motorcycle	
Superstore	Palm Beach Motoring
Auto Anything	Onstar
Auto Body Toolmart	Peragon Truck
Auto Truck Toys	Plus Brakes

Tire Brands	
BF Goodrichtires	
Bridgestone	
Continental	
Discount Tire	
Dunlop	
Goodyear	
Just Tires	
Michelin	
Motorcycle	
Superstore	
RightWayATV	
Tirerack	
Transamerican Auto	
Parts	
Truck Add Ons	
Uniroyal	

Services Brands	
Ford	
Genuine Service	
GM Goodwrench	
Jiffy	
Meineke	
Midas	
Transamerican Auto	
Parts	
Cybert Tire Corp	

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