

Kelley Blue Book Reports Vehicle Shoppers Exiting Market as Inventory Shortages Continue to Plague Auto Industry

- Nearly half of car shoppers are likely to postpone their purchase due to the chip shortage with most planning to wait several months.
- Slightly more than a third of all surveyed in-market shoppers say they are willing to pay above MSRP, indicating they would pay up to a 13% premium, or roughly \$5,600 more based on the latest Kelley Blue Book Average Transaction Prices.
- Among shoppers who said they would not postpone their purchase, 25% said they would consider switching brands.

IRVINE, Calif., Sept. 22, 2021 /PRNewswire/ -- Nearly half of car shoppers are exiting the market and delaying their purchase for the next several months due to the impacts of the global microchip shortage on the automotive industry, according to new consumer research from Kelley Blue Book. The recent survey from late August 2021 also reveals further details about car shoppers' current perspectives and intentions given the state of an automotive marketplace plagued by inventory shortages and record-high vehicle prices.

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"The latest Kelley Blue Book research indicates



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that most consumers anticipate negative impacts on the automotive market due to the chip shortage, from increased prices to inventory shortages and longer delivery times," said Vanessa Ton, senior industry intelligence manager for Kelley Blue Book. "With a large portion of the in-market population now saying they plan to delay their purchase given the current market conditions, it will be interesting to see how that could impact the ongoing delicate balance of supply, demand and pricing across the industry. Long term, OEMs are likely experimenting with made-to-order deliveries for consumers."

Among in-market car shoppers, 48% say they are likely to postpone their purchase due to the chip shortage. Of those likely to postpone, most plan to wait at least several months: 40% said seven months or longer, 40% said three-to-six months, and 12% said one-to-two months. Shoppers who do not plan to postpone understand that they may need to make some changes to their plans to be able to purchase a vehicle sooner rather than later. Among shoppers who said they would not postpone their purchase, 25% said they would consider switching brands, 19% said they would consider changing vehicle categories, and 18% said they would consider shifting from purchasing new to used.

Slightly more than a third (35%) of all surveyed in-market shoppers say they are willing to pay above MSRP, further indicating they would pay up to a 13% premium, or roughly \$5,600 more based on the latest Kelley Blue Book Average Transaction Prices. In addition, three-quarters of consumers are willing to drive outside of their local area for a vehicle with most shoppers willing to drive between 50 - 200 miles; however, fewer than 20% will drive more than 200 miles.

In addition, many shoppers say they are willing to make some changes to their vehicle purchase plans due to the chip shortage. Among all in-market shoppers surveyed, 35% said they would shift from an import to domestic brand, 32% said they would switch brands they are considering, and 31% said they would shift vehicle categories. Further, 38% said they would shift from purchasing a new vehicle to a used vehicle, but only 18% said they would consider shifting from buying used to new.

In general, overall awareness of the chip shortage among car shoppers is high. More than half of shoppers (58%) are aware of the cause of the shortage, and 71% are familiar with the effects of the shortage on the automotive market. An overwhelming majority (90%) of shoppers are aware of the new-vehicle inventory shortage problems at dealerships, and they understand there are significant impacts to their car-buying experience: 84% think the vehicle with their desired options/specs will take longer, 83% think the vehicle of their desired category will take longer, 69% think prices will increase, and 61% think there will be less favorable deals/incentives available. Shoppers also seem to understand that the issue is mostly universal across the industry: 79% said the shortage impacts both domestic and import vehicle brands, 76% said all brands will be impacted, and 71% said all vehicle categories are impacted.

For more details and information from Kelley Blue Book, visit <https://www.coxautoinc.com/wp-content/uploads/2021/09/Microchip-Shortage-Wave-2-Infographic.pdf>.

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