



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.

Results are reported among all respondents (sometimes labelled “car shoppers”) unless otherwise indicated. Where appropriate, results are reported among:

- Auto financiers: had purchased a car in the past 2 years, and used outside financing for their purchase
- Home financiers: had purchased a car in the past 2 years, and used outside financing for their purchase
- Car Purchasers: have already purchased car in past 2 years
- Car Intenders: plan to purchase in next 12 months

Detailed Results

Q1.

When purchasing a car, on what aspect of the purchase do you think dealers earn the most profit, on average? Please choose your top 2. (n=754)

Price of the car	44.7%
Repair plans/warranties	33.0%
Add-ons	31.3%
Car loan	30.4%
Service fees	20.2%
Dealers profit equally from each	15.4%

Q2.

When evaluating auto loan options, what matters most to you? (n=754)

Monthly payment	37.1%
Interest rate	37.1%
Total price paid over loan life	17.8%
Length of loan	6.8%
Other	1.2%

Q3.

Imagine you are buying a vehicle: The price is \$25,000, and you have \$5,000 as a down payment. You will get a loan for the remaining \$20,000. The loan will last for 5 years, and the APR is 5%. Which of these do you expect to have the greatest impact on your monthly payment? (n=754)

Whether the length of the loan increases from 5 years to 6 years	29.3%
Whether the interest rate is 5% or 8%	46.4%
Whether the down payment is \$5,000 or \$0	24.3%



Q4.

When it comes to financing your car purchase, did you (or do you expect to) experience any of these frustrations? Select all that apply. (n=754)

Wishing I could see the monthly payment while shopping for the car online before visiting the dealer	42.2%
Concern that the dealer's loan would not be fair	36.5%
Process taking too long	33.6%
Difficulty understanding the loan terms	25.1%
Not feeling confident evaluating my loan offer(s)	22.7%
Not enough options presented to me	22.6%
I just wanted to sign the papers and drive away in the car I just purchased	22.0%
Feeling discriminated against for my gender/ethnicity/age/culture	14.6%
Other (please specify)	4.6%

Q5.

When choosing financing for your auto purchase, how many lenders did you consider? (n=516 auto financiers)

Mean = 4.72

Q6.

When choosing financing for your recent home or condo purchase, how many lenders did you consider? (n=92 home financiers)

Mean = 5.52

Q7.

When choosing financing for your auto/home purchase, approximately how much time did you spend researching your financing options? *(n=516 auto financiers) (n=92 home financiers)*

Choice	% Chosen - Auto	% Chosen - Home
Less than 15 minutes	15.7%	6.5%
Between 15 minutes – 1 hour	23.5%	13.0%
Between 1 hour – 2 hours	25.2%	25.0%
Between 2 hours – 5 hours	19.6%	25.0%
Between 5 hours – 10 hours	7.6%	9.8%
More than 10 hours	8.5%	20.7%

Q8.

How much time did you spend at the dealership talking about financing for your car purchase? *(n=516 auto financiers)*

Less than 15 minutes	11.8%
Between 15 minutes – 30 minutes	18.0%
Between 30 – 60 minutes	28.7%
Between 1 hour – 2 hours	24.6%
Between 2 hours – 3 hours	9.7%
More than 3 hours	7.2%

Q9.

Would you consider this amount of time... *(n=516 auto financiers)*

Too much time	29.8%
Just enough time	60.3%
Not enough time	9.9%



Q10.

How prepared or unprepared did you feel when it came time to discuss your car financing at the dealership? (*n=516 auto financiers*)

Very prepared	23.5%
Somewhat prepared	40.1%
Neither prepared nor unprepared	19.8%
Somewhat unprepared	12.4%
Very unprepared	3.7%

Q11.

Overall, how did you feel about your final car/home or condo financing deal? (*n=516 auto financiers*) (*n=92 home financiers*)

Choice	% Chosen - Auto	% Chosen - Home
Great	14.2%	21.7%
Good	38.8%	42.4%
Fair	29.7%	22.8%
Less than fair	13.0%	13.0%
Poor	2.5%	0%
Very poor	1.9%	0%

Q12.

Are you aware that you can pre-qualify for auto financing online before going to the dealership?

Are you aware that you can pre-qualify for a home loan online before getting a mortgage? (n=754)

Choice	% Chosen - Auto	% Chosen - Home
Yes	67.1%	71.8%
No	32.9%	28.3%

Q13.

If you already purchased your car: Did you pre-qualify for auto financing before going to the dealership? If you haven't purchased yet: Do you plan to pre-qualify for auto financing before going to the dealership? (n=754 total) (n=516) (n=238)

Choice	% Chosen - Total	% Chosen - Car Purchasers	% Chosen - Car Purchase Intenders
Yes	55.7%	49.6%	68.9%
No	44.3%	50.4%	31.1%

Q14.

Is pre-qualifying for auto financing something that you think would be useful? (n=754)

Extremely useful	26.3%
Very useful	32.5%
Somewhat useful	34.4%
Not very useful	5.0%
Not at all useful	1.9%



Q15.

How valuable, or not-valuable, do you think the following reasons for pre-qualifying for auto financing before going to the dealership would be for you? (n=754)

Choice	Top 2 Box % (% choosing Extremely valuable or Very valuable)
It would save me time at the dealership	63.9%
I would feel more confident and prepared talking to the dealer about financing	67.8%
I could shop online with my real monthly payment in mind	64.6%
I could take care of more of the car shopping process before I buy	66.2%

Q16.

Which of the following would you be concerned about when it comes to pre-qualifying for auto financing before going to the dealership? (n=754)

Choice	Top 2 Box % (% choosing Extremely concerned or Very concerned)
The rates aren't final	45.8%
I would have to do it again at the dealership anyways	40.5%
I'm just going to use whatever the dealership offers anyways	32.6%
It's a waste of time	28.1%