

Car buyers who use the Internet spend less time at the dealership negotiating prices

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In one of the first studies to detail how car purchasing has changed since the advent of the Internet, researchers find that online research has largely supplanted time spent at the dealership, time spent negotiating prices, and use of third-party sources such as Consumer Reports. The study, forthcoming in the June issue of the *Journal of Consumer Research*, also reveals that the overall time buyers spent searching for a car has increased with Internet research.

“We confirm that consumers who use the Internet appear to come to the dealer armed with better information, and that users of objective print information appear to migrate to the online version of these sources,” write Brian T. Ratchford (University of Texas, Dallas), Debabrata Talukdar (University of Buffalo), and Myung-Soo Lee (Baruch College, CUNY). “These results are consistent with the common expectation that buyers use the Internet to come to the dealer armed with price information, ready to negotiate a better buy.”

Specifically, the study analyzes data from three field surveys of new car buyers in 1990, 2000 and 2002. Using self reports of time spent with each source, the researchers found that the impact of the Internet on average time spent at the dealer was especially large – buyers who used the Internet spent an average of 80 minutes less at car dealerships during the course of their search for a car. They also spent a total of 25 minutes less negotiating prices and on test drives.

But the increased reliance on information from the Internet did not seem

to have an impact on how readily buyers turn to friends and family for information when buying a car, the researchers note, suggesting that the information most commonly accessed by potential car buyers on the Internet is different than the type of information gleaned from word-of-mouth recommendations.

“We believe that our study provides the most complete analysis to date of how the Internet is being integrated with other product information sources,” the researchers write. “Manufacturer/dealer Internet sources are the most widely used and appear to substitute the most for traditional sources.”

Source: University of Chicago

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