

TrueCar Increasingly Accepted, More Geared to Low-End Dealers

Companies: ABTL, CAR, COST, GCI, TRUE, WMT

August 6, 2014

Research Question:

Are auto dealerships increasingly using TrueCar to drive leads and sales?

Summary of Findings

- Sixteen of 23 sources said car buyers are increasingly using the Internet to research prices before making a purchase.
- [TrueCar Inc.](#) (TRUE) is becoming more accepted by dealerships and customers as a way to agree on a car price, according to four low-end dealers, four high-end dealers and three industry specialists.
- TrueCar is making more of an impact on low-end cars. Eleven sources said TrueCar users more often seek mainstream vehicles that are more readily available and less expensive rather than luxury or specialty cars or new models in short supply.
- Fourteen of 20 dealer sources said TrueCar prices result in selling cars at a loss. The dividing line between dealers supporting TrueCar and disliking the service is the ability to stomach this loss. Four of 10 low-end dealers and six of 10 high-end dealers do not work with TrueCar, mostly because of the lack of profit.
- Sales from TrueCar leads are significantly higher at low-end dealers, ranging from 3% to 15%, than at high-end dealers, for which TrueCar accounted for 1% to 5% of sales. Low-end dealers were more positive about the service and praised the easy, no-hassle, ready-to-buy nature of TrueCar customers. High-end dealers were more apt to lump TrueCar with its competitors or to say that they, rather than TrueCar, set the price.
- Dealers who work closely with TrueCar honor its prices and pay the [associated fees](#). Those who do not work with TrueCar but still encounter TrueCar leads will use the quoted price as a starting point and feel no obligation to pay TrueCar. One source who does work with TrueCar said he often does not credit the company and avoids paying its \$300-per-car fee.
- No source reported using TrueCar as a way to clear inventory at the end of the month.

	Internet Use In Pricing/Buying Cars	TrueCar Use	Dealer Opinion of TrueCar
Low-End Dealerships, Dealer Groups	↑	→	→
High-End Dealerships, Dealer Groups	↑	→	→
Industry Specialists	↑	↑	N/A

Silo Summaries

1) Low-End Auto Dealerships and Dealer Groups

Six of these 10 sources work with TrueCar, four of whom are ardent fans of the company while two are more reserved. The remaining four sources do not work with TrueCar, including two who canceled their dealings with the company because they were dissatisfied with the results. **Those who support their TrueCar partnership do so because it brings them good leads who are ready to buy without a hassle. These four sources believe TrueCar will continue to grow and translate into increased sales for their dealerships.** Sales from TrueCar range anywhere from 3% to 15% of a dealership's total sales. Savings to the customer were estimated between \$200 and \$4,000, with \$400 to \$500 the most common response. **Eight sources said using TrueCar results in selling cars at a loss.** The four who do not work with TrueCar said the company's prices are too low, taking a loss on cars is not worthwhile, they do not get enough leads, or they can get better results from AutoTrader and other competitors. The TrueCar user typically is looking for a more common car instead of a higher-priced or specialty vehicle. **Two sources who do not work with TrueCar said they would accept the TrueCar price on occasion but would not credit the company since they do not have an agreement in place.** Three sources said they get a fair number of TrueCar customers from the military since it is supported by USAA.

2) High-End Auto Dealerships and Dealer Groups

Four of 10 sources use TrueCar, while six others do not, including one who canceled the service. **Four said TrueCar is growing and becoming more accepted by dealerships and customers alike.** Sales from TrueCar leads make up roughly 1% to 5% of overall dealership sales. Dealer frustration with TrueCar centered on the low price it grants customers. **Two sources said TrueCar is superior to its competitors, while three said it is the same. Two others said they do not like working with TrueCar.** Sources partnering with the company honor its list prices, though only three of the four credit and pay TrueCar for the lead. **Six sources said TrueCar prices often result in selling cars at a loss. Three of these sources said this practice makes sense when bonuses and moving units are considered.**

3) Industry Specialists

These three sources said the company and similar auto pricing services are becoming more popular and more widely utilized and accepted among car buyers and dealerships. The typical customer is an inexperienced buyer looking for a mainstream, readily available car as opposed to a high-end or unique vehicle.



Background

TrueCar provides upfront car pricing and local availability to consumers and sells leads and market data to auto dealerships, which then must honor TrueCar's pricing. TrueCar currently works with more than 8,000 dealerships and believes it can effectively manage a total of 12,000 dealer relationships. The company has experienced rapid growth in the last two quarters, seeing its revenue [jump 88% and 75%](#), respectively, a significant rebound [after losing one-third](#) of dealer relationships in 2011–2012 because its service encouraged price wars and put too much pressure on dealer margins.

TrueCar attracts nearly 4 million unique viewers to its website each month and can save price-conscious consumers an average [\\$3,000 off MSRP](#). TrueCar charges dealerships [\\$300 per vehicle](#) sold through its service, significantly lower than what dealers typically pay for advertising on a per-car basis. TrueCar accounted for less than 3% of new-car sales in the United States last year, leaving plenty of room for growth. A pro-dealership industry expert who initially led a 2011 revolt against TrueCar now claims the company is both consumer- and dealer-friendly and that [its leads have an exceptionally high closing ratio](#).

Still, all is not rosy for TrueCar. Many former participating dealers now avoid TrueCar, claiming it only provides low-margin deals. Others who have severed their relationship with TrueCar now use its pricing data to close a sale, thus [avoiding a \\$300 fee owed](#) to TrueCar. Also, several negative accounts on consumer review sites claim dealers refused to honor a TrueCar certificate or that TrueCar's market pricing was skewed. A car-buying consultant found that TrueCar does not always have the lowest price available, and often reaps an additional \$1,000 in savings based on deals proposed in [email correspondence with several dealerships](#). Also, TrueCar faces competition from financially strong organizations such as [Autobyte Inc.](#) (ABTL), Classified Ventures' [Cars.com](#) (being [purchased](#) by Gannett Co. Inc./GCI), [AutoTrader.com Inc.](#) (Cox Enterprises Inc. is the majority stakeholder), and Edmunds.com Inc., which recently debuted a very similar service called [Price Promise](#).

A Blueshift associate recently utilized TrueCar's pricing recommendation while shopping for a new car. The TrueCar price on a Honda Civic EXL at a specific dealership rose \$150 over a two-week period. A participating Mazda dealer honored the TrueCar certificate but only if the car was purchased the same day. The TrueCar certificate was used as leverage to negotiate with dealerships not partnering with the company. One Volkswagen dealer begrudgingly lowered its price within \$250 of the TrueCar price, but nearby nonparticipating Honda and Toyota dealerships were unable to come close to matching the quote. In the end, without mentioning the TrueCar certificate despite using TrueCar to generate the lead, a participating dealership offered a Honda Civic LX for the same price as TrueCar's, in addition to a lifetime drivetrain warranty free of charge. This showed the ease with which a dealership can work around paying TrueCar's fee while matching its price.

Current Research

Blueshift Research assessed whether auto dealerships are increasingly using TrueCar to drive leads and sales. We employed our pattern mining approach to establish four independent silos, comprising 23 primary sources and six secondary sources focused on Millennials buying more cars than Generation Xers, TrueCar's growing use, TrueCar being used as an effective tool to negotiate with car salespeople, its new feature that allows car dealerships to bid on customers' used vehicles, mixed reviews from TrueCar users, disgruntled car salespeople seeing unmatchable prices from TrueCar, and a plethora of competitors:

- 1) Low-end auto dealerships and dealer groups (10)
- 2) High-end auto dealerships and dealer groups (10)
- 3) Industry specialists (3)
- 4) Secondary sources (6)

Next Steps

Blueshift Research's next report on TrueCar will include revisiting sources to learn how trends are progressing and adding interviews with car buyers using TrueCar and those not using competing services. We also will determine whether TrueCar is

making inroads with high-end dealers and will assess the frequency of dealers skirting TrueCar's fees. Lastly, we will gauge the market for TrueCar in the used car industry.

Silos

1) Low-End Auto Dealerships and Dealer Groups

Six of these 10 sources work with TrueCar, four of whom are ardent fans of the company while two are more reserved. The remaining four sources do not work with TrueCar, including two who canceled their dealings with the company because they were dissatisfied with the results. Those who support their TrueCar partnership do so because it brings them good leads who are ready to buy without a hassle. These four sources believe TrueCar will continue to grow and translate into increased sales for their dealerships. Sales from TrueCar range anywhere from 3% to 15% of a dealership's total sales. Savings to the customer were estimated between \$200 and \$4,000, with \$400 to \$500 the most common response. Eight sources said using TrueCar results in selling cars at a loss. A dealership's ability to stomach this loss often is the difference between supporting or forgoing the service. Salespeople like TrueCar because they often get bonuses based on units sold rather than price. The four who do not work with TrueCar said the company's prices are too low, taking a loss on cars is not worthwhile, they do not get enough leads, or they can get better results from AutoTrader and other competitors. The TrueCar user typically is looking for a more common car instead of a higher-priced or specialty vehicle. Two sources who do not work with TrueCar said they would accept the TrueCar price on occasion but would not credit the company since they do not have an agreement in place. Three sources said they get a fair number of TrueCar customers from the military since it is supported by USAA. TrueCar is not used to clear inventory at the end of the month. Eight of 10 sources said car buyers are increasingly using the Internet to research car prices.

KEY SILO FINDINGS

Sales with TrueCar

- 6 of 10 sources use TrueCar.
- 4 do not, including 2 who canceled the service.
- 4 were particularly positive about TrueCar.
- 5 said TrueCar customers are ready to buy, are good leads and do not haggle on price.
- 3 said sales with TrueCar are growing year to year.
- 3 said sales from TrueCar make up 3% to 5% of total sales.
- 2 said sales from TrueCar make up 10% to 15% of total sales.
- 2 said TrueCar leads convert to sales 20% to 30% of the time.

Savings with TrueCar

- 8 said TrueCar customers get a savings off the list price of the cars on their lot.
- Savings were estimated at 1% to 5% or \$200 to \$4,000.
- The most common response was savings in the \$400 to \$500 range.

Evaluation of TrueCar

- Those with positive responses to TrueCar praised the high lead volume and customers' readiness to make purchases.
- 1 said TrueCar is increasing its marketing and expects this to improve its results.
- 3 said TrueCar's leads are better than competitors'.
- 2 do not use any competitors.
- 4 dealers not using TrueCar said it is not worth it, they do not get enough leads, they don't want to sell at a loss, TrueCar leads try to negotiate below the TrueCar price, and TrueCar's price is too low.
- These 4 rely on AutoTrader, Cars.com, AutoTrader's [Kelley Blue Book](#), Edmunds and other competitors.

TrueCar

- 8 said using TrueCar leads to selling cars at a loss.
- 2 said it does not lead to selling cars at a loss.
- 6 said they honor TrueCar's price.

- 5 said TrueCar's typical buyer is looking for a more common car instead of a higher-priced or specialty vehicle.
- 2 who do not work with TrueCar said they would accept TrueCar's price but would not credit TrueCar since they have no agreement with the company.
- 3 said they get TrueCar leads from customers in the military because TrueCar is supported by USAA.
- None said they use it to clear inventory at the end of the month.

1. Sales manager at a Chevrolet dealership with fewer than 10 locations, Utah

This dealership lists all new cars and most used cars on the TrueCar website, and always honors the price since it sets it. Most often TrueCar buyers are military personnel looking at new cars, usually commuter cars like a fully equipped Chevy Cruze for \$20,000. TrueCar deals are typically sold at a \$100 to \$200 loss, but the dealership makes an easy customer, sells a car and beats its competitor. Occasionally an aged car may be reduced in price at TrueCar but not on a monthly basis.

Sales with TrueCar

- "All of our new vehicles and most of our used vehicles are listed at TrueCar."
- "Most of the leads from TrueCar come in looking at new cars. We do not make money on those deals, but it is an easy deal to make. They want a car that is sitting on our lot, and all we have to do is fill out the paperwork."
- "We may make 20% to 30% of our deals from TrueCar leads. It may be a little up from last year, but it was significant a year ago as well."
- "I expect it will continue to grow. They have not met their limits yet, so who knows?"

Savings with TrueCar

- "Customers get maybe 1% to 2% more off than a typical deal. We list the prices at invoice less any rebates other customers may qualify for."
- "We get maybe two to five leads from AutoTrader in a month. Very often I do not even see that connection initially. The customer may go to the website before they come in, but sometimes they do not mention it. Edmunds does not help me, so none really, maybe a handful of leads ever."

Evaluation of TrueCar

- "I like TrueCar customers best. They are a much better lead generator for us than any of their competitors."
- "TrueCar takes out the guess work, and I do not have to go to a lot of effort to find the car with the options the customer wants. They have already identified the car they want and the price they will pay, and it is already sitting on my lot. An easy customer, easy sell, readymade when they walk in the door."

TrueCar

- "We set the price we list on TrueCar, so we always honor it."
- "Seventy percent to 80% of the TrueCar deals we make are sold at a \$100 to \$200 loss. The most has ever been \$500. But we made a customer, moved a car and beat our competition. There are benefits as well."
- "We never intentionally do not pay TrueCar. We track back all our leads through our CRM and they get paid."
- "Most typically TrueCar buyers are looking for a commuter car, like a Chevy Cruz, maybe \$20,000, fully loaded. It is still a nice car. Least often they are looking for a more expensive car, a big Suburban or Tahoe."
- "We get a lot of military in here, and USAA pushes TrueCar."
- "If there are cars we need to move because they have aged, we could lower the price to move it, sure. But we do not do it on a monthly basis."

Most of the leads from TrueCar come in looking at new cars. We do not make money on those deals, but it is an easy deal to make. They want a car that is sitting on our lot, and all we have to do is fill out the paperwork. ... I expect it will continue to grow.

*Sales Manager
Chevrolet Dealership, Utah*

2. Marketing director at a Chevrolet dealership with more than 20 locations, Colorado

This dealership has listed cars on TrueCar for two or three years. In the beginning it had an exclusivity clause, paying per transaction and keeping local competition from using TrueCar. The state intervened, and now it pays a monthly

subscription and no per-car fee. It also no longer has an exclusive on TrueCar. Since the change, the sales volume from TrueCar has dropped from 7% to 8% a year ago, to 4% to 5%. However, TrueCar has expanded its marketing, and the volume of leads is rising again and expected to continue to grow during the next few years. TrueCar brings a higher volume of leads than its competition, and its users are ready to buy. New cars may be sold \$100 to \$400 below invoice with TrueCar, but it helps the dealership move units and meet manufacturer goals. Used cars are not typically sold at a loss. Military families are the largest demographic to utilize TrueCar, and they buy higher-end used cars or new cars in a broad \$14,000 to \$75,000 range.

Sales with TrueCar

- “We started listing cars with TrueCar two or three years ago, on a fee-per-car-sold basis, and we had exclusive exposure on TrueCar. None of our competitors could use them in this area. Then the state said that was not allowed, so now we pay a monthly subscription for leads from them, and we are no longer exclusive.”
- “Before that changed, TrueCar leads accounted for 7% to 8% of our sales. It dropped off after the change. Now it is probably 4% to 5%.”
- “TrueCar has really started marketing more, and I think the public is becoming more aware of what they offer. And our leads are picking up as well, so I expect it will continue to grow over the next couple of years.”

Savings with TrueCar

- “A TrueCar deal might be \$100 to \$200 off a used car or maybe up to \$400 off a new car, but we set the price when we submit the listing.”

Evaluation of TrueCar

- “We like TrueCar because they send a higher volume of leads than their competition and the leads are better quality. The TrueCar buyer comes in ready to buy. So far, we are very satisfied with our dealings with TrueCar.”

TrueCar

- “We honor TrueCar deals because we listed the car at that price, so we want to sell it.”
- “New cars are typically sold at a loss with a TrueCar deal, but it is worth it to us to meet our manufacturers’ goals to move cars. Used cars are not sold at a loss with TrueCar. We make our investment back on a used car sale.”
- “Since we pay a subscription to TrueCar, we no longer pay a per-transaction fee. They get the credit for the lead and we track that for marketing purposes, but we do not pay any additional fees.”
- “We get a lot of USAA referrals using TrueCar, so that is mostly military and their families. They are usually middle class and up, probably making \$35,000 a year and more.”
- “They buy all kinds of cars. They may be buying for themselves or their kids. We carry a \$14,000 new Chevy Spark up to a \$75,000 Corvette. We do not sell specialty cars often, so they would not be sold on TrueCar. Also, we do not usually sell our lowest-end used cars typically with a TrueCar deal. Those leads usually come in from their competition. A TrueCar buyer might buy a more expensive used car but not usually the cheapest ones on our lot.”
- “When our new cars arrive each month, we reevaluate the pricing on our TrueCar listings and may adjust them up or down at that time, but not at the end of the month.”

We like TrueCar because they send a higher volume of leads than their competition and the leads are better quality. The TrueCar buyer comes in ready to buy. So far, we are very satisfied with our dealings with TrueCar.

*Marketing Director
Chevrolet Dealership, Colorado*

New cars are typically sold at a loss with a TrueCar deal, but it is worth it to us to meet our manufacturers’ goals to move cars. Used cars are not sold at a loss with TrueCar. We make our investment back on a used car sale.

*Marketing Director
Chevrolet Dealership, Colorado*

3. Internet sales director at a one-location Ford dealership in Florida

This dealership gets a significant volume of leads from TrueCar, second only to its Ford leads. The data available from TrueCar is reliable. The TrueCar deal is usually sold under invoice price, but it moves cars. Ford pays bonuses based on units sold and makes money on financing as well. Only two Ford dealerships in the source’s area use TrueCar to generate leads; others do not honor its pricing. Most TrueCar buyers in this area are military and mostly opt for smaller, less expensive cars or sometimes a bigger family car.

Sales with TrueCar

- “We get an average of 55 to 60 leads per month from TrueCar, but only close 15 to 18 of the deals as they walk in the door. The others may end up buying another car from us, but not the TrueCar deal.”
- “I expect it is pretty much the same as a year ago. I do not think we are doing anything differently with them.”
- “[TrueCar] gets their sales data from finance companies, insurance companies, from all over, so it is reliable data.”
- “Their growth may be dependent upon the economy. People trust the information they are getting from TrueCar, and they come in ready to buy a car. They are great leads, and they know what they want.”

Savings with TrueCar

- “A TrueCar deal is usually sold under invoice, maybe \$200. I have seen as much as \$1,000 under invoice on a bigger deal.”
- “We do not typically go under invoice for our typical buyer, so yes, the TrueCar buyers are getting a better deal.”

Evaluation of TrueCar

- “I love TrueCar buyers. They are a great lead and an easy sell. Sales managers do not think so highly of them because they do not like to sell cars under invoice. It cuts into profits.”
- “Our leads from Ford are the lion’s share for sure, No. 1. But TrueCar is probably second in terms of volume of business they bring us. Certainly beats all the other Internet listing service-type competitors.”

TrueCar

- “I am sure a lot of dealerships do not honor TrueCar pricing. I do because I pay for their service and I pay for the lead. Only two dealerships in my area list at TrueCar and honor their pricing. Other dealerships are not obligated unless they are contracted with TrueCar.”
- “We may sell some cars under invoice, but we get volume bonuses from Ford, so when we do it, it is worth it. We are moving more units and Ford makes money on the financing.”
- “We are always good to pay for the leads from TrueCar. The only time we would not is if we already had the lead and were talking to them before they went to TrueCar. But if True generates the lead and we make the deal, we pay.”
- “We get a lot of military guys who start out at TrueCar. USAA recommends TrueCar before you buy a car.”
- “We sell a lot of different cars with TrueCar, but generally I would say they are smaller, less expensive. Occasionally we will sell a big family car or something higher-end too. Either way, the buyer is getting a great deal.”
- “I am not aware of anyone that does anything differently at month’s end. We just try to close the deals so they are on the books before the end of the month.”

I am sure a lot of dealerships do not honor TrueCar pricing. I do because I pay for their service and I pay for the lead. Only two dealerships in my area list at TrueCar and honor their pricing. Other dealerships are not obligated unless they are contracted with TrueCar.

*Internet Sales Director
Ford Dealership, Florida*

4. Sales manager for Hyundai and Mazda dealerships with nine locations, Wisconsin

Between 10% and 15% of this source’s new-car sales come through TrueCar, and his facilities do a lot of repeat and referral business. They have worked with TrueCar since April and also have worked with [Costco Wholesale Corp.](#) (COST) and AutoTrader. TrueCar is one of the better sites for generating qualified leads, and overall he is happy with the service. TrueCar prices are never set at a loss, but his dealerships sometime sell cars below invoice. Most TrueCar customers come from at least 30 miles away and are typically men and women between the ages of 25 and 45.

Sales with TrueCar

- “About 10% to 15% of our new-car sales come through TrueCar. We do a lot of repeat and referral business. I cannot say every one of those is because of TrueCar, but the leads come from TrueCar.”
- “We signed up with TrueCar in April. We had a good May, June was down, and July was better again.”
- “Really we stay busy year-round. At least in this area we get a lot of interest.”
- “I have been doing this since before we had the Internet. It is interesting to see it coming around. Today there is a lot of transparency, which makes selling cars easier. People know what they should pay. A lot of dealers do not like that.”

Savings with TrueCar

- N/A

Evaluation of TrueCar

- “We have worked with TrueCar for three to four months. We also work with Costco and AutoTrader.”
- “As far as the qualified lead, TrueCar is one of the better ones. When someone goes to TrueCar, they typically know what they want. They have probably been to their local dealer.”
- “TrueCar is a very easy price. The only difference is we do age-based pricing on our lots, and as the cars get older and sit on our lots, we discount more. With TrueCar you cannot distinguish between a fresh car and an older car.”
- “TrueCar has great marketing, where they are drawing people to their site. It seems like an easy way to buy a car.”
- “The reason we do any advertising is it increases leads.”

TrueCar

- “I would say it is more the 25- to 45-year-olds who are using TrueCar. There is not really any specific gender using the service.”
- “The prices on TrueCar are geared more toward the older cars. For the most part, TrueCar’s price will be less than what we advertise for about half of the cars.”
- “We honor the TrueCar price any time customers come in with it. If they have a TrueCar printout, I will honor that price.”
- “TrueCar is never set as a loss. Do we take a loss on a car? Absolutely, sometimes. But it is not a preset loss. I would not say we take a loss because of using TrueCar. Hyundai may be different than other makes. With GM/Chrysler, TrueCar has to price them at a lot less in order to move them.”
- “We do not use the TrueCar price and then fail to credit or pay TrueCar. About once a week we go through who purchased the vehicles and we click on ‘TrueCar.’”
- “TrueCar customers are not from our town and usually live more than 30 minutes away. We sold a Santa Fe at the end of June, and that buyer was from Madison. She kept saying that other dealers would not deal with her. We delivered the vehicle to her. We are priced more aggressively.”
- “We do not use the TrueCar price to clear inventory at the end of the month. We set our prices throughout the month and adjust accordingly.”

As far as the qualified lead, TrueCar is one of the better ones. When someone goes to TrueCar, they typically know what they want. They have probably been to their local dealer.

Sales Manager, Hyundai & Mazda Dealerships, Wisconsin

5. Sales manager for a Volkswagen location owned by a large dealership group, Florida

This dealership gets about 10% of its leads from TrueCar but only 3% of these leads close deals. Cars are sold 4% to 5% below MSRP, and this source believes making such deals is not worthwhile when the dealership does not make a profit. All new cars on this lot are listed on TrueCar about 4% less than MSRP. Customers who research deals on TrueCar usually are educated professionals who just want a good deal on a nice car.

Sales with TrueCar

- “We probably get 10% of our leads from TrueCar because we list every new car on their site with our pricing. But those leads do not always buy the car they came in to see about. We only close about 3% of the deals that TrueCar brings in.”
- “I am not sure when we started using TrueCar, but I would guess that we did not have much business with them a year ago.”
- “I would like to see those deals not grow, but I do not know if I can predict that. We do not make any profit on TrueCar deals. But the customer drives that, so who knows what will happen over the next few years?”

Savings with TrueCar

- “Customers save probably an average of 4% to 5% more with a TrueCar deal than they would just coming in to negotiate their best deal.”
- “I really cannot compare to other web competitors because we do not list anywhere else. That is not to say a customer would not walk in with information from another site, but it does not happen often enough for me to compare the deals.”

Evaluation of TrueCar

We probably get 10% of our leads from TrueCar because we list every new car on their site with our pricing. But those leads do not always buy the car they came in to see about. We only close about 3% of the deals that TrueCar brings in. ... We do not make any profit on TrueCar deals.

*Sales Manager
Volkswagen Dealership Group, Florida*

- “I really do not have any good things to say about TrueCar. We use radio, TV and some print advertising, so they bring in a small percentage of our business. But they are really our only web-based exposure outside of our own website.”

TrueCar

- “If a customer brings in the paperwork from TrueCar showing they are a member and they picked up our pricing on the TrueCar website, I honor it every time. It is an easy, no-hassle deal.”
- “We list the car on their site, and we set the price. I try for MSRP or a little bit more when I make a deal in the dealership. But we list the cars about 4% less than that on TrueCar.”
- “When we make those deals, we sell cars at a loss. In my opinion, it is not worth it. But others around here think differently.”
- “We do not do anything differently with our TrueCar listings at the end of the month. I have never heard of that.”
- “We always pay TrueCar if the customer verifies they got the information from TrueCar. I am not aware of anyone who does not pay their fees.”
- “Customers who research deals on TrueCar are usually educated professionals, but they are not looking for particularly high-end cars. More mass-market cars, just a good deal on a good car.”
- “Well, all of our cars are higher-end in general. We are a higher-end dealership. But it is not a specialty car.”
- “I guess I cannot really identify a particular car that would not be sold through TrueCar. We list all of our new cars there, so pretty much anything new we sell might be sold that way.”

6. President at an independent, used-car dealership in New York state

This dealership signed on with TrueCar about four months ago. Cars are listed at TrueCar with some additional discounts, but all pricing starts out with the same base rate for that car. This source was impressed with the TrueCar pitch and was willing to give it a try, but cannot compare it with other Internet-based lead-generation programs. He will make the TrueCar deal as listed and will pay for the leads.

Sales with TrueCar

- “We just started listing our cars with TrueCar on a sort of ‘free trial’ basis about four months ago. I really have not seen the data on cars we have sold from those leads yet.”
- “It is hard to tell yet what the response to TrueCar will be over time. It could be quite a lot or it could be nothing.”

Savings with TrueCar

- “We list at TrueCar with additional discounts that we do not usually offer our walk-in customers, but the negotiations all start at the same initial base price for that car.”

Evaluation of TrueCar

- “I liked TrueCar’s pitch, and I am willing to try them out. I cannot really compare them to others because I really do not use anyone else, and I do not know what they have to offer.”

TrueCar

- “We would honor our agreement with TrueCar. We would make the deal as we listed it and pay the fee.”
- “Maybe sometimes it is worth selling a car at a loss. If we move units, it still works out for us.”
- “We started out with them on a free-trial sort of deal, but we have not paid them anything yet.”

7. Inventory manager for a multibrand auto mall in Minnesota

This auto mall canceled its partnership with TrueCar after selling cars at a loss, and was skeptical about how TrueCar receives its values. The source’s company currently posts cars on AutoTrader, CarSoup.com and Cars.com. TrueCar attracts customers who do not want to negotiate, and discounts too steeply for his company. The auto mall rarely honors a TrueCar price. Roughly 0% to 5% of his company’s sales come from TrueCar customers, and he predicts the same three years from now.

Sales with TrueCar

- “About 0% to 5% of our sales come from TrueCar, and three years from now it will probably be the same.”

Savings with TrueCar

- “New-car profit margins are so small, and I find it hard to believe customers are getting \$3,000, \$4,000, \$5,000 off MSRP with TrueCar. Maybe on some highline brands, but that’s not the case on our import or domestic models.”
- “The Internet gave all the power to the consumer; shopping for a car is now done 24 hours a day and from hundreds, even thousands of miles away. Hopefully you are dealer that has your inventory listed online with high-quality photos.”
- “Dealers may not choose to advertise a ‘best price’ because the price is always negotiable. The best advice I can give is for customers to do their research, test-drive comparable models and know what you can afford. It is always better to buy at the end of the month when a dealership is trying to hit its goals. Some sales events are gimmicks, so do not get sucked into all the hoopla.”

Evaluation of TrueCar

- “We have used TrueCar and sold cars at a loss. It was not worth the investment in the program, so we canceled. We do not work with TrueCar now.”
- “We are skeptical about how TrueCar receives their values. It is difficult to sell a vehicle on a TrueCar lead when we would take a loss.”
- “You wouldn’t believe how many lead providers call us monthly, saying stuff like ‘This program will only cost you one more car deal.’ We have tried some third-party lead providers and currently use a couple. Of course, we feed inventory to AutoTrader, CarSoup.com and Cars.com.”
- “I also use paid search online, which works pretty well, but found it is more effective to advertise to our in-market customers through data mining—people who have bought from us before and may not have been back for a while, or serviced their vehicle with us and not purchased one from us.”
- “Our ad budget is large. We have to spread it around to a lot of areas, and there is always a new program to capture new leads and sell a bunch more cars. You know what sells cars? Having the right cars in inventory.”

We have used TrueCar and sold cars at a loss. It was not worth the investment in the program, so we canceled. We do not work with TrueCar now.

*Inventory Manager
Multibrand Auto Mall, Minnesota*

TrueCar

- “TrueCar attracts customers who do not want to negotiate.”
- “TrueCar tends to be more aggressive than other sales/discount channels, achieving discounts that we would not normally give. We would be breaking even or at times losing money on the car.”
- “We rarely honor the TrueCar price.”
- “We do not use the TrueCar price and then fail to credit TrueCar.”
- “We do not use the TrueCar price to clear inventory at the end of the month.”

8. Internet sales manager for a Indiana Chevrolet dealership owned by a regional company with five locations

This dealership never sold a car through TrueCar, so it ended the partnership. Customers shopping on TrueCar never seemed to be satisfied with her dealership’s price, and still wanted to negotiate. Now her dealership relies heavily on its own website and works with both AutoTrader and Cars.com, but AutoTrader seems to work better than Cars.com. Her dealership also has begun working with Edmunds.com but could not yet comment on the ROI. She admitted that TrueCar users see a savings of \$170 to \$4,000, depending on the vehicle type.

Sales with TrueCar

- “We did work with TrueCar, but the leads did not seem to be very good leads. The folks did not want to contact us back. Our prices were not low enough or we were competing with dealers closer to the customers. A lot of people using TrueCar were far away.”
- “We never sold a single car on the TrueCar program; 0% of our sales came from TrueCar.”
- “We would like to use TrueCar to drive leads and sales, but I want to have a lead provider that is going to give me sales and actually give me back a return on investment. TrueCar did not work for us. It would have to work better in a different market because for us it was not that great of a deal.”

Savings with TrueCar

- “There was a huge savings to customers who used TrueCar, but it depends on the vehicle. On a Spark, you may have only a \$170 markup, but on a truck, you may have a \$3,000 to \$4,000 savings.”

Evaluation of TrueCar

- “We do Edmunds Price Promise, and we have not had enough leads to determine how it compares to TrueCar. We had more response from TrueCar than Edmunds. We work with two other lead providers, but they are not in the same category of lead providers.”
- “We did get several leads from TrueCar but not as many as we could have gotten from our other lead providers that are more known, such as AutoTrader, and certainly we get more from our own website.”
- “We have AutoTrader and Cars.com. AutoTrader is the one that works the best. We do not see a lot of action from Cars.com.”
- “[Walmart Stores Inc.’s/WMT] [Sam’s Club](#) has a car buying service. They offer their clients an opportunity to buy a Chevrolet cheaper. We have not done well with them either. People need to touch, feel and smell to buy certain things, and vehicles are one of those things.”
- “We discounted pretty heavily with TrueCar, but in actuality we are under a new management team and are discounting our cars tremendously low. Even at this point if we had people calling on TrueCar we would be giving our best Internet price.”

TrueCar

- “TrueCar could be a good thing, but it appears that folks that are shopping on TrueCar did not appear to be satisfied with our TrueCar price. We still were never able to give the customer a good enough price to come to the dealership; 95% of the time we did not see the customers.”
- “It is an Internet-savvy customer who uses TrueCar, that’s for sure. But in big cities I think it would work better. Customers still want to negotiate off that TrueCar price.”
- “We would 100% honor the TrueCar price if they picked out a vehicle we had in our stock.”
- “We did not use the TrueCar price to clear inventory at the end of the month. We use our Internet site for that. Our own Internet site is very effective. We are our biggest lead provider. We run lots of ads in our area, and spent \$80,000 on advertising last month.”
- “Using TrueCar is not so much of a loss to dealerships, but I do not think there is a lot of profit there.”
- “I am not aware of our dealership using the TrueCar price and not paying TrueCar.”
- “In our area there are too many people who want to negotiate. They still want to read the newspapers, and it is a different kind of clientele in this market.”
- “The demographics here state that our buyers are between 18 and 33 [years old], but that was by [Google Analytics](#). I really think our median range is more 35 to 65. We are a Chevrolet store, and we do not have a lot of preowned cars. We are just a good, down-to-earth dealership, and we have a lot of repeat business in this area.”

We did work with TrueCar, but the leads did not seem to be very good leads. The folks did not want to contact us back. Our prices were not low enough or we were competing with dealers closer to the customers. ... We never sold a single car on the TrueCar program.

*Internet Sales Manager
Chevrolet Dealership, Indiana*

9. General sales manager for a Kia and Nissan dealership in Illinois, with one location

This dealership does not work with TrueCar and rarely honors the TrueCar price because the service’s numbers are “out of whack.” Instead, the source uses Cars.com and the dealership’s own website, pushing after-sale services to win customers. He believes other dealers work with TrueCar only to hit a certain number of sales so they can get kickback bonuses from the manufacturers. Otherwise, working with TrueCar and taking a continual loss make no sense. TrueCar users come in looking for the [Nissan Rogue](#), but he refuses to match the TrueCar price on the crossover vehicle.

Sales with TrueCar

- “I do not know why other dealerships work with TrueCar. If it helps you hit your goals for the manufacturer, if you sell X amount and get some kickback money, it can work out, but if you do not hit those goals it is a real loss.”
- “I do not see enough TrueCar customers to make it worth it. If I were seeing 10 a day or 10 a week or five a week, then I would say, ‘Hey, maybe that will make a difference,’ but when I am seeing a couple a month, it is easier to tell customers, ‘I will not do those numbers. But if you want to work with a local person who will help you in service’”
- “The auto dealerships I know are not increasingly using TrueCar to drive leads and sales. I have been doing this for 32 years, and I cannot tell you one TrueCar dealer in my area.”

- “I think dealers are using their TrueCar customers to get to the level of bonus money they get from the manufacturer; that is the only reason they are using it. That is the only way it makes sense at all. If you are going to give every piece of profit away there has to be something somewhere to make you want to do this—and that would be if they are closing in on a kickback level.”

Savings with TrueCar

- “If they can get the dealer to go along with it, customers are saving a lot of money, probably an additional \$500. But that is \$500 below net-net what I pay for the car. I am not doing it.”

Evaluation of TrueCar

- “I am not totally versed in TrueCar, but every time I get a TrueCar customer that wants us to match a TrueCar price, it is so far out of whack I cannot even do anything. They want to be below net-net. It is great if I want to go out of business and I do not mind selling a car for the sake of selling a car, but give me enough to pay the salesperson and the office person a little tiny bit and everyone goes away fat, dumb and happy.”
- “They lead people to believe that they will get a better deal than they are going to get.”
- “We use Cars.com. We try to promote ourselves and use our website and Cars.com.”
- “Cars.com is just the regular shopping-type website. They charge you for how big your dealership is and charge you to load your used-car inventory, or if you want to load your new car inventory it costs more. You can spend a small fortune on AutoTrader and Cars.com.”
- “My BMW store did work with Costco and Sam’s Club, as did the Ford store. Both had agreements with Sam’s Club and thought it was terrible. They saw zero sales in about six months.”

I do not know why other dealerships work with TrueCar. If it helps you hit your goals for the manufacturer, if you sell X amount and get some kickback money, it can work out, but if you do not hit those goals it is a real loss. ... They lead people to believe that they will get a better deal than they are going to get.

*General Sales Manager
Kia & Nissan Dealership, Illinois*

TrueCar

- “A lot of different people use TrueCar: educated, customers who think there is no bottom, the ones who still think at the TrueCar price that dealerships are making \$3,000. ... Otherwise, I think people are confident in their local dealer who they feel like they got a good or fair deal from and who will take care of them after the sale. They will not just be a number. We sell to the after-sale experience here as opposed to what it will be if they buy a car 300 miles from here for a little bit less money.”
- “Right now [Nissan] Rogues are hard to get—and that is what we are seeing TrueCar people come for. ... We tell the TrueCar customers that we have a Rogue and we will be glad to sell it to them but it will not be for the TrueCar price.”
- “It is all over the map as to what types of cars people purchase via TrueCar. Not a Mercedes.”
- “Using TrueCar results in selling cars at a loss. I have not seen it as a profitable way to do things.”
- “I suppose I would use the TrueCar price but not credit TrueCar because I am not a TrueCar dealer. As a matter of fact, I am [angered] when they give them the TrueCar price.”
- “Among my Chicago dealer friends, I have not heard anyone say, ‘TrueCar is the way to go.’”

10. General manager of a Hyundai dealership in Illinois, part of a three-dealership family

This dealership does not work with TrueCar. The source said the service is deceptive and that he is offended by the company’s marketing tactics. Most TrueCar buyers are age 35 or younger and are willing to drive two hours to Chicago to get a better price. His dealership will match a TrueCar price if necessary but does not want to take a loss. Dealers who work with TrueCar sell TrueCar-priced cars at a loss most of the time.

Sales with TrueCar

- “We do not use TrueCar. If you are an aggressive dealer on Cars.com and AutoTrader.com, you can probably generate more traffic that way.”
- “In this market the dealers all know each other, and there are not a lot of dealers in this market trying to go after that type of business. I have not seen a big increase in usage. TrueCar’s business seems even to me.”
- “TrueCar results in selling cars at a loss most of the time. Occasionally someone will bring in the TrueCar price, but more often than not the car is priced at a loss. But by keeping a customer and retaining that customer over a long

period of time, you will earn some profit there. That makes sense a little bit, but when you are losing money on it, it does not make any sense and that is the majority of the time with TrueCar.”

- “Probably 10% of a dealership’s sales come from TrueCar. The reason I think that is because I know which dealers are TrueCar dealers, and we also get our sales reports from Hyundai. Those are not necessarily the guys who are leading the region in sales. If they were doing that well on TrueCar, why aren’t they selling more cars?”

Savings with TrueCar

- “Customers are saving probably in the range of \$400 to \$500 when they use TrueCar.”

Evaluation of TrueCar

- “We are very anti-TrueCar. TrueCar is incredibly deceptive. TrueCar puts a negative spin on car dealers just with their name, which indicates ‘We believe if you are not a TrueCar dealer you are lying,’ which is not the case. Just the whole way they market themselves and the perception they build in the market, we are not only offended by it but it is not right. But really the main reason is that it is an extremely unprofitable business practice for us. It does not make any sense to price cars at what *they* think cars should be priced at and pay them to send you people. We can price them at that number and not have to pay anyone to send customers to us.”
- “We have used other lead providers in the past and have not had a ton of success. We also use Cars.com and AutoTrader and Kelley Blue Book, but we are not paying per click.”
- “I think I will be affiliated with the new Sam’s Club in our area. It was about a month ago I had a customer come in saying that they had a car price from Costco.”
- “The Internet is a blessing and a curse. It is a blessing as it brings in customers that you maybe would not have seen before, and it is a little bit of a curse that people are armed with more info. We are an aggressive type of dealer and will give a good deal anyway. We try to make it pretty easy on customers.”

TrueCar

- “There are a lot of TrueCar dealers in Chicago. Occasionally someone wants us to match something from a TrueCar dealer in Chicago.”
- “The majority of people we see are younger buyers, 35 or younger, and they say, ‘You give us this TrueCar price or we are going to Chicago to buy it.’ Typically TrueCar gets the type of customer who will sell you down the river for \$1. Obviously with as many dealers as there are, customers can take my number on a car, and 11 other dealers will beat that price by \$100. They go where they get the deal. Usually we can provide other services and things that make it not worth it for a customer to spend three more hours at another dealership or drive two hours to Chicago to save \$100.”
- “It is really all over the board as to what type of cars are purchased on TrueCar. There is not a specific market.”
- “Dealerships honor the TrueCar price sometimes. I do not think they do all the time. They have got some ways around the TrueCar pricing. If someone comes in with a TrueCar price, if it is just a wash, we are usually going to match the price and get the deal. But when it is actually a loss, it does not make sense to do everything we can to keep the person here. Those people never come back.”
- “It has not been my experience that dealerships use the TrueCar price to clear inventory at the end of the month.”

We do not use TrueCar. If you are an aggressive dealer on Cars.com and AutoTrader.com, you can probably generate more traffic that way.

*General Manager
Hyundai Dealership, Illinois*

2) High-End Auto Dealerships and Dealer Groups

Four of 10 sources use TrueCar, while six others do not, including one who canceled the service. Four said TrueCar is growing and becoming more accepted by dealerships and customers alike. Sales from TrueCar leads make up roughly 1% to 5% of overall dealership sales. Customer savings through TrueCar are generally more than with other services, though sources were vague on details, including three who said deals are fair and set by the dealer, not by TrueCar. At the same time, dealer frustration with TrueCar centered on the low price it grants customers. Two sources said TrueCar is superior to its competitors, while three said it is the same. Two others said they do not like working with TrueCar. Sources partnering with the company honor its list prices, though only three of the four credit and pay TrueCar for the lead. Six sources said TrueCar prices often result in selling cars at a loss. Three of these sources said this practice makes sense when bonuses and moving units are considered. None of the sources use TrueCar to clear inventory at the end of the month. Five of 10 sources said car

buyers are increasingly using the Internet to research car prices.

KEY SILO FINDINGS

Sales with TrueCar

- 4 of 10 sources use TrueCar.
- 6 sources do not use TrueCar, including 1 who canceled the service.
- 5 said TrueCar and other Internet-based pricing websites are growing and more dealerships are using them compared with a year ago.
 - o 4 said TrueCar is growing and being accepted more.
- 1 said TrueCar is getting worse.
- 4 said sales from TrueCar leads make up 1% to 3% of their overall sales.
- 1 estimated it at 4% to 5%, while another said it is less than 10%.
 - o These two sources with the highest estimates do not list with TrueCar and only take leads if a customer comes to them.

Savings with TrueCar

- 1 pegged savings at 3% to 8% of what a typical customer pays.
- 2 didn't provide detail, but said customers save a lot of money with TrueCar.
- 1 said savings with TrueCar are similar to what customers can get from competitors.
- 3 said they give customers a fair deal and that each deal is negotiated individually and determined by the dealer, not TrueCar or any other source.
- 1 said savings with TrueCar is the same a customer could get if they did the research on their own.
- 1 said Edmunds gives a more realistic price than TrueCar.

Evaluation of TrueCar

- 3 said TrueCar is the same as its competitors, namely AutoTrader and Cars.com.
- 2 said TrueCar is better than its competitors.
 - o 1 said it is less expensive.
 - o 1 said it is more reliable.
- 2 do not like working with TrueCar.

TrueCar

- 4 honor TrueCar prices.
- 3 credit TrueCar with the lead and pay its fee.
- 4 do not pay TrueCar, including 1 who partners with TrueCar. The other 3 do not use TrueCar but occasionally will get customers with TrueCar prices.
- 4 said cars sold most often through TrueCar are the more available, common, less expensive cars, and not the highest-end, specialty cars.
- 6 said selling at TrueCar price sometimes, often or always (in 1 case) results in selling it at a loss.
 - o 3 said it makes sense to sell at a loss on occasion, namely to move units and/or reach bonus-triggering levels.
- None use TrueCar to clear inventory at the end of the month.

1. Marketing director at a BMW dealership owned by a large group with over 100 locations, Washington

This dealership sells 2% to 3% of cars to leads from TrueCar. The dealership lists cars at \$500 to \$1,500 over invoice and always honors the TrueCar deal. It is a competitive market, and TrueCar leads are usually ready to buy. Its leads are lower-priced than competitors, but the volume is comparable. This dealership would not intentionally avoid paying for a TrueCar lead, but sometimes the lead start is unclear. TrueCar submits reports of buyer names and VINs from its site, and TrueCar gets paid when the report matches a deal made at the dealership.

Sales with TrueCar

- "We list almost all of our cars at TrueCar, primarily the models that we can easily get and sell a high volume of."
- "Two percent to 3% of our recent sales came from TrueCar leads, but last year we were not with them."

- “It is a newer concept, and people are just getting the idea. Also, TrueCar is doing more marketing and will get more attention. I expect our leads from them will continue to grow over the next few years.”
- “TrueCar is doing a good job, and people who use them like them.”

Savings with TrueCar

- “We list cars at \$500 to \$1,500 over invoice, our cost. In the dealership, we start at the MSRP and work our way down, as little as necessary to make the deal. Some people will haggle it down to the level of a TrueCar deal or maybe even a bit lower, depending on how hard they are willing to work at it.”
- “The nice thing about TrueCar is that it is already a great deal, and the customer does not have to work for it. It is also nice for us, because there is no effort to it. We just write it up.”
- “Sometimes a trade will change the deal too. I mean we may make the lowest deal on the purchase, but pay less for the trade.”

Evaluation of TrueCar

- “We get leads from them and make sales, so TrueCar works for us.”
- “I would say we get a comparable volume of leads from AutoTrader and Cars.com, but TrueCar is less expensive so it is still the better deal.”
- “We have used TrueCar for about a year now, give or take a few weeks, and we have not had any issues so far.”

TrueCar

- “We list the deal and we honor our price on it, always. Why would we list it and then not honor it? That would just make customers mad. This is a competitive environment. We may only get one shot at a lead, so we make the deal.”
- “We are really pretty transparent around here. We show the buyer our invoice, and they know we need to make some money on it too.”
- “We do not intentionally avoid paying TrueCar. Sometimes it is unclear where the lead started. If they visited multiple sites, including ours and TrueCar, it may be difficult to identify. But TrueCar is good. They submit a report on buyer names and VIN numbers. Usually if we can find the buyer on our list of closed deals, we pay for the lead. Usually, even if they bought a different car, TrueCar brought us the lead, so we will pay.”
- “TrueCar buyers can be anyone, a very broad demographic, and they buy anything really. The only thing that would not likely go on TrueCar would be a hard to find car, a brand-new model just arrived on the lot or a specialty car. We do not list them immediately, but as they age on the lot, we will list them too.”
- “We do nothing different at month end in regards to our TrueCar listings.”

We list almost all of our cars at TrueCar, primarily the models that we can easily get and sell a high volume of. ... Two percent to 3% of our recent sales came from TrueCar leads, but last year we were not with them. ... TrueCar is doing more marketing and will get more attention. I expect our leads from them will continue to grow over the next few years.

*Marketing Director
BMW Dealership, Washington*

2. New-car sales manager at a North Carolina BMW site owned by a large group with over 100 dealerships

This dealership uses TrueCar leads for 1% to 2% of its overall business, but the percentage has grown since last year. Customers are more likely to use the Internet to research car prices than a year ago, but TrueCar is similar to Kelley Blue Book or Edmunds since all of its data comes from the same sources. When a customer comes in with the TrueCar certificate, the dealership always honors the deal and pays the fee. Selling cars at a loss can help meet unit goals. TrueCar users usually are shopping for a higher-volume car, not a performance or specialty car.

Sales with TrueCar

- “TrueCar leads are not a huge part of our business—maybe eight transactions over a two-month period. It would be around 1% or 2% of our business.”
- “It is picking up, for sure. A year ago they had minimal to no impact on business yet.”
- “People are generally doing more Internet research and will use TrueCar and other web-based pricing like Kelley Blue Book or Edmunds. It is hard to project ultimately how much impact they will have over time.”

Savings with TrueCar

- “I would say the TrueCar customer saves maybe anywhere from 3% to 8% more than our typical customer.”

- “I expect the pricing at TrueCar is pretty similar to what is found at their competitors’ sites. They are all getting the same data from the same sources.”

Evaluation of TrueCar

- “TrueCar uses data from the USAA or [FCU](#), even [American Express \[Co./AXP\]](#), so their data is credible.”
- “TrueCar is one of our reliable marketing sources. Edmunds is newer for us, so TrueCar is better so far.”

TrueCar

- “We list the TrueCar price, so if the customer comes in with the valid TrueCar certificate, we always honor it.”
- “We do not do anything differently at the end of the month with our TrueCar listings.”
- “Sometimes it does make sense to sell a car at a loss. It just depends on the situation. We need to make our unit numbers too.”
- “I am not aware of anyone avoiding payment to TrueCar. We always pay them when we make their deal.”
- “Affinity groups uses TrueCar, so a lot of our customers come from them.”
- “It is almost always a higher-volume car, something we have a lot of on our lot.”
- “I have never seen a performance car buyer using TrueCar pricing. We would never sell a specialty or a niche car through them.”

TrueCar leads are not a huge part of our business—maybe eight transactions over a two-month period. It would be around 1% or 2% of our business. ... It is picking up, for sure. A year ago they had minimal to no impact on business yet.

*New-car Sales Manager
BMW Site, North Carolina*

3. Internet director for a one-location Mercedes-Benz dealership in Southern California

This dealership uses TrueCar and many other lead-generating online services. This industry lacks a real standout. TrueCar is about average in bringing in business. It is a good tool for consumers, who buy both new and used cars on the service and typically are well informed. Auto dealers possibly are using TrueCar increasingly to drive leads and sales, but pinpointing where business originates is difficult.

Sales with TrueCar

- “Auto dealerships are possibly using TrueCar increasingly to drive leads and sales. With so many online sources, it is hard to pinpoint.”
- “TrueCar is just about average in terms of bringing business in to our dealership. No car buying service really stands out to me.”

Savings with TrueCar

- N/A

Evaluation of TrueCar

- “We do work with TrueCar. This is what management decided to use.”
- “We work with many other online car-buying services—most of the traditional lead providers.”
- “TrueCar is a good tool for consumers.”
- “TrueCar is just about the same as other sales/discount channels that we use.”

TrueCar

- “There is no specific demographic that uses TrueCar, but I would say more informed car buyers will use that product.”
- “Used cars and new cars are purchased with TrueCar.”
- “We honor the TrueCar price as much as possible. A lot depends on the true cost of the vehicle after reconditioning and certification.”
- “Using TrueCar does not result in selling cars at a loss that I am aware of.”
- “We do not use the TrueCar price and then fail to credit TrueCar.”
- “We do not use the TrueCar price to clear inventory at the end of the month.”

4. Finance manager for a New Jersey Volvo location that is part of a three-dealership family

This dealership has worked with TrueCar for years, but the source is not in favor of the service. Over a recent two-month span his dealership had more than 600 leads from TrueCar but only six customers showed up from those leads. TrueCar has lost its power and now contributes only 1% to 2% of total sales. The service will be irrelevant in three years. Customers, although saving money, are not getting the price they expect when entering a dealership with a TrueCar printout. Dealerships are forced to up-sell to get even a small profit. TrueCar results in a loss for his dealership every time. He often honors the TrueCar price without crediting TrueCar.

Sales with TrueCar

- “Auto dealerships are increasingly using TrueCar to drive leads and sales.”
- “We had over 600 leads from TrueCar, and only six of those customers showed up over a two-month period. That is not acceptable. It is not really what it used to be. Customers are using TrueCar to get the best number they can, but at the end of the day they want to buy the car closer to home to get service there.”
- “TrueCar has lost its power. You are not getting the price you think you are getting, and consumers are wasting their time.”
- “The TrueCar price has become like the invoice price. That is what I said to the [dealership] owner. ... I do not see value in it anymore. Not everything out there is truthful.”
- “Then I have an owner who says, ‘Why do we have 500 leads and we sold only X amount of cars?’ I have nothing against TrueCar—it helped me support myself and family—but at the end of the day I have to go on what I am seeing.”
- “About 1% to 2% of our sales come from TrueCar. It is getting worse every year.”
- “TrueCar will be irrelevant in three years.”

About 1% to 2% of our sales come from TrueCar. It is getting worse every year. ... TrueCar will be irrelevant in three years.

*Finance Manager
Volvo Location, New Jersey*

Savings with TrueCar

- “Customers are saving a lot when they use TrueCar. They are saving a ton of money, without a doubt. The customer has all of the control with TrueCar.”

Evaluation of TrueCar

- “Our dealership has dealt with TrueCar for a long time, since the beginning of TrueCar. You have to be a part of them nowadays in the market.”
- “We work with AutoTrader, Cars.com, Costco and Sam’s Club. Most of our leads come from TrueCar.”
- “I hate TrueCar. It has nothing to do with losing profit or a price. TrueCar advertises the cheapest price to the consumer; however, for the car you pick out, there might be an addendum—heated seats, a pinstripe or some other extras they didn’t know about. This pushes up the price of the car. But the customer is already at the dealership and has already gone through a process, so they are disappointed. It may not always be the best deal that people think.”
- “I know a lot of consumers go through TrueCar, but the other sales/discount channels are all the same nowadays. I do not see TrueCar standing out any more like it used to.”

I use the TrueCar price and do not credit TrueCar all the time. We will have people come in who have been on TrueCar, and we will say, ‘OK, we will honor the price.’ That is how tight the market is now.

*Finance Manager
Volvo Location, New Jersey*

TrueCar

- “TrueCar attracts more of an educated consumer. They seem to be the wealthy, Internet-savvy, educated ones.”
- “Really it is so broad as to what types of cars are sold on TrueCar, I cannot narrow it down to one car. I see people go through TrueCar for anything and everything.”
- “We honor the TrueCar price every time.”
- “TrueCar results in selling cars at a loss every time; that is what it has become. When I started in this business there was something called the invoice. The dealer at the end of the day needed to sell above invoice to survive. TrueCar and Zag [TrueCar’s original name] got so big and they started driving prices under invoice. So you have to up-sell customers in order for the dealership to make even somewhat of a profit. There is no money in it.”
- “I use the TrueCar price and do not credit TrueCar all the time. We will have people come in who have been on TrueCar, and we will say, ‘OK, we will honor the price.’ That is how tight the market is now.”

- “Yes and no, in terms of using the TrueCar price to clear inventory at the end of the month. We want to use the TrueCar price every day. We want to sell cars. But whoever gives customers the lowest number, they want to go there. There are too many dealerships involved in it.”

5. Sales manager at a small Audi dealership with 12 locations, Maryland

This dealership does not list any cars with or pay any fees to TrueCar. The source does one or two deals a week for a TrueCar lead. It is less than 10% of business but still more common and more accepted than a year ago. Most leads come in from the Audi website. Sometimes selling a car at a loss makes sense because bonuses are based on units, not profits. Younger, less experienced buyers are more likely to rely on Internet-researched pricing to negotiate a deal.

Sales with TrueCar

- “We do maybe one or two deals a week from a TrueCar lead. It is easily less than 10% of our overall business.”
- “I think everyone had heard about TrueCar pricing a year ago, but it did not have much impact on our business. More people were using data from Kelley Blue Book, but TrueCar is more accepted now.”
- “I do not believe the TrueCar impact will really grow much over the next few years. It is just too much information for the average consumer to digest. It just gets confusing.”

Savings with TrueCar

- “We negotiate a fair deal either way. If the options are a little different, we price the car accordingly.”
- “I do not think it matters where the lead comes from. TrueCar does not set our prices; we do.”

Evaluation of TrueCar

- “It is hard to tell where these websites get their data. Sometimes it is good, accurate information, but other times it may not be accurately represented. I mean, we may have written the deal to show a great price on a new car, but we may have given very little for a higher-priced trade. That is not always reflected in the numbers that get reported.”
- “TrueCar leads are not significant here. We do not list anything on their website. Major Audi online sources provide most of our online leads.”
- “I cannot really compare TrueCar to their competition. The customer only brings in the lowest price they can find, no matter where they found it.”

TrueCar

- “I cannot say how often I honor their pricing. We do our own deals. If it makes sense for me, I will do the deal they want.”
- “I do not pay TrueCar. I did not hire them or make any agreement with them. I do not owe them anything.”
- “Sometimes it does make sense to sell a car at a loss, but not always. It just depends on the bonus situation at the dealership and that is based on units, not profits.”
- “I do not know anything about their pricing unless the customer brings it in. I do my own deal regardless of the lead.”
- “I would say we see more younger, less experienced buyers relying on websites like TrueCar to negotiate pricing.”
- “Usually they are looking at lower-end, less expensive cars, but we are an Audi dealership so it is still a nice car.”
- “I have never seen an [Audi] R8 buyer bringing in web-based pricing research.”

I do not pay TrueCar. I did not hire them or make any agreement with them. I do not owe them anything.

*Sales Manager, Audi Dealership
Maryland*

6. Internet manager for a Georgia BMW location owned by a group with over 100 dealerships

This dealership no longer works with TrueCar as it views the service as too expensive and too much effort with very little return. The source said she knows of several dealerships that have dropped TrueCar. When the dealership worked with TrueCar, roughly 4% or 5% of sales came from the service. AutoTrader is the best service for used cars, but she also works with Cars.com and others.

Sales with TrueCar

- “We do not work with TrueCar anymore. We work with AutoTrader, Cars.com.”
- “We are not part of the TrueCar program now.”
- “Our closing percentage was low in terms of sales from TrueCar, about 4% to 5%.”

- “Auto dealerships are not increasingly using TrueCar to drive leads and sales. It is too expensive, and several dealerships have dropped TrueCar.”

Savings with TrueCar

- N/A

Evaluation of TrueCar

- “TrueCar is overpriced.”
- “AutoTrader is best for used cars.”
- “TrueCar was good for new cars; a lot of leads came through. But based on the way TrueCar works, it takes a lot of work and effort for not a lot of return. It would be fine if TrueCar stuck to the original deal, but to raise the cost and lower the radius was too much.”

TrueCar

- “More new car customers shopping around use TrueCar.”
- “New BMWs are purchased most often with TrueCar. Used cars are purchased least often with the service.”
- “TrueCar results in selling cars at a loss, and no, it is not worth it.”
- “We do not use the TrueCar price and then fail to credit TrueCar.”
- “We do not use the TrueCar price to clear inventory at the end of the month.”

Auto dealerships are not increasingly using TrueCar to drive leads and sales. It is too expensive, and several dealerships have dropped TrueCar.

*Internet Manager
BMW Location, Georgia*

7. Sales manager for an Audi dealership in New York state with two locations

This dealership does not work with TrueCar, and the source does not like the service because it wants access to proprietary customer information. He does not believe TrueCar is the correct way to market a luxury vehicle. Customers who use TrueCar could gather that information on their own, and are not saving money by using the service. He believes TrueCar’s dealership business is declining.

Sales with TrueCar

- N/A

Savings with TrueCar

- “I do not think customers are saving when they use TrueCar. They could do the same thing on their own without using TrueCar. It just costs the dealer money.”

Evaluation of TrueCar

- “We do not work with TrueCar or other similar services. The main reason is they want proprietary information; they want access to our customer information, names, addresses, vehicle identification numbers, how much customers paid. We do not want to give that up.”
- “We work with Cars.com and they would be considered a competitor, but we do not pay them once the car is sold.”
- “There are two different business models. Cars.com promotes both our new- and used-car inventory throughout the web; we do not pay for leads or for cars sold. We pay them a nominal monthly fee to do this. They make the bulk of their money, I suppose, by selling our inventory to other sources on the web. We believe Cars.com to be more cost-effective than AutoTrader, which we used for many years, or TrueCar, which we will never use.”
- “We trade cars a lot between dealers, and when you trade a car the invoice is what a dealer pays. You have the invoice price and the MSRP, the window sticker. When you trade cars back and forth, you are paying invoice. If I get an A4 from another dealer, we are selling each other new cars at the invoice price, the cost. When TrueCar goes in to come up with their price, they include those swapped cars in their valuations as to what the car should be sold for. We swap cars a lot, and that would drive down the average cost of the vehicle.”
- “I do not have a high opinion of TrueCar. We do not feel that this is the correct way to market a luxury car. If I was a Chevy or Kia or Honda dealer, sure.”
- “We get customers from our own website and from Audi as well, and Cars.com.”

We do not work with TrueCar or other similar services. The main reason is they want proprietary information; they want access to our customer information, names, addresses, vehicle identification numbers, how much customers paid. We do not want to give that up.

*Sales Manager
Audi Dealership, New York State*

TrueCar

- “A not-very-bright consumer uses TrueCar. They could do the same thing on their own—just go to different sites. Let’s face it: The price we pay for cars is all over the Internet. I do not see why you would need a service like TrueCar.”
- “I would guess the A4s, the less expensive cars, are purchased most often with TrueCar. Somebody who buys a luxury car knows what they are doing, and they will do their own research. They really do not need this outside company to do their negotiating.”
- “Auto dealerships are not increasingly using TrueCar to drive leads and sales. I keep reading that TrueCar is getting sued, so they probably are not increasing their number of automotive dealerships.”
- “The Jersey dealers are really cutthroat and some of them use TrueCar. They also use Costco.”
- “A certain percentage of the time, yes, TrueCar results in selling cars at a loss.”

8. Business development manager and sales director for a one-location Mercedes-Benz dealership, New Jersey

This dealership is a top North American dealer in terms of sales and has no need for or interest in working with TrueCar. Instead, the source works with Cars.com and AutoTrader.com. Auto dealers are not increasingly using TrueCar, and customers do not need the service as they can get the same price on their own.

Sales with TrueCar

- “Auto dealerships are not increasingly using TrueCar to drive leads and sales.”
- “At our dealership 0% of our sales come from TrueCar and in three years it will be 0%.”

Savings with TrueCar

- N/A

Evaluation of TrueCar

- “We do not work with TrueCar. We are not a TrueCar certified dealer.”
- “We are not interested in the TrueCar service.”
- “We work with Cars.com and AutoTrader.com.”

TrueCar

- “An insecure, inexperienced buyer uses TrueCar.”
- “Anybody can get the same price today on their own instead of working with TrueCar.”

9. Sales manager at a BMW dealership with more than 50 locations, Massachusetts

This dealership does not list cars with TrueCar or pay it fees. It does all of its own negotiations and generally does not sell cars at a loss. Sometimes customers come with TrueCar pricing and may use it as a negotiating tool. Although use of web-based pricing is a growing trend, it is not expected to become a significant part of this dealership’s business.

Sales with TrueCar

- “We do not use TrueCar to generate leads or list any of our cars with them at all. But sometimes customers will come to us with TrueCar pricing and use it as a negotiating tool.”
- “Less than 10% of our business comes from TrueCar or other web-based leads—probably less than 5% a year ago. It may have doubled since last year.”
- “It is a growing trend, but it is hard to say what saturation will eventually be longer term. It will never be a huge percentage.”

Savings with TrueCar

- “We always negotiate our own deal, so their pricing is not changing our deal structure.”

Evaluation of TrueCar

- “TrueCar has done a good job of marketing, and the number of consumers who go to them to do research before coming in to buy a car is definitely growing.”

“Less than 10% of our business comes from TrueCar or other web-based leads—probably less than 5% a year ago. It may have doubled since last year. ... It is a growing trend, but it is hard to say what saturation will eventually be longer term. It will never be a huge percentage.”

*Sales Manager, BMW Dealership
Massachusetts*

- “TrueCar does not bring in any more business than any of the competitors. I see it as just a research tool for potential car buyers, the same as Kelley or Edmunds or any of the others.”

TrueCar

- “We always do our own negotiations, but consumers may use their data as a pricing base.”
- “We do not pay TrueCar because we do not use them. It is a consumer tool. I would not pay a fee for that.”
- “We do not usually sell a car at a loss, but if we do, it is not because of TrueCar.”
- “The customer who does research before shopping and buying a car would probably be most likely to check TrueCar pricing and probably several other websites before coming in.”

10. New-car sales manager at a Mercedes dealership in Texas

This dealership does not list with TrueCar and gets less than 1% of deals from the company’s leads. Edmunds does a better job of educating buyers, but TrueCar buyers are “almost brainwashed,” believing they can make the deal even if it is not realistic. Some cars are not readily available in the market, and TrueCar still expects a dealer to sell it at a loss. Still, if the price makes sense and the car is available, this dealer will work to close the deal.

Sales with TrueCar

- “Our leads from TrueCar are less than 1% of our deals. We do not list anything with them, but we do see some customers come in with information from TrueCar wanting to make a deal.”
- “It is probably less than we had a year ago. I think people are getting smarter, doing smarter research and really learning more about the cars. TrueCar has no advantage there.”

Savings with TrueCar

- “Each deal is negotiated on its own merits. Sometimes cars are sold below invoice, but it depends on a lot of variables.”
- “Edmunds is a better site for educating the buyer. Buyers who have looked there know what they want and know what they are talking about. TrueCar buyers are ... almost brainwashed. You cannot convince them their price is not realistic or doable.”

Evaluation of TrueCar

- “I do not like TrueCar myself. They do not take into consideration all the variables in the marketplace. We cannot even get these models, and TrueCar expects us to sell them at a loss. That is just not realistic. I cannot even get a GL class in here for the buyer who is willing to pay. Or an S class? Get real. Supply and demand have an impact on car prices.”
- “We do not list with TrueCar, so it does not compete with our own company marketing in terms of lead generation.”

TrueCar

- “It all really just depends on the deal. If I have the car and can make the deal work, if it makes sense for me to do the deal, I will, even at a loss sometimes.”
- “Unit sales make our bonuses.”
- “I do not list with them and I have no commitment to them, so I do not pay them.”
- “The TrueCar buyer demographic is all over the map. They will try anything. In reality, I am more likely to make a deal with a TrueCar buyer on a more available, mass-market car. Obviously, I do not have to sell a less available car at a loss. When those cars come in, we make our own deal with a buyer who is willing to pay for it.”

Our leads from TrueCar are less than 1% of our deals. We do not list anything with them, but we do see some customers come in with information from TrueCar wanting to make a deal.

*New-car Sales Manager
Mercedes Dealership, Texas*

3) Industry Specialists

These three sources, including a TrueCar competitor, said the company and similar auto pricing services are becoming more popular and more widely utilized and accepted among car buyers and dealerships. The competitor said TrueCar will continue this trend and increase its marketing presence now that it is a publicly traded company. Two sources said TrueCar is a game changer and a positive for the auto industry as it brings needed transparency. TrueCar is aggressive with its pricing, and one

source believes it saves customers \$1,000 to \$2,000 more than other online pricing services. Another source said customers can find similar deals on their own, but doing so takes more time and effort than using TrueCar. The competitor's services reportedly are priced similarly to TrueCar's. The typical customer is an inexperienced buyer looking for a mainstream, readily available car as opposed to a high-end or unique vehicle.

KEY SILO FINDINGS

Sales with TrueCar

- 3 said TrueCar and services like it are growing in customer and dealership acceptance.
 - o 1 said TrueCar will become more prevalent and active in marketing now that it is a publicly traded company.

Savings with TrueCar

- 1 said TrueCar saves its customers \$3,000 to \$4,000 off MSRP, which is about \$1,000 to \$2,000 better than its competitors.
 - o TrueCar has a better calculation tool.
- 1 competitor said his company saves its customers approximately the same amount as TrueCar.
- 1 said customers can save the same as TrueCar if they do advanced research, but doing so is more time-consuming.

Evaluation of TrueCar

- 1 said TrueCar is a game changer for the auto industry.
- 1 said it is a positive for the auto industry, adding transparency.

TrueCar

- 2 said TrueCar customers are typically inexperienced buyers and purchase commonly available, mainstream cars.

1. Founder and president of an online new car-buying service on the West Coast

This company competes head-on with TrueCar with one major difference: His service delivers cars directly to consumers' driveways and does all of the negotiating for them. Dealership sales continue to rise, and feedback from dealers and customers is positive. Consumers are purchasing Toyota, Audi and BMW vehicles the most through his service. They are educated and research-driven, and have many options for buying vehicles.

Sales

- "We are a private company and do not disclose our performance, but our percentage of dealership sales continues to grow. We do survey our dealerships to make sure that everybody is happy with how things are going, and we get good feedback."
- "Our dealerships are growing, and our sales are growing. We do a good job, and we are focused on doing a good job. Part of that is because the industry is growing as well."
- "Our most important thing is the customer experience. ... We are at the Nordstrom level of customer service. We work to earn more business by doing good work and earning referrals and repeat clients."
- "Dealerships always honor our prices because of the way our process works. With other online sites, there is a percentage of time that customers buy the car and times when they do not. Ours is 100%; otherwise, we do not deliver the car for them. The dealerships tell us the price is \$26,000, and we confirm that our client wants to buy the car."
- "We offer all brands, but the ones that are purchased the most are Toyotas, Audis and BMWs. Ferraris, Rolls-Royces and Lamborghinis are sold the least. We do help a lot of luxury buyers and we help with every make and model, but we go with what people ask for."
- "Consumers are requesting more and more hybrids and electric cars but are also buying gas-guzzling SUVs."
- "Consumers will increasingly look for alternate ways to research and come out with a better experience buying their car. ... More and more people will go online and look for a way to get through their car buying process."
- "The online car-buying industry has grown, and dealers need to be aware of it. Their job is to sell cars. As long as they are focused on selling cars and being part of a good customer experience, it works. Most want to sell cars, but there are a few that are resistant to change."
- "We get paid from both the car buyer and the dealer for the service we provide. Customers buy or lease the car directly from the dealer. They are all new cars and they are the first owner. They pay the dealer at the time of sale."

- “The OEM is not involved. It’s just us and the dealer selling the new car to the customer negotiating the pricing and arranging the delivery.”

TrueCar

- “TrueCar’s reporting says that they are growing their number of dealerships. Now, I do not know how many dealerships sign up with TrueCar each month and how many withdraw. But TrueCar data says more dealers are signing up, and I am sure that there is some truth to it.”
- “Because TrueCar just went public, they are going to get in front of people much greater than anyone else in the marketplace.”
- “Customers are saving with our service, but compared to TrueCar, it is very similar. We look at those prices and make sure they are the same or less.”
- “TrueCar can be considered our competitor in the sense that you could go to TrueCar.com and put in the car you want, and then have that TrueCar printout price. And you can use that price to avoid some of the negotiations. Or, you can go to our service and we would survey all dealers and find exactly what you want and negotiate you a price.”
- “Our service compares to TrueCar in that it is a way for a consumer to get a car and avoid negotiations, but our company goes further and assures that price and a good customer experience, and the customer does not have to go to the dealership.”
- “We also have experts on our staff that can talk through someone’s choices, and can talk between Audi and BMW and Honda and Toyota, and talk between a lease and a loan. The other online sites they do not have that.”
- “Some people come to us after having test-driven. And other people come saying they have not driven yet, and want some advice on how to narrow down their choices; we arrange test drives for them in a no-pressure way.”
- “Competitors are spending lots of money advertising, and we do not spend that kind of money advertising. If you as a consumer are buying a car, you could go to the dealership right off the freeway and go through any number of websites that are out there. Most do different types of things as to what they give for free information to the consumer, but at the end of it they ask for your ZIP code and when you click ‘submit,’ they then sell that to the dealerships and then to the dealerships it looks like a lead.”
- “With our service, you only deal with us.”
- “Most people when they know that they can get a TrueCar price, they choose our service, but if they do not know about us they might just use TrueCar.”
- “TrueCar’s typical customer is anybody who wants to have a good car-buying experience and wants to save time and money and feel that they got a good deal at the end of the transaction.”
- “The more savvy consumers will do research. You can do research on all of these sites—and depending on what comes up on your search engine or what your friend uses, that is maybe the site you go to first. I do not think there is one specific, gold-standard best place for all of these online things that essentially connect you to the dealership.”

“Because TrueCar just went public, they are going to get in front of people much greater than anyone else in the marketplace. ... Customers are saving with our service, but compared to TrueCar, it is very similar. We look at those prices and make sure they are the same or less.”

*Founder & President
Online New Car-buying Service
West Coast*

2. Auto sales analyst and freelance author

TrueCar will be a “game-changing force” in the way cars will be sold during the next 10 years. Dealerships find a way to get good leads and then work it hard; some are making the bulk of sales because they have focused on TrueCar. Old-fashioned negotiators may get deals as good as TrueCar offers, but they work harder to get there. Competitors are trying out new programs to compete with TrueCar. Dealers play an active role in listing the deals, so they are motivated to honor the pricing. TrueCar targets the younger, less-experienced buyer, but appeals to anyone who wants a good deal without the hassle.

Sales with TrueCar

- “Some dealerships are making the bulk of their sales because they have focused their business in that direction.”
- “TrueCar initially faced some controversy when [Honda](#) wanted to pull their cars from any dealership that listed at TrueCar. But they have recovered now from that and, frankly, the media spread their name.”

- “Edmunds and Cars.com have newer programs working in the same direction in order to compete. The competition will help grow the field in changing the way cars are sold.”
- “Most dealerships find a way to get good leads; then they work it hard.”
- “A lot depends upon the economy. This is the fifth or sixth straight year of auto sales growth, and it seems too high. But projections indicate continued growth in the sector, and I personally think aggressive pricing is part of what is driving the growth.”

Savings with TrueCar

- “I expect old-fashioned negotiators may get deals as good as the TrueCar buyer is getting, but they are doing a lot more work to get there.”
- “TrueCar has a good social media presence, and they are great at showcasing their happy clients with their new cars.”

Evaluation of TrueCar

- “Consumer awareness of TrueCar is growing. I would say they are at or near the top of the pack. They are getting a lot of positive coverage from media, especially auto media.”
- “TrueCar’s [new president](#) is the previous Hyundai CEO. He is a favorite among the press and is attracting media coverage.”
- “TrueCar pushes the bar further, believing they can get the best possible price available by tracking the best deals that dealers are making.”
- “TrueCar is a game-changing force in the automotive industry. They do not sell cars in the traditional manner. They have created new ground for buyers and I expect the way cars are purchased will change over the next 10 years.”
- “Of course, there are still add-ons, extended warranties, service contracts, rust proofing, etc. These will still help the dealerships make money.”
- “TrueCar is generalizing data. The competition gets three dealerships to pursue you with their best price, but there is no guarantee a fourth dealership might not still give you a better deal. People who want to negotiate can still do better. It is just how cars are sold.”

TrueCar

- “Dealers play an active role in listing and pricing the cars, so they will try to make a deal. Dealers may end up pressuring the buyers to close the lead, sell the car, make the deal.”
- “We like to think of the car dealer as the bad guy, and we make assumptions because of that. I do not expect dealers are actively and legitimately trying to cut out TrueCar’s fees. If dealers are looking for leads and TrueCar is providing them, I expect dealers are routinely following through with payment.”
- “Initially, TrueCar’s marketing was targeting the young, incompetent female, but they got [bad press](#) for being sexist so they have modified their ads. They are really targeting anyone who wants to get the best deal. Still, I think they appeal to a lot of inexperienced buyers.”
- “First-time car buyers are more tech savvy than ever before.”
- “I expect the cars sold with TrueCar tend to be a little lower-end, less-expensive, mass-market cars, more available. It is just what a first-time buyer looks for.”

Consumer awareness of TrueCar is growing. I would say they are at or near the top of the pack. They are getting a lot of positive coverage from media, especially auto media.

Auto Sales Analyst & Freelance Author

TrueCar is a game-changing force in the automotive industry. They do not sell cars in the traditional manner. They have created new ground for buyers.

Auto Sales Analyst & Freelance Author

3. Freelance car reviewer and auto journalist for a variety of online publications

TrueCar presents “a positive and unique move” in the way cars are sold. It adds transparency to the deal by using database information to identify the most popular cars and the prices other people are paying. Other listing services give information to three dealerships, which then compete for the customer’s business. TrueCar attracts a more-educated, tech-savvy, younger buyer. TrueCar will appeal to Generation Y/Millennials, who research everything on their phones.

Sales with TrueCar

- “Some dealerships accept the TrueCar price and make the deal with no negotiating hassle.”
- “It is a growing trend. TrueCar is more aggressive than their competition.”

- “TrueCar will keep growing. Their new president was at Hyundai before. He knows how to grow and market a company. I think with their new leadership, they are poised to really take off.”

Savings with TrueCar

- “I am not sure how the price compares exactly, but I presume it is something like Autobytel. I have read they usually make a deal at \$1,500 to \$2,000 off the MSRP. It is better than a Sam’s Club or Costco program, and they save around \$1,500 off MSRP.”
- “TrueCar is doing better than that, averaging up to \$3,000, even \$4,000 off MSRP.”
- “TrueCar offers a more advanced calculation tool, more like Autobytel. They cross-reference the data to get the best pricing information out there, then offer the best price.”
- “I believe the database information comes from public records or from dealerships, but it is reliable information in any case.”

Evaluation of TrueCar

- “What TrueCar is doing is a positive and unique move in the auto industry. It provides data from a database of actual sales and identifies an average price paid in your area.”
- “TrueCar adds transparency to the car pricing marketplace. No one wants to drive the dealerships out of business, but it is a fair service and levels the playing field for buyers. Consumers know what other people are paying for similar cars. That is fair.”
- “TrueCar has the widest and most advanced database. They are more fair than the competition.”
- “TrueCar tells what model is the most popular among buyers. I use it to determine what readers want to know.”
- “Other companies send leads out and three dealerships call you to compete for your business.”

TrueCar

- “It is specific to the dealership if they want to honor the TrueCar deal. I expect if they are paying for the listings, they will make the deal.”
- “I expect the TrueCar buyer is more educated, tech-savvy, making at least \$26,000 a year, maybe in their 20s. TrueCar probably appeals to a new generation since they research everything on their phones. I expect there is also some appeal to the professional who does not want to take the time to go haggle.”
- “Dealers and automakers are trying to find a way to reach Gen Y. Maybe this is a key.”
- “I expect they sell more mainstream, mass-market cars than anything else. I do not suppose a buyer looking for a specialty car or a classic car would go to TrueCar looking for a deal. AutoTrader would likely be the source for listing a classic car or something really special.”
- “TrueCar allows dealers to make a little profit and consumers to save a little as well.”

TrueCar will keep growing. Their new president was at Hyundai before. He knows how to grow and market a company. I think with their new leadership, they are poised to really take off. ... TrueCar adds transparency to the car pricing marketplace.

Freelance Car Reviewer & Auto Journalist, Online Publications

Secondary Sources

The following six secondary sources highlighted Millennials buying more cars than Generation Xers, TrueCar’s growing use, its use as a tool to negotiate with car salespeople, its new feature that allows car dealerships to bid on customers’ used vehicles, mixed reviews from TrueCar consumers, disgruntled car salespeople seeing unmatchable prices from TrueCar, and a plethora of competitors.

Aug. 4 CNN Money [article](#)

Millennials are buying more cars than those from Generation X.

- “It turns out, so-called millennials are responsible for a bigger percentage of new car purchases than older Gen X slackers.”
- “Millennials born between 1977 and 1994, also known as Generation Y, bought 26% of new vehicles sold so far this year, according to a new report by J.D. Power and Associates. Meanwhile, Gen X shoppers, born between 1965 and 1976, accounted for only 24% of sales.”

It turns out, so-called millennials are responsible for a bigger percentage of new car purchases than older Gen X slackers. ... Millennials born between 1977 and 1994, also known as Generation Y, bought 26% of new vehicles sold so far this year, according to a new report by J.D. Power and Associates. Meanwhile, Gen X shoppers, born between 1965 and 1976, accounted for only 24% of sales.

CNN Money Article

- “As Gen Y consumers enter new life stages, earn higher incomes and grow their families, their ability and desire to acquire new vehicles is increasing,” said Thomas King, vice president of the Power Information Network, which collected the survey data.”
- “Neither of those younger crowds even touches the Baby Boomer generation, of course, which soaked up a full 38% of new cars and trucks sold during the first half of this year.”
- “The gap between generations X and Y should grow, too, as Gen Y buyers are expected to pick up the car buying pace through second half of the year, according to J.D. Power. The two younger generations have different tastes with Gen Y buyers favoring compact cars like the Ford Focus while Gen Xers buy more small SUVs such as General Motors’ Buick Encore.”

June 10 Yahoo! Finance [article](#)

TrueCar’s platform and certified dealers now encompass 3.2% of all new-car sales in the United States, and more than 1 million new and used vehicle purchases have been made through its Affinity Auto Buying Programs.

- “TrueCar, the negotiation-free car buying and selling platform, today announced that over 1 million new and used vehicles have been purchased through its Affinity Auto Buying Programs (ABP). TrueCar is the leading auto buying platform in the affinity auto buying space and operates virtually all significant affinity and co-branded auto buying programs in the U.S. TrueCar partners with over 576 brands including Fortune 500 companies, banks, credit unions, insurance companies, member-based organizations, online publishers and eCommerce sites.”
- “TrueCar ABP facts: Exclusive partnerships with 13 of the top 20 auto insurance companies in the U.S. serving:”
- “Nearly 1.5 million consumers who totaled their vehicles in 2014.”
- “Over 75 million insurance policyholders looking to renew or purchase auto insurance.”
- “87 banks, credit unions and online auto lenders who finance over 1.2M new and used car purchases annually.”
- “41 member-based organizations such as AARP, USAA, and AAA with over 130 million members.”
- “Employee car buying programs for over 443 employers nationwide including 89 Fortune 500 companies.”
- “In 2013, TrueCar users paid, on average, approximately \$3,000 less than MSRP. The company estimates that 3.2% of the total new-car market is now purchasing their vehicle using the TrueCar platform and TrueCar Certified Dealers.”

Aug. 4 [article](#) from *The Buffalo News*

TrueCar and other online quoting services are effective tools in getting a better deal on a vehicle at a dealership.

- “These tips will help you get in and out relatively stress-free.”
- “1. Pick a model.”
- “2. Get preapproved. Shop around for a loan with the best interest rate and terms before going to the dealership to buy. Check local and online banks or your credit union.”
- “3. Check for incentives. Go to automaker websites to see whether they are offering sales incentives such as cash rebates or low-interest financing on any models you’re considering. ShopSmart notes that those can save you hundreds or even thousands of dollars.”
- “4. Make dealers compete. Call or email multiple dealers in your area, or request a quote through their websites. Tell them the exact car you want and ask for their lowest out-the-door price, including sales tax and any fees. You can also get online quotes through automaker websites or at sites such as AutoTrader.com, Cars.com, CarsDirect, TrueCar and others. Consumer Reports subscribers can use the website’s Build & Buy car-buying service to get dealer pricing and guaranteed savings in most states from local dealers who are dedicated to high customer satisfaction.”
- “The more quotes you get, the better. And you can always use a lower quote as leverage to negotiate with other dealers by recontacting them and asking whether they can meet or beat it.”
- “5. Cash in on your trade-in.”
- “6. Prepare for pickup. You’ll need to go to the dealer to close the deal, but don’t leave home without a guaranteed written quote for the new car, a preapproved loan and an estimate of your trade-in’s value. And don’t let the sales rep try to roll everything into one monthly payment. That leaves room for manipulation of the numbers.”

April Kiplinger [article](#)

TrueCar is one way to avoid the hassle of negotiations with car dealers as well as an effective way to save money on car purchases. Other sites are Edmunds.com, Costco and a professional negotiator from [CarBargains](#).

- “When it comes to car shopping, most of us dread the showdown in the showroom, where you’re forced to dicker with a salesperson who seems to hold all the cards. It’s not that you want to deny the dealer a fair profit; you just want assurance that you got a fair deal. If you hate to haggle, you’re a prime candidate for a car-buying service.”
- “Get matched with a dealer. Two of the biggest names in car research offer free buying services, but their prices aren’t going to be rock-bottom. For one thing, all offers are presented relative to sticker price, which makes it harder to know how much profit the dealer makes. Savvy buyers compare offers to invoice prices because they don’t include the dealer’s markup.”
- “Edmunds.com, known for its car reviews and pricing advice, debuted Price Promise last year. Edmunds acts as a middleman: Dealers offer you a no-haggle price, but it’s up to you to sort through the offers to pick the best one. Click on Price Promise at the top of the home page, then enter the make and model of the car and your zip code. You’ll see the number of Price Promise offers in your area, and you’ll be able to customize your car and find matching vehicles from dealers near you. Each offer is tied to a specific vehicle and its exact equipment, so dealers won’t do a bait-and-switch if they don’t have the car you chose.”
- “TrueCar has a similar setup. Click a make and model on the home page and you’ll see the sticker price, average price paid and (in most states) the invoice price—as well as the target price for one trim level (change trims in the ‘style’ box at the top of the page). Click the next button to see prices from three dealers in your area. The dealers aren’t identified; you have to enter your name, phone number and address to get to the dealer names and certificates with savings guarantees.”
- “With TrueCar, the guarantee isn’t tied to a specific vehicle in inventory, so a dealer might not have the exact car you’re looking for. But the certificate guarantees the savings off sticker price you were promised on any model in stock in the trim you selected.”
- “Members only. Big-box retailer Costco is more than just 25-pound bags of pretzels. Its vehicle-buying program covers cars, boats, motorcycles and RVs. Costco doesn’t show prices online, though. You start the process by selecting the model you want at www.costcoauto.com and sending your info to the dealer that works with your local warehouse (each brand gets only one affiliated dealer). The benefit of that exclusivity is lower prices: Costco claims an average savings of \$1,000 off the average transaction price, as measured by third-party sites such as Edmunds and Kelley Blue Book.”
- “Hire the pros. The best way to guarantee savings is to hire professional negotiators. CarBargains, the buying service of the nonprofit Consumers’ Checkbook organization, charges \$250 to shop for your vehicle at five or more local dealers. You get a report with all the prices CarBargains has locked in (typically at or below invoice), and you decide where to buy.”

With TrueCar, the guarantee isn’t tied to a specific vehicle in inventory, so a dealer might not have the exact car you’re looking for. But the certificate guarantees the savings off sticker price you were promised on any model in stock in the trim you selected.

Kiplinger Article

July 26 [article](#) from *The Seattle Times*

TrueCar is adding a feature that will allow consumers to submit photos and information on their used cars to sell to dealers, but the company has a lot of competition in the space. Edmunds.com is viewed as a top site for online car buying; so are General Motors’ [Shop-Click-Drive](#) program and [Carvana](#).

- “Want to take some of the stress and mystery out of the car-buying process? Get on the Internet.”
- “Auto websites—once filled mostly with reviews and advice—are getting more sophisticated, connecting potential buyers with dealers and offering instant price guarantees.”
- “The no-haggle approach can have a downside. In person, a dealer might drop the price even further, or throw in extras like floor mats or a satellite-radio subscription. But for many consumers, the convenience is worth it. And the multiple sites that let you check deals can help assure you’re getting a fair price.”
- “Auto sites are rapidly adding features and content to attract buyers. For example, an upcoming mobile app from TrueCar.com will let shoppers submit photos and information about their used car to dealers, who will bid to buy it.”
- “Edmunds.com (www.edmunds.com) got its start in 1966 as a paperback car-pricing guide. It won the highest ranking in J.D. Power’s 2014 survey of car-shopping sites based on content, ease of navigation, appearance and speed. Shoppers who enter their name, email and phone number can get a specific, locked-in price from dealers before heading to the showroom. Dealers pay Edmunds a monthly fee to be part of the network.”

- “TrueCar (www.truecar.com), which was founded in 2008, monitors millions of transactions to determine the average price of a car in your Zip code. For example, the site estimates a 2014 Hyundai Sonata SE will cost \$20,392 at a TrueCar certified dealer in the Chicago area. In Atlanta, TrueCar dealers will likely offer the same car for \$21,369.”
- “Potential buyers get a guaranteed price they can take to a certified dealer. In return, dealers pay TrueCar \$299 for every new vehicle sold through the site and \$399 for every used vehicle.”
- “General Motors’ [Shop]-Click-Drive program (shopclickdrive.com/) lets buyers shop via local dealer websites, estimate the value of a trade-in, estimate monthly payments, turn in a credit application and set up a time to pick up the car at the dealership.”
- “Carvana (www.carvana.com) is perhaps the most radical model, allowing buyers to bypass dealers entirely. Shoppers can browse Carvana’s used-car inventory, apply for financing through its partners and arrange for pickup or delivery—all online. Buyers can choose to pick up their car at Carvana’s ‘vending machine,’ a three-bay garage in Atlanta. They’re given a special code to open the door and hop in their car. Carvana will also deliver a car anywhere in the country.”

Reviewopia [reviews](#) of TrueCar

TrueCar has received mixed reviews from car buyers and car dealerships. Prices are set lower than what dealers can afford in some cases, but TrueCar users recently have been successful in getting certified dealers to honor the TrueCar price. Other consumers experienced difficulties when negotiating pricing based off of TrueCar estimates, not locating an exact match to their car specifications and yet finding TrueCar’s process to be more of a hassle than the old-fashioned way of test driving and discussing prices with a dealer. Costco Auto Program was cited as a better alternative to TrueCar.

- “2 out of 5 stars, according to 122 respondents.”
- **Car dealership worker, July 11:** “I WORK for a car dealership and have had several customers show me their ‘truecar’ printouts. When this happens, I go straight to the invoice of the vehicle and show it to them as well as provide any rebates they are eligible for. They are usually about \$3,000 UNDER what we can actually sell the vehicles for!!! This is turn [angers] customers ... and when they go to the next dealership and get the same thing, they will either come back to me and purchase or they are so sick of the pricing game they purchase from the dealer they are at. I HATE TRUECAR!!!! I hope more people realize that Truecar DOESN'T SELL CARS!!!”
- **Car buyer, June 28:** “Service gave me the best price within 100 miles. Dealer honored my certificate exactly as advertised. Amazing service!!!”
- **Car buyer, June 21:** “Just bought a new Honda. The dealer honored my True Car certificate. I added a few options but the base price was just as promised. Guess it depends on the dealer.”
- **Car buyer, June 10:** “TrueCar is simply a lead generator for the auto dealerships. Nothing more. It will probably stay that way if the now chastened CEO hopes to keep a company in business. The Toyota dealer I visited last Saturday was a participating dealer. They simply ignored the TrueCar quote. ‘I’m not sure where they get their numbers from, but it’s not something we see as very accurate.’ They indicated the TrueCar quote I received was below their price for the car; a statement I still doubt. Overall, no improvement in the car buying process. At the end of the day, you cut the best deal you can and you still walk away feeling as if you’ve been taken advantage of. Glad I don’t buy many cars.”
- **July 16 comment on June 10 post:** “Stick with the Costco Auto Program!”
- **Car buyer, April 28:** “This website is informative to a degree. You can build your desired vehicle. But, it will not be an exact match. It still comes down to making sure you’re getting the vehicle you want. With the desired options. A reputable dealer will show you the invoice. And price it out accordingly. I have found. It’s still easier. To visit a dealership. Look at the inventory. Find what you like. Test drive and get a price. TrueCar is a service. Getting paid. To get you into the dealership of your desired vehicle. Buying a car. The old way still works. I found this service to be frustrating. I received e-mails from multiple dealers.”

Additional research by Cheryl Meyer and Lisa Bullock

The Author(s) of this research report certify that all of the views expressed in the report accurately reflect their personal views about any and all of the subject securities and that no part of the Author(s) compensation was, is or will be, directly or indirectly, related to the specific recommendations or views in this report. The Author does not own securities in any of the aforementioned companies.

OTA Financial Group LP has a membership interest in Blueshift Research LLC. OTA LLC, an SEC registered broker dealer subsidiary of OTA Financial Group LP, has both market making and proprietary trading operations on several exchanges and alternative trading systems. The affiliated companies of the OTA Financial Group LP, including OTA LLC, its principals, employees or clients may have an interest in the securities discussed herein, in securities of other issuers in other industries, may provide bids and offers of the subject companies and may act as principal in connection with such transactions. Craig Gordon, the founder of Blueshift, has an investment in OTA Financial Group LP.

© 2014 Blueshift Research LLC. All rights reserved. This transmission was produced for the exclusive use of Blueshift Research LLC, and may not be reproduced or relied upon, in whole or in part, without Blueshift's written consent. The information herein is not intended to be a complete analysis of every material fact in respect to any company or industry discussed. Blueshift Research is a trademark owned by Blueshift Research LLC.