

Latino Views on the Car-Buying Experience

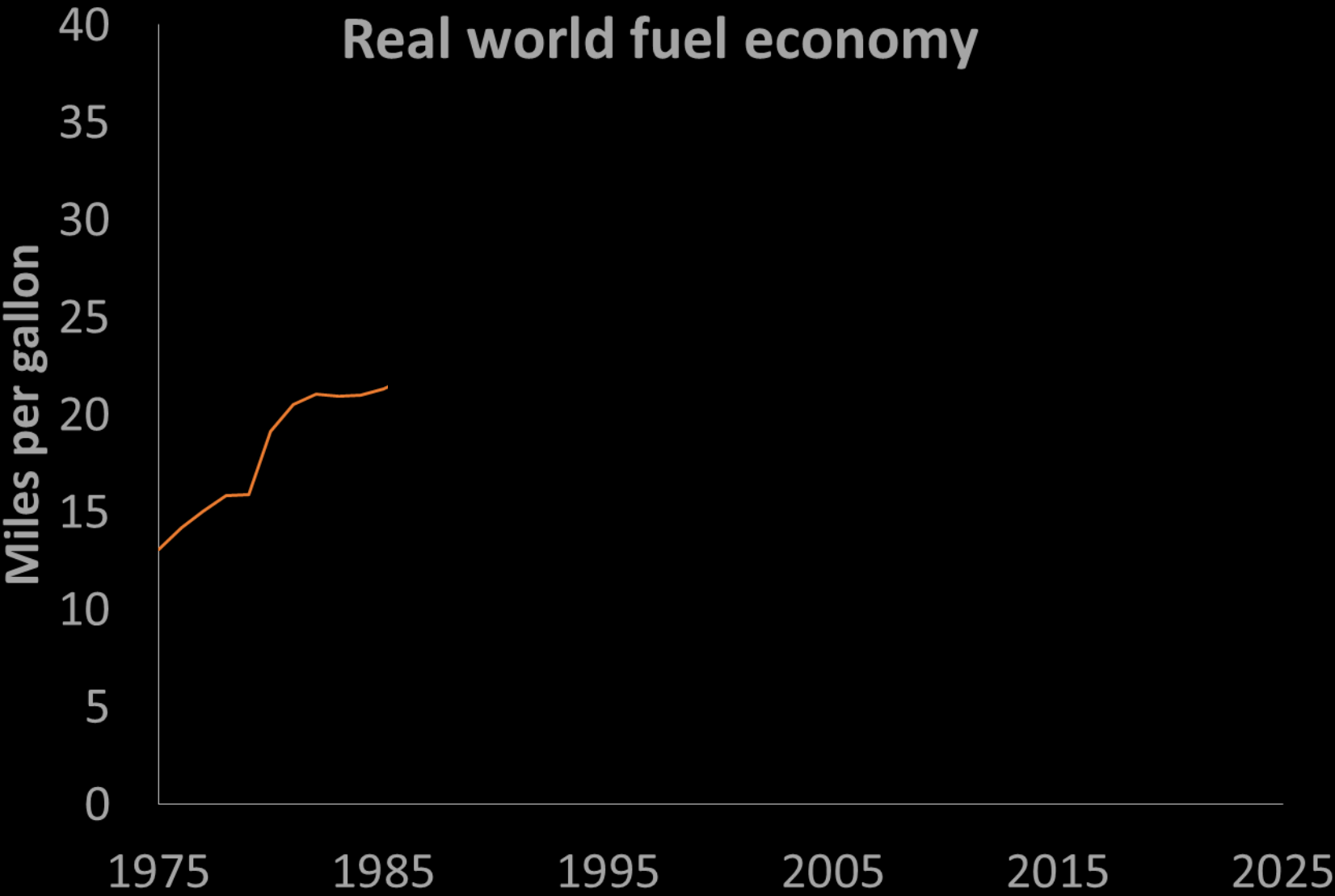
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NATIONAL COUNCIL OF LA RAZA

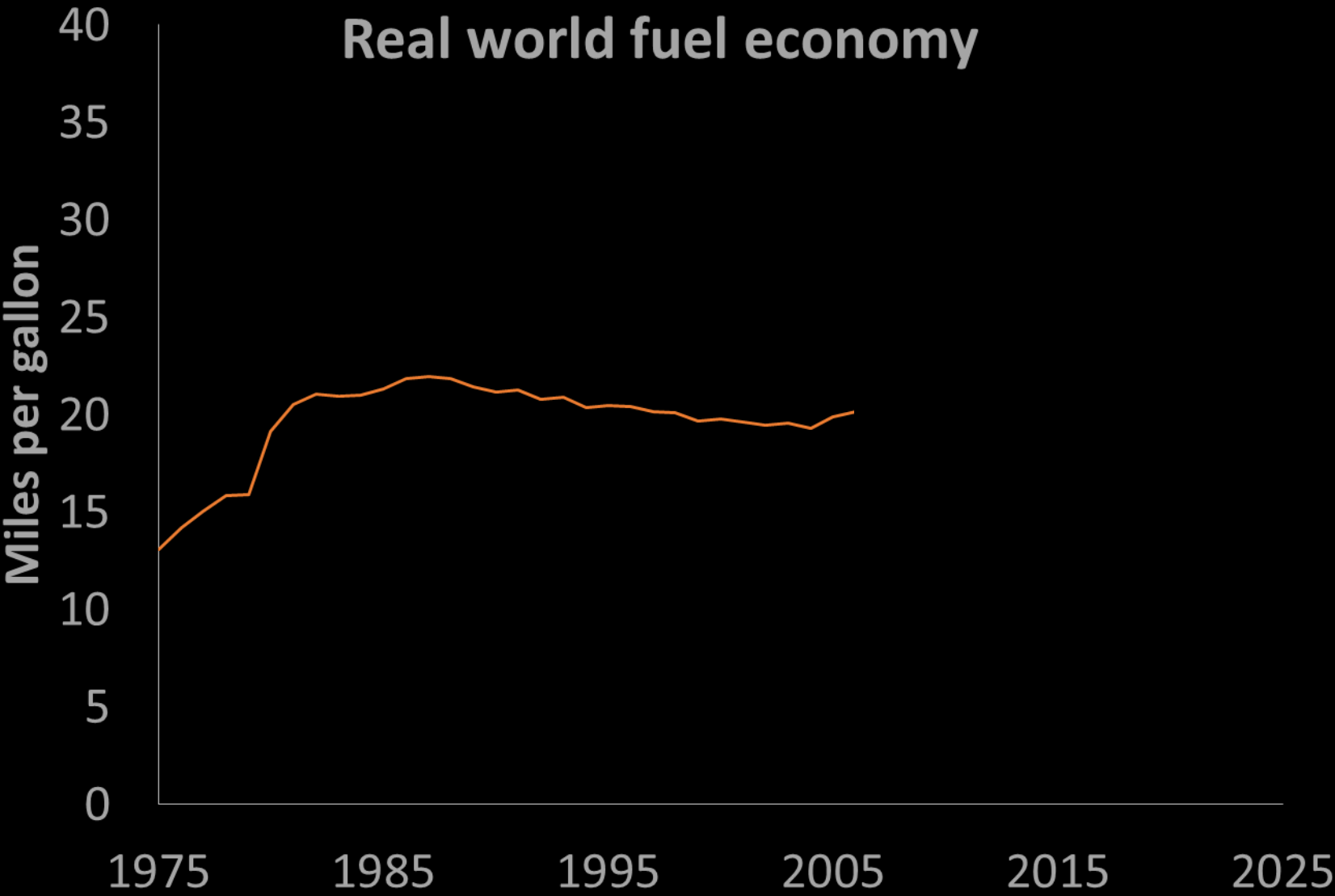
Latino  **Decisions**
Everything Latino Politics



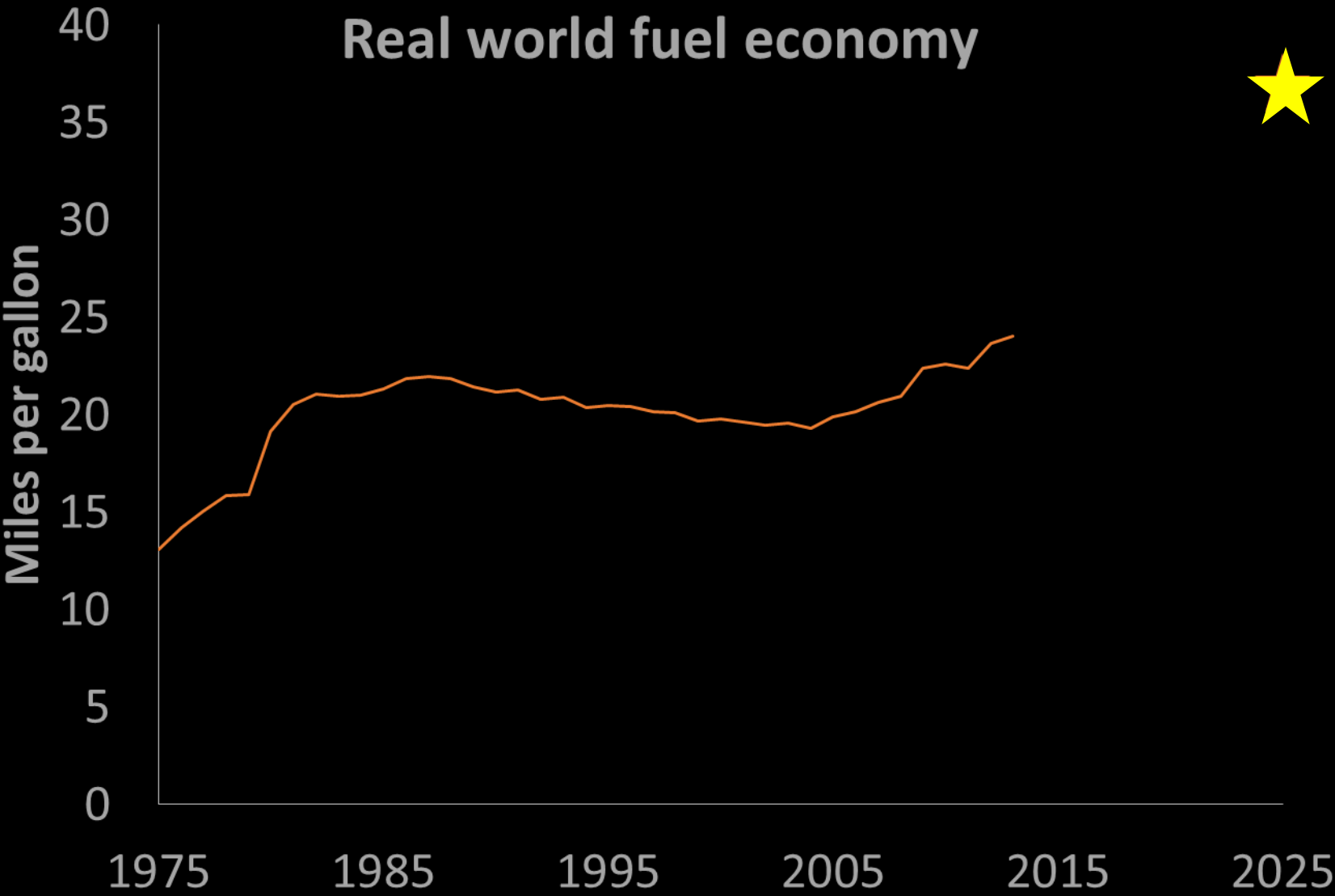
Real world fuel economy




Real world fuel economy



Real world fuel economy



Reaching the 54.5 mpg goal will:

- 
- Cut oil use > **3 million barrels** per day
 - Avoid the global warming pollution equivalent of **shutting down 140 coal-fired power plants** for an entire year
 - Save consumers **\$140 billion** in 2030

2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025

June 2016

April 2018

Final Rule
2017 - 2025
Standards

Draft TAR
for public comment

Final Determination

Proposed Determination / NPRM
for public comment





0%
AND
BONUS CASH

BUICK
PONTIAC
GMC
Cadillac
ETTLESON

Certified
USED VEHICLES

BUICK

BUICK
PONTIAC
GMC
Cadillac
ETTLESON

William & Sons
Village of Hodgkins



City
stay
CITY
stay

'LATINOS ARE THE FUTURE'

Sales to Hispanics outpacing the market

Latinos have their own style of shopping, media habits, vehicle preferences

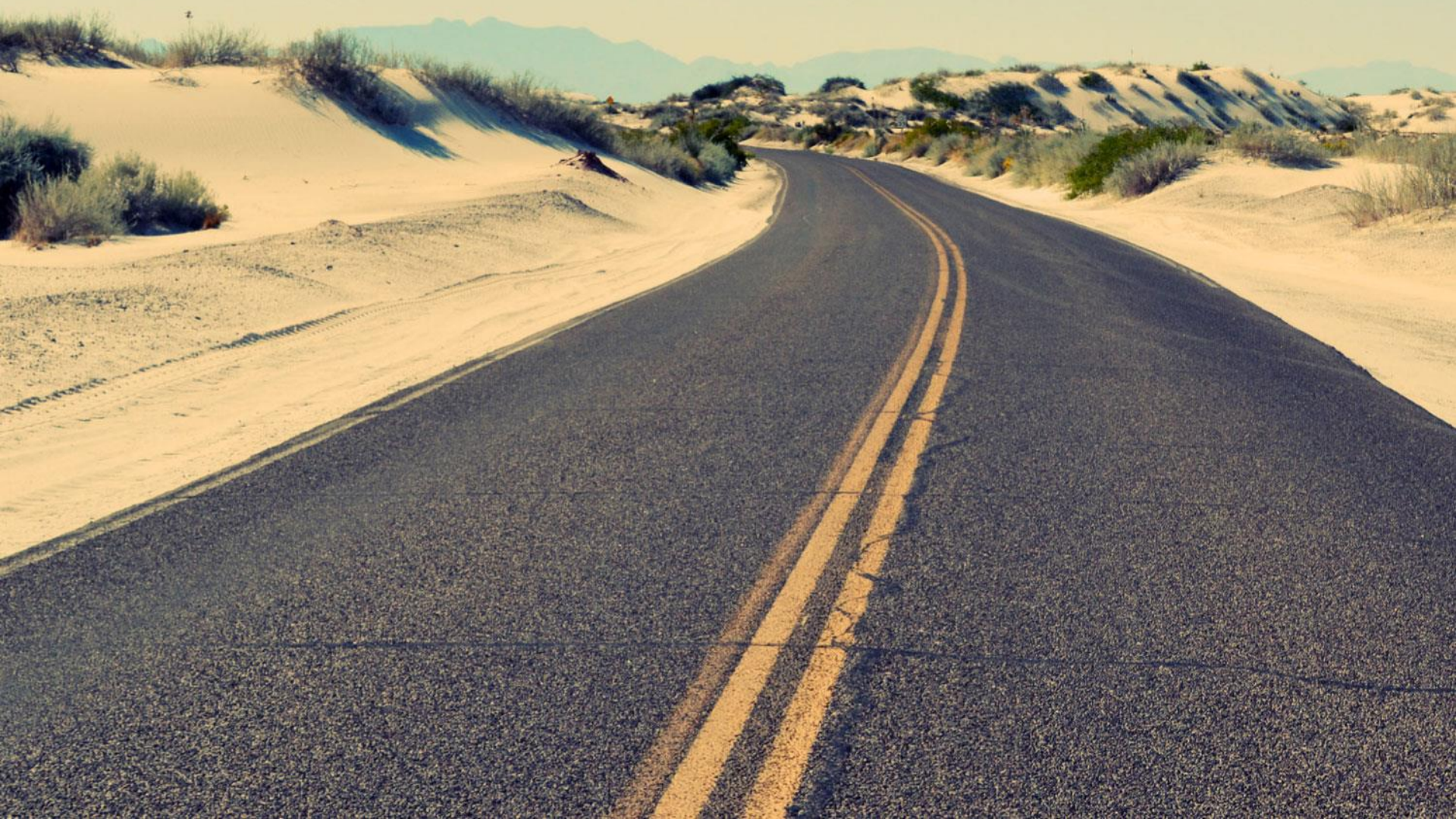


Nissan's Fred Diaz: Hispanics are "going to become a bigger focus."

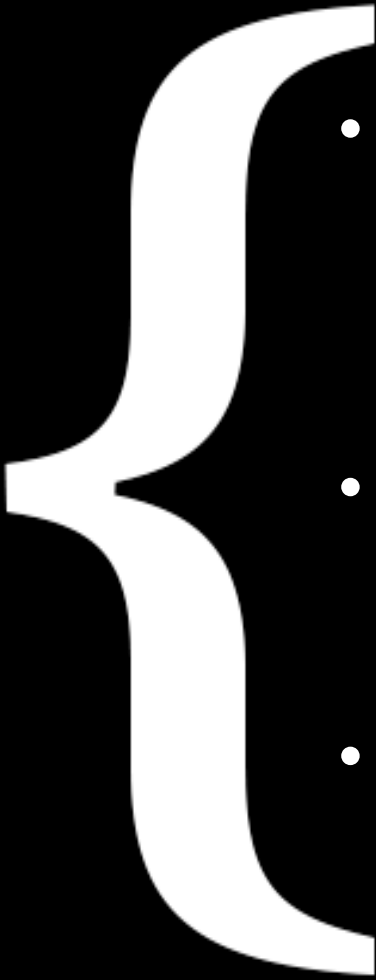
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Growing Market of Latino Car Buyers

- 
- Total industry retail sales increased 5.9% last year, but retail sales to **Hispanic consumers rose 15%**
 - Vehicles are the **second-largest** purchase that a Latino family makes
 - Long **history of auto lending discrimination** against minority borrowers

Dodd-Frank Wall Street Reform:
Auto dealers lobbied hard and were exempted

Legislative rollbacks to CFPB authority:
- 2015: H.R. 1747
- 2016: S. 2663

2010

2013-15

2015-16

CFPB guidance on the application of ECOA and various lender settlements for violations



cfpb

Consumer Financial
Protection Bureau

LATINO CAR-BUYING PRIORITIES AND EXPERIENCES

A Joint Project of the Union of Concerned Scientists and the National Council for La Raza

Gary Segura, Principal and Co-Founder
Latino Decisions

Overview

- Focus Groups of Latino adults who purchased a car from a dealer in the last five years;
- Los Angeles and Miami
- 90 minute sessions
- 24 individual participants across the two groups
- Three foci:
 - 1) factors considered and determining purchase choices,
 - 2) experience with sales and financing during the buying process, and
 - 3) response to messaging aimed at giving fuel efficiency greater salience in their decision-making process.

Participant Demographics

- 75% bilingual,
17% Spanish dominant,
8% English
(Info source)
- 63% Foreign Born
- 50% Under 39
- 58% Income below \$79k
- 54% Female
- 58% Homeowners
- 46% College educated
- 58% Married
- 54% Dem,
21% Rep

Cars—A Way of Life in America

- Cars are the central element of American transportation;
- In many locales, public transportation alternatives either do not exist or are challenged in providing reasonable service:
 - ▣ Said one of our informants...

I tried this Sunday actually, to ride the metro with my family. It's expensive. We ended up walking back home and taking the car instead.

Anxiety over Purchase and Finance

- Buying a car produces considerable anxiety. Said one subject:

I was kind of overwhelmed at first. Excited because we're gonna get a new car. And at the same time scared 'cause it's a five year finance, another debt.

- Subjects did NOT want to get taken advantage of...

I felt the pressure that I have to go and fight with the salespeople to get the best possible price.

Pressure Tactics and Consequences

- Subjects report being pressured:

I went with another person. The first person was too aggressive, and I don't like that.

- For some, excitement thwarted judgment:

I was there for an oil change. There was, there was no big reason as to why (I bought it). It was just, once I got into seeing the car, I liked it.

Unnecessary Add-ons

- Many respondents purchased products and add-ons often seen as either unnecessary or bad deals;
- Included extended warranties, credit life insurance, gap insurance;
- Add-ons add confusion—Several of the same subjects who researched automobiles and finance options could *not remember* if they had bought some of these insurance add-ons:
 - ▣ Some add-ons appear incorporated into financing agreements, or financing made contingent on “upgrades.”

Fuel Efficiency in Car Buying Choice

- People like fuel efficiency, primarily for cost concerns;
- ***“I wasn’t thinking about the environment. Gas was ridiculous at that time, so we were just thinking of the expense.”***
- Given the chance to think about it more, subjects felt good about themselves and were more engaged in conversation about additional ways their car purchases could be more environmentally friendly;
- ***“We live in L.A., smog is ridiculous, it’s bad. So the more you get to that point, where the environment is not taking such a big toll, I’m totally for it.”***

Obstacles to Hybrids/Electrics

- Traditions of DIY in auto-maintenance among working-class consumers an obstacle to technologically complex cars;
- ***“I don’t like the hybrids. Because I like to fix my own cars, and the hybrids – there are two technologies that can break instead of one.”***
- Hybrid/Electric seen as more expensive to maintain;
- ***If...your hybrid breaks down, it’s more money. There are fewer manufacturers, fewer cars, fewer after-market mods. Everything has to be done by the dealer, and everything a dealer does is super-expensive.***

But Efficiency Still Mattered in the End

- Despite lower gasoline prices, subjects still think that fuel efficiency will matter to their bottom line:

The price of gas has gone down, but the consumption itself (is important) because it's directly proportional to your wallet. It comes straight out of your wallet!

- And many viewed gas prices as cyclical, expecting they will rise in due time.

Environmental Concerns

- Younger participants and more recent immigrants expressed stronger environmental views – generally speaking.
 - ▣ Some older participants talked about their young-adult children encouraging them to think about pollution and footprint issues.
- Several foreign born participants said they expect better (low) emissions standards because they come from places where the air/water and conditions are terrible.

Encouraging Levels of Awareness and Concern



- Respondents offered lots of knowledge on climate change and environmental challenges around the world;
- On average, our subjects
 - ▣ Were concerned about environmental degradation;
 - ▣ Were convinced of the human cause of climate change;
 - ▣ Could offer specific examples of pollution and other problems with which they were familiar.

Skepticism on Messaging

- Some skepticism on efforts to persuade them to purchase cars with lower environmental impact;
- Combining efficiency with environmental protection is persuasive.
- National Security focused messaging was a “no sell;”
- Subjects less willing to see “their car” as a problem in the context of industry and other emission sources.

Environmental Effects of Cars Seen in the Context of Other Big Polluters

- Incentive to curb your car's emissions lower when other culprits at work;
- Subjects raised the ideas that large companies...
 - ▣ Have an over-sized influence on laws that regulate their own industry, and
 - ▣ A disproportionately large, negative impact on the environment.

We know that not only cars have a negative impact on the environment, it's also the industry. There's a very high percentage of companies and industries that also have harmful emissions for the environment, everybody knows that.