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TrueCar Survey Reveals Consumer Misperceptions About Auto Dealer Profits

Car Buyers Believe Auto Dealers Make About 5 Times More than the Actual Average Reported Profit Per New Car Sold

SANTA MONICA, Calif., June 23, 2014 /PRNewswire/ -- Consumers believe car dealers make about five times more profit on the sale of a new car than they actually do based on a survey commissioned by [TrueCar, Inc.](#) (NASDAQ: [TRUE](#)), the negotiation-free car buying and selling platform. The company today announced the results of its first annual *TrueCar Buyer Study*, which highlights the "trust gap" between consumers and dealers. While buyers fear they will overpay on their new car purchases and believe dealers make about 20% profit on the sale of a \$30,000 new car, in reality, auto dealer new car profit margins are shrinking, down from 5.5% in 2003 to 3.8% in 2013, according to the National Automobile Dealers Association.



TrueCar's survey also showed that consumers believe that a "fair" profit margin on a new car sale would range from 10-12%. In addition, if told that dealers theoretically made 0% profit on new car transactions, consumers surveyed responded that they would be willing to "tip" them 8% on a sale.

"The TrueCar Buyer Study results show that fear and mistrust have a cost in the car buying process," says Scott Painter, [TrueCar](#) founder and CEO. "If consumers believed that they were getting information that they could trust as part of a more transparent process, they would be willing to pay dealers more. These survey results are consistent with the idea that increased transparency in the car buying process can result in higher margins for dealers and greater consumer satisfaction. With upfront and transparent information, everyone wins."

The TrueCar Buyer Study was conducted in February 2014 and surveyed more than 3,000 consumers across the U.S. The objective of the survey was to identify consumers' perspectives regarding perceived profits made by car dealers with questions aimed at determining what consumers believe a fair profit would be. The survey showed that roughly 26% of car buyers feel that they overpaid for their purchase and that 32% of car buyers stated that they would not return to the same dealership due to low customer satisfaction with the purchase process. The survey was executed by Strategic Vision.

"This survey is further validation of something we hold dear at TrueCar—that providing price confidence to buyer and sellers will bridge the trust gap in the car-buying process," says John Krafcik, TrueCar President. "That's what TrueCar is all about—we enable a delightful, negotiation-free car buying experience for car buyers and auto retailers."

TrueCar's mission is to make car buying simple, fair and fun. TrueCar's national network of more than 8,000 TrueCar Certified Dealers is committed to providing negotiation-free savings off MSRP for all car-buyers (where available), including some of the country's largest membership and service organizations, including AARP, American Express, AAA, and USAA. Note: Not all program features are available in all states.

For more information about TrueCar, please visit www.truecar.com, follow [@TrueCar](#) on Twitter, or become a fan of TrueCar on [Facebook](#).

ABOUT TRUECAR:

TrueCar, Inc. (NASDAQ: TRUE) is the negotiation-free car buying and selling platform. TrueCar enables a negotiation-free car buying experience by giving buyers transparent insight into what others actually paid (price confidence), upfront pricing information (price discovery), and access to a network of trusted TrueCar Certified Dealers who provide guaranteed savings

certificates and seamlessly complete the car purchase. The reality is that buying a car is painful and buyers fear they are going to overpay or be surprised with hidden fees. TrueCar's transparent upfront pricing information makes the car buying process simple so there are no surprises and buyers never overpay. TrueCar's mission is to make car buying simple, fair and fun. Its national network of more than 8,000 TrueCar Certified Dealers is committed to providing negotiation-free savings off MSRP for all car-buyers, including members of some of the country's largest membership and service organizations such as AARP, American Express, AAA, and USAA. Note: Not all program features are available in all states. Go to www.truecar.com for program details. TrueCar is headquartered in Santa Monica, Calif., with offices in Santa Barbara, Calif., San Francisco, Calif., and Austin, Texas.

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