

# Gen Y prefers fair, no-haggle prices

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Automotive News | February 9, 2011 - 12:01 am EST

Dealers can expect to make reasonable profits as Generation Y shifts into car-buying mode.

The reason? This generation shuns negotiation. As long as the price of the vehicle is fair, they won't run down the street for a bargain. And they may shop interest rates online, but they won't play hardball with the finance office.

Those are conclusions from a Northwood University research project on the future of auto financing presented at the American Financial Services Association meeting [here](#).

The next-generation auto finance customer is from Gen Y, people born from 1980 to 2000. They represent 75 million people - a larger demographic than the baby boom. And boomers will likely pay cash for vehicles once they hit retirement.

From childhood, members of Gen Y have been using technology, and as a result, they are convenience-driven. They're impatient to get what they want. And they like an upfront, transparent process that lets them make choices without pressure from a salesperson or finance manager.

Here's how this could affect the way cars are financed:

- Loans online. Gen Y-ers may prefer a direct model where they tap an online lending institution for auto financing. They also want to compare finance terms online.
- 24-hour kiosk. If they finance through a dealer, they might go for a kiosk that allows them to shop for financing themselves at the dealership. They'd like information to be available around the clock.
- Flat fees. Because they seek transparency, they want to know just how much the dealer profits from the financing. A flat fee appeals to this generation.

"They don't think like you do," said Thomas Alexander, an associate professor with Northwood. "You'll need to hire real Gen Y-ers to know how to give this generation what they want when they want it."