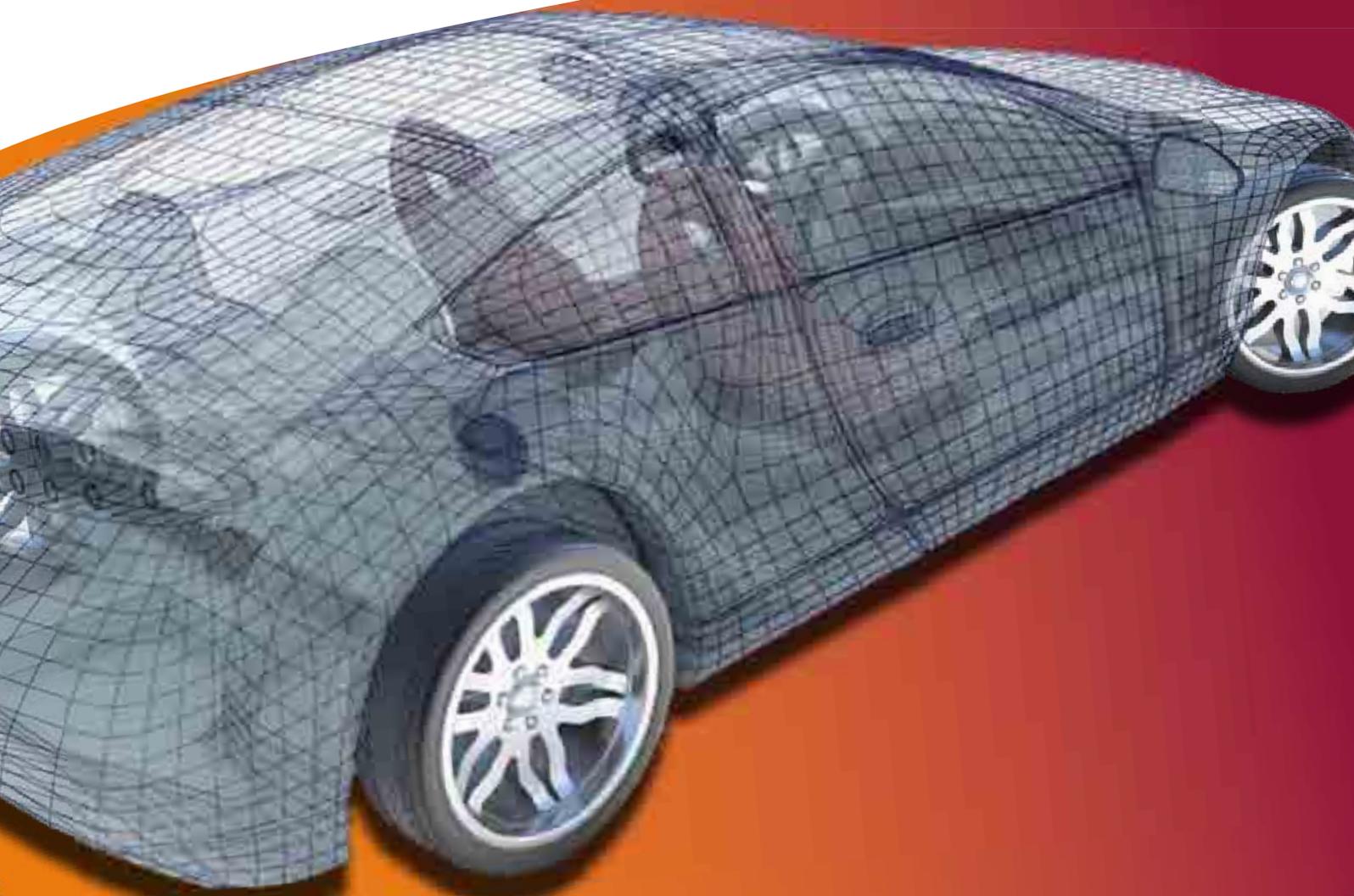


Cars Online 11/12

**Changing Dynamics Drive New Developments in
Technology and Business Models**



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Introduction

“The sellers should not focus only on the technical aspects of the car and the engines; instead they should also be interested in the drivers and their hopes and needs that aren’t just about the mechanical aspects of the car.”

French consumer

Uncertainty and change are among the dominant sentiments characterizing the automotive industry today. Vehicle sales in many markets have fluctuated up and down over the past year, reflecting the unstable economic environment, volatile fuel prices and the residual impact of the earthquake in Japan.

Similar uncertainty is evident in this year’s *Cars Online* study. Positive signs include an increase in the number of new – compared with used – car buyers in mature markets and an increase in overall satisfaction with the vehicle buying process. On the downside, however, brand and dealer loyalty declined slightly and many consumers indicated they were postponing buying a car until the economy shows more signs of stability. Those consumers who are in the market are interested in innovative technology and ownership models, including online buying, alternative-fuel vehicles, smartphone applications and mobility solutions like vehicle sharing.

Understanding these rapidly evolving dynamics is essential to success for automotive companies. *Cars Online 11/12* – Capgemini’s 13th annual global automotive study – provides an in-depth look at these trends. The study offers insight into how consumers in both mature and developing markets shop for vehicles, factors that influence their buying decisions, the growing role of aftersales/servicing and how to

maintain their loyalty through the vehicle lifecycle.

As the vehicle buying process evolves, it is important to recognize that selling vehicles is as much about the car buyers as it is about the cars themselves. Noted one consumer from France: *“The sellers should not focus only on the technical aspects of the car and the engines; instead they should also be interested in the drivers and their hopes and needs that aren’t just about the mechanical aspects of the car.”*

Vehicle buyers lie at the heart of our *Cars Online* research. This year’s report is based on research conducted with more than 8,000 in-market consumers in the mature markets of France, Germany, United Kingdom and the United States, and the developing markets of Brazil, China, India and Russia. The study includes both quantitative and qualitative consumer views on topics ranging from the shrinking vehicle buying cycle and electric vehicles; to mobility programs and expanded use of the web.

We are confident that the findings of *Cars Online 11/12* will provide automotive companies with insights into the changing dynamics of vehicle buying behavior. And we believe those insights can be particularly valuable in helping to guide business decisions in a time of uncertainty and change.



Executive Summary

Capgemini's *Cars Online* research examines key topics impacting the industry, including trends in developing markets, consumer shopping behavior, the role of the web and social media, online buying, green vehicles, customer interaction and aftersales servicing. Understanding the shifting dynamics in these areas can help automotive companies respond faster and more effectively to changing consumer needs and demands.

A number of key findings emerged from this year's study:

1 The use of the Internet during the vehicle buying process and ownership lifecycle continues to expand into new areas. Web usage for researching vehicles edged upwards this year, reaching 94% overall, driven in part by increased use in developing markets. More importantly, use of the Internet has expanded into areas such as: online buying of vehicles, parts and accessories; growing reliance on social media and user-generated content as a source for vehicle and dealer information; and mobile web growth during the buying cycle and post-sale as consumers look for vehicle-related smartphone applications.

2 Social media becomes more influential in vehicle buying decisions. Consumers, particularly in developing markets, are increasingly relying on social media during the research process. Among the tools they turn to are dealer and manufacturer social media sites, automotive blogs and discussion groups, personal social networking sites, social messaging/micro-blogging sites, and video- and photo-sharing sites. The content that consumers find on these sites can be influential in their buying decisions:

71% said they would be likely to purchase a vehicle from a particular car manufacturer or dealer if they found positive comments posted on social media sites; and 51% said they would be less likely to buy a vehicle from a particular manufacturer or dealer if they found negative comments. Both findings point to the increasing importance of managing, monitoring and analyzing social media content.

3 Smartphone applications represent an emerging channel for customer interaction. Consumers indicated strong interest in mobile/smartphone applications for their vehicle, particularly post-sale. Apps considered most useful by consumers include **remote support** features such as remote locking/unlocking of vehicle doors (named by 68% of respondents) and a parked car locator using GPS (64%); **vehicle information** such as a vehicle owner's manual with easy navigation (63%); **driving support** features like vehicle health information/status of vehicle operations (64%) and diagnostic trouble codes (63%); **care information** like service reminders (67%) and manufacturer vehicle notifications (63%); and **communications** such as roadside assistance with an easy-to-navigate single click (67%). Consumers are also interested in using smartphone apps during the **buying cycle** for scheduling a test drive and vehicle configuration.

4 Aftersales servicing is a growing factor in consumers' choice of vehicle and can be a key to vehicle sales. Servicing is taking on a bigger role for many consumers, particularly in developing markets. Aftersales servicing ranked as the fourth most

important factor in selecting a vehicle this year (tied with interior/exterior styling and fuel economy), up from seventh position the prior year. In addition, servicing dealers can influence future buying decisions. More than half of respondents said they were likely to buy their next vehicle from the same dealer they currently use for servicing.

The growing emphasis on servicing is also reflected in the fact that service reminders are cited as the most useful/valuable form of post-sale communication and are among the most useful mobile apps listed by respondents. In fact, the Internet is becoming a more common tool for service support, including appointment scheduling, car replacement booking, work order approval, work order confirmation, post-service surveys and access to a vehicle's history. These developments make it clear that aftersales service needs to be a key part of an automotive company's sales plan.

5 Increasing consumer demand for alternative buying models reflects a growing shift from products to services; from traditional vehicle ownership to "power by the hour." Nearly 40% of respondents would consider a vehicle-sharing or ride-share program as an alternative to traditional buying/leasing of a vehicle, and almost half would look at a mobility package (which offers access to a variety of vehicles, services and accessories that can be used as needed by the consumer for a fixed price and a specified time frame, such as "Mu by Peugeot"). The interest was particularly pronounced among younger consumers and in developing markets. If this trend continues it

could represent a significant shift in the way consumers think about car buying and ownership and lead the industry to consider alternative business models. Recognizing the potential impact of this change, some car rental companies and vehicle manufacturers are testing models such as mobility packages.

6 The demand for new – rather than used – vehicles has edged upward in mature markets. In a positive sign for the industry, a higher number of respondents from the mature countries were in the market for new vehicles this year, especially smaller, more fuel-efficient cars. In all four mature markets (France, Germany, U.S. and U.K.) the number of intended new car buyers increased by several percentage points, while the number of intended used car buyers declined. This may reflect a return on the investments made by manufacturers in new product development, especially around smaller vehicles, alternative fuels, infotainment and communication technology, navigation systems, and safety and quality features.

7 Consumers in developing markets have become more demanding about both the quality and quantity of car dealerships.

As the number of vehicle owners and dealerships increases in markets such as India, China and Brazil, consumers are growing more particular about what they expect from a dealer. They want proximity to their home as they are unwilling to travel very far to buy a car. In China, for example, only 23% of respondents will travel farther than 10 miles to buy a vehicle, compared with 53% of all consumers. In addition, they demand faster, higher-quality responses from dealers and will walk away if their needs are not met.

8 The vehicle buying cycle continues to shrink, especially when it comes to showroom visits.

Increasingly, consumers are waiting until the final weeks before purchase to visit dealerships. Forty-three percent of respondents won't visit a showroom until a month prior to their purchase, compared with 39% the previous year. While this reduces the opportunities to interact with customers face to face, it also

means that those customers who visit the showroom are serious, not just curious. Dealers must capitalize on these visits since one chance may be all they get.

“The way of selling only one brand in one shop will be broken soon and car supermarkets will appear. This way we can compare more vehicles on the spot.”

Chinese consumer

About Capgemini's Cars Online Study

Capgemini worked with SmartRevenue, a Ridgefield, Connecticut-based research firm, to conduct the survey for *Cars Online 11/12*. All analysis and interpretation of the data was made by Capgemini in collaboration with the Car Internet Research Program (CIRP) of the University of Ottawa, Canada. In total, more than 8,000 consumers were surveyed in eight countries: Brazil, China, France, Germany, India, Russia, United Kingdom and the United States. Fieldwork was conducted in June and July 2011.

All consumers surveyed were in the market for a vehicle (25% plan to buy or lease a vehicle within two months; 36% in two to six months; and 39% in seven to 12 months). The composition of the consumer sample in each country was based on projectable national samples representative of the in-market vehicle-buying population in terms of region, age and gender.

Developing Markets: Localization Remains Key to Growth

“Looking ahead five years, all vehicle transactions can be made with the help of mobile or smartphones compared with today.”

Indian consumer

Much attention has been placed on developing markets because they represent a key to current and future growth for the automotive industry. However, significant risk/reward challenges exist in these markets. On the reward side, sales potential is high. On the risk side are logistics, infrastructure and bureaucratic challenges, as well as cultural differences, complex tax structures, and political and regulatory obstacles.

While automotive companies are focused on building their business in the developing markets, consumers point to a potential downside of the rapid growth. Noted a respondent from China: *“Soon it may be more difficult to buy a car because there will be more cars on the road to create heavier traffic problems, so there could be more restrictive policies for purchasing a car.”*

Understanding the dynamics of these markets is essential to success. The *Cars Online* research demonstrates that consumers in developing markets behave quite differently from those in mature markets.

Demanding Consumers Characterize Developing Markets

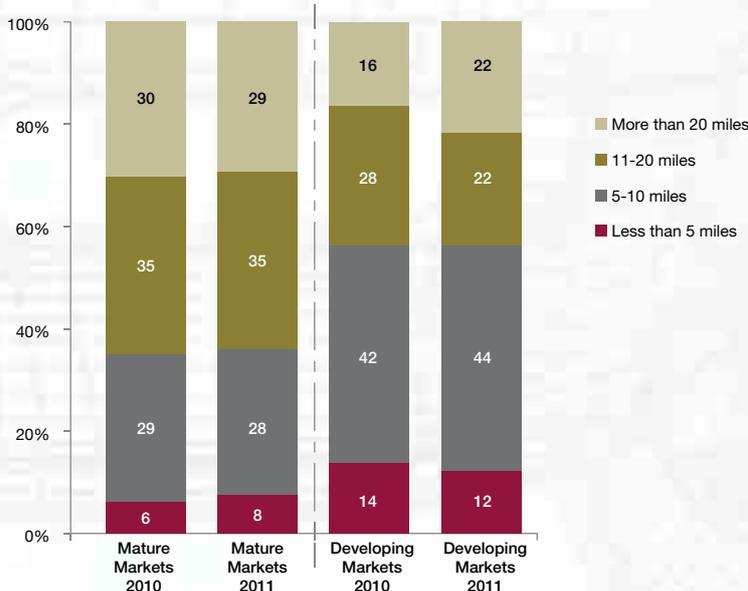
Car buyers in developing markets continue to be more demanding in a number of respects than their counterparts in the mature markets. For example, they are less willing to travel to purchase a vehicle. Only 44% of respondents in developing markets will travel more than 10 miles, compared with 64% of those in mature markets. The difference is even more pronounced in China, where just 23% of consumers will travel more than 10 miles to buy a car.

Consumers in the developing markets also expect especially fast response times to e-mail and website inquiries. Sixty-seven percent of respondents from China expect a response within four hours and 43% would like a response within one hour, compared with the all-market average of 51% and 28%, respectively. Similarly, 61% of consumers in Russia and Brazil expect a response within four hours and about one-third would like a response within one hour.

Said a consumer from India: *“I would like to be able to get an immediate response from a dealer when I make a request for information and other details about vehicles.”*

Consumers in developing markets differ from those in mature markets in a number of additional respects.

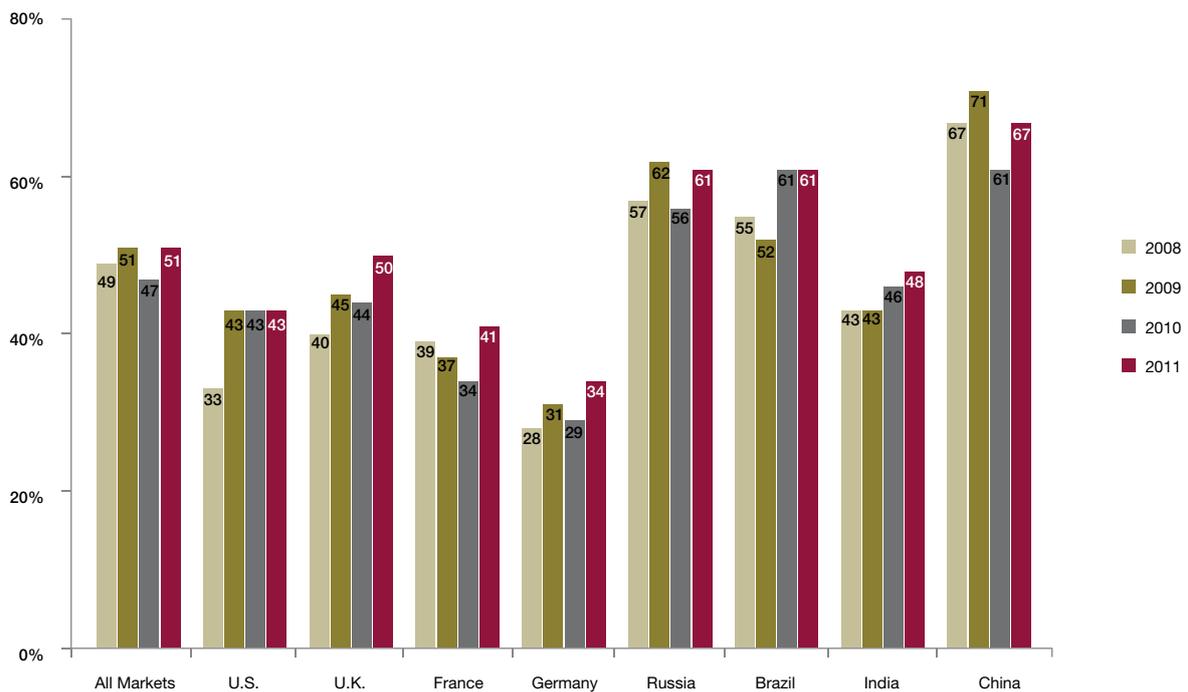
Willingness to Travel to a Dealership (% saying)



Source: Capgemini



Required Speed of Response from Manufacturer/Dealer to Consumer Query – Less than 4 Hours (% saying)



Source: Capgemini

Type of vehicles: New cars remain the dominant choice in most of the developing markets, where the used car business exists only on a small scale (with the exception of Russia). In addition, the distribution of vehicle types spans a narrower spectrum in the developing markets, where fewer classes of vehicles are available. However, this is gradually changing as new models are being introduced in markets such as China and India.

Online buying: Most of the developing markets are particularly interested in purchasing vehicles, parts and accessories online. Brazil in particular stands out, with 67% of respondents saying they would like to buy a vehicle over the Internet.

However, this is trending downward and is likely the residual effect of the tax incentives previously given to Brazilian consumers for buying cars online. In India, consumers can now buy vehicles from the website of their financial services provider. With this model, they may get preferential rates as well as a less cumbersome loan application process as the bank already has the necessary data to process the loan.

New buying approaches: Respondents in the developing markets show greater interest in alternatives to the traditional buying model, including mobility packages, vehicle-sharing and ride-share programs. In China 72%

of respondents said they would consider a vehicle-sharing program; in Brazil the number was 65%; and in India, 52%. In comparison, 37% of consumers overall were interested in vehicle sharing. As with online buying, the traditional approach to buying a car is not entrenched in the developing markets as it is in mature regions and so consumers are more willing to consider alternatives.

Technical features of vehicles: Consumers in developing markets are more interested in the technical aspects of the vehicle such as horsepower, performance and in-car systems. For example, 90% of respondents from Russia and China and 83% of those from India cited

“I want to buy more environmentally friendly, new energy vehicles, such as electric vehicles or other clean energy vehicles. But I hope to be able to learn and know more so I have all the relevant information for a purchase.”

Chinese consumer

this as an important factor in their choice of specific vehicle, compared with 68% in the U.K. and France. Said a respondent from India: *“The biggest things I look for in a car more and more are new technology features like GPS navigation systems, rear images for backing up and automatic sensing of potential accident situations.”*

Income spent on vehicles:

Consumers in developing markets are likely to spend a higher percentage of their income on vehicles than their counterparts in the mature regions. For example, in China only 22% of respondents will spend less than one-quarter of their annual income to purchase a car; by comparison, 41% of U.S. consumers will spend that amount. This is perhaps not surprising as cars are relatively more expensive and incomes are typically lower in the developing markets.

Localization Is Key to Success

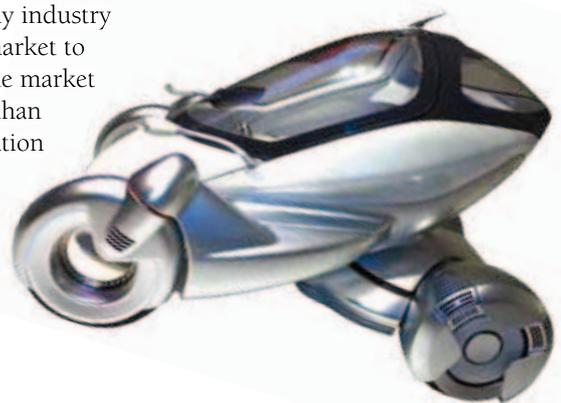
While certain trends are common across the developing markets, variances exist among the different countries. Local insight is particularly important in the developing markets as conditions often evolve rapidly.

Take China and India, where a number of factors differentiate the two markets. For example, while vehicle sales in China have exploded in recent years, the growth in India has been steadier with many industry observers waiting for the market to take off. And China’s vehicle market is still much larger overall than India’s although the population of the two countries is similar in size. Some point to the differences in infrastructure as a

key driver for vehicle sales, with China having a more developed road network than India. On the other hand, India’s political environment and its positive view of foreign investment are factors that bode well for the country’s future automotive markets.

Differences are also apparent in consumer behavior. Indian consumers are more likely than those in China to purchase a smaller, lower-cost car, while Chinese consumers are more interested than their Indian counterparts in alternative buying approaches like vehicle sharing.

In many respects, Russia continues to resemble the mature markets more than the other developing countries. For example, Russian consumers are more likely to buy a used car than those in other developing markets and are somewhat less interested in online buying of vehicles, parts and accessories.



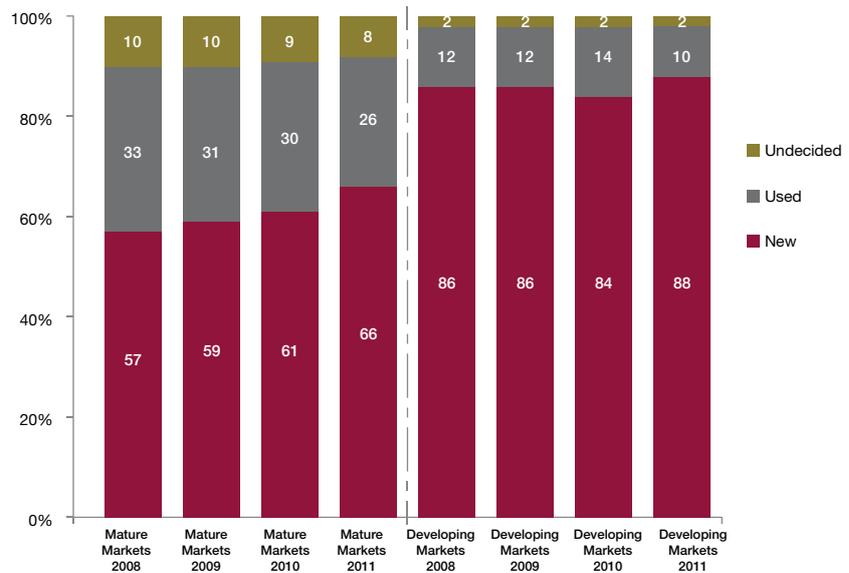
Shopping Behavior: ‘No More Tire Kickers’

One of the positive signs from this year’s study is an increase in the number of consumers planning to buy a new – rather than used – vehicle, especially in the mature markets. In all four mature markets (France, Germany, U.S. and U.K.) the number of intended new car buyers increased by several percentage points, while the number of intended used car buyers declined. This may represent a response to the many new vehicle models and quality improvements made by manufacturers.

Not surprisingly, the overall number of new car buyers remains higher in the developing markets due to the fact that the used car market is relatively undeveloped in these regions where many consumers are first-time buyers.

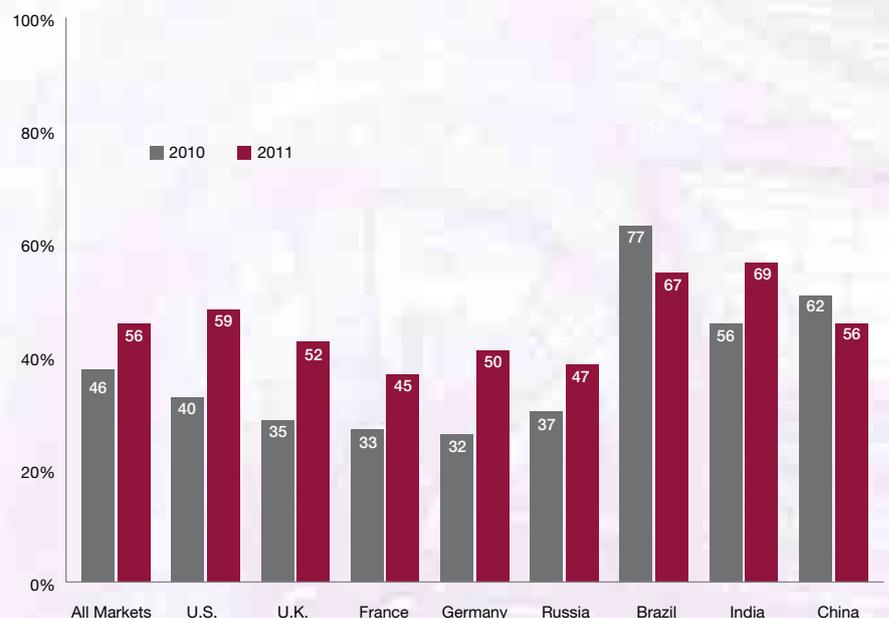
This year’s findings indicate a move toward smaller cars, with consumers citing cost, fuel efficiency and environmental concerns as the key factors. In fact, consumers across most of the markets reported a greater likelihood to buy smaller cars this year, perhaps reflecting the uncertain economic situation and volatile fuel prices, as well as the introduction of new models. In the U.S., for example, 59% of respondents said they were likely or very likely to buy/lease a smaller car, up from 40% the prior year. Similarly, 52% of consumers in the U.K. said they were likely to buy a smaller vehicle, compared with 35% the previous year. Overall, consumers in Brazil and India were the most likely to buy smaller cars. In India the deregulation of fuel prices and the subsequent sharp rise in the price of gasoline in the past year are driving consumers to smaller vehicles.

Intention to Acquire New vs. Used Vehicle (% saying)



Source: Capgemini

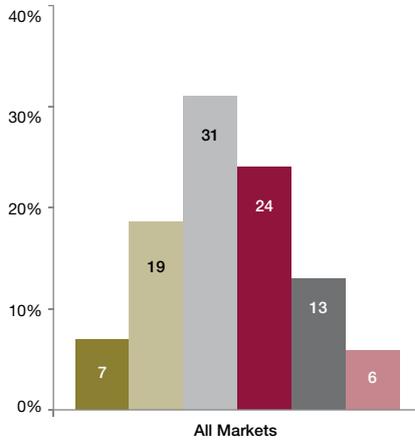
Likelihood to Purchase Smaller/Lower-Cost Car (% saying likely/very likely)



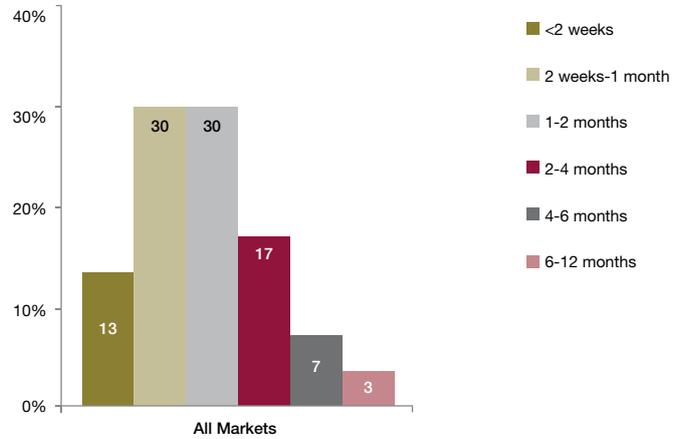
Source: Capgemini

Vehicle Buying Cycle Continues to Shrink (% saying)

How long before your planned vehicle purchase/lease did/will you begin to research vehicles?



How long before your planned vehicle purchase/lease did/will you visit a dealership showroom?



Source: Capgemini

“There is a trend towards minimization of personal interactions with dealers during the process of buying cars. I think this trend will become more prominent.”

Russian consumer

Buying Cycle: ‘Tire Kicking Is Being Done Online’

Regardless of their intentions to buy new or used cars, consumers spend less time shopping for vehicles today. In particular, consumers are waiting until the final weeks before purchase to visit dealerships. Forty-three percent of respondents won't visit a showroom until a month prior to purchase, compared with 39% the previous year. The bad news is that this reduces the opportunities to interact with customers face to face. The good news is that those who visit the showroom are serious, not just curious. “I expect to have my mind pretty much made up by the time I go to a dealership for a test drive,” said a consumer from the U.S.

As the buying cycle continues to shrink, dealers must take advantage of every face-to-face interaction since one chance may be all they get. As one industry observer noted, “Today there are no more tire kickers. All the tire kicking is being done online, not in the dealer lot.”

The research makes it clear that two weeks from purchase is a critical tipping point, as this is when many buyers narrow down their search to one final make and model. Within two weeks of purchase, 32% of

respondents had decided on one vehicle make, compared with about 10% in the earlier stages of the buying cycle.

Evidence of the shrinking buying cycle can also be found in the results focused around the type of channel/device that consumers use at different points in the research process. Dealer visits to the showroom are low until the final weeks before purchase. For example, at six to 12 months from purchase, only 15% of consumers said the dealership is their preferred channel for gathering information. Within two weeks of purchase, that number grows to 58% of consumers.

Consumers Use Wide Range of Devices for Research

The rise of tablets and smartphones for information gathering was evident this year in both the quantitative and qualitative data. “I'd like to buy a car using my tablet and be able to see models with all the specifications I want,” said a Brazilian respondent.

Use of tablets and smartphones was highest between one and four months before purchase: About 20% of respondents said their mobile/smartphone was their preferred channel for gathering information during this period; 15% of consumers



preferred their tablet computer during this phase of the buying process. When researching, consumers were interested in smartphone applications such as scheduling a test drive, configuring a vehicle and visiting a virtual vehicle showroom.

“I think in a few years most things will be done using smartphones and buying a car will probably be as simple as looking for a car on your mobile phone, then going to the dealer to look at it and completing the transaction (paying for it) using your phone,” said a U.K. consumer.

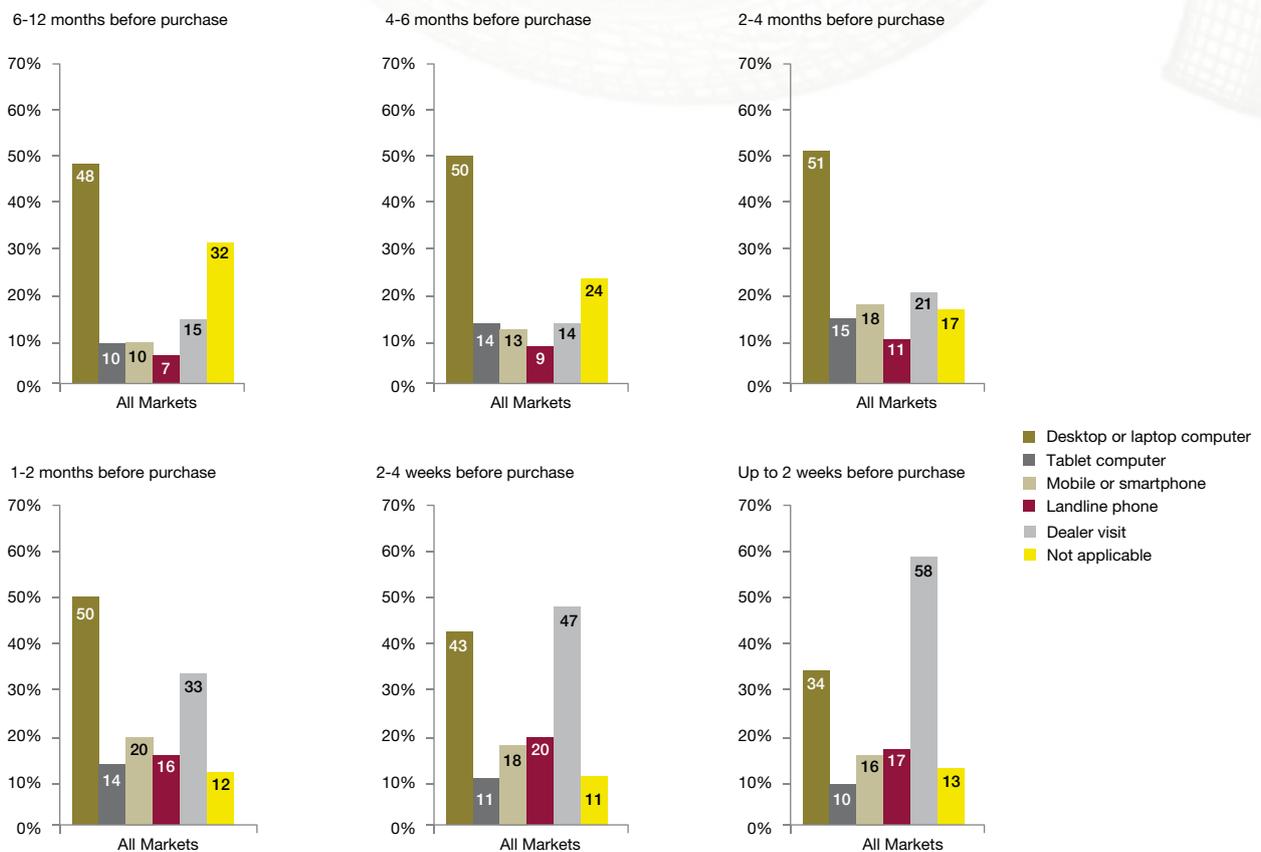
As with many of the research findings, the devil is in the details, with noticeable variances by market that need to be considered. For example:

- Preference for mobile or smartphone is higher than average in **China** and **India** during the full buying cycle.

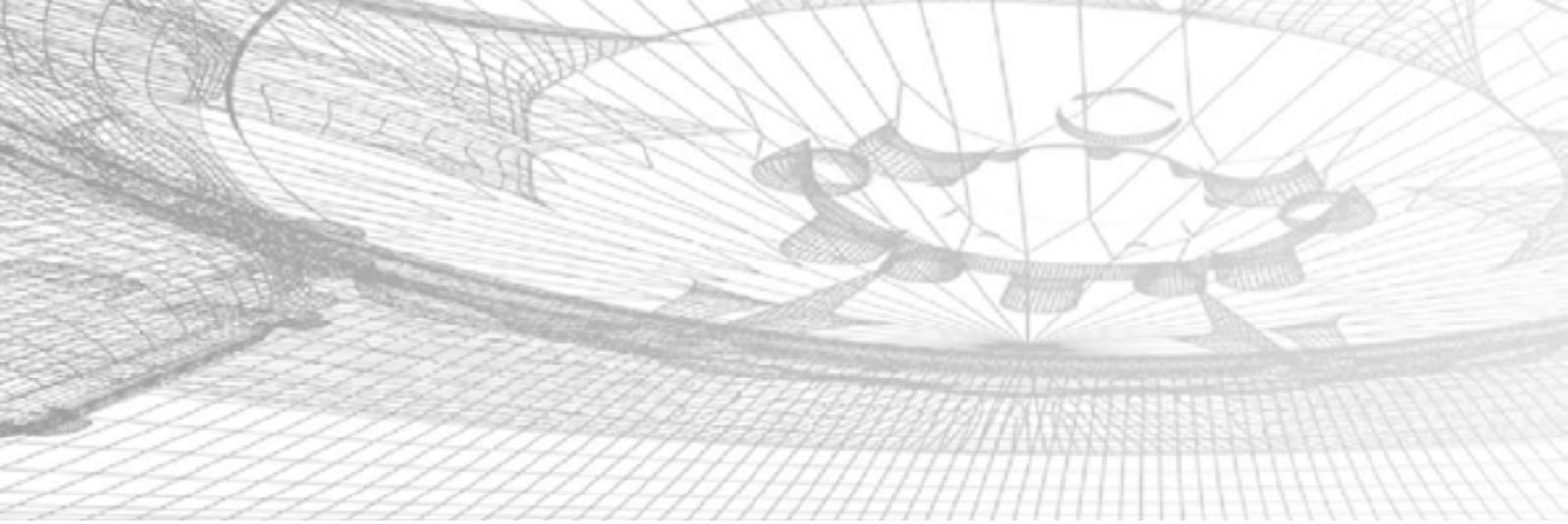
- In the **U.S.** consumers are particularly likely to prefer the dealership for gathering information in the last two weeks.
- **Brazilian** respondents indicate more even distribution across the different research channels, compared with other markets.
- In **Russia** consumers report higher-than-average use of desktops and laptops all the way through the research, shopping and buying process.
- In **France**, consumers were somewhat more likely than their counterparts to visit the dealer earlier in the buying cycle.

Once consumers enter the showroom, they are interested in finding a variety of additional services, especially vehicle accessories for sale (cited by 51% of respondents), car care tips

Preferred Research Device/Method (% saying)



Source: Capgemini



Use of Information Sources to Research Vehicles (% saying)

Information Source	All Markets	U.S.	U.K.	France	Germany	Russia	Brazil	India	China
Car dealer (both new and used cars)	49	52	58	56	58	52	25	51	33
Vehicle manufacturer websites	44	51	48	37	47	55	26	44	41
Search engine	43	42	49	36	40	59	20	45	43
Dealer websites	42	49	53	36	44	53	24	38	37
Family and friends	40	30	40	28	36	51	27	50	46
Information websites/independent car valuation services	30	40	31	23	36	40	19	33	34
Specialist motoring/automotive press	30	17	28	31	34	50	17	22	43
Auto shows	27	14	13	22	22	39	24	38	46
TV advertising	27	24	21	20	16	28	27	44	30
Internet news sites	26	19	21	21	15	33	25	40	32
Web forums, blogs, Internet discussion groups	25	18	17	18	20	47	16	22	43
Independent e-tailer sites	25	16	17	21	43	40	16	13	33
Car dealer (used cars only)	22	22	29	22	28	22	14	22	13
Print advertising	20	23	17	14	13	30	18	27	15
Manufacturer/dealer social media site	19	14	16	16	7	26	15	28	32

■ Top information sources

Multiple responses allowed
Source: Capgemini

(50%), newspapers/magazines (37%) and an Internet café or wireless access (36%). Of less interest are: having a children's play area, TV/movies available for viewing, food for sale or music listening stations. The pattern was quite similar across all markets.

Web is Key Source for Vehicle Information

During the research process consumers turn to a wide array of information sources, but increasingly web-based sources dominate. This year saw a rise in the number of respondents saying they use dealer websites during the buying process, perhaps reflecting the growing

sophistication and increasing options available on dealer sites. In addition, dealer social media sites often drive traffic to their corresponding websites. The use of search engines, and web forums, blogs and discussion groups also rose this year.

Among non-web-based sources, TV advertising posted gains in the developing markets, particularly India (cited by 44% of consumers, compared with the average of 27%) and China (30%). This finding indicates that building brand awareness via TV remains vitally important in newer automotive markets. In contrast, only 21% of

consumers in the mature markets use TV advertising when they research vehicles.

Interest Grows in Alternative Buying Models

In a continuation of a trend identified last year, consumers express a growing willingness to consider new, non-traditional approaches to vehicle buying and ownership. Almost half of respondents would look at a mobility package as an alternative to traditional buying/leasing of a vehicle and nearly 40% would consider a vehicle-sharing or ride-share program. A mobility package typically provides access to a wide range of vehicles, services



and accessories that can be used as needed by the consumer for a fixed price and a specified time frame. This developing trend may reflect a gradual shift from products to services; from traditional vehicle ownership to “power by the hour.”

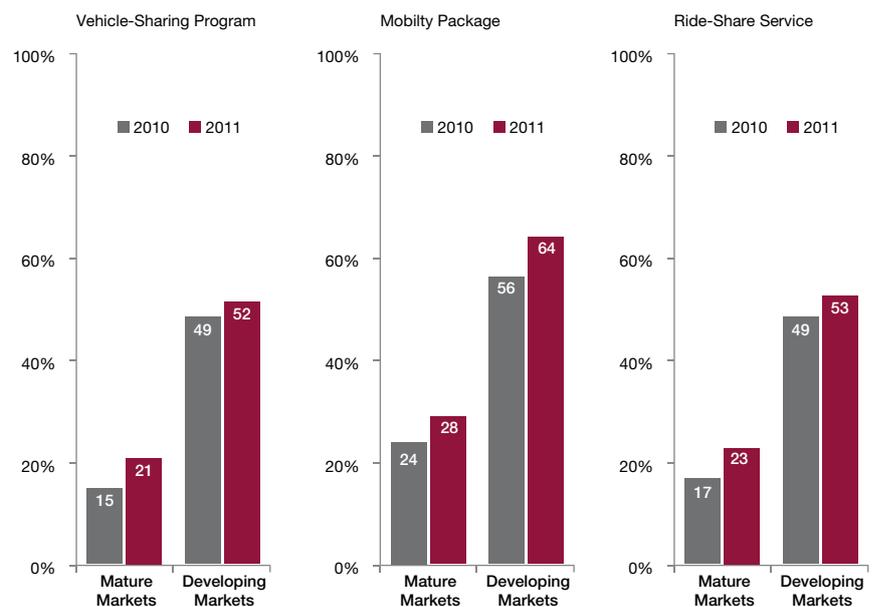
“I think that the future will be short-term hire of a vehicle,” said a U.K. consumer. *“It is simply going to become far too impractical to own a vehicle.”*

A respondent from Germany agreed, expressing a growing sentiment among consumers: *“I would like to pay a certain amount to a manufacturer, and use a car from them for a certain period of time and then return it to any of their dealers – car-sharing, so to speak.”*

The interest in new buying models was particularly pronounced in developing markets (excluding Russia) and among younger consumers. Half of respondents age 18 to 34 would consider a mobility package, compared with 34% of consumers 50 or older; 42% of younger consumers were interested in vehicle sharing, compared with 26% of those 50 or over; and 44% of younger consumers would consider ride-share programs, as compared to 27% of older respondents.

If this trend continues it could lead the industry to consider alternative business models. Recognizing the potential impact of this change, some car rental companies and vehicle manufacturers are testing models like mobility solutions and vehicle sharing. Peugeot, for instance, launched its “Mu by Peugeot,” which allows consumers to rent a vehicle, scooter, bike or accessory whenever they want

Likelihood to Consider Alternative Buying Approaches (% saying likely/very likely)



Source: Capgemini

and depending on their needs at that time. Participants open an account online and get credits that are debited from the account when they rent a vehicle.

In addition, vehicle manufacturers including Ford, Daimler, VW and BMW are involved in vehicle-sharing services. And the Hertz On Demand program enables consumers to rent a vehicle when they need it, without membership fees.

Vehicle Choices: What Matters Most

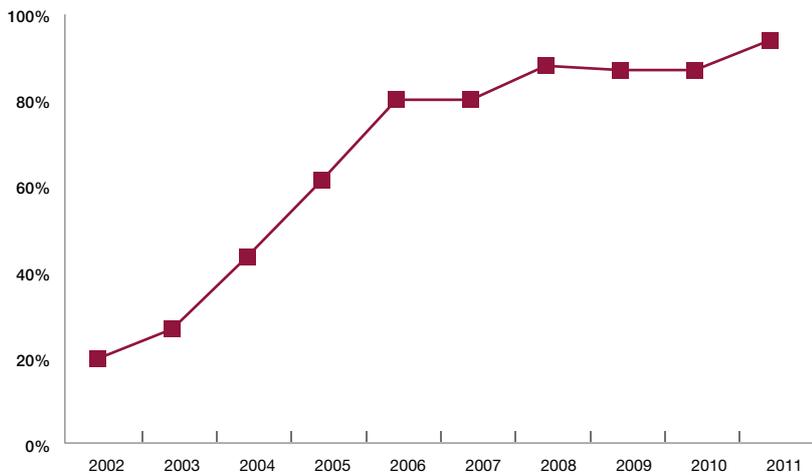
When consumers finish their shopping and decide to buy, the key factors that influence their final decision come down to the intrinsic elements of the vehicle and which have been consistent for many years:

safety, reliability, price and interior/exterior styling. This year was no exception. As in the past, all the elements tend to matter somewhat more in the developing markets than in the mature regions, no doubt due to the inexperience of buyers in those developing regions.

Aftersales servicing has gained ground in the past year. Aftersales was ranked the fourth most important factor in selecting a vehicle this year (tied with interior/exterior styling and fuel economy), up from seventh position the prior year.

The Role of the Web: Internet Usage Expands Into New Areas

Internet is Dominant Research Tool (% of consumers saying they use the Internet as an information source during the vehicle buying process)



Source: Capgemini

Just when we thought the use of the web during the vehicle buying process had hit a saturation point, it grows a bit more. One of the most pronounced trends in car buying behavior over the past decade has been the increased dependency on the Internet during the research process. This year the number of consumers using the web edged upwards to 94% overall.

The increased role of the web was driven in part by gains in the developing markets. More importantly, the use of the Internet has expanded into areas such as: online buying of vehicles, parts and accessories; growing reliance on social media and user-generated content as a source for vehicle and dealer



information; and mobile web growth during the buying cycle and post-sale as consumers look for vehicle-related smartphone applications.

What Consumers Want From the Web

Price and product information continue to be the primary web features consumers look for when they research vehicles. Additional options high on the list include the ability to compare vehicles and the ability to get guidance and advice over the web.

Some consumers said they would like to get further price-related information such as usage costs during ownership. Noted a French respondent: *“You are given lots of information on the web about the car and the purchase price when you buy it, but what about the real costs to drive the car over a year according to various usage models?”*

Influence of Social Media Grows

Consumers are increasingly expanding their web usage during the research process to include social media, particularly in developing markets. Among the tools consumers turn to are dealer and manufacturer social media sites, automotive blogs and discussion groups, informational/encyclopedia sites, personal and professional social networking sites, video- and photo-sharing sites and social messaging/micro-blogging sites.

China reports especially high use across most types of social media sites. This likely reflects overall gains in Internet penetration in the country, as well as growing interest in sites such as Weibo, a China-based micro-

blogging site that claims to have 140 million users.

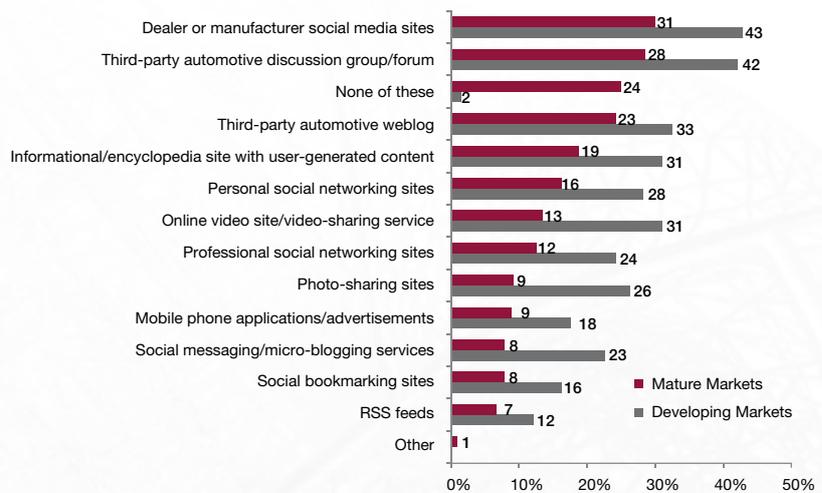
Consumers are turning to social media for opinions and reviews about specific car brands/makes and dealers, discussions with other consumers, special deals or offers, discussions with automotive experts, helpful hints about vehicles and news about new vehicles. The content that consumers find on these sites can be influential in their buying decisions: 71% said they would likely purchase a vehicle from a particular car manufacturer or dealer if they found positive comments posted about that vehicle make/brand, manufacturer or dealer; and 51% said they would be less likely to buy a vehicle from a particular manufacturer or dealer if they found negative comments posted on social media sites. Both findings highlight the increasing importance of managing, monitoring (by vehicle brands/ models, themes, positive/negative sentiment, purchase intent, consumer demographics, etc.) and analyzing social media content.

Said a Russian respondent: *“I will not buy a car that is not liked by my friends and relatives and doesn’t have the largest number of positive comments on the Internet.”*

Growing Focus on User-Generated Content

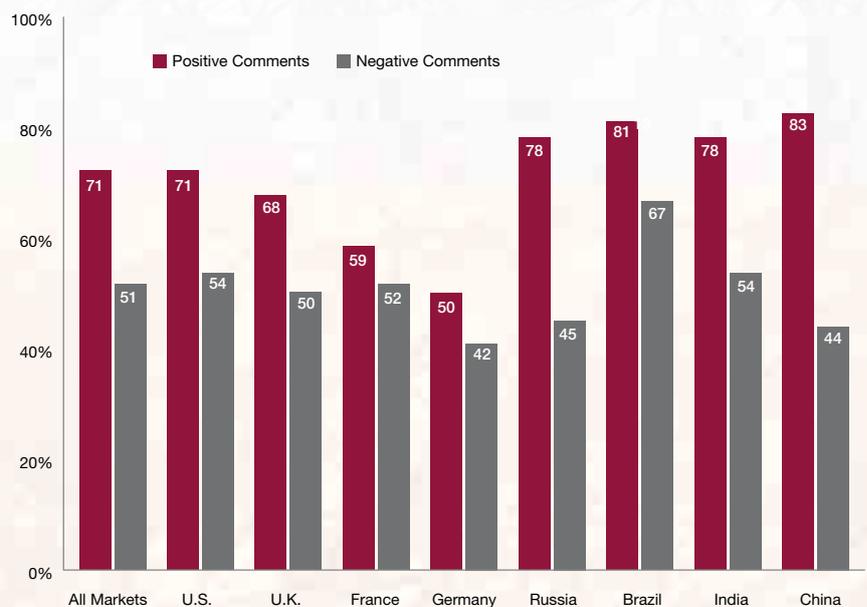
Increasing usage of social media isn’t surprising given the importance consumers place on user-generated content during the vehicle buying process. Nearly three-quarters of respondents say it is important to find user-generated content on dealer and manufacturer websites, up from 65% the prior year. The results were highest

Use of Social Media and Other Online Tools (% saying)



Multiple responses allowed
Source: Capgemini

Influence of Positive and Negative Comments on Buying Decisions (% saying likely/very likely)



Positive comments: *“For those online social media tools that you expect to use when researching your vehicle purchase, how much more likely would you be to purchase a vehicle from a particular car manufacturer or dealer if you found positive comments posted about that vehicle make/brand, manufacturer or dealer?”*
 Negative comments: *“For those online social media tools that you expect to use when researching your vehicle purchase, how much less likely would you be to purchase a vehicle from a particular car manufacturer or dealer if you found negative comments posted about that vehicle make/brand, manufacturer or dealer?”*
 Source: Capgemini



in the developing markets. This seems to point to the importance of including both subjective (consumer reviews and opinions) and objective information (price and product specifications) on websites.

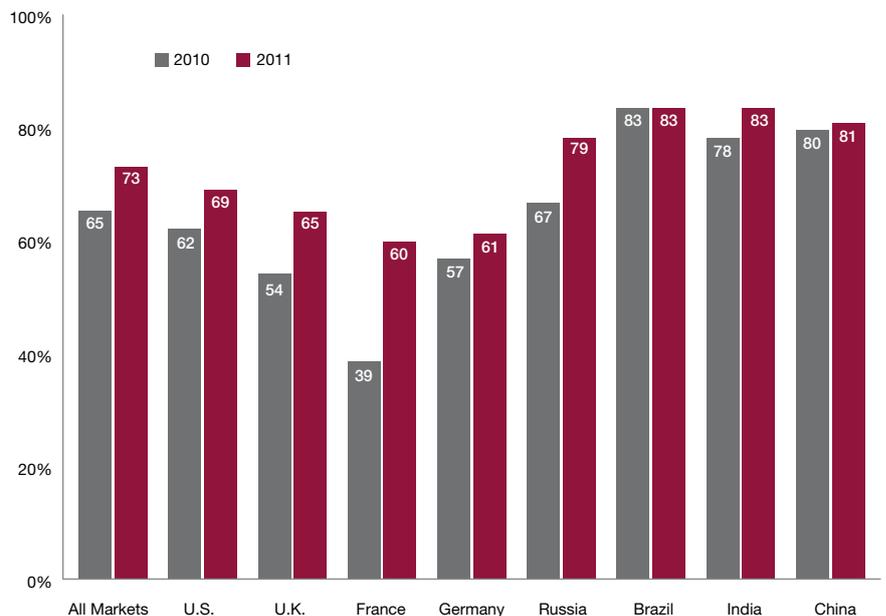
This sentiment was evident in the qualitative data, such as this comment from a consumer from the U.S.: *“The input from average users/ owners posting on social websites and manufacturer websites and the ability to ask questions and obtain answers, interact with those individuals on those sites is a bigger factor in my decision than previously. One feature that would be helpful would be a way to sort owners’ posts by general location or state in order*

to find owners who would be experiencing the same driving conditions as you.”

In the U.S., many automotive-related websites, such as Edmunds.com and AutoTrader.com, include user-generated content and reviews to help their online customers with vehicle buying decisions. On AutoTrader’s site consumers can read a consumer or expert review, write a review or watch a video review.

“I will continue to get information over the Internet, especially through forums and also opinions of other web users who own the car in which I am interested.”
 French consumer

Importance of User-Generated Content on Dealer and Brand Sites Grows
 (% saying important/very important)



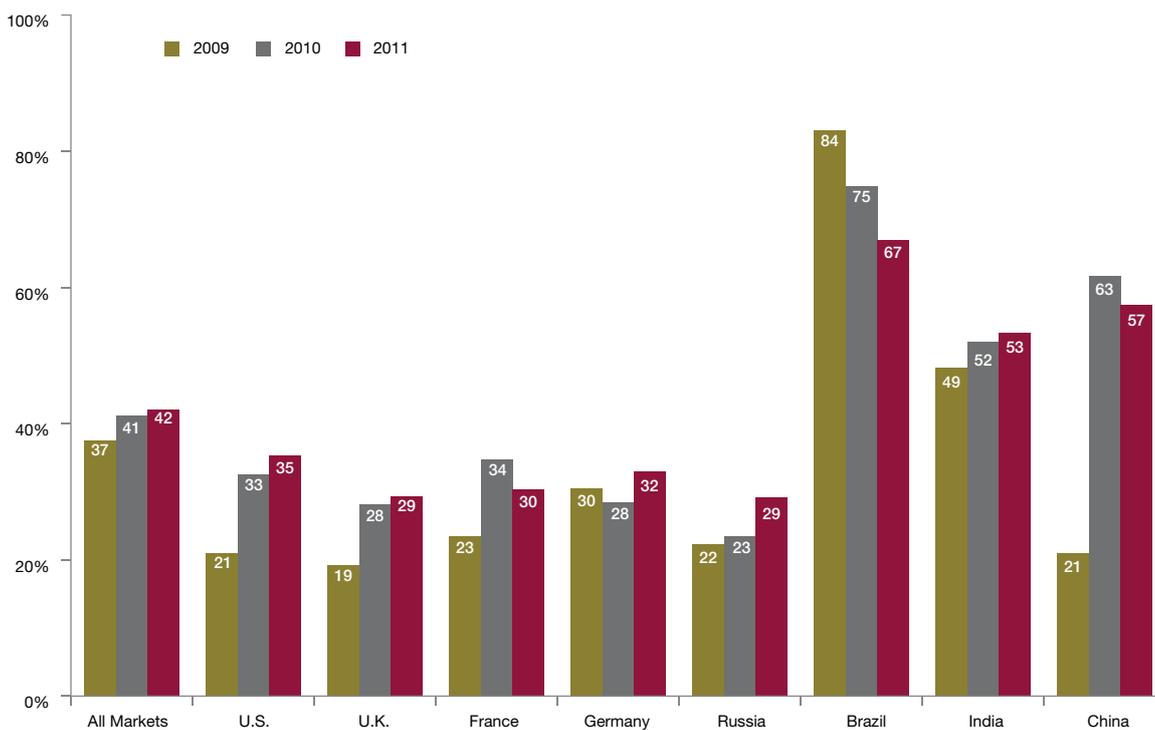
Source: Capgemini

Online Buying: Latent Demand Strengthens

Consumer interest in buying vehicles, parts and accessories over the Internet (the complete transaction, except delivery of the vehicle) continues to grow despite the fact that the capability remains scarce in most markets. In this year's study, 42% of consumers said they were likely or very likely to purchase a vehicle over the Internet, up from 37% two years ago. That translates into millions of potential transactions. Consumers in developing markets are particularly interested in online buying and are quite willing to consider this new type of purchase model.

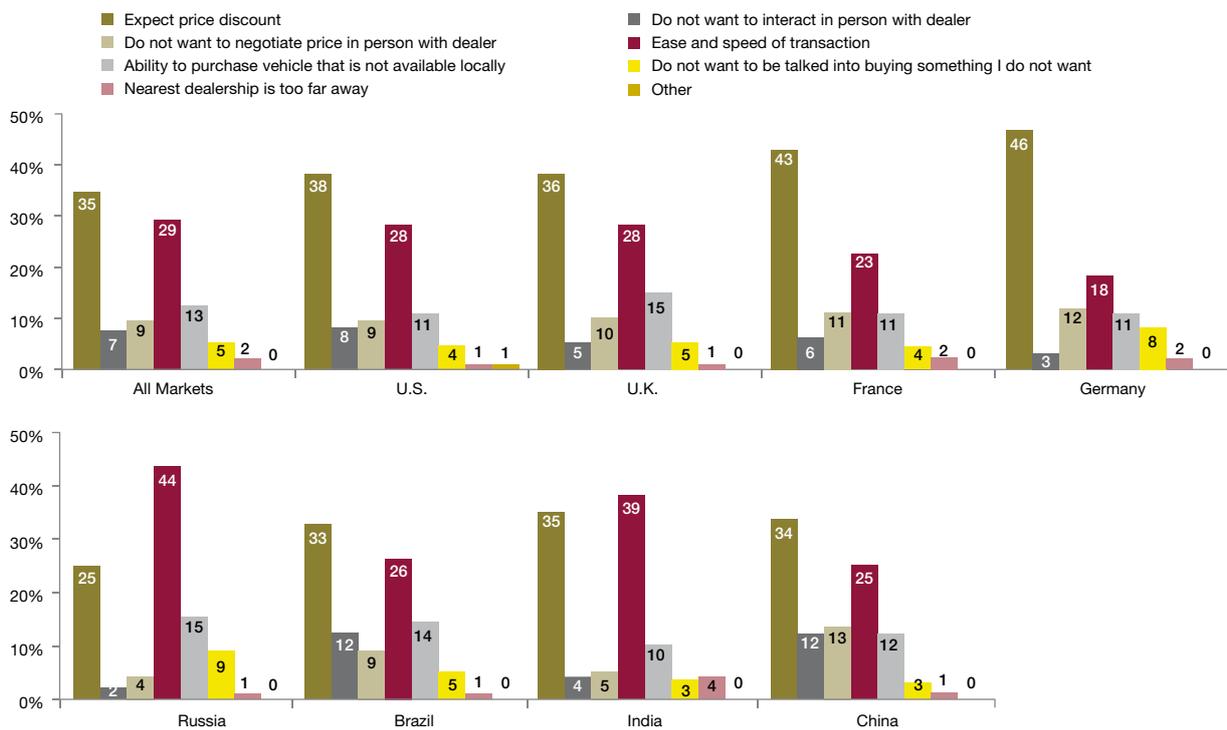


Likelihood to Purchase Vehicle Over the Internet (% saying likely/very likely)



Source: Capgemini

Primary Reason to Purchase Vehicle Over the Internet (% saying)



Source: Capgemini

New car buyers and younger consumers are also especially interested in online vehicle buying. Almost half of intended new car buyers said they would consider buying a vehicle online, compared with 27% of used car buyers. Among the 18-34 age group, 43% would like to buy a car online, as compared to 36% of those 50 or older.

Price Drives Online Buying

Price discount along with ease and speed of transaction are cited by consumers as the main reasons to purchase a vehicle over the Internet.

This has remained consistent over the past few years, although price is a somewhat stronger factor in the mature markets. Germany is particularly focused on price, with 46% of consumers identifying it as the primary reason to buy a car online.

“I’ve bought my last two new vehicles over the Internet and expect to do the same in the future. The big thing I’d like to see is having one price, doing away with negotiation and haggling, which I find to be both distasteful and unpleasant. I don’t mind if I never have to talk with a car salesman again,” said a respondent from the U.S.

In contrast, respondents from markets such as Russia and India identify ease and speed of transaction as the primary factor, which is not surprising given the comparative complexity of buying a car in those countries.

Dealer Role Evolves in an Online Model

As consumers consider an online buying model they are rethinking the role of the dealer. About one-quarter of respondents would still expect the dealer to be involved in vehicle test drives, price negotiation and delivery of a service package. However, they anticipate that home delivery of vehicles would grow in an online model, reducing the need to pick up at the dealership.

There are, of course, variances by market. Russian respondents are more interested than others in still being able to view the vehicle in person before buying it online. Consumers in China are particularly interested in receiving a service package from the dealer rather than online.

Many consumers anticipate more direct contact with vehicle manufacturers in an online model. *“Manufacturers will give us all the functions that we want right on their own website,”* said a consumer from Brazil. *“Price negotiations will also be done on their website. Then, in the end, the manufacturer will tell the client where they can finalize their purchase. You will finalize and not renegotiate or restart the whole purchase process at the store.”*

A number of respondents also expressed interest in seeing some sort of central online database or portal that aggregates information about

vehicles for sale. Said a respondent from the U.K.: *“I would hope there will be a central website into which I can plug my basic requirements and a selection of cars that meet my criteria will then be identified. I would like to then be able to insert the price I am prepared to pay and what I expect the price to cover and the system would identify the dealer able to supply my chosen vehicle.”*

Perceived Barriers to Buying Online

Consumers who are not interested in buying a car over the Internet identify a few key reasons: the inability to test drive the vehicle, to receive full product and price information, and to see photos/video of the vehicle. These perceived barriers have remained consistent over the past few years, yet they are clearly addressable by dealers and manufacturers.

Again, market differences are apparent. Consumers in Russia and China are more likely than their counterparts to consider the inability to see photos/videos of the vehicle as a barrier to online buying. Russia, India and China are more concerned about not being able to get full product/price information when buying online, which may reflect the state of websites in those countries. Consumers in the U.S., U.K. and France cite the inability to negotiate trade-in of their old vehicle as a barrier. And German respondents named the inability to conduct final negotiation online as a blocker.

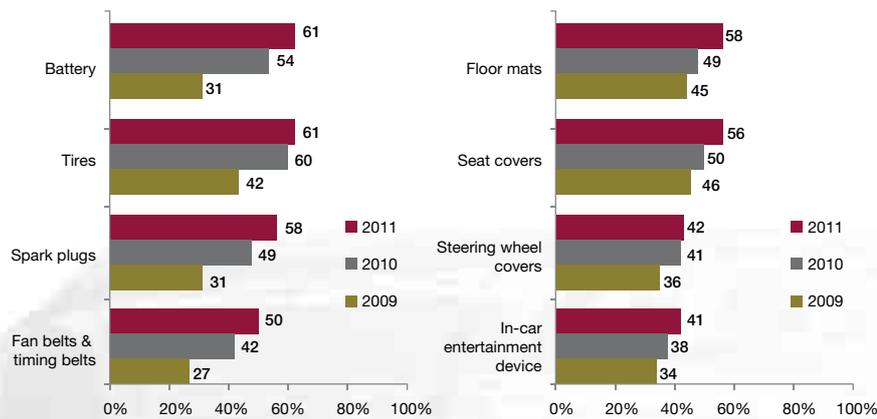
Some consumers also worry about the possible lack of support services in an online buying model. *“In a few years the Internet will lead the*

“The way vehicles are sold could completely change with the continued evolution of information technology.”

Brazilian consumer



Parts and Accessories Likely to Purchase Over the Internet (% saying likely/very likely)



Multiple responses allowed
Source: Capgemini

way we buy vehicles. The biggest concern is how good the technical and post-sale support will be,” said a respondent from Brazil.

Other respondents like the face-to-face interaction at the dealership and are less interested in buying cars online. Said a consumer from the U.K.: “A good salesman to me is worth more than anything I will find on the Internet. A personal car purchase is one of the areas where the personal touch is still important in my view. For business vehicle purchases I would take a different view and would be happy to source and purchase directly online.”

Demand Grows for Parts and Accessories Online

This year’s research shows an increasing demand among consumers for online buying of parts and accessories. Fifty-six percent of consumers said they were likely or very likely to buy parts over the Internet and 62% were likely to buy

accessories online. As with vehicles, the interest in online buying of both parts and accessories was higher in the developing markets.

Also mirroring the behavior regarding online vehicle buying, respondents identified price discount and ease and speed of transaction as the primary reasons to buy parts and accessories over the Internet. This was consistent across all markets, but again price was especially high in Germany. Consumers in Russia and China also pointed to wider selection/availability of parts and accessories as another reason for online buying.

Batteries and tires were identified as the parts most likely to be bought online. Regarding accessories, consumers were more interested in items that wear out quickly or are easy to install or have installed, including floor mats, seat covers, steering wheel covers and in-car entertainment devices. They were less likely to purchase specialty lights, mirrors, alarms/security devices, custom wheels or spoilers over the Internet.

To reduce the sales seepage of parts and accessories to the online channel, dealers should consider promoting lower-priced, quick services for changing tires, oil and batteries, or to increase their own presence online for these items.

“I could imagine that there is a single online platform where all your needs can be handled without much effort and any risk.”

German consumer

Green Vehicles: Spotlight Shines on Electric Cars

This year marked a watershed as electric vehicles began to make it to the mass market. Sales remain low, but cars such as the Chevrolet Volt, Peugeot Ion and Nissan Leaf signify that the process of building a real market has started.

Consumer interest in green vehicles continues to gradually increase. In this year's study, 44% of consumers said they currently own a fuel-efficient or alternative-fuel vehicle and 39% are planning to buy a green vehicle. These numbers have been rising slowly over the past few years. Ownership tends to be somewhat higher in markets such as Brazil and India, but a growing number of consumers in mature markets say they are planning to buy either a fuel-efficient or alternative-fuel car.

Growth is expected to continue as fuel prices fluctuate, environmental awareness rises and governments provide tax credits and other incentives.

Hybrids are still the dominant type of alternative-fuel vehicle in all countries except Brazil where ethanol-based cars are popular due to the wide availability of E100 fuel. One-third of all consumers who own or plan to buy a green vehicle cite hybrid electric vehicles, 15% are interested in an ethanol or gasoline-ethanol flex-fuel car, 10% cite plug-in hybrids and 9% would buy an all-electric vehicle. Additional vehicle types named by respondents include biodiesel, hydrogen fuel cell, natural gas or natural-gas hybrid and propane/liquid petroleum gas.

Electric Vehicles Take Center Stage

As electric vehicles break into the market, consumers are beginning to view them as a realistic option. In this year's study 42% of respondents expect full-electric vehicles to be a viable sales option (in terms of pricing and availability) within two years, up from 36% the prior year. One-third of consumers believe it will be two to five years and 25% expect it will be more than five years before electric vehicles are a real option.

Charging locations and battery range are among the issues consumers are considering when it comes to electric vehicles. *"Perhaps in a few years alternative types of fuel like electric will become more accessible, in which case I will buy a more economical car running on alternative fuel, but only if there is a sufficiently large number of recharging stations,"* said a Russian consumer, echoing a common sentiment.

More than half of consumers said they would prefer to charge an electric vehicle at home (plug-in), while 39% would consider another location such as work or a charging station. Consumers in China are more willing to consider a wider array of charging options. Overall, consumers are somewhat less interested in changing out batteries, despite the publicity surrounding ventures such as Better Place, which offers automated battery switching stations among

“We should see important breakthroughs in car performance and energy efficiency in the next five years.”

Chinese consumer





its services. Interest in changing out batteries was highest in Russia, Brazil and Germany.

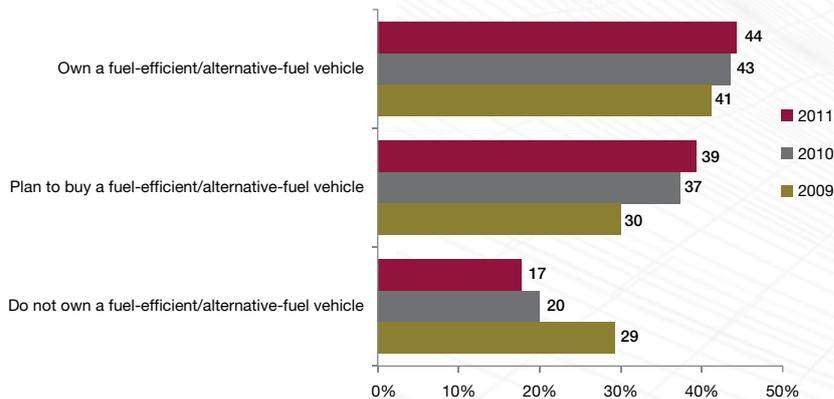
Barriers to Buying Green Vehicles Include Price and Reliability

Price remains the biggest obstacle to sales of alternative-fuel vehicles, particularly in mature markets, while consumers in developing markets are also concerned about reliability. Two-thirds of all respondents said that cost/price would be the primary factor stopping them from buying or planning to buy a fuel-efficient or alternative-fuel vehicle, followed by range (for example, number of miles per charge for electric vehicles), which was named by 45% of consumers. Additional barriers include reliability/quality, safety and interior/exterior styling.

Some consumers expressed strong opinions on the subject of green vehicles. Said one U.S. respondent: "I will not buy alternative-fuel vehicles. I drive long distances so batteries are out,

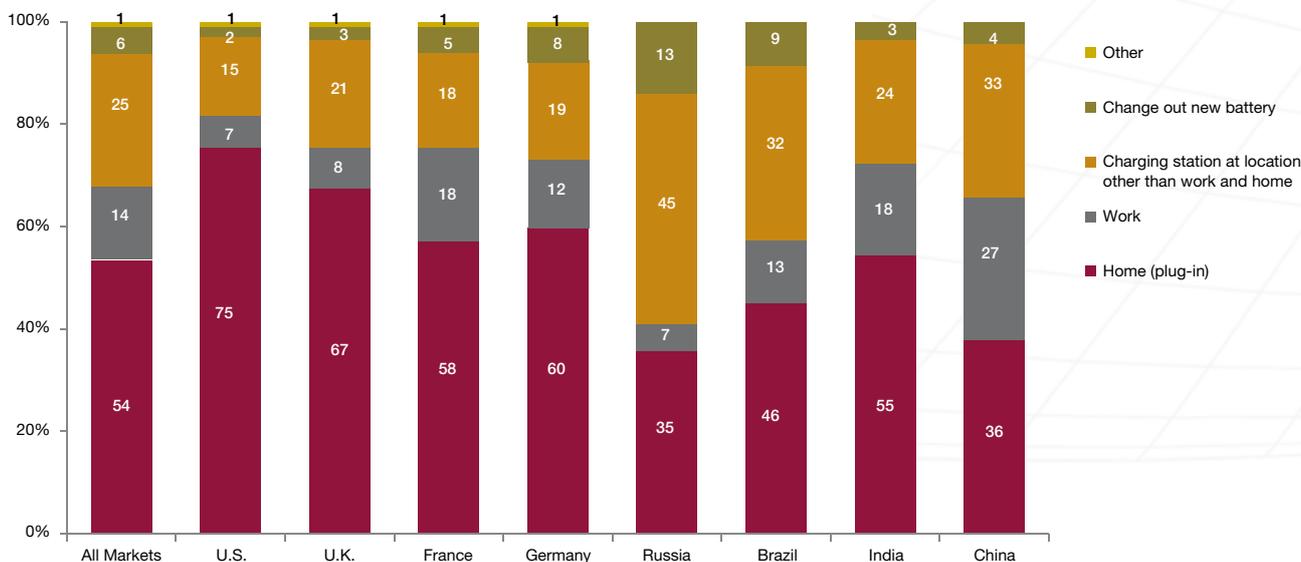
plus there could be an ecological impact in accidents. The government forcing vehicles on us makes me resist. I do not buy 'tax bonus' vehicles and will vote out representatives who give them."

Interest in Green Vehicles Continues to Rise (% saying)



Source: Capgemini

Primary Charging Location Expected to be Used for Electric Vehicles (% saying)

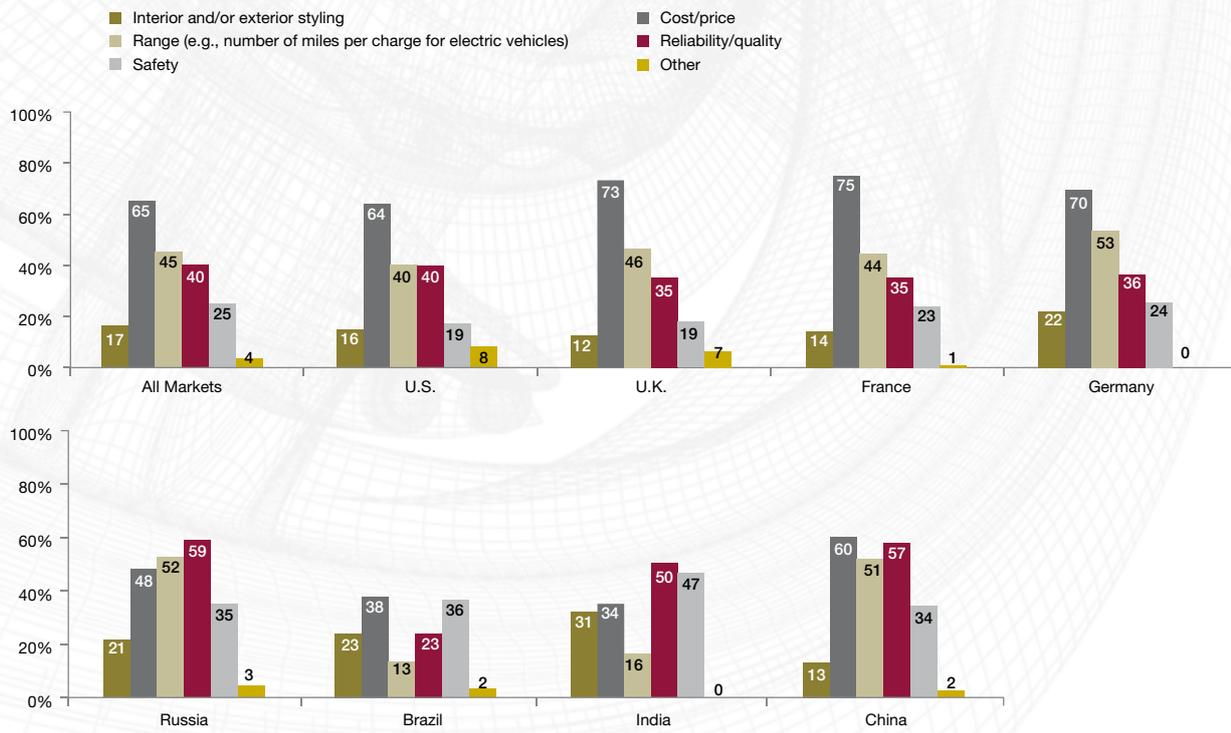


Source: Capgemini

“I would like more of a selection of vehicles that use alternative energies; they’re too rare and it’s up to the customer to make a demand for them. There are too few LPG (liquid propane gas) or serious hybrid cars.”

French consumer

Barriers to Buying Green Vehicles (% saying)



Multiple responses allowed
Source: Capgemini

Focus on e-Mobility

Plug-in hybrid, semi-hybrid, battery technologies and mobility concepts are only a few of many developments the automotive industry will face resulting from the emergence of the electric engine. These developments are driving the move toward e-Mobility, which focuses more on services rather than products.

e-Mobility refers to a network of new and well-established players from different industries designed to facilitate mobility from place A to place B either for an individual or goods. The automotive segment is a key contributor to the e-Mobility movement, as well as utilities, grid operators, battery producers and mobility service providers, among others. The shift to e-Mobility will likely impact the automotive industry in a wide range of areas, including competition, innovation, partnerships and technology systems and processes. Companies will need to consider how to address these potential changes.

Customer Interaction: There's an App for That

An encouraging sign in this year's study is the fact that satisfaction with the vehicle buying process continues to gradually improve. Seventy-two percent of respondents said they were satisfied or very satisfied with the buying process, an increase from 70% last year.

The upward trend suggests that the automotive industry is doing a good job in meeting the demands of car buyers. The satisfaction levels remain higher in the developing markets where consumers have had less experience buying vehicles. Eight of 10 respondents in the developing regions were satisfied with the buying process, compared with 64% in the mature markets. However, mature markets like the U.S. and U.K. showed noticeable gains in the satisfaction levels, which is good news for the

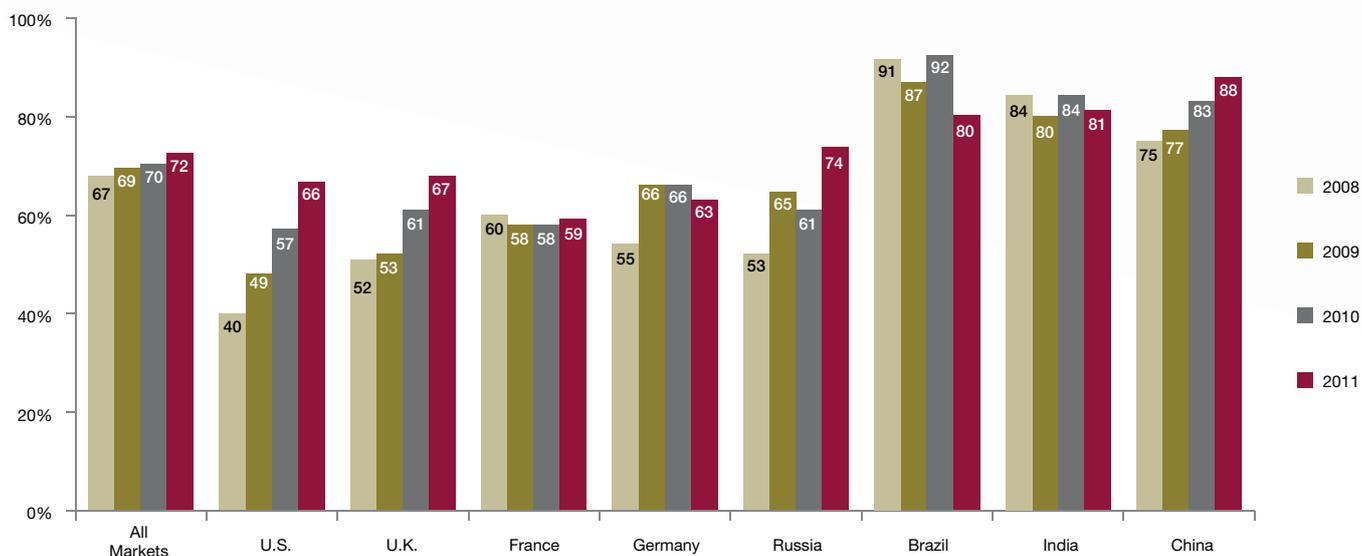
industry. And Germany and France remained stable.

Of course, there's always room for improvement. The key factors that would make consumers more satisfied with the buying process tend to fall into two categories: price and the selling process. Price remains the primary factor and includes the ability to negotiate a discount as well as a single sales price/no price negotiation. In terms of the selling process, consumers, particularly those in developing markets, would like a shorter waiting time to receive their vehicle, less administrative effort during the buying process and a more knowledgeable sales staff.

Market variances are apparent.

- In the U.S., the price factors dominate, with above-average focus

Satisfaction with the Vehicle Buying Process (% saying satisfied/very satisfied)



Source: Capgemini

on a single sales price/no price negotiation.

- Consumers in the **U.K.** are particularly focused on the ability to negotiate a discount.
- In **France** and **Germany**, respondents want a shorter waiting time to receive their vehicle.
- Consumers in **India** and **Russia** are looking for more knowledgeable salespeople.
- In **Brazil**, consumers were focused on a simpler, more streamlined financing process.
- Respondents from **China** want a more streamlined warranty and service contract process.

Customer Loyalty Edges Downward

While satisfaction levels grew, brand and dealer loyalty again declined this year. Sixty-one percent of consumers said they were likely to purchase/lease the same make or brand as their current vehicle, down from 65% in 2010 and 68% in 2009. Similarly, dealer loyalty edged down to 55%, compared with 56% in 2010 and 63% in 2009.

Customer loyalty remains strongest in the developing markets, but is declining somewhat from the very high levels seen a few years ago. This is not surprising as the number of brands and dealers grows in the developing markets, providing car buyers with more choices. This is also the case for loyalty to servicing dealers, which is declining in the developing regions as competition increases.

The Importance of Post-Sale Interaction

Post-sale communication can be a key to maintaining satisfaction and loyalty. Service reminders lead the list of preferred types of communication. They are viewed by 40% of respondents as important and are influential in future buying decisions.

Post-test drive surveys are also important to car buyers, particularly in developing markets, where it is the leading type of communication valued by consumers, named by 41% of respondents. This data highlights the importance of following through after the test drive to increase conversion rates. This is particularly critical in light of the shrinking buying cycle where dealer visits are increasingly rare and occur later in the process.

E-mail remains consumers' preferred channel for most forms of communication with dealers and manufacturers. About 60% of consumers prefer to receive communications such as post-test drive surveys, customer satisfaction surveys, sales offers and newsletters via e-mail. Mobile phones are a growing channel for communicating with consumers. About 20% of consumers said they would prefer to receive personalized communications after a complaint





Channel Preference for Post-Sale Communications - All Markets (% saying)

Type of Communication	Valuable/ Useful	Regular Mail	E-Mail	Mobile Phone - Call	Mobile Phone - Text/SMS
Service reminders	40	18	43	20	20
Information about the vehicle that you bought/leased	37	51	42	5	3
Post-test drive survey	34	16	63	16	5
Alerts about special sales, offers, promotions	33	18	58	13	11
Customer satisfaction survey after purchase	32	17	63	14	6
Welcome pack after purchase/lease	31	45	38	12	5
Detailed post-service report and follow-up by dealer	30	26	55	13	6
Alerts and information about vehicle or accessory recalls	29	21	49	16	13
Customer satisfaction survey after service	26	16	62	16	7
Personalized communication/gift after a complaint	23	40	30	22	8
Personalized repurchase offer/promotion matched to your needs two years after purchase (or near end of warranty or lease period)	20	31	47	14	8
Brand magazine	20	43	40	11	6
Newsletters	18	25	60	10	5
Invitations to special events, clubs, open house days	18	24	45	18	13
Other sales offers	4	24	60	5	10

■ Highest ranked communication for each channel

■ Lowest ranked communication for each channel

Source: Capgemini

“I think that the dealers need to change their promptness and correctness when they respond to the customer.”

Indian consumer

and service reminders via a mobile phone call; another 20% would prefer to receive service reminders via mobile phone text or SMS.

Vehicle manufacturers and dealers are experimenting with a variety of communication options. Hyundai, for example, is delivering the owner's manual for its Equus luxury vehicle on an Apple iPad®.

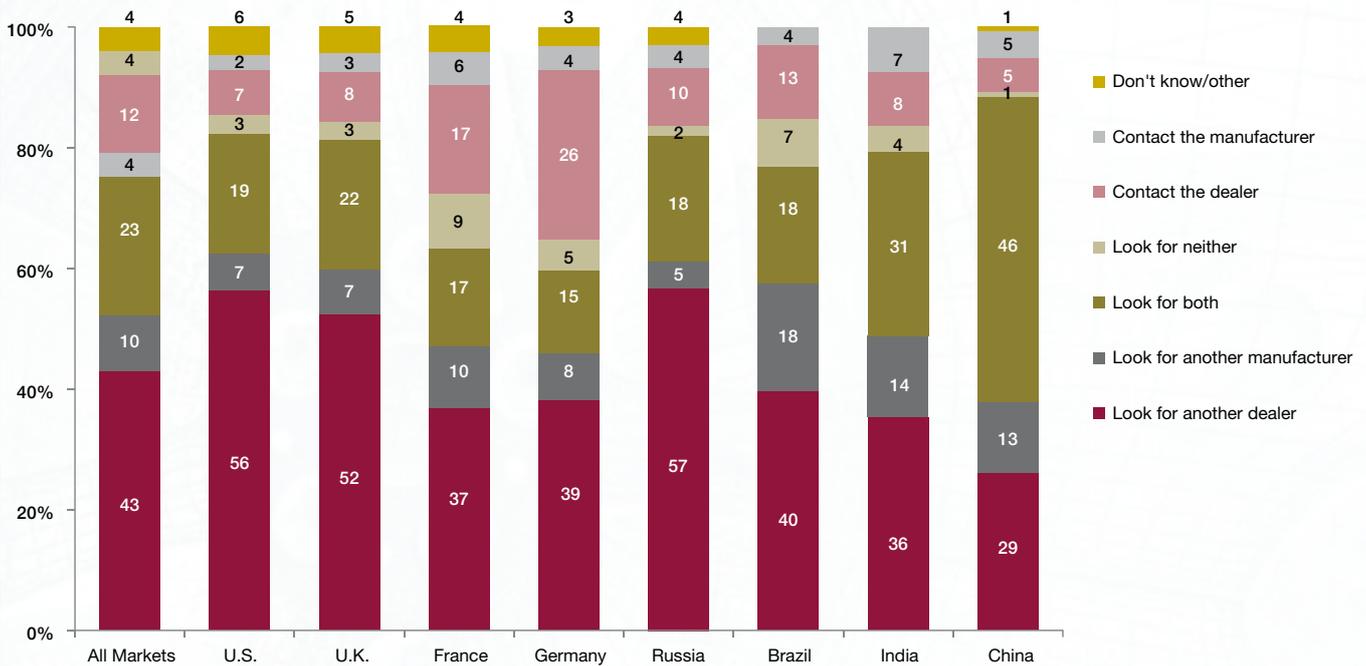
Speed and Quality of Response Drive Satisfaction

Another key driver of customer loyalty and satisfaction is the speed and quality of the interactions consumers have with dealers and manufacturers. More than

half of all respondents want to receive a response to an inquiry within four hours, a slight increase from the prior year. The number jumps to about 60% in the developing markets.

Quality of response counts as well. And if the speed and quality are not up to consumers' expectations they will seek alternatives. More than two-thirds of respondents said they would look for another dealer, look for another manufacturer or both if a manufacturer or dealer took too long to respond to an inquiry, and 76% would look for an alternative if the dealer or manufacturer gave them a poor quality response.

Consumer Behavior if Dissatisfied with Quality of Response (% saying)

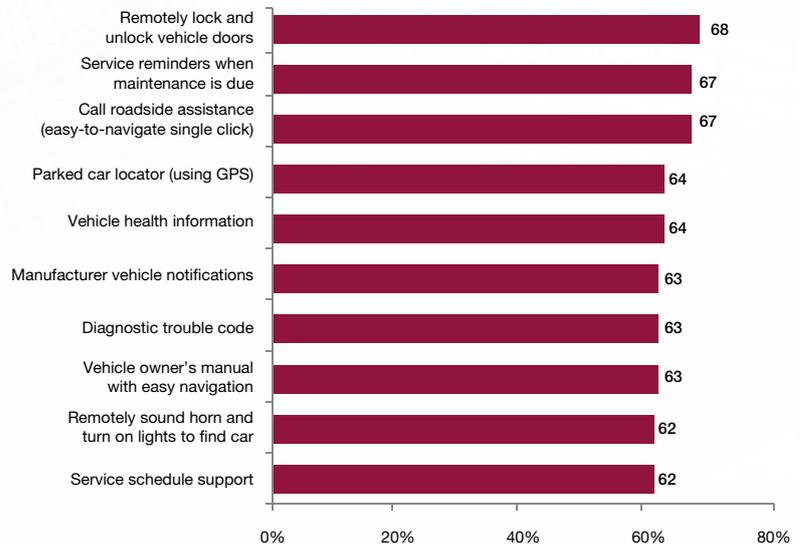


Source: Capgemini

Most Useful Mobile/Smartphone Applications (% saying)

Mobile Apps Represent New Communication Channel

Mobile/smartphone applications are poised to become a key channel for vehicle ownership communication between consumers and manufacturers, consumers and dealers, and consumers and their vehicles. This will enable manufacturers to have a direct link to consumers during the vehicle ownership lifecycle in order to continue to develop brand loyalty, strengthen dealer relationships and increase repurchase loyalty. Respondents in the U.S. and the developing markets, in particular, indicated strong interest in mobile/smartphone applications for their



Source: Capgemini



vehicle. Apps considered most useful by respondents include:

- **Remote support** features such as remote locking and unlocking of vehicle doors (named by 68% of respondents) and a parked car locator using GPS (64%).
- **Vehicle information** such as a vehicle owner's manual with easy navigation (63%).
- **Driving support** features like vehicle health information/status of vehicle operations (64%) and diagnostic trouble codes (63%).
- **Care information** like service reminders when maintenance is due (67%) and manufacturer vehicle notifications (63%).
- **Communication** features such as roadside assistance with an easy-to-navigate single click (67%).

The interest in smartphone apps was also apparent in the qualitative comments, with many consumers referring to them for the first time this year. "I think that car keys will disappear and be replaced by smartphones," said a U.S. consumer.

“I think smartphones and digital technologies will play a big part in the way we shop, research and purchase cars in the future.”

U.K. consumer

Channel Strategy: Framework for Success

The number and type of channels that consumers use during the vehicle buying process and ownership lifecycle have rapidly grown to include the Internet, smartphones and a host of social media options. The result is an increase in possible customer touchpoints presenting more and different opportunities for automotive companies to interact with consumers. This development, along with the increasing sophistication and empowerment of customers, is driving a need for businesses to use new channels and use them differently. They can no longer rely only on the face-to-face interaction that occurs during the showroom visit.

To ensure channel success an automotive company must put into place a channel strategy designed for their customers' needs. Understanding a consumer's channel requirements for their different possible interactions with the organization is a crucial strategy input. The customer may use multiple channel touchpoints during the course of their vehicle research and ultimate purchase, and organizations need to be cognizant of this in their channel strategy. Customer centricity has become a strategic imperative, and organizations need to create an integrated channel mix capable of delivering a valued and differentiated experience at each key consumer interaction.

As one consumer from China noted: "Greater integration of the Internet with dealerships can simplify the research process, and can make it easier for consumers to clearly understand all of the information from the different channels."

To develop an effective channel strategy, companies should consider using a framework that addresses several key considerations:

1. **Channel Introduction:** Which channels should be present?
2. **Channel Optimization:** How are these channels performing?
3. **Channel Migration:** Which customers should be using which channel for what?
4. **Channel Rationalization:** Which channels do we not need to meet our business goals?
5. **Channel Integration:** How should the channels become integrated?

Aftersales: Servicing Grows as a Factor in Vehicle Decisions

Servicing is taking on a bigger role for many consumers, particularly in developing markets, with aftersales service climbing up the list of important factors in choosing a vehicle. In addition, servicing can influence future buying decisions. More than half of respondents said they were likely to buy their next vehicle from the same dealer they currently use for servicing. Consumers' growing emphasis on servicing is also reflected in the fact that service reminders are cited as the most useful/valuable form of post-sale communication and are among the most useful mobile apps listed by respondents.

Quality Is Key to Aftersales Servicing

Quality of service is the leading factor in aftersales decisions, with 38% of respondents naming this as the primary reason for selecting their servicing location. Other factors such as price, proximity and additional services like wireless Internet access also play a role in the selection process.

The most common location for servicing continues to be franchised/branded car dealers where consumers bought their vehicle, named by 37% of respondents. Franchised dealers are more popular in developing countries like India (named by 49% of respondents) and China (46%) due to the scarcity of other options. Additional servicing locations used by consumers include independent full-service stations/auto repair shops, independent car dealers where the vehicle was purchased, franchised dealers where the vehicle wasn't purchased, and

special service shops such as quick oil change and tire stores.

Dealers must focus on keeping items such as tire changes, battery charges and oil changes competitive with the specialty shops in order to improve service retention. This may include establishing a menu-pricing approach and faster turnaround times.

Extending the Service Experience

Increasingly dealerships are looking for ways to improve the aftersales experience by offering a variety of services for consumers while they wait for their vehicle. Topping the list of services consumers find most useful are car care tips (cited by 43% of respondents), vehicle accessories for sale (41%) and Internet café/wireless access (40%).

A closer look at the individual markets uncovers some differences. For example, consumers in the U.S. and China indicate above-average

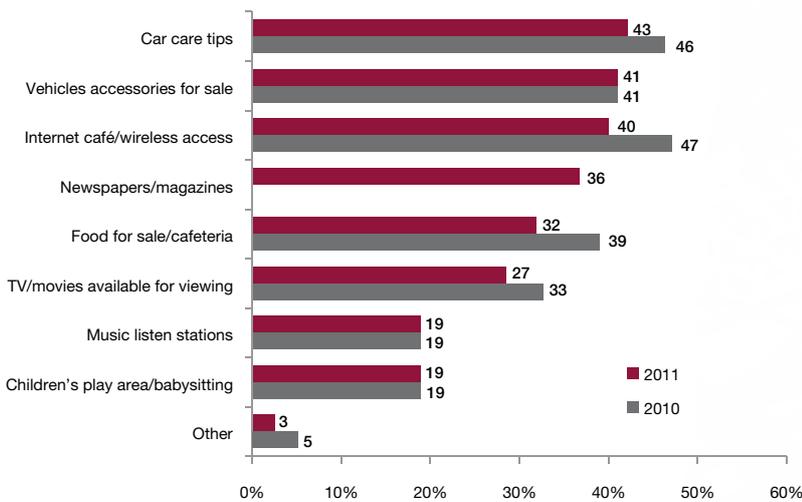
“I believe the most significant change in the next few years will be servicing via smartphone or tablet. Seeing what needs servicing, scheduling service appointments, etc.”

U.S. consumer





Preferred Services While Waiting for Vehicle Servicing (% saying)



Multiple responses allowed
Source: Capgemini

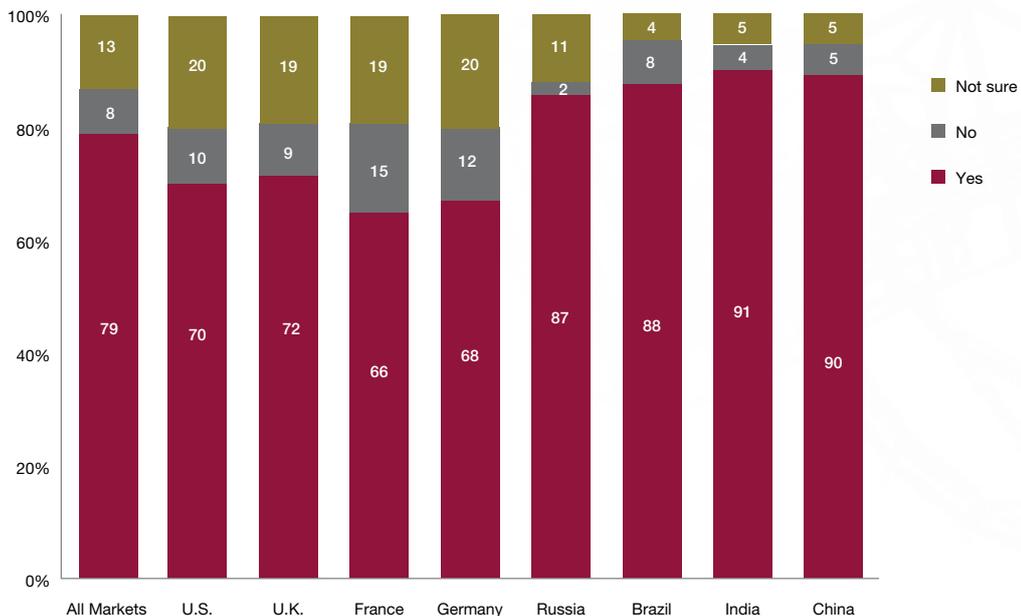
interest in wireless access; U.K., French and German consumers are more interested in newspapers/magazines and food for sale; and respondents from Brazil, Russia and India want to see vehicle accessories for sale.

Service Contracts Can be Key to Future Purchases

As aftersales servicing grows as an important factor in vehicle buying decisions, consumers put increasing emphasis on the types of service contracts they want. Significantly, getting the right service contracts can influence future vehicle purchases. Nearly eight out of 10 respondents said that having the key service contracts available would make them more likely to buy a car

The Influence of Service Contracts on Future Purchases (% saying)

For those service contracts that are important to you, would having them available to you make you more likely to purchase a vehicle from that car manufacturer/dealer?



Source: Capgemini

What Consumers Want In A Vehicle Service Contract (% saying)

Service Contract Item	All Markets	U.S.	U.K.	France	Germany	Russia	Brazil	India	China
Extended warranty	45	48	50	29	41	54	36	57	49
Replacement vehicle when own car is being serviced	43	48	52	39	45	50	25	31	51
Inspection included	39	39	36	28	47	52	30	36	46
Wear parts included	35	29	33	22	27	57	24	35	50
Vehicle insurance	35	21	27	20	21	52	38	53	48
Towing/roadside assistance included	35	40	33	32	27	44	23	30	48
Tire replacement included	32	31	28	23	24	48	24	36	45
Repair labor included	32	38	38	28	26	23	21	35	44
Customer care	27	28	25	17	17	21	24	43	44
Other repairs included	26	23	23	15	25	37	17	31	40
Leasing/financing of vehicle	23	30	21	17	18	21	20	26	30
Other	1	3	2	2	2	0	0	0	0

■ Top three vehicle service contracts

Multiple responses allowed
Source: Capgemini

from a particular manufacturer or dealer. That's particularly true in the developing markets.

Overall, the most important service contracts are extended warranty and a replacement vehicle when their own car is being serviced. However, there are differences between the developing and mature markets. Replacement vehicles are more important to consumers in mature countries, while developing regions put greater emphasis on vehicle insurance and wear parts included in a service contract. The picture changes even further when individual markets are examined.

- In the **U.S.**, extended warranty and replacement vehicles dominate the list, followed by towing/roadside assistance.
- In the **U.K.**, extended warranty and replacement vehicles also top the list but are followed by repair labor included.
- In **France**, like the U.S., extended warranty and replacement vehicles dominate the list, followed by towing/roadside assistance.
- In **Germany**, the top two features mirror the other mature markets but are followed by inspection included.
- Respondents in **Russia** are interested in having wear parts and vehicle insurance included.
- **Brazilian** consumers put vehicle insurance at the top of the list.
- In **India**, respondents focus on extended warranty and vehicle insurance, followed by customer care.
- **Chinese** consumers put nearly equal emphasis on most of the features, with replacement vehicles and wear parts leading the list.

“I would like to see aftersales services be more comprehensive and quicker.”

Chinese consumer

Conclusion and Recommendations

“If we consider how fast the technology and equipment evolve, in five years we’ll have to be ready for a complete breakthrough – a complete change of what we think about vehicles and the auto business now.”

Russian consumer



This year's *Cars Online* report makes it clear that the automotive industry faces critical changes and challenges in the marketplace. Automotive companies must understand how consumer dynamics are evolving and consider the impact these changes may have on their business in the coming years. Following are recommendations to help automotive companies apply the report's findings to their own business.

1 Develop a formal social media management strategy.

Consumers increasingly rely on and are influenced by social media during the vehicle buying process as well as the ownership lifecycle. The automotive industry has the opportunity to leverage social media to build brands, generate leads, drive sales, manage customer relationships and retain customers. To capitalize on this opportunity companies should develop a formal social media management strategy that includes real-time web listening, analysis and customer outreach. Social media conversations should be acted on in real time and the feedback used to modify processes, optimize marketing campaigns and improve the overall customer experience. With the right approach, insights from social media monitoring can be turned into actions that include operational improvement, process redesign, customer segmentation strategy, social CRM strategy and multi-channel strategy.

2 Maximize the consumer interactions with integrated end-to-end campaigns.

As the buying cycle shrinks, dealers have fewer opportunities to interact face-to-face with customers. Yet overall,

the possible customer touchpoints have increased due to the growing number of channels and devices used by consumers during the buying process, presenting new and different opportunities for interaction. This development, along with the increasing sophistication and empowerment of customers, is driving a need for businesses to fully integrate marketing campaigns in order to take advantage of all possible touchpoints: showroom, website, social media sites, e-mail and mobile/smartphone applications. Recognize, however, that one size does not fit all and localization will be critical to successful campaigns.

3 Experiment with alternative buying and ownership models. As consumers show budding interest in new approaches such as mobility packages and vehicle sharing, automotive companies should test the waters. If these new models take hold they could have a significant impact on billing systems, cash flow and financial services. Many companies in manufacturing industries are now making significant investments in usage-based services, and automotive companies need to follow this example.

4 Focus on a holistic dealer strategy in developing markets. Dealer network development in countries such as China and India needs to focus on a number of elements. Proximity is critical as consumers are unwilling to travel far to buy or service their vehicles. But it's not enough just to saturate a market; dealer quality is becoming increasingly important in the developing regions as competition grows and consumers

become more demanding. This requires investments in training, systems and processes, and a strong aftersales/servicing program.

5 Seize the online buying opportunity. Despite growing consumer demand for online buying of vehicles, parts and accessories, the capability remains scarce in most markets. When launching an online buying model, automotive companies should consider the key factors consumers are looking for: price discount, ease and speed of transaction, full price and product details, and the ability to solve the test drive issue. Solutions include virtual test drive capabilities (like Mitsubishi's online Live Drive for its Outlander Sport), 3D imagery and, for those consumers who want the real thing, delivery of the vehicle to their home or work for a test drive.

6 Keep "green" on your radar. The emergence of electric vehicles and e-Mobility may drive a wide range of fundamental changes in the automotive industry, and companies will need to develop effective solutions to manage them. The changes are likely to impact areas such as competition, innovation, partnerships, and technology systems and processes. In addition, consumers are still trying to sort through and understand the different green vehicle options, highlighting the importance of education by dealers and manufacturers.

Capgemini's *Cars Online 11/12* study presents the headline findings of our annual automotive consumer research. Yet there is much more that can be explored and applied to your

own organization. For additional information about our *Cars Online* research or how we can help your company better understand the changing dynamics and the impact on vehicle buying behavior, please contact the Capgemini representative in your region.

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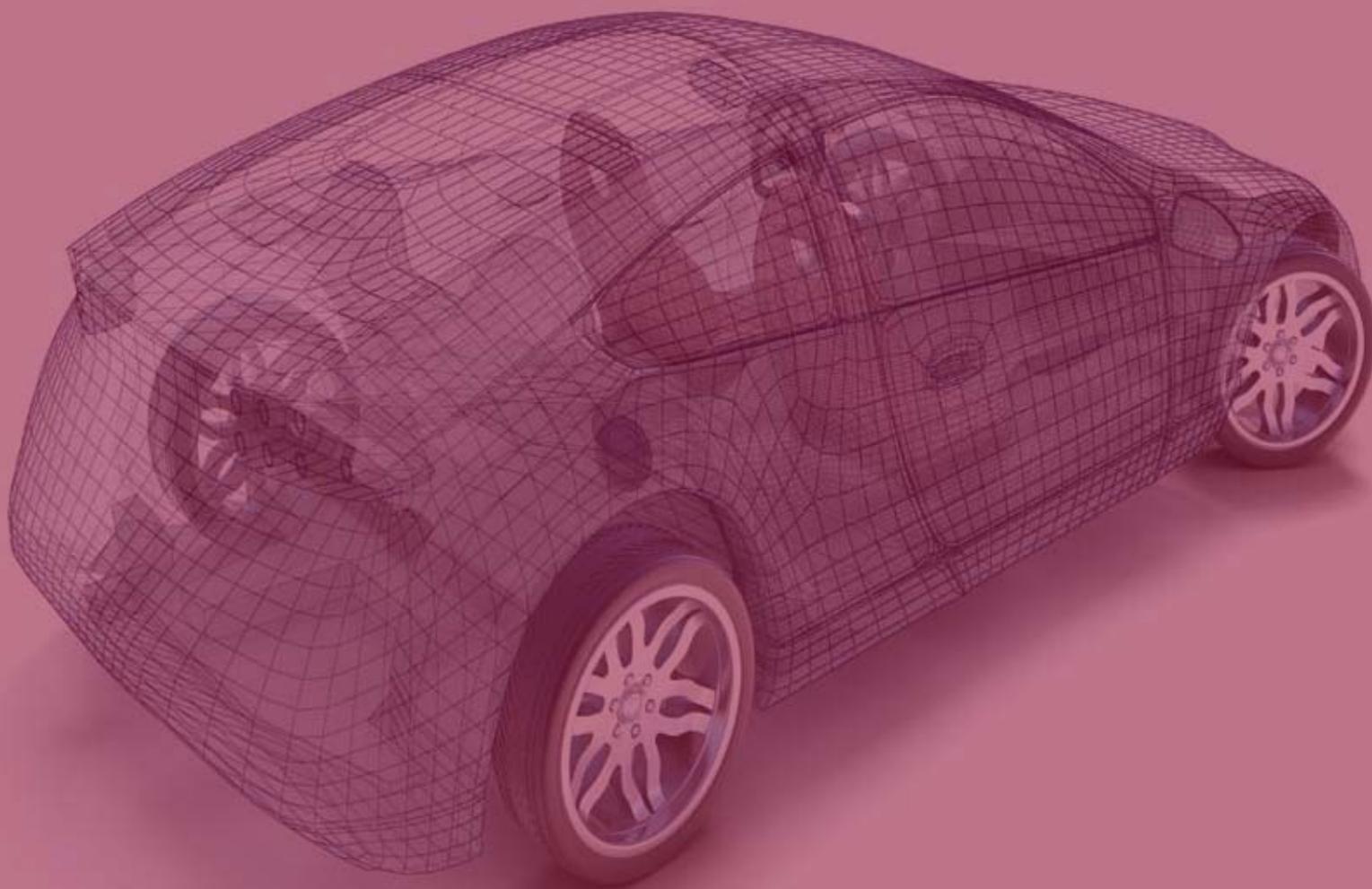
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