

# SUBSCRIPTION MODELS AS A CHANCE TO SHAPE THE FUTURE OF THE AUTOMOTIVE INDUSTRY



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# 01. MANAGEMENT SUMMARY

Customer demand and target groups for car subscription models are growing, and subscription-based products are increasingly perceived as an alternative to leasing or financing.

Over the years, increasing investments in eCommerce, online platforms and new sales models (direct or agency) have enabled subscription models to steadily increase market shares. By 2030, they could account for up to 40% of the market. Therefore, subscription models represent an attractive complementation of product portfolios for existing providers or can be leveraged for entirely new businesses entering the market.

Over the past years, Capgemini Invent has closely observed the market for car subscriptions and has frequently analyzed recent trends – both on supply and demand side.

In the following study we will outline these developments and discuss key fields of action to potentially make the subscription model more attractive for customers and establish a successful business setup. Finally, this article provides an outlook for the future of subscription models.

## Customer demand for subscription models

Based on a customer survey conducted in Germany with 600 respondents the drivers and motivation for closing a subscription contract are becoming more transparent. As a third of the customers consider subscription models a valid alternative to financing and leasing it is important to meet their expectations when developing dedicated products.

The flexibility and convenience provided by such models are two of the key decisive factors as the shorter contract terms and the possibility to change vehicles do not bind the customers as much as the classical

products with average contract periods of 3 years. This fact also supports the introduction of new technologies, e.g. electric vehicles, as customers can gather experiences without making any long term decisions.

Next to pricing transparency which is highly appreciated by the customers to perfectly manage their financials, the aspect of trust is most important. As customers still show the need for personal assistance and advisory they will more likely turn to their known dealers and OEMs when it comes to signing a contract.

As much as we identified drivers we also received feedback for hindering reasons. Here the comparably higher prices for subscriptions need to be taken into account.

But most important is the lack of information on these new models, which requires increased and better marketing in the future.

## Market dynamics for subscription models

Having observed the subscription market over the past years we have identified three main developments lately that show that the players are still in a finding phase.

It is not fully clear how best to address the market and how the product needs to look like for a successful business:

- The market is clearly consolidating with providers leaving or shifting to other models.
- Pilots have provided valuable insights on customer expectations thus leading to renewed offerings.
- Many start-ups have emerged from the surface to be part of the hype creating a more intense competition for market share.

## Provider trends

With the growing competition among subscription providers it becomes more and more important to take customer demands into account and become more customer centric. The global pandemic has not changed customers' purchasing criteria for subscription offerings much but it has shifted their prioritization. For many the financial uncertainty and the wish for flexibility increased and providers have reacted by adapting their offerings regarding:

- Stronger focus on sustainability
- Increased variety of offerings
- Targeting of new customer segments
- Focus on price sensibility of customer

To stay ahead it will be essential to react to changes in customer preferences and quickly adapt to the new needs and reflect this in their product dimensions.

## Future key action areas

To enhance the attraction of subscription models even further we have identified three main action areas that providers need to focus on:

- Make subscription models more comprehensible to the broad audience.
- Ensure they are more present in the context of the overall portfolio.
- Design them to be more cost effective and thus more interesting for potential customers.

This will require the full integration into the portfolio and a focus on a holistic lifecycle management. Designing the asset management strategy, managing residual values and making use of the various sales channels is essential.



# 02. INTRODUCTION

Why are subscription models becoming more and more relevant for customers but also for the industry?

## The rise of subscription models

The subscription business model is certainly not new, as its roots go far back in history. Already in the 17<sup>th</sup> century it was applied by the book publishing industry. In the 1780s even Mozart offered access to his concerts on a subscription basis.

With the term **subscription model**, we describe any offering granting customers (temporary) access to goods or services in exchange for a recurring payment, mostly on a monthly basis.

Today, there is a subscription option for just about any product or service. Think about it, how many different subscriptions are you using on a daily basis? How many offerings for subscriptions did you encounter today, e.g. when browsing the web for news or during online shopping?

Today's most commonly known subscription models are certainly to be found in the media industry, with successful players offering on-demand video and music streaming or access to newspapers and magazines.

However, companies from many different industries have discovered and implemented subscription

models as a promising addition to their portfolio. Others transformed their business and implemented a subscription-only sales strategy or started a pure subscription business from scratch.

Given the vastness of today's offerings, we can roughly cluster the following type of subscription models with exemplary providers:

- **Software**  
driven by technological advancement, subscriptions today play a major role in software sales. In fact, many software applications cannot be purchased as a once-off transaction anymore but require a subscription with recurring monthly instalments.

**Examples:** Microsoft 365, Adobe Creative Cloud or HubSpot CRM.

- **Curation boxes**  
subscription boxes provide customers with a certain surprise factor regarding the variety within a type or field of product. Mostly, but not exclusively sold online, they offer goods from cosmetics product samples, vegan snack baskets to ready-to-cook meal sets.

**Examples:** HelloFresh, Glossybox or Birchbox.

- **E-Commerce**  
we observe online-only replenishment subscriptions for goods of daily use, ranging from beer and wine, toilet paper to coffee filters or underwear as a convenient way to automate shopping for daily goods.

**Examples:** Amazon Subscribe & Save, Dollar Shave Club and Nature Club.

- **Access**  
This type of subscription grants customers exclusive access to a broad set of physical or digital products and services, such as media, exclusive travel deals, language and instrument learning, gyms (or virtual workout sessions) and even cars.

**Examples:** Netflix, Babbel or Care by Volvo.

## Drivers and enablers for subscription models

**Consumers** increasingly adopt subscriptions as a complementary way to buy products and services online, as they value the convenience and the saving potential, especially with regards to replenishment subscriptions. Also, many subscription models allow for personalization, paired with flexibility when it comes to cancellation.

**Covid-19** has certainly prompted more consumers to increase their usage of subscription products, granting the possibility to avoid store visits. In addition, access subscriptions do not imply long term financial commitments as implied by traditional purchases for investment goods, addressing the financial insecurities during the global pandemic.

For **providers**, the subscription business model generates predictable (depending on the granted degree of flexibility), up-front revenue streams. Instead of a once-off transaction, subscriptions allow for long-term customer relations, which can be enhanced and prolonged through personalization, cross-selling and flexible contract components.

The subscription business model today is strongly facilitated by **technological advancement**. One important aspect is the rise of digital payment solutions capable of handling the vast amount of (monthly) transactions. In addition, ramping up a subscription model has become a whole lot easier for providers due to the existence of tailored subscription platforms, which are designed to increase customer retention, facilitate recurring transactions and enable omni-channel experiences.

## Automotive subscriptions

In the next chapters we will focus specifically on subscription models within the automotive mobility industry as we believe that the sector will continue to be disrupted by such models. Recently increasing investments in eCommerce,



**"The subscription model could achieve a market share of up to 40% by 2030."**

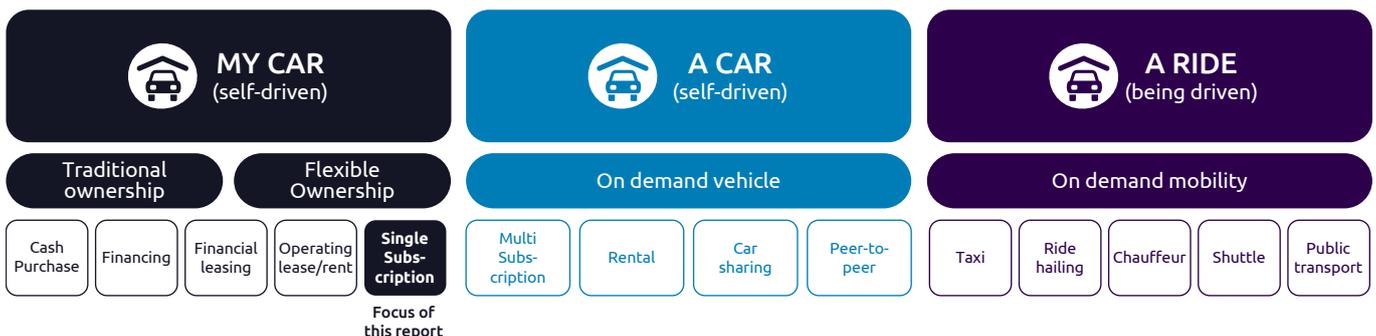
*(Ferdinand Dudenhöffer, CAR Institute).*

online platforms and new automotive sales models (agency & direct sales) strongly enable the market for subscriptions. On the demand side, we see growing demand among expanding target groups, constituting subscription as an important complementation of today's mobility product portfolios. Furthermore, subscriptions might play an essential role as an opening factor for electric vehicles and the establishment of sustainable mobility products.

In order to understand why subscription models pick up on the shift away from vehicle ownership and potentially serve today's mobility needs better than traditional sales models, we will analyse the market (including its latest developments and market providers), outline what customers require and demand from subscriptions and finally show, which success factors subscription providers should take into consideration when entering the subscription business.

Before taking a closer look at the subscription automotive market and its players, it is important to understand the different product types along the automotive ownership levels. Looking at figure 1, it becomes clear that subscription models rather focus on a flexible use of a vehicle than on owning one. Nevertheless, it is important to consider that even more flexible solutions exist, such as short-time and on-demand car-sharing services. When analyzing different dimension of the automotive subscription model throughout the course of this report, we will be referring to subscriptions as the "single subscription" product times with flexible runtimes and further services included.

Figure 1 | Vehicle subscriptions along the mobility continuum



# 03. CUSTOMER DEMAND FOR SUBSCRIPTION MODELS

## Are customers ready for car subscription models?

As we as consumers use subscription models like Netflix and Spotify regularly in our daily life, one could assume that this might also impact the way consumers use vehicles. But are consumers really ready to subscribe to vehicles? What are the main drivers and what do customers actually expect when they consider the conclusion of a contract?

In order to find answers to these questions, we conducted an online consumer survey with 600 respondents in Germany by addressing following research focus:

- Readiness and expectations towards subscription models compared to traditional products.
- Motivation factors for subscription models.

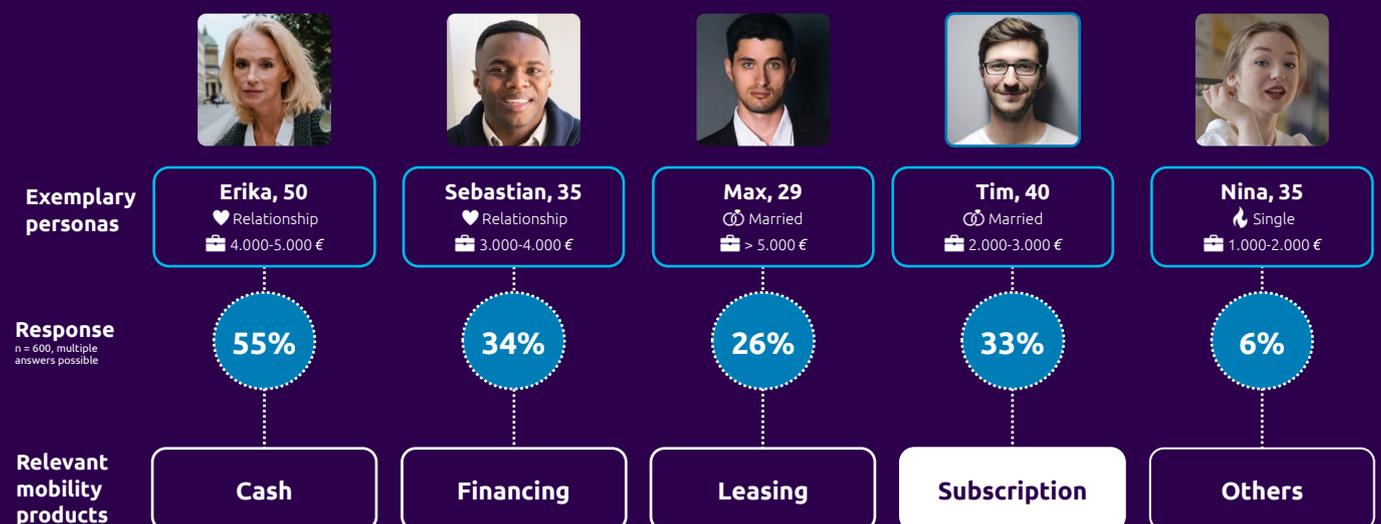
- Willingness to pay for automotive subscription models.
- Expectations regarding sales channels and contract partners.

This enabled us to generate 8 key insights illustrated in the following

### Key customer insight #1: 33% of customers consider vehicle subscription models.

When asking the participants about preferences regarding financial products, we found out that most consumers (55%) still favour to buy a car via "cash" payment. But when it comes to compare between financing (34%) and leasing (26%), subscription models are already popular for 33% of the consumers. Collecting demographic data from the participants, we identified that the typical subscription model customer is male, 40 years old and owns a household income of about 2000-3000 €.

Figure 2 | Exemplary personas per product

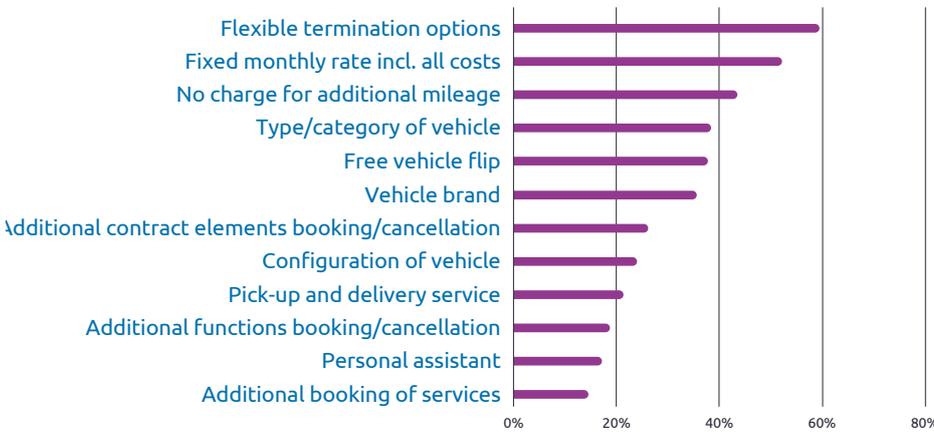


**Key customer insight #2:**  
**Flexibility and price sensitivity are the key motivation factors for customers when deciding for subscriptions**



Subscription

**Figure 3 | Decisive factors for subscription models**



**Flexible contract termination** is the biggest advantage of subscription models, which emphasizes the need for flexibility when it comes to future mobility.



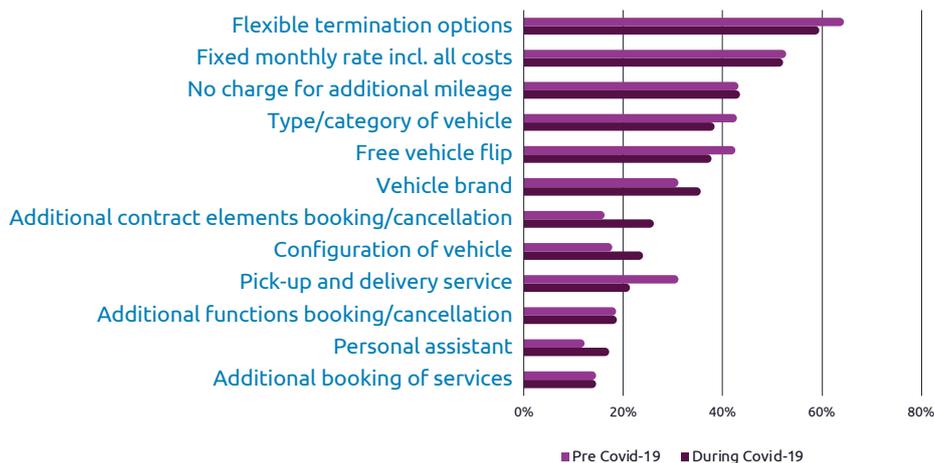
The demand for **fixed monthly rates** incl. all costs is the second-ranking motivation factor in favor of subscriptions.

**Key customer insight #3:**  
**The global pandemic has not really changed customers' motivation towards the usage of subscription models**



Subscription

**Figure 4 | Pre- & during Covid 19 comparison**



The global pandemic has not really impacted the customer's purchasing criterias. **Flexible contract termination** and **fixed monthly rates** still mark the most essential factors.

We let participants rank the specific features that matter most to them within a subscription product for vehicles. These are our key findings: The most decisive reason they named is the possibility to terminate the contract flexibly thus not being contractually bound for a long period as compared to other products. Runner-up was the transparency on costs resulting in full control and predictability. Other motivation factors are no charge for additional mileage, the type of vehicle or free vehicle flips to experience diversity (see picture).

Based on our research before Covid-19 and during the global pandemic, we can draw conclusions on the changes in customer behaviour due to the crisis. Even though the automotive industry had to close down dealerships and sales dropped, the global pandemic has not really impacted the subscription customer's purchasing criteria. Flexible contract termination and fixed monthly rates still mark the most essential factors.

**Key customer insight #4:**  
**Key reasons of customers rejecting subscription models are lack of knowledge of the product as well as price sensitivity**

Besides the motivation factors we were interested in reasons why customers refuse subscription models. The main cause for participants rejecting the product is due to lack of knowledge and the need of more information on subscription models. Secondly, customers claim that the monthly rates are too high, showing a high price sensitivity. As a third reason, participants mentioned that they do not need this level of flexibility and therefore select other payment options.

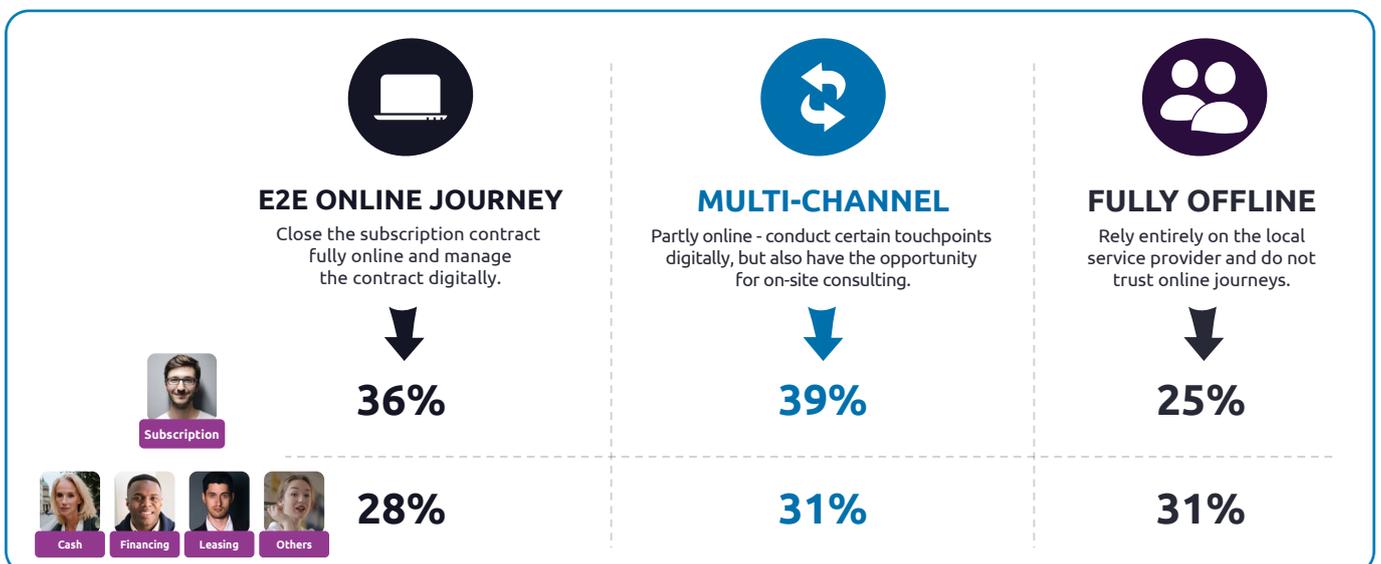
**Figure 5 | Reasons for refusing subscriptions**



**Key customer insight #5:**  
**The majority of subscription customers prefer a multi-channel sales process: online and offline channels are needed**

The world we live in increasingly becomes digital and connected. However, both online and offline channels still play an important role in the case of vehicle subscription models. As displayed in illustration 5 most of the participants (39% of Subscription and 31% of others) wish to conclude a contract partly online – conduct certain touchpoints digitally, but also have the opportunity for on-site consulting.

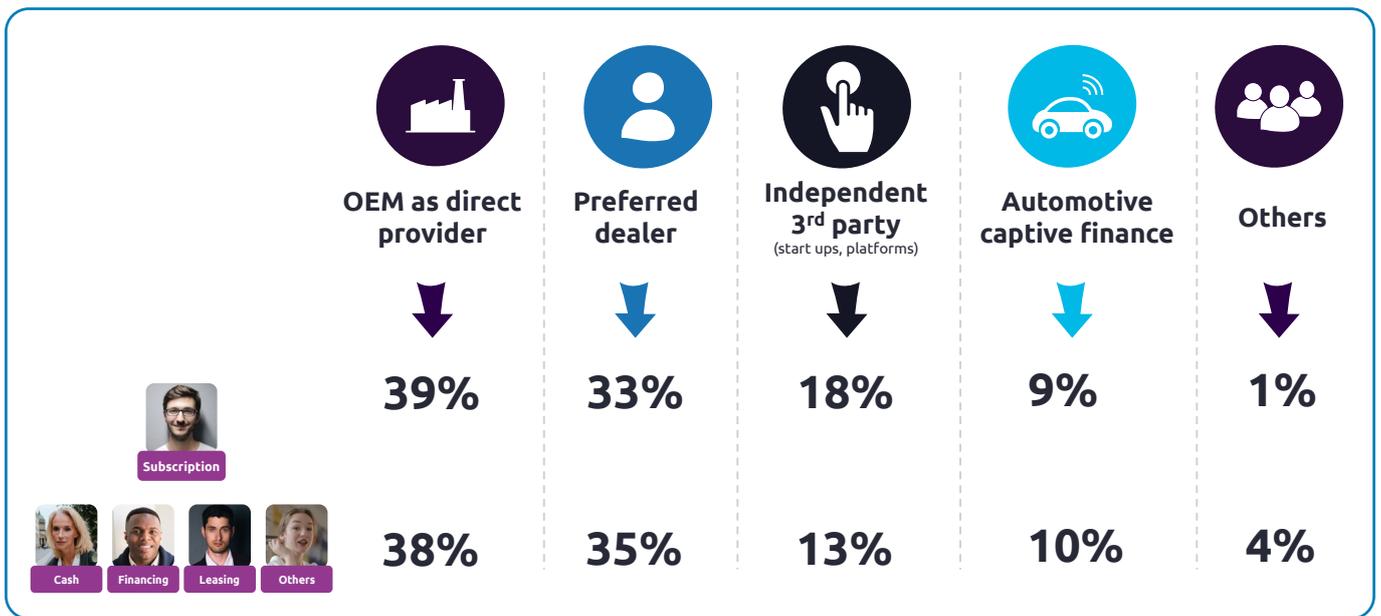
**Figure 6 | Preferred sales channel**



**Key customer insight #6:**  
**OEMs and dealerships are still the most trusted partners when it comes to closing subscription contracts**

Besides the sales channels, it is also important to understand who the preferred contract partner of the participants would be. For both, subscription and other customers, the OEM and the dealer are favored partners. Third parties are more popular with subscription customers. This result clearly demonstrates that customers still put great trust into known brands from OEMs and dealers when it comes to closing a car contract.

**Figure 7 | Favored contract partner**

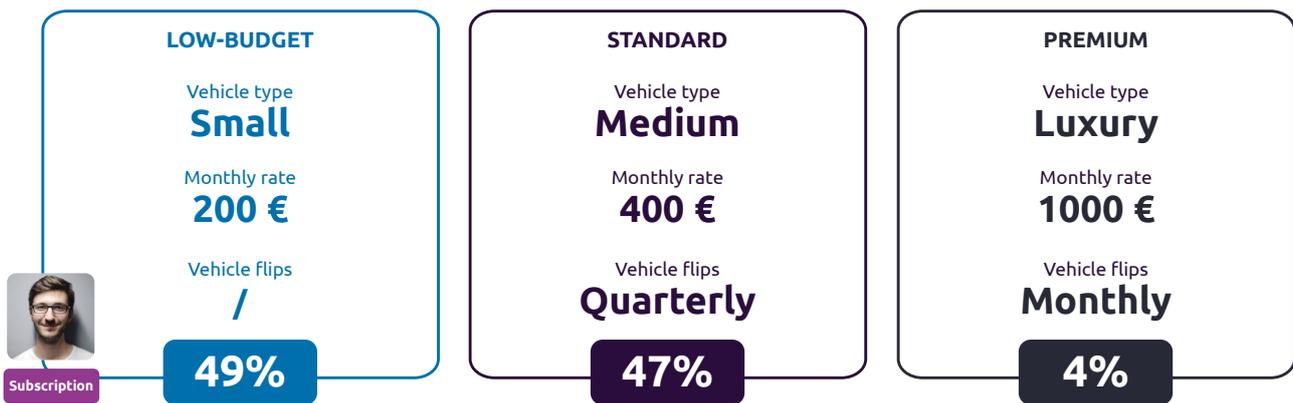


**Key customer insight #7:**  
**The great majority (96%) of subscription customers are not yet ready to pay for luxury products**

In order to capture the willingness to pay, participants were able to choose from three different subscription product packages: low-budget with a monthly rate of 200€ and a small vehicle, standard package with a monthly rate of 400€ and a medium size vehicle and the premium package including a monthly rate of 1000€ and a luxury car.

As price sensitivity was named one of the main motivation factors for subscription models, it is no surprise that 49% of customers prefer the low-budget option. Whereas 47% of subscription customers chose the Standard package, only 4% selected the premium variant.

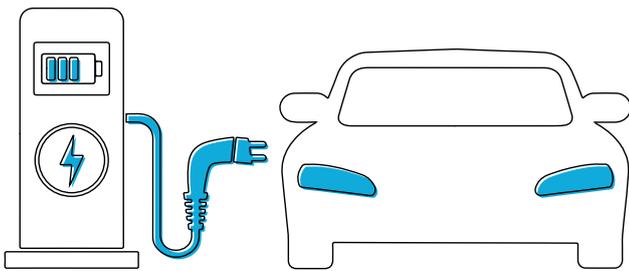
**Figure 8 | Selection of subscription packages**



**Key customer insight #8:**  
**Subscription customers enable vehicle electrification**

When considering the different vehicle engines, we found out that the demand of subscription customers for electric vehicles compared to financing/ leasing customers is 10PP higher. Further, when differentiating between Subscription participants, 43% specifically prefer electric vehicles compared to 26% tending to combustion engines (31% remain neutral). This is an impressive result, which suggests that the motivation and decision-making process for electric vehicles is different from traditional internal combustion vehicles and that subscriptions could potentially serve as a jump start for manufacturers to market their vehicles.

**Figure 9 | Electric vs. combustion preference**



**10 pp** higher demand for **electric vehicles** of subscription customers compared to **financing/leasing** clients

**43%** of subscription customers specifically prefer **electric vehicles**

**26%** of subscription customers rather choose **combustion engines**

# 04. MARKET DYNAMICS FOR SUBSCRIPTION MODELS

## Market for Automotive Subscription Models: Condemned to decline?

The automotive subscription market is known for its continuous changes: new players enter the market, others consolidate or change their portfolio. Covid-19 has made its contribution, too. In order to get a holistic overview of the current market situation, Capgemini Invent has screened the market precisely. The following topics define our research focus:

- Developments in the global automotive subscription market
- Trends regarding product characteristics
- Differences on providers of subscription models

As we see in our customer study from 2021, Covid-19 has not changed customers' motivation when it comes to the demand for such flexible options. The following chapter outlines how this affected the current market situation for subscription models and describes the overall trends which were identified.

## Key market insight #1:

### Consolidation of providers, revision of offerings and an increase of third-party providers as global trends

Based on the high demand among consumers, subscription models represent an important business model for existing and new providers by now. It is estimated that subscription models will account for a total market share of up to 40% by 2030 in the automotive industry. Increasing investments in eCommerce, online platforms and new sales models like direct or agency sales models enable the positioning of such models. They can also be opening factors for new technologies like e-mobility and can act as drivers for sustainability. These overall trends were the basis for an additional market study and customer demands' analysis. Since we started to investigate and analyse the market, we noted a strong growth of different models and strategic geographic hot spots globally. At the time of the research, there were more than 61 purely subscription-based mobility offerings in 23 markets.

Figure 10 | Market developments during Covid-19

- Consolidation**  
1 **12%** of providers have left the market and shifted their attention to other models like **car sharing** or **car rental**
- Pilot projects led to renewed offerings**  
2 **4%** of providers left the market and are temporarily inactive as they started a **pilot**. Previous pilots have been terminated, while **new offerings** were created
- Start up and platform focus**  
3 **64%** of the subscription providers are **third-party providers**, including start ups and platforms



The US and Germany account for the highest number of offerings, as 53% of providers are active in these two markets. However, some Asian players also started to focus on subscription or flexible mobility offerings.

These providers are introducing subscription models as their core business model or complement their existing product portfolio. To better understand the supply side of subscription products, we defined five main categories of providers:

- **OEMs:** Manufacturers who are offering subscriptions for their vehicle brand directly or via subsidiaries  
e.g. "EQC Abo" by Mercedes Benz
- **Captives:** Manufacturers' captive organizations representing the traditional provider of financing or leasing products  
e.g. CARE BY VOLVO
- **Rentals:** Rental companies who are extending their product portfolio to offer subscription offerings for their existing multi-brand fleets  
e.g. SIXT + das Auto Abo

- **Independent third-party providers:** A growing number of independent providers or start-ups are introducing mostly multi-brand offerings through their own platform  
e.g. Cluno
- **Dealers:** Various dealers started offering their own subscription models in addition to their regular business  
e.g. PSA Retail

**Among these providers, various trends have been identified. First, a clear development shows that Covid-19 has led to a consolidation of providers – 12% have left the market and shifted their attention to other models like car sharing or car rental. BMW has ended its pilot "BMW Access" in the US in January 2021, after being active for two years.**

## Providers

64%

Independent third-party

15%

Dealerships  
(Multi- & single brand)

11%

Original Equipment  
Manufacturers (OEMs)

7%

Automotive captive  
finance

3%

Rental business

Second, what has been identified as a trend regarding the subscription market, 4% of all providers have left the market and are temporarily inactive as they started a pilot. At the same time, previous pilots have been terminated and were used to create new offerings. Two examples are Porsche's subscription offer "Porsche Drive Abo", which is based on the pilot "Porsche in Flow" that has been active for a year. "Mercedes Me Flexperience" has also been terminated and was used as a basis for the new subscription offering called "EQC Abo". This development shows, that pilots are often used by OEMs to gain initial experience in the still untapped field of subscription models and then create more successful offers. The third development identified is a clear increase in the number of third-party subscription providers. This can be explained by the fact that many start ups like Cluno started focusing on car subscription models. In total, these third-party providers account for the biggest group of providers with 64%. Dealers account for the second largest group, followed by OEMs and their captive units. Rental businesses like SIXT make up only 3% of all providers.

**Key market insight #2:**

**Most providers reacted to customer trends and adapted their offerings**

We recognize a high degree of diversity not only in the different types of providers, but also in the design of their offerings. Providers have adapted their offerings within the last year in order to meet the changed customer preferences. Current trends can be put into relation to the Covid-19 crisis, which enhanced financial uncertainty from a customer perspective and the wish for flexibility. When designing their offerings, various factors have to be taken into consideration. OEMs and captives specifically face the challenge of integrating subscription services into their mostly traditional financial services product portfolio (e.g. leasing, financing) as well as their existing processes and infrastructure, including their dealer networks. Therefore, providers need to carefully evaluate how subscription models can fit into their current ecosystems.

**Figure 11 | Changes in offerings during Covid-19**



In addition, they need to determine how to design the dimensions of subscription offerings, answering several key questions:

- Which features and elements are most important?
- Which combination of features and conditions best satisfy the desired target group?

Based on our analysis, we can conclude that subscription providers try to answer these questions by taking current developments in customer preferences into account. We have identified our major trends when it comes to designing subscription offerings:

There is a clear focus on sustainability. More providers offer electrical or hybrid cars only, or include CO<sub>2</sub> compensation, reacting to the increased demand for sustainable solutions. One example is FINN, which offers to compensate CO<sub>2</sub> emissions of their cars in order to be CO<sub>2</sub> neutral. Some OEMs have even launched a subscription model focusing solely on electric mobility (e.g., Volkswagen WeShare, Mercedes EQC). Thereby, customers have the chance to familiarize themselves with electric vehicles, while having the opportunity to return the vehicle if it doesn't fit into their daily lives.

The inclusion of electric and hybrid cars also indicates the demand for a wide range of other offerings. We recognize that most providers offer a huge variety. 80% of them do not focus on luxury cars but offer a wide range of different car models, 84% are even multi-brand providers. Thereby, customers can have a glimpse on the new product portfolio of e.g., premium OEMs, which is especially attractive for brand lovers.

Additionally, the study shows that providers are realizing new concepts like sales cooperations with retail companies and car sharing companies or by tapping into the B2B market. This enables providers to enter new customer segments. The company "like2drive", for example, started a collaboration with Tchibo to make use of a new sales channel, since customers can book their subscription offer via Tchibo.

As seen in the customer survey, price sensitivity among customers is still a key motivation factor when deciding for subscriptions. The reaction of the market shows, that 40% of providers reduced the monthly price, while the maximum activation fee across all providers has been reduced by 17%. This development implies that providers take the changed preferences of customers into account and adapt accordingly.



Inclusion of electric and hybrid cars shows demand among customers for **sustainable solutions**



Reduction of monthly price at 40% of providers reflects an increased **price sensitivity** among customers



The increase in offered vehicle flips and a higher number of included brands reflect the high need for **flexibility**



The inclusion of transporters enable companies to tap into the B2B segment and reach **new customers**

**Key market insight #3:**

**Customer-centric product dimensions are key**

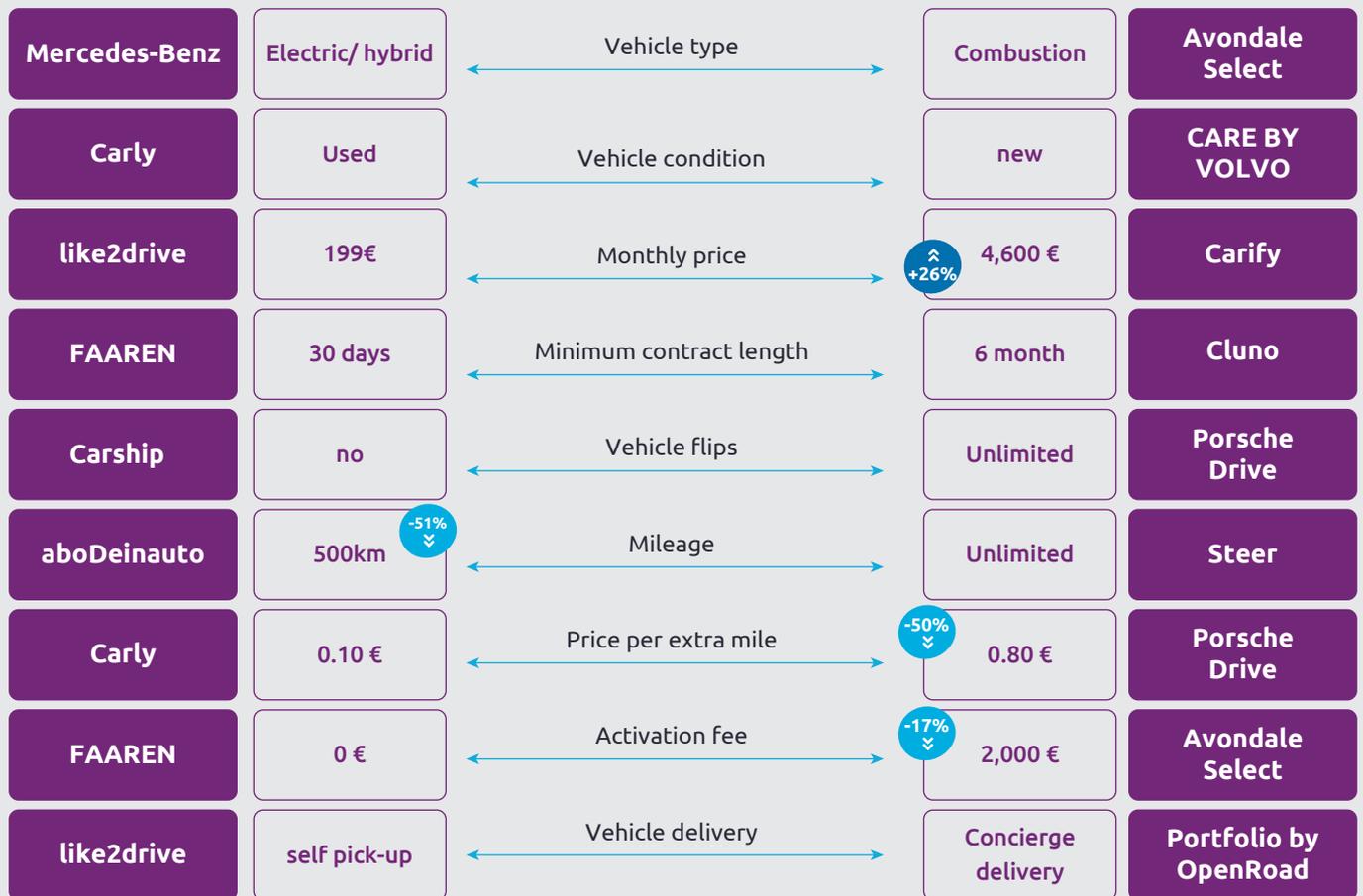
As pointed out earlier, especially OEMs and Captives need to evaluate carefully how to integrate and structure their offering. A high degree of variation is existing in the automotive subscription market, ranging from offerings including purely electric to performance combustion cars, and highly flexible to rather long-term commitments. The following illustration shows the key dimensions of automotive subscription models with exemplary offerings and the respective range of each dimension.

Our research shows that customer preferences for access and use of mobility products can differ widely depending on demographics. Hence, there is no one-size-fits-all subscription solution and providers need to conduct customer-centric research to define key dimensions. Despite this wide range of design possibilities, we identified several key traits that are valid across several subscription offerings:

- **Flexible conditions:** More than 54% of the offerings analysed offer a minimum contract length of one month or less. 10% of providers shortened their contract length.
- **Pricing:** Around 52% of providers do not charge customers an upfront activation fee. 56% did not change that within the last year.
- **Used car utilization:** Around 49% of offerings provide customers with subscriptions for used cars only, promising a recent model year or maximum mileage.
- **Premium subscriptions:** Around 20% of identified subscription models are offered within the premium/luxury car segment.

This shows that, in a post-pandemic world, subscription providers are responding to the shifting consumer trends in order to gain a competitive advantage.

**Figure 12 | Overview product dimensions**



# 05. CONCLUSION OF STUDY RESULTS

## Conclusion: Are subscription market trends & customer expectations in line?

Capgemini Invent derived key insights on subscription trends from customer and market perspective. Customers have developed special preferences – but how does this fit to recent subscription market trends? We have highlighted this interplay on key trends illustrated in figure13:

- The majority of providers developed **wide offerings** including various brands, car models in the lower or medium price segment which reflects customer preferences. **Premium subscription** packages are neither offered on a large scale nor requested from customer side.
- As seen in this study, **price sensitivity** (monthly price rates) is one of the most important purchasing criteria for customers. Providers have already reacted by lowering them, however a constant evaluation and adaptation of prices seems to be inevitable.

- Customers’ strong interest in **e-mobility and sustainable offerings** is already reflected by subscription providers who increasingly include or even only offer hybrid or electric cars in their products. It is expected that this trend will prevail in the future and is decisive for a provider’s relevance in the market.
- The trend which is currently not balanced between customer & market perspective is the **relevance of third parties**. Even though the majority of Subscription providers is represented by start-ups and independent platforms, customers still prefer to conclude subscription contracts with OEMs and preferred dealers.

Taking these key findings into account will help subscription model providers to be in line with customer expectations and to stay relevant with the increasing competitive pressure and market consolidation.

Figure 13 | Trend overview

The market consolidation increased competition, forcing providers to adapt to customer needs

Customers demanding flexible & sustainable products with low costs influence providers and their offerings

✓ **Wide range of offerings**  
Focus on **wide offerings** including many brands and models, neither demand nor offerings for **premium only**



✓ **Price focus**  
**Monthly price rates** are an important criteria for customers, providers reacted by **lowering** them

⚡ **Relevance of third parties**  
Third parties like start ups account for the **largest number** of providers but are **not** the preferred partners for customers

✓ **Sustainability focus**  
Customers’ interest in **e-mobility** is reflected by providers including **hybrid** or **electric cars** in their offerings

# 06. FUTURE KEY ACTION AREAS

How to make subscription models more attractive?

## Make subscription models ...



### More comprehensible

35% of customers claim that they know too little about car subscriptions, the scope of services and do not see it as a real alternative to financing or leasing. This is also due to the fact that subscriptions do not yet receive the same attention. Since it is a new product, many customers seem to prefer to turn to a partner they are familiar with.

OEMs (39%) and dealers (33%) are the most important contractual partners. It is therefore important to serve customers across all online and offline channels, to provide explanatory content e.g. videos and to be available as a consulting partner. Cluno is e.g. a role model that offers customers to directly book consulting meetings online. In this perspective OEMs have a good position with their dealer networks that they can leverage in order to provide customers with all relevant information.



### More present

33% of our survey participants have declared interest in subscription models. In order to really meet this demand and exploit its full potential, car subscriptions need to be even better positioned and more assertive so that customers can understand and use it as part of the overall portfolio. OEMs could, for example, offer subscriptions on their existing eCommerce platforms as an alternative and more flexible option with regards to the traditional portfolio incl. leasing, financing and cash purchasing. This is an important starting point, especially considering the fact that a lack of information is the main reason for not opting for the car subscription. Very often, subscriptions are not placed in the configurator, but more difficult to access via external links to separate partner platforms or captives. E.g. the Volkswagen subscription model is not to be found in the configurator or traditional brand website. No comparison with leasing or financing is possible, only accessible via a relatively well-hidden link to an external page. Care by Volvo e.g. places the subscription prominently and directly accessible in the configurator, good comparison with other options possible, information about the scope and conditions of the subscription is given.



### More cost-effective

The second most named reason of survey participants for declining subscription models is price sensitivity (29%). In addition to that, we have discovered that there is hardly any market for luxury subscription packages and premium brands. Compared to more long-term leasing models, subscription rates are for sure more expensive, but offer at the same time advantages in terms of flexibility and convenience. With regards to full transparency it is essential to display components and services of the subscription with regard to total cost of ownership consistently. Often, customers are not aware of additional costs like e.g. insurances and taxes that are usually included in subscriptions but not in leasing rates.

For car subscriptions - and its extensions - to become more economical for manufacturers in the future, internal subsidies analogous to classic products must also increase. Only in this way can customers ultimately benefit from attractive rates and the existing demand for flexible mobility be fully met.

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## About Capgemini Invent

As the digital innovation, design and transformation brand of the Capgemini Group, Capgemini Invent enables CxOs to envision and shape the future of their businesses. Located in more than 36 offices and 37 creative studios around the world, it comprises a 10,000+ strong team of strategists, data scientists, product and experience designers, brand experts and technologists who develop new digital services, products, experiences and business models for sustainable growth.

Capgemini Invent is an integral part of Capgemini, a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 325,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering, and platforms. The Group reported in 2021 global revenues of €18 billion.

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