

Cars Online 06/07

Executive Summary

Welcome to the eighth annual Capgemini automotive study—*Cars Online 06/07*. This research, conducted across five countries in North America, Europe and Asia Pacific, examines trends in consumer buying behaviour and Internet usage.

The report explores some of the similarities and differences among the countries studied—China, France, Germany, the United Kingdom and the United States—highlighting the importance of understanding the individual markets within which you conduct your business. This year, we've expanded our research to focus more extensively on customer loyalty in order to provide insight into what it takes to gain and maintain customer commitment.

Our *Cars Online* research uncovered a number of key findings that can help companies increase their customer knowledge base:

Consumers are increasingly driven by their hearts, as well as their heads: Although rational factors such as safety, price and reliability play a role in consumers' decision-making process, they are often trumped by more emotional aspects. For example, when consumers were asked why they switched to a different brand, responses such as "fits my needs," "wanted to try something new" and "enjoyment of the vehicle" scored higher than fuel economy and safety. And when it comes to the factors that lead buyers to repurchase from the same dealer, greater importance is placed on trustworthiness and friendliness these days than on factors such as the degree

of knowledge possessed by the sales staff. This poses a challenge for manufacturers and dealers since it requires that they appeal to both the rational and emotional aspects of buying a car.

Customer loyalty is fleeting: With so much riding on the relationship and emotional factors, consumer trust and loyalty can be easily broken. Consumers are ever more demanding and are prepared to walk at any time, even within a month of purchase, and often they won't give a company a second chance. Close to 40% of consumers said they expect a dealer or manufacturer to respond to a request for a quote via e-mail or the Web within four hours, up from 29% last year. If that response isn't fast enough, many consumers will look for a new dealer, a new manufacturer or both.

Dealer loyalty is particularly fragile and continues to decline, especially in Europe. This year, just 37% of European respondents said they were likely to purchase/lease a vehicle from the same dealer, down from 48% two years ago.

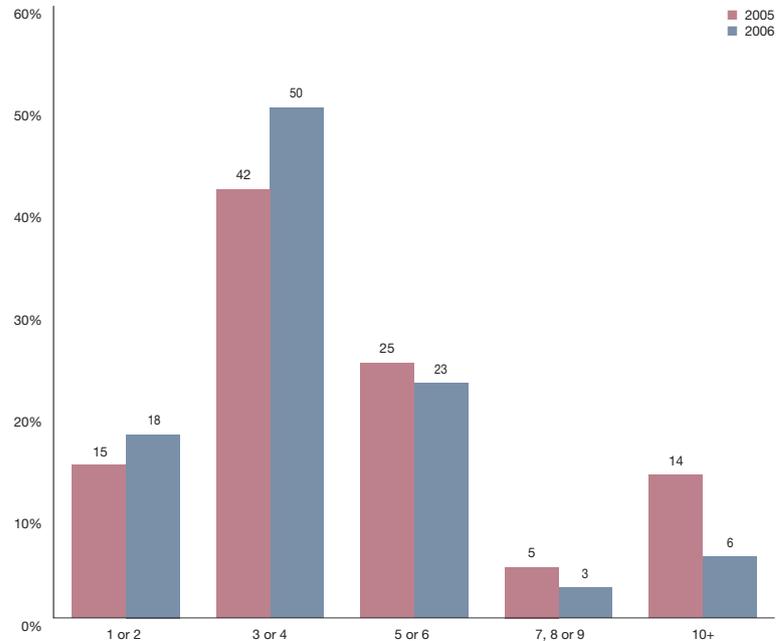
Loyalty doesn't end with the sale: Vehicle ownership is a long-term, complex relationship among the consumer, the manufacturer and the dealer. Post-sale communications and aftersales service are essential to keeping the relationship alive. For example, about two-thirds of consumers indicated that they appreciate or greatly appreciate dealer contact such as having the service manager phone following vehicle servicing, receiving regular service reminders or having a sales consultant phone following delivery of a vehicle.

Further collaboration between the manufacturer and dealer is key to driving growth: Consumers don't always make the distinction between vehicle manufacturer and dealer. For instance, if either party fails to respond quickly enough to an e-mail inquiry, close to 20% of consumers will switch both brand and dealer. This points to the importance of retail integration in the battle for customers and sustainable profits. Together, both manufacturers and dealers are better positioned to respond faster and more effectively to consumers' needs, wants and preferences.

Vehicle buyers are using the Web in a more targeted fashion: Use of the Internet during the buying cycle continues to climb, but more consumers are focussing their research toward fewer Websites. This year about one-third of respondents said they visited five or more manufacturer Websites, down from 44% last year. The Web features they look for include pricing information, vehicle comparison capabilities, a full range of product information and vehicle configurators. And more than one-third say they are less likely to buy a specific brand or from a specific dealer if the desired features are not available.

Responsiveness and an effective Website are essential to successfully selling in China: Although China remains an evolving and relatively immature automotive market, a number of consumer behaviour patterns are emerging. For example, Chinese consumers do an exhaustive amount of research prior to buying a vehicle, using information sources ranging from family and friends to the Internet. Because they are heavy Web users it may not be surprising that Chinese consumers are particularly sensitive when it comes to the response time they expect from companies to their online inquiries. Sixty-one percent of Chinese respondents expect to receive a response immediately or within one hour from a dealer or manufacturer.

Number of Manufacturer Sites Visited
(% online consumers saying)



Source: Capgemini
Base: All consumers who visit manufacturer Websites



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