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Capgemini Cars Online Study highlights growing influence of Social Media

Decade witnessed heavy dependency on Internet as research tool for buying decisions

India, December 22, 2011 – Capgemini, one of the world’s foremost providers of consulting, technology and outsourcing services, recently announced the findings of its 13th annual global automotive study, [*Cars Online 11/12*](#). The study surveyed over 8,000 consumers in developing markets like India, China, Brazil and Russia and mature markets including France, Germany, UK and US. It provides a detailed analysis of consumer vehicle buying behavior around the world including shopping patterns, social media usage, online buying, green vehicles, customer interaction and aftersales and servicing.

Key findings for Indian automotive industry from this year’s study include:

- **The role of the Internet during the vehicle buying process is becoming increasingly important as web usage for both purchasing and research has increased.** The number of Indian consumers researching online reached 95 percent in 2011 up from 86 percent in 2010.
- **Social media has become more influential.** Consumers in India exhibit a higher-than-average use of social media during the vehicle buying process. 78% said they would be likely to purchase a vehicle from a particular car manufacturer or dealer if they found positive comments posted about that vehicle make/brand, manufacturer or dealer.
- **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. Apps considered most useful by respondents include remote support features such as remote locking and unlocking of vehicle doors, care information like service reminders about when maintenance is due and car care tips.
- **Aftersales servicing is growing as a factor in vehicle decisions.** Servicing is taking on a bigger role for many consumers with aftersales service climbing up the list of important factors in choosing a vehicle. In addition, servicing can influence future buying decisions. In vehicle service contracts, Indian customers focus on extended warranty and vehicle insurance, followed by customer care.

- **Increasing demand for new, non-traditional approaches to vehicle buying and ownership.** Nearly 52% of respondents would consider alternatives such as vehicle-sharing, up from 49% in 2010. Another alternative – 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. 64% respondent said they would consider mobility package as an alternative as compared to 57% in 2010. Ride-share services as an alternative grew from 54% in 2010 to 57% in 2011.
- **Consumers becoming more demanding about dealerships.** Another finding shows that car buyers continue to be more demanding about dealerships as only 45% of respondents in India are willing to travel more than 10 miles to purchase a vehicle. 39% respondents said they are willing to travel only 5-10 miles to a dealership to purchase a vehicle. The remaining 16% was willing to travel less than 5 miles to purchase a vehicle.

“The impact of the Internet on consumer demand and buying behavior for passenger cars in India is intensifying at a surprisingly fast pace. The gap between the reality on the ground and the latent demand of consumers is significant at this stage but it also means that traditional operating and technology models will be challenged sooner rather than later. The ‘digital’ winners in the Auto ecosystem will be those that can successfully adopt a ‘bricks’n’clicks’ strategy for their customers.” said Anish Sarkar, Head, Consulting, Capgemini India.

For more information on the India findings of the Cars Online study please visit

http://www.in.capgemini.com/services_amp_solutions/consulting_services/marketing_sales_and_service/cars_online/cars_online_india_findings/

Summary of Global Study

The role of the Internet and social media: Putting consumers in the driving seat

Consumer Internet behaviour, as well as the rise of tablets and smartphones are increasingly impacting the vehicle decision and buying process, with price, guidance and product information continuing to be the primary features consumers research via the Internet. The study also indicates a growing reliance on social media and user-generated content as a source for vehicle and dealer information for the latest opinions and reviews from other consumers and automotive experts. In this year’s study, 42 percent of consumers said they were likely to purchase a vehicle over the Internet, up from 37 percent two years ago. Consumers who are not interested in buying online cite 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 and should be capitalized upon by dealers and manufacturers with a formal social media and channel management strategy to engage with existing and potential customers.

Alternative buying models: A holistic strategy is needed

The buying cycle continues to shrink leaving dealers with fewer opportunities to interact face-to-face with customers, and the trend for non-traditional approaches to vehicle buying and ownership continues to grow. Interest in alternative buying models, including mobility packages, vehicle-sharing or ride-share programs, was particularly pronounced among younger consumers. If this trend continues it could represent a significant shift in the way consumers think about car buying and ownership and drive the industry to consider alternative business models. Recognizing the potential impact of this change on billing systems, cash flow and financial services, some car rental companies are already testing the waters and vehicle manufacturers are experimenting with business models to match this new consumer behaviour.

Green vehicles: Spotlight shines on electric cars

Consumer interest in green vehicles continues to gradually increase as this year electric vehicles made it to the mass market for the first time. This is expected to continue as fuel prices fluctuate, environmental awareness rises and governments provide tax credits and other incentives. In this year's study 42 percent of respondents expect full-electric vehicles to be a viable sales option (in terms of pricing and availability) within two years, up from 36 percent the prior year. Additional vehicle types identified by respondents include hybrid, biodiesel, hydrogen fuel cell and natural gas. However, price remains the biggest blocker to sales of alternative-fuel vehicles, followed by battery range, reliability and safety. The lack of charging locations is another concern for consumers considering electric vehicles. The automotive industry needs to develop effective solutions and work with government and other third parties to ensure that the necessary infrastructure is in place to support the move toward e-Mobility.

For more information and to download the full Cars Online study please visit : www.capgemini.com/carsonline

About Capgemini's Cars Online 11/12 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 has been 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, the 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 percent plan to buy or lease a vehicle within two months; 36 percent in two to six months; and 39 percent 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.

About Capgemini India

Capgemini in India is more than 35,000 people strong across 7 cities (Mumbai, Bangalore, Hyderabad, Kolkata, Chennai, Pune and Delhi). A pioneer in the IT industry, Capgemini has over 43 years of global expertise collaborating with leading corporations and now brings the Consulting, Technology and Outsourcing experience to India. With dedicated teams to service the local markets, Capgemini has strong domain experience to assist clients across the Government and Public Sector, Energy and Utilities, Manufacturing, Telecom and Financial Services sectors and help them advance in their respective industries. Please visit www.in.capgemini.com for more details.

About Capgemini

With more than 115,000 people in 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2010 global revenues of EUR 8.7 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model. Learn more about us at www.capgemini.com.

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