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Capgemini Cars Online Study Highlights Increased Demand for Online Buying of New Vehicles as Consumers Become more Technology Savvy

Paris, October 12, 2011 – Capgemini, one of the world’s foremost providers of consulting, technology and outsourcing services, today announced the findings of its 13th annual global automotive study, *Cars Online 11/12*. This year’s report reveals increased interest in buying cars online, and a growing demand for new vehicles in mature markets (66 percent, up from 61 percent in 2010). At the same time, however, many consumers indicated they were postponing buying a car until the economy shows more signs of stability. New ownership trends such as car-sharing and technology developments like smartphone apps are also impacting the global automotive industry as the number of channels for researching and buying cars increases, and customers’ expectations and choices continue to rise. The study surveyed over 8,000 consumers in Brazil, China, France, Germany, India, Russia, the UK and US and 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 from this year’s study include:

- **The role of the Internet during the vehicle buying process is becoming increasingly important, with fewer people visiting showrooms until very close to the point of purchase.** Web usage for both purchasing and research has increased, with the number of consumers researching online reaching 94 percent. This is driven in part by increased use in developing markets.
- **Social media has become more influential.** 71 percent of respondents said they would be likely to purchase a vehicle if they found positive comments posted on social media sites.
- **Consumer interest in green vehicles continues to increase as electric vehicles take center stage.** 44 percent of consumers (up from 41 percent in 2009) said they currently own a fuel-efficient or alternative-fuel vehicle and 39 percent are planning to buy a green vehicle (up from 30 percent in 2009).
- **Customer loyalty edges downward.** 61 percent of consumers said they were likely to purchase/lease the same make or brand as their current vehicle, down from 65 percent in 2010.
- **Increasing demand for alternative buying models reflects a growing shift from products to services as consumers move from traditional vehicle ownership to “power by the hour.”** Nearly 40 percent of respondents would consider alternatives such as vehicle-sharing, up from 35% in 2010.

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.

“Uncertainty in the global economy and volatile fuel prices are still affecting the automotive industry but we are starting to see positive signs of recovery, most notably with an increase in the number of new car buyers in mature markets,” said Nick Gill, Capgemini Global Automotive Sector Leader. *“However, as technology evolves in the manufacturing and marketing of cars, the industry must keep up and understand how consumer*

dynamics are evolving and consider the impact these changes may have on their business in the coming years to ensure profitability.”

For more information and to download the full Cars Online study please go to: 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.

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