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Cars Online 2017
Beyond the Car

People matter. results count.

WHAT ARE CONSUMERS THINKING? WE ASKED.

Cars Online 2017 presents the findings of our survey of over 8000 consumers from eight countries. The first part of this report covers their expectations about cars during the four phases of the customer lifecycle: interest, purchase, ownership, and repurchase. The second part explores their opinions about hot topics in the industry: mobility services, the connected car, autonomous driving, cyber security, and electric vehicles.

We found consumers who are well informed, assertively independent, and highly opinionated about everything: about where to get information and how to use it; about the ways OEMs and dealers could better meet their needs; about what they value now and what they will want in the future.

EXECUTIVE SUMMARY

This year's Cars Online survey solicited the expectations and opinions of consumers from Brazil, China, France, Germany, India, Italy, the United Kingdom, and the United States. Here is what they told us.

Customer Lifecycle

Interest phase: Dealers are becoming less important sources of information.

Probably not surprising, social media is becoming even more important. Today's consumers have access to unprecedented amounts of information from industry experts, independent critics, and large networks of connected groups with common interests. The independent press is the most favored resource, with 50% of the consumers using it for their research. The good news is that OEMs and dealers have an active online presence; consumers value their websites and social media sites.

At the same time, 62% of consumers are interested in new ways, such as virtual reality, to find out about cars without (necessarily) going to a showroom. This could be an opportunity for OEMs and dealers to reach the buyer anytime, anywhere. Even when consumers go to a dealer's showroom, they do so fewer times than in the past and closer to the moment of purchase. And when they do go, they want technical experts to help them understand their options (not a "sales pitch").

Purchase phase: The appetite for online sales continues to grow.

Overall, 42% of consumers say they are "likely" or "very likely" to buy a car online in the future. In the past, this trend was more apparent in the sale of premium cars; this year, volume brands are in the mix. Also, buyers want control of the transaction, including the ability to modify an order between purchase and delivery. While this demand is potentially challenging to OEMs, the upside is that the new car owners are open to cross-selling and up-selling.

Ownership phase: Communication is a necessary, but complicated, part of building loyalty.

How much contact is too much (or too little)? Some car owners want a lot of communication from OEMs and/or dealers; some want none. The best way to know what a customer prefers is to ask. One good opportunity to do that is at the dealer's, since the survey respondents express a high/growing appreciation of authorized service outlets. Also, during the ownership phase, the interest in online transactions continues for the purchasing of parts, accessories, and digital services. Customers do not object to sharing data with OEMs and dealers, as long as the use of the data is transparent.

Repurchase phase: New market entrants have taken—or are looking to take—market share.

More than half (57%) of the survey respondents say they would buy a car from a technology company (such as Apple or Google) if that were an option. In emerging markets, this number jumps to 78%. Another possible threat comes from used-car resellers using an online platform to bring together buyers and sellers without putting the dealer in the middle. The challenge in these trends is age-old and complex: What can OEMs or dealers do to improve customer loyalty? One positive first step could be to identify those 10% of very loyal car owners who could be encouraged to act as brand ambassadors by sharing their enthusiasm for the brand on social media.

Hot Topics

Mobility services are an opportunity, not a threat.

Most consumers consider mobility services complementary to owning a car. So, participating in the mobility market is a way for an OEM or dealer to introduce drivers to new makes and models. Some consumers will use a mobility service to "test drive" a car before making a purchase, while others want to experiment with "something new". Either way, 66% percent of the survey respondents say that the brand is an important factor in the mobility decision.

Autonomous driving is the next big thing, and consumers are willing to pay for it.

Already enthused about advanced driver assistance systems, consumers are eagerly waiting for the next breakthrough: autonomous driving. Overall, 81% of the survey respondents say they would pay more for a car with autonomous driving features. Consumers expect autonomous driving to increase safety, reduce the stress of driving, and free the driver to think about other things. The success of an OEM in this area will likely depend on its reputation for making reliable, high quality vehicles.

Cyber security adds value to the car and can even affect the purchasing decision.

Very few consumers are not concerned about cyber security; in fact, a significant majority of the survey respondents say that a vehicle's cyber security would influence their purchasing decision. While they are willing to share the data generated by the cyber-secure cars, consumers would like more transparency, as well as more control over which data are collected, transmitted, and used.

Connected cars and electric vehicles

In answering our questions about two trends—connected car services and electric cars—consumers were middle-of-the-road in their interests. While the demand for connected car services is strong, it is not enough for consumers to be willing to pay extra. As for electric vehicles (EVs), consumers are interested, but not passionate. Many things (some beyond the control of the OEM) will need to happen before EVs become commonplace in every market.

ABOUT CARS ONLINE 2017

In January/February 2017 Capgemini asked 8,101 consumers—all actively considering a car purchase or a lease within the year—about their behavior and expectations during the customer lifecycle process, from the interest phase, through the purchase and ownership phases, to the ultimate repurchase phase. We also wanted their opinions about "hot topics" in the auto industry today, the new and evolving trends that will affect a consumer's engagement with the OEM or dealer. In this report—as in each of the past 16 years of the Cars Online global automotive survey—we share what we've learned.

Capgemini worked with FreshMinds, an insight and innovation consultancy, to survey consumers in the mature markets of France, Germany, Italy, the United Kingdom, and the United States, and in the emerging markets of Brazil, China, and India.

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Social media references included in the report are consumer tweets.

CUSTOMER LIFECYCLE

LOOK
INTEREST PHASE

For the consumer, the news is good. For the dealer, perhaps less so.

When it comes to getting information about a vehicle during the interest phase—information about everything from reliability to resale value, from upholstery to transmissions—consumers are in charge. But they are depending less on dealers in the showroom and online as their primary source of information, a significant change from what they told us in Cars Online 2015.

Dealers' influence wanes.

Car buyers have access to an unprecedented amount of information—not just facts about each make and model of a car, but opinions and speculation, third-party rankings, and customer ratings—from social media, blogs, ad hoc websites, and an online, independent press.
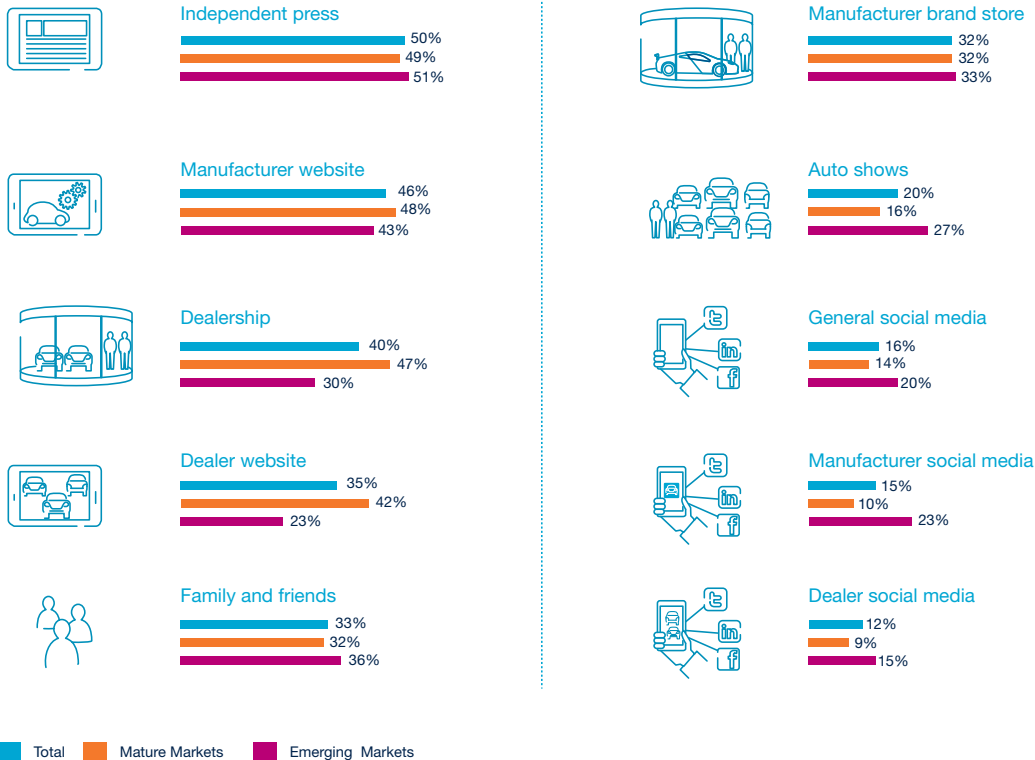
When asked which information sources they would use in researching a car, 50% of the survey respondents overall rank the independent press as their number one choice (a dramatic rise from 2015, when this source was number four in consumer preferences). In both emerging and mature markets, the overall importance afforded to third-party critiques is apparent (see figure 1).

The manufacturer's website is a close second, with 46% of respondents overall choosing it as an important source of information. The dealer's website lags, with only 35% saying it is an important channel (here, the responses differ by market somewhat significantly, with 42% of consumers in mature markets saying they count on the dealer's site and only 23% in emerging markets saying the same).

These numbers suggest two important findings. 1) In the Cars Online 2015 survey, the dealer/manufacturer websites were the number one source of information for consumers, and the dealers themselves were in the number two spot. The rise of the independent press knocked everything else down a notch or two. 2) The difference between mature and emerging markets during the core process of "looking" is significant (see the discussion about online purchasing in the next section of this report).

Figure 1: Dealerships are becoming less important in the interest phase, especially in emerging markets

Which of the following types of information sources and channels do you expect to use when researching your next car?

Independent press
- Total: 50%
- Mature Markets: 49%
- Emerging Markets: 51%

Manufacturer website
- Total: 46%
- Mature Markets: 48%
- Emerging Markets: 43%

Dealership
- Total: 40%
- Mature Markets: 47%
- Emerging Markets: 30%

Dealer website
- Total: 35%
- Mature Markets: 42%
- Emerging Markets: 23%

Family and friends
- Total: 33%
- Mature Markets: 32%
- Emerging Markets: 36%

Manufacturer brand store
- Total: 32%
- Mature Markets: 32%
- Emerging Markets: 33%

Auto shows
- Total: 20%
- Mature Markets: 16%
- Emerging Markets: 27%

General social media
- Total: 16%
- Mature Markets: 14%
- Emerging Markets: 20%

Manufacturer social media
- Total: 15%
- Mature Markets: 10%
- Emerging Markets: 23%

Dealer social media
- Total: 12%
- Mature Markets: 9%
- Emerging Markets: 15%

Legend: Total | Mature Markets | Emerging Markets

Source: Capgemini

Among online channels, social media is becoming the new standard for exchanging information and opinions.

A deeper dive into the data (figure 2) shows the ever-increasing importance of social media in shaping perceptions and, ultimately, in affecting the buying decision.

While consumers in all markets show a strong interest in social media as a source of information (including, in particular, the sites of manufacturers and dealers), consumers in emerging markets are much more engaged, with numbers significantly higher for all social media channels. Again, this points to a different paradigm for car buying in those markets that do not have a strong tradition of a dealer (middle man) in the process.
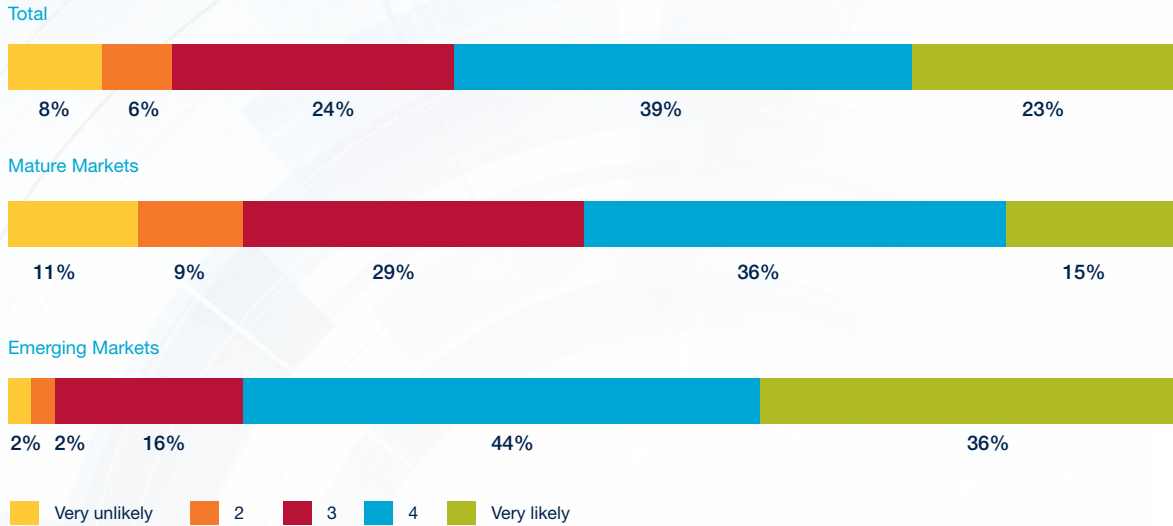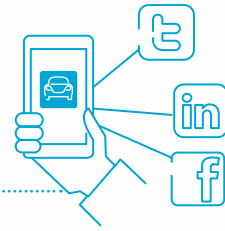
In emerging markets, 44% are "likely" and 36% "very likely" to be influenced by positive comments on social media, compared to only 36% and 15% respectively from buyers in mature markets (figure 2).

But interestingly, in all markets, 62% of consumers (67% in emerging markets and 58% in mature markets) would like to use virtual reality as an alternative way to find out more about a car (figure 3).

This certainly suggests an opportunity for OEMs and dealers to solidify and even enhance the value they bring during the interest phase. What better way to stoke a buyer's excitement for a car than letting him or her "drive it" from any place, on any day, at any time?

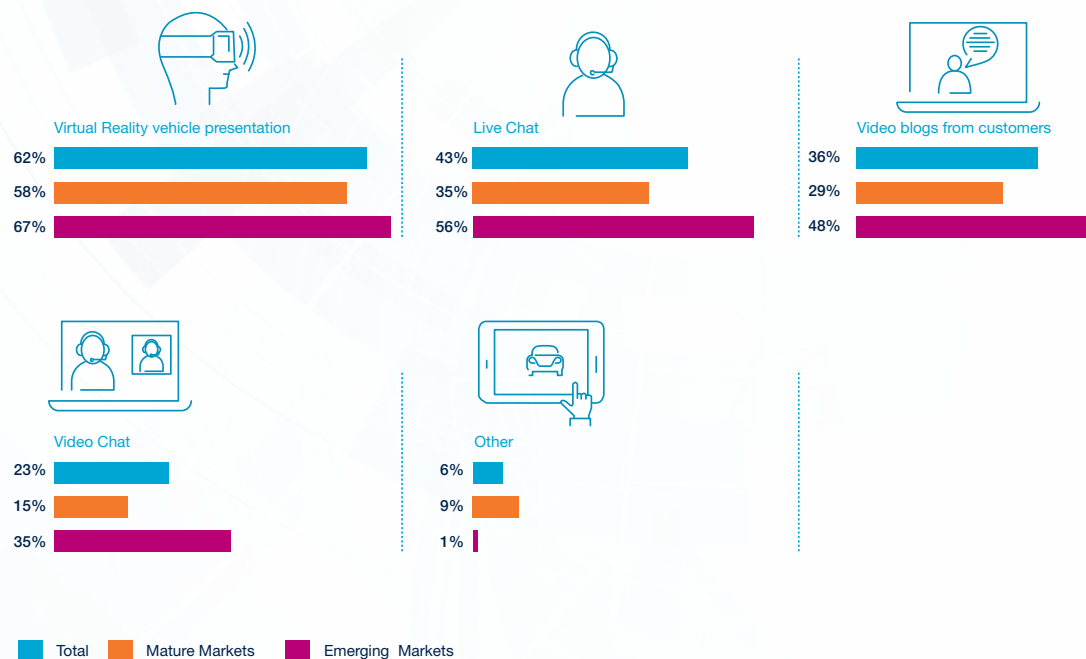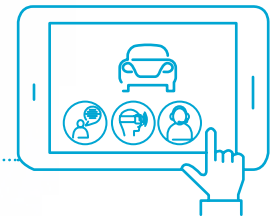## Figure 2: We see a strong influence of social media on the purchase decision

Q: How much will your purchase decision be influenced by positive comments on social media about a car, dealer or manufacturer?

Total

| 8% | 6% | 24% | 39% | 23% |

Mature Markets

| 11% | 9% | 29% | 36% | 15% |

Emerging Markets

| 2% | 2% | 16% | 44% | 36% |

Legend:
- Very unlikely
- 2
- 3
- 4
- Very likely

Source: Capgemini

Figure 3: Consumers are very interested in using additional features when searching for information

Q: Besides traditional methods of research, which additional features would you like to use?

Virtual Reality vehicle presentation
- 62%
- 58%
- 67%

Live Chat
- 43%
- 35%
- 56%

Video blogs from customers
- 36%
- 29%
- 48%

Video Chat
- 23%
- 15%
- 35%

Other
- 6%
- 9%
- 1%

Legend:
- Total
- Mature Markets
- Emerging Markets

Source: Capgemini

"Something fun about config. your own car from scratch. Watching its progress and going to pick it up. Don't want a traditional dealer experience"

Insights

OEMs and dealers can use their social media sites and websites as effective sales channels not by "pitching deals" but by providing better information, including thoughtful responses to inquiries or comments. Finding more ways to get in touch with customers—on their own terms—is critically important. Also, customers want an extended experience, whether online or in a showroom.

BUY
PURCHASE PHASE

Closing the deal—whether online or in the showroom—is all about adding value.
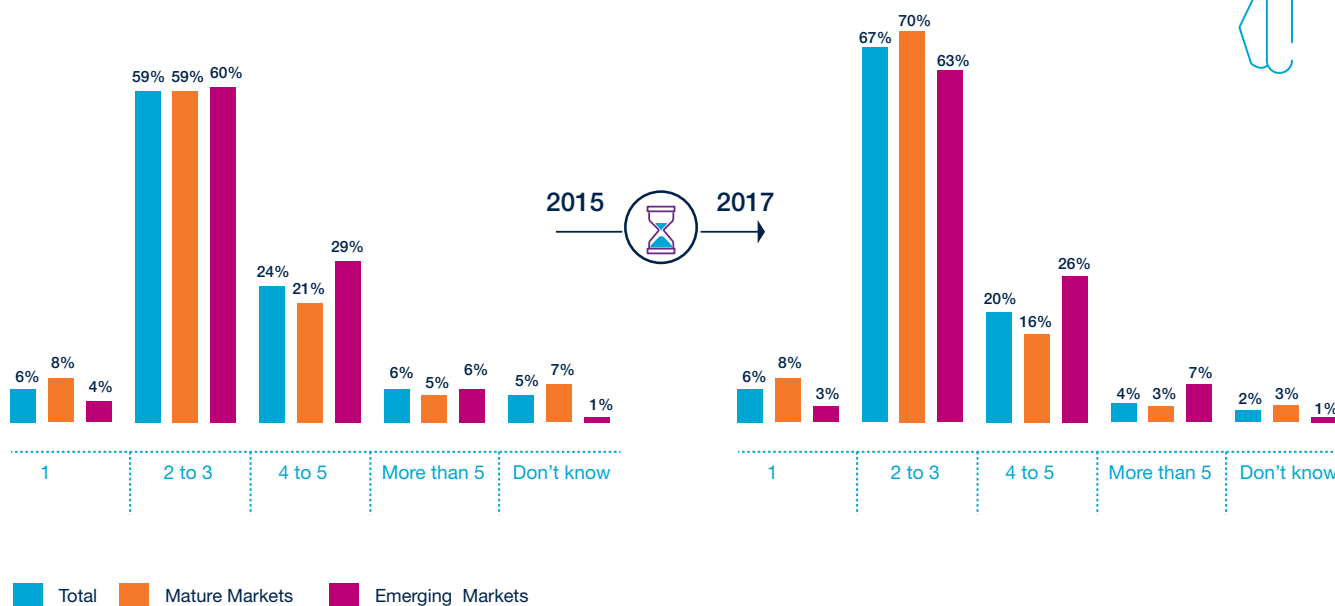
73% of the survey respondents say that they will visit a dealer up to a maximum of three times during the buying phase (figure 4) – up from 65% in 2015. The data also shows that the number of consumers visiting a dealer four or more times is going down. In short, dealers, while still key to the final transaction, have fewer face-to-face contacts with potential customers, so every interaction counts.

Not surprisingly, the main reason for going to the showroom is to test drive a car (figure 5), with 70% of the survey respondents choosing this as their number one purpose. A close second is the desire to "see the car in real life"—another affirmation of the fact that car buying is a visceral experience.

Also, since buyers come to the dealer's showroom already highly informed, they want and expect technical experts, not sales people, to answer their questions and help them navigate their options (figure 6). This means not just understanding the vehicle itself in detail, but also helping the consumer use technology, such as driving assistance features or digital services, make car-to-car comparisons, and explore different configurations. BMW's Product Genius program puts a non-commissioned expert in the showroom to spend as long as it takes to educate car buyers about their choices; the program has increased the purchase of high-margin options. In covering the launch of the program, Forbes magazine exclaimed, "BMW is radically rethinking the entire customer experience."

Figure 4: Potential Customers are visiting dealers less often

Q: How many times will you visit a dealership before purchasing your next car?

2015 → 2017

Left chart (2015):
- 1: Total 6%, Mature Markets 8%, Emerging Markets 4%
- 2 to 3: Total 59%, Mature Markets 59%, Emerging Markets 60%
- 4 to 5: Total 24%, Mature Markets 21%, Emerging Markets 29%
- More than 5: Total 6%, Mature Markets 5%, Emerging Markets 6%
- Don't know: Total 5%, Mature Markets 7%, Emerging Markets 1%

Right chart (2017):
- 1: Total 6%, Mature Markets 8%, Emerging Markets 3%
- 2 to 3: Total 67%, Mature Markets 70%, Emerging Markets 63%
- 4 to 5: Total 20%, Mature Markets 16%, Emerging Markets 26%
- More than 5: Total 4%, Mature Markets 3%, Emerging Markets 7%
- Don't know: Total 2%, Mature Markets 3%, Emerging Markets 1%

Legend: Total | Mature Markets | Emerging Markets

Source: Capgemini

The appetite for online sales continues to grow.

Overall, 42% of consumers say they are "likely" or "very likely" to buy a car online in the future (compared to 35% in 2015). The interest is especially high in emerging markets, with 58% saying the same, compared to 31% in mature markets. In the past, online sales were significantly higher for premium cars, since these OEMs were the first to pilot the new channel. This year, volume brands are in the mix, and customers are welcoming this expansion of online choices (figure 7).

Consumers who buy online want more control during the window between purchase and delivery:

First, they expect frequent communications (about everything from updates to new offers). Among survey respondents from emerging markets, 91% say they would expect regular updates or constantly available information about their order; in mature markets, 74% say the same.
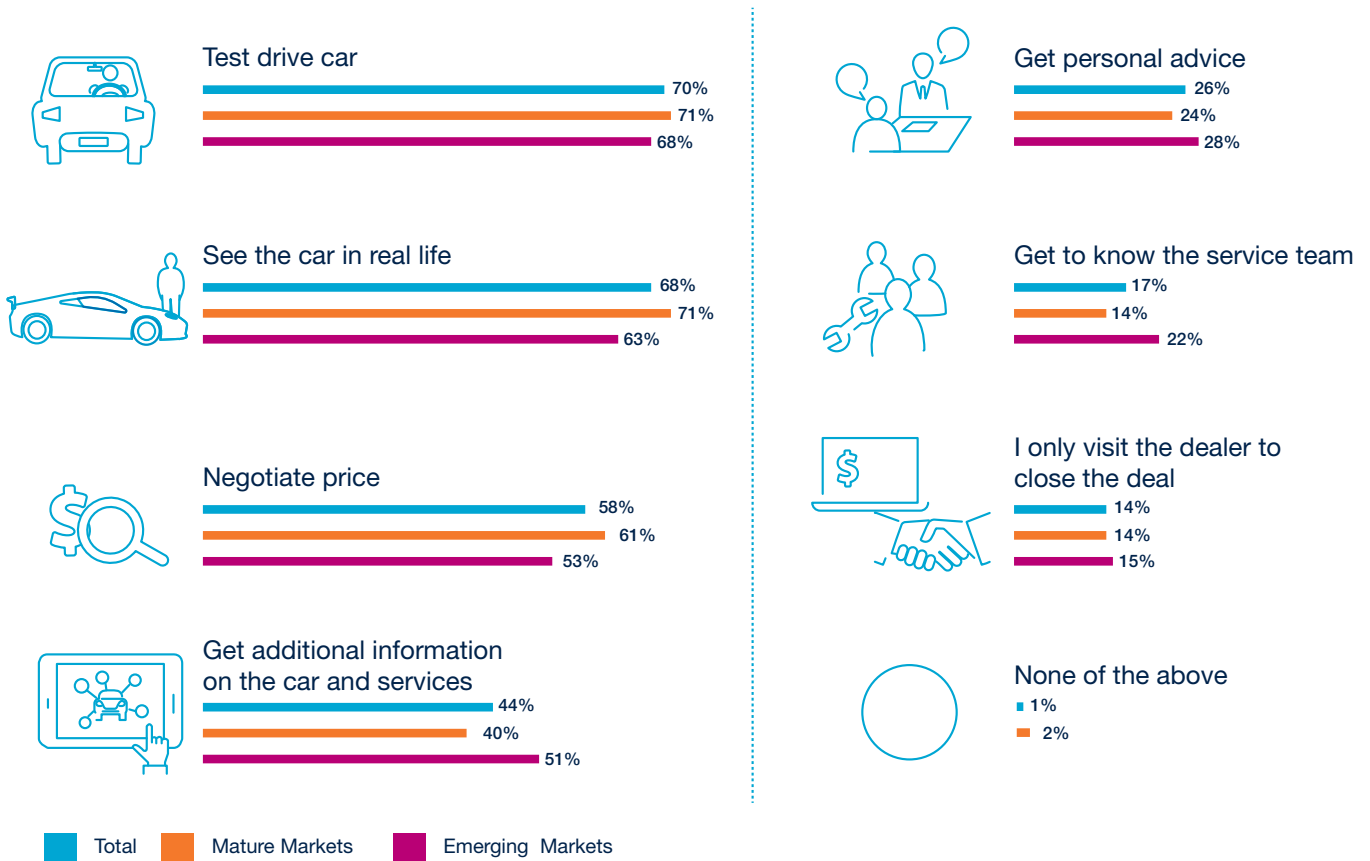
Second, they want the ability to modify orders (figure 8): 50% want offers and information on additional services, such as insurance and service contracts (compared to 38% in 2015), and 37% want suggestions for upgrades and the ability to make adjustments to their orders. Clearly, providing this flexibility is a big opportunity for an OEM both to sell more and to strengthen the customer relationship.

Figure 5: Consumers see less reason for physically visiting a dealership, although test driving a car remains the key reason.
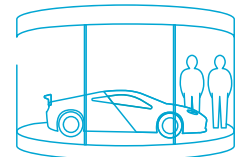
Q: Apart from the actual car purchase, are there any other reasons why you visit a car dealership?
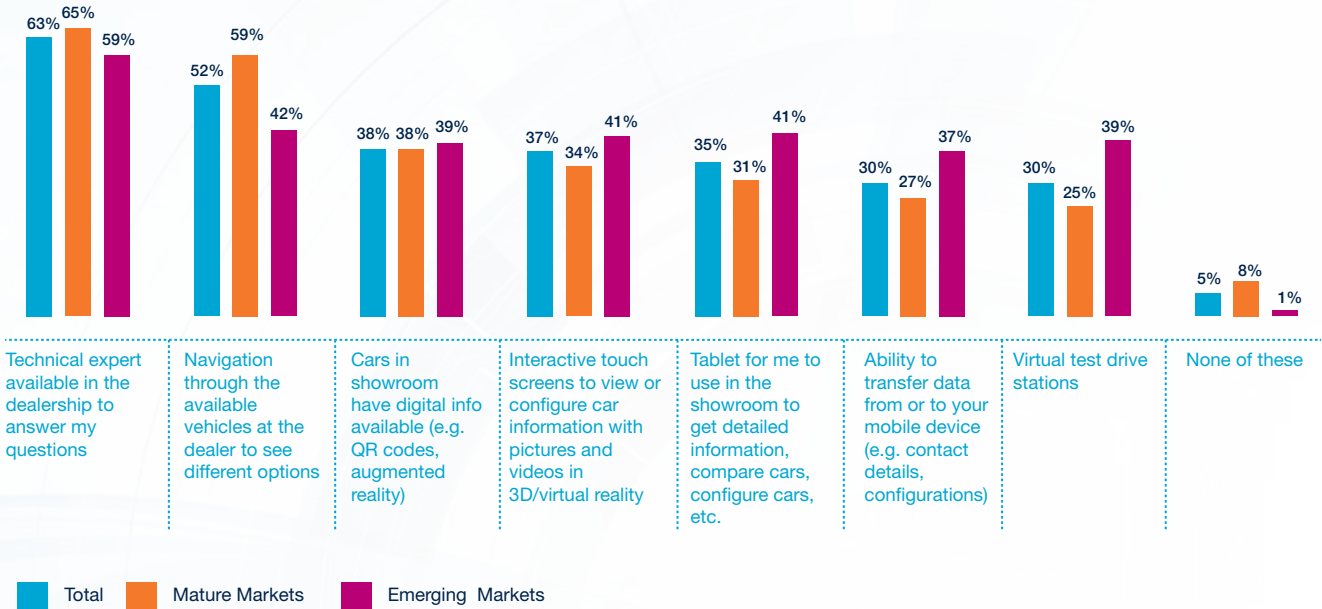
Test drive car
- 70%
- 71%
- 68%

See the car in real life
- 68%
- 71%
- 63%

Negotiate price
- 58%
- 61%
- 53%

Get additional information on the car and services
- 44%
- 40%
- 51%

Get personal advice
- 26%
- 24%
- 28%

Get to know the service team
- 17%
- 14%
- 22%

I only visit the dealer to close the deal
- 14%
- 14%
- 15%

None of the above
- 1%
- 2%

Legend: ■ Total   ■ Mature Markets   ■ Emerging Markets

Source: Capgemini

Figure 6: When consumers visit a dealership, they are looking for technical help and assistance in navigating through the showroom.

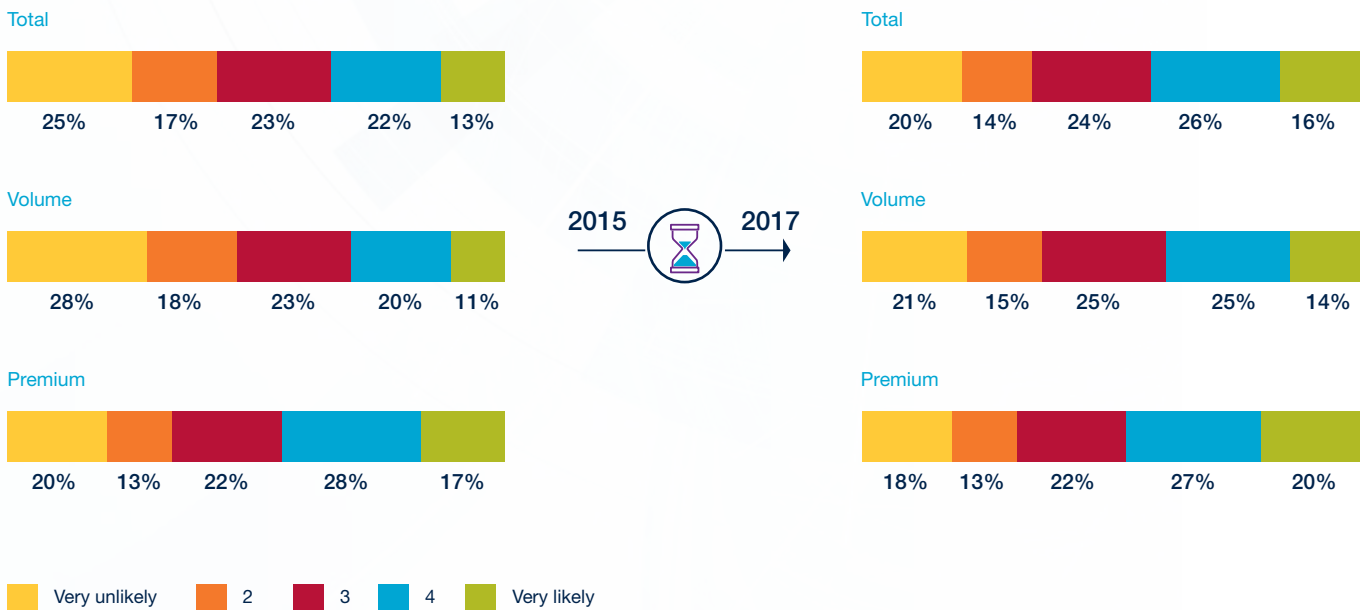Q: What service items do you expect when visiting a dealer before purchasing or leasing a car?

Service item	Total	Mature Markets	Emerging Markets
Technical expert available in the dealership to answer my questions	63%	65%	59%
Navigation through the available vehicles at the dealer to see different options	52%	59%	42%
Cars in showroom have digital info available (e.g. QR codes, augmented reality)	38%	38%	39%
Interactive touch screens to view or configure car information with pictures and videos in 3D/virtual reality	37%	34%	41%
Tablet for me to use in the showroom to get detailed information, compare cars, configure cars, etc.	35%	31%	41%
Ability to transfer data from or to your mobile device (e.g. contact details, configurations)	30%	27%	37%
Virtual test drive stations	30%	25%	39%
None of these	5%	8%	1%

Legend: ■ Total   ■ Mature Markets   ■ Emerging Markets

Source: Capgemini

Figure 7: The appetite for online sales continues to grow. There is a shift from premium brands (2015) to volume brands (2017)
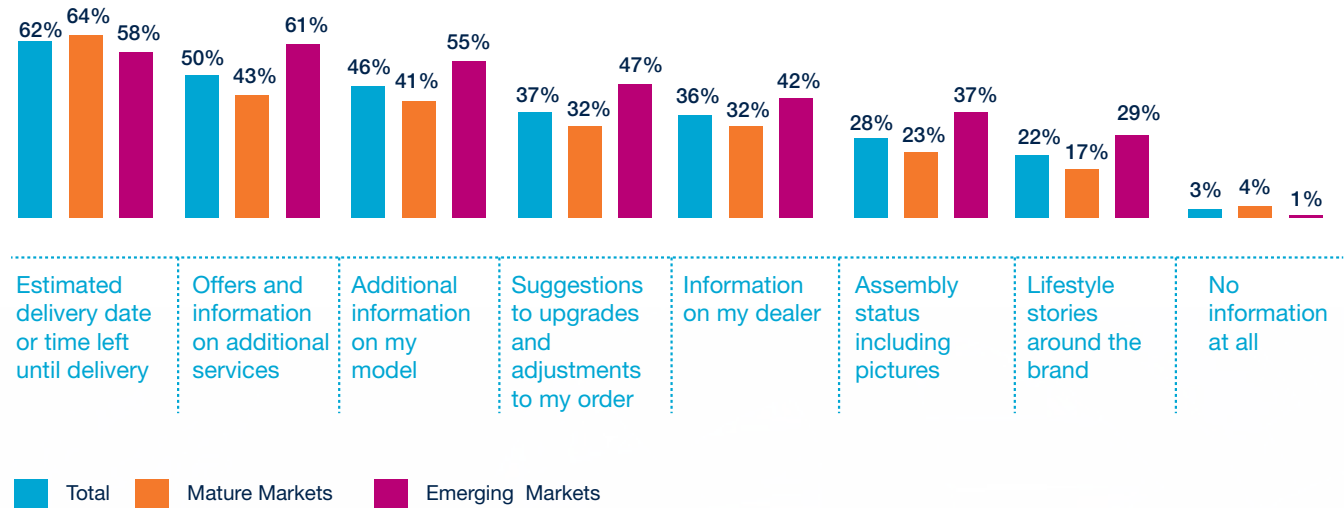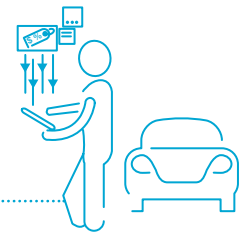
Q: How likely are you to purchase your next car over the Internet? By this we mean the complete transaction, except delivery of the car, through an Internet car dealer or manufacturer Internet site or a sales or auction site (e.g. eBay).

2015 → 2017

Total (2015)

Very unlikely	2	3	4	Very likely
25%	17%	23%	22%	13%

Total (2017)

Very unlikely	2	3	4	Very likely
20%	14%	24%	26%	16%

Volume (2015)

Very unlikely	2	3	4	Very likely
28%	18%	23%	20%	11%

Volume (2017)

Very unlikely	2	3	4	Very likely
21%	15%	25%	25%	14%

Premium (2015)

Very unlikely	2	3	4	Very likely
20%	13%	22%	28%	17%

Premium (2017)

Very unlikely	2	3	4	Very likely
18%	13%	22%	27%	20%

Legend: ■ Very unlikely   ■ 2   ■ 3   ■ 4   ■ Very likely

Source: Capgemini

Figure 8: Customers wish to receive more information and are open to additional offers

Q: What kind of information would you like to receive from your car manufacturer or dealer during the phase between purchase and delivery?

	Total	Mature Markets	Emerging Markets
Estimated delivery date or time left until delivery	62%	64%	58%
Offers and information on additional services	50%	43%	61%
Additional information on my model	46%	41%	55%
Suggestions to upgrades and adjustments to my order	37%	32%	47%
Information on my dealer	36%	32%	42%
Assembly status including pictures	28%	23%	37%
Lifestyle stories around the brand	22%	17%	29%
No information at all	3%	4%	1%

Source: Capgemini

"As a car dealer today, it's imperative you can answer all these questions"

Insights

An integration of the virtual and brick-and-mortar worlds is critical for giving each consumer the purchasing experience he or she prefers (and technical experts should be available for consultation in both channels).

The values of the consumer—for more information, greater convenience, and more control throughout the customer lifecycle—need to be satisfied; in doing that, the OEM and dealer can realize greater sales.

OWN
OWNERSHIP PHASE

Now, dealers come out ahead, and that's good for OEMs too.

If dealers are becoming somewhat marginalized during the interest phase of the customer lifecycle, they are front-and-center again during the ownership phase. Among survey respondents overall, 64% say their number one choice for service is the brand dealer, up from 58% who said the same in 2015. Another finding of note: car owners have little enthusiasm for specialized service shops; for example, only 7% of German respondents picked this choice (down from 29% in 2015).

Yet, the online channel encroaches even during the ownership phase, as large numbers of car owners say they want to buy commodity accessories (such as floor mats and wiper blades) and parts (such as spark plugs and oil filters), as well as digital apps and services, over the internet. Not surprisingly, car owners in emerging markets lead the way again, with 74% saying they would be "likely" or "very likely" to buy online (figure 9). The reasons given for preferring to shop online are price and choice.

Figure 9: There is high interest for buying parts, accessories and digital services online

Q: How likely are you to purchase car parts and accessories over the internet?

Q: What parts and accessories would you like to be able to buy online?

Total

Very unlikely	2	3	4	Very likely
10%	8%	22%	33%	27%

Mature Markets

Very unlikely	2	3	4	Very likely
14%	10%	24%	31%	21%
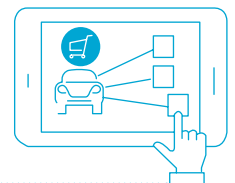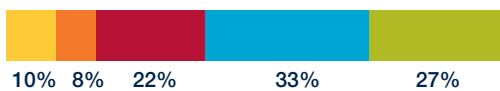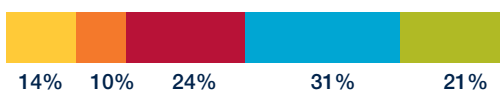
Emerging Markets

Very unlikely	2	3	4	Very likely
4%	4%	18%	37%	37%

Accessories (e.g. floor mats, wiper blades)
- Total: 69%
- Mature Markets: 65%
- Emerging Markets: 75%

Parts (e.g. spark plugs, oil filter)
- Total: 54%
- Mature Markets: 49%
- Emerging Markets: 63%
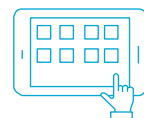
In-car apps and service (e.g. additional navigation features)
- Total: 45%
- Mature Markets: 35%
- Emerging Markets: 62%
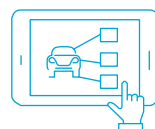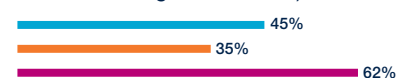
Functions-On-Demand (e.g. more horsepower for the weekend)
- Total: 19%
- Mature Markets: 13%
- Emerging Markets: 28%

None of the above
- Total: 11%
- Mature Markets: 15%
- Emerging Markets: 4%

Legend: Very unlikely | 2 | 3 | 4 | Very likely
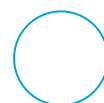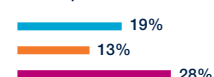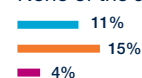
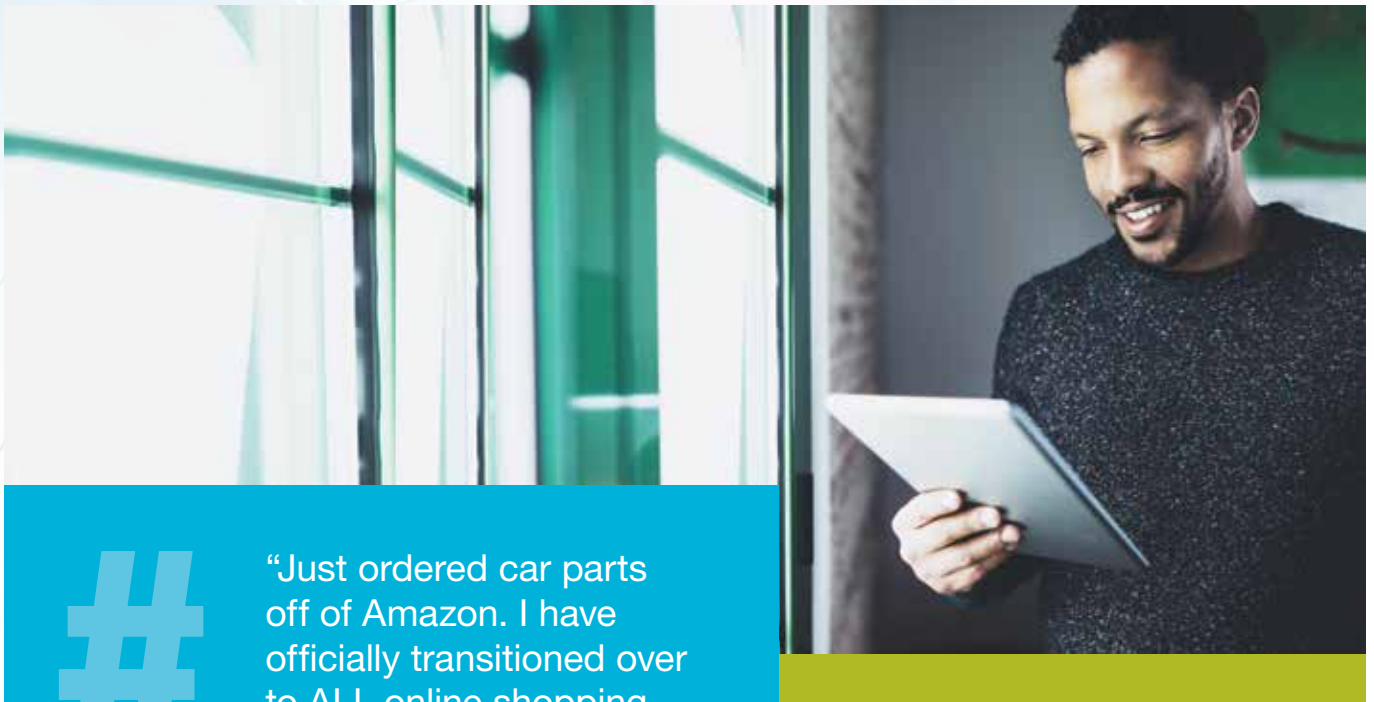Legend: Total | Mature Markets | Emerging Markets

Source: Capgemini

"Just ordered car parts off of Amazon. I have officially transitioned over to ALL online shopping except for groceries LOL."

How much contact is enough?

Overall, the survey respondents are "satisfied" or "very satisfied" with communication from the OEM or dealer, despite the fact that a large percentage, across all markets, say they have had contact only once or twice in the prior year and despite the fact that many (22% in all markets, 28% in mature markets) had no contact at all.
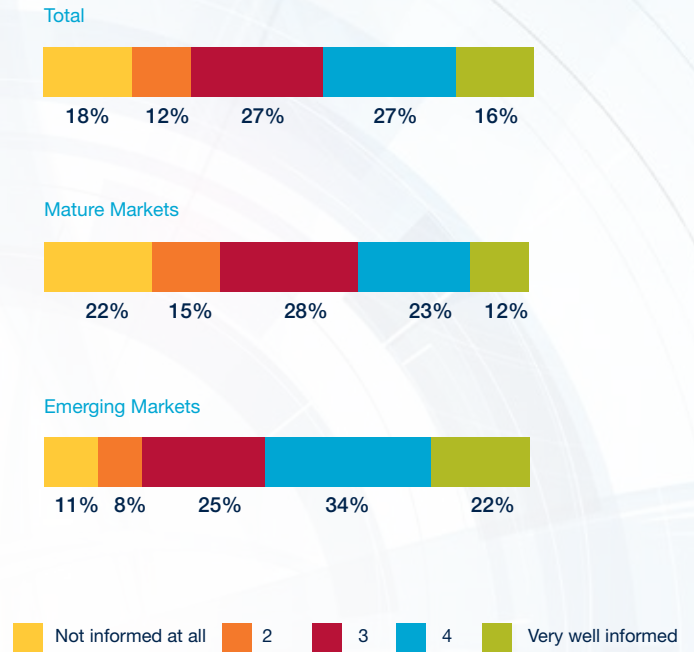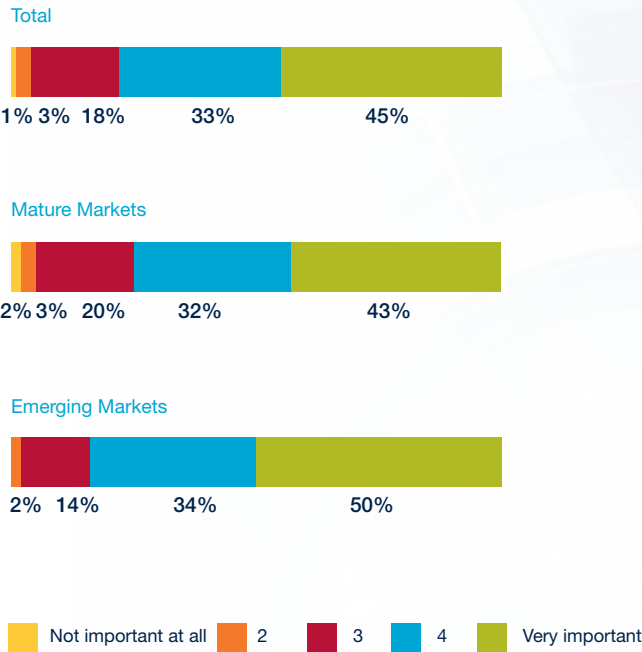
Truly, this is a complex area that needs deep analysis: What is right for one person is clearly wrong for another. The best approach to closing the communication gap is a personal one: The OEM and dealer should proactively find out about the customer's communication preferences—What kind? How often? From whom? Which channel? This is a common sense solution, yes—but one that is difficult to execute.

One specific type of communication—about the use of personal data—matters to car owners across the board: 78% say transparency is "important" or "very important." Yet, only 43% say they are well informed by OEMs and dealers about the usage of their personal data (figure 10). A reassurance of data privacy should happen at multiple steps in the customer lifecycle.

Figure 10: Consumers value transparency in data usage although many do not feel well informed about how their data is being used

Q: How important is transparency on the usage of your personal data to you?

Q: To which level are you informed about how the dealer or manufacturer uses your personal data?

Total

1% 3% 18% 33% 45%

Total

18% 12% 27% 27% 16%

Mature Markets

2% 3% 20% 32% 43%

Mature Markets

22% 15% 28% 23% 12%

Emerging Markets

2% 14% 34% 50%

Emerging Markets

11% 8% 25% 34% 22%

■ Not important at all ■ 2 ■ 3 ■ 4 ■ Very important

■ Not informed at all ■ 2 ■ 3 ■ 4 ■ Very well informed

Source: Capgemini

Insights

Both OEMs and dealers could benefit from a more strategic, proactive communication strategy as part of their overall branding efforts. Again, online and offline channels come into play and need to be integrated and complementary. A personal touch is needed during the ownership phase to promote ongoing satisfaction and loyalty.
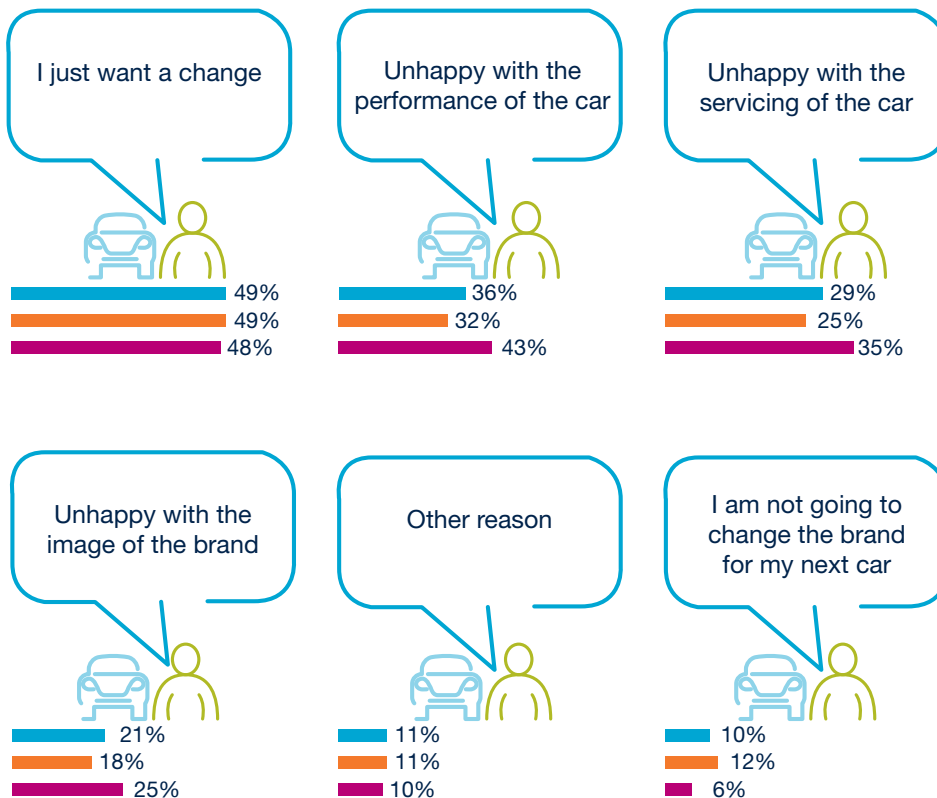
REPEAT
REPURCHASE PHASE

Winning customers is hard; keeping them is harder.

How to build customer loyalty? It's a complex question, especially when the product—a car—triggers so many subjective associations, such as being "cool" or successful, being frugal or environmentally responsible, or being a smart deal maker. In fact, the number one reason our survey respondents say they would switch brands is irrational: "just for a change."

Figure 11: Brand loyalty is complex and needs deep analysis to maximize marketing spend

Q: What would make you change the brand for your next car purchase?

I just want a change
- 49%
- 49%
- 48%

Unhappy with the performance of the car
- 36%
- 32%
- 43%

Unhappy with the servicing of the car
- 29%
- 25%
- 35%

Unhappy with the image of the brand
- 21%
- 18%
- 25%

Other reason
- 11%
- 11%
- 10%

I am not going to change the brand for my next car
- 10%
- 12%
- 6%

■ Total   ■ Mature Markets   ■ Emerging Markets

Source: Capgemini

Yet, sometimes, customers are disloyal for good reasons. More than one-third (36% overall) of the respondents say they would change brands if they were dissatisfied with the car, and nearly one-third would do so if they didn't get good service from the dealer (figure 11). A lesson learned here: A dealer's performance has a high impact on a brand's success.

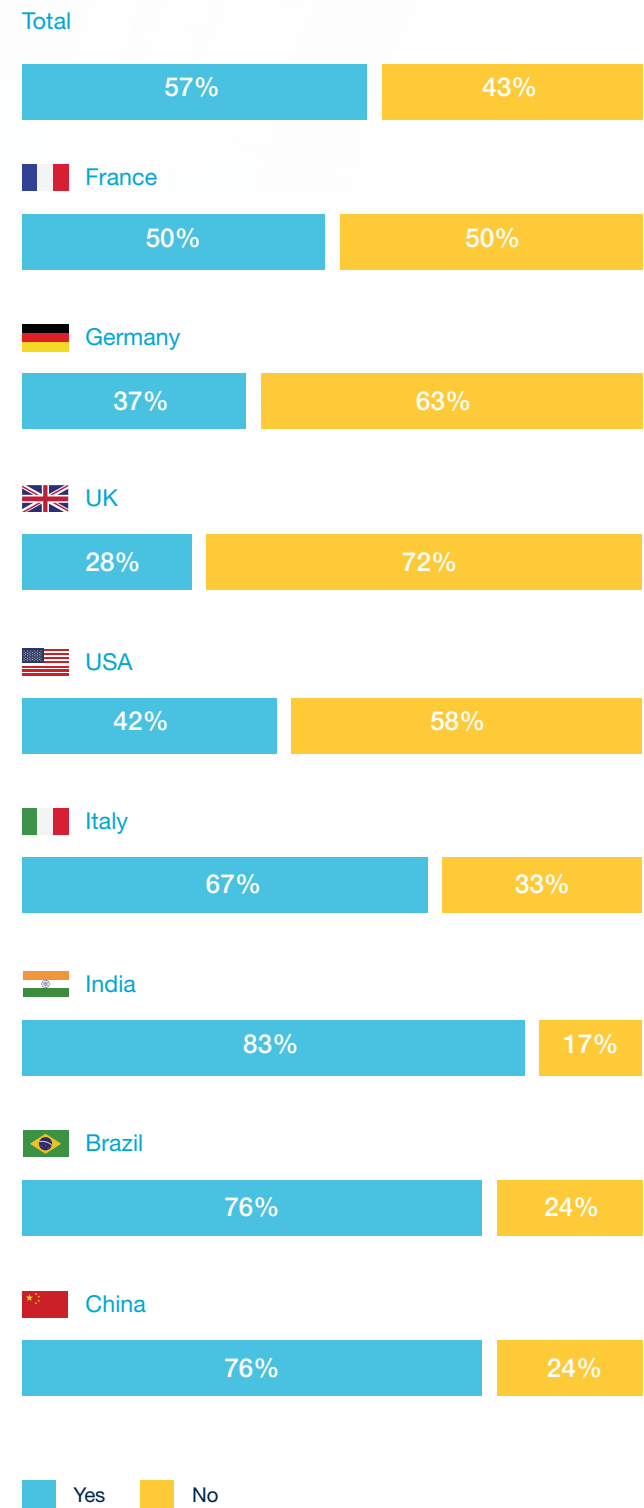## New market entrants have taken—or are looking to take—market share.

Add to that picture the possibility of new entrants: 28% to 67% (45% on average) of respondents in mature markets say they would buy a car from a technology company (such as Apple or Google) if that were an option. In emerging markets, the number of consumers who would do so is an amazing 78%, with India leading the list at 83%. Given that the focus among technology companies is autonomous driving, the enthusiasm makes sense: 81% of the survey respondents say they would pay more for a car with autonomous driving features (see the details on page 28).

But before they buy a new car, many owners have to sell the ones they have. New entrants are playing a role here, too, as online platforms for selling used cars are muscling out more traditional paths. Even though online car buying companies are ranked as the fifth preferred way to sell a car, the context is very important: these companies are rather new and already more than 30% of consumers would use them, which suggests that they will become only more important in the future (figure 13).

Figure 12: Especially in emerging markets, anticipation for cars from tech companies is very high.
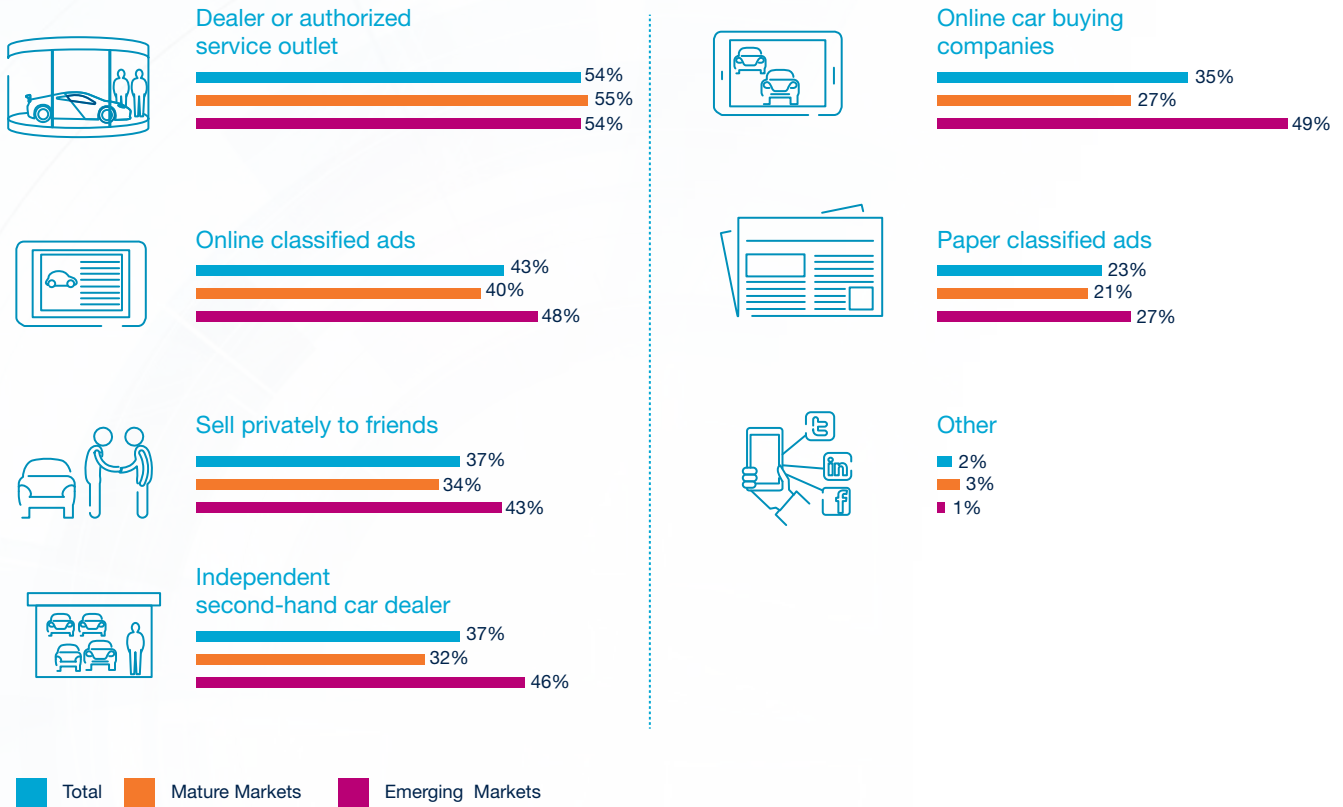
Q: If technology companies (e.g. Apple, Google) produced a car, are you likely to switch from your current brand?

Total: Yes 57% / No 43%
France: Yes 50% / No 50%
Germany: Yes 37% / No 63%
UK: Yes 28% / No 72%
USA: Yes 42% / No 58%
Italy: Yes 67% / No 33%
India: Yes 83% / No 17%
Brazil: Yes 76% / No 24%
China: Yes 76% / No 24%

Yes / No

Source: Capgemini

Figure 13: New market entrants are looking to take market share

Q: If you want to sell your car, which channels would you prefer to use?

Dealer or authorized service outlet
- 54%
- 55%
- 54%

Online car buying companies
- 35%
- 27%
- 49%

Online classified ads
- 43%
- 40%
- 48%

Paper classified ads
- 23%
- 21%
- 27%

Sell privately to friends
- 37%
- 34%
- 43%

Other
- 2%
- 3%
- 1%

Independent second-hand car dealer
- 37%
- 32%
- 46%

■ Total   ■ Mature Markets   ■ Emerging Markets

Source: Capgemini

"I prefer to always change brand when I buy a new car. And you?"

Insights

Among an OEM's customers, 10% can reliably be counted as brand ambassadors; it is key to get to know these customers and leverage their enthusiasm. Also, while an OEM cannot prevent the loss of customers who are simply restless, it might attract new buyers by touting the excitement or the glamour of switching to its makes and models.

HOT TOPICS

MOBILITY SERVICES

The interest in mobility services is strong and growing.

Mobility services include car sharing (e.g. car2go, Zipcar), ride sharing services (e.g. BlaBlaCar), multi-modal packages (e.g. car and bike and train), and mobility on demand (e.g. Uber, Didi). The popularity of just one of these options—mobility on demand—illustrates the importance of the overall trend: 50% of the survey respondents appreciate having access to a wide range of cars and services that can be used, as needed, for a fixed price and a specified period of time.

But OEMs should be heartened by the fact that, according to 56% of the survey respondents, mobility services are complementary to owning a car (figure 14).

Enterprising OEMs and dealers maybe want to offer mobility services to customers—Daimler and BMW already do—since they are not a threat to sales. They are, in fact, quite the opposite.

OEMs could use their complete portfolio to position themselves as mobility providers. That's a win-win strategy, since some consumers use a mobility service to "test drive" a car before making a purchase, while others explore their desire for "something new" by taking another brand out for a spin. 66% of the survey respondents say that the brand is an important factor in the decision to use a car sharing service (figure 15). By participating in mobility services, OEMs and dealers can introduce buyers to the brand, give a brand owner an opportunity to try a different make or model, and generally provide a value-added service that expands the customer relationship.
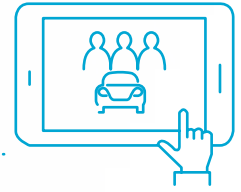
"Transportation technology can transform mobility like the Internet transformed information. #mobilityondemand"

Figure 14: Mobility services are widely seen as complementary to owning a car

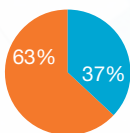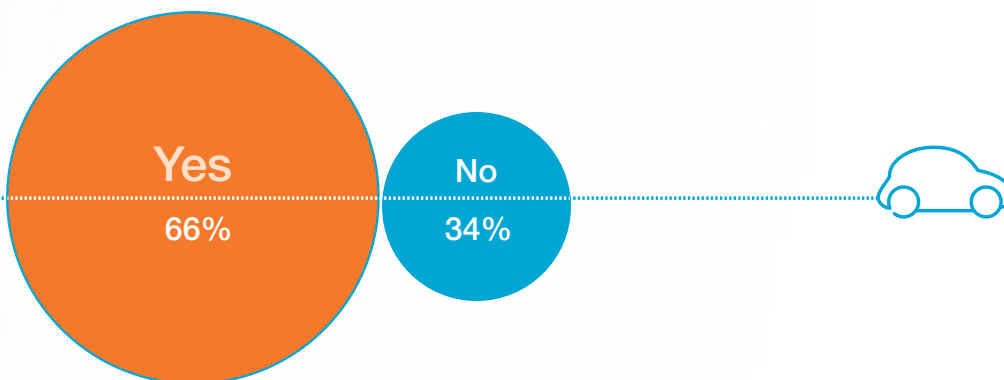Q: Do you see mobility services as complementary or as an alternative to an owned or leased car?

56%	**34%**	**10%**
Complementary	Alternative	Don't know

Source: Capgemini

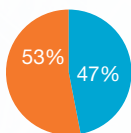## Figure 15: Car brands are seen as important in car-sharing programs

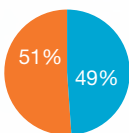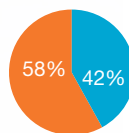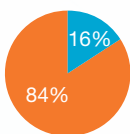Q: If you choose a car-sharing provider is it relevant which car brand the providers uses?

Total

Yes 66%   **No 34%**

France 63% / 37%

Germany 53% / 47%

UK 51% / 49%

USA 58% / 42%
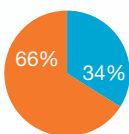
Italy 64% / 36%

India 84% / 16%

Brazil 85% / 15%

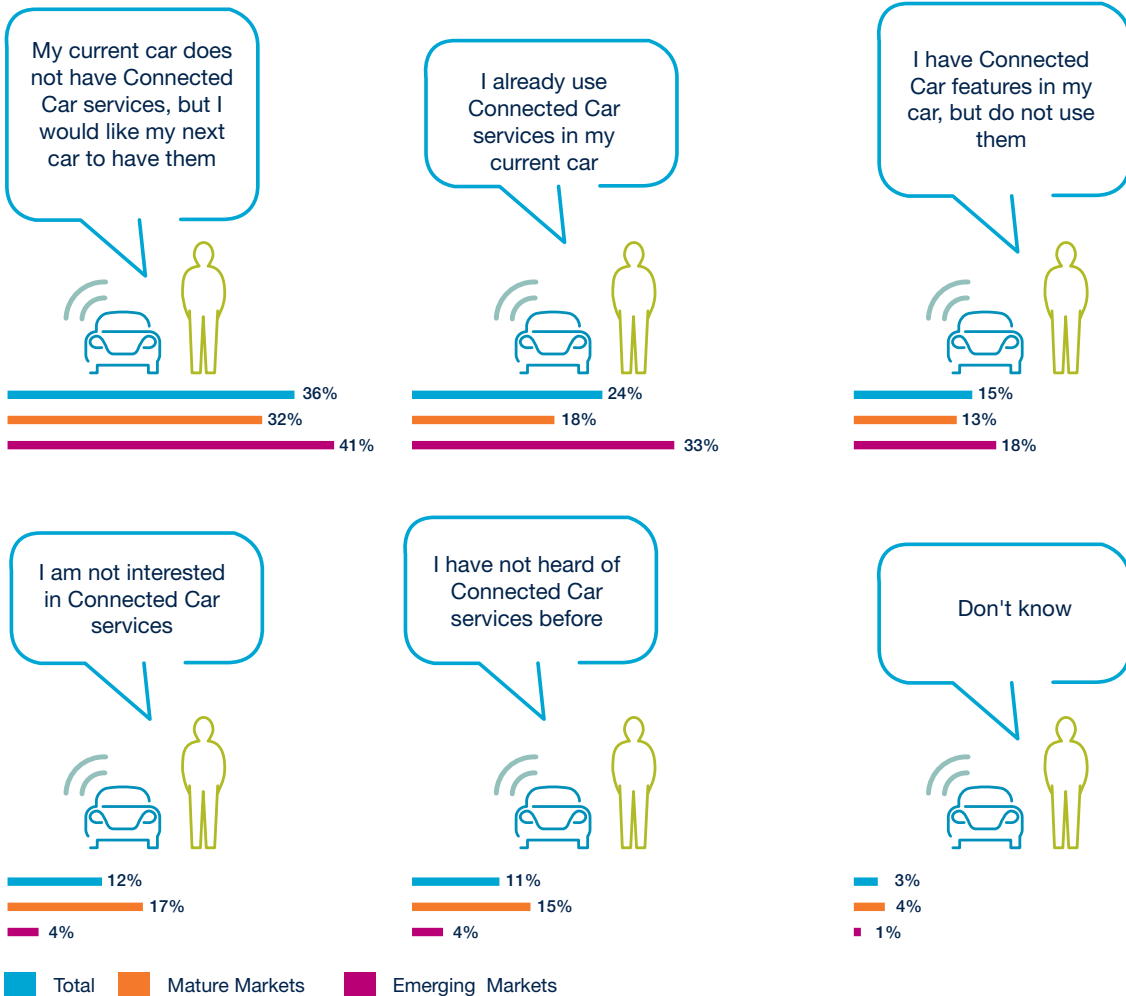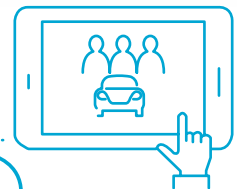China 66% / 34%
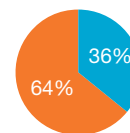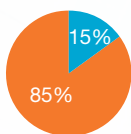
Yes   No

Source: Capgemini

CONNECTED CAR SERVICES

While consumers say they want or expect connected car services (dynamic navigation systems, remote vehicle diagnostics, automatic notification of emergency resources, an app store, and on-demand, real-time access to music and news), most are not willing to pay extra for them. Instead, most of the survey respondents say they would prefer to "pay per use" or that the services are "included in the vehicle price."

Figure 16: The demand for connected car services is there, but it is not seen as a compelling issue for consumers

Q: Please indicate your usage of Connected Car services.

My current car does not have Connected Car services, but I would like my next car to have them
- 36%
- 32%
- 41%

I already use Connected Car services in my current car
- 24%
- 18%
- 33%

I have Connected Car features in my car, but do not use them
- 15%
- 13%
- 18%

I am not interested in Connected Car services
- 12%
- 17%
- 4%

I have not heard of Connected Car services before
- 11%
- 15%
- 4%

Don't know
- 3%
- 4%
- 1%
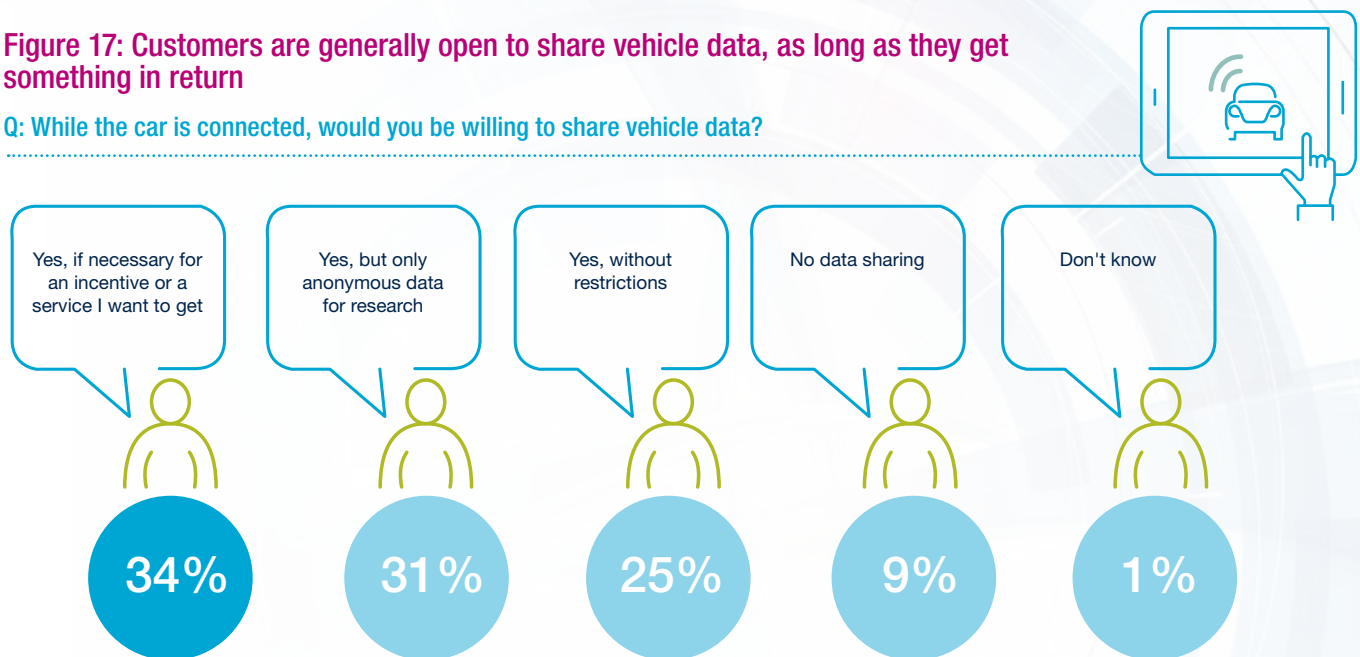
■ Total ■ Mature Markets ■ Emerging Markets

Source: Capgemini

Only 24% of the survey respondents now claim to have connected car services and actually use them. Quite a few—15%—don't use the services they have (figure 16). While the desire for connected car services is strongest in emerging markets (41% of respondents say that they would like them in their next car), interest overall has declined since 2015 when "connected" was seen as a potential value differentiator.

That said, are drivers willing to share the data generated in a connected car? The answer is "yes" (for some services, a "no" would be a deal-breaker), but only under specific conditions. For example, 34% say "yes" if they receive an incentive or an extra service; 31% say "yes" but only anonymously for research purposes (figure 17).

Figure 17: Customers are generally open to share vehicle data, as long as they get something in return

Q: While the car is connected, would you be willing to share vehicle data?

Yes, if necessary for an incentive or a service I want to get	Yes, but only anonymous data for research	Yes, without restrictions	No data sharing	Don't know
34%	31%	25%	9%	1%

Source: Capgemini

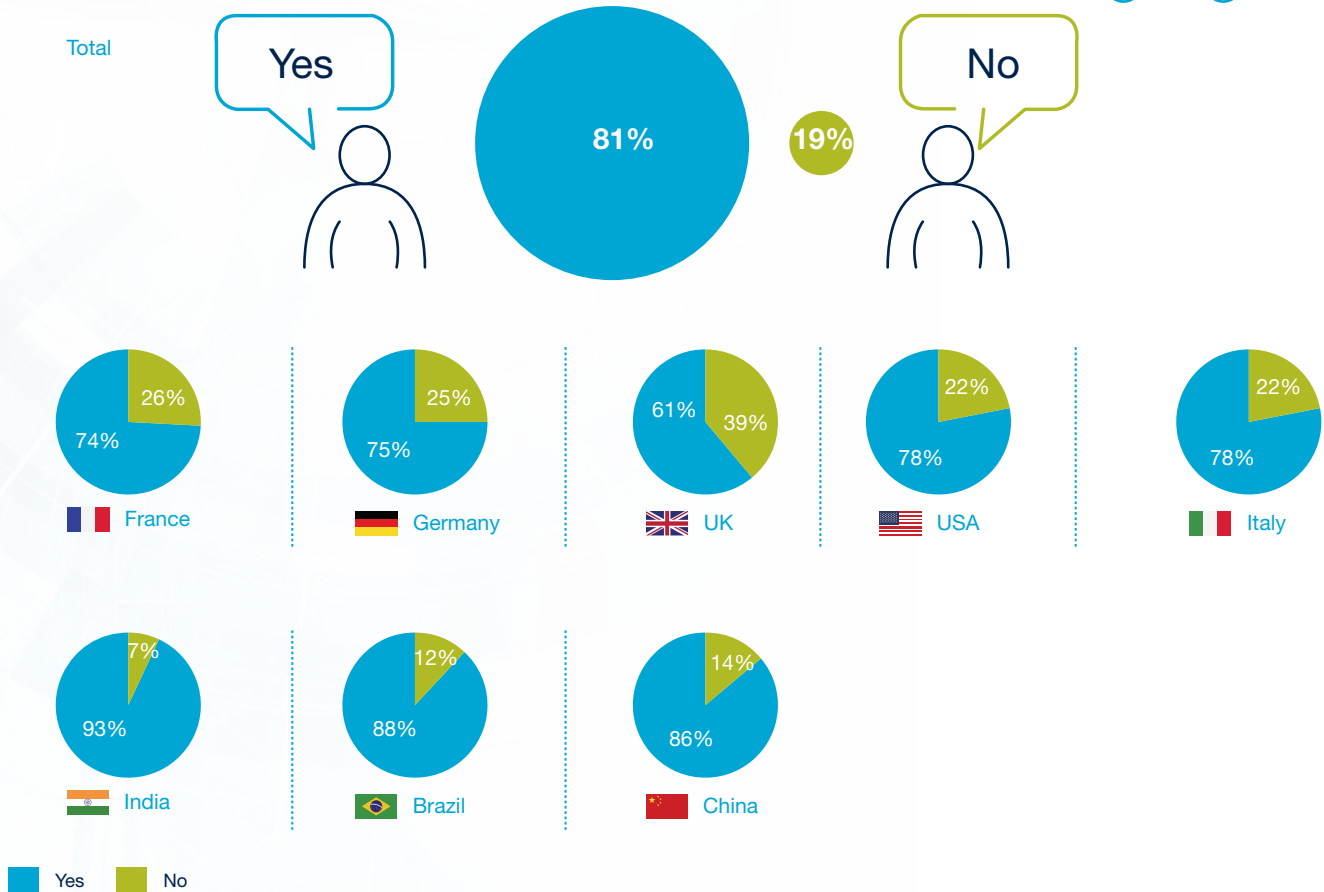"To ensure car security you need #IT security. #ConnectedCar"

AUTONOMOUS DRIVING

If the interest in the "connected car" is soft, the excitement for autonomous driving is strong. Buyers want autonomous driving features, such as advanced driver assistance systems, and they are willing to prove it with their wallets: 81% of respondents say they would pay more (figure 18). It's no surprise that all OEMs are looking into autonomous driving, as are potential new market entrants like Google and Uber.

The appeal is broad and multi-dimensional (figure 19). Consumers expect autonomous driving to increase safety (53% in mature markets; 72% in emerging markets), reduce the stress of driving (51% overall), and free the driver to think about other things (39% overall). Generally, consumers from China, Brazil, and India are far more positive about the benefits of autonomous than their peers in Italy, France, Germany, the UK, and the US.

Figure 18: Autonomous Driving is seen as a compelling issue, with consumers willing to pay for these services

Q: Are you willing to pay an additional price for Autonomous Driving features?

Total

Yes — 81%   No — 19%

France: Yes 74% / No 26%
Germany: Yes 75% / No 25%
UK: Yes 61% / No 39%
USA: Yes 78% / No 22%
Italy: Yes 78% / No 22%

India: Yes 93% / No 7%
Brazil: Yes 88% / No 12%
China: Yes 86% / No 14%

Yes ▮   No ▮

Source: Capgemini

"I keep telling you folks #autonomousdriving is here. Robot cars are the future, and driving won't be as lucrative."
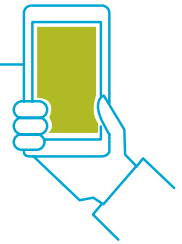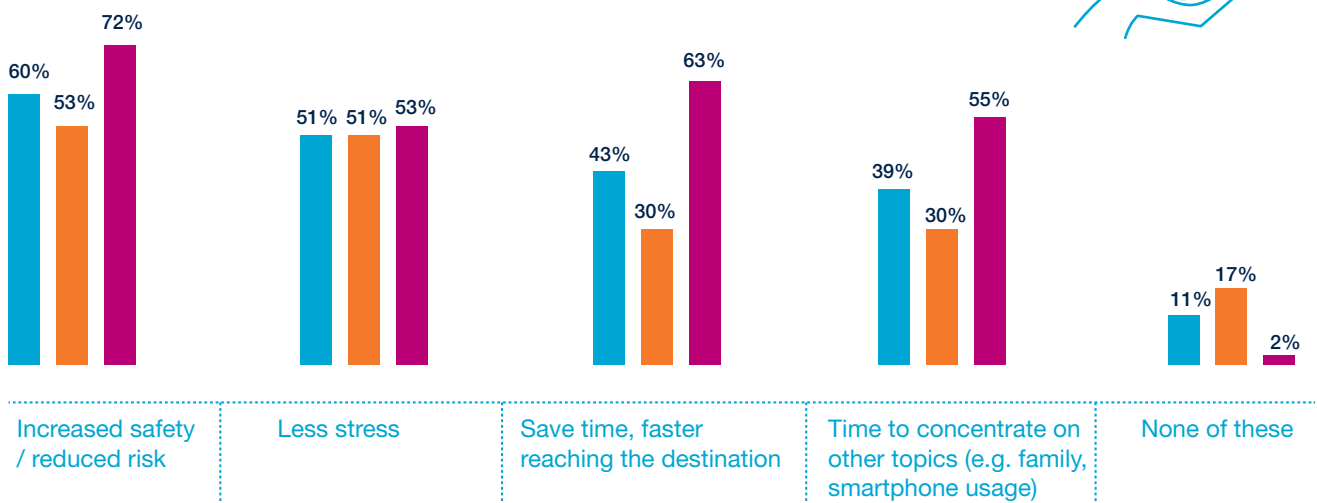
Figure 19: Increased safety is highest among many strong expectations in regards to Autonomous Driving

Q: What do you expect from Autonomous Driving?

	Increased safety / reduced risk	Less stress	Save time, faster reaching the destination	Time to concentrate on other topics (e.g. family, smartphone usage)	None of these
Total	60%	51%	43%	39%	11%
Mature Markets	53%	51%	30%	30%	17%
Emerging Markets	72%	53%	63%	55%	2%

■ Total ■ Mature Markets ■ Emerging Markets
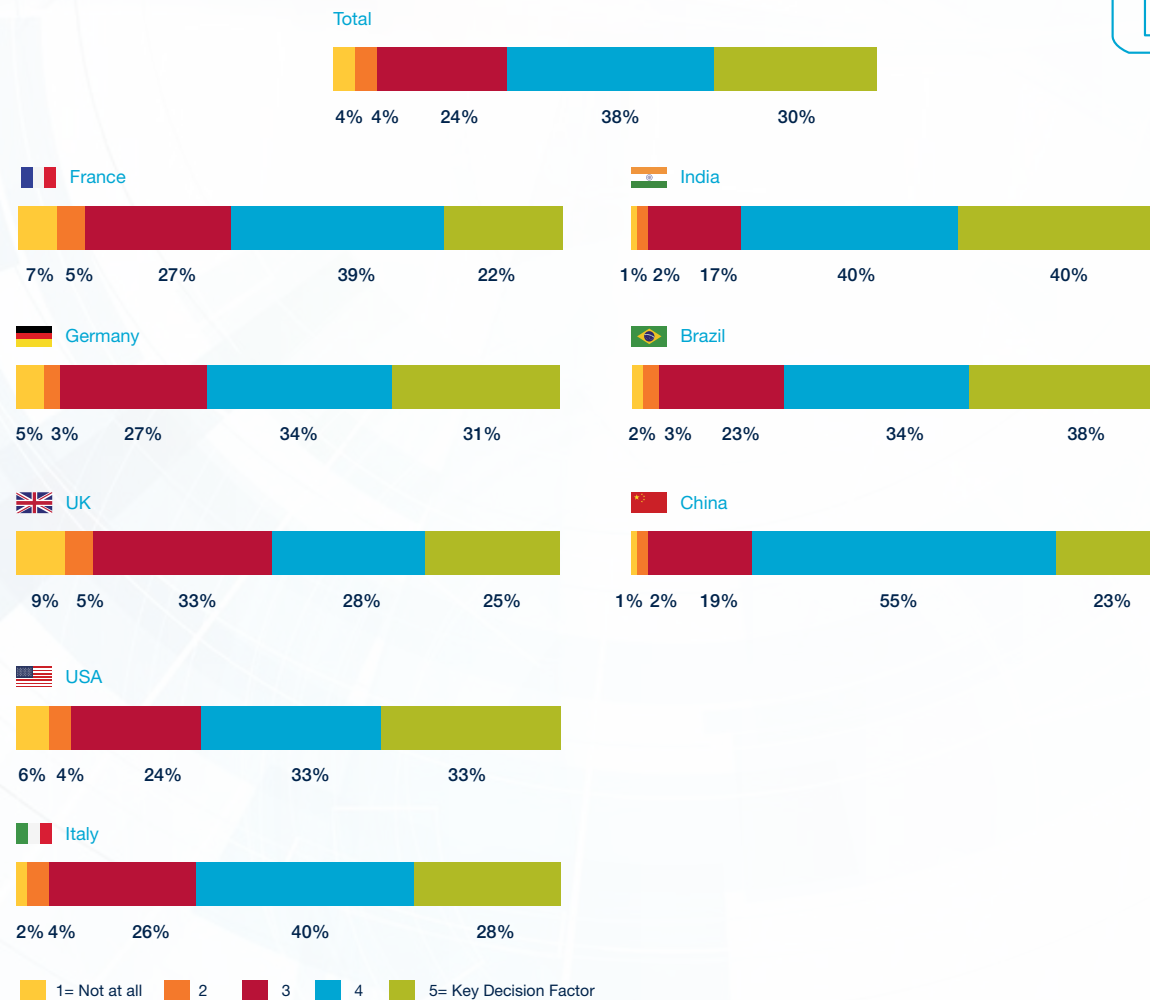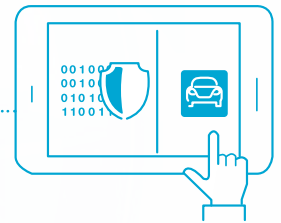
Source: Capgemini

CYBER SECURITY

A significant majority of the survey respondents (68%) say that a vehicle's cyber security would influence their purchasing decision (figure 20). As cars become more laden with technology—either because they are connected or autonomous—they become more vulnerable to hacking in one form or another. Given the anxiety surrounding data theft in every aspect of modern life, it is only natural that car owners would be concerned about the cyber security of their vehicles.

Figure 20: The protection against cyber fraud has a high impact on the buying decision

Q: To what degree the cyber resilience of a vehicle would influence your purchasing decision?

Total
4% 4% 24% 38% 30%

France
7% 5% 27% 39% 22%

India
1% 2% 17% 40% 40%

Germany
5% 3% 27% 34% 31%

Brazil
2% 3% 23% 34% 38%

UK
9% 5% 33% 28% 25%

China
1% 2% 19% 55% 23%

USA
6% 4% 24% 33% 33%

Italy
2% 4% 26% 40% 28%

1= Not at all   2   3   4   5= Key Decision Factor

Source: Capgemini

Could a hacker steal the car? Could someone access and disable the car's operating systems?
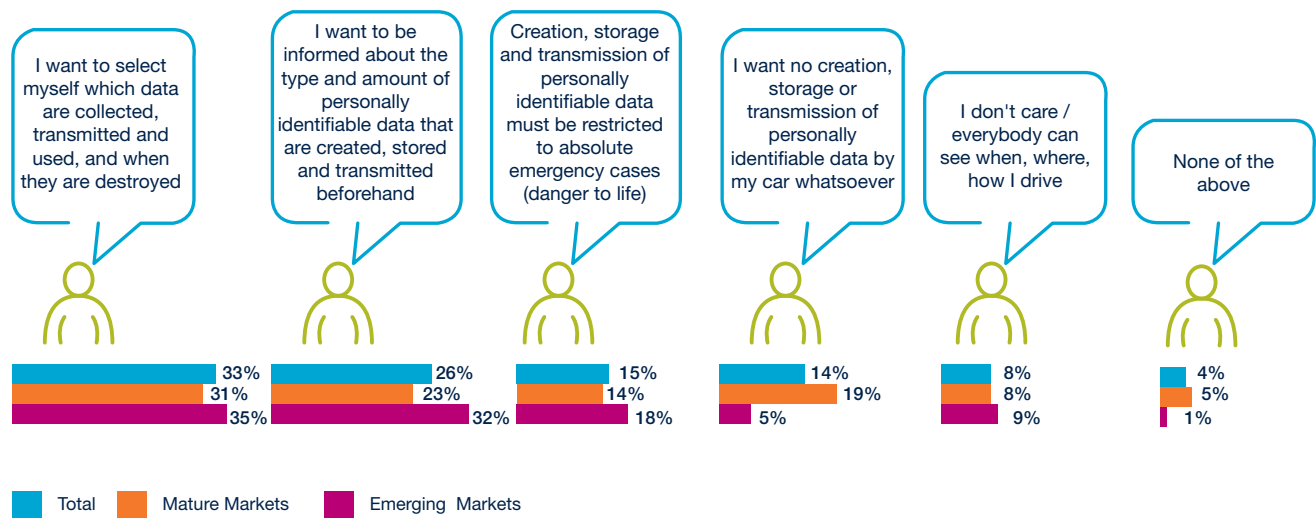
In fact, very few consumers are not concerned about cyber security; nor are they opposed to surveillance. When asked how they would like to control the personal information in their cars, one-third say they want to select which data are collected, transmitted, and used. An additional 26% want to be informed in advance when these activities are performed by someone else (figure 21). A large majority (61%) are comfortable with surveillance if it provides a service.
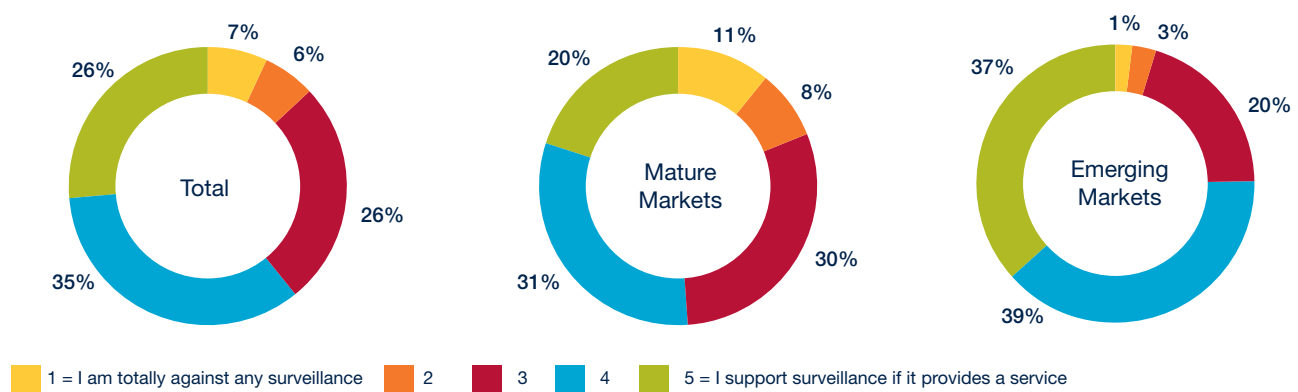
Figure 21: Very few consumers are not concerned about cyber security

Q: How do you want to control the personally identifiable information from your vehicle?

I want to select myself which data are collected, transmitted and used, and when they are destroyed	I want to be informed about the type and amount of personally identifiable data that are created, stored and transmitted beforehand	Creation, storage and transmission of personally identifiable data must be restricted to absolute emergency cases (danger to life)	I want no creation, storage or transmission of personally identifiable data by my car whatsoever	I don't care / everybody can see when, where, how I drive	None of the above
33% (Total)	26%	15%	14%	8%	4%
31% (Mature Markets)	23%	14%	19%	8%	5%
35% (Emerging Markets)	32%	18%	5%	9%	1%

■ Total   ■ Mature Markets   ■ Emerging Markets

Q: How would you consider security surveillance of your vehicle?

Total: 7%, 6%, 26%, 35%, 26%

Mature Markets: 11%, 8%, 30%, 31%, 20%

Emerging Markets: 1%, 3%, 20%, 39%, 37%

□ 1 = I am totally against any surveillance   □ 2   ■ 3   ■ 4   ■ 5 = I support surveillance if it provides a service

Source: Capgemini

"Who should regulate Cybersecurity for Connected Cars? #cybersecurity #autos"

ELECTRIC VEHICLES

Consumers are interested in electric vehicles (EVs), but they are not passionate about them (and so much of brand loyalty depends on the emotional gratification of car ownership). Barriers to acceptance—the cars are too expensive, their range is still limited, and battery charging takes too long—continue to inhibit a significant growth in sales.

But in a few countries, government actions are making a big difference. For example, generous subsidies and incentives are making Norway a model for encouraging electric car sales. Its fleet of plug-in cars is the largest per capita in the world (hybrid cars.com, January 2017). Similarly, in China the market for its domestic electric cars is propped up by huge government subsidies, as the country intends to be the global leader in clean energy driving (Fortune, January 2017).

When asked what would drive them to buy an electric car, 43% of the survey respondents say that charging or exchanging the battery would have to be as quick and easy as filling up the tank with gasoline. The second biggest response (40%) is that the EVs would have to be as cheap as their internal combustion engine (ICE) counterparts. Other prerequisites show interesting spikes by country. For example, 54% of German respondents would require a significantly greater driving range; 51% of Indian drivers would make the switch if the environmental impact of burning fossil fuels turns out to be greater than imagined (figure 22).

Despite their lukewarm enthusiasm, the survey respondents do see EVs as making important contributions to improving the environment, with 49% anticipating a future take-up of EVs for public and commercial transport (respondents from emerging markets have much higher expectations, with 61% choosing this response) and 47% saying the same for private passenger cars.
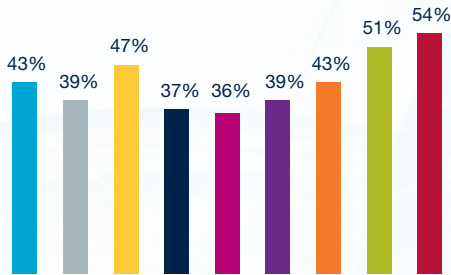
"Just over a year ago, #EVs weren't on my radar, Then I got to drive my cousin's #Tesla Model S & I was converted! No more #ICE cars for me!"
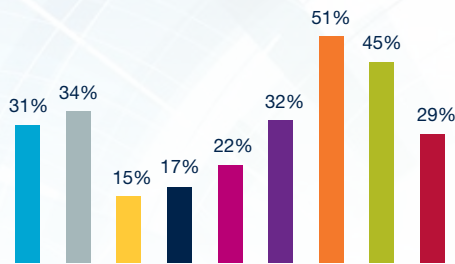
## Figure 22: The success of electric vehicles depends on various open aspects

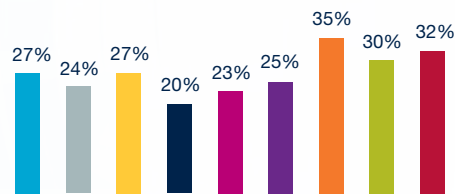Q: What would drive you to buy an electric vehicle for your next car purchase?

Charging the batteries is as quick and easy as picking up gas/petrol/diesel
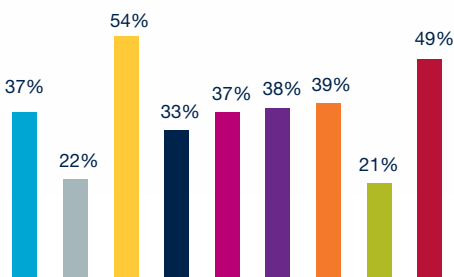- Total: 43%
- France: 39%
- Germany: 47%
- UK: 37%
- USA: 36%
- Italy: 39%
- India: 43%
- Brazil: 51%
- China: 54%

The environmental impact of gas/petrol/diesel is proven to be far worse than previously imagined
- Total: 31%
- France: 34%
- Germany: 15%
- UK: 17%
- USA: 22%
- Italy: 32%
- India: 51%
- Brazil: 45%
- China: 29%
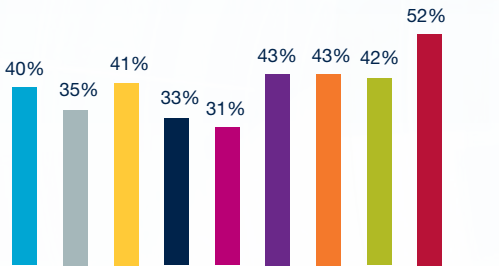
The cost of EVs is further subsidised to make them as cheap as gas/petrol/diesel cars
- Total: 40%
- France: 35%
- Germany: 41%
- UK: 33%
- USA: 31%
- Italy: 43%
- India: 43%
- Brazil: 42%
- China: 52%

The variety of available models is as great as with conventional combustion engine cars
- Total: 27%
- France: 24%
- Germany: 27%
- UK: 20%
- USA: 23%
- Italy: 25%
- India: 35%
- Brazil: 30%
- China: 32%

The driving range of EVs is significantly increased beyond current levels
- Total: 37%
- France: 22%
- Germany: 54%
- UK: 33%
- USA: 37%
- Italy: 38%
- India: 39%
- Brazil: 21%
- China: 49%
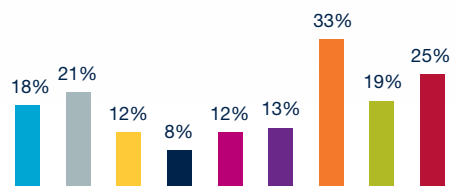
It is more fun driving an EV
- Total: 18%
- France: 21%
- Germany: 12%
- UK: 8%
- USA: 12%
- Italy: 13%
- India: 33%
- Brazil: 19%
- China: 25%
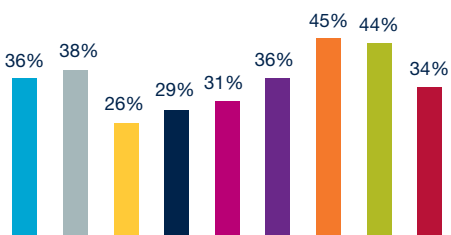
The cost of gas/petrol/diesel increases significantly
- Total: 36%
- France: 38%
- Germany: 26%
- UK: 29%
- USA: 31%
- Italy: 36%
- India: 45%
- Brazil: 44%
- China: 34%
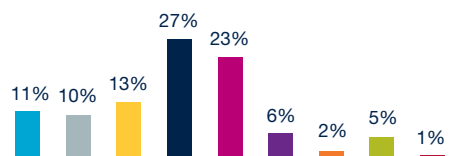
None of the above
- Total: 11%
- France: 10%
- Germany: 13%
- UK: 27%
- USA: 23%
- Italy: 6%
- India: 2%
- Brazil: 5%
- China: 1%

Legend: Total | France | Germany | UK | USA | Italy | India | Brazil | China

Source: Capgemini

33

RECOMMENDATIONS

How might OEMs and dealers apply the insights from Cars Online 2017 to refine their macro decisions about markets, competitors, products, services, and branding and enhance their relationships with each and every customer? Here are this year's recommendations:

Improve the customer experience, both digital and face-to-face.

Our survey suggests three compelling ways a dealer could do this. First, look for new ways to get in touch with consumers during the interest phase. Do not just wait for them to visit the showroom; rather, reach out to them online, especially through social media. Second, use technically trained, knowledgeable staff, in the store and online, to answer consumers' questions. Third, use technology to extend the buying experience (online and in-store). For example, don't think of virtual reality as a toy or gimmick; it will definitely be an important part of the car buying experience in the future.

Provide additional offers and services between the purchase and hand-over of the vehicle.

Communicate often with customers after the sale, not just to keep them informed about the car's expected delivery but also to suggest additional offers and services. It is during this time that customers are most open to suggestions. The critical question for the OEM becomes one of flexibility: Are processes and procedures (not just in production, but also in supporting functions) flexible enough to allow for changes to an order without a significant delay in delivery?

Be aware of new competition for selling pre-owned cars.

Competition for selling used cars comes from online "middle men" who bring buyers and sellers together digitally. Dealers can—and should—compete in this market space by investing in robust online platforms that could put them in touch with owners wanting to sell their cars, making it easy and convenient for them to find buyers without being put off by the commitment of using the car as a trade-in tied to a purchase.

Get to know and leverage your brand ambassadors, especially in social media.

OEMs and dealers should search social media sites to find positive postings about their products and businesses so that fans of the brand can be encouraged to influence others. Why not offer special perks or rewards for customer endorsements?

Also, dealers and OEMs should encourage customers to post on their own websites, perhaps by prompting them with specific questions. Follow-up satisfaction surveys can also generate content for websites and social media sites (retailers of everything from shoes to haircuts do this all the time). After the sale, don't neglect the customer; get to know him or her better and find out just how often, and through which channel, he or she prefers to stay in touch. Any and all opportunities to communicate with both actual and potential customers need to be exploited.

Make use of mobility services as a complementary offer to car ownership.

An OEM or dealer can use an offer of mobility services as a way to introduce buyers to the brand, give a brand owner an opportunity to try a different make or model, and generally provide a value-added service that expands the customer relationship—all value-added experiences that can bolster customer loyalty. Also, consider the positioning of a "future-ready mobility provider" as part of a growth strategy.

Continue to invest in autonomous driving, especially in those features that increase safety.

To generate enthusiasm for a brand's autonomous functions and features, stress their safety benefits in marketing and advertising materials. Consumer safety is the number one benefit consumers are willing to pay more to get. Keep an eye on the progress of new competitors in this area; the field is open right now, and OEMs should leverage their trusted reputations to stay ahead of new market entrants.

Make your cars cyber-secure and promote this, because it matters to buyers.

Advertise the brand's cyber security—a new value-added feature that is not often exploited in most campaigns and ads, despite the nearly universal interest among consumers. In fact, as our survey makes clear, for the majority of buyers, a vehicle's cyber security would influence a purchasing decision. Also, inform car owners about how, when, and why their data will be used: transparency is important to them, and open communication can enhance the customer relationship.

Contacts

To take a deeper dive into our Cars Online research or to explore its implications for your company, please contact:

Project Lead

Daniel Godau
daniel.godau@capgemini.com

Global

Kai Grambow
kai.grambow@capgemini.com

Nick Gill
nick.gill@capgemini.com

Brazil

Renato Reis de Macedo
renato.macedo@capgemini.com

China

Thilo Marquardt
thilo.marquardt@capgemini.com

France

Cédric Nouvellet
cedric.nouvellet@capgemini.com

Germany

Daniel Garschagen
daniel.garschagen@capgemini.com

Daniel Godau
daniel.godau@capgemini.com

India

Prasanna Kamat
prasanna.kamat@capgemini.com

Italy

Andrea Caravaglio
andrea.caravaglio@capgemini.com

United Kingdom

Nick Gill
nick.gill@capgemini.com

United States

Mathew Desmond
mathew.desmond@capgemini.com

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