

Media Release

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Generation Y going for ‘greener’ cars

8 February 2010: Members of Generation Y appear to have changed the way they are making automotive purchasing decisions because of the global financial crisis (GFC), according to a new global survey from Deloitte. The survey indicates that 74 % Gen Y consumers agree that the environment is an extremely important factor when purchasing a vehicle.

The survey, “*Gen Y: Making the Short List*”, which was run in collaboration with The Eli Broad Graduate School of Management at Michigan State University, takes a deep look at Generation Y’s attitudes and perceptions of vehicles and the auto industry in the USA.

The survey included 1,100 participants aged 18 to 30. Respondents were randomly drawn from a panel of individuals who agreed to participate in online surveys. The random sample was designed to mimic the ethnic and regional profile of the USA. Deloitte’s Australia Motor Industry Group conducts an annual benchmarking survey of dealers with the survey results due out in March 2010.

The USA survey indicated that high fuel efficiency and sustainable technology have a strong impact on purchasing decisions.

In Australia, according to Danny Rezek, Partner Deloitte Motor Industry Services Group, the three most important features that Gen Y look for in a car are; affordability, reliability and exterior styling/looks.

“We have found that Gen Y in Australia is starting to base their purchasing decisions on fuel efficiency and environmental impact,” said Mr Rezek.

Another indicator in the US survey that perceptions of the auto industry may be improving is the shift in Gen Y responses about jobs in the auto industry. In 2008, the Deloitte Gen Y survey found that nearly 70% of respondents were not interested in working in the automotive industry in the USA. In this year’s survey, only 50% of Gen Y respondents said the idea of working in the auto industry was not appealing, showing a significant change in perception year to year.

“In Australia, Gen Y wants the best training, resources and facilities to get a job done. The automotive industry can offer these things as Australia strives to increase its global competitiveness,” said Mr Rezek.

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From a vehicle manufacturer viewpoint, the focus on changing locally-made vehicles to alternatively-powered vehicles will be vital.

“Innovation, the introduction of hybrid models, technology advancements and improved design services will present significant opportunities for progressive Australian automotive companies and retailers, and subsequently exciting career opportunities for Gen Y over the medium term,” added Mr Rezek.

The GFC sent shockwaves throughout the automotive industry in 2009 and the impact could be felt as consumer perceptions changed concurrently.

In the USA High fuel efficiency and vehicle affordability emerged as the most important considerations for Gen Y respondents when purchasing cars. In the past the data had showed that safety was the number one decision-making factor.

Gen Y in Australia, according to Mr Rezek, still believe new vehicles provide the greatest value, whereas in the USA approximately 63% of Gen Y respondents believe used cars are a greater value than new cars and are more than three times as likely to purchase used cars than new.

“Our generation Y is typically a group that thinks ‘newer is better’ but industry research has shown that used car sales have remained high”, said Mr Rezek.

The global survey also found that the model Gen Y drive is likely to change drastically over the next five years.

According to the survey, SUVs are making a comeback. As the economy slowly rebounds and the price of fuel remains lower than 2008, the demand for SUVs is increasing. Nearly one in four (23%) respondents sees themselves driving a SUV in five years, up from only 11% last year. In Australia, however, only 10% of respondents believe they will be driving a 4WD in the next five years.

Online Trends

Some interesting trends also emerged about Gen Y’s likes and dislikes when it comes to vehicle shopping.

Social media sites and blogs may be one of the most popular ways for Gen Y to communicate, but they may not help sway purchasing decisions when it comes to vehicles. According to the US survey, nearly 60% of the Gen Y respondents reported they do not look for advice or information on blogs or social media forums before purchasing a vehicle.

In Australia, however, online forums, blogs and Google remain the Gen Y’s search engines of choice when they actually want to research automotive detail before making a purchase.

“Gen Y account for 25% of the marketplace in Australia so it’s important the industry provides these potential employees and recruits with clear goals and targets, and a thorough understanding of expectations combined with the freedom to work independently, to ensure the job actually gets done,” concluded Mr Rezek.

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The 2010 Deloitte Motor Industry Overview will include exclusive industry benchmarking data and will be released in March 2010.

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About the Survey

The survey was developed and administered by Deloitte in cooperation with the Marketing Department at The Eli Broad Graduate School of Management at Michigan State University and included 1,100 participants age 18 to 30 (born between 1979 and 1991). Respondents were randomly drawn from a panel of individuals who agreed to participate in online surveys and the random sample was evenly dispersed across geographic regions.