

Deloitte.



Navigating the customer journey

Asia Pacific perspectives from Deloitte's Global Automotive Consumer Study

June 2018

For nearly a decade, Deloitte has been exploring consumers' evolving automotive expectations and the mobility ecosystem in China and around the world

Deloitte's Global Automotive Consumer Study has been conducted since 2009, gathering data and opinions from consumers in 17 countries representing both developed and emerging economies.

Our Future of Mobility effort began in September 2015 in response to major changes that were starting to disrupt and reshape the global auto industry.



Key insights from our Global Automotive Consumer Study over the years

- 2010 Overall value ranked as the primary factor when evaluating brands
- 2011 "Cockpit technology" and the shopping experience led differentiators
- 2012 Interest in hybrids driven by cost and convenience, while interest in connectivity centers on safety
- 2014 Shared mobility emerges as an alternative to owning a vehicle
- 2017 Interest in full autonomy grows, but consumers want a track record of safety

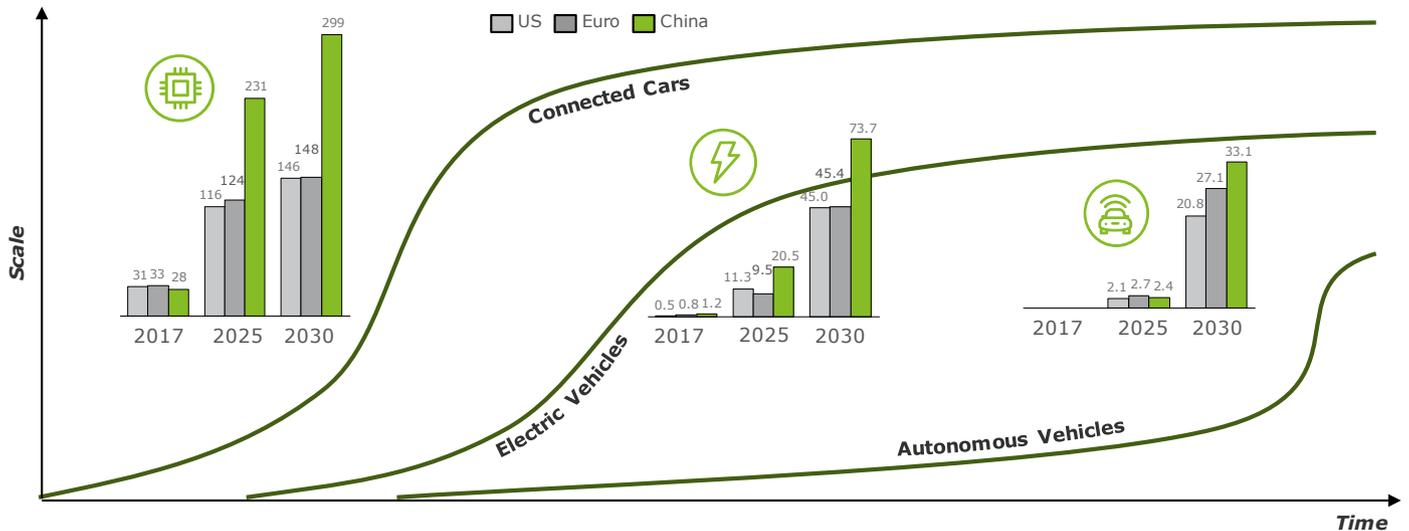


Automotive trends in China

China will likely scale faster and grow larger compared to many other global automotive markets, positioning the country as the market where adoption of advanced automotive technologies could result in a worldwide tipping point.

Electrification, connected cars and autonomous vehicle trends in China¹

(Units: in mn passenger cars and trucks in operation)



¹ Illustrative and not to scale

Source: IHS, China Automotive Association, CADA, secondary research, expert interviews, news clipping, Deloitte Digital Analysis

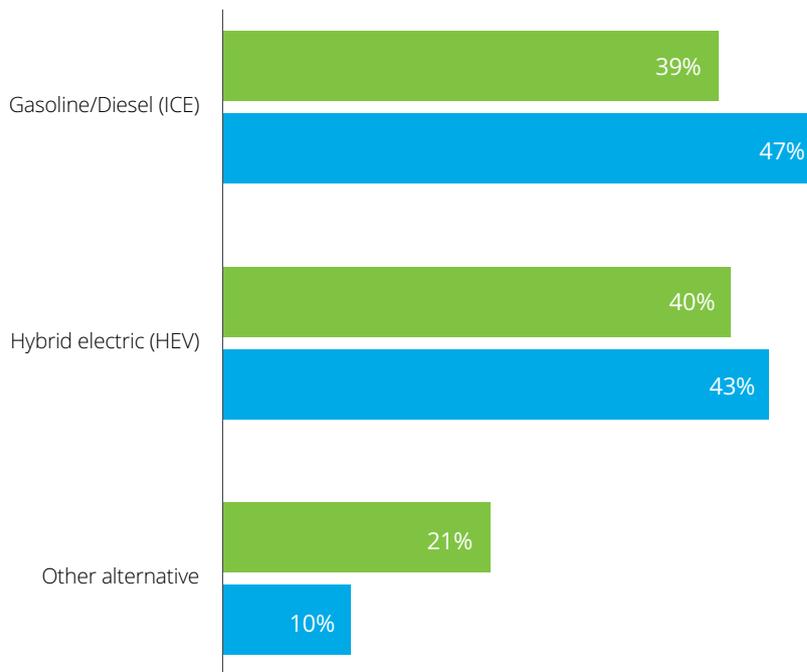
How do consumers feel about electrified vehicles (EVs)?



Interest in traditional powertrain technologies is declining

Data suggests consumers may be starting to shift their thinking towards full BEVs at the expense of hybrids

Type of engine consumers prefer in their next vehicle (China)



■ 2018 ■ 2017

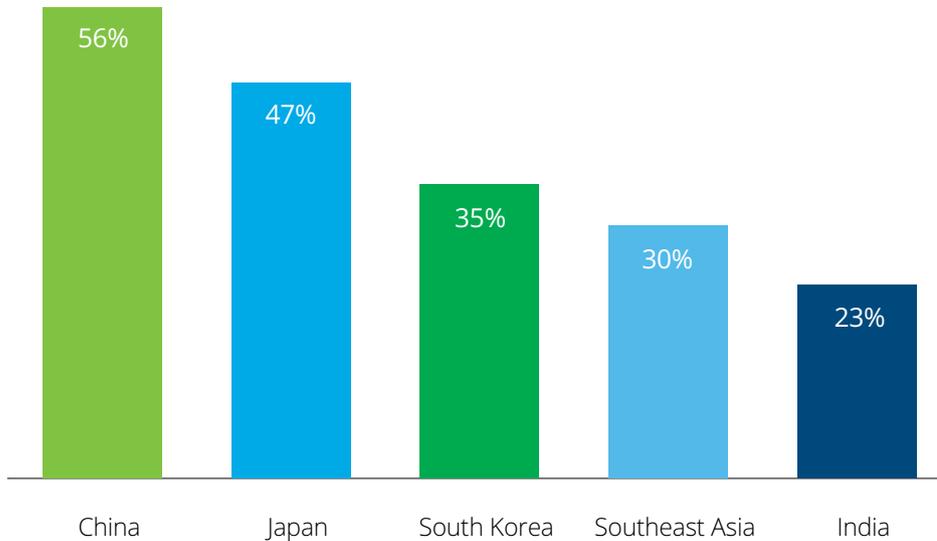
Note: 'Other alternative' category includes all-battery electric (BEV), ethanol, compressed natural gas, and hydrogen fuel cell.

Sample size: 2018=1,606; 2017=1,486

Most Asian markets moving more towards electrified vehicles

China leading the Asia Pacific region in terms of consumer interest in hybrid-electrics and BEVs

Percentage of consumers who would prefer a hybrid-electric or powertrain in their next vehicle

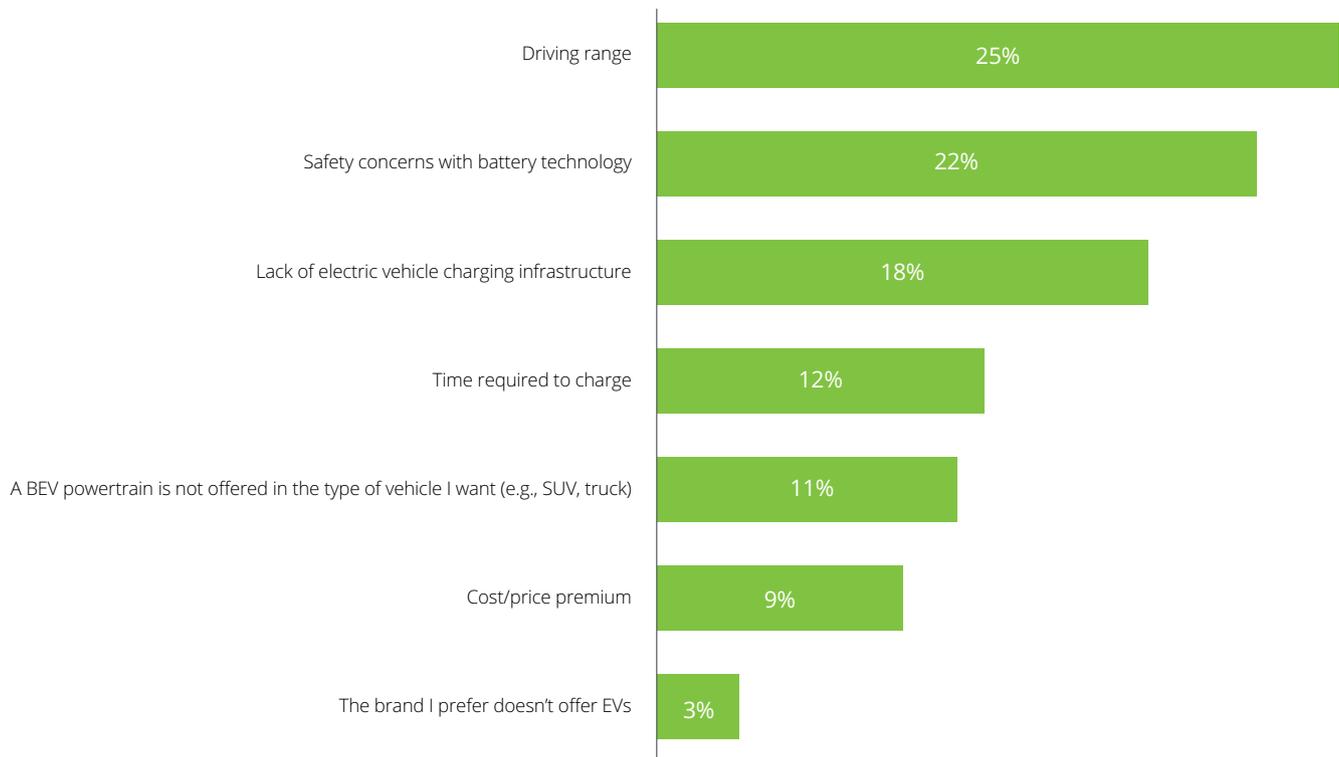


Note: Southeast Asia includes Malaysia, Thailand and Indonesia

EV range anxiety is still a significant concern for consumers in China

More can be done to address consumers' key concerns, including improved battery safety and a more established charging infrastructure

Greatest concerns among consumers in China regarding BEVs

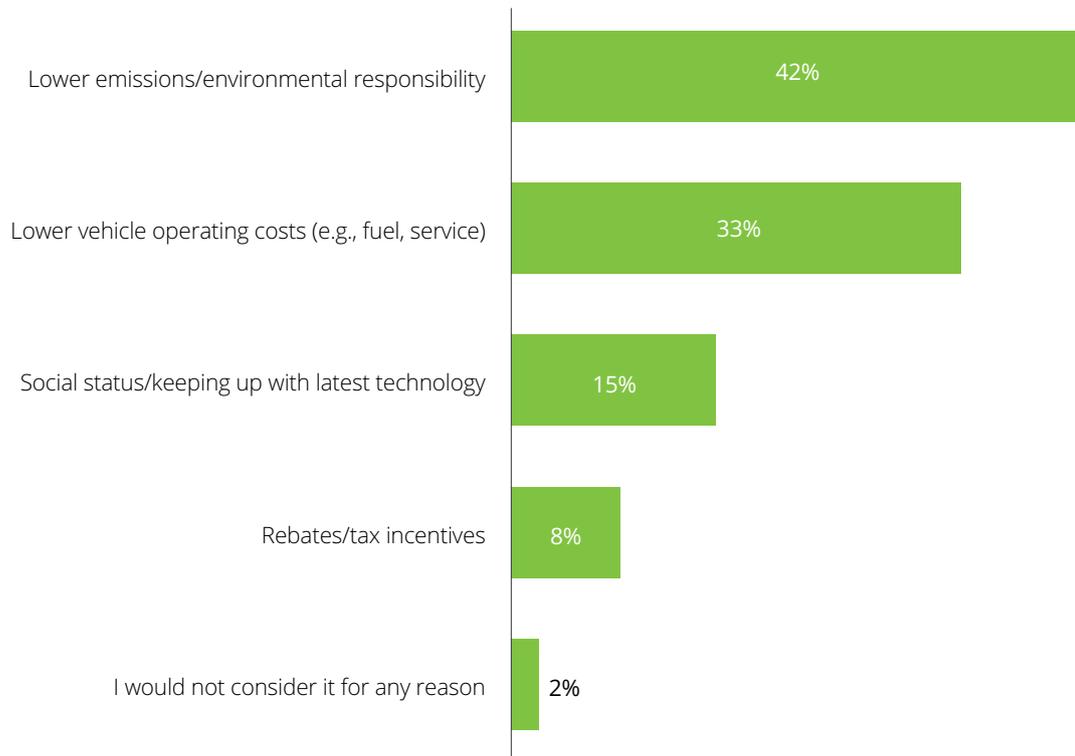


Sample size: n=1,606

Chinese consumers are looking to lower vehicle emissions

Reduced pollution and improved health are key reasons consumers in China would consider a BEV

Reasons consumers in China would consider a BEV



Sample size: n=1,606

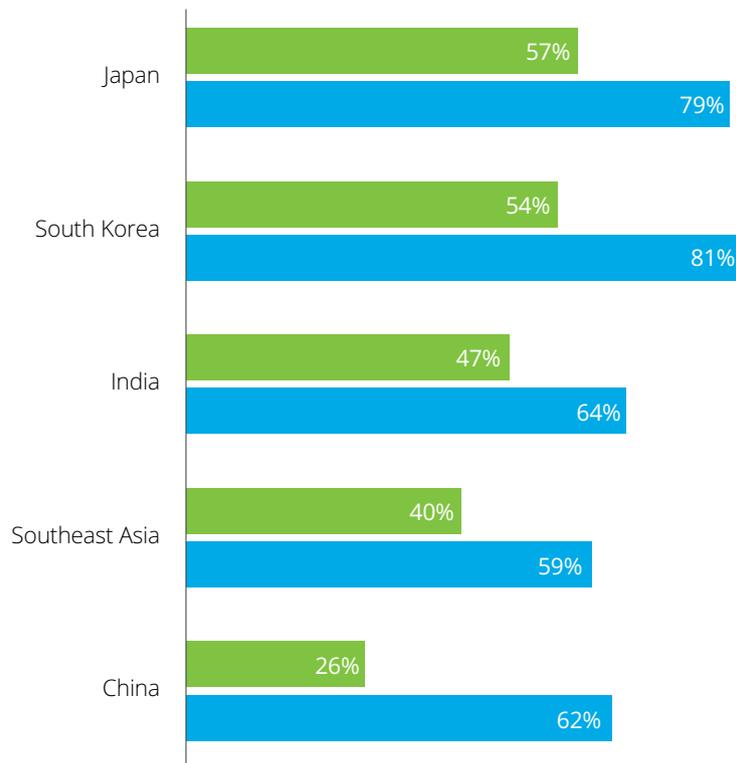
How do consumers feel about autonomous vehicles (AVs)?



Consumers across Asia Pacific are warming to the idea of self-driving vehicles

Over the past year, consumer opinion regarding the safety of fully autonomous vehicles (AVs), particularly in China, has improved significantly

Percentage of consumers who think fully self-driving vehicles will ***NOT*** be safe



■ 2018 ■ 2017

Note: Percentage of respondents who strongly agreed or agreed

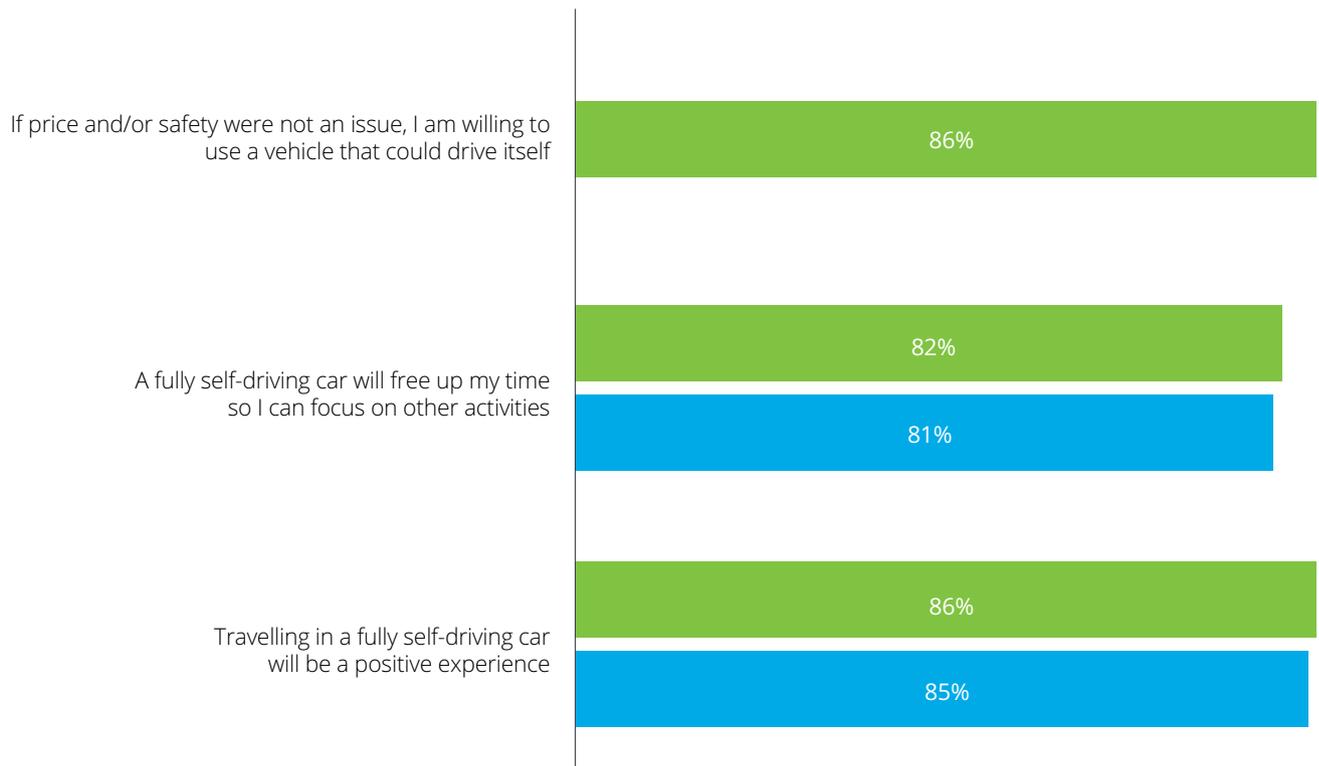
Sample size: [2018] Japan=1,677; South Korea=1,727; India=1,727; Southeast Asia = 1,504; China=1,725

[2017] Japan=1,649; South Korea=1,645; India=1,663; Southeast Asia = 1,437; China=1,650

Consumer opinion in China regarding AVs is generally positive

Consumers are seeing the positive potential for autonomous technology to free up their time to do other things

Opinions of fully autonomous driving vehicles among consumers in China



■ 2018 ■ 2017

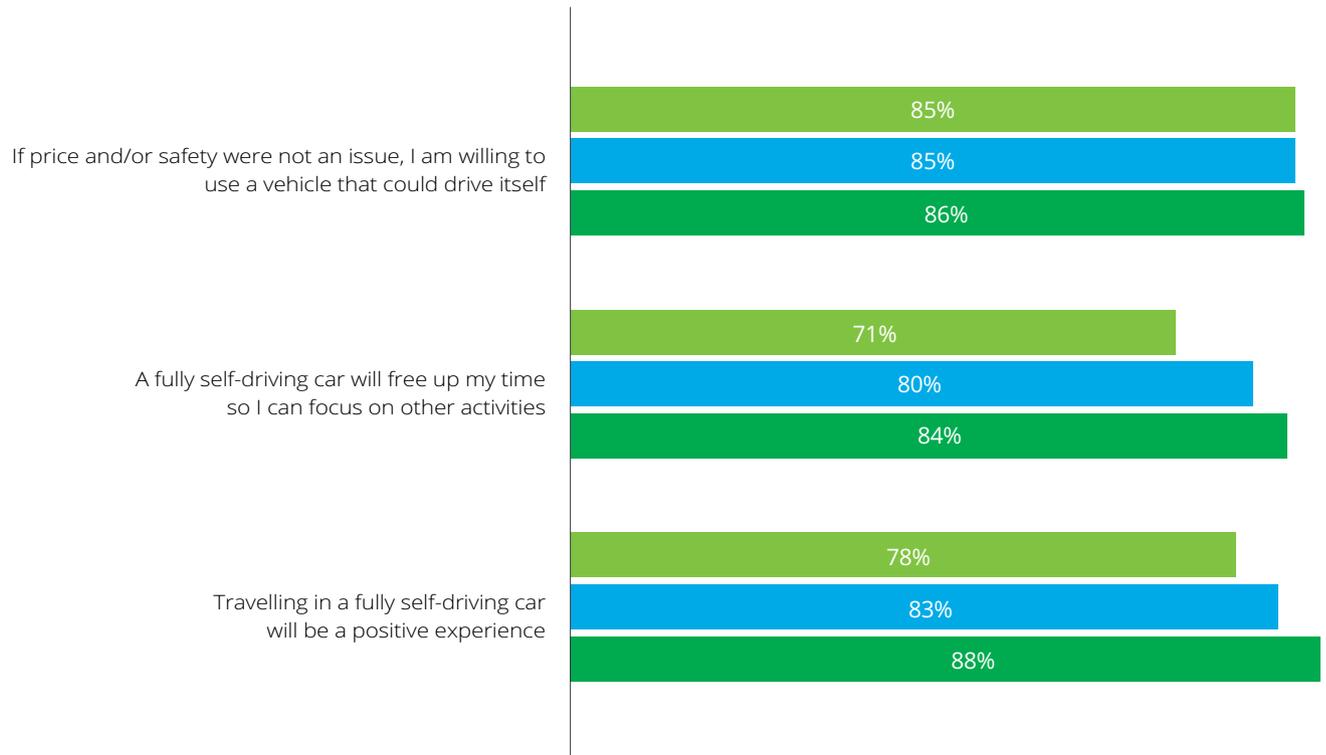
Note: Percentage of respondents who strongly agreed or agreed

Sample size: 2018=1,725; 2017=1,650

Positive consumer opinion of AVs crosses generations in China

Older consumers in China see the benefits of AVs to reduce road fatalities as well as increasing their access to mobility

Opinions of fully self-driving vehicles among consumers in China (by generation)



■ Pre/Boomers ■ Gen X ■ Gen Y/Z

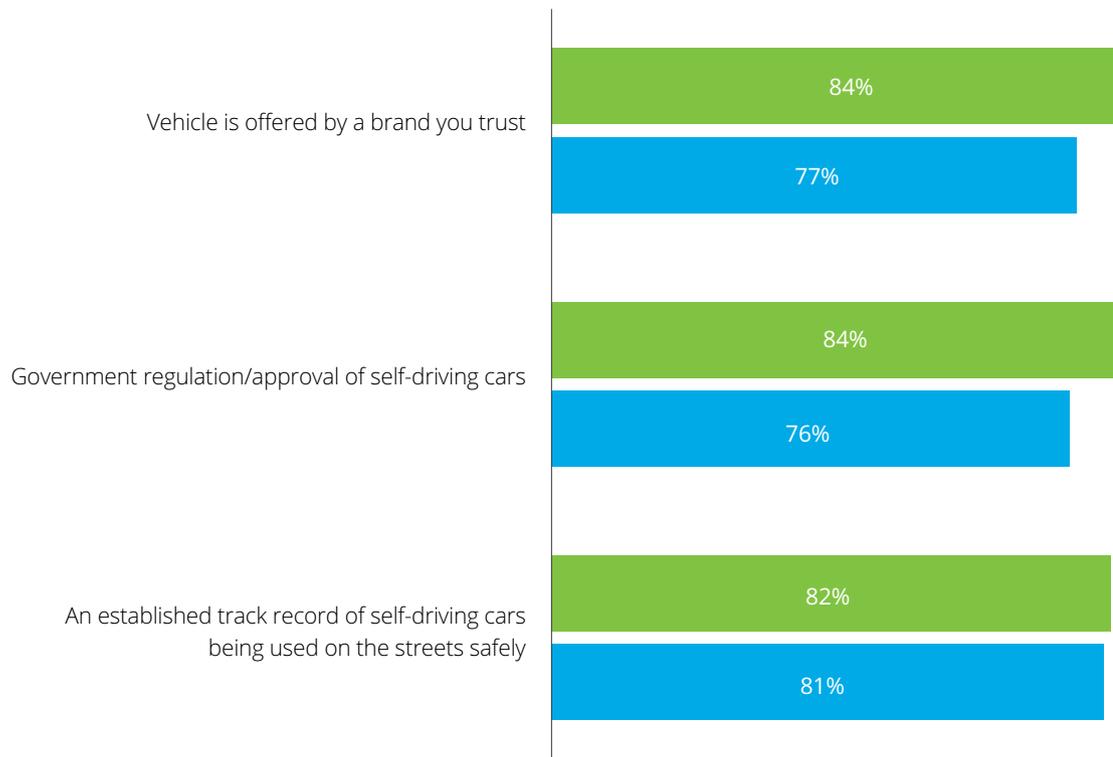
Note: Percentage of respondents who strongly agreed or agreed
Sample size: Pre/Boomers=223; Gen X=360; Gen Y/Z=1,143



Brand trust is becoming more important for self-driving vehicles this year

Establishing a track record for safety and proving AV technology will save lives will be critical to consumer acceptance

Factors among consumers in China that would make them feel better about riding in a fully autonomous vehicle



■ 2018 ■ 2017

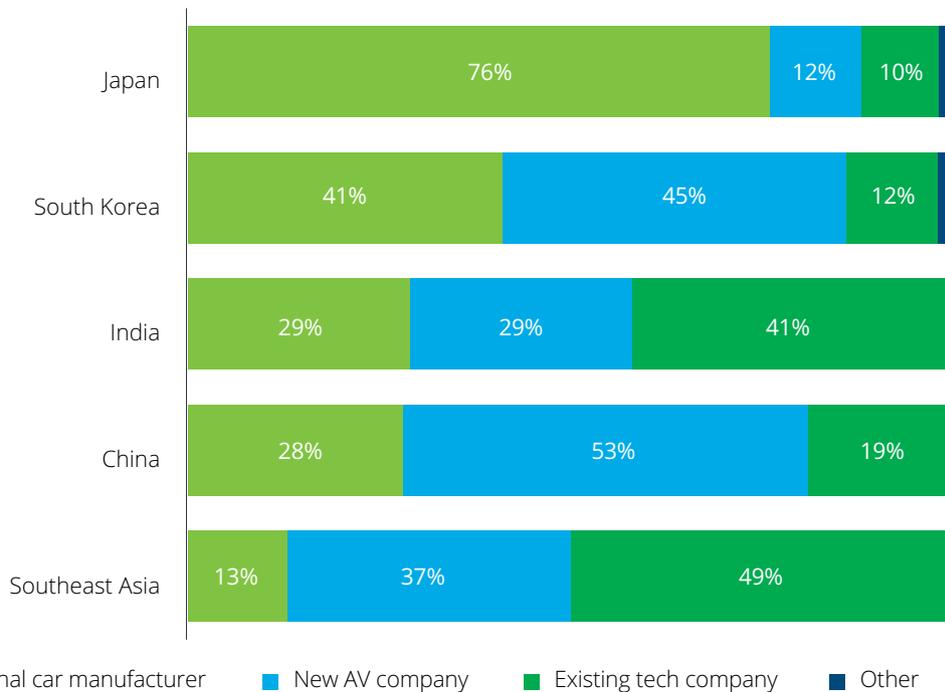
Note: Percentage of respondents who strongly agreed or agreed

Sample size: 2018=1,726; 2017=1,699

Chinese consumers put their faith in new players who specialize in AV technology

New AV technology players emerging in China may have a significant opportunity to create a competitive advantage in the marketplace

Types of companies consumers trust most to bring fully autonomous technology to market (2018)



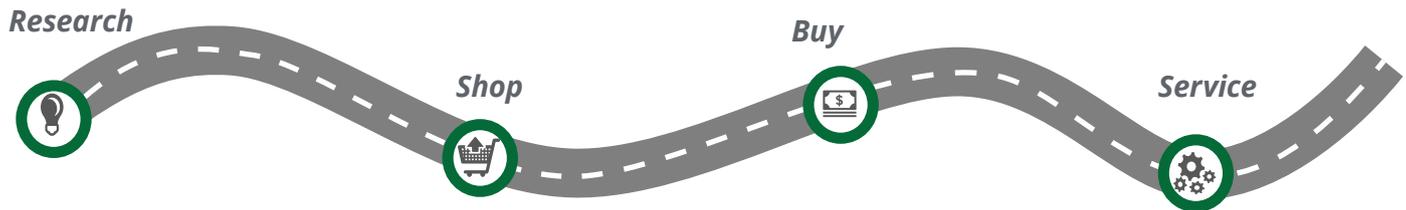
Sample size: Japan=1,762; South Korea=1,763; India=1,761; China=1,759; Southeast Asia = 1,523

How do consumers conduct research when shopping for a vehicle?



Understanding consumers' ownership journey

The 2018 study reveals that among consumers across Asia Pacific, each point along the ownership journey can unlock significant opportunities for OEMs and dealers

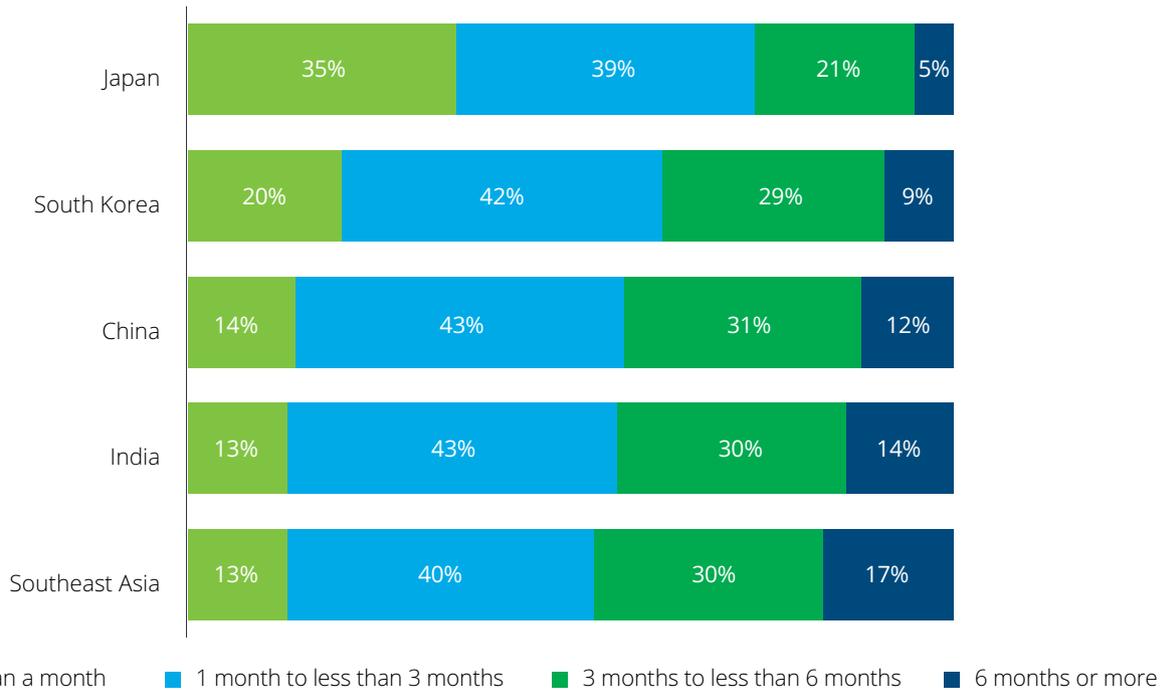


- The importance of a vehicle purchase in maturing markets means **consumers are taking their time** in order to make the best decision possible
- As a result, OEMs and dealers have a considerable **opportunity to identify, intersect, and influence a purchase decision**
- Consumers are also looking to **third-party pricing tools to improve the transparency** of the transaction
- Friends and family are the most frequent and influential sources of information
- **Consumers visit a number of dealers** before they buy, reinforcing the need for dealers to make every interaction count
- **The customer experience is still a very important** decision factor for where to buy
- While printed content and some digital channels are useful, the **salesperson is still the most important source of information** for consumers
- **The “ABC’s” of retailing still hold true for consumers:** respect their time, provide all the information they need to make good decisions, and be honest with them
- Some aspects of the purchase experience are hard to digitize as **consumers need to see and feel a vehicle before they buy**
- The top three things consumers dislike about the purchase process include the **overall time it takes, the amount of paperwork involved, and haggling over the price**
- Manufacturers and dealers are **missing a big opportunity to communicate with their customers** to build effective, long-term relationships and encourage loyalty and advocacy over time
- **Digital touchpoints are only meeting customer expectations**, which presents an opportunity for differentiation in a very crowded market
- On the surface, consumers in maturing markets appear **very interested in the concept of buying direct from the OEM**
- However, there are specific tasks that consumers believe would make it hard to completely fore go dealers

Most consumers start researching 3-6 months before purchase

The importance of a vehicle purchase in maturing markets means consumers are taking time to make the best decision possible

Amount of time consumers across Asia Pacific take to research a vehicle before purchase



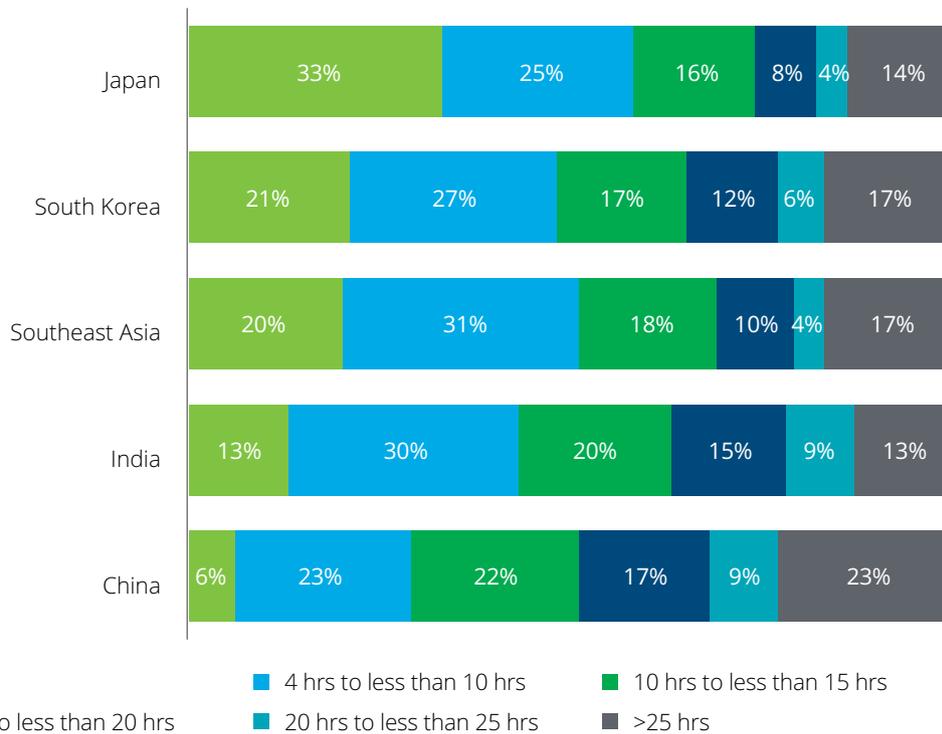
Sample size: Japan=1,040; South Korea=1,623; China=1,606; India=1,686; Southeast Asia=1,250



Consumers are investing a lot of total time researching their purchase

There is a considerable opportunity to identify, intersect and influence consumers' purchase decision, particularly in China where nearly a quarter of consumers invest 25 hours or more

Total number of hours consumers across Asia Pacific invest in researching possible vehicles



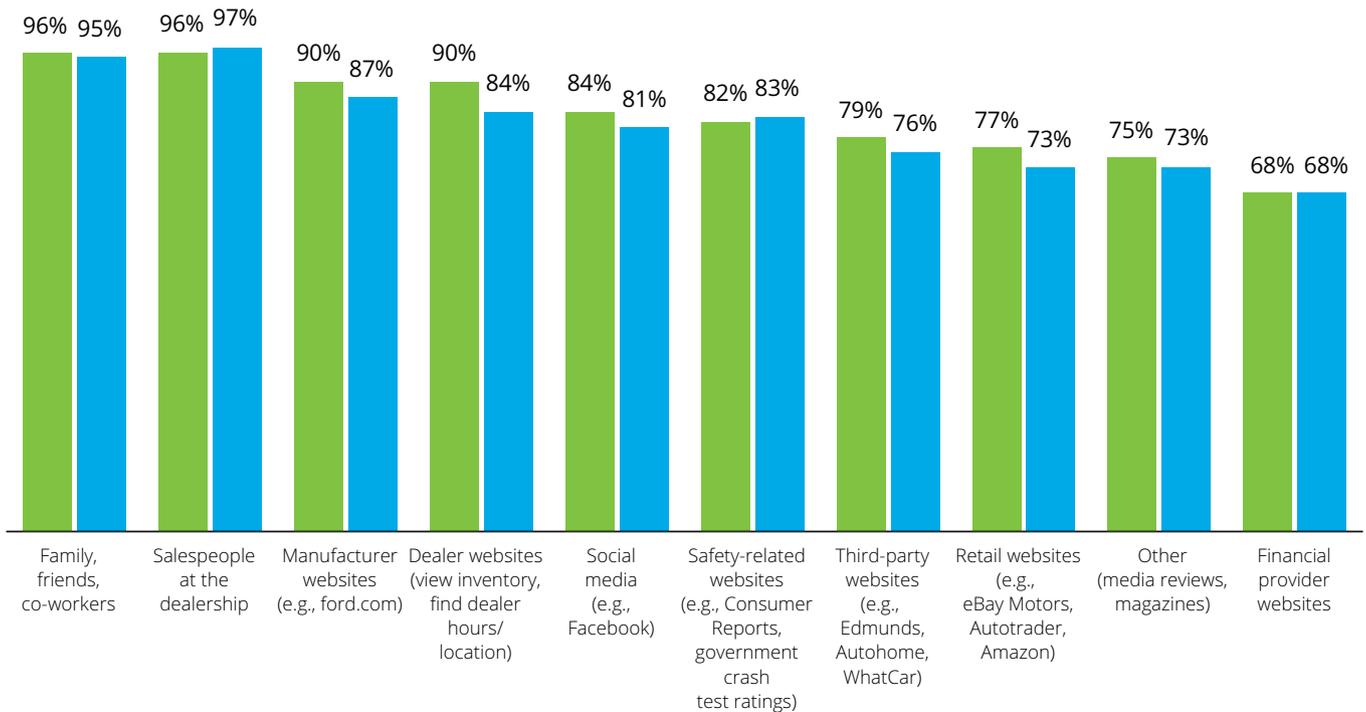
Sample size: Japan=1,040; South Korea=1,623; Southeast Asia=1,250; India=1,686; China=1,606



Salespeople, family and friends are relied on most for information

Dealer sales staff and personal connections continue to be the primary sources of information before and after consumers begin visiting dealers

Sources of information that were used at least once before and after starting to visit dealerships



■ Before dealer visit ■ After dealer visit

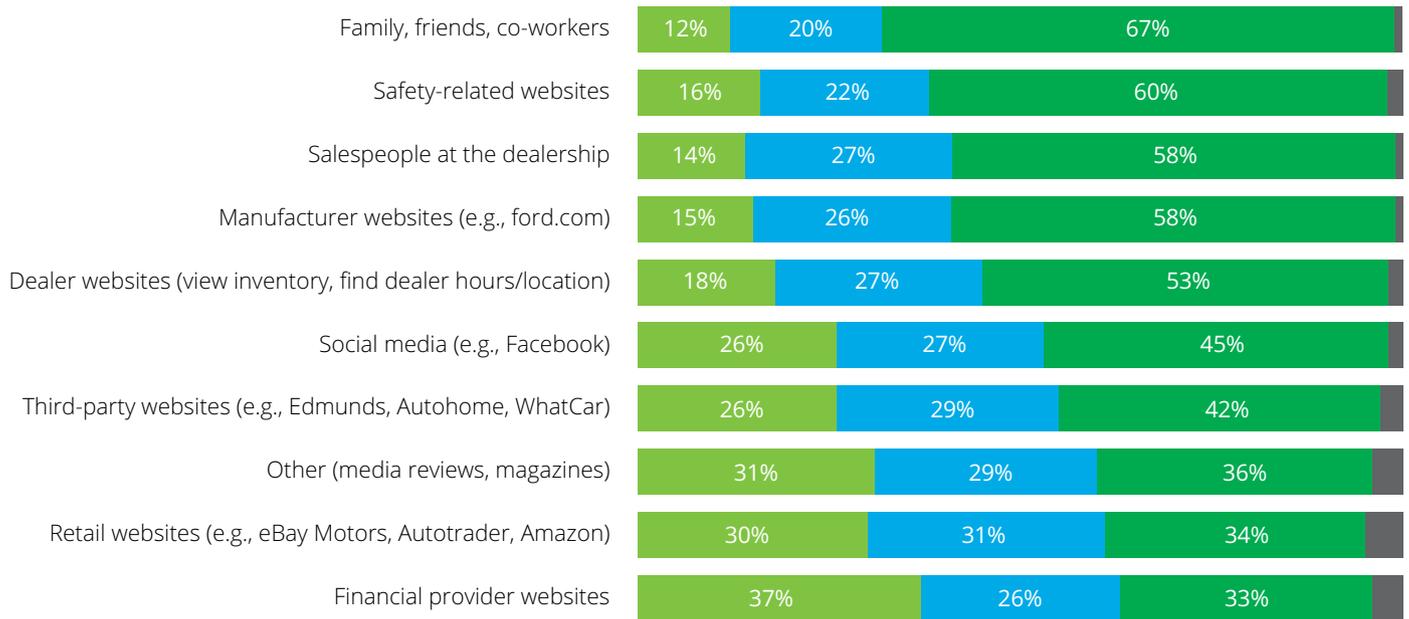
Sample size: Before=1,329; After=1,227



In China, social connections impact the purchase decision most

Injury and fatality rates are driving interest in vehicle safety information

Impact of information sources on consumers' final purchase decision



■ Little/No impact ■ Some impact ■ Significant impact ■ N/A

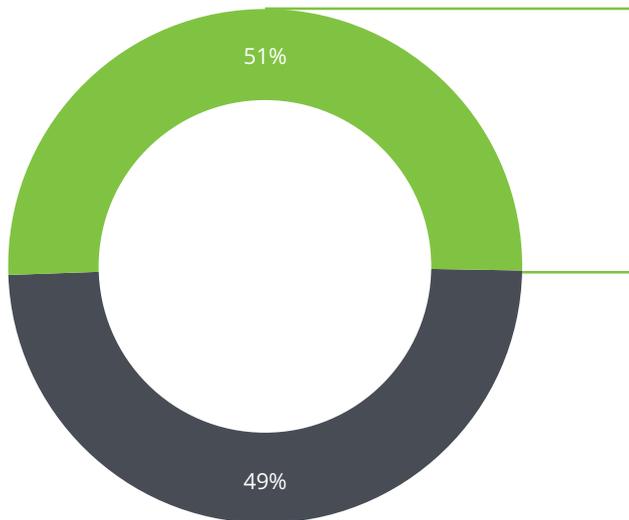
Sample size: n=1,329



Chinese consumers are looking for transparency in the purchase process

Use of pricing support services in China eclipses both the US (30%) and Germany (35%)

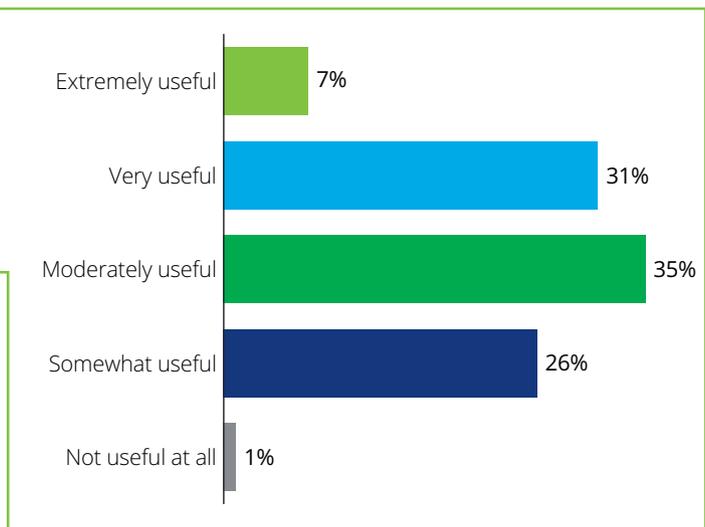
Percentage of consumers in China using third-party, vehicle pricing support services to purchase a vehicle



■ No ■ Yes

Sample size: n=1,329

Percentage of consumers in China who liked the pricing support received while purchasing a vehicle



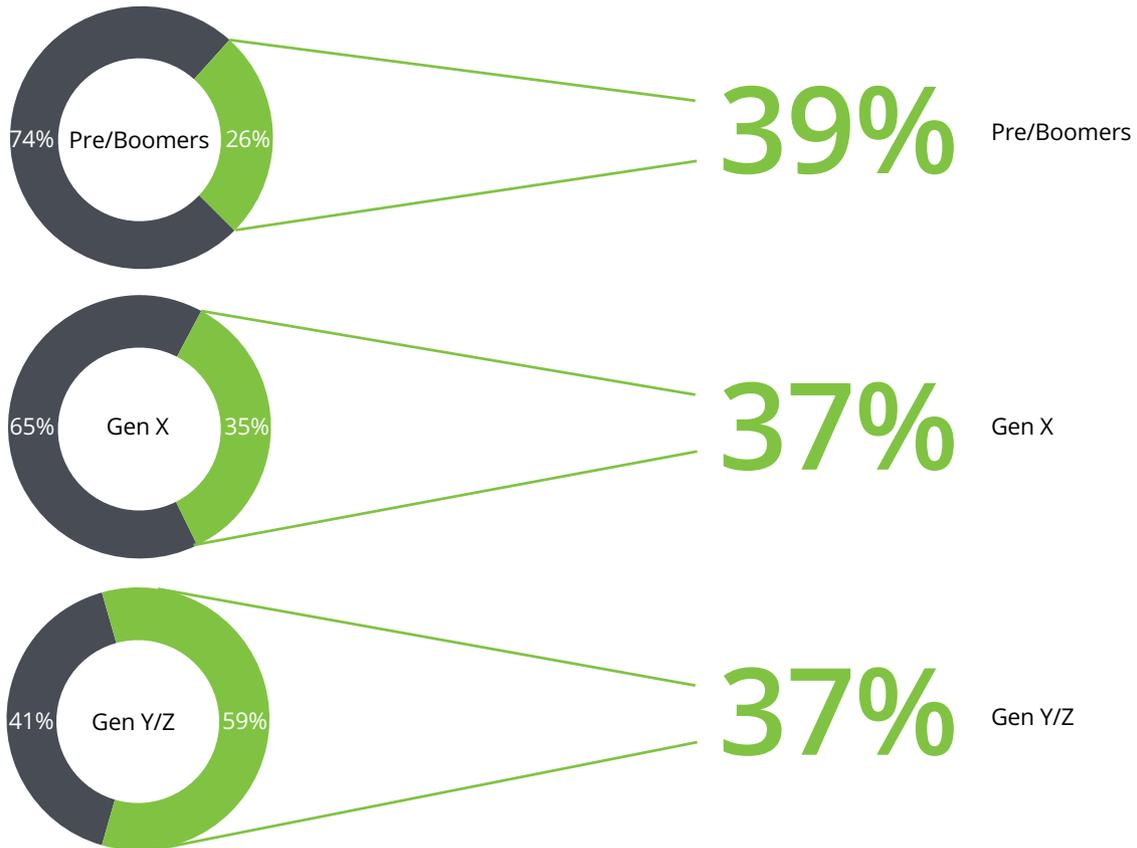
Sample size: n=676

Younger generations in China are more comfortable with pricing services

However, 40% of Chinese consumers across generations found the services useful

Percentage of Chinese consumers by generation using third-party, vehicle pricing support services to purchase a vehicle

Percentage of consumers who used third-party pricing services and found them extremely/very useful



■ Yes ■ No

Sample size: Pre/Boomers=120; Gen X=285; Gen Y/Z=924

Sample size: Pre/Boomers=31; Gen X=100; Gen Y/Z=545

How do consumers feel about the dealer experience?

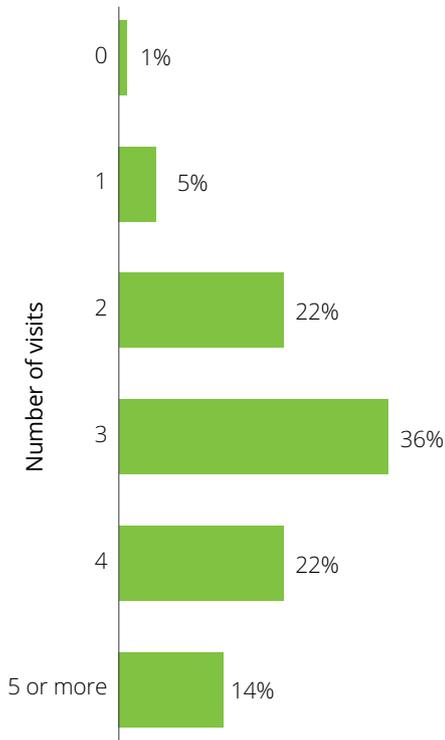


Chinese consumers frequently visit the dealer while shopping for a vehicle

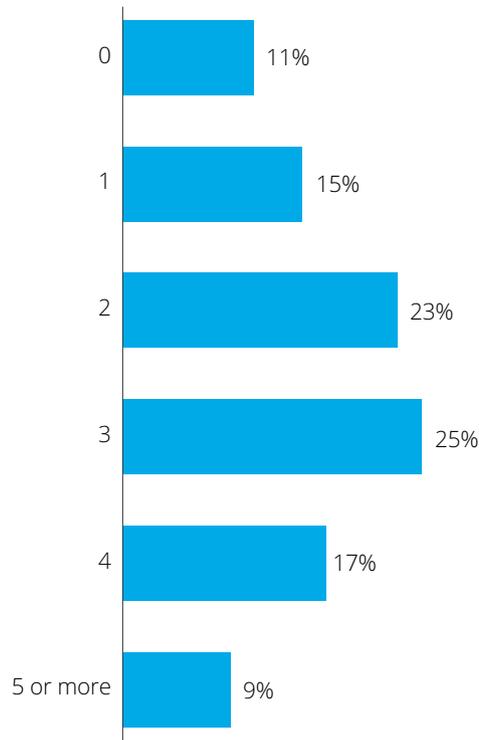
In China, every interaction is critical for dealers trying to influence consumers' final purchase decision

Number of dealer visits consumers in China conducted while shopping for their current vehicle

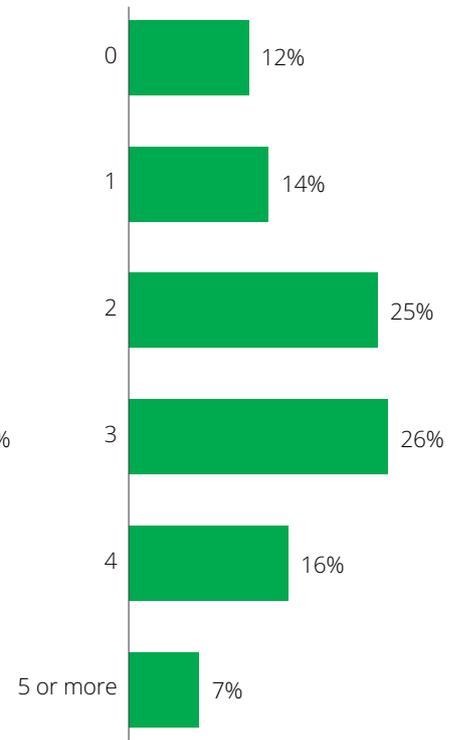
Dealer where I acquired my current vehicle



Other dealers that sell my current vehicle



Other dealers that sell comparable brands of vehicles

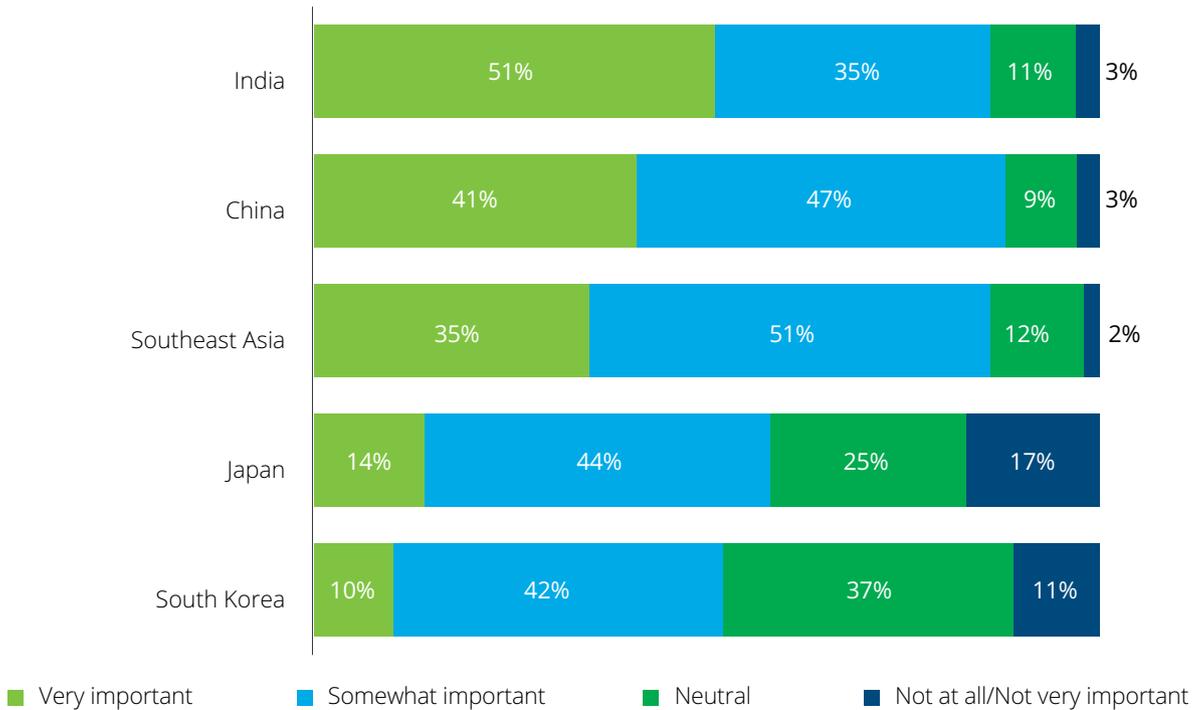


Sample size: n=1,227

Consumers expect a high quality experience at the dealer

Because consumers across Asia Pacific visit several dealerships when shopping, dealers in maturing markets need to make every interaction count

Percentage of consumers who feel the customer experience is an important decision factor

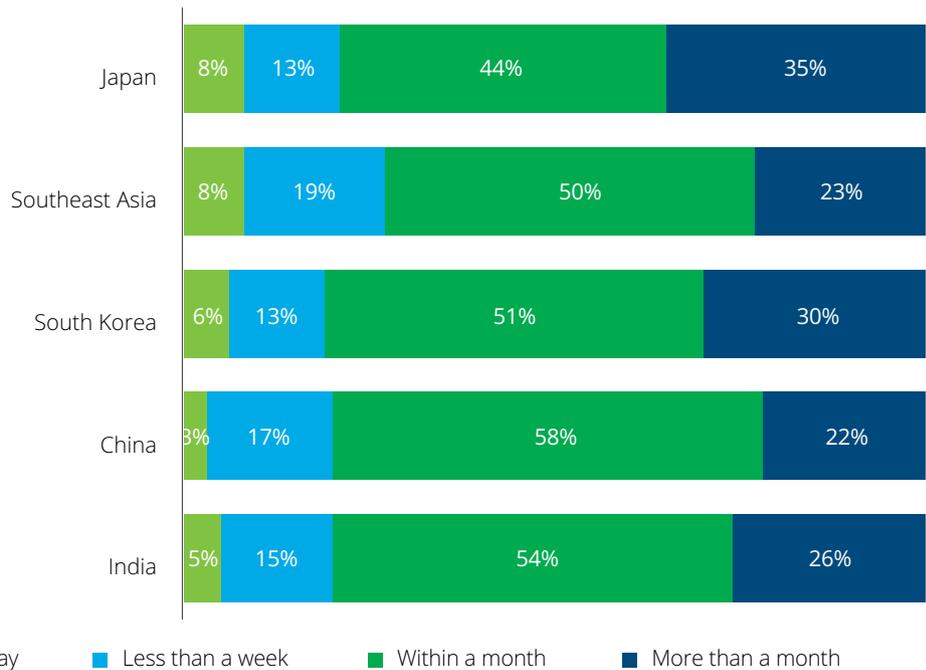


Sample size: China=1,606; India=1,686; Southeast Asia=1,003; Japan=1,040; South Korea=1,623

Consumers across Asia Pacific take more time to buy a vehicle

In contrast to mature markets such as the US, consumers in Asia Pacific appear to be more patient in making their purchase decision

Amount of time consumers across Asia Pacific wait to buy a vehicle after starting to visit dealerships

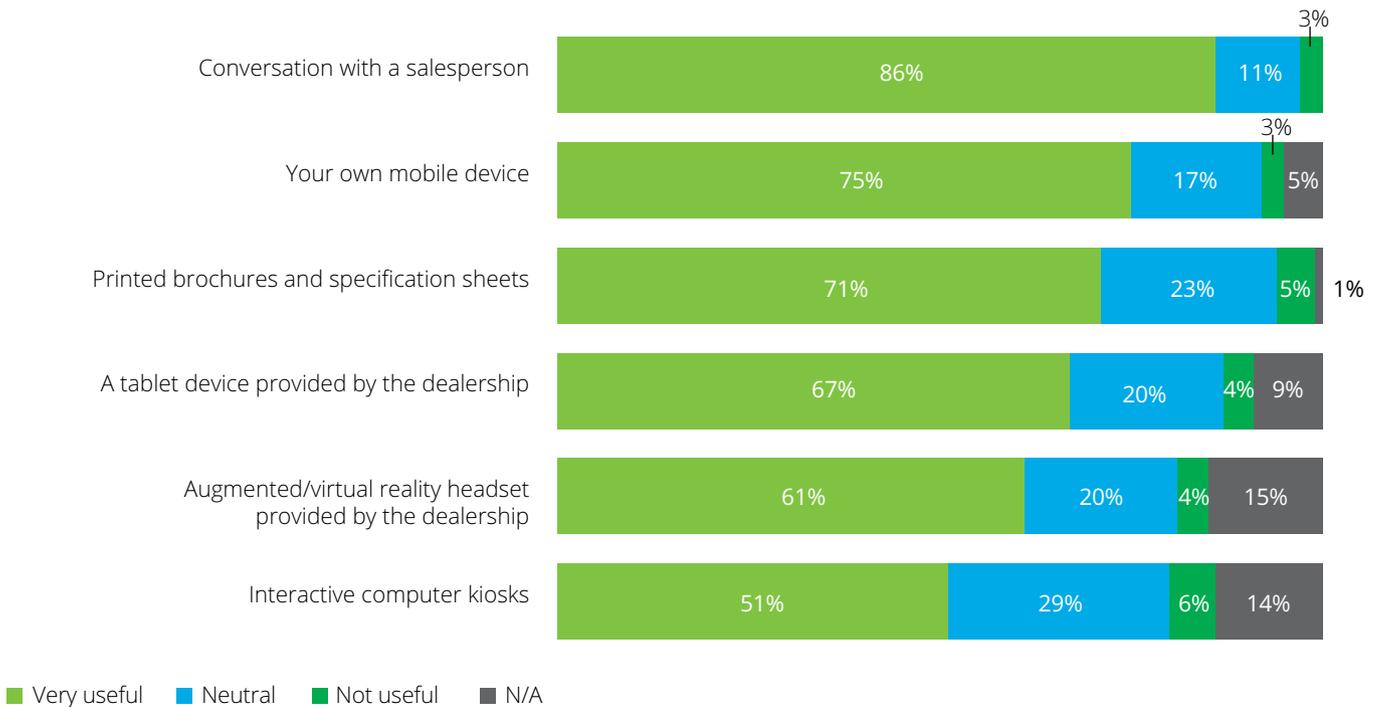


Sample size: Japan=1,040; Southeast Asia=1,003; South Korea=1,623; China=1,606; India=1,686

Consumers' relationships with salespeople do matter

While printed content and some digital channels are useful, the salesperson is still the most important source of information for Chinese consumers

Information sources at the dealership Chinese consumers find most useful

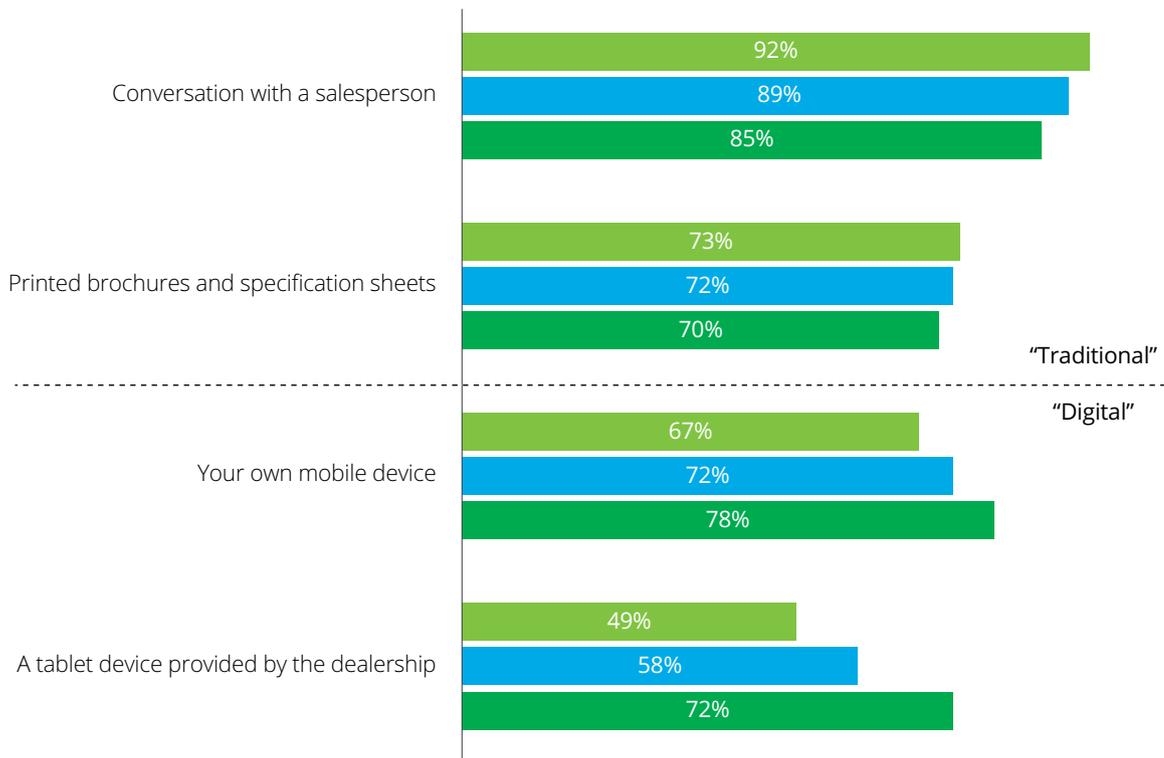


Sample size: n=1,227

Younger shoppers in China gravitate more to digital tools

Younger shoppers' use of digital tools could result in arriving at the showroom more informed and prepared to make a decision versus older generations

Information sources at the dealership Chinese consumers find most useful, by generation



■ Pre/Boomers ■ Gen X ■ Gen Y/Z

Sample size: Pre/Boomers=109; Gen X=264; Gen Y/Z=854

Consumers are most concerned with getting a good deal

Chinese consumers are also interested in test driving the vehicle while at the dealership and hearing from their dealer after the purchase

Chinese consumers most enjoyable aspects of the dealer experience



■ Top 3 choices ■ Top choices

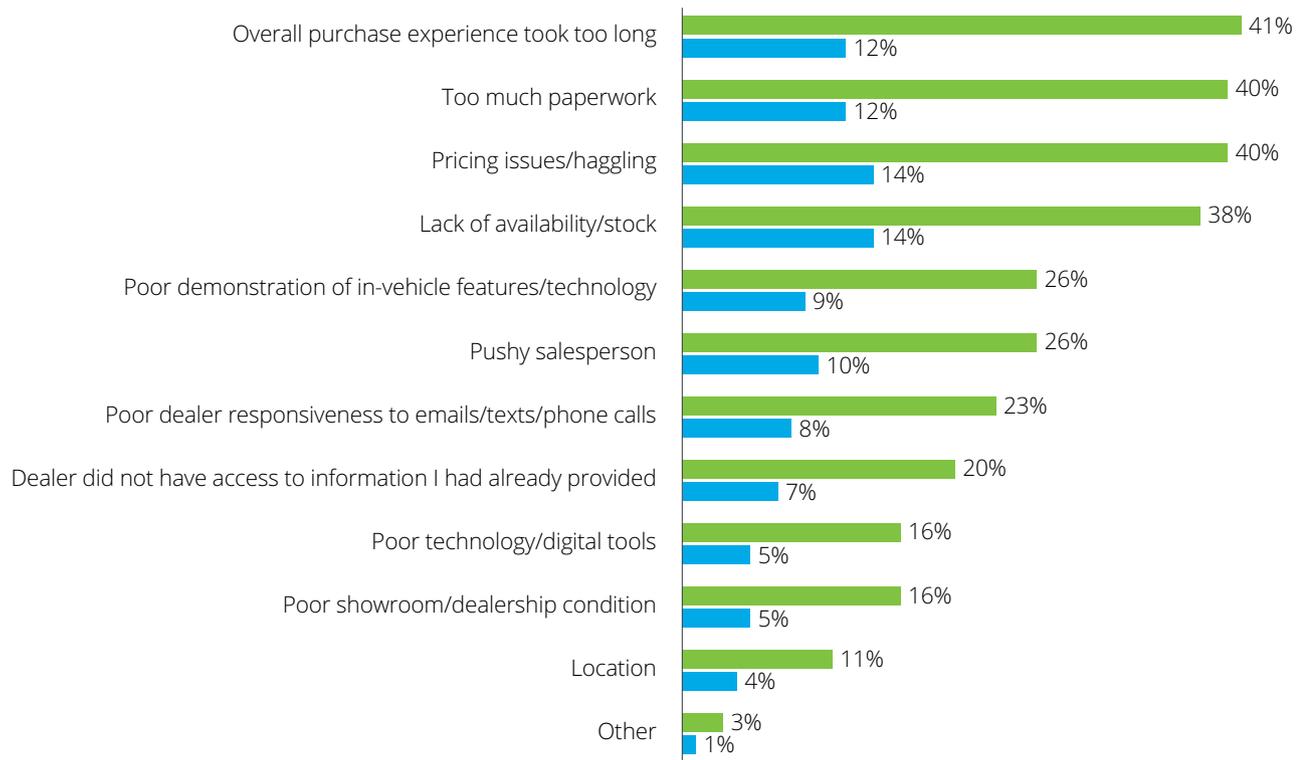
Sample size: n=1,227



Consumers in China really do not like spending too long at the dealer

Time is an increasingly important commodity that consumers are reluctant to spend when buying a vehicle

Chinese consumers most disliked aspects of the dealer experience



■ Top 3 choices ■ Top choice

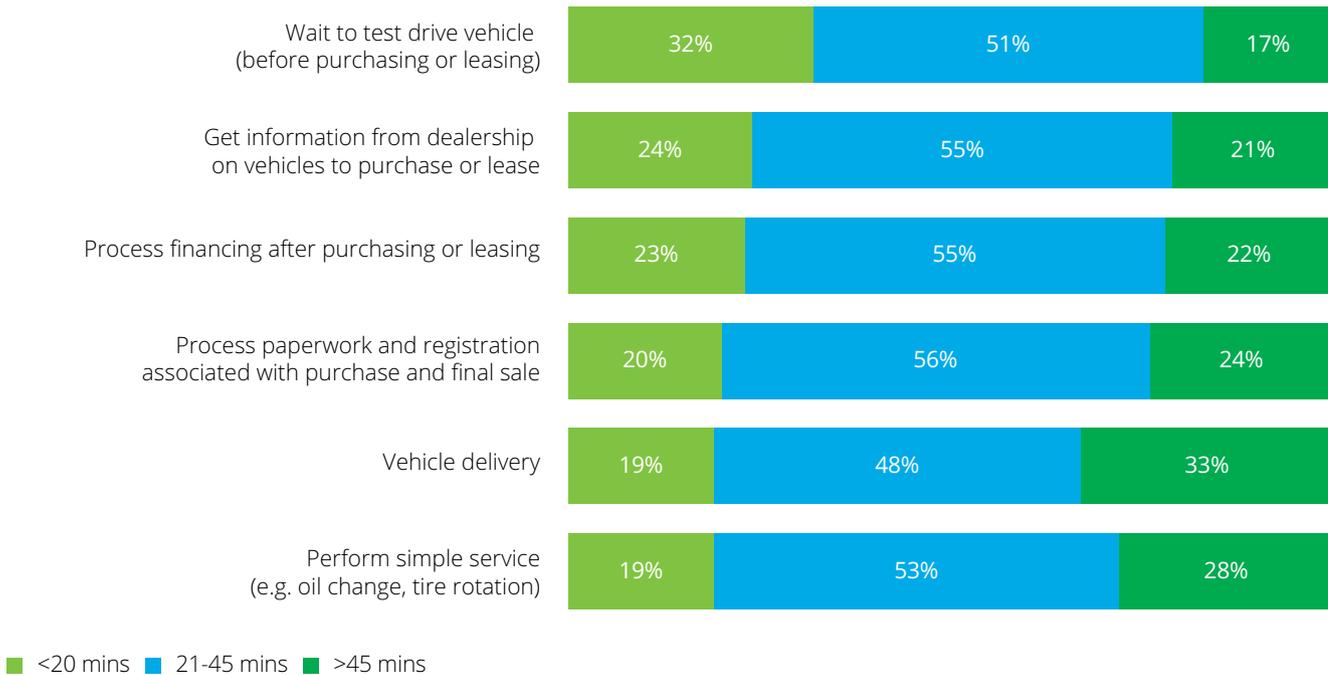
Sample size: n=1,227



Consumers in China set limits on the time they're willing to invest

Consumers expect to wait the least amount of time for a test drive and to get vehicle information from a dealership

Amount of time consumers in China are willing to invest across various sales processes

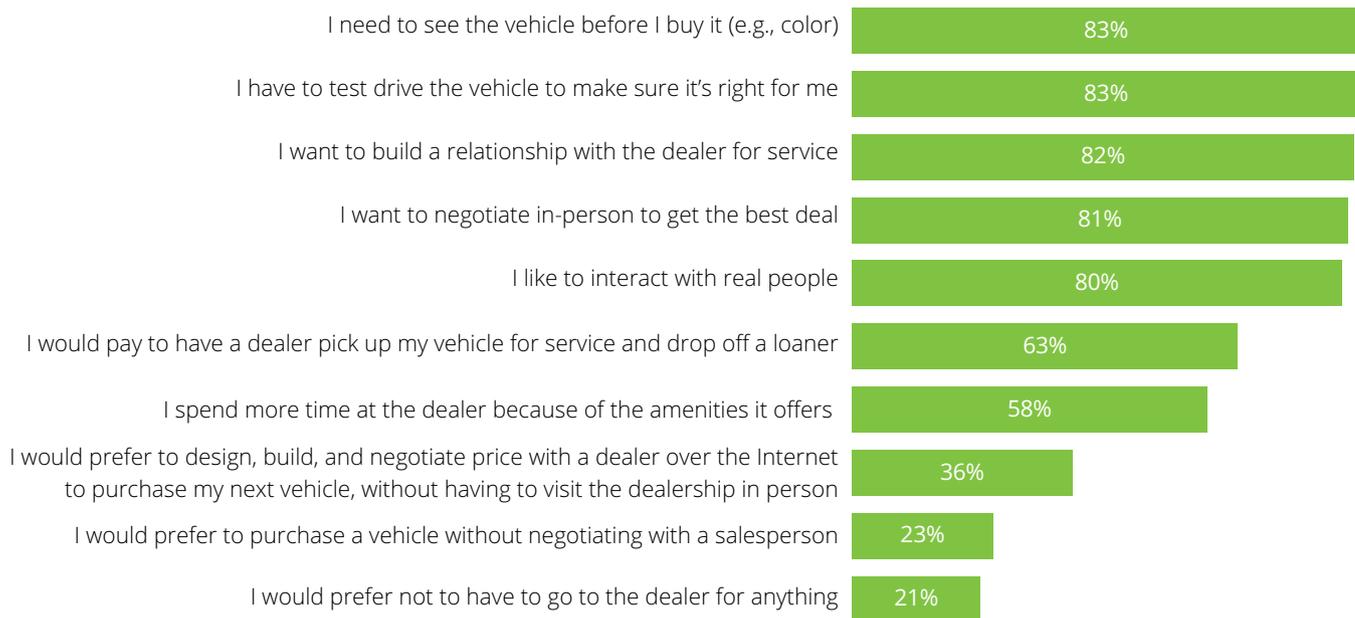


Sample size: n=1,227

There are aspects of the dealer experience that are difficult to digitize

Eight out of 10 Chinese consumers still need to see and test drive a vehicle and interact in person with salespeople before they purchase a vehicle

How Chinese consumers feel about their experiences at a dealership



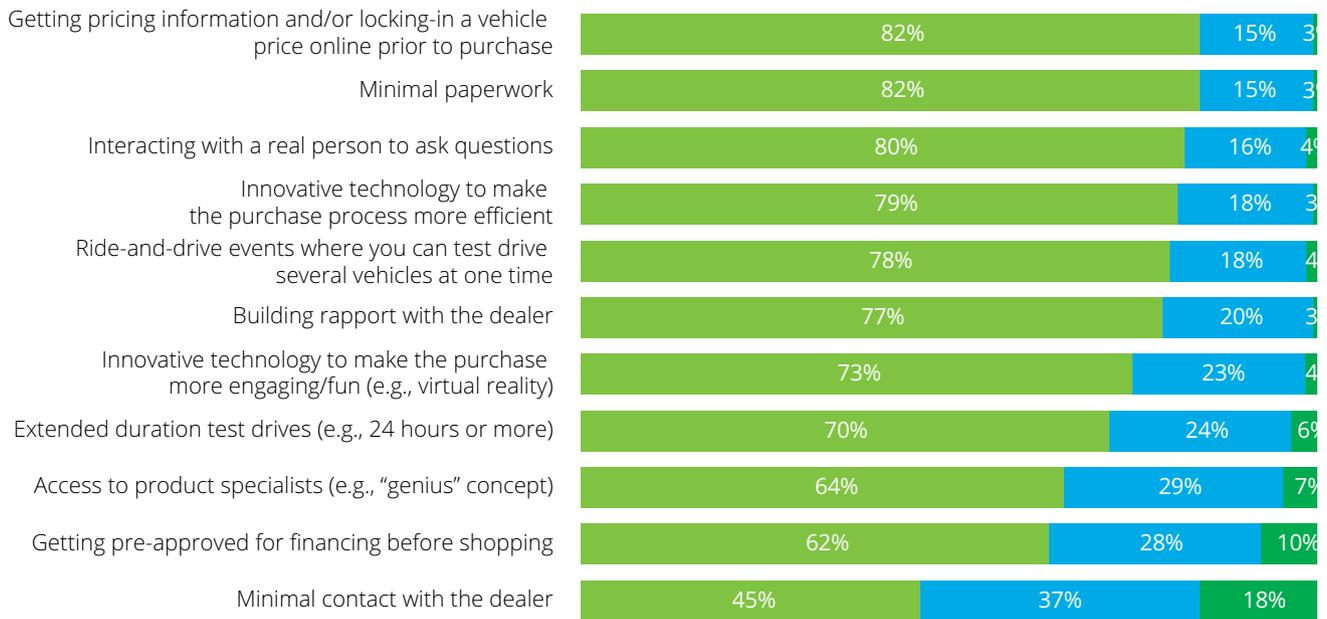
Note: Percentage of respondents who strongly agreed or agreed

Sample size: n=1,227

Themes of transparency, time management, and personal interactions are most important during the purchase process

Dealers in China could consider investments in a number of areas that enhance the customer experience

Chinese consumer opinions on important aspects of the vehicle buying process



■ Somewhat important/very important
 ■ Neutral
 ■ Not at all important/not very important

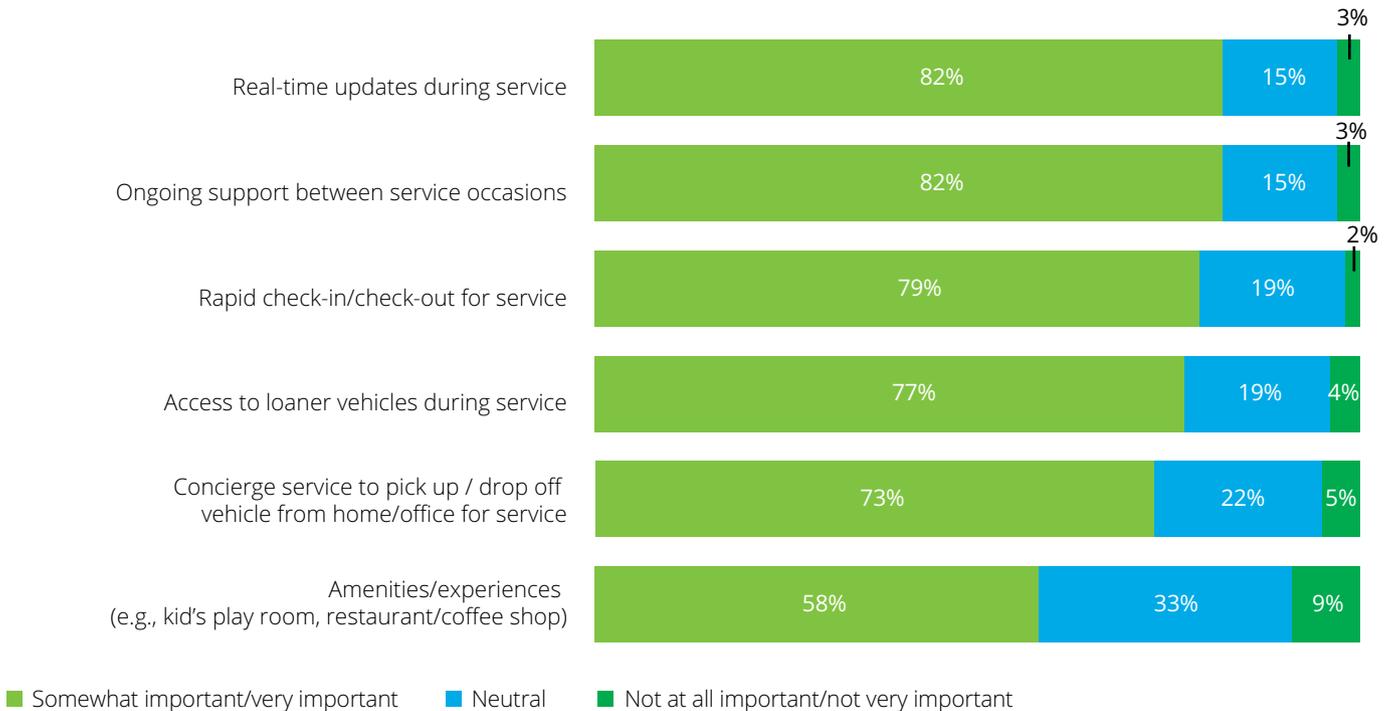
Sample size: n=1,405



Service experience hinges on updates and ongoing support

Customers actively want dealers to communicate with them so they can build a relationship and make better decisions

Chinese consumer opinions on important aspects of the vehicle service process

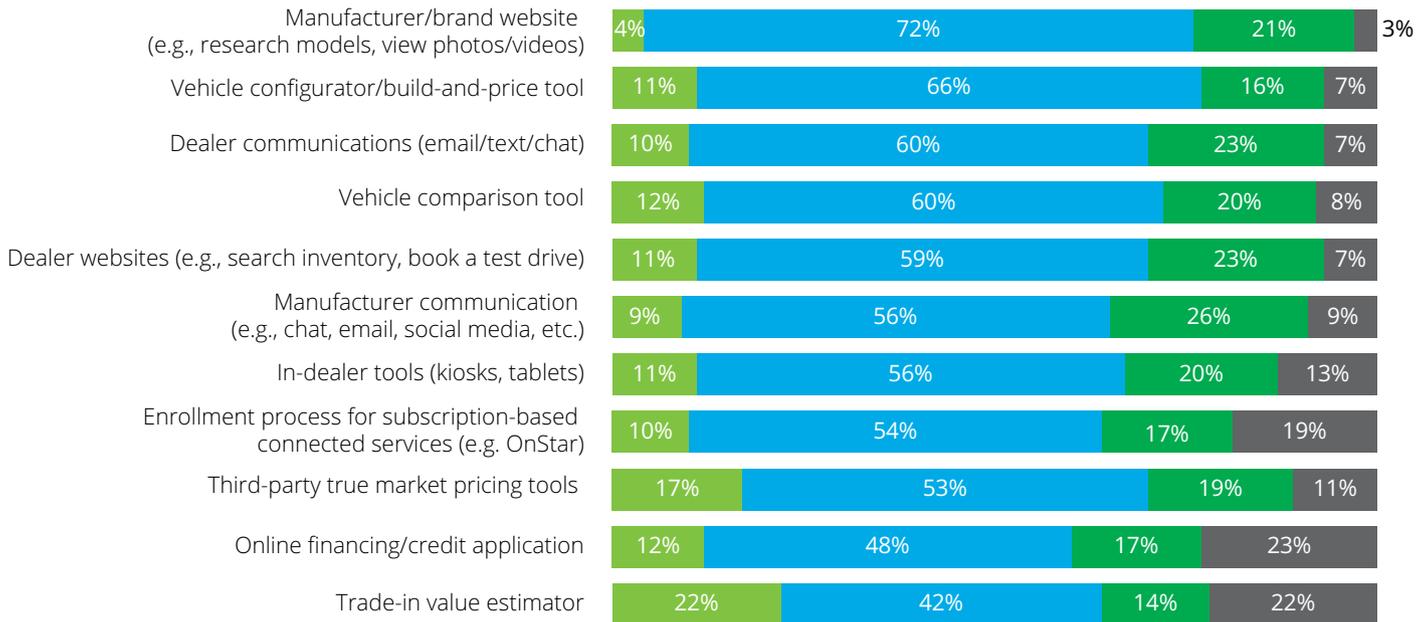


Sample size: n=1,606

Majority of digital journeys are only meeting expectations

There is significant opportunity to improve (and integrate) consumers' digital journey across a number of platforms

Chinese consumers' evaluation of digital shopping and buying touchpoints



■ Below expectations ■ Met expectations ■ Above expectations ■ N/A

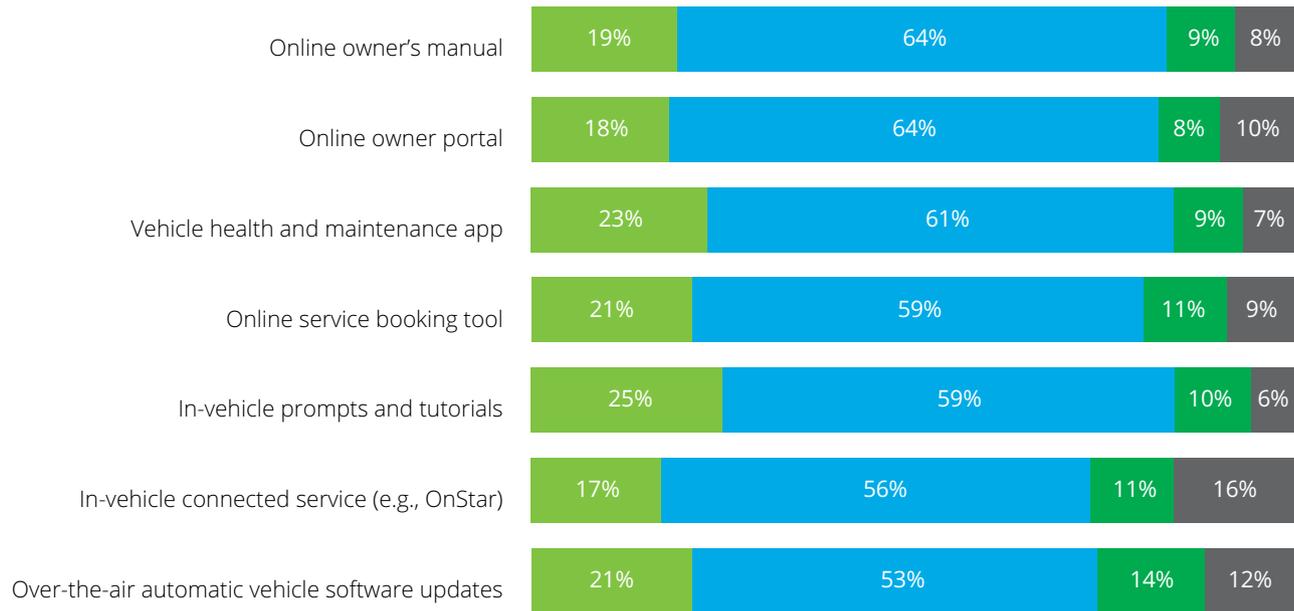
Sample size: n=1,227



Sentiment is similar when it comes to digital servicing touchpoints

Manufacturers could be offering a much better digital experience to excite and delight their customers

Chinese consumers' evaluation of digital servicing touchpoints



■ Above expectations ■ Met expectations ■ Below expectations ■ N/A

Sample size: n=1,227



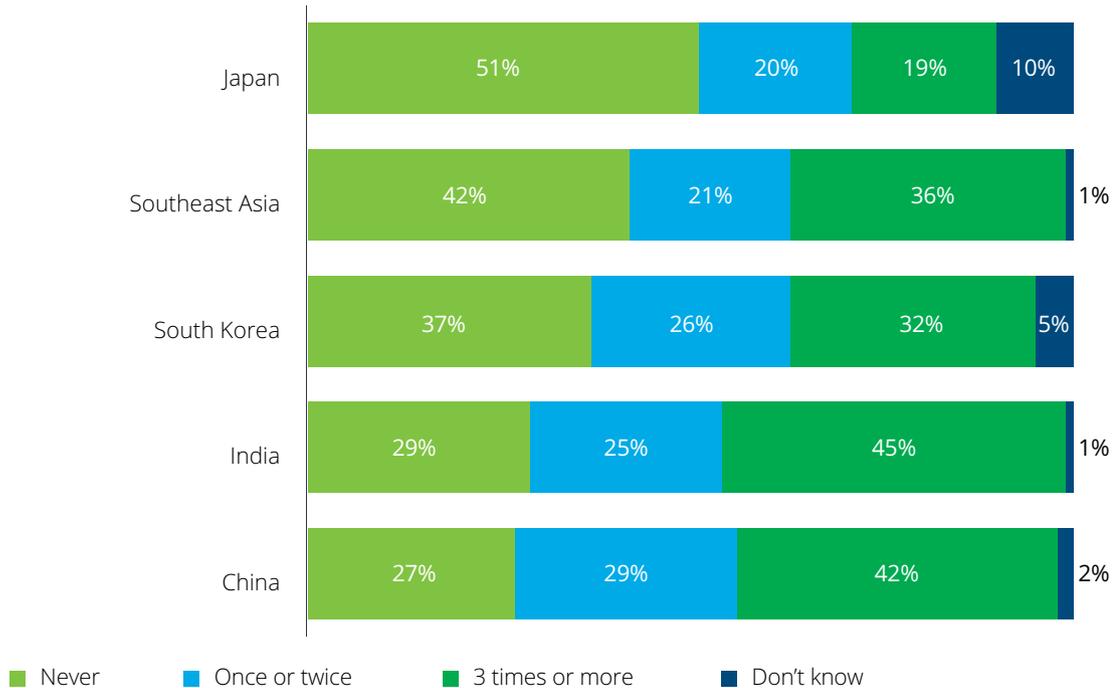
Communication from dealers and manufacturers



OEMs could be missing a big opportunity to connect with consumers

Manufacturers and dealers should be thinking of communication in terms of building effective, long-term customer relationships

Manufacturer touchpoints with consumers post-vehicle purchase

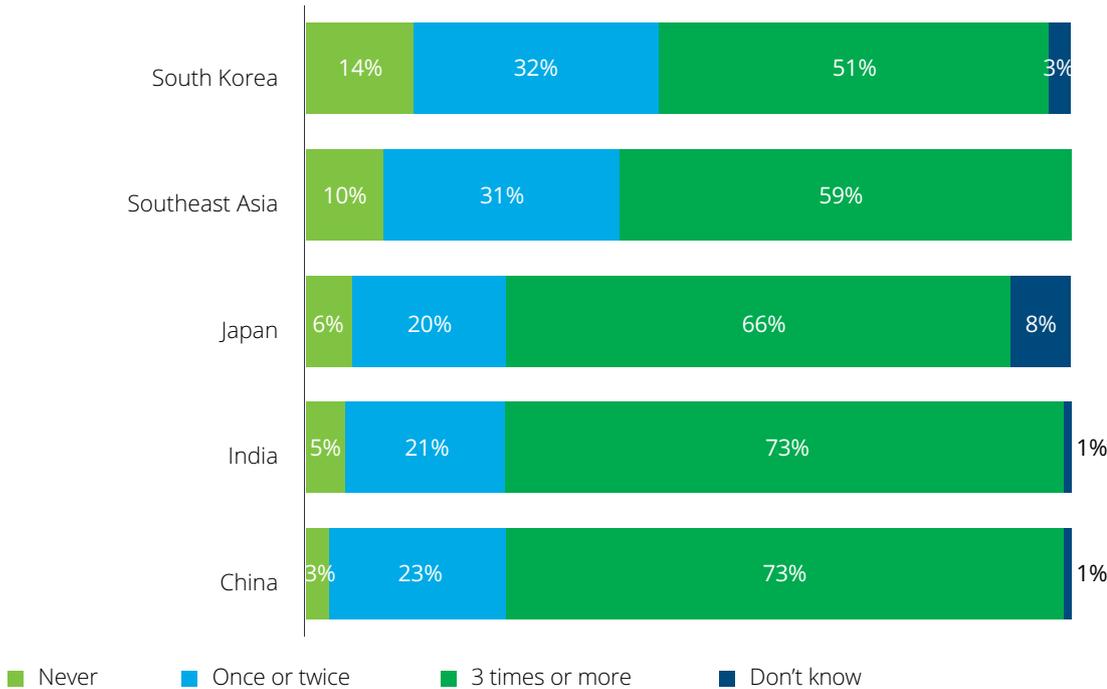


Sample size: Japan=880; Southeast Asia=1,003; South Korea=922; India=1,239; China=1,227

Dealers appear to be making more progress building relationships

On average, dealers had 2X touchpoints with consumers post their vehicle purchase when compared to a manufacturer

Dealer touchpoints with consumers post-vehicle purchase

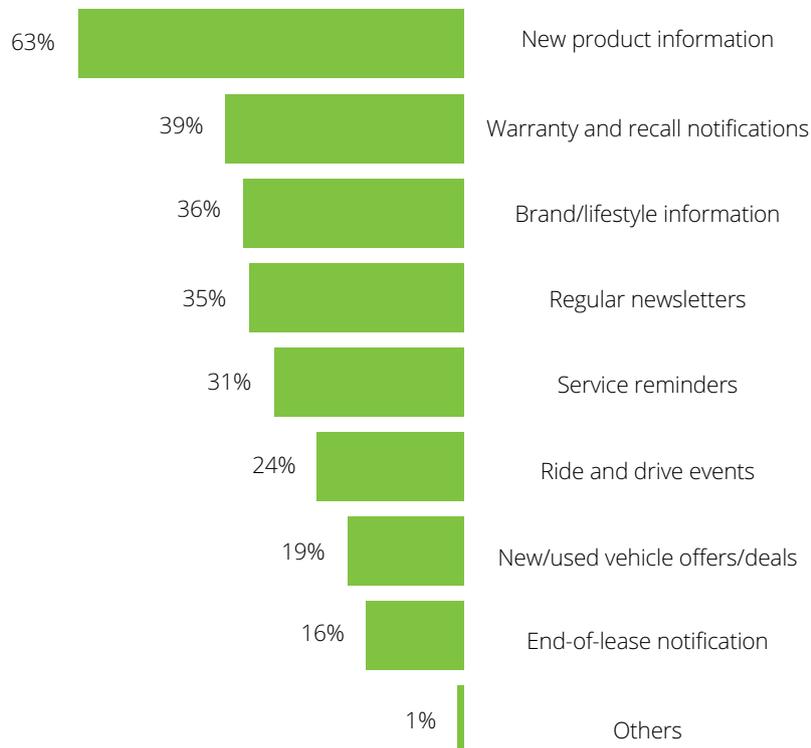


Sample size: South Korea=922; Southeast Asia=1,003; Japan=880; India=1,239; China=1,227

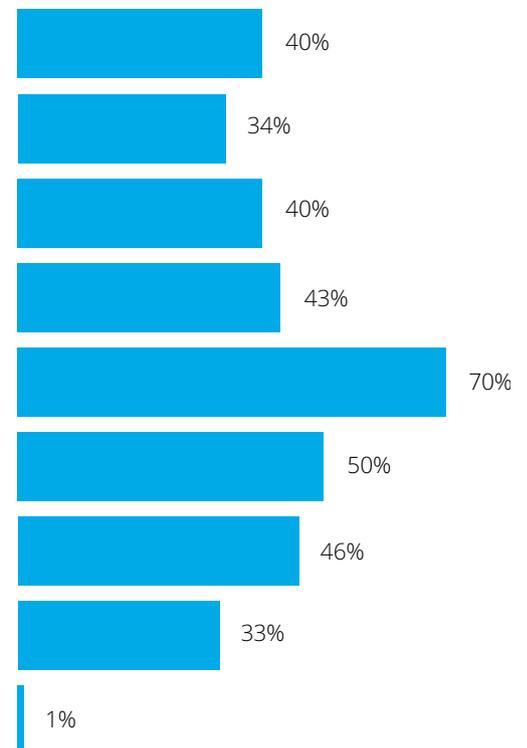
Manufacturers and dealers should also be thinking about what they are communicating to their customers in China

There is an opportunity to adjust the messaging to be more compelling while integrating both channels for a more holistic brand experience

Communications from manufacturers related to:



Communications from dealers related to:

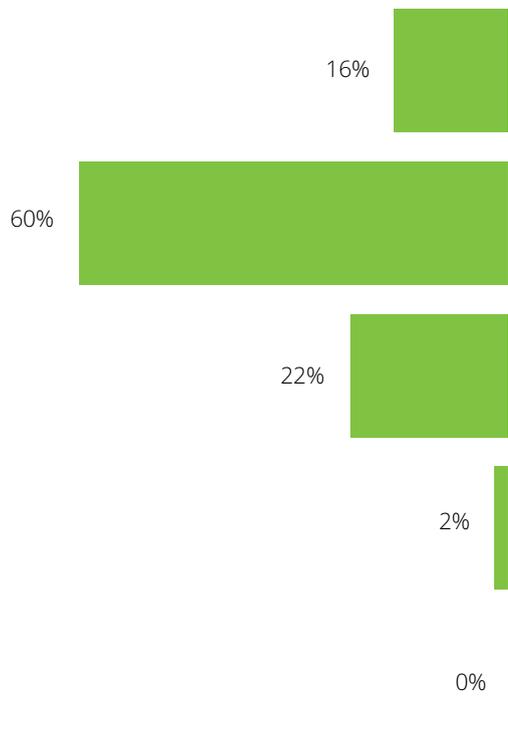


Sample size, average for manufacturer=903 and dealer=1,193

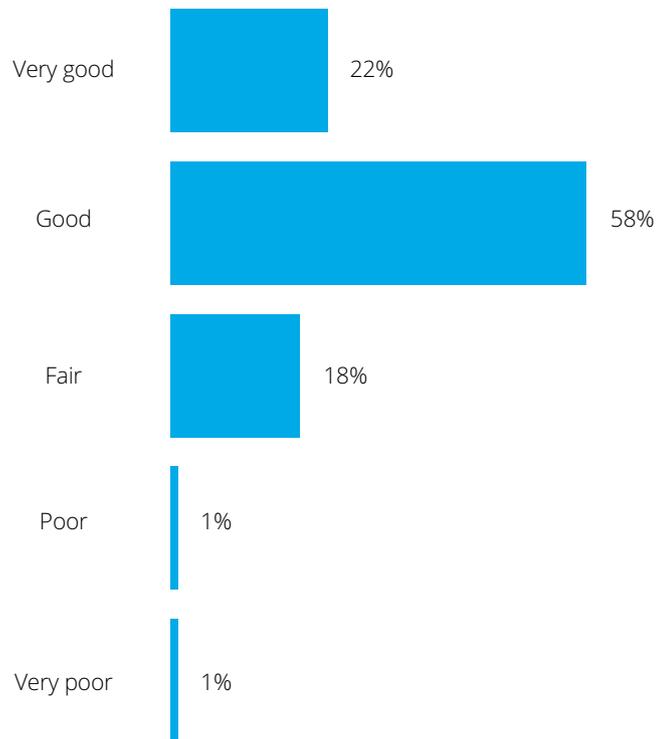
Satisfaction with the quality of communication content could be enhanced

Less than a quarter of consumers in China give manufacturers and dealers top marks for quality of communication

Quality of communications from manufacturers



Quality of communications from dealers

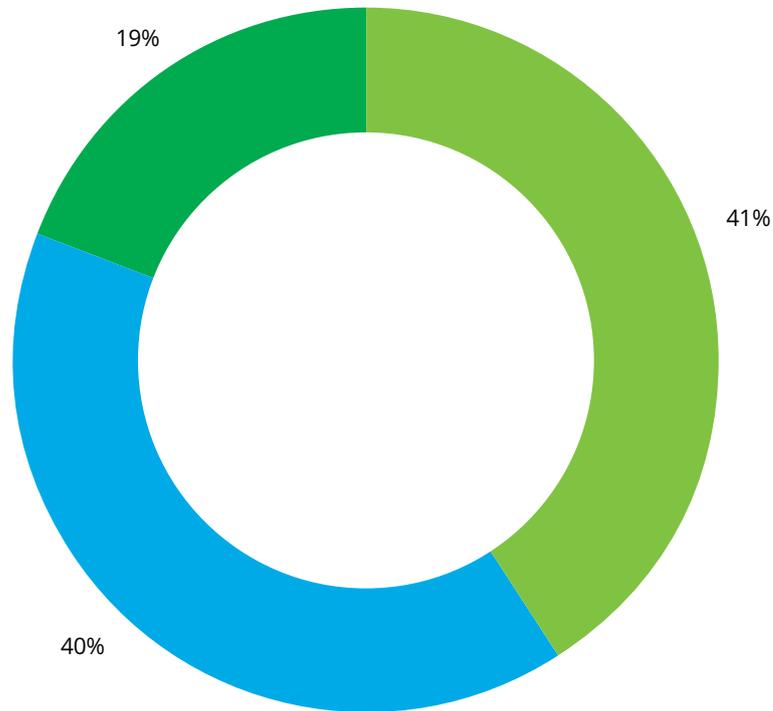


Sample size: manufacturer=894; dealer=1,192

Consumers want to hear from manufacturers and dealers representing the brand of vehicle purchased after the sale

Consumers in China are equally split on who they would rather hear from going forward, far outpacing those that would rather be left alone

Who consumers in China would prefer to hear from after buying a vehicle



■ Dealer ■ Manufacturer ■ Neither

Sample size: n=1,227

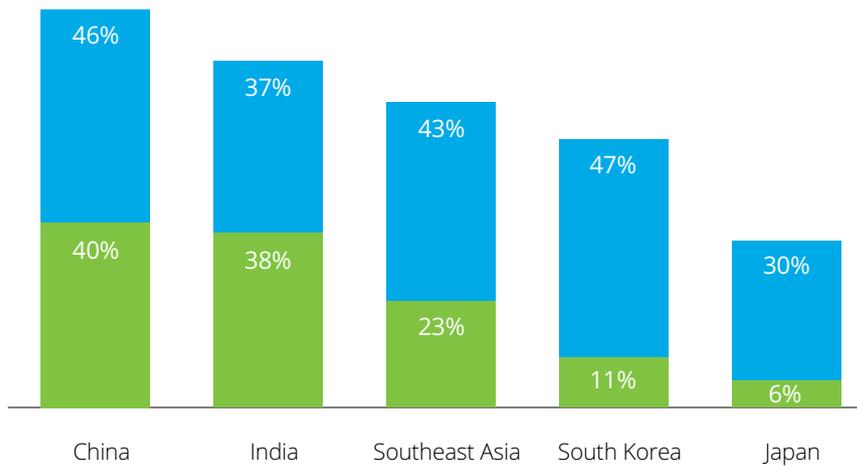
Are consumers ready to leave the dealer behind?



On the surface, consumers in maturing markets appear very interested in the concept of buying direct from the OEM

Japanese consumers are significantly less interested in buying direct than other Asia Pacific markets

Percentage of consumers interested in acquiring their next vehicle online directly from a manufacturer

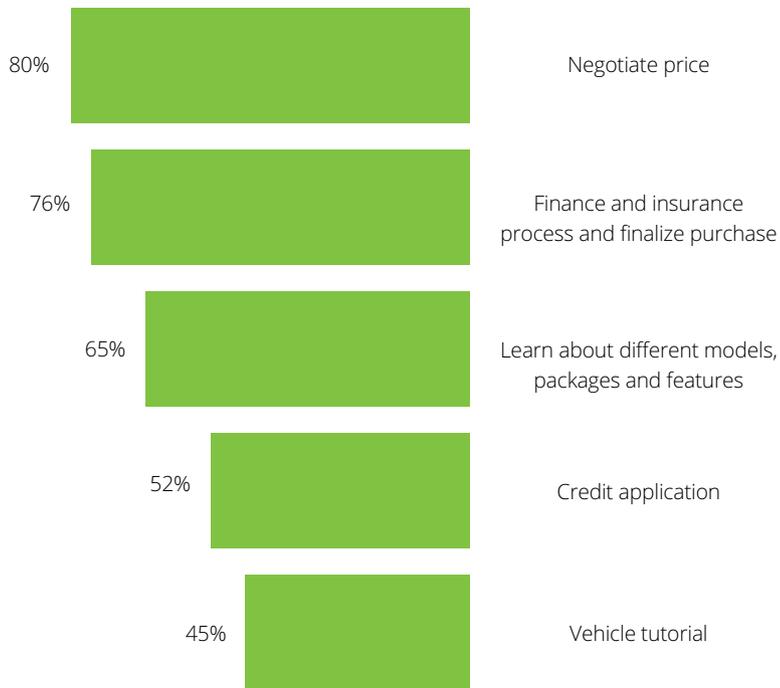


■ Very interested ■ Somewhat interested

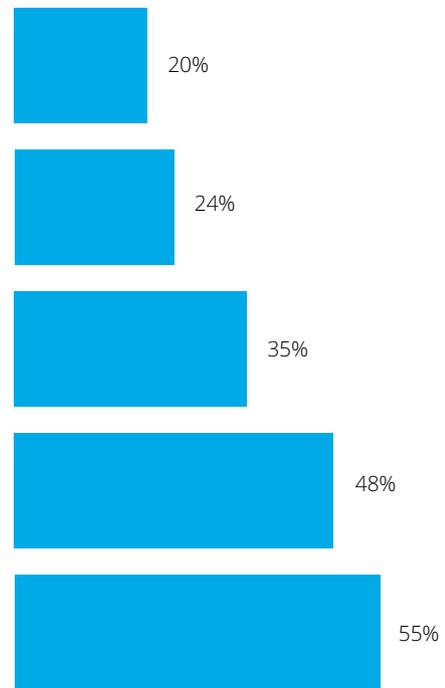
Sample size: China=1,606; India=1,686; Southeast Asia=1,388; South Korea=1,623; Japan=1,040

A majority of Chinese consumers would prefer to negotiate pricing and complete the finance and insurance process at the dealership

Aspects of the purchase experience consumers in China would prefer to complete at the dealership



Aspects of the purchase experience consumers in China would prefer to complete online/virtually



Sample size: n=1,405

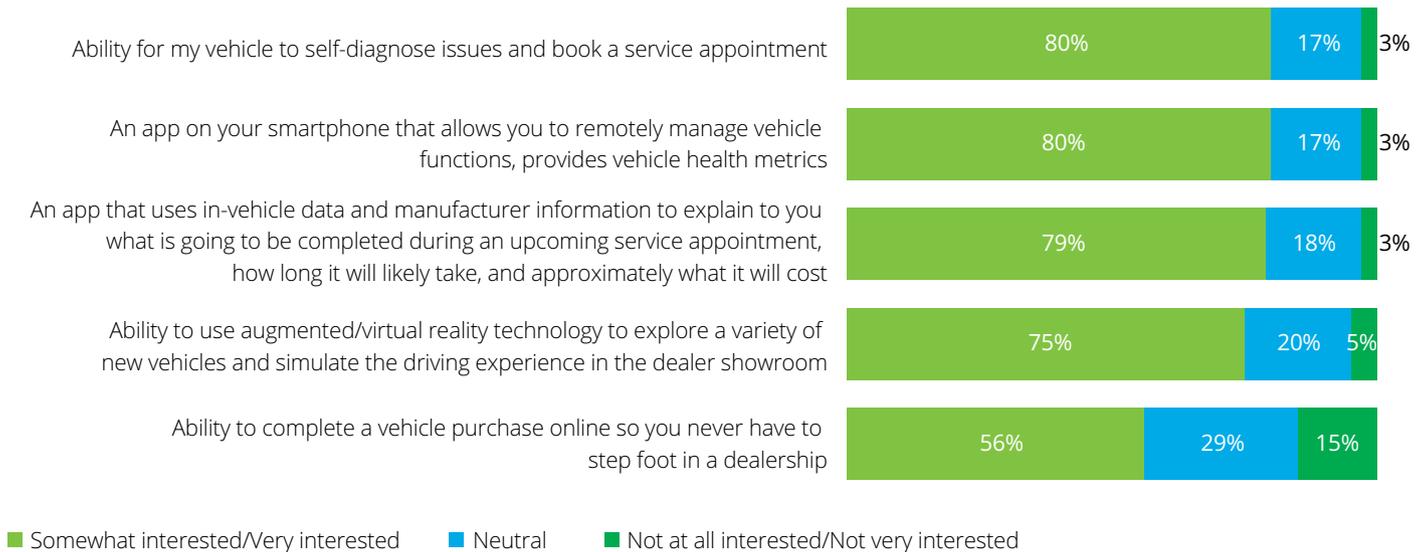
Testing some forward-looking tools and scenarios



Consumers want a hassle-free service experience

Eight in 10 consumers in China are interested in technology that makes the service experience easier

Chinese consumer interest regarding future scenarios

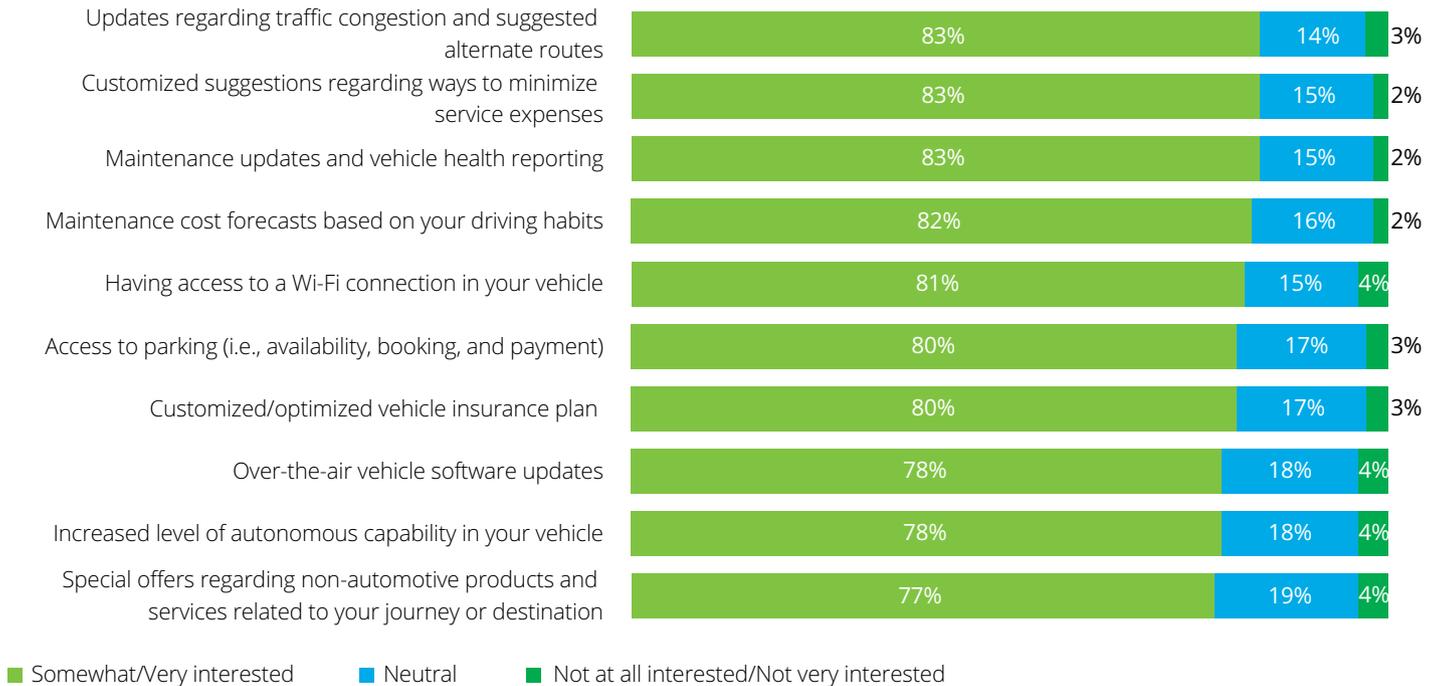


Sample size: n=1,405

Consumers are most interested in traffic updates

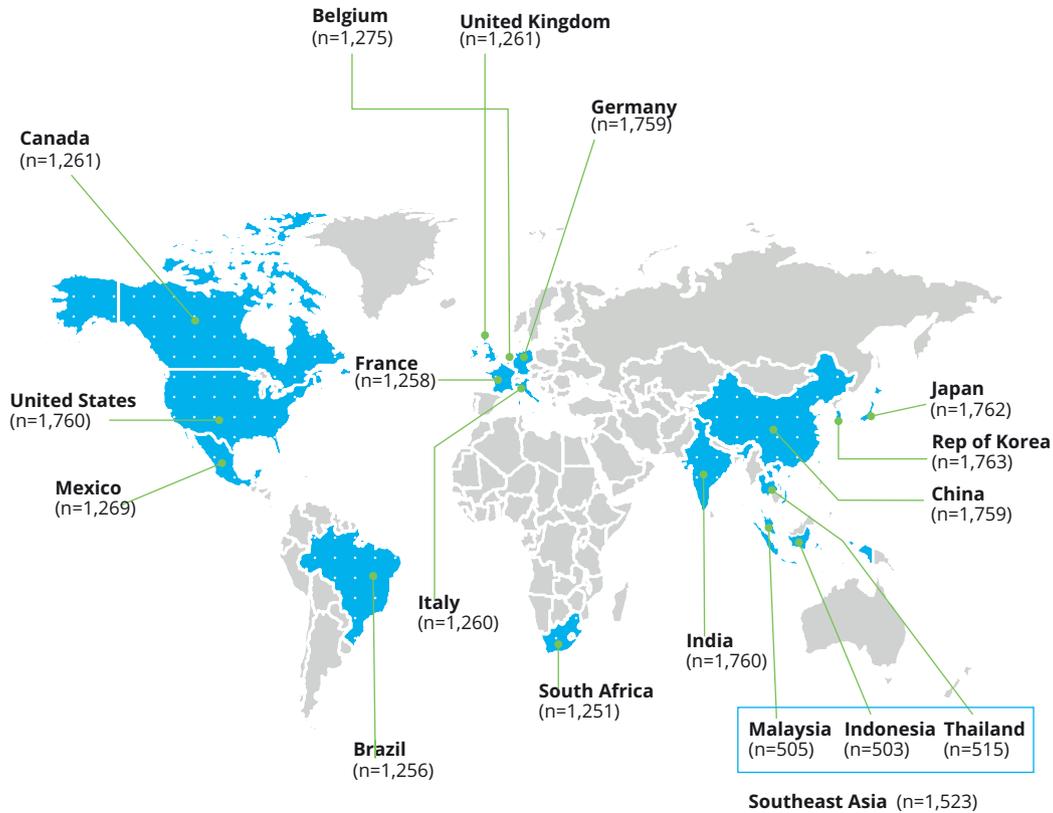
Chinese consumers see a number of lifestyle productivity benefits associated with connected vehicles

Chinese consumer opinions on benefits of connected vehicles



Sample size: n=1,606

The 2018 Deloitte Global Automotive Consumer Study includes 22,177 consumer responses across 15 global markets



Study methodology

The study is fielded using an online panel methodology where consumers of driving age are invited to complete the questionnaire (translated into local languages) via email. It was fielded in 17 countries and designed to be nationally representative of the overall population in each country.

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