2024 Global Automotive Consumer Study

Key Findings: SOUTH AFRICA

January 2024

Contents

Key findings

1 Is slowing EV momentum putting current regulatory timelines in jeopardy?

High interest rates and elevated sticker prices may be causing consumer interest in EVs to soften. Despite a variety of measures designed to make them more affordable, a host of other challenges continue to stand in the way, including availability of charging infrastructure, charging time, and the lack of a charger at home.

2 A significant number of consumers may be thinking about switching vehicle brands

The top three reasons for intending to switch vehicle brands away from a manufacturer brand family include wanting to try something different and a desire to gain access to new technology/features.

3 Interest in connectivity features may translate into revenue and profit

There is a relatively high level of consumer interest in features that provide updates on road safety, vehicle maintenance, and safer routes. Consumer willingness to pay extra for connected technologies is also higher than many other global markets.

4 Younger consumers are driving overall interest in vehicle subscriptions, but more education may be necessary to address lingering concerns

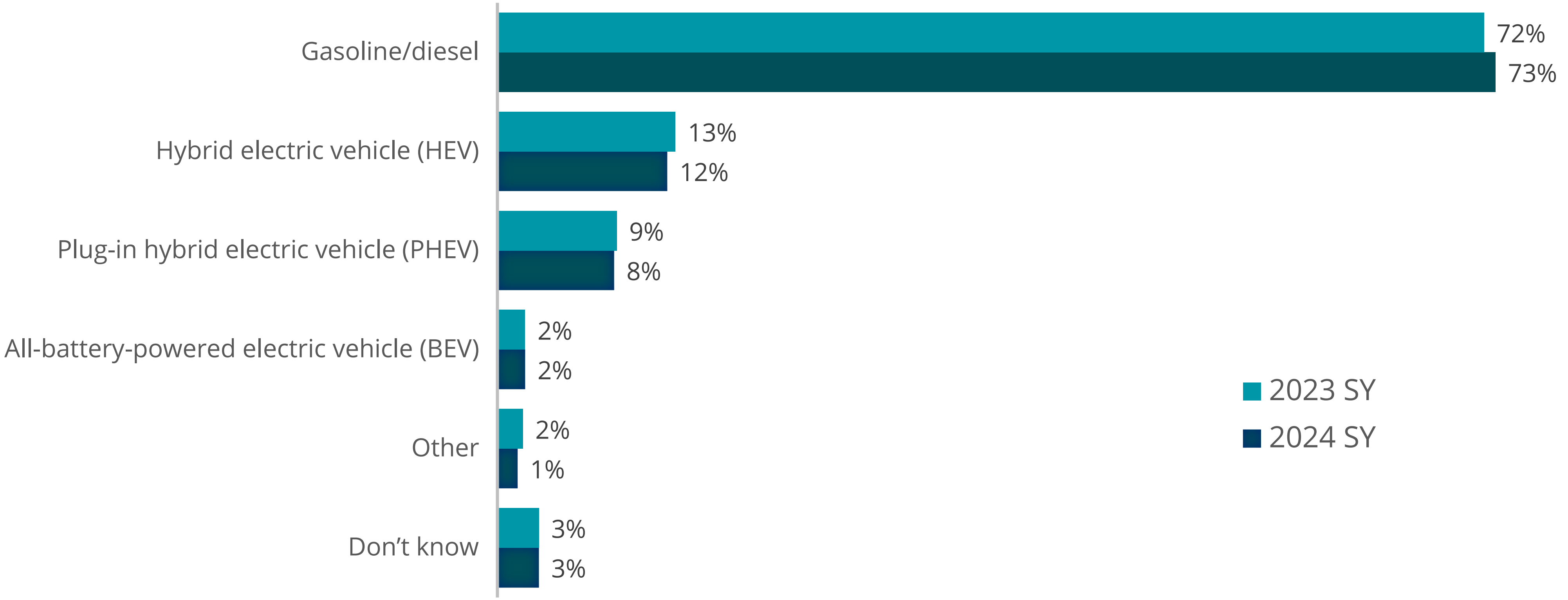
Against the backdrop of uncertain economic conditions causing concern for financial capacity, a significant number of younger consumers are at least somewhat interested in giving up vehicle ownership altogether in favour of a subscription model but concerns about vehicle availability, higher fees, and losing sense of vehicle ownership persist.

1

Vehicle electrification

Consumer intent to move away from internal combustion engine (ICE) technology is proving to be a significant near-term challenge as uncertain global economic conditions and lingering consumer concerns regarding electric vehicle (EV) adoption remain.

Preference for type of engine in next vehicle



Note: Other includes vehicles with engine types such as compressed natural gas, ethanol, and hydrogen fuel cells; don’t know responses weren’t considered; SY stands for Study Year.

Q32. What type of engine would you prefer in your next vehicle?

Sample size: n= 982 [2023]; 957 [2024]

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The primary draw for EVs continues to center on a consumer perception that fuel costs will be significantly lower, outweighing the concern for climate change.

Reasons for choosing an EV for next vehicle

#1

75%
Lower fuel cost

67%
Concern for the environment

43%
Less maintenance

15%
Potential ban on sale of new internal combustion vehicles

49%
Driving experience

34%
Ability to use the vehicle as a backup battery/ power source

10%
Government incentives/ subsidies / stimulus programs

44%
Concern about personal health

22%
Potential for extra taxes/levies applied to internal combustion vehicles

2%
Peer pressure

Q34. Which of the following factors have had the greatest impact on your decision to acquire an electrified vehicle? Please select all that apply.

Sample size: n= 220

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Affordability remains a critical issue for the automotive industry as a majority of consumers still expect to pay less than 750,000 rand for their next vehicle.

Preferred price ranges for next vehicle

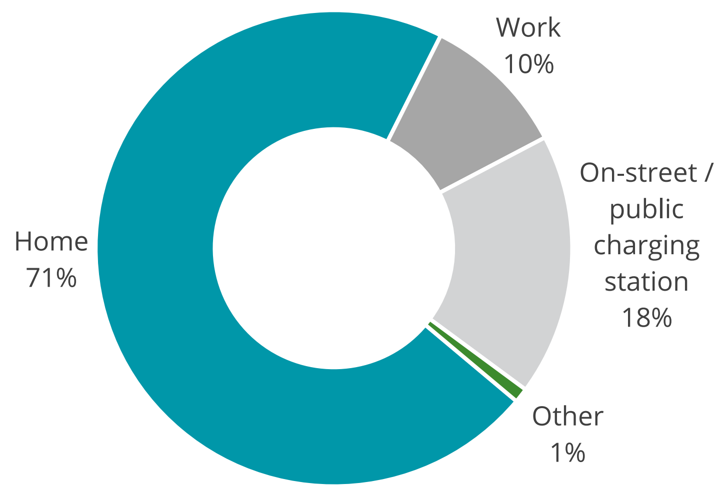
	Overall	ICE Intender	EV Intender
Less than 300,000 rand	26%	31%	14%
300,000 rand to less than 500,000 rand	33%	32%	36%
500,000 rand to less than 750,000 rand	20%	18%	25%
	79%	81%	75%
750,000 rand to less than 1 million rand	11%	11%	14%
1 million rand to less than 1.5 million rand	4%	3%	6%
1.5 million rand or more	2%	1%	3%
Don't know/not sure	4%	4%	2%

Q22. In which of the following price ranges will you be shopping for your next vehicle? (Please indicate what you would expect to pay after any discounts and/or incentives that might be available).

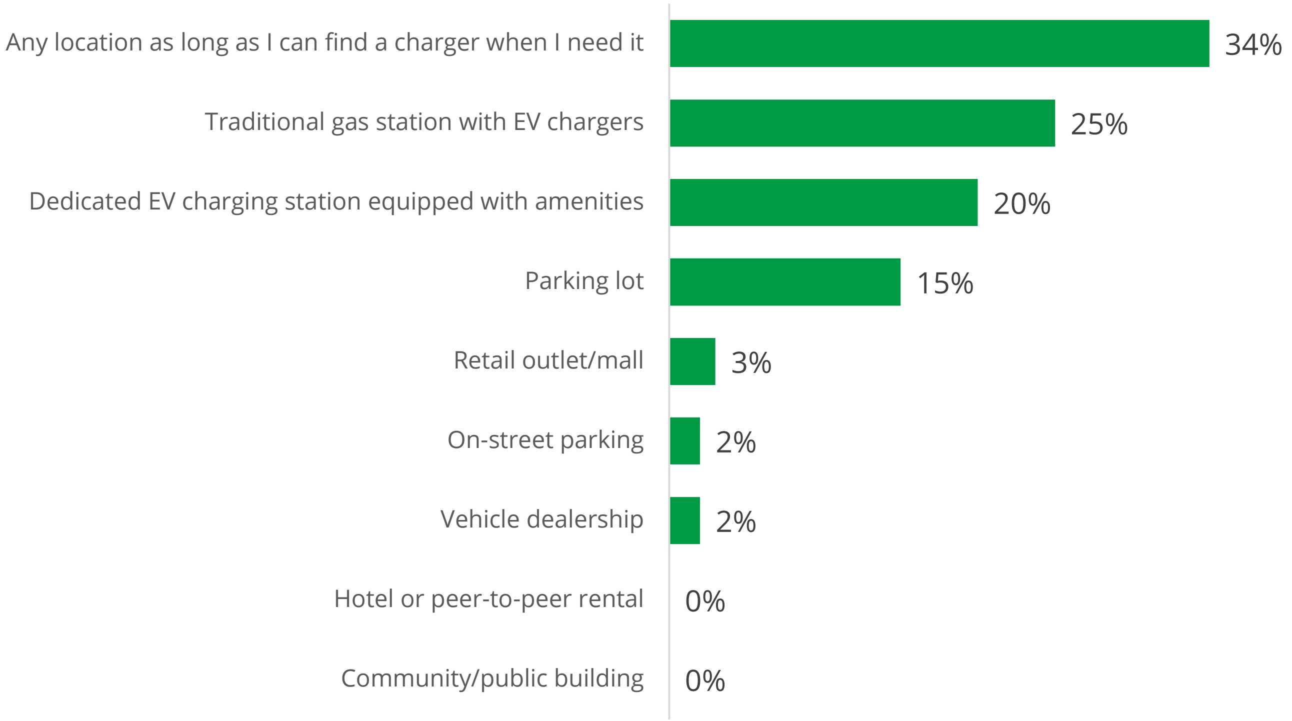
Sample size: [Overall] n= 957; [ICE intender] n= 694, [EV intender] n= 219

Most electric vehicle intenders plan to charge their vehicle at home, emphasizing the need to have home charging solutions (and financing options) available for consumers that may not have fully contemplated those extra costs.

Expecting to charge electrified vehicle most often at...



Preferred <u>public</u> charging location

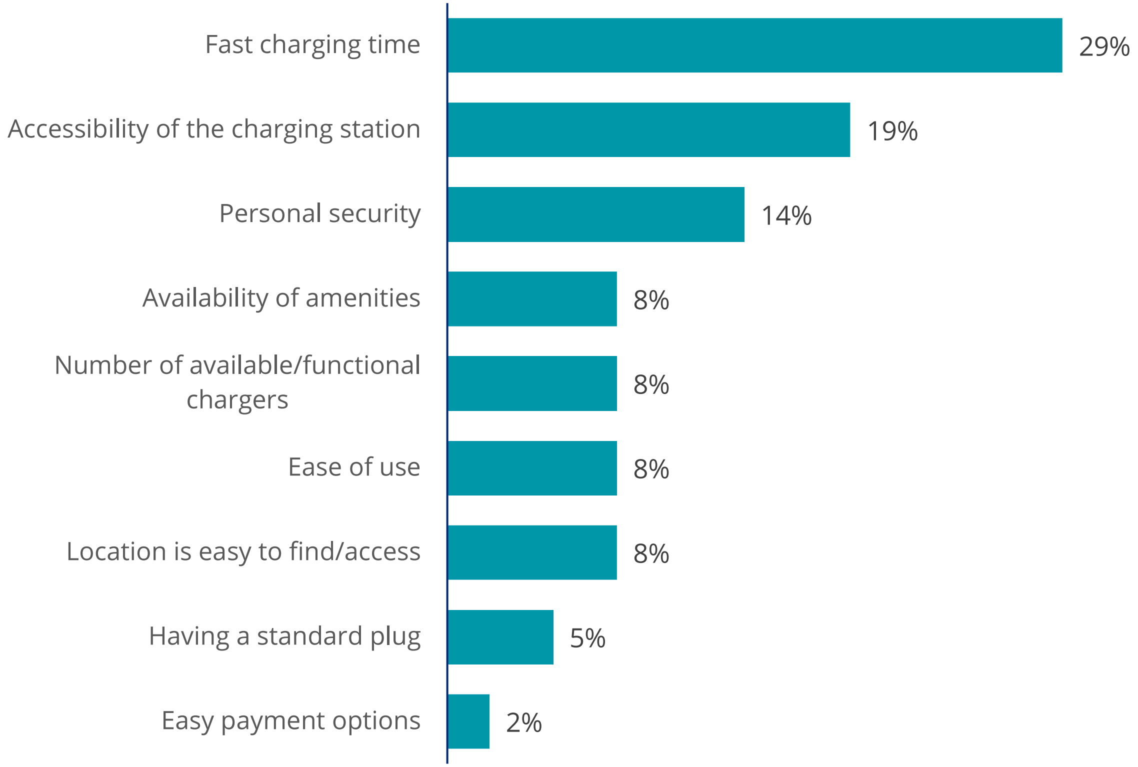


Q35: Where do you expect to charge your electrified vehicle most often?; Q37: Where would you most want to charge your EV when you are away from home (i.e., public charging location)?

Sample size: n= 101 [Q35]; 101 [Q37]

The most important aspect of a public EV charging experience is fast charging and a strong majority of consumers surveyed prefer to pay for charging via a traditional credit/debit card or smartphone apps, signaling the need to simplify the experience using familiar payment methods.

Most important aspect of an electric vehicle (EV) charging experience



Most preferred way to pay for public EV charging

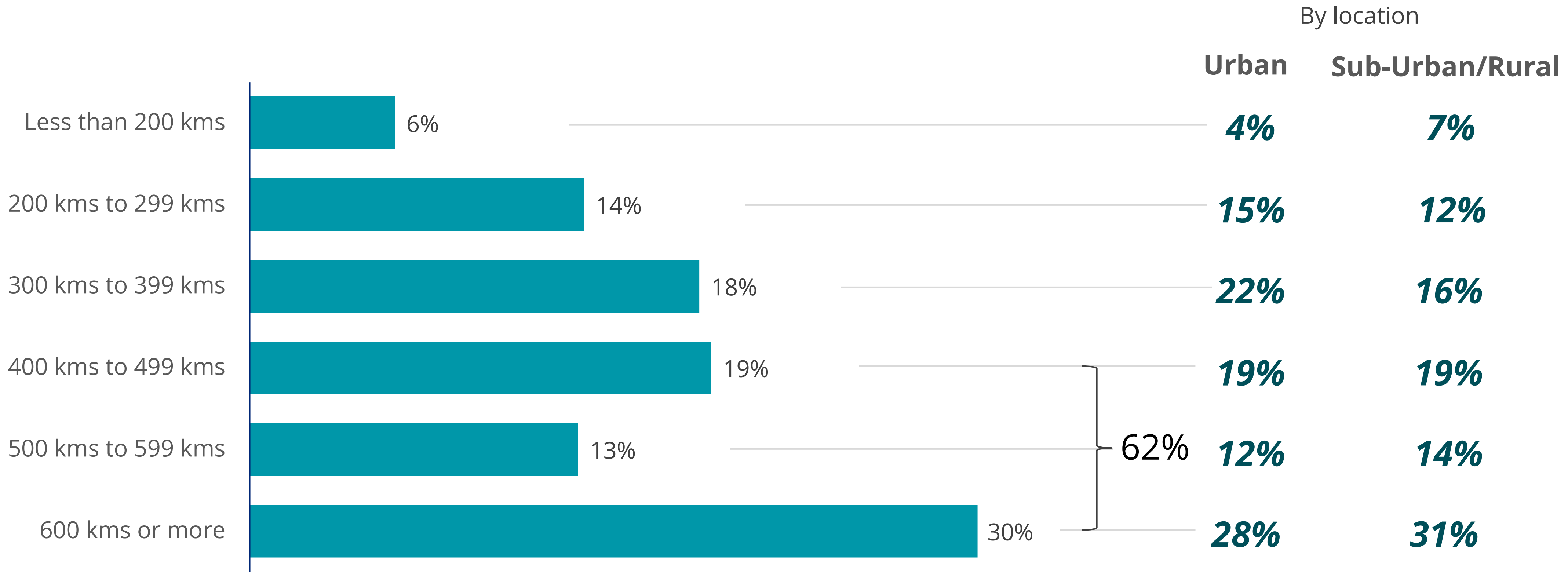
Credit/debit card	51%
Smartphone app	21%
Pre-paid subscription plan	19%
Loyalty points	8%
Third-party payment platform	0%
Other	1%

Q39: What is the most important aspect of an EV charging experience?; Q40: How would you most prefer to pay for public EV charging?

Sample size: n= 101 [Q39]; 101 [Q40]

6 in 10 non-BEV intenders surveyed would expect a fully charged BEV to have a driving range of at least 400 kms to consider one as a viable option for their next vehicle.

Consumer expectations regarding BEV driving range



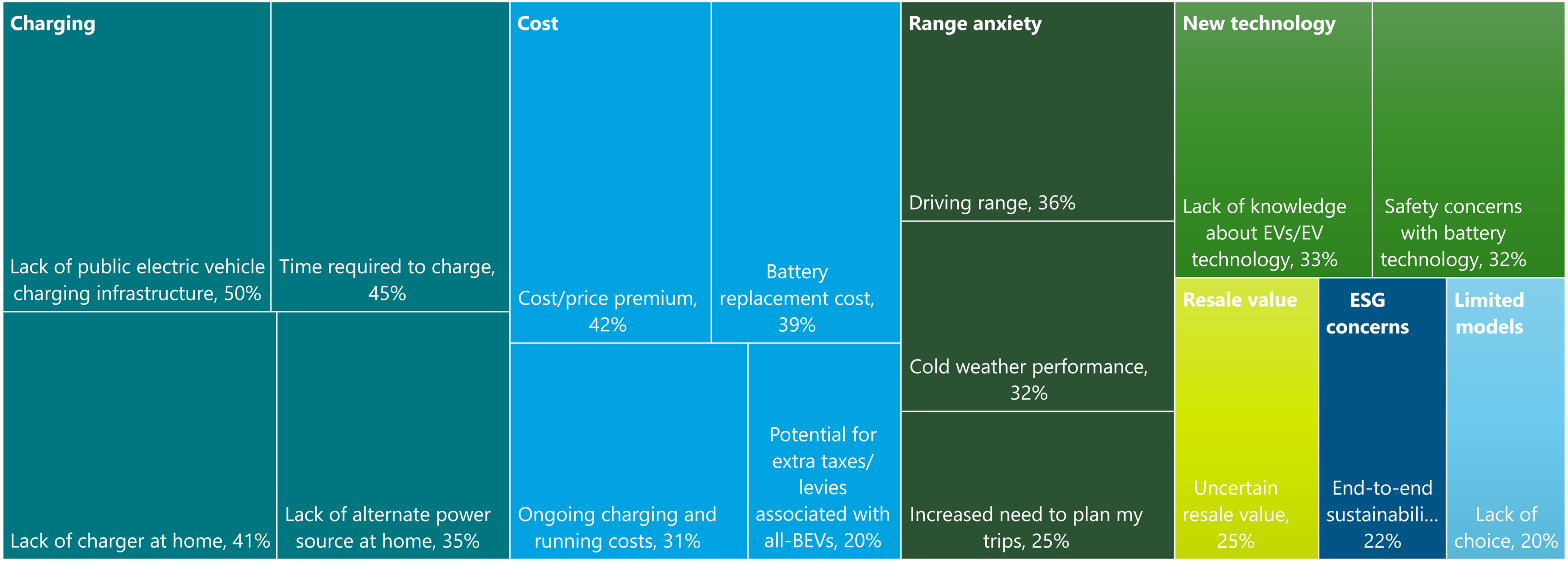
Note: Did not consider those intenders who said they would never consider acquiring a BEV irrespective of the driving range

Q44: How far would a fully charged all-battery electric vehicle need to go in order for you to consider acquiring one?

Sample size: n= 827 [Overall]; 338 [Urban], 489 [Sub-urban/Rural]

4 in 10 surveyed consumers cite vehicle cost and battery replacement costs as the biggest hurdles to BEV penetration, underlining the need to address elevated transaction prices. Top concerns are also directly related to charging - a key issue for mobility providers to solve going forward.

Greatest concern regarding all battery-powered electric vehicles



Note: Sum of the percentages exceed 100% as respondents can select multiple options; other values not shown

Q43: What are your biggest concerns regarding all battery-powered electric vehicles? Please select all that apply.

Sample size: n= 957

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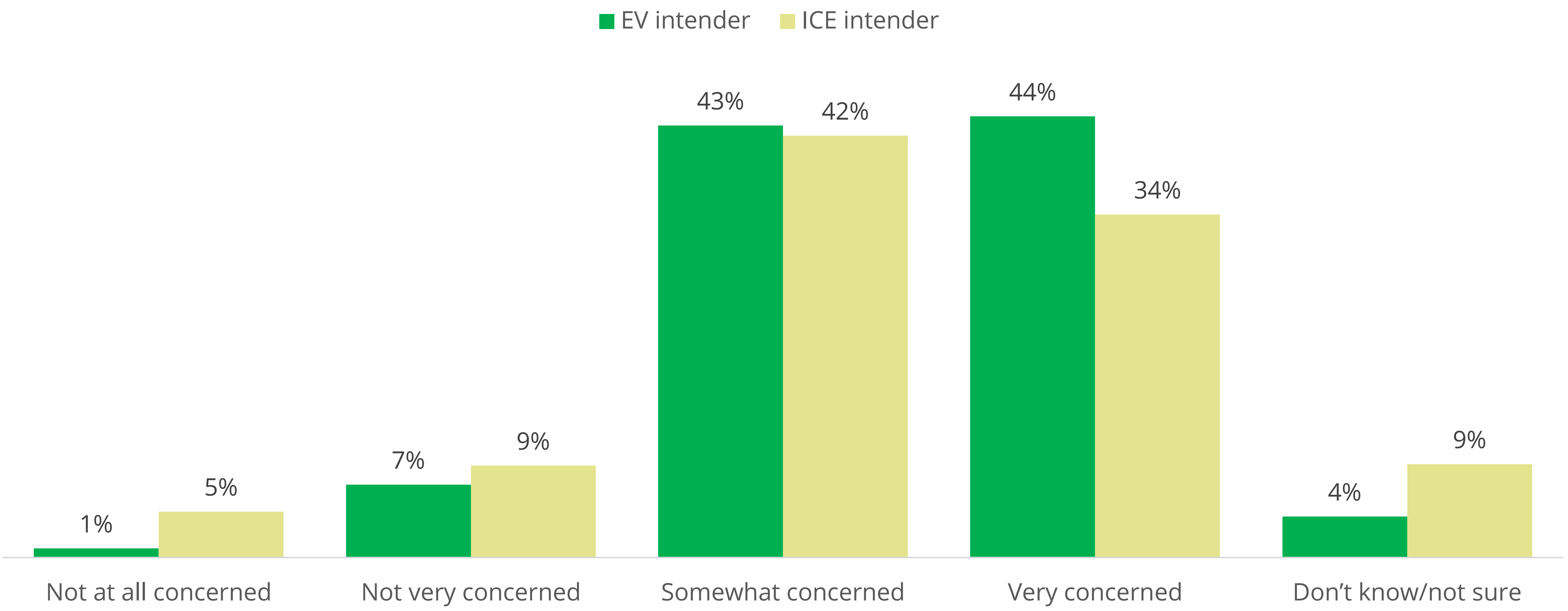
9 in 10 EV intenders are at least somewhat worried about the end-to-end environmental impact of an electric vehicle battery.

Percentage of consumers who are concerned about the end-to-end environmental impact of an EV battery (by future vehicle type intention)



Q46: To what extent are you concerned about the end-to-end environmental impact of an EV battery (e.g., mineral mining, manufacturing, source of electricity during multiple lifecycles, end-of-life recycling)?

Sample size: n= 219 [EV intender], 694 [ICE intender]

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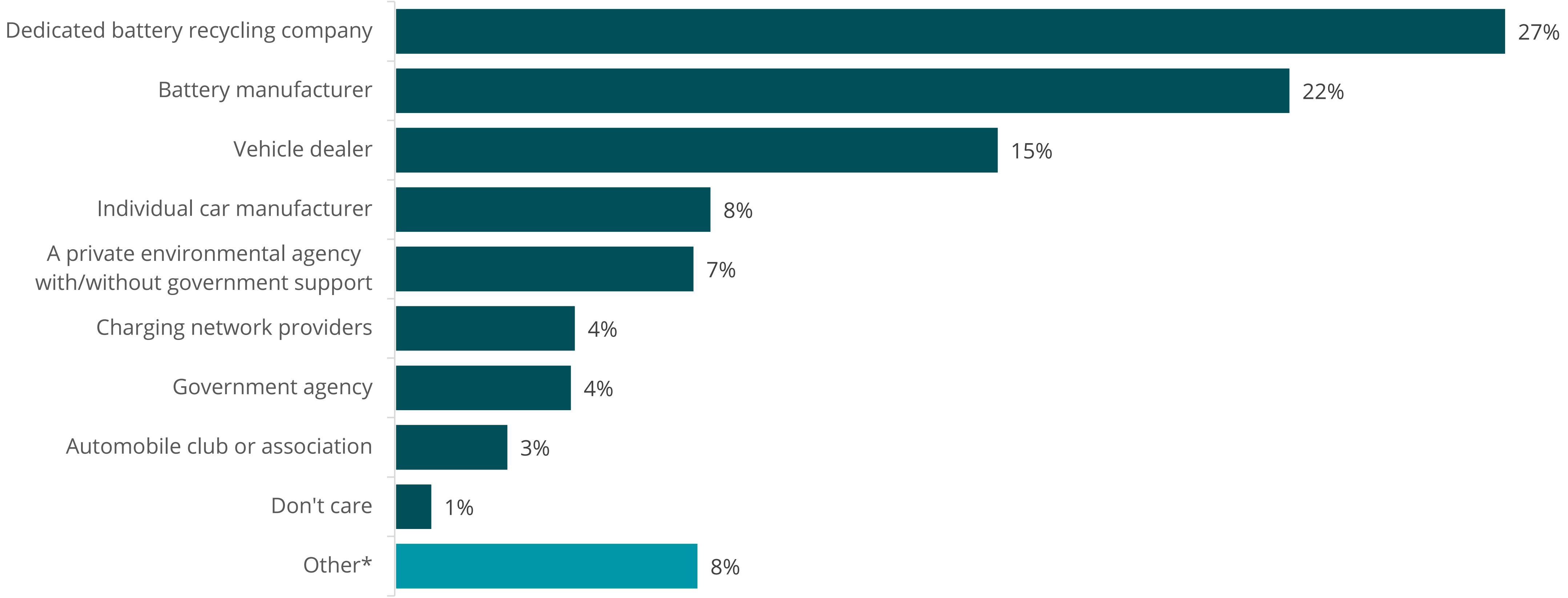
Surveyed consumers believe dedicated battery recycling companies and EV battery makers should be primarily responsible for collecting, storing, and recycling EV batteries after their useful lives, signaling the need for industry stakeholders to develop a robust ecosystem to support this emerging part of the value chain.

Entity that should be responsible for collecting, storing, and recycling EV batteries after their useful lives (% of respondents)



*Other includes 'other' and 'don't know' responses.

Q47: Who do you think should be responsible for collecting, storing, and recycling electric vehicle batteries after their useful lives?

Sample size: n= 957

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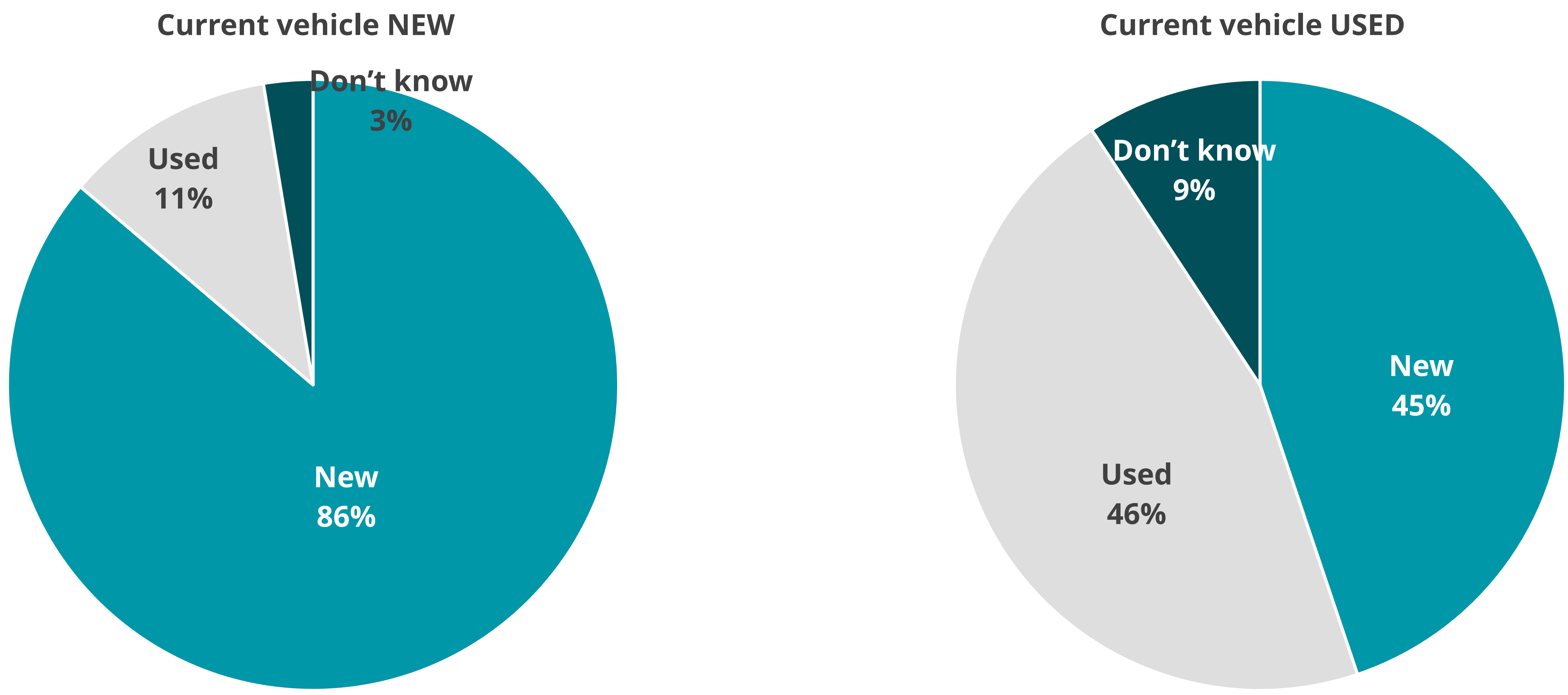
2 Future vehicle intentions

More than 8 in 10 surveyed vehicle owners who acquired their current vehicle new intend to buy a new vehicle again. Half of consumers who acquired their vehicle used also said they would prefer to buy a new vehicle the next time they were in-market.

Next vehicle type by current vehicle type

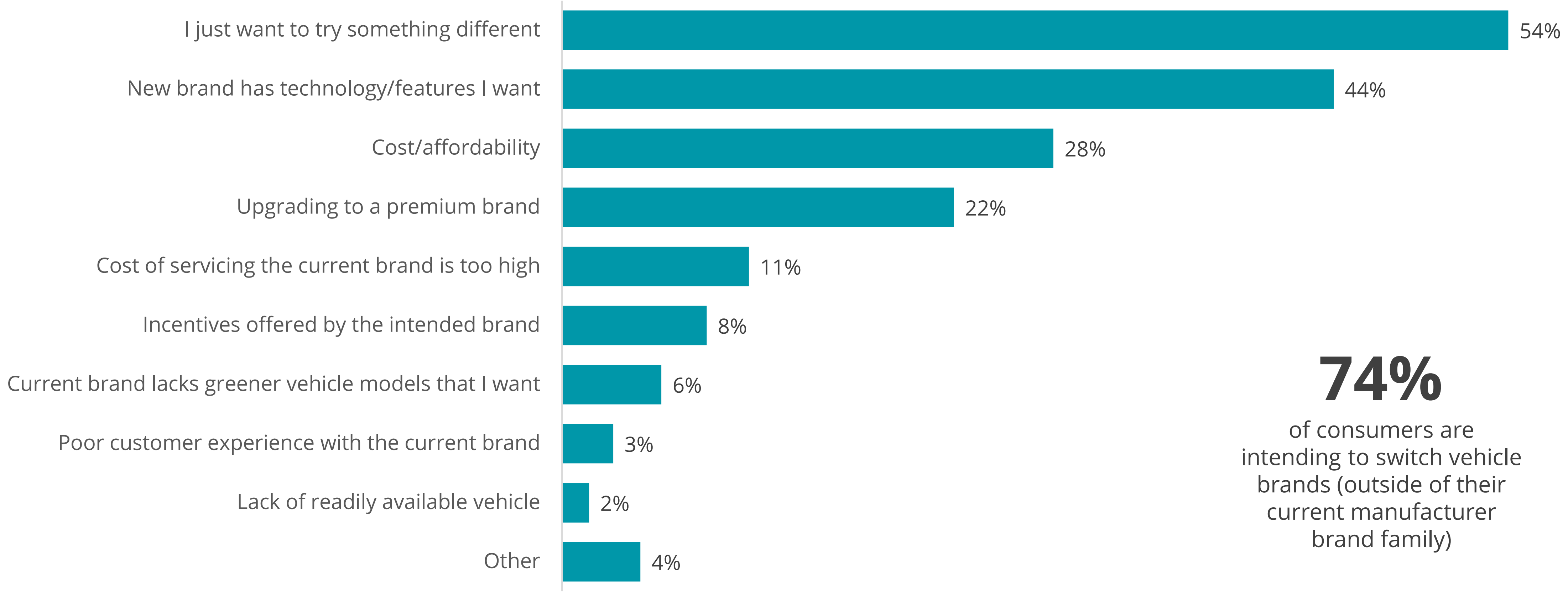


Q15. Will your next vehicle be new or used?

Sample size: n= 385 [New], 377 [Used]

Survey respondents indicated that trying something different and new vehicle features are the most important reasons for choosing a new brand of vehicle over the one they currently drive.

Most important reasons for switching to another brand* of vehicle



74%

of consumers are intending to switch vehicle brands (outside of their current manufacturer brand family)

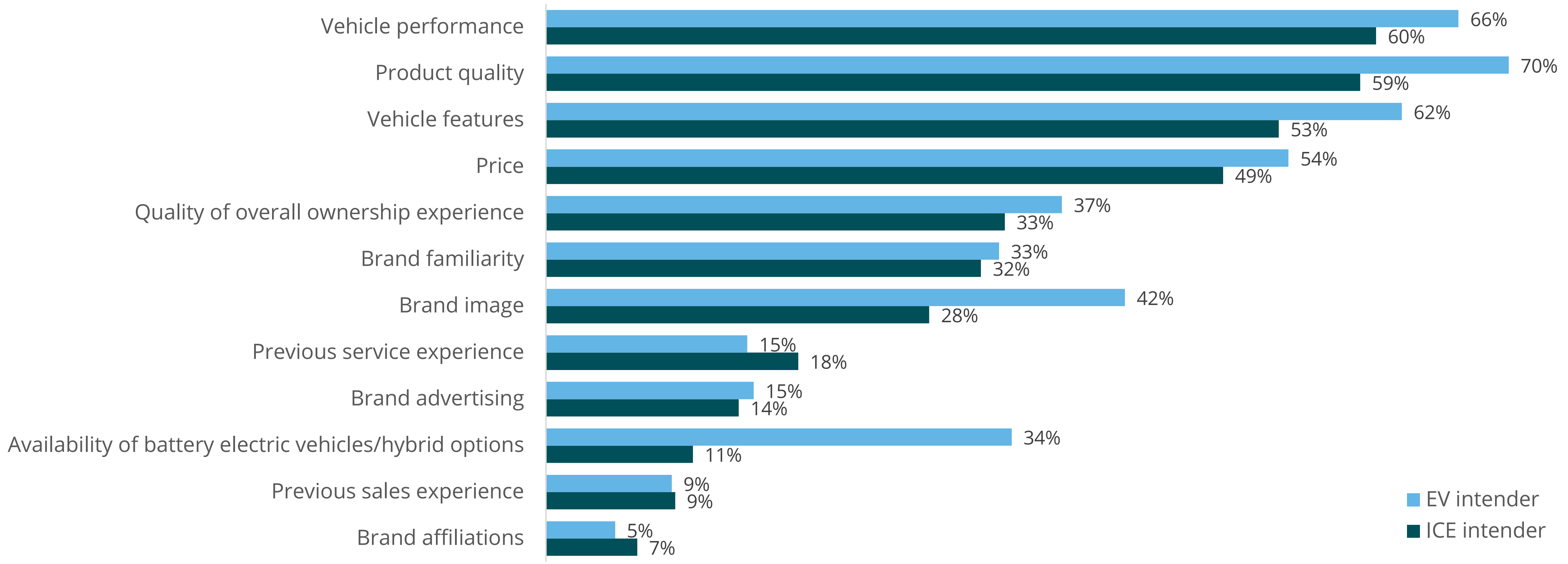
Note: * includes switching to a different brand from the same parent or a different brand from a different sales parent; Sum of the percentages exceed 100% as respondents can select multiple options.

Q18. Why are you considering a switch to another vehicle brand? Please select all that apply.

Sample size: n= 581

Overall, vehicle product quality and performance are the deciding factors for a consumer choosing either an EV or an ICE vehicle. In addition, brand image is much more important for an EV buyer vs. an ICE intender.

Most important factors driving the choice of brand for your next vehicle (by type of engine in next vehicle)



Note: Sum of the percentages exceed 100% as respondents can select multiple options.

Q19. What are the most important factors driving the choice of brand for your next vehicle? (Please select all that apply).

Sample size: n= 694 [Gasoline/diesel vehicles], 219 [Electrified vehicles]

At the same time, 7 in 10 consumers believe it is important/very important for vehicle brands to show a strong commitment to sustainable practices such as the use of environmentally friendly materials and a low carbon manufacturing footprint.

Percentage of consumers who would give importance to vehicle brands that have a strong commitment to sustainable practices

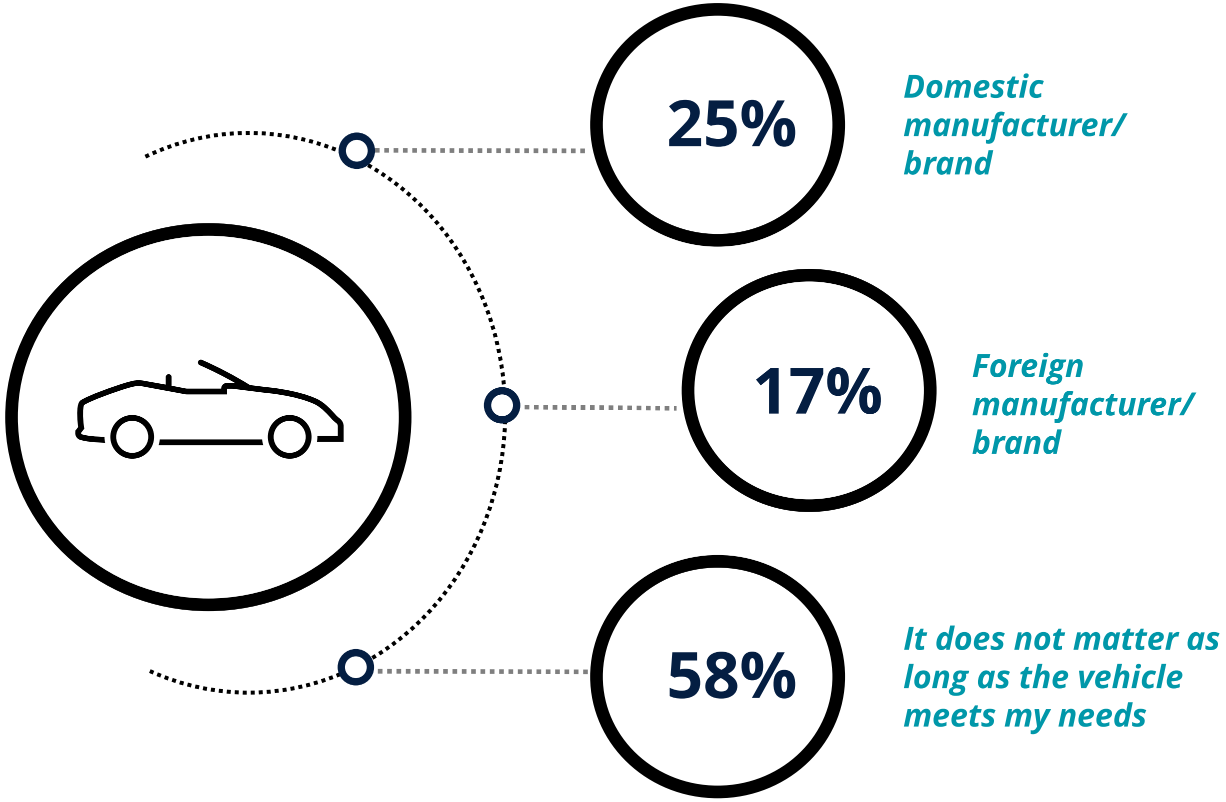
- ***Not important*** — **5%**
- ***Somewhat important*** — **26%**
- ***Important*** — **29%**
- ***Very important*** — **40%**

Q20: When thinking about choosing your next vehicle, how important will it be for a vehicle brand to have a strong commitment to sustainable practices (e.g., low carbon manufacturing footprint, use of environmentally friendly materials, electrification strategy)?

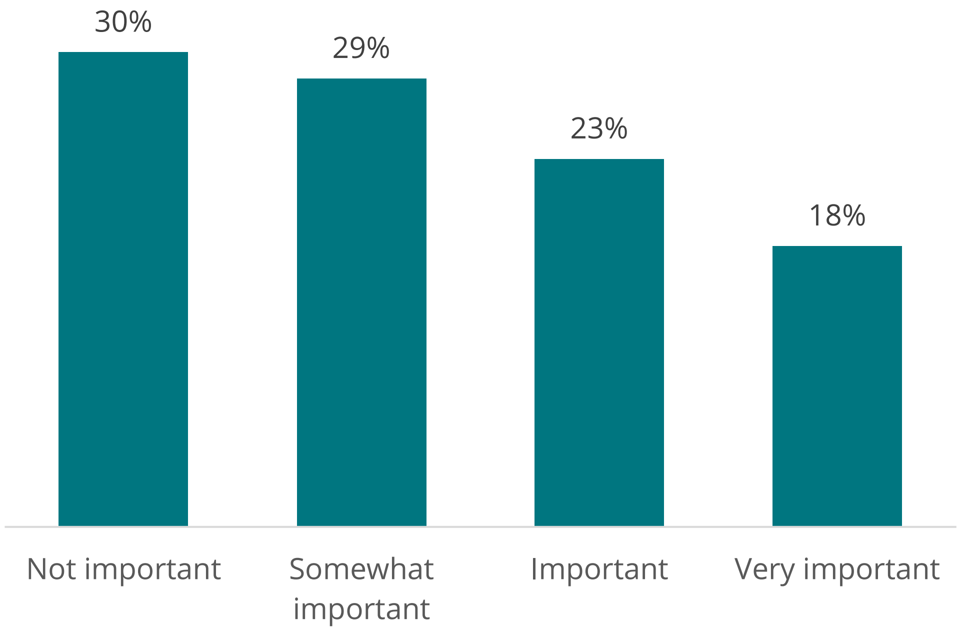
Sample size: n= 957

When it comes to consumer preference toward domestic and foreign brands, more than half of the consumers surveyed are content with either, as long as the vehicle meets their needs.

Preferred organizations for next vehicle purchase



Percentage of consumers who give importance to local vehicle manufacturing (i.e., manufactured in your country or region)

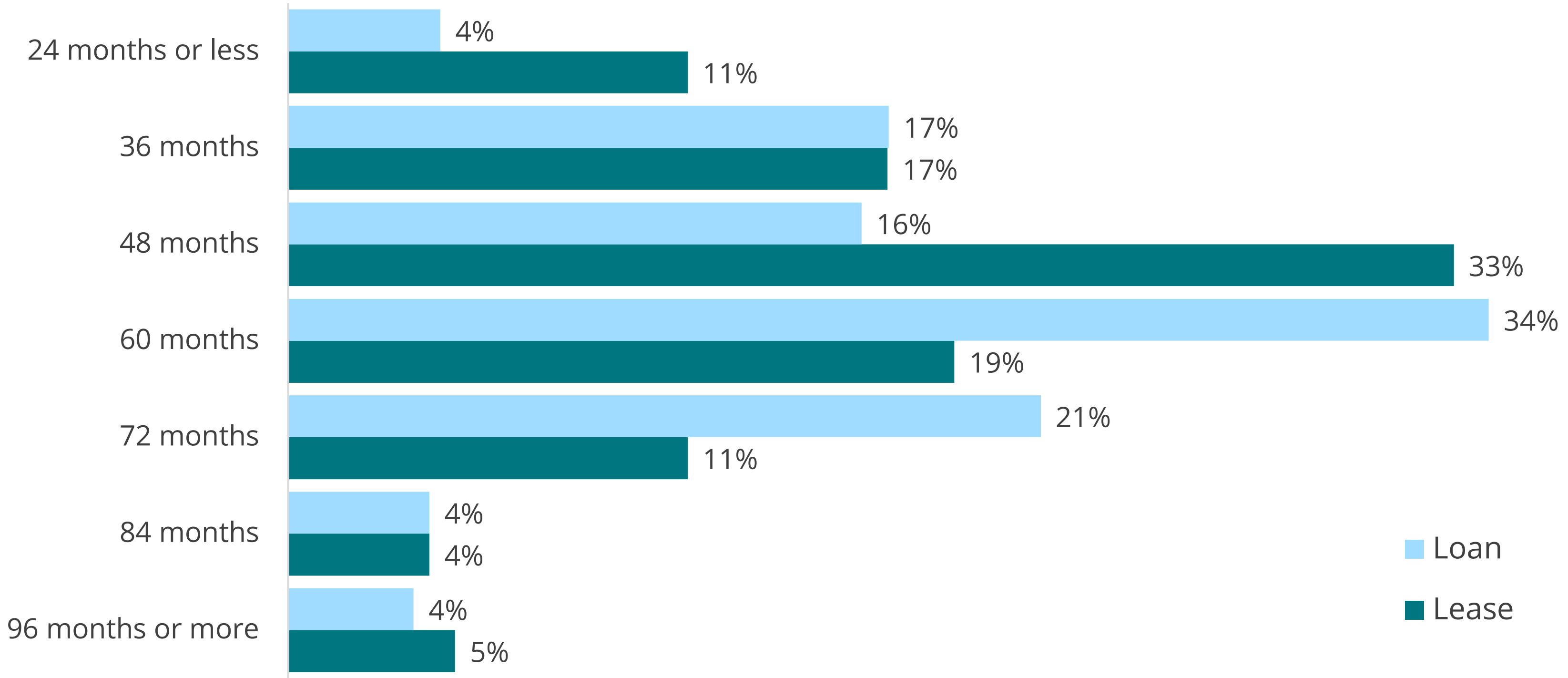


Q45: From which of the following type of organizations are you most interested in acquiring your next vehicle?; Q21: To what extent is it important that your next vehicle be locally manufactured (i.e., manufactured in your country or region)?

Sample size: n= 957 [Q45]; 957 [Q21]

Half of the consumers plan to finance their next vehicle with either a loan or lease contract. However, expectations for preferred term durations may be out of sync with market realities given the use of extended terms to keep monthly payments in check.

Preferred loan and lease duration

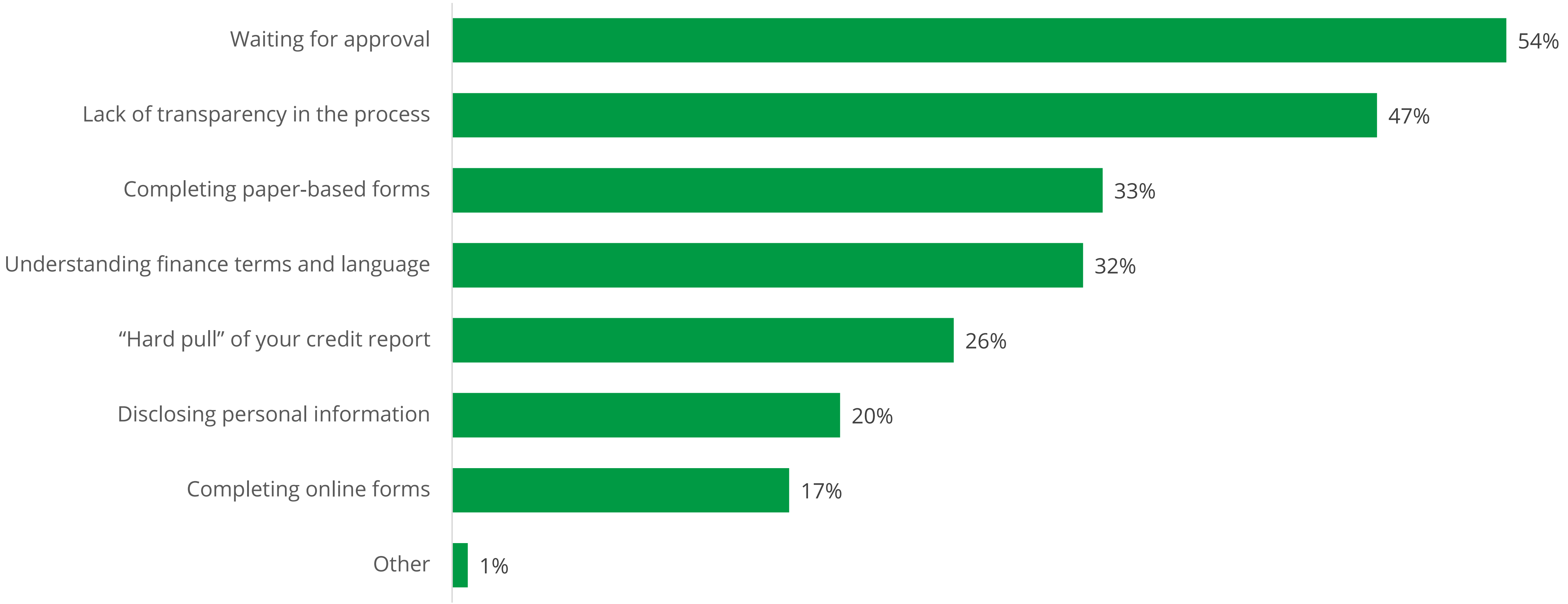


Q24. How do you intend to acquire your next vehicle?; Q25. What is your preferred loan duration (in months)?; Q26. What is your preferred lease duration (in months)?

Sample size: n= 957 [Q24]; 394 [Q25]; 106 [Q26]

Waiting for approval, and lack of transparency in the process are the most disliked parts of the financing process for survey respondents seeking a loan or lease.

Most disliked part(s) of the finance process



Note: Sum of the percentages exceed 100% as respondents can select multiple options.

Q27. What part(s) of the vehicle finance process do you dislike the most? Please select all that apply.

Sample size: n= 500

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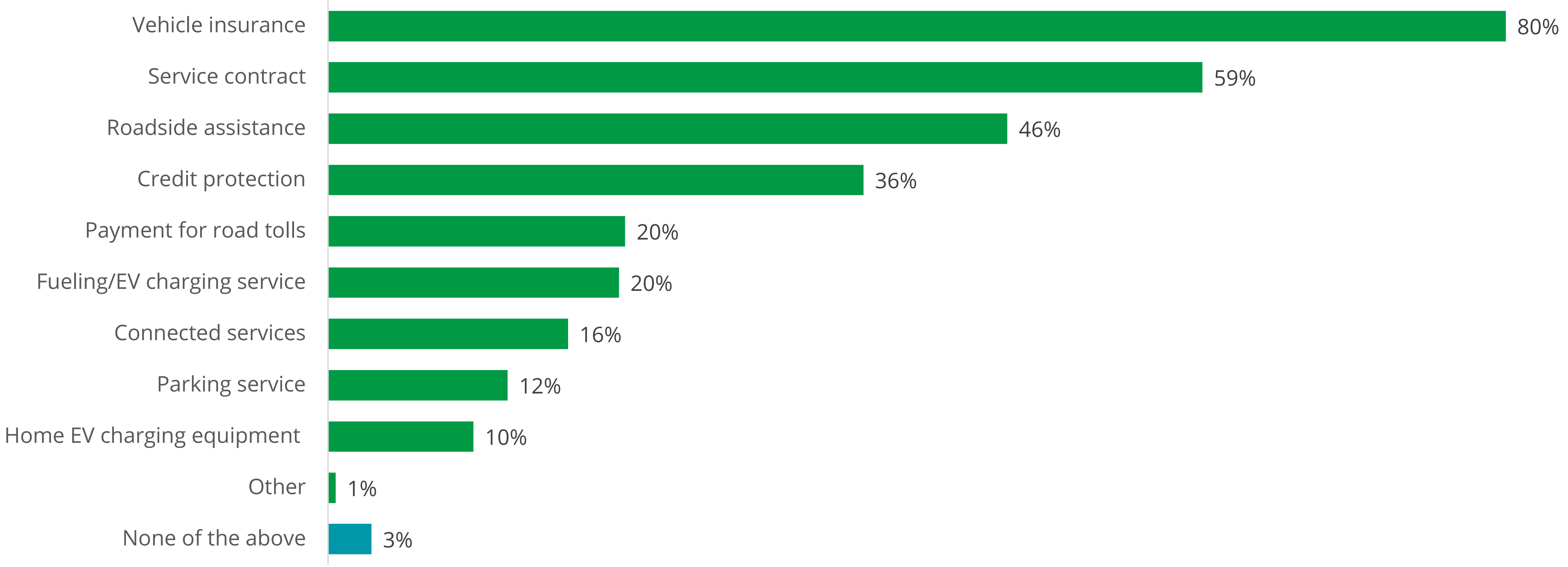
Vehicle insurance is the most important additional service consumers plan to acquire with their next vehicle. Other services consumers are interested in include service contracts and roadside assistance.

Most important additional services that consumers plan to purchase, or subscribe to, when acquiring their next vehicle



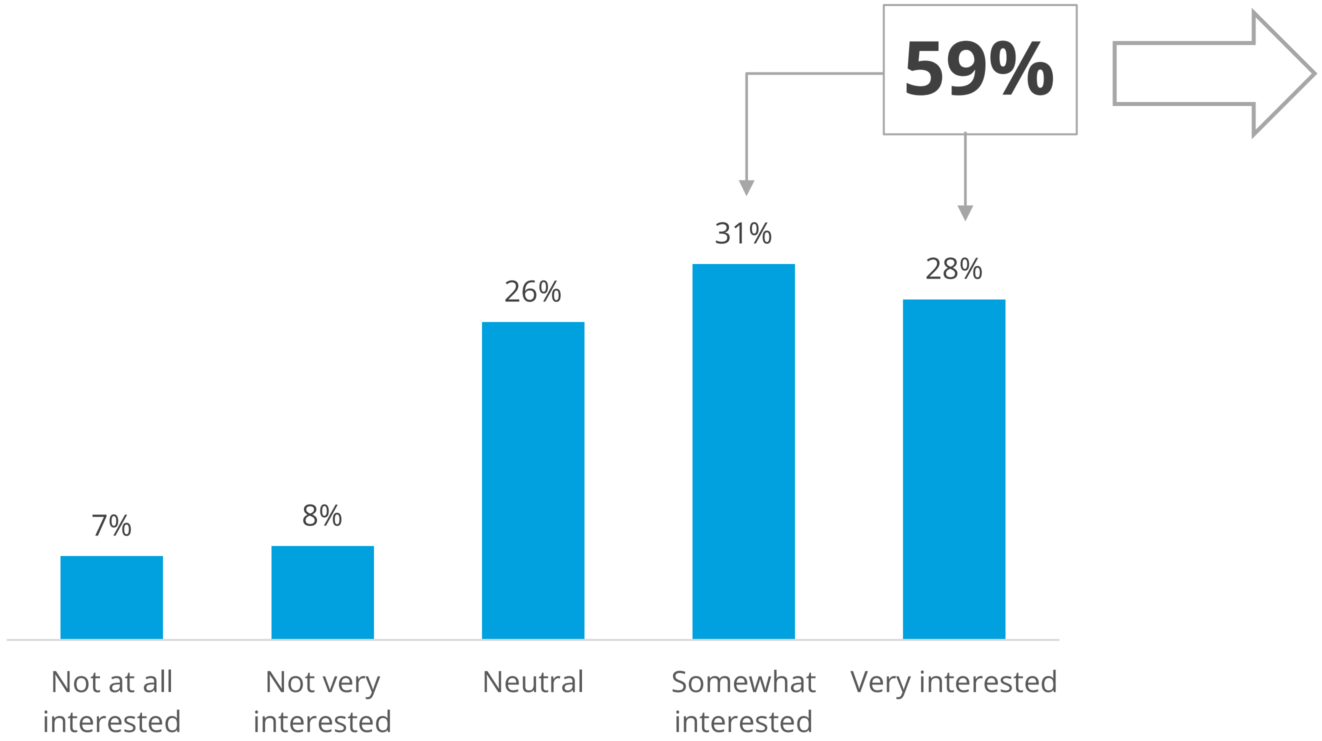
Note: Sum of the percentages exceed 100% as respondents can select multiple options.

Q28: Which of the following additional services do you plan to purchase, or subscribe to, when acquiring your next vehicle? Please select all that apply.?

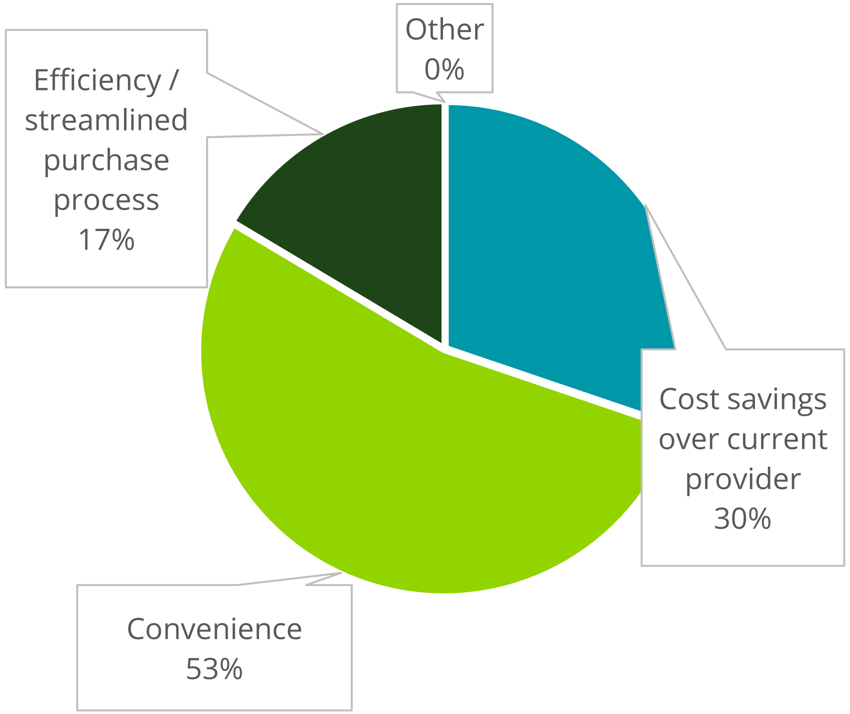
Sample size: n= 957

OEMs are looking at every potential profit pool going forward, including bringing insurance products in-house, signaling a potential disruption in the traditional value chain.

Percentage of consumers who would purchase insurance directly from the manufacturer



For those consumers who are interested in purchasing insurance directly from the manufacturer, primary benefits are..



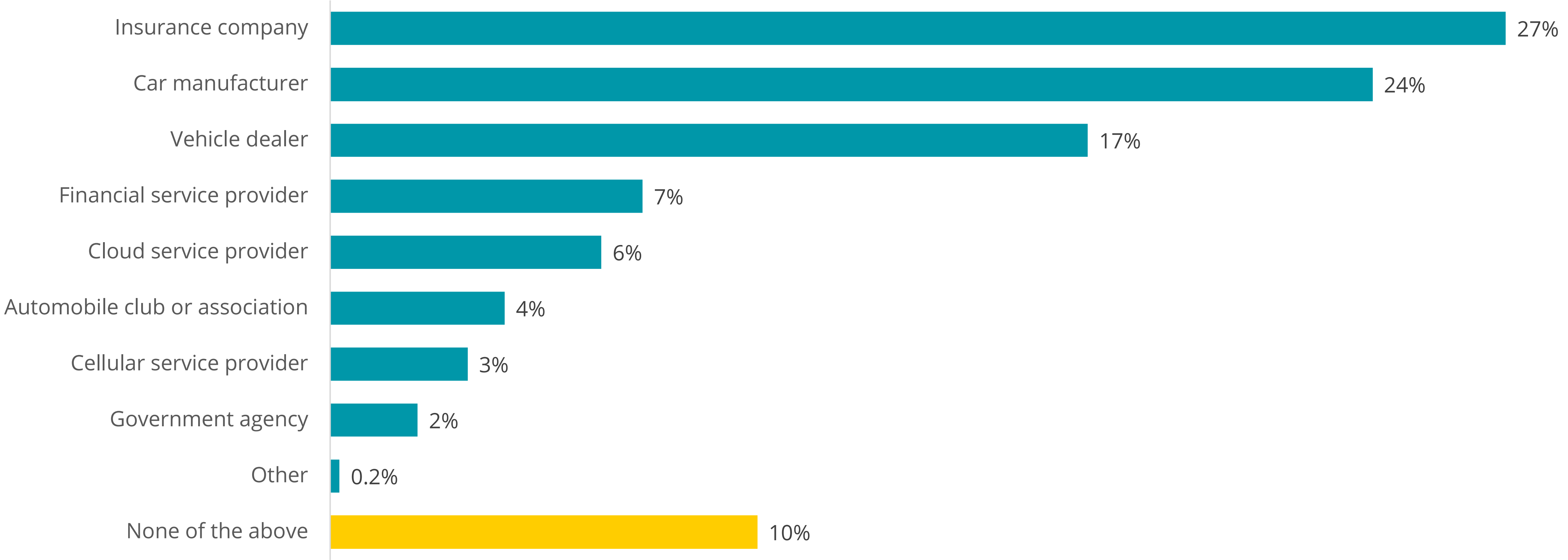
Q52: The next time you acquire a vehicle, how interested would you be in purchasing insurance directly from the vehicle manufacturer?; Q53: What do you believe the primary benefit of buying insurance directly from the manufacturer to be?

Sample size: n= 957 [Q52]; 566 [Q53]

3 Connectivity

Unlike other markets, South African consumers trust insurance companies the most in managing collected vehicle data followed by OEMS and dealers.

Consumer opinions on whom they trust the most to manage data generated/collected by their vehicle



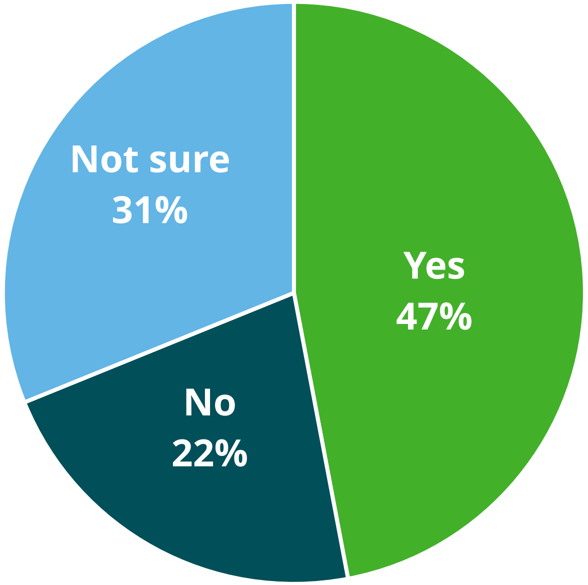
Q51: In a scenario where you owned a connected vehicle, who would you trust most with access to the data your vehicle generates?

Sample size: n= 957

Consumers are ready to share their PII* if it helps them with updates related to road safety, maintenance, and safer routes. Half of consumers are also willing to pay for these connected services.

Interest in a connected vehicle even if it requires sharing PII* and/or vehicle data

Willingness to pay extra for connectivity features



*personally identifiable information.

Note: Sum of the percentages exceed 100% as respondents can select multiple options.

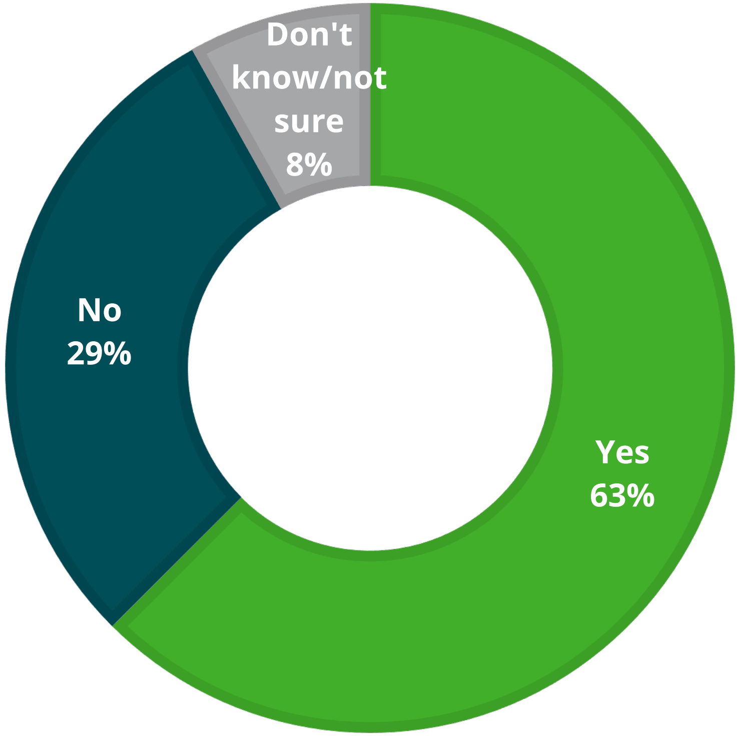
Q49: How interested are you in the following benefits of a connected vehicle if it meant sharing your own personally identifying data and/or vehicle/operational data with the manufacturer or a third party?
Q50: Are you willing to pay extra for these features?

Sample size: n= 957 [Q49]; 957 [Q50]

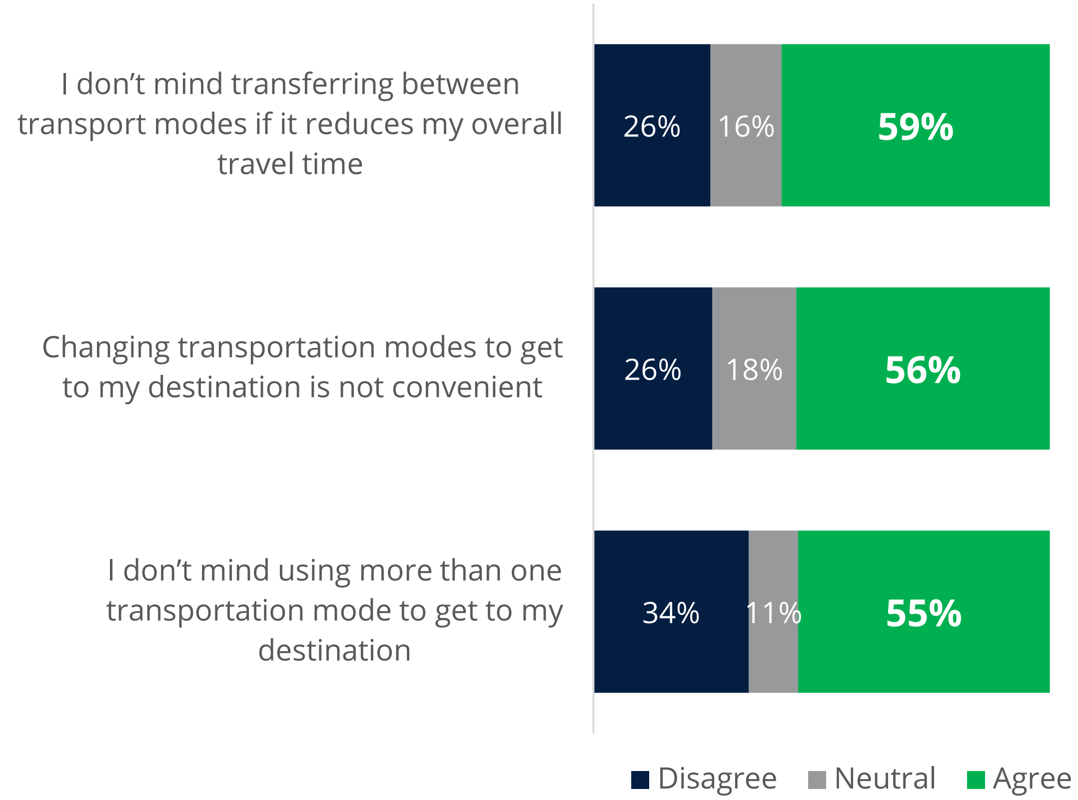
4 Shared mobility

Nearly two-thirds of consumers are questioning whether they need to own a vehicle going forward based on their use of shared transportation modes. 6 in 10 consumers also don’t mind transferring between transportation modes if it reduces their overall travel time.

Percentage of consumers questioning the need to own a vehicle in the future due to their use of share transportation



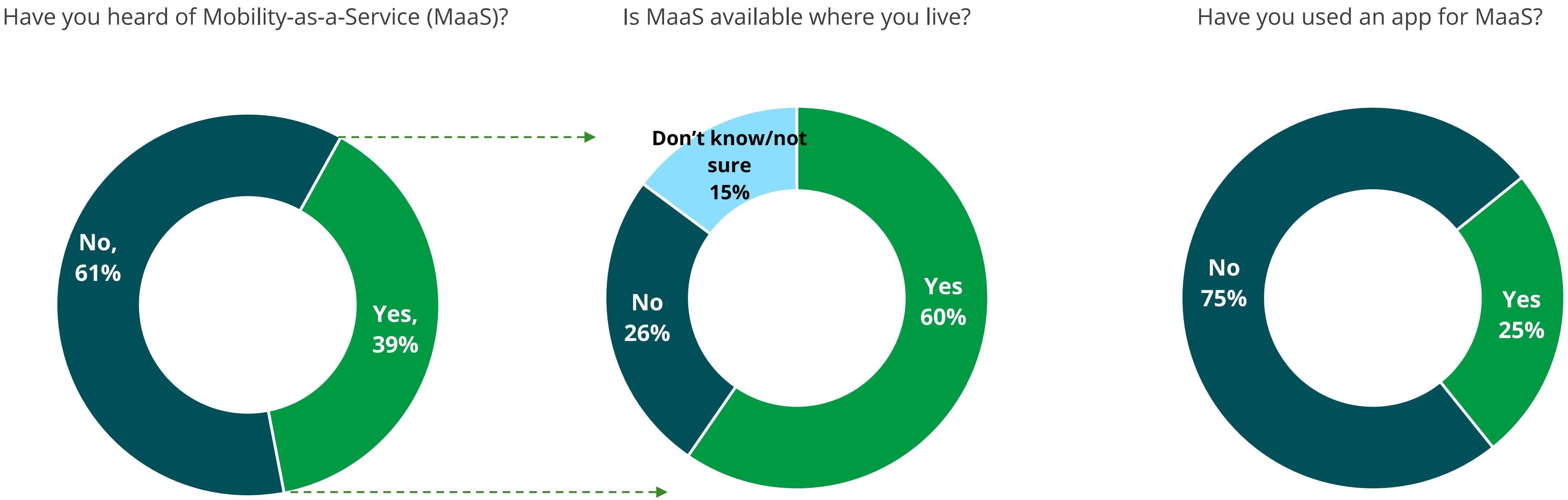
Level of agreement or disagreement on shared transportation



Q56: Does your use of shared transportation modes make you question whether you need to own a vehicle going forward? Q55: To what extent do you agree or disagree with the following statements?

Sample size: n= 752 [Q56]; 752 [Q55]

Only 4 in 10 consumers are aware of mobility-as-a-service (MaaS)*. Among them, 60% said MaaS is available where they live but only one-quarter have used a MaaS app.



*MaaS is a smart mobility solution based on a smartphone that allows consumers to access and pay for various forms of shared transportation such as ride-hailing, car sharing, shared e-scooters, shared bicycles, and public transportation in one fully integrated mobility solution.

Q57: Have you heard about the concept of “mobility-as-a-service” (MaaS)?; Q58: Is this type of service available where you live?; Q59: Have you used this type of app?

Sample size: n= 1,005 [Q57]; 391 [Q58]; 391 [Q59]

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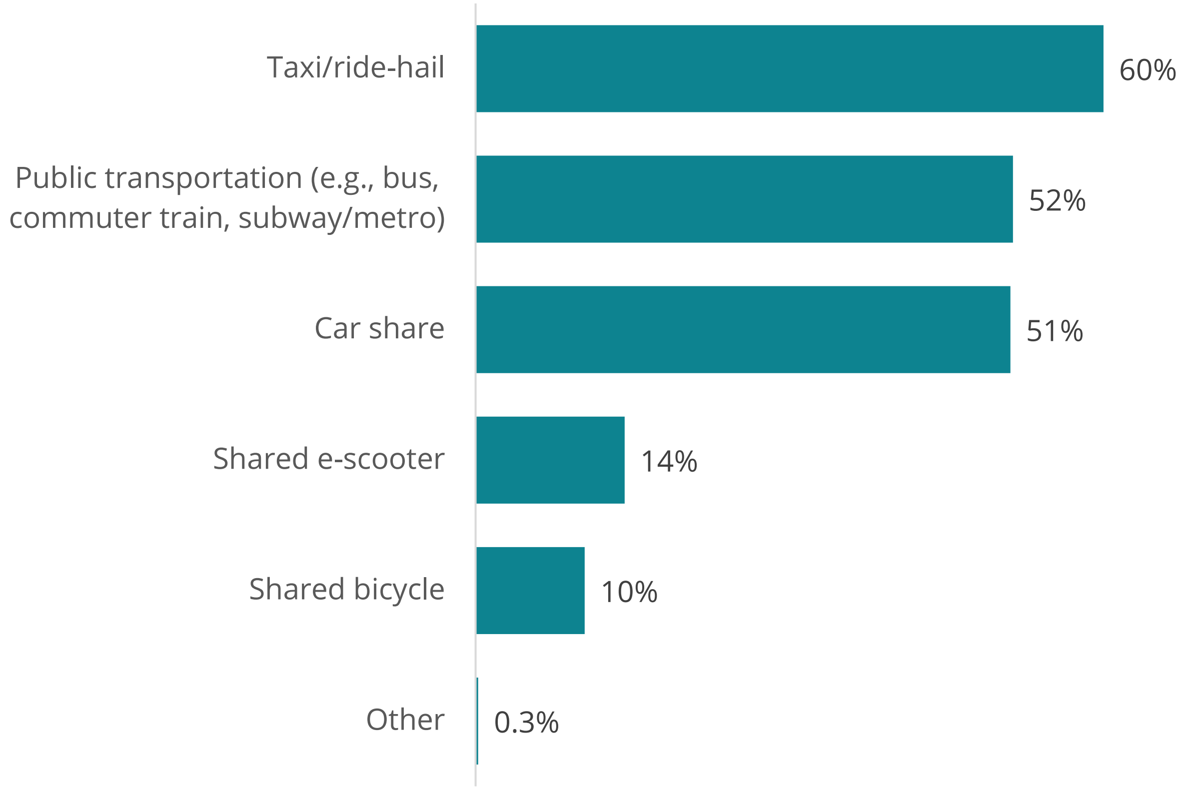
However, among those people who are aware of MaaS, nearly two-thirds (primarily driven by younger consumers) show a willingness to adopt it as their primary transportation mode going forward.

63%

of consumers are willing to adopt MaaS as primary transport

Interest in MaaS as primary transport	
18-34	**66%**
35-54	**60%**
55 or above	**55%**

Shared transportation types to be included in MaaS



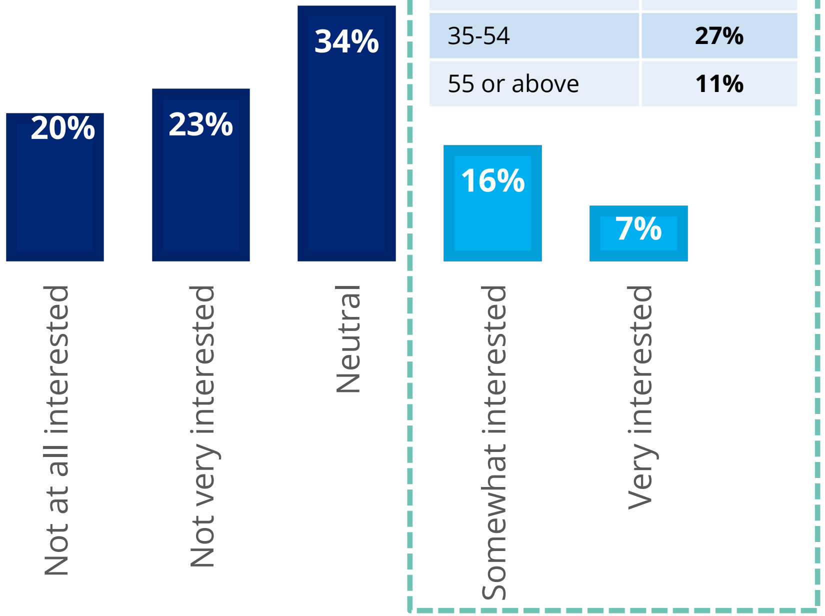
Q61: To what extent would you be willing to adopt a "mobility-as-a-service" solution as your primary form of transportation?; Q62: Which of the following shared transportation types are most important to include in a "mobility-as-a-service" app? Please select all that apply.

Sample size: n= 391 [Q61, Overall]; 207 [Q61, 18-34], 140 [Q61, 35-54], 44 [Q61, 55 or above]; 391 [Q62]

5 Vehicle subscriptions

Overall, nearly one-quarter of consumers are interested in giving up vehicle ownership in favor of a subscription service. For these consumers, home delivery services coupled with convenience, cost control, and availability of vehicles are the most important characteristics.

Interest in giving up vehicle ownership in favor of vehicle subscription



Giving up vehicle ownership for subscription	
Overall	**23%**
18-34	**26%**
35-54	**27%**
55 or above	**11%**

Important characteristics of a vehicle subscription	Overall	18-34	35-54	55 or above
Home delivery services	48%	36%	56%	71%
Full cost control due to transparent and predictable fixed monthly fees	47%	46%	46%	50%
Availability of vehicles	46%	39%	49%	63%
Convenience	43%	33%	46%	71%
Selection of brand new as well as certified pre-owned vehicles (for a comparable lower monthly rate)	37%	32%	44%	33%
Increased flexibility	37%	33%	39%	46%
Possibility to exchange vehicles	37%	31%	42%	38%
Possibility to test new vehicles for a certain period without additional costs	33%	23%	39%	46%
Premium vehicles/brands offered	31%	31%	34%	21%
Hassle-free online contract closing/ full digital customer experience	30%	22%	39%	25%
Availability of complementary premium services	28%	32%	26%	21%
Possibility to subscribe to a specific model instead of a vehicle segment	27%	26%	26%	33%
Possibility to subscribe to a vehicle segment (e.g., SUVs) instead of a specific model	26%	31%	20%	29%
Selection of only brand new vehicles	23%	27%	21%	8%

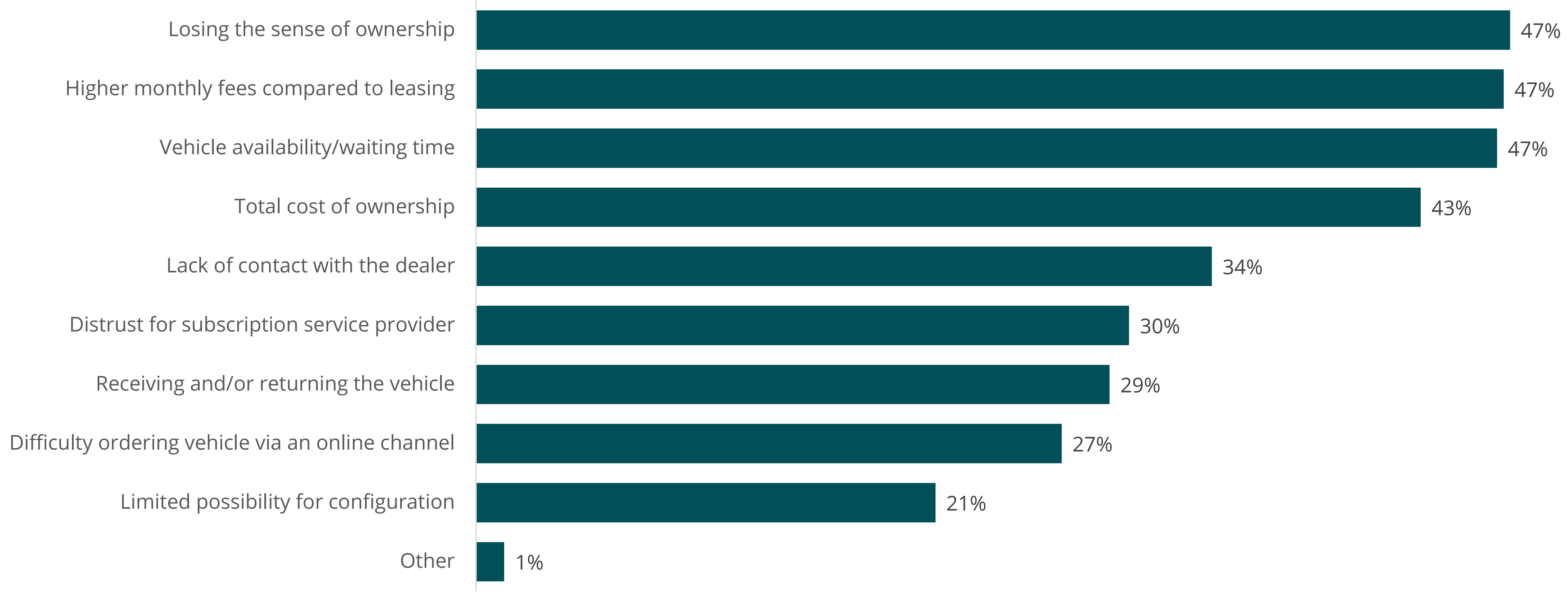
Top three characteristics

Q63: To what extent are you interested in giving up vehicle ownership in favor of subscribing to the use of a vehicle going forward?
Q64: What are the most important characteristics of a vehicle subscription? Please select all that apply.

Sample size: n= 1,005 [Q63, overall], 418 [Q63, 18-34], 368 [Q63, 35-54], 219 [Q63, 55 or above]; 230 [Q64, overall], 107 [Q64, 18-34], 99 [Q64, 35-54], 24 [Q64, 55 or above]

On the other hand, losing sense of ownership, higher monthly fees, and vehicle availability are the main concerns consumers have regarding vehicle subscription services.

Main concerns regarding vehicle subscription services



Q65: What are your main concerns regarding vehicle subscription services? Please select all that apply.

Sample size: n= 1,005

Vehicle subscription services focused on affordability may have room to grow in the market as two-thirds of consumers expect to pay less than 6,000 rand a month for their next vehicle.

Consumer expectation regarding monthly vehicle payment (by age group)

Monthly vehicle payment/subscription	Overall	18-34	35-54	55 or above
Less than 3,000 rand	29%	16%	33%	49%
3,000 rand to less than 6,000 rand	38%	43%	34%	35%
6,000 rand to less than 9,000 rand	15%	17%	17%	7%
9,000 rand to less than 12,000 rand	10%	15%	7%	5%
12,000 rand to less than 15,000 rand	5%	6%	5%	2%
15,000 rand or more	4%	4%	4%	2%

Q30 How much do you intend to spend on a monthly vehicle payment/subscription (including all bundled products)?

Sample size: n= 957 [Overall]; 399 [18-34], 356 [35-54], 202 [55 or above]

6 About the study

About the study

Survey timing

October 05 to October 17, 2023

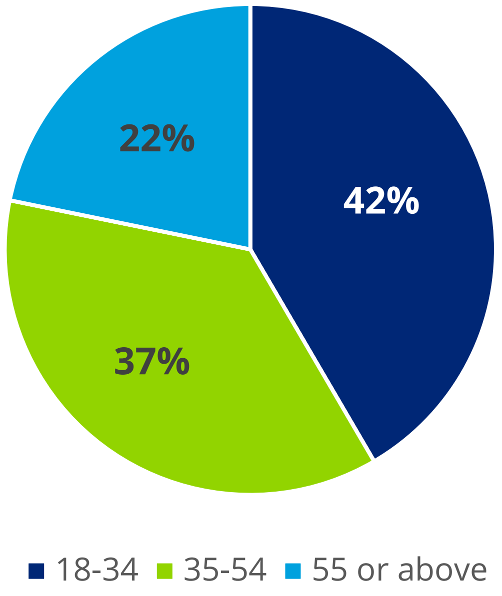
Sample

The survey polled a sample of 1,005 consumers in South Africa. The survey has a margin of error for the entire sample of +/- 3.1%

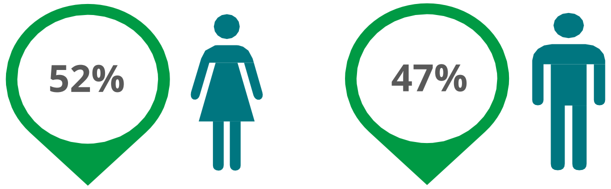
Methodology

The study is fielded using an online panel methodology where consumers of driving age are invited to complete the questionnaire via email.

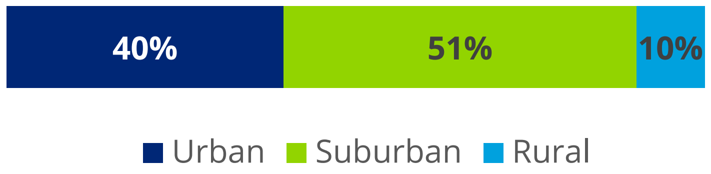
Age group



Gender



Location



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Acknowledgments

We would like to thank Srinivasarao Oguri, Rohith Reddy Alluri, Chris Barber, and Kelly Warner for their important contributions to the research.

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