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Global Automotive Consumer Study:

Advanced Technology Update & Customer Experience
Insights for South Africa
2018

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

Executive Summary

Exploring new automotive business models and changing consumer preferences

Consumer behaviour is changing in the automotive industry. Driven by technology, consumers are not only changing their preferred way of travelling, but also their expectations of the future of mobility. For automotive companies, it is imperative to acknowledge these changes.

The key findings are:

1. Changing business models

For automotive companies, technological change brings the need to confront oneself with the question "What does it mean to be an automotive company in the future?" It is vital for automotive companies to adapt their business models to new demands. We see disrupters making significant investments in the automotive industry. How do traditional players adapt to the changing business model?

2. Reshaping investment norms

The drivers and determinants of corporate value have evolved: tangible assets no longer exclusively dictate a firm's value. Leveraging technology and data analytics is key for companies to stay on the radar of investors. We describe 5 new roles that will exist in the future automotive industry: from hardware providers and fleet operators to operating system providers, data aggregators and mobility advisors.

3. Evaluating the big bets being made on hybrids, electric and autonomous vehicles

The study's findings suggest that SA consumers may be warming to the concept of fully self-driving vehicles: 43 percent of SA consumers in this year's study feel that autonomous cars will not be safe, which is down from last year's 59 percent. It still leaves consumers in most markets doubting the safety of this technology. Safety, government regulation, brand trust, and cost are all major factors determining South Africa's consumer acceptance of these new technologies.

4. Customer experience

OEMs and automotive dealers need to change the way to reach the South African consumer. An example is that across the major auto markets consumers are interested in digitally completing all the admin behind a purchase, including pre-approvals, and prefer to only walk into a dealer for the test drive and customer experience, with a smooth handover to after-sales.

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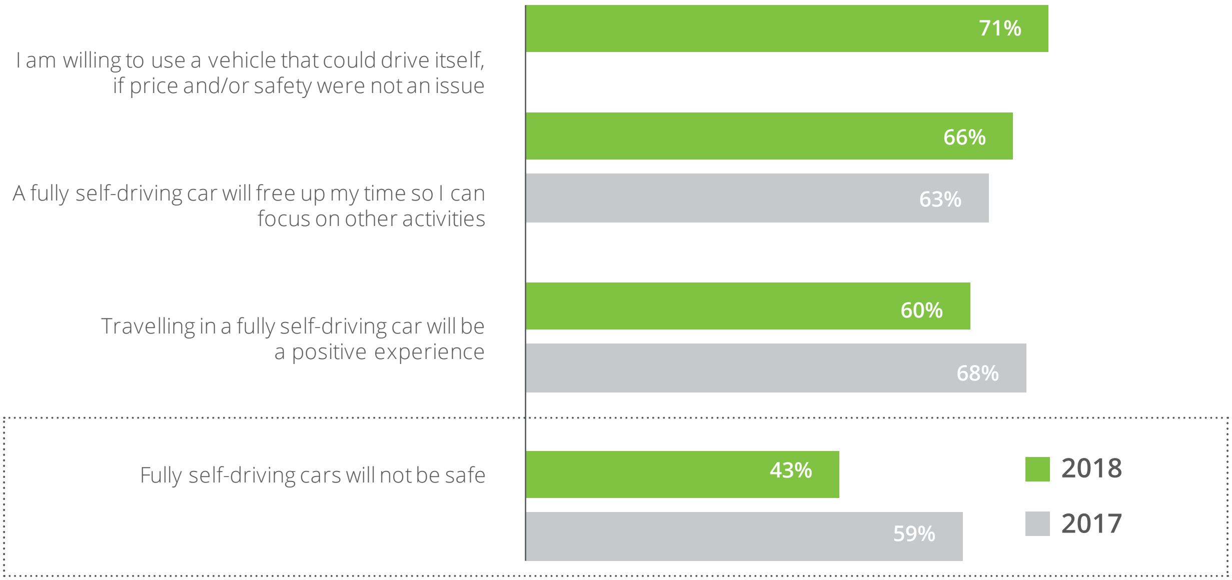
How do consumers feel about Autonomous Vehicles (AVs)?

SA consumers are more positive about fully self-driving vehicles

SA consumers see benefits such as being able to focus on other activities while in a fully self-driving vehicle

Consumer opinion on fully self-driving vehicles

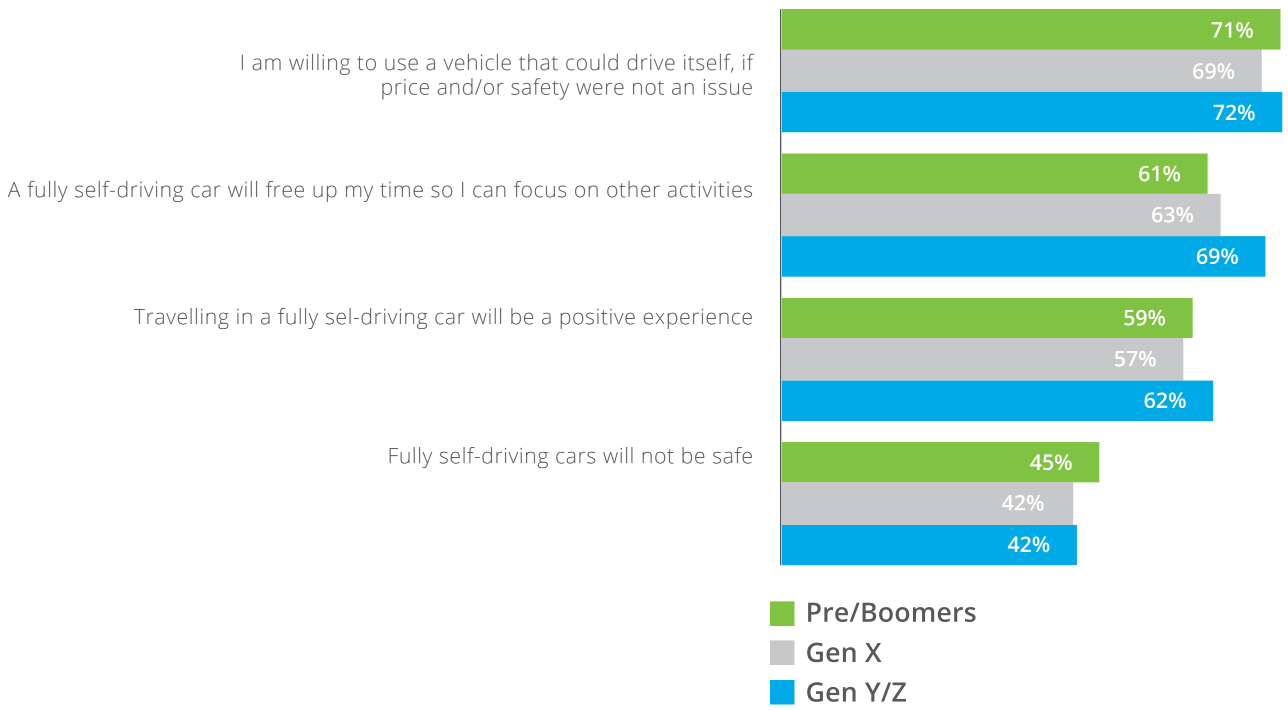


Note: Percentage of respondents who strongly agreed or agreed have been added together

All SA generations are accepting of self-driving vehicles

Unlike many markets covered in this year's study, there is no age effect among consumers when it comes to the acceptance of AVs

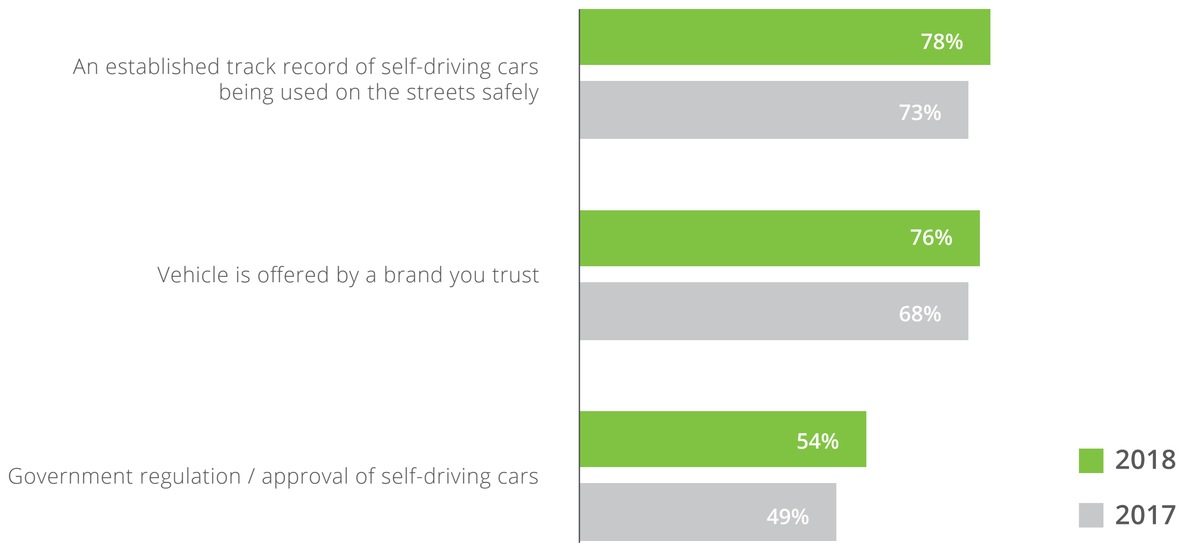
Consumer opinion on fully self-driving vehicles



Established safety track record becoming more important for self-driving vehicles

More than three-quarters of consumers would also feel better about AV technology if offered by a trusted brand

Factors making consumers feel better about riding in a fully self-driving vehicle

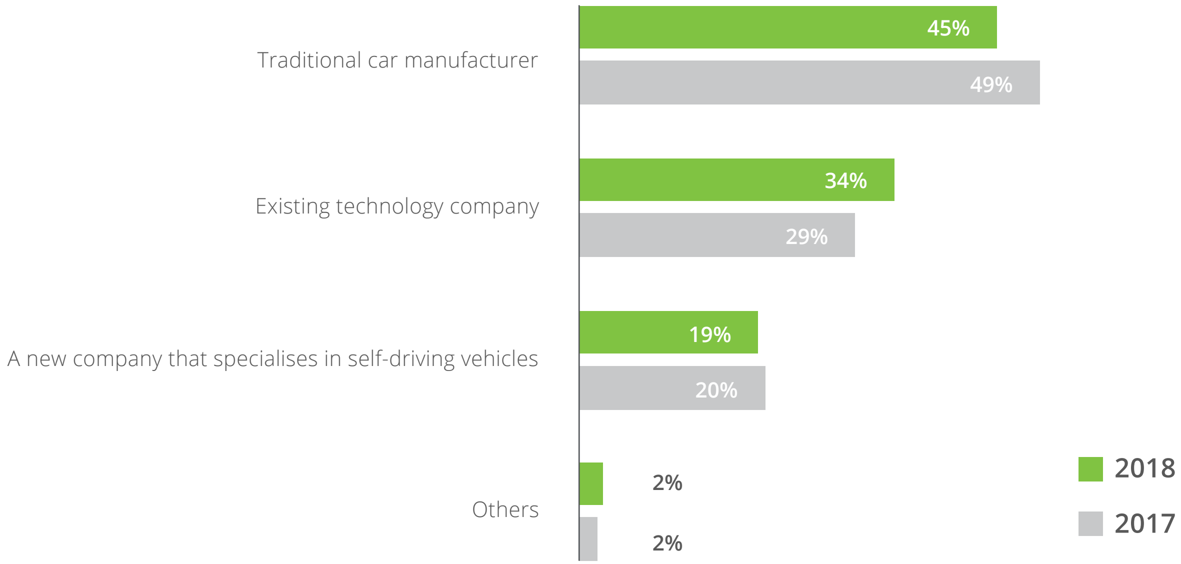


Note: Percentage of respondents who strongly agreed or agreed have been added together

Consumers are still looking to traditional OEMs for AV technology

55% of consumers would however, trust someone else to bring AV technology to market, signaling an opportunity for brand partnerships

Type of company consumers trust the most to bring fully self-driving technology to market

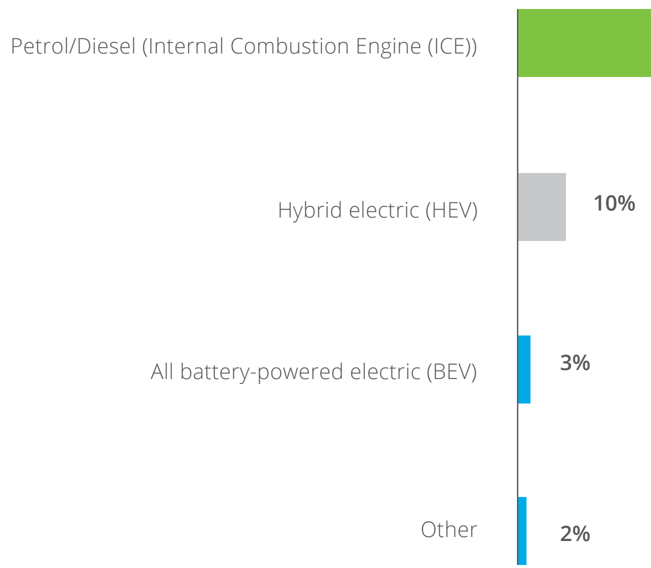


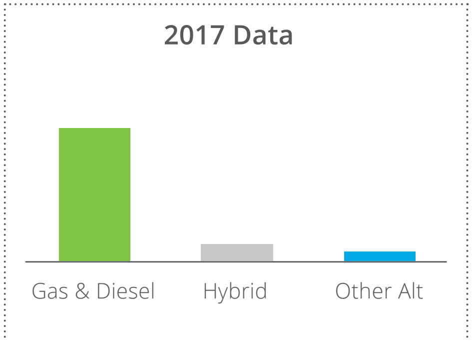
How do consumers feel about Electrified Vehicles (EVs)?

SA consumers still prefer vehicles with traditional engines

Evidence suggests consumers still intend to acquire a vehicle with a conventional powertrain – Hybrid Electric Vehicles (HEVs)/Battery-Powered Electric Vehicles (BEVs) still a long way off for consumers

Consumers expectations with respect to engine type in their next vehicle (2018)



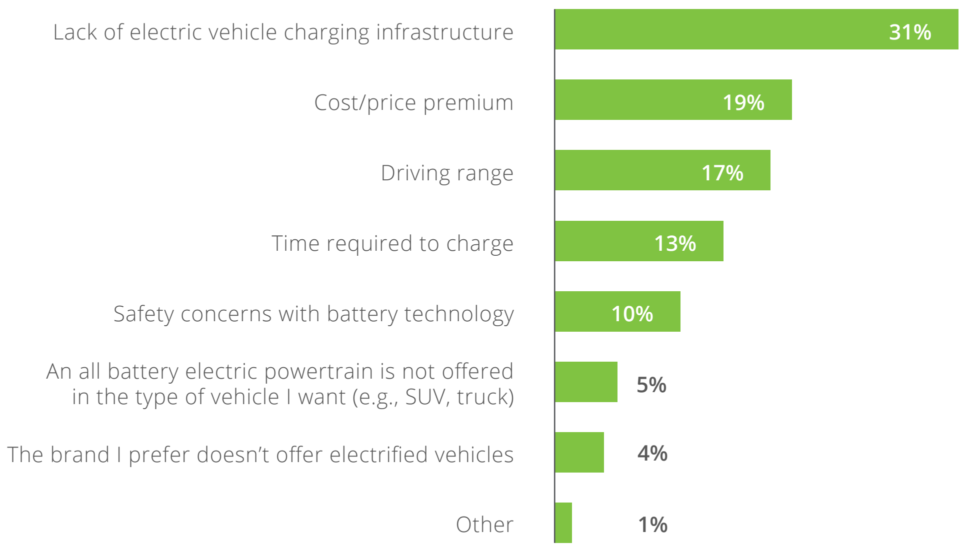


Note: 'Other" category in 2018 data includes ethanol, CNG, and fuel cell

Lack of charging stations are still a significant concern for Battery-Powered Electric Vehicles (BEVs)...

50% of SA's consumers are mostly concerned about the lack of charging stations and cost/price premiums with regards to BEVs becoming mainstream

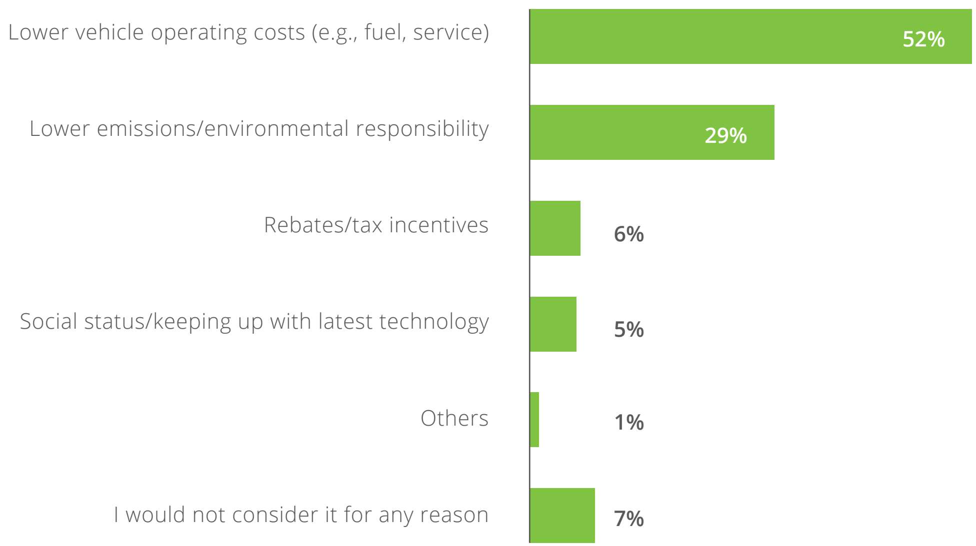
Greatest concern regarding all battery-powered electric vehicles



…however, BEVs lower operating cost still very attractive

52% of the consumers would consider an electric vehicle for its lower operating costs

Reason to consider an all battery-powered electric vehicles

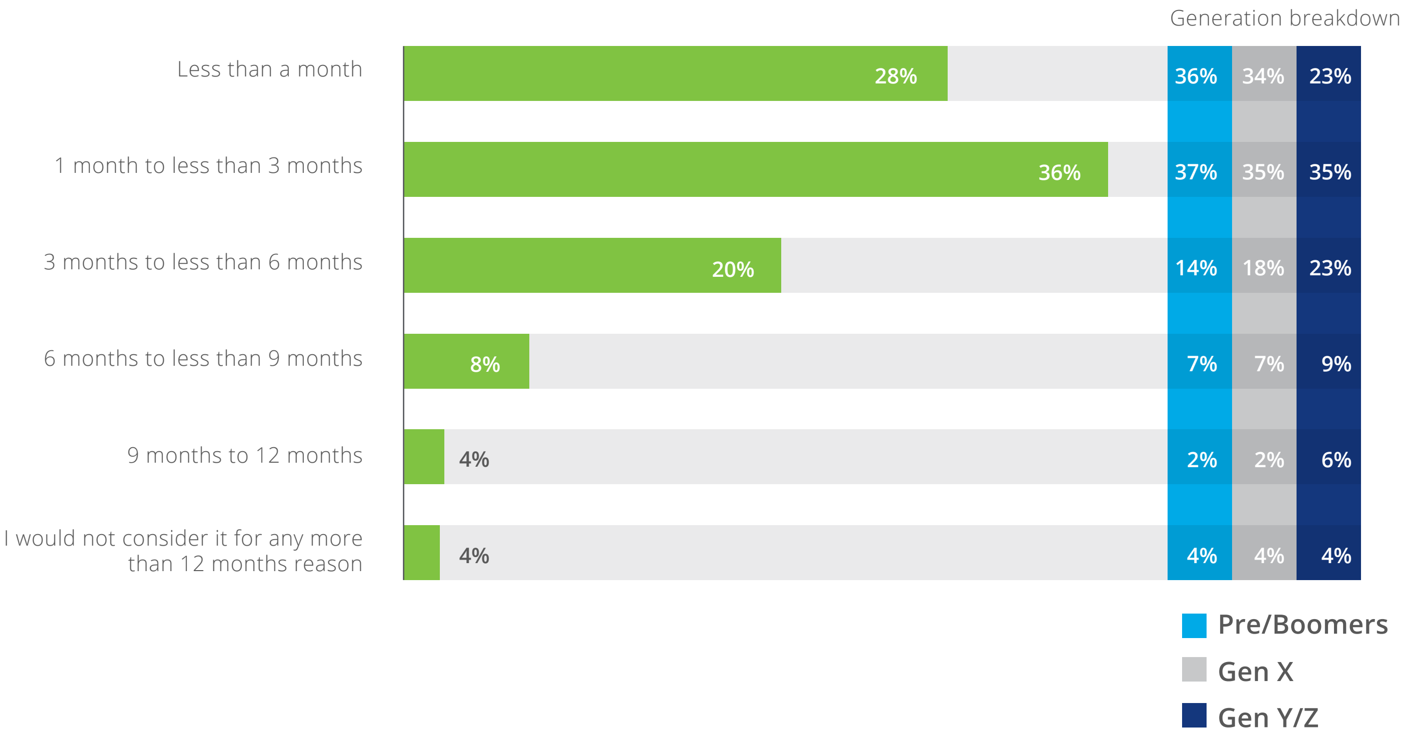


How do SA consumers research a vehicle purchase?

Most SA consumers start researching 3 months before a purchase

Vehicle brands have relatively little time to identify, intercept and connect with consumers to influence a vehicle purchase decision

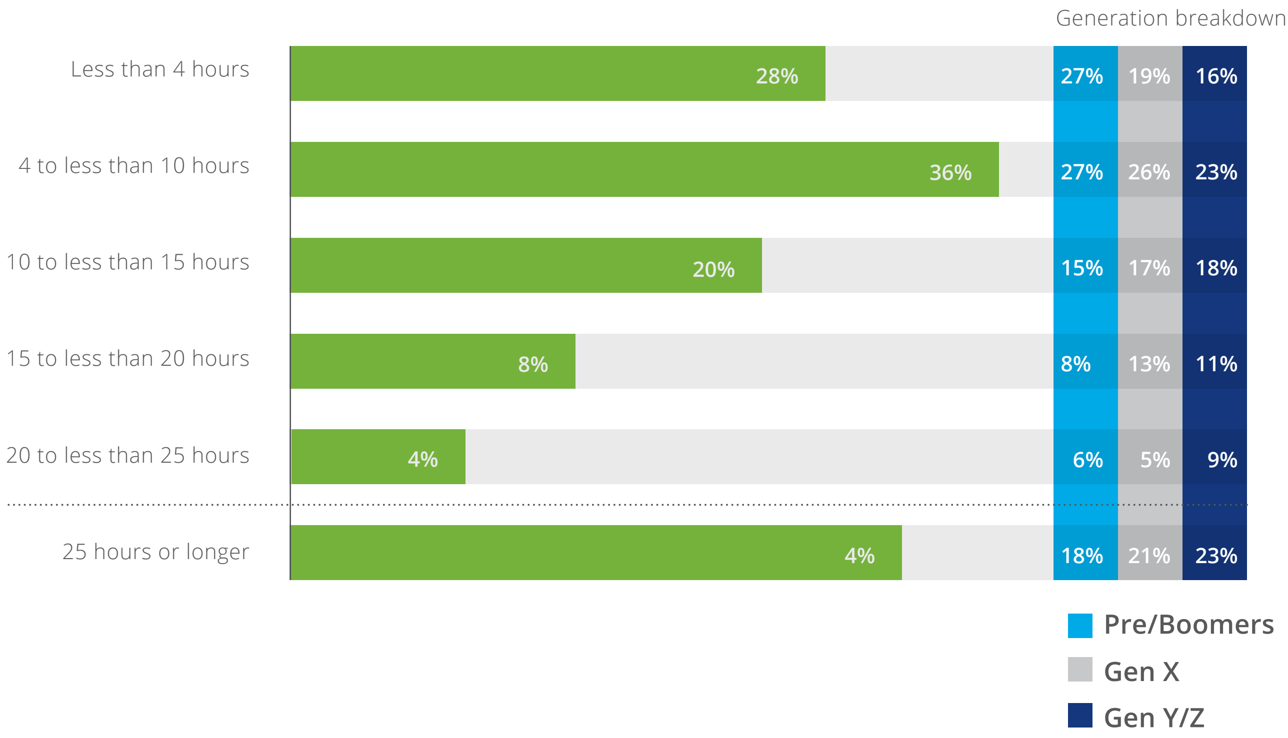
Duration of doing research before deciding to acquire current vehicle



SA consumers are decisive when it comes to research

61% of consumers spend less than 15 hours researching vehicles before they make a decision to buy

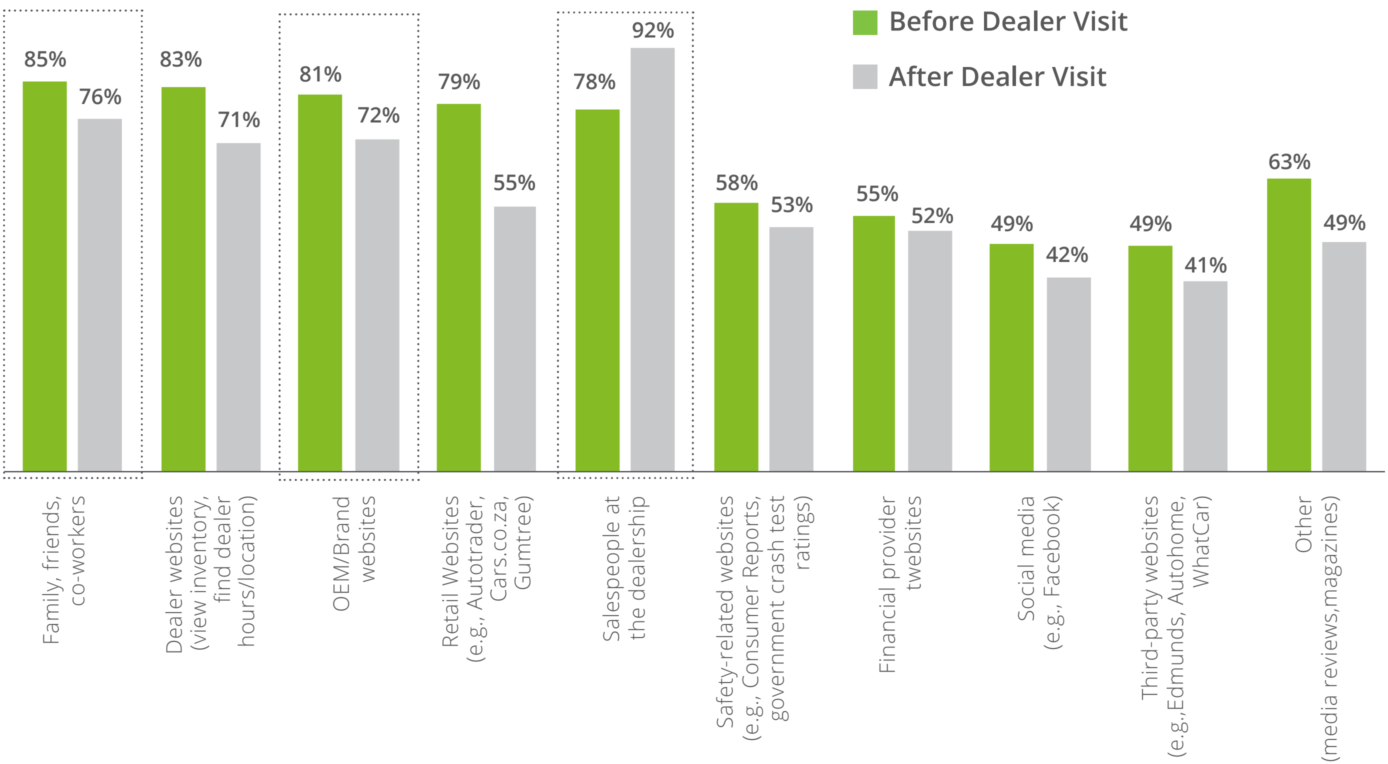
Time spent by consumers researching vehicles



Dealer visits/experience helps strengthen trust with the salesperson

Word of mouth (family/friends) & OEM/Brand websites are relied upon both pre & post Dealer visits

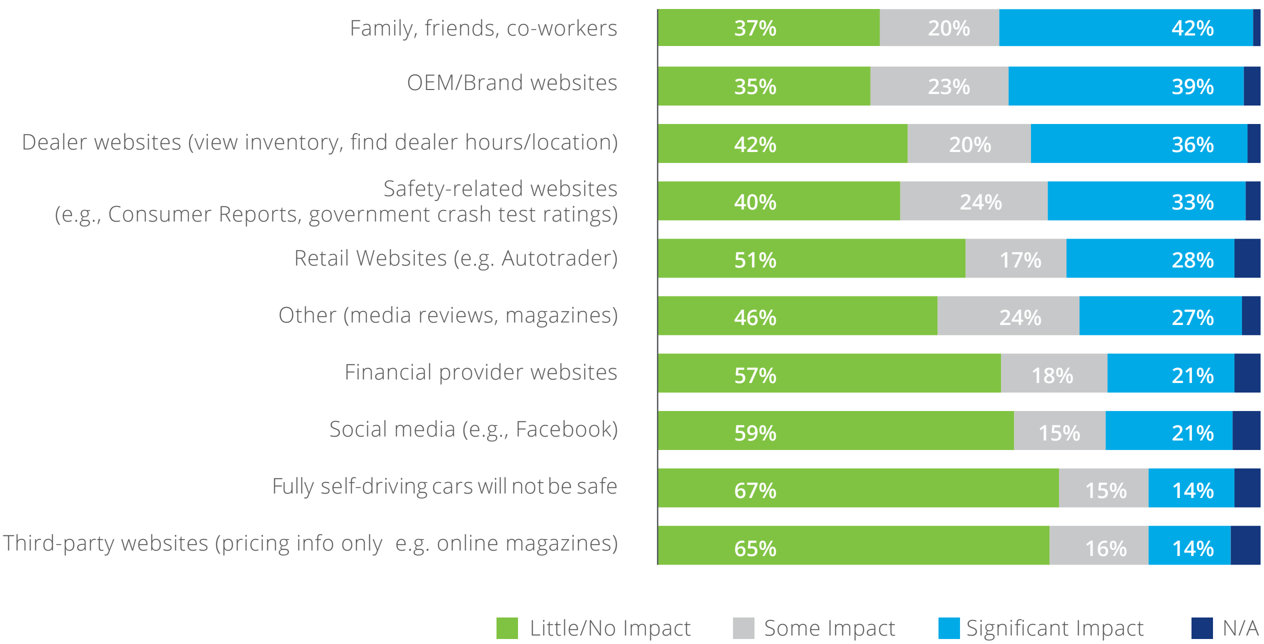
Sources of information that were visited at least once or more pre and post dealer visit



Social connections have the most impact on a purchase decision

More than 40% of consumers rated family, friends, and co-workers as having a major impact on the purchase decision of their current vehicle

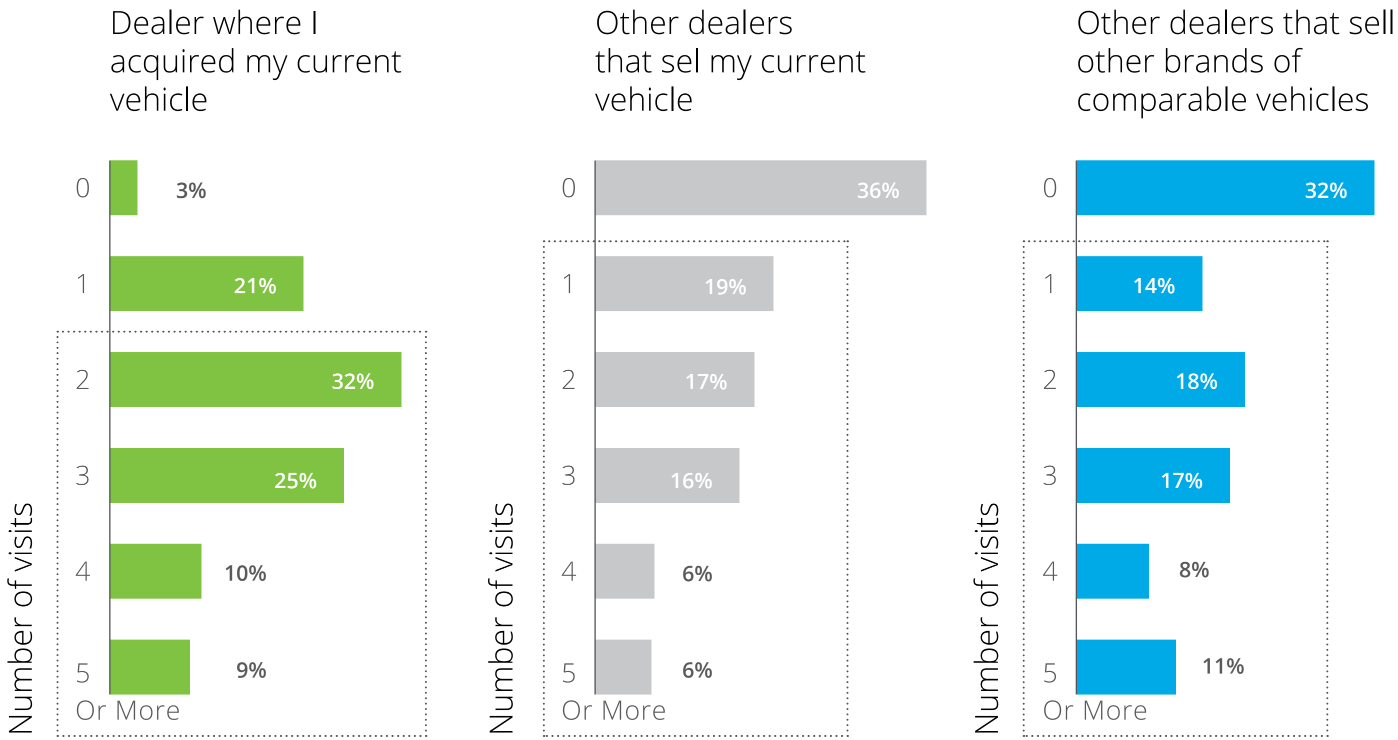
Impact of information sources on which vehicle bought



Consumer Experience in dealerships

76% of consumers visited their selling dealer more than once

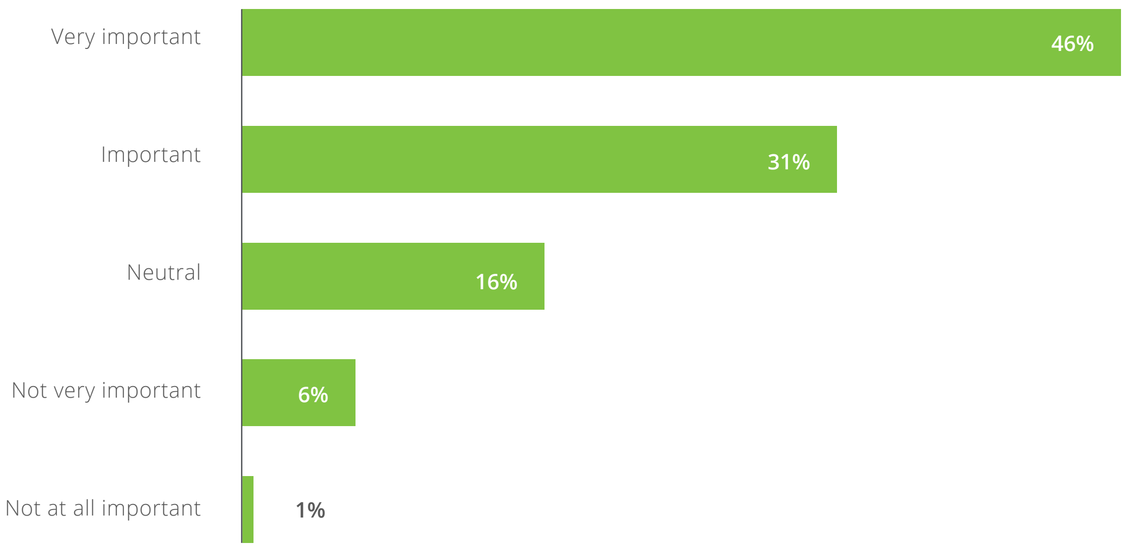
Also, one-third of consumers did not visit any other dealerships apart from the one where they acquired their current vehicle



Customer experience is clearly not dead...

77% of consumers rate customer experience as an important factor in choosing where to buy a vehicle

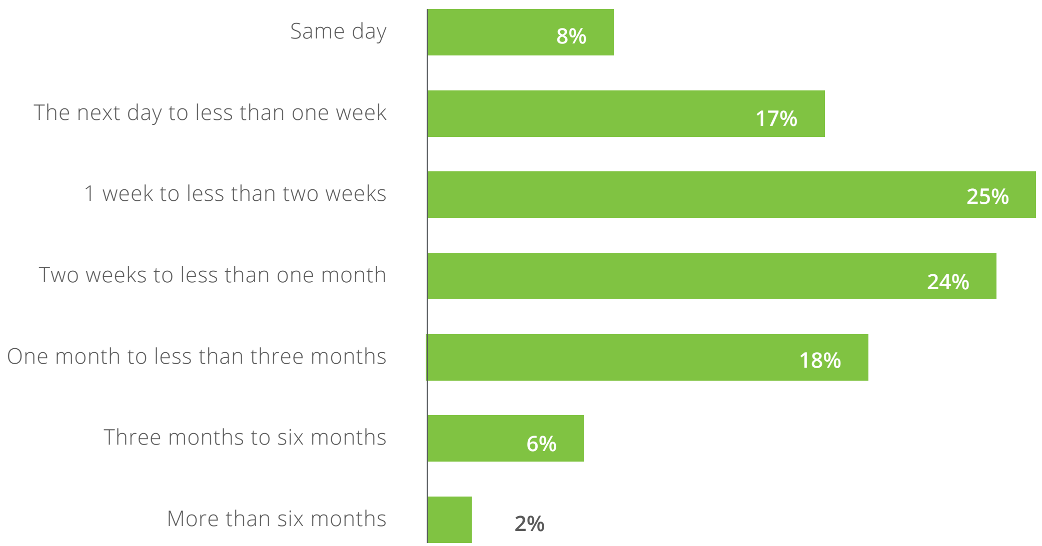
How important is customer experience in choosing which dealer to buy from?



Upon first visiting a dealer, 50% of SA consumers bought a vehicle within less than two weeks

8% of consumers bought on the same day they entered their first dealership

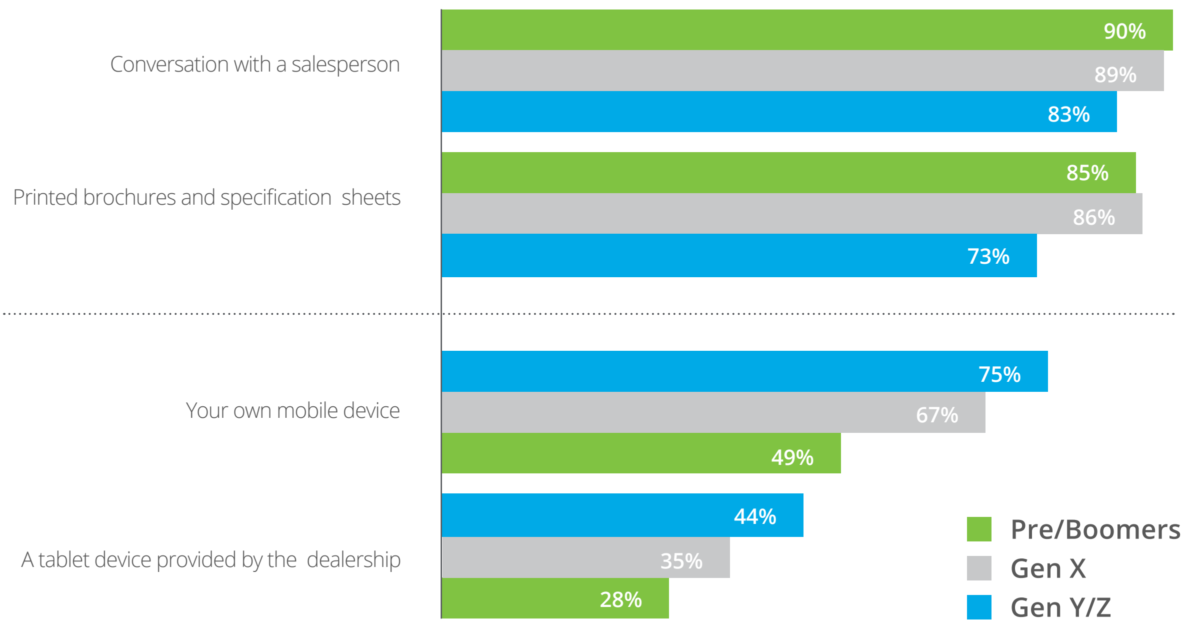
Time to vehicle delivery



Usefulness of digital info key for younger customers

Traditional information sources useful regardless of age group (mostly) but digital becomes much more important for Gen Y/Z

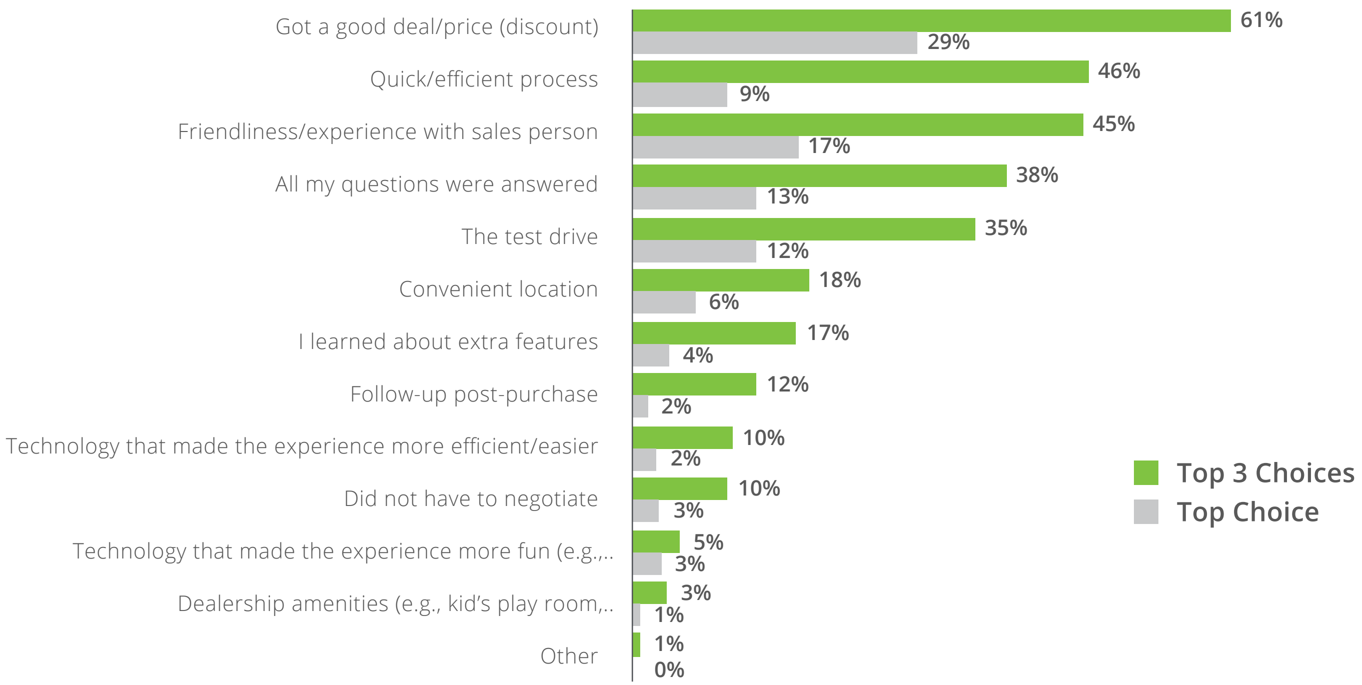
Usefulness of information channels at a dealership (% somewhat/very useful)



Clearly, SA consumers are most concerned with the experience of a good deal

Quick and efficient vehicle buying process and friendliness/experience with sales person are the most enjoyable aspects

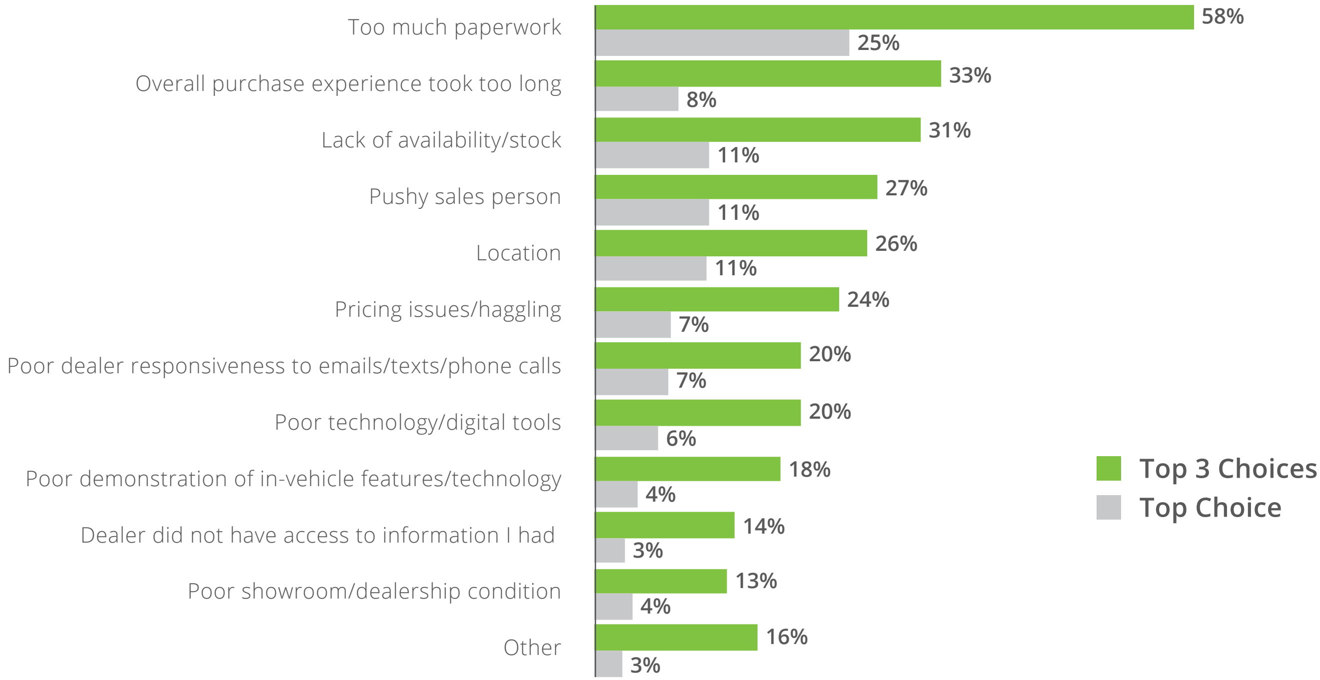
The most enjoyable aspects of the dealer experience are...



SA consumers do not want to wait, in order to drive off with their new car

SA consumers place a great emphasis on overall purchase time and on the dealer having the right vehicle on hand

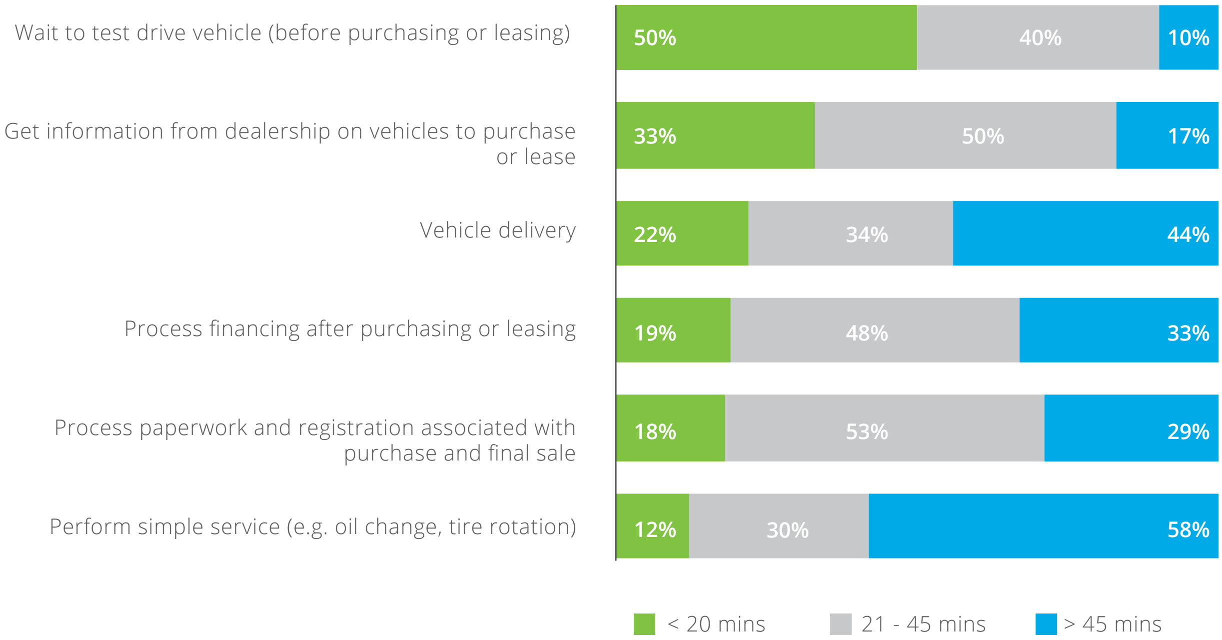
The most disliked aspects of the dealer experience are...



SA consumers will not wait for key processes

SA consumers expect to wait the least amount of time for a test drive and to receive purchase/lease information from the dealer

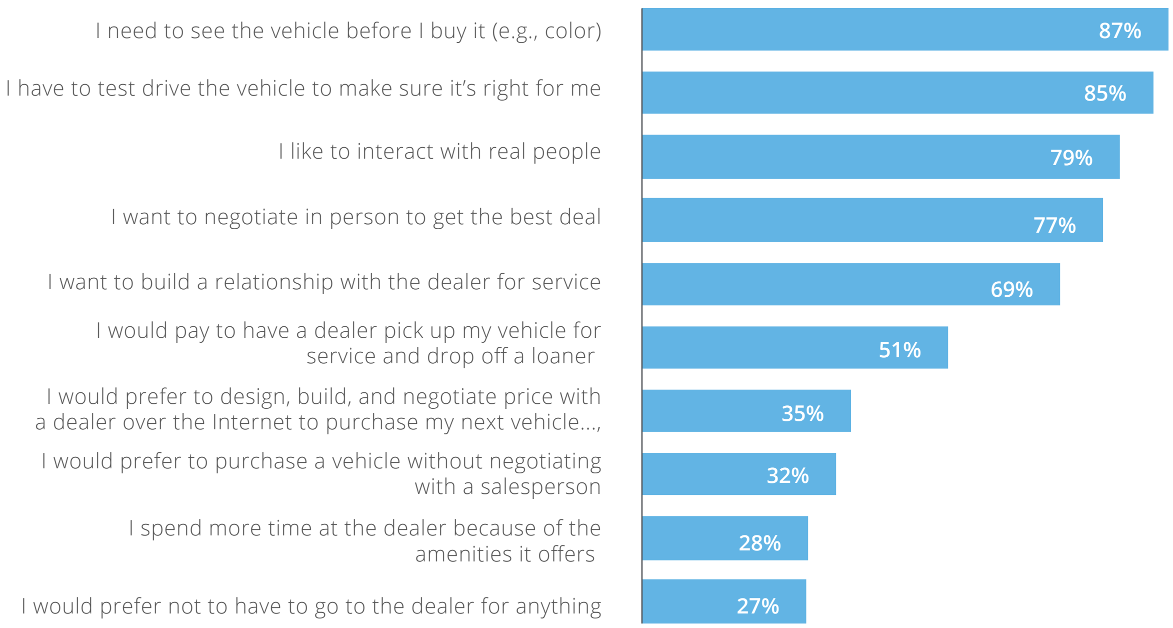
Longest amount of time for specific sales processes



Majority of people need physical interaction before buying

More than 8 out of 10 consumers still feel the need to see and test drive the vehicle before they buy it

How do people feel about their experiences at a dealership?

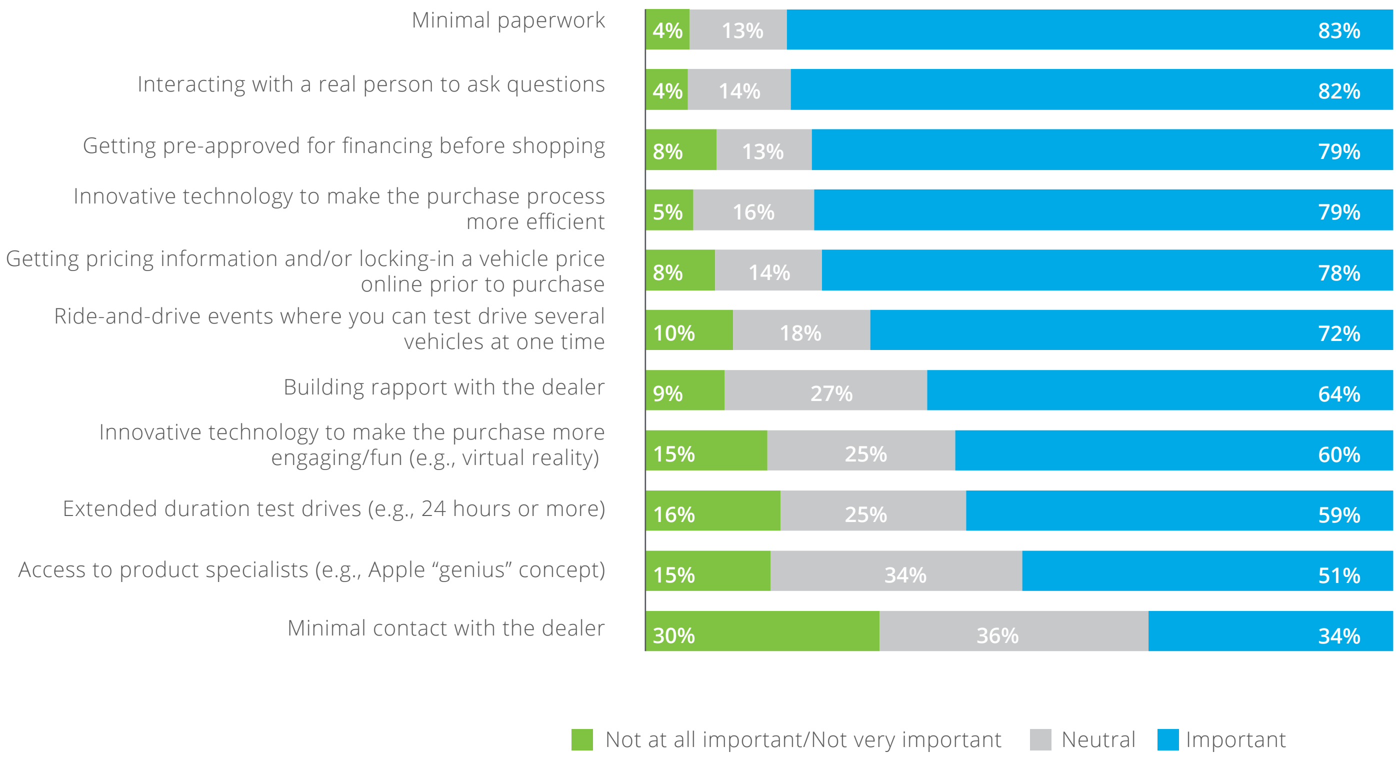


Note: Percentage of respondents who strongly agreed or agreed have been added together

Minimal paperwork is the most important aspect

Interacting with a real person and pre-approved financing before vehicle shopping are also vital aspects for consumers

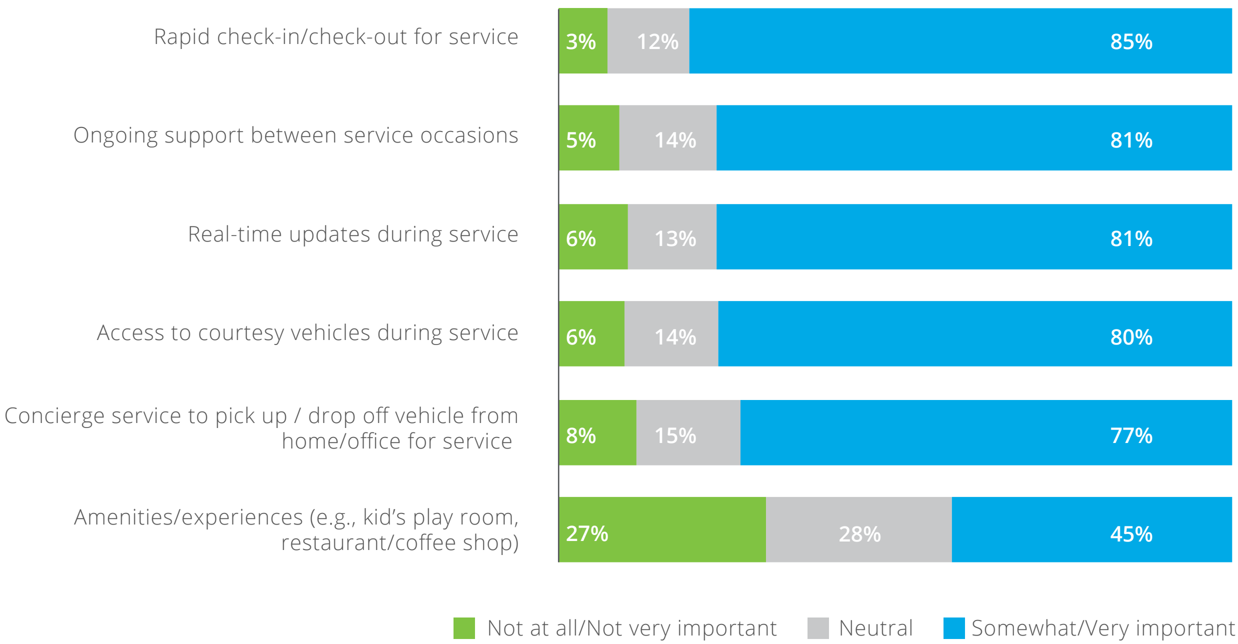
Consumer opinions on important aspects of a vehicle buying process



Service experience/after-sales hinges on customer time and convenience

More than 8 in 10 consumers consider rapid check-in/check-out, ongoing support and real-time update as the most important aspects

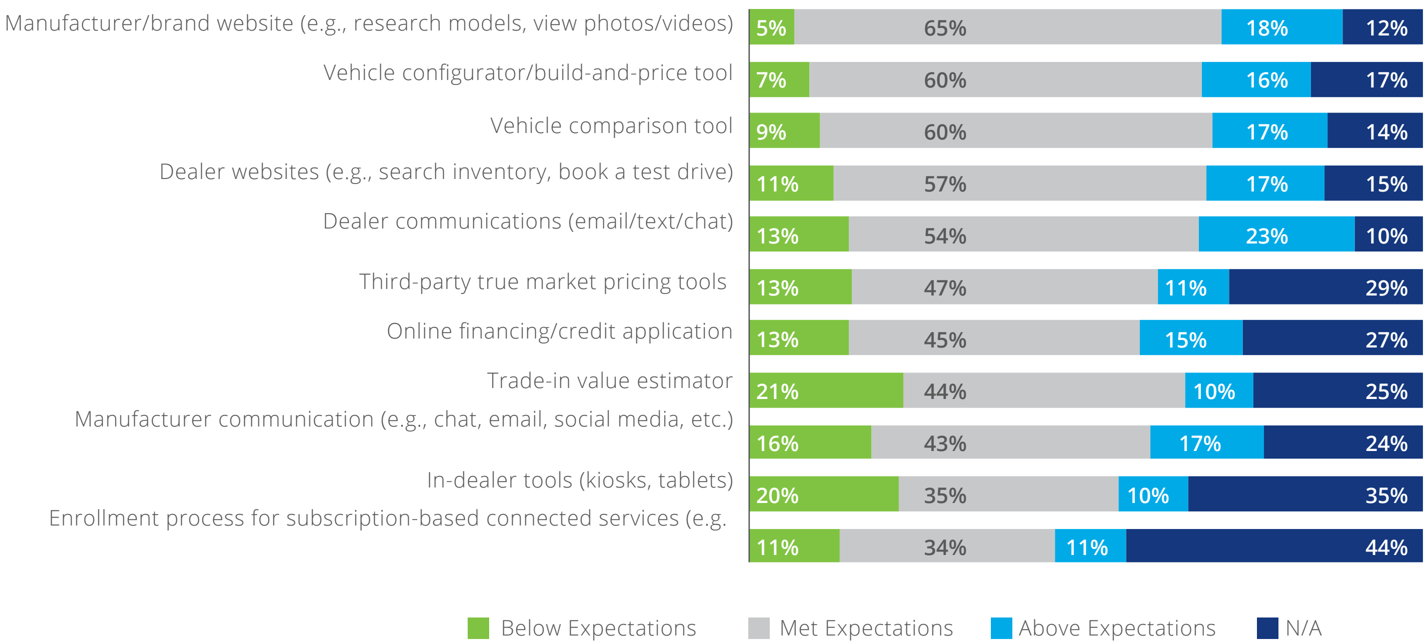
Consumer opinions on important aspects of a vehicle service process



Majority of digital journey is merely meeting expectations

Percentage of digital touchpoints that are below expectations is relatively low, but no one is really hitting a homerun either

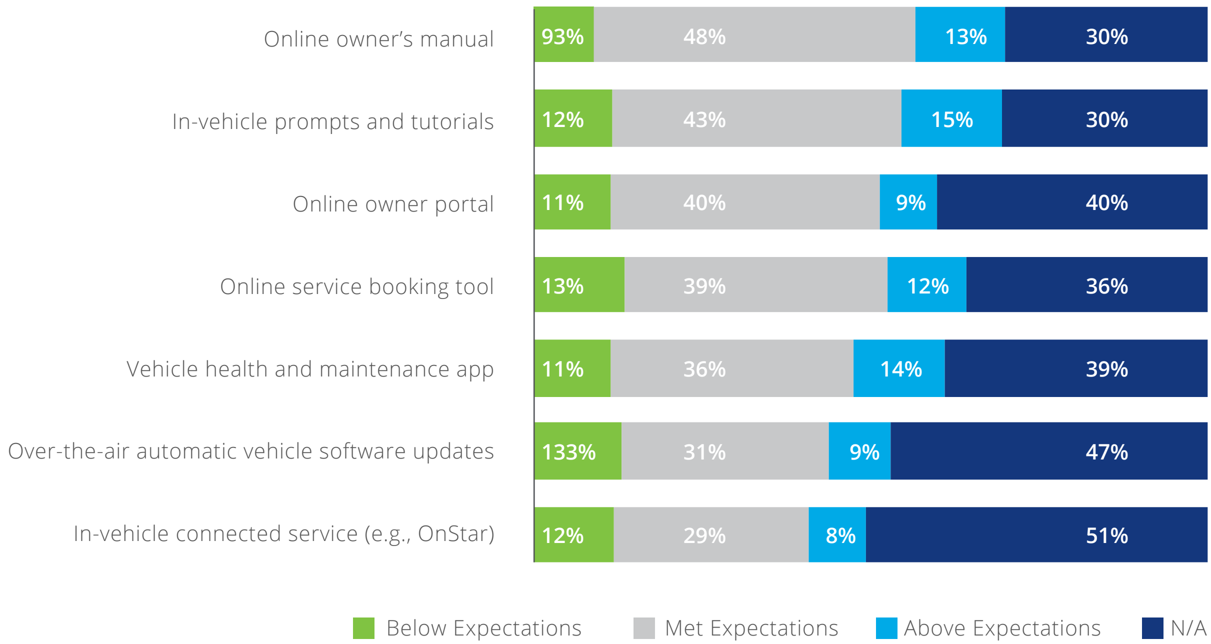
Evaluation of digital shopping and buying touchpoints



And it's the same story with digital servicing touchpoints

Services such as in-vehicle connected services and over-the-air automatic software updates are not available to most consumers

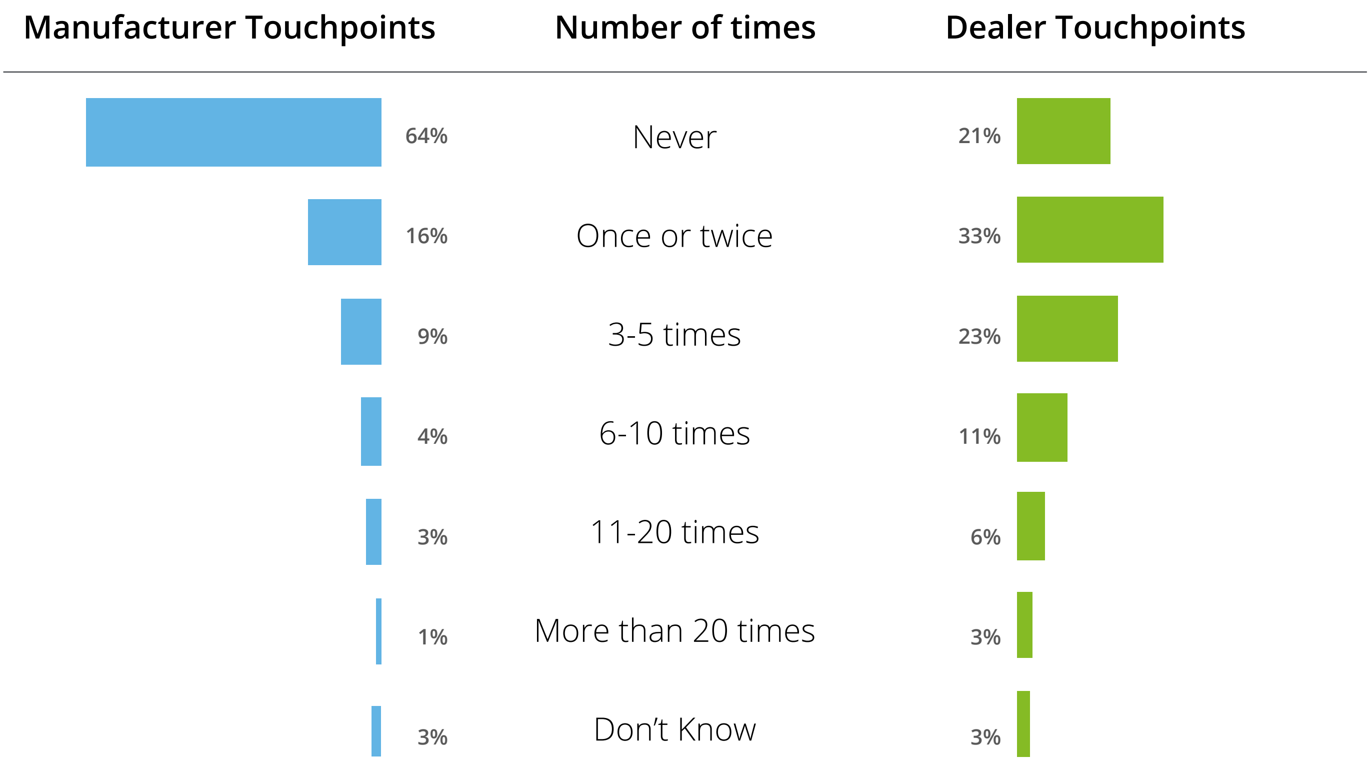
Evaluation of digital servicing touchpoints



Communication from Dealers and OEMs/Brands

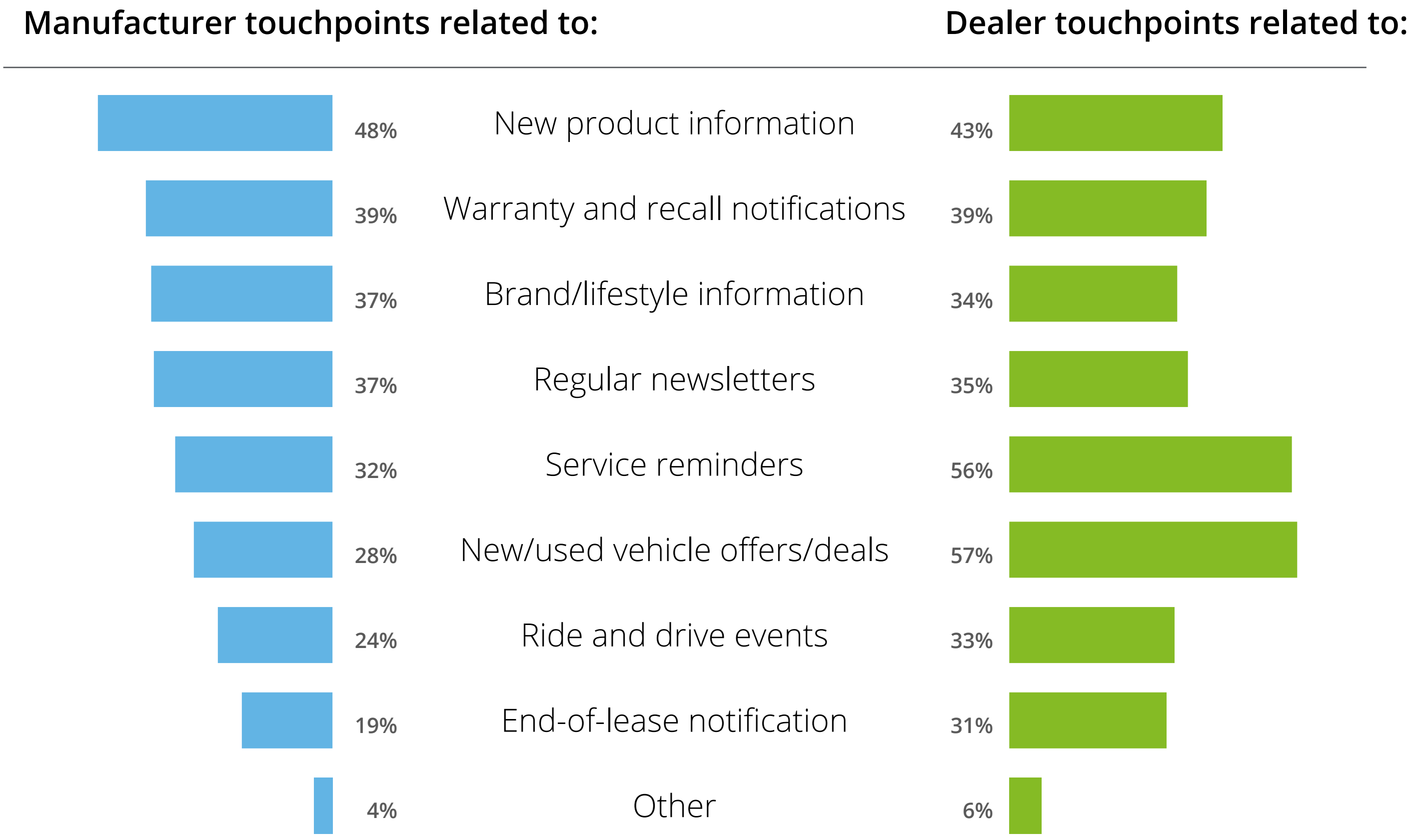
Both OEMs and dealers could be missing a big opportunity

64% of consumers say they have never been contacted by the OEM and 54% have only had a dealer contact once or twice



Reason for contact varies between OEMs and dealers

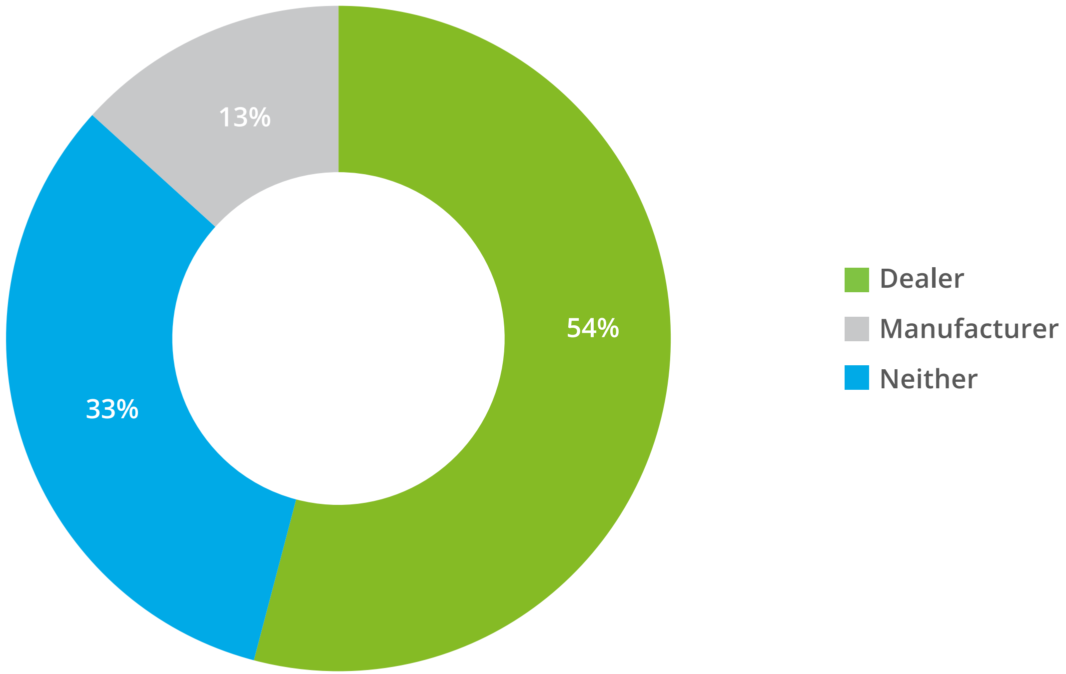
Communication is duplicated across OEM & Dealer; and consumers are pitched multiple products (Does the dealer and/or OEM know what the consumer wants?)



…leading to consumers preferring communication from dealers

54% of consumers prefer communication from dealers rather than the manufacturers

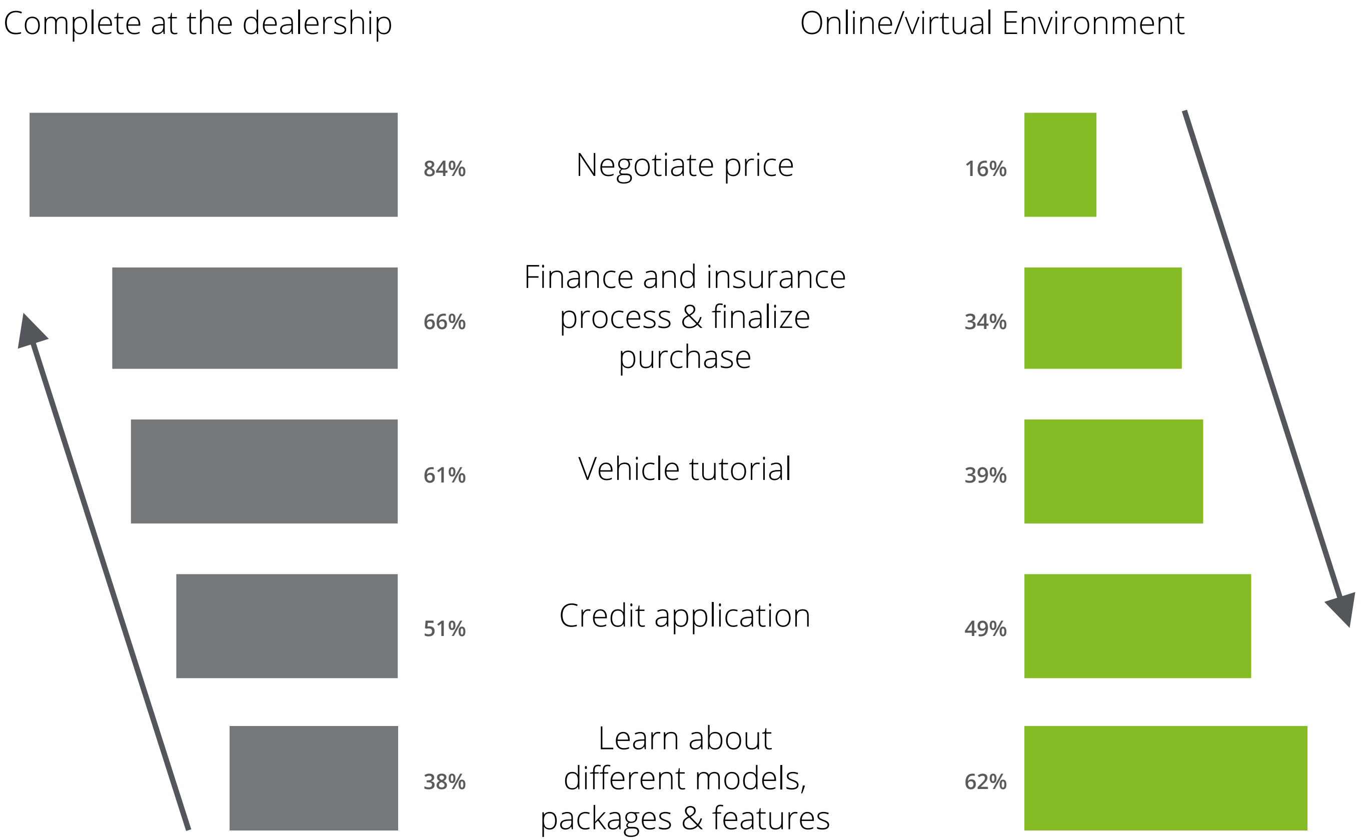
From whom would the consumer prefer hearing in future?



Are consumers ready to leave the dealer behind?

SA consumers still expect price negotiation to be done at the dealer with a person

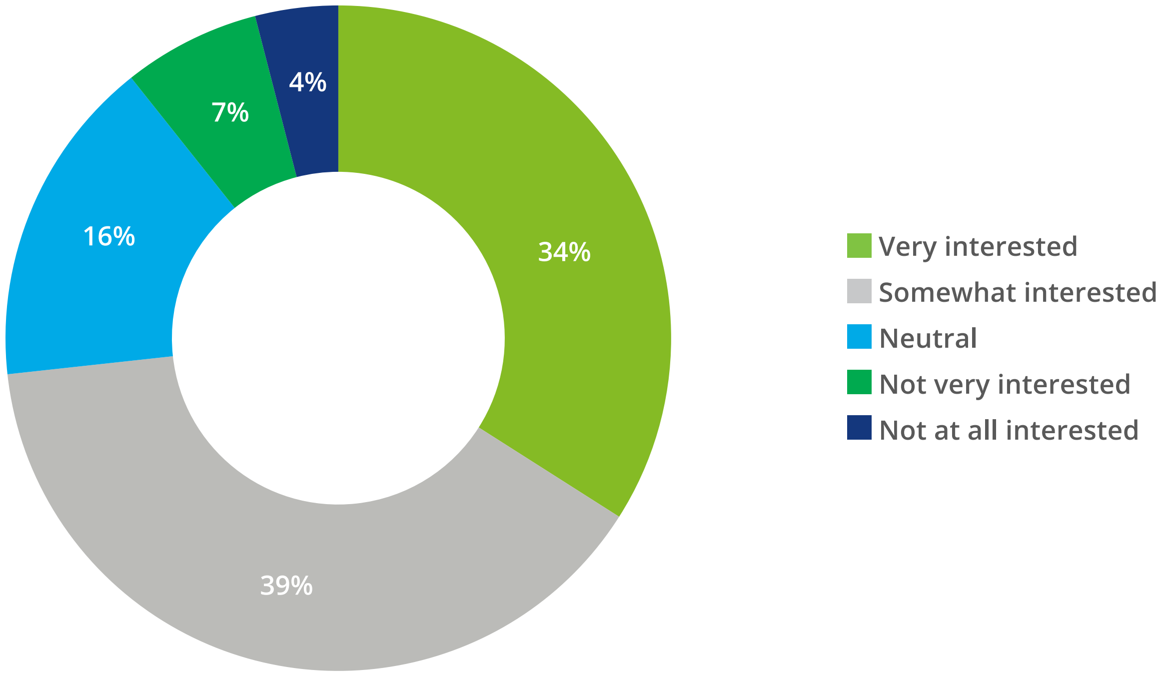
Majority of consumers would prefer to complete the F&I process at the physical dealership, while being pre-approved



Consumers quite interested in buying directly from the OEM...

More than one-third of consumers are very interested in acquiring their next vehicle directly from the manufacturer via an online process

How interested are consumers in by-passing the dealer?

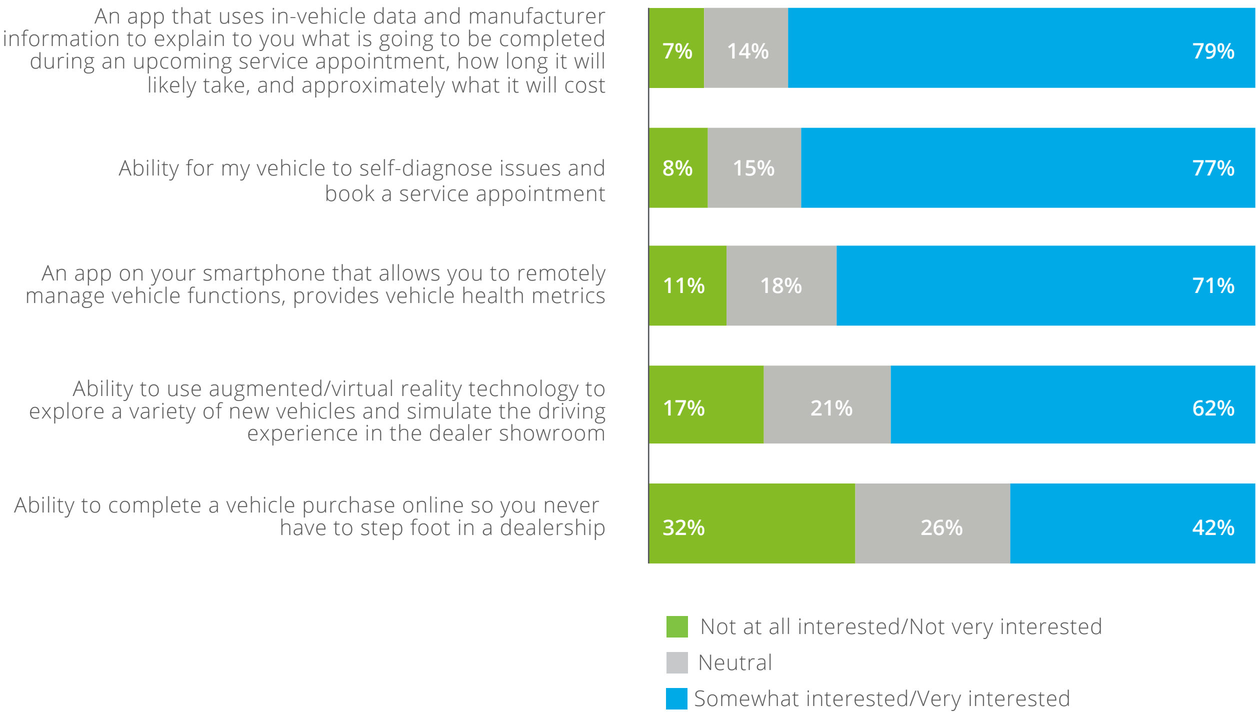


Testing some forward-looking tools and scenarios

Consumers want a hassle free service experience

More than 7 in 10 consumers are interested in technology that makes the service experience easier

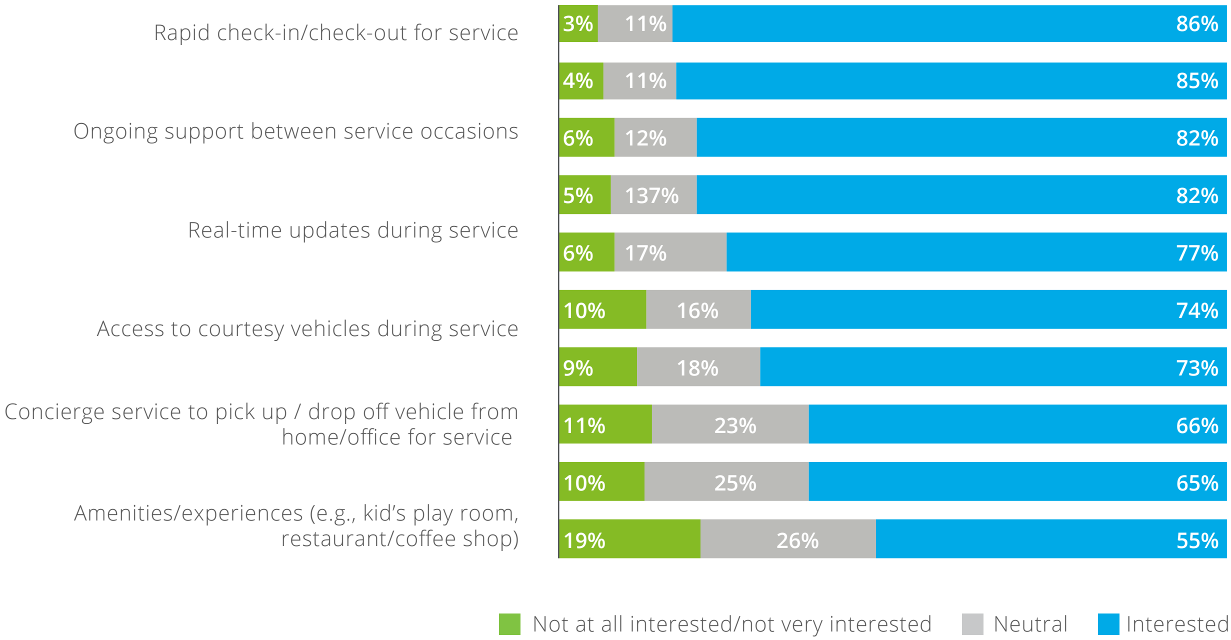
Consumer opinions on futuristic scenarios



SA consumers are most interested in maintenance & vehicle updates

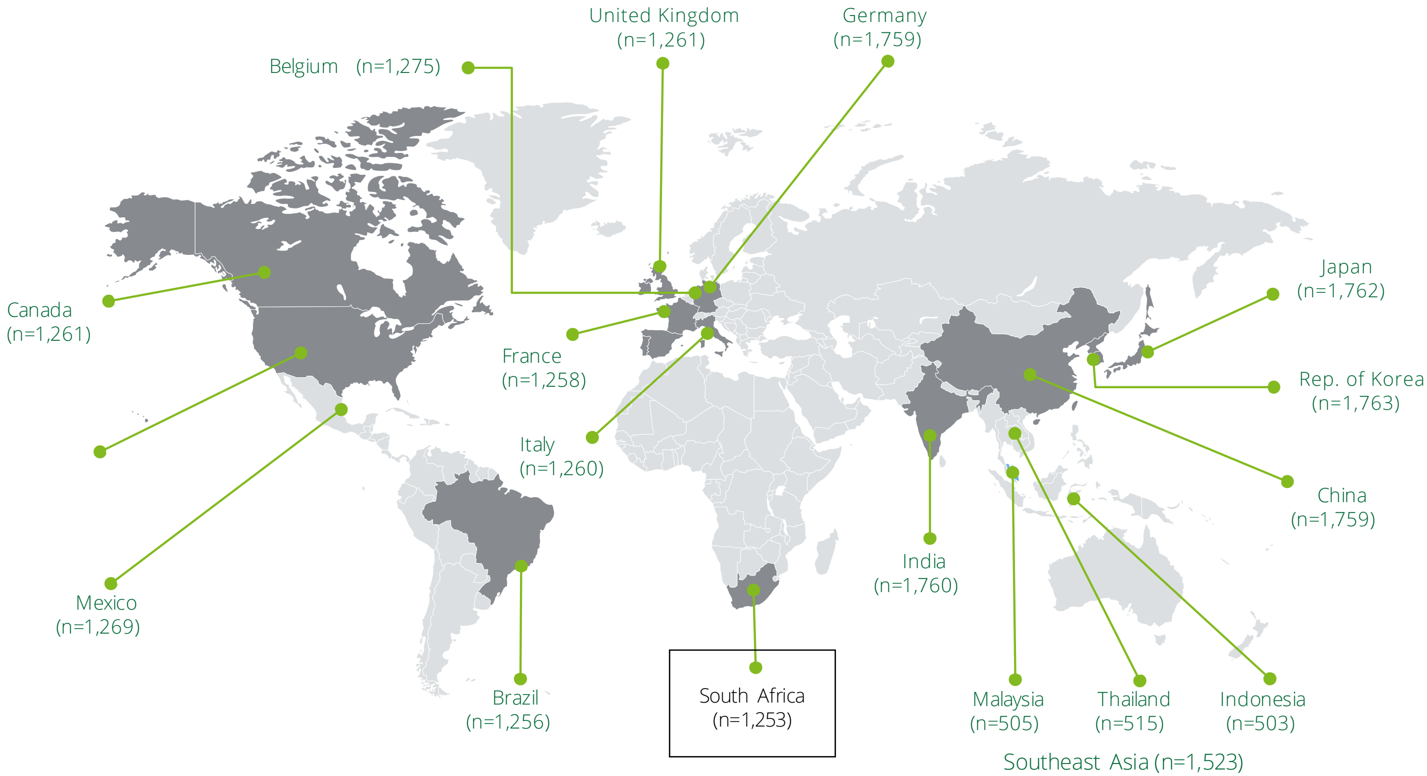
SA consumers are interested in benefits that help them predict future costs, and through a more 'connected' vehicle save them time

Consumer opinions on benefits of connected vehicles



Survey methodology and demographics

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.



Sample Size and Key Demographics used

Country	Sample Size
South Africa	1 253

Generation		Gender		Location	
Pre/Boomers	20%	Male	50%	Urban	42%
Gen X	18%	Female	50%	Suburban/Rural	58%
Gen Y/Z	62%				

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