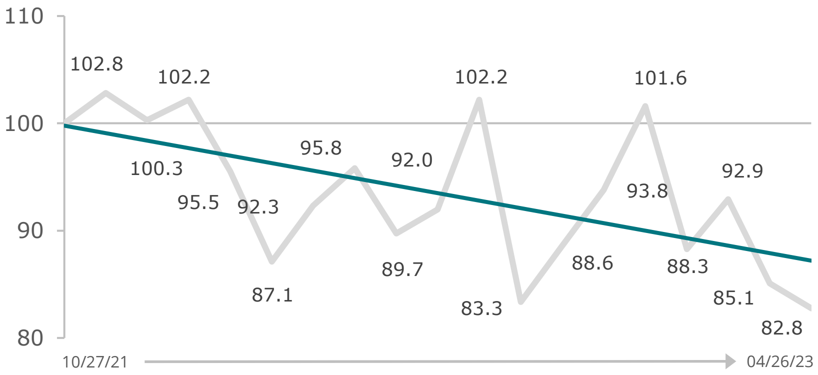
Deloitte.

April 26, 2023 (Wave 42)

Vehicle Purchase Intent (VPI) Index

South Africa



Note: 10/27/21 = 100; a vehicle is defined as a car, SUV/MPV, or pickup truck; includes new and used vehicles.

Key factors influencing VPI trending

Positive (+)

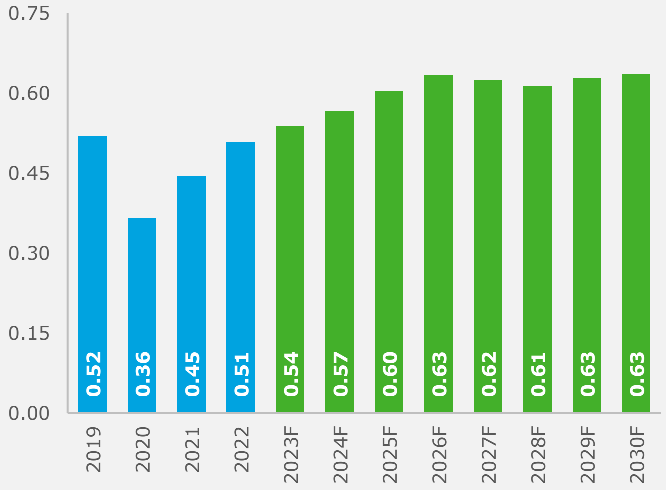
- Improving supply of new vehicles as semiconductor crisis continues to ease
- Vehicle prices stabilizing
- Underlying pent-up demand created by prolonged inventory shortages
- Increasing consumer interest in EVs driven by strong desire to lower operating (e.g., fuel) costs and incentive support
- Aging vehicle fleet requiring renewal

Negative (-)

- Inflation and interest rate hikes lead to much higher cost of borrowing
- Labor market under pressure as companies look for cost reduction measures
- Lack of entry level EV options in the market
- Resurgence of shared mobility in urban centers
- Geopolitical instability, and ongoing trade tensions

Light vehicle sales forecast (2019-2030F)

New vehicles (millions of units)



Source: S&P Global Mobility

Top 3 drivers of purchase intent

% of respondents

1.	New vehicles on market have features I want now	26%
2.	I am just ready to drive something different	20%
3.	Current vehicle is not worth the cost of maintaining it anymore	13%

EV purchase intent

% of respondents

40% ↓

Note: EV includes full battery electric and hybrid vehicles.

The **Deloitte Vehicle Purchase Intent Index** is a proprietary measure of forward vehicle demand intent calculated based on the percentage of consumers that are planning to acquire a new or used vehicle in the next six months.

Source: Deloitte Global State of the Consumer Tracking Study (unless otherwise noted).

Percentage of consumers concerned about...

25% ↑ Making upcoming payments

69% ↑ Amount of money they have saved

39% ↑ Credit card debt they are carrying

54% ↑ Consumers delaying large purchases

Note: arrows represent directional change from prior release.

Key behaviors impacting mobility

48 km → Average daily driving distance

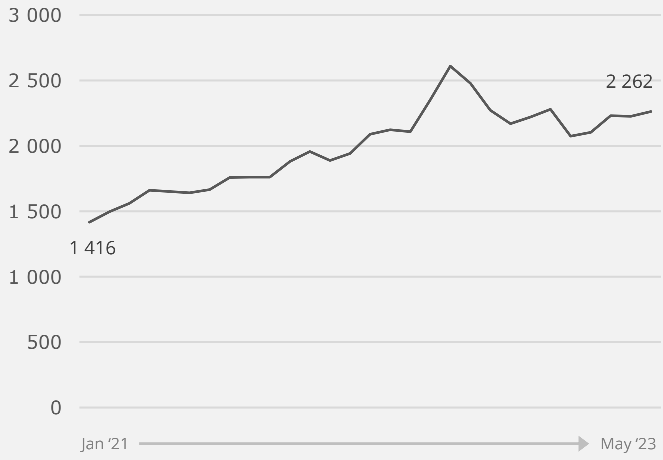
24% ↑ Plan to drive more going forward

3.0 ↓ Number of days/week people WFH

19% ↓ Preference for full/partial online vehicle purchase

Monthly Retail petrol* price (January 2021 – May 2023)

cents/litre



Note: *95 unleaded petrol

Source: South African Petroleum Industry Association

2023 Global Automotive Consumer Study

Key Findings: SOUTH AFRICA

Contents

From September through October 2022, Deloitte surveyed more than 26,000 consumers in 24 countries (including 1,014 respondents in South Africa) to explore opinions regarding a variety of critical issues impacting the automotive sector, including consumer interest in electric vehicle (EV) adoption, brand perception, and advanced technologies. The overall goal of this annual study is to answer important questions that can help companies prioritize and better position their business strategies and investments.

1	**The shift to EVs is happening, but is it moving fast enough?**	Consumer interest in EVs is growing as consumers, pressured by hyper-inflationary conditions, look to lower their operating costs. However, there are a variety of challenges standing in the way, including availability of charging infrastructure, charging time, and affordability.
2	**Consumers still expecting short vehicle delivery times**	Product quality still tops the list of factors driving consumer decisions when it comes to which vehicle brand to buy. Expectations regarding the acceptable length of time to wait for delivery remains much lower than other markets, putting pressure on OEMs to ramp up production and inventory levels.
3	**Dealers engender significant trust among consumers**	When asked who they trust most, surveyed consumers point to the relationship they have with dealers and manufacturers, signaling the important role each stakeholder plays in an integrated automotive value chain and a key consideration in the conversation around the evolution of the purchase experience.
4	**Subscriptions to connected vehicle services could be a challenge**	Consumer interest in connected vehicle features that provide updates regarding vehicle maintenance, traffic/road safety, and alternate routes are relatively high, but people would rather pay for connected technologies as part of the upfront cost of the vehicle or on a per use basis compared to a subscription.

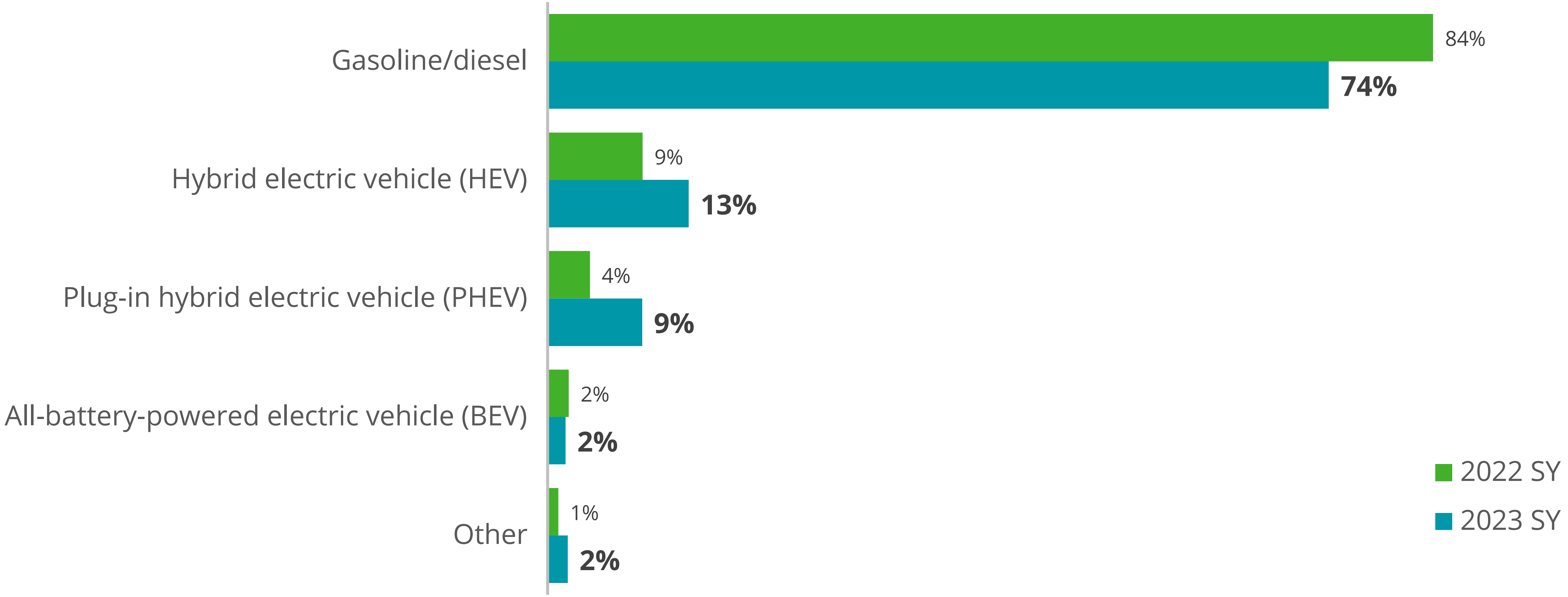
Note: Sum of the values for a few questions in the following slides may not add to 100% due to rounding.

1

Vehicle electrification

The needle is moving toward an electric mobility future, but are we moving fast enough to achieve the ambitious goals that have been set for carbon emissions reduction?

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.

Q40. What type of engine would you prefer in your next vehicle?

Sample size: n= 940 [2022]; 950 [2023]

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

Top 5 reasons for choosing an EV for next vehicle

#1

Lower fuel costs

#2

Concern about climate change

#3

Better driving experience

#4

Less maintenance

#5

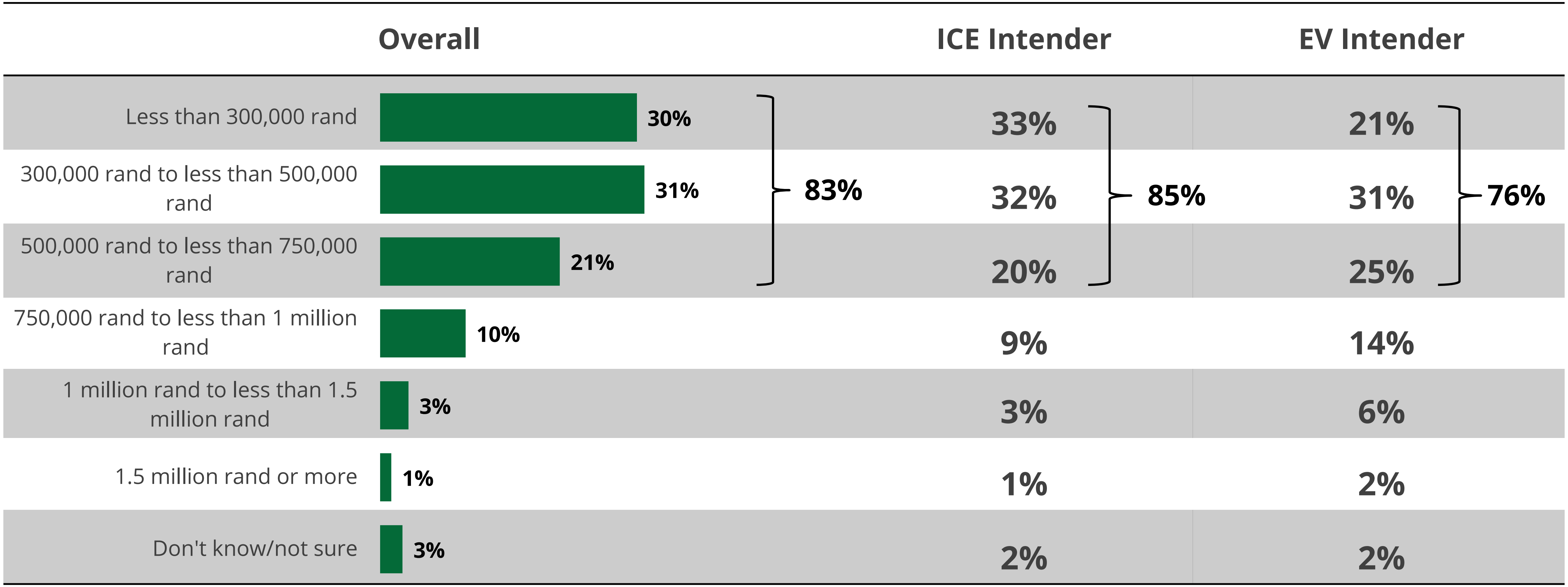
Concern about personal health

Q41. Please rank the following factors in terms of their impact on your decision to acquire an electrified vehicle (highest to lowest).

Sample size: n= 228

A majority of both ICE and EV intenders are expecting to pay less than 750K rand for their next vehicle, signaling a potential affordability risk given ever-increasing transaction prices.

Preferred price ranges for next vehicles



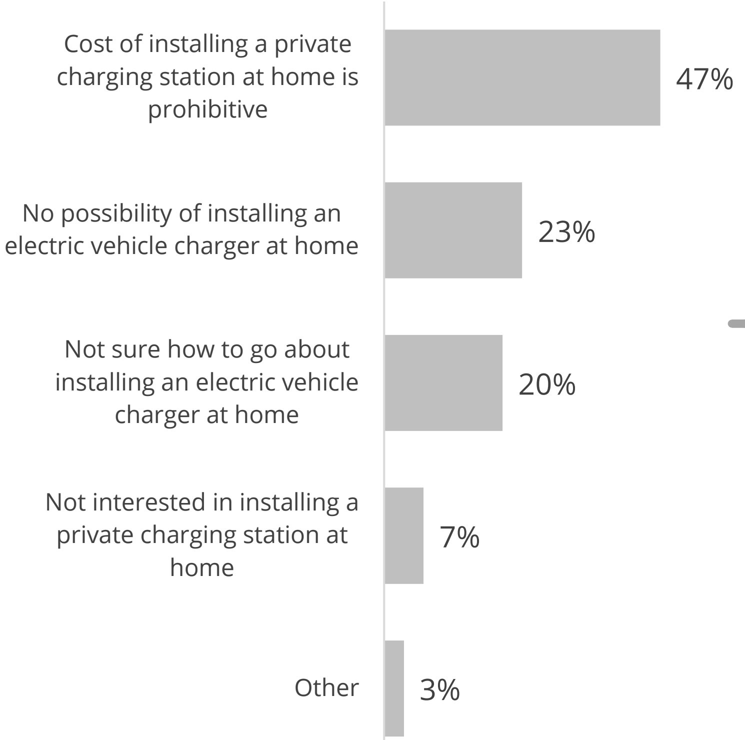
	Overall	ICE Intender	EV Intender
Less than 300,000 rand	30%	33%	21%
300,000 rand to less than 500,000 rand	31%	32%	31%
500,000 rand to less than 750,000 rand	21%	20%	25%
750,000 rand to less than 1 million rand	10%	9%	14%
1 million rand to less than 1.5 million rand	3%	3%	6%
1.5 million rand or more	1%	1%	2%
Don't know/not sure	3%	2%	2%

Q39. 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.)

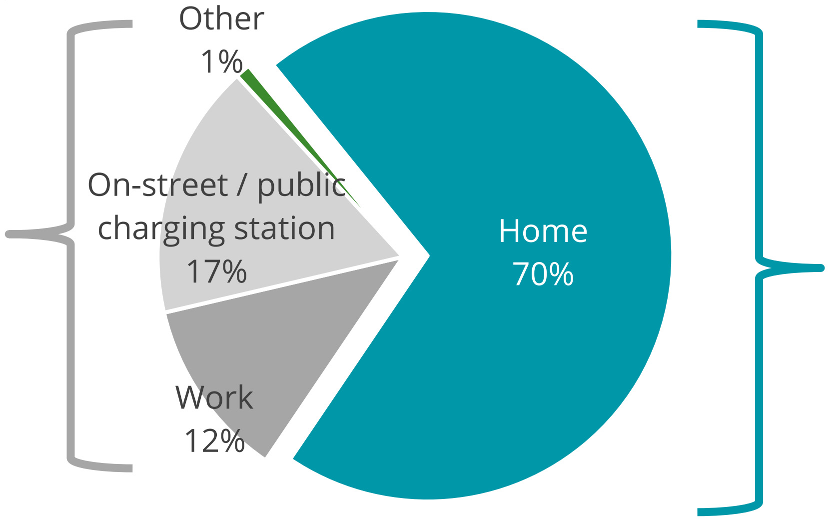
Sample size: [Overall] n=982; [ICE intender] n= 704, [EV intender] n= 228

Most EV intenders plan to charge their vehicle at home by connecting to either a regular power grid or to an alternative power source. Those not intending to charge at home cite high installation costs, opening the door for finance providers to offer solutions.

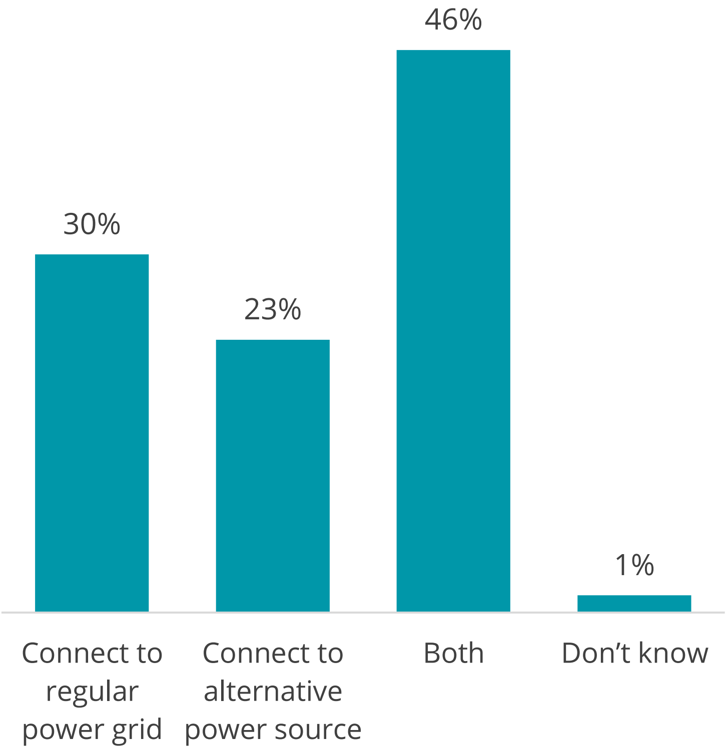
Reasons for not charging an electrified vehicle at home



Expecting to charge electrified vehicle most often at…



Intending to charge electric vehicles at home using…



Q43: Where do you expect to charge your electrified vehicle most often?; Q44: How do you intend to charge your electrified vehicle at home?; Q45: What is the main reason you do not intend to charge your electrified vehicle at home?

Sample size: n= 101 [Q43]; 71 [Q44]; 30 [Q45]

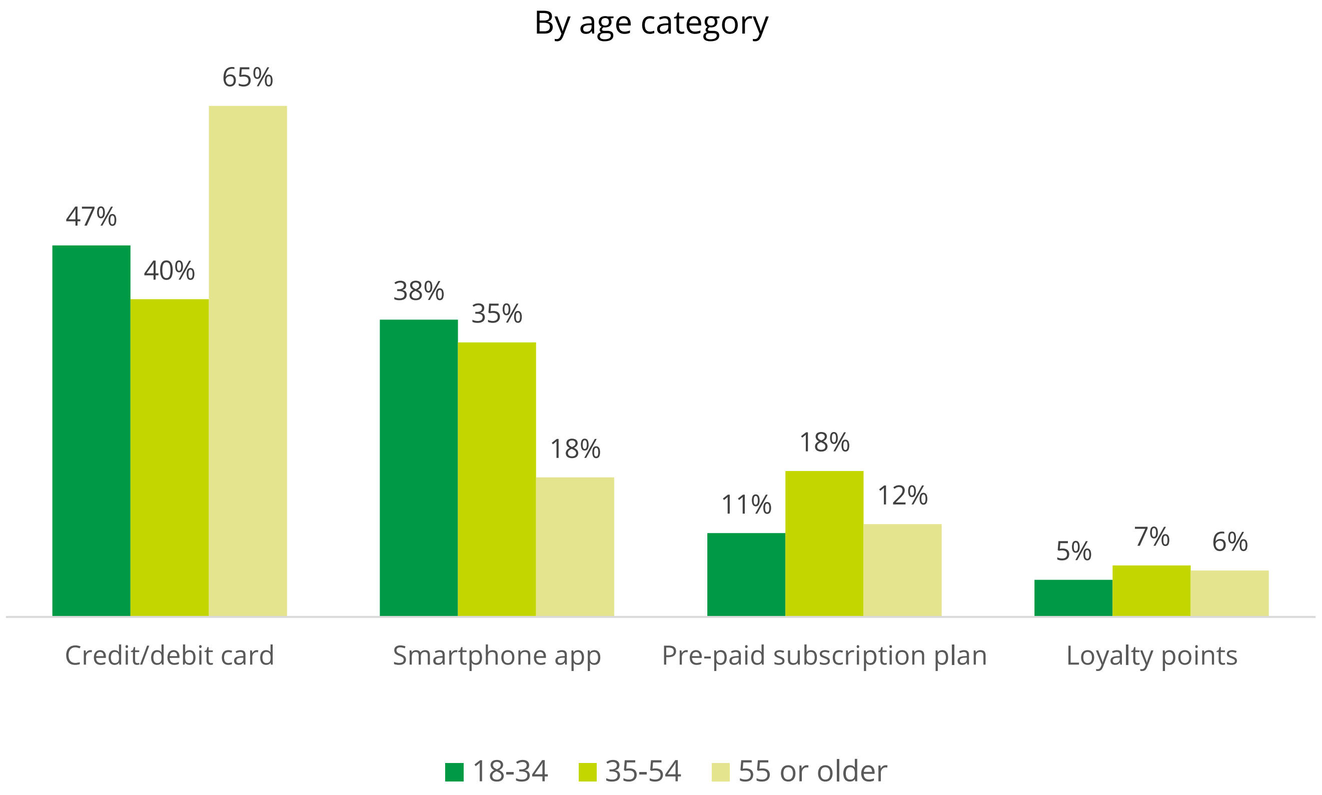
SOUTH AFRICA

Across all age groups, consumers would prefer to pay for public EV charging via credit/debit card payments, signaling the need for standardizing the public charging experience to maximize utility and convenience.

Most preferred way to pay for public EV charging

Overall

Credit/debit card	48%
Smartphone app	32%
Pre-paid subscription plan	14%
Loyalty points	6%
Other	0%

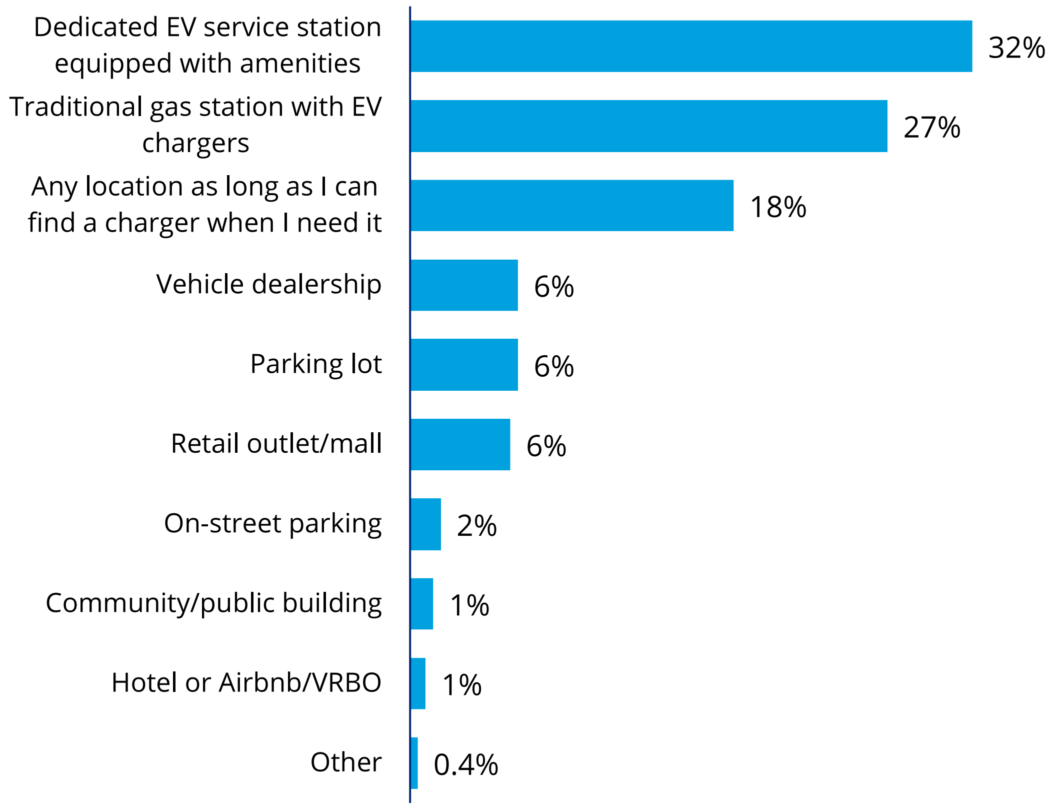


Q49: How would you most prefer to pay for public EV charging?

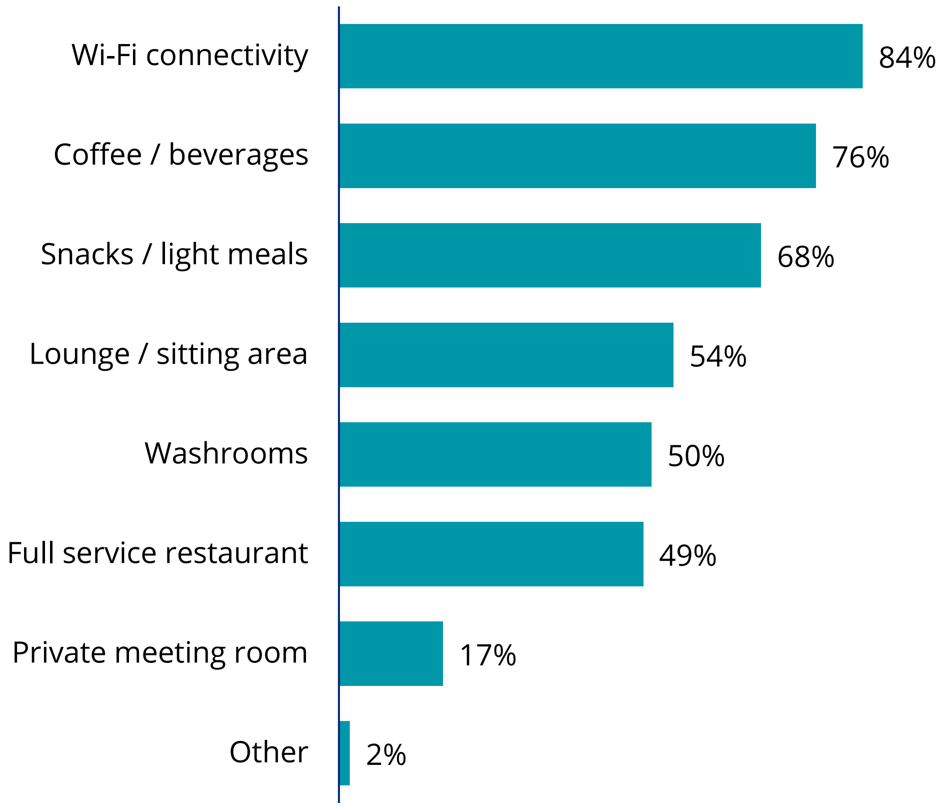
Sample size: n=228 [Overall]; 85 [18-34], 92 [35-54], 51 [55+]

More consumers would prefer a dedicated EV charging station with amenities such as Wi-Fi connectivity and quick beverages.

Public locations that the consumers would prefer to charge their EV when they are away from their home



Type of amenities that the consumers want to have access to while their vehicle is charging at a public location



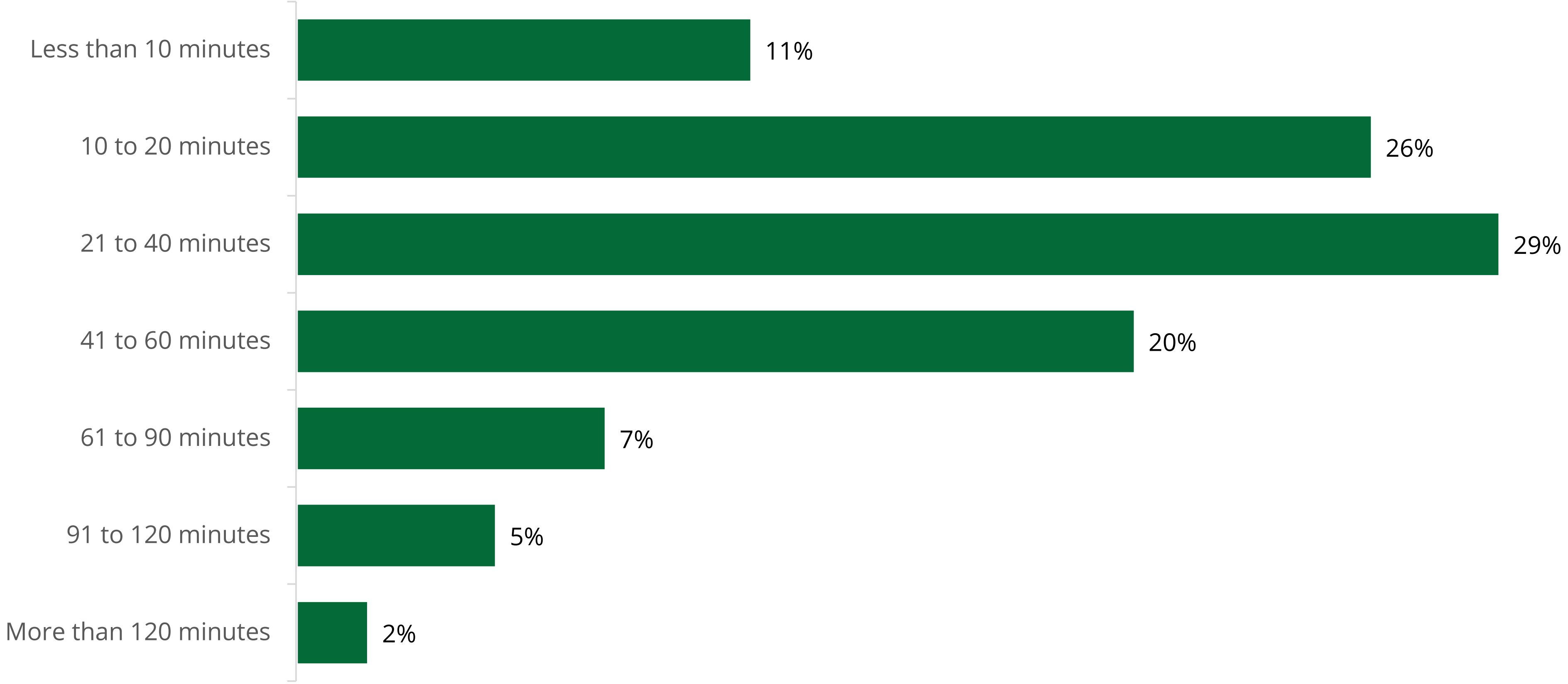
Note: Sum of the percentages in the right-side chart exceed 100% as respondents can select multiple options

Q46: Which of the following public locations makes the most sense to charge your EV when you are away from home?
Q48: What type of amenities would you want to have access to while your vehicle is charging at a public location?

Sample size: n= 228 [Q46]; 228 [Q48]

More than half of surveyed consumers would wait between 10 and 40 minutes for their vehicle to charge from empty to 80% at a public charging station, challenging conventional wisdom that matching the fossil fuel experience is “table stakes”.

Expected wait time to charge an EV at public charging stations from empty to 80%



Q47: How long would you expect it to take to charge your EV from empty to 80% at a public charging location?

Sample size: n= 228

SOUTH AFRICA

Only a quarter of consumers looking to purchase a BEV are concerned about the residual value of the vehicle.

Percentage of consumers who are concerned about the resale/residual value of an all battery-powered electric vehicle (BEV)

	Overall
Not concerned	**31%**
Neutral	**44%**
Concerned	**25%**

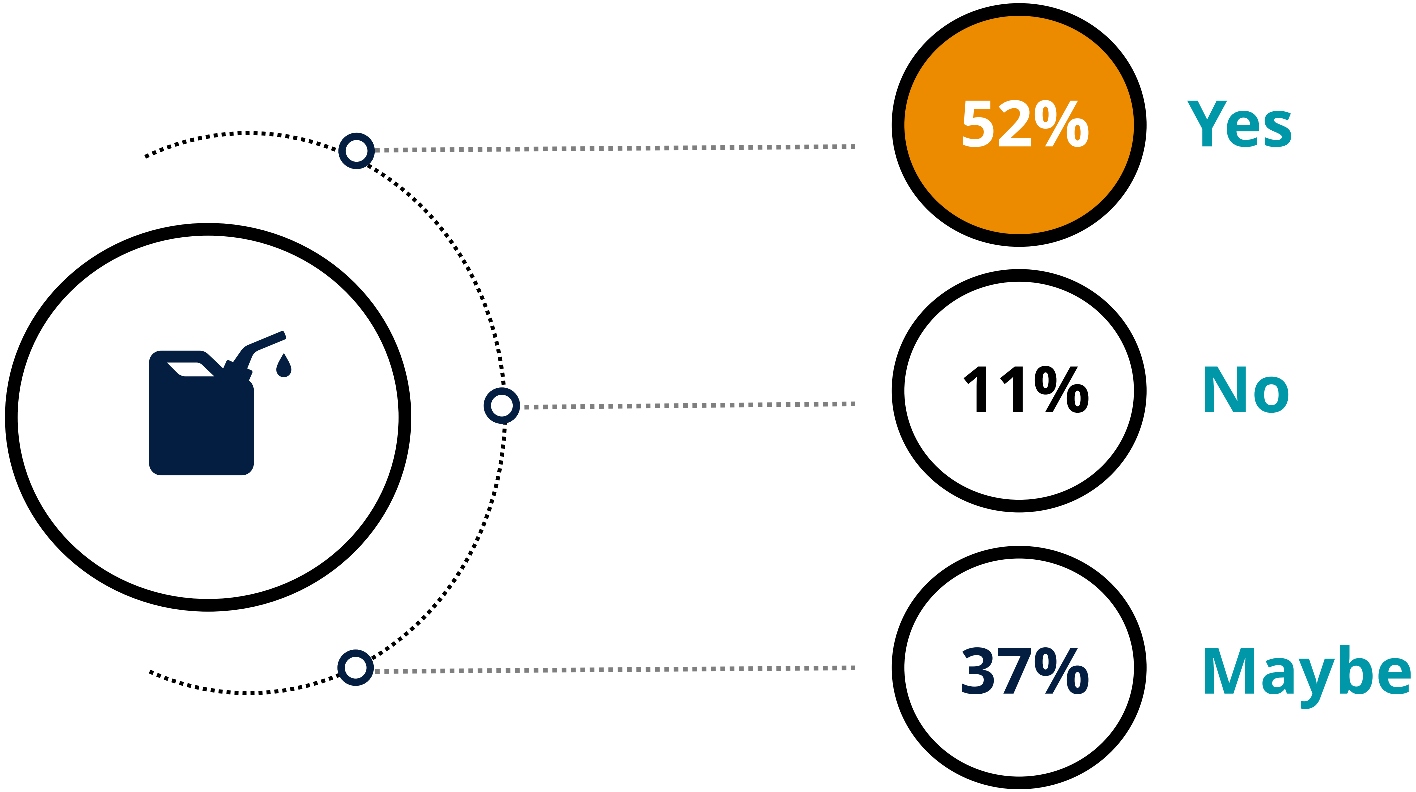
Note: Used includes nearly new/certified pre-owned and other used vehicles.

Q50: To what extent are you concerned about the resale/residual value of an all battery-powered electric vehicle?

Sample size: n= 16

Half of consumers would rethink their decision to purchase an EV if an environmentally sustainable, synthetic combustion fuel was available.

Percentage of consumers who would rethink an EV purchase if an environmentally sustainable, synthetic fuel alternative was available for traditional (ICE) engines



52% Yes

11% No

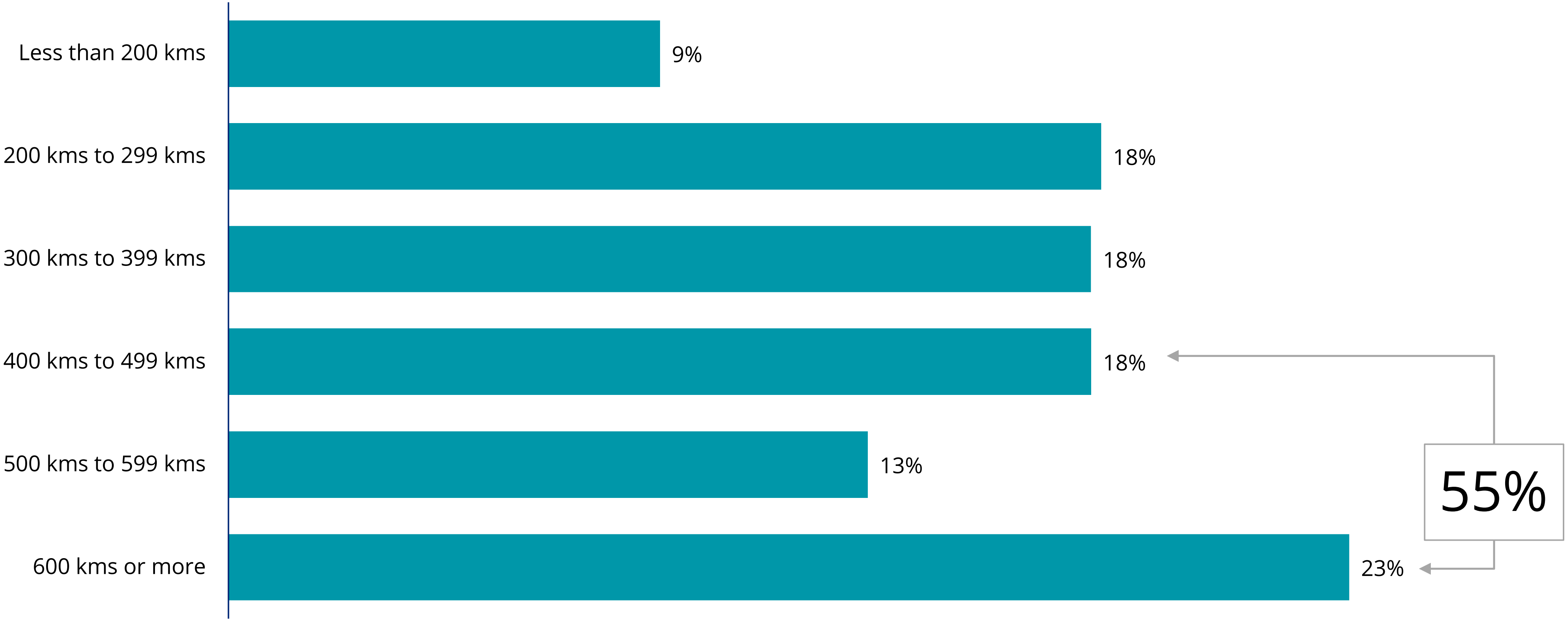
37% Maybe

Q42: In a scenario where an environmentally sustainable, synthetic fuel alternative (i.e., carbon-neutral gas) that would work in traditional internal combustion engines was readily available, would you rethink your decision to purchase an EV?

Sample size: n= 228

More than half of non-BEV intenders would require a fully charged BEV to have a driving range of at least 400 kms in order to consider one as a viable option for their next vehicle.

Consumer expectations regarding BEV driving range



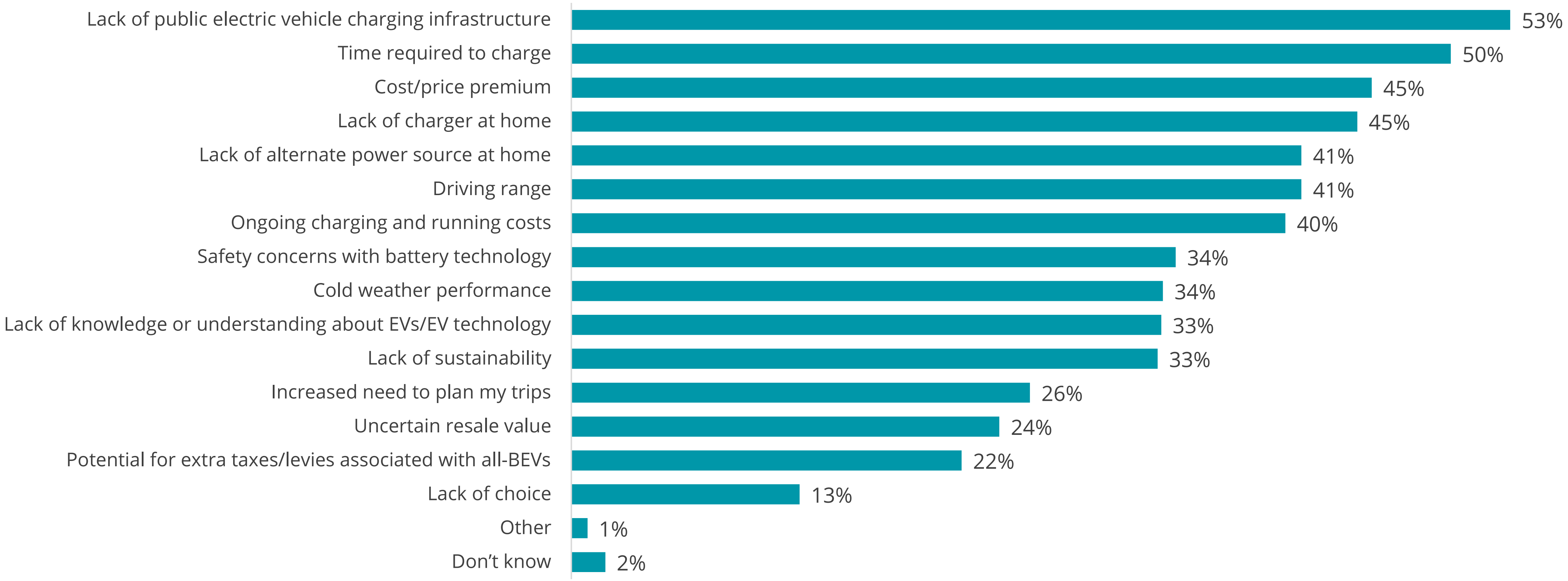
Q52: How much driving range would a fully charged all-battery electric vehicle need to have in order for you to consider acquiring one?

Sample size: n= 966

SOUTH AFRICA

More than half of surveyed consumers cite a lack of publicly available charging infrastructure as the biggest hurdle to BEV penetration, underlining the need for public-private investment.

Greatest concern regarding all battery-powered electric vehicles



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

Q51: What are your biggest concerns regarding all battery-powered electric vehicles? Please select all that apply.

Sample size: n= 982

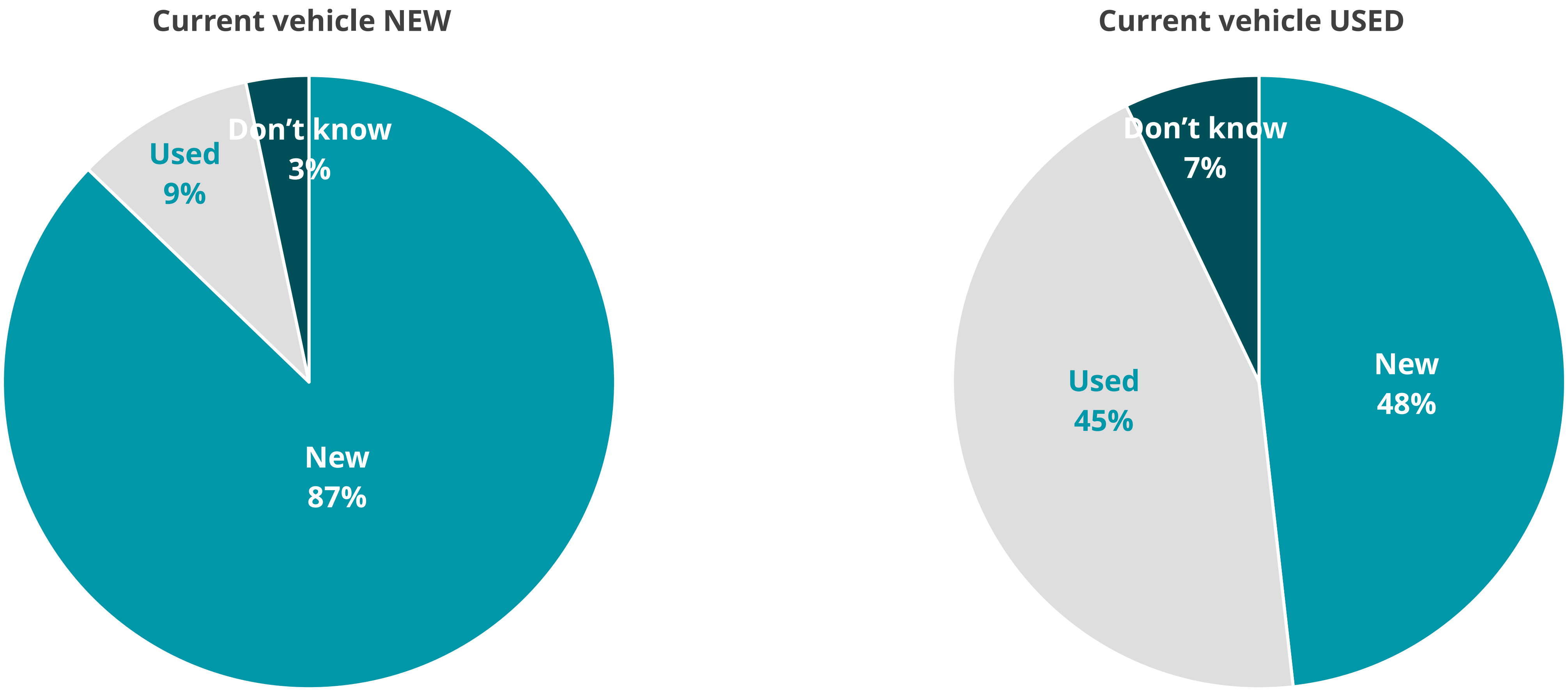
SOUTH AFRICA

2

Future vehicle intentions

Nearly 9 in 10 owners who acquired their current vehicle new intend to buy a new vehicle again while half of consumers who acquired their vehicle used said the same.

Next vehicle type by current vehicle type

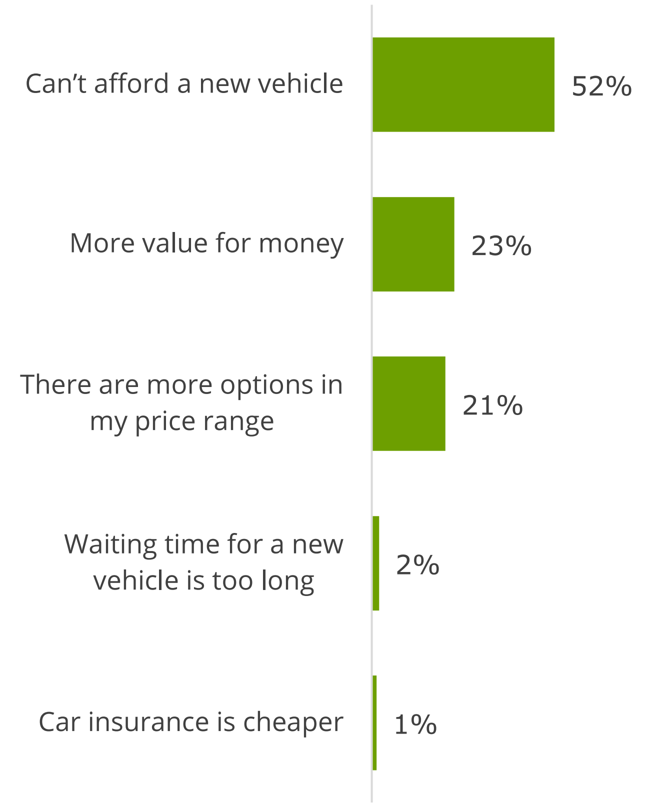


Q30. Will your next vehicle be new or used?

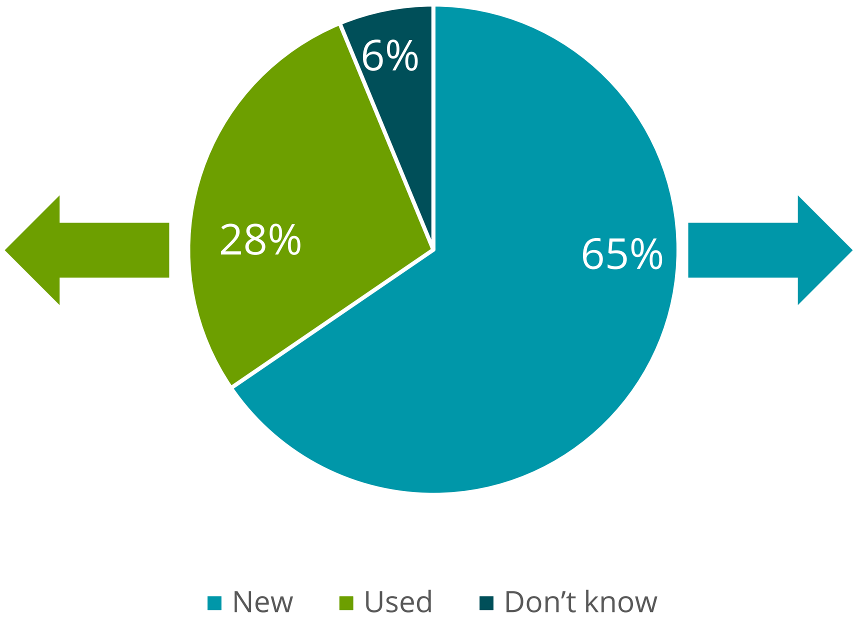
Sample size: n= 453 [New], 421 [Used]

Reliability is the primary reason for choosing a new vehicle. Those planning to buy used cite affordability as the main reason.

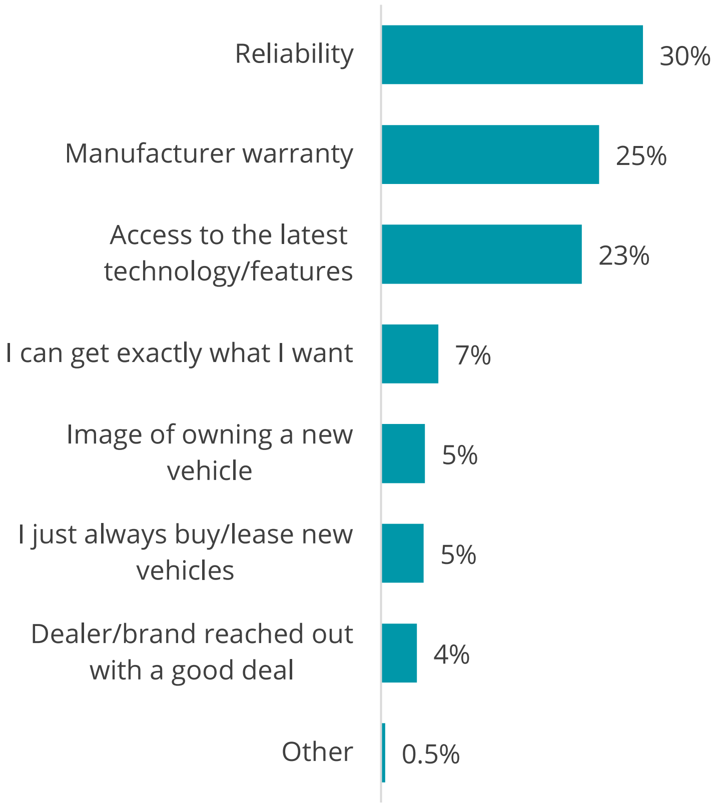
Reasons for choosing used vehicle



Kind of next vehicle



Reasons for choosing new vehicle



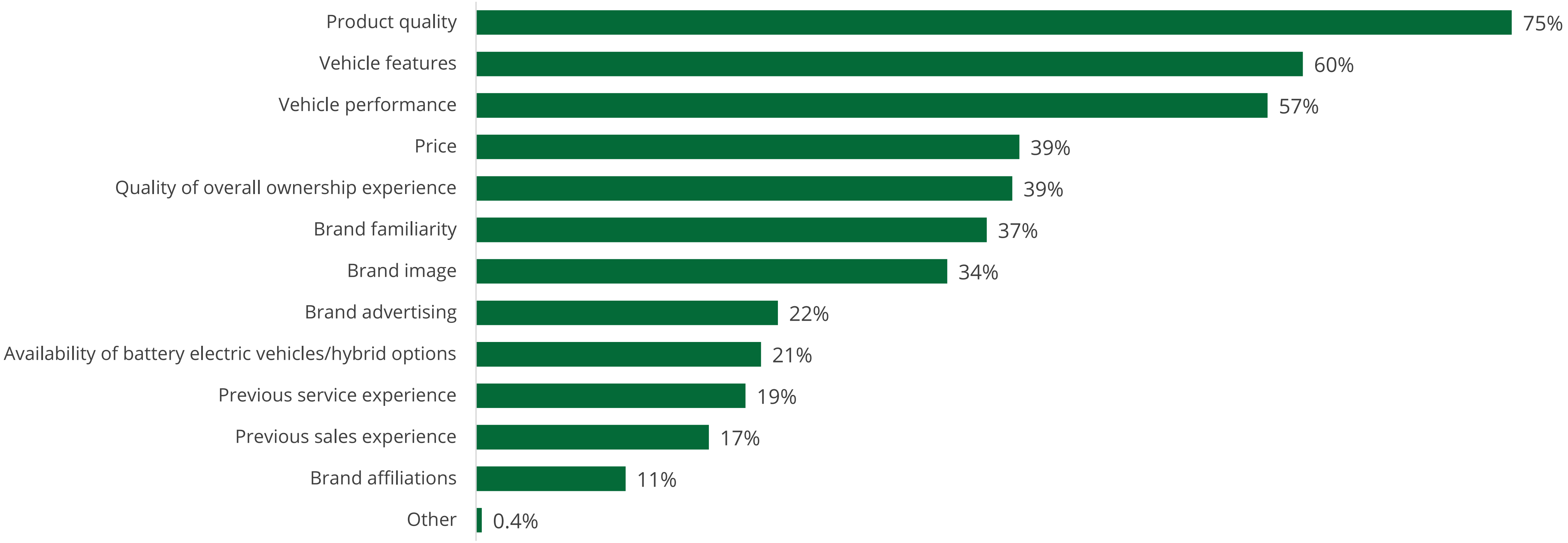
Note: Used includes nearly new/certified pre-owned and other used vehicles.

Q30: Will your next vehicle be new or used?; Q31/32: Considering your intent to buy a new/used vehicle, why is this preferred?

Sample size: n= 993 [Q30]; 650 [Q31]; 281 [Q32]

Vehicle product quality is the defining factor for consumers when choosing one brand over another. The availability of EV options rates much lower in terms of importance.

Most important factors driving the choice of brand for your next vehicle



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

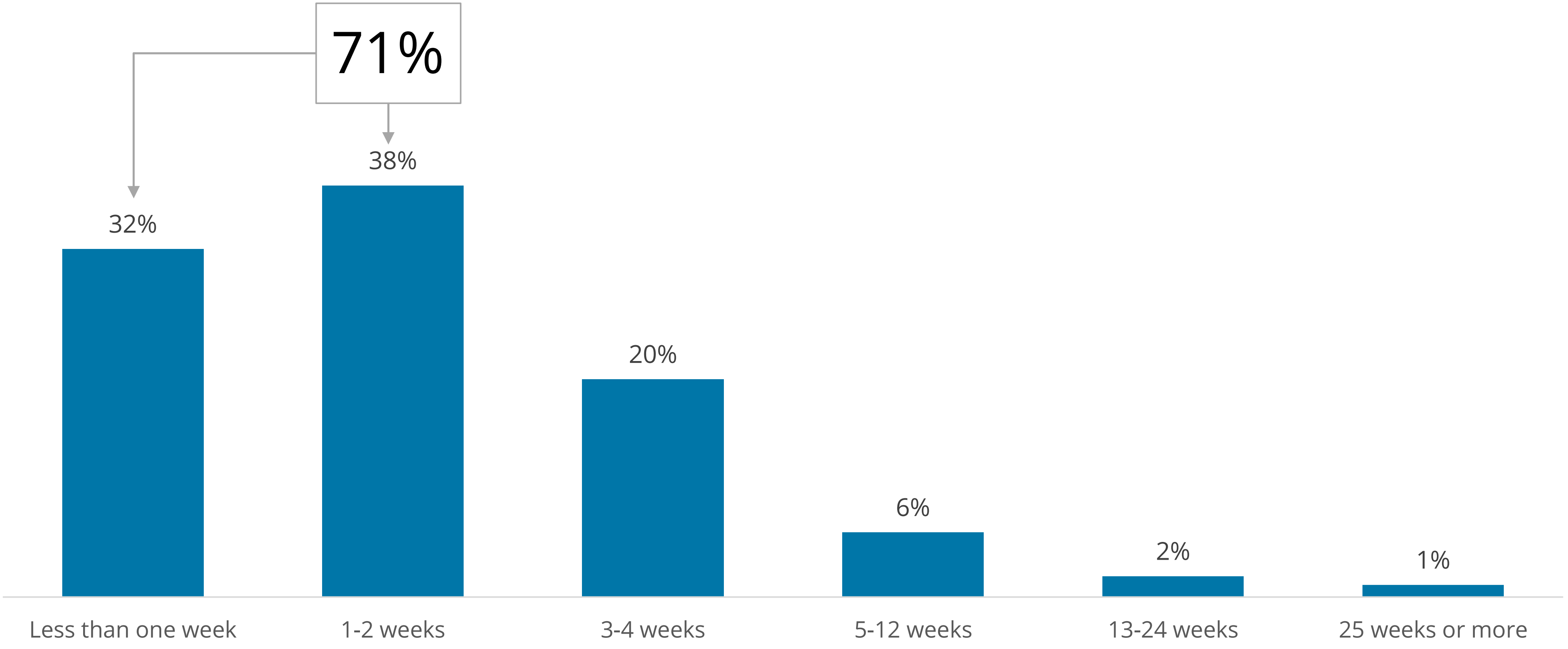
Q35. What are the most important factors driving the choice of brand for your next vehicle? (Please select all that apply).

Sample size: n= 982

SOUTH AFRICA

Although consumers in many global markets are shifting their expectations regarding new vehicle delivery times, South Africans still expect to receive a vehicle in under two weeks.

Acceptable length of time to wait for delivery of next vehicle

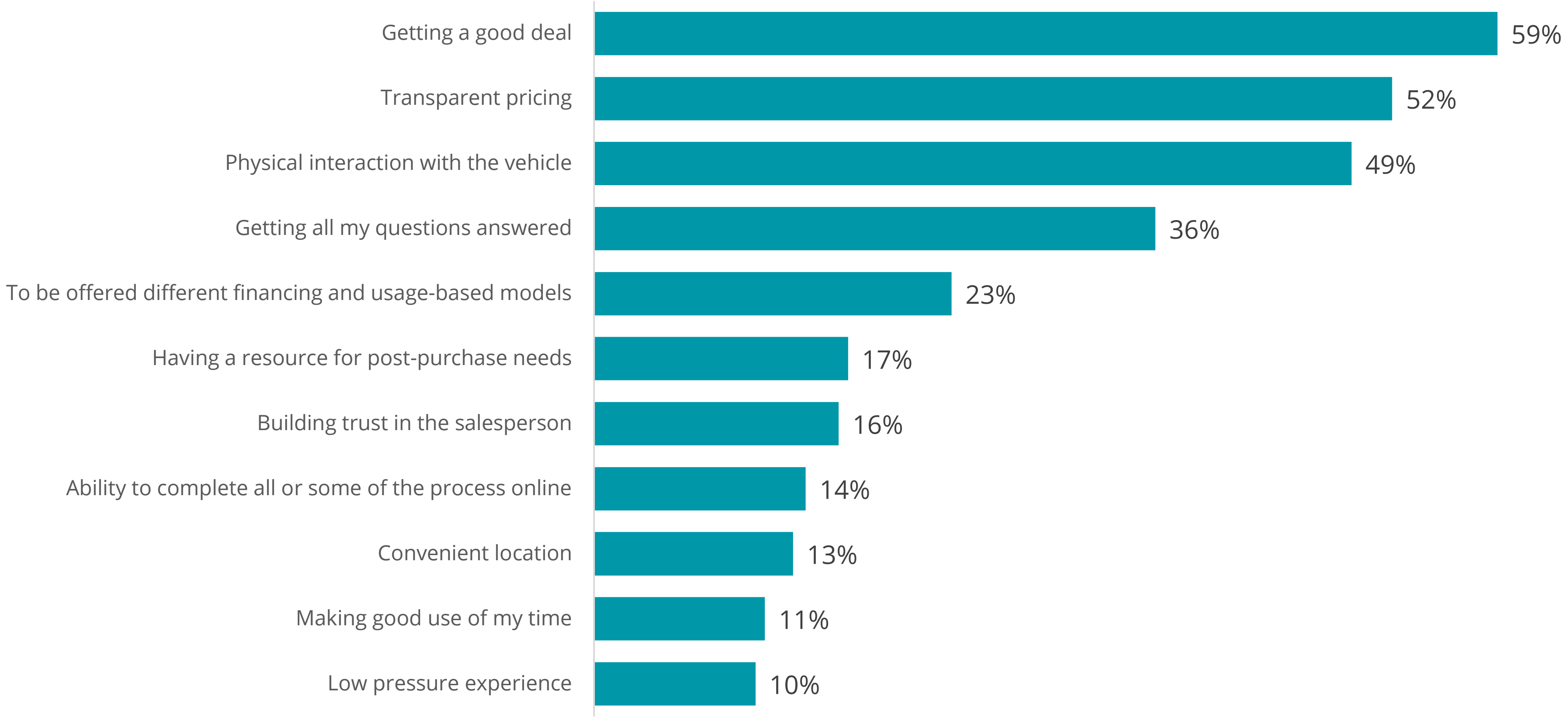


Q37: In your opinion, what is an acceptable length of time to wait for delivery of your next vehicle if it meant you got exactly what you wanted (i.e., features, color, etc.)?

Sample size: n= 982

Some things never change as consumers still want a good deal with transparent pricing and physical interaction before they commit to buying a vehicle.

Most important aspects of the vehicle purchase experience



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

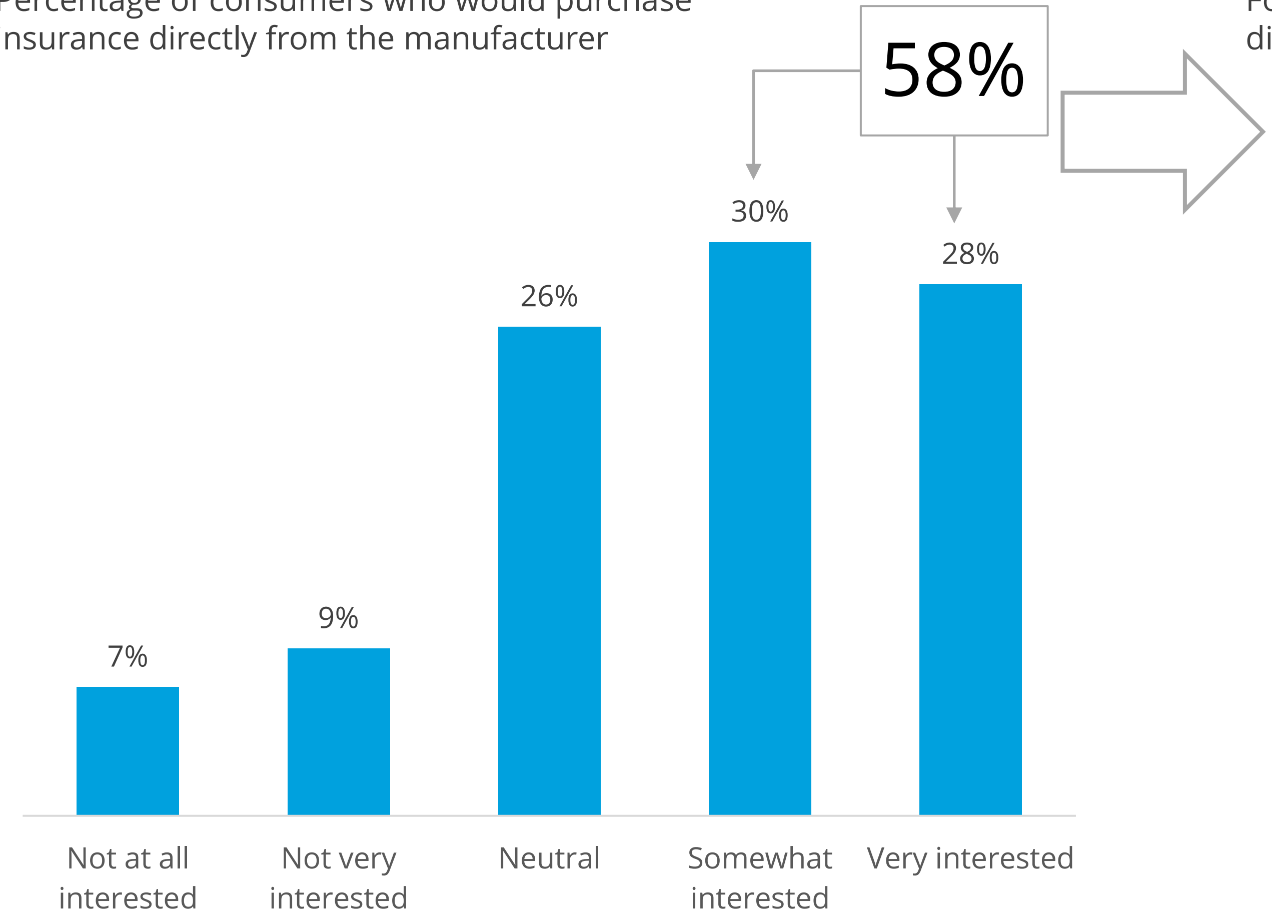
Q59: When looking to acquire your next vehicle, what are the top three most important aspects of the purchase experience?

Sample size: n= 982

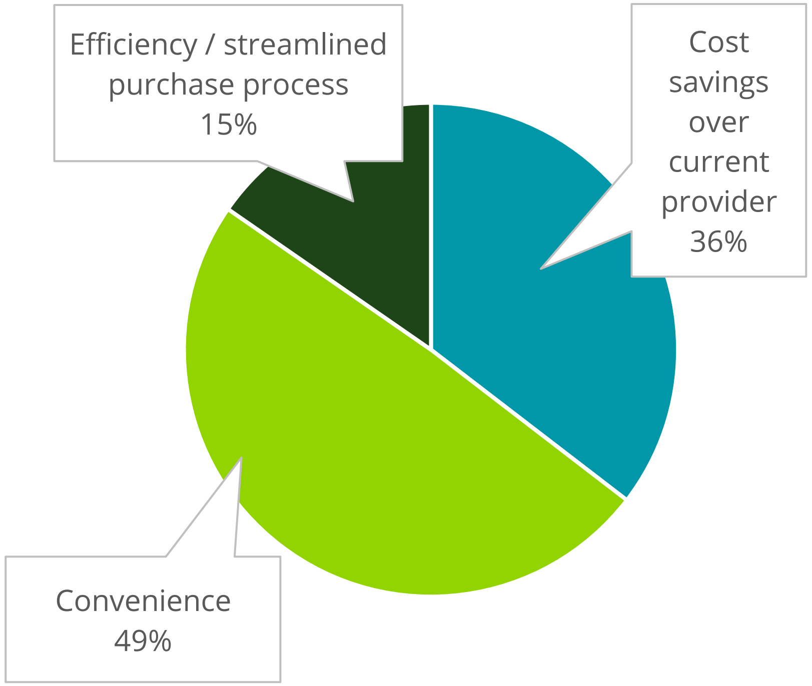
SOUTH AFRICA

OEMs are looking at every potential profit pool going forward, including bringing insurance products in-house, signaling a significant disruption for 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..



Q60: The next time you acquire a vehicle, how interested would you be in purchasing insurance directly from the vehicle manufacturer?
Q61: What do you expect the primary benefit of buying insurance directly from the manufacturer to be?

Sample size: n= 982 [Q60]; 574 [Q61]

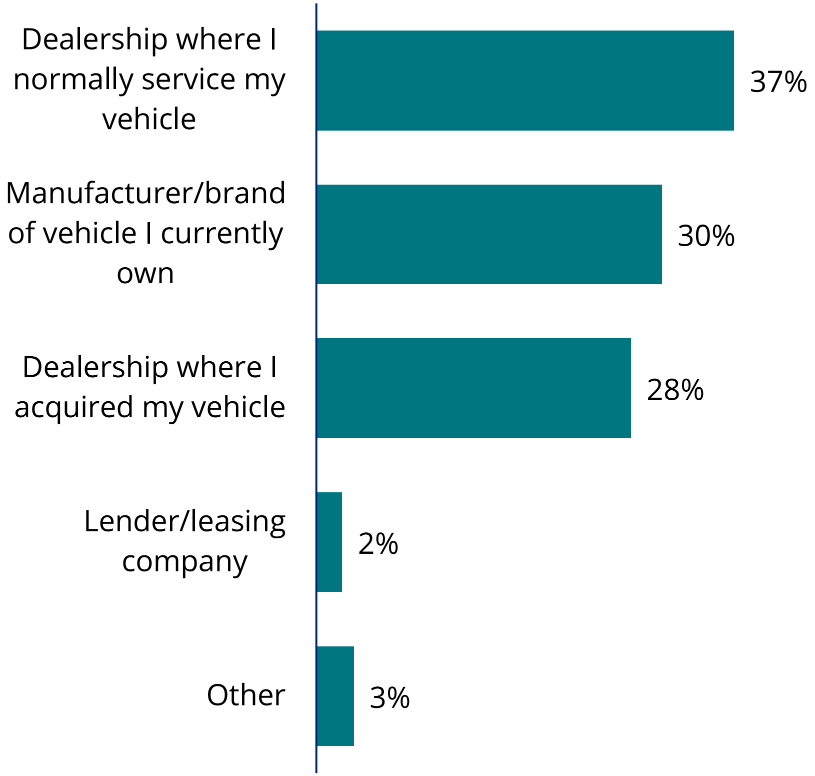
3

Vehicle brand and service experience

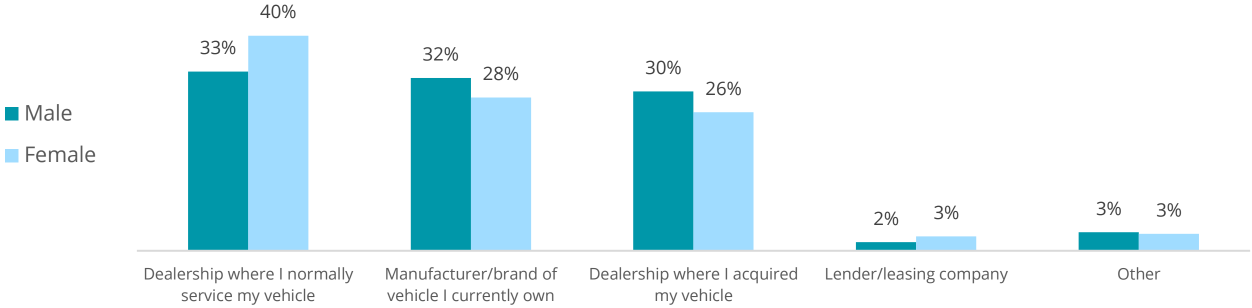
Consumer trust is split between the dealer (selling or servicing) and the manufacturer, signaling the importance each stakeholder has in the customer relationship.

Consumers have the most trusted relationship with…

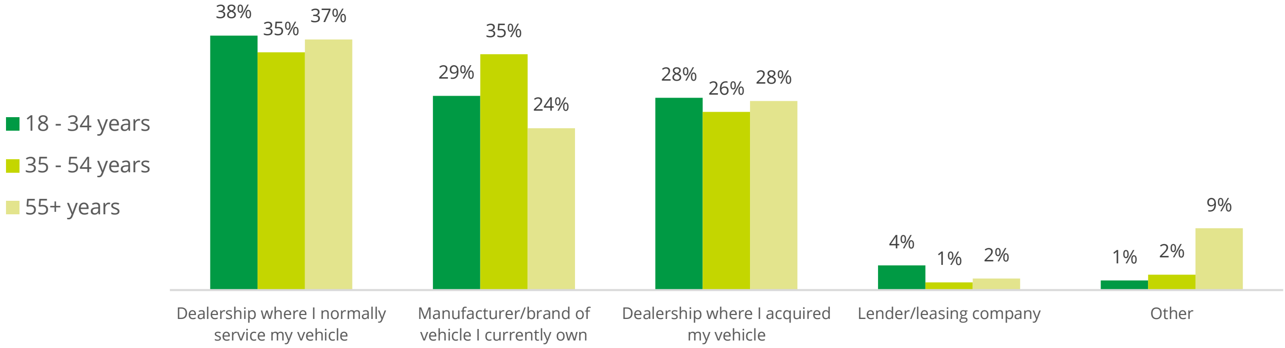
Overall



By gender



By age group

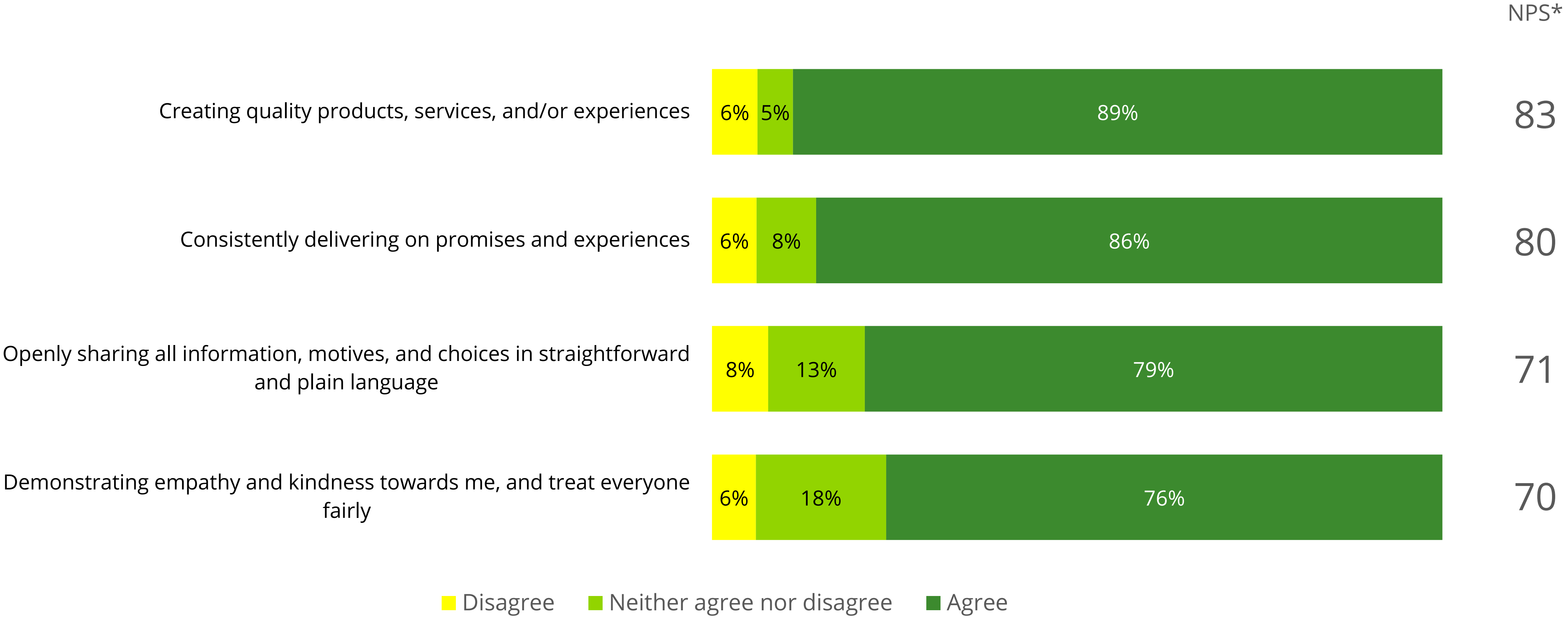


Q27: With whom do you have the most trusted relationship?

Sample size: n= 885 [Overall]; 436 [Male], 443 [Female]; 358 [18-34], 352 [35-54], 175 [55+]

While 9 in 10 consumers believe that their vehicle brands create quality products and services, significantly fewer people believe OEMs demonstrate transparency and/or empathy.

Consumer opinions on the brand of vehicle they currently own



Note: Disagree includes strongly disagree, disagree, and somewhat disagree values; Agree includes strongly agree, agree, and somewhat agree values.

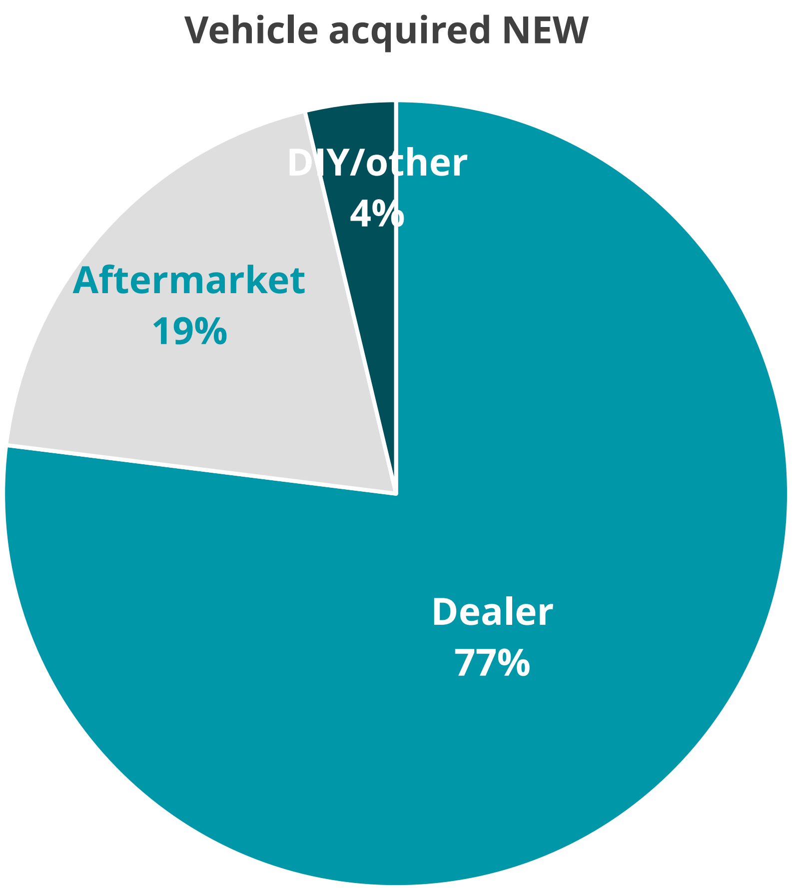
Q18: To what extent do you agree or disagree with the following statements relative to the brand of vehicle you currently own?

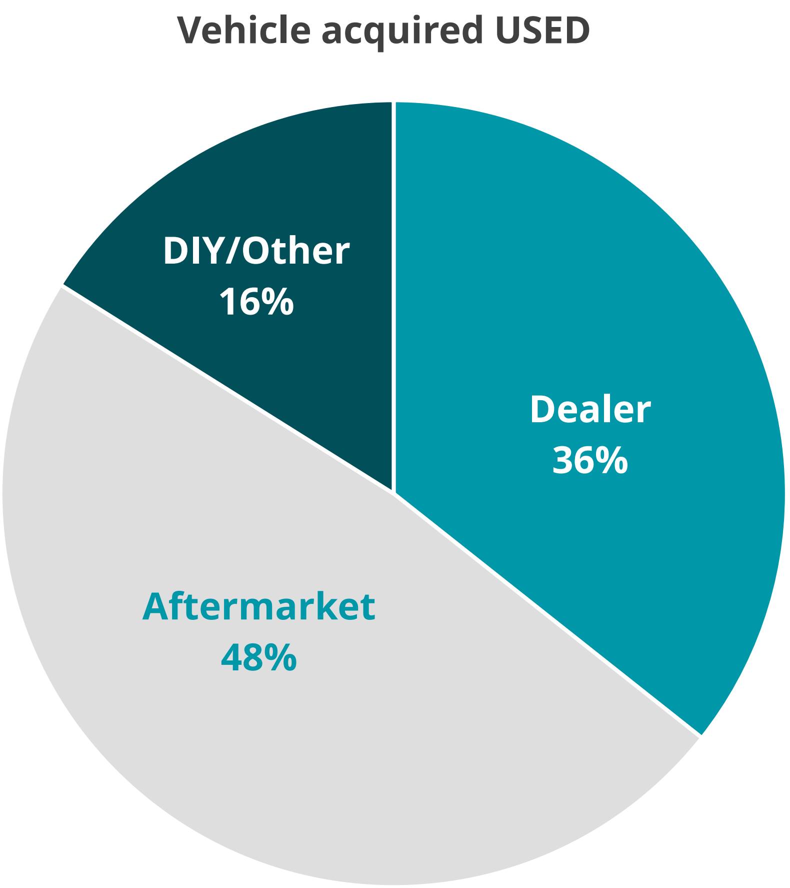
Sample size: n= 885

SOUTH AFRICA

Nearly 8 in 10 consumers who originally acquired their vehicle new routinely take it back to the dealer for service, whereas slightly more than one-third of used vehicle owners do the same.

Preferred vehicle service provider by how current vehicle was acquired



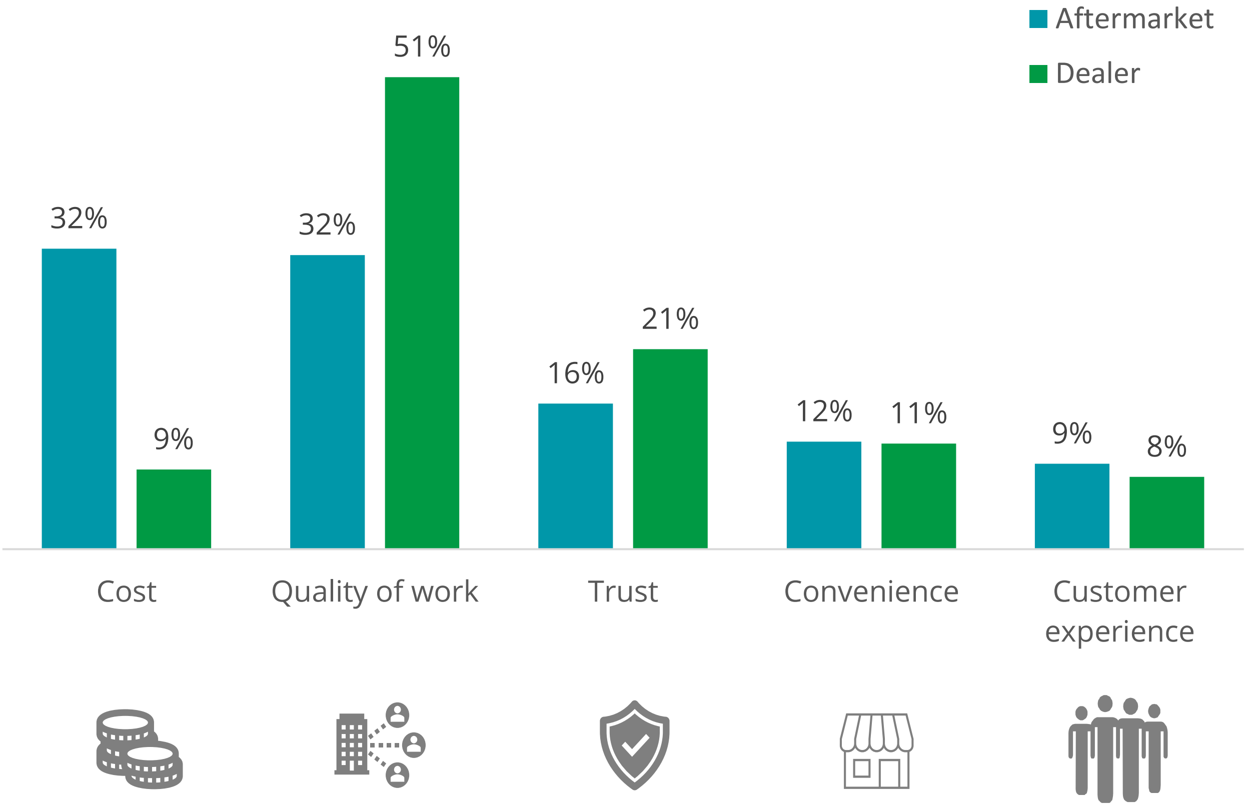


Q24: Where do you normally service your vehicle?

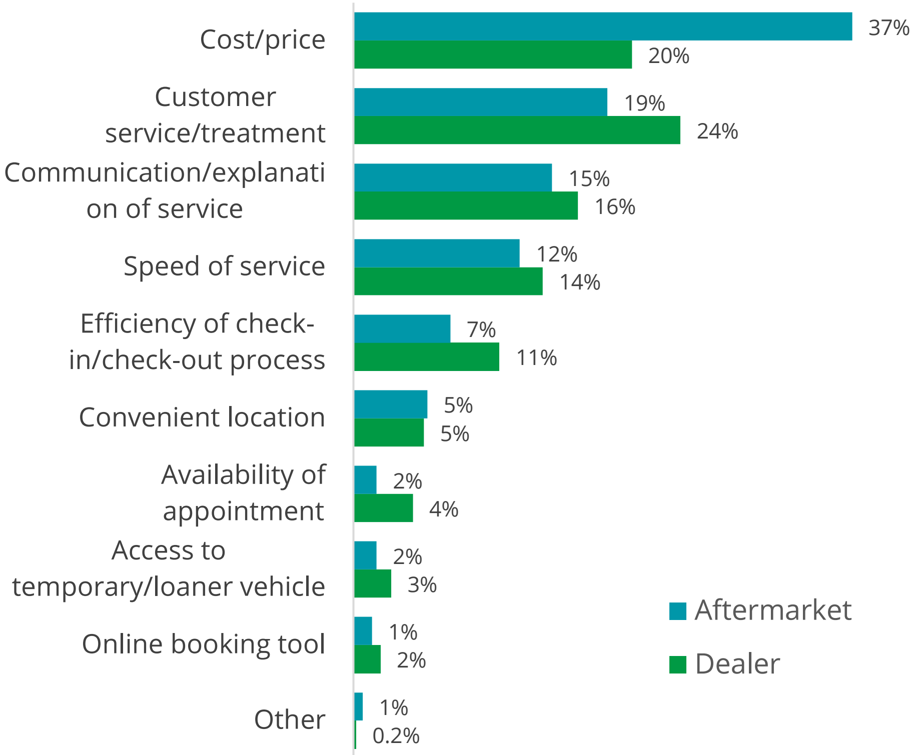
Sample size: n= 456 [New], 429 [Used]

Quality of work is the main reason for consumers when choosing a vehicle service provider. When it comes to the experience, cost and customer service rank at the top.

Reasons for choosing vehicle service provider (by preferred provider)



Most important aspect of the vehicle service experience (by preferred provider)



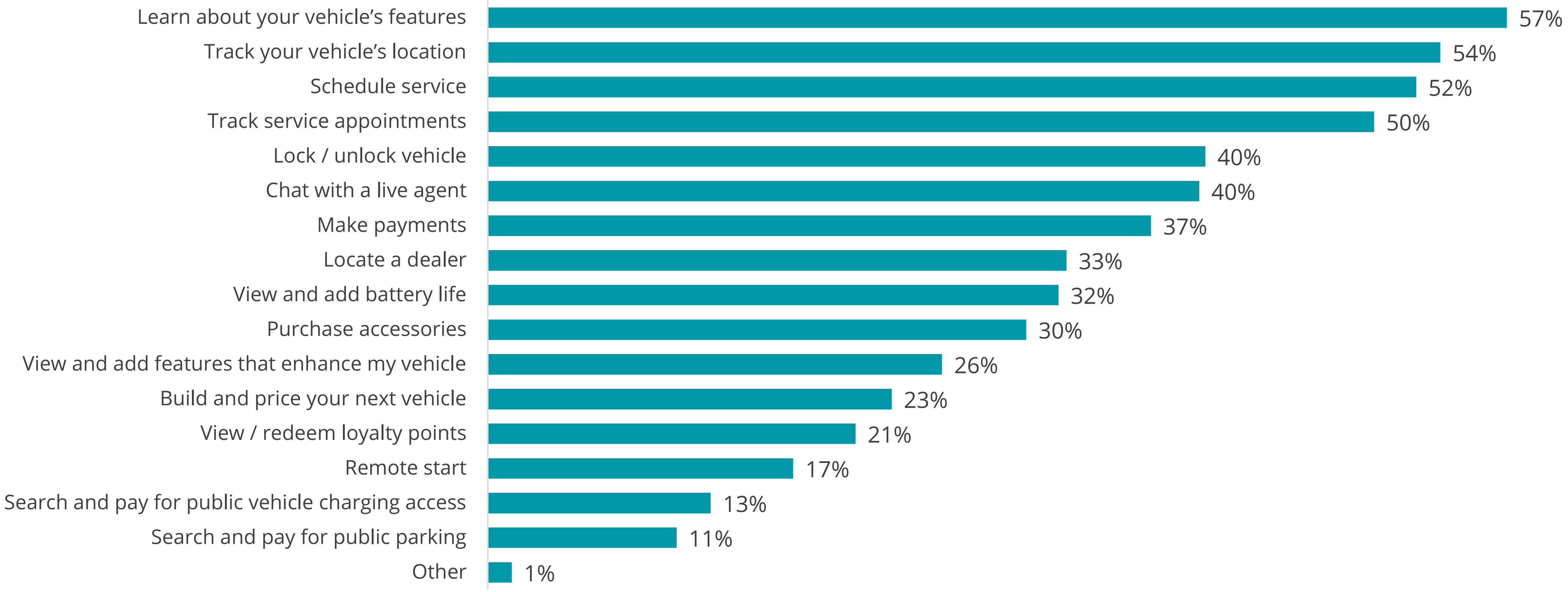
Note: "Other" reasons not shown for choosing a vehicle service provider

Q25: What is the most important reason for your preferred choice of vehicle service provider?; Q26: What is the most important aspect of a vehicle service experience?

Sample size: n= Dealer [504], Aftermarket [295] for Q25 and Q26

Consumers most prefer to access features/applications that help them learn about their vehicle's features, track the vehicle's location, and schedule/track service appointments.

Important features of a vehicle brand app



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

Q28: What are the most important features of a vehicle brand app? Please select all that apply.

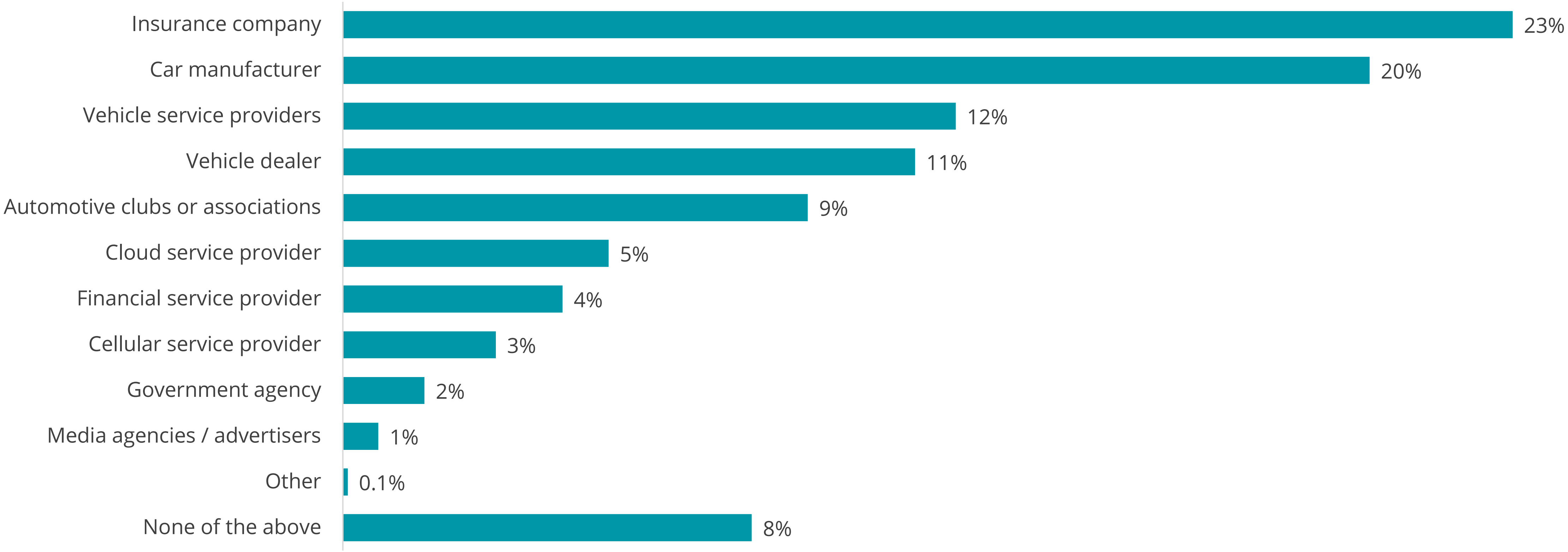
Sample size: n= 885

4

Connectivity

Surveyed consumers trust insurance firms and OEMs the most to manage data generated by the vehicle.

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

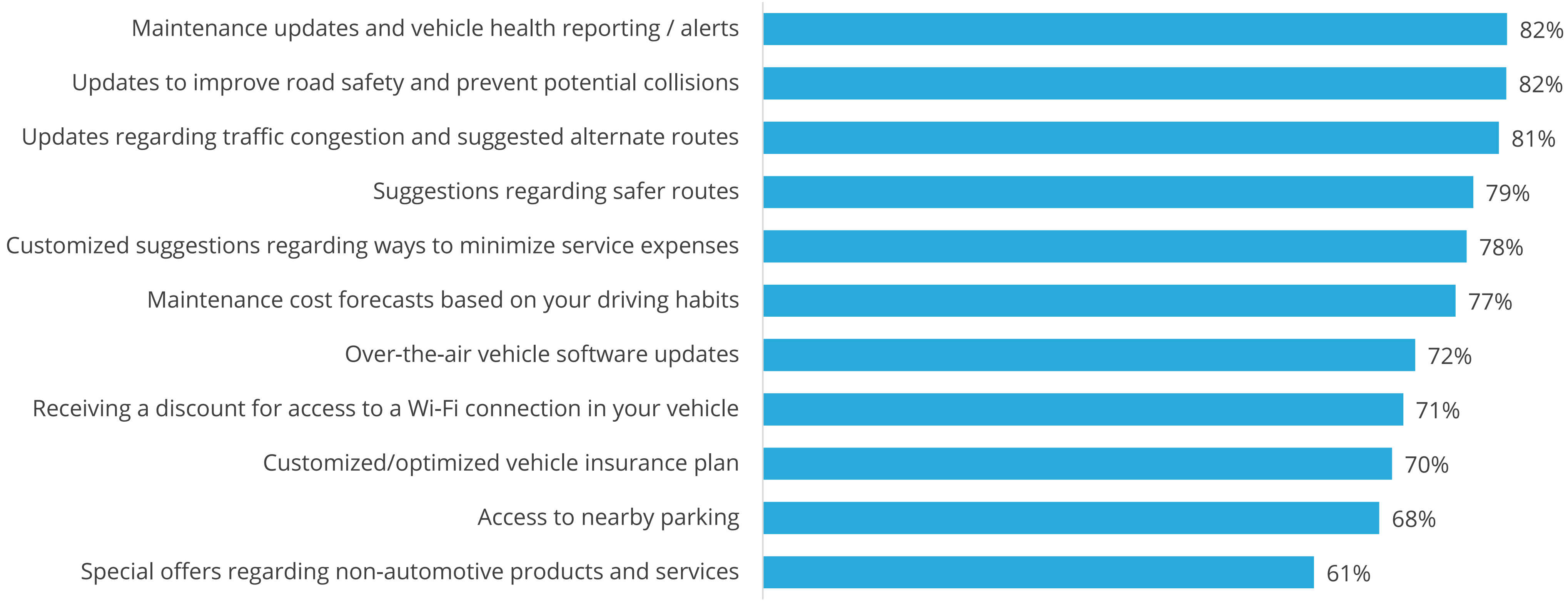


Q57: In a scenario where you owned a connected vehicle, which of the following entities would you most trust to have access to the data your vehicle generates?

Sample size: n= 982

Consumers are ready to share PII* if it helps them with maintenance updates, traffic/road safety updates, and suggestions for alternate routes.

Consumer opinions on benefits of connected vehicles



*Personally identifiable information.

Q55: 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?

Sample size: n= 982

SOUTH AFRICA

At the same time, 6 in 10 consumers are concerned if data related to the vehicle's location and/or usage of connected services is shared.

Percentage of consumers concerned by sharing data with vehicle manufacturer, dealer, insurance company, and/or other third parties

Q56: As vehicles become more and more connected to the internet, how concerned would you be if the following types of data were shared with your vehicle manufacturer, dealer, insurance company and/or other third parties?

Sample size: n= 982

SOUTH AFRICA

Consumers would prefer to pay for connected vehicle features and technology either upfront or on a per use basis, representing a challenge for OEMs looking to build new revenue streams via digital subscription services.

Preferred way to pay for additional connectivity technologies

39%	Up front as part of the vehicle purchase price
32%	Charged on a per use basis
29%	As part of a monthly service to which I subscribe

Vehicle buyers prefer to pay for added tech features upfront

Q58: How would you prefer to pay for additional connectivity technologies in your vehicle?

Sample size: n= 982

5

About the study

About the study

Survey timing

September 22 to September 29, 2022

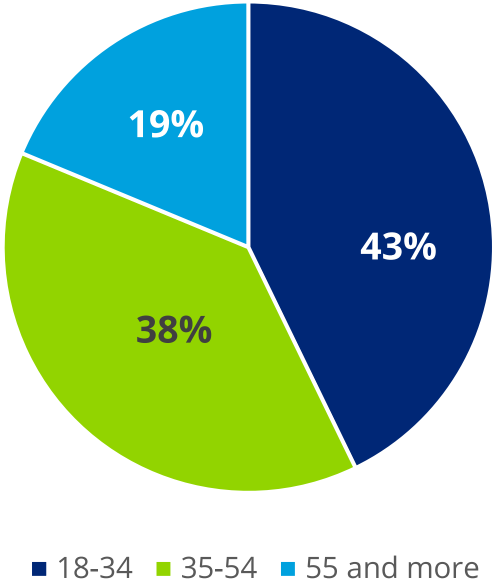
Sample

The survey polled a sample of 1,014 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 (translated into local languages) via email.

Age group



Gender

Location

Deloitte.

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Acknowledgments

We would like to thank Srinivasa Reddy Tummalapalli, Srinivasarao Oguri, Dinesh Tamilvanan, Ben Boyer, and Kelly Warner for their important contributions to the research.

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