2018 Deloitte Global Automotive Consumer Study

Navigating the Customer Journey: Canada

September 2018

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.

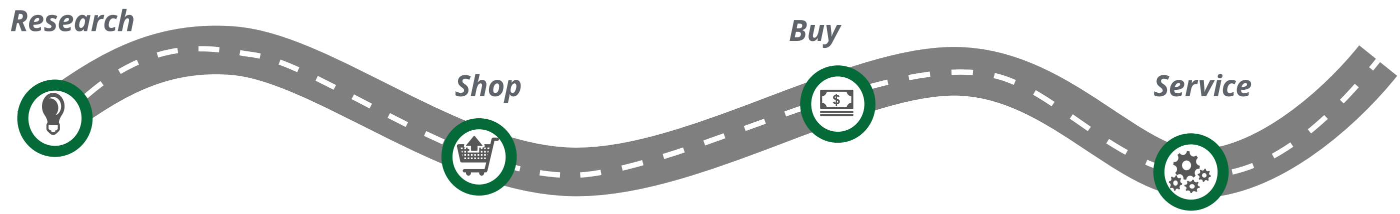
Our Future of Mobility effort began in September 2015 in response to major changes that were starting to disrupt and reshape the global auto industry.

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

Understanding consumers' ownership journey

Each point along the ownership journey can unlock significant opportunities for OEMs and dealers



- Forty percent of consumers **start researching a vehicle purchase less than a month** before they decide to buy
- As a result, OEMs and dealers have relatively **little time to identify, intersect, and influence a purchase decision**
- Consumers are also looking to improve the transparency of the transaction, but **usage of third-party pricing services remains low (13 percent)**
- Friends and family are the most frequent and influential sources of information

- **Most consumers do very little shopping around** before they buy, reinforcing the need for dealers to make the first 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 amount of paperwork, haggling, and the lack of available stock**

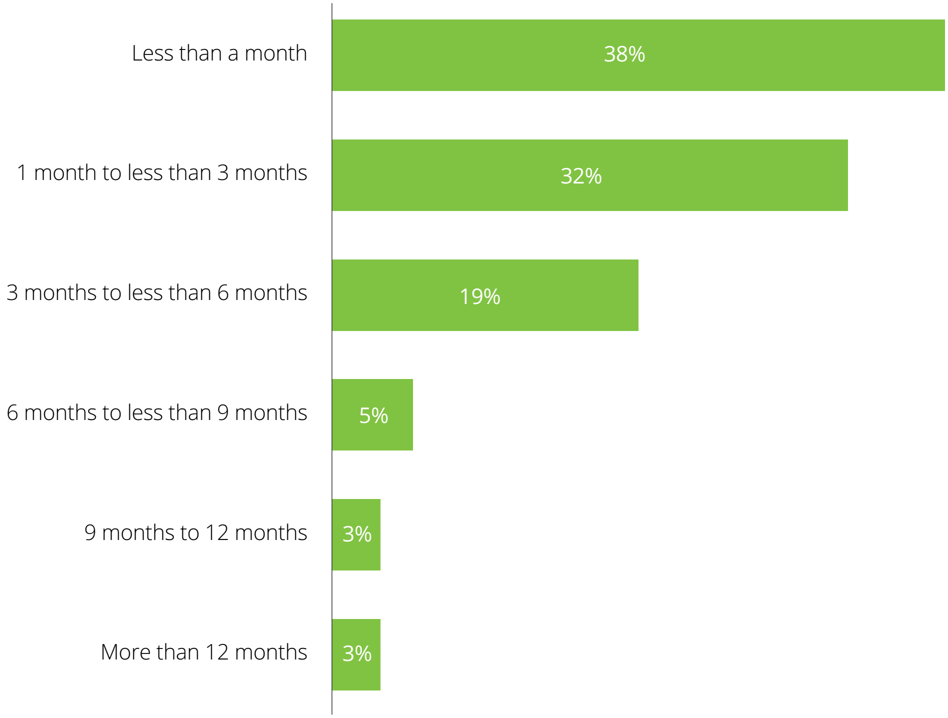
- Manufacturers and dealers are **missing a big opportunity to communicate with their customers** to build effective, long-term relationships and encourage loyalty and advocacy over time
- **Digital touchpoints are only meeting customer expectations,** which presents an opportunity for differentiation in a very crowded market
- Half of Canadian consumers are at least **somewhat interested in the concept of buying direct from the OEM**
- However, there are specific tasks that consumers believe would make it hard to completely forego dealers

How do consumers research a vehicle purchase?

Most consumers start researching 3 months before purchase

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

Duration of research before deciding to acquire current vehicle

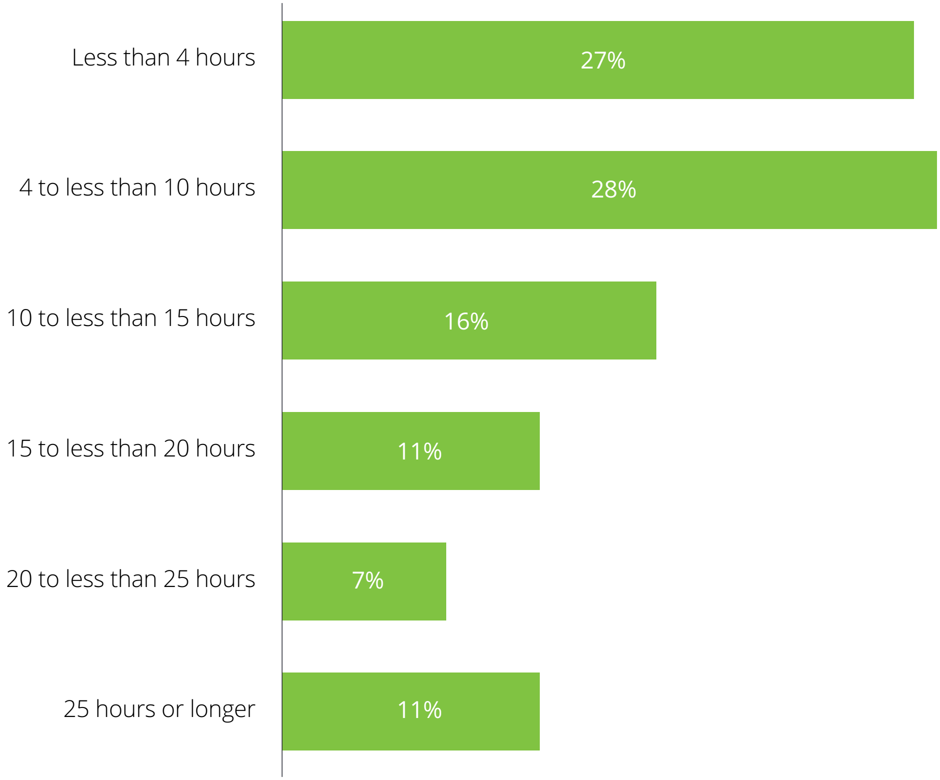


Q10. How long before you made the decision to acquire did you start researching your current vehicle?
Sample size: n=1,050

Consumers don't spend very long researching vehicles

55% of consumers spend less than 10 hours researching vehicles before they make a decision to buy

Time spent by consumers researching vehicles

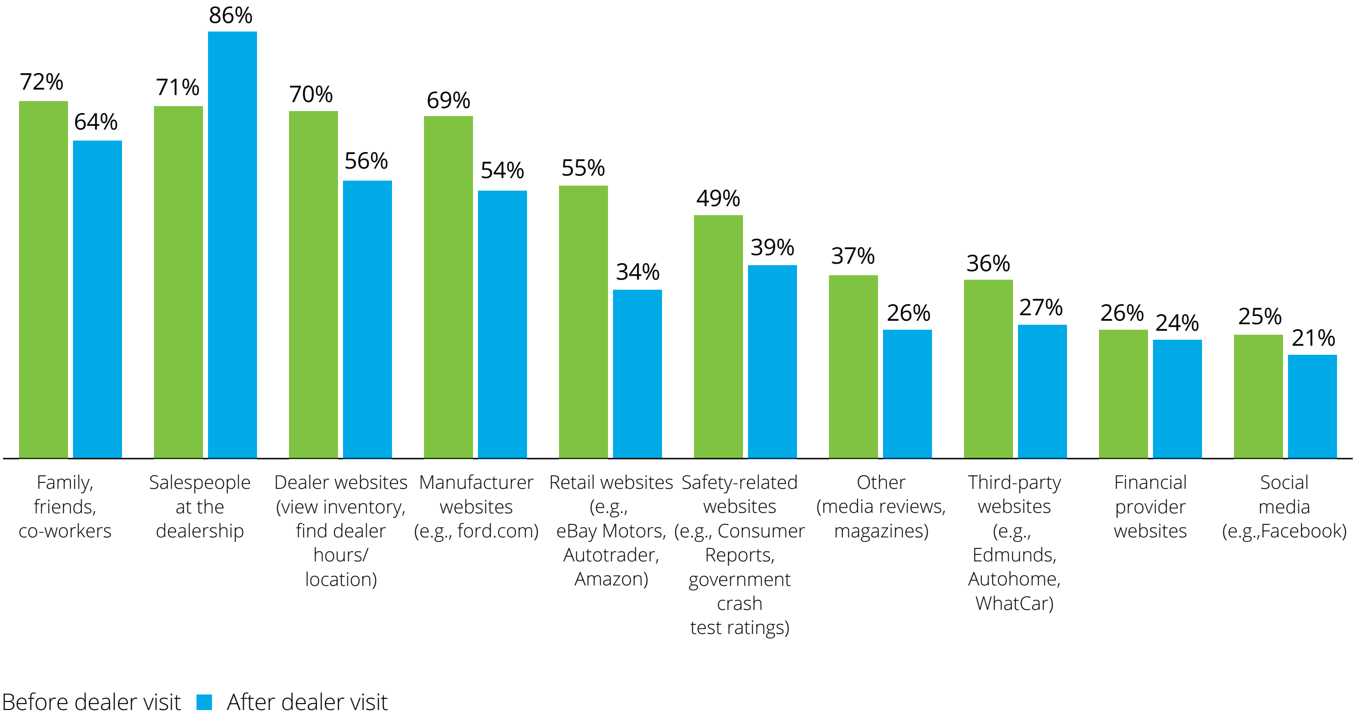


Q13. When considering the acquisition of your current vehicle, how many hours in total would you estimate you spent researching possible vehicles (e.g., through the Internet, consumer publications, automotive magazines, etc.)?
Sample size: n=1,050

Dealer visit helps strengthen trust with the dealer salesperson

After the dealer visit, consumer reliance on dealer sales staff increases, with all other sources being used less often

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

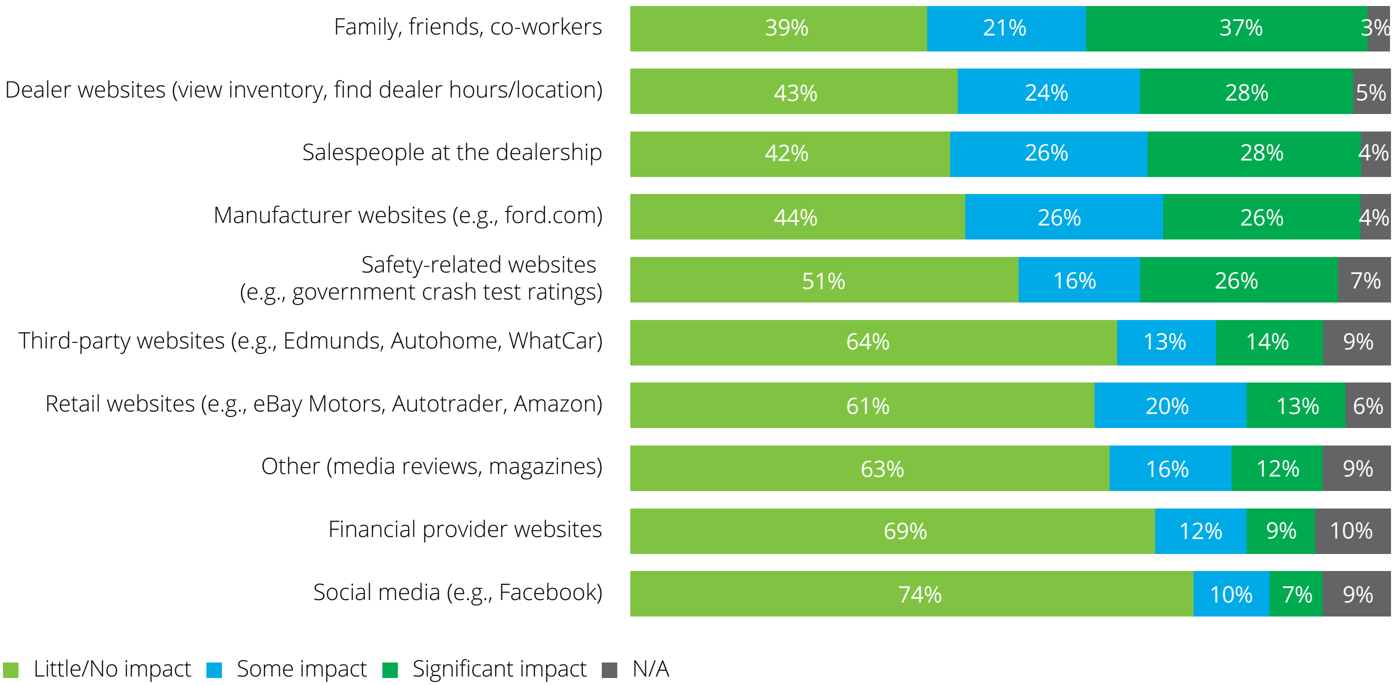


Q11. Before you made the decision to acquire, how many times do you think you accessed each of the following information sources when shopping for your current vehicle?, Q20. After you started visiting dealerships, how many times do you think you accessed each of the following information sources to aid in the shopping process for your current vehicle?
Sample size: n=1,050, 878

Social circle has a significant impact on a vehicle purchase decision

37% 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

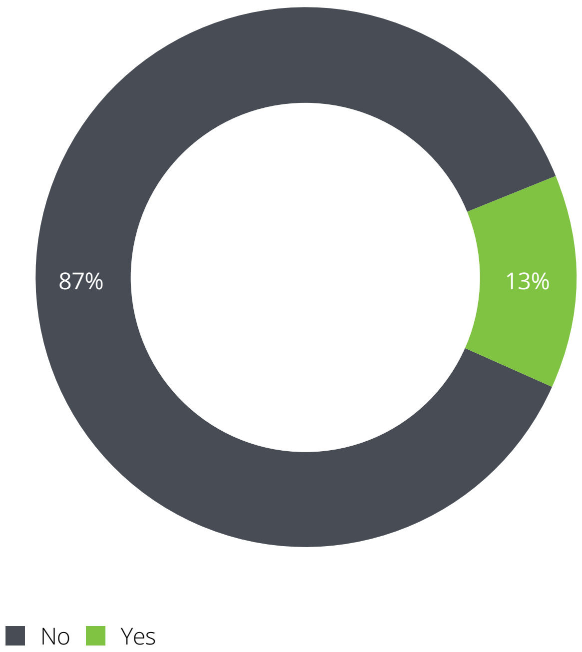


Q12. When considering purchasing or leasing your current vehicle, how much of an impact did information from each of the following sources have on your ultimate decision of which vehicle you chose?
Sample size: n=1,050

Majority of consumers do not use third-party pricing services

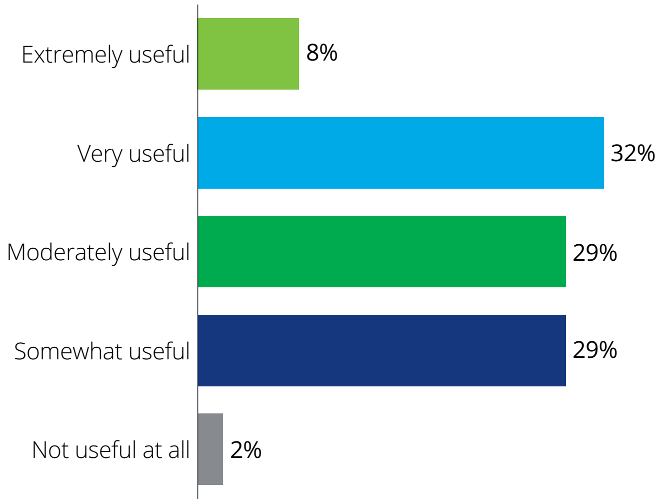
Of those who did, 40% found the service very/extremely useful

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



Q14. Did you use a third-party, vehicle pricing support service (e.g., TrueCar, Edmunds, BitAuto, CarTrade, etc.) in the process of acquiring your current vehicle?
Sample size: n=1,050

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

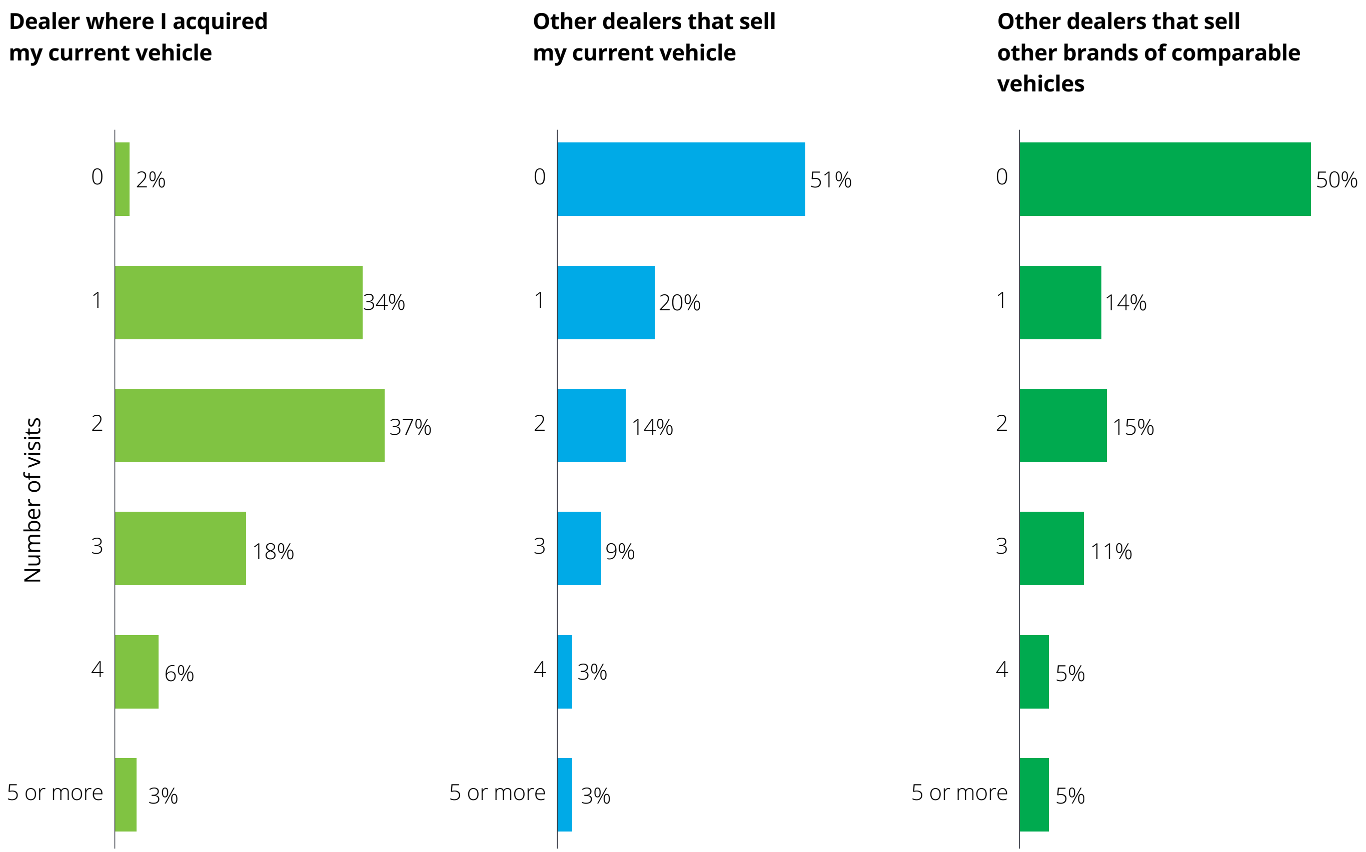


Q15. How useful did you find the vehicle pricing support you received?
Sample size: n=133

How do consumers feel about the dealer experience?

One third of consumers visited their selling dealer only once

Half of the consumers did not visit any other dealerships apart from the one where they acquired their current vehicle

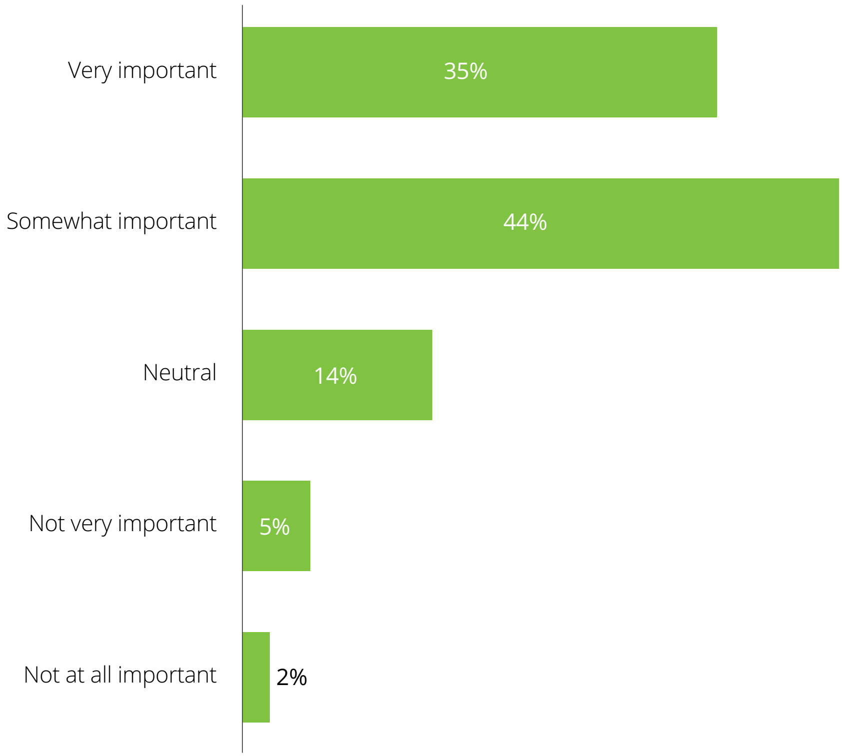


Q17. How many dealer visits did you conduct during the buying process for your current vehicle?
Sample size: n=878

Customer experience is clearly not dead…

79% of consumers rate customer experience as either a somewhat or very important factor in choosing where to buy a vehicle

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

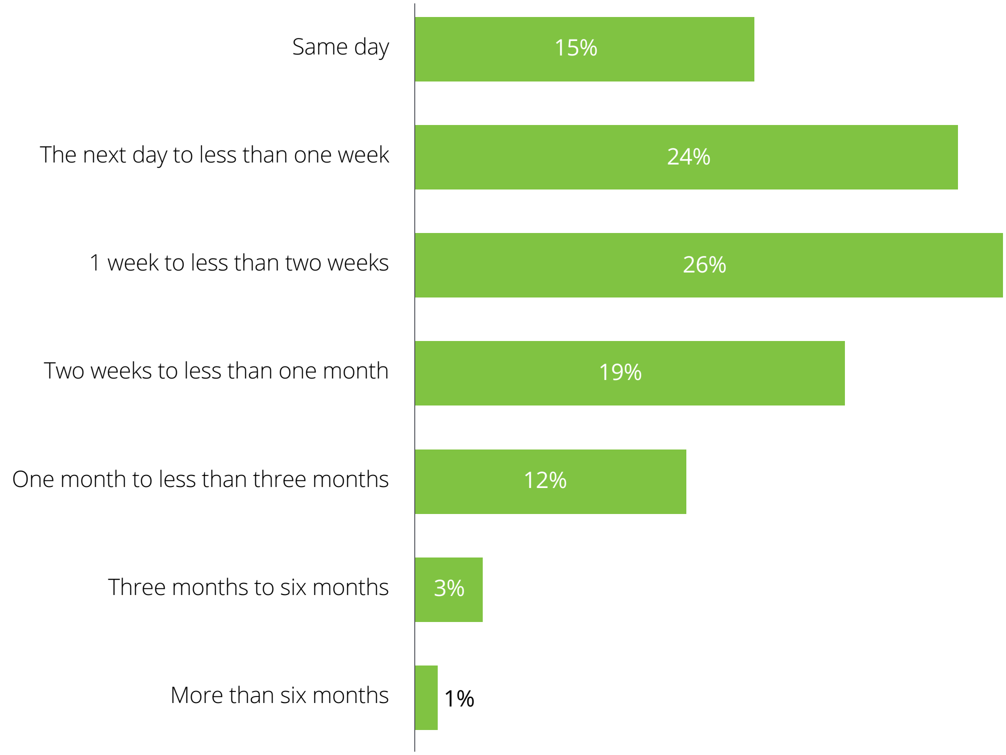


Q18. Thinking about the dealer where you acquired your current vehicle, how important was the customer experience in making the choice to buy there?
Sample size: n=878

15% of consumers buy a vehicle the day they go shopping

In fact, 65% of consumers acquired their current vehicle within two weeks after they started visiting dealerships

Time to vehicle delivery

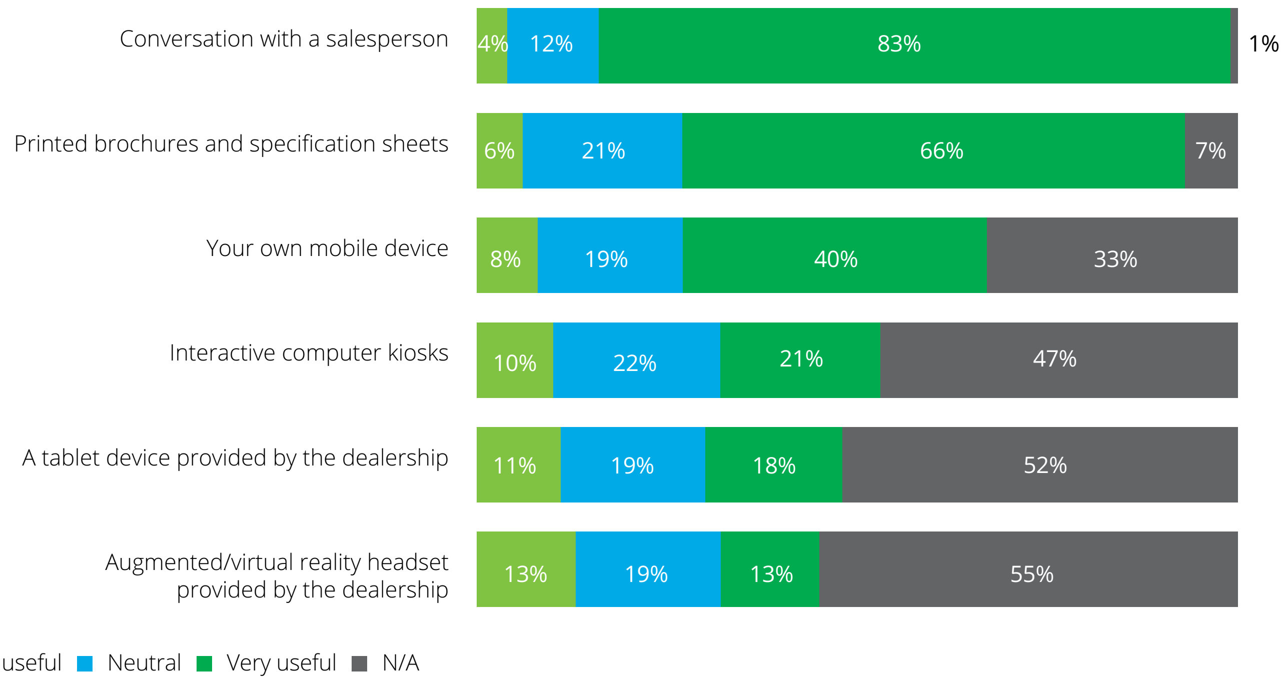


Q19. Once you started visiting dealerships, how long was it before you acquired your current vehicle?
Sample size: n=878

Salespeople and printed brochures considered most useful

Two-thirds of consumers still find printed brochures and spec sheets very useful in gathering information at the dealership

Usefulness of information channels at a dealership

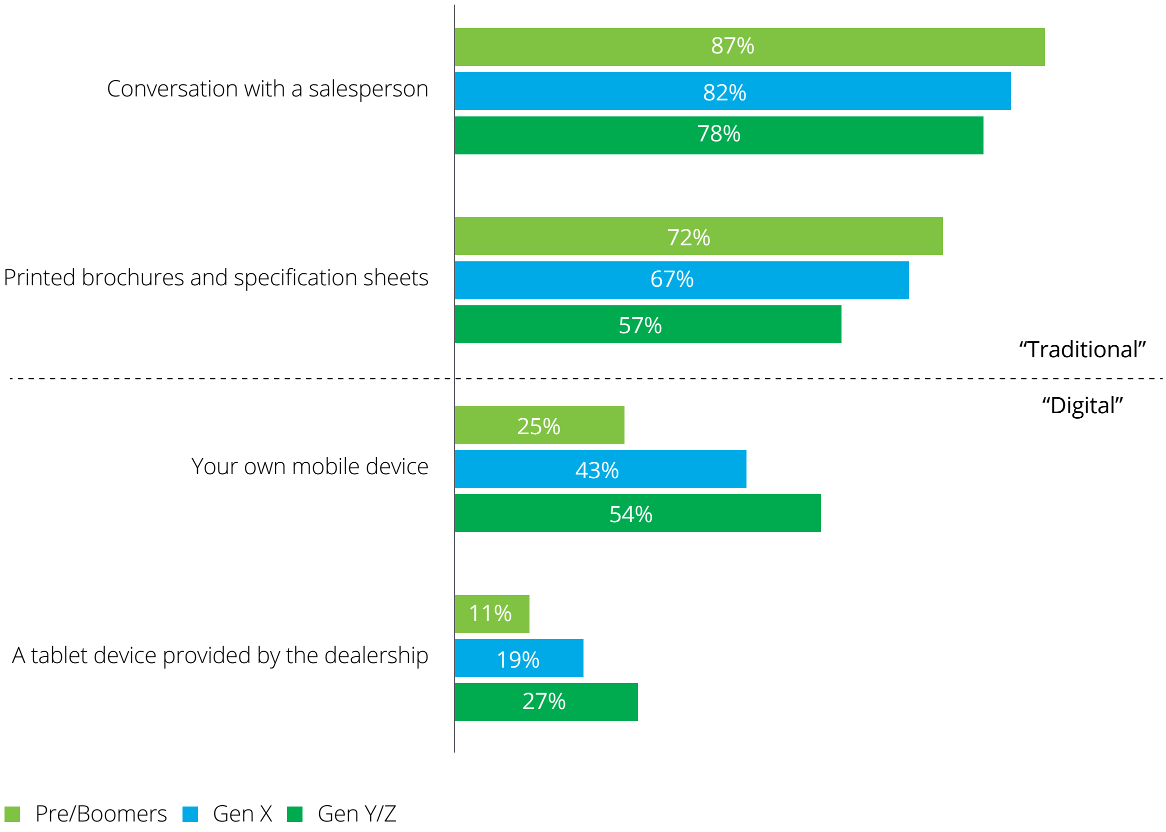


Q23. How useful are each of the following channels in helping you gather information while at a dealership?
Sample size: n=878

Usefulness of digital info key for younger customers

Traditional information sources also useful (but skews to older consumers)—digital becomes much more important for Gen Y/Z

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

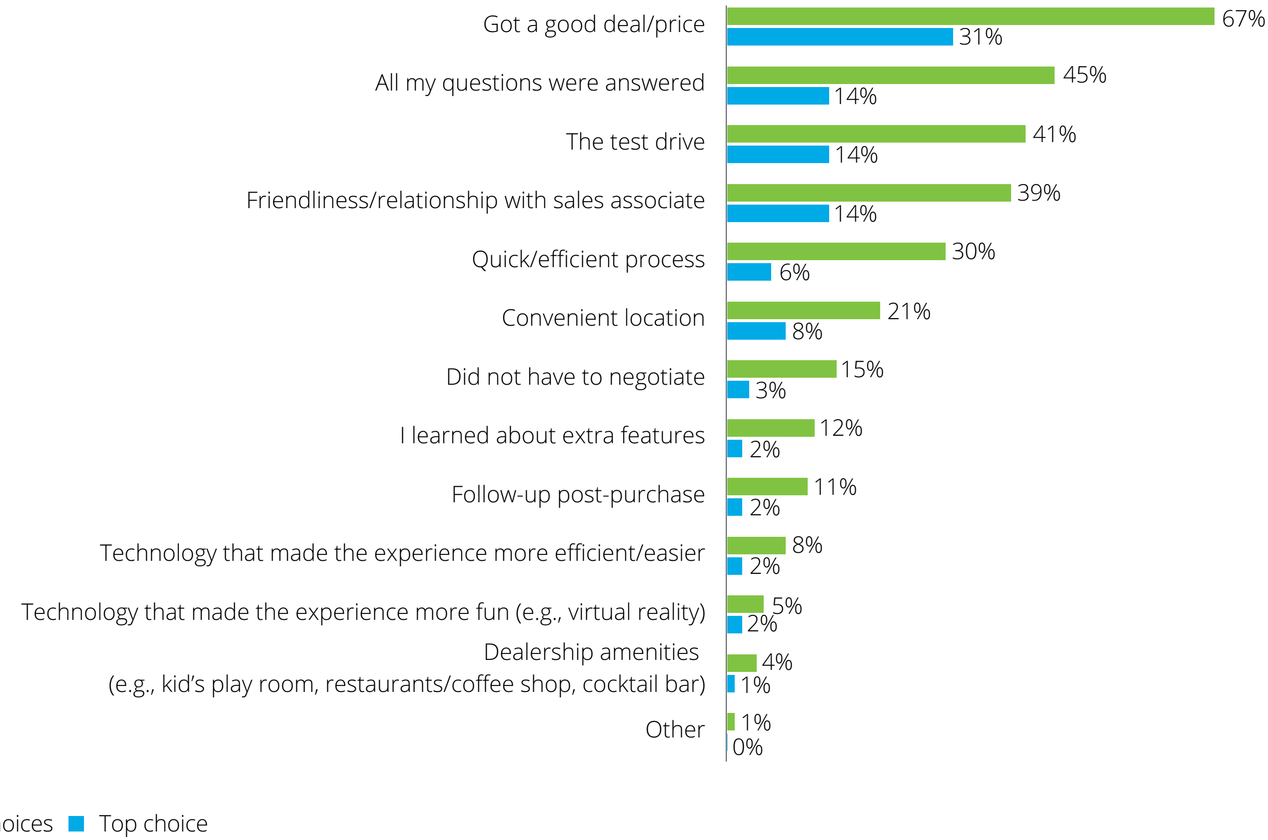


Q23. How useful are each of the following channels in helping you gather information while at a dealership?
Sample size: n=878 [Pre/Boomers=367, Gen X=199, Gen Y/Z=312]

Clearly, consumers are most concerned with getting a good deal

Also, the power of the sales associate to effectively answer all the customer questions cannot be underestimated

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

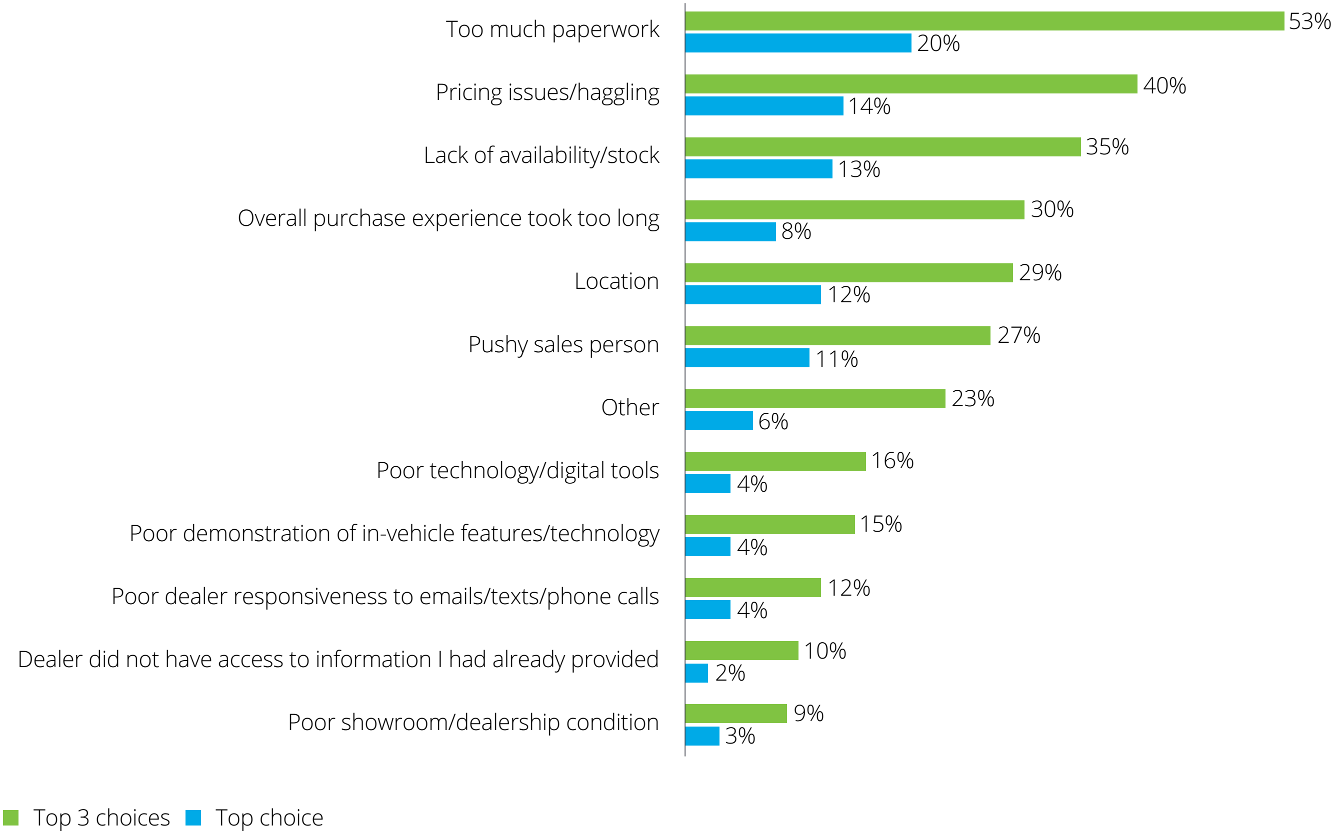


Q24. What are the three aspects of the dealer experience you enjoyed most when you acquired your current vehicle?
Sample size: n=878

Consumers really do not like paperwork

Consumers also do not like haggling or a lack of available stock

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

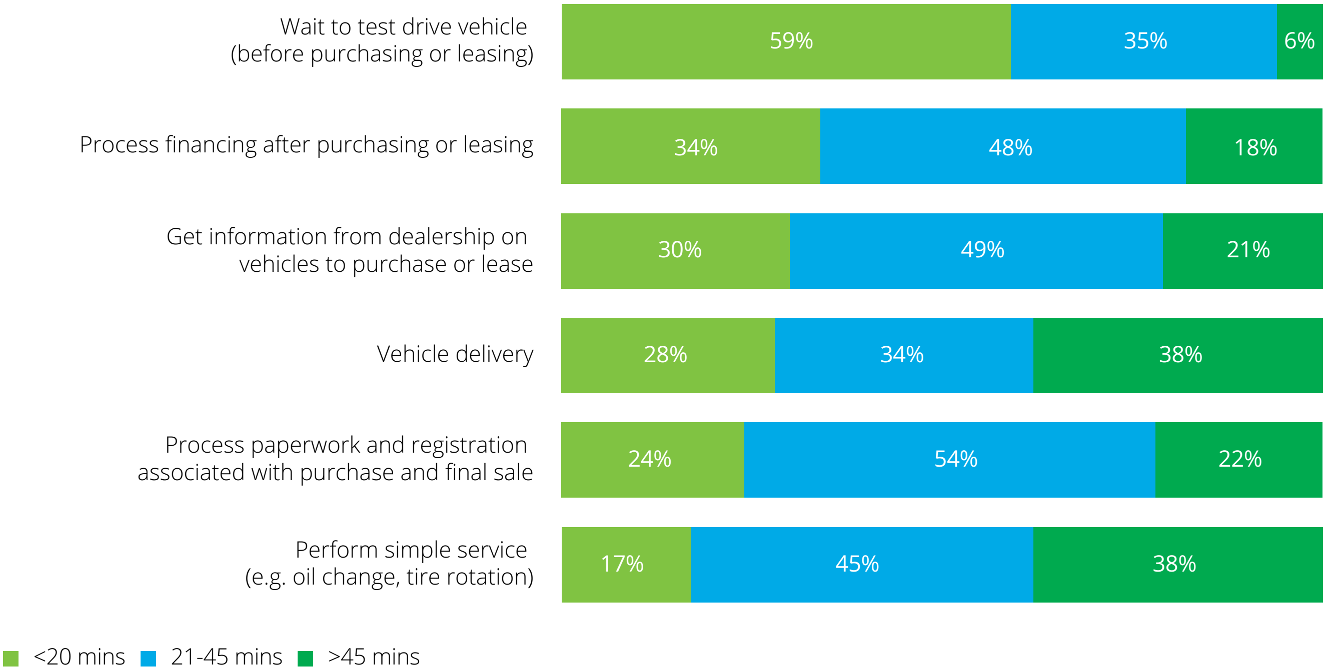


Q25. What are the top three aspects of the dealer experience you disliked most when you acquired your current vehicle?
Sample size: n=878

Consumers set upper limits on amount of time for key processes

Least amount of time expected for a test drive and to process financing paperwork

Longest amount of time for specific dealer processes

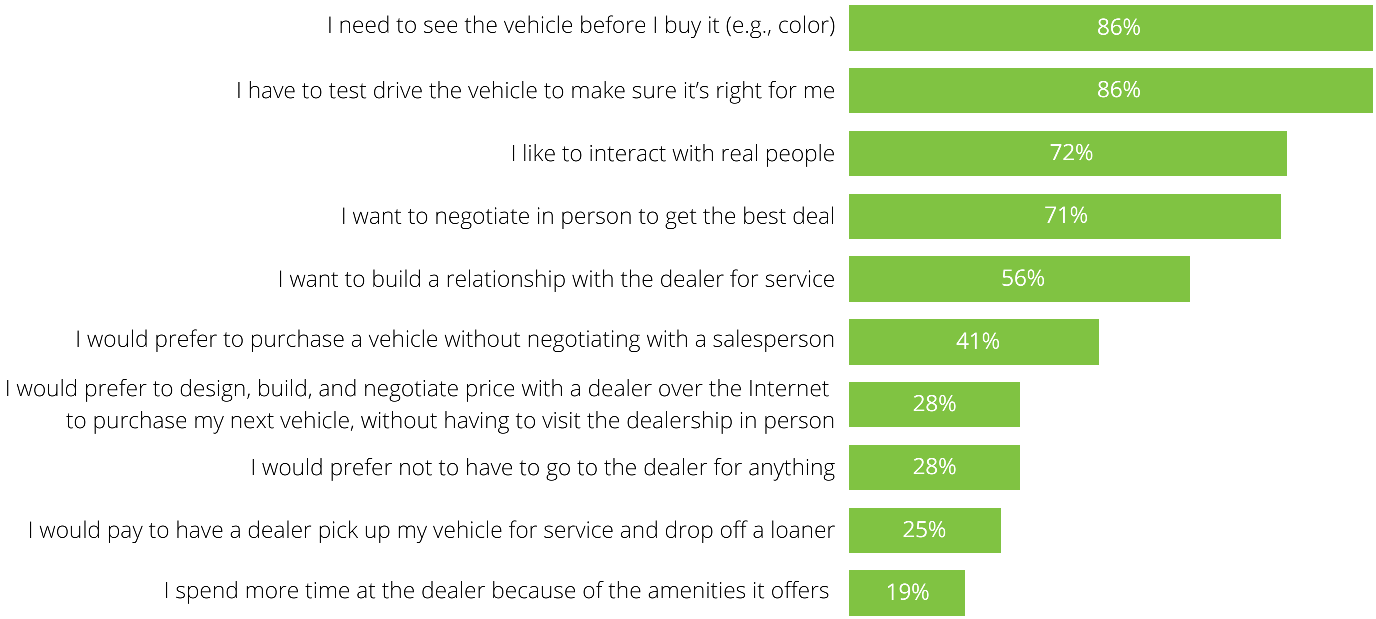


Q21. Please indicate the longest amount of time you would find acceptable to spend **at a dealership** on each of the following steps
Sample size: n=878

Majority of people need physical interaction before buying

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

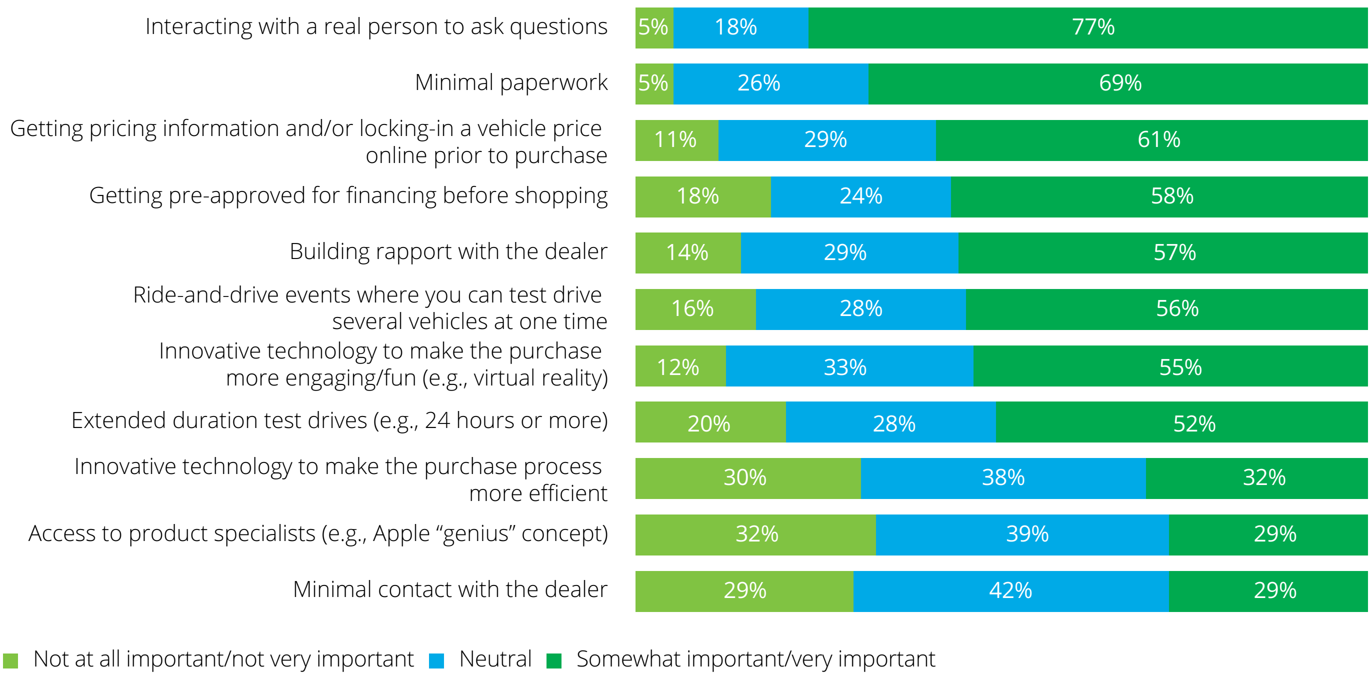
How do people feel about their experiences at a dealership?



Note: Percentage of respondents who strongly agreed or agreed have been added together
Q26. Thinking about your experience with dealerships, to what extent do you agree/disagree with the following statements?
Sample size: n=878

Interaction with real people very important aspect of buying process
Less paperwork and getting pricing information online are the other important aspects for consumers

Consumer opinions on important aspects of a vehicle buying process

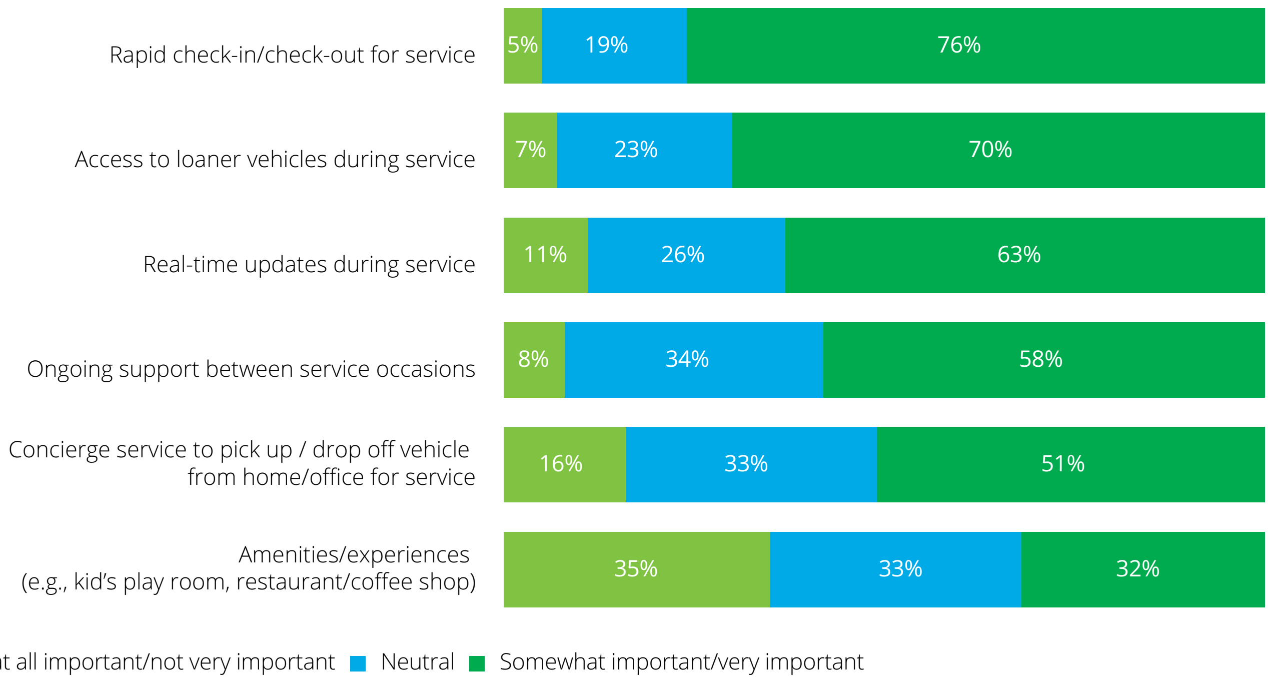


Q45. How important are each of the following items related to the vehicle buying process?
Sample size: n=911

Service experience hinges on rapid check-in/check-out

Access to loaner vehicles and having real-time updates during a service occasion also quite important

Consumer opinions on important aspects of a vehicle service process

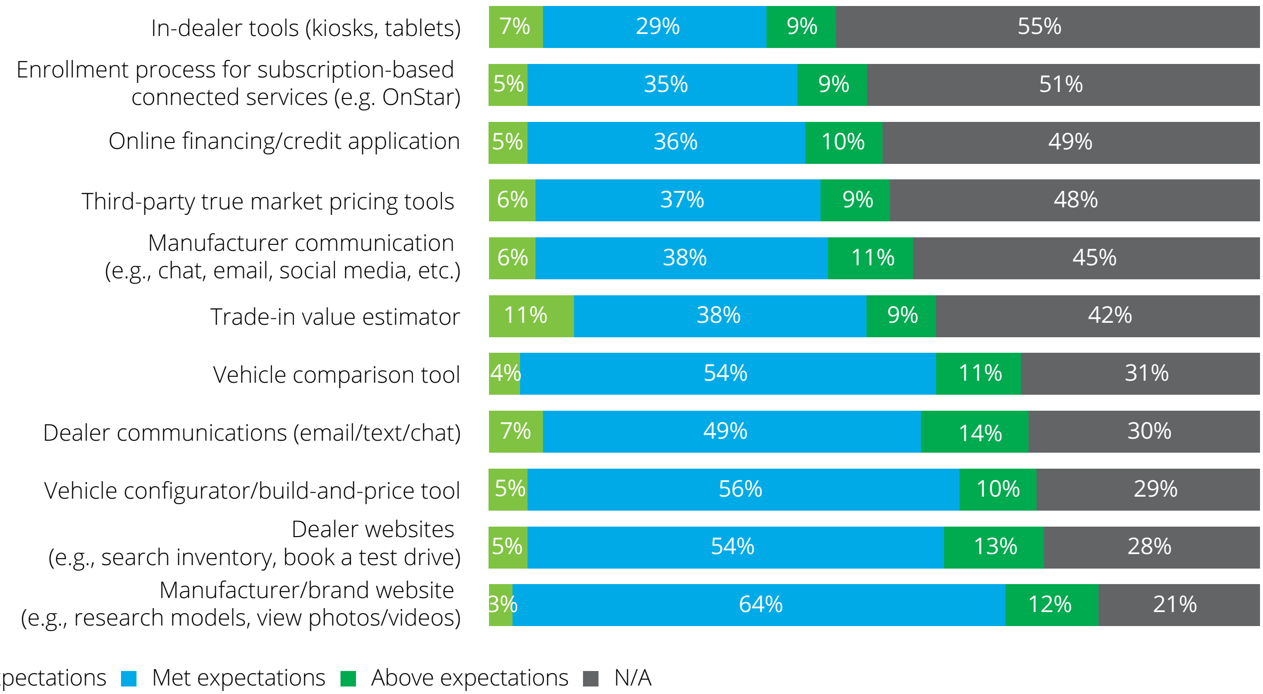


Q46. How important are each of the following items related to the vehicle service process?
Sample size: n=1,093

Majority of digital journey is merely meeting expectations

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

Evaluation of digital shopping and buying touchpoints

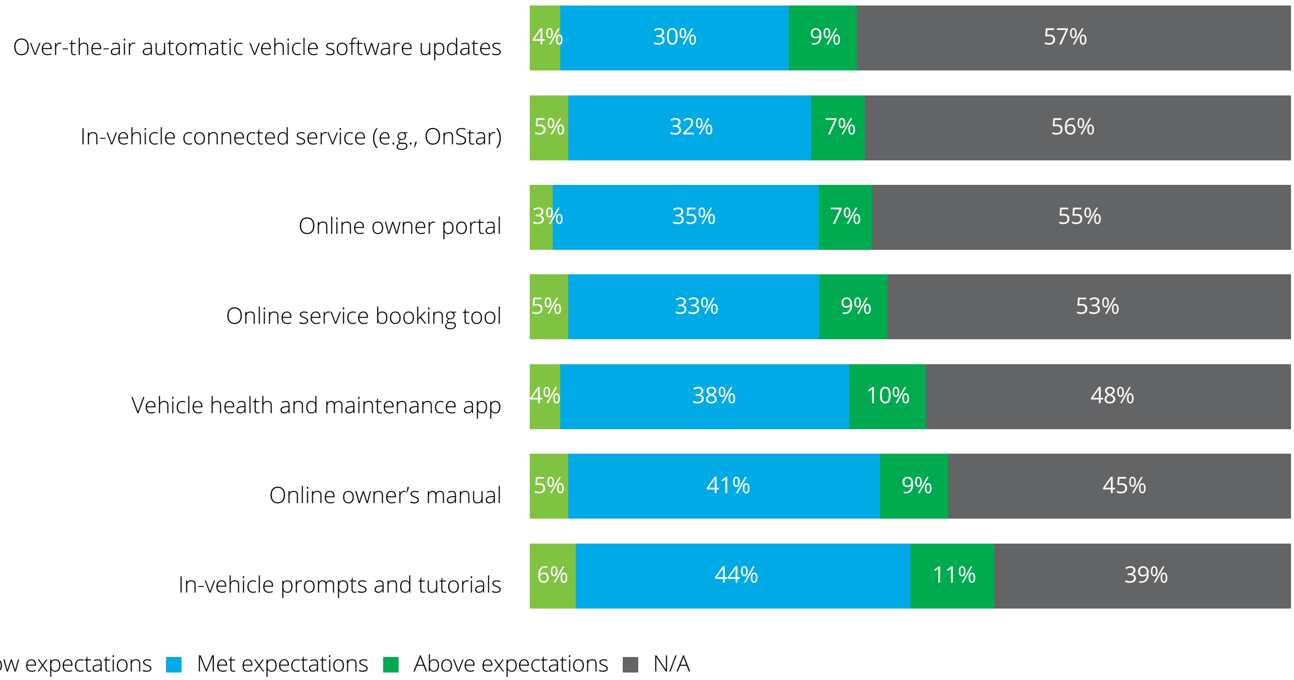


Q30. Considering your current vehicle purchase and ownership journey, please tell us whether or not each of the following digital experiences met your expectations.
Sample size: n=878

And it's the same story with digital servicing touchpoints

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

Evaluation of digital servicing touchpoints

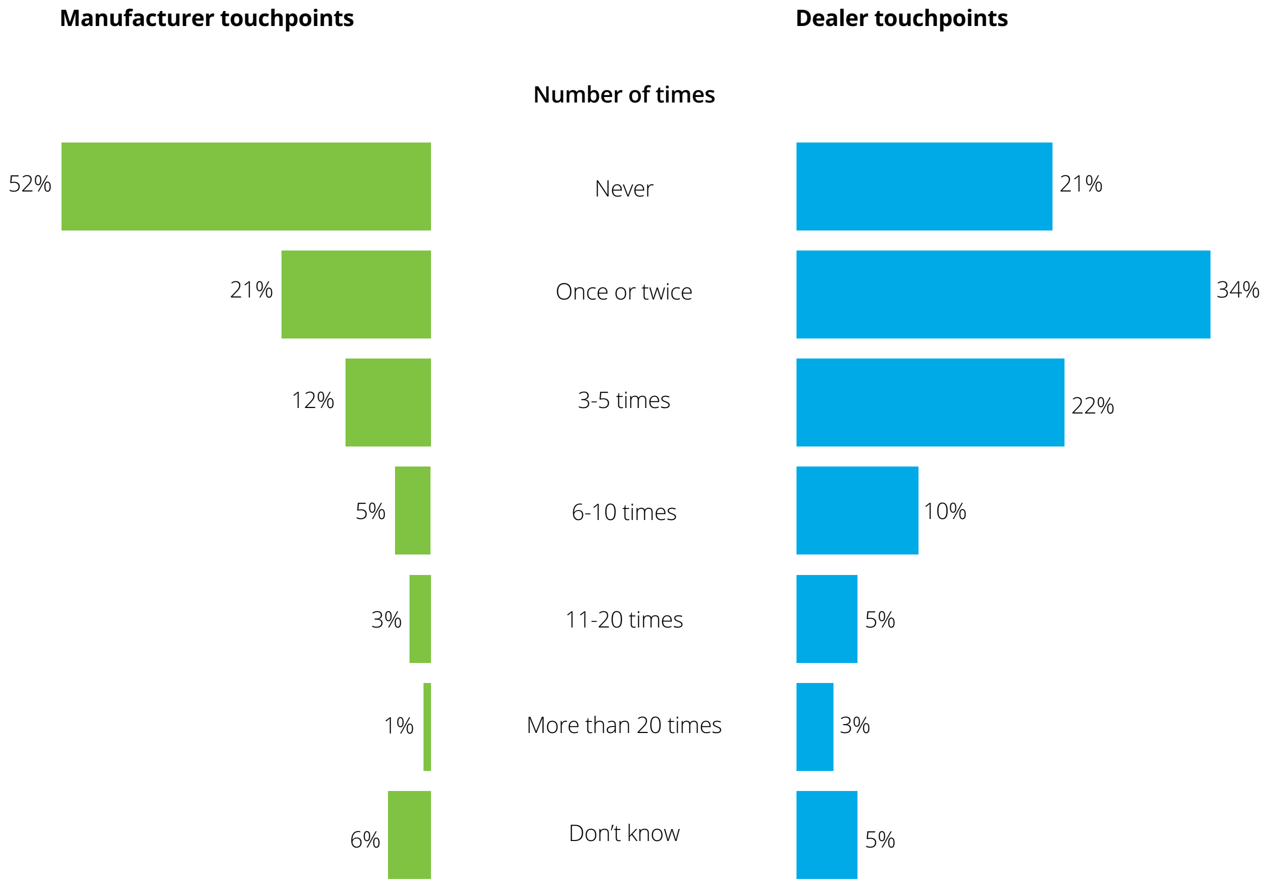


Q30. Considering your current vehicle purchase and ownership journey, please tell us whether or not each of the following digital experiences met your expectations.
Sample size: n=878

Communication from dealers and manufacturers

Both OEMs and dealers could be missing a big opportunity

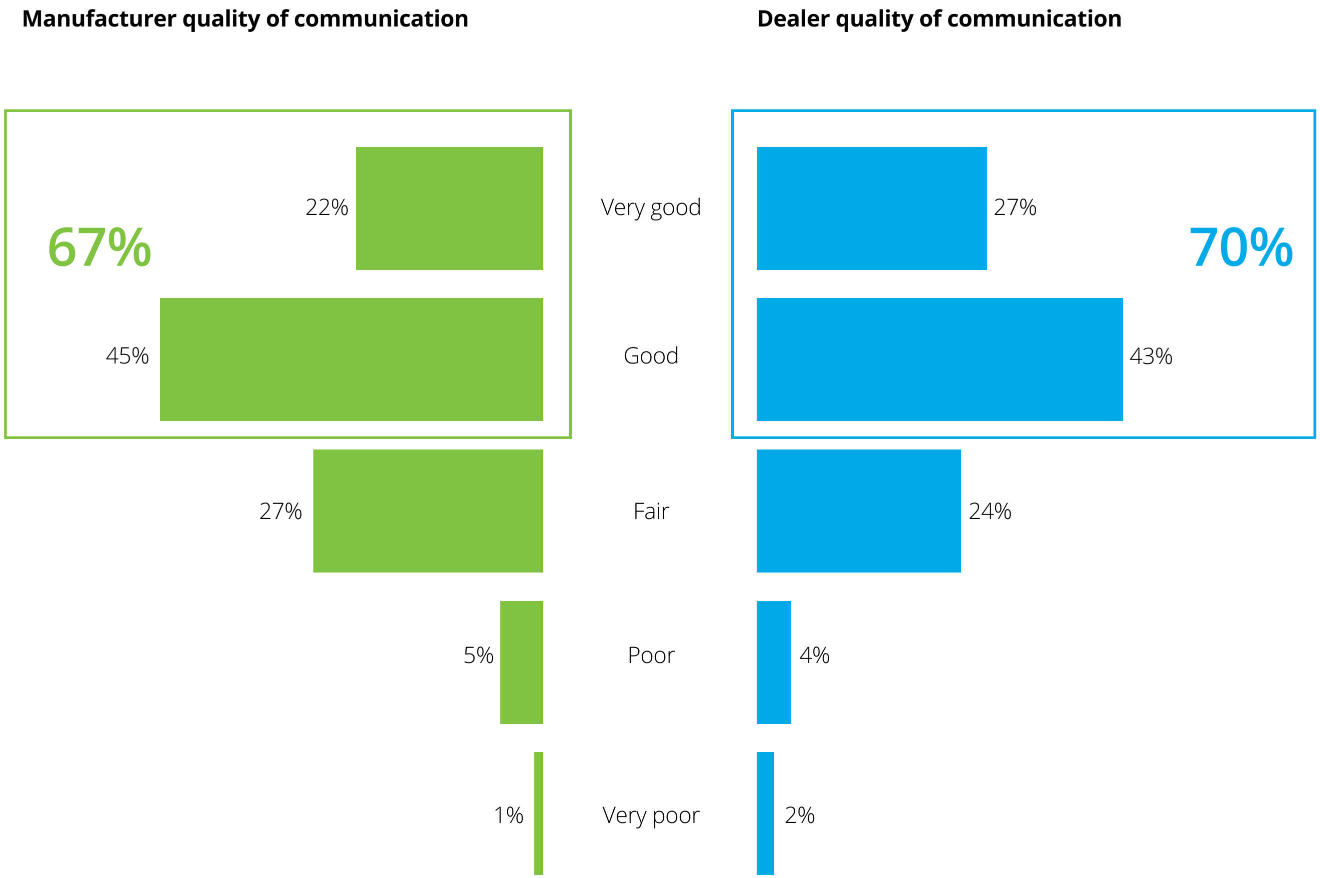
52% of the consumers say they were never contacted by the manufacturer (or don't remember) after acquiring their vehicle



Q31. How many times has either the manufacturer or dealer contacted you (for any reason) after acquiring your current vehicle?
Sample size: n=878

Consumers generally satisfied with quality of communication

More than two-thirds of consumers rated manufacturer and dealer communications as good/very good

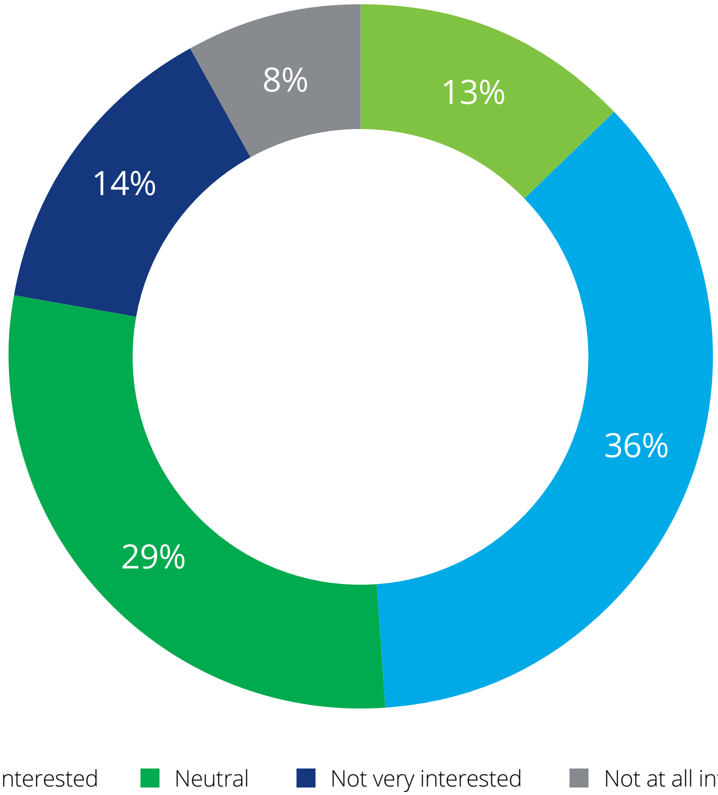


Q33. How would you rate the quality of the communication you have received from both the manufacturer and dealer since acquiring your current vehicle?
Sample size, average for manufacturer and dealer : n=397, 677

Are consumers ready to leave the dealer behind?

Half of consumers are at least interested in buying direct from an OEM
But, only 13% of consumers are fully ready to take the digital leap

How interested are consumers in by-passing the dealer?

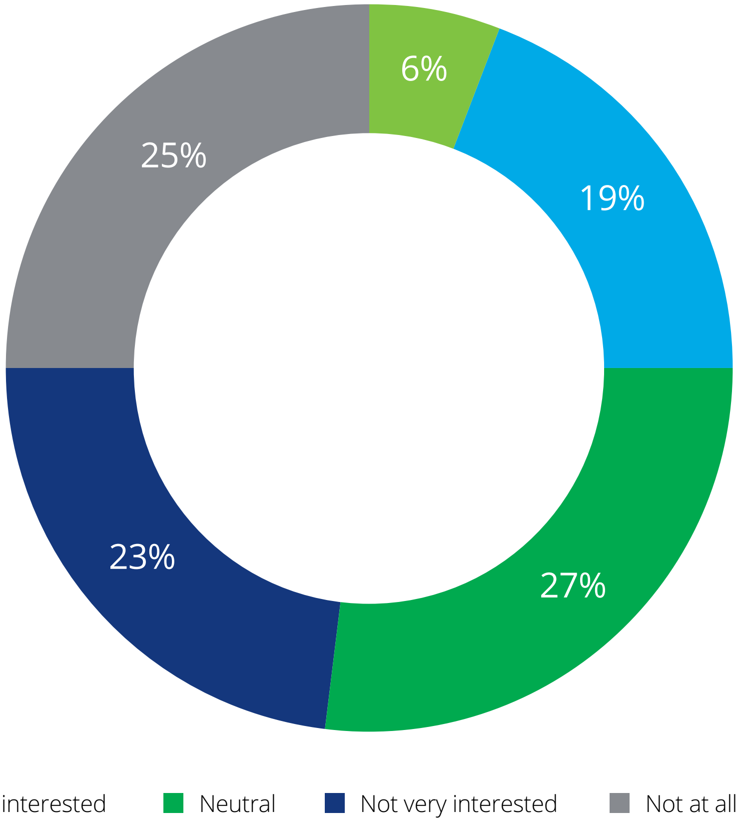


Q47. If you had the option to acquire your next vehicle directly from the manufacturer (via online process), how interested would you be?
Sample size: n=1,093

Interest in buying from an online retailer is much lower

Just 6% of the consumers are very interested, and 48% are not interested in acquiring their next vehicle via a retail site

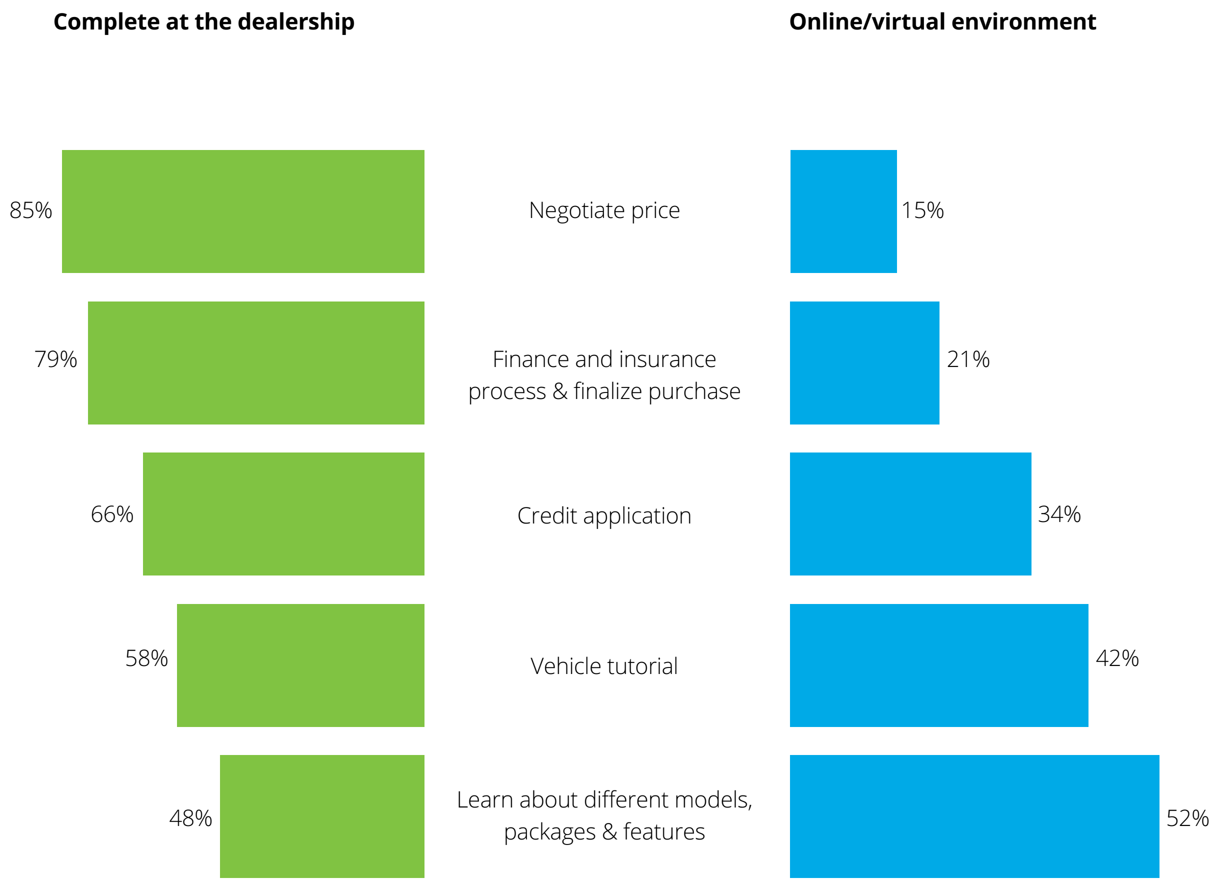
How interested are consumers in buying a vehicle from an online retail site?



Q48. If you had the option to acquire your next vehicle through an online retail website (e.g., Amazon), how interested would you be?
Sample size: n=1,093

Consumers still expect some processes to be done at the dealer

Majority of consumers would prefer to negotiate the vehicle price and complete the finance and insurance process at the physical dealership



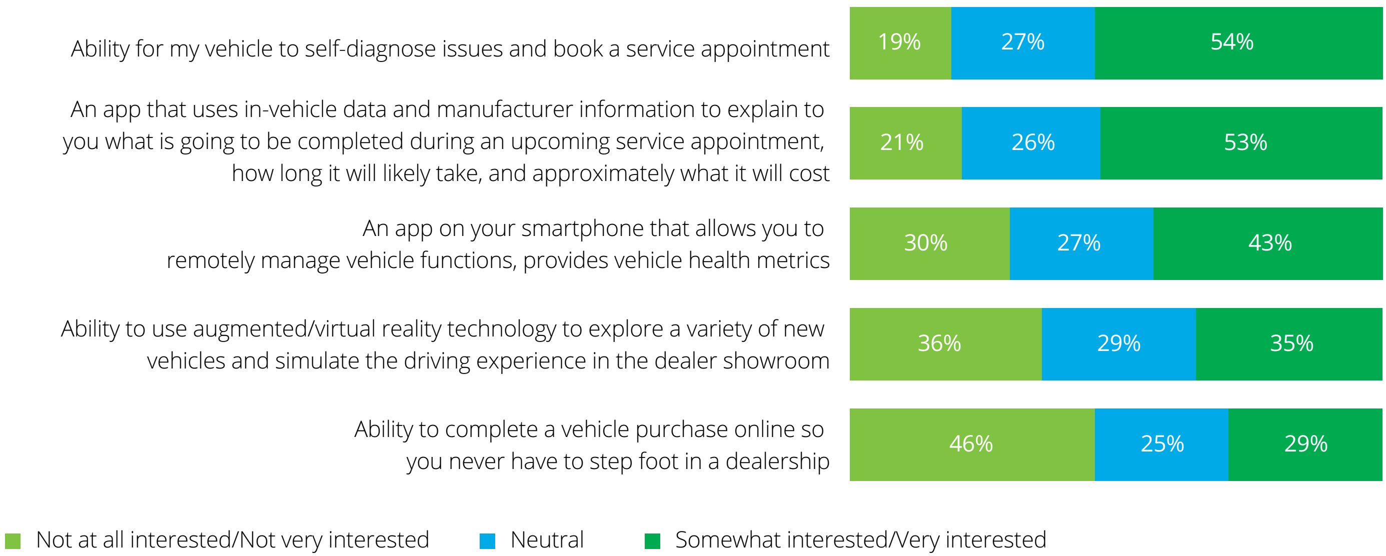
Q43. When you are ready to acquire your next vehicle, what aspects of the vehicle buying experience would you want to do at the dealership versus an online/virtual environment?
Sample size: n=911

Testing some forward-looking tools and scenarios

Consumers really looking for a hassle-free service experience

More than half of consumers are interested in technology that makes the service experience easier

Consumer opinions on futuristic scenarios

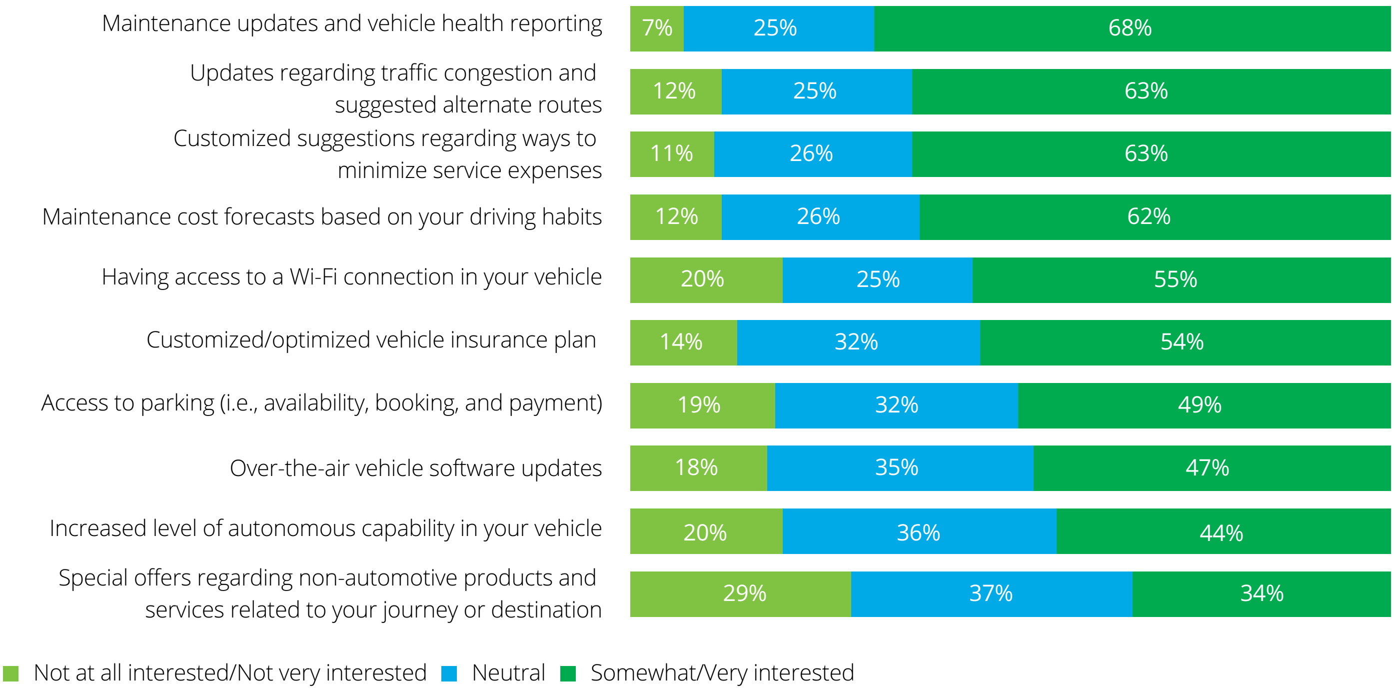


Q44. How interested would you be in each of the following scenarios?
Sample size: n=911

Consumers are most interested in vehicle maintenance updates

Two-thirds of consumers are somewhat/very interested in benefits such as maintenance and traffic updates and minimizing expenses

Consumer opinions on benefits of connected vehicles



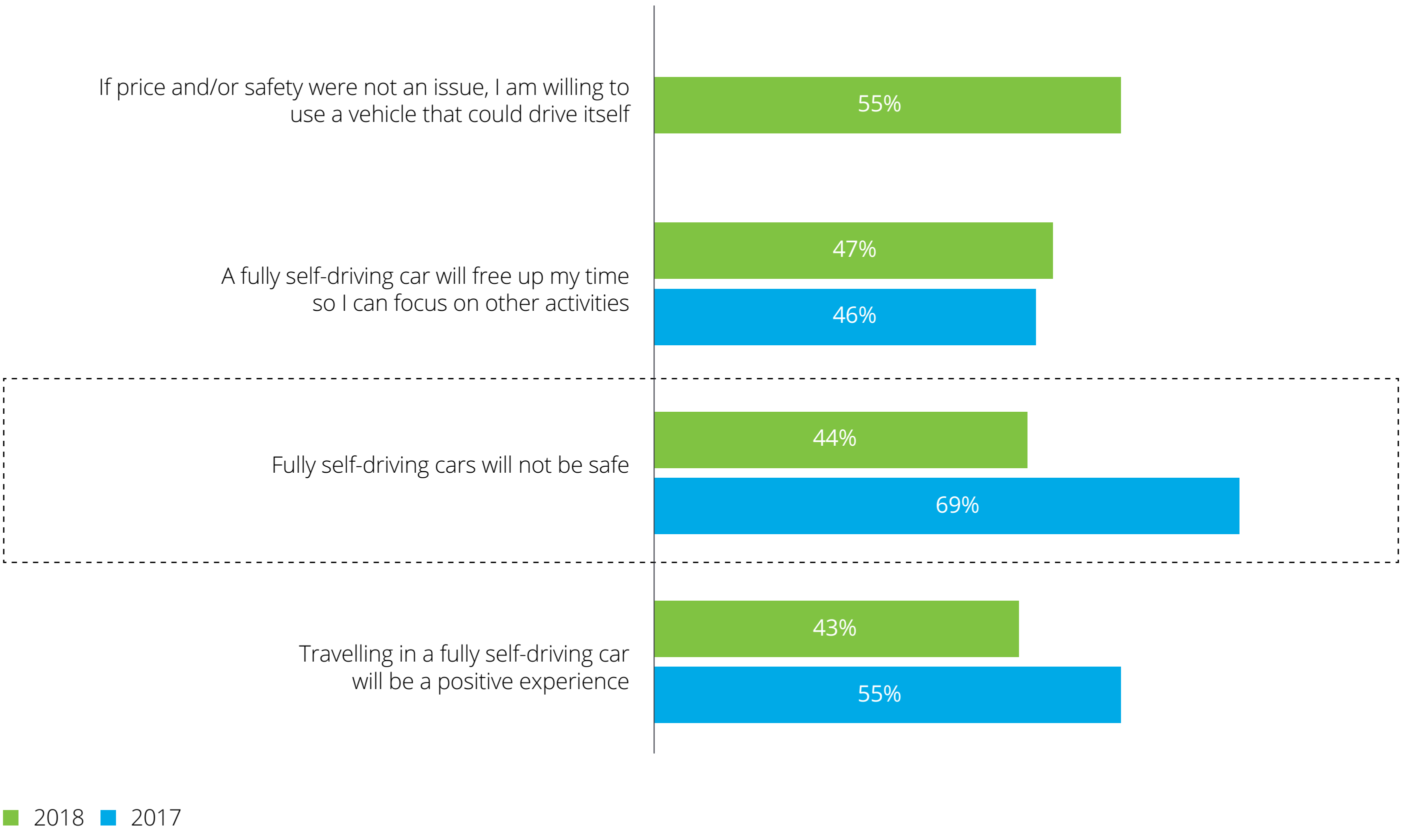
Q50. As vehicles become more and more connected via the Internet, how interested are you in the following benefits if it meant sharing the operational data your vehicle collects with the manufacturer and/or third parties?
Sample size: n=1,093

How do consumers feel about autonomous vehicles?

Consumers are warming to the idea of autonomous vehicles (AVs)

Consumers see benefits such as being able to focus on other activities in fully self-driving vehicles

Consumer opinion on fully self-driving vehicles

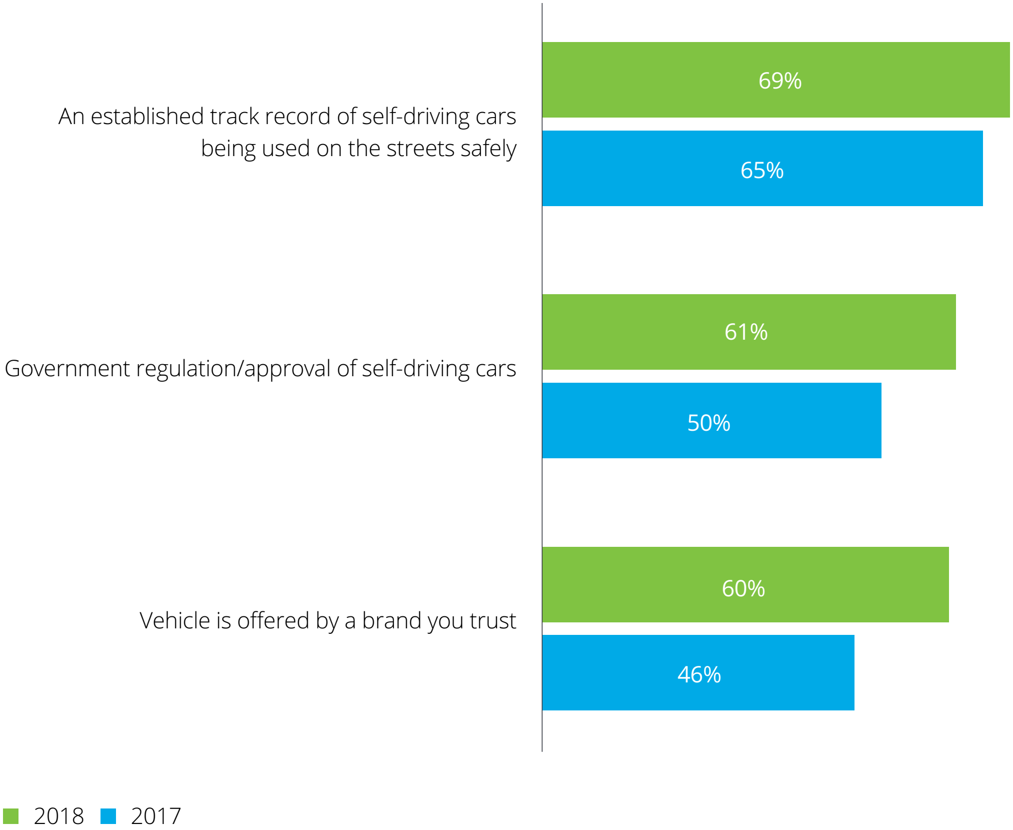


Note: Percentage of respondents who strongly agreed or agreed have been added together
Q1: To what extent do you agree or disagree with the following statements?
Sample size: n= 1,222 [2018], n= 1,114 [2017]

An established track record becoming even more important for AVs

60% of consumers would also feel better about AV technology if there were government regulations and the vehicle was offered by a "trusted brand"

Factors that would make consumers feel better about riding in a fully self-driving vehicle

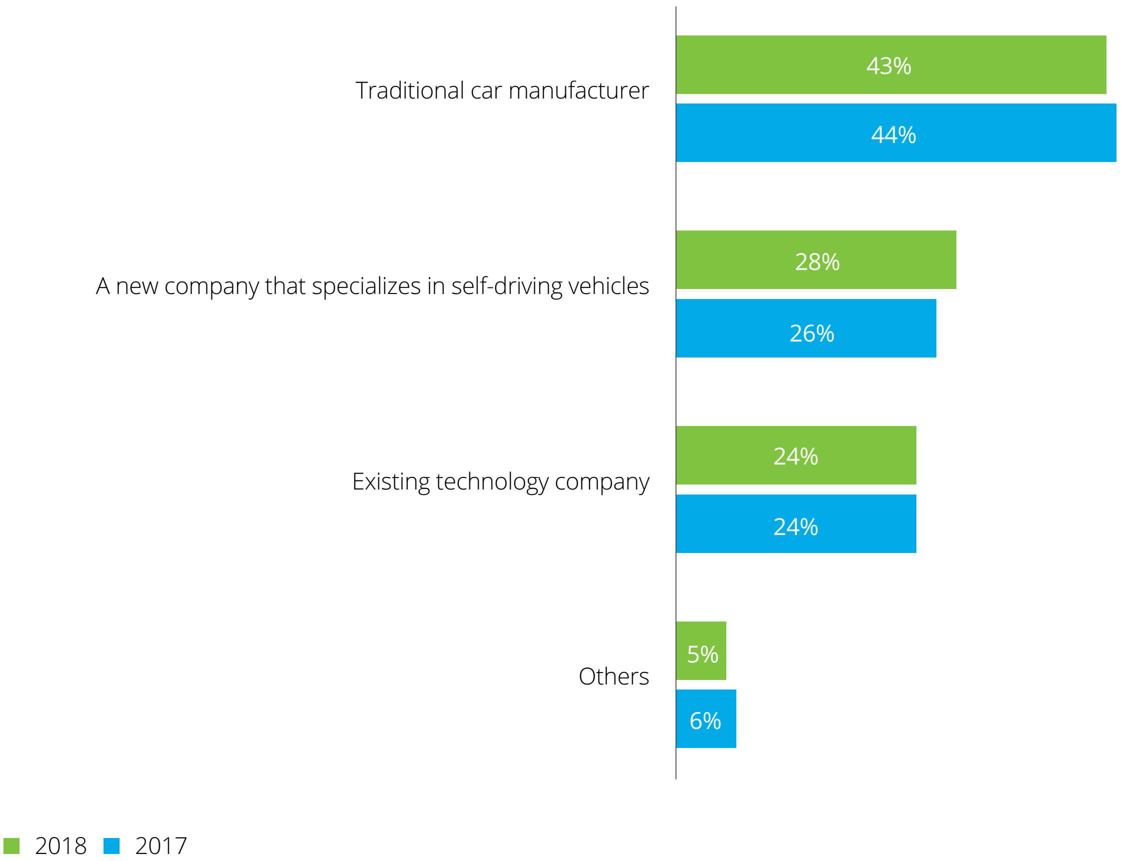


Note: Percentage of respondents who strongly agreed or agreed have been added together
Q2: Would the following factors make you more or less likely to ride in a self-driving car?
Sample size: n= 1,201 [2018], n= 1,184 [2017]

Speaking of trust, consumers put their faith in OEMs

However, over half of consumers would most trust someone else to bring AV technology to market

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



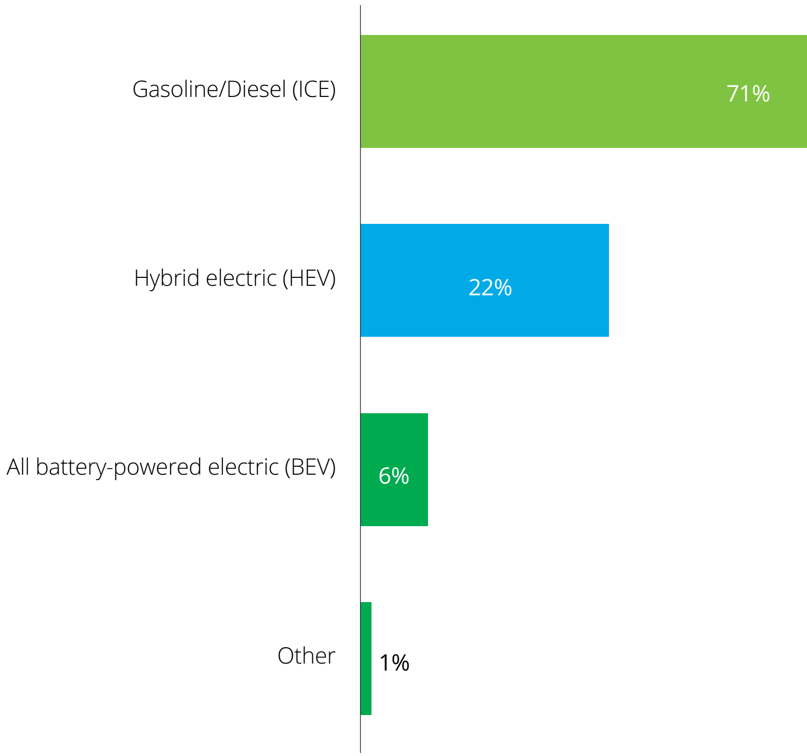
Q3: Would the following factors make you more or less likely to ride in a self-driving car?
Sample size: n= 1,262 [2018], n= 1,261 [2017]

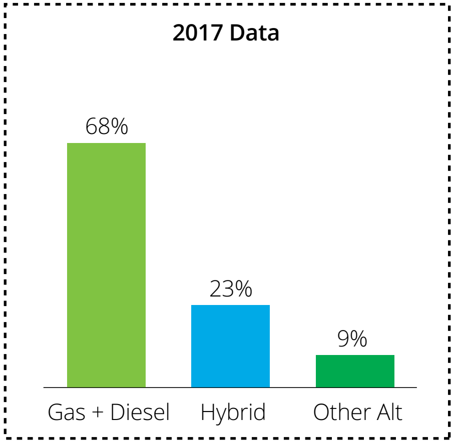
How do consumers feel about electrified vehicles?

Consumers still want traditional engines going forward

71% of consumers would prefer a traditional engine in their next vehicle

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



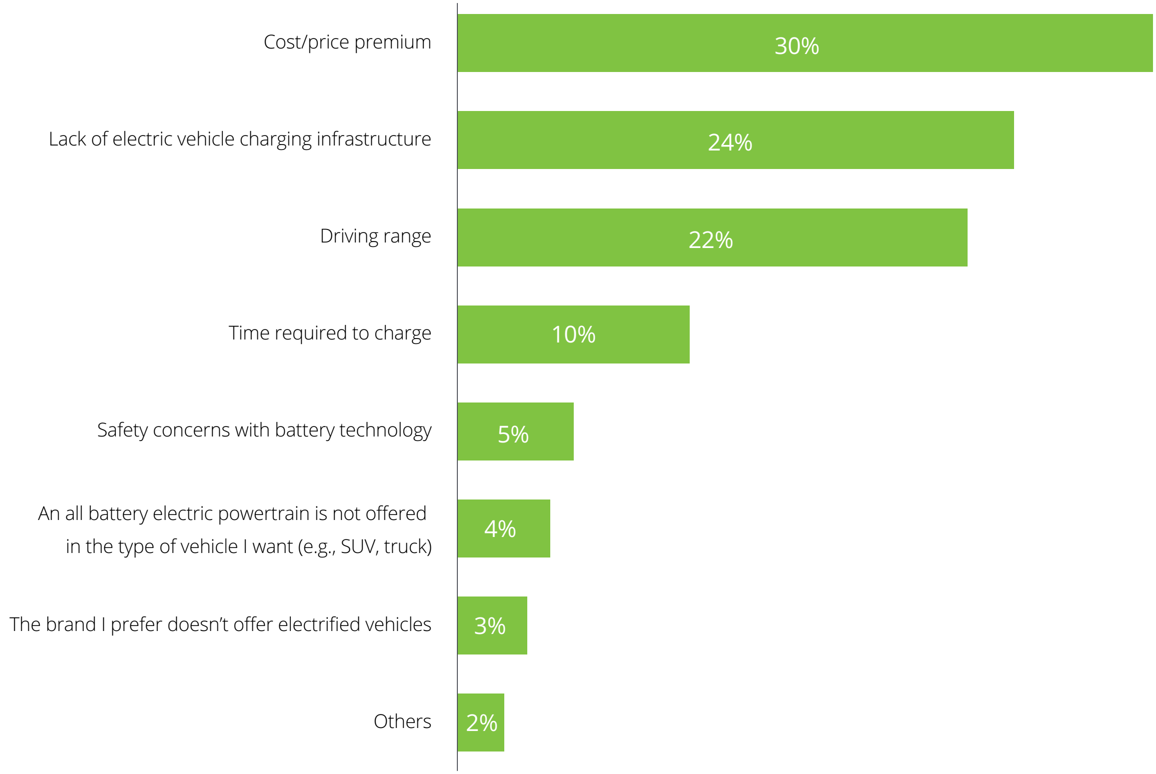


Note: 'Other" category in 2018 data includes ethanol, CNG, and fuel cell
Q38. What type of engine would you prefer in your next vehicle?
Sample size: n= 1,093 [2018], n= 1,064 [2017]

Cost/price premium still a significant concern for BEVs

Biggest concerns regarding BEVs are still the usual suspects of cost, lack of charging infrastructure, and range anxiety

Greatest concern regarding all battery-powered electric vehicles



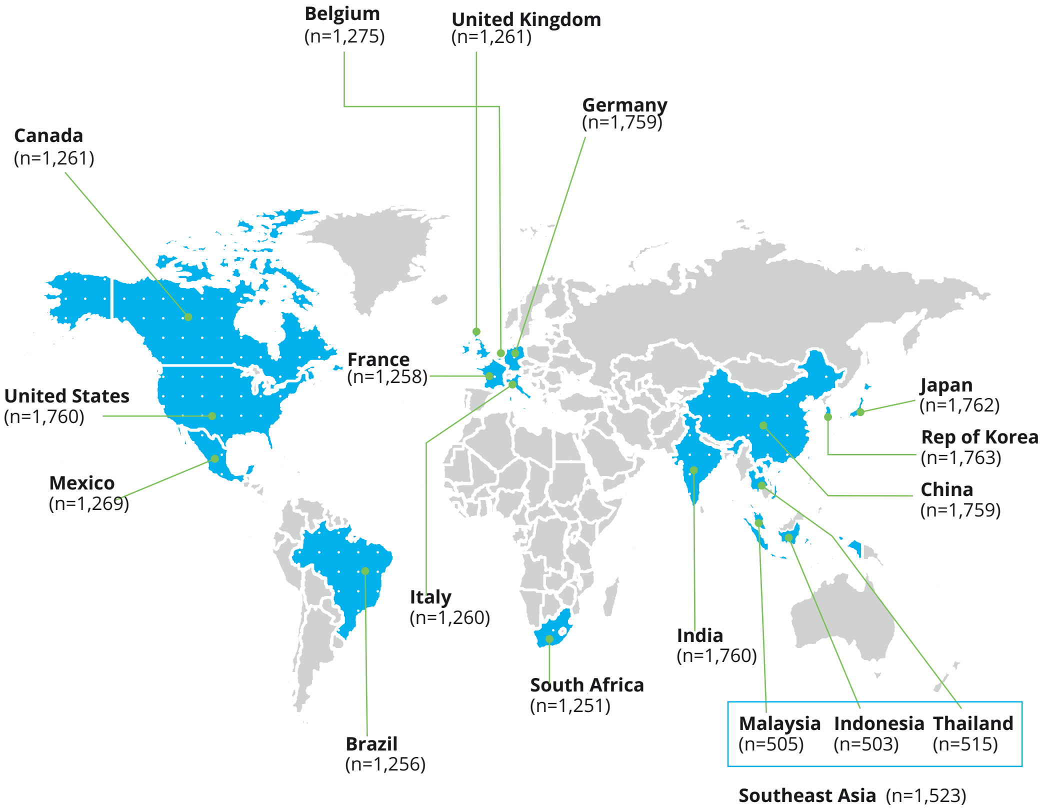
Q39. What is your greatest concern regarding all battery-powered electric vehicles?
Sample size: n=1,093

Contacts

Jelle Donga
Deloitte Canada Automotive Leader
jdonga@deloitte.ca

Ryan Robinson
Automotive Research Leader
ryanrobinson@deloitte.ca

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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