## **Deloitte**



## 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 <u>Global Automotive</u> <u>Consumer Study</u> has been conducted since 2009, gathering data and opinions from consumers in 17 countries representing both developed and emerging economies.

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



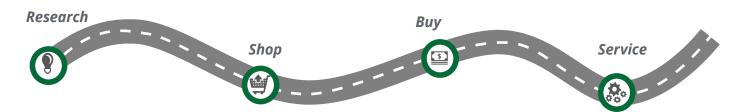
#### Key insights from our Global Automotive Consumer Study over the years

- 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



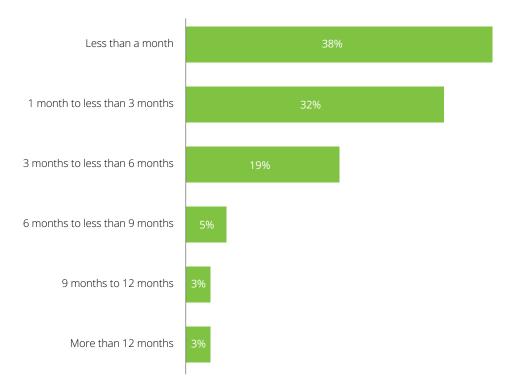
# How do consumers research a vehicle purchase?



### 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



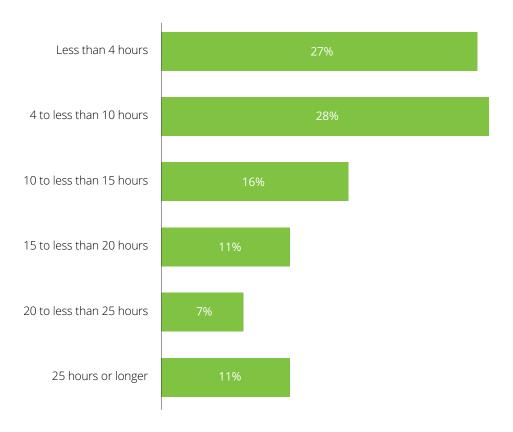
Q10. How long before you made the decision to acquire did you start researching your current vehicle? Sample size: n=1,050



## 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



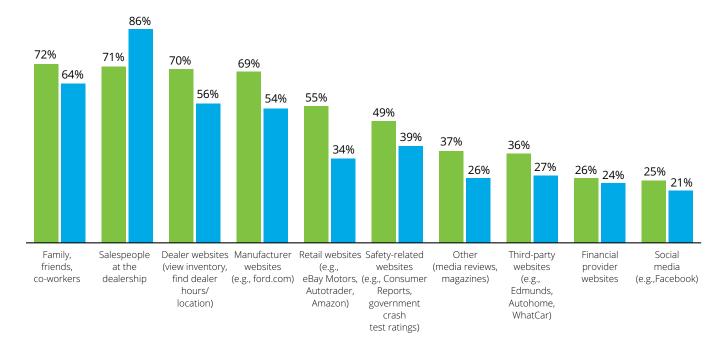
Q13. When considering the acquisition of your current vehicle, how many hours in total would you estimate you spent researching possible vehicles (e.g., through the Internet, consumer publications, automotive magazines, etc.)? Sample size: n=1,050



## 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



#### Before dealer visit After dealer visit

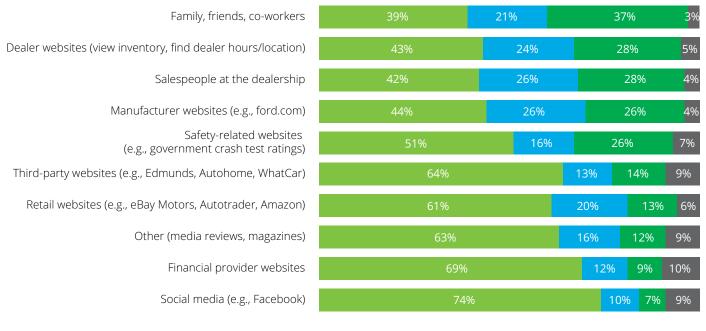
Q11. Before you made the decision to acquire, how many times do you think you accessed each of the following information sources when shopping for your current vehicle?, Q20. After you started visiting dealerships, how many times do you think you accessed each of the following information sources to 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



📕 Little/No impact 📕 Some impact 📕 Significant impact 🔳 N/A

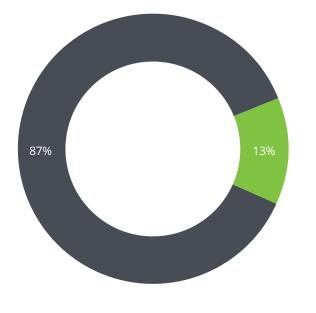
Q12. When considering purchasing or leasing your current vehicle, how much of an impact did information from each of the following sources have on your ultimate decision of which vehicle you chose? Sample size: n=1,050



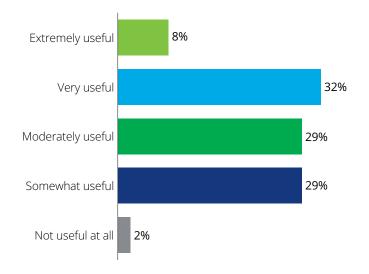
## Majority of consumers do not use third-party pricing services

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

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



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



📕 No 📕 Yes

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

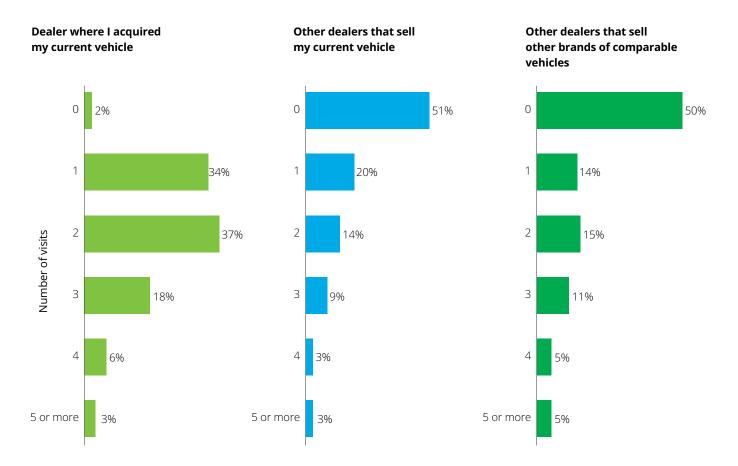


# How do consumers feel about the dealer experience?



## 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



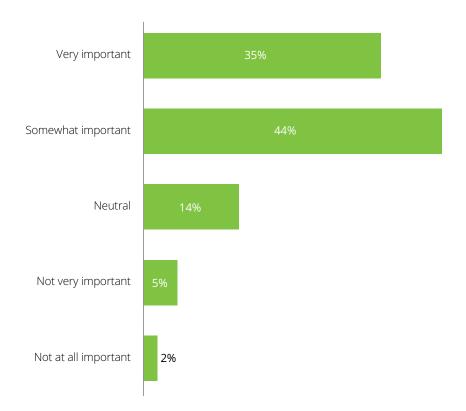
Q17. How many dealer visits did you conduct during the buying process for your current vehicle? Sample size: n=878



## 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



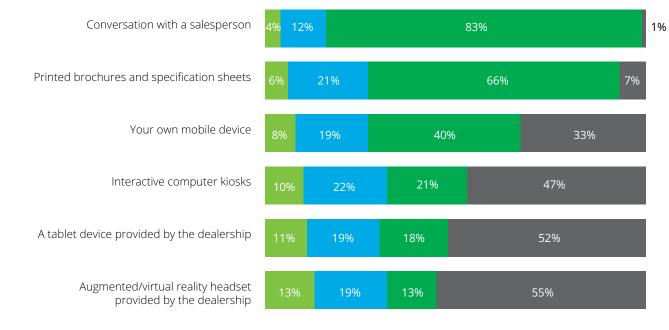
Q19. Once you started visiting dealerships, how long was it before you acquired your current vehicle? Sample size: n=878



## 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



📕 Not useful 📃 Neutral 📕 Very useful 🔳 N/A

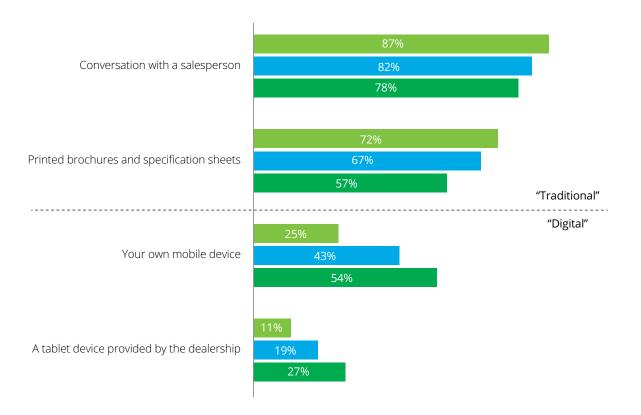
Q23. How useful are each of the following channels in helping you gather information while at a dealership? Sample size: n=878



## 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)



Pre/Boomers Gen X Gen Y/Z

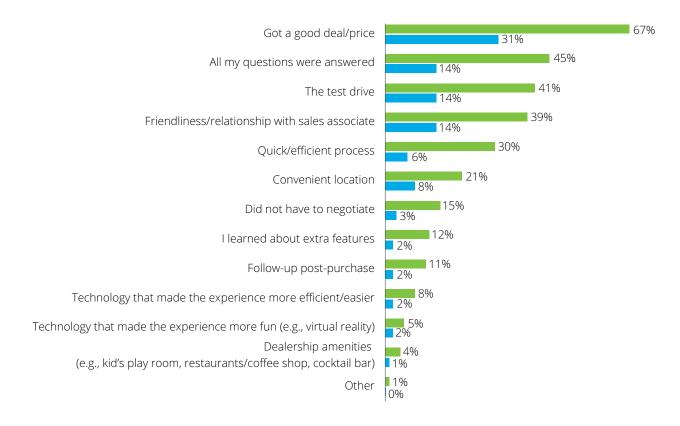
Q23. How useful are each of the following channels in helping you gather information while at a dealership? Sample size: n=878 [Pre/Boomers=367, Gen X=199, Gen Y/Z=312]



## 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...



Top 3 choices Top choice

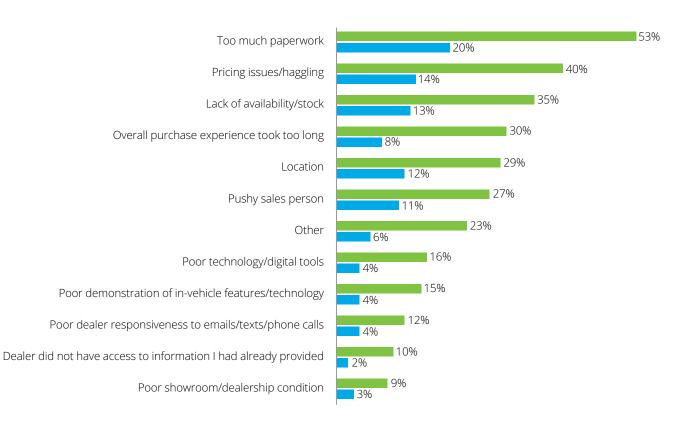
Q24. What are the three aspects of the dealer experience you enjoyed most when you acquired your current vehicle? Sample size: n=878



## 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...



#### Top 3 choices Top choice

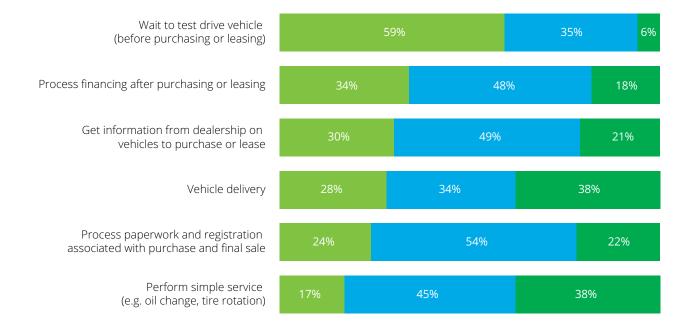
Q25. What are the top three aspects of the dealer experience you disliked most when you acquired your current vehicle? Sample size: n=878



## 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



<20 mins 21-45 mins >45 mins

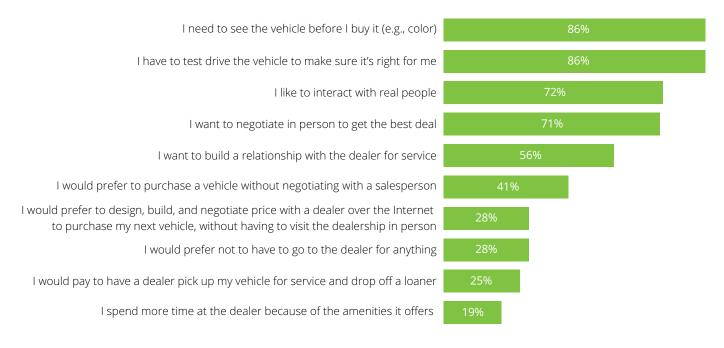
Q21. Please indicate the longest amount of time you would find acceptable to spend **at a dealership** on each of the following steps Sample size: n=878



## 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

Interacting with a real person to ask questions	5% 18%		77%	
Minimal paperwork	5% <u>26%</u>		6	9%
Getting pricing information and/or locking-in a vehicle price online prior to purchase	11%	29%		61%
Getting pre-approved for financing before shopping	18% 24%		58%	
Building rapport with the dealer	14% 29%		57%	
Ride-and-drive events where you can test drive several vehicles at one time Innovative technology to make the purchase more engaging/fun (e.g., virtual reality)	16%	28%	56%	
	12%	33%	55%	
Extended duration test drives (e.g., 24 hours or more)	20%	28%	52%	
Innovative technology to make the purchase process more efficient	30%		38%	32%
Access to product specialists (e.g., Apple "genius" concept)	32%		39%	29%
Minimal contact with the dealer	29%		42%	29%

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

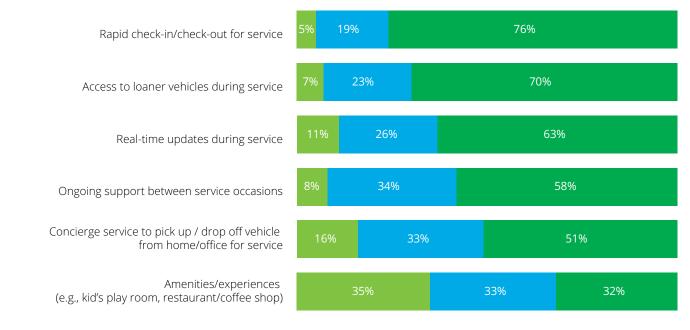
Q45. How important are each of the following items related to the vehicle buying process? Sample size: n=911



## 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



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

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

In-dealer tools (kiosks, tablets)	7%	29%	9%	55%	
Enrollment process for subscription-based connected services (e.g. OnStar)	5%	35%	9%	51%	
Online financing/credit application	5%	36%	10%	49%	Ď
Third-party true market pricing tools	6%	37%	9%	489	6
Manufacturer communication (e.g., chat, email, social media, etc.)	6%	38%	11%	4	5%
Trade-in value estimator	11%	38%	9%		42%
Vehicle comparison tool	4% <mark></mark>	54%		11%	31%
Dealer communications (email/text/chat)	7%	49%		14%	30%
Vehicle configurator/build-and-price tool	5%	56%		10%	29%
Dealer websites (e.g., search inventory, book a test drive)	5%	54%		13%	28%
Manufacturer/brand website (e.g., research models, view photos/videos)	3 <mark>%</mark>	649	%	12%	21%

Below expectations Met expectations Above expectations N/A

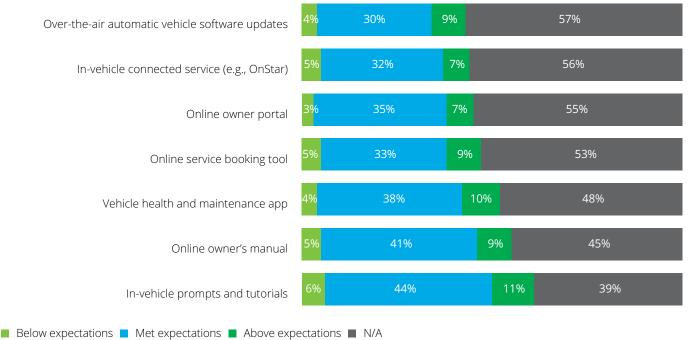
Q30. Considering your current vehicle purchase and ownership journey, please tell us whether or not each of the following digital experiences met your expectations. Sample size: n=878



## 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

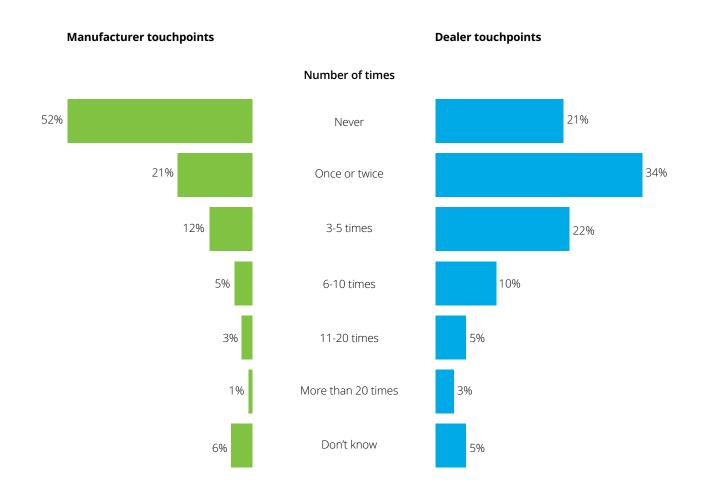


# Communication from dealers and manufacturers



## 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

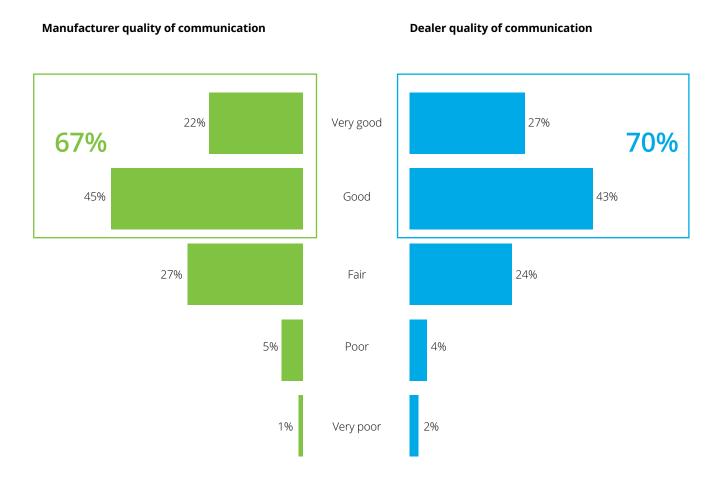


Q31. How many times has either the manufacturer or dealer contacted you (for any reason) after acquiring your current vehicle? Sample size: n=878



## 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



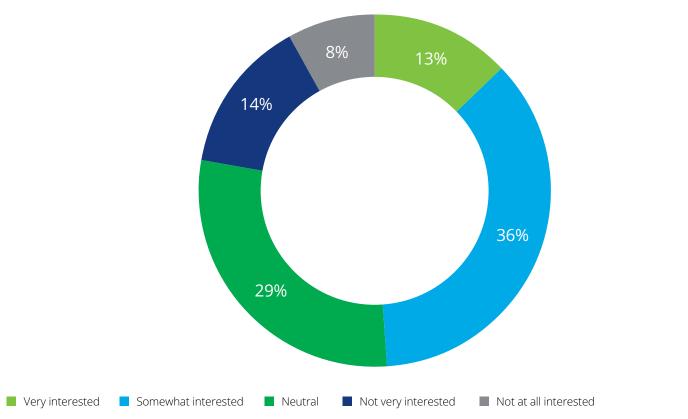
# Are consumers ready to leave the dealer behind?



## 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?



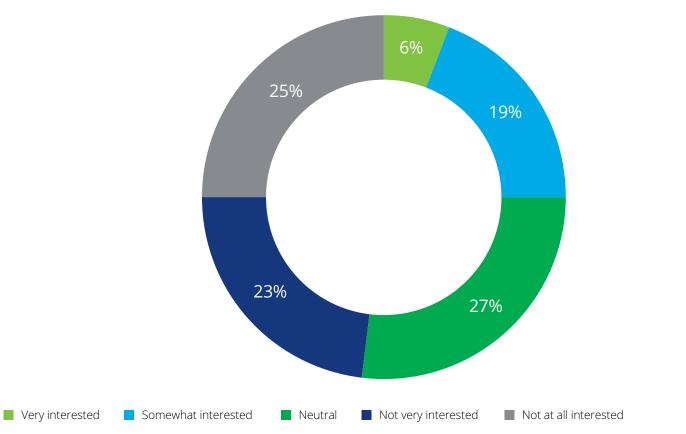
Q47. If you had the option to acquire your next vehicle directly from the manufacturer (via online process), how interested would you be? Sample size: n=1,093



## 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?

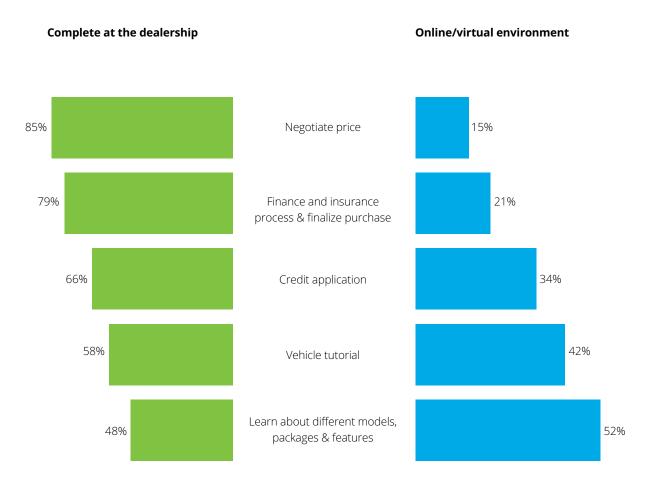


Q48. If you had the option to acquire your next vehicle through an online retail website (e.g., Amazon), how interested would you be? Sample size: n=1,093



## 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

ent	19%	27%		54%	
to nt, ost	21%	26%		53%	
to ics	30%	279	6	43%	
ew om	36%		29%	35%	
so nip	46%		25%	29%	

Ability for my vehicle to self-diagnose issues and book a service appointment

An app that uses in-vehicle data and manufacturer information to explain to you what is going to be completed during an upcoming service appointment, how long it will likely take, and approximately what it will cost

An app on your smartphone that allows you to remotely manage vehicle functions, provides vehicle health metrics

Ability to use augmented/virtual reality technology to explore a variety of new vehicles and simulate the driving experience in the dealer showroom

Ability to complete a vehicle purchase online so you never have to step foot in a dealership

Not at all interested/Not very interested

d 📃 Neutral

Somewhat interested/Very interested

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

Maintenance updates and vehicle health reporting	7% 25	5%	68%
Updates regarding traffic congestion and suggested alternate routes	12%	25%	63%
Customized suggestions regarding ways t minimize service expense	11%	26%	63%
Maintenance cost forecasts based on your driving habits	12%	26%	62%
Having access to a Wi-Fi connection in your vehicle	20%	25%	55%
Customized/optimized vehicle insurance plan	14%	32%	54%
Access to parking (i.e., availability, booking, and payment)	19%	32%	49%
Over-the-air vehicle software updates	18%	35%	47%
Increased level of autonomous capability in your vehicle	20%	36%	44%
Special offers regarding non-automotive products and services related to your journey or destination	29%		37% 34%

Not at all interested/Not very interested Neutral Somewhat/Very interested

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



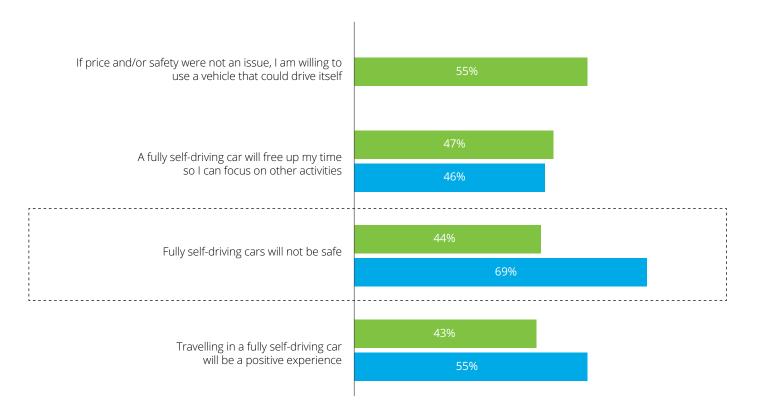
# How do consumers feel about autonomous vehicles?



## 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



#### 2018 2017

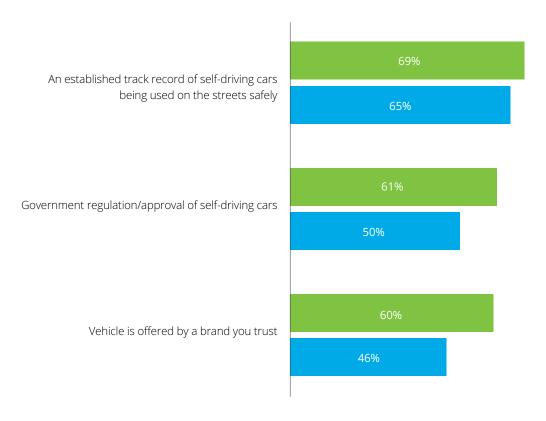
Note: Percentage of respondents who strongly agreed or agreed have been added together Q1: To what extent do you agree or disagree with the following statements? Sample size: n= 1,222 [2018], n= 1,114 [2017]



## 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



#### 2018 2017

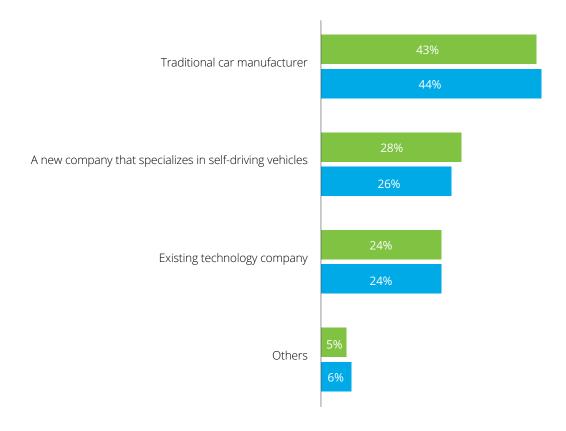
Note: Percentage of respondents who strongly agreed or agreed have been added together Q2: Would the following factors make you more or less likely to ride in a self-driving car? Sample size: n= 1,201 [2018], n= 1,184 [2017]



## 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



#### 2018 2017

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]



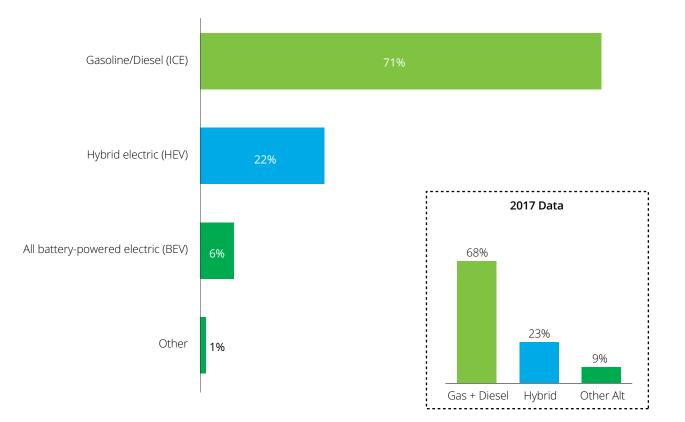
# How do consumers feel about electrified vehicles?



## 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)



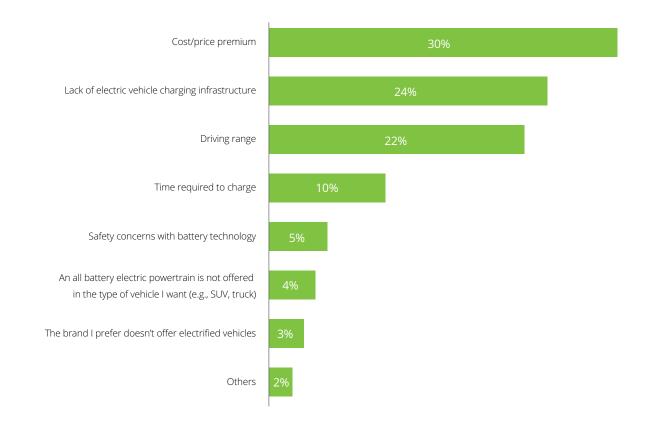
Note: 'Other" category in 2018 data includes ethanol, CNG, and fuel cell Q38. What type of engine would you prefer in your next vehicle? Sample size: n= 1,093 [2018], n= 1,064 [2017]



## 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



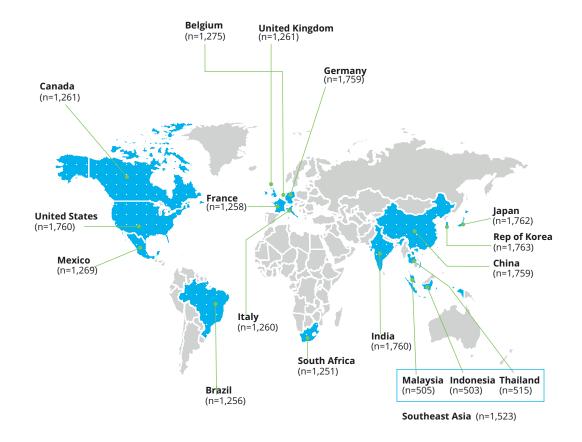
## Contacts

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## 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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