

Press Release

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More than 25 million Gen Y consumers in Europe plan to forego vehicle ownership in the next five years

Brussels, 2 October 2014— In its latest report exploring the mobility choices and automotive expectations for consumers around the world, Deloitte Touche Tohmatsu Limited (Deloitte) reveals that approximately 25 percent of Generation Y (“Gen Y”) consumers across Europe do not plan to buy or lease a vehicle before 2019. In Belgium this number goes up to 30 percent. Instead, these young consumers—born between 1977 and 1994—are opting for modes of transportation such as public transit, taxis, rental agencies, and walking, all of which they believe offer more convenience at a lower total cost than owning a personal car. Potentially a cause for concern when American research¹ has found that as many as 32 personal vehicle purchases are avoided for every car-sharing vehicle.

The new study by Deloitte’s Global Manufacturing Industry group, *2014 Global Automotive Consumer Study: Exploring European consumer mobility choices*, analyses the changing mobility needs and buying behaviour of a consumer group estimated to reach 106 million people in Europe by 2020.² The study analysed responses from more than 23,000 consumers across 19 countries, with the latest analysis examining the preferences of Millennials living in eight European markets, including Belgium (1,600 respondents), the Czech Republic, France, Italy, Germany, the Netherlands, Turkey, and the United Kingdom.

Will Generation Y consumers buy vehicles?

“The results of this latest study shows that the love affair Europeans have long had with their cars may be waning with this young, tech-savvy generation that can now turn to texting, email, and video chats to connect with friends and family wherever and whenever they want,” comments Eric Desomer, Deloitte Belgium Automotive Sector Leader. *“Increasing levels of debt and entering the job market on the heels of one of the largest economic downturns in the last century, as well as emerging transportation*

¹ The rising popularity of car-sharing services is also an important consideration for automakers as research has found that as many as 32 personal vehicle purchases are avoided for every car-sharing vehicle in the 10 key car-sharing markets in the United States. The 10 markets are Austin, TX; Boston; Chicago; Miami; New York; Portland, OR; San Diego; San Francisco-Oakland; Seattle; and Washington, D.C. See “AlixPartners study indicates greater negative effect of car-sharing on vehicle purchases,” AlixPartners, February 5, 2014.

² Colliers International. Generation Y. How population change will impact office space demand. November 2011. <http://www.colliers.com/-/media/Files/EMEA/emea/research/generation-y/201111-gen-y-report-population-change>



models such as car and ride sharing, improved public transport and multi modal systems, are shifting preferences from vehicle ownership to vehicle access.”

Among Belgian Gen Y consumers who do not currently own or lease a vehicle, cost is undeniably the main barrier to vehicle ownership. Most cite high operational and maintenance cost (74 percent) and affordability (72 percent). When it comes to convenience, 70 percent say their lifestyle needs are met by walking or public transportation.

Gen Y wants a better customer experience

For Generation Y, the total customer experience really matters. As a decision driver in the final purchase, the customer experience is three times more important than the vehicle design. Nearly 75 percent of Belgian Gen Y consumers indicate services that enhance the customer experience throughout the ownership lifecycle and deliver more value for their investment can positively impact Gen Y consumers’ perception of owning a personal car. Free routine maintenance is for instance important to their ultimate purchase decision.

Research is key for the consumer in their buying process

The study shows that consumers tend to look at more brands before they buy or lease a vehicle compared to other generational consumers and tend to spend 10 hours researching before making their purchasing decision. Unfortunately, there is work to be done at the dealer level if automakers are to deliver on Gen Y consumers’ expectations of the customer experience. Less than half feel automotive dealers treat them with respect, and only a third have a positive attitude towards dealers. When it comes to sources of information for vehicles they may be interested in, European Gen Y consumer’s rank automotive dealerships fifth; only social media ranks lower. Instead, for Gen Y consumers in Europe, family and friends have the most significant influence on Gen Y’s car purchasing decisions.

Gen Y consumers want alternative powertrain (and fuel efficiency)

“Gen Y consumers in Europe overwhelmingly describe themselves as commuters concerned with cost, when making their mobility choices, so it makes sense that there seems to be a growing appetite amongst this generation for alternative powertrains – particularly in a market like Europe where the cost of petrol is so high,” said Eric Desomer.

In Belgium, the study reveals that 33 percent of Gen Y consumers would prefer driving an alternative fuel vehicle within the next five years—primarily in an effort to reduce operational costs. They show a strong preference for Hybrid and are willing to pay more for it (€2,000). About half of the consumers feel there are not enough alternative fuel engine options in the market, with almost two third preferring a broad range of powertrain options in each vehicle model. While automakers are independently working on fuel efficiency and alternative powertrain, government regulations are also greatly influencing the speed at which more fuel efficient and greener models are introduced to the market. Most of the consumers who participated in the study in Belgium are supportive of government incentives and standards to switch to alternative powertrain. Today 39 percent of consumers still drive petrol engines and 60 percent drive diesel operated vehicles.

Safety trumps technology for Gen Y consumers

While Gen Y consumers believe new vehicle technologies have significant benefits, they desire safety technologies more than cockpit technologies. Safety technologies like blind spot detection and crash avoidance systems are seen as more beneficial (76 percent). Interestingly, cockpit technologies that provide connectivity trail significantly with only 33 percent of Gen Y consumers in Europe expecting benefit from those technologies.



With regard to autonomous vehicles, consumers in Belgium today find basic levels of automation desirable (72 percent) but show declining interest (53 percent) in the more advanced systems like adaptive cruise control and lane centering. The interest drops to 32 percent for fully autonomous vehicles.

“It’s going to be interesting to watch how the evolution of autonomous vehicles will impact this generation’s perception towards vehicle ownership,” says Eric Desomer. “Despite their desire to be connected and protected, this generation does not currently appear to be comfortable with the technologies that in reality address many of their concerns with vehicle ownership. Fully autonomous vehicles have the ability to reduce operational costs and allow consumers to remain connected and productive during their commutes.”

To view the 2014 *Global Automotive Consumer Study: Exploring European consumer mobility choices* report, please visit www.deloitte.com/be/mobility.

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