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2020 Ontario automotive consumer study

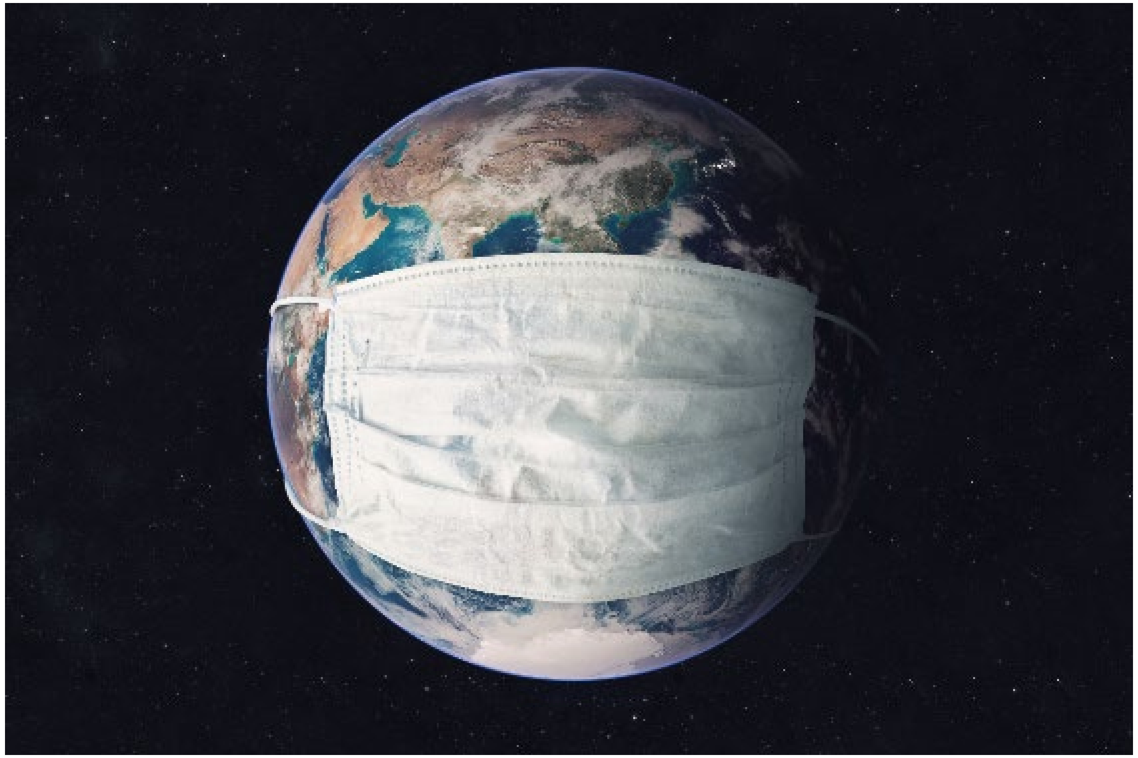
TADA auto dealers innovation series and expo

September 24, 2020

175 MAKING AN IMPACT THAT MATTERS since 1845

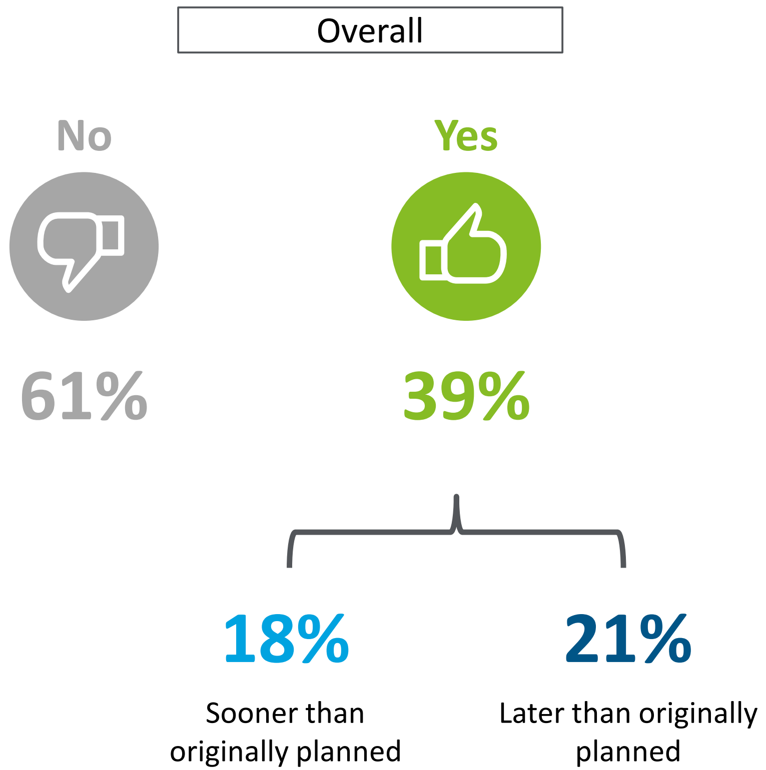
Agenda

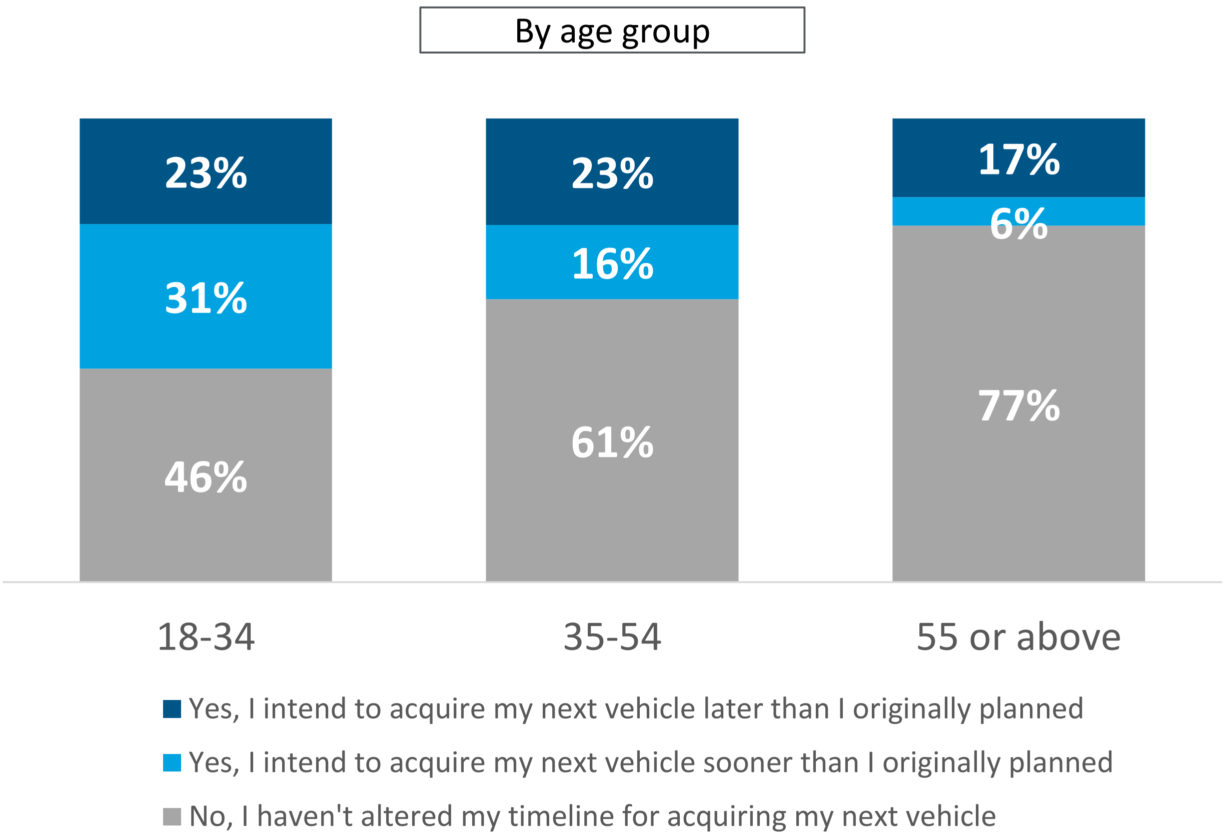
How is COVID-19 affecting consumer behaviour in Ontario?



Nearly 40% of people have altered their timeline for buying their next vehicle, but not everyone intends on delaying it – some may be looking to take advantage of incentives.

Whether the COVID-19 pandemic altered consumers' timeline for acquiring next vehicle

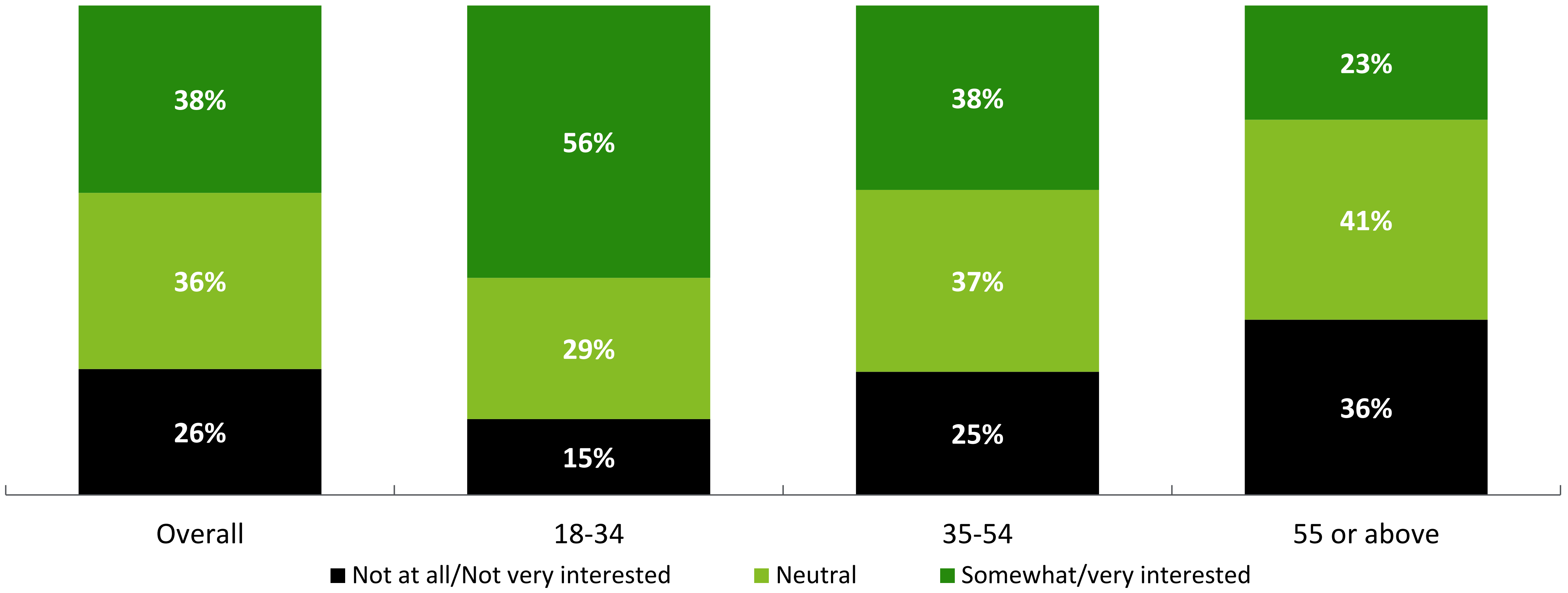




Q13: Have you altered your timeline for acquiring your next vehicle because of the COVID-19 pandemic?
Sample size: n=895; 18-34 = 260; 35-54 = 376, 55 or older = 259

In fact, over half of younger consumers are interested in acquiring a vehicle as a way to maintain social distancing while traveling.

Consumers' interest in acquiring a vehicle to maintain social distancing (% of consumers)

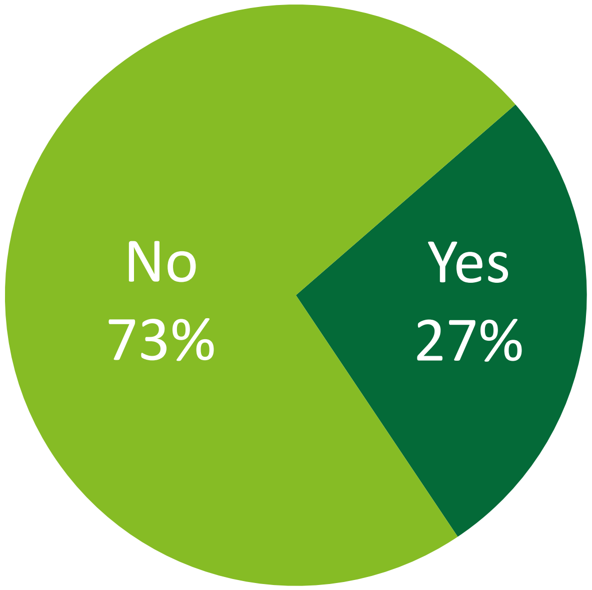


Q11: To what extent are you interested in acquiring a vehicle as a way to maintain social distancing going forward?

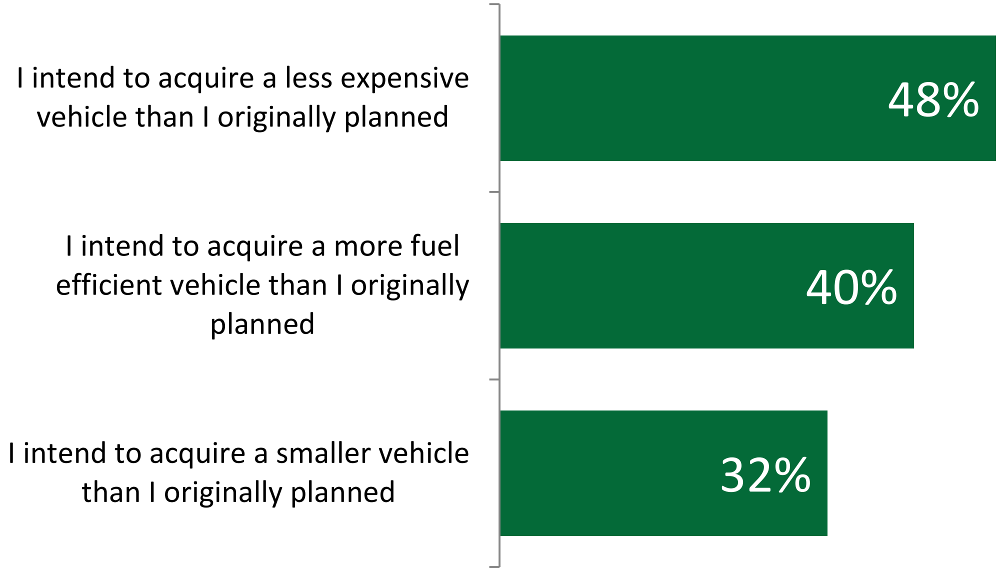
Sample size: n=1,022; 18-34 = 284, 35-54 = 425, 55 or older = 313

Some consumers are also starting to think differently about the type of vehicle they would most acquire next – close to half are looking for a more affordable option.

Has COVID-19 caused people to think differently about what kind of vehicle to acquire next?



Type of vehicle consumers plan to buy due to the impact of COVID-19



Note: Sum exceeds 100% as respondents can select multiple options

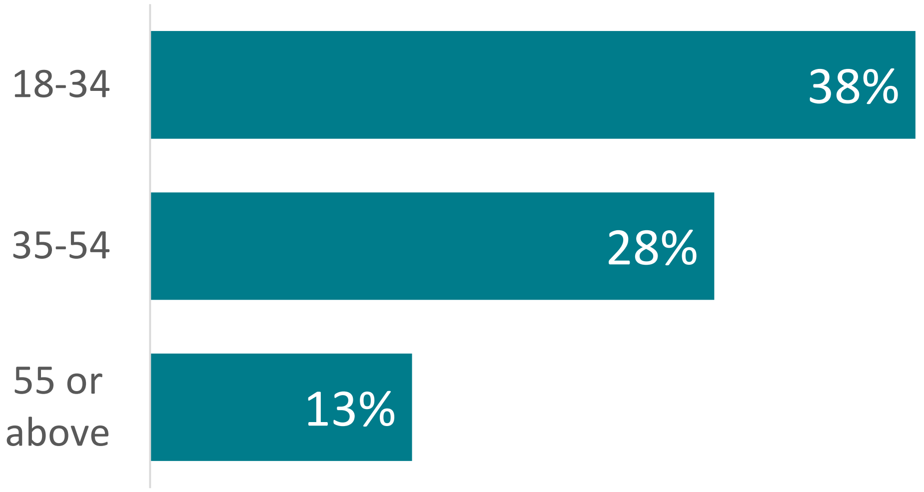
Q14: Has the COVID-19 pandemic caused you to think differently about what kind of vehicle you would most like to acquire next? (n=895)

Q15: How have you changed your thinking about what kind of vehicle you will acquire next? Please select all that apply. (n=238)

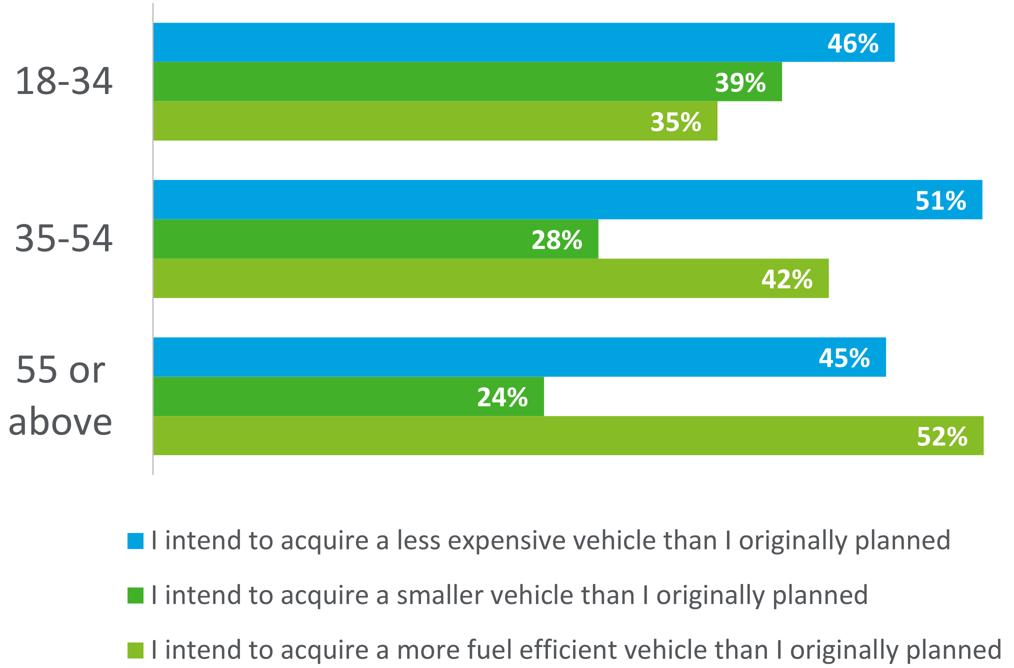
Younger consumers are more likely to rethink the kind of vehicle they will acquire next, but 35-54 year-olds may be feeling more of a pinch in their wallet.

Percentage of consumers who think that COVID-19 caused them to think differently about…

…the kind of vehicle they would most like to acquire next



…the type of vehicle they plan to buy

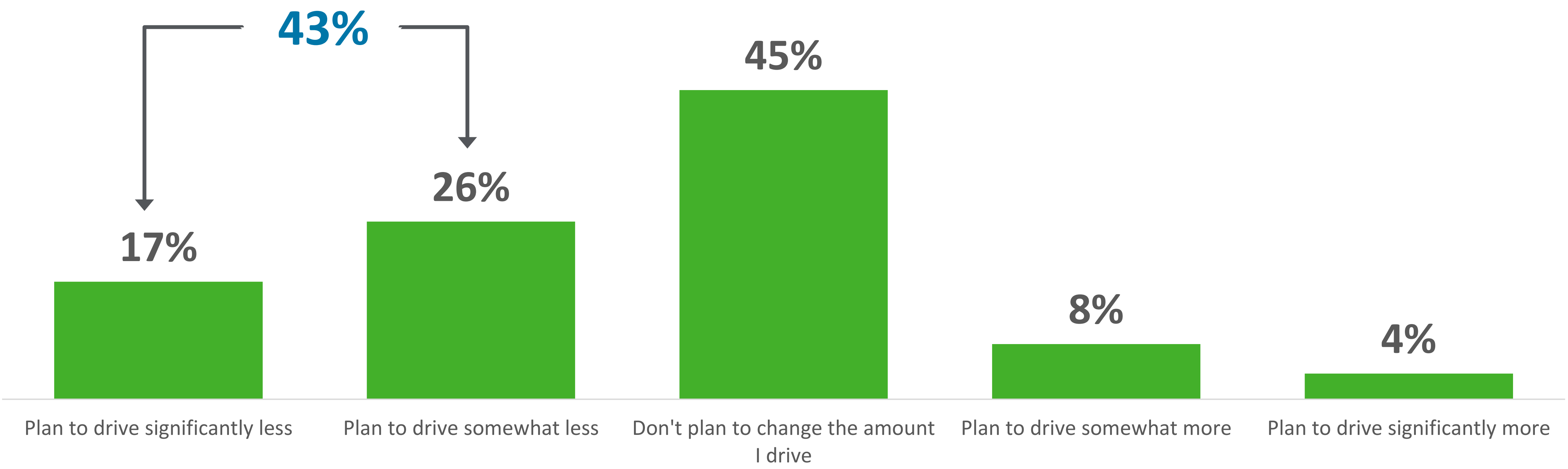


Q14: Has the COVID-19 pandemic caused you to think differently about what kind of vehicle you would most like to acquire next?

Sample size: 18-34 = 260; 35-54 = 376, 55 or older = 259

Also, a significant number of people are also planning to drive less in general as a result of the pandemic (even though they may be looking to use their vehicle more than other mobility modes).

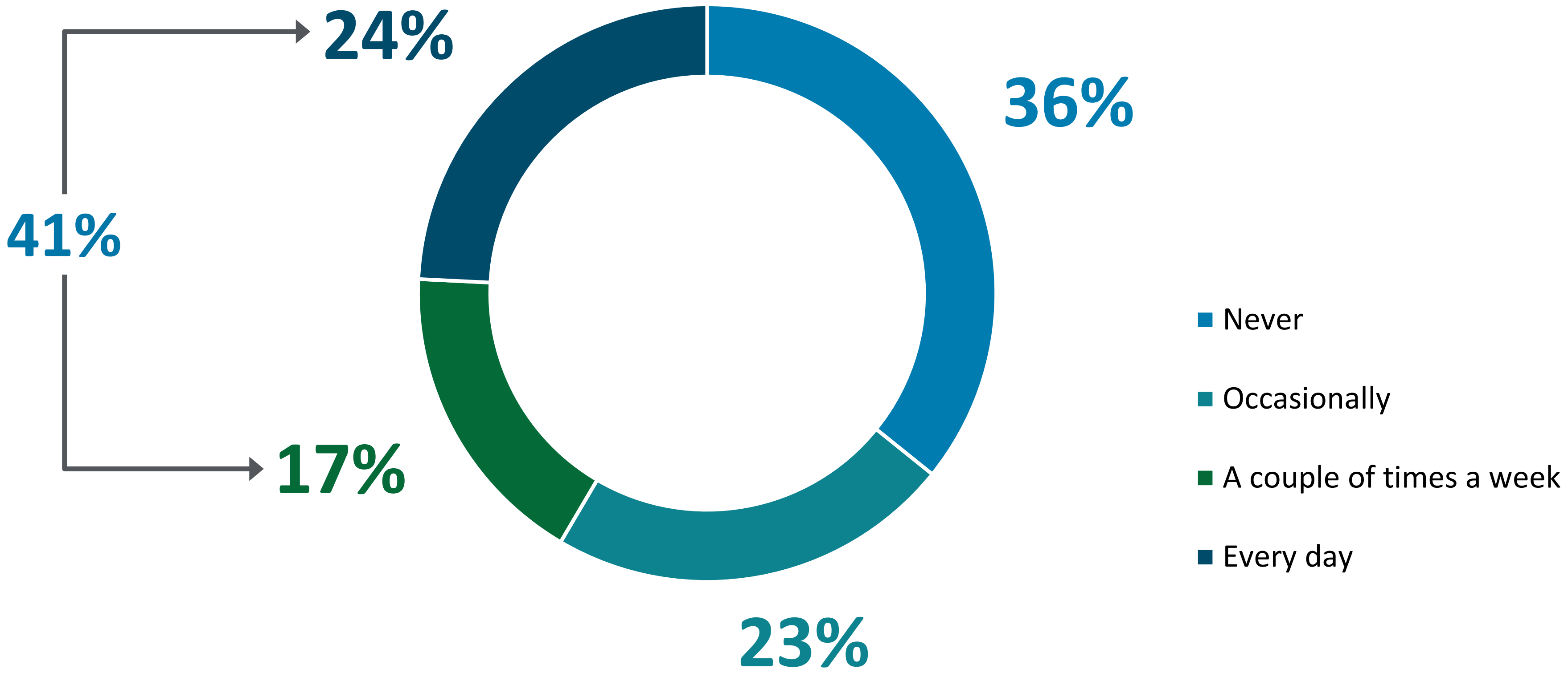
Change in driving behavior as a result of the global pandemic (% of consumers)



Q36: To what extent will your driving behavior change as a result of the global pandemic?
Sample size: n=1,022

A drop in driving behaviour may be related to the fact that 41% of people intend to work from home at least a couple of times a week going forward.

Going forward, how often do you plan to work from home?



Q37: Going forward, how often do you plan to work from home?

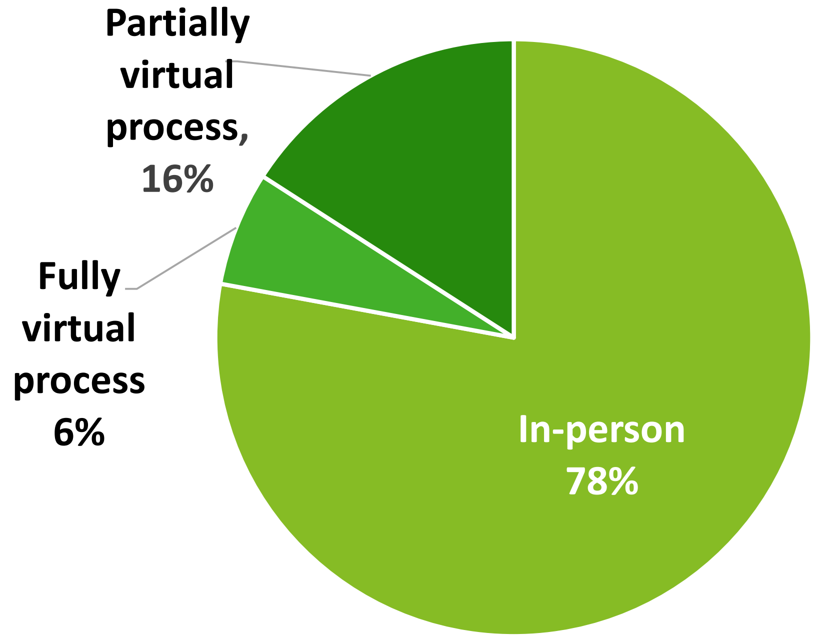
Sample size: n=1,022

What do consumers expect from dealers going forward?

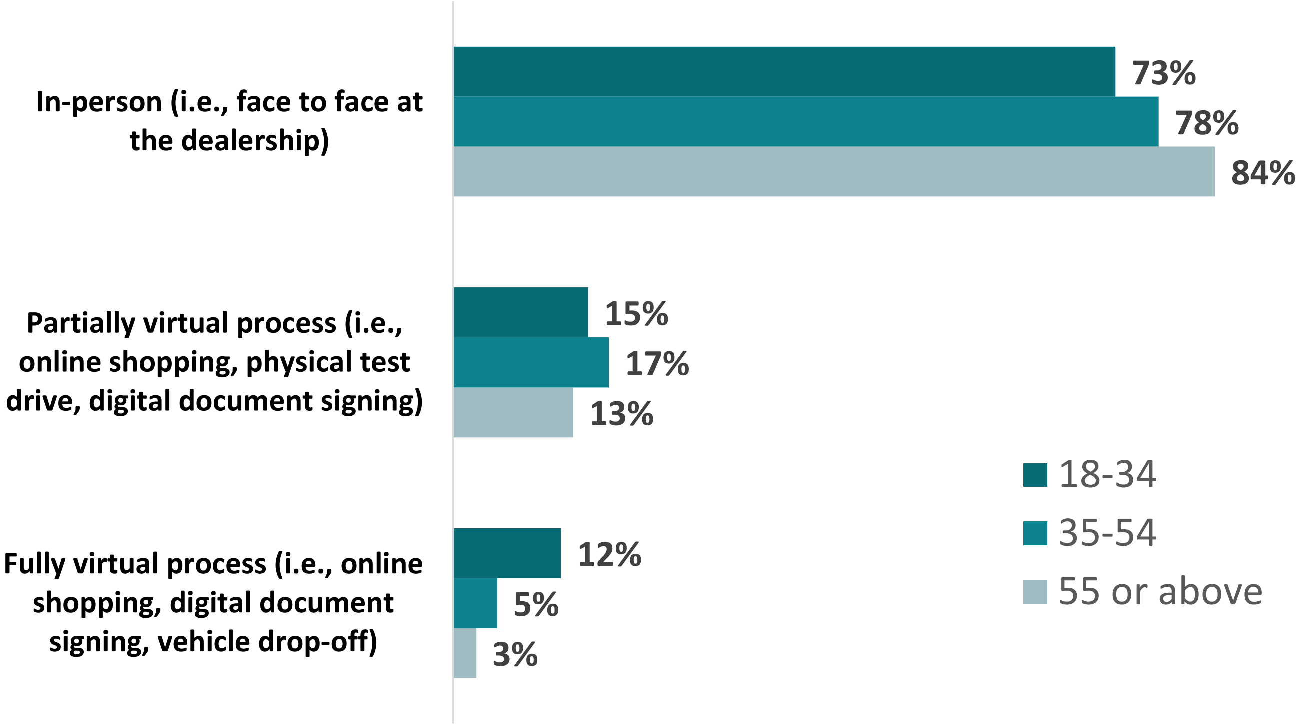
Virtual vehicle purchasing? Sure, but let's not get ahead of ourselves as 78% of people in Ontario still want to buy their next vehicle in-person at a dealership.

Preferred way to acquire next vehicle

Overall



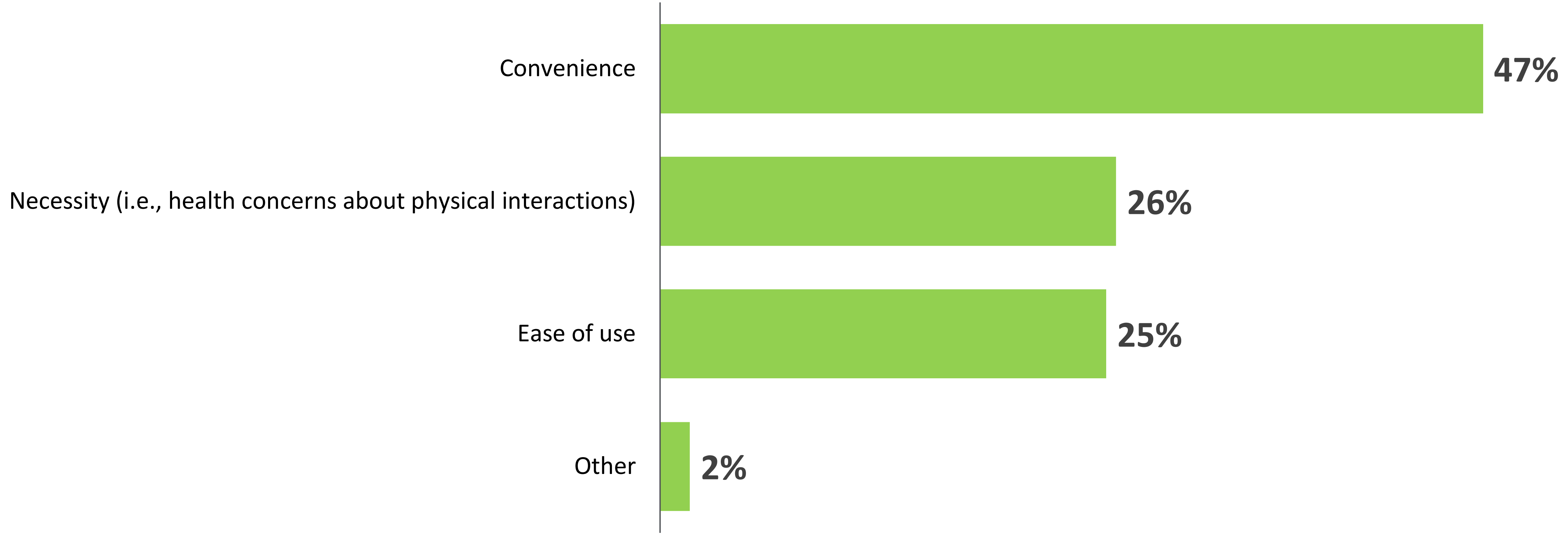
By age group



Q22. How would you most prefer to acquire your next vehicle?
Sample size: n= 818; 18-34 = 235; 35-54 = 349, 55 or older = 234

Those who want a virtual buying experience for their next vehicle are mainly interested in maximizing their convenience.

Main reason to acquire next vehicle via a virtual process

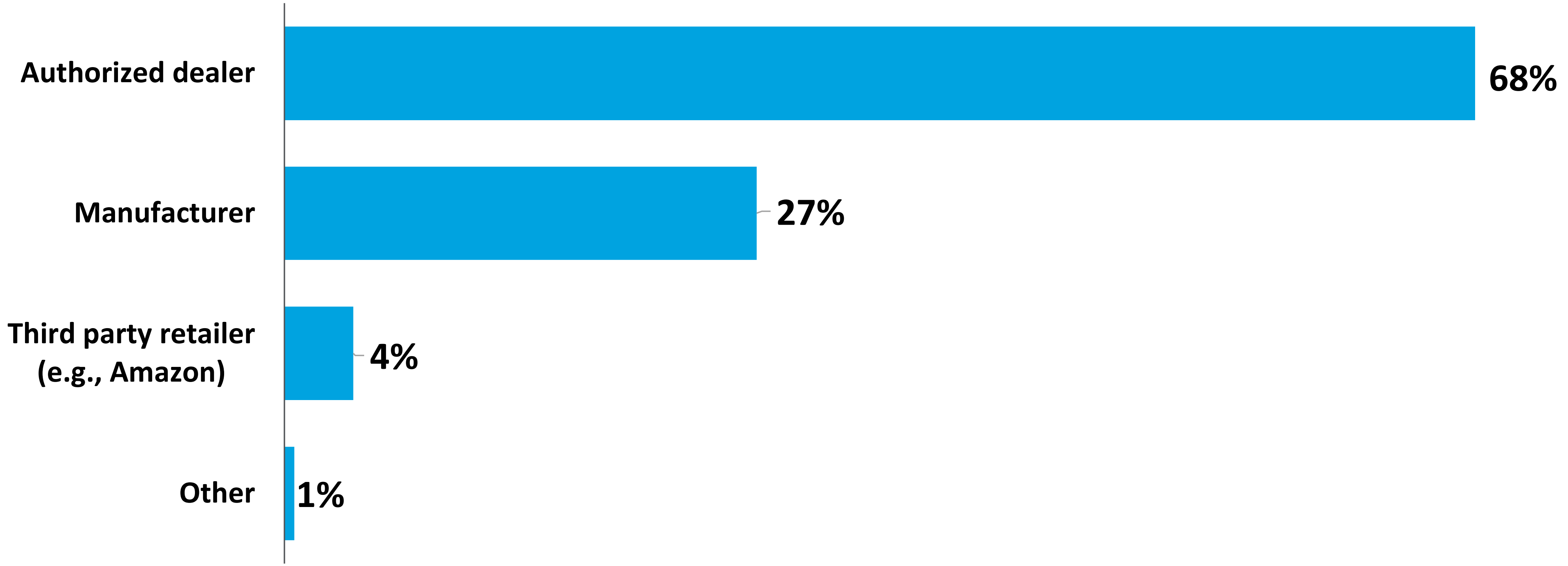


Q24. What is the main reason you would prefer to acquire your next vehicle via a virtual process?

Sample size: n= 177

And there is no doubt that consumers expect dealers to be fully involved in delivering virtual vehicle purchasing experiences going forward.

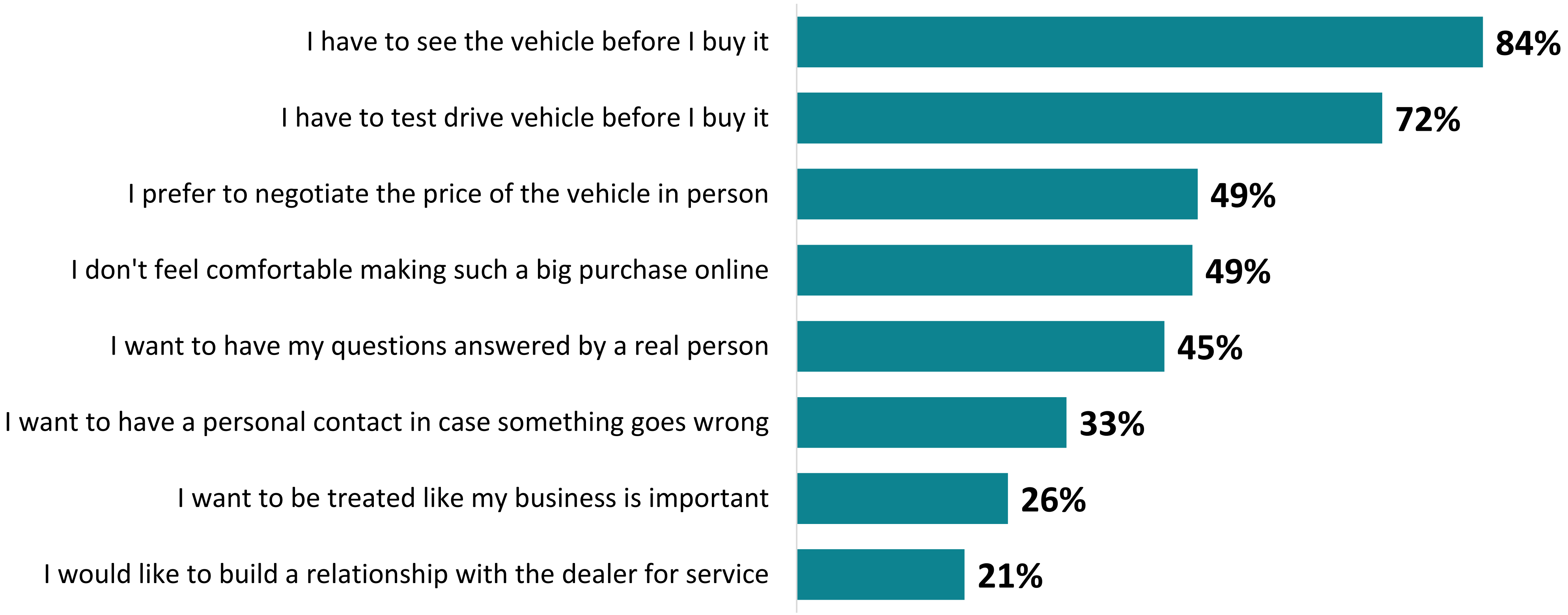
From whom would you most prefer to acquire your next vehicle via a virtual process?



Q23: From whom would you most prefer to acquire your next vehicle via a virtual process?
Sample size: n= 177

On the other hand, it's hard to get away from the fact that some things are simply hard to digitize – people need to see/touch/smell and drive their new ride.

Main reasons for <u>not interested</u> in acquiring next vehicle via a virtual process



Q25: What are the main reasons you are not interested in acquiring your next vehicle via virtual process?

Sample size: n=641

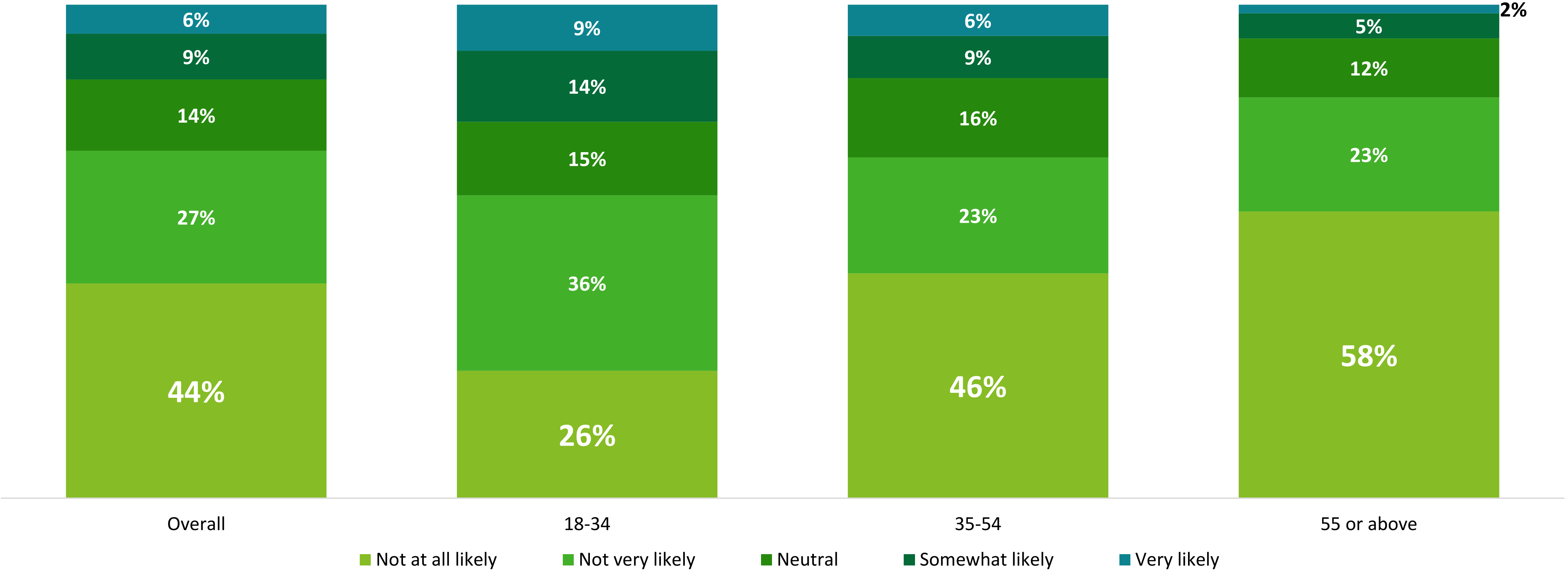
When it comes to what's most important to customers, some things never change – getting a good deal and having visibility on vehicle price is certainly nothing new.

Most important aspects of the purchase experience

Q26: When looking to acquire your next vehicle, what is the most important aspect of the purchase experience? Please select all that apply.
Sample size: n=818

Having said that, younger people may be looking at the lack of a test drive as less of a "deal breaker" as compared to their older counterparts.

Interest in purchasing next vehicle without a test drive



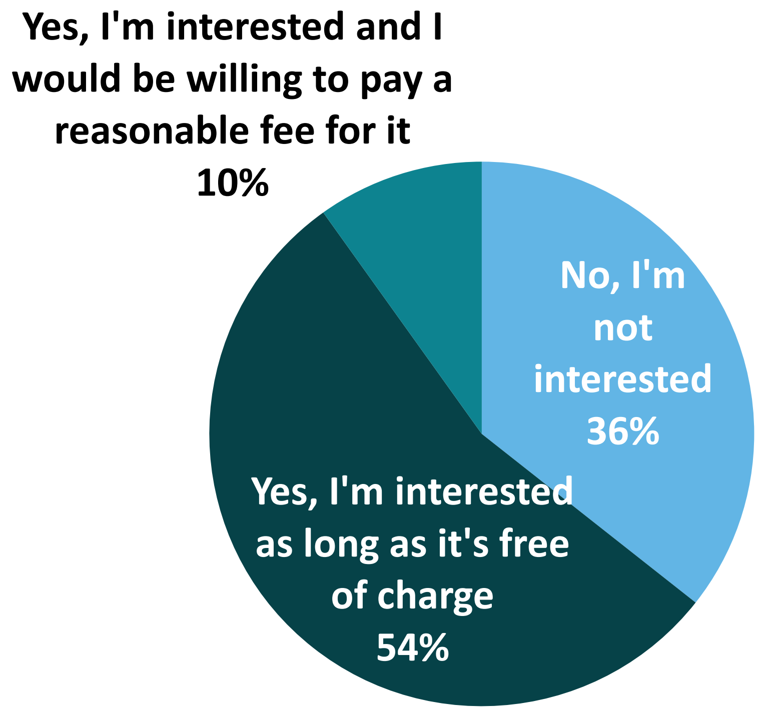
Q27: How likely are you to purchase your next vehicle without a test drive?

Sample size: n=818

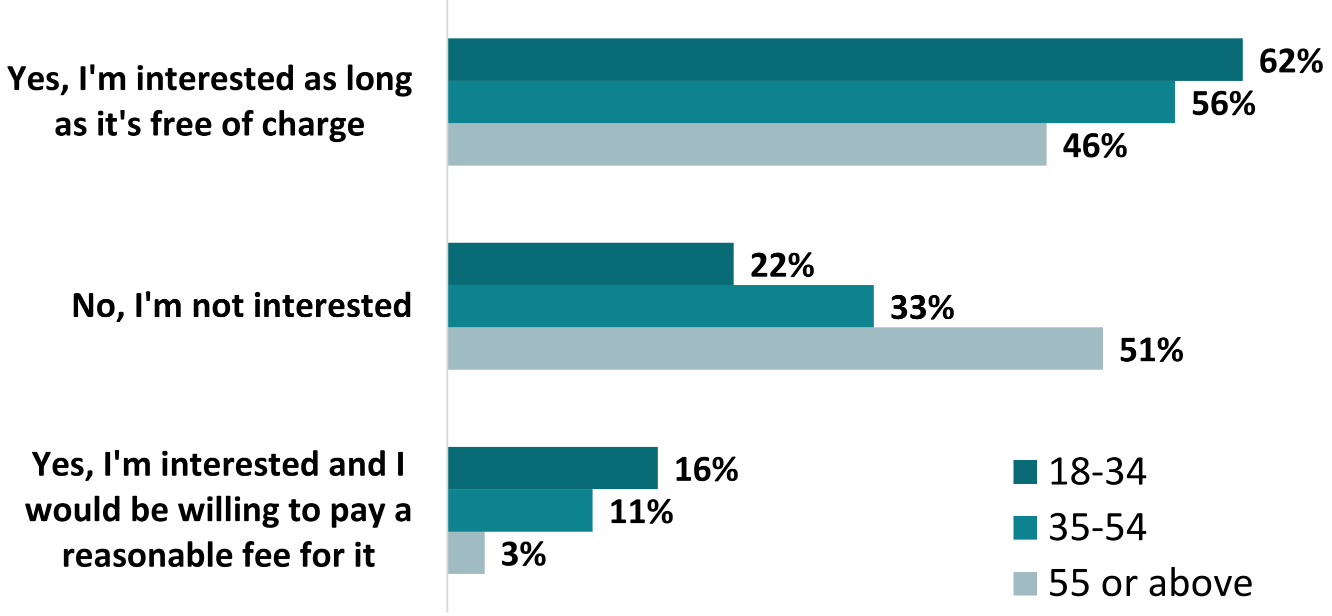
What about the current owner experience? Concierge services that were implemented to keep fixed-ops revenue coming in may be difficult to maintain.

Percentage of consumers interested in having their car picked up for service

Overall



By age group

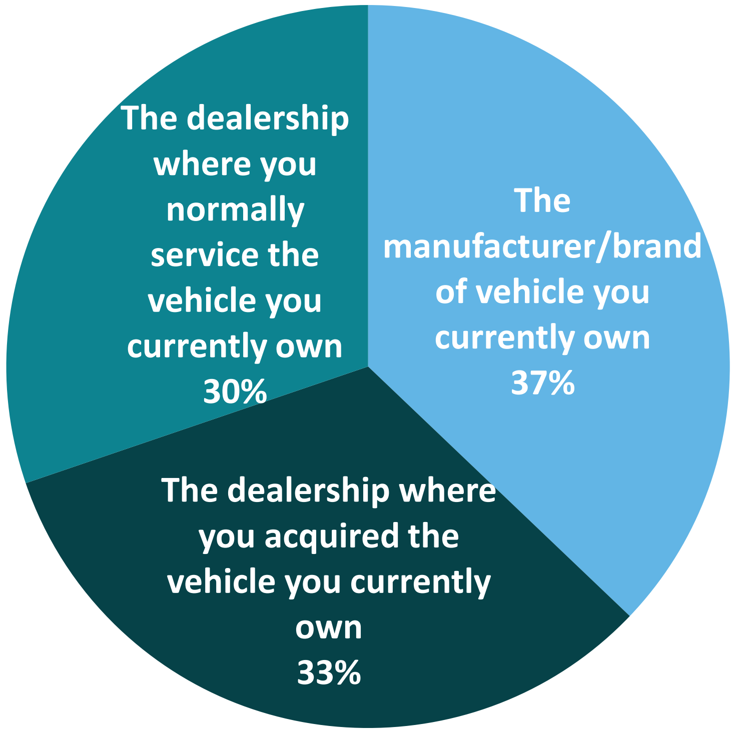


Q9. Are you interested in having your car picked up from your home or office the next time it requires service?
Sample size: n=870; 18-34 = 221, 35-54 = 373, 55 or older = 276

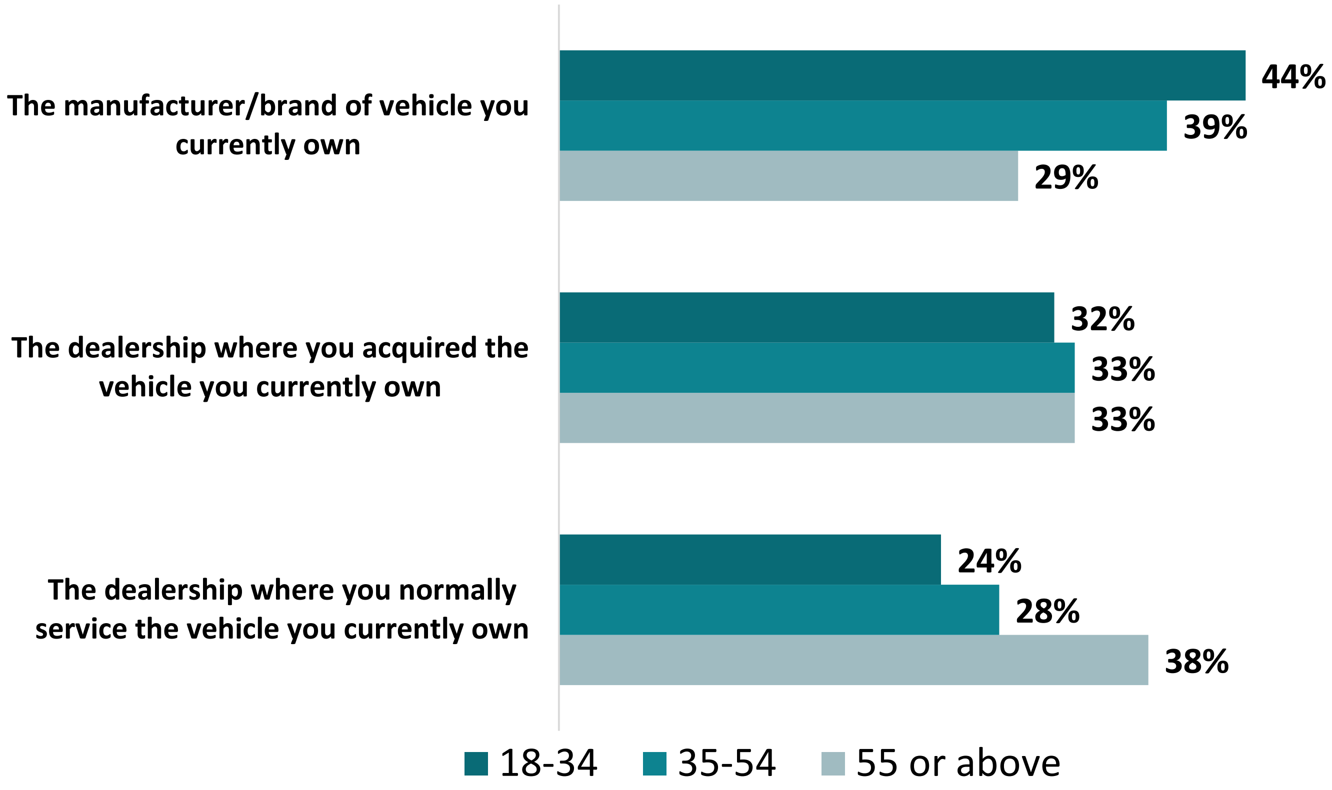
At the end of the day, younger vehicle owners feel significantly more connected to the brand than older consumers that may have more experience “playing the field”.

With whom do customers feel more connected?

Overall



By age group



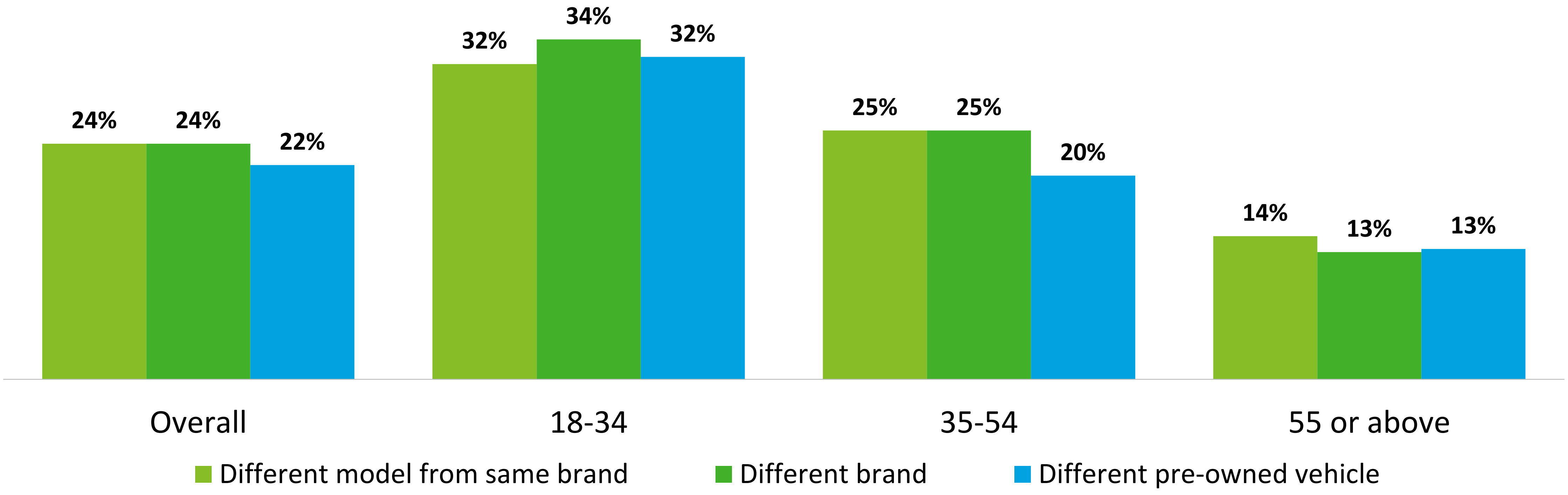
Q10. With whom do you feel more connected?

Sample size: n=1,022; 18-34 = 284, 35-54 = 425, 55 or older = 313

What about new business models like subscriptions?

Subscription services have yet to gain a substantial foothold in the market as less than a quarter of consumers indicate interest.

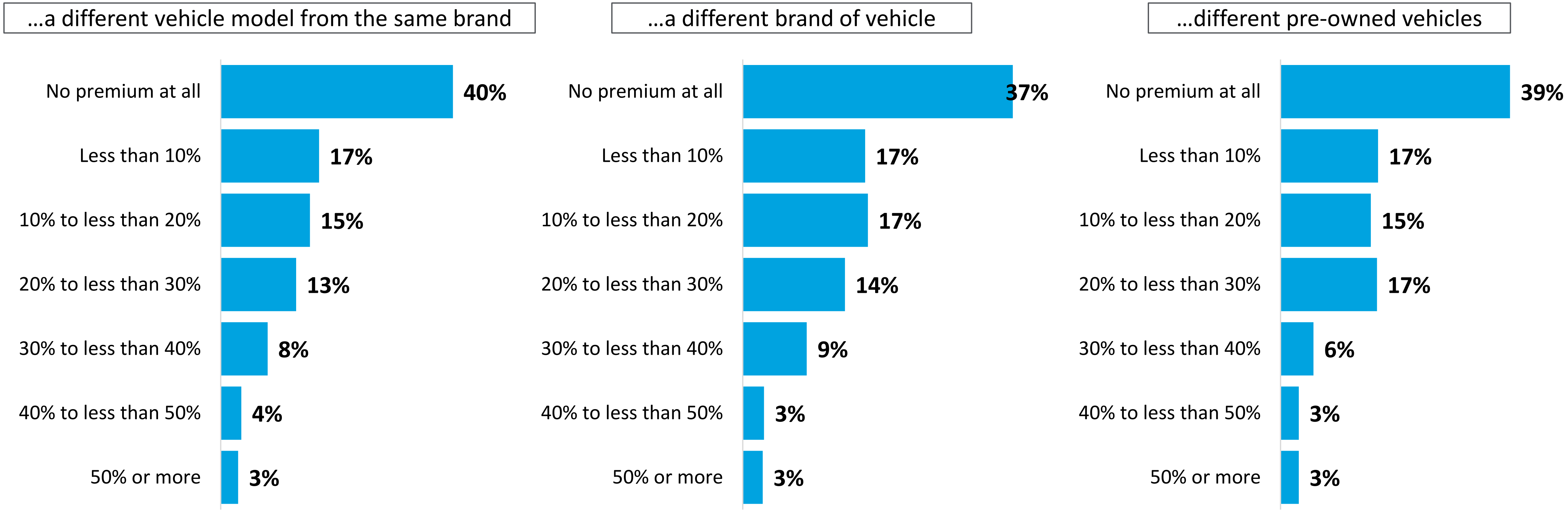
Percentage of consumers interested in a subscription service where they can periodically choose different vehicles



Q33: How likely are you in each of the following statements?
A subscription service where you can periodically opt for a different vehicle model from the same brand;
A subscription service where you can periodically opt for a different brand of vehicle;
A subscription service where you can periodically opt for different pre-owned vehicles
Sample size: n=1,022; 18-34 = 284, 35-54 = 425, 55 or older = 313

A significant percentage of people are also not willing to pay a premium to gain access to subscription services.

Compared to a normal, single-vehicle lease/loan monthly payment, percentage of consumers interested in a subscription service where they can periodically opt for…

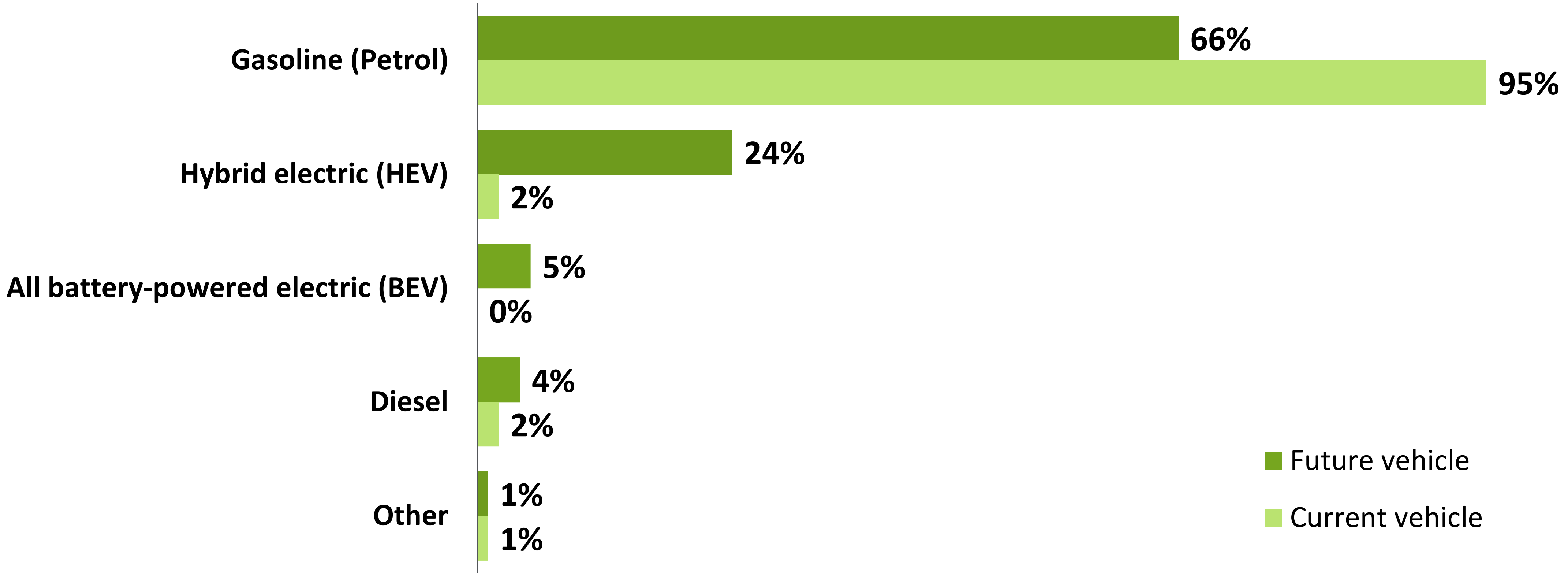


Q34: Compared to a normal, single-vehicle lease/loan monthly payment, how much of a premium would you be willing to pay for each of the following services?
A subscription service where you can periodically opt for a different vehicle model from the same brand? Sample size: n = 510
A subscription service where you can periodically opt for a different brand of vehicle? Sample size: n = 513
A subscription service where you can periodically opt for different pre-owned vehicles? Sample size: n = 478

Issue in focus:
Vehicle electrification

The level of interest in electrified vehicles is shifting rapidly, but people seem much more content to take the half-step to a hybrid powertrain as opposed to a full EV.

Type of engine in vehicle

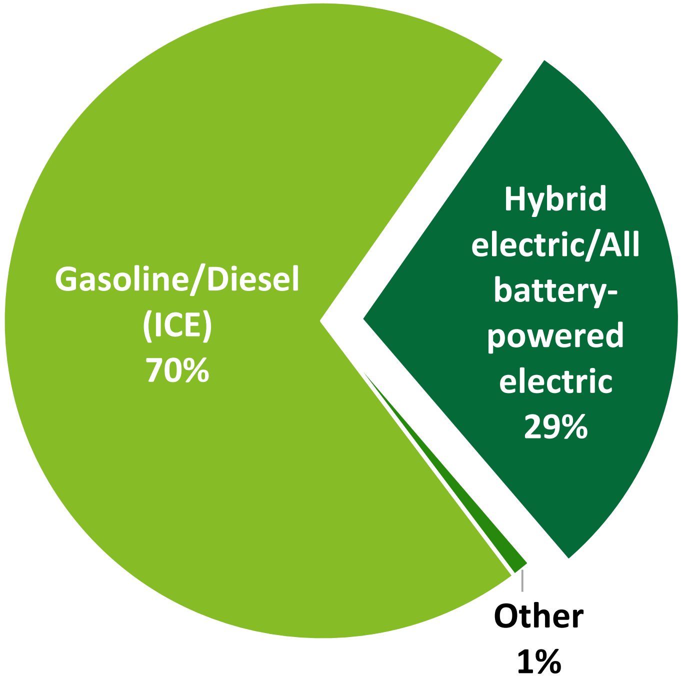


Note: 'Other" category includes ethanol, CNG, and fuel cell

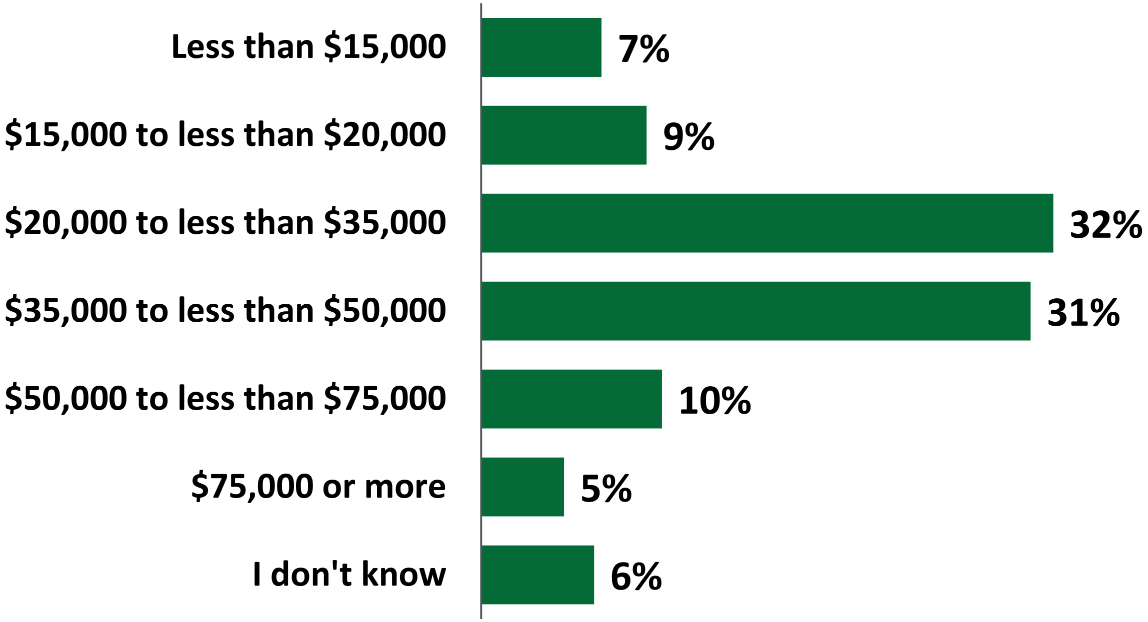
Q7. What type of engine is in your current vehicle?; Q20. What type of engine would you prefer in your next vehicle?
Sample size: n= 870 [Current vehicle], 818 [Future vehicle]

The majority of people interested in an electrified vehicle are expecting to pay between $20K and $50K – which raises the question re: how many EVs fit within this price criteria?

Type of engine in future vehicle



Price ranges in which consumers’ prefer to shop for an electrified vehicle



Note: ‘Other” category includes ethanol, CNG, and fuel cell

Q20. What type of engine would you prefer in your next vehicle?

Sample size: n=818

Q21. In which of the following price ranges will you be shopping for an electrified vehicle? (Please indicate what you would expect to pay after any dealer/brand or government incentives that might be available)

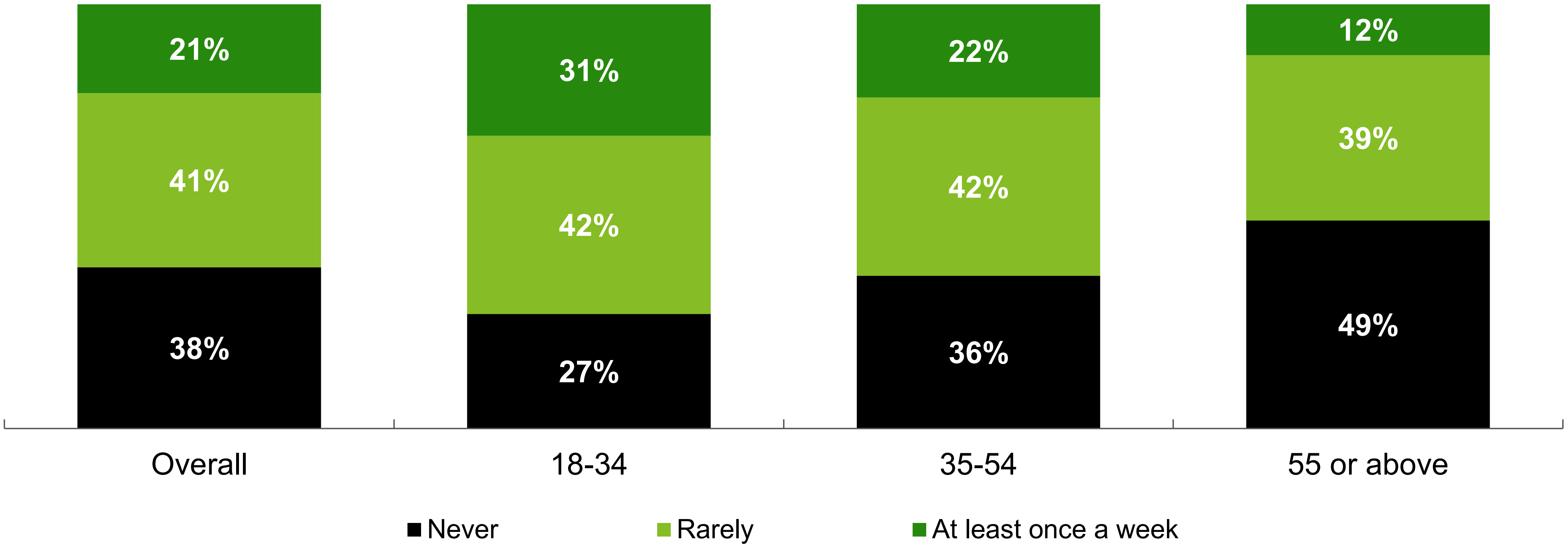
Sample size: n= 237

Issue in focus:

Perspectives on mass transit and ride-hailing

Prior to the pandemic, 41% of survey respondents report using public transit at least on rare occasions with a further 21% using it at least once a week.

Consumers' interest in using public transit prior to the COVID-19 pandemic (% of consumers)

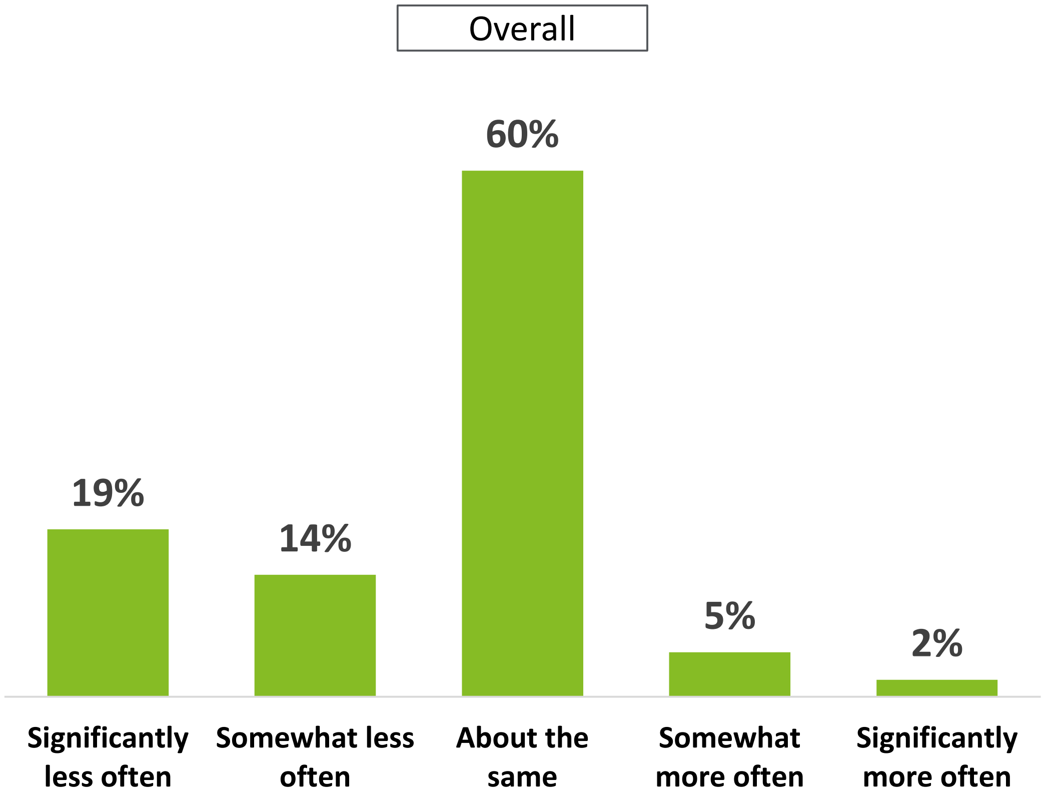


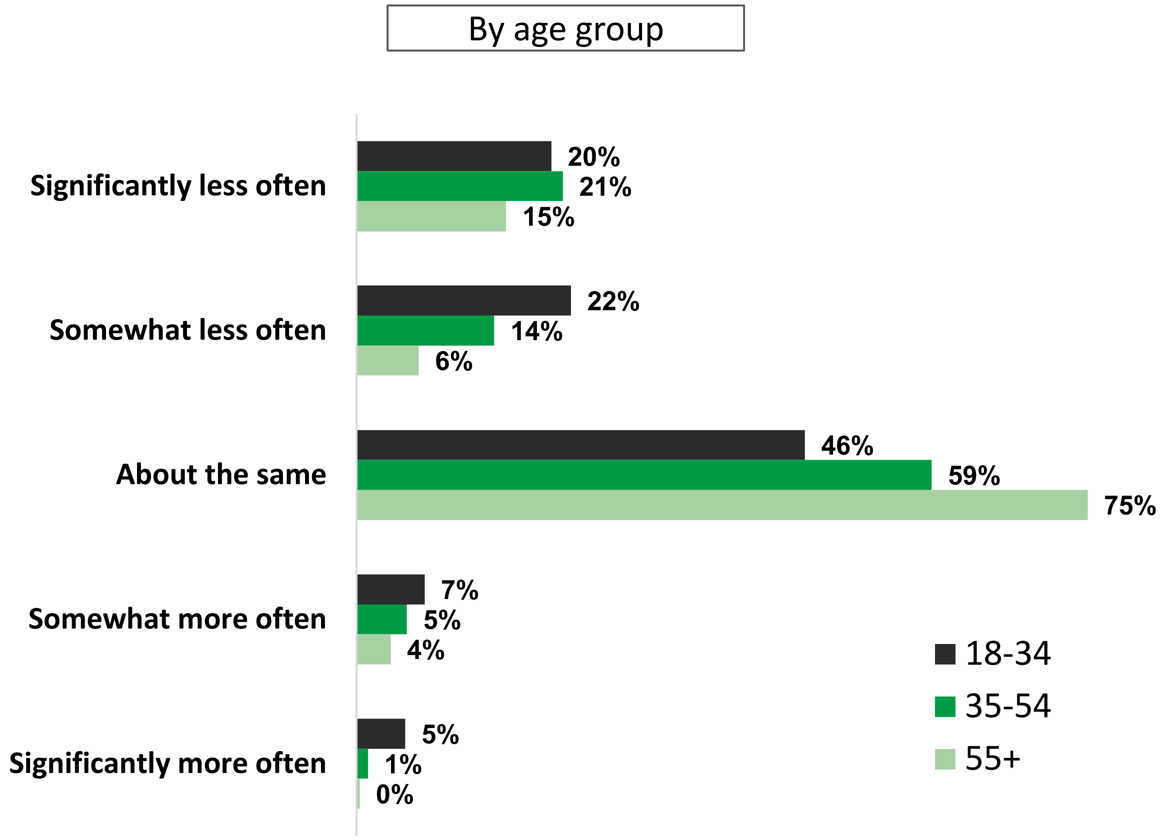
Q28: How often did you use public transit prior to the COVID-19 pandemic?

Sample size: n=1,022; 18-34 = 284, 35-54 = 425, 55 or older = 313

However, only 60% of consumers intend to maintain their use of public transit whereas one third of people plan to use it at least somewhat less often going forward.

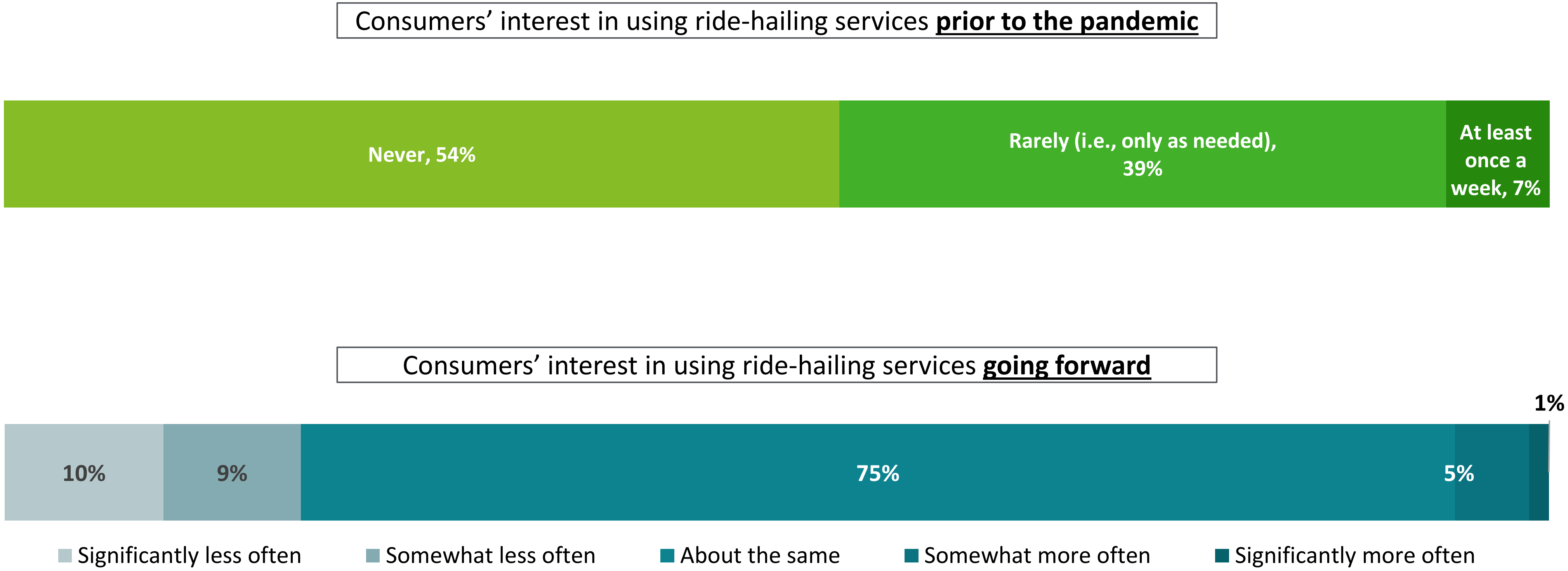
Consumers’ interest in using public transit going forward





Q29: Going forward, how often are you likely to use public transit?
Sample size: : n=1,022; 18-34 = 284, 35-54 = 425, 55 or older = 313

Less than half of consumers report using ride-hailing services prior to the pandemic and only 6% are interested in using them more often going forward.



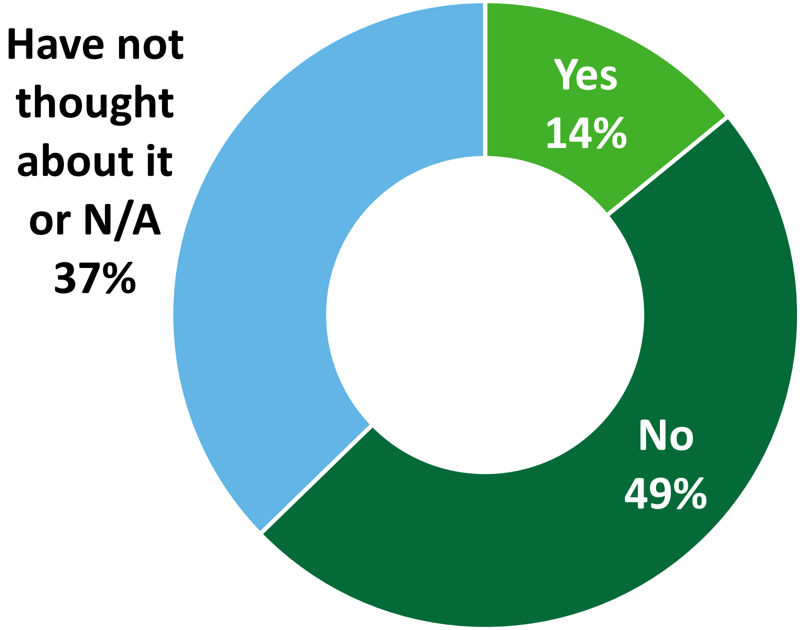
Q30: How often did you use ride-hailing services prior to the pandemic? Q31: Going forward, how often are you likely to use ride-hailing services?

Sample size: n=1,022

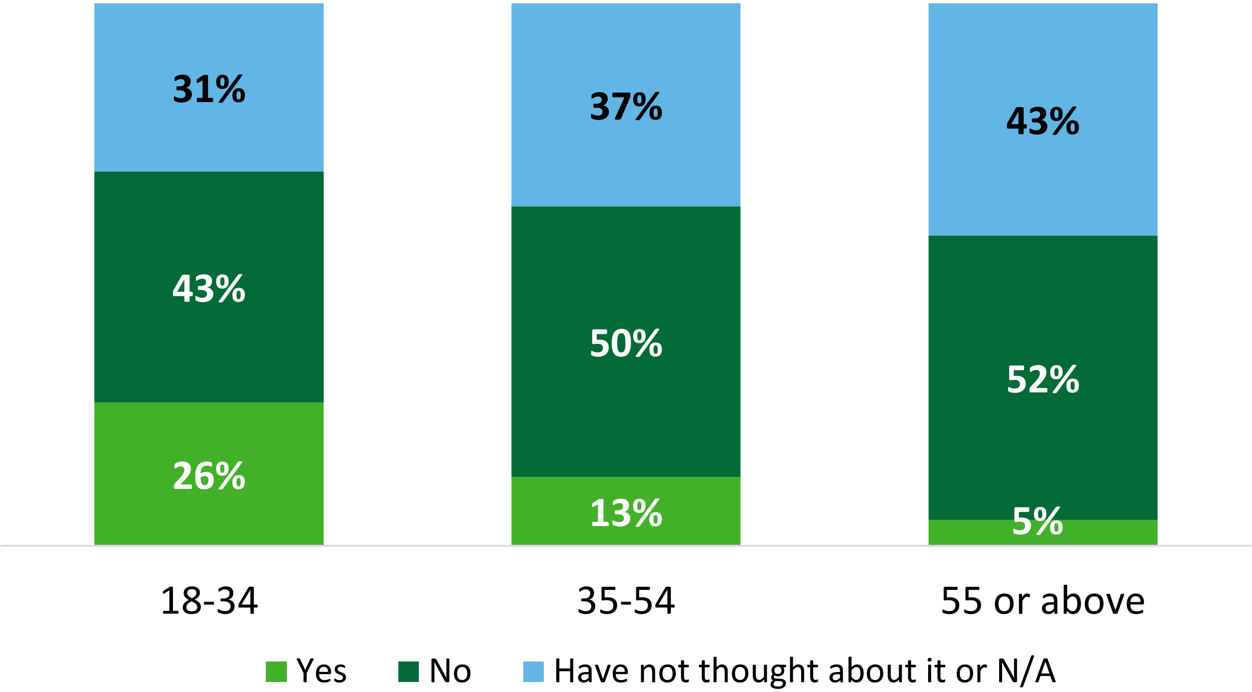
Perhaps most importantly, shared transportation services like ride-hailing have a long way to go before they disrupt the personal ownership model.

Percentage of consumers who question the need to own a vehicle in the future due to use of ride-hailing services

Overall



By age group



Q32: Does your use of ride-hailing services make you question whether you need to own a vehicle going forward?
Sample size: n=1,022; 18-34 = 284, 35-54 = 425, 55 or older = 313

Resources

[Global State of the Consumer Tracker Dashboard]

[Deloitte Insights Global Automotive Homepage]

[2020 Deloitte Global Automotive Consumer Study]

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