2014
Global Automotive Consumer Study
Exploring consumers’ mobility choices and transportation decisions
Deloitte 2014 Global Automotive Consumer Study
Introduction

Forces are changing the mobility landscape and affording consumers more choices than ever before in meeting their transportation needs. For automotive companies, these shifting consumer demands result in a number of complex questions that may ultimately impact their products and how they engage their customers.

To explore consumers’ mobility choices and transportation decisions, Deloitte fielded a survey in 19 countries. In total, more than 23,000 individuals representing a broad range of cross generational—Baby Boomers, Gen X and Gen Y—automotive consumers responded to the survey. This broad and diverse consumer demographic, both across countries and Gen Y, allowed for in-depth analysis through multiple lenses, including generational, socio-economic, gender, and many others.

The objectives of the study centered on understanding the factors influencing consumers’ mobility decisions as new transportation models that provide access to transportation (e.g., car-sharing, etc.) emerge. We also analyzed the different tradeoffs consumers are willing to pay for to own a vehicle, and examined how preferences for powertrains, technology (inside and outside of the vehicle), and lifestyle needs impact consumers’ choice in the purchase or lease decision. The study also sought to assess the customer experience and the factors influencing the final vehicle purchase decision.

The findings of the study outlined in the following pages represent the analysis of the over 2,000 U.S. consumers who responded to this global survey. These findings form the foundation for an informed dialogue between automakers, dealers, and non-automotive companies working within the industry about the factors that will increasingly impact how consumers around the world choose to get from one place to another.
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About the Global Automotive Consumer Study

The Global Automotive Consumer Study focuses on "the changing nature of mobility" and how mobility affects various aspects of the automobile buying and ownership experience. Within the mobility theme, the study examines how alternative powertrains, connected vehicle technology and automation, and the sales channel experience influences the transportation choices of automotive consumers.
The *Global Automotive Consumer Study* is based on a survey of over 23,000 consumers in 19 countries.

The key findings and insights in this publication are based on U.S. responses to the survey.

**Participating countries**

*United States*
Over 2,000 U.S. respondents

- 34% Gen Y
- 34% Baby Boomer
- 12% Gen X
- 20% Other

*United Kingdom*
*Netherlands*  
*Germany*  
*Czech Republic*  
*Brazil*  
*Argentina*  
*South Africa*  
*Mexico*  
*Canada*  
*China*  
*Japan*  
*Korea*  
*Australia*  
*France*  
*Italy*  
*Turkey*
As these powerful and dynamic forces continue to take shape, consumer mobility preferences are rapidly evolving.

Hyper-urbanization

In 2006, the world reached a critical midpoint; over half of the world’s population was living in a city. The trend is expected to accelerate, with approximately 70% of the world’s population expected to live in cities by 2050 (90% in North America). Overcrowding, the realities of traffic, and new capabilities enabled by technology are all leading to more collaborative approaches to transport: for example, the “sharing economy,” driverless cars, and improved public transportation.

Generational views

Individuals today have a number of transportation options, and increasingly their transportation decisions are differing across Gen Y. Some tend to gravitate toward traditional vehicle ownership models, while others are highly interested in models that provide access to mobility, allow them to remain connected (and productive), and reduce costs. These differing views and expectations of mobility, along with disruptions of traditional ownership models, will likely change how OEMs engage their customers.

Connected technology

Innovations in V2X connectivity, mobile phones, apps, and smart card technology are disrupting the automotive industry. Moreover, automotive consumers will increasingly expect customer experiences that go beyond the sales or service transaction and leverage technology to integrate with their connected lifestyles—both inside and outside of the vehicle. The formerly clear lines—between humans and machines, between ownership and non-ownership, between goods and services—will blur as a result of connectivity and the information generated and used interchangeably by people and machines.

The mass adoption and use of new transportation systems (e.g., public transportation, electric and driverless cars vehicles, supporting infrastructure, etc.) is going to require increased public-private collaborations. Government will neither be able to fully fund nor take primary responsibility for the requirements supporting tomorrow’s transportation systems. Moreover, the sheer complexity of transportation systems that work for everyone argues that many players will have to be involved. The resulting improved systems will likely offer consumers better transportation options that are more efficient, cost effective, and environmentally friendly.

In 2012, new Corporate Average Fuel Economy (CAFE) standards were released in the U.S. that require automakers to raise the average fuel efficiency of new cars and trucks to 54.5 MPG by 2025. At the same time, U.S. consumer interest in large SUVs and trucks remains high. These factors are fueling the development of disruptive innovations within the vehicle—particularly advancements in alternative powertrains. As a result, by 2025, consumers in the U.S. may have the ability to choose from a mix of proven powertrain options that best meet their lifestyle needs—including more efficient internal combustion engines, electric vehicles (EVs), plug-in hybrids, and vehicles powered by natural gas.
Over three-quarters of Gen Y consumers plan to purchase or lease a vehicle within the next five years.

- Within a year: 23%
- Within 3 years: 61%
- Within 5 years: 80%

Total U.S. Gen Y population: 80M

- 48.8M plan to buy within 3 years
- 18.4M plan to buy within a year
- 64M plan to buy within 5 years
Affordability and high operational and maintenance cost are top reasons across Gen Y for not owning a vehicle. In addition, Gen Y consumers generally feel that their lifestyle needs can be met by walking or public transportation.

**Top three reasons Gen Y doesn't buy (versus everyone else)**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Gen Y</th>
<th>Other generations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordability</td>
<td>80%</td>
<td>75%</td>
</tr>
<tr>
<td>Operational/Maintenance Costs</td>
<td>75%</td>
<td>71%</td>
</tr>
<tr>
<td>Lifestyle needs met by walking/public transit</td>
<td>67%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Percentage (%) of respondents who neither own or lease a vehicle that agreed with the following statements

**Top three things that would get them into a vehicle**

1. Cheaper
2. More fuel efficient
3. More affordable payment options

Vehicle purchase

But is Gen Y willing to buy?

80% interested vs. 20% not interested

(in current models)
**Gen Y enjoys driving,**
provided the **cost is low** and it's **convenient.**

<table>
<thead>
<tr>
<th>Eco-friendly</th>
<th>Low cost</th>
<th>Convenience</th>
<th>Utility</th>
<th>Luxury</th>
<th>Technology</th>
<th>Love to drive</th>
</tr>
</thead>
<tbody>
<tr>
<td>I make green choices in my life. When going somewhere, I want to do so in an eco-friendly manner, even if that means more time and money.</td>
<td>My total cost when going somewhere needs to be low, and I will choose a transportation option that is cheapest.</td>
<td>When going somewhere, I want to do so in the fastest and easiest way and am willing to use any transportation option to achieve this.</td>
<td>I have things to do and getting somewhere needs to fit the demands of my lifestyle. My transportation option must have the functionality to meet these demands (e.g., I require a truck to haul my equipment/tools).</td>
<td>I value luxury and want to be noticed when I go somewhere. I feel a sense of pride driving a luxury vehicle and am willing to pay more for the features and the brand name.</td>
<td>Connected technology is important to me when going somewhere. To do this, my transportation choice needs to be integrated with my electronic devices, and it needs to access, consume, and create information.</td>
<td>I look forward to driving because getting there is half the fun.</td>
</tr>
</tbody>
</table>

**How would you describe yourself as a commuter?**

**Driver profile generational comparison**

<table>
<thead>
<tr>
<th>Ranking</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gen Y</strong></td>
<td><img src="image" alt="Low cost" /></td>
<td><img src="image" alt="Convenience" /></td>
<td><img src="image" alt="Utility" /></td>
<td><img src="image" alt="Luxury" /></td>
<td><img src="image" alt="Technology" /></td>
<td><img src="image" alt="Eco-friendly" /></td>
<td><img src="image" alt="Love to drive" /></td>
</tr>
<tr>
<td><strong>Other generations</strong></td>
<td><img src="image" alt="Low cost" /></td>
<td><img src="image" alt="Convenience" /></td>
<td><img src="image" alt="Utility" /></td>
<td><img src="image" alt="Luxury" /></td>
<td><img src="image" alt="Technology" /></td>
<td><img src="image" alt="Eco-friendly" /></td>
<td><img src="image" alt="Love to drive" /></td>
</tr>
</tbody>
</table>
"I would be willing to give up driving my car even if I had to pay more to get where I need to go."

64% of Gen Y consumers love their cars

but are 3X more likely to abandon their vehicles if costs increase.

Gen Y: 29%
Other generations: 10%

Vehicle Loyalty
Factors that may influence consumers' decision to abandon vehicle ownership

Lifestyle is the primary reason

How much do you agree with each of the following statements?

- Prefer living in a neighborhood that has everything within walking distance
  - Gen Y: 67%
  - Other generations: 55%
  - Difference: +12%

- Willing to relocate closer to work to reduce my commute
  - Gen Y: 47%
  - Other generations: 22%
  - Difference: +25%

- Willing to use car-sharing, car-pooling, or similar services if they were readily available and convenient
  - Gen Y: 42%
  - Other generations: 28%
  - Difference: +14%

Gen Y  Other generations
Gen Y consumers are more interested in alternative modes of transportation, particularly if they are safe and enabled by technology.

Percentage of Gen Y respondents that agree with the following statements:

- **47%**: Like using a smartphone app to plan transport
- **57%**: Worry about safety, security or privacy when ride-sharing
- **39%**: Travel by bus, train, taxi so that they can multi-task
- **23%**: Would try a ride-sharing app, if it was recommended by a friend or family member
- **40%**: Use car rental services if they were easily available

Gen Y

Other generations
More than half of Gen Y would prefer to be driving an alternative powertrain five years from now.

59% of Gen Y consumers see themselves driving an alternative engine in 5 years vs. 44% for everyone else.

- Hybrid electric 27%
- Plug-in hybrid 8%
- Battery-powered electric 7%
- Compressed natural gas 7%
- Diesel 6%
- Fuel cell 4%
Gen Y is *willing to pay more* for an alternative powertrain...

6.4 years*

Time it would take to recoup an incremental $2,000 in the purchase price of a new alternative powertrain vehicle versus a new traditional gasoline vehicle through increased fuel efficiency.

Perspective


...but cost is still a primary motivation

say “My motivation to purchase/lease an alternative powertrain would be driven more by my desire to save money on fuel rather than to save the environment.”

53% of Gen Y would prefer to drive a traditional vehicle if it could provide comparable fuel efficiency to vehicles with alternative powertrains.

65% are willing to pay $2,000 or more

37% are willing to pay $2,000 or more

47% are willing to pay $2,000 or more

27% are willing to pay $2,000 or more

53% are willing to pay $2,000 or more

53%
Majority of consumers feel there aren't enough alternative powertrain options in the market, and 2:1 prefer a broad range of powertrain options in each vehicle model.

“Manufacturers don’t offer enough alternative powertrains in vehicles I would actually want to drive.”

Alternative powertrain preference

Consumers substantially prefer a range of engine options over a specialized line of vehicles...

"I would prefer that manufacturers offer a range of engine options for each model that they produce."

... but Gen Y shows twice the interest in specialized line of vehicles over other generations

"I would prefer a vehicle from an automotive manufacturer that offers a specialized line of vehicles that only have alternative engines so that people know I’m environmentally conscious."
Gen Y is more supportive of government incentives to switch to alternative powertrains.

I would support more government programs that reward consumers who switch to or own vehicles with alternative fuel engines and/or high fuel efficiency engines.

- Gen Y: 58%
- Other generations: 50%

Difference: +8%

I would support more government standards that require manufacturers to produce vehicles that have better fuel efficiency.

- Gen Y: 61%
- Other generations: 59%

Percentage of respondents that agreed with the statements above
Gen Y consumers believe there are significant benefits from new vehicle technologies, including vehicles that:

**Greatest Benefits***

*% of Respondents indicating they expect significant benefits from these automotive technologies

- Don’t crash: 79% (Gen Y) vs. 80% (Other generations)
- Are highly fuel efficient: 66% (Gen Y) vs. 60% (Other generations)

**Other Benefits***

*% of Respondents indicating they expect significant benefits from these automotive technologies

- Drive themselves: 45% (Gen Y) vs. 29% (Other generations)
- Fully connected: 46% (Gen Y) vs. 35% (Other generations)

**Gen Y wants:**

- Technology that recognizes the presence of other vehicles on the road
- Technology that will let them know when they exceed the speed limit
- In-vehicle technologies that would automatically block them from engaging in dangerous driving situations
Consumers desire safety technologies more than cockpit technologies...

Safety Technologies

- Technology that recognizes the presence of other vehicles on the road: 72% Gen Y, 59% Other generations
- Technology that will let them know when they exceed the speed limit: 63% Gen Y, 59% Other generations
- Technologies that block them from engaging in dangerous driving situations: 59% Gen Y, 60% Other generations
- In-vehicle technology that would report how safely they were driving: 57% Gen Y, 55% Other generations

...but Gen Y's desire for cockpit technologies is higher than other generations

Cockpit Technologies

- Easier customization of a vehicle’s technology after purchase or lease: 57% Gen Y, 40% Other generations
- To connect their smartphones to use all its applications from the vehicle’s dashboard interface: 52% Gen Y, 49% Other generations
- Technologies that help manage daily activities: 49% Gen Y, 33% Other generations
- Technologies that help keep them connected to friends and family: 46% Gen Y, 24% Other generations

And consumers aren't willing to pay much, with only 27% willing to pay over $2,500

Gen Y consumers’ willingness to pay

- 79% Gen Y
- 70% Other generations

Willing to pay

- 27% $2,500 or more
- 21% $1,000
- 13% $500
- 12% $250
- 6% $100
- 21% I wouldn’t pay more

- 21% Gen Y
- 30% Other generations

NOT willing to pay
In general, U.S. consumers today find *higher levels of automation less desirable*

But *Gen Y is far more comfortable with autonomous vehicles* than other generations

**U.S. federal government definitions for autonomous (driverless) vehicles**

- **Basic**: Allows the vehicle to assist the driver by performing specific tasks like anti-lock braking (prevent from skidding) and/or traction control (to prevent loss of grip with the road).

- **Advanced**: Combines at least two functions such as adaptive cruise control and lane centering technology in unison to relieve the driver of control of those functions.

- **Limited Self-Driving**: Allows the vehicle to take over all driving functions under certain traffic and environmental conditions. If conditions changed, the vehicle would recognize this and the driver would then be expected to be available to take back control of the vehicle.

- **Full Self-Driving**: Allows the vehicle to take over all driving functions for an entire trip. The driver would simply need to provide an address and the vehicle would take over and require no other involvement from the driver.

*Source: Based on U.S. Department of Transportation’s National Highway Traffic Safety Administration (NHTSA) definitions*
Research is key

The majority of Gen Y consumers spend more than 10 hours researching and considers 3 or more brands before they purchase or lease a vehicle.

Time spent researching possible vehicles

Number of brands considered when purchasing or leasing
**Impacting the purchase decision**

*Gen Y trusts independent car reviews and family and friends the most.*

- **Car reviews on independent websites**
  - Gen Y: 70%
  - Other generations: 59%

- **Family and friends**
  - Gen Y: 66%
  - Other generations: 44%

- **Manufacturer websites**
  - Gen Y: 53%
  - Other generations: 35%

- **News articles/media reviews**
  - Gen Y: 45%
  - Other generations: 34%

- **Salesperson at the dealership**
  - Gen Y: 40%
  - Other generations: 27%

- **Social networking sites**
  - Gen Y: 32%
  - Other generations: 11%

Percent of respondents indicating this source is a significant influence on the purchase decision.

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9 out of 10

Consumers want an *extremely efficient* purchase process...

**Average acceptable time per phase for all consumers**

- **Getting info from dealerships**: 37 min
- **Waiting to test drive a vehicle**: 28 min
- **Processing paperwork and registration**: 39 min
- **Processing financing**: 38 min
- **Performing simple maintenance service**: 45 min

* Biggest challenge: consumers expect simple maintenance to be performed in less than an hour *

*…and some consumers are *willing to wait only 10-30 minutes* per phase*
Gen Y consumers have a more positive image of automotive dealerships but the majority of Americans would prefer to skip the negotiation process.

- 54% of Gen Y consumers prefer not to negotiate with a salesperson compared to 57% of other generations.
- 50% of Gen Y consumers find automotive salespeople treat them fairly and with respect, compared to 39% of other generations.
- 41% of Gen Y consumers have a positive attitude towards automotive dealers compared to 22% of other generations.
Service impacts vehicle sales

The *cost* and *quality* of the service bundle *influences over 2/3* of consumers' purchase decision.

*When choosing a vehicle to purchase or lease, how important are each of the following attributes?*

- **71%** free routine maintenance
- **66%** confidence in the dealer’s ability to repair

**Nearly half** of Gen Y consumers are *willing to pay for services* that make their lives easier.

- **44%** would pay to have a dealer pick up to service vehicle & drop-off a loaner
- **30%** Other generations

Percentage of respondents that agreed with the following statements

*Gen Y*  *Other generations*
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