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The Changing Canadian Automotive Consumer Landscape

2019 ARC Conference - Toronto

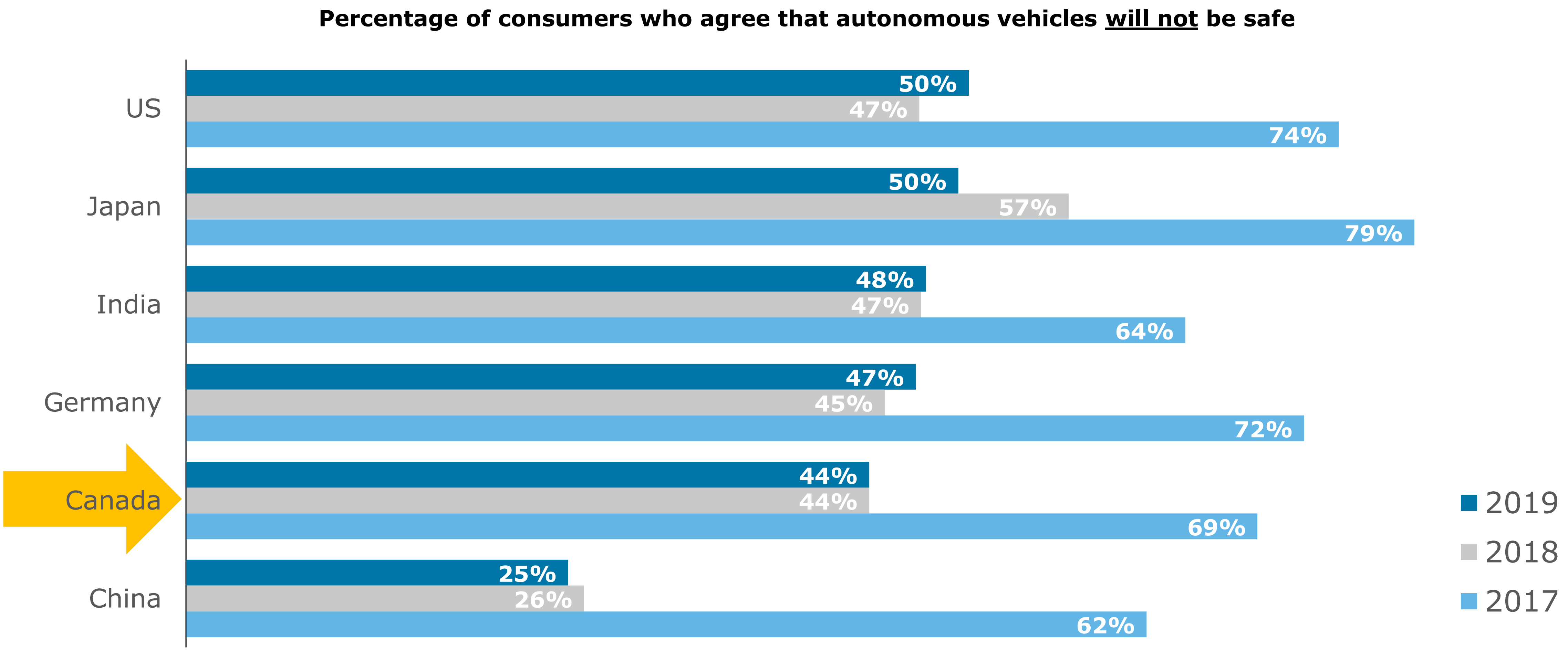
March 20, 2019

2019 Deloitte Global Automotive Consumer Study

Key trends to keep an eye on…

Consumers "pump the brakes" on interest in AVs	As the technology gets ever closer to scalable, real-world application, **consumers are questioning if autonomous vehicles are safe**, which is causing some people to take a more cautious approach to the idea.
Electric vehicles finally showing potential to scale	**EV demand is growing in AP and EU regions** due to supportive environmental policies, big-brand bets, and shifting consumer attitudes. But, **low fuel prices in NA are keeping consumers away**.
Consumers may be reluctant to pay for connectivity	Consumer opinions are mixed as interest in time-saving features is high, but **significant concerns remain over privacy and data security**. OEMs also face an uphill battle getting people to pay for it.
Mobility revolution faces significant headwinds	Overall **consumer behavior is proving difficult to change**. A shared mobility future may hinge on younger people that have fully embraced the precepts of a digitally enhanced existence.
Consumers looking to buy next vehicle online	New vehicle intenders are significantly more **interested in by-passing the dealer altogether next time out** as used vehicles are much more of a "unique" purchase.

Consumer perception regarding the safety of self-driving vehicles has stalled in the last year…



Note: Percentage of respondents who strongly agreed or agreed have been added together.
Q3: To what extent do you agree or disagree with the following statements?

Sample size: Germany=1,733 [2019], 1,705 [2018], 1,574 [2017]; US=1,720 [2019], 1,730 [2018], 1,634 [2017]; China=1,735 [2019], 1,724 [2018], 1,633 [2017]; India=1,725 [2019], 1,728 [2018], 1,686 [2017]; Japan=1,717 [2019], 1,680 [2018], 1,656 [2017]; Canada=1,246 [2019], 1,223 [2018], 1,114 [2017]

...as reports of accidents involving autonomous vehicles have had a significant impact on consumers' view of the technology.

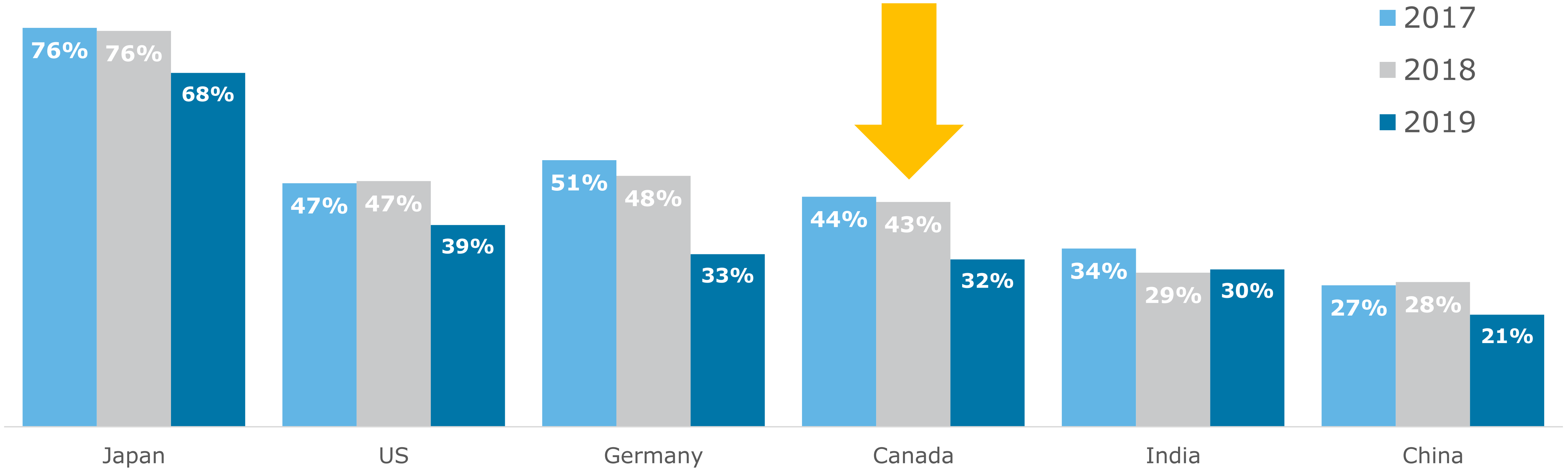
Percentage of consumers who feel that media reports of accidents involving autonomous vehicles has made them more cautious of the technology (2019)

Note: Percentage of respondents who strongly agreed or agreed have been added together.
Q3: To what extent do you agree or disagree with the following statements?

Sample size: Germany=1,694; US=1,680; China=1,722; India=1,705; Japan=1,691; Canada=1,221

At the same time, consumer trust in manufacturers to bring autonomous vehicle technology to market continues to erode across most core global auto markets.

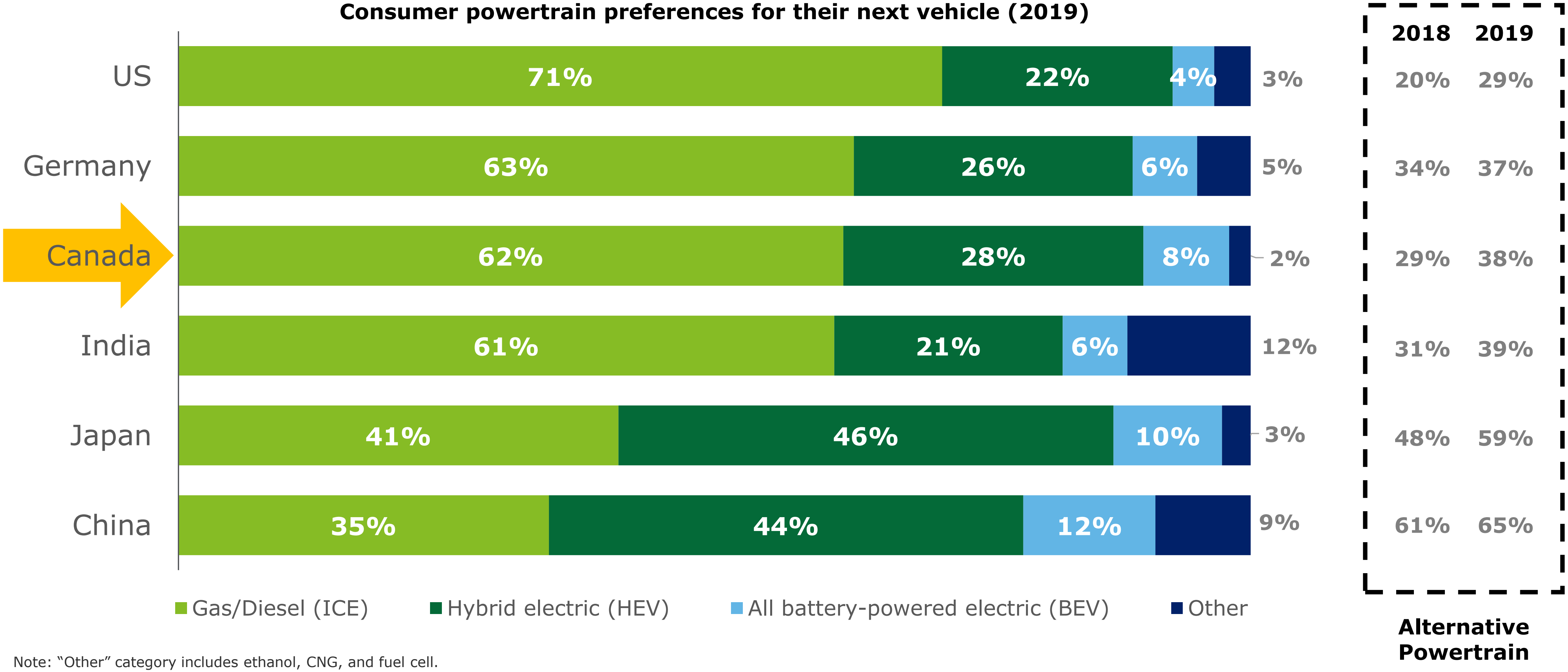
Percentage of consumers that would most trust traditional automakers to bring fully autonomous technology to market



Q10: Which of the following type of company would you trust the most to bring fully autonomous (self-driving) vehicle technology to the market?

Sample size: Germany=1,733 [2019], 1,705 [2018], 1,574 [2017]; US=1,720 [2019], 1,760 [2018], 1,762 [2017]; China=1,735 [2019], 1,759 [2018], 1,748 [2017]; India=1,725 [2019], 1,761 [2018], 1,748 [2017]; Japan=1,717 [2019], 1,762 [2018], 1,747 [2017]; Canada=1,278 [2019], 1,262 [2018], 1,261 [2017]

Interest in alternative powertrain technology continues to expand as fewer people want traditional internal combustion engines (ICE) in their next vehicle.



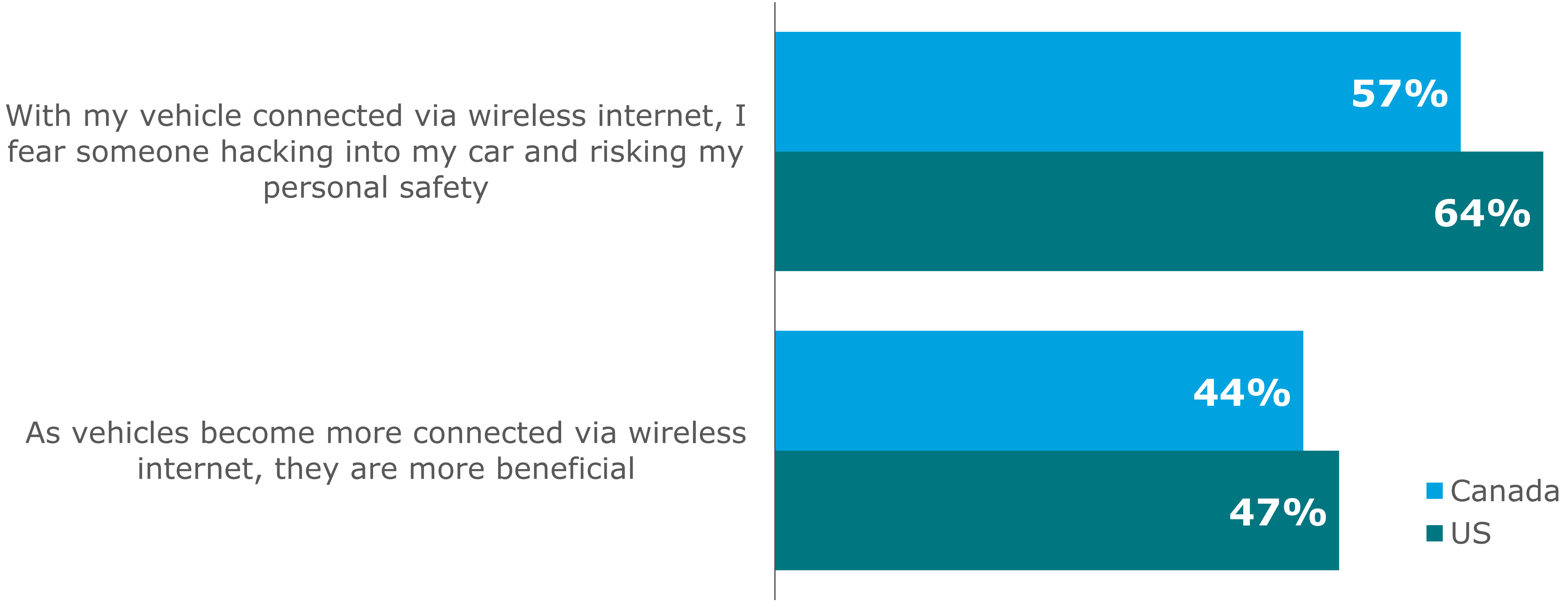
Note: "Other" category includes ethanol, CNG, and fuel cell.

Q45: What type of engine would you prefer in your next vehicle?

Sample size: Germany=1,273; US=1,471; China=1,566; India=1,591; Japan=860; Canada=1,057

More than half of consumers in both Canada and the US are concerned by the idea that increased vehicle connectivity could put them at risk.

Percentage of consumer who agree that…



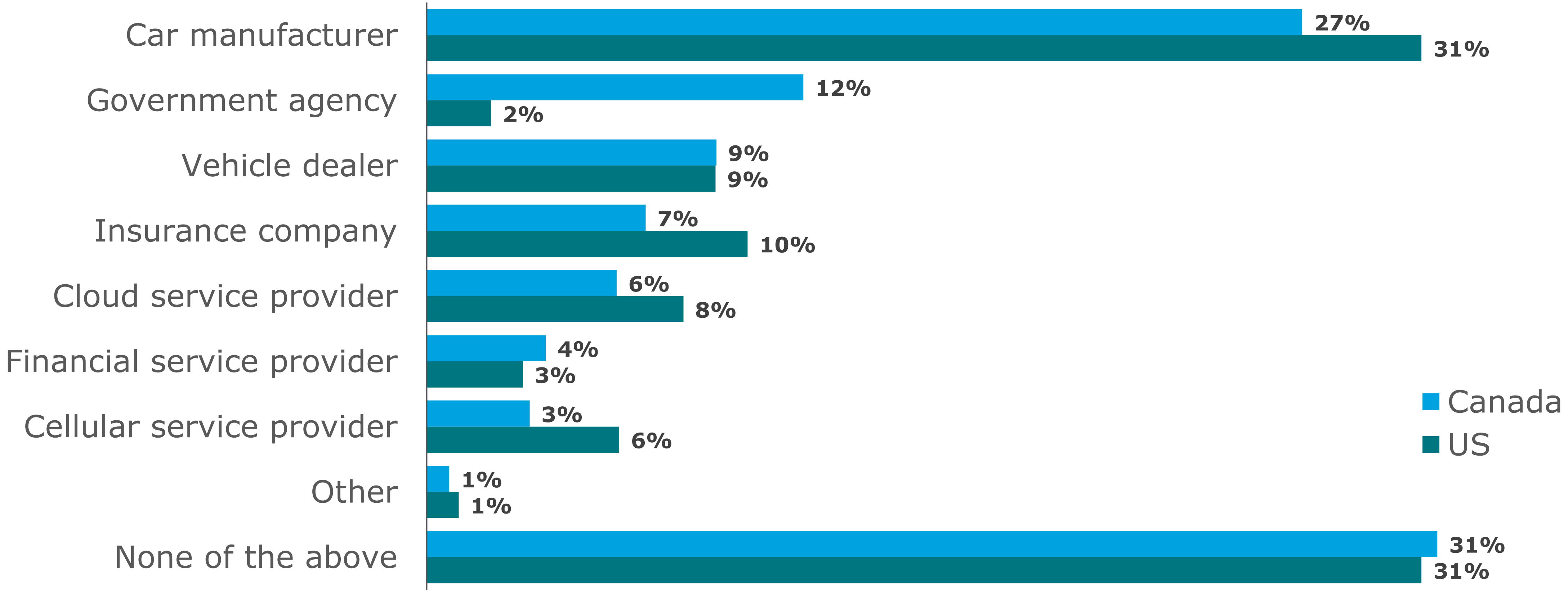
Note: Percentage of respondents who strongly agreed or agreed have been added together

Q3. To what extent do you agree with the following statements regarding future vehicle technology?

Sample size: n= 1,220

Trust is a big issue when it comes to managing data collected by the vehicle and consumers are very much torn on the subject.

Consumer opinions on whom they trust the most to manage data generated/collected by their vehicle



Q23. In a scenario where you owned a connected vehicle, which of the following entities would you trust the most to manage the data being generated and shared?

Sample size: n=997

What do people want? Save me time and ensure my safety.

Percentage of people interested in each connected vehicle feature

	Category	China	Germany	India	Japan	Canada	US
Updates regarding traffic congestion and suggested alternate routes	Time	83%	73%	84%	76%	75%	75%
Suggestions regarding safer routes	Safety	81%	68%	84%	75%	68%	72%
Updates to improve road safety and prevent potential collisions	Safety	81%	67%	84%	71%	69%	71%
Customized/optimized vehicle insurance plan	Cost	73%	43%	78%	53%	56%	55%
Maintenance updates and vehicle health reporting	Cost	78%	64%	84%	66%	68%	71%
Maintenance cost forecasts based on your driving habits	Cost	75%	49%	79%	57%	59%	58%
Customized suggestions regarding ways to minimize service expenses	Cost	76%	53%	79%	61%	58%	58%
Over-the-air vehicle software updates	Performance	71%	60%	75%	58%	52%	53%
Access to nearby parking (i.e., availability, booking, and payment)	Service enabler	82%	63%	83%	68%	64%	61%
Special offers regarding non-automotive products and services related to your journey or destination	Service enabler	68%	34%	71%	52%	36%	41%
Receiving a discount for access to a Wi-Fi connection in your vehicle	Service enabler	69%	43%	73%	51%	53%	55%

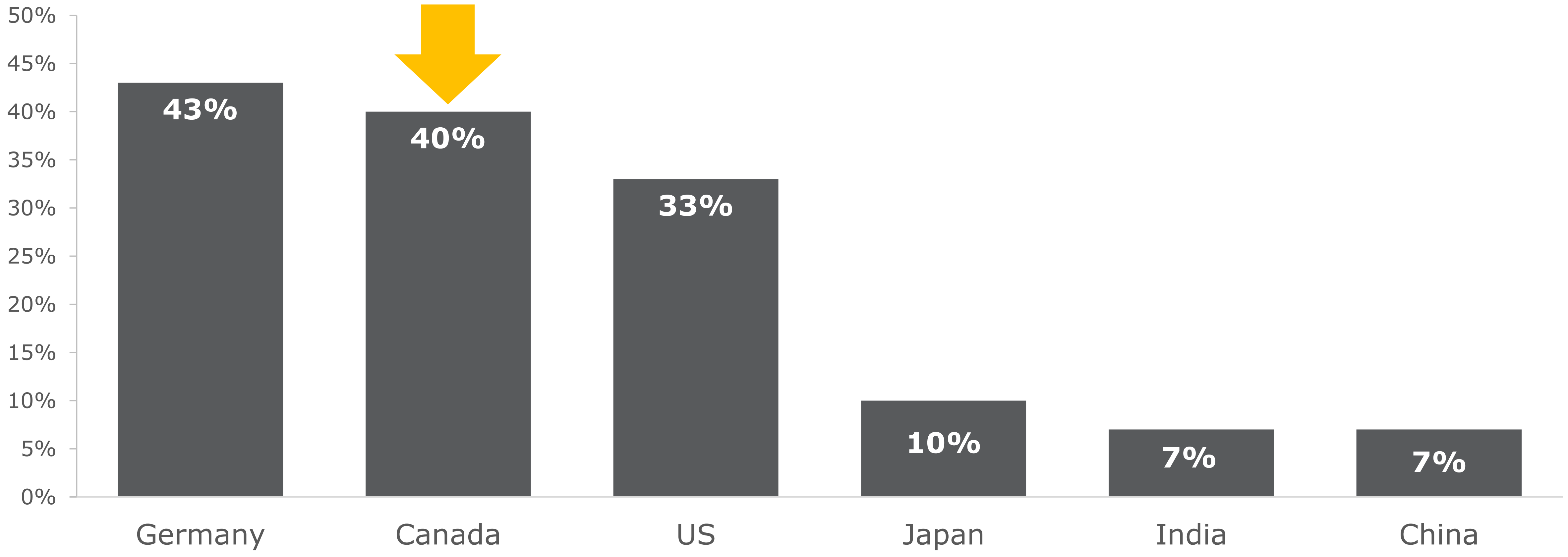
Top feature

Note: Percentage of respondents who are somewhat or very interested have been added together.
Q21: How interested are you in the following benefits of a connected vehicle if it meant sharing either your own personal data or the data generated by the operation of your vehicle?

Sample size: Germany=1,207; US=1,432; China=1,229; India=1,234; Japan=814; Canada=997

But, OEMs may struggle to get consumers to pay for advanced connectivity features in some markets, even when it means increasing road safety.

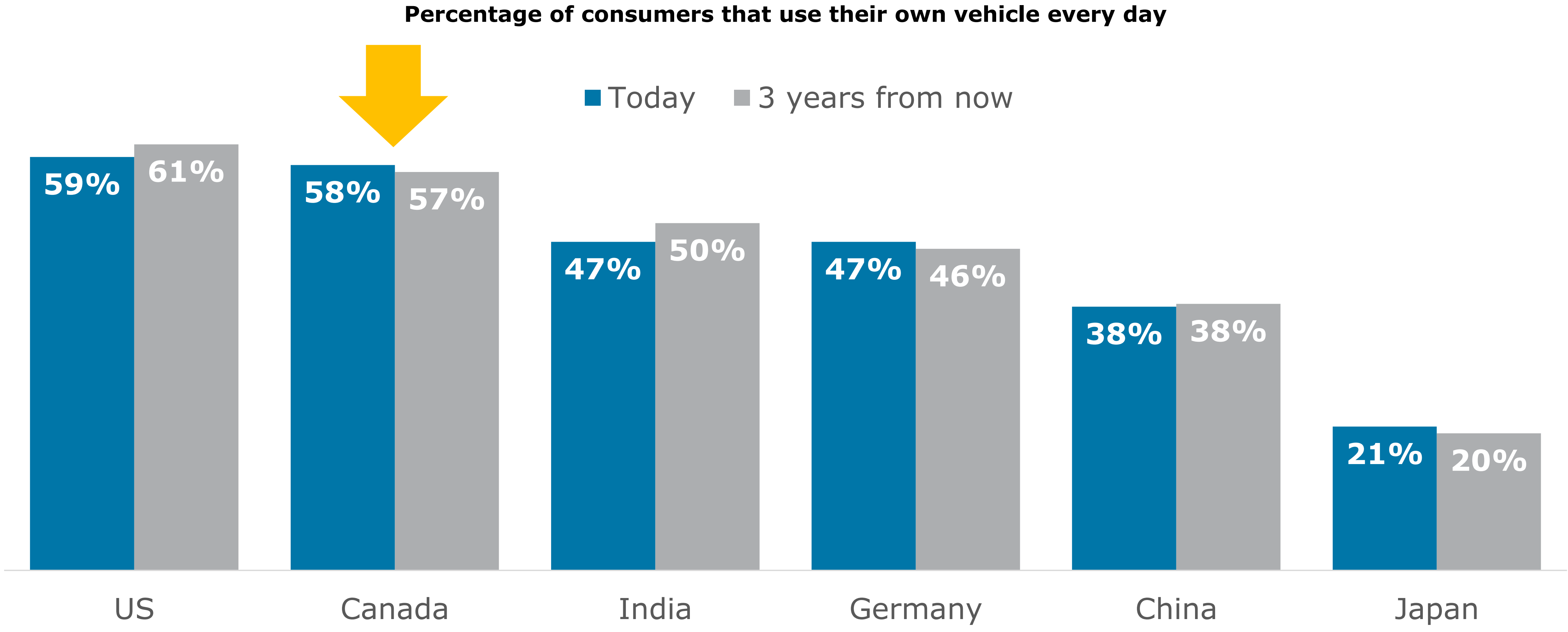
Percent of people that would not pay extra for a vehicle that could communicate with other vehicles and road infrastructure to improve safety (2019)



Q25: How much more would you be willing to pay for a vehicle that had the following connectivity technologies?

Sample size: Germany=1,207; US=1,432; China=1,229; India=1,234; Japan=814; Canada=997

Daily usage of personally owned vehicles is quite high in some markets, but even where usage is lower, consumers expect to maintain the "status quo" into the next decade.

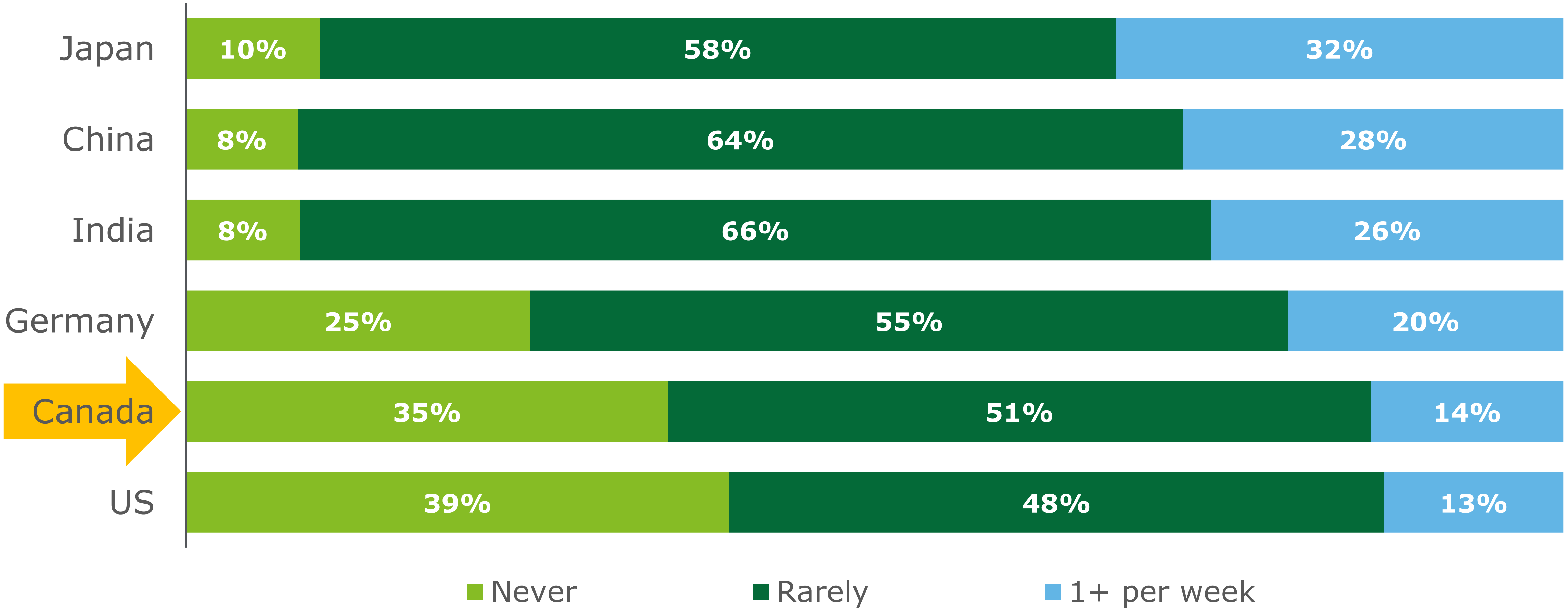


Q26–Q27: Please indicate how often you use each transportation method (today vs. 3 years from now).

Sample size: Germany=1,773; US=1,750; China=1,760; India=1,755; Japan=1,770; Canada=1,278

And, the idea of combining different modes of mobility into one trip remains largely an occasional behavior for most consumers.

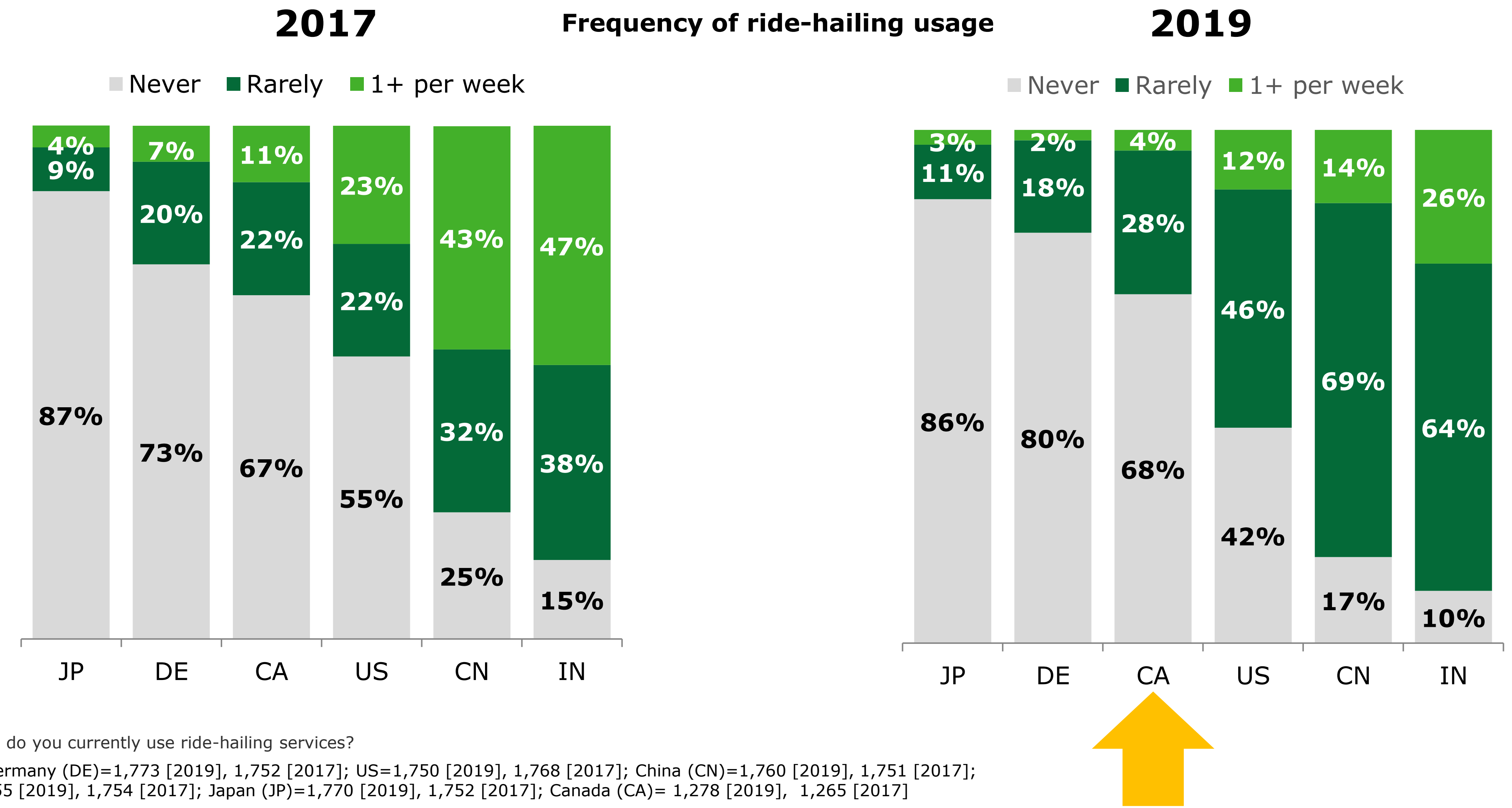
Frequency that consumers use multiple modes of transportation in the same trip (2019)



Q29: How often do you use multiple modes of transportation in the same trip (e.g., a trip using a subway, commuter train, and your own vehicle)?

Sample size: Germany=1,773; US=1,750; China=1,760; India=1,755; Japan=1,770; Canada=1,278

Even though ride-hailing has been integrated into some markets, the number of people reporting regular usage has actually decreased in the last two years.

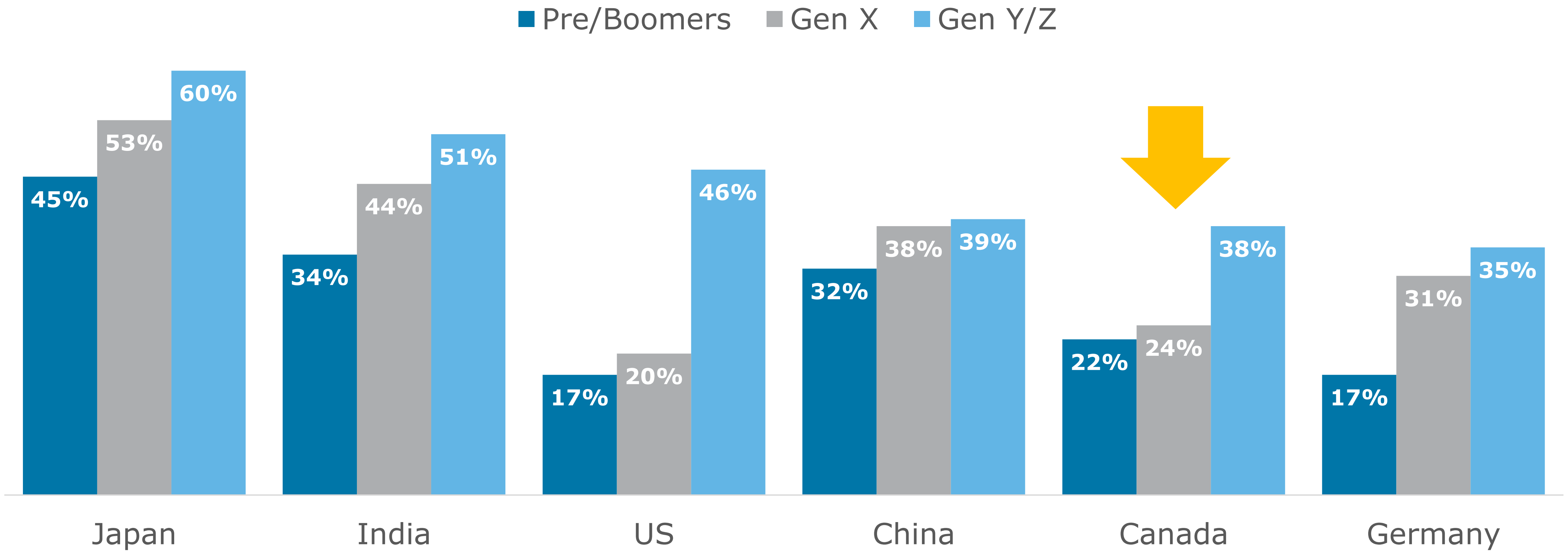


Q36: How often do you currently use ride-hailing services?

Sample size: Germany (DE)=1,773 [2019], 1,752 [2017]; US=1,750 [2019], 1,768 [2017]; China (CN)=1,760 [2019], 1,751 [2017]; India (IN)=1,755 [2019], 1,754 [2017]; Japan (JP)=1,770 [2019], 1,752 [2017]; Canada (CA)= 1,278 [2019], 1,265 [2017]

Having said all that, maybe the answer lies in simply waiting out the "old guard" as young people seem to be getting the idea of shared mobility in greater numbers.

Percentage of ride-hail users that question whether they need to own a vehicle going forward (by generation) – 2019

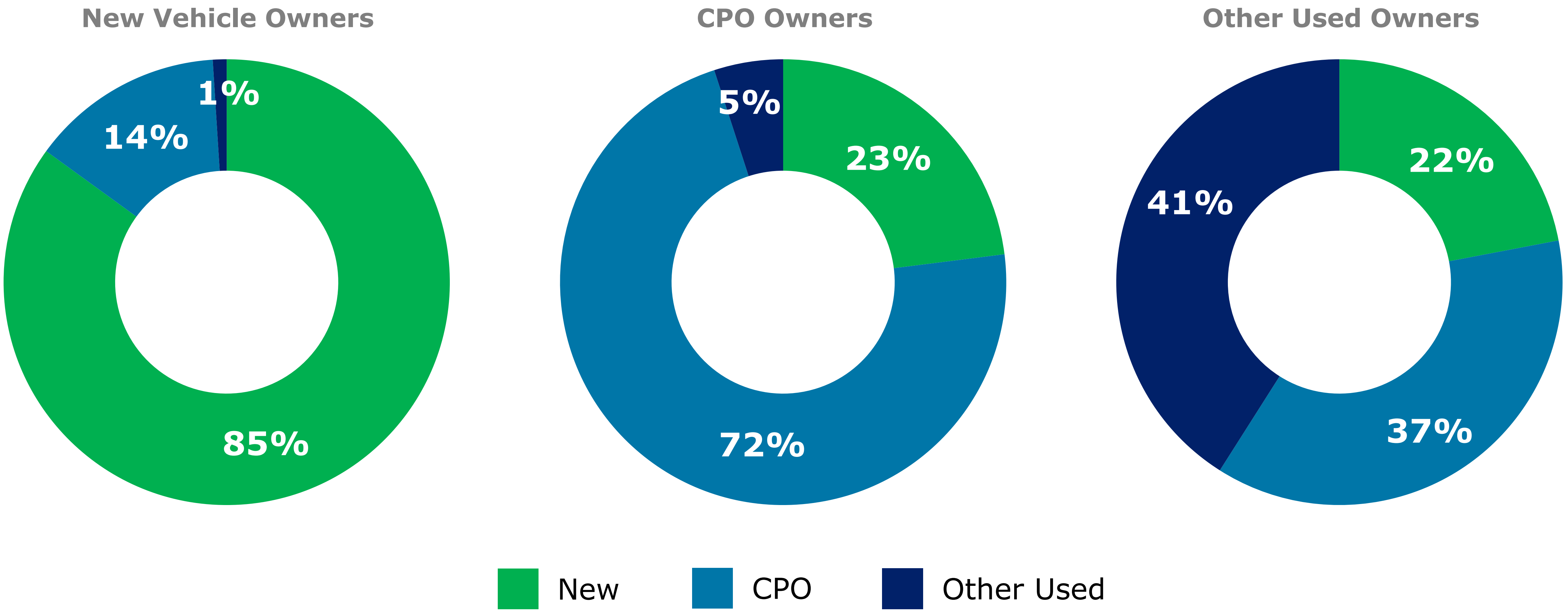


Q36c: Does your use of ride-hailing services make you question whether you need to own a vehicle going forward?

Sample size: Germany=360; US=1,015; China=1,465; India=1,546; Japan=239; Canada=405

The vast majority of new vehicle owners intend to acquire new again while a quarter of CPO owners intend to move up to new next time.

Type of next vehicle intention by type of vehicle owned



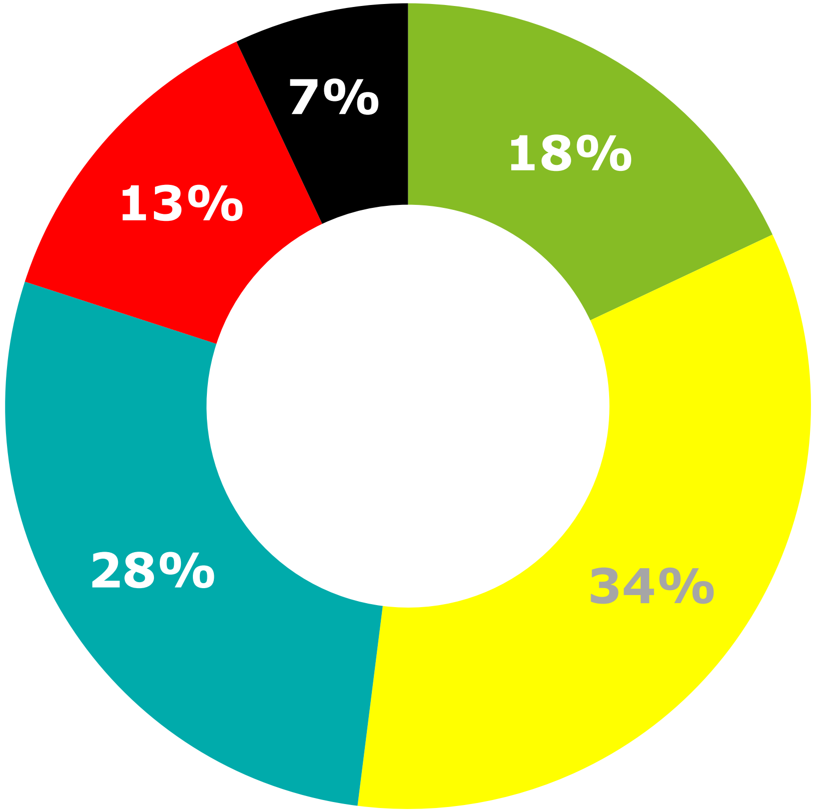
Q42. Will your next vehicle be new or used?

Sample size: n= 1,057

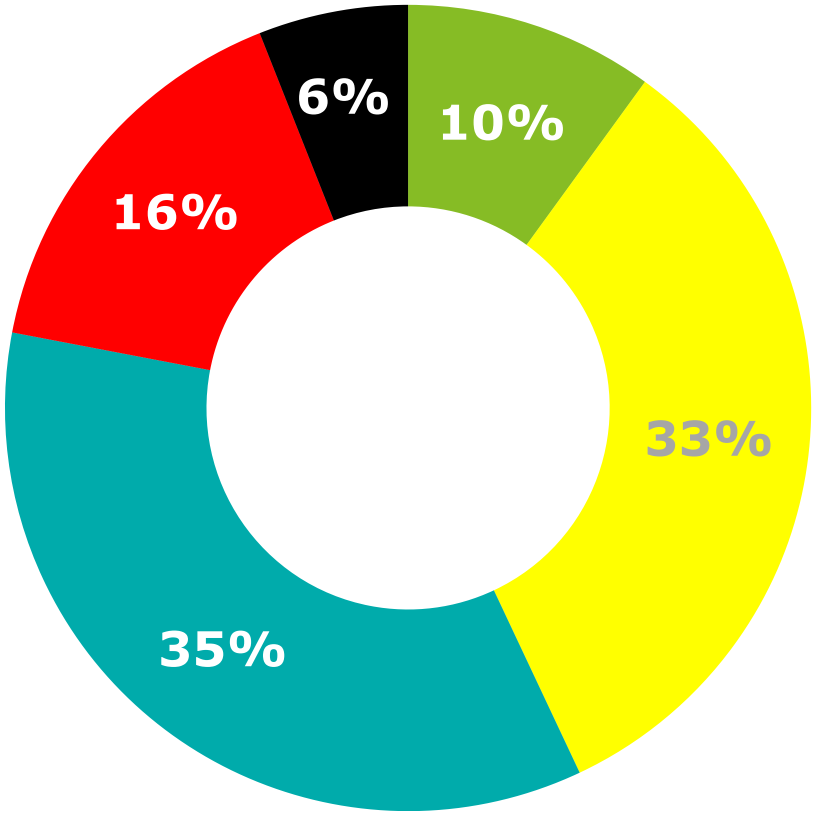
New vehicle intenders are significantly more interested in by-passing the dealer altogether next time out as used vehicles are much more of a "unique" purchase.

How interested are consumers in by-passing the dealer?

New Vehicle Intenders



Used Vehicle Intenders



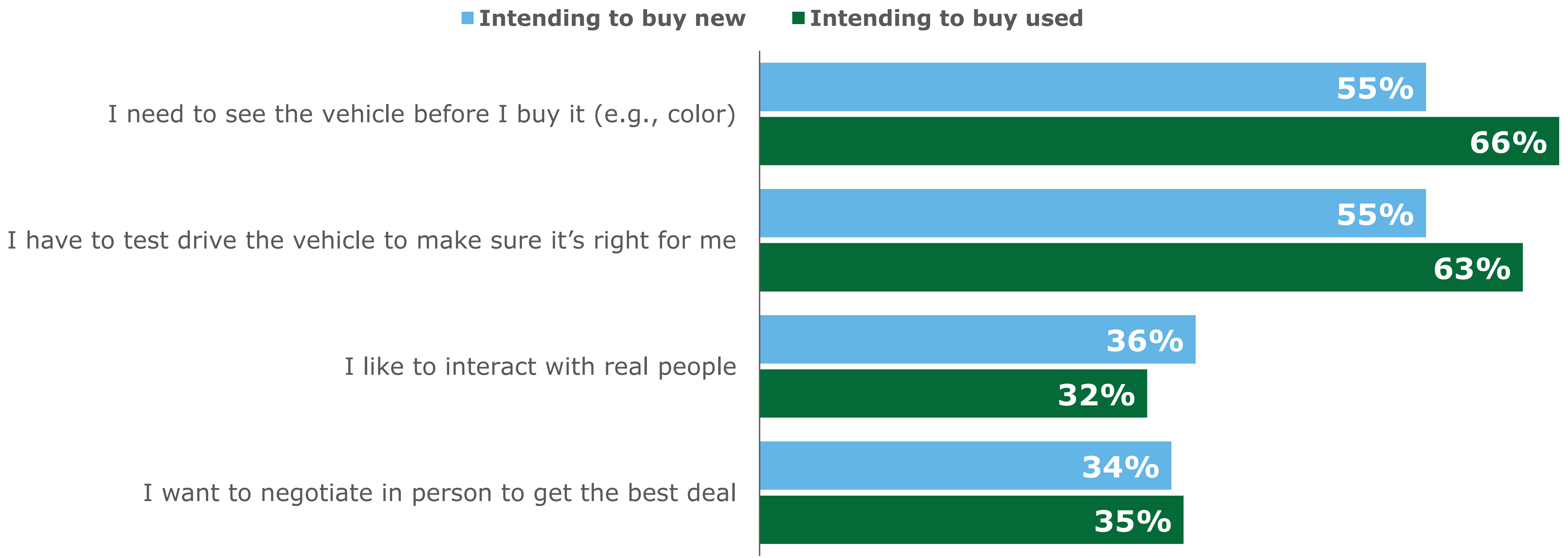
- Very interested
- Somewhat interested
- Neutral
- Not very interested
- Not at all interested

Q46. 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= 1,057

What's holding people back? Right now, Canadians still want a personal connection in the car-buying process that has proven hard to digitize…for now.

How do people feel about their car-buying experiences (% strongly agree)?



Source: 2018 Deloitte Global Automotive Consumer Study

Q26. Thinking about your experience with dealerships, to what extent do you agree/disagree with the following statements?

Sample size: New, n = 544; Used, n = 259

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Thank you.

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