



# Hitting the brakes

Global Automotive Disruption Speedometer 2022



**OC&C**  
Strategy consultants

uncommon sense™

# In 2022, the automotive sector continued to face disruption from electric vehicles (EVs), online adoption, and new finance models, while dealing with the aftermath of a global pandemic. Then, along came a cost of living crisis...

This added further complexity, with concerns about fuel, economic stability, and inflation impacting consumer appetite for spending.

At the same time, the industry continues to grapple with the rise of electric vehicles (EVs) and disruptive new finance models.

These forces have resulted in an increasingly diverse range of customer attitudes, all of which will impact how (and which) industry players can own the customer relationship, build winning business models that gain market share and, ultimately, increase profits.

In this report (based on research with over 9000 consumers in eight countries) we dive deep into the big trends and every stage of 2022's car buying journey. We reveal how to target EV enthusiasts and introduce you to two small yet influential consumer groups: 'carservatives' who are resistant to all trends and 'early adopters' who are keen to explore all the new trends on offer (EV, online purchasing, subscriptions).

We also detail how buying habits and attitudes have evolved over the last few years, from the rise of bricks and clicks to increasing demand for all-inclusive subscriptions.

Is your seatbelt fastened? Let's go.

# In this report

## 1. Riding the cost of living crisis

Stretched finances mean consumers are delaying new car purchases and putting the monthly cost of motoring first when it comes to decisions about their car. **How can the automotive industry step in and help while still protecting or even growing revenues?**



## 2. Meet the two extremes of car buyers

Attitudes are polarising when it comes to the industry's three biggest disruptors: online purchasing, electric vehicles and subscriptions. **What's the best way to target customers with increasingly diverse needs?**



## 3. The evolving customer journey

We've come a long way since lockdown. **How has that acted as a catalyst to consumer behavior and what does the car buying journey look like in 2022's 'new normal'?**

- Do drivers still want their own car?
- Has interest in electric vehicles run out of charge?
- How do drivers want to pay for their car?
- How do they want to find and purchase a car? Will they buy online "sight unseen"?
- How do drivers want service and support?




## 4. Winning strategies for 2023

As the sector continues to evolve, it must take steps to adapt. **What are the key lessons from this year's Speedometer and who is set to gain?**



# Riding the cost of living crisis

A young woman with dark hair is looking out of the window of a car at night. The background is filled with colorful, blurred lights, suggesting a city street or a festival. Overlaid on the image is a semi-transparent graphic of a bar chart with five bars of increasing height, topped with a large upward-pointing arrow.

Just as the automotive industry emerged from the pandemic and had adjusted to deal with an (albeit margin-boosting) shortage of new vehicles, along came a global cost of living crisis. As a result, half of drivers said they are considering delaying their next vehicle purchase.

## The good news - car is still king!

The good news is that exclusive access to a car is as important to consumers as ever, and demand is likely to return as soon as the economic situation improves.

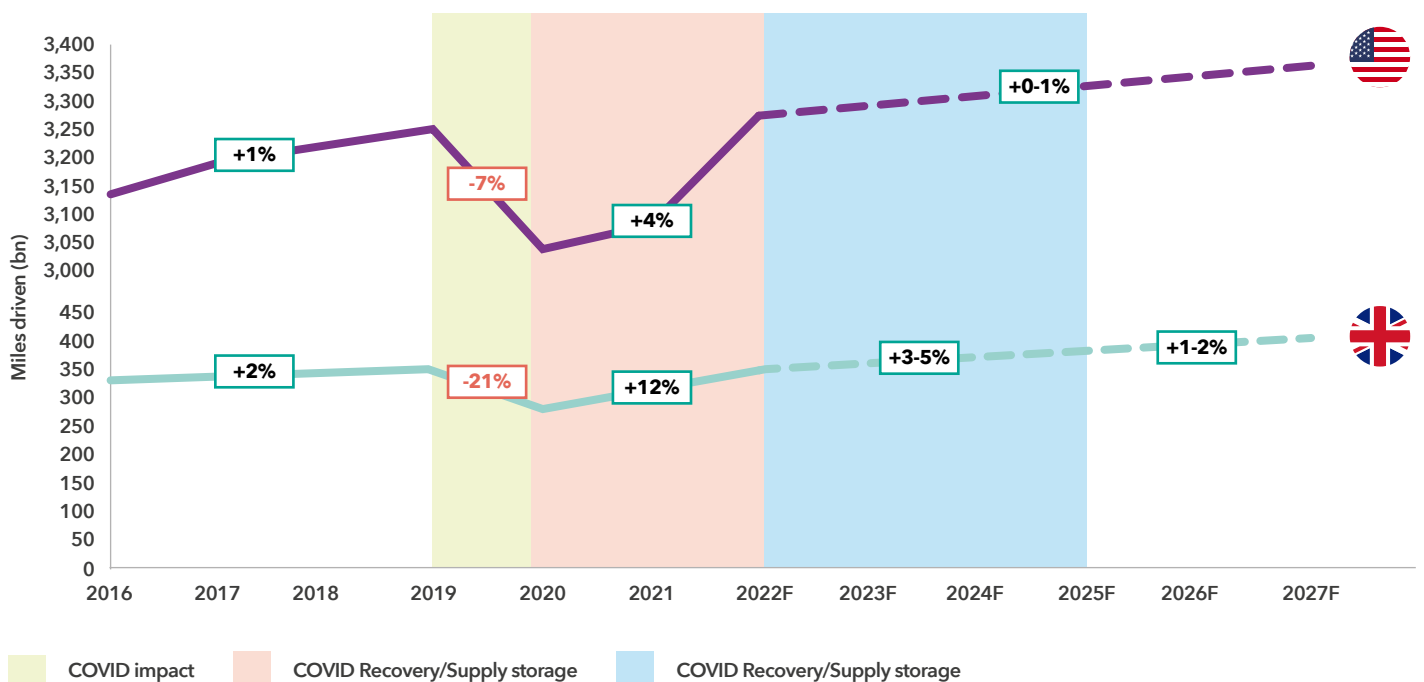
Exclusive use of the car is still seen as highly essential, with only 2-7% of drivers not considering it so across the countries we surveyed. The US, where 88% see it as essential, and Australia (89%) revealed themselves as the most car dependent nations, with the Netherlands (73%) and Germany (77%) the least bothered about having their own car.

This strength of feeling is, unsurprisingly, not quite as high as in 2020 - a pre-vaccine time of uncertainty and on/off lockdowns. However, Covid-related concerns, such as lockdowns and contagion, remain a compelling argument for having access to your own private vehicle. 37% of drivers said that these worries made them see a car as more essential than previously. The highest percentage was in China (62%), with over 40% in the UK, the US and Australia agreeing. These consumers are back doing as many miles as before and expected to return to slow increases in mileage over time.

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## Old habits die hard and consumers are set to put in more mileage than before the pandemic

**MILES DRIVEN BY COUNTRY**  
2016-2027 Forecast (bn miles)



# The challenge

## Financially worried consumers will delay new and used-car purchases

With some countries experiencing record inflation and the IMF predicting a global recession, consumers are guarding their finances.

Globally, over a third of drivers are set to delay their next car purchase. This rises to c.60% in France, and 50% in Australia, Germany, the UK and the US.

This is likely to ease pressure on the price of second-hand cars which have been at a red-hot peak due to the under supply of new vehicles. This will cause problems for dealers, leasing companies and others who have benefited from the supply squeeze in the last two years.



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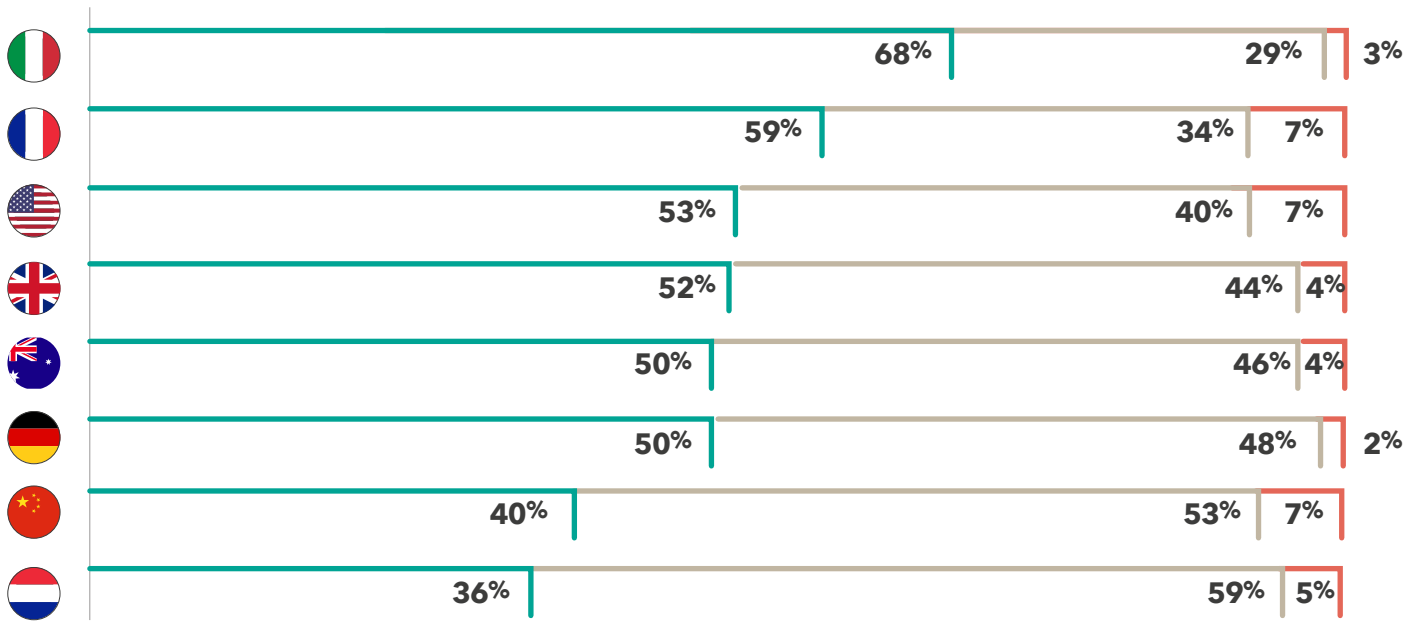
## Reactions from different consumer groups

Drivers are responding differently to the cost of living crisis.

- **New-car buyers** will not just delay, they will also trade down to used vehicles (27% of recent new car buyers expect to buy used next time). However the new-vehicle sales market has some protection from further contractions, as it is already at structural lows driven by the chip shortage and constrained vehicle supply. As the chip shortage eases over the next 12-18 months and factories get back up to speed, volumes should be supported by latent demand/backlogs from fleet customers.
- Some 55% of **used-car buyers** are more likely to delay their next purchase vs 48% of new-car buyers. Even with trade-down from new-car buyers moving to used, the overheated used-car market is likely to cool substantially.
- Poorer and younger owners are more likely to delay buying a car, with 57% of 18-24 year olds likely to delay vs 48% of those over 45. Further extremes can be seen in some countries like the UK where the likelihood of delay is 83% among 18-24 year olds vs 48% among those over 45.



**IMPACT OF COST OF LIVING ON EXPECTED TIMING OF NEXT CAR**  
(% respondents)



- █ Cost of living is expected to delay when they get a new car
- █ Cost of living is expected to have no impact on when they get their next car
- █ Cost of living is expected to speed up when they get their next car

Q: Do you expect the following recent market changes to impact your decision on when to get your next car?  
N= 6,483  
Source: Speedometer 2022, OC&C analysis.

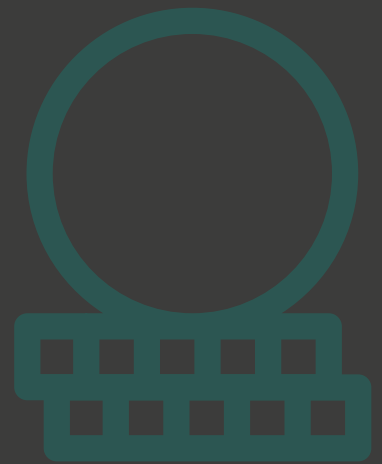
## Move now! Sector opportunities

The automotive sector must be agile in its response to this short-term threat.

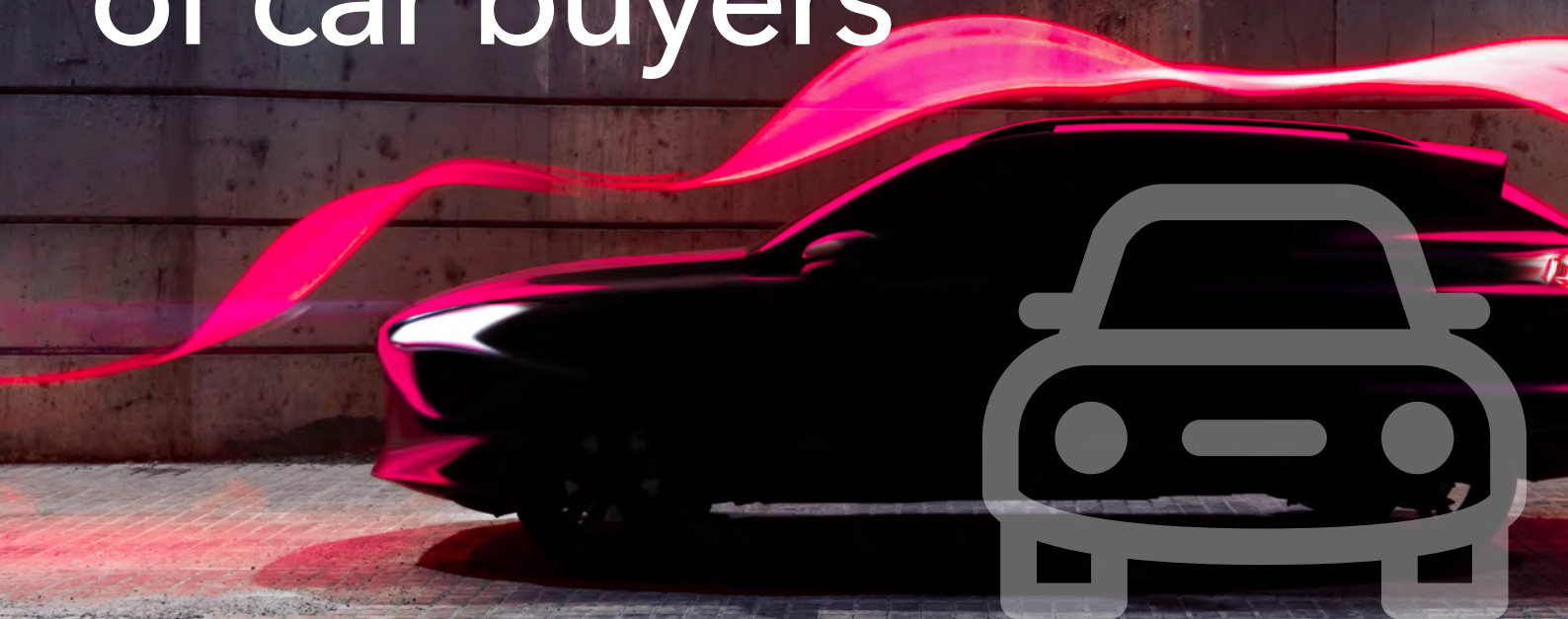
**Make financing easy (and cheaper per month where possible)** - more consumers will want to finance their car, and particularly to access contract hire lease/personal contract plans (PCPs) which will enable lower monthly payments on their vehicle than personal unsecured loans or hire purchase (as only the depreciation is paid).

**Drive new financing options** - target less resilient groups with new solutions such as used-car contract hire leases or salary sacrifice via employers - particularly on Electric Vehicles where government/tax incentives make costs highly appealing - Octopus EV in the UK has been growing with this model.

**Focus sales (and discounts)** - the crisis will not affect everyone equally, there will still be affluent buyers and blunt tactics like blanket discounts will give away value unnecessarily.



# Carservatives vs early adopters - meet two extremes of car buyers



If you believe the hype, it would seem there are three innovations set to sweep car buyers off their feet: online purchasing, electric vehicles, and subscription services (other trends such as autonomous vehicles and sharing are either further off or only affecting a niche).

The reality is more nuanced: there is support for these three trends, but what we've seen is a divergence of consumer attitudes. In one corner, we have early adopters, a small group that embraces all three areas of innovation. In the other stand the 'carservatives' who want to buy their car in person, ideally paying for it from savings and part exchange - oh, and it must be petrol or diesel. Some 57% of this group are over 55 years old, but they are joined by some youngsters (12% are under 35-years-old).

Early adopters have a striking open-mindedness about their car. They are more likely to see it as a status symbol, are far happier to lease than own, and are much more likely to start with a budget rather than a specific car in mind. They are also more likely to be younger - 39% of early adopters are under 35 years old vs 14% who are over 55. Unsurprisingly, early adopters are the only group interested in car sharing, with 70% willing to consider it.

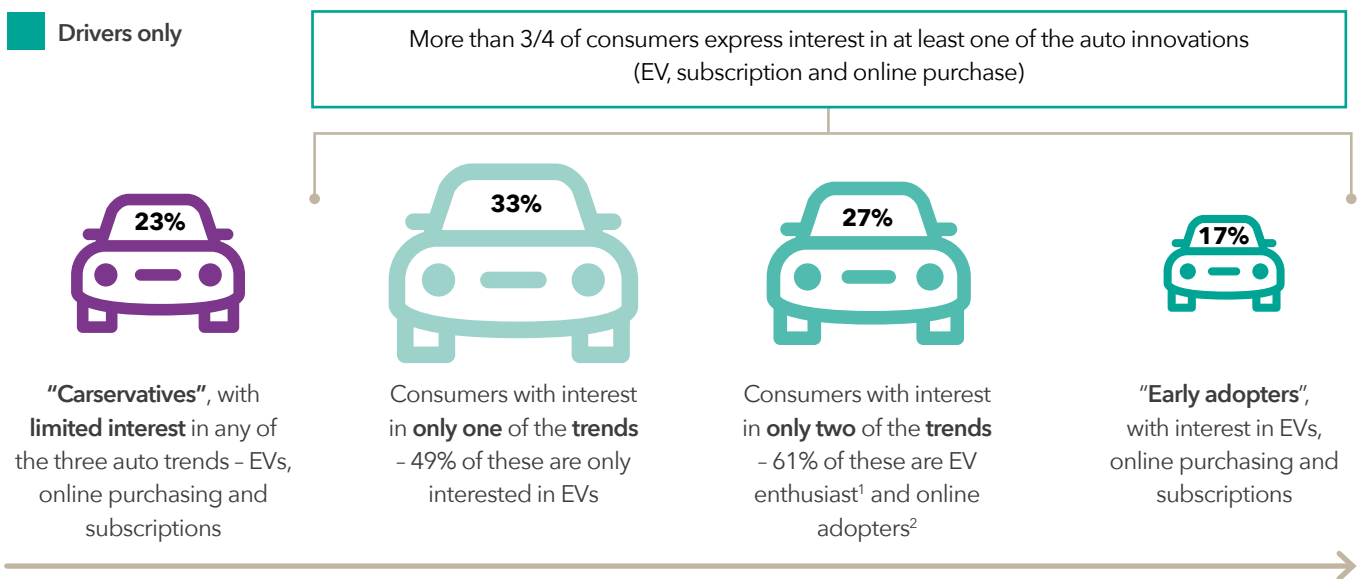
In the middle are a group with mixed levels of enthusiasm for different trends. There are EV enthusiasts who wouldn't touch subscriptions, and petrol fans who would happily buy a car online.



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### CUSTOMER SEGMENTATION BY ATTITUDE TO KEY NEW INNOVATIONS

Share of respondents by interest in auto trends  
(N=6,483, % respondents)



1. EV Enthusiast defined as anyone who claims to be considering, likely to or will buy a fully electric vehicle the next time they purchase a vehicle.

2. Online adopters defined as anyone who bought their last car online, or is considering using online to purchase their next vehicle.

3. Subscription considerers are those who are likely or very likely to consider a car subscription service.

Source: Speedometer 2022, OC&C analysis.

The take home? The car is a deeply personal space and people's feelings about it matter as much as their circumstances in deciding whether to adopt new trends.

## Move now! Sector opportunities

**Personalise product and messaging** - One size doesn't fit all and it will take skill for the sector to keep on top of evolving user preferences. There are opportunities for those that can accurately target preferences and deliver products and offers which cut through consumer concerns.

**Don't make assumptions** - when marketing new products and services, don't make generalisations based wholly on age or affluence - there are forward thinkers across the spectrum.

**Keep it simple** - products and services that move on multiple dimensions, for example EVs that are sold online and on subscription, will be hard for the majority to swallow - land innovation one step at a time.



# The evolving customer journey

The customer journey continues to evolve, with every stage impacted by changing consumer preferences as well as supply side innovation.

	Would drivers consider an alternative to exclusive car ownership?	What do drivers want to buy? EV or traditional?	Where do consumers want to find and buy a car?	How do they want to pay?	How do drivers want to maintain and repair their vehicle?
Key changes	Exclusive car ownership remains a priority in all markets	Attitudes to EVs are plateauing and becoming more polarised	Online-only purchasing has cooled, but consumers want the choice to interact digitally for parts of the journey	Fewer drivers are paying from savings alone, and they don't care if they own, have the option to own or lease/rent	More drivers are looking for digital convenience and simple products to spread/ de-risk the cost of motoring
Implications	Car sharing alternatives could be considered as a complementary offer	The industry must convert EV sceptics, while addressing the needs of enthusiasts	Dealerships must re-shape to serve the 'clicks and bricks' journey	Opportunities for leasing and subscription providers to take market share	Dealers must make SMR as hassle-free as possible with online booking and on-drive repairs



Would drivers  
consider an  
alternative to  
**exclusive car  
ownership?**

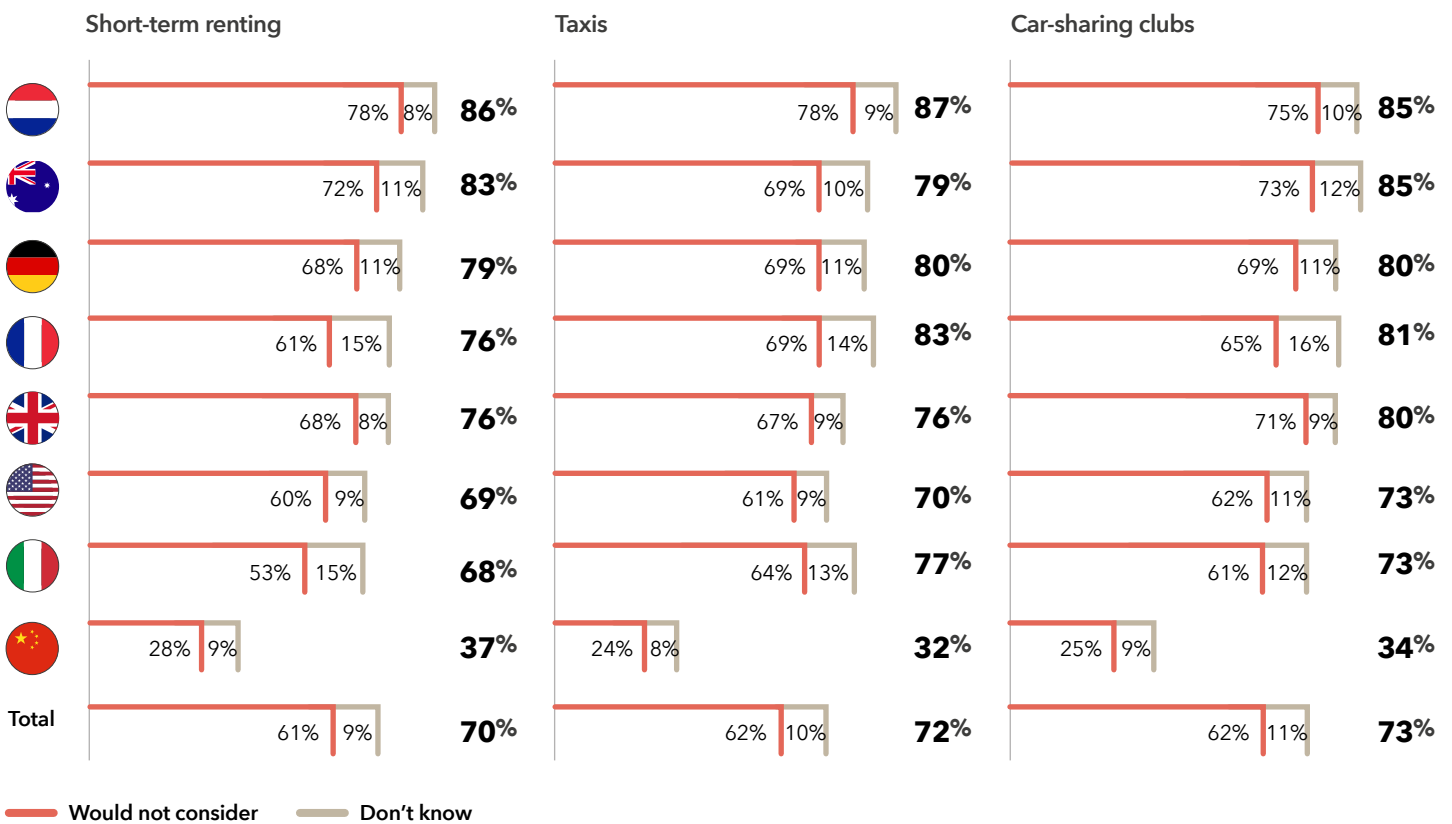
# Drivers are clinging firmly to their car keys, with a clear majority in all countries (apart from China) rejecting mobility alternatives, such as taxis, short-term rental or car-sharing clubs.

This is no great change from previous years, though some countries such as the UK, Italy and the US are gently warming to the idea. Resistance continues to stem from concern about day-to-day vehicle availability where and when the consumer needs it, which explains why the sharing proposition remains attractive to a niche minority of urban drivers.

## 'I WANT EXCLUSIVE USE OF MY OWN CAR' - THE MAJORITY OF DRIVERS REJECT ALTERNATIVES

Share of drivers who would not or don't know whether they would consider as an alternative to own a car (%)

(Drivers only)




1. Q: Next time you swap your vehicle, would you consider any of the following alternatives to having your own vehicle?  
N=6,483.  
2. Italian data reweighted to adjust for sample bias  
Source: Speedometer, OC&C analysis.

## Move now! Sector opportunities

Be realistic - car sharing will not be industry-changing in the near term; it is an opportunity for niche players or as an add-on.

Focus on the complementary - car sharing, taxis and short-term hire are all popular, but for the vast majority don't appeal as an alternative to owning a car. This is not to say they can't be part of a valuable mobility proposition, particularly for those servicing business/fleet customers.





# What do drivers want to buy – EV or traditional cars?

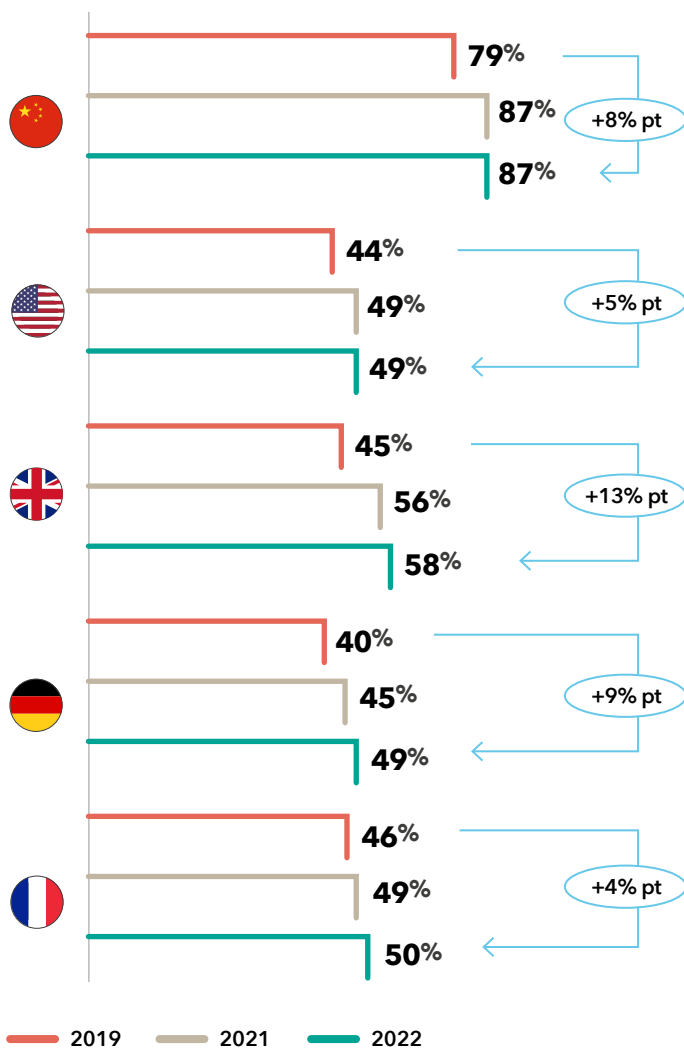
Innovation rarely follows a steady adoption curve: the path from novelty to normality is far from straightforward. EVs are no exception. Consumer enthusiasm remains significant but has hit a plateau and providers and governments are yet to address major barriers to adoption.

While over 40% of drivers across all countries accept that they will eventually own an electric vehicle, this figure is growing at a slower rate than in previous years. Growth in consideration of a BEV (Battery Electric Vehicle) for the driver's next car has also slowed or stopped in all countries surveyed, having reached c.50% in all western countries (though nearly 90% in China). This slowdown is despite 44% of consumers citing concerns about current petrol and diesel prices as a reason to buy an EV.

Perhaps reflecting the cost of living crisis, the number of enthusiasts worried about the higher purchase price of EVs grew by 8ppt over the year

### GROWTH IN INTEREST FOR FULLY ELECTRIC VEHICLES FOR 'NEXT VEHICLE CHOICE' IS SLOWING

Consideration of electric vehicles before purchasing next vehicle (% considered or purchased)



Q: Did you consider an Electric or Hybrid vehicle? Respondents answering  
Source: OC&C Speedometer 2022 Survey, OC&C analysis.

The dampened enthusiasm for EVs is due to cost of living pressures and a growing understanding of the limitations of this relatively new vehicle category. For a growing group of sceptics, the dream of silent cars gliding along emission-free motorways has been clouded by concerns over range anxiety and costs.

### Core concerns - EV sceptics vs enthusiasts

EV enthusiasts and sceptics are united in their rising concern about charging costs. Compared to 2021, concern from sceptics has increased by 7ppt, and concern from enthusiasts 6ppt.

Perhaps reflecting the cost of living crisis, the number of enthusiasts worried about the higher purchase price of EVs grew by 8ppt over the year, however they became less concerned about range, access to charge and reliability, showing the industry has done well at addressing these concerns.

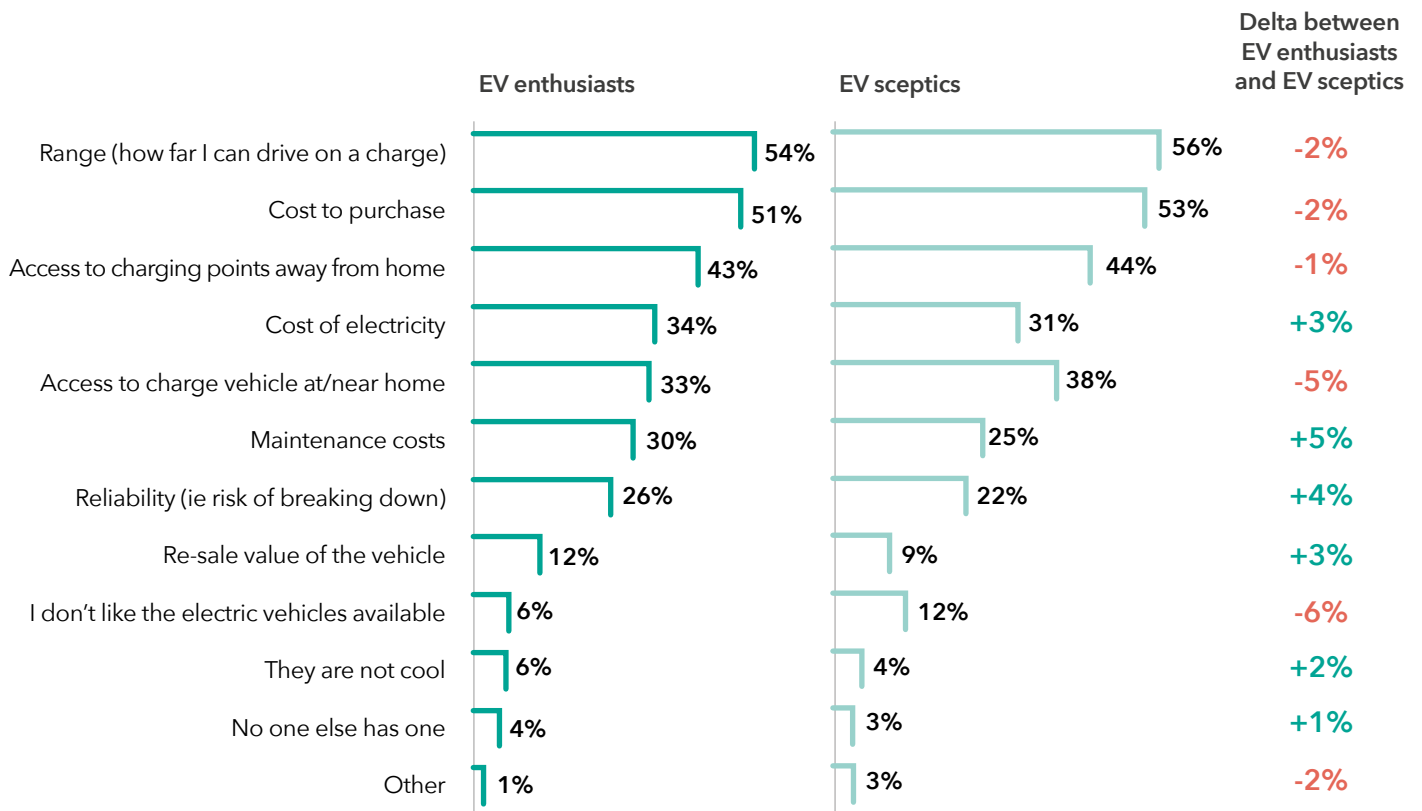
Sceptics, on the other hand, stuck to their previous convictions with worry levels concerning purchase price, maintenance, away from home charging and resale value remaining more or less flat. Only the number worried about at home charging increased (by 3ppt).

Resistance to EVs varies slightly by country, with the UK, Australia, Italy and NL most concerned on cost, while others remain focussed on range. In China, the top concern is reliability, suggesting the local startups which dominate the EV ecosystem have some way to go convincing consumers on quality. Getting enthusiasts to take the plunge and converting sceptics is increasingly hard but a problem that governments, OEMs and eventually retailers will need to address. They face UK, EU and US state targets for emissions, and ultimately a ban of internal combustion engine vehicle sales.

## EV ENTHUSIASTS AND SCEPTICS SHARE COST AND CHARGING CONCERNS, WITH ENTHUSIASTS MORE WORRIED ABOUT MAINTENANCE AND RELIABILITY

Concerns regarding buying an electric vehicle  
(% rank top 3)

Drivers only  
N = 6,483



Q: What are your biggest concerns in considering an electric vehicle?

EV Enthusiast defined as anyone who claims to be considering, likely to or will buy a fully electric vehicle the next time they purchase a vehicle.

Source: OC&C Speedometer 2022 Survey, OC&C analysis.

## Move now! Sector opportunities

**De-risk new technology with usership models** - a usership model, such as a subscription or a short 12-18 month lease, allays consumer concern about new technology (battery life, resale value, reliability). It also provides drivers with the flexibility to upgrade to new and better releases. This particularly appeals to EV enthusiasts, 44% of whom would be keen to take a monthly car subscription vs 24% of sceptics.

**Prepare for a shake-up of service models** - the rise of electric vehicles, which require less maintenance, causes a problem for OEM branded dealers - which make up to 50% of profit from aftersales. Branded dealerships in Norway, where the majority of new cars have been EV for some time, have already adapted by focusing on leveraging their EV expertise to retain used car customers in the franchise dealer for servicing. These might have otherwise gone to independents after a few years, and keeping them in the network is keeping their service bays full.

**Get the infrastructure ready** - OEMs, government and servicing companies must work together to help build infrastructure. Plenty of companies have already entered at-home and public charging, but more is needed. The majority of charging will take place at home or work but these locations will need investment and upgrades to fast chargers. Added to this, target UK EV uptake requires 30k new public charge points per year by 2030 - this number is higher for more geographically spread countries. There is also opportunity for the automotive sector to introduce new services, such as mobile emergency charging.



# Where do consumers want to find and buy a car?

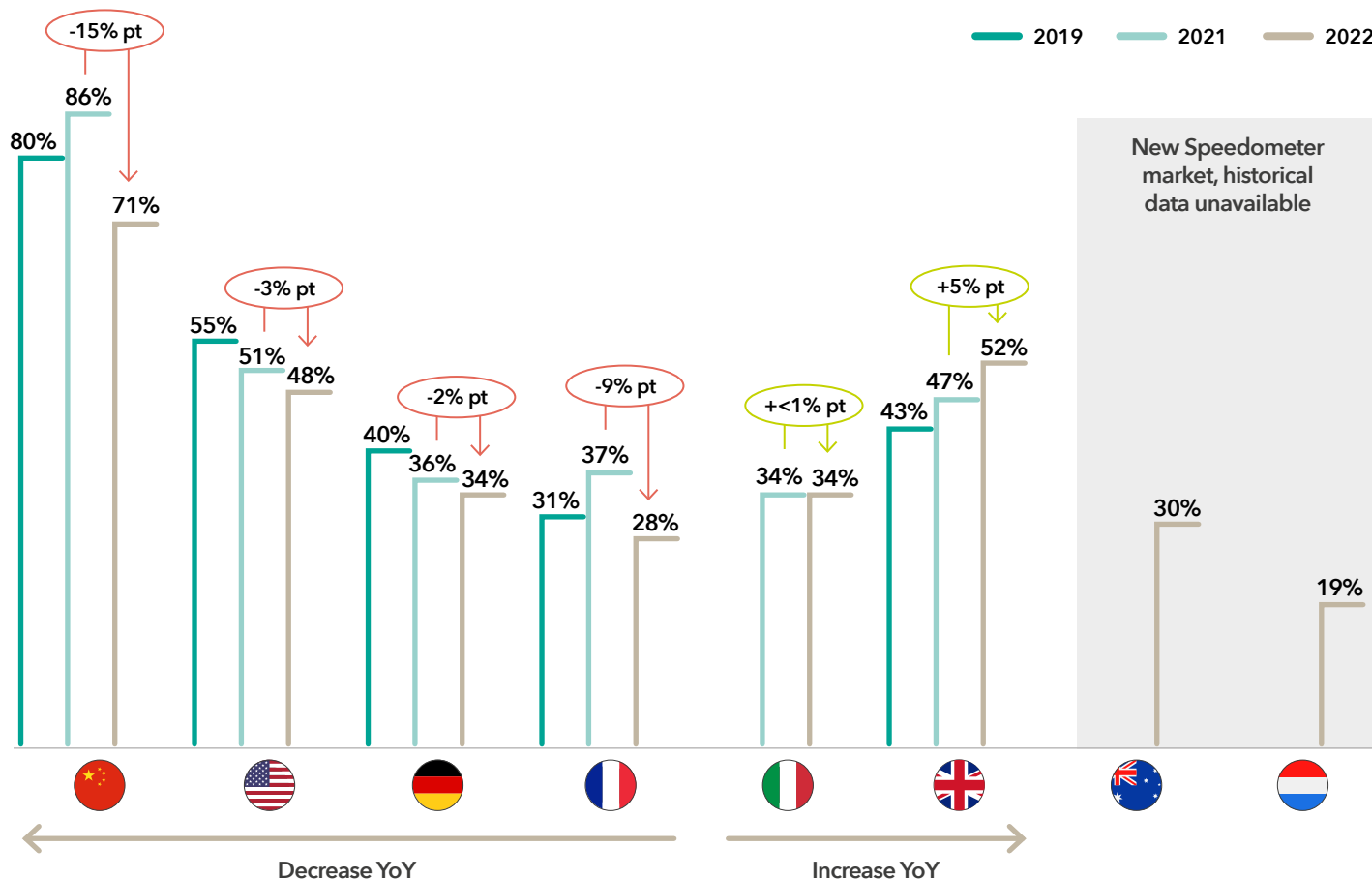
Back in 2021, when people were scared to leave the house for fear of Covid infection, there was a boom in interest in 'sight unseen' fully online car purchases, in which a vehicle is purchased and delivered to the customer's door (or a location of choice) without them seeing it first.

For most geographies, this has receded as buyers return to dealerships to check out their next big-ticket purchase in real life. Today, the proportion of consumers carrying out research in dealerships has risen. The percentage of drivers buying new cars online has fallen for all geographies except the UK, where there has been significant marketing from players such as Cinch and Cazoo.

The proportion of drivers who say they are going to buy their next car *fully* online has dropped in every geography except the UK.

## ENTHUSIASM FOR ONLINE PURCHASING BY COUNTRY

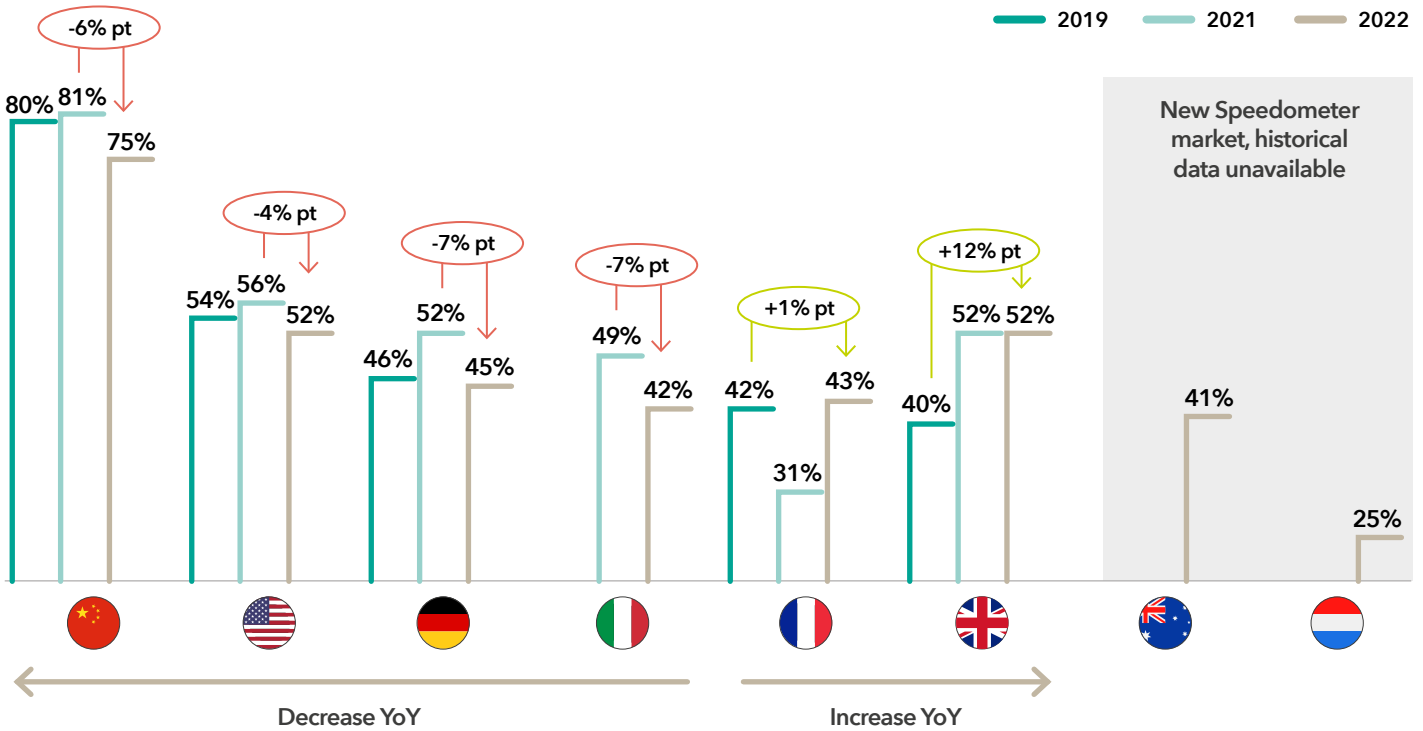
Consideration of online for next purchase, **new cars**, 2019-22  
(N=6,321, % respondents) drivers only



Q: Where do you expect to acquire your next car from? Purchase on a website i.e. completed purchase online and had it delivered to a collection site or my home/work; "May Consider" & "Likely to use"; N=6,321.  
Source: OC&C Speedometer 2022 Survey, OC&C analysis.



**Consideration of online for next purchase, used cars, 2019-22**  
(N, % respondents) drivers only



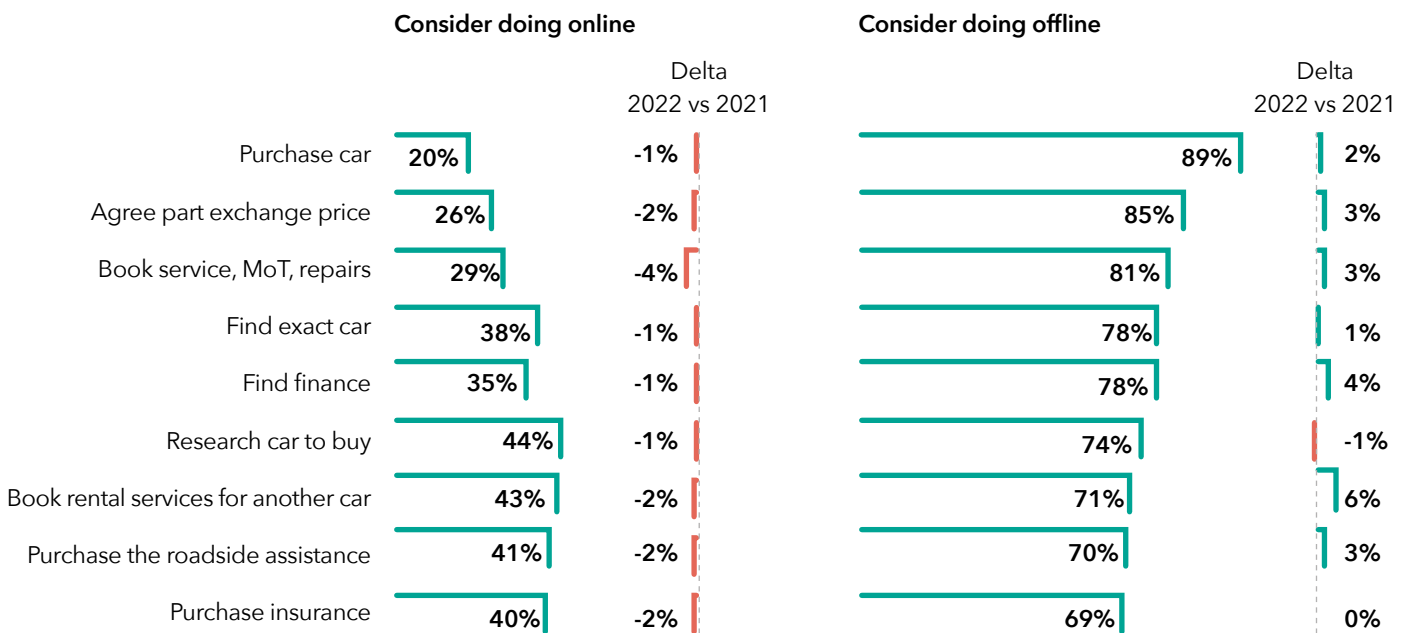
Source: OC&C Speedometer 2022 Survey, OC&C analysis.

There is still substantial and growing appetite to conduct some part of the purchase journey online e.g. financing, agreeing part exchange, and buying insurance. But customers want the option of offline support, such as a phone call or instant chat and the option to complete the journey online/offline as they choose.

**OFFLINE IS STILL VERY IMPORTANT, BUT 20-40% OF CONSUMERS WANT THE CHOICE TO CONDUCT SOME STEPS DIGITALLY**

Channel usage by activity for next car purchase<sup>1</sup> (%)

Comparable countries<sup>2</sup> and drivers only  
N = 4,069



1. Q: Thinking about next time you do these activities, where would you prefer to do the following activities? Multi select options, hence possible to select both offline and online methods

2. Comparable Countries Only: UK, US, FR, DE, CN.

Source: Speedometer, OC&C analysis.

Despite its post-Covid popularity dip, online still plays a vital role in the consumer journey: the vast majority of drivers start their research online, where many choose a specific car. In this sense, car buying is catching up to other retail sectors and increasingly becoming a hybrid of 'clicks and bricks'.



## Click & Collect = Convenience & Calm

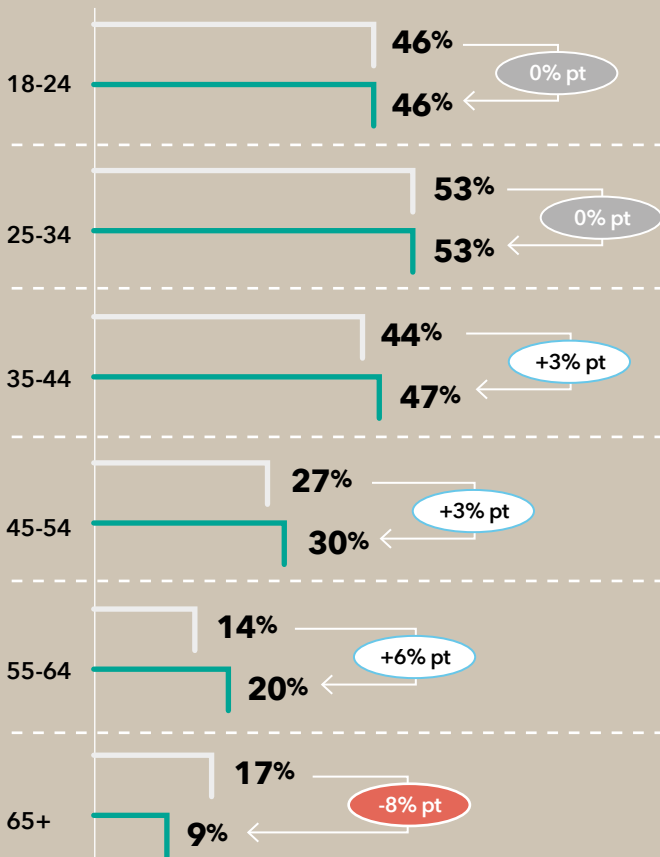
Consideration of Click & Collect - paying online and picking up from a dealership or opting for home delivery - has increased in all countries. Some 46% of 18-44 year-olds are happy to use Click & Collect. Only those aged 65 and above want to continue to do most of the buying journey in person.

### YOUNGER GENERATIONS ARE MORE LIKELY TO CLICK & COLLECT

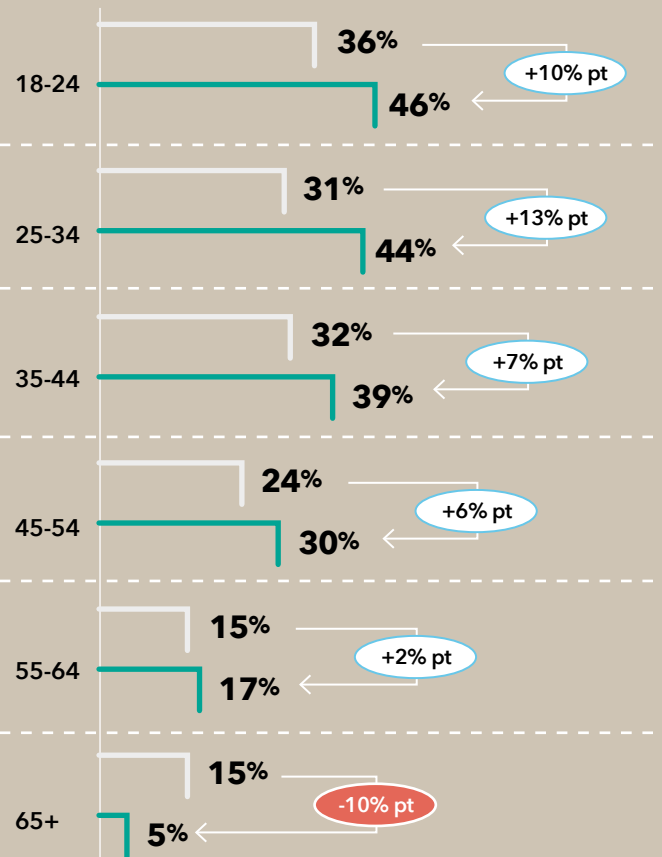
Happiness using click and collect, 2021 vs 2022 (N = 7,960, % respondents)

Comparable countries and drivers only

New cars by age of buyer (N = 2,499)



Used cars by age of buyer (N = 2,514)



— 2021 — 2022

Q: To what extent would you agree with the following; I would be happy to purchase my next care on "click and collect" or home delivery - without seeing it first. N = 5,013

Comparable Countries Only: UK, US, FR, DE, CN.

Source: OC&C Speedometer 2022 Survey, OC&C analysis.

# The changing role of the dealership

Ten years ago, the car buying journey started with a tour of local dealerships. Today, it normally begins online. In 2022, 63% of car owners researched their current car online before purchase, with 83% expecting to research their next car online first. Dealerships receive fewer browsing visitors and their remit is focused on test drives and sales execution (reflected in OEM's move to agency models with their dealers).

This provides an opportunity for dealers to thin-out their networks; OEM and dealers will still need physical points of presence but far fewer. Traditional dealers and "online" dealers will meet in the middle with hybrid customer journeys and networks of hub sites. Expectations of an easy buying journey will only increase. Drivers are increasingly expecting to have their new car lined up and ready to go with promises of being in and out in under an hour increasingly popular.

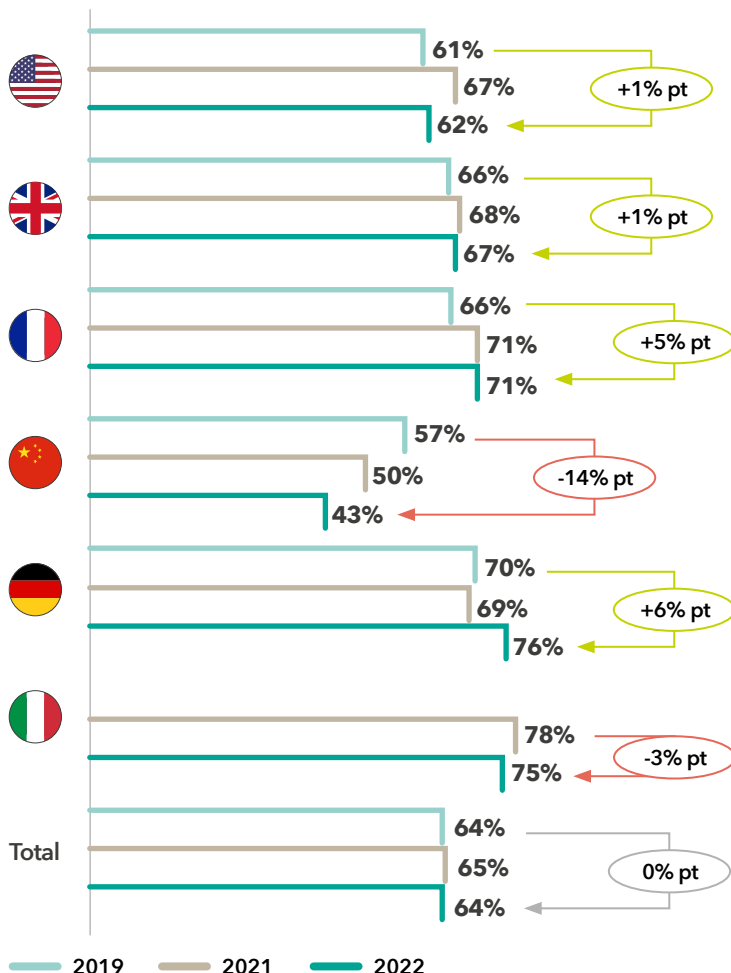
More worryingly for dealers, consumers are reporting a willingness to consider non-dealer options (not just online dealers but also leasing companies, employee car schemes and others) at a much higher rate than ever before. This is yet to translate into a dramatic shift in the market, but highlights the need for dealers to stay on top of providing the best consumer experience. Many dealer groups and car supermarkets that have expanded quickly (organically or inorganically) may need to address standardising and improving their customer journeys. As a sector, car buying is still seen as a confusing and stressful experience for many consumers.

## DEALERSHIPS ARE KEY TO RESEARCH, BUT THEIR DOMINANCE OVER SALES IS WEAKENING SLIGHTLY

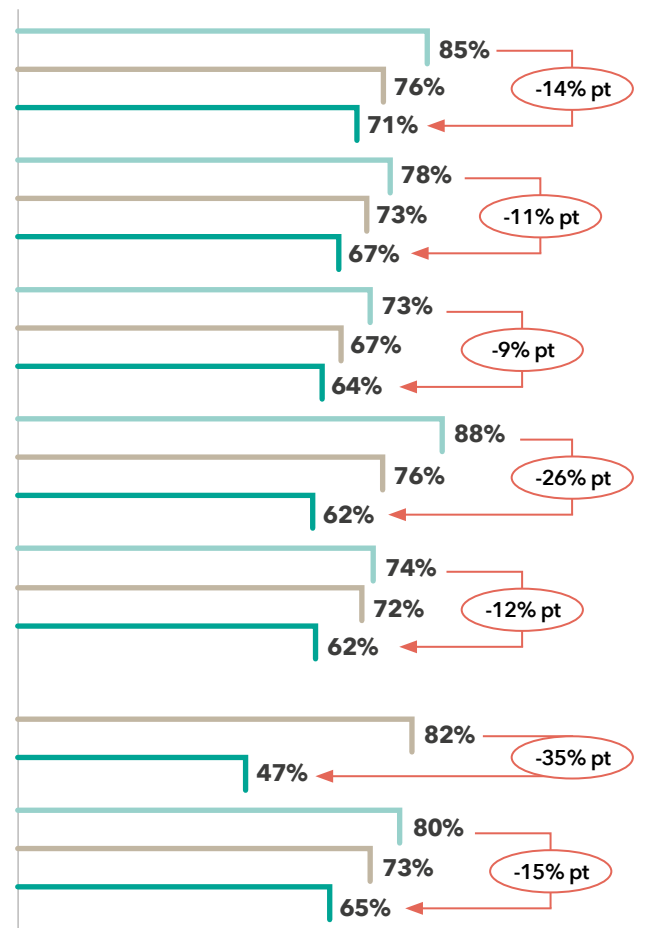
### Purchasing and researching location for next car purchase, 2019-2022

(% respondents)

#### Visiting dealerships as part of research for next purchase (N = 4,950, % respondents)



#### Likely to use dealership to complete next purchase (N = 4,950, % respondents)



Source: OC&C Speedometer 2022 Survey, OC&C analysis.



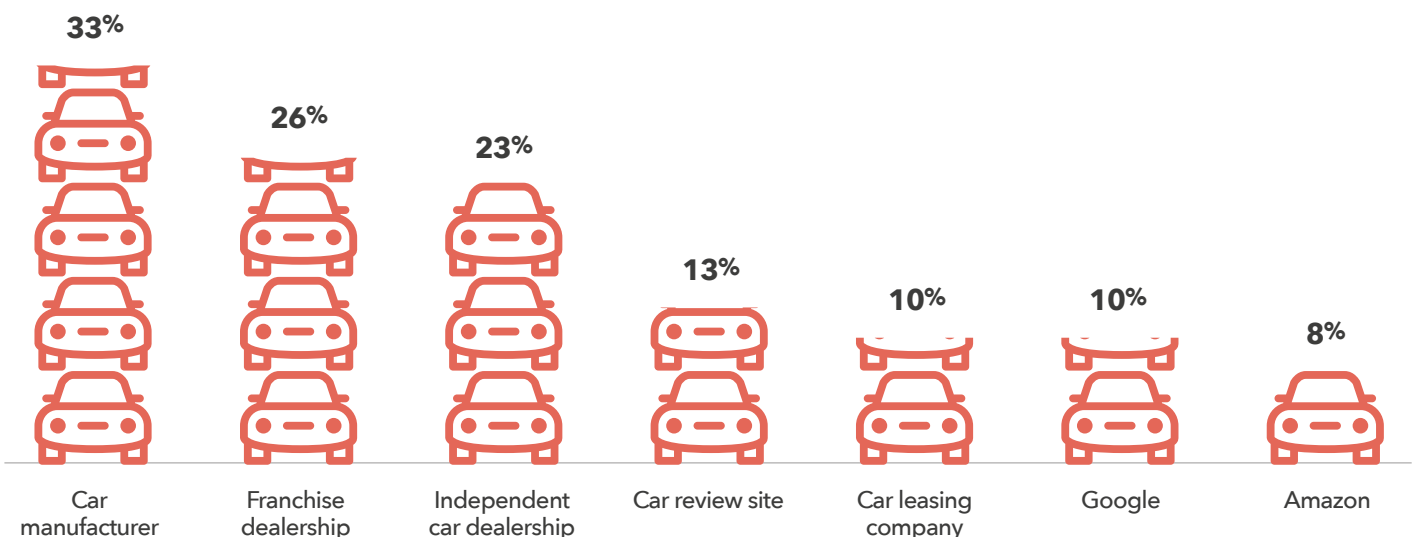
## Who is trusted online?

While dealers need to be on their guard, they remain by far the most popular place to purchase cars online. They are also extremely well suited to meet consumer needs online when supported by OEMs.

Consumers recognise this, making OEMs, franchise dealers and independent dealers the top three trusted places to transact online in nearly all countries. Their heritage in automotive and connection with consumers gives them good protection from digital entrants. Well-known names like Google and Amazon are simply not as trusted as yet!

The only other brands that come up strongly are some classified websites with strong local brands (e.g. Autotrader in the UK, CarGurus in the US), who have built a strong connection with consumers and the right to play in vehicle sales. Whilst this should, in theory, give a great launchpad for classifieds seeking to find new ways to enable transactions, they will have to do so in a way that is sympathetic to their dealer customers, enabling their online success.

### CONSUMERS' TRUST IN ONLINE CAR PURCHASE BY COMPANY ACROSS GEOGRAPHIES, 2022 (N=6,483, % of respondents)



Source: OC&C Speedometer 2022, OC&C analysis.



## Move now! Sector opportunities

### Think seamless

Business models are meeting in the middle with online players evolving a physical footprint and service wrap, and traditional dealers offering more multi-channel options. This assuages consumer concerns about a fully online model while still providing the convenience of choosing a car from your armchair. It's important that this journey is carried out well and that when a specific customer segment (e.g. finance-focussed) is targeted, their needs are catered for.

### Rethink the role of stores

The traditional dealership will play an important role in this 'bricks and clicks' process as a trusted point of physical presence and service. On one hand this will mean less focus on lengthy sales journeys and more on offering super-efficient fulfilment of journeys that may have started online. On the other hand, the dealership's role in advice and creating an experience around the brand will become even more important. The dealer of the future will need to be as convenient as Uber but as engaging as an Apple Store (and just as effective at cross-selling!).

### Leverage legacy trust

OEMs and dealers benefit from the highest customer trust levels today. Franchise dealerships would be trusted for an online purchase by >25% of potential online car buyers in the UK and US, and independents are favoured by >20% of potential online car buyers in the UK, US, Germany, France and The Netherlands. These players have significant opportunities to win by providing online journey options to consumers.

### Unbundle activities

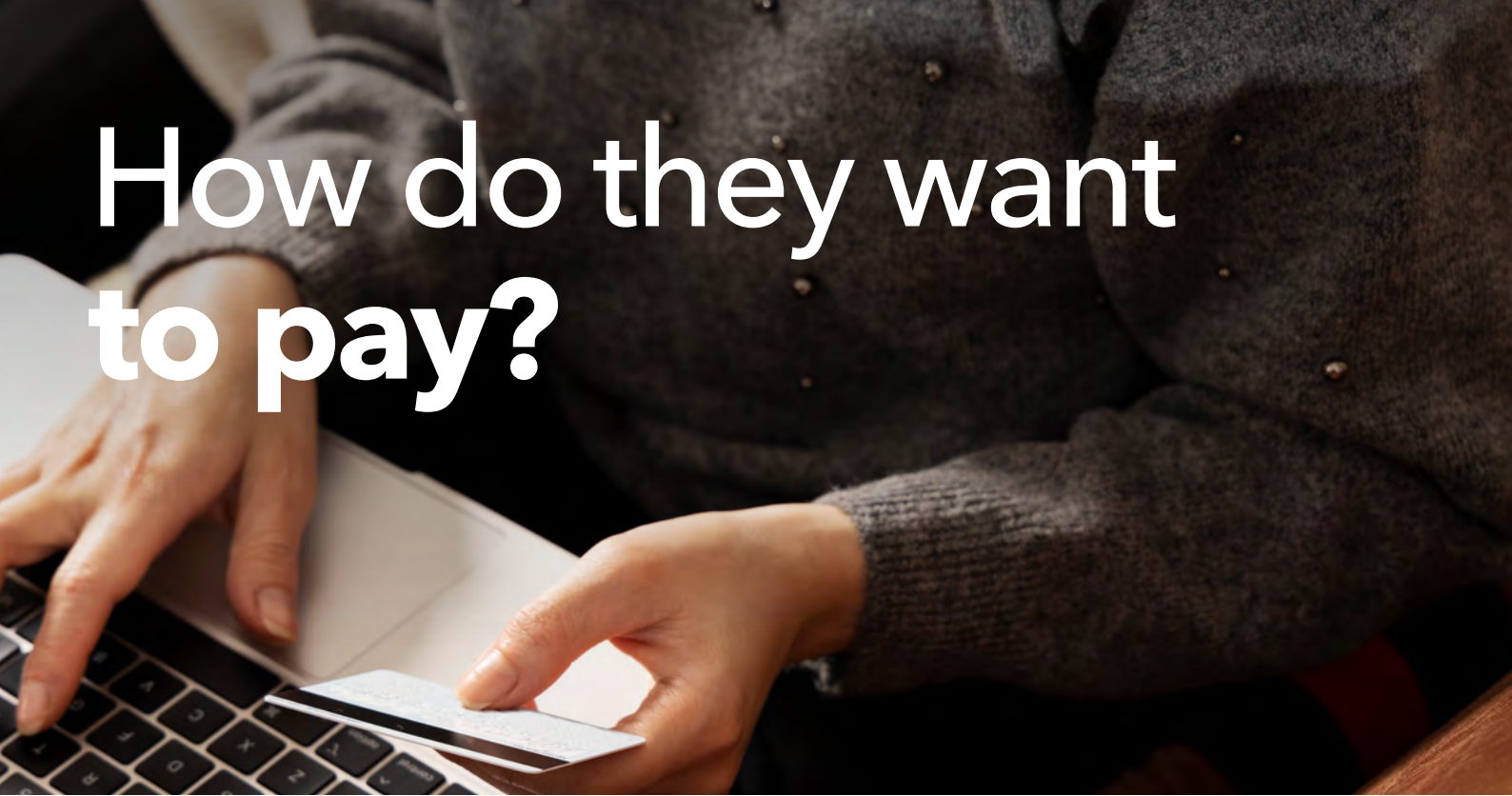
It won't suit everyone, but there are consumers who want to unbundle parts of the online journey (finance, part exchange) for convenience or better prices e.g. 25% of UK drivers report they are likely to consider a separate car buying service rather than part exchange at dealer. There is opportunity for insurgents if they can identify cost-effective models to acquire consumers in these niches.

### Focus on aftersales and retention

Capturing servicing margin on vehicles for as long as possible and keeping customers coming back for their next vehicle will be critical for dealers to succeed. Investing in customer experience and CRM will be key.



# How do they want to pay?

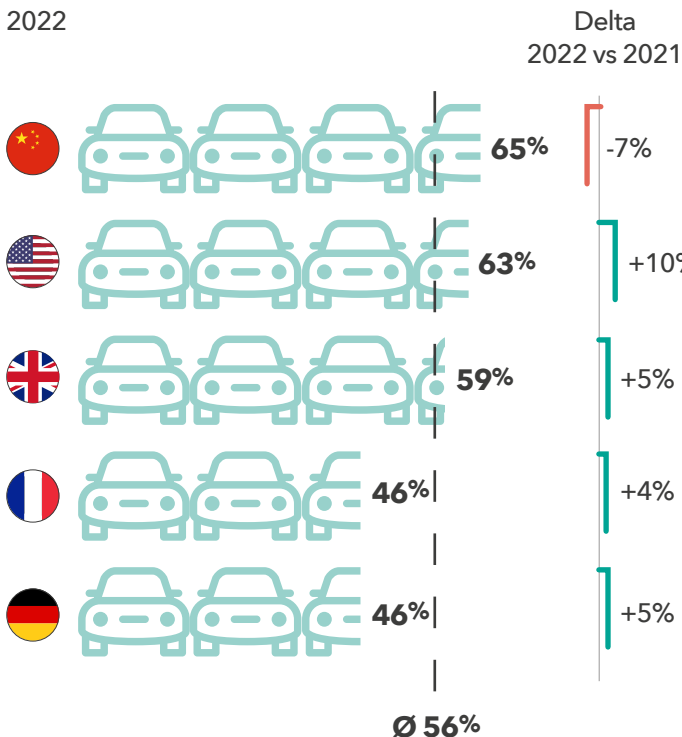


Cost of living pressures are causing an increasing number (+5-10%ppt) of drivers in all countries (bar China) to start their new vehicle search with a budget rather than a vehicle in mind. Related to this, the percentage who are paying for their cars via savings and part exchange alone has dropped since 2021.

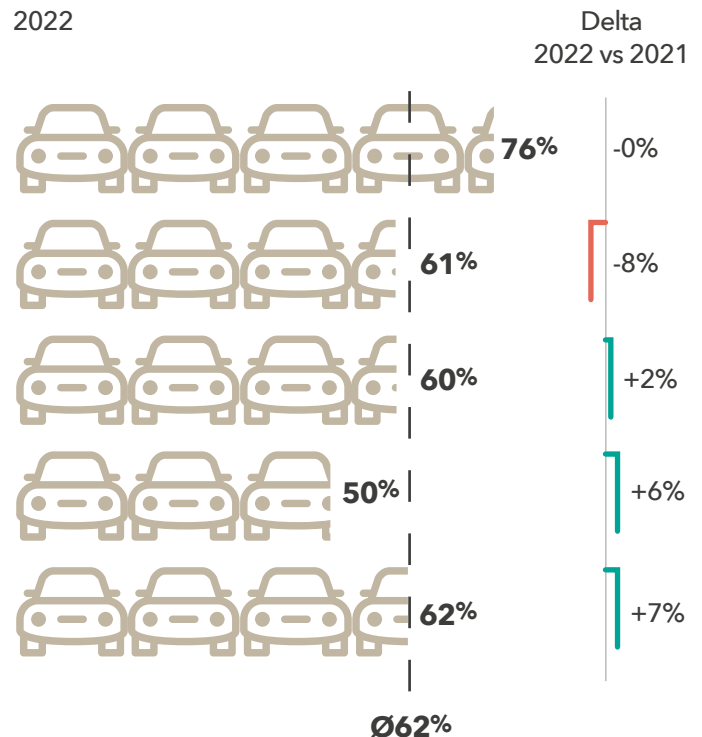
## CONSUMERS PRIORITISING BUDGET IN SEARCH JOURNEY

(% respondents starting with a budget in mind)

### New car owners



### Used car owners



Source: OC&C Speedometer 2022, OC&C analysis.

# Consumer leasing continues to have a bright future

Despite savings still being the most popular method of payment (53% of used car purchases), the importance of "ownership" continues to be less important. Over 40% of drivers in every country don't care if they lease or own their (new or used) vehicle. This highlights the opportunity for lease companies to take share, particularly in the nascent second-hand lease market where there are few options available today. Furthermore, the shortage of new cars and desire for lower monthly payments will push consumers to consider options to lease/rent with or without the option to own (typically leases are cheaper per month as the consumer only pays the depreciation on the vehicle).



## New cars

The leasing market is highly penetrated and mainstream in all geographies. UK and German drivers express the greatest preference for leasing when asked to compare it directly with ownership. The opportunity lies in converting consumers who have tried contract purchase with OEM dealers to try contract hire with leasing companies. Effective digital and partner distribution, retention and low-cost 'straight through' processing will be critical for leasing companies to offset high marketing costs of acquisition and seize the opportunity.

## Used cars

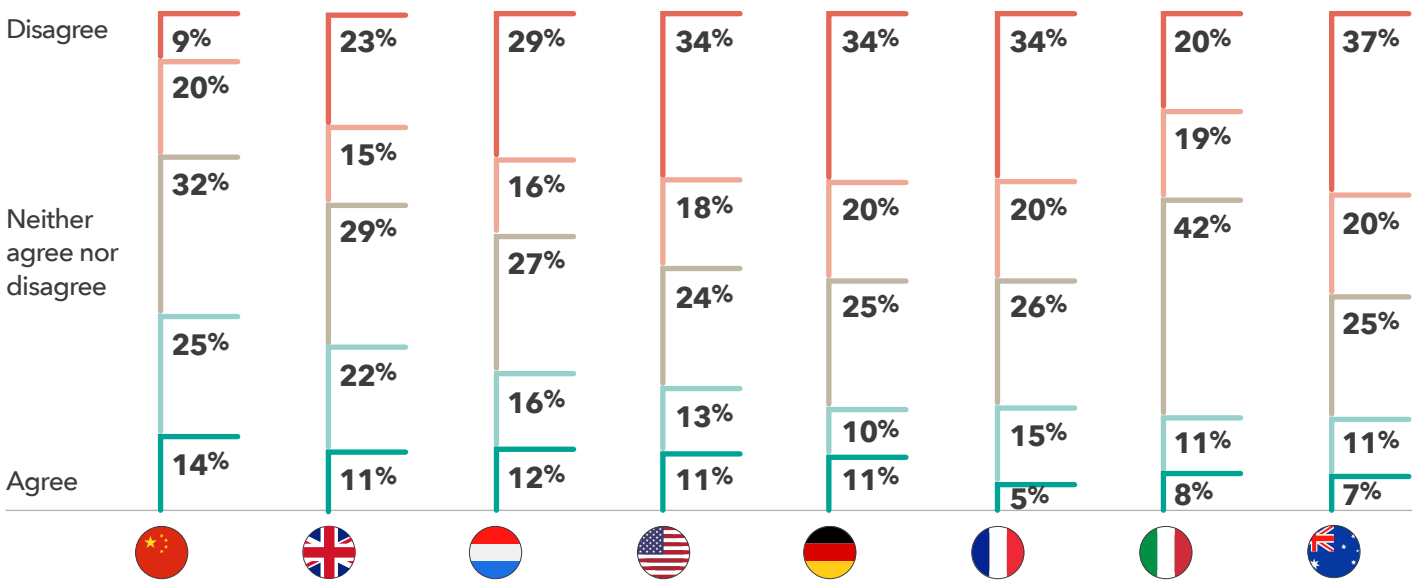
Today the used-car lease (contract hire, rather than personal contract plans or hire purchase) market is nascent, with the complexity of residual values and servicing often deterring leasing companies. However, there is a big opportunity to serve consumers' unmet needs with leasing products on used cars as >30% of consumers indicate they are open to it. Combined with cost of living concerns, leasing used cars represents a significant opportunity. The growing popularity of personal contract plans is supportive of this latent demand.

Over 40% of drivers in every country don't care if they lease or own their (new or used) vehicle. This highlights the opportunity for lease companies to take share

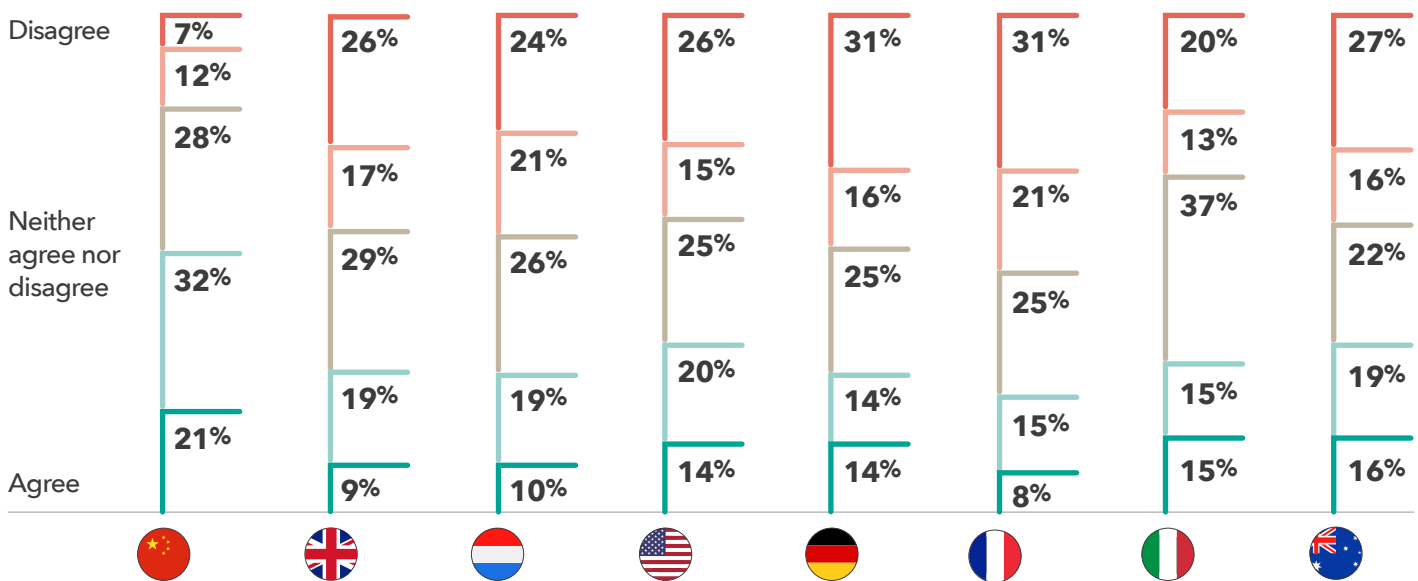
**DRIVERS ARE MUCH LESS TIED TO OWNERSHIP THAN OFTEN PORTRAYED - PARTICULARLY OF USED CARS**

How far do you agree with the following "I don't care if I lease or own my vehicle"

Owners of new cars (%) (N= 3,804)



Owners of used cars (%) (N= 4,156)



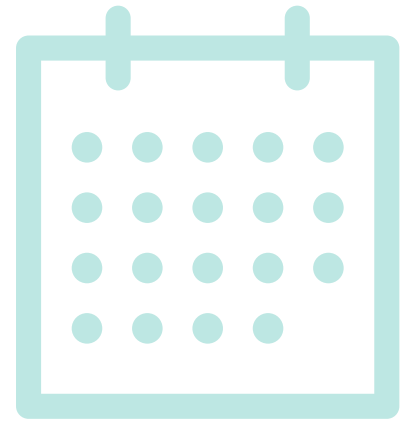
Source: OC&C Speedometer 2022 Survey, OC&C analysis.



# Subscriptions

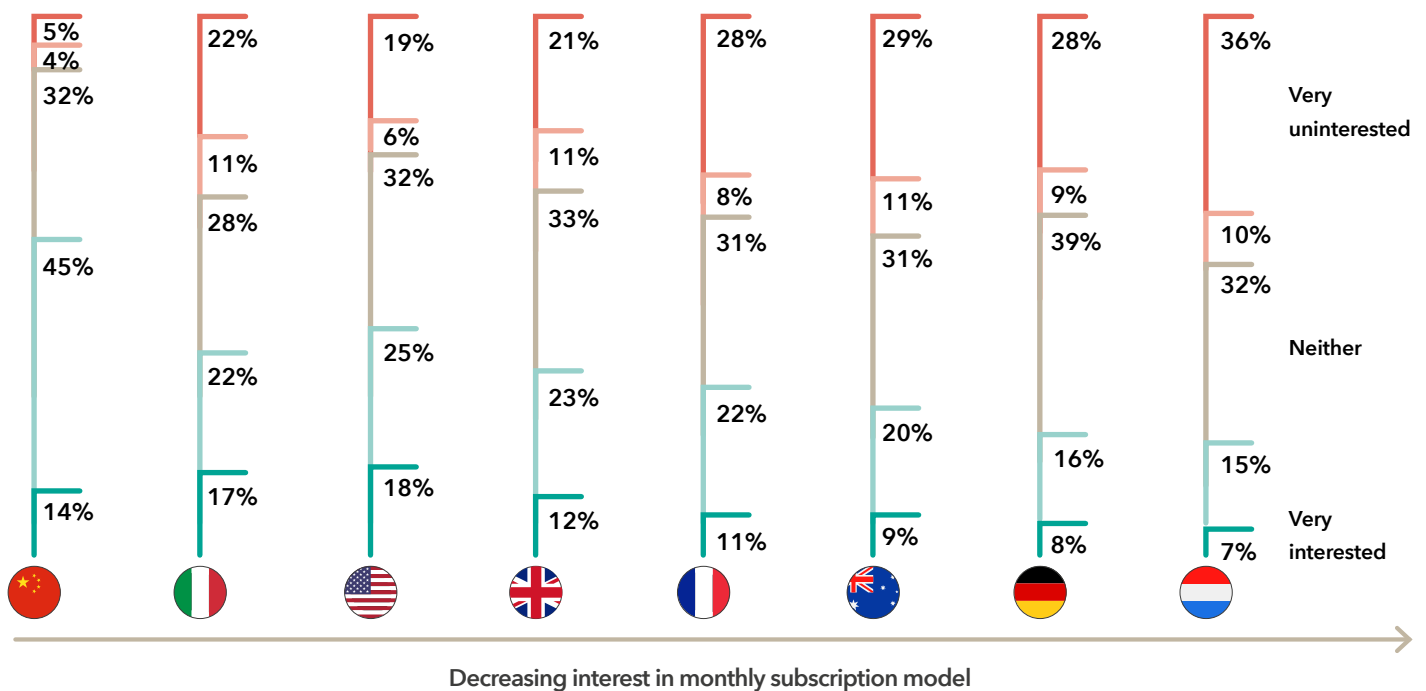
Subscriptions have become a part of consumer life, from entertainment to monthly coffee pod deliveries. Growing comfort with 'usership' vs ownership has extended to the automotive sector. Around a third of consumers would consider a monthly model that includes maintenance, insurance and the ability to swap models.

Interest in car subscriptions has broadly plateaued. This is due to barriers (in particular, cost) becoming clearer as the model matures. However, the underlying motivation of mitigating hassle and cost remains an unmet need for consumers and a margin opportunity for whoever can find and convince the most willing customer groups.



## AROUND A THIRD OF CONSUMERS WOULD CONSIDER A MONTHLY SUBSCRIPTION MODEL, RISING TO >50% IN CHINA AND FALLING TO 20% IN THE NETHERLANDS.

Appetite for monthly subscription model by country  
(N=6,483, % respondents)



Q: If you were able to pay a monthly subscription for the vehicle of your choice (including insurance, maintenance and the ability to swap the vehicle if you wish) - and it was within your monthly budget, how likely would you be to buy this offer? (N = 6,483).  
Source: OC&C Speedometer 2022 Survey, OC&C analysis.

## Move now! Sector opportunities

Recognise the opportunity and identify enthusiasts - The 21% of drivers who are interested in both subscriptions/leasing and transacting online offer opportunities for more digitally adept players to take greater share with direct-to-consumer leasing and subscription products.

- **Focus on risk reduction** - 48% of those interested in subscription want it because of no surprise outlay, providing a great cost-of-living sales hook.
- **Focus on service/convenience, not price** - the biggest barrier to subscription models is price point. Consumers don't understand their true cost of motoring and when all the costs are brought together in one payment it can drive "sticker shock". First movers, for example, Care by Volvo, have made significant inroads with highly interested drivers in more premium and convenience/service-led segments of the market where cost is less of a consideration.





How do drivers  
want to **repair**  
and **maintain**  
their **vehicle?**

'Hassle free' is the watchword of how drivers want to repair and maintain their vehicle after purchase. Having seen other sectors raise the bar on consumer experience, they are no longer content with services that put suppliers' convenience above their own.

They don't want to have to think about costs and are increasingly turning to service plans and warranties that include service, maintenance and repair.

For the actual work, consumer demands include online booking and vehicle pick-up - or (even better) on-driveway repairs.

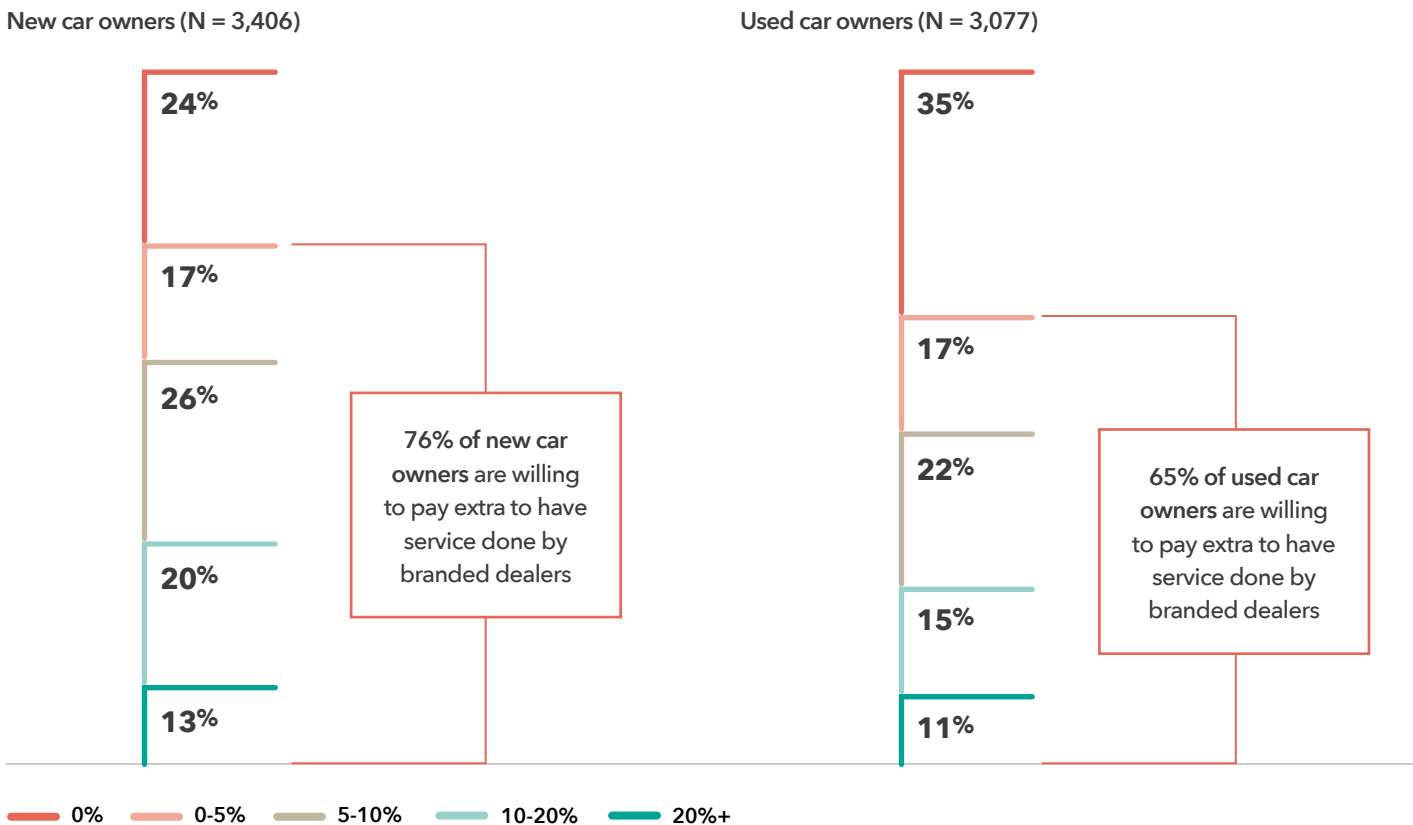
However, some habits are hard to break, and branded dealers remain the top choice for quality, with over half of drivers believing it's worthwhile to book servicing and repair with a manufacturer garage, and a majority willing to pay a premium for it. This tails off as cars get older, where there is still significant opportunity for franchise dealers or other branded players to take share of the servicing and repair market from independents.

**The franchised dealer premium reputation still holds for new and used car buyers.**

Some habits are hard to break, and branded dealers remain the top choice for quality, with over half of drivers believing it's worthwhile to book servicing and repair with a manufacturer garage

**A MAJORITY OF DRIVERS ARE WILLING TO PAY FOR SERVICING AND REPAIR BY A BRANDED DEALERSHIP, THIS IS PARTICULARLY TRUE FOR NEW CAR OWNERS**

Amount drivers are willing to pay more for service by branded dealer (% respondents)



Source: OC&C Speedometer 2022 Survey, OC&C analysis.



## Booking goes digital

Consumers no longer have time for a mechanic to wipe down their hands and answer the phone.

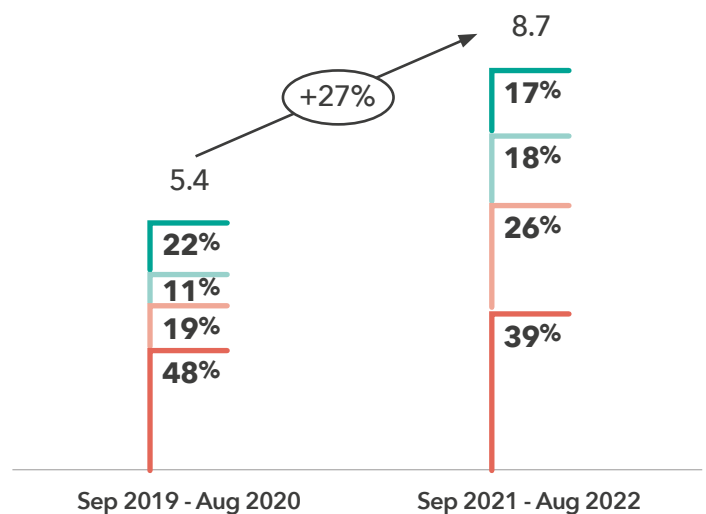
Digital booking is important to 22% of consumers. This has accelerated the growth of booking websites like Fixter, which was recently acquired by Renault.

In the UK alone, there were close to nine million unique visits to service, maintenance and repair (SMR) websites in the 12 months to August 2022: growing from around five million in the 12 months to March 2020.

In the UK alone, there were close to nine million unique visits to service, maintenance and repair (SMR) websites in the 12 months to August 2022

### TODAY CONSUMERS ARE ALREADY LOOKING TO ACCESS SMR ONLINE, WITH C. 9M UNIQUE VISITORS TO SMR AGGREGATORS

Unique website visitors, leading SMR aggregators (# m)



Source: Similar Web, OC&C analysis.

- Who can fix my car
- Book my garage
- Fixter
- Servicing stop

# Stress-free servicing subscriptions

A number of drivers (ranging from 12% in Italy to 34% in the US) would be willing to pay more for a fixed bundle service or fixed monthly cost for service, separate to their car purchase. In general, used-car owners are more willing to pay for this service.

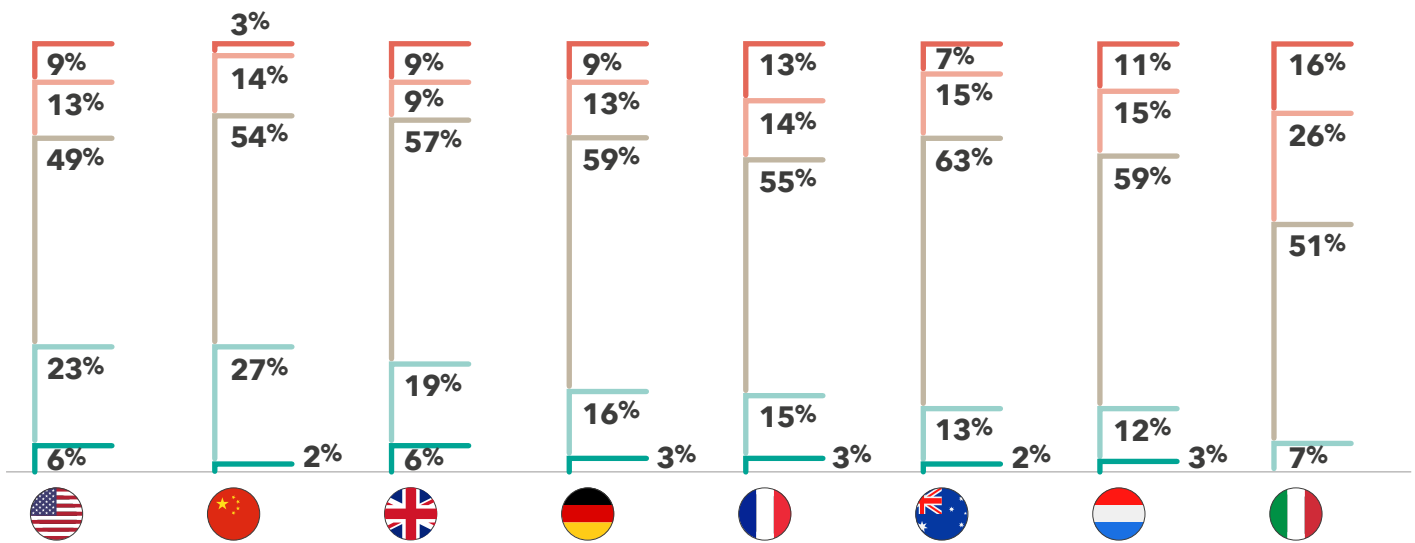
The highest appetite for a servicing bundle is in the US and China. The perceived value is in risk and hassle reduction, where one in three used-car owners are willing to pay more than they spend today to access a convenient product. This drops to one in five in Australia and the UK, and to only 13% in Italy.

## WILLINGNESS TO PAY MORE FOR FIXED BUNDLED SERVICE BY COUNTRY AND CAR OWNER TYPE

(N = 6,483, % respondents)

■ A lot less   
 ■ A little less   
 ■ The same   
 ■ A little more   
 ■ A lot more

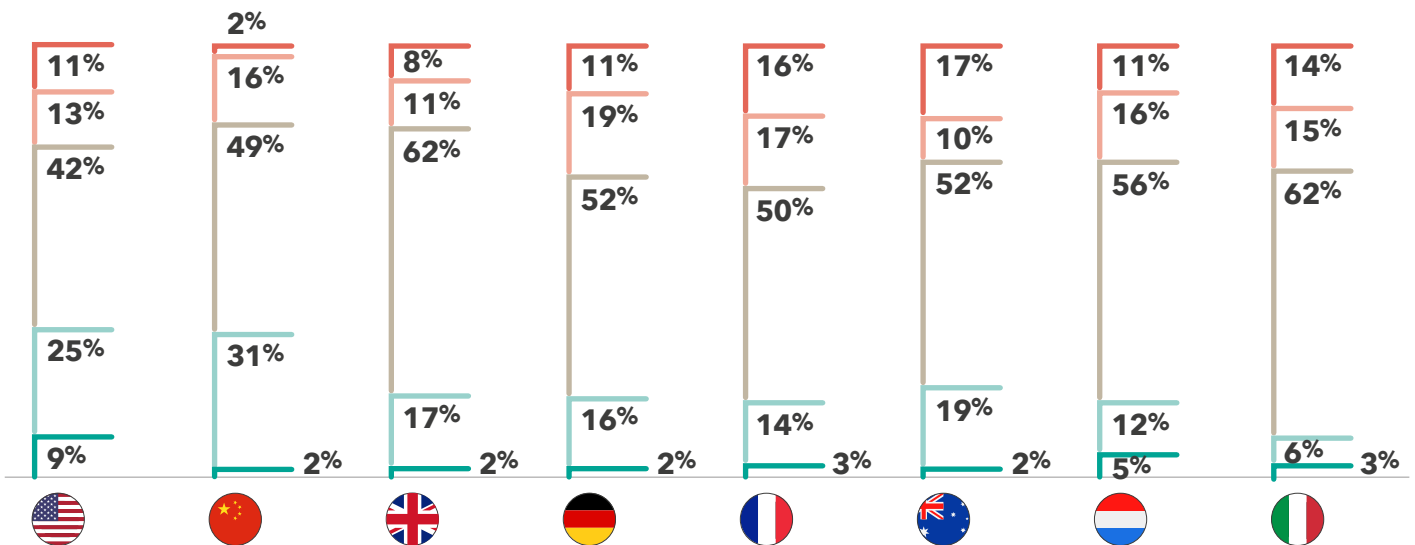
### New car owners (N=3,406)



% willing to pay more than they do today

29%   
 29%   
 25%   
 19%   
 18%   
 15%   
 15%   
 7%

### Used car owners (N=3,077)



% willing to pay more than they do today

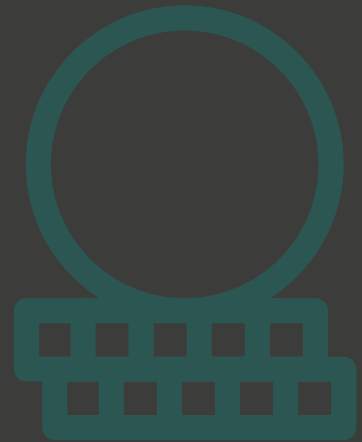
34%   
 33%   
 19%   
 18%   
 17%   
 21%   
 17%   
 9%

Source: OC&C Speedometer 2022 Survey, OC&C analysis.



## Move now! Sector opportunities

- **Identify the unmet needs** - not all consumers want the same thing, and many are prepared to pay extra for convenience or extra service such as mobile services. Despite the cost of living crisis, there are still spenders out there.
- **Offer cost certainty to reduce cost of living shocks** - fixed price repair/subscription remains something consumers want but is underserved by the market. Customers are confused by the mix of warranties, service plans and complex terms and exclusions. Existing products often offer more value to dealers (in commissions) than to consumers.
- **Sell simplicity not services** - whilst there are longstanding service plan products and warranty products in most markets, there are very few innovative, consumer-centric propositions that bring service and repair together in a simple way. cinchCare, part of the eponymous UK digital used-car retailer, is a rare exception in the UK. It has achieved attach rates of greater than 30% for its £35 a month warranty, breakdown assistance and servicing bundle.





# Winning strategies for 2023

The cost of living crisis throws further fuel on the flames of auto-industry disruption.

As the sector adapts to the big trends - EVs, the acceptance of usership over ownership and a need to serve its customers online in different ways - it must do so in an atmosphere of lower short-term demand.

This is not only a retail conundrum, it impacts leasing companies, finance houses, classifieds, servicing providers, insurers, data providers, and OEMs.

Every business will need to craft their own strategy to respond, but there are some universal lessons:



**The cost of living crisis sets a new challenge:** businesses will need to find ways to contain costs and offer value products which reduce risk for stretched consumers.



Regardless of the economic backdrop, there are still consumer segments that will pay for convenience and hassle reduction, **creating room for new product launches.**



**Consumer needs and expectations are diversifying - one size doesn't fit all**

- Only 23% of drivers are true 'carservatives'. To keep up with the majority any automotive business will have to engage with the "big three" (EV, Online, and subscription models).
- The 17% of drivers who are 'early adopters', keen to adopt every new trend, are likely to be more resilient to cost of living and will be the fuel for companies looking to disrupt the industry.



**Interest in EVs may have slowed, but it is still strong:** significant numbers will feed into the younger end of the vehicle car parc in coming years, and those downstream need to be ready.



The influence of online in consumer buying journeys won't supplant physical presence, but the rise of multi-channel buying journeys will create a window to **rethink physical footprints and create new opportunities for insurgents.**



**Forget about sharing:** a lot of money has been spent chasing this small, saturated demographic.



**What consumers want is changing rapidly.** Now is the time to be bold and start product and service design with a blank sheet of paper. Winning players will bust out of the norms.

## Under the hood of the Speedometer

The Global Automotive Disruption Speedometer is now in its third year. We surveyed 9,089 consumers, of whom 7,960 were drivers, asking ~45 questions on their car decisions and driving habits to understand how consumer attitudes and behaviours towards the auto industry are changing, and the impact this will have on the industry. Drivers were selected from a nationally representative sample and online samples were collected between June 2022 and July 2022. The study covered eight countries: the US, China, the UK, Germany, France, Italy, Netherlands, and Australia.





## OFFICES

Belo Horizonte

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London

Melbourne

Milan

Munich

New York

Paris

Rotterdam

São Paulo

Shanghai

Sydney

Warsaw

## Get more detailed analysis and advice on your industry

This report just scratches the surface of the in-depth insight the 2022 Speedometer report delivers on the automotive industry.

Whether you sit in vehicle manufacturing, retail, automotive services, leasing/rental or insurance, OC&C has the expertise and experience around the world to help you come out on top. Drop us a line today, we'd love to chat.

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