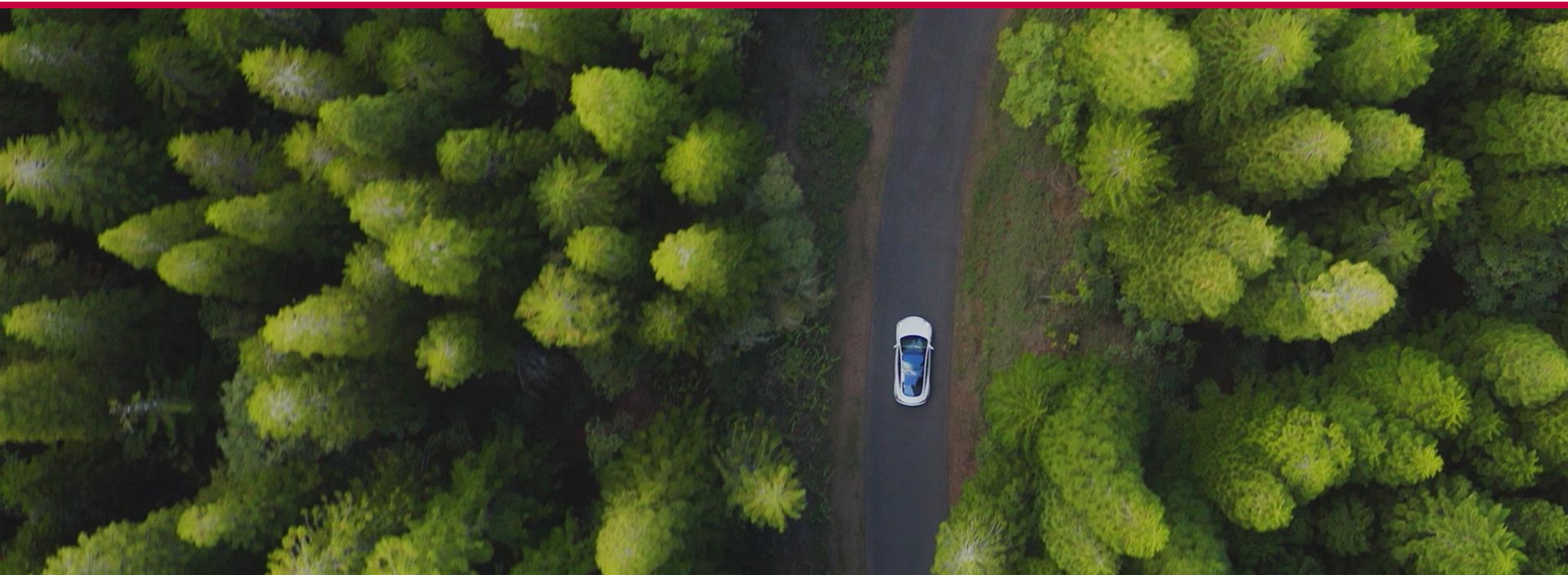
Global Automotive Study 2023

SIMON KUCHER
Unlocking better growth



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Background and goals of this study

A global pandemic finally ending, an ongoing war in the heart of Europe, and high inflation rates in major economies worldwide – times are uncertain, and the automotive industry is experiencing ongoing rapid transformation due to technological advancements, shifting consumer demands, and evolving market dynamics.

This latest edition of Simon-Kucher's global automotive study aims to gather valuable insights into the preferences, expectations, and purchasing behavior of automotive customers in different regions across the globe. By conducting extensive research, we assist automotive manufacturers, dealerships, and related stakeholders in understanding the key drivers influencing consumer decision-making and identifying areas to act on.

On the following slides, we hope to provide you with valuable insights and food for thought. Enjoy reading!

Dr. Martin Gehring
Global Head of Automotive

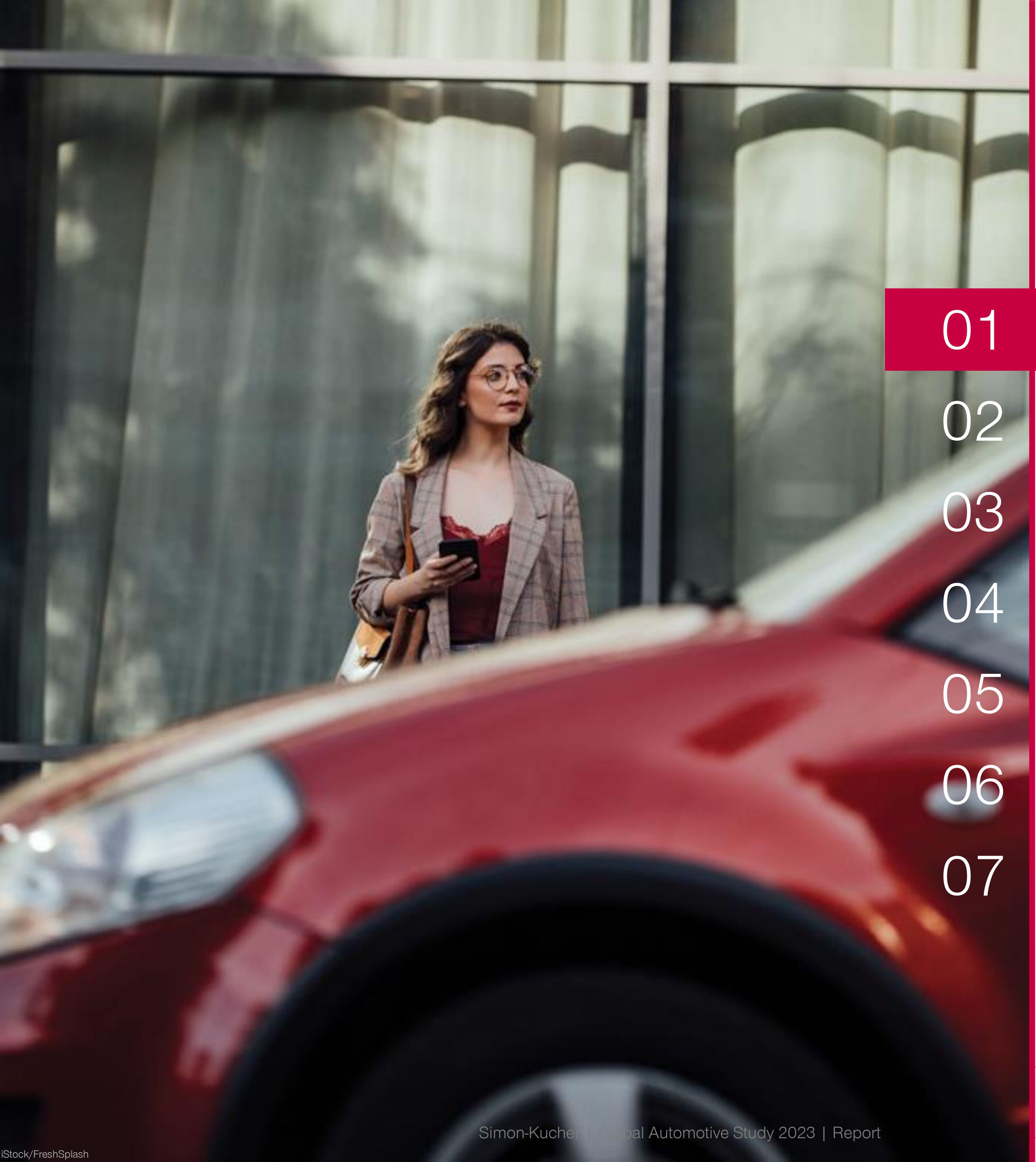
Matthias Riemer
Partner

A note to readers

This report covers a lot of ground. We cover key trends, regional-specific results, and how businesses should react to stay in the fast lane. But there's still more to explore.

Get in touch to discuss the results in a one-to-one meeting with a member of our team.

Drive your business forward, with our help.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Agenda

The recent edition of the Simon-Kucher Global automotive study covers a representative range of private automotive buyers worldwide

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About the study

Method: online

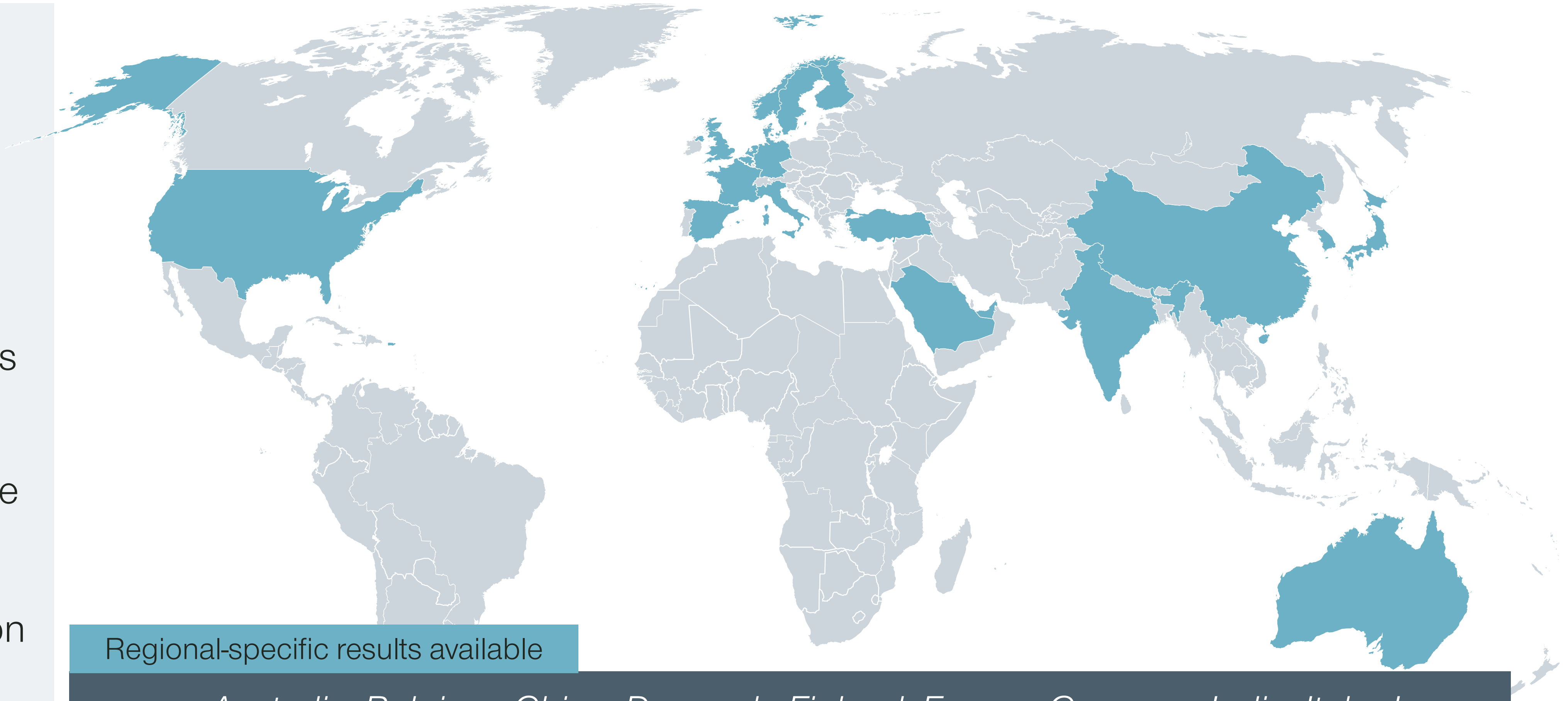
Date: Q2 2023

No. respondents: 8,235

Profile: Private customers who intend to purchase/ finance/lease a new or used car in the near future

Demographics: Representative distribution across gender, age, and place of residence

Regional coverage



Regional-specific results available

Australia, Belgium, China, Denmark, Finland, France, Germany, India, Italy, Japan, Netherlands, Norway, Saudi Arabia, South Korea, Spain, Sweden, Turkey, UAE, UK, USA

Source: Simon-Kucher global automotive study April 2023 (n=8235); overall sample size per question might vary (e.g., due to preselected answers)

Mixed customer mood and shifting preferences ...

Customers are adapting in response to unstable markets

- **On one hand, 1 out of 2 customers expect a decrease in purchase power – leading to:**
  - Customers putting a higher focus on vehicle price vs. our past studies
  - 3 out of 5 customers might delay a vehicle purchase
- **On the other hand:**
  - Value-related criteria such as brand, design, and drive technology still dominate over total cost of ownership
  - Those who are ready to buy plan to spend 15–20% more than in recent years
  - Customers are much more open to exploring flexible leasing options and subscriptions (58% vs. 52% last year) – a possible way to deal with uncertain times ahead
  - More than 50% of customers are willing to accept more volatile price changes by car manufacturers – around one-third is hoping to turn this into a better deal for themselves

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EVs are becoming mainstream

- Globally, electric vehicles (EV) are nearly as popular as petrol vehicles (63% vs. 64% who would potentially buy)
- China has highest EV consideration rate (89%) followed by Norway (74%)
- EV consideration in Europe and the US has stabilized for the short term between 50 and 60%
- Top three reasons to buy EV: Environmental friendliness, regulation, financial benefits
- Current EV owners especially like the better driving experience and cost of ownership when considering a new EV

There’s a growing preference for local brands

- German brands are still the most considered car brands globally (75%) – except in the other auto nations France, Italy, US, South Korea, and Japan, where the local brands remain in the lead
- Head-to-head in China – consideration of German brands vs. Chinese brands is a close race of 85% vs. 84%, which clearly reflects growing national pride and the recent outstanding performance of Chinese (electric) brands
- Globally, consideration of Chinese OEM is stabilizing but not growing; highest in China itself, Saudi Arabia, UAE, and India. Lowest in France and Japan
- New electric vehicle manufacturers like TOGG in Turkey and CEER in Saudi Arabia make it to the top of the list of considered brands in their home country immediately

Source: Simon-Kucher global automotive study April 2023 (n=8235)

... aren't stopping the transition to digital sales and new technologies

Digital sales should build on proven elements from the past

- 55% of Gen Z is looking to buy their next car online vs. 18% of baby boomers
- But across generations, >70% want to have a main contact person they can always turn to when purchasing a car – a fact OEMs must keep in mind when changing distribution models
- 2 out of 3 of customers think a test drive before purchase is a must
- 78% of customers prefer to negotiate the price in person to get a better deal (top 3: UAE; Saudi Arabia; Turkey; bottom 3: Sweden, China, Belgium)

Connected vehicles, BaaS, V2G – New revenue streams in the auto industry

- >70% of millennials and Gen Z are open to leasing the battery separately from the electric vehicle
- Customers who are aware of vehicle-to-X technology have mixed feelings:
  - 74% think EV drivers will benefit personally – e.g., through the possibility to charge other devices
  - 73% believe the technology is key to achieving sustainability
  - BUT: 52% would not trust a third party (i.e., energy company) to manage the vehicle battery
- In contrast: >80% would be willing to share data from their connected vehicle and 75% would share even personal driving data that OEMs can use to develop new services:
- Top three data points customers are willing to share: fuel/energy consumption behavior, technical conditions of the vehicle, battery level of EV

Perception of autonomous driving clearly differs across generations

- In case of an accident, 55% of Gen-Z customers think the insurance providers will be responsible vs. 34% of baby boomers
- Across generations, customers agree that they will have greater trust in autonomous vehicles from traditional brands than from newcomers

Source: Simon-Kucher global automotive study April 2023 (n=8235)

Perceptions about digital sales and new technologies vary across generations, with baby boomers exhibiting the most skepticism to transition

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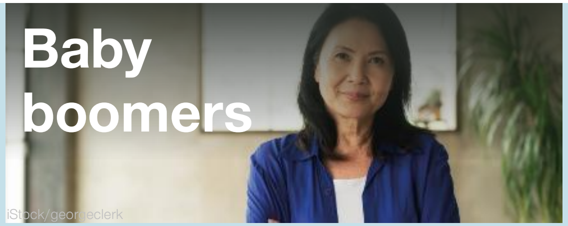

	Gen Z	Millennials	Gen X	Baby boomers
Character of place of residence – Urban	54%	67%	48%	36%
Suburban	29%	22%	32%	37%
Rural	17%	11%	19%	26%
Top purchase drivers[1] (Top 3)	1 Brand, 2 Fuel/energy consumption, 3 Design	1 Fuel/energy consumption, 2 Brand, 3 Longevity/reliability	1 Fuel/energy consumption, 2 Drive technology, 3 Brand	1 Drive technology, 2 Fuel/energy consumption, 3 Brand
Interest in subscription	75%	71%	53%	34%
Excitement about autonomous driving	74%	68%	49%	29%
Openness to in-car ads	66%	67%	53%	36%
Prefer to buy their next car online	**55%**	**53%**	**36%**	**18%**
Want to get sales advice in a virtual setup	**61%**	**62%**	**43%**	**26%**

Yet all want a single contact they can turn to

1) Apart from price;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Overall sample size per question might vary (e.g., due to preselected answers)

China is an early adopter with great affinity for new business models and innovations compared to a more cautious approach by Europe and the United States

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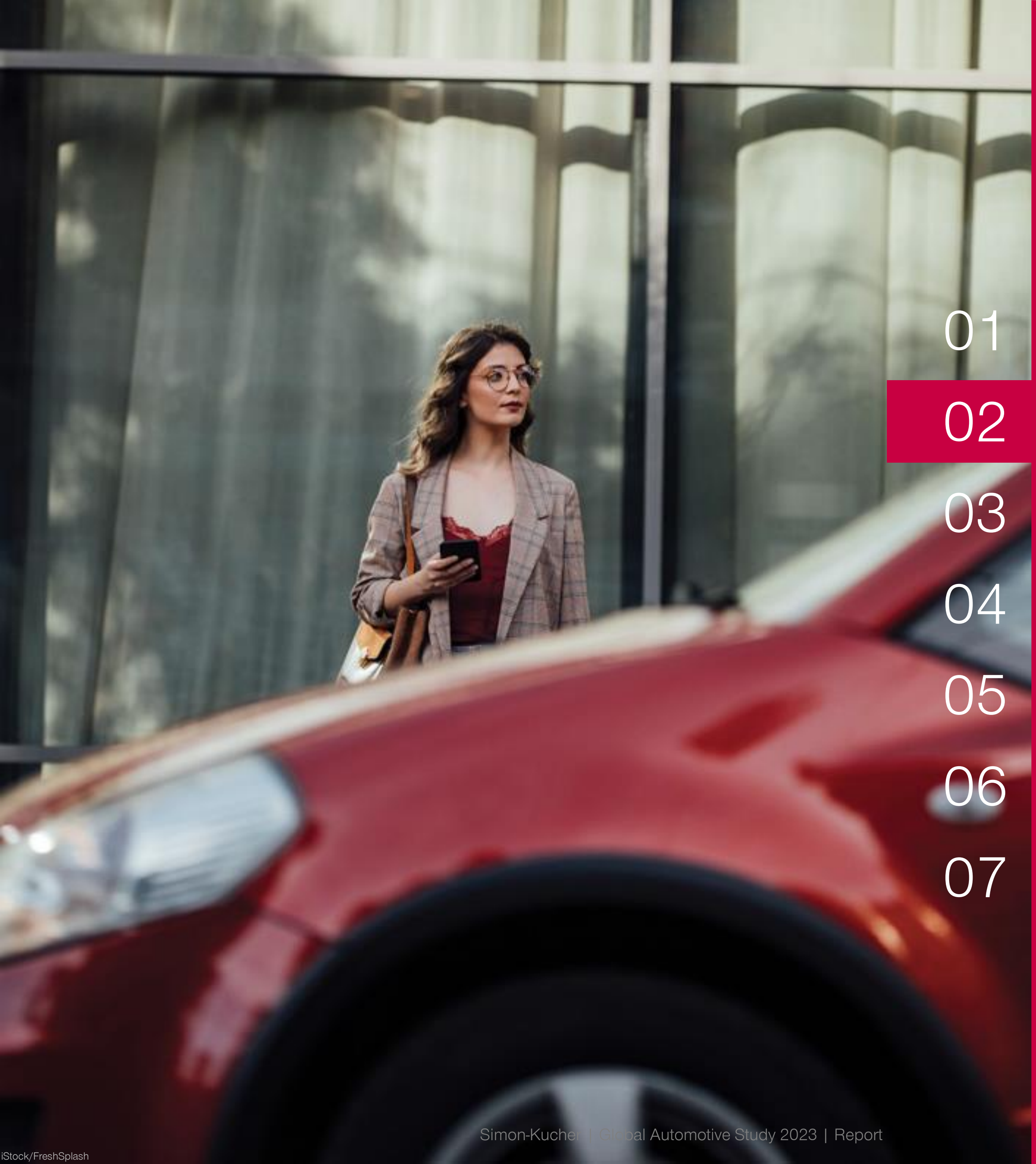
	USA	Europe Top 5	China
Engine consideration	Petrol is the most considered engine type with 82%, far ahead of EVs (51%) Battery leasing interest: 49% Battery swapping interest: 71%	EV consideration (52%) equal to petrol consideration (51%) Battery leasing interest: 56% Battery swapping interest: 76 %	**89%** of Chinese customers would consider an **EV for their next vehicle** Battery leasing: 73% Battery swapping: 90%
Country consideration	TOP 3: USA, Japan, Germany	**German brands** are the **most considered** worldwide – among the top 3 in every European country TOP 3: Germany, Japan, France	TOP 3: Germany, China, USA
Pricing models	Subscription model consideration: 48% Find more dynamic pricing fair: 48%	Subscription model consideration: 48% Find more dynamic pricing fair: 43%	**71%** are open to **subscription model** **74%** find a more **dynamic pricing** approach fair
In-car advertisement	Almost half of people do not want any kind of in-car advertisement	**53%** of customers **do not want** any kind of **in-car advertisement**	Only 36% do not want in-car advertisement. It is important that the information comes in handy or is vehicle-related

Source: Simon-Kucher global automotive study April 2023 (n=8235); Overall sample size per question might vary (e.g., due to preselected answers)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Agenda

Majority expects a decrease in purchasing power and plans on keeping their current vehicle longer – many still expect the availability of vehicles to be an issue

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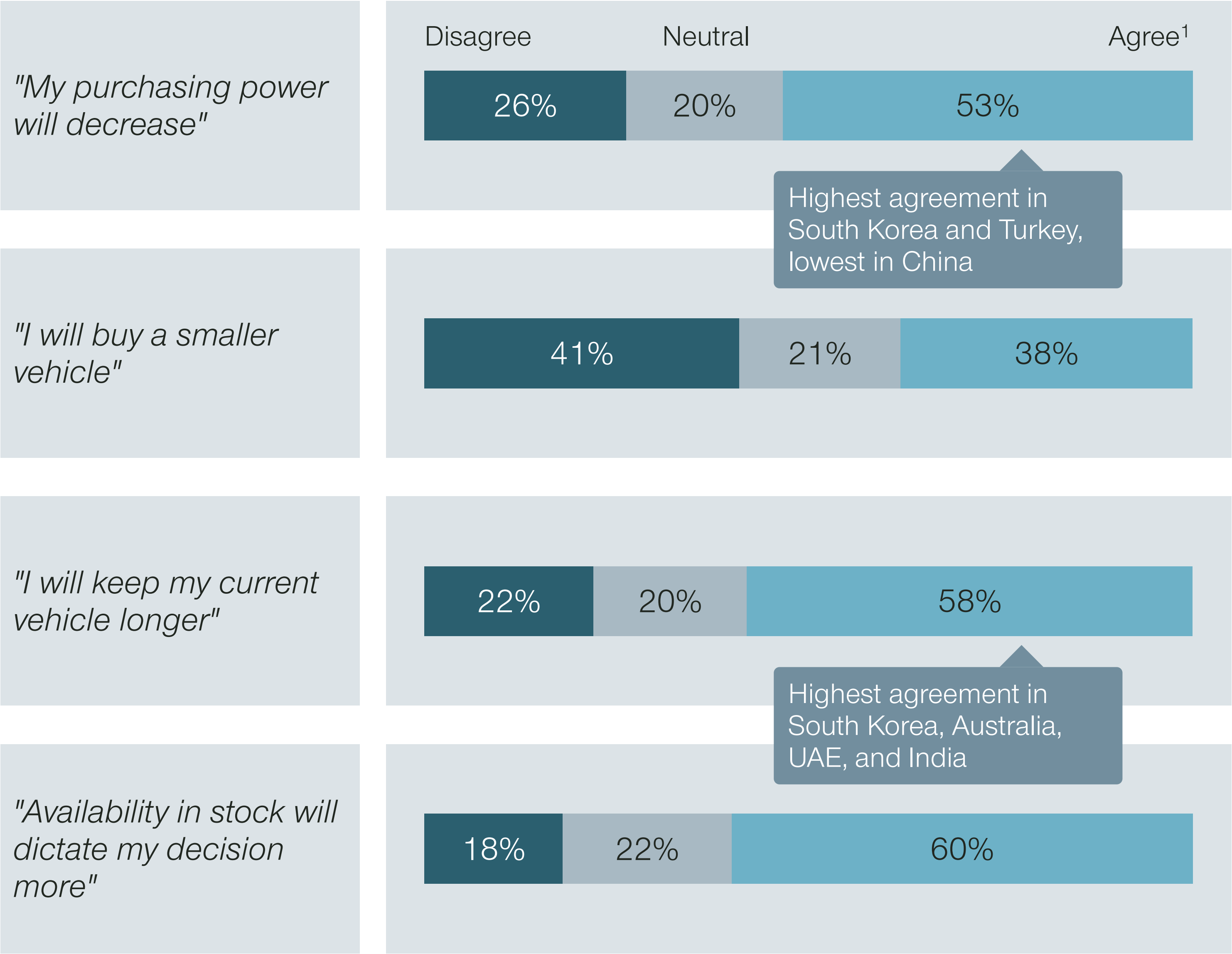
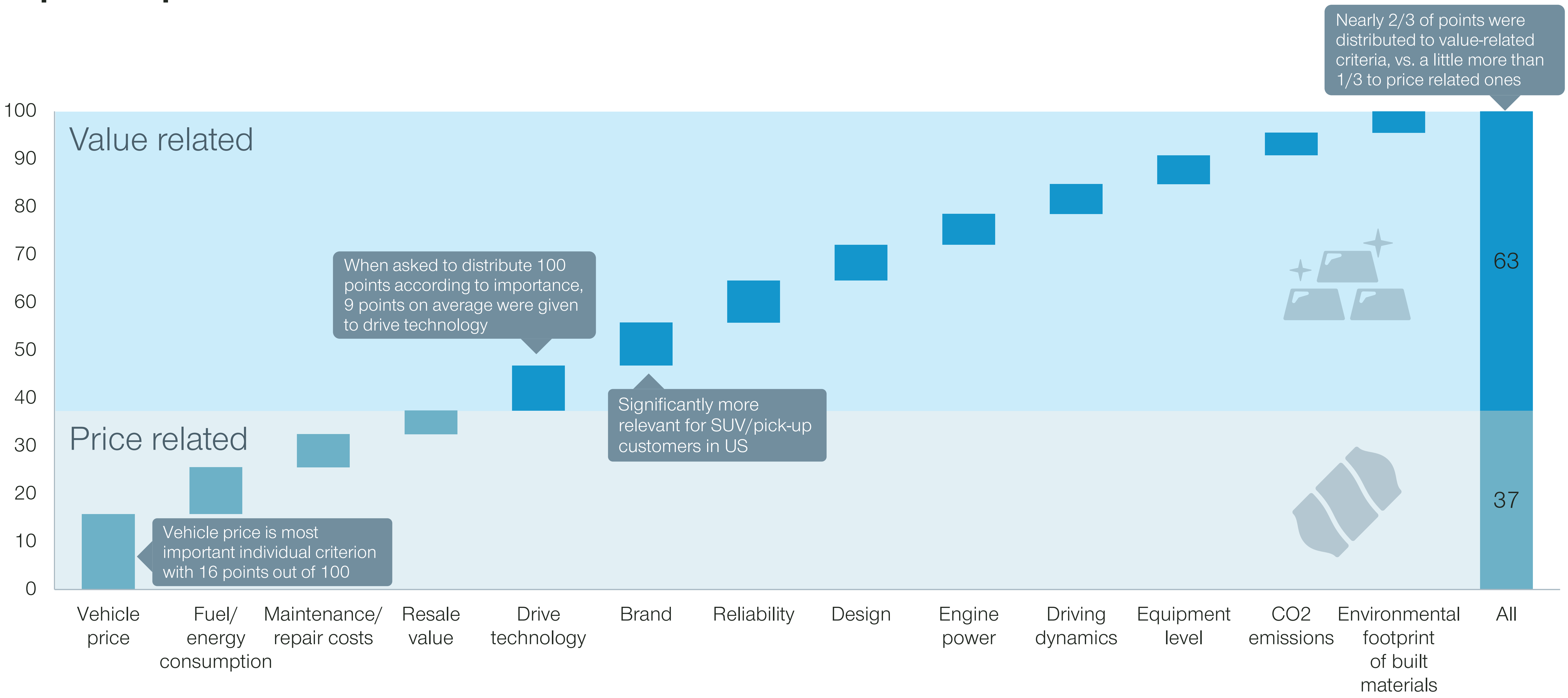


1) Agreement defined as 5, 6, or 7 on a 1-7 scale, disagreement defined as 1, 2, or 3 on a 1-7 scale;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Currently, markets all over the world are heavily influenced by effects such as supply shortages, inflation, etc. To what degree do you assume this will impact your purchase decision?; Overall sample size per question might vary (e.g., due to preselected answers)

Value-related purchase criteria are still in the lead, but price is the single most important purchase criterion



Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about buying a car, how important is each of the following purchase drivers? Please distribute 100 points; Overall sample size per question might vary (e.g., due to preselected answers)

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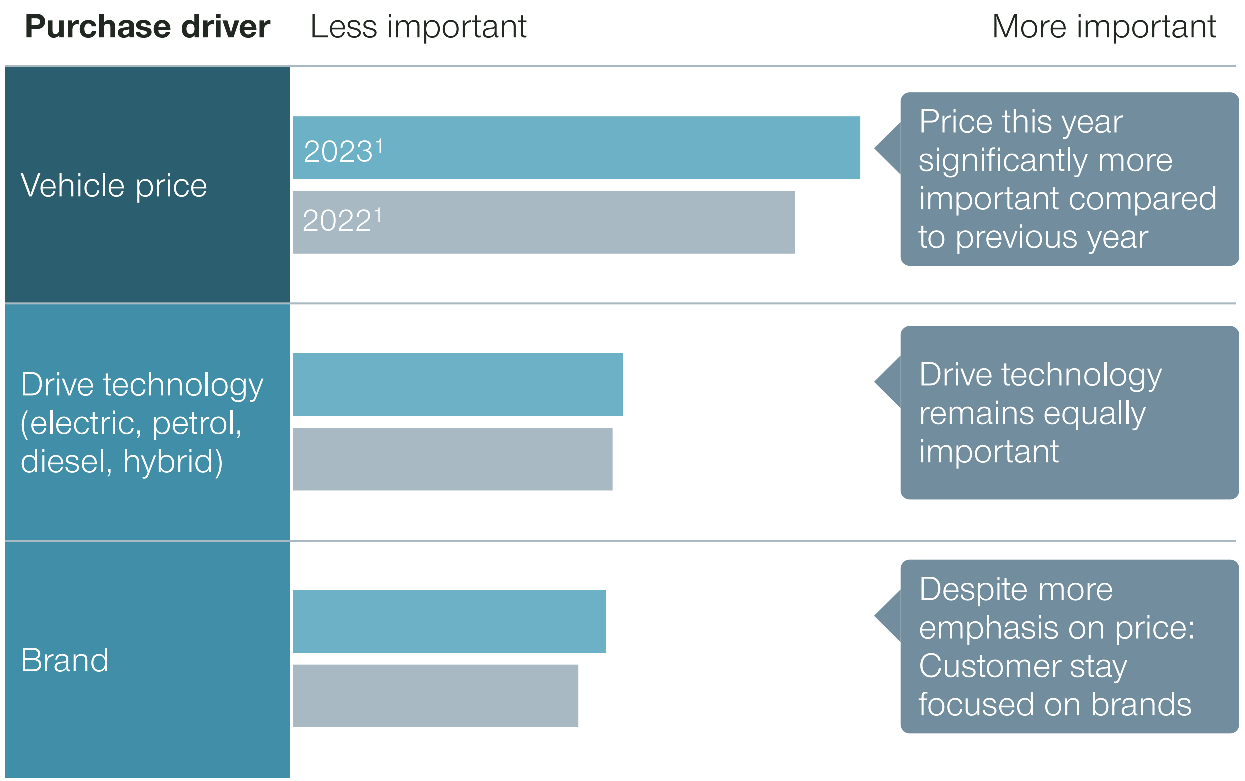
2023 vs. 2022

Compared to the previous year, customers are paying more attention to the price of their future car but are not willing to sacrifice brand preferences



1) Only considering markets that were part of the 2022 and 2023 studies;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about buying a car, how important is each of the following purchase drivers?; Overall sample size per question might vary (e.g., due to preselected answers)

Respondents in Western countries identify price-related criteria as significantly more relevant to the purchase decision compared to Arabic and Asian countries

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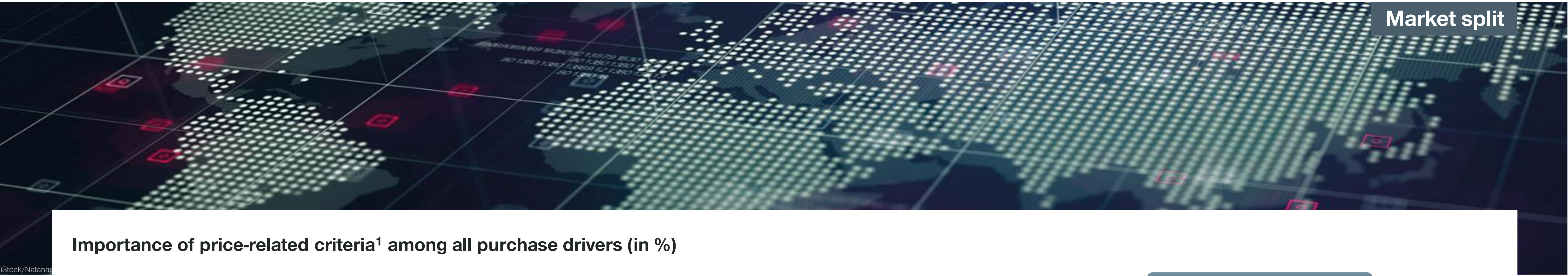

Importance of price-related criteria[1] among all purchase drivers (in %)

1) Aggregation of vehicle price, maintenance costs, resale value, and fuel consumption;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about buying a car, how important is each of the following purchase drivers?; Overall sample size per question might vary (e.g., due to preselected answers)

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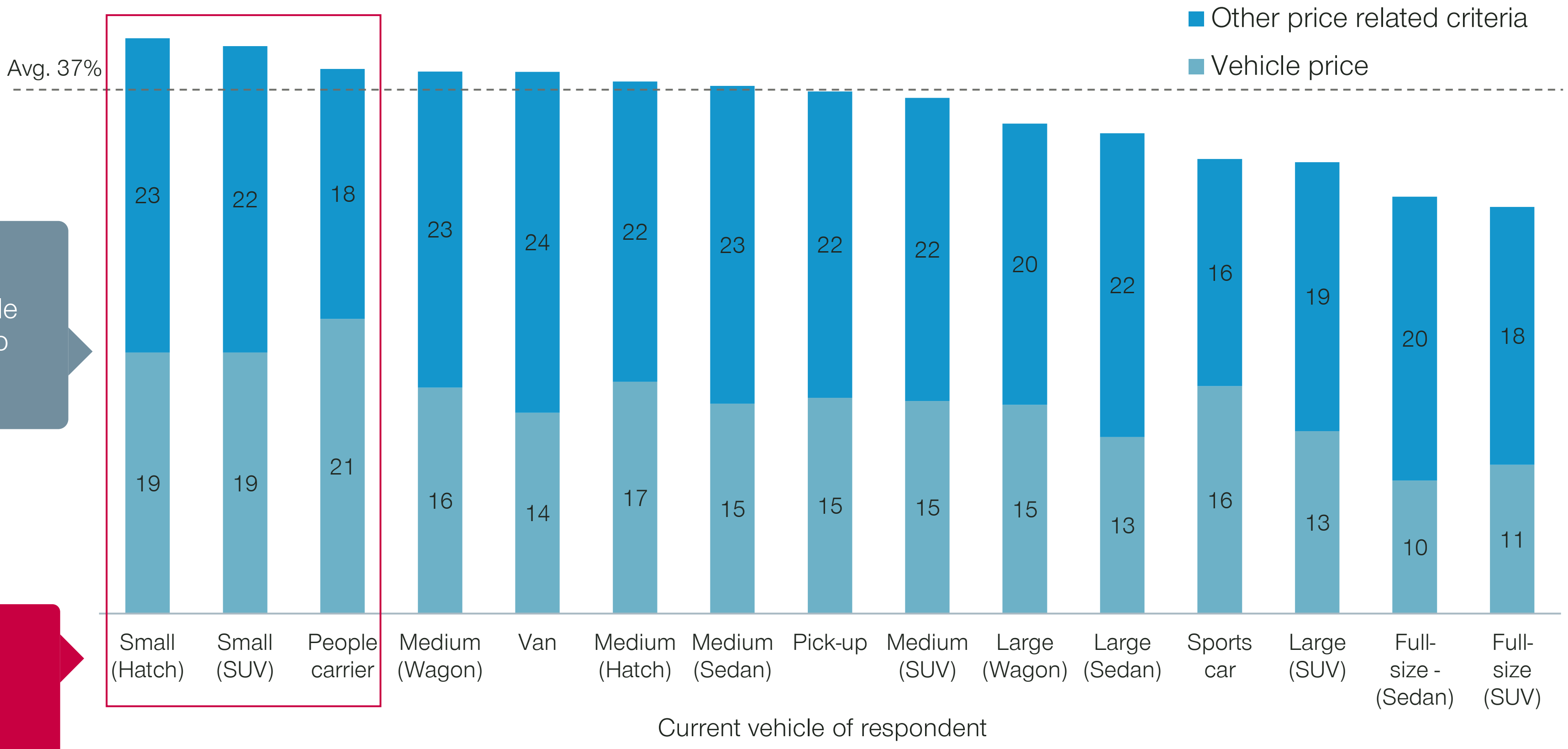
Segment split

Vehicle size and type is driving the importance of price – small hatchback, compact SUV, and people carrier/minivan being most price-sensitive

Importance of price-related criteria[1] among all purchase drivers (in %)



Owners of small hatchbacks distribute 19 points to the vehicle price and additional 23 points to other price-related criteria

Highest price sensitivity for small hatchback, SUV, and people carrier/minivan customers in US market with approx. 48 points

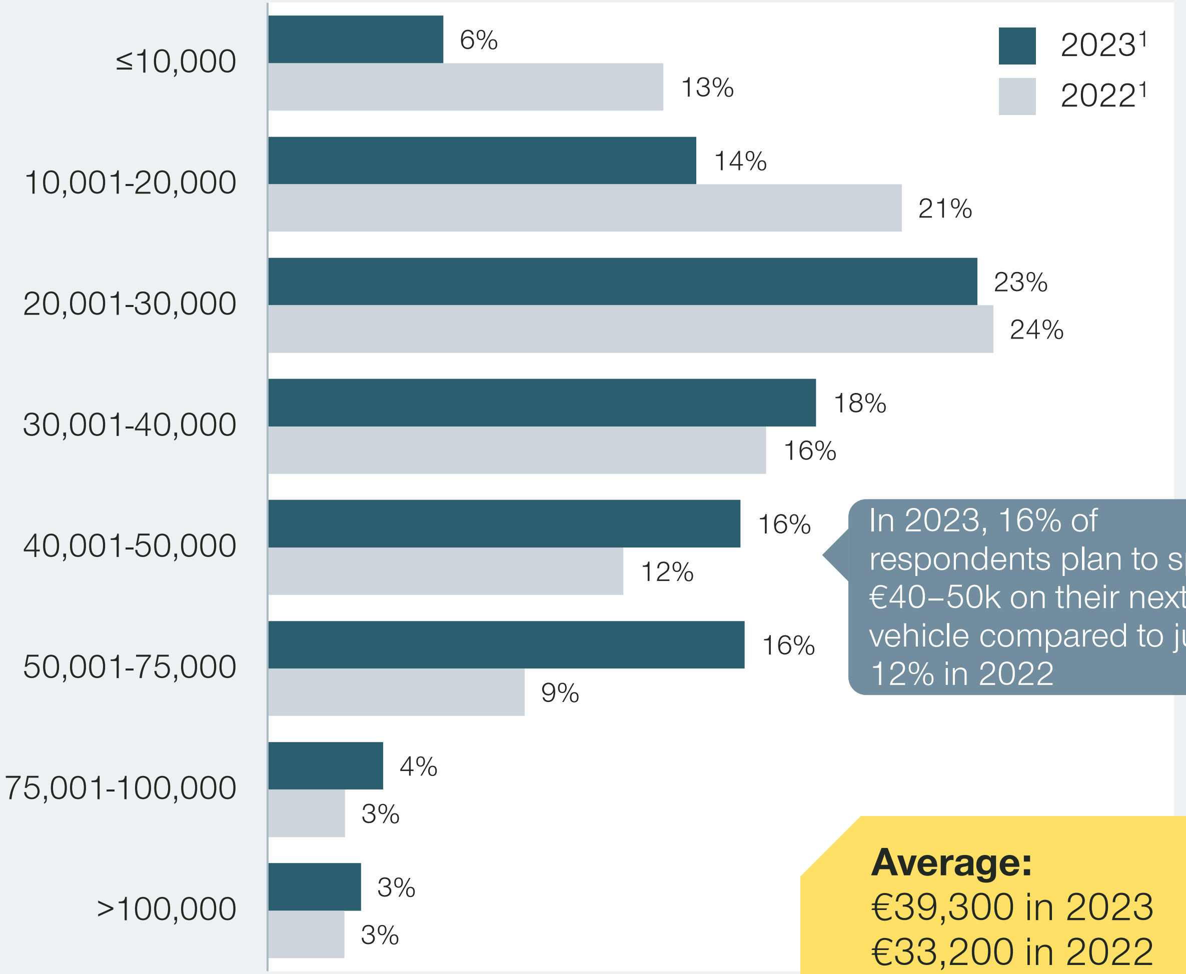
1) Aggregation of vehicle price, maintenance costs, resale value, and fuel consumption;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about buying a car, how important is each of the following purchase drivers?; Overall sample size per question might vary (e.g., due to preselected answers)

Simon-Kucher | Global Automotive Study 2023 | Report

Customers expect higher purchase prices due to overall inflation – those still buying a new car plan to spend 15 to 20% more money on their next car

2023 vs. 2022

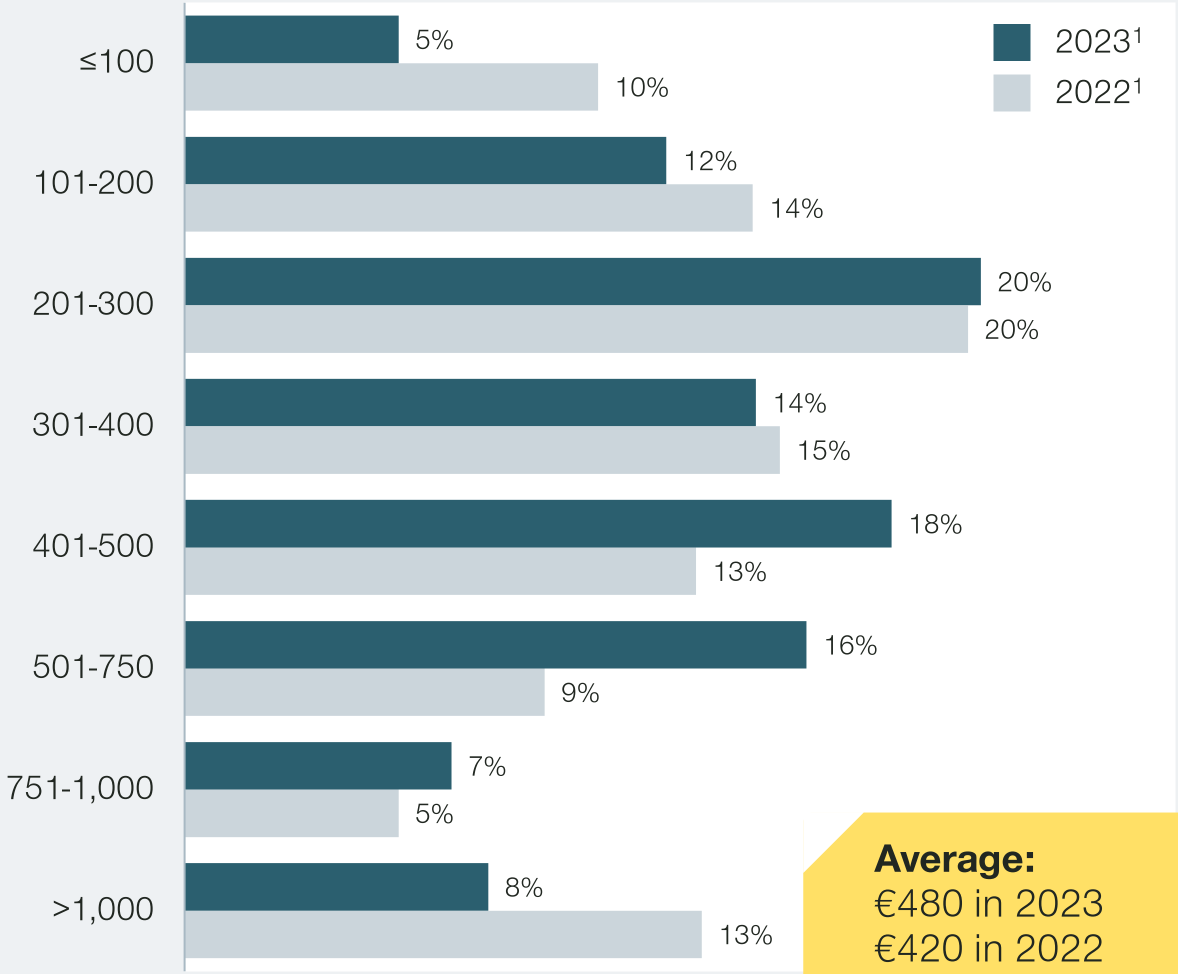
Budget for next car (purchase, in €)



In 2023, 16% of respondents plan to spend €40–50k on their next vehicle compared to just 12% in 2022

Average:
€39,300 in 2023
€33,200 in 2022

Budget per month for next car (e.g., leasing, in €)



Average:
€480 in 2023
€420 in 2022

1) Only considering markets that were part of 2022 and 2023 study;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: What will be your maximum budget for your planned new vehicle purchase or lease?; Overall sample size per question might vary (e.g., due to preselected answers)

Driving customer engagement in after sales will be key in the coming years as increasing prices are pushing customers to look for cheaper alternatives

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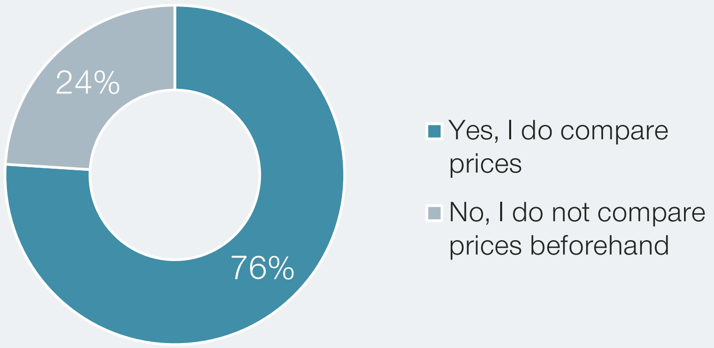
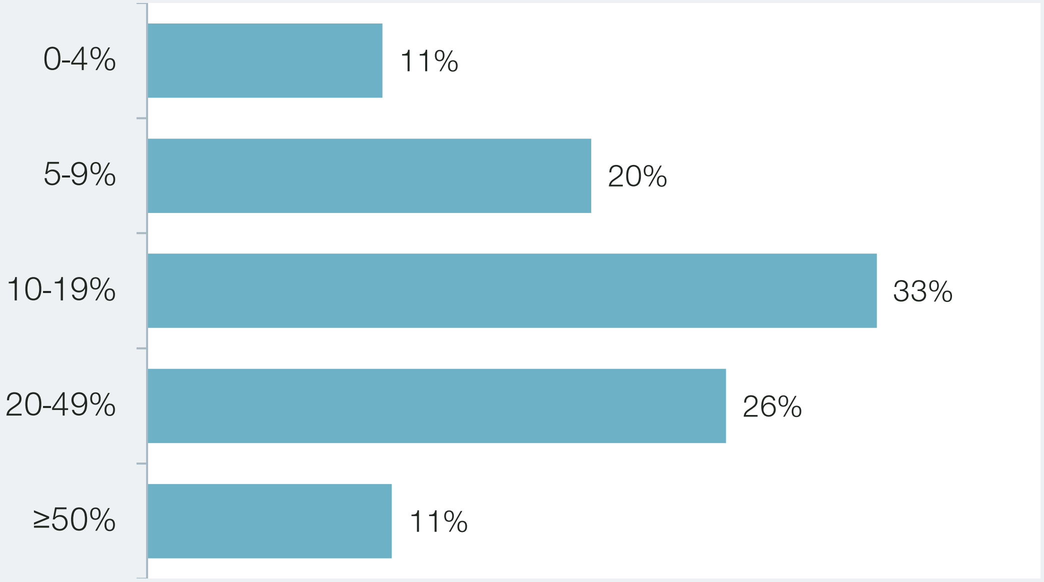
Respondents compare prices for maintenance and services



They perceived a significant increase of prices in the last three years



They do not expect to change their servicing behavior (i.e., in terms of frequency)!

	Disagree	Neutral	Agree[1]
"I will not change how I service my vehicle"	20%	19%	61%

Yet two-thirds are actively looking to decrease their own bottom line

	Disagree	Neutral	Agree
"I will look for cheaper labor costs"	24%	18%	59%
"I will search more online for alternatives"	29%	19%	52%
"I will extend service intervals"	30%	19%	51%
"I will look for cheaper parts"	34%	18%	47%
"I will do more DIY repairs"	42%	15%	43%

1) Agreement defined as 5, 6, or 7 on a 1-7 scale, disagreement defined as 1, 2, or 3 on a 1-7 scale;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Thinking about servicing your vehicle, do you compare prices for maintenance and service costs as well as parts prices beforehand?; Q: When reflecting on the past three years of maintaining your vehicle, to what degree have service costs increased?; Q: Please assume you need to service your vehicle in the near future. Given the current economic context and increased costs, would you change any of your behavior with respect to vehicle service?; Overall sample size per question might vary (e.g., due to preselected answers)

Vehicle subscription services increasingly gaining traction, with majority of respondents considering them for their next vehicle

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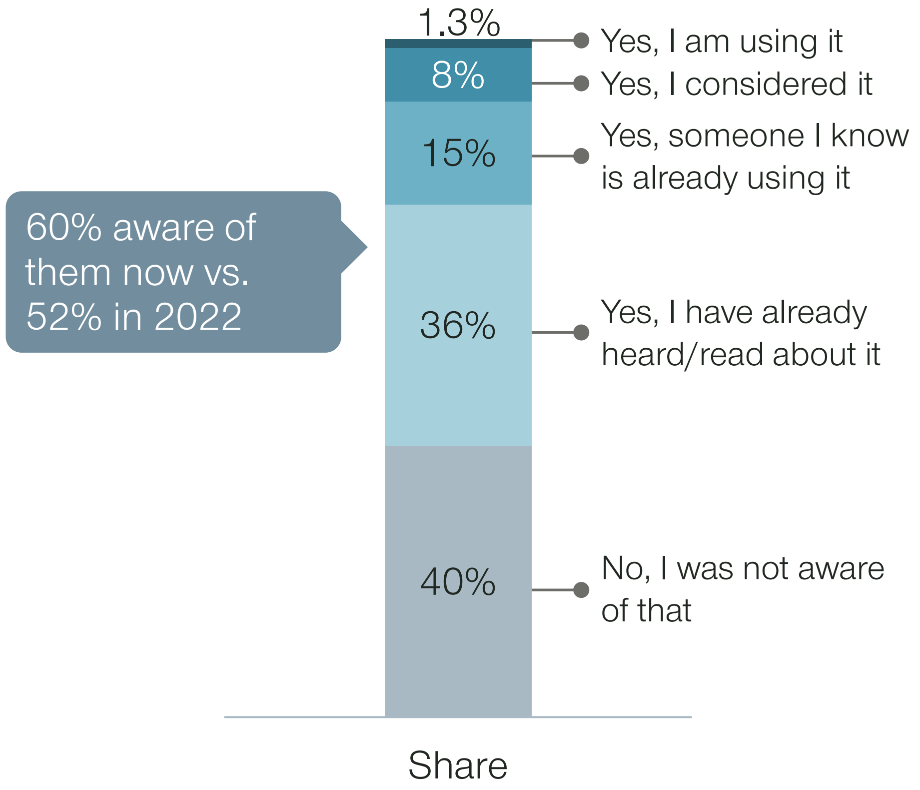
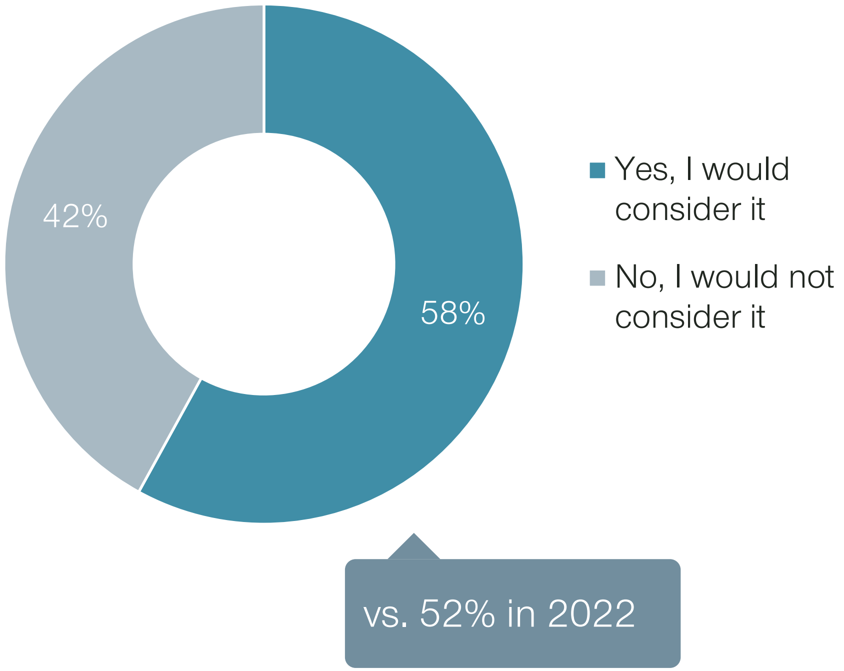
Less then 10% so far have used or considered a car subscription…

Awareness of subscription services



… but a majority would consider it for their next car

Consideration of subscription services for next car

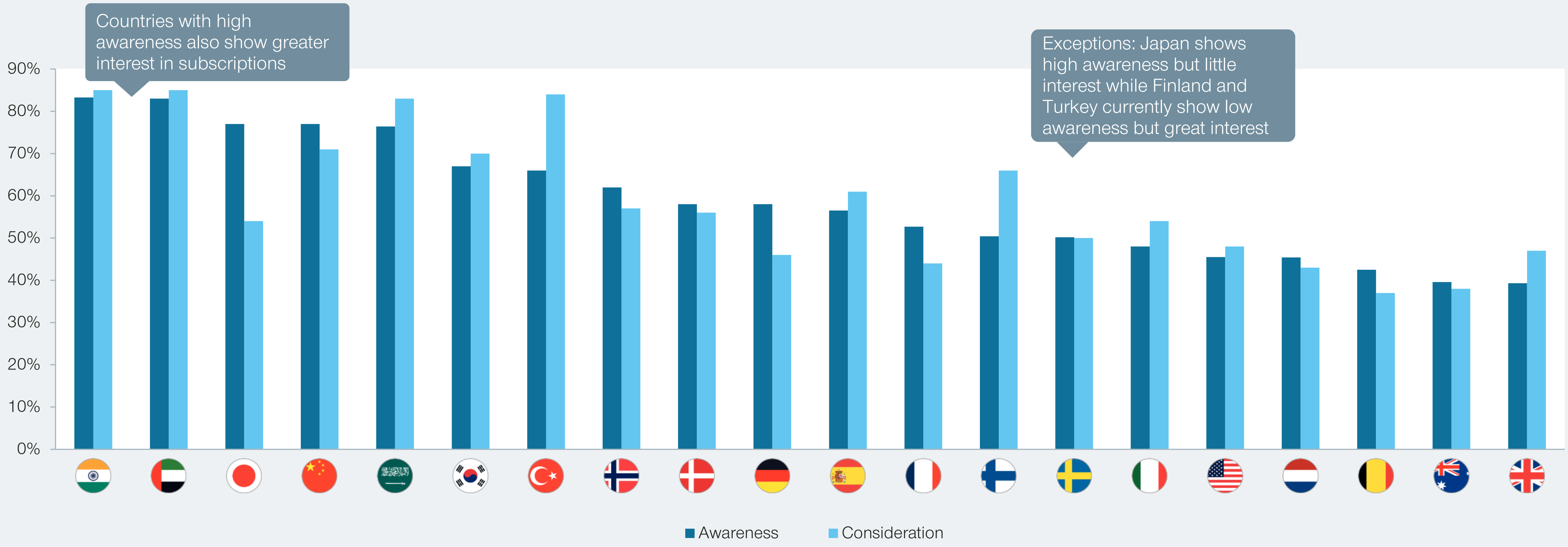


Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Have you already heard of subscription models in the automotive context?; Q: Would you consider an all-inclusive flex-leasing (subscription) model for the next purchase/usage of a vehicle?; Overall sample size per question might vary (e.g., due to preselected answers)

Respondents in India and countries in the Middle East with largest interest in subscription services for their next vehicle

Market split

Awareness and consideration of subscription services



Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Have you already heard of subscription models in the automotive context?; Q: Would you consider an all-inclusive flex-leasing (subscription) model for the next purchase/usage of a vehicle?; Overall sample size per question might vary (e.g., due to preselected answers)

The key benefit of higher flexibility is most useful when the personal economic outlook is uncertain – the right monetization of subscriptions will be key

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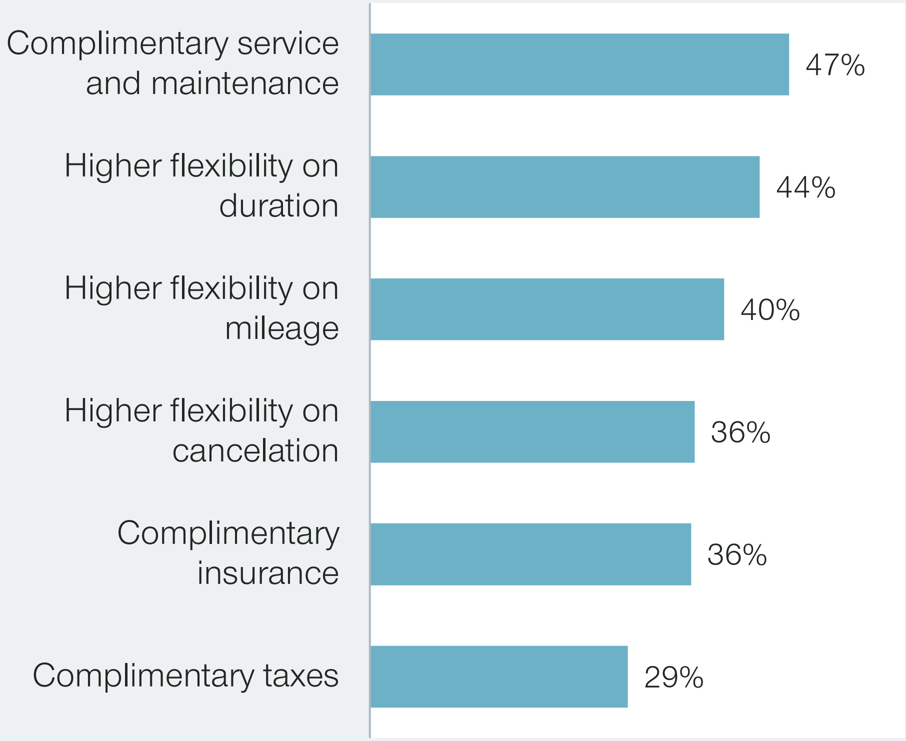
Respondents value additional safety and flexibility of subscription services...

Main benefits



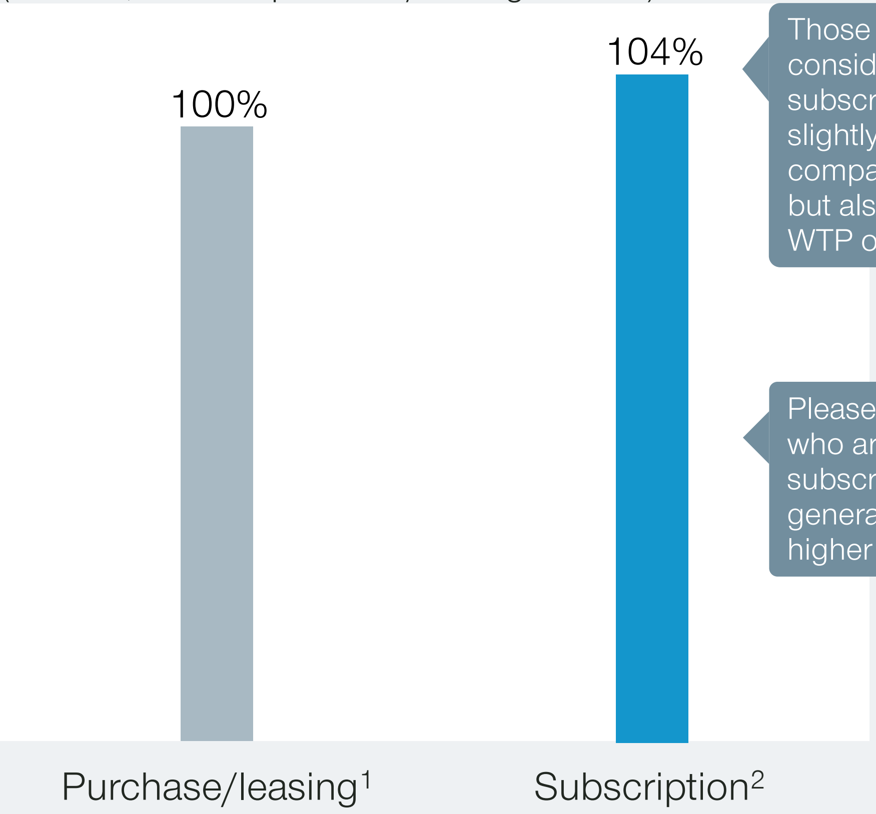
Top-feature: Complimentary service and maintenance makes subscriptions a hassle-free experience

Advantage over leasing: Subscriptions solve leasing's biggest pain points: Flexibility on duration and mileage

Low importance: Insurance and taxes are predictable anyway, so inclusion is just nice to have

...but benefits do not result in significantly higher willingness to pay compared to purchase/leasing

Willingness to pay for car subscriptions
(indexed, WTP for purchase/leasing = 100%)



Those who are considering subscriptions show slightly higher WTP compared to leasing, but also slightly higher WTP overall

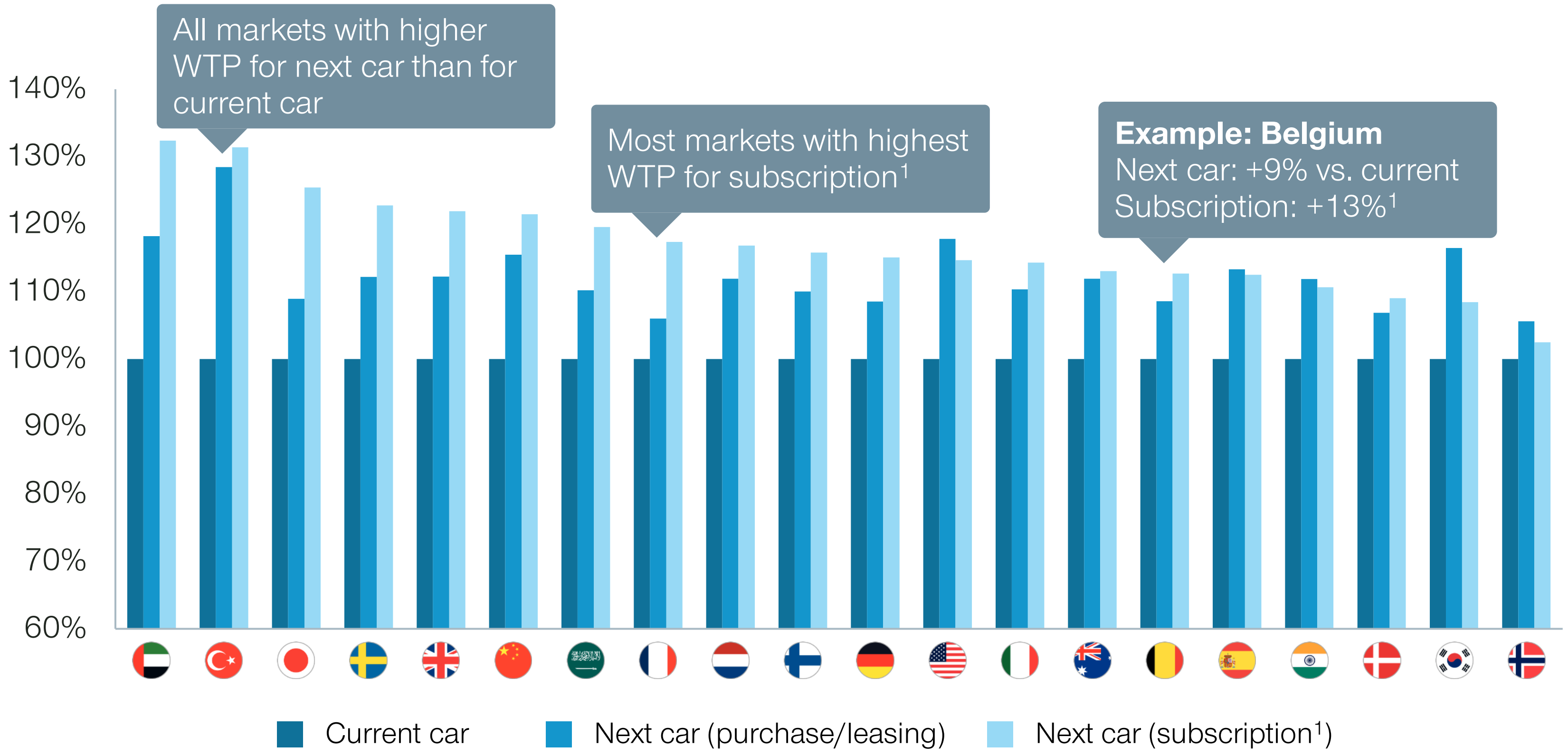
Please note: Those who are considering subscriptions in general have slightly higher WTP

1) Considering all respondents 2) Only considering those who are considering subscriptions (n=4787);
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: You mentioned earlier you are aware of subscription models. What defines subscription for you compared to other purchase models (e.g., leasing)?; Q: Please indicate how high the monthly expenses for your future purchased or leased car will be.; Q: How much would you be willing to pay for an all-inclusive flex-leasing (subscription) for the same car?; Overall sample size per question might vary (e.g., due to preselected answers)

Global comparison shows mixed picture – all are expecting to pay more but willingness to pay for flexibility can differ

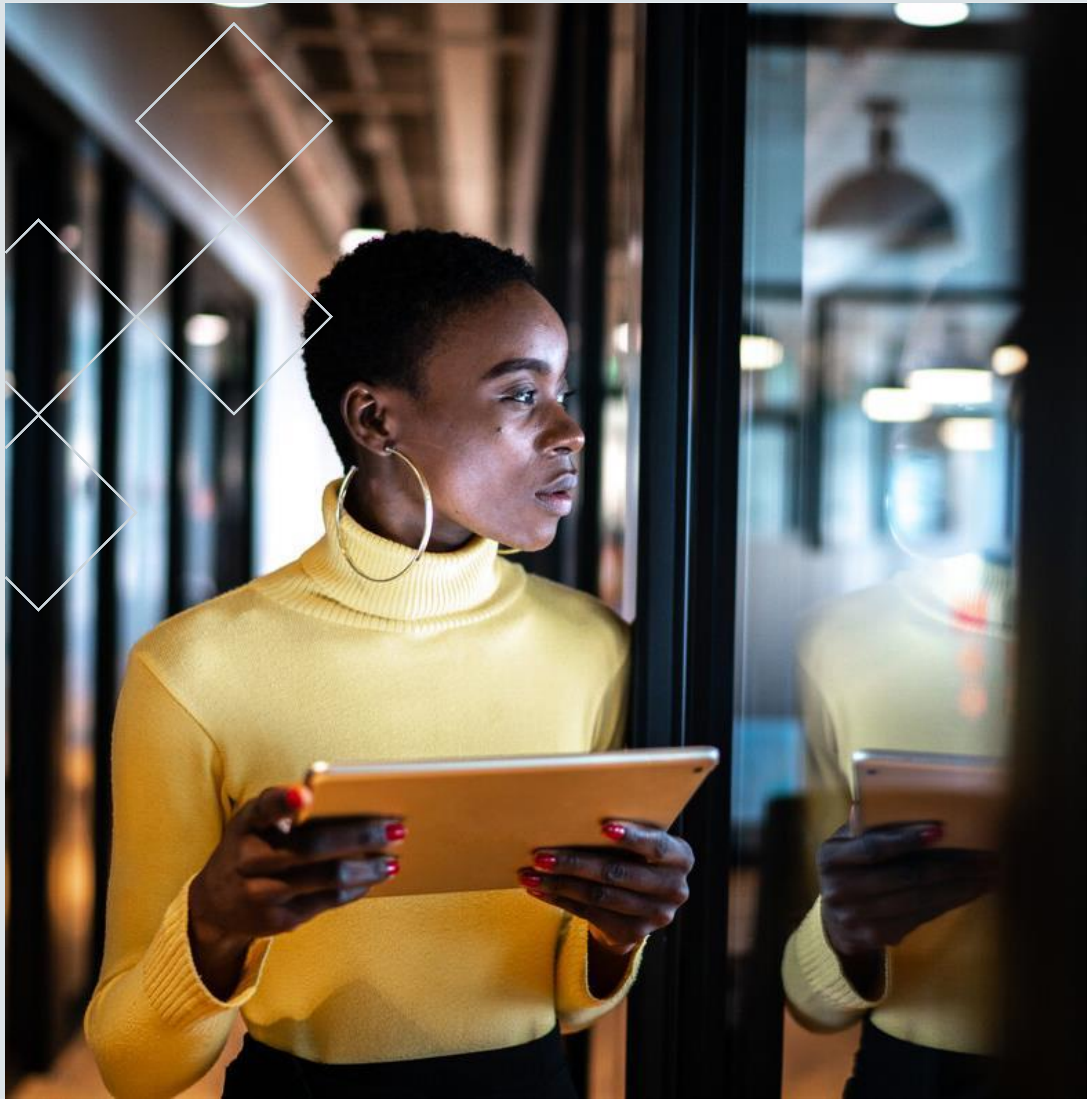
Market split

Monthly expenses (indexed, current payment = 100%)



1) Only considering those who are considering subscriptions;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Think about the total sum of costs that are related to your current vehicle. How much do you think your total costs are per month?; Q: Please indicate how high the monthly expenses for your future purchased or leased car will be.; Q: How much would you be willing to pay for an all-inclusive flex-leasing (subscription) for the same car?; Overall sample size per question might vary (e.g., due to preselected answers)

How to act?
Global customer sentiment



Facing uncertain economic headwinds by managing CLTV
Across the globe, many customers expect to be impacted by inflation and economic downturn and therefore expect to keep their current car longer

→ Manufacturers should focus even more on getting after sales and services right; maximizing "customer lifetime value" (CLTV) through advanced monetization strategies in after sales (e.g., loyalty schemes, parts pricing, innovative service contracts, and new revenue sources) will be key

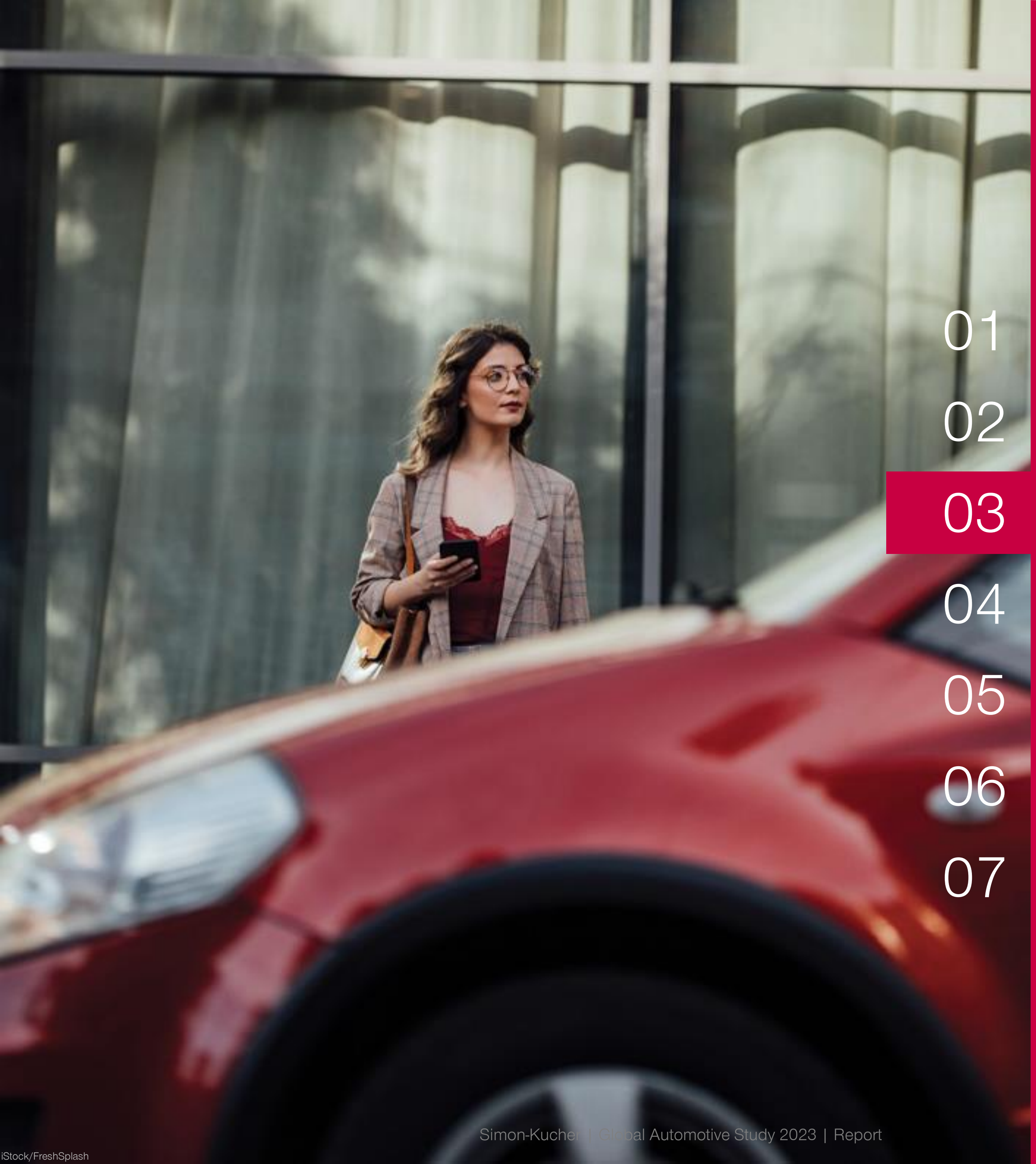
Knowing how to price new vehicles and flexible leasing offers
Customers are getting more price sensitive, but for some segments and markets, new car budgets are still growing

→ The risk of price wars in the industry is rising. It is therefore essential to know where to fight for market share – and where to protect margins
→ Differentiated pricing tactics will be key – understanding customer and market segments from a customer-value perspective, not just from a socioeconomic perspective, should drive future pricing moves

Subscriptions are increasingly popular, but customers' WTP is often not in line with prices offered as customers' have poor understanding of their actual car costs

→ Companies should focus communication on advantages compared to leasing (e.g., more flexibility on mileage and duration) instead of just stressing that subscriptions have an all-inclusive cost model
→ Price positioning of subscription and leasing offers and a traditional purchase must be optimized in combination – customer streams must be managed actively to achieve the overall financial optimum

Source: Simon-Kucher global automotive study April 2023 (n=8235)



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Agenda

EVs are on the verge of becoming #1 in terms of customer interest; young car buyers are equally interested in buying ICEs and EVs in the near future

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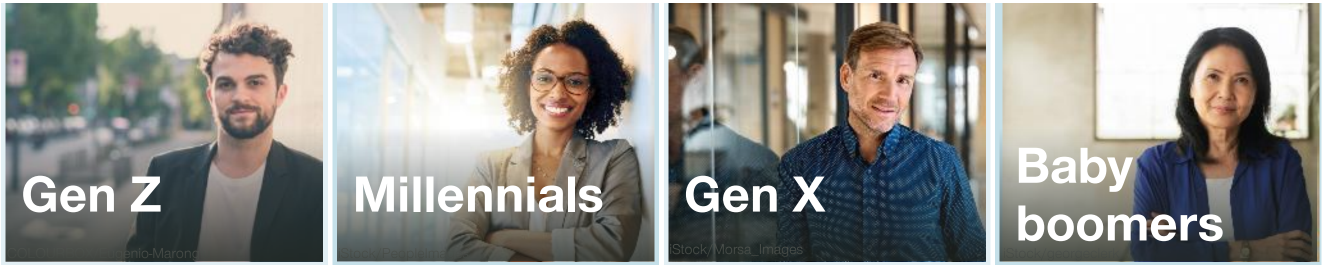
KEY INSIGHTS

- EVs are on the verge of becoming #1 in terms of customer interest
- Young car buyers are equally interested in buying ICEs & EVs in the near future
- All agree diesel is dead and hydrogen remains a niche technology

	Won't consider	*Undecided*	*Will consider*[1]
Gasoline	22%	13%	64%
Fully electric	25%	11%	63%
Plug-in hybrid	25%	16%	59%
Mild hybrid	24%	17%	58%
Diesel	54%	13%	33%
Hydrogen (H_2)	54%	16%	30%
Gas (LPG/CNG)	56%	14%	30%

Generation split



	Gen Z	Millennials	Gen X	Baby boomers
Gasoline (Avg. consideration 64%)	73%	68%	60%	58%
Fully electric (Avg. consideration 63%)	68%	72%	61%	49%

Younger generations of car buyers are less fixated on one specific drive train technology...

... while EVs are on the verge of taking over as the most preferred solution

1) Consideration defined as 5, 6, or 7 on a 1-7 scale, non-consideration defined as 1, 2, or 3 on a 1-7 scale; Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about purchasing or leasing a new vehicle, which engine type will you consider?; Overall sample size per question might vary (e.g., due to preselected answers)

As EVs gain significant popularity among customers, interest in diesel engines continues to decrease

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2023 vs. 2022

Gasoline remains most attractive engine type among customers

Interest in EVs increases – catching up to petrol engines

Engine type	Year	Won't consider	Undecided	Will consider[1]
Petrol	2023[2]	24%	14%	62%
	2022[2]	25%	14%	61%
Fully electric	2023[2]	29%	11%	59%
	2022[2]	33%	14%	53%
Plug-in hybrid	2023[2]	27%	16%	57%
	2022[2]	29%	16%	55%
Diesel	2023[2]	58%	12%	30%
	2022[2]	54%	13%	33%

1) Consideration defined as 5, 6, or 7 on a 1-7 scale, non-consideration defined as 1, 2, or 3 on a 1-7 scale; 2) Only considering markets that were part of 2022 and 2023 study;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about purchasing or leasing a new vehicle, which engine type will you consider?; Overall sample size per question might vary (e.g., due to preselected answers)

Asian and Middle Eastern countries with a higher consideration for EVs than European countries

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Market split

EV consideration across countries

in %	China	India	South Korea	UAE	Turkey	Norway	Saudi Arabia	Nether-lands	Denmark	Sweden	UK	Italy	Finland	Germany	Belgium	USA	Japan	Spain	Australia	France
Acceptance *4, 5, 6, or 7 on a 1-7 scale*	96	91	91	87	86	84	86	78	75	73	69	69	69	65	61	63	66	64	60	58
Consideration *5, 6, or 7 on a 1-7 scale*	89	81	81	79	75	74	72	64	63	60	58	57	55	52	52	51	50	50	48	47
Strong consideration *6 or 7 on a 1-7 scale*	71	65	61	64	61	61	52	41	48	40	40	41	41	39	38	39	28	33	32	30

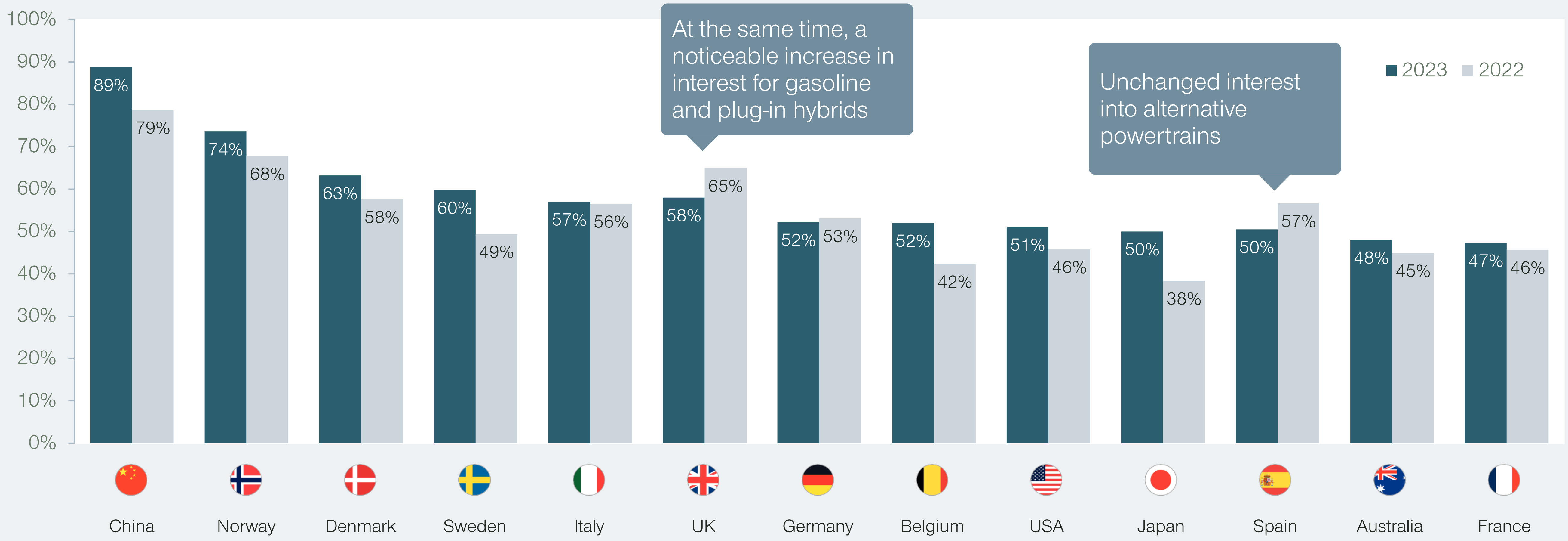
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about purchasing or leasing a new vehicle, which engine type will you consider?; Overall sample size per question might vary (e.g., due to preselected answers)

Across all markets, EV consideration increased or remained stable over the last year except in the UK and Spain

Market split

EV consideration across countries[1]

in %



1) Consideration defined as 5, 6, or 7 on a 1-7 scale; only considering markets that were part of 2022 and 2023 study;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about purchasing or leasing a new vehicle, which engine type will you consider?; Overall sample size per question might vary (e.g., due to preselected answers)

Future customers have a good understanding on the pros and cons of EVs – yet they underestimate the ease of maintenance and the driving experience itself

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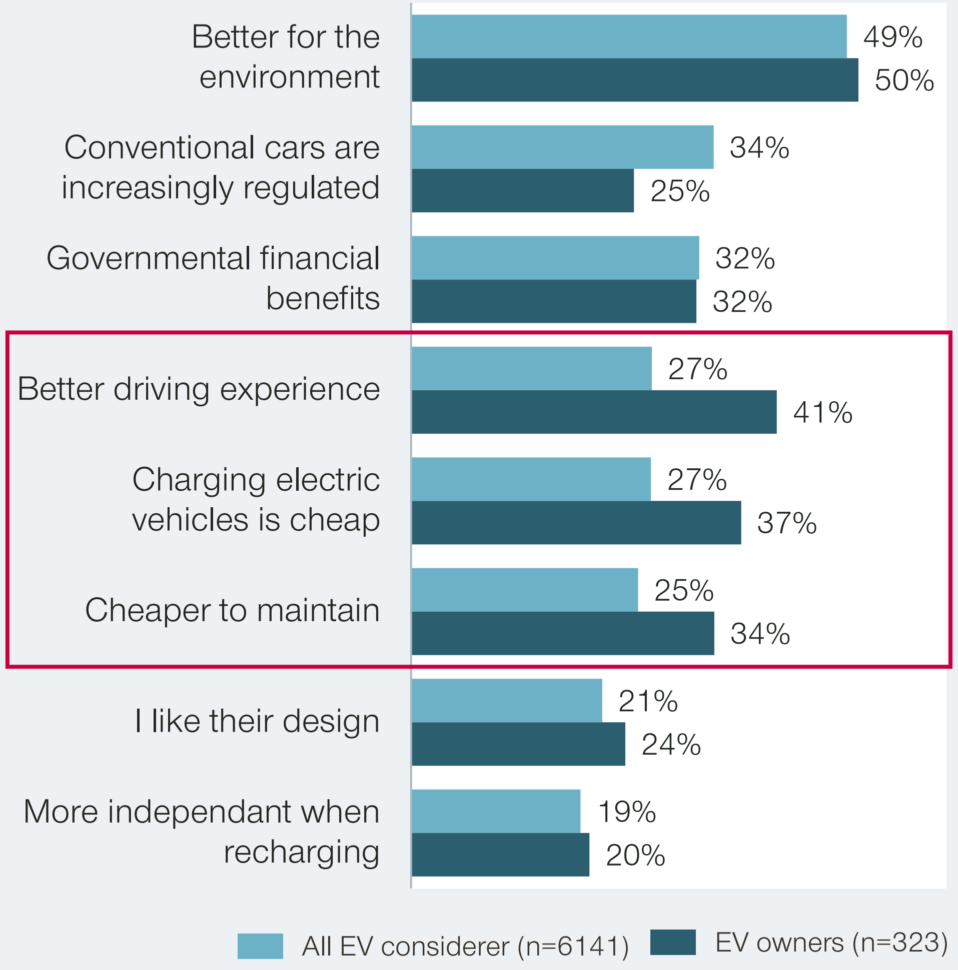
2023 vs. 2022

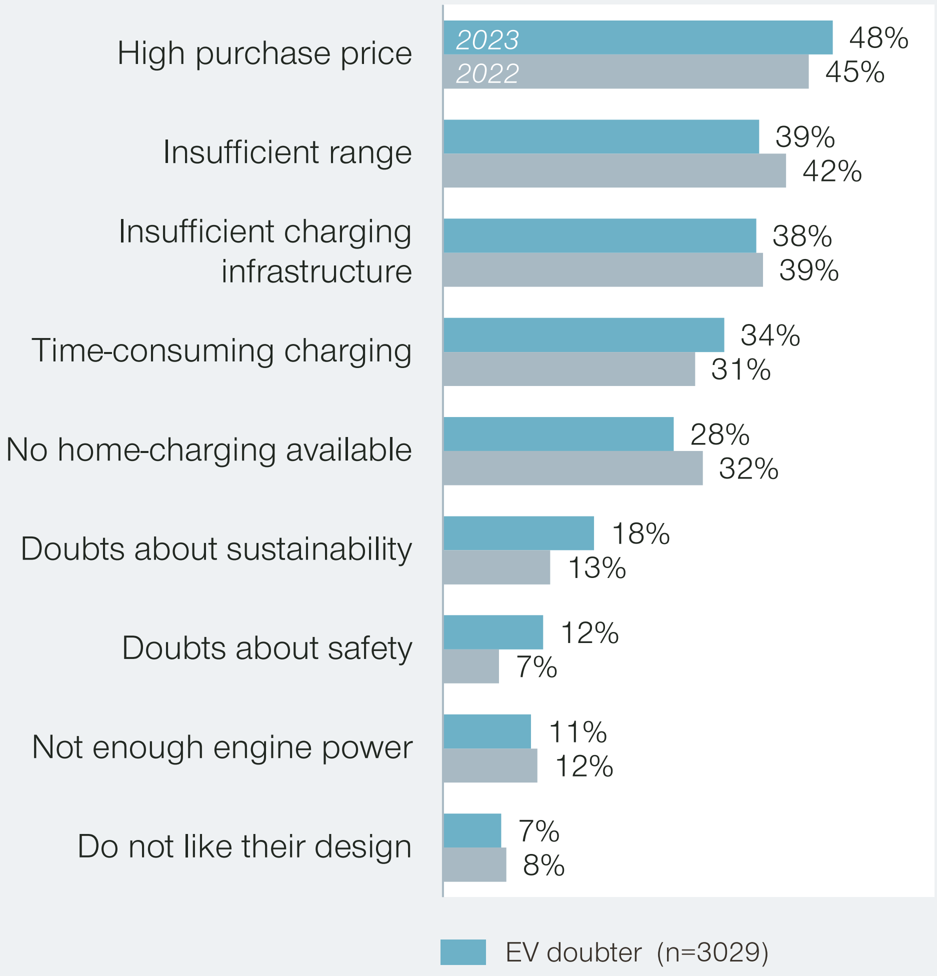
Once people experience EVs, they enjoy the driving experience and "uncomplicated" maintenance...

Main benefits



... most drawbacks on EVs start to vanish

Main drawbacks



KEY INSIGHTS

- Main reasons for and against EVs unchanged
- Environmental and correlating bureaucratic aspects are the most dominant EV driver
- Apart from prices, the insufficient usability is still a key drawback
- EV owners see driving experience and maintenance as advantages

vs. 2022

- **Customers' opinion about EVs are set:** Main benefits and main drawbacks are seen as identical to previous studies

MARKET SPECIFICS

- Depending on the coverage of charging infrastructure and degree of regulations on conventional vehicles, regional differences exist

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Earlier on, you indicated that you were undecided or interested in buying an electric vehicle (EV). What are your main reasons to consider an electric vehicle?; Q: Earlier on, you indicated that you were undecided or not interested in buying an electric vehicle (EV). What are your main reasons to not consider an electric vehicle?; Overall sample size per question might vary (e.g., due to preselected answers)

Younger generations put more weight on sustainability factors, so growing importance can be expected for the future

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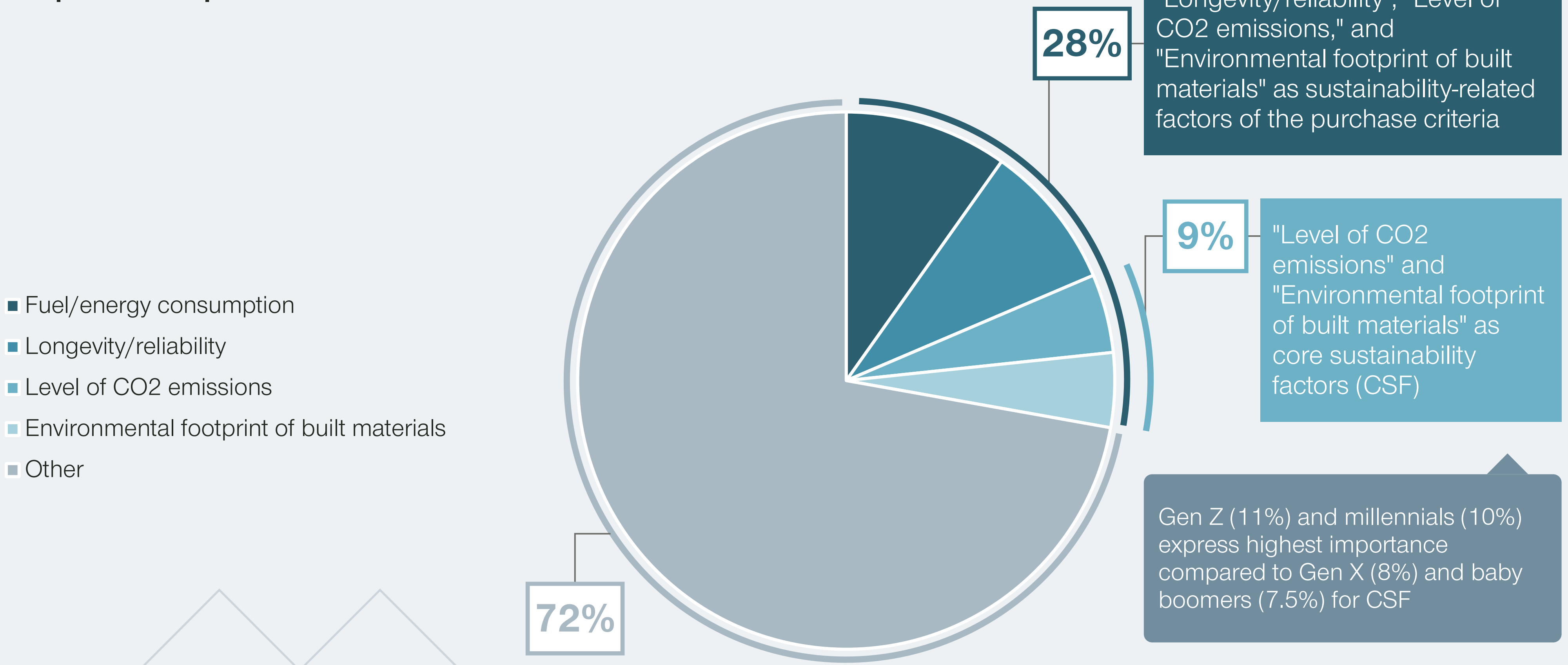
Importance of purchase drivers



Gen Z (11%) and millennials (10%) express highest importance compared to Gen X (8%) and baby boomers (7.5%) for CSF

KEY INSIGHTS

- Sustainability factors account for 28% in the importance over all purchase criteria
- The core sustainability factors (CSF) only account for 9%

GENERATION SPLIT

- Decreasing importance of the core sustainability factors the older the generations

MARKET SPECIFICS

- Above 10% importance in India (13.4%), China (12.3%), UAE (12%), Saudi Arabia (11.5%), and Turkey (10.5%) for CSF

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about buying a car, how important is each of the following purchase drivers?; Overall sample size per question might vary (e.g., due to preselected answers)

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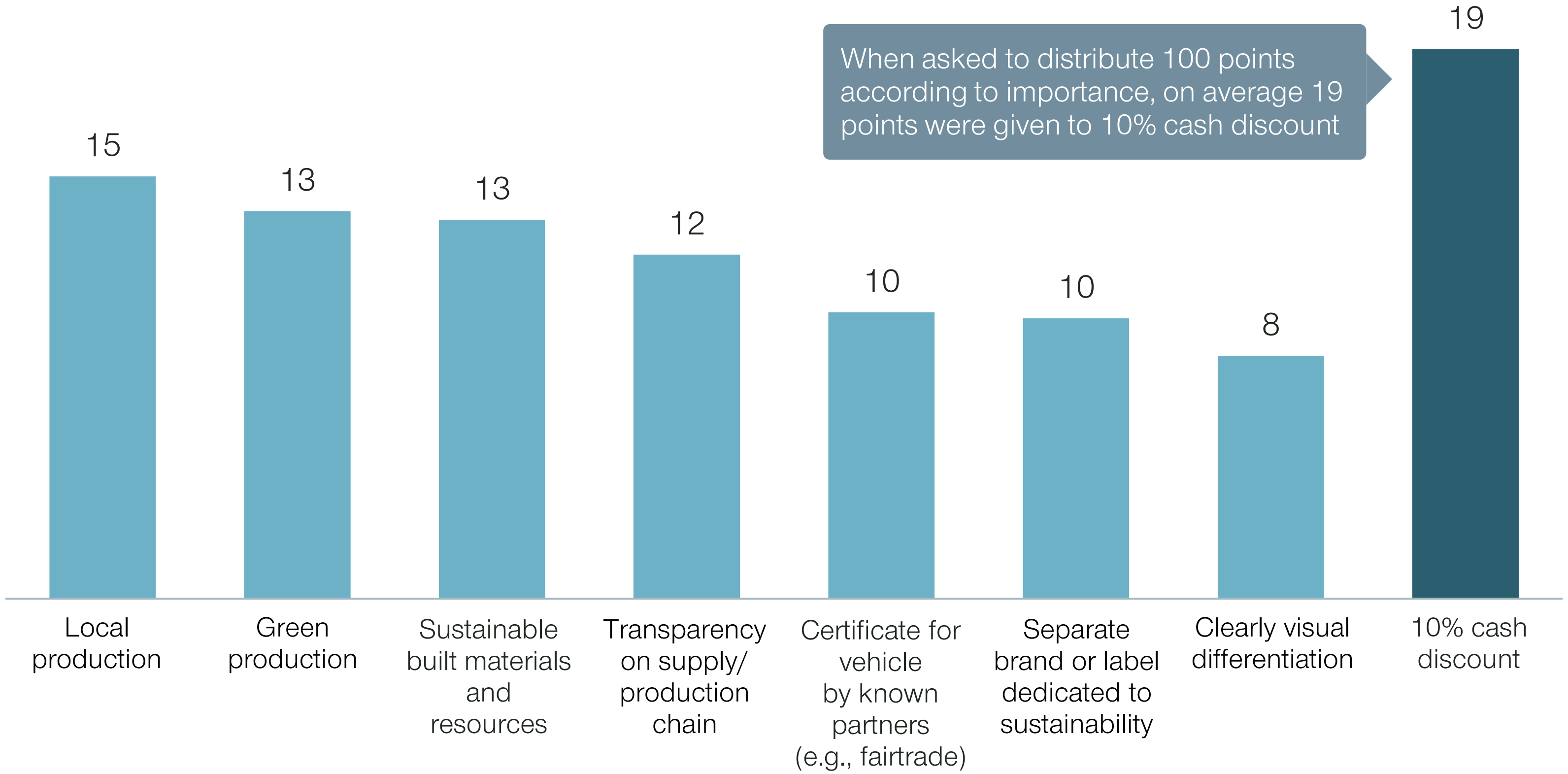
Sustainability comes in multiple shapes – Manufacturers need to approach it holistically to fully monetize

Importance of sustainability characteristics in comparison to cash discount



Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Environmental impact is becoming more and more relevant these days. Imagine you can purchase a more sustainable vehicle without sacrificing any main attributes of the car. What importance do each of the listed characteristics below have? Please distribute 100 points between the items. A higher number reflects higher importance.; Overall sample size per question might vary (e.g., due to preselected answers)

Most respondents expect at least 400 km of range, only 12 percent are satisfied with a range of less than 200 km

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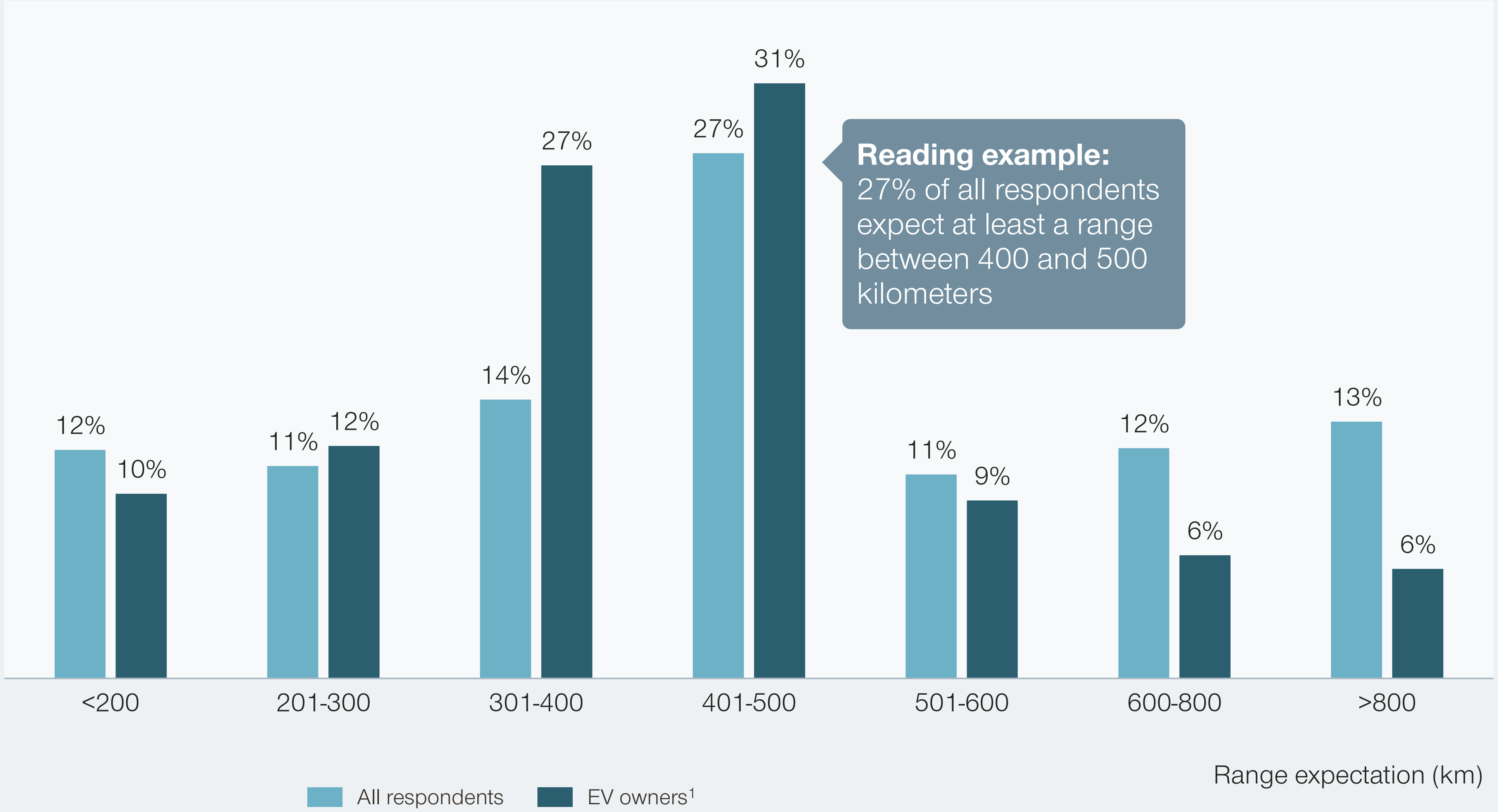
Minimum range expectation



KEY INSIGHTS

- To satisfy most customers, manufacturers need to offer at least 400 km of real-world range
- EV owners find their sweet spot between 300 km and 500 km of range
- Depending on the use case, small-distance EVs with ranges below 300 km are appealing to approx. 20% of future customers

vs. 2022

- Expectation of electric range is growing with the increasing range offered in the market **515 km** vs. 480 km (in 2022, +7.2%)[2]

1) EV owners (n=323); 2) Only considering markets that were part of 2022 and 2023 study;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: What would be the minimum range a fully charged EV should have to be attractive for you?; Overall sample size per question might vary (e.g., due to preselected answers)

Non-EV owners have significantly higher range expectations than EV owners – expected range does not differ significantly based on the intended vehicle segment

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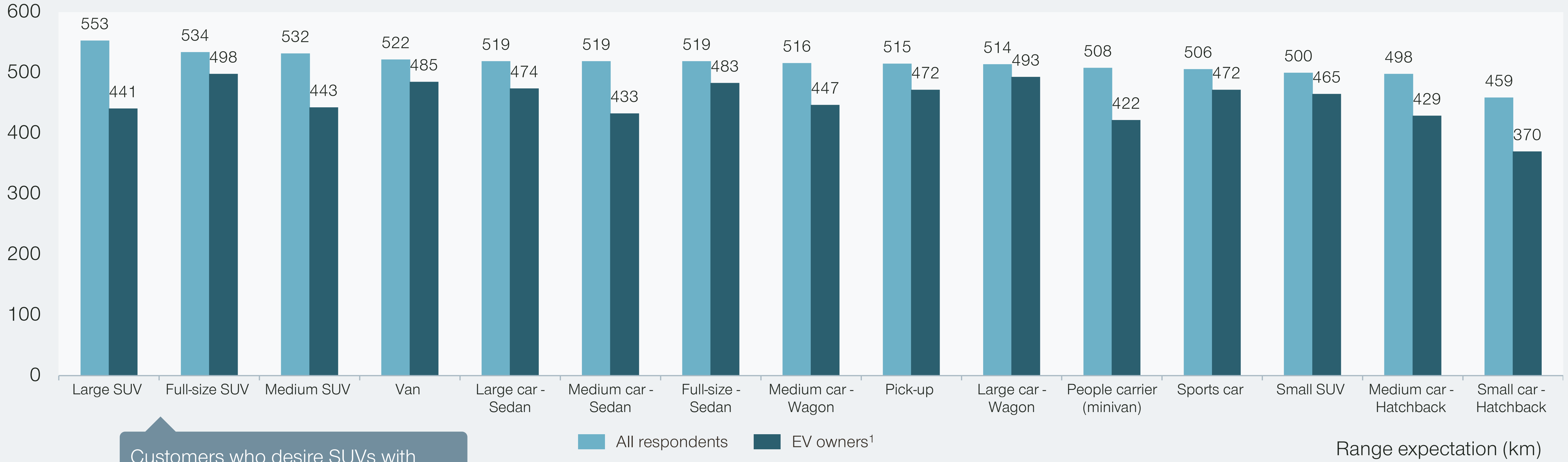
Minimum range expectation



Customers who desire SUVs with slightly higher minimum range expectations

EV owners with lower minimum range expectations than non-EV owner

1) EV owners (n = 323);
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: What would be the minimum range a fully charged EV should have to be attractive for you?; Overall sample size per question might vary (e.g., due to preselected answers)

Markets like China, Norway, Japan, and Finland have high infrastructure penetration and/or high metropolitan concentrations with lowest overall demand for range

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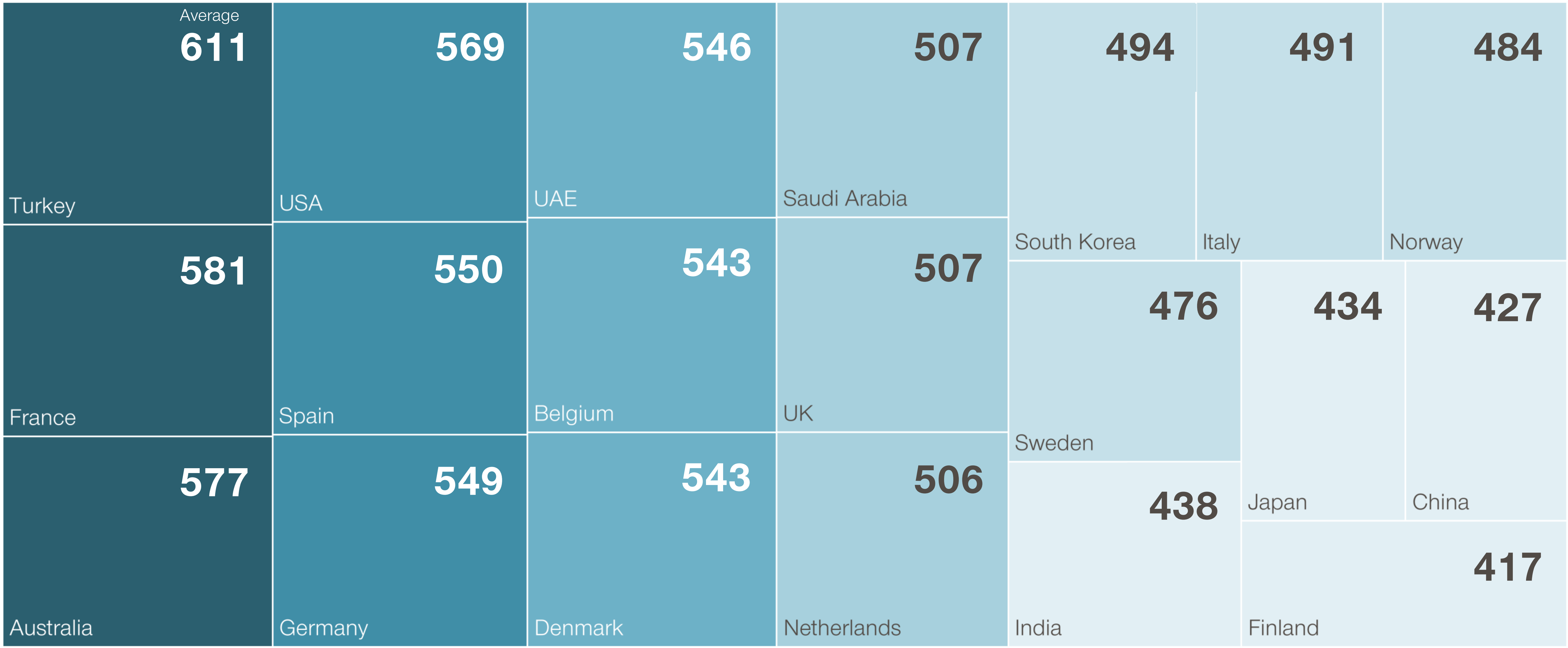
Market split

Minimum range expectation *(in km, figures reflect the market average)*

Avg. minimum range expectation per market

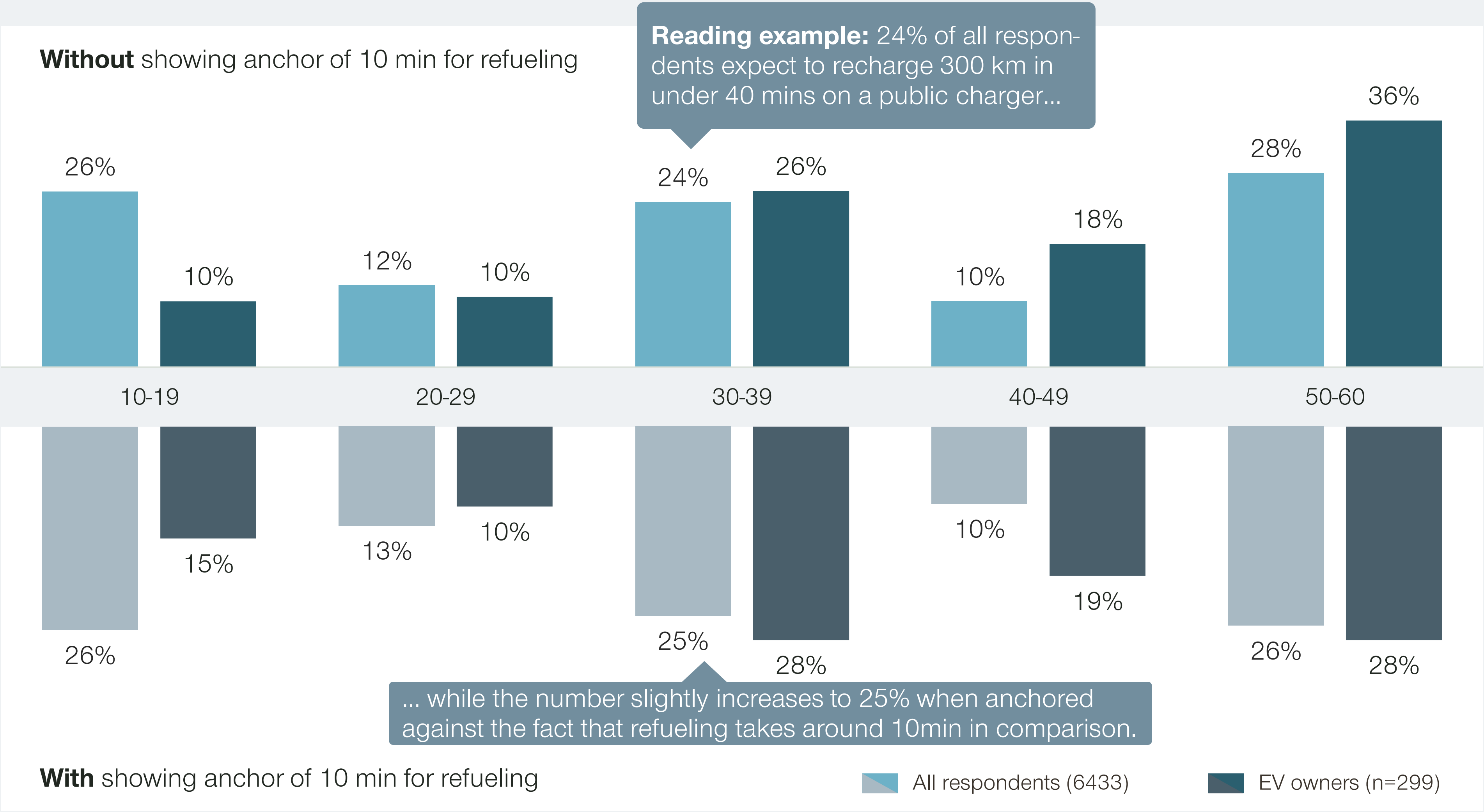


Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: What would be the minimum range a fully charged EV should have to be attractive for you?; Overall sample size per question might vary (e.g., due to preselected answers)

While many customers accept a charging time under 60 min in public for a range of 300 km, the sweet spot is below the 40-min mark

A/B-Test

Maximally accepted charging time for 300km (200miles)



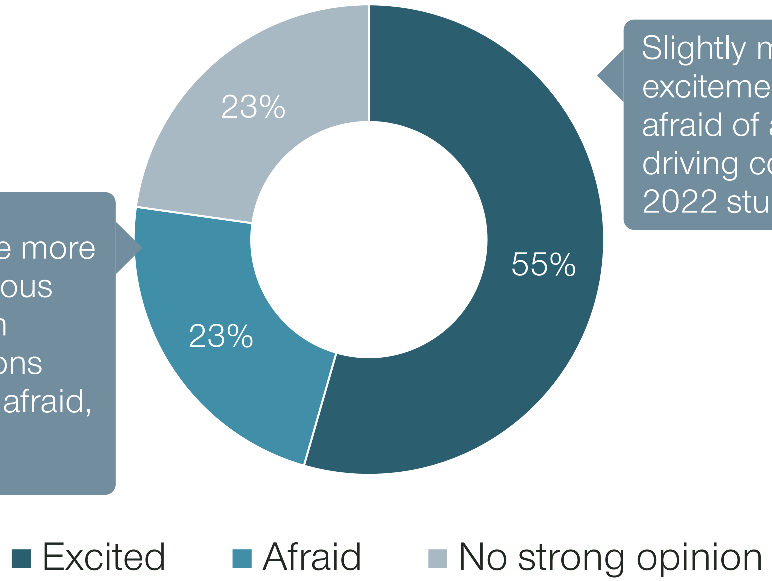
KEY INSIGHTS

- Experiment: Showing 50% of all respondents a typical time to refuel (approx. 10mins) when asking for charging expectations
- Result: Most people have realistic expectations on charging times as we see limited anchoring effects...
- ...and the peeks of accepted charging times are just below 60 min and between 30 and 39 min

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: One of the main drawbacks to electric vehicles is their longer charging times in comparison to traditional combustion-engine vehicles (approx. 10 min per refuel). Imagine you are on a public charging location. How long a charging time would you accept when recharging up to a range of 300 km/200 miles?; (please note: anchor on approximated fuel time was partially shown as an experiment); Overall sample size per question might vary (e.g., due to preselected answers)

Autonomous driving is a highly exciting function for upcoming generations, which assign responsibility to insurance companies in case of autonomous driving accidents

Attitude to autonomous driving



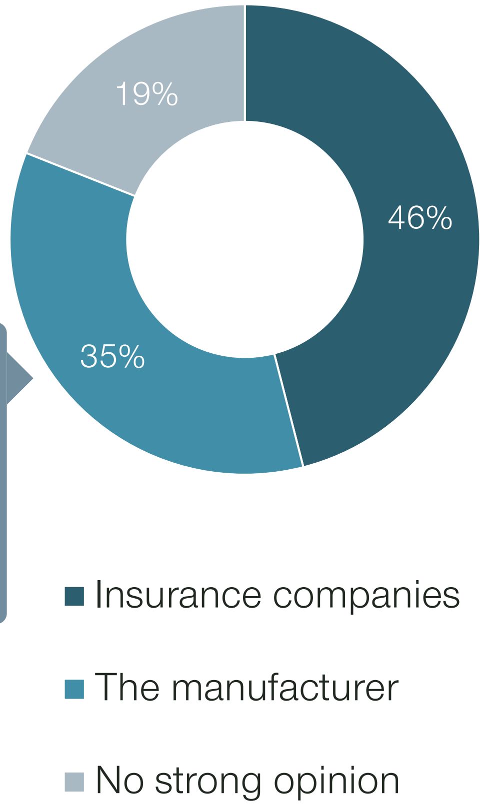
Slightly more excitement and less afraid of autonomous driving compared to 2022 study

Baby boomers are more afraid of autonomous driving (37%) than younger generations (e.g., Gen Z: 12% afraid, 74% excited)

Top 3 most excited countries: **UAE, Saudi Arabia, India**

Top 3 most afraid countries: **Belgium, Netherlands, and Norway**

Responsibility in an accident



Only baby boomers consider the manufacturer responsible in the case of an accident.
For 55% of Gen Z, insurance companies bear responsibility.

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Would you say that you are more excited about or more afraid of this technology?; Q: How do you view the responsibilities when covering damages?; Overall sample size per question might vary (e.g., due to preselected answers)

Traditional brands have a trust advantage among all customers related to autonomous driving technology, which is currently perceived as highly luxurious

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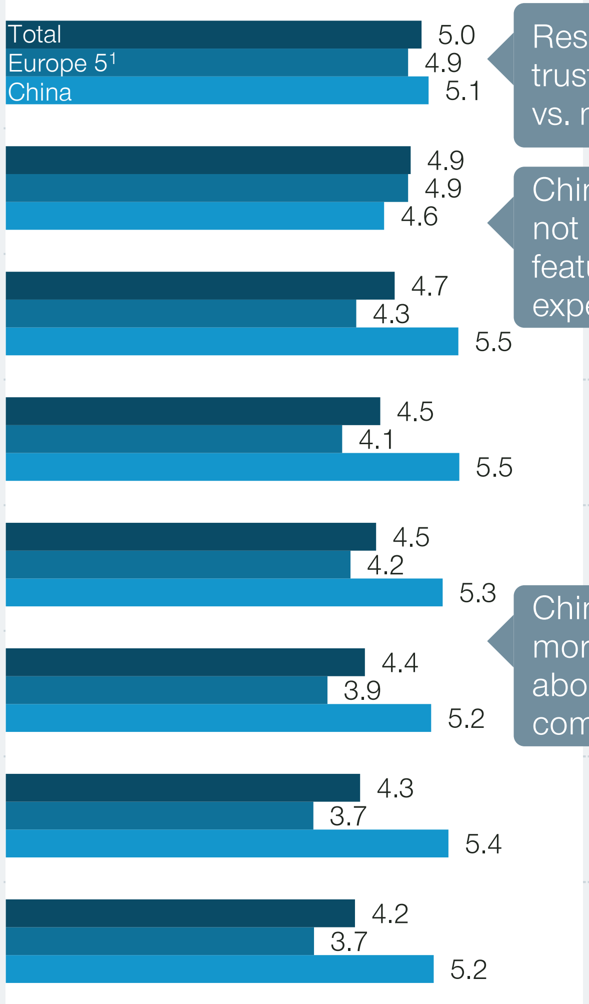
Key market split

Generation split

Agreements with statements (1= strongly disagree; 7= strongly agree)



Respondents have more trust in traditional brands vs. newcomers

Chinese respondents do not regard autonomous features as exclusive to expensive cars

China has a substantially more positive opinion about autonomous cars compared to other markets

"I have more trust in traditional brands than newcomers"

"These are luxury cars and will be too expensive for me"

"They are a very positive technological development"

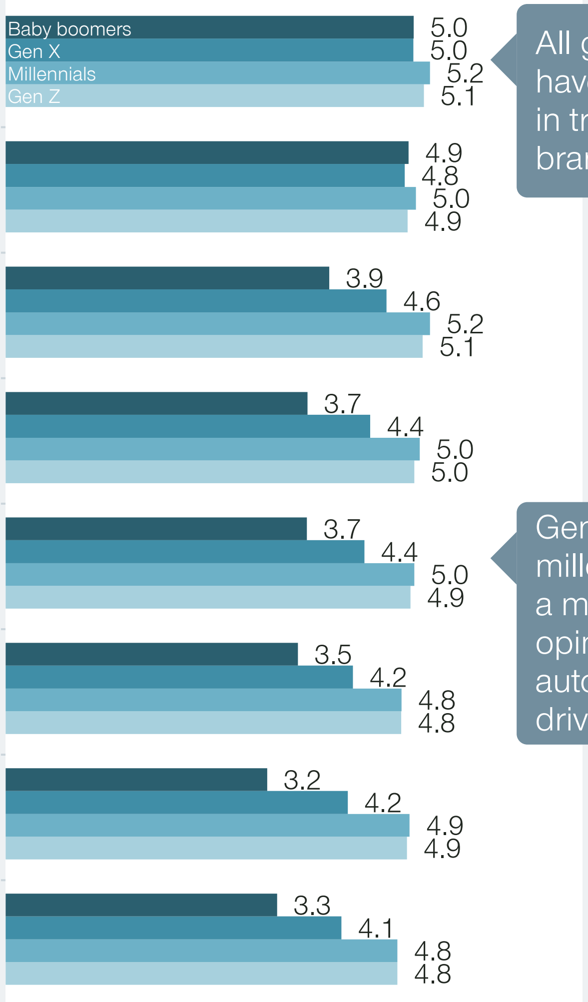
"I trust the technology"

"In a few years, they will be the standard on the streets"

"Software can replace a human driver and drive less dangerously"

"I would be willing to buy such a car"

"I will use autonomous taxis (assuming that they will be cheaper than human-driven taxis)"



All generations have more trust in traditional brands

Gen Z and millennials have a more positive opinion about autonomous driving

1) Europe 5 = Germany, UK, France, Italy, Spain;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: To what extent do you agree with the following statements regarding autonomous cars?; Overall sample size per question might vary (e.g., due to preselected answers)

How to act?

Update on electrification and autonomous driving

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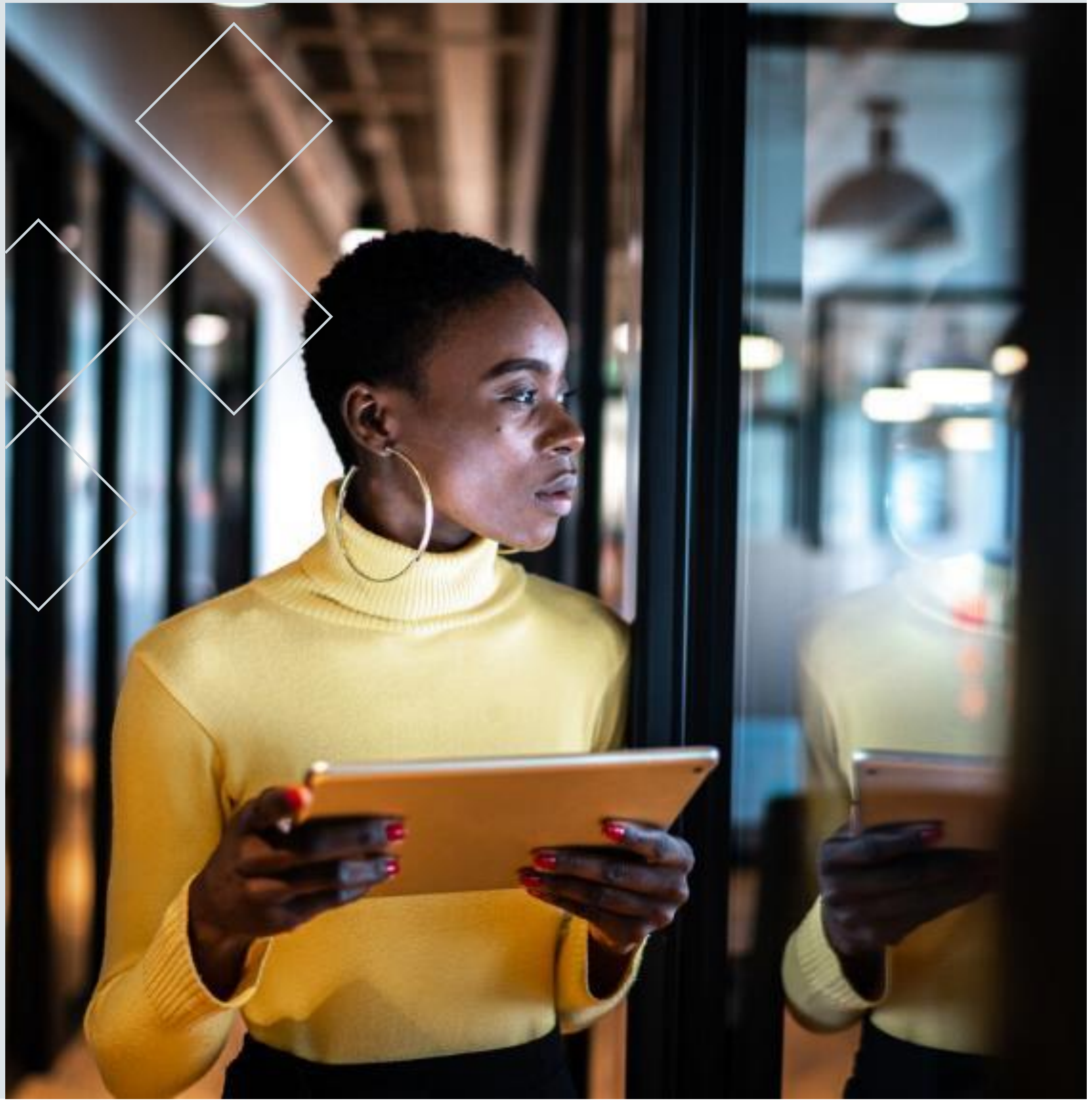


Consideration of electric vehicles reaches peak in some markets – now it is about delivering the right products and infrastructure

Consideration of electric vehicles is globally on the rise but slowing down on a high level in some markets; non-EV owners are unaware of the superior driving experience and more concerned about the required range.

- → Customers are ready to buy, but products and especially infrastructure are not catching up. Act fast to not lose momentum among your customer base
- → First-time buyers need to be pulled in with range of at least 400 km for new vehicles entering the markets
- → The range most customers require will become visible over time – depending on the ramp-up of the infrastructure

Sustainability is in customers' focus, but monetization is challenging

Customers demand that manufacturers consider sustainability aspects for their vehicles. However, they rarely are a key differentiator associated with an extra WTP.

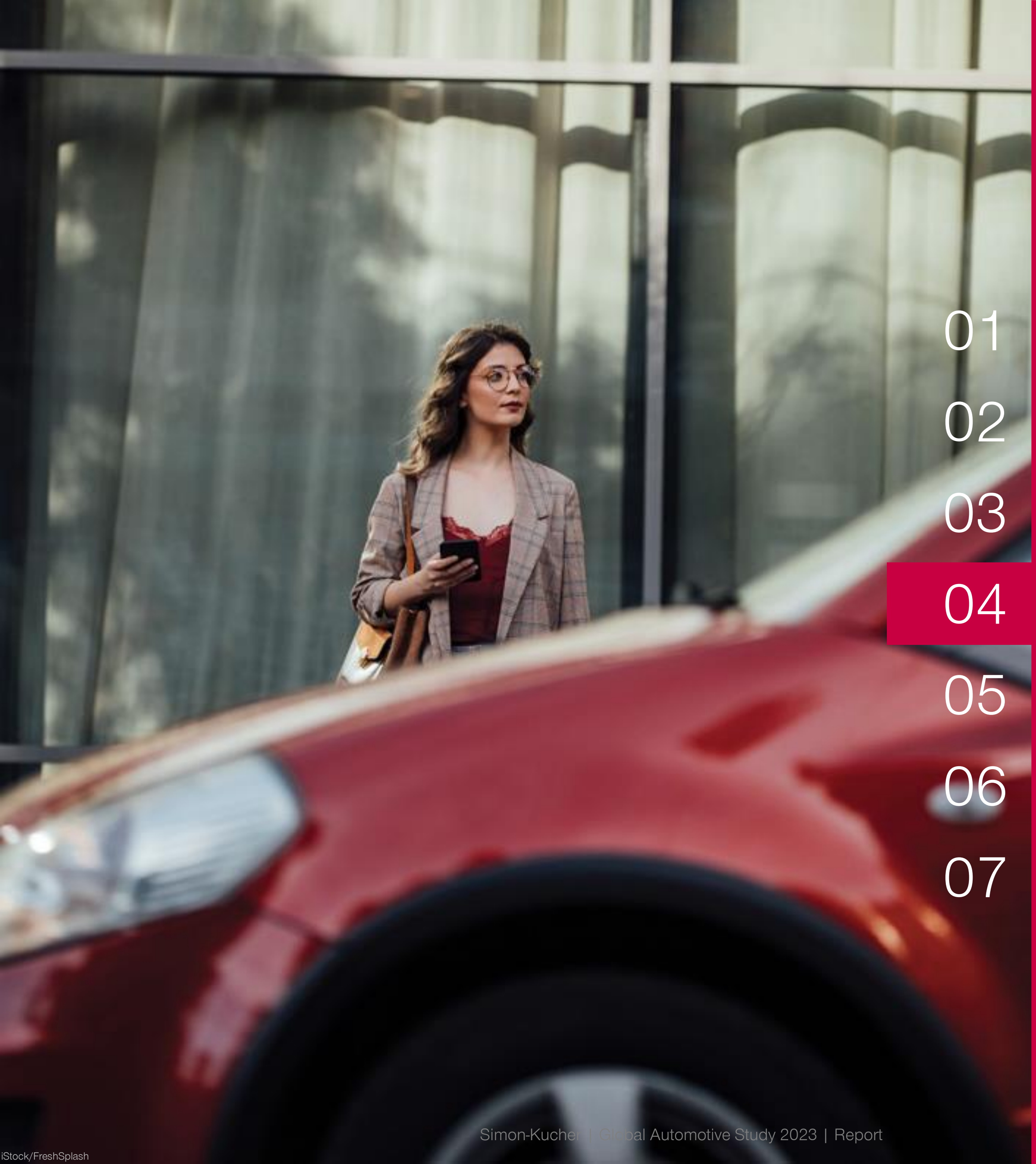
- → Manufacturers should meet customers' expectations by improving their sustainability but avoid using this as sole value driver

Autonomous driving

Slight increase in interest for autonomous driving, which is significantly higher for younger generations.

- → Especially traditional manufacturers need to further invest in and improve their autonomous driving technology as they still have a trust advantage on safety in general

Source: Simon-Kucher global automotive study April 2023 (n=8235); Overall sample size per question might vary (e.g., due to preselected answers)



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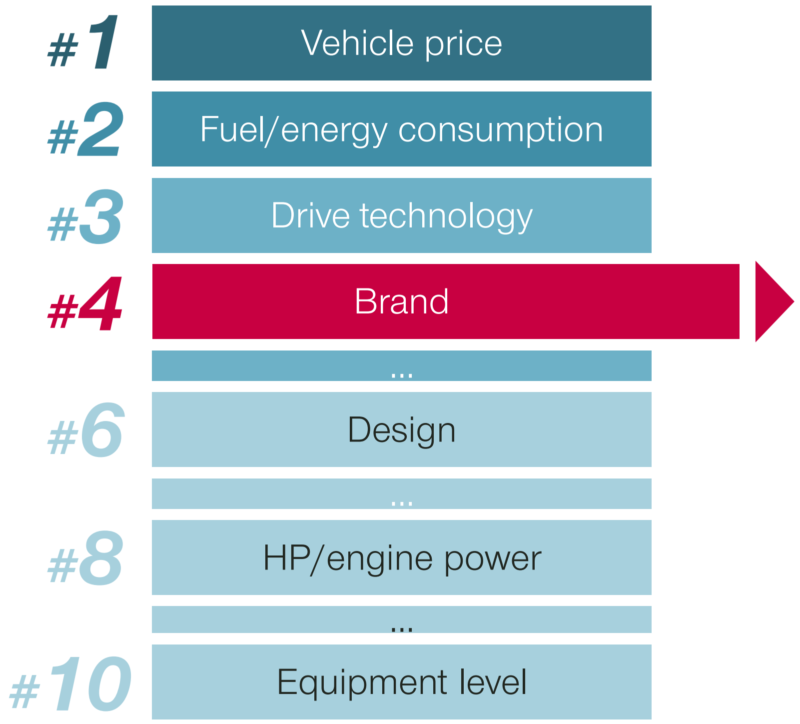
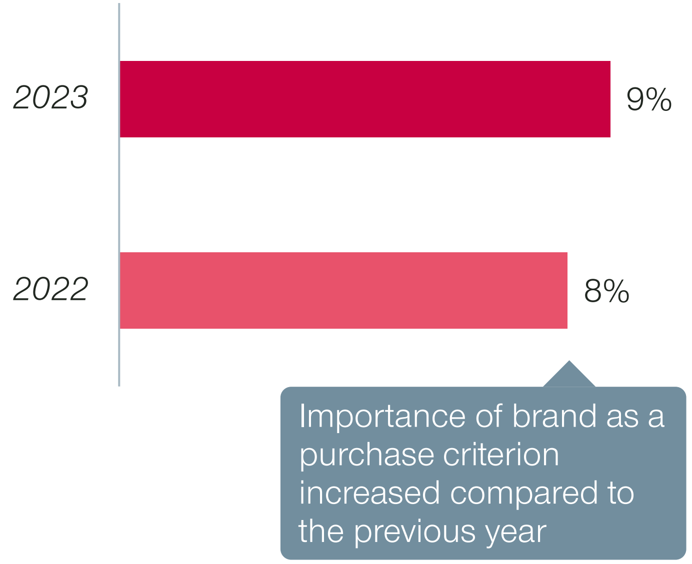
Agenda

Respondents allocate greater importance to the brand as a purchase driver when buying a new car

Recap: Importance of purchase drivers



Average importance of brand[1]
(relative importance of purchase driver in %)



1) Only considering markets that were part of 2022 and 2023 study;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about buying a car, how important is each of the following purchase drivers?; Overall sample size per question might vary (e.g., due to preselected answers)

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Customers strongly consider their local, German, and Japanese brands

Market split

Consideration[1] of most relevant brands from different countries by market

Europe	#1	#2	#3
UK	**Germany** 77%	**UK** 72%	**Japan** 68%
Norway	**Germany** 79%	**Japan** 65%	**USA** 54%
Sweden	**Germany** 76%	**Japan** 64%	**South Korea** 50%
Finland	**Germany** 78%	**Japan** 65%	**USA** 44%
Denmark	**Germany** 76%	**Japan** 60%	**USA** 53%
Germany	**Germany** 83%	**Japan** 49%	**South Korea** 43%
Netherlands	**Germany** 73%	**Japan** 61%	**France** 55%
Belgium	**Germany** 72%	**Japan** 55%	**France** 52%
France	**France** 80%	**Germany** 64%	**Japan** 51%
Spain	**Germany** 77%	**Spain** 74%	**Japan** 71%
Italy	**Italy** 73%	**Germany** 71%	**Japan** 69%

	#1	#2	#3
North America			
USA	**USA** 83%	**Japan** 72%	**Germany** 60%
Middle East			
Turkey	**Germany** 90%	**Japan** 81%	**Turkey** 77%
UAE	**Japan** 89%	**Germany** 86%	**USA** 83%
Saudi Arabia	**Germany** 83%	**Japan** 83%	**USA** 77%
Asia Pacific			
India	**Japan** 88%	**Germany** 86%	**USA** 85%
China	**Germany** 85%	**China** 84%	**USA** 76%
South Korea	**South Korea** 89%	**Germany** 78%	**USA** 67%
Japan	**Japan** 90%	**Germany** 50%	**USA** 38%
Australia	**Japan** 82%	**Germany** 66%	**South Korea** 64%

Saudi brands follow closely behind

KEY INSIGHTS

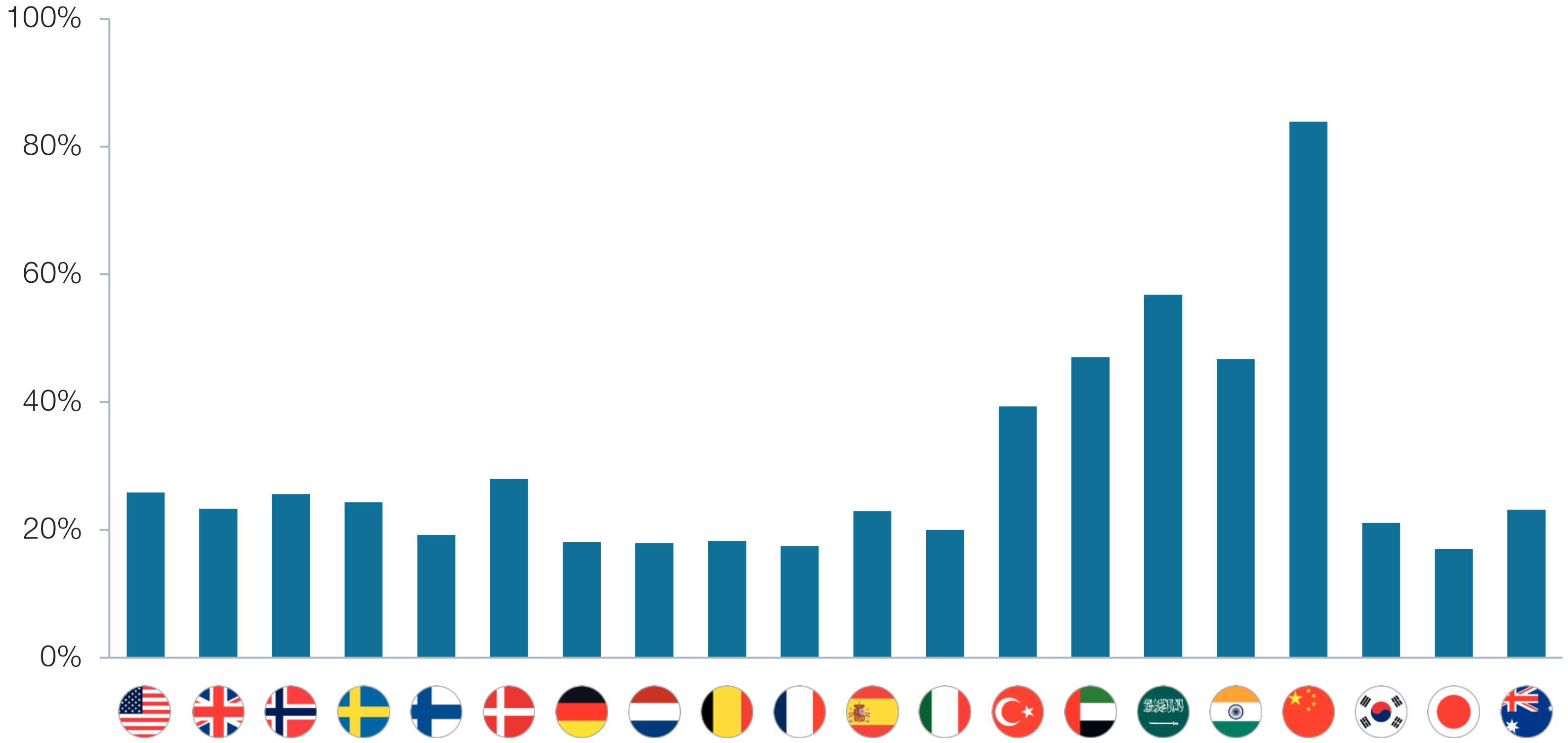
- Germany and Japan are in the top three of every country's consideration (besides South Korea)
- France, Italy, Germany, USA, Japan, and South Korea consider own countries' brands the most
- New brands like in Turkey or Saudi Arabia immediately make it into the considered set of many customers

1) Consideration defined as 5, 6, or 7 on a 1-7 scale;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about buying a new vehicle, which brands would you consider (grouped by geographical regions)?; Overall sample size per question might vary (e.g., due to preselected answers)

Growing consideration of Chinese brands, especially in the Middle East, India, and China may pose a future threat to established brands

Market split

Consideration of Chinese brands by market

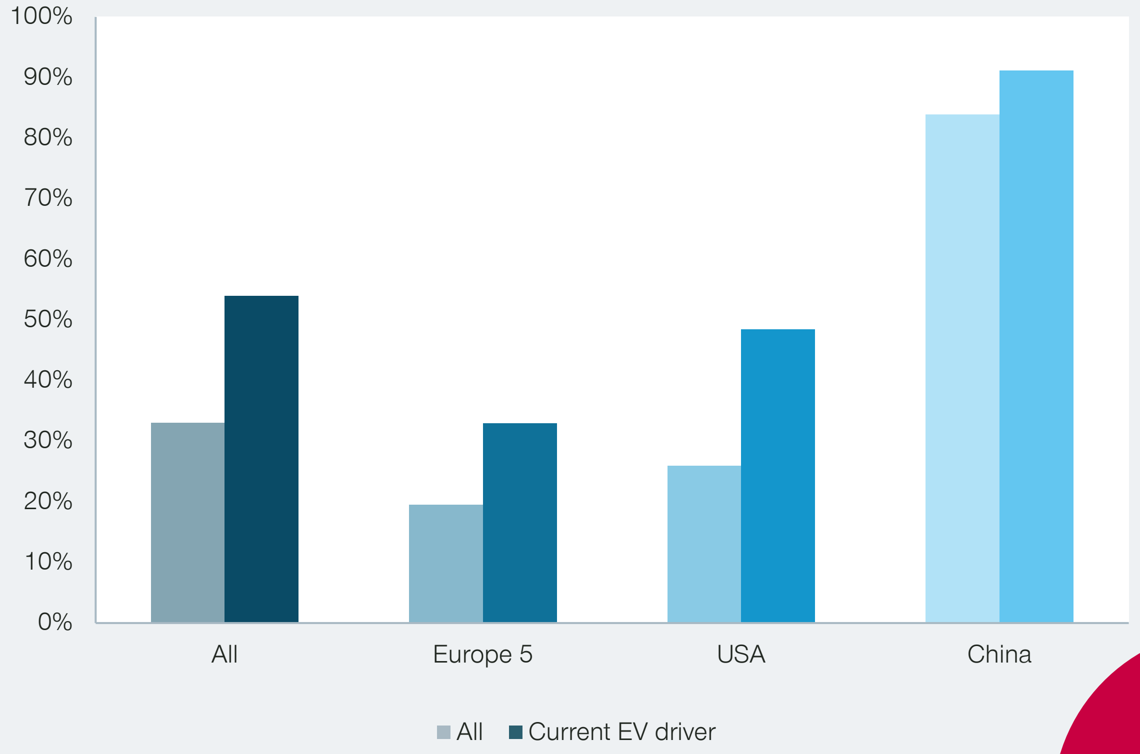


1) Consideration defined as 5, 6, or 7 on a 1-7 scale;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about buying a new vehicle, which brands would you consider (grouped by geographical regions)?; Overall sample size per question might vary (e.g., due to preselected answers)

Interest in Chinese brands especially strong among current EV drivers and younger generations – available budget does not impact interest in Chinese brands

Key market split

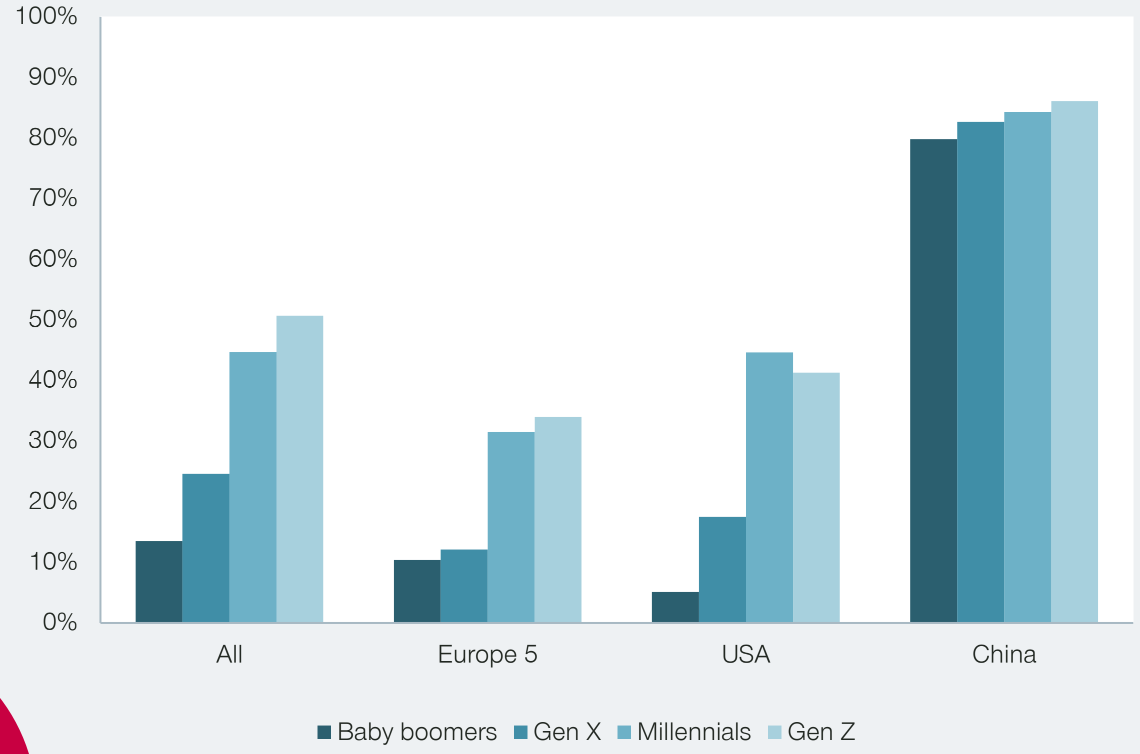
Consideration[1] for Chinese brands by market



EV drivers show high consideration for Chinese brands regardless of their geographic market

Analysis of income groups and budget does not show differences

Consideration[1] for Chinese brands by generation



Chinese brands are drawing a lot of interest from younger generations, especially millennials and Gen Z

1) Consideration defined as 5, 6, or 7 on a 1-7 scale;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about buying a new vehicle, which brands would you consider (grouped by geographical regions)?; Overall sample size per question might vary (e.g., due to preselected answers)

How to act?

Spotlight on brand origin and Chinese brands

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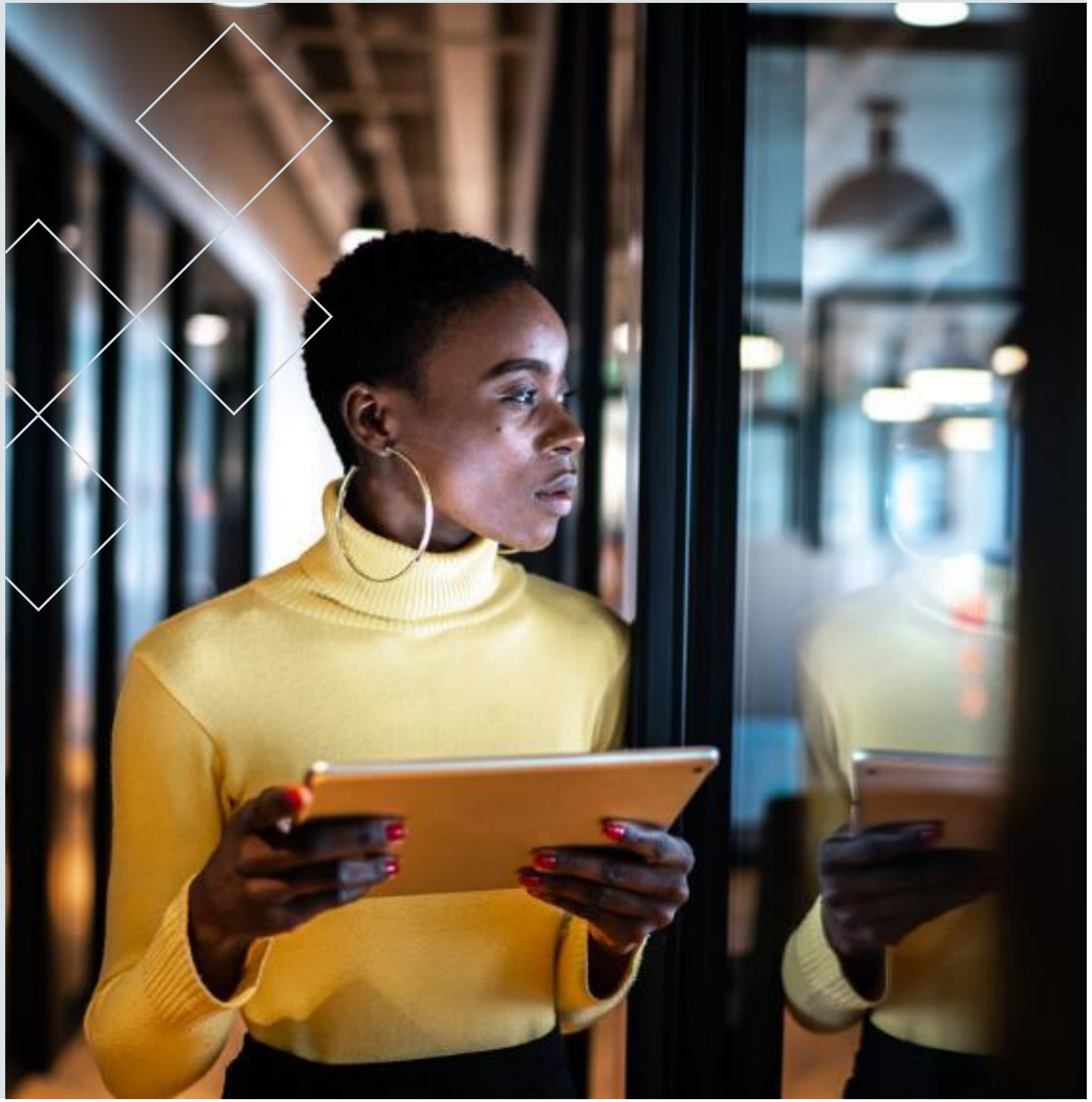


Staying successful in China requires more than just a Western brand heritage

Chinese customers are increasingly interested in their own brands but continue to have strong interest in legacy brands, especially from Germany.

→ Established brands should leverage their reputation further to remain strong players in China – but "heritage" alone is not enough; technology leadership needs to be retained and communicated

→ Therefore, more than ever it is essential to tailor the products and services to the Chinese customers if you want to stay among the leading brands

New brands can easily win in their home country, but expansion will not be easy – except for Chinese manufacturers

New market players immediately make it to the top considered brands in their home markets, such as in Turkey or Saudi Arabia

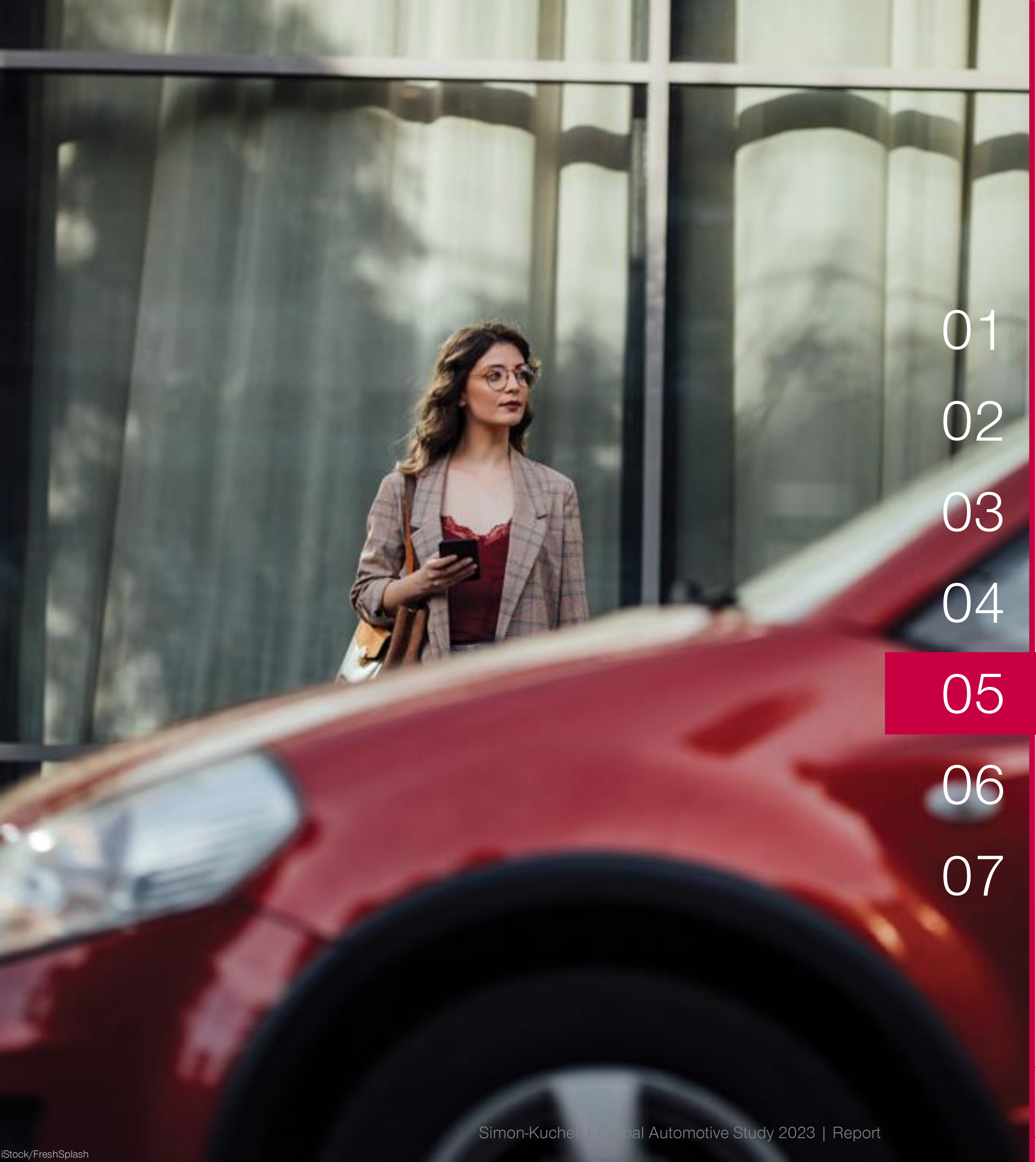
→ Local pride plays a big role in accepting the new brands in their home markets

→ An expansion to neighboring countries must be carefully planned and prioritized – the competition from Western and especially Chinese brands should not be underestimated

Chinese brands are especially well-received in China but also in several emerging markets

→ If India and the Middle East are a top priority for Western brands, they should focus their investments – otherwise, a big share of the market will go to Chinese players

Source: Simon-Kucher global automotive study April 2023 (n=8235); Overall sample size per question might vary (e.g., due to preselected answers)



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Agenda

Customers are quite satisfied with their last purchase process – providing a targeted and transparent experience is key to success

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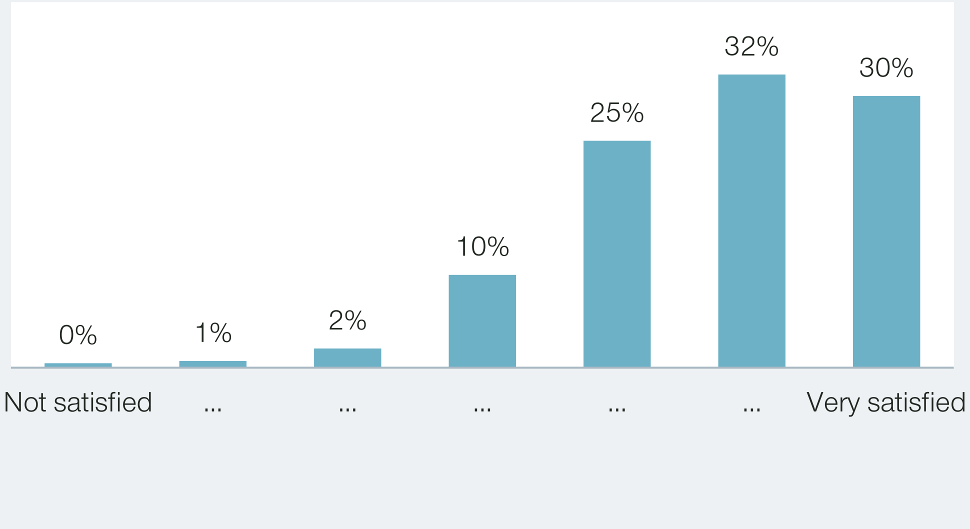
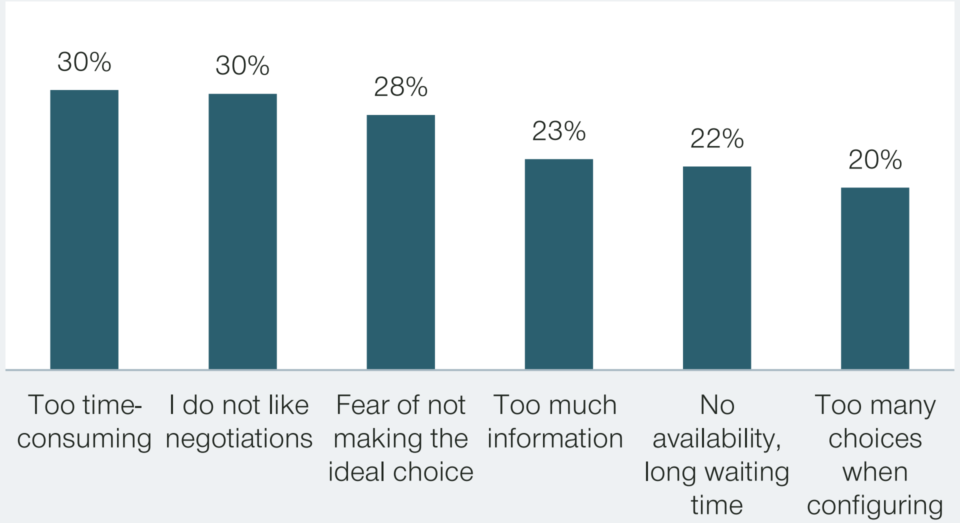
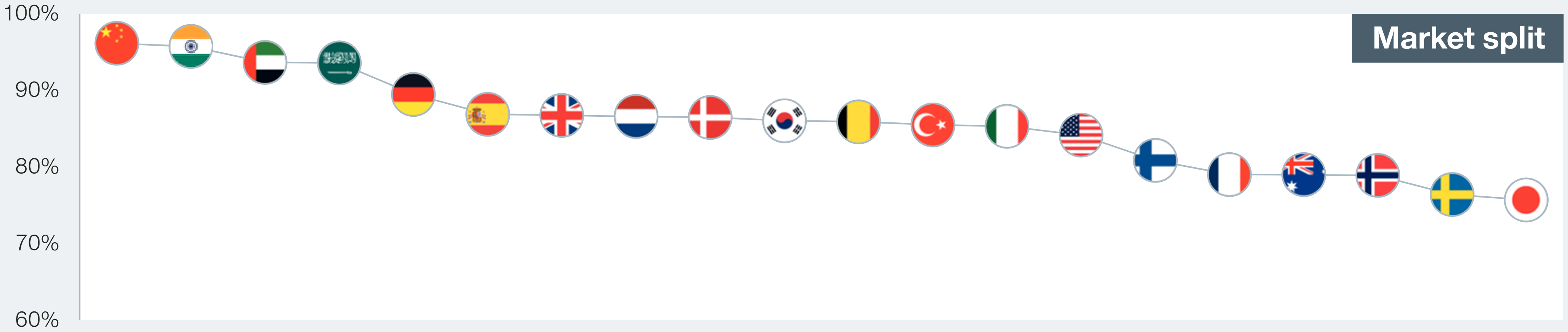
Satisfaction



Reasons for dissatisfaction[1]



Share of satisfied responds



KEY INSIGHTS

- Customers are generally satisfied with their purchase
- Main dissatisfactions during the purchase process are **time** needed, **negotiations**, and the **fear of not making the perfect choice** in terms of price and product

vs. 2022

- Customers are slightly more satisfied with their last purchase

MARKET SPECIFICS

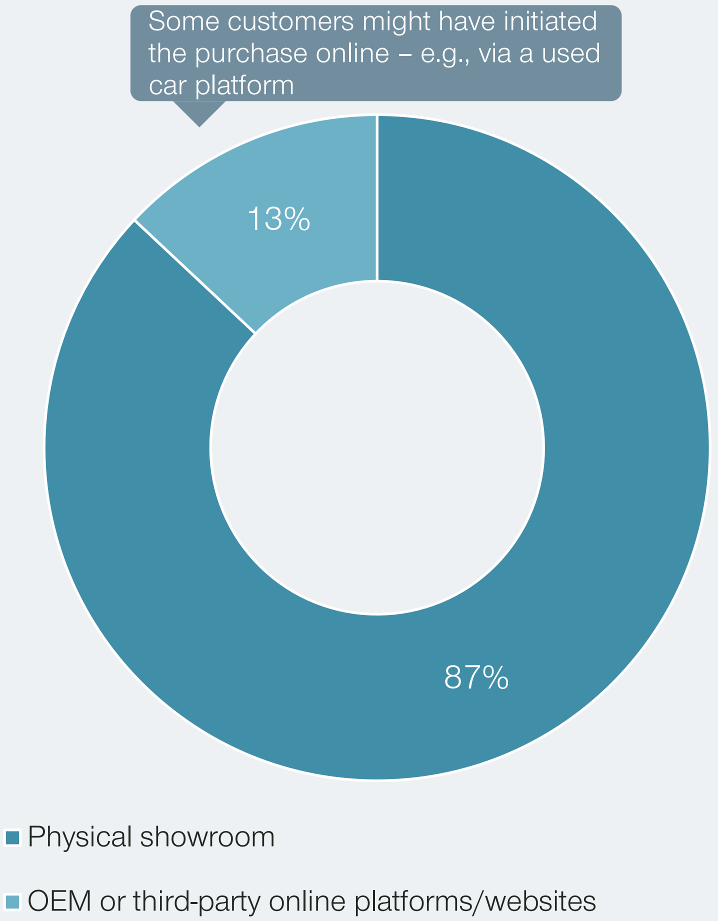
- South European and east Asian countries experience lower purchase satisfaction

1) Not satisfied respondents (n=253); Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Please think about the last time you purchased or leased a new car. How satisfied were you with the process?, Q: You indicated that you were not completely satisfied with the typical car purchasing process. Please pick up to three reasons.; Overall sample size per question might vary (e.g., due to preselected answers)

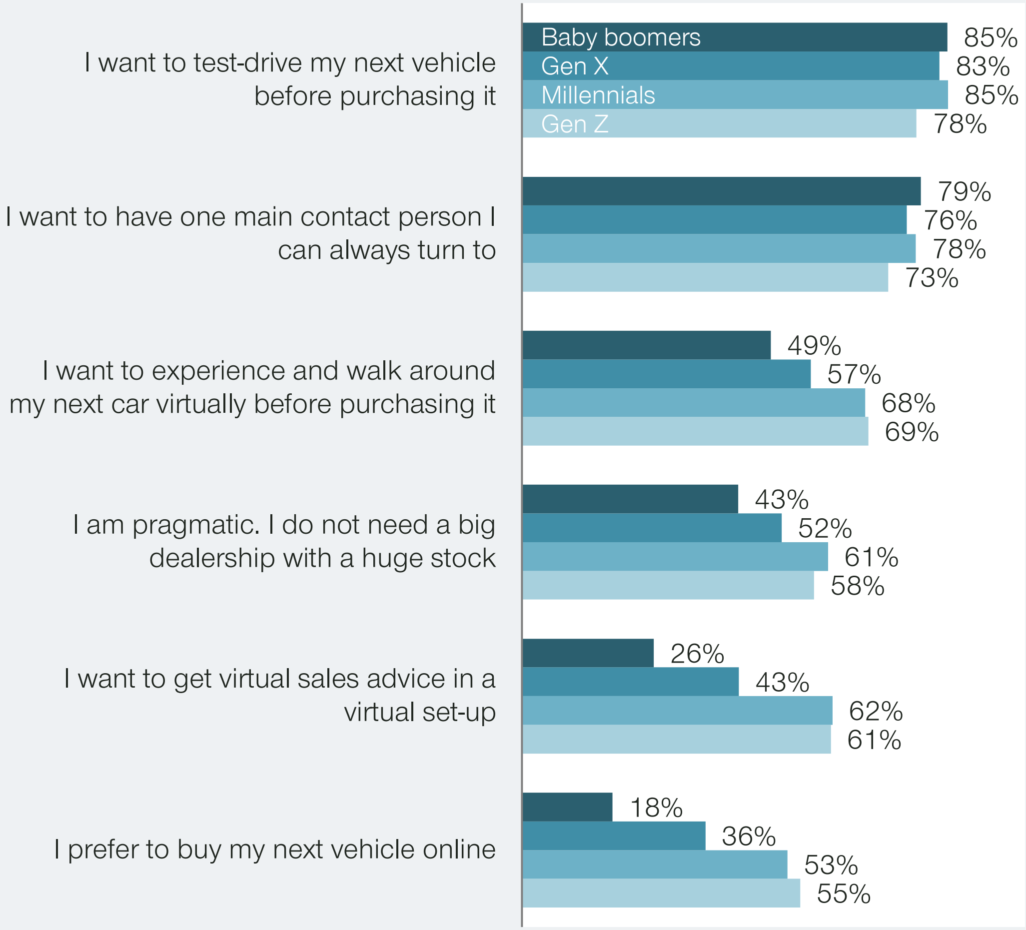
Customers are open to buying online but want to keep some of the key elements from the past such as a test drive and main contact person

Generation split

Sales channels for last car[1]



Desired interactions with sales channel
(Share of respondents who agree with statement)



KEY INSIGHTS

- Physical showrooms are the most used channel for car purchases
- Test drives and a direct contact are very important across all generations
- Millennials and Gen Z show substantial interest in online purchases

MARKET SPECIFICS

- Turkey has the highest share of sales going through online channels, mainly platforms

1) Respondents currently owning a car (n=7493); Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Where did you last purchase or lease a vehicle?; Q: When you think about the process of purchasing a vehicle and how you envision your interaction with any dealership: To what extent do you agree with the following statements?; Overall sample size per question might vary (e.g., due to preselected answers)

Evaluation of manufacturer websites is overall quite positive – satisfaction of Gen Z with online sales tools is falling behind older generations

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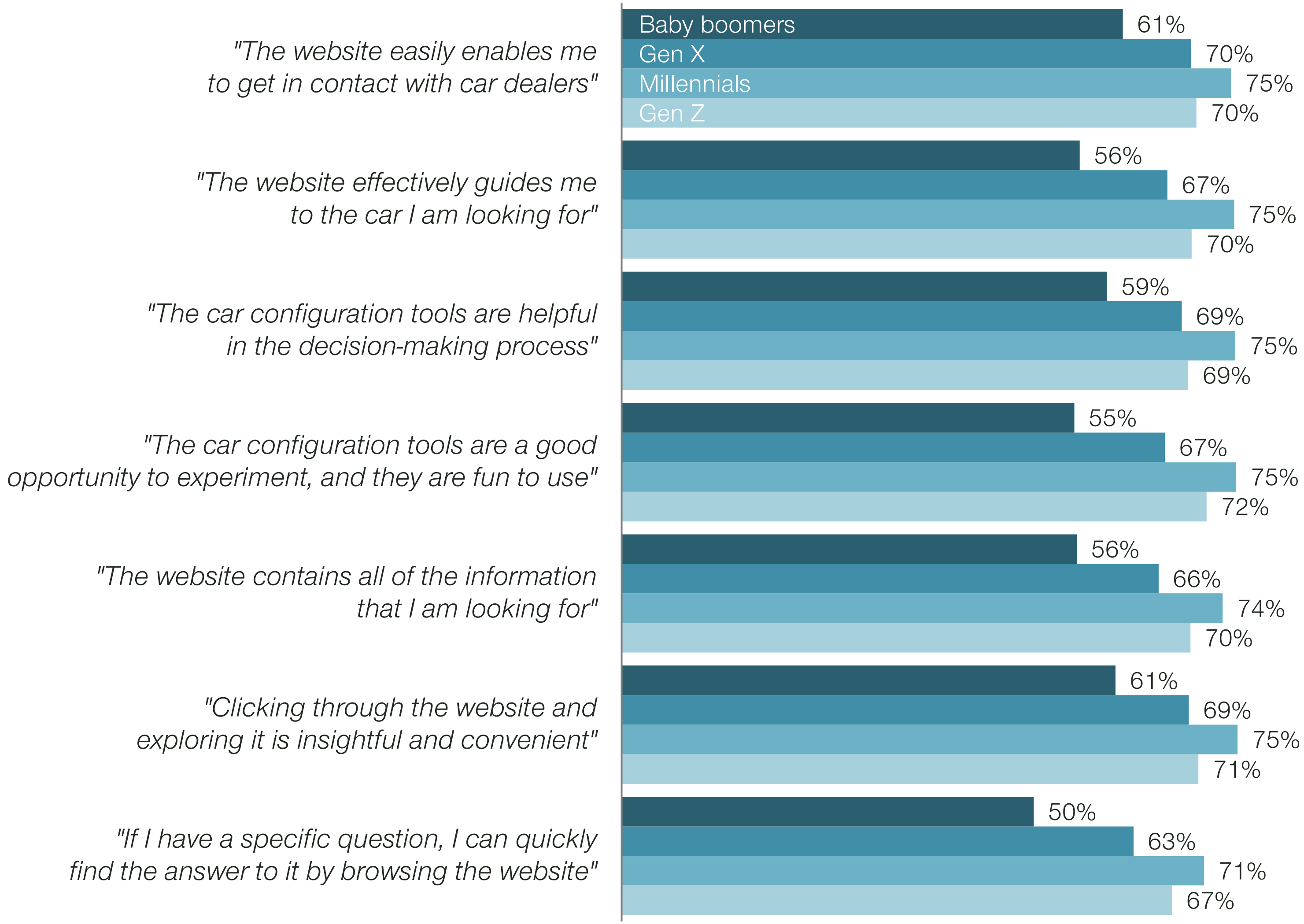
Generation split

Car manufacturer website
(share of respondents who agree[1] with statements)



KEY INSIGHTS

- Starting point in purchase process
- Source to contact car dealers and gain insights to make a first selection
- Millennials show the highest usage and satisfaction due to highest agreements
- Gen Z demands better websites from manufacturers

vs. 2022

- Customers agree slightly more with the statements now in contrast to the previous study

MARKET SPECIFICS

- High agreement and satisfaction in India, Saudi Arabia, and UAE, especially regarding car configurators

1) Agreement defined as 5, 6, or 7 on a 1-7 scale;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: When you think about the car manufacturer's website you last visited: Please indicate to which extent you agree or disagree with the following statements.; Overall sample size per question might vary (e.g., due to preselected answers)

Customers start their customer journey online but expect to close the deal offline; a large portion of customers expect to get a better deal in a personal negotiation

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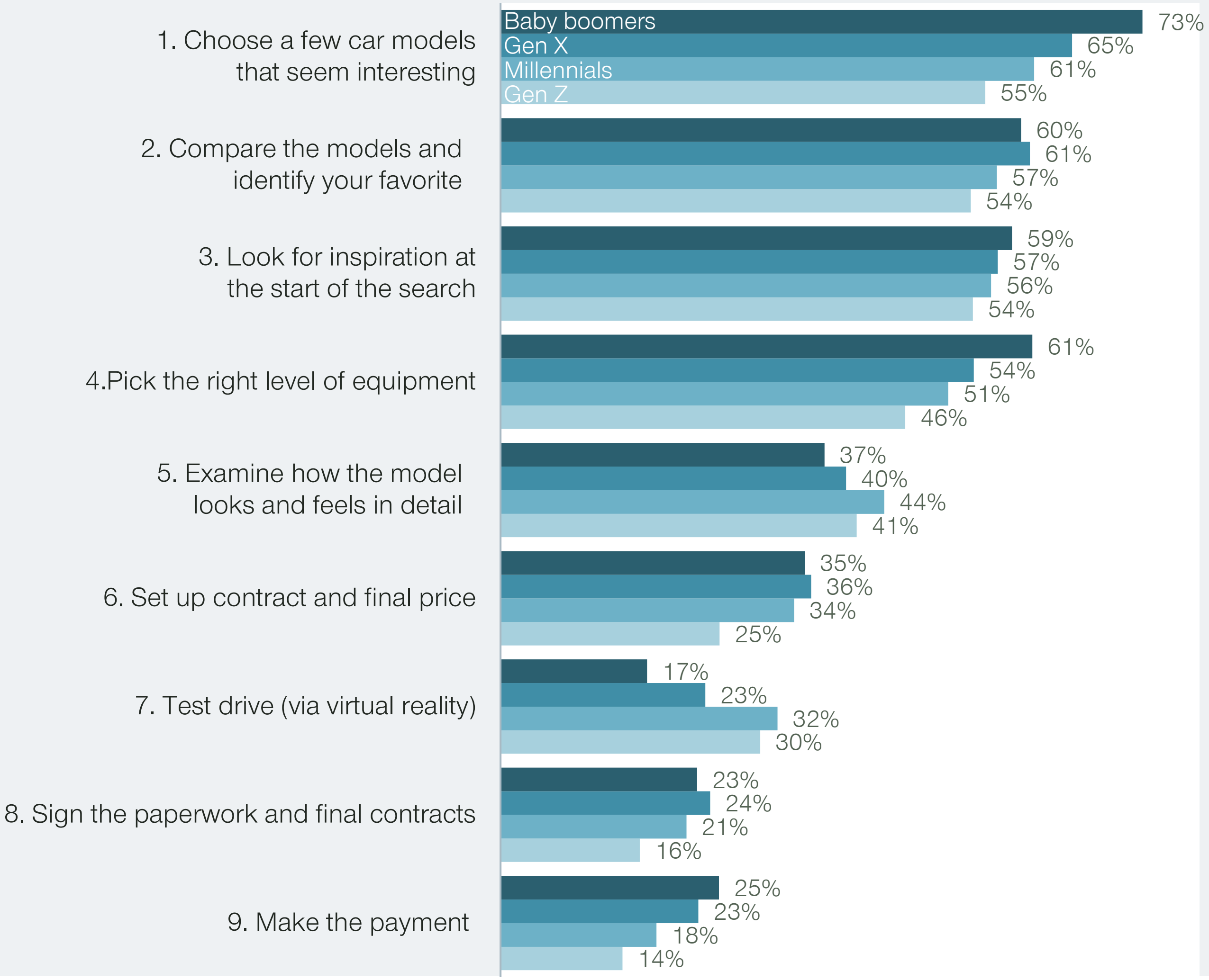
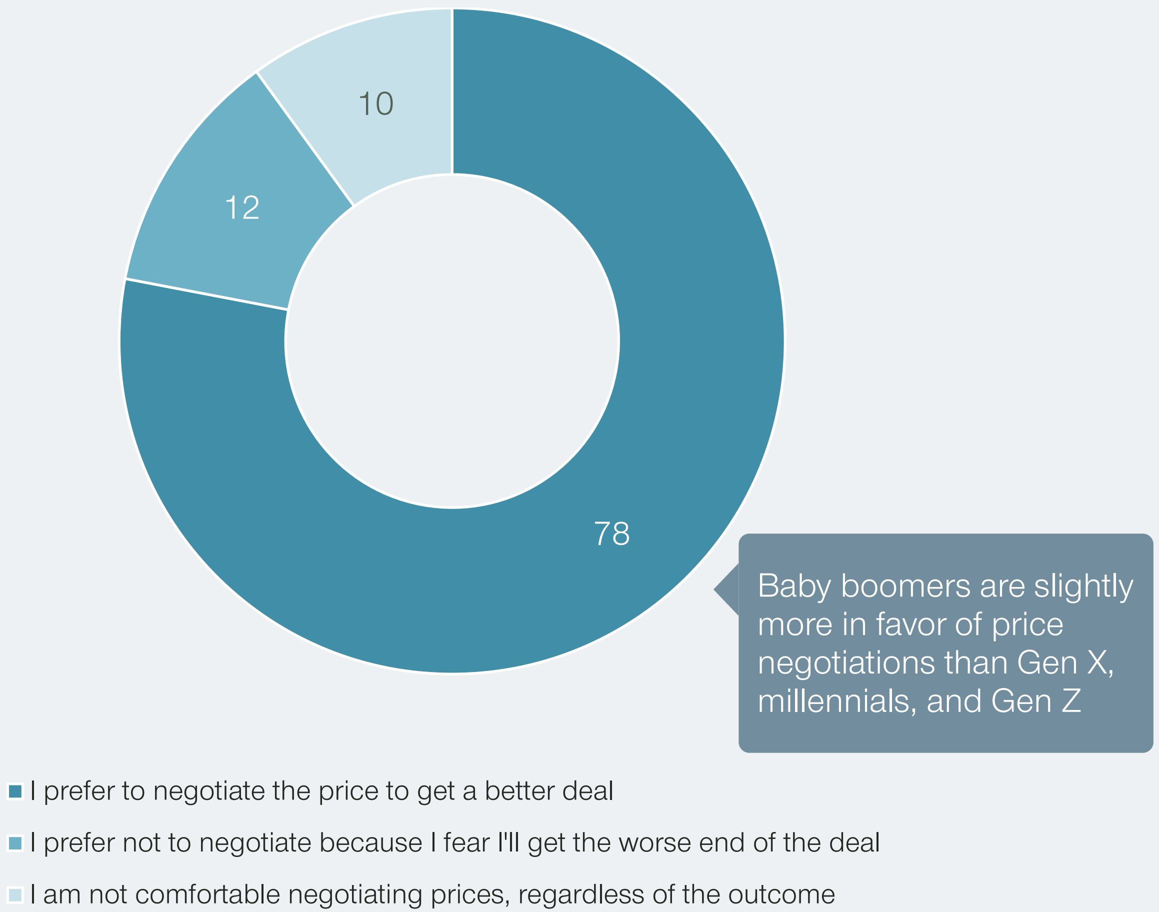
Generation split

Consideration of online tools in the vehicle purchase varies along the customer journey



Although it is an often-heard point of criticism – a large share of customers expect and like price negotiations



Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Purchasing a car involves multiple steps, most of which can take place online. Please check every step that you could imagine doing fully online.; Q: One of the main differences with online car sales is the absence of price negotiation with a dealership's sales representative. Please indicate which statement you agree most with. Overall sample size per question might vary (e.g., due to preselected answers)

Negotiation preferences differ, but the overall picture is similar globally

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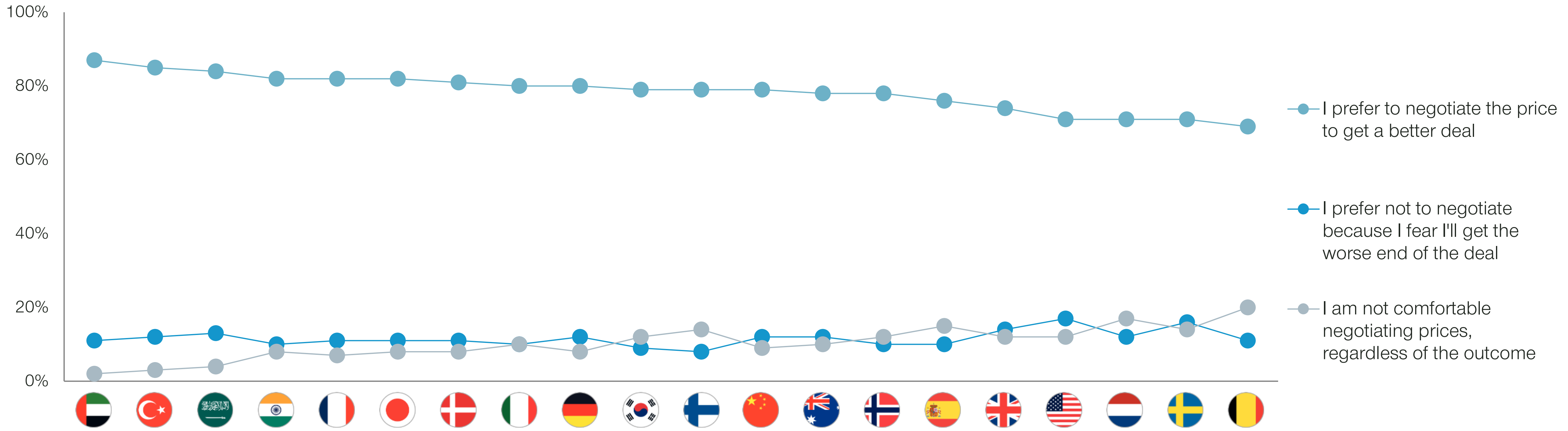
Opinions on price negotiation in %

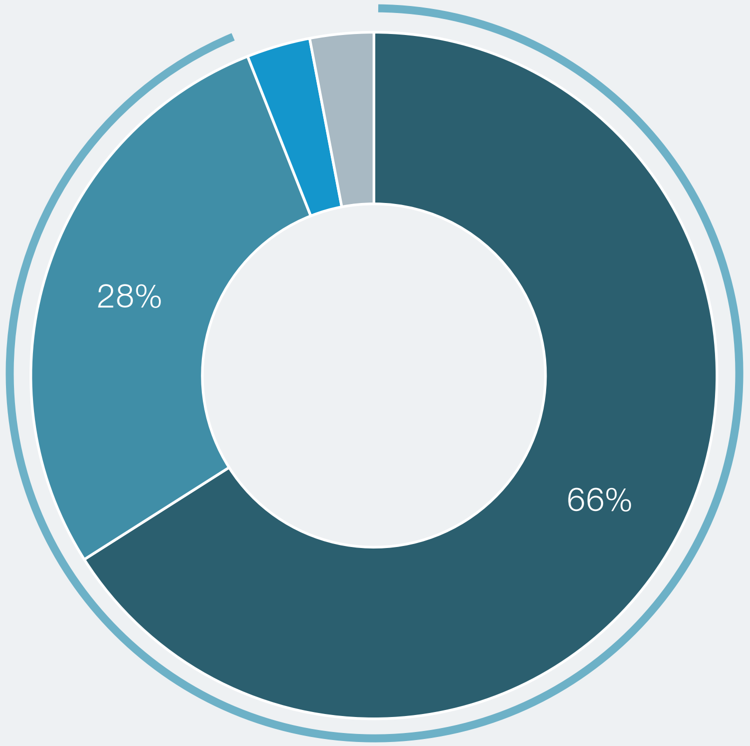
Market split



Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: One of the main differences with online car sales is the absence of price negotiation with a dealership's sales representative. Please indicate which statement you agree most with.; Overall sample size per question might vary (e.g., due to preselected answers)

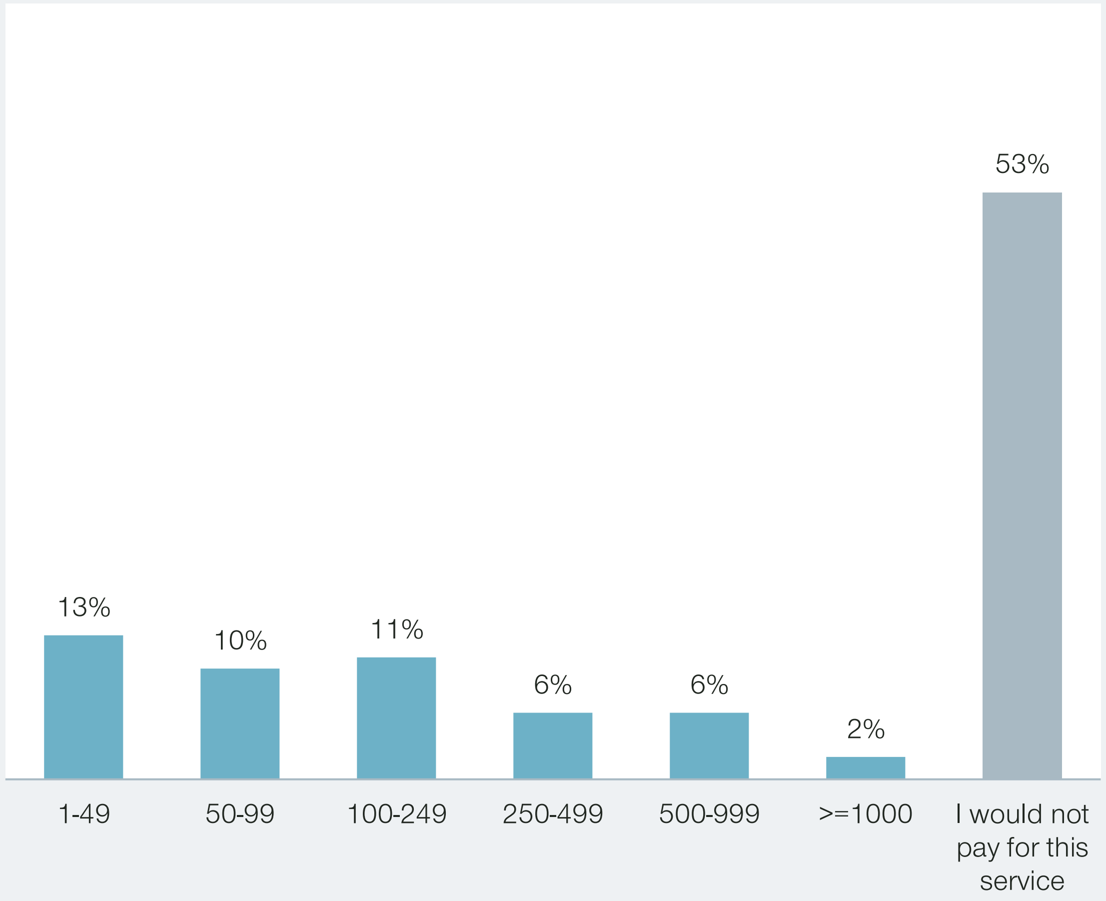
Test drives are a necessary step in the purchase process most expect for free – home delivery of test vehicle can potentially be monetized

Importance of test drives



- A test drive is a must
- A test drive is a nice add-on
- A virtual and interactive review is convenient and sufficient
- I do not need a test drive

Willingness to pay for test drive in online purchase process – with somebody bringing the vehicle to your home[1]



KEY INSIGHTS

- Test drives as a necessary step in the purchase process
- Customers expect free test drives; 53% are not willing to pay for it
- If customers are willing to pay for a home delivery of a test vehicle, the expected fee or willingness to pay varies significantly

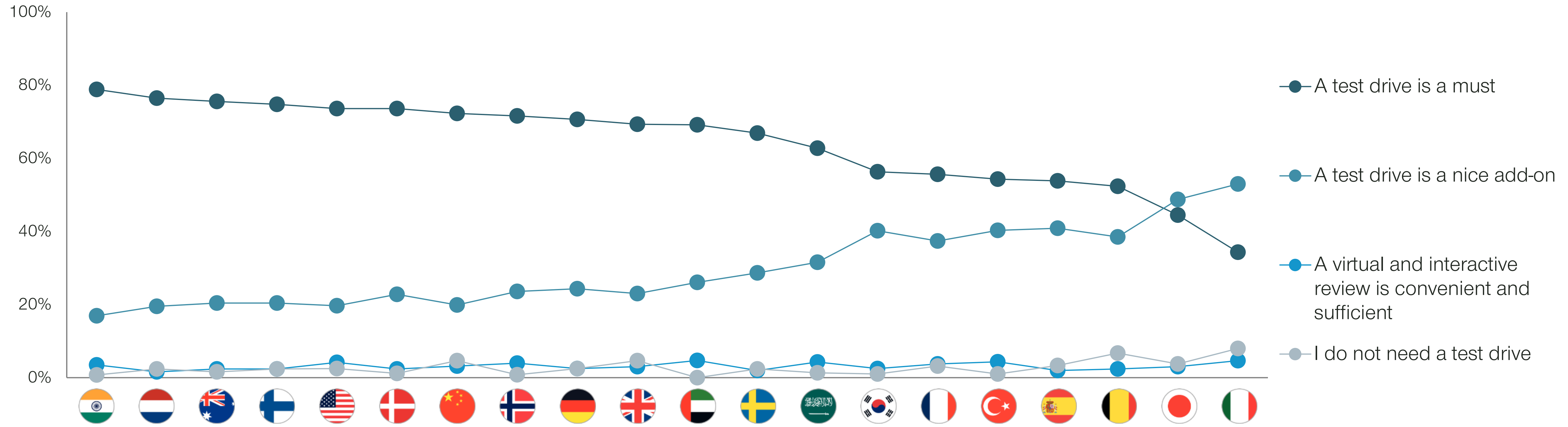
1) Respondents interested in test drive (n=7598); Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: How important is test driving a new car for you in the purchasing process?; Q: Some online sellers offer a test drive service, e.g., by bringing the car to your home. What would be an expensive but still acceptable price for this additional service as part of the online purchase?; Overall sample size per question might vary (e.g., due to preselected answers)

Nearly all markets regard test drives as a must, with some regarding it as an add-on, but overall interest in virtual test drives is low


iStock/Natanael

Market split

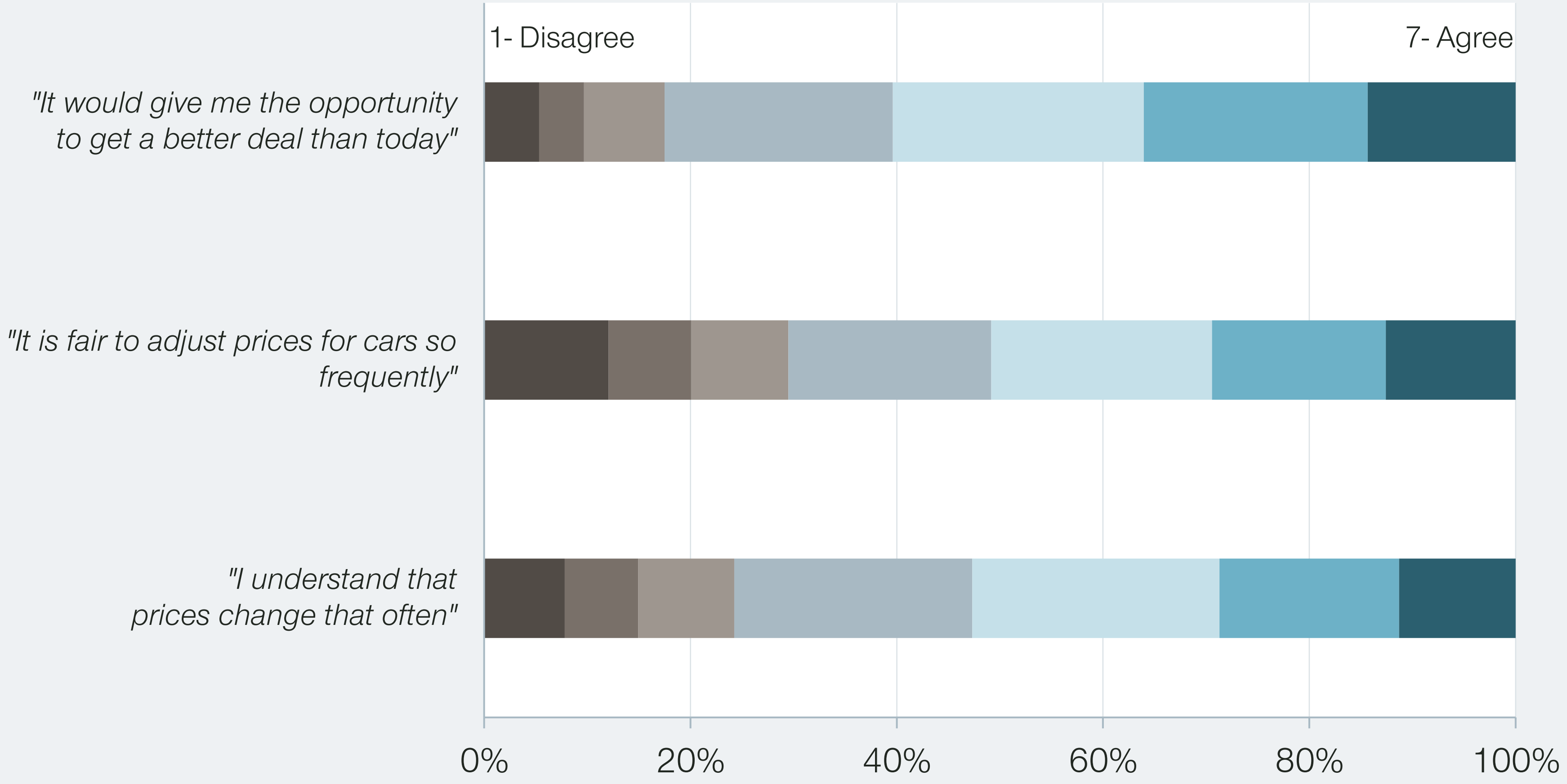
Importance of test drives



Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: How important is test driving a new car for you in the purchasing process?; Overall sample size per question might vary (e.g., due to preselected answers)

Respondents largely accept more frequent price changes as they are already used to these outside of car purchases

Opinion on more frequent price changes for vehicles



KEY INSIGHTS

- A majority of customers is open to a more dynamic approach to pricing
- Overall for customers, the chance of getting a better price seems to outweigh the risk of potentially higher prices

MARKET SPECIFICS

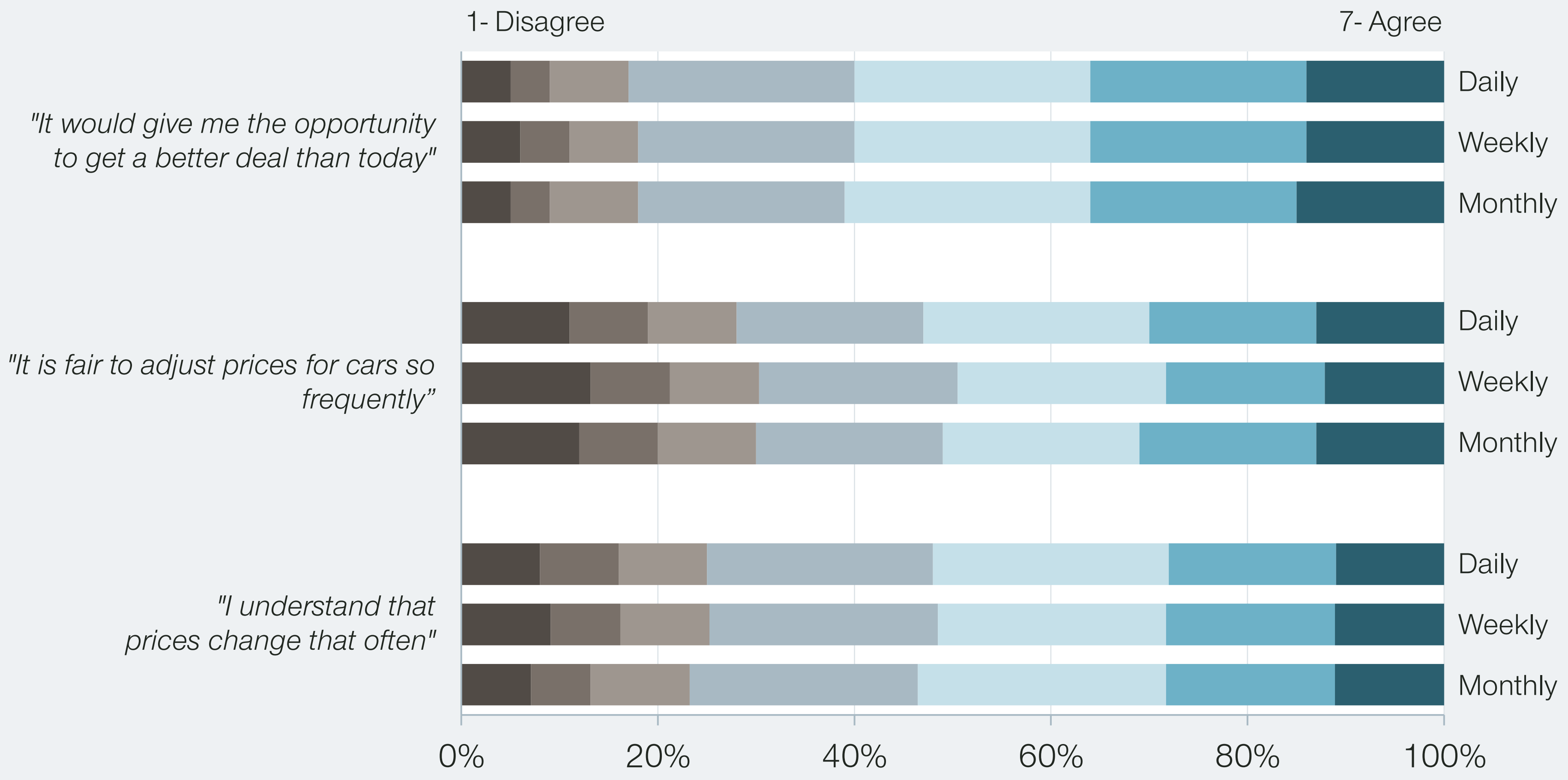
- Scandinavian countries are not open to more dynamic prices
- China, India, Saudi Arabia, and the UAE are the most accepting of frequent price changes

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: As of today, prices for cars and mobility services are rather fixed. In other industries, prices are more flexible to adjust for certain effects (e.g., seasonality). Thus, prices can be lower or higher than what you are used to. Imagine if prices changed [daily/weekly/monthly]. To what extent do you agree with the following statements regarding more dynamic prices?; Overall sample size per question might vary (e.g., due to preselected answers)

The frequency in price changes does not influence the acceptance of price dynamics

A/B-Test

Opinion on more frequent price changes for vehicles



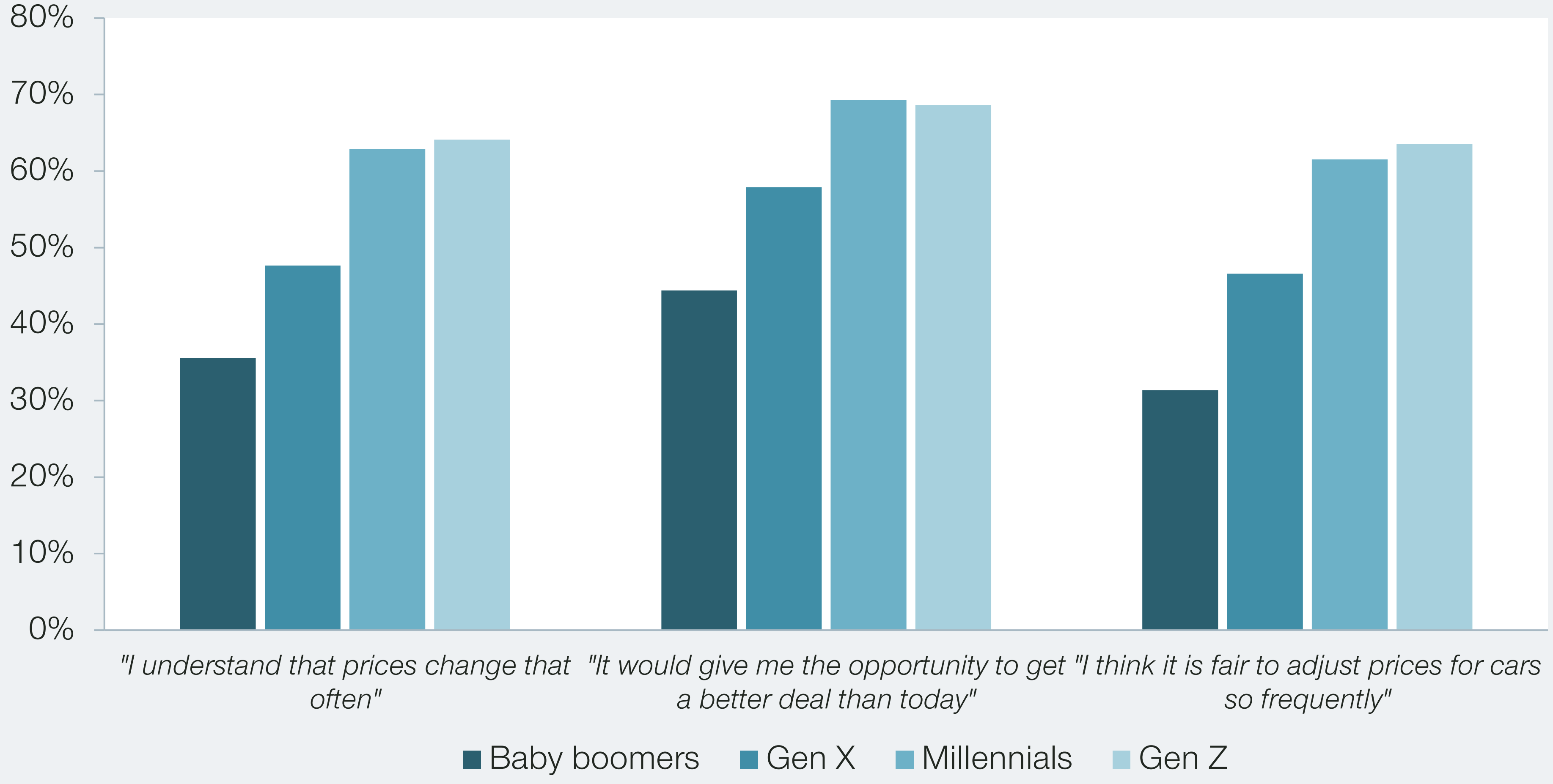
No significant difference for the acceptance of price changes for different time frames tested in A/B testing

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: As of today, prices for cars and mobility services are rather fixed. In other industries prices are more flexible to adjust for certain effects (e.g., seasonality). Thus, prices can be lower or higher than what you are used to. Imagine if prices changed [daily/weekly/monthly]. To what extent do you agree with the following statements regarding more dynamic prices?; Overall sample size per question might vary (e.g., due to preselected answers)

Younger generations are open and highly accepting of price changes compared to baby boomers bound by tradition

Generation split

Share of respondents who agree[1] with statements on more frequent price changes for vehicles

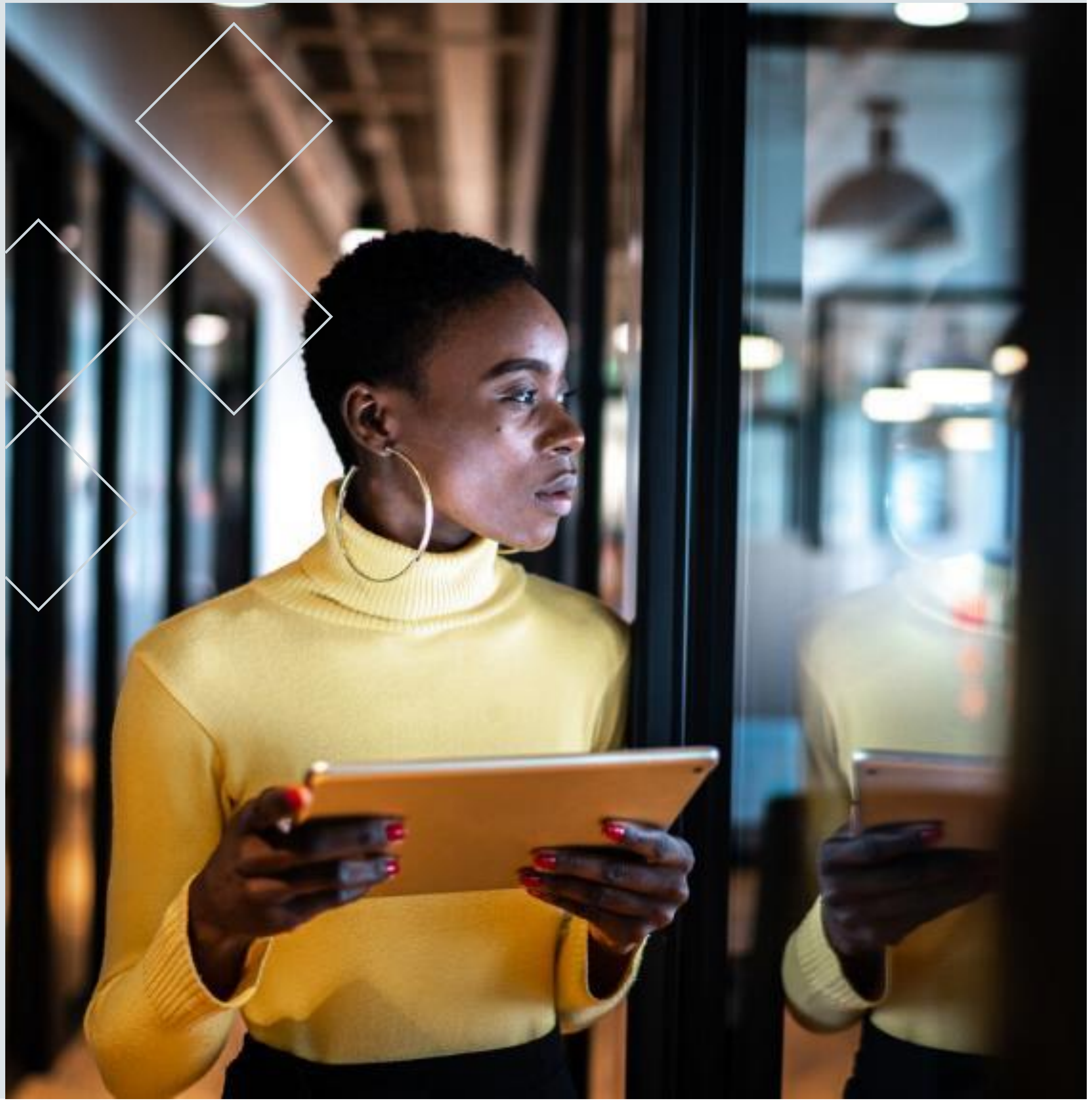


Baby boomers have a significantly less positive view of more dynamic pricing. No significant differences between millennials and Gen-Z

Frequency in price changes remains an irrelevant factor for dynamic price acceptance across the generations

1) Agreement defined as 5, 6, or 7 on a 1-7 scale; Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: As of today, prices for cars and mobility services are generally fixed. In other industries prices, are more flexible to adjust for certain effects (e.g., seasonality). Thus, prices can be lower or higher than what you are used to. Imagine if prices changed [daily/weekly/monthly]. To what extent do you agree with the following statements regarding more dynamic prices?; Overall sample size per question might vary (e.g., due to preselected answers)

How to act?
Lessons learned for new sales models



Customers are open to digital sales but still appreciate physical interaction
Close integration of physical touchpoints continues to be of high importance for many customers.

→ Manufacturers and dealers need to continuously improve their digital presences. These need to include car information, a well-designed car configurator, and next steps in the purchase process such as a contact person
→ Manufacturers should flexibly offer different routes in the customer journey, making it possible to get information online or offline, have a test drive and then do the actual purchase online or offline
→ If possible, customers should be able to have one go-to-person they can turn to during and after the purchase. Directing customers to an anonymous call center when something goes wrong with the purchase or vehicle has a high risk of jeopardizing customer loyalty

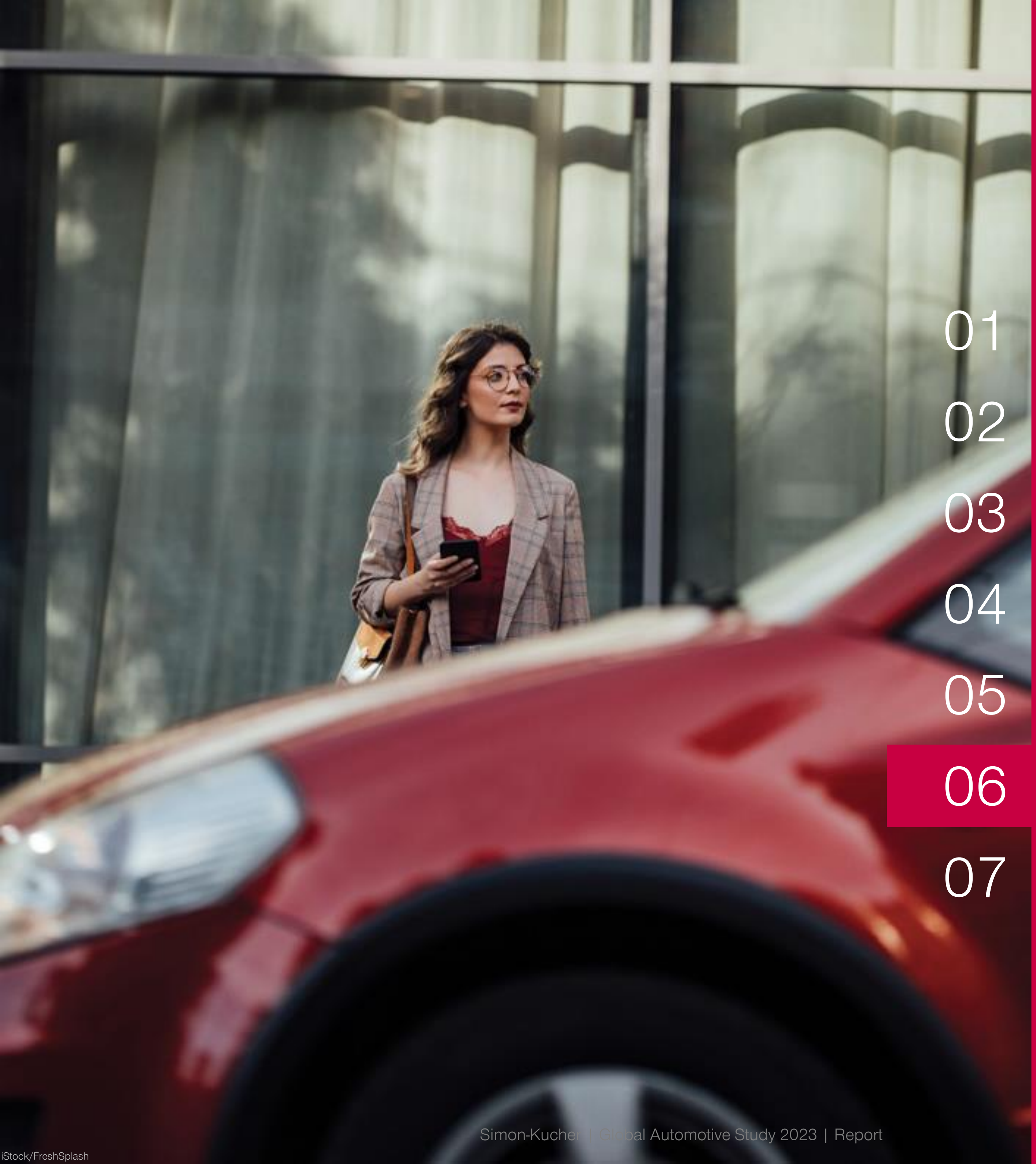
More agile and customer-specific pricing is possible – when done right
Other industries and recent developments made customers accept more frequent price changes.

→ Manufacturers should not be afraid of taking a more data-driven and flexible approach to pricing that can lead to more price fluctuations

Some customers don't like to negotiate, but for the majority, it is still part of the vehicle purchase.

→ Direct-sales and agency models should leave at least some room for negotiations to satisfy the "deal effect" of more traditional car buyers

Source: Simon-Kucher global automotive study April 2023 (n=8235); Overall sample size per question might vary (e.g., due to preselected answers)



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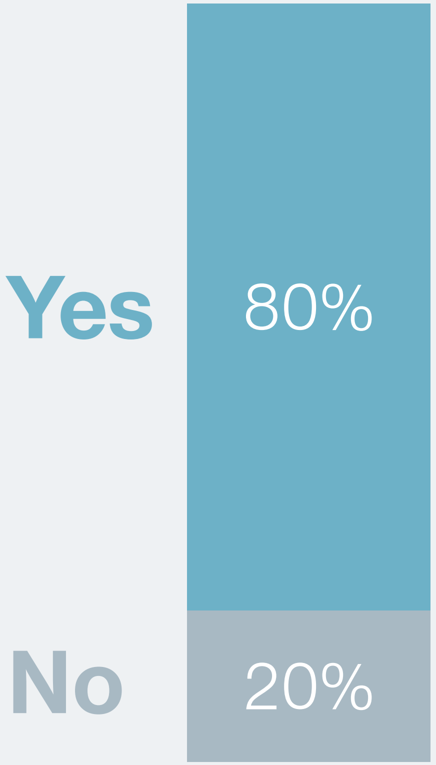
Agenda

Battery swap technology is one key opportunity to differentiate from competitors and meet expectations, especially of younger customers

SIMON KUCHER

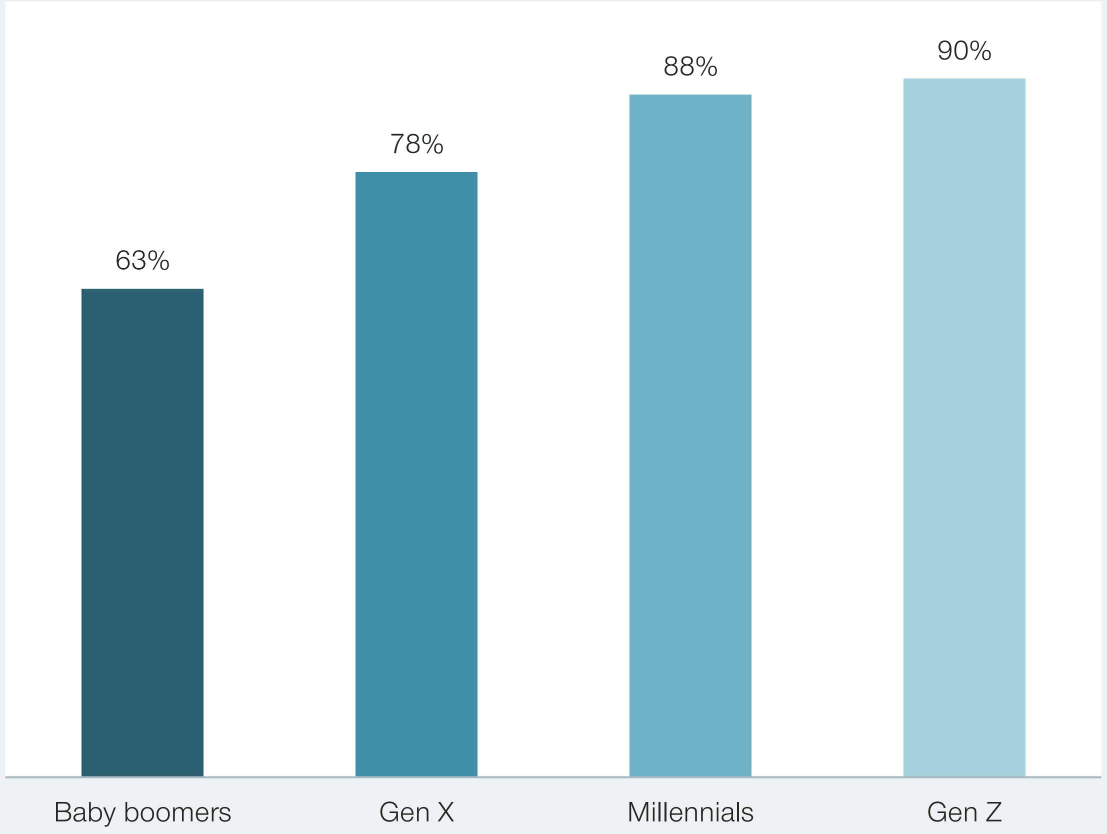
Would you be interested in the option to swap the battery in addition to fast charging?

Battery swap vs. recharge



Generation split

Older customers approach battery swaps with some skepticism



MARKET SPECIFICS

- Top 3 countries for consideration: **Turkey, India, and UAE**
- Top 3 countries for non-consideration: **Belgium, Finland, and Netherlands**

GENERATION SPLIT:

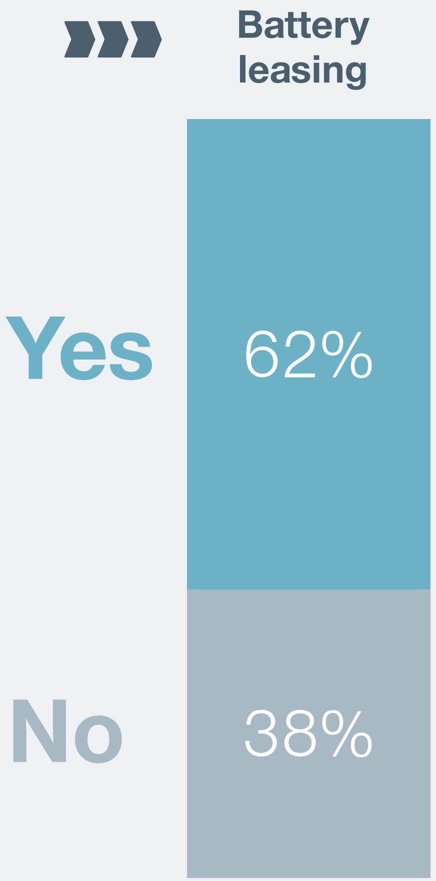
- No strong opposition to battery swapping across generations
- Strong interest among younger generations, especially Gen Z and millennials

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: An alternative to reduce charging times is switching your empty battery for a charged one. Especially when driving long distances, a battery swap can reduce waiting times. Would you be interested in such a concept in addition to fast charging?; Overall sample size per question might vary (e.g., due to preselected answers)

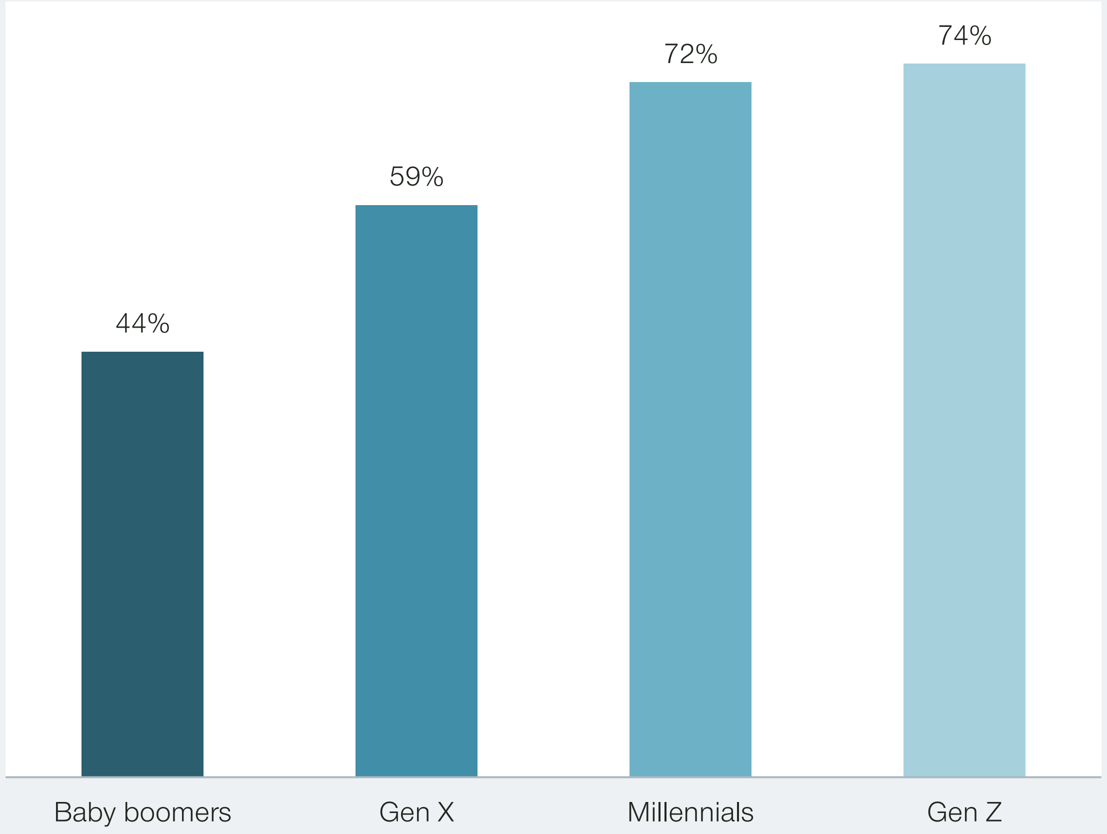
High interest in leasing batteries among younger generations shows future trends in payment options

Generation split

Would you be interested in leasing the battery separately from the vehicle?



Separate battery leasing options are especially relevant for younger customers



MARKET SPECIFICS

- Top 3 countries for consideration: **Turkey, India, and Saudi Arabia**
- Top 3 countries for non-consideration: **Australia, Belgium, and Netherlands**

GENERATION SPLIT:

- Younger generations are more open to leasing batteries
- Baby boomers are less sure

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: For electric vehicles, the battery is a very expensive part and can account for up to 40% of the vehicle cost. Would you be interested in leasing or renting the battery separately from the vehicle itself?; Overall sample size per question might vary (e.g., due to preselected answers)

Enabling the car battery to actively contribute to the energy network and other external devices polarizes, with 50% of the respondents already aware of the technology

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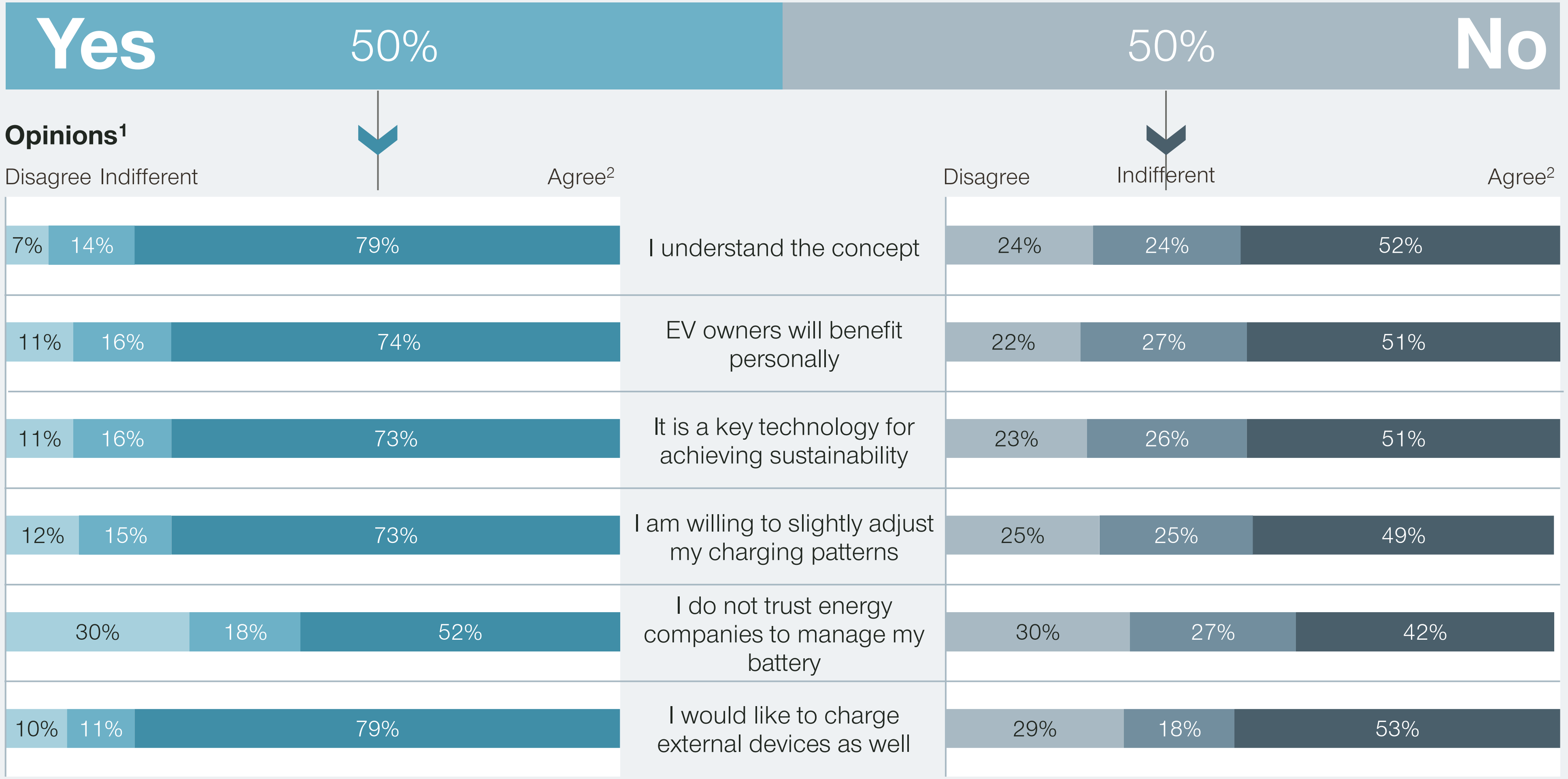
Vehicle2Grid & Vehicle2Load awareness



1) Combination of two related questions; 2) Agreement defined as 5, 6, or 7 on a 1-7 scale, Disagreement defined as 1, 2, or 3 on a 1-7 scale; Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: The battery of an electric vehicle is a useful energy storage device. Thus, plugged-in electric vehicles not only can be charged, but in other cases can also feed energy back into the electricity grid or other devices. This technology is referred to as vehicle-to-grid, vehicle-to-load, or vehicle-to-X. Have you ever heard of this technology?; Q: With vehicle-to-grid, your vehicle battery would become part of the overall energy network when plugged in, meaning energy providers could access your battery system (e.g., to buffer energy peaks or shortages in the electricity system) with limitations. To what degree do you agree with the statements listed below?; Q: In addition to recharging the energy grid, the technology of EVs providing energy can also be used to recharge other external devices (e.g., e-bikes, camping cooking gear). Would you be interested in the ability of your EV to recharge other external devices? Overall sample size per question might vary (e.g., due to preselected answers)

KEY INSIGHTS

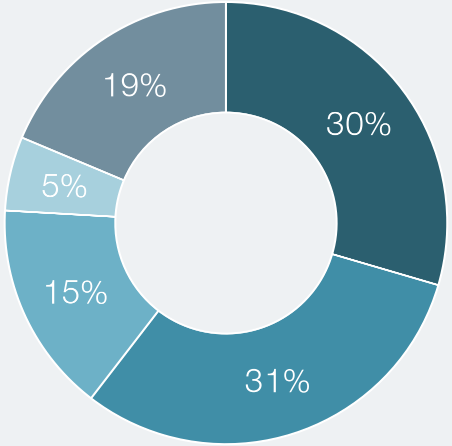
- Approx. 50% of customers have heard of the Vehicle2Grid technology
- Among respondents who are aware of the technology, a majority sees it as key for more sustainable energy and is willing to adjust their charging patterns for it
- However, many respondents distrust energy providers to effectively manage their vehicle batteries

Overall, customers are willing to share data of connected vehicles with the manufacturer, but only a minority is willing to do so unconditionally

SIMON KUCHER

Respondents relatively open to sharing data about their vehicle overall...

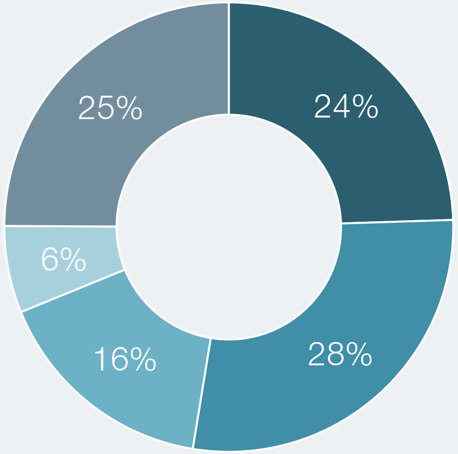
Vehicle data
(e.g., road hazards, weather, road conditions)



- Yes, without restrictions and without payment
- Yes, with restrictions and without payment
- Yes, with restrictions and with payment
- Yes, without restrictions and with payment
- No, I would not be willing to share any of that data

... but significantly more hesitant about data that is more related to their individual behavior

Personal driving data
(e.g., current location, driven routes, acceleration patterns)



- Yes, without restrictions and without payment
- Yes, with restrictions and without payment
- Yes, with restrictions and with payment
- Yes, without restrictions and with payment
- No, I would not be willing to share any of that data

MARKET SPECIFICS

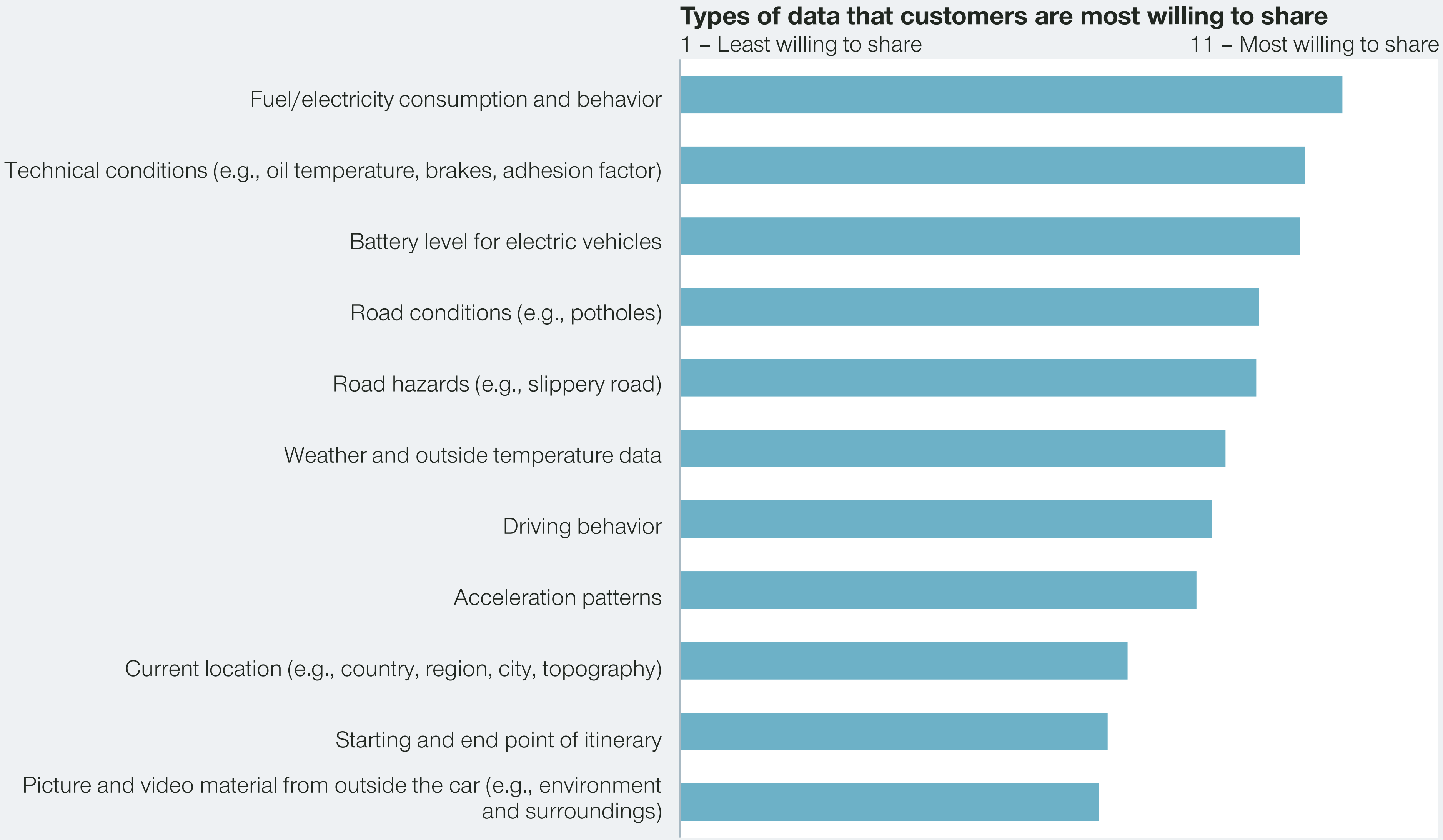
- Top 3 countries willing to share data without restrictions or payment: Saudi Arabia, UAE, and India
- Top 3 countries not willing to share data: Australia, Netherlands, and USA

vs. 2022

- No significant changes compared to 2022

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: As you will most likely already know, new cars are increasingly connected and able to measure and collect all sorts of data including driving-related behaviors, the technical status of the vehicle, and the vehicle's environment. Technically, it is also possible for this data to be collected and stored in an anonymized way by the cars' manufacturers. In general, would you be willing to share your car-related data with the car's manufacturer?; Overall sample size per question might vary (e.g., due to preselected answers)

Environment- and location-describing data is too personal for consumers to share, though manufactures could gain driving and customer behavior insights



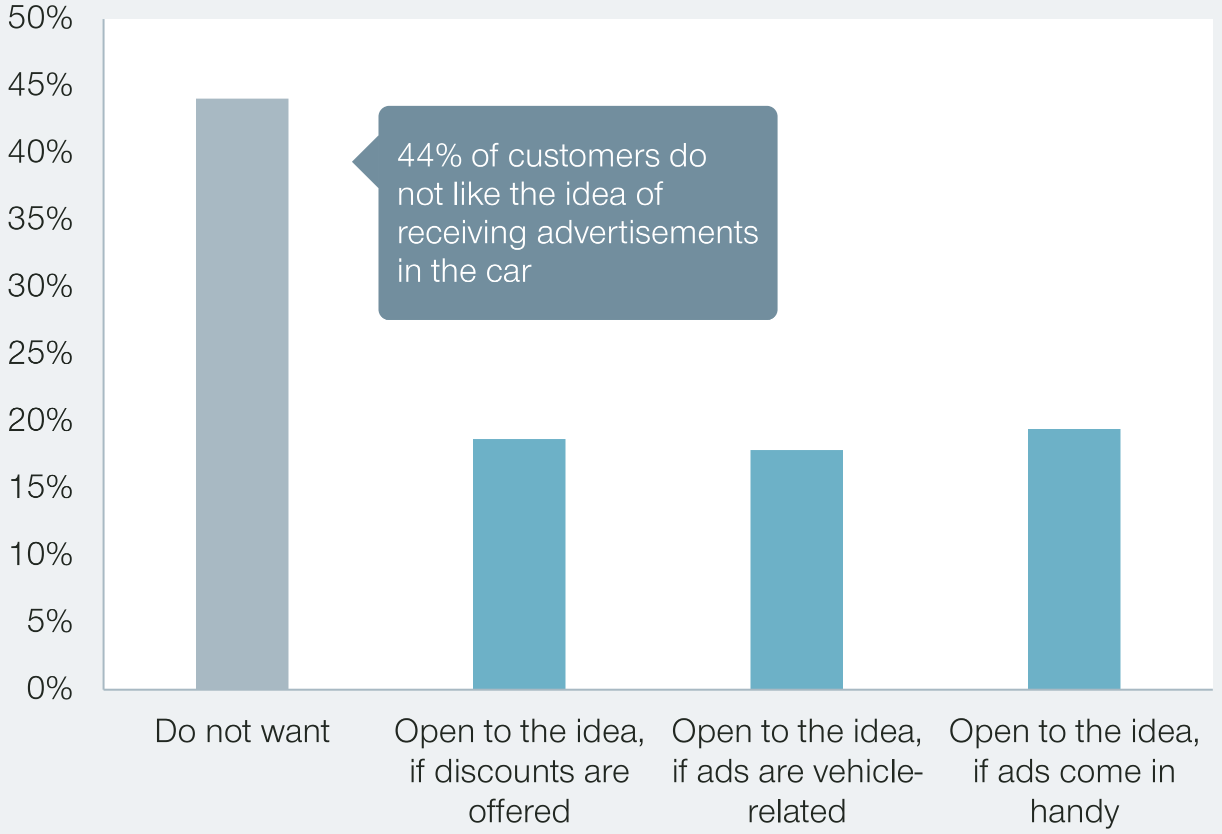
Customers want to share data describing their surroundings and location the least. Customers are more willing to share data on technical specs than personal data.

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: You indicated that you would be open to share your data with your car's manufacturer. Please consider the different kinds of data shown below. Which data would you be most willing to share, and which would you be least willing to share? All data will be aggregated and/or anonymized. Please rank all data types from 1 to 11 where 1=most willing to share and 11=least willing to share.?; Overall sample size per question might vary (e.g., due to preselected answers)

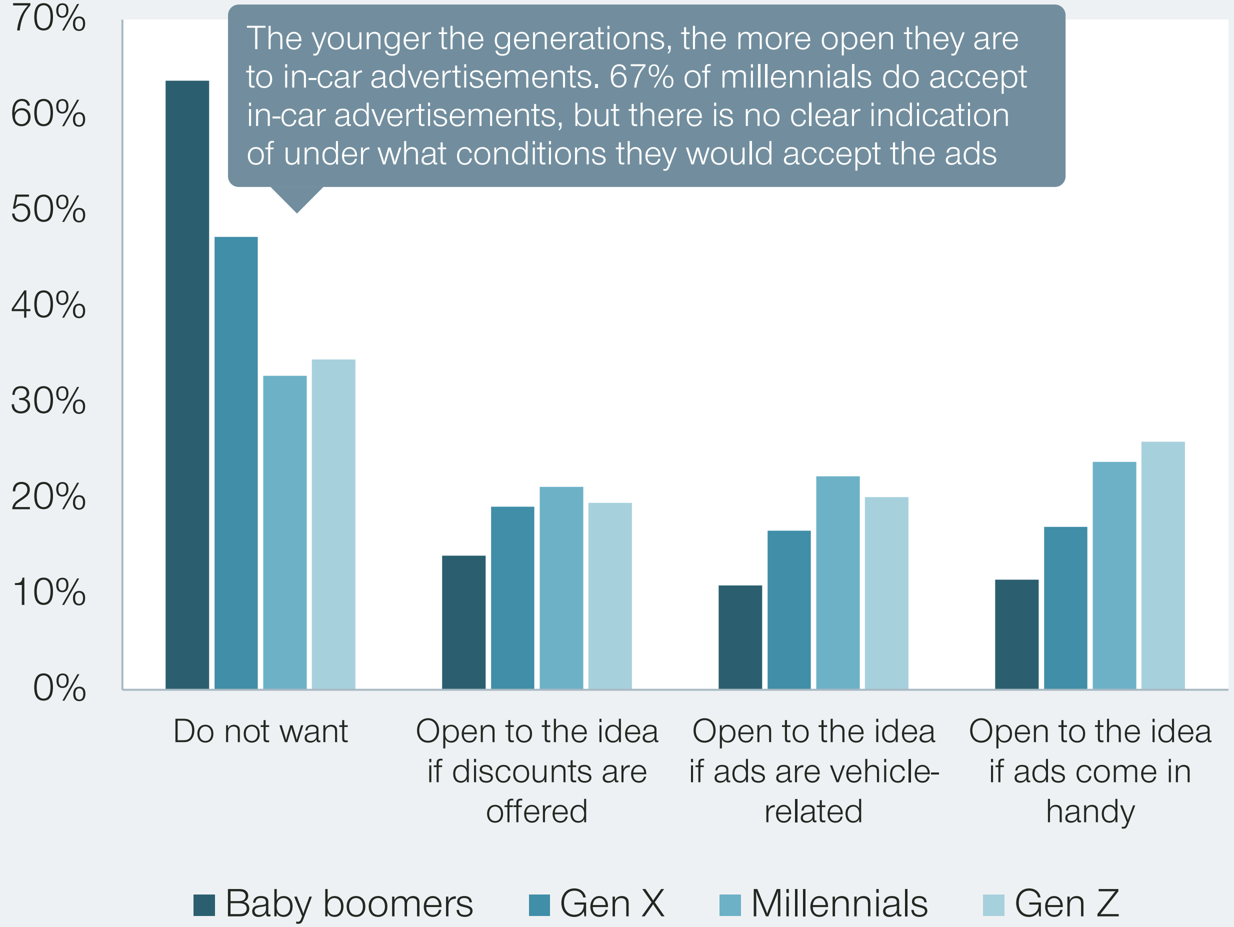
New revenue opportunities will open up in the future from in-car advertising as especially young generations accept this kind of advertisement

Generation split

Opinions on in-car advertisement



Opinions on in-car advertisement (by generation)

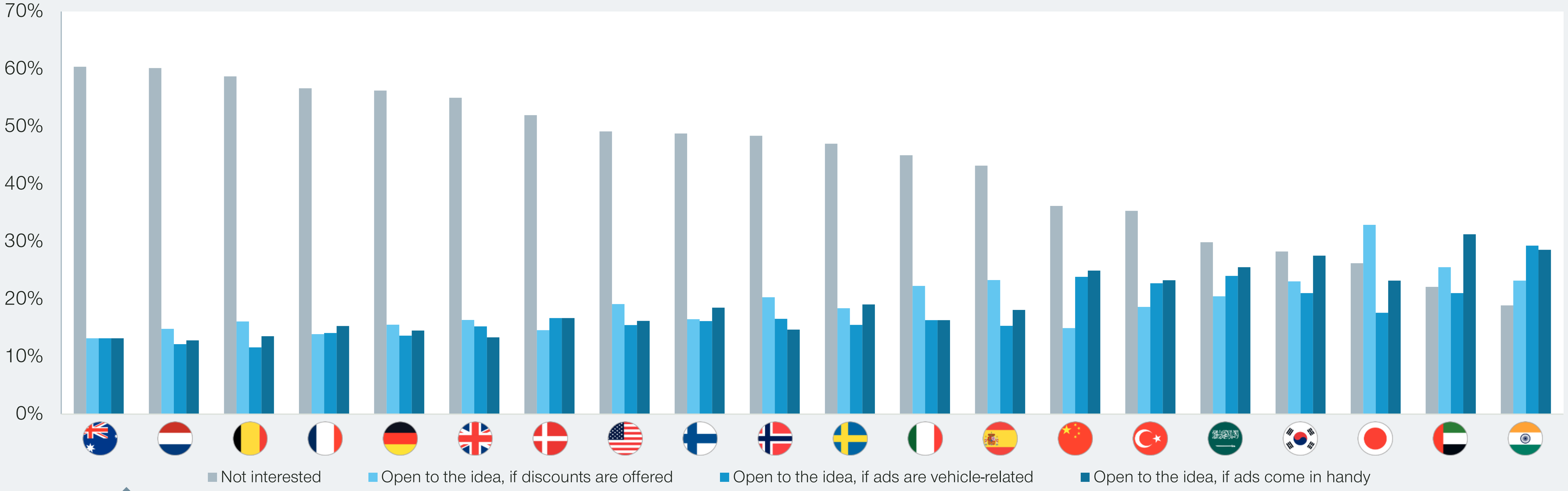


Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: With the increasing digitalization of cars, in-car advertising has become an important topic. This form of advertising would allow advertisers to play a targeted ad on your car's media screen. Which of the following statements do you relate to most regarding in-car advertising?; Overall sample size per question might vary (e.g., due to preselected answers)

In-car advertisements aren't appealing to European and Australian customers whereas Asian and Middle Eastern customers are interested

Market split

Agreement with in-car advertisement



More than 50% of Australian and European costumers do not want in-car advertisements. Asian and Middle Eastern countries will consider in-car advertisements

For customers, consent to in-car advertising is often linked to the usefulness of the advertising or discount possibilities

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: With the increasing digitalization of cars, in-car advertising has become an important topic. This form of advertising would allow advertisers to play a targeted ad on your car's media screen. Which of the following statements do you relate to most regarding in-car advertising?; Overall sample size per question might vary (e.g., due to preselected answers)

Digital services are of great importance for customers, especially the usage of apps, but many customers are not aware of their availability

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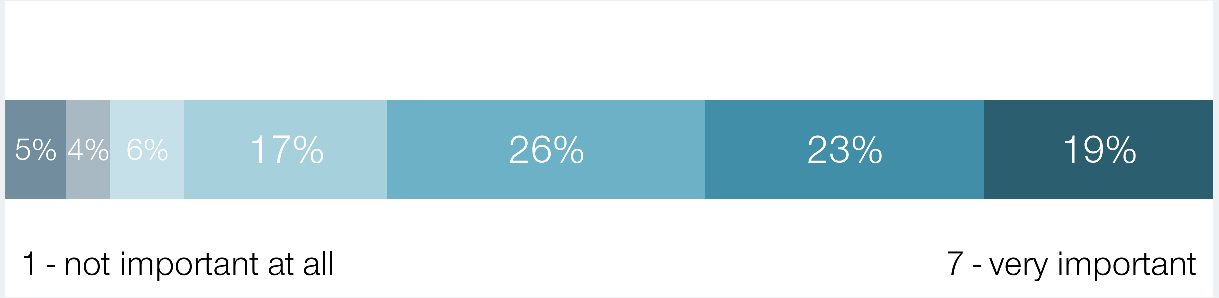
Customers view digital services as important ....

Importance of digital services

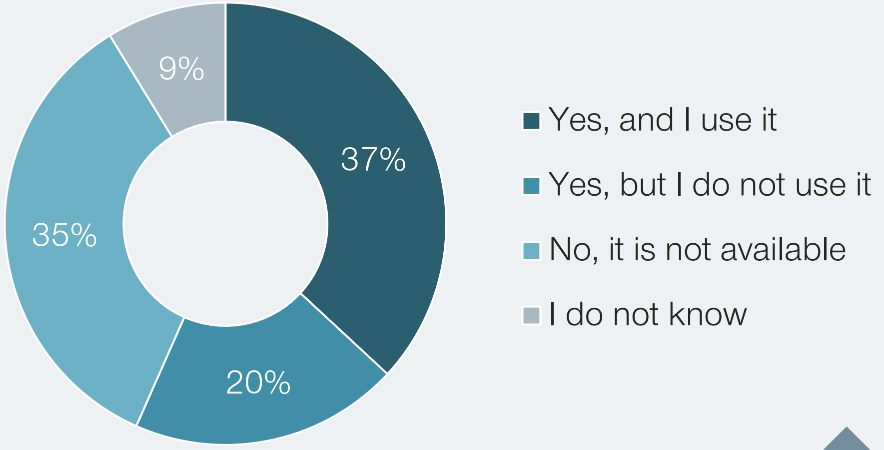


Above-average importance for digital services in India (92%), Turkey, Saudi Arabia, China, UAE, and South Korea

Digital services are more important for millennials, with 77%, than baby boomers with 52%

... but 44% don't have access or do not know about the availability of apps

App availability



Baby boomers are not aware of app availability whereas 49% of Gen Z use apps

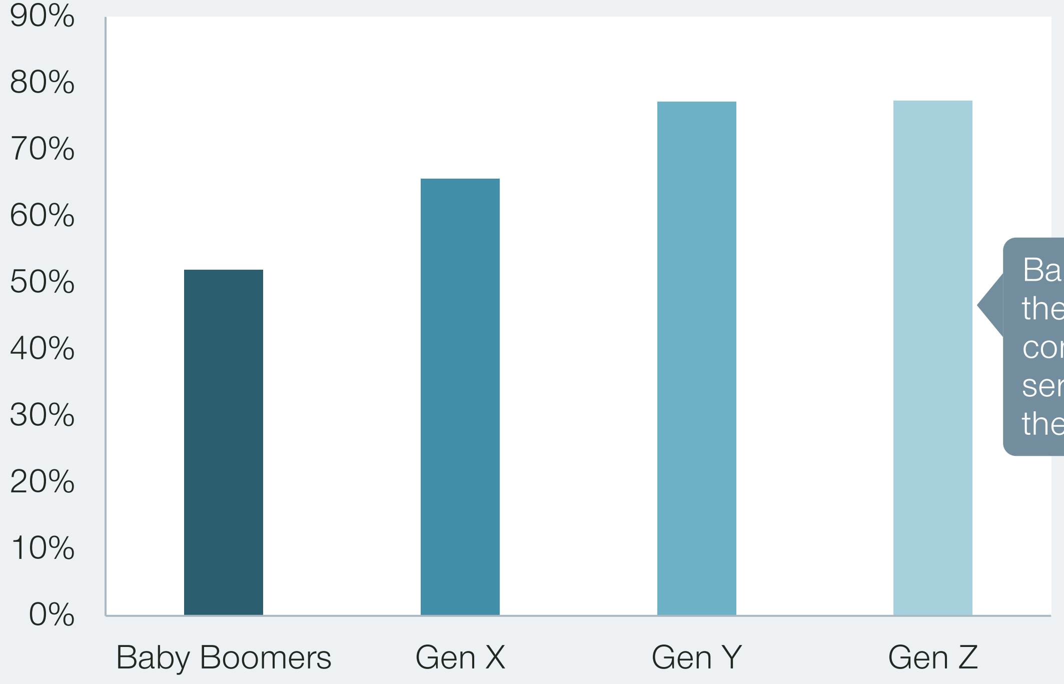
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: How important would you consider digital services overall in your next vehicle? Q: Is there a dedicated smartphone app available to your current vehicle?; Overall sample size per question might vary (e.g., due to preselected answers)

Digital services, especially in the form of an app, are necessary for future generations and therefore must be offered by OEMs to follow future trends

Generation split

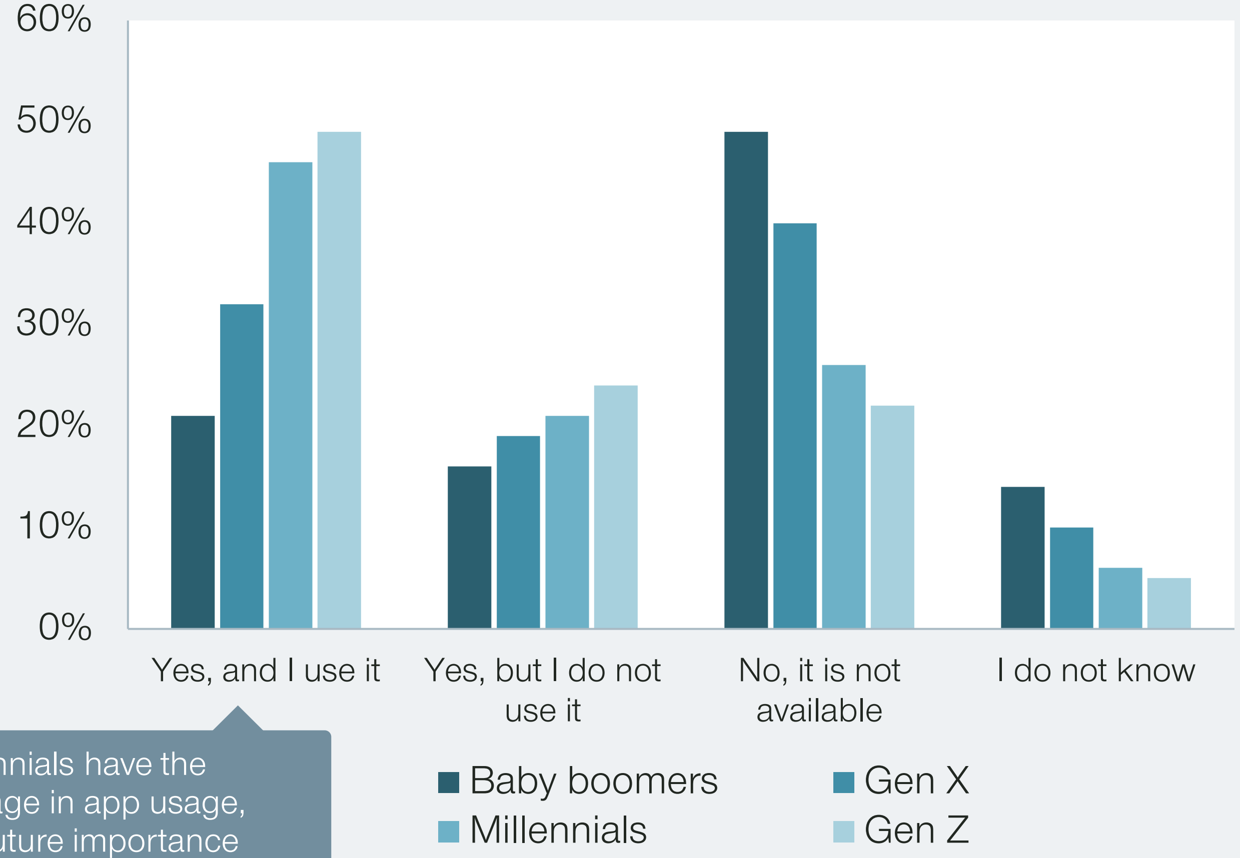
Importance of digital services

Share of respondents who consider digital services important[1]



Baby boomers are the least likely to consider digital services important in their next vehicle

App availability



Gen Z and millennials have the highest percentage in app usage, highlighting its future importance

1) Agreement defined as 5, 6, or 7 on a 1-7 scale;
Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: How important would you consider digital services overall in your next vehicle? Q: Is there a dedicated smartphone app available to your current vehicle?; Overall sample size per question might vary (e.g., due to preselected answers)

Apps should assist customers in the daily usage of their car, in emergencies, and in providing car-related information

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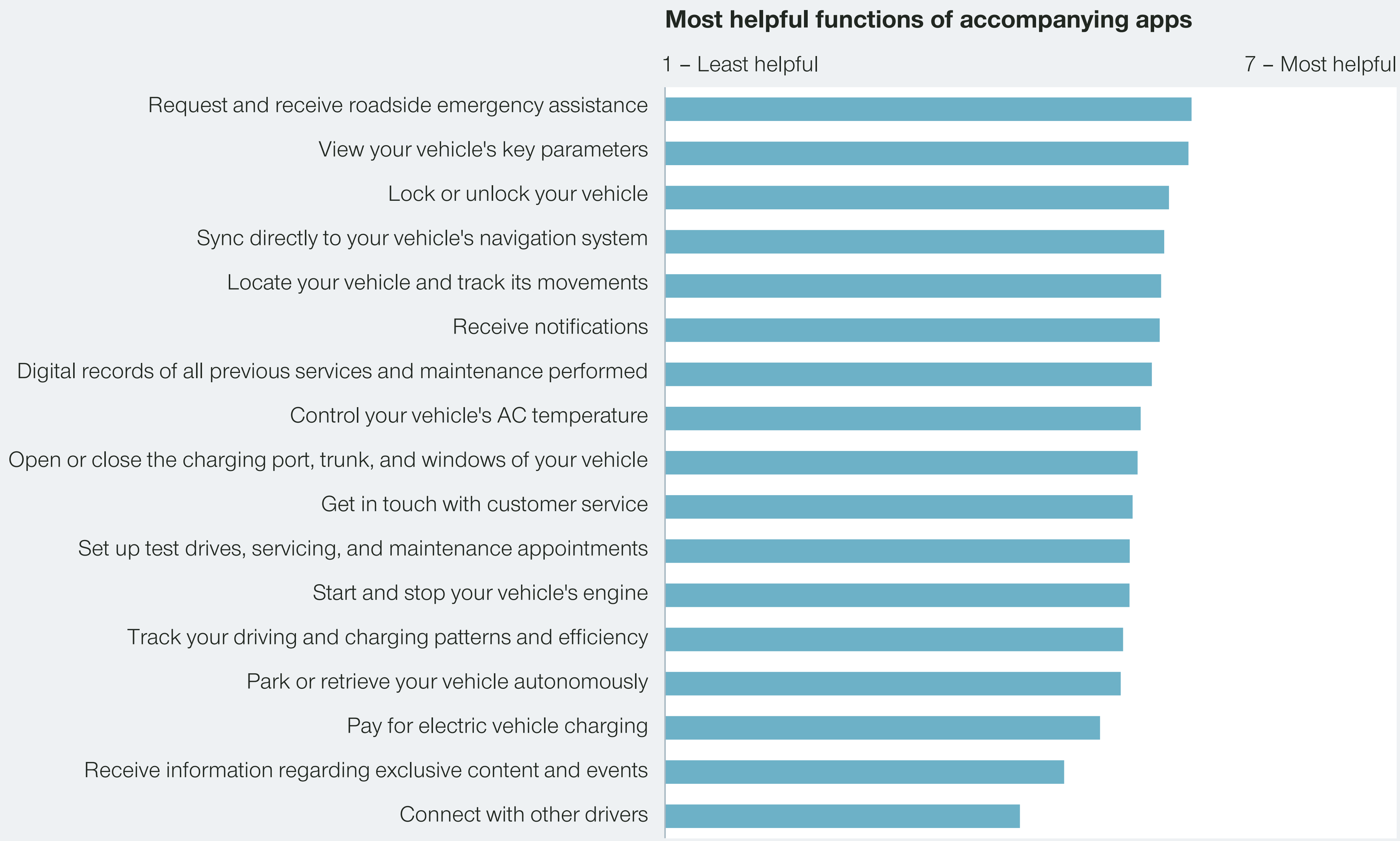
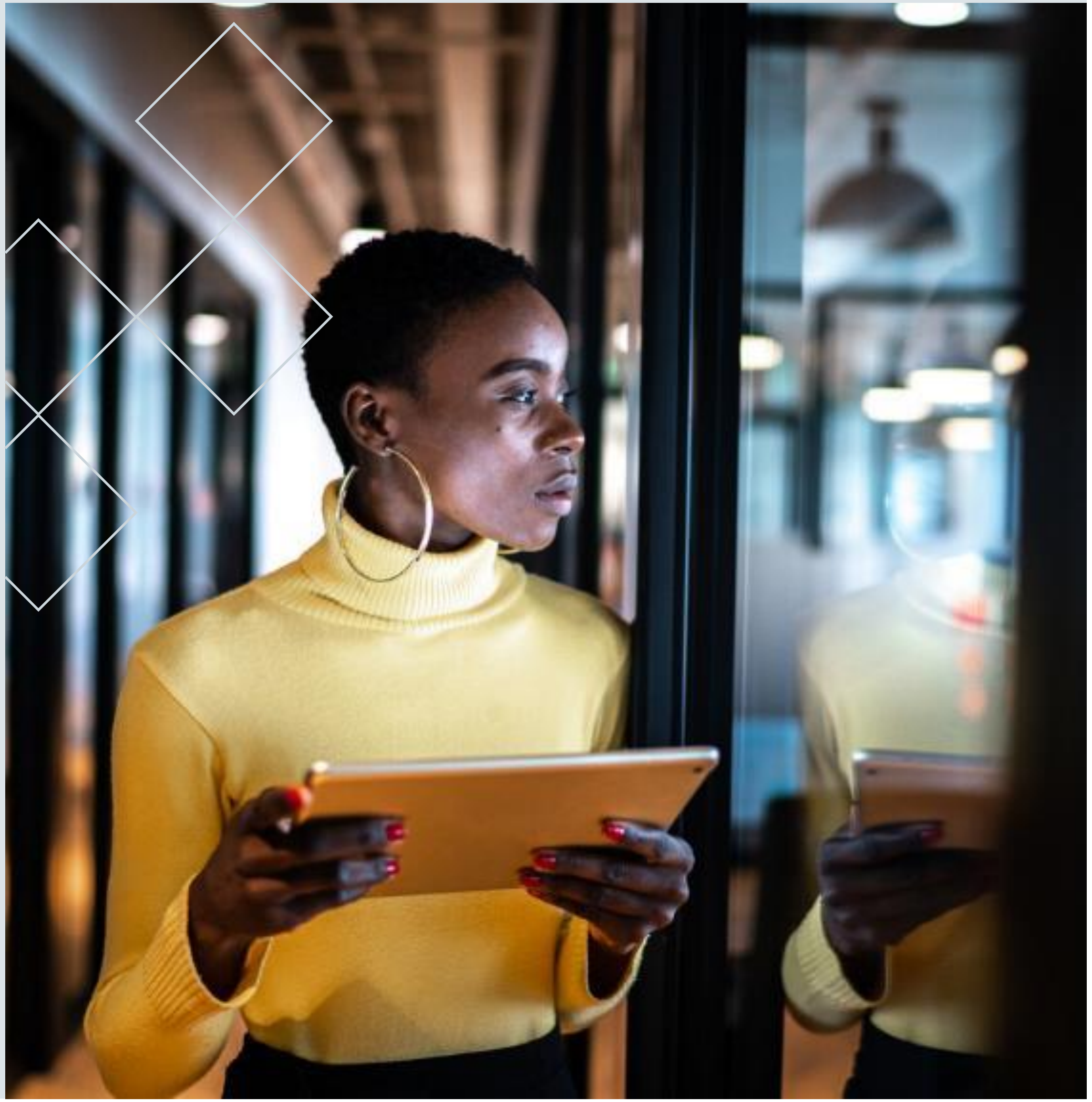


Customers just want to stay connected
While they do not strongly differentiate the necessity of each feature, maintenance and daily usage topics are leading the pack

China, India, Saudi Arabia, South Korea, Turkey, and **UAE are** the only ones showing interest in the functions "*Connect with other drivers*" and "*Receive information regarding exclusive content and events*"

Source: Simon-Kucher global automotive study April 2023 (n=8235); Q: Which of the following features would you consider for your next vehicle?; Overall sample size per question might vary (e.g., due to preselected answers)

How to act?
Additional revenue sources



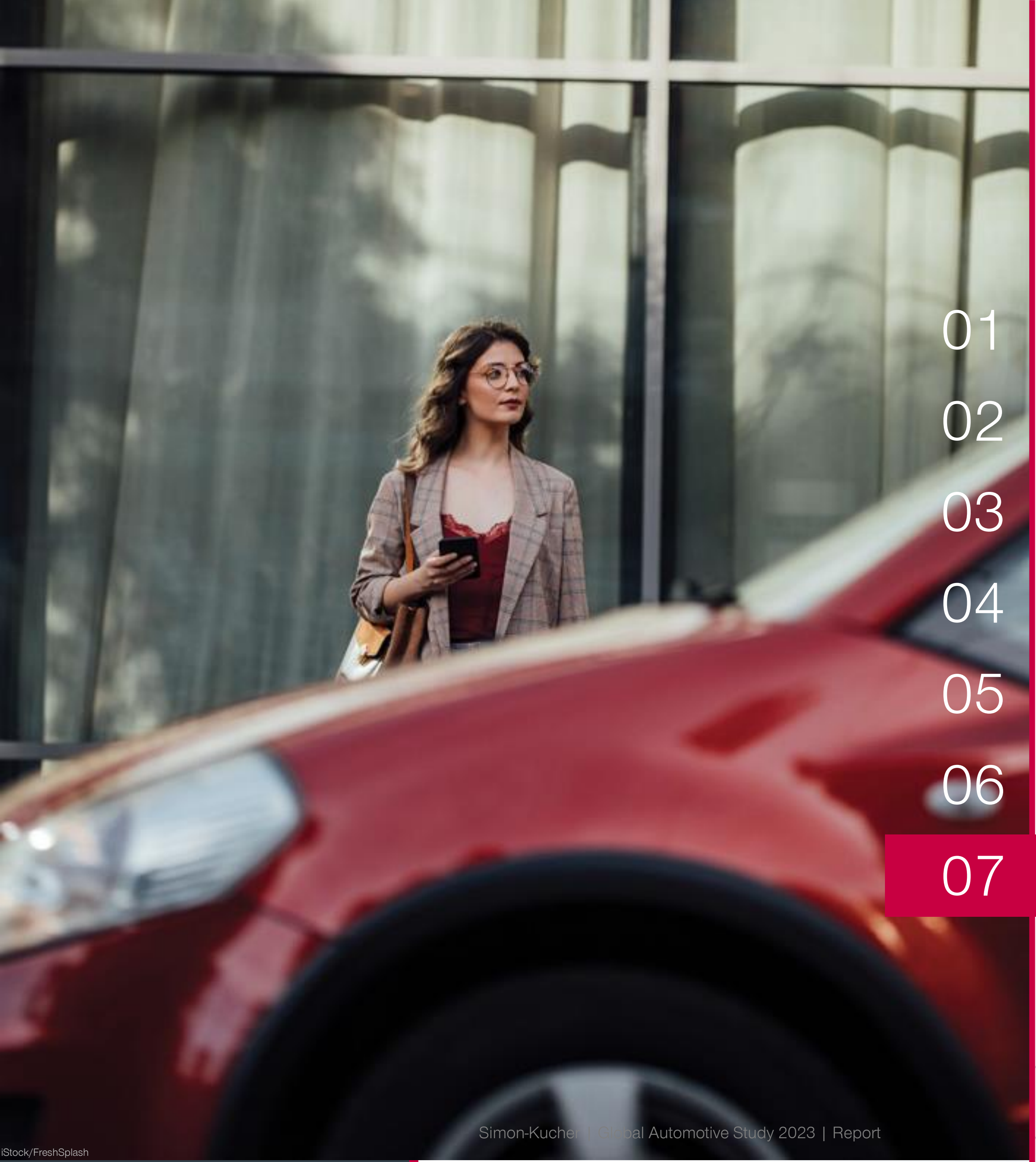
Battery leasing and swapping are additional differentiators
General interest in these technologies – especially among younger customers
→ Offering these features may be a great opportunity to counter customers' skepticism regarding decreasing battery life over time and benefit from CLV

Customers still need convincing regarding Vehicle2Grid/Vehicle2Load
Those aware of the technology are highly interested and see it as key to sustainable energy/are willing to use it. However, they would not trust third parties to manage the battery.
→ Monetization strategies will be essential. Customers need to directly participate in future revenue models to get them fully on board

Sharing of vehicle and personal data
The relatively high willingness to share vehicle and personal data allows manufacturers to gain valuable insights and offers monetization potential.
→ Manufacturers should create access to technical specs and customer behavior data and use it to improve the technology and further increase profits

Digital services will be hygiene factors
The need for digital services that are easily accessible for customers, such as apps, increases with each generation and will increase with generations to come.
→ These digital services should include the management of car features, maintenance, and daily usage instead of forcing another channel to the customer and flooding them with manufacturer, vehicle, and event information

Source: Simon-Kucher global automotive study April 2023 (n=8235); Overall sample size per question might vary (e.g. due to preselected answers)



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Agenda

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Our people

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- Our partners and experienced leadership team are hands on, delivering results at pace

Our clients

- Our clients come from 120+ industries and range from Fortune and FTSE 100 firms to unicorns

Our sector expertise

- Consumer
- Financial Services
- Healthcare & Life Sciences
- Industrials
- Technology Media and Telecoms

Our reputation

WORLD'S BEST MANAGEMENT CONSULTING FIRMS
Forbes 2022
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1985	45	30	2,000+	190
FOUNDED	OFFICES	COUNTRIES	EMPLOYEES	PARTNERS

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Forbes 2022

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Recognized across 12 sectors and functional areas, Simon-Kucher was one of only five consultancies in the world to be awarded five stars for the Marketing, Brand & Pricing function

Forbes, 2022, together with Statista: list of the World's Best Management Consulting Firms, 2022

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Financial Times

Financial Times, list of the UK's Leading Management Consultants, silver category, on par with other consultancies, 2023

brand eins/Statista

brand eins/thema special edition Consultancies 2023, together with Statista: Best Consultancies in Germany No.1, 2023

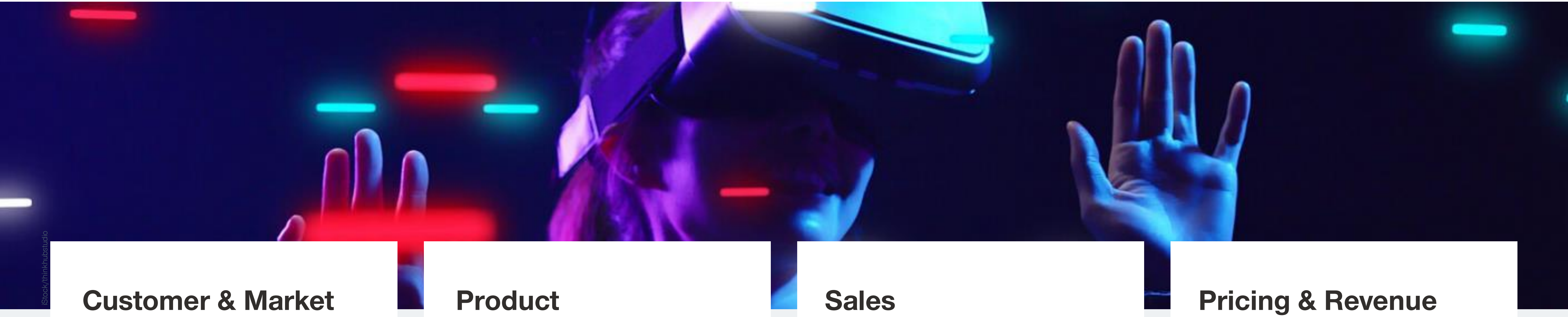
Forbes

Forbes, survey of the best management consulting firms in the US, 3-stars rating, 2023

Bilanz

Bilanz, survey of the best management consultancies for Marketing and Sales in Switzerland, No.1, 2022

Commercial strategy and pricing consulting



Customer & Market Strategy

Define **what products and services to bring to which customer segment and how**, prioritizing market segments and setting the right customer engagement model.

Product innovation

Structure your product offering to better **reflect** your **value, drive upselling,** and allow you to **align** pricing to client segments' **willingness** to pay.

Sales excellence

Super-charge your sales organization with the right tools, processes, and KPIs to **focus on the right deals with the right people**, defending value.

Pricing & Revenue Management

Set the price strategy that will **enable both customer acquisition and organic ACV growth**, balancing client budget constraints and value extraction objectives.

Our connected teams serve five sectors across the world, delivering impact at pace.

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Consumer

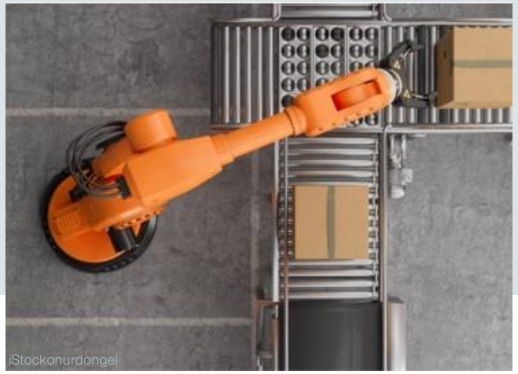
We've designed and implemented 1,000+ commercial strategy projects in the last three years. As better growth advisors, we put the consumer at the heart of our recommendations, to drive sales, loyalty and brand desirability. Working together, we unlock growth opportunities to outperform market trends.

Financial Services

We've advised 50% of global systemically important banks and priced over $1 trillion of deposit balances. Applying decades of experience in the sector through 1,000+ projects in the last five years. We are here to support your journey to sustained, profitable growth.

Healthcare & Life Sciences

We've helped global players and innovation leaders drive launch and commercial excellence. Our global sector team delivers 1,000+ projects per year. Working together with you, we unlock opportunities that drive sustainable growth, and improve healthcare quality and efficiency.



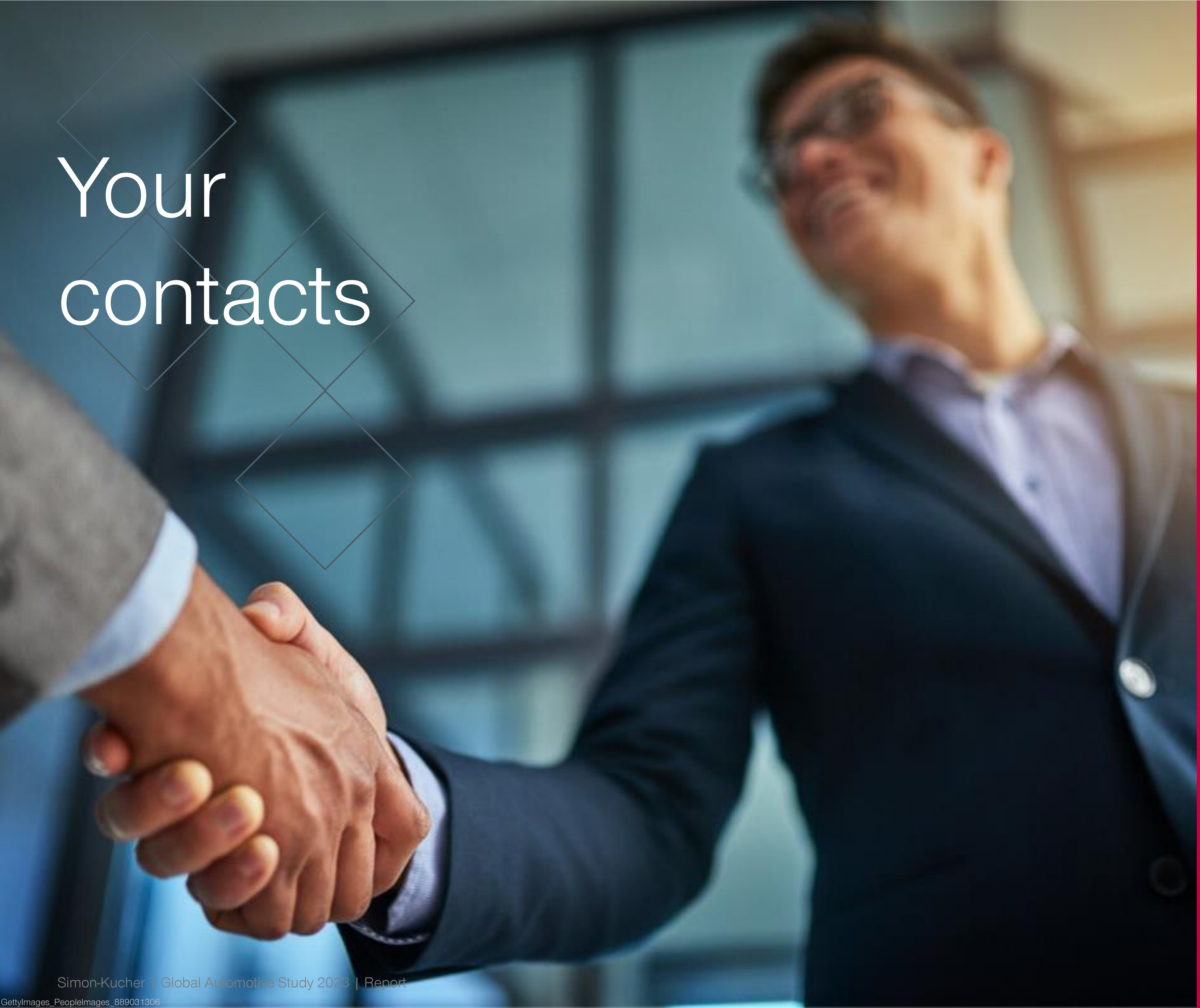
Industrials

For decades we've helped major industrial companies boost profitability. We've delivered 1,500+ projects to design growth strategies and sales and service excellence programs. Our clients include 95% of the leading car manufacturers, logistic companies, wholesalers and distributors.

Technology, Media & Telecom

In 2022 we've worked with 250+ SaaS companies, cable clients and streaming service providers around the globe. Delivering 350+ pricing, marketing, sales and customer value management projects. In the last decade we've advised many of the largest firms in the media, entertainment and tech industries.

We don't just advise. We deliver.



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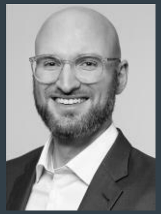

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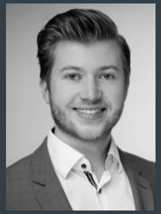

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