MOBILITY SERVICES: THE CUSTOMER PERSPECTIVE

5 challenges for auto manufacturers,
as seen by customers

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5 CHALLENGES NOW AND FOR THE FUTURE

The potential in mobility services is unparalleled and exciting, but despite all the attention there remain many misperceptions about what customers really think and want.

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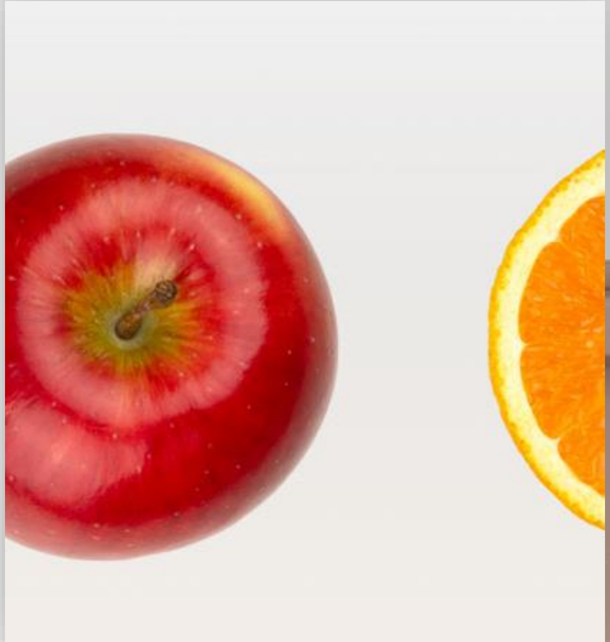

To shine a light on the customer perspective, we've conducted a comprehensive, demand-led survey encompassing **over 7,000 respondents in the US, China and Europe.**

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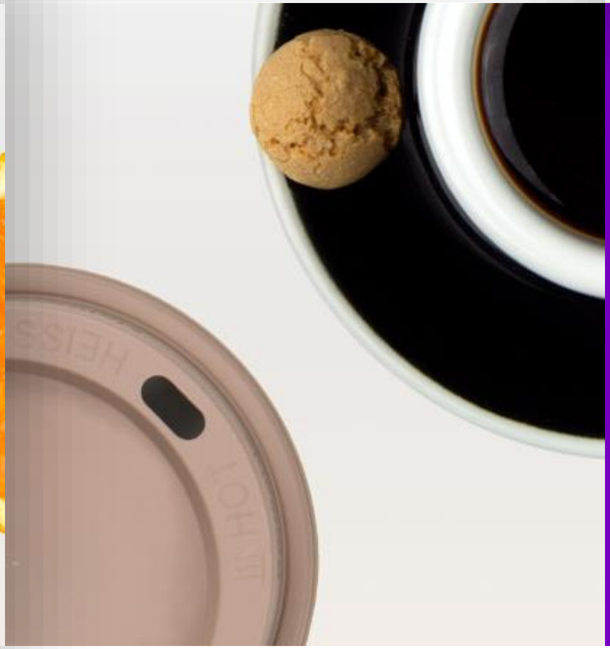

Based on our results and region-specific insights, we've set out to review **5 key challenges for OEMs** (Original Equipment Manufacturers) and auto executives around the globe.

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CHALLENGE #1

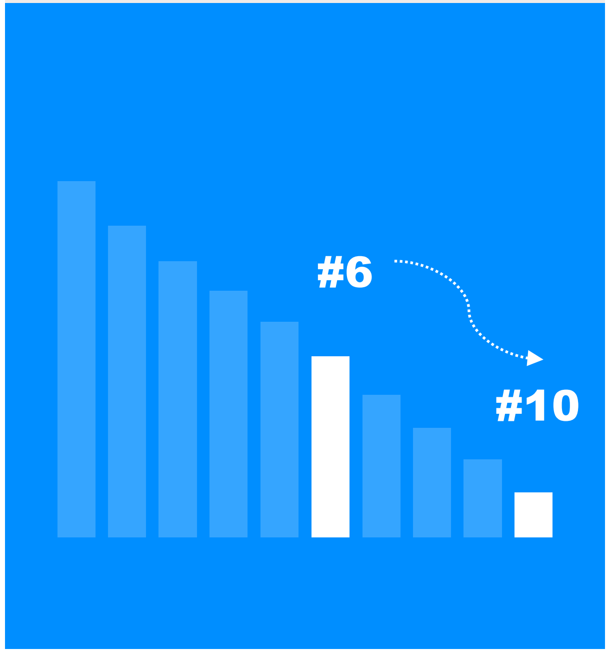
#1 BRAND STRENGTH

IS ‘BRAND’ STILL ROSY OR IN THE PAST?

ANSWER:

It depends on customer type, and country—here’s why.

Of the sixteen criteria (which included price, speed, flexibility, comfort, environment, and privacy, among others) our respondents overall see the **‘brand’ as the 6th** most important factor for buying a car—but only the **10th most important factor for car sharing.**



Today, OEMs are able to realize significantly higher price points than competitors due to their brand. In a service future however, the importance of the brand will erode significantly if nothing changes.

Note: The drop in importance is smallest for premium customers in China (from 2nd to 4th place). Here, brands will still have a central role to play in (premium) car sharing.

For **non-premium car owners**—across the US, Europe and China—the brand will only play a minor role in car sharing.

OUR RECOMMENDATION: ACT NOW TO REPOSITION YOUR BRAND

OEMs need to act now and use their (sales-) reach to reposition their brand.

Premium OEMs in China

Develop the brand as a Mobility-as-a-Service status symbol.

Non-premium OEMs

- Option 1: Broaden the scope of the brand from car ownership to other fields such as service offerings and lifestyle products.
- Option 2: Become the leader for 'new mobility' brands (focus on Europe and US, since in China the competition is already very strong).

ALL

All OEMs

Focus on the core criteria for your car sharing services and make sure the brand represents all of them:

- China: Safety, car performance, price
- EU: Price, safety, flexibility / availability
- US: Price, safety, convenience

CHALLENGE #2

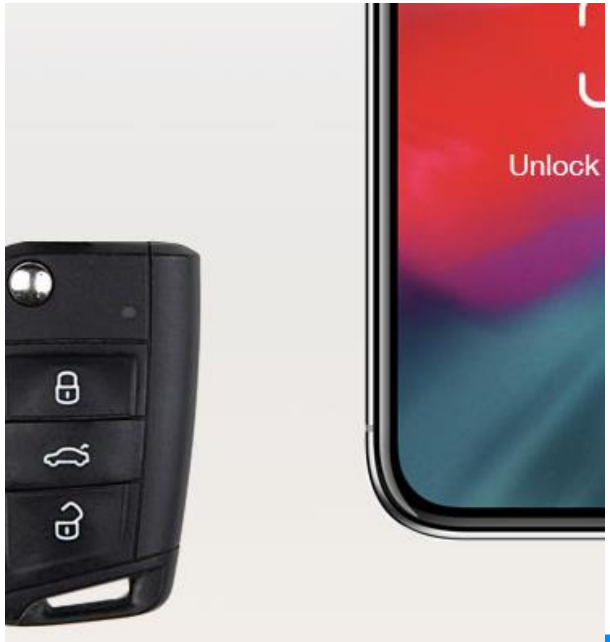
#2 VEHICLE OWNERSHIP

OWNERSHIP OR PAY-AS-YOU-GO, WHO WINS?

ANSWER:

Most people expect that they will own a car in the future, but when asked to imagine an autonomous vehicle future many are also ready to give up ownership.

According to our survey of 7,000 respondents, half would consider giving up car ownership in favour of using autonomous mobility solutions. But this varies greatly depending on country, and category of user.



The transition from car ownership to Mobility-as-a-Service seems inevitable. The risk of losing customers to new mobility service providers is high once they establish mature service offers.

The key is to identify future value pools and calculate the investments that are necessary to tap into them: Is it worth it to keep trying to sell vehicles to customers who are ready to jump into services altogether while risking losing them to service providers?

Share of respondents that would consider giving up ownership for autonomous mobility solutions.

	PREMIUM CAR OWNERS	NON-PREMIUM CAR OWNERS
US	**39%**	**21%**
EUROPE	**55%**	**41%**
CHINA	**78%**	**69%**

OUR RECOMMENDATION:
START POSITIONING MOBILITY SERVICES AS A VALID ALTERNATIVE TO CAR OWNERSHIP

OEMs need to finally fully embrace alternatives to the ownership model instead of just experimenting with them if they don't want to lose the grasp on their customers.

OEMs in China

You need to act now and aggressively push alternatives to ownership since a vast majority of customers is already willing to substitute ownership for service models.

OEMs in the US

For most US customers, the ownership model is not in question as of yet. OEMs can in large parts continue to cash in on sales and aftersales margin for a foreseeable time and follow the Chinese market at a later point in time.

Premium OEMs

Since the existing customer base in the premium segment is more willing to give up ownership in all markets, the urgency for action is higher here.

CHALLENGE #3

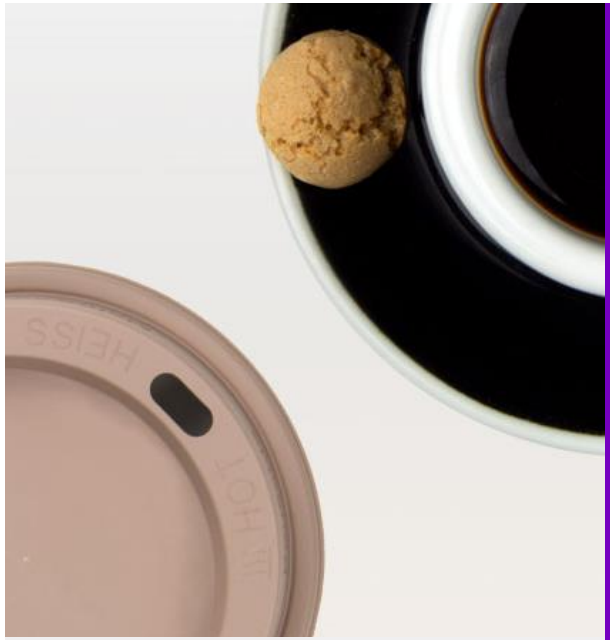
#3 SERVICE MONETIZATION

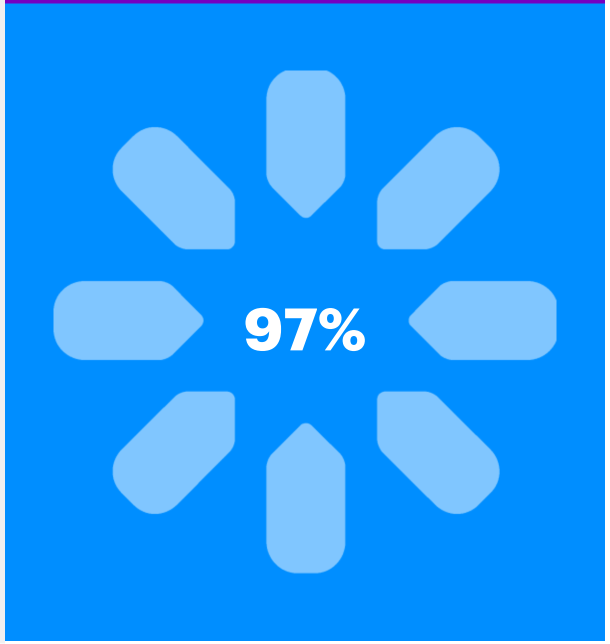
ADD-ON SERVICES: WHICH ONES TO SELL AND WHERE?

ANSWER:

Of those aged between 18 and 37 years old, **97% of our respondents indicated interest** *in add-on services on autonomous mobility trips. But it is only in China where the majority is willing to pay extra for them.*

There is great interest in add-on services like music & video streaming, wellness, catering, and hotel services. The question in the future will be: Will transportation itself become the add-on to service or will OEMs be able to sell services as add-on to rides?





THE INTEREST AND WILLINGNESS TO PAY FOR ADD-ON SERVICES/ UPGRADES

The only market where the vast majority of riders is currently willing to pay extra for add-ons/ upgrades is China.

SHARE OF RESPONDENTS THAT ARE INTERESTED IN AT LEAST ONE ADD-ON SERVICE FOR AN AUTONOMOUS RIDE

(HOTEL SERVICE, MUSIC/MOVIE STREAMING, CATERING, WELLNESS)

	NON OWNERS	PREMIUM OWNERS	NON-PREMIUM OWNERS
US	**93%**	**93%**	**85%**
EUROPE	**83%**	**95%**	**81%**
CHINA	**99%**	**99%**	**99%**

"n=3.334 respondents aged 18-37"

SHARE OF RESPONDENTS THAT ARE WILLING TO PAY AN UPCHARGE FOR AT LEAST ONE OF FIVE ADD-ONS/UPGRADES

(PREMIUM VEHICLE, PERSONAL ENTERTAINMENT, PERSONAL EXPERIENCE, ON BOARD WELLNESS, ADVERTISEMENT FREE RIDE)

	NON OWNERS	PREMIUM OWNERS	NON-PREMIUM OWNERS
US	**57%**	**58%**	**45%**
EUROPE	**43%**	**60%**	**42%**
CHINA	**86%**	**83%**	**85%**

"n=3.334 respondents aged 18-37"

OUR RECOMMENDATION:
PILOT ADD-ON SERVICES IN CHINA

In a future of autonomous mobility, add-on services will become a major source of revenue. Since demand is already there, OEMs can already pilot and refine those service offers to be ready once autonomous vehicles hit the market.

OEMs in China

Pilot Uber-like services where transportation is bundled with additional services such as wellness, overnight stays, entertainment or catering. This way you can learn about rider's preferences and price sensitivity. Furthermore, you can test whether a cooperation model with industry incumbents (e.g. Hilton for hotel services, McDonalds for food, etc.) or self-sourced service add-ons are the way to go.

Besides Uber-like driver-based pilots, existing autonomous driving pilots in restricted areas can also be used for service add-on testing.

CHALLENGE #4

#4 CITY VS. COUNTRYSIDE

THE CITY, THE COUNTRYSIDE OR BOTH?

ANSWER:

34% of respondents would consider moving to a suburb or rural area when autonomous vehicles become reality. But, there's some nuance to this finding—especially in China.

As of now, OEMs mainly focus their autonomous activities on urban areas. However, for many customers great value lies in commuting out of the city into suburban and rural areas. So much even, that a considerable amount of riders would reconsider their current place of residence once suitable autonomous mobility services arrive.

Riders in rural areas generally are more dependent on cars since there are less public transportation alternatives.

Share of respondents who would consider changing their place of residence in case their daily commute can be facilitated autonomously.

	PREMIUM CAR OWNERS*	NON PREMIUM CAR OWNERS	NON OWNERS	TOTAL
US	**53%**	**34%**	**36%**	**37%**
EUROPE	**60%**	**36%**	**38%**	**42%**
CHINA	**64%**	**52%**	**49%**	**55%**

*Premium car owners show a significantly higher propensity to change their place of residence.

OUR RECOMMENDATION:
EVALUATE IF RURAL AREAS CAN BE A LUCRATIVE NICHE FOR YOU

OEMs should evaluate the potential of suburbs and see whether it could pay off to be a first mover for autonomous mobility services there.

47%

of riders with urban residence would consider a change of location in case their regular travels could be automated.

11%

would consider moving towards rural areas.

Premium OEMs

There is an especially high risk of losing the existing customer base if autonomous mobility solutions are not offered in suburban and even rural areas, since a significant share (~37%) of urban premium customers might consider moving there.

Therefore you should pilot and build the necessary mobility infrastructure to keep the current customer base.

76%

in urban areas

69%

in suburbs

59%

in rural areas

OF RESPONDENTS ARE WILLING TO PAY A SURCHARGE FOR SELF-DRIVING CARS

CHALLENGE #5

#5 IN-CAR PERSONALIZATION

IN-CAR PERSONALIZATION: TO WORK OR RELAX?

ANSWER:

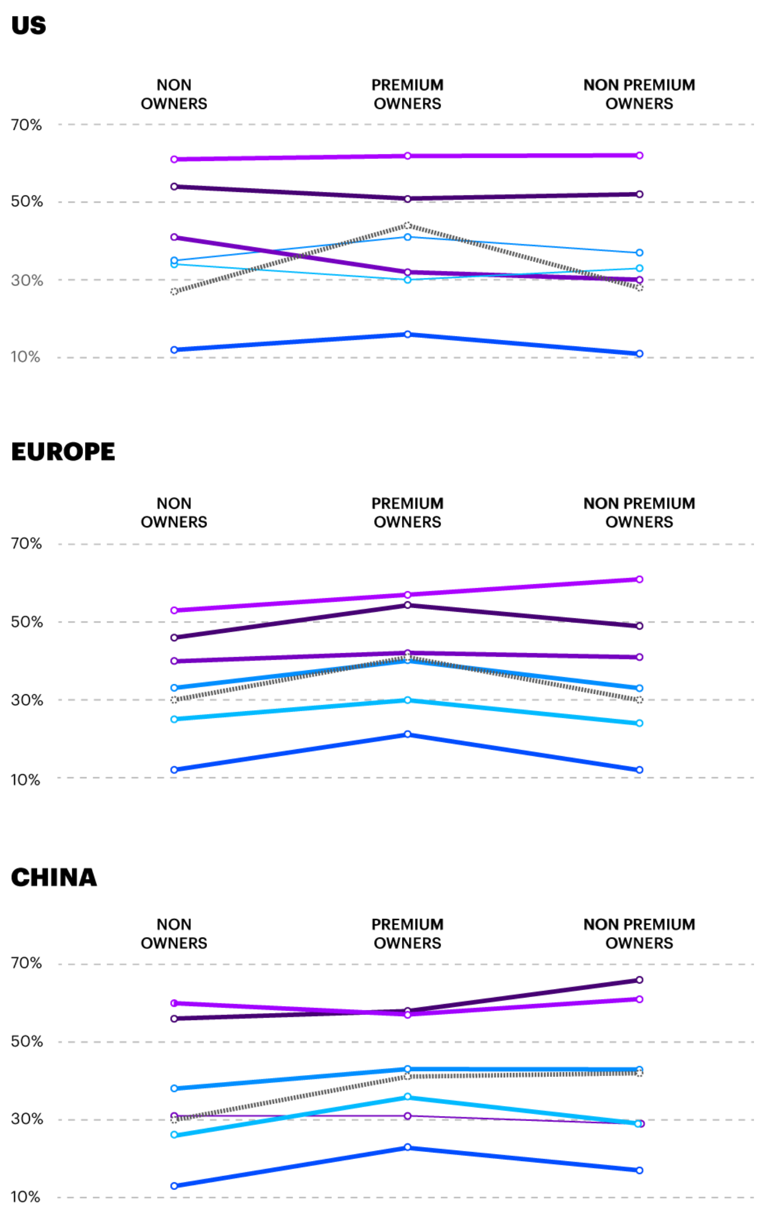
*Only 11% of our respondents see in-vehicle "personalization options" (e.g. automatic seat adjustment) as a top 3 criterion for autonomous mobility solutions. 59% indicated personal space is a top criteria for the use-case "daily commute."**

** But preferences vary greatly among premium and non-premium users, and region, so a use-case approach is required.*

Currently, many OEMs pour significant resources in personalizing the vehicle interior (e.g. account-based seat adjustment, personalized climate control etc.) and see it as a core differentiator. However, importance of personalization varies greatly between premium and non-premium brand customers.

The only thing most customers agree on is the wish for "personal space" and "interior to relax" (~50-62% of respondents) in (semi-) autonomous vehicles when commuting.

PREFERENCES IN AUTONOMOUS VEHICLES BY REGION AND OWNER TYPE



For premium-brand customers, in-car personalization of settings is an important criterion for purchase and mobility service choice.

Across premium and non-premium brands, customers want spacious and relaxing interiors for autonomous rides.

OUR RECOMMENDATION:
CONSIDER NEW USE-CASE BASED PERSONALIZATION REQUIREMENTS IN AN AUTONOMOUS ERA

Customer perception of "personalization" will change with the arrival of autonomous services. Currently, in-car personalization is mainly linked to convenience (e.g. automatic seat adjustment)—in an autonomous future however, the focus will shift towards use-case driven personalization.

ALL

All OEMs

Across segments, a majority of customers wish for "personal space" and "interior to relax" (50 to 62% of respondents) in (semi-) autonomous vehicles while commuting. So, clearly, OEMs should focus on designing spacious interiors.

Premium OEMs

For premium brand customers, however, in-car personalization of settings remains a differentiator for purchase and mobility service choice. Therefore, the current investments in personalization are justified.

RESEARCH & SUMMARY

To identify key challenges for car manufacturers in relation to the rise in mobility services and autonomous vehicles, Accenture surveyed 7,000 consumers over the age of 18 in China, Europe and the United States — comprising 2,000 in China and 1,000 each in France, Germany, Italy, the United Kingdom and the United States. Approximately five in six respondents (85%) were car owners. The survey was conducted online in December 2018 and January 2019.

RESEARCH SUMMARY

Current perception	**"OUR BRAND STRENGTH WILL ENSURE OUR FUTURE SUCCESS IN MOBILITY"**	**"CUSTOMERS STILL WANT TO OWN THEIR VEHICLE"**	**"THE TIME IS NOT THERE YET TO SELL IN-VEHICLE"**	**"THE CITY IS WHERE THE MONEY IS"**	**"CUSTOMERS DEMAND PERSONALIZATION"**
Survey Results	Respondents see the brand as 6th most important criterion for buying a car – but only **the 10th most important one for car sharing.**	**48%** of respondents would **consider giving up car ownership** in favor of using autonomous mobility solutions.	**97% between 18 and 37 indicated interest in add-on services** on autonomous mobility trips. But: the only market where a majority is willing to pay extra for them is China.	**34% of respondents would consider moving to a suburb or rural area** when autonomous vehicles become reality.	**Only 11%** see in-vehicle "personalization options" (e.g. automatic seat adjustment) as a top 3 criterion for autonomous mobility solutions. **59%** indicated **personal space** is a top criterion for their daily commute.
Our Suggestion	*You need to reposition your brand* ***now!***	*You need to start positioning mobility services as valid alternative to car ownership!*	*Pilot add-on services in China!*	*Evaluate if rural areas can be lucrative to you!*	*Consider new use-case based personalization requirements in an autonomous era.*

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