

GLOBAL CONSUMER TRENDS
COVID-19 EDITION | **THE REOPENING**



WILL THE AUTO INDUSTRY PICK UP SPEED?



EXECUTIVE SUMMARY

With social and economic restrictions starting to lift around the world, businesses are cautiously reopening their doors to an equally wary consumer. Our latest report, *Global Consumer Trends COVID-19 Edition: The Reopening*, looks at those sectors in 11 countries – airlines, hotels, restaurants, public transportation, gyms and car buying – hardest-hit by the pandemic, and what it will take for them to successfully reopen and recover. Using responses from more than 11,000 consumers around the world, we sought to discover what cleanliness, safety and social-distancing measures consumers need to feel safe returning to these sectors. When can these sectors expect consumers to return to pre-pandemic levels of usage and spending?

This mini-report, *Global Consumer Trends COVID-19 Edition: The Reopening – Will the Auto Industry Pick Up Speed?*, draws from *The Reopening* to explore the impacts of the pandemic on car buying intentions, the automotive aftermarket and ridesharing. Our research reveals some important mile markers on the automotive industry's road to reopening, including:

CAR BUYING INTENTIONS DELAYED, BUT CONSUMERS STILL INTEND TO BUY

16% said before the pandemic they planned to buy a new car in the three month period of June - September 2020, 12% still intend to buy within the next three months.

OLDER GENERATIONS LESS LIKELY TO HAVE NOT CHANGED CAR BUYING PLANS

Across all 11 countries, 36% of Baby Boomers have not changed car buying plans since the pandemic versus 18% of Millennials.

GEN Z ARE NOT CAR OWNERS TODAY, BUT PLAN TO BE IN THE FUTURE MORE THAN ANY OTHER GENERATION

Only 65% of Gen Z report car ownership today, the lowest among the generations surveyed; however, they report the highest level of future car ownership intention at 31%, compared to Millennials (13%), Gen X'ers (10%), and Baby Boomers (8%).

PANDEMIC RESULTS IN SLIGHT SHIFT TOWARDS DIY OVER PROFESSIONAL AUTO AFTERMARKET

The auto aftermarket has remained stable, with a small shift in favor of DIY (20% pre-pandemic to 35% now) and a slight drop in professionals doing the work (58% vs. 53%).

RIDESHARE SERVICES HARD-HIT

Just under four in ten riders are no longer using rideshares and no single safety measure stood out in terms of making them feel most comfortable.

METHODOLOGY

Dynata conducted 11,352 interviews from June 11-16, 2020 using its proprietary first-party research panels. Interviews were conducted in 11 countries, approximately 1,000 interviews per country. Countries covered were the USA, Canada, the UK, France, Germany, the Netherlands, Spain, Italy, China, Singapore and Australia. Quota controls were applied at the country level to ensure a well-balanced sample. At these samples sizes we are 95% sure, at a country level, that the results produced here are within +/-3% of the reality.

CAR BUYING INTENTIONS DELAYED

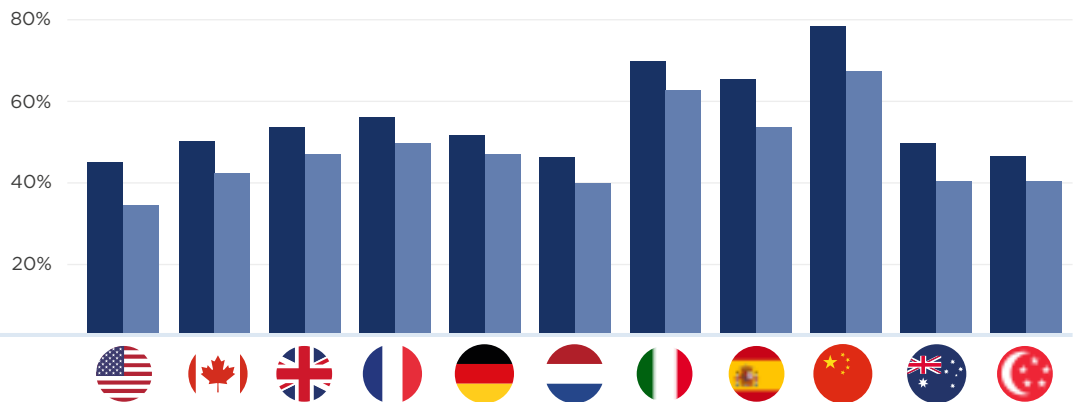
The pandemic has delayed car buying intentions; however, the intent to purchase largely remains. While many are delaying pre-pandemic plans – and rethinking the type of car that best suits their needs – the majority intend to follow through on this purchase.

Findings from our latest report – *Global Consumer Trends COVID-19 Edition: The Reopening* – show that **few people said they canceled their car buying plans entirely, but of those who did, the pandemic was the overwhelming cause, cited by 88% of those surveyed.** Most prospective car buyers, however, have delayed their plans, but will follow through: **16% said before the pandemic they planned to buy a new car in the three month period of June - September 2020, and today, 12% still intend to buy within the next three months.**

Car buying intentions

Intend to purchase a car, next 12 months

● Pre-Pandemic
● Now



The shift in car buying intentions appears to be part of a larger “wait and see” tendency among consumers, which becomes even more evident when you look at the follow-through on those stated intentions. If people had carried out their pre-pandemic intentions, we would have expected to see 13% having bought a car by now – compared to the 7% our research shows.

Many of those surveyed have extended the time frame in which they intend to buy a car. Pre-COVID, 43% reported the intention to purchase a car between June 2020 and March 2021, yet now only 32% give nine months as their time frame, with an additional 15% pushing the window out to 12 months. Overall, 50% of those intending to buy plan to do so within the next six months, ranging from a high of 68% in China to a low of 42% in the Netherlands and 36% in Singapore. Looking further out on the horizon, virtually the same number of people (35% then, 37% now) say they won't buy in the next 12 months. Data gathered in the coming months will reveal whether people have started acting on their initial intentions or continue to “wait and see.”



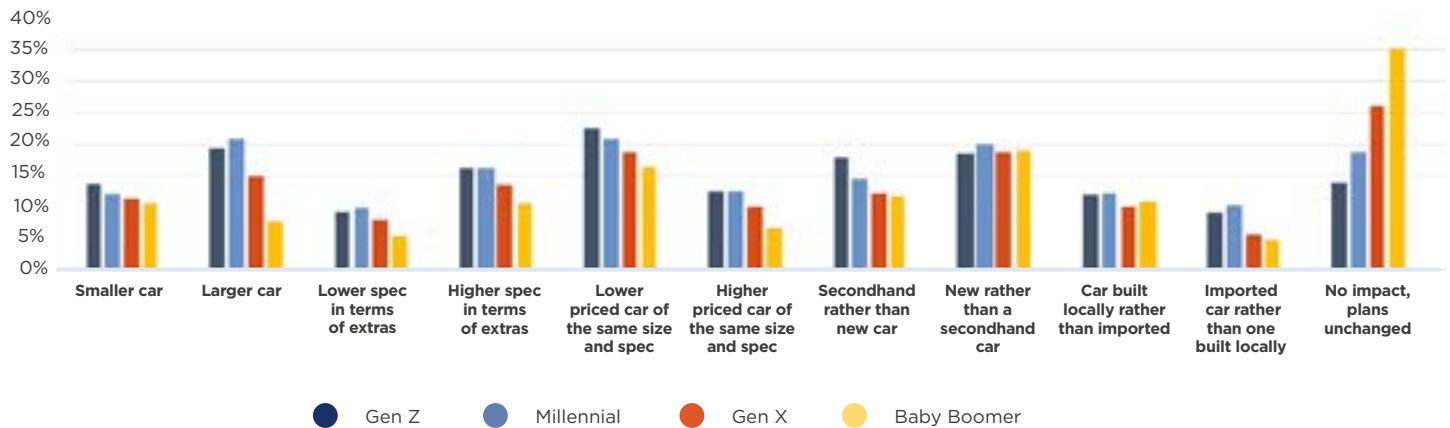
COVID-19 SPARKS A SHIFT IN PRIORITIES AMONG POTENTIAL CAR BUYERS

Among consumers who have purchased a car or still intend to do so in the next year, the pandemic has contributed to a change in priorities— 16% say they will now buy a bigger car, 10% indicate they will buy a higher priced car and 14% say they will buy one with more “extras.” On the other hand, 8% will buy a car with fewer extras, 19% a lower price car and 12% a smaller car. With only 24% reporting no change in which car they plan to buy, most consumers are reassessing their needs, albeit without a clear direction in overall decision-making. **Globally, older generations are less likely to have changed some aspect of their pre-COVID car buying plans – 35% of Baby Boomers have not done so, followed by 19% of Millennials and 14% of Gen X.**

This is perhaps one of the most interesting aspects of our research, as normally we would be able to see a clear trend or pattern showing why (or why not) decisions are being made or delayed. Perhaps it's because of the uncertainty surrounding overall economic recovery, or fears of job change or job loss, wage reductions, or the vast uncertainty of the pandemic itself. Or it could be consumers recognizing that there are “deals to be had” in the automotive marketplace – financing offers, vehicle buy backs, upgraded offers, etc. – that are widening the buying choices they can make. Or it could be a desire to help spur their country’s economic recovery by buying a domestic car rather than an imported model. Whatever the reason, it’s clear that “normal” decision-making and intention patterns seem to be absent from this data.

Change in plans?

Changes to car buying plans, by generation



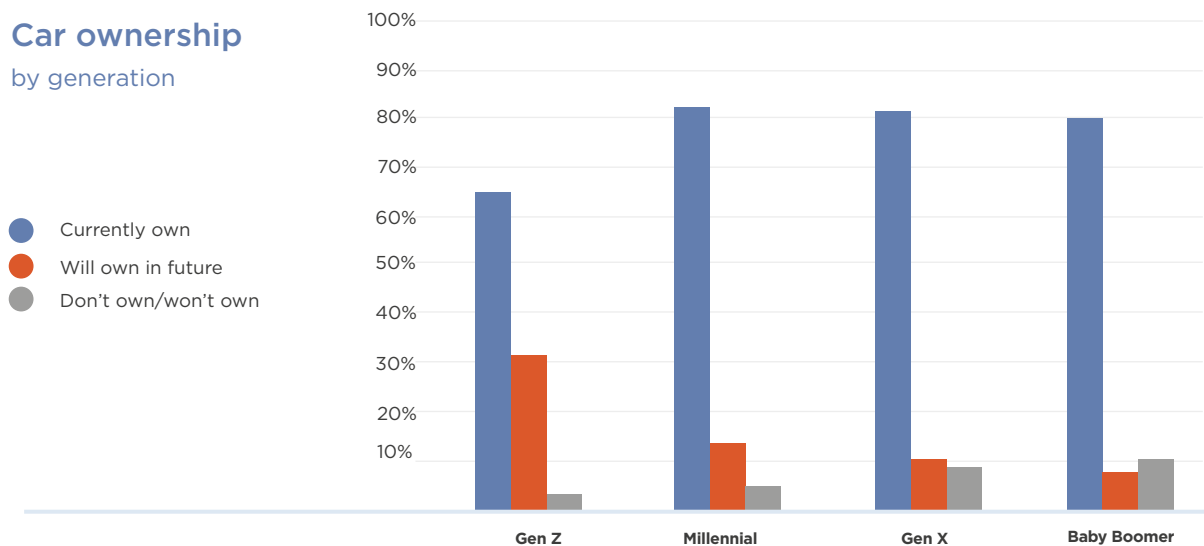
ZEROING IN ON GENERATION Z: CAR BUYING INTENTIONS AND OWNERSHIP

While actual car ownership is lower among Generation Z, younger generations are more likely to want to own a car than their elders.

An April [2019 Forbes article](#) stated that for Gen Z “owning and driving a vehicle will no longer be de rigueur,” noting that those under 30 were less likely to hold a driver’s license compared to similarly-aged cohorts 20 or even 10 years ago. And a [March 2019 MediaPost article, covering an Allison+Partners survey](#), featured the concept of a “mobility culture” focused on the convenience, environmental impacts, and social aspects of automobile ownership and usage for Gen Z as a replacement for the “car culture” of older generations. Other reports disagree – a [2016 Autotrader and Kelley Blue Book study](#) suggested that Gen Z preferred car ownership to car sharing.

Car ownership

by generation



Our findings show that, globally, car ownership among all generations is nearly eight in ten, with a high of 85% in Australia, Canada, China and Spain and a low of 57% in Singapore.

Among the 11 countries we surveyed, 13% of those we surveyed report they plan to own a car in the future, with a high of 28% in Singapore – double that of the Netherlands, the next highest country at 14% - and a low of nine percent in Australia, Canada and France. Only eight percent say they don’t own a car and have no plans to own one in the future.



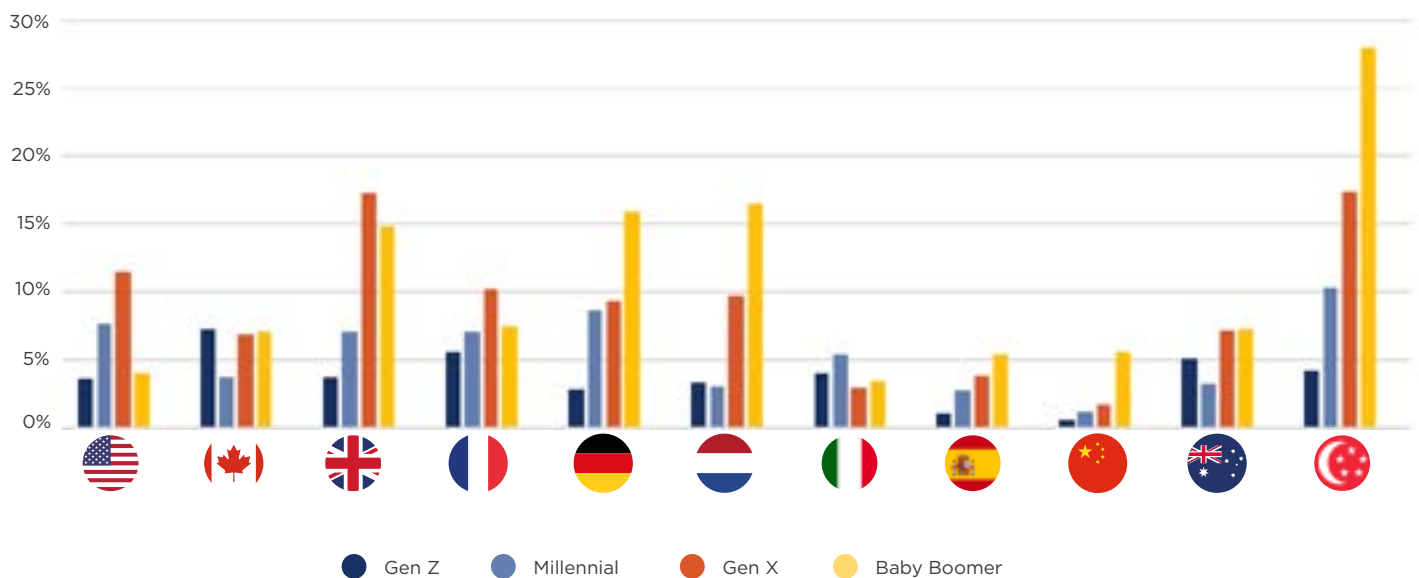
A closer look at Gen Z shows that Gen Z is the least likely generation to currently own a car, with just 65% reporting ownership. This compared to 82% of Millennials, 81% of Gen X'ers and 82% of Baby Boomers. Perhaps as a function of their lower rates of ownership, **Gen Z reports the highest level of future car ownership intention at 31%, compared to Millennials (13%), Gen X'ers (10%), and Baby Boomers (8%).** And Gen Z reports the lowest percentage of “don't own a car and will never own a car” at four percent, half of the total score for all generations (8%), demonstrating a clear generational gap.

There could be other factors at play as well, from economics to geography and convenience. Gen Z'ers being younger are less likely to be financially independent, and therefore less capable of buying a car. They may also be more likely to live in urban areas with greater access to alternate transportation methods. Therefore, it is very possible that this 31% purchase intent will convert as car ownership becomes more affordable for Gen Z and more of a necessity as they move to the suburbs and start families.

Expanding to a global view of “don't own/won't own” by country finds Singapore with the highest total percentage at 16%, followed by the UK at 13% and Germany and the Netherlands at (11%). **A closer look at generations in each country, however, reveals that Canada has highest percentage of Gen Z saying they don't own a car today and won't in the future, at 7%.** Looking across all generations, we find Singapore again scoring highest in the “don't own/won't own” question among Millennials (10%), Gen X (tied with the UK at 17%) and Baby Boomers (28%). China is lowest for Millennials and Gen X at one and two percent, respectively, while Italy is lowest for Baby Boomers at 3%.

Don't own a car and will never own a car

by country and generation



Only time will tell if current stated intentions for ownership or never owning are carried out, but of all generations surveyed, it seems unlikely that Gen Z will live a carless life in the future.

AUTOMOTIVE AFTERMARKET REMAINS STABLE DURING PANDEMIC

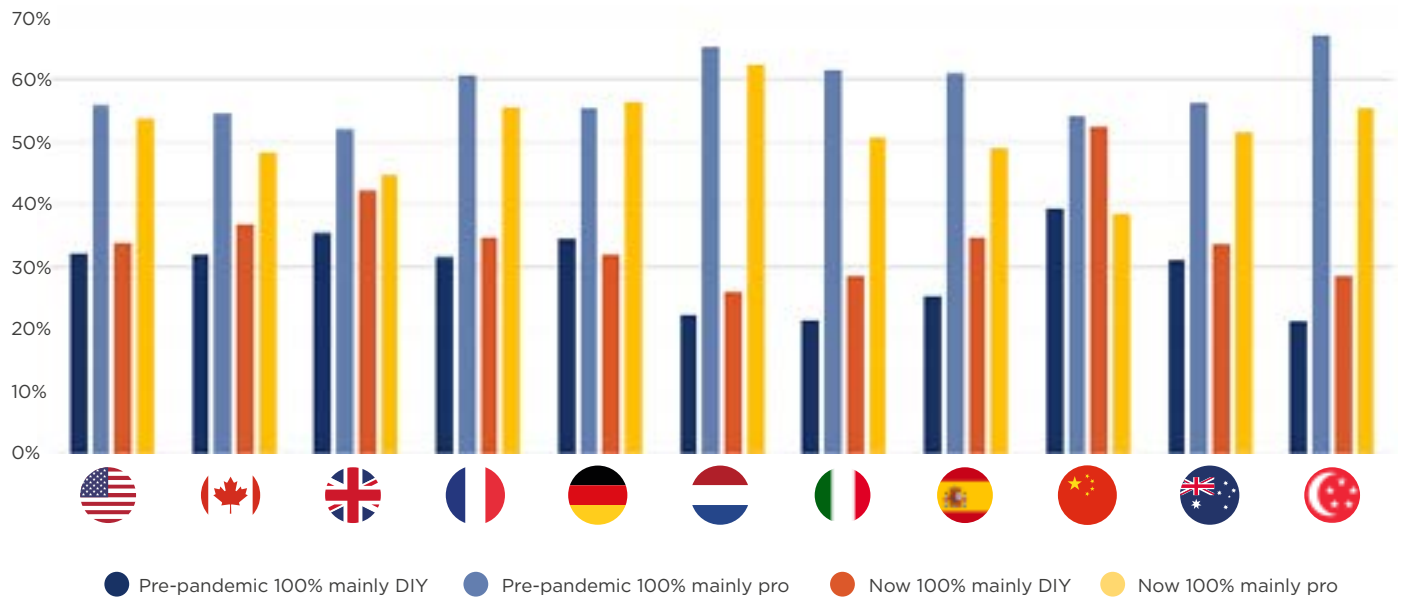
The automotive aftermarket encompasses two distinct categories: Upgrading or replacing parts (e.g., upgrading a car stereo or adding alloy wheels); and ongoing, routine vehicle maintenance (e.g., replacing worn wiper blades, blown headlight bulbs, or changing out oil). Our survey focused on the latter, done in a “do-it-yourself” (DIY) fashion or by a professional mechanic.

With many of us spending more time at home, more consumers are doing auto repairs and upgrades independently rather than relying on professionals within the automotive aftermarket. **However, this shift towards DIY is not dramatic (a net movement of plus 11% from pre-pandemic), indicating that the automotive aftermarket sector has remained stable during the pandemic.**

Prior to the pandemic, more than half of consumers (58%) reported having these tasks mainly done by a professional, while three in ten were either mostly or 100% DIY. Those in China (39%), the UK (35%), Germany (34%), Canada and the USA (both 32%) leaned towards DIY more than other countries, with Spain (25%), the Netherlands (22%), and Italy and Singapore (both 21%) lower than average.

AUTOMOTIVE AFTERMARKET: DIY vs. Pros

Changes in auto repairs/upgrades, DIY vs. professionals



Among those who report now having more work done by a professional, 57% intend to continue doing so and not return to DIY. For those doing more DIY, 54% intend to carry on. With slightly more people shifting towards DIY work than professionals, we can conclude that the pandemic will likely result in a minor decline for the professional automotive aftermarket, but certainly not a devastating blow to business.

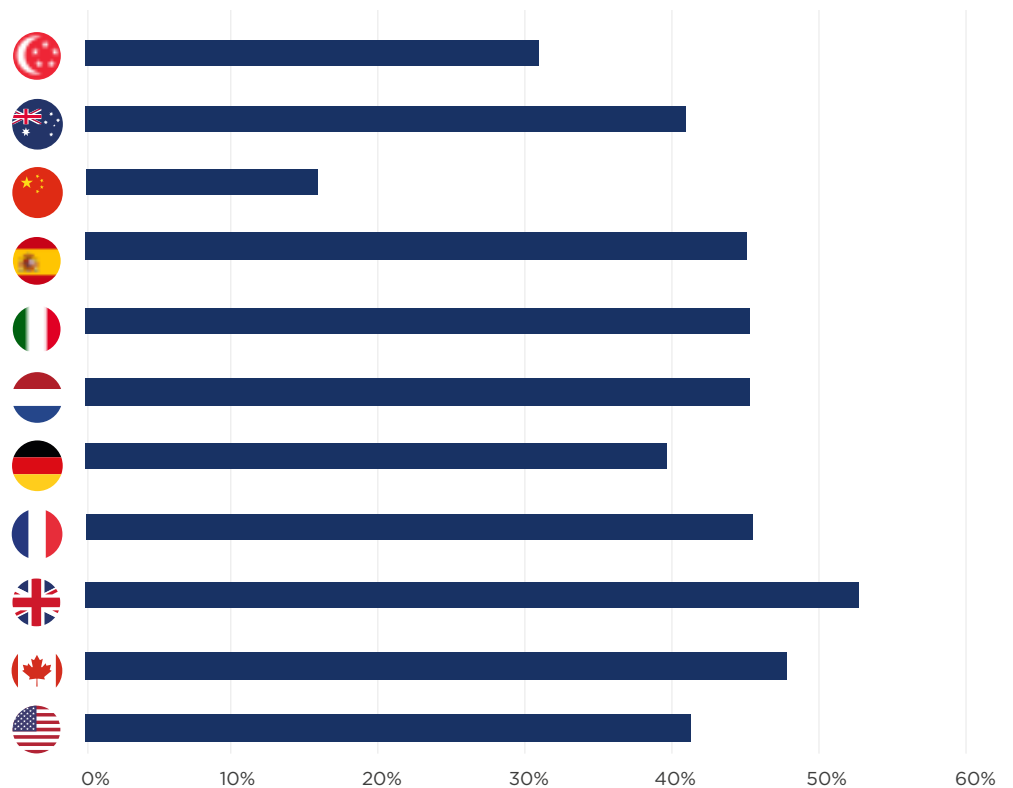


WILL CONSUMERS RETURN TO RIDESHARING— AND IF SO, WHEN?

The ridesharing industry slowed down by COVID-19, with nearly four in ten riders no longer doing so now. During the pandemic, 39% of those who used to ride as the only passenger no longer do so now, ranging from a high of 53% in the UK to a low of 16% in China. Of those who used to ride with others, in an “Uber pool” type arrangement, 37% are no longer doing so.

Taxi/rideshares usage

Frequent ridesharers no longer using taxis/ride share, by country



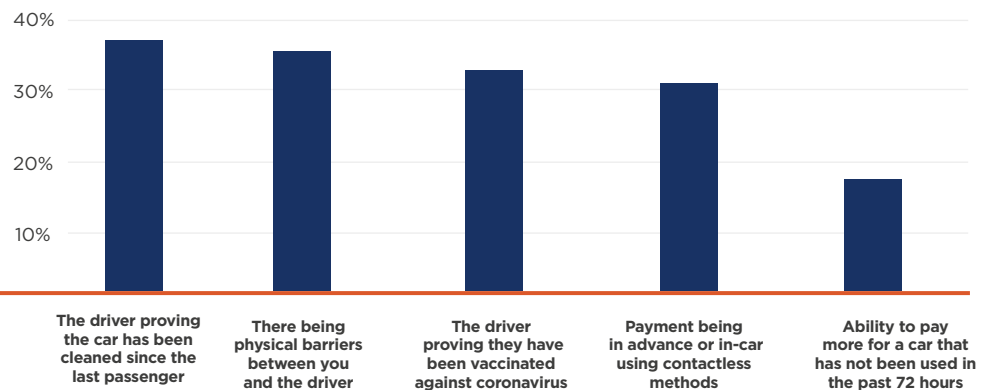
Looking at carpooling - where the driver doesn't expect to get paid and you are the only passenger - 34% are no longer doing this. For those who carpooled with people they know, 38% are no longer doing so, while 28% of those who used to ride with strangers have stopped altogether.

Of those who previously took cabs or used ride-share services (e.g., Uber, Lyft, Via), but are no longer doing so, there was not a single safety measure that riders indicated would make them feel most comfortable about returning.

The most popular measure selected was proof by the driver that the car had been cleaned since the last passenger – globally, 38% indicated they would feel very much or a lot more comfortable – and 37% said the same of physical barriers between passenger and the driver, with a high of 53% in Spain and low of 28% in China. This is followed by proof of driver vaccination (34%), led once again by Spain at 46% and a low of 23% in the Netherlands .

Getting back on the road?

Comfort/safety measures to make riders feel very much/a lot more comfortable



When asked if they would return to carpooling, our research found that people are not planning to rush back, but most plan to resume at some point (88% globally). These findings exhibit a similar pattern to what we observed last month when we asked about the return to live entertainment.

Only 8% of those surveyed said they would return to carpooling right away; 20% quite soon; and 60% will wait a while after measures are relaxed, with riders in Singapore (69%) and China (68%) most likely to choose this cautious option while Americans (49%) and Italians (48%) are least likely.

A bigger hurdle to carpooling's return could be the desire by many of us, now working from home, to continue to do so, either because it's more convenient or because we feel more productive, as evidenced in our *New Normal* research.





POSSIBLE IMPENDING IMPACTS TO CONSIDER AS WE LOOK AT THIS SHIFT

With consumers delaying car buying, will car manufacturers and dealers consider offering new buyer incentive programs?

Consumers might be able to “wait and see” when it comes to car buying, but can car manufacturers and dealers do the same? Will they attempt to create a sense of urgency among prospective car buyers by extending existing, or offering new, buyer incentive programs? And if so, could this lead to increased advertising efforts in this sector?

If car buying plans are delayed, should brands be marketing and advertising vehicles differently?

With consumers’ car buying priorities shifting in different directions since the pandemic (e.g., 20% intend to purchase a less expensive car and 19% a more expensive car), car manufacturers might consider changing brand messaging and advertising strategies. For example, will brands advertise vehicles in a way that emphasizes value and reliability over style and luxury?

Could declines in ridesharing and public transportation usage drive car buying?

A recent report from BCG predicts a change in mobility behavior towards private vehicles, with people feeling that private cars are safer. As evidenced by our research, the ridesharing industry has been affected by the pandemic and

will need to convince consumers that it is safe to return. Will these factors, and a desire to remain socially distant, make vehicle ownership more appealing?

How can ridesharing services convince riders of their safety?

With no clear indication of which practices are more or most reassuring, what cleanliness, safety and social-distancing measures can rideshare services adopt in order to regain consumer confidence? And with such large fleets of drivers, how can they assure passengers that they are enforcing these safety precautions? Furthermore, will cleanliness concerns around taxis – typically shared between drivers over shifts – mean a slower to return to pre-pandemic usage levels than those of rideshare services like Uber and Lyft, focused on a single driver/single vehicle model? And with many of us working from home, and hoping to do so in the future, might carpooling be a thing of the past?

Is the automotive aftermarket one of the few industries that can “stay the course” in advertising and brand messaging?

With movement in both directions—18% of car owners are now leaning towards DIY and 8% are moving towards relying on professionals—the automotive aftermarket has remained relatively stable. Could this mean advertising initiatives in this sector will prevail “business as usual?” Or could the slight shift towards DIY over professional servicing become more pronounced the longer the pandemic persists?

For continued coverage of the latest global consumer trends, and additional insights on what these trends reveal about the Reopening, visit our [COVID-19 Insights resource](#) and download the full *Global Consumer Trends COVID-19 Edition: The Reopening* report.



dynata[™]

www.dynata.com

© 2020 Dynata, LLC. All rights reserved.