

AUTOMOTIVE

Drivers seeking comfort, familiarity when car buying: Deloitte

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Audi e-tron. Image credit: Audi

By ELLEN KELLEHER

Anxiety triggered by the COVID-19 crisis is putting a damper on the drive to buy electric vehicles and prompting buyers to seek out traditional gas-driven cars instead, according to a new Deloitte report.

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With households around the globe facing financial concerns and other uncertainties, priorities around car purchases have shifted. The reputation of the EV industry, in particular, is taking a hit as concerns about safety and a lack of charging infrastructure are leading consumers in some countries to backtrack this year on plans to buy electric cars.

"Our data tells us that the consumer preference towards electric vehicles for their desired next vehicle was a surprise this year in that the trend went down," said Masa Hasegawa, partner at [Deloitte](#), Los Angeles. "With economic uncertainty, consumers in general are more focused on tried-and-true technology.

"Buying a vehicle is a large purchase for consumers on a financial and emotional level," he said.

For the [2021 Global Automotive Consumer Study](#), Deloitte surveyed more than 24,000 consumers in 23 countries to glean opinions about critical issues in the automotive space.

Pandemic impact

Consumers are delaying EV purchases despite news that the U.K. will be the first G7 country to ban the sale of petrol and diesel cars by 2030 while California and Massachusetts will do so by 2035 ([see story](#)).

However, familiarity and affordability are guiding the approaches of many to the car buying process these days.

In the U.S., for instance, just 26 percent of respondents plan to purchase an alternative non-gasoline or diesel car this year compared to 41 percent in 2020.



Some drivers are concerned about charging infrastructure. Image credit: BMW

In China, meanwhile, only 45 percent are interested in electric cars, compared to 57 percent in 2020 while consumers in India also share a similar shift in sentiment, with their interest dropping to 32 percent from 49 percent in 2020.

On top of their cost and safety, the greatest concerns around the world about all-battery-powered electric vehicles are their driving range, cost, the lack of public charging terminals as well as the time required to charge. Fear of hacking also poses worries, particularly in India, the U.S., Germany and South Korea.

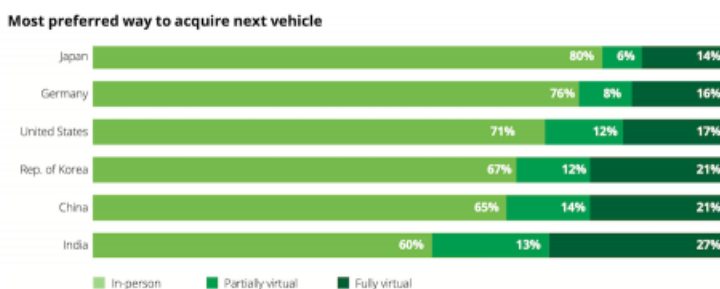
Given that safety is critical, on the list of key features consumers want are blind spot warning alerts, automatic emergency braking and built-in navigation systems.

Vehicle payment deferments are on the rise, particularly for younger consumers. In India, for example, 52 percent of consumers, most of whom are between 18 and 34, have requested a payment deferment compared to 23 percent of U.S. consumers in that age bracket.

Per Deloitte, about a third of consumers plan to delay the acquisition of their next vehicle. Many drivers also plan to acquire a less expensive vehicle than they first planned for, with 55 percent in the U.S. saying they would do that; 65 percent in India; and 44 percent in Japan.

Meanwhile, the introduction during the pandemic of a range of digital tactics such as online showrooms, virtual test drives and contactless delivery by the likes of Jaguar Land Rover, Rolls-Royce, Mercedes-Benz and Audi, has set a new bar in the industry ([see story](#)).

However, even consumers who want to buy their next vehicle via a virtual buying process would still most prefer to interact with an authorized dealer in most countries, from China and India to the U.S., Germany and Japan.



In-person buying of cars remains in vogue. Image credit: Deloitte

Seventy-five percent of consumers in the U.S. and India "have to see" a vehicle before buying it, climbing to 76 percent and 80 percent among German and Japanese drivers, respectively.

Subscription services, which allows consumers' access to different models from the same brand for short stints, are more popular in India, China and Korea than in Japan, Germany and the U.S. Virtual servicing also remains a popular perk, but only if it is free, according to Deloitte.

Digitizing car buying

Some industry watchers predict that the wider automotive market will not recover from 2020's drop in sales until 2023 at the earliest. Also, due to a rollover effect, many 2021 models that were slated to arrive in 2020 will be available next year instead ([see story](#)).

From Tesla to Porsche, automakers are pouring resources into developing high-end electric cars and self-driving technology despite drivers' lack of substantive interest in either, according to a new study by [J.D. Power](#).

However, drivers remain skeptical about battery-powered cars and self-driving ones simply because they lack experience with both and remain uneducated about their prospects. As a result, automakers may find it difficult to persuade consumers to leave their fuel-driven cars behind as the Deloitte survey suggests ([see story](#)).

"There is a higher propensity of premium brand owners looking for alternative technologies, but that's only about 20 percent of the market," said Ryan Robinson, automotive research leader at Deloitte, Toronto. "The pandemic has had less of an impact on the higher-income consumer and more of an impact on the middle market."

While the pandemic has had serious consequences for the auto industry, manufacturers are bucking the negativity with the embrace of digital innovation in various respects. The use of new technology extends to design and development as well as operations and training ([see story](#)).

Whether that will encourage a mass move to online car shopping remains uncertain.

"What is going to make it more complicated for car manufacturers and dealers, according to our study, is that people are still very much preferring to interact in person preferably through a dealership or showroom of some sort," Mr. Hasegawa said. "As vaccinations continue, consumers are telling us that they'd like to kick the proverbial tires and see the physical goods."

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