AUTO PURCHASE & USAGE BEHAVIORS

The Impact of COVID-19

May 7, 2020

INTRODUCTIONS

Frank Forkin
President, Automotive Client Organization

John Kiser
Senior Vice President, Automotive & Mobility

Mike VanNieuwkuyk
Senior Vice President, Automotive Advisory

During the COVID-19 outbreak, auto manufactures have been hit hard first by shutdowns in China and then by local shutdowns. This has slowed global sales of vehicles and rattled consumer confidence based on uncertain economic conditions.

Despite forecasts predicting significant declines in light passenger vehicle sales for the year, there is some potential good news on the horizon for the auto industry.

Ipsos has been monitoring US consumer attitudes and behaviors since the beginning of this pandemic, to understand how we as a nation are cooping, adapting and ultimately preparing for returning to normal life once stay-at home directives are lifted.

HUMANS VS COVID-19

What we feared on Feb 28th actually happened

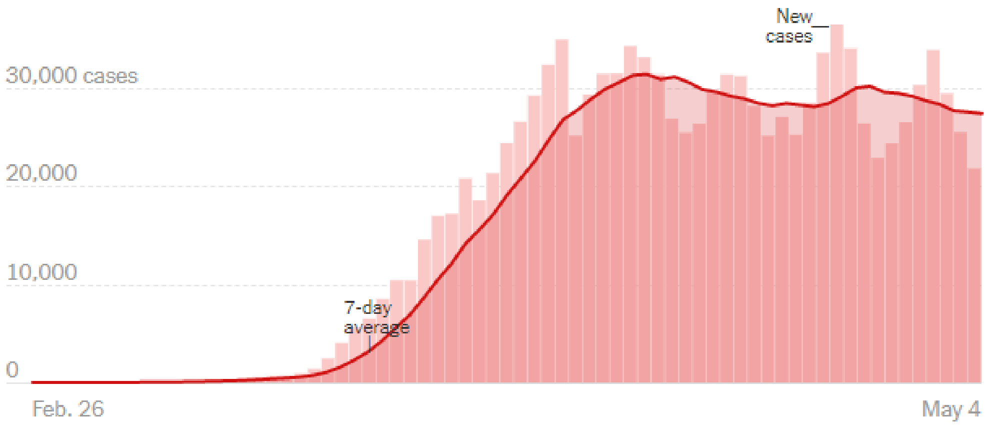
February 28th	World	US
Confirmed Cases	83,652	67
Official Deaths	2,858	0

May 5th	World	US
Confirmed Cases	3,694,920	1,225,088
Official Deaths	255,715	71,229

Source: www.worldometers.info/coronavirus/

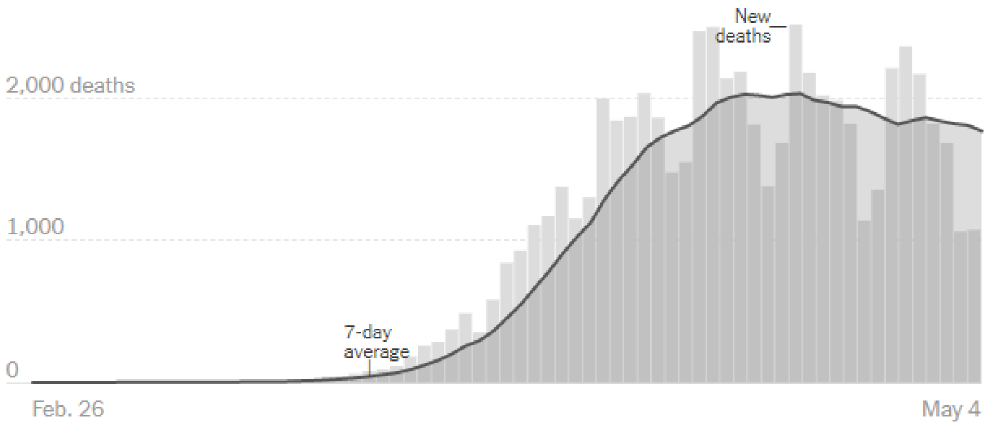
Emerging indications of **slowing growth**

New reported cases by day in the United States



Note: The seven-day average is the average of a day and the previous six days of data.

New reported deaths by day in the United States



Source: www.nytimes.com/interactive/2020/us/coronavirus-us-cases.html#cases

Returning to "normal" will be **progressive, not sudden**

Not everywhere, not everyone

Germany

- Reopened stores <800sqf on April 20th
- Progressive reopening of schools as of May 4th

France

- Progressive reopening of schools and certain businesses on May 11th

Italy

- Construction, wholesale, some manufacturing return on May 4th
- Restaurants reopen for takeout only

Back and Forth?

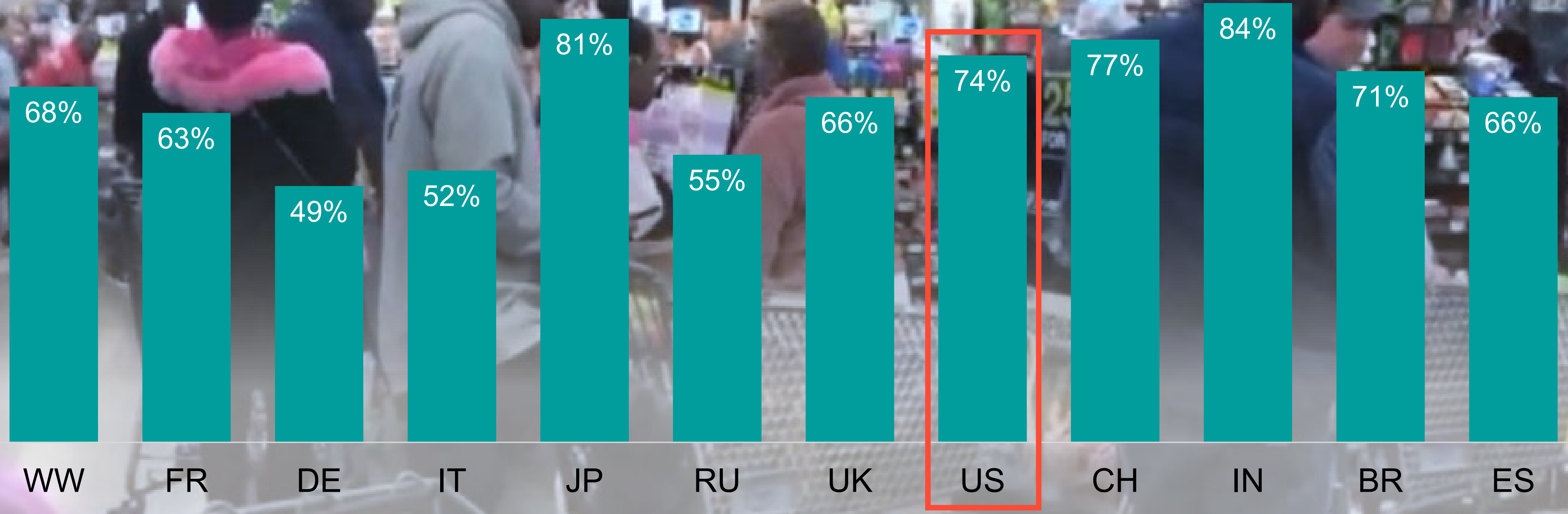
Singapore

- COVID-19 surging back

China

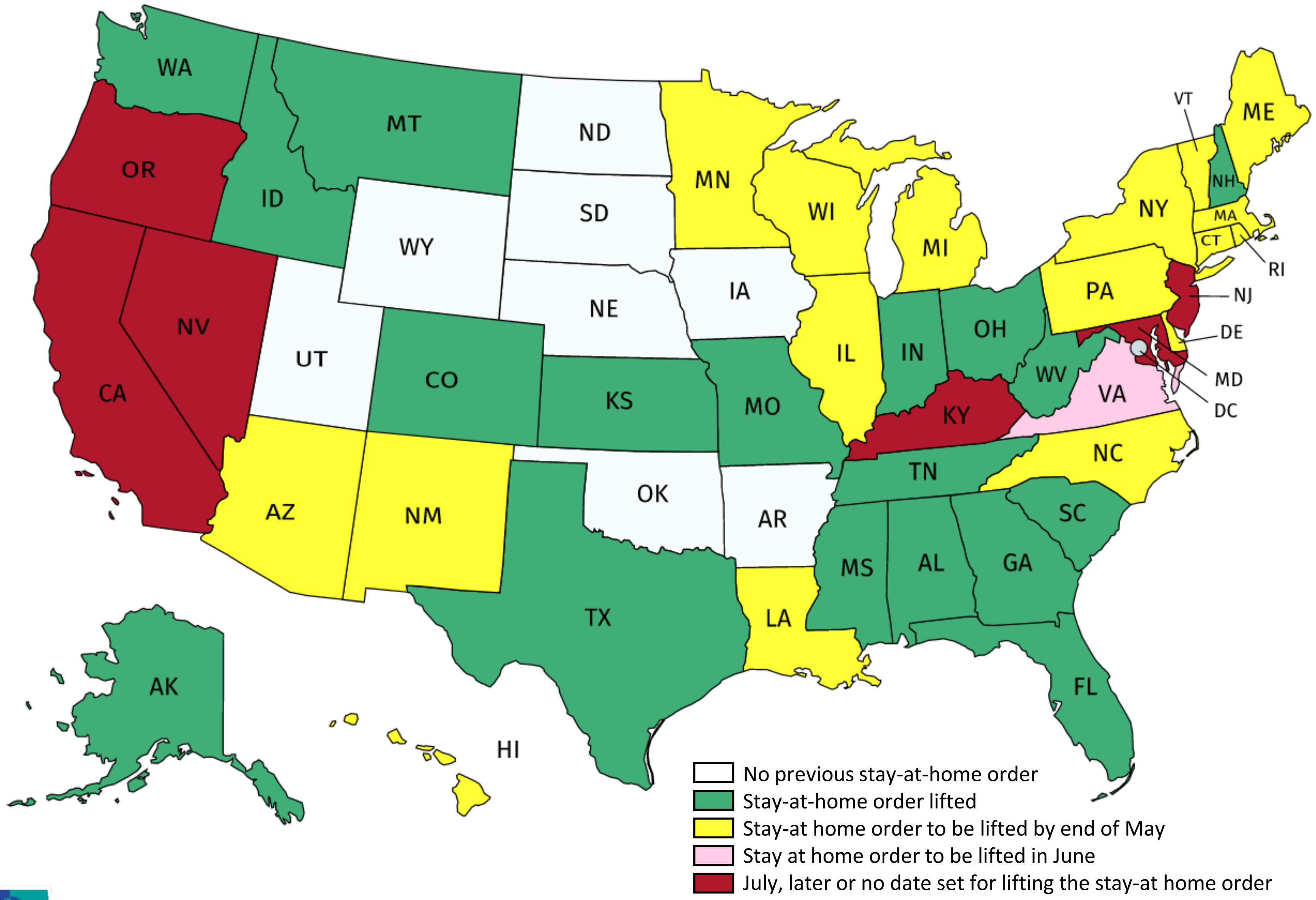
- New cluster in northwestern province of Shaanxi

People will be **nervous to leave their home,** at least initially



Even if businesses are allowed to reopen and travel resumes, I am going to be very nervous about leaving my home

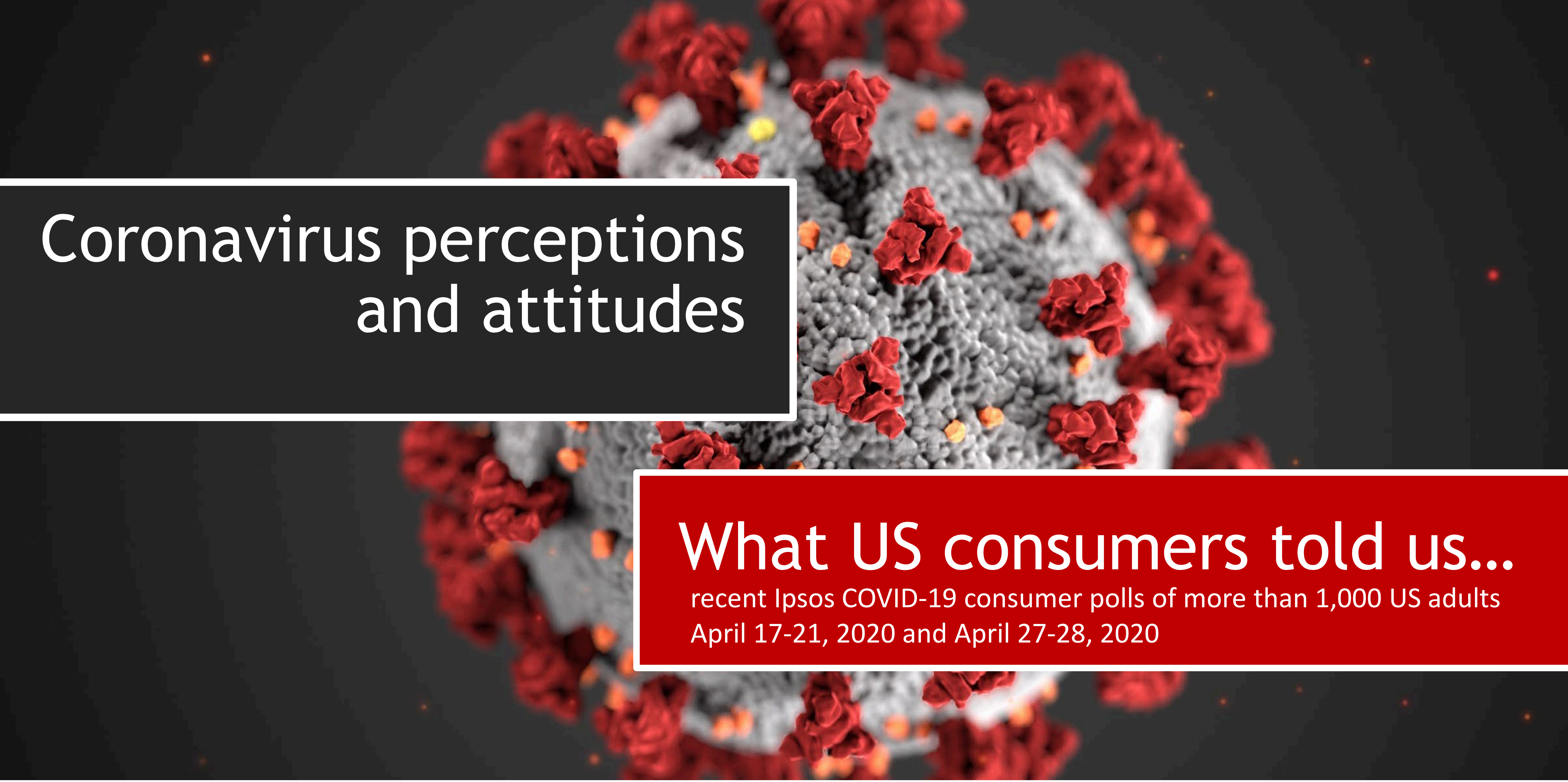
As of May 5th, **18 states have lifted stay-at-home orders,** but with varying conditions



Such as:

- Replaced by a “safer-at-home” order
- Businesses to operate at a reduced capacity (e.g., 20%, 50%) and must follow distancing guidelines
- Schools remaining closed for remainder of the academic year
- Malls reopening at a reduced capacity
- Restaurants to operate at a reduced capacity or limited to outdoor dining
- Bars, nightclubs, gyms and movie theaters remaining closed
- Public beaches remaining closed

Source: https://247wallst.com/

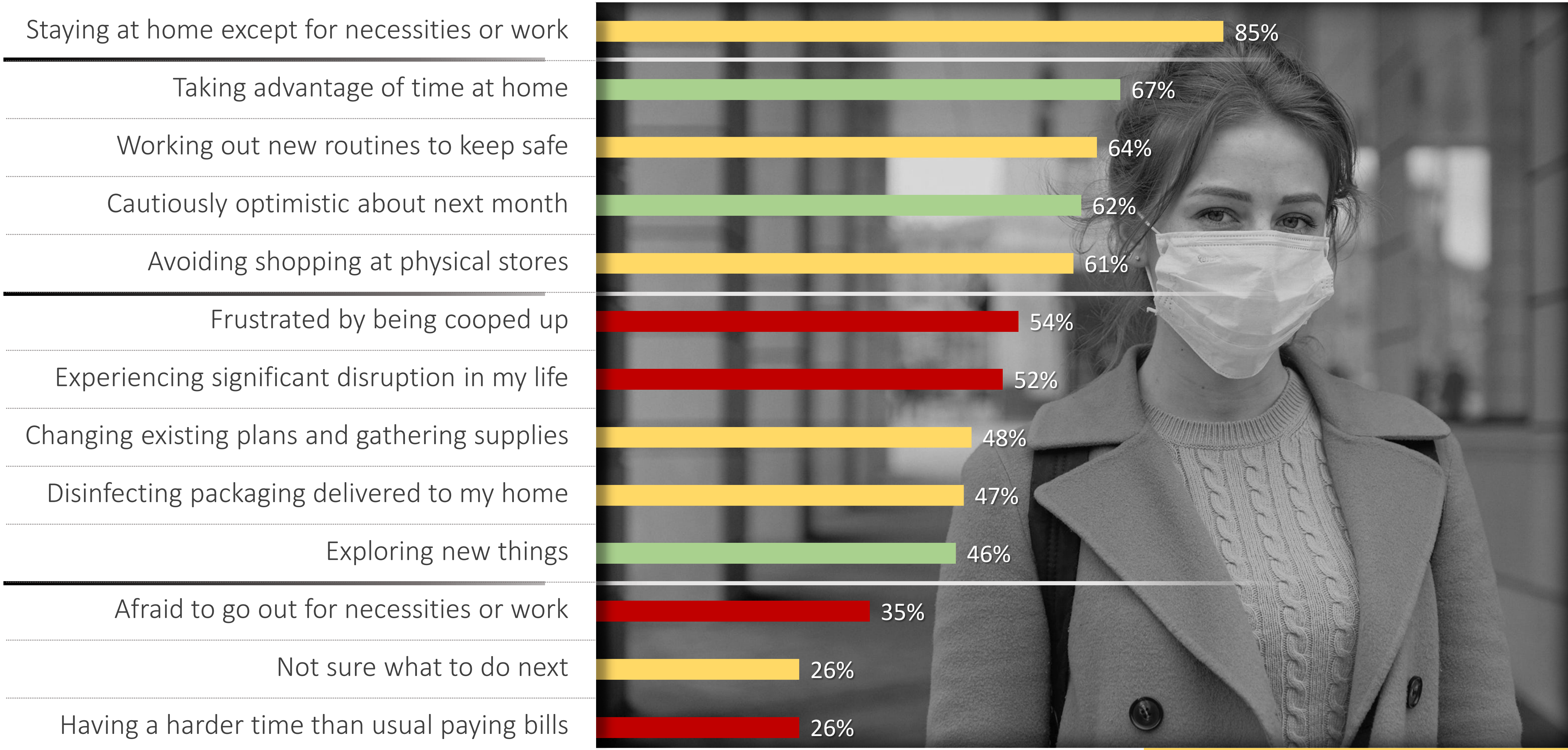


Coronavirus perceptions and attitudes

What US consumers told us…

recent Ipsos COVID-19 consumer polls of more than 1,000 US adults April 17-21, 2020 and April 27-28, 2020

Overall, consumers are adjusting fairly well to stay-at-home directives

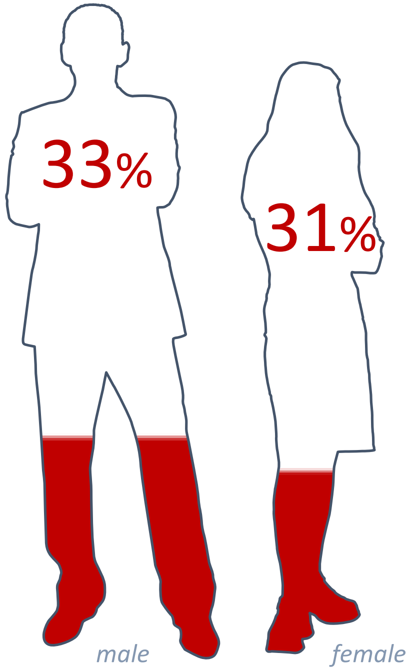


% strongly/somewhat agree

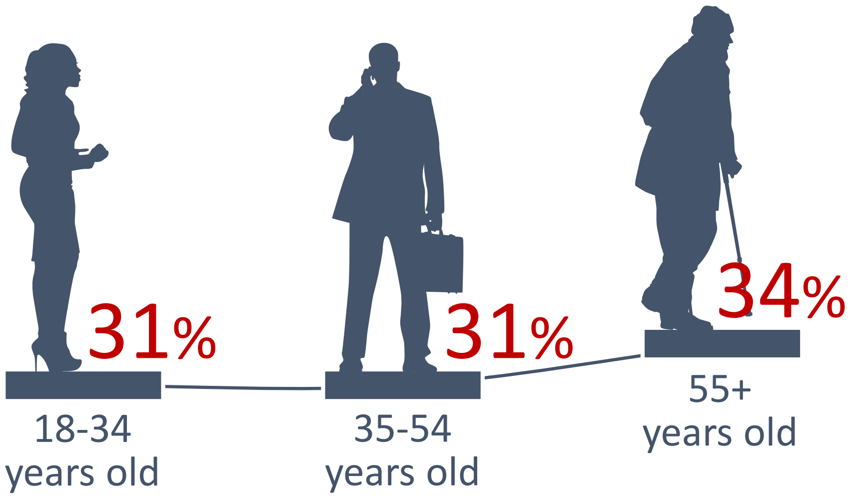
Consumers are **not feeling overly threatened** by COVID-19

very high/high personal threat
OVERALL

very high/high personal threat
BY GENDER



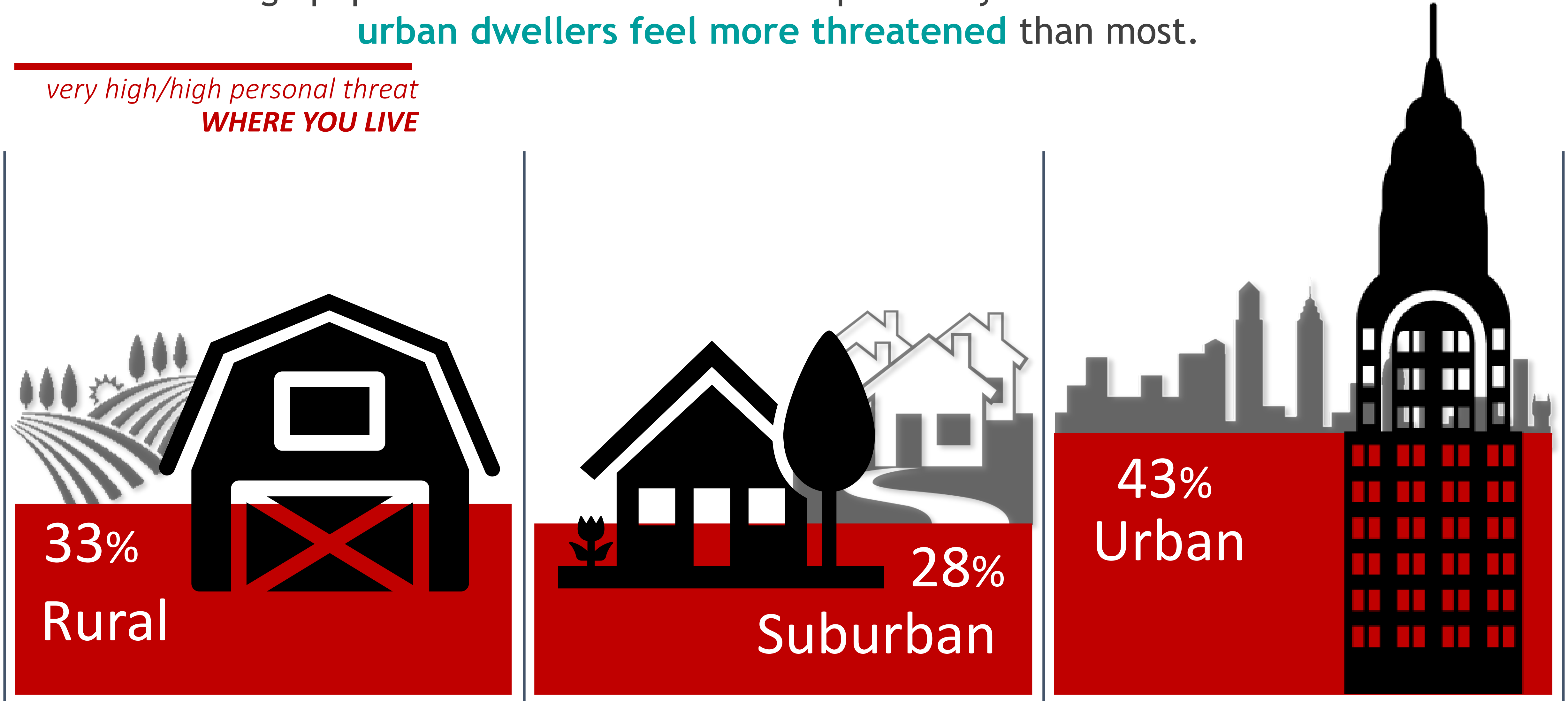
very high/high personal threat
BY AGE



% Very high/high threat

Large population areas and the close proximity to each other makes **urban dwellers feel more threatened** than most.

very high/high personal threat
WHERE YOU LIVE

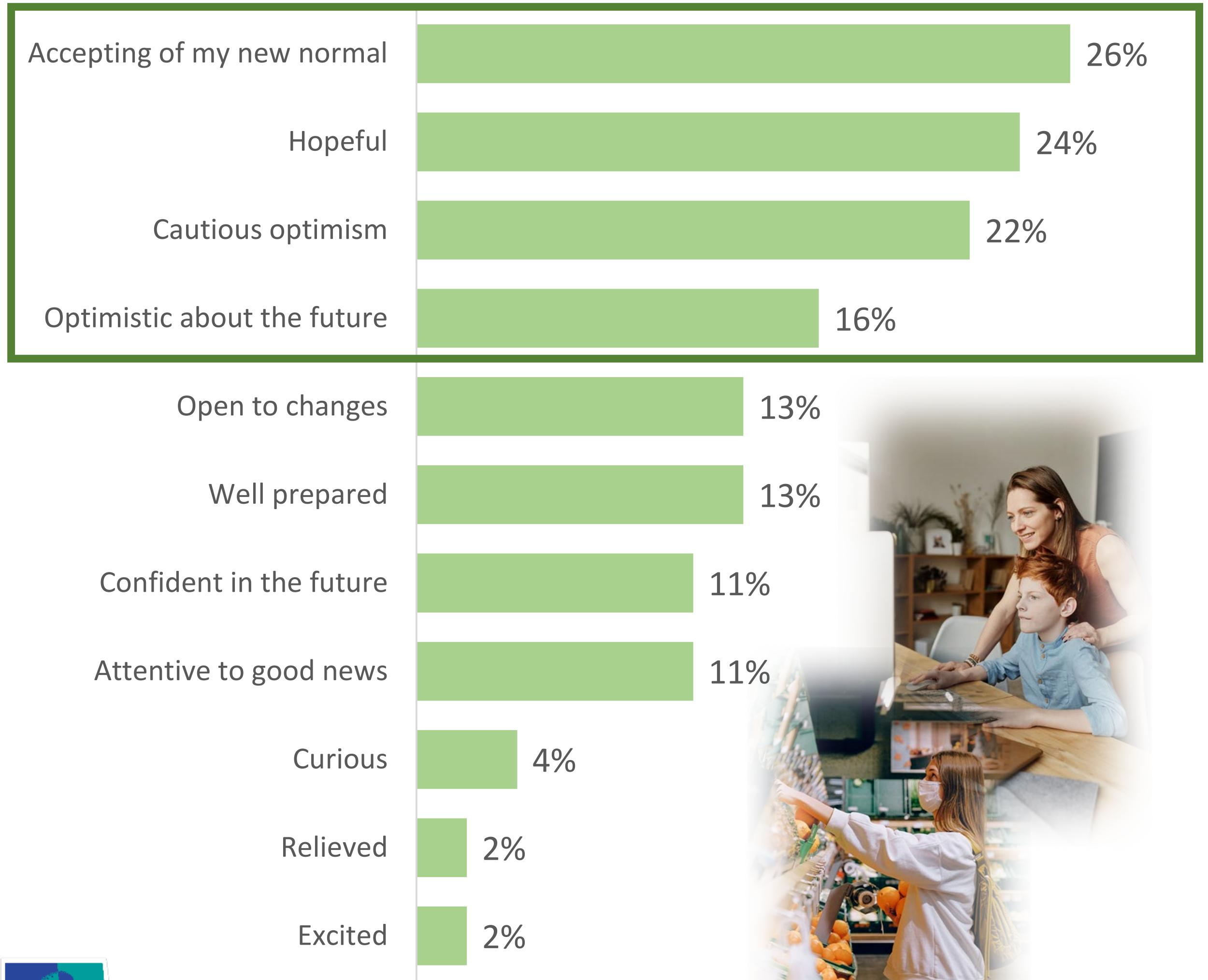


% Very high/high threat

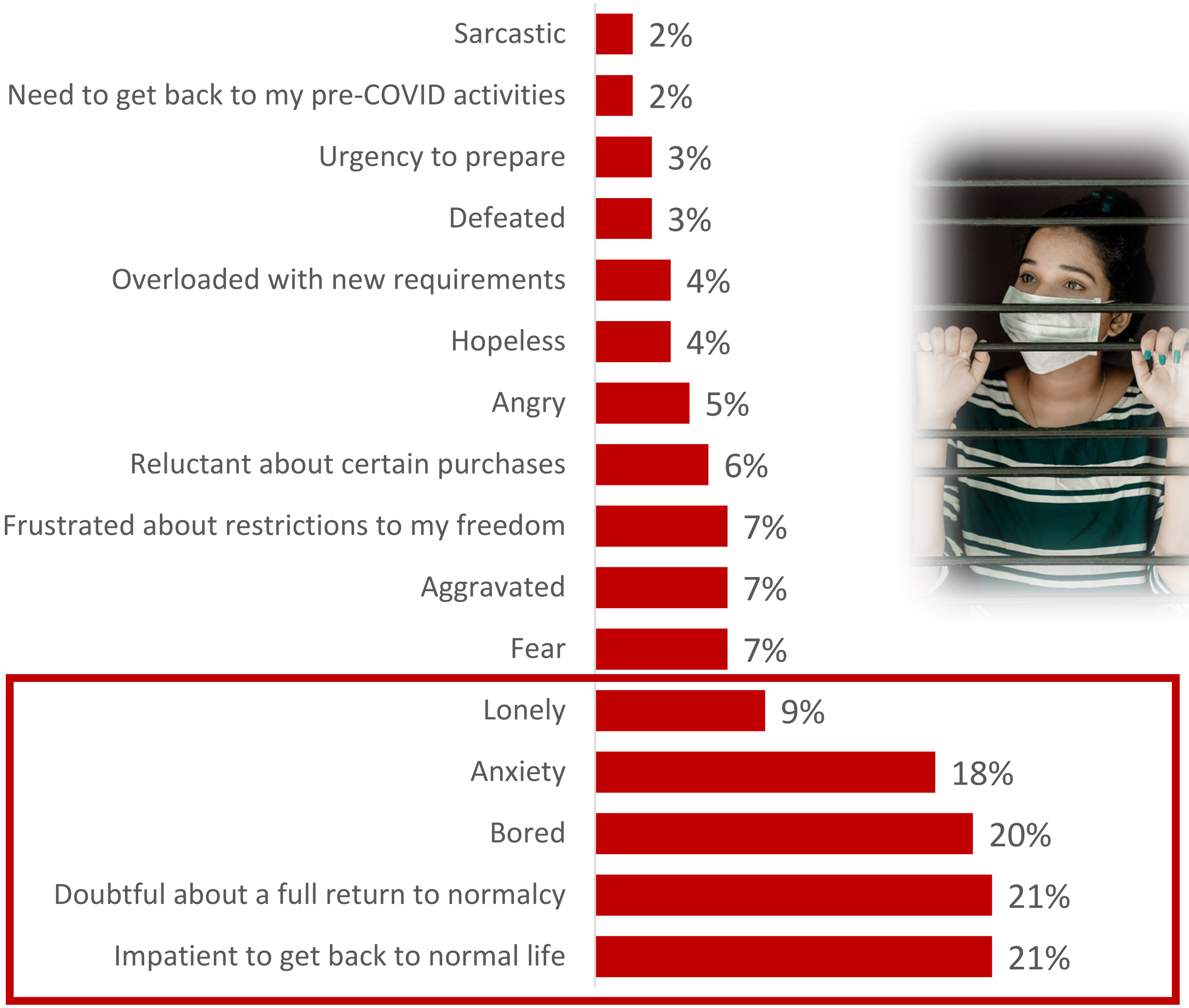
Americans are **striving to remain positive…**

…but express concern about the **return to "normal"**

POSITIVE PHRASES



NEGATIVE PHRASES



Post COVID-19, consumers are more likely to drive their own vehicle

Drive my own vehicle

*Among those who **previously drove their own vehicle***

68%

will start using again immediately as much or more than before COVID-19

23%

will wait until they are sure it is safe but will use about as much as I did before COVID-19

9%

will use less than I did before COVID-19, either permanently or for at least a few months

Use ride sharing services

*Among those who **previously used ride sharing services***

30%

will start using again immediately as much or more than before COVID-19

42%

will wait until they are sure it is safe but will use about as much as I did before COVID-19

28%

will use less than I did before COVID-19, either permanently or for at least a few months

Use public transportation

*Among those who **previously used public transportation***

28%

will start using again immediately as much or more than before COVID-19

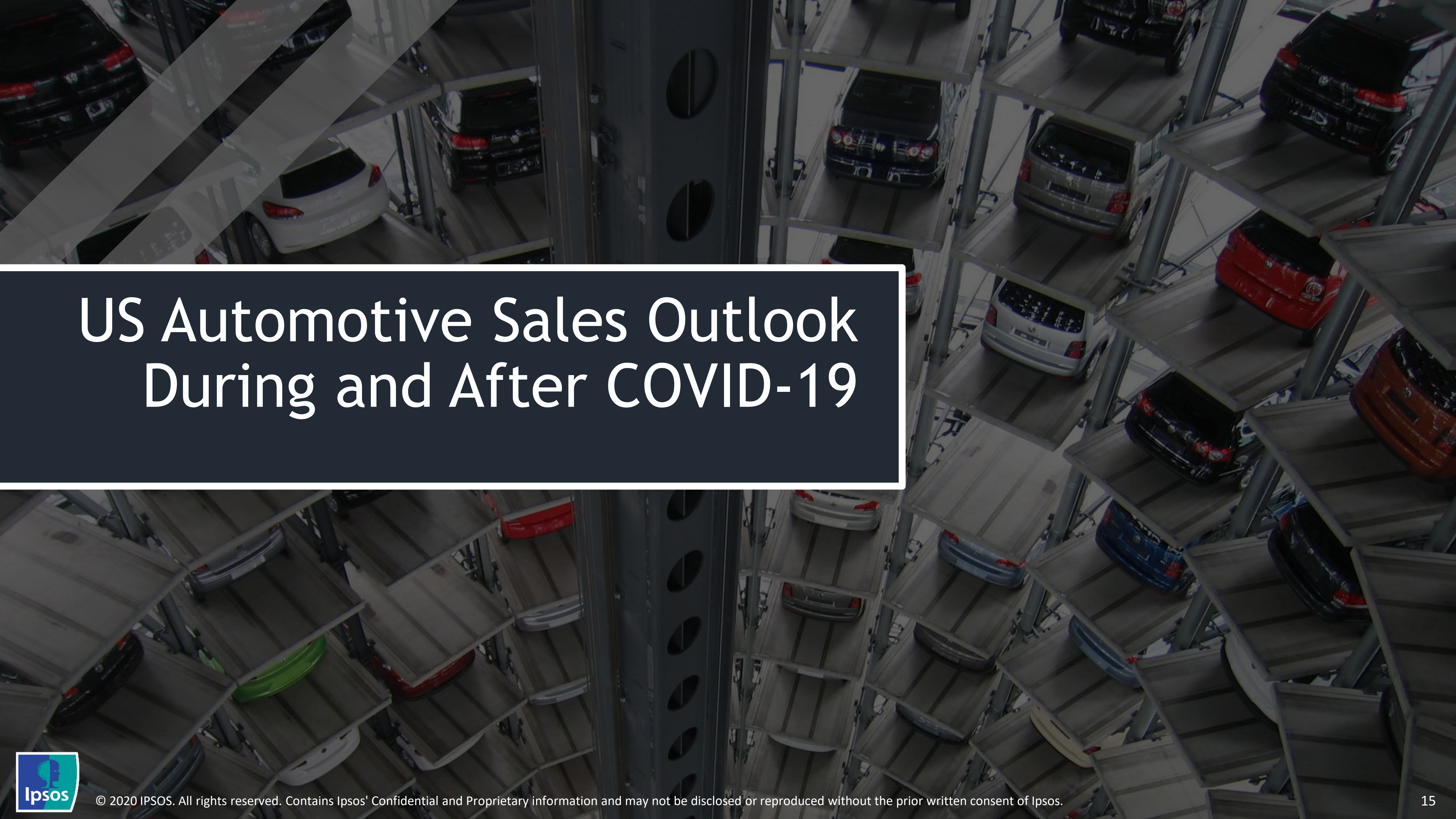
41%

will wait until they are sure it is safe but will use about as much as I did before COVID-19

31%

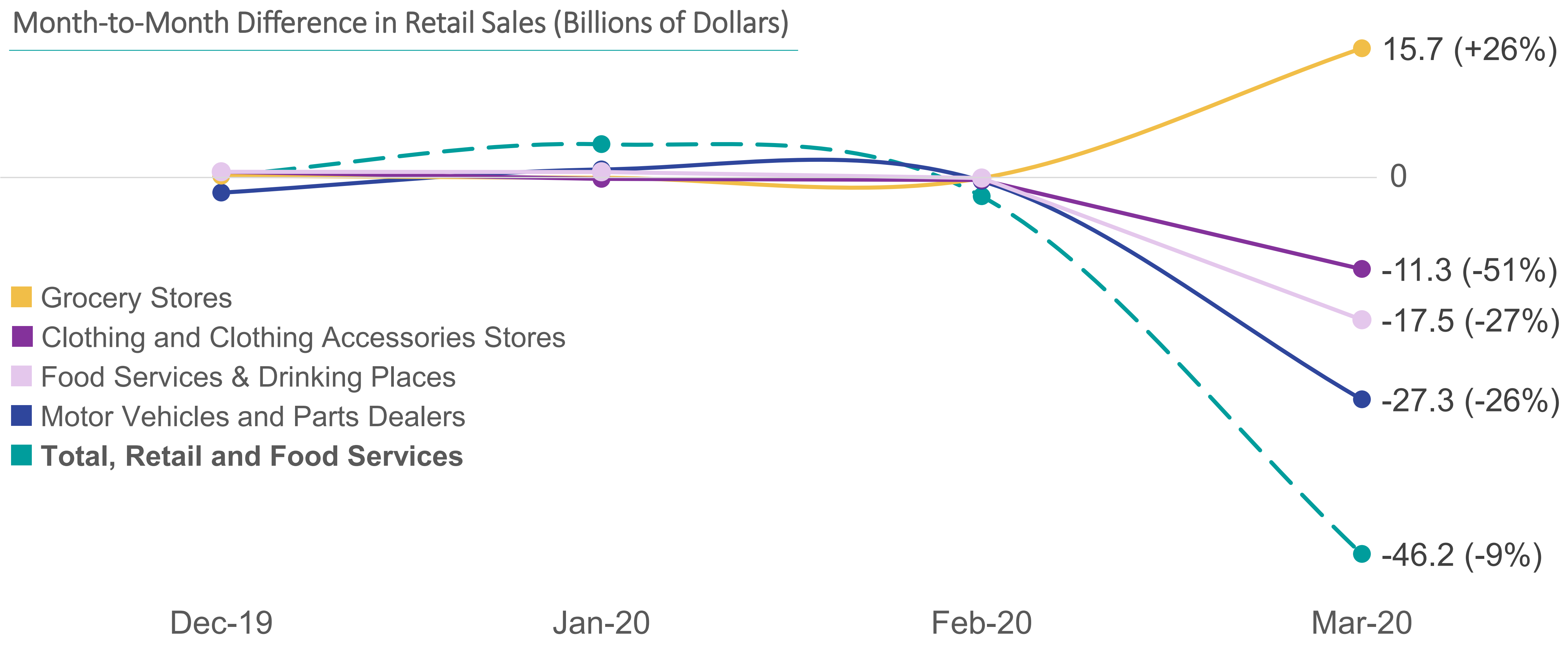
will use less than I did before COVID-19, either permanently or for at least a few months

Ipsos



US Automotive Sales Outlook During and After COVID-19

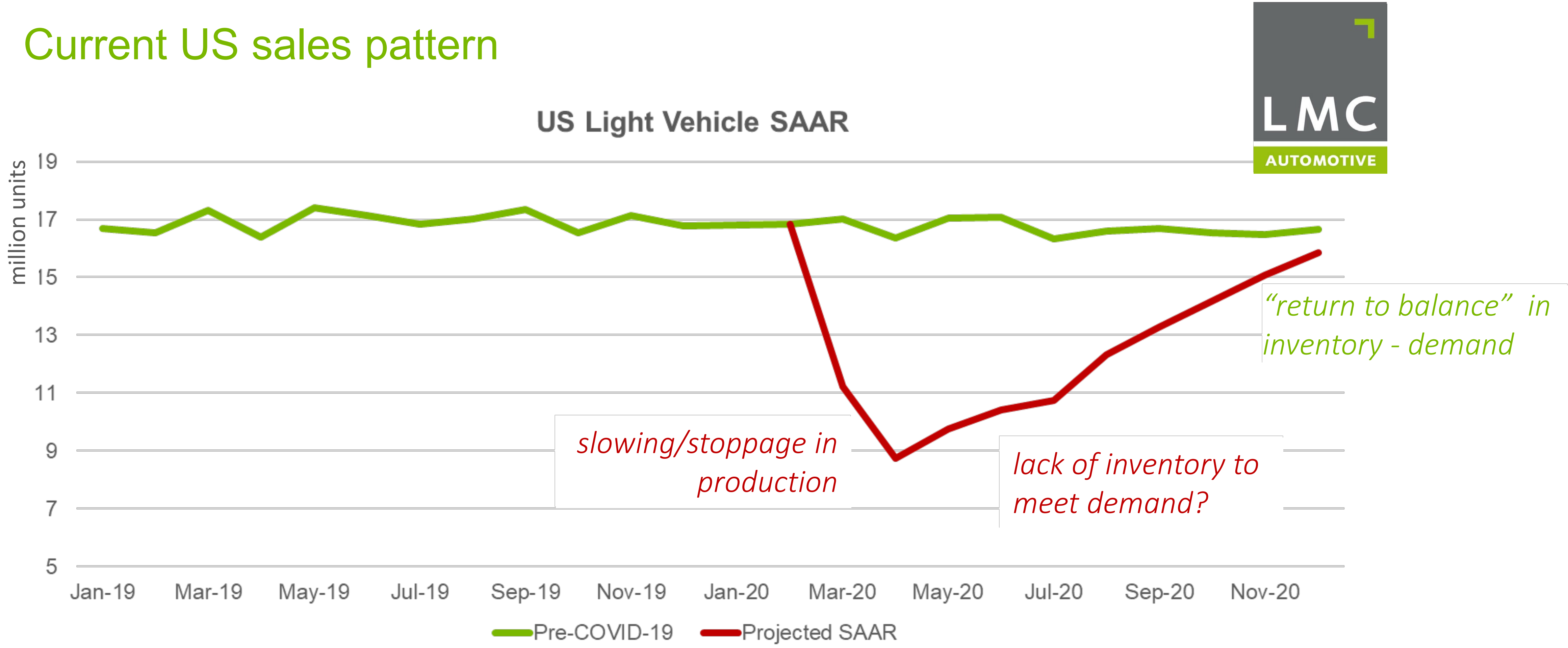
The impact on retail sales has been **stunning** too



Source: www.census.gov/retail/marts/www/timeseries.html | Last Revised: April 13, 2020

Ramping up of US automotive sales to **start taking hold in Q3 2020**

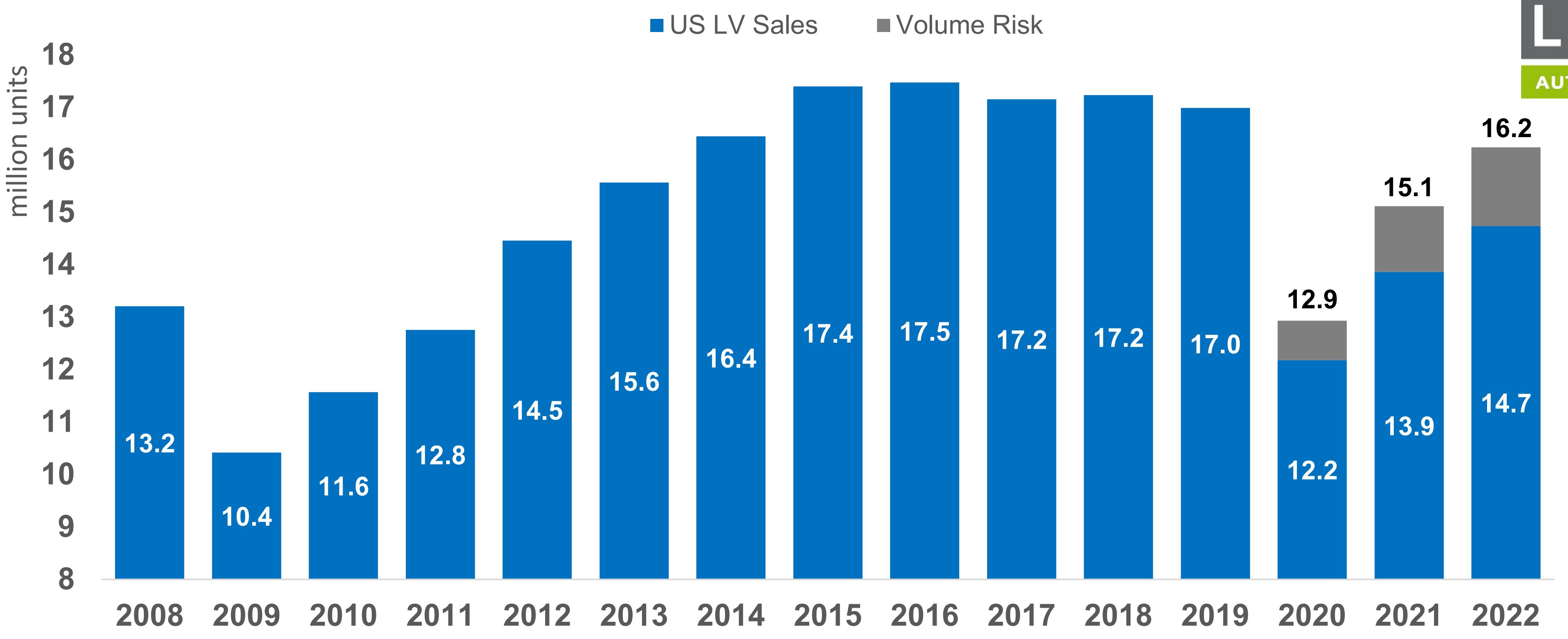
Current US sales pattern



Source: LMC Automotive
Used with permission

The unknown duration of the pandemic along with its economic and social impacts creates **considerable risk that could extend the US sales recovery**

US Sales show significant risk ahead



Source: LMC Automotive
Used with permission

future of mobility

IPSOS

AUTOMOTIVE **NAVIGATOR**

MODULE 0

COVID-19 DEEP DIVE ON AUTOMOTIVE & MOBILITY INTENTIONS

OVERVIEW

METHODOLOGY.

Each module is a 15 minute online survey written in the native language of each country. Sample is provided by Ipsos I-say panel and select panel providers. A general population sample of 18 to 74 years was weighted to be reflective census per country. Key segments were profiled including new and used vehicle intenders, segment intention, and vehicle owners.

COUNTRIES.

Eleven countries targeted: US, China, Japan, Brazil, Russia, India and Euro5 (Germany, France, UK, Italy, Spain).

COMPLETES.

1000 completes per country for Module 0 COVID-19 Deep Dive, fielded April 8th – 14th, 2020.
2000 completes per country for Modules 1-3 with age/gender quotas to reflect the country's demographic profile.

DELIVERABLES.

Study deliverables include a report, detailed tables, a SPSS data file and a user-friendly reporting tool to allow for easy manipulation of the data.

SAMPLE PROFILE

COUNTRIES SAMPLED

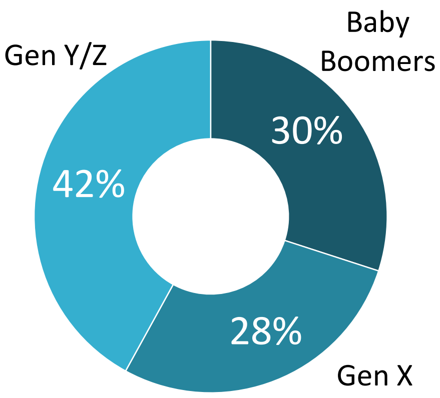
United States	China	Japan	Brazil	France	Germany	Italy	Spain	UK	Russia	India
n=1000	n=1000	n=1000	n=999	n=1000	n=1001	n=1000	n=1000	n=1000	n=1000	n=1000

MEDIAN INCOME

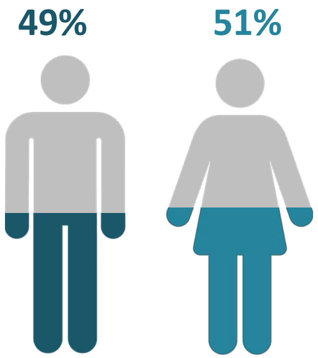
United States	China	Japan	Brazil	France	Germany	Italy	Spain	UK	Russia	India
$68,700*	$31,400 (¥ 222,100)	$54,800* (¥ 5,900,000)	$7,300* (R$ 40,300)	$35,800 (€ 33,200)	$38,800 (€ 36,100)	$32,800* (€ 30,400)	$32,300* (€ 30,000)	$ 52,500 (£ 42,500)	$8,600 (₽ 645,300)	$1,200 (₹ 94,500)

**Income is pre-tax where noted*

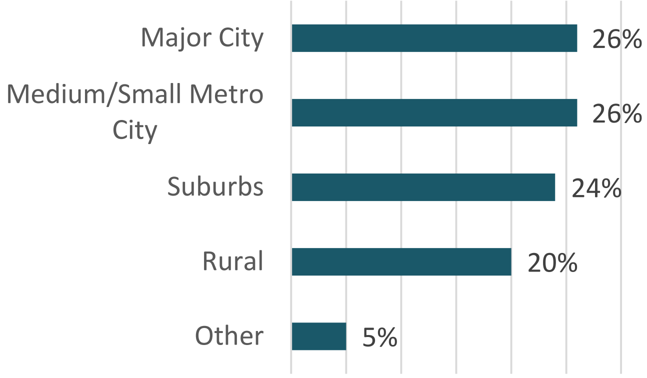
AGE



GENDER



REGION

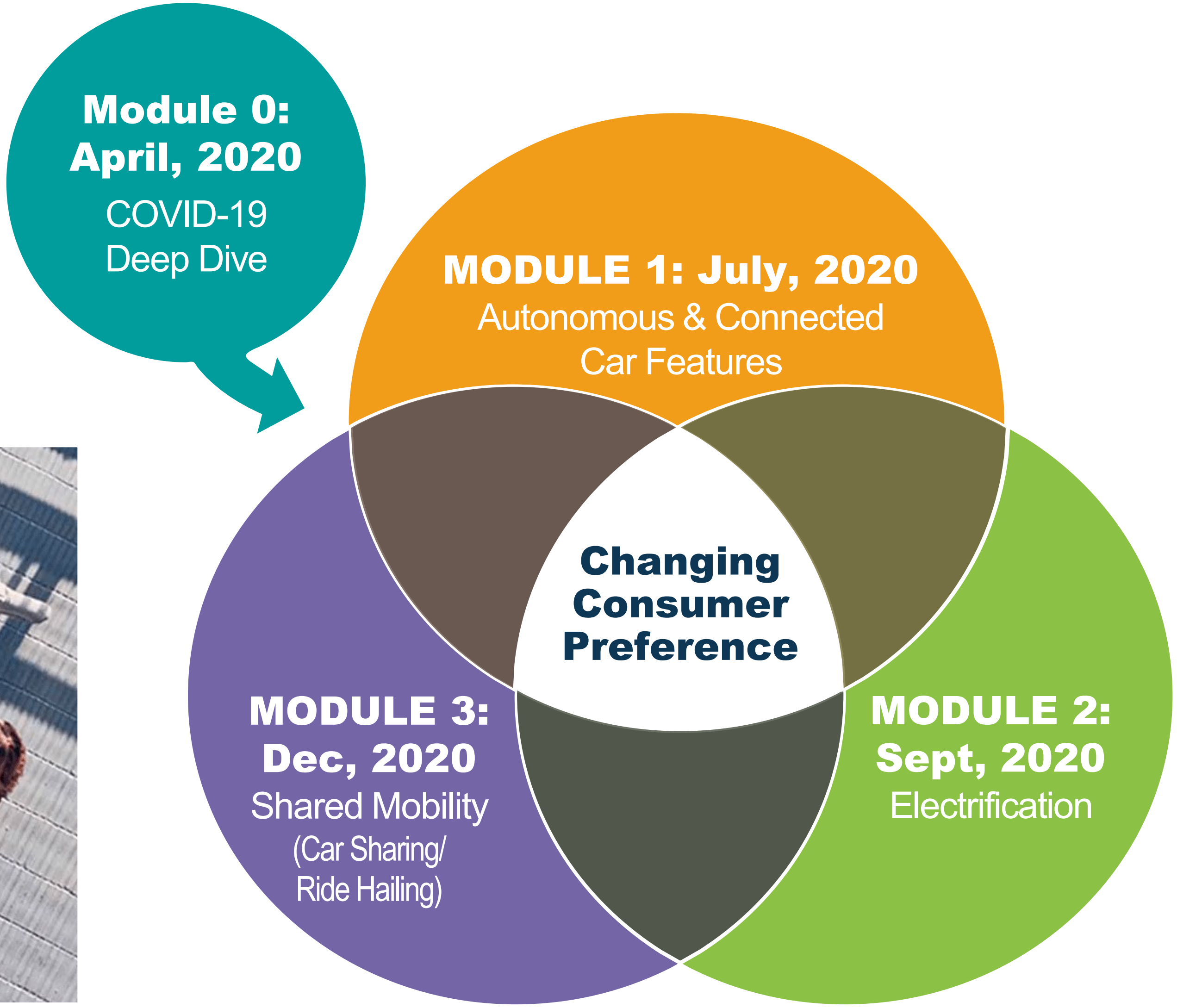


AVERAGE VEHICLES IN HOUSEHOLD 1.2

AVERAGE # OF CHILDREN IN HOUSEHOLD 0.6

A SYNDICATED STUDY FOCUSED ON THE

KEY TRENDS IN MOBILITY & IMPACT OF COVID-19



MODULE 0

COVID-19 DEEP DIVE ON AUTOMOTIVE & MOBILITY

What is the impact of COVID-19 on consumers perceptions of shopping and purchasing a vehicle? And, understand the impact of modes of transportation amongst the crisis. This will also provide direction on vehicle purchase intention tracked quarterly through 2020.

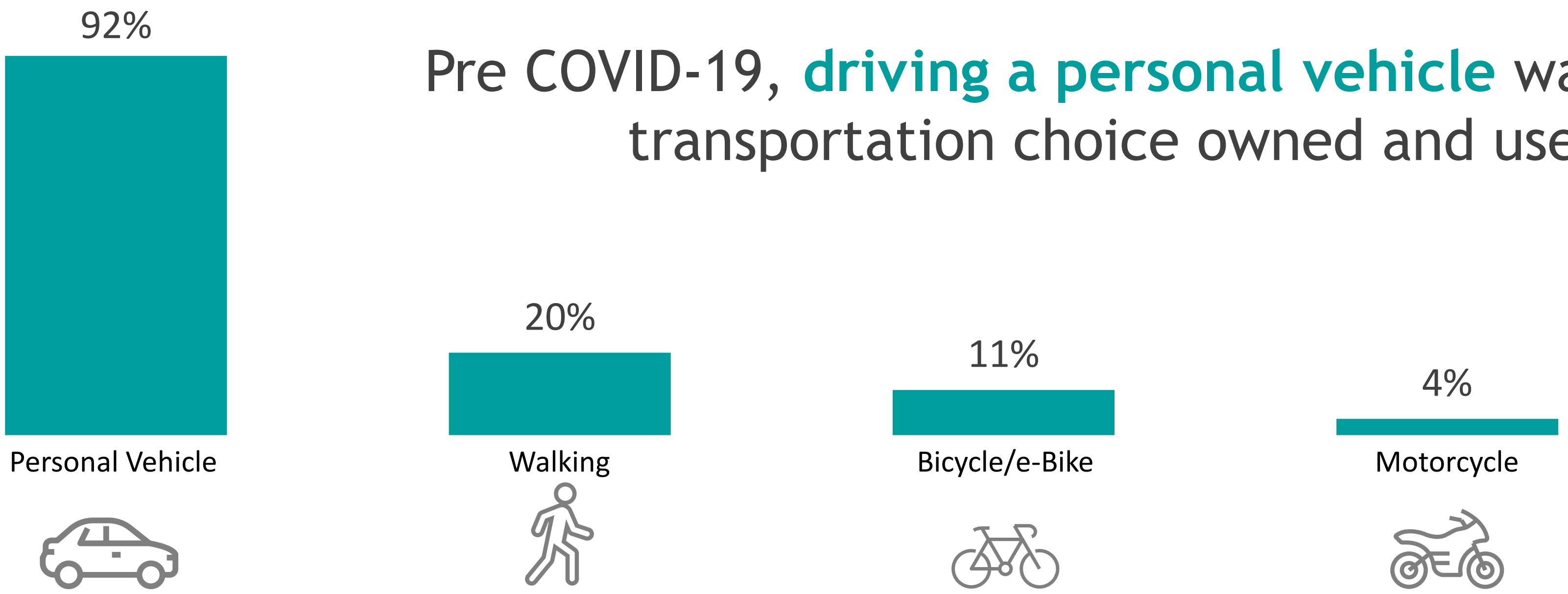
TOPICS:

- Transportation ownership / usage
- Comfort in various activities as it relates to shopping / visiting a dealer / transportation usage
- Purchase consideration of vehicle and reasons why/why not and when
- Vehicle preference shift / key attributes for new vehicle
- Early signs of new normal
- Impact of different incentives to purchase / lease
- Levels of dealer support
- Willingness to consider virtual / digital purchase of vehicles
- Sources of information used for new vehicle shopping
- Impact of miles driven
- Demographics (age, gender, income, etc.)

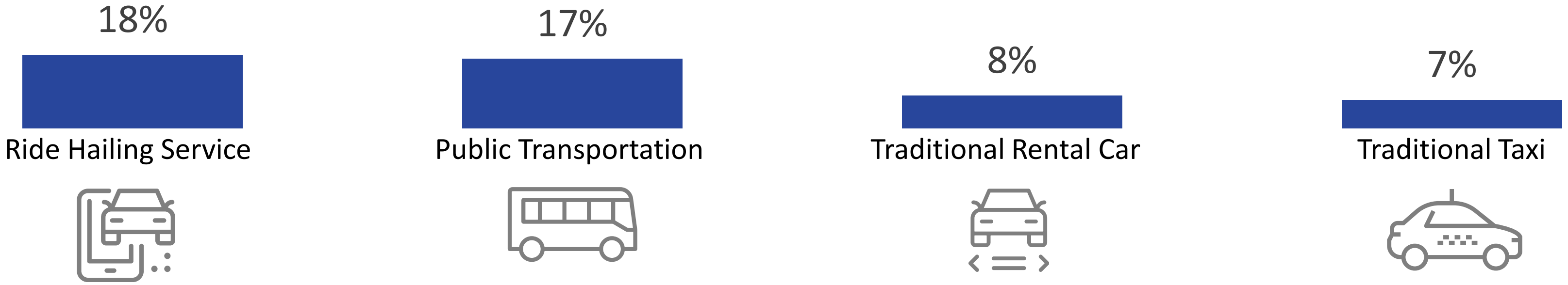
SHIFT IN TRANSPORTATION USAGE

COVID-19 DEEP DIVE ON AUTOMOTIVE & MOBILITY INTENTIONS

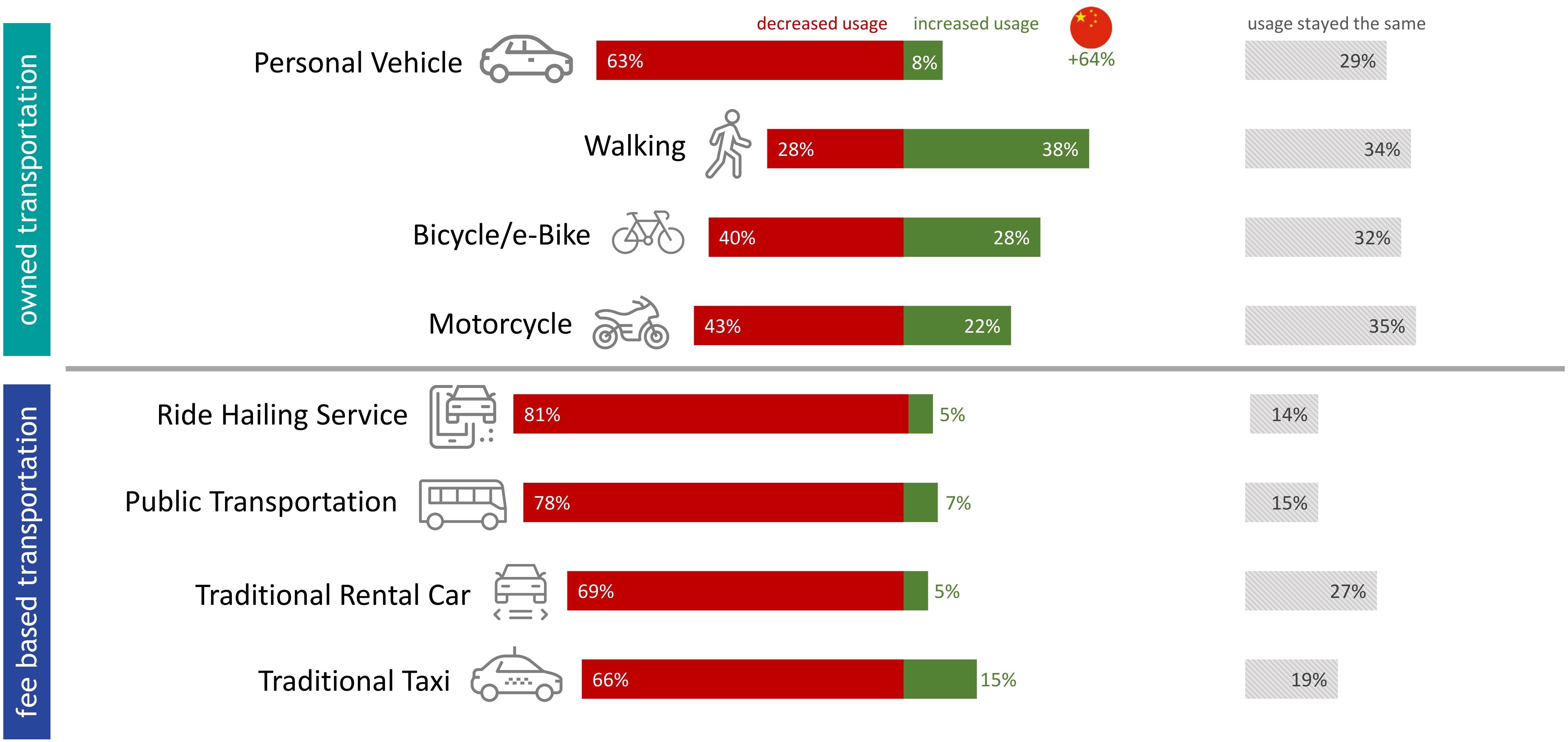
Pre COVID-19, **driving a personal vehicle** was the predominant transportation choice owned and used by US consumers



and fee based transportation choices more **limited in use**

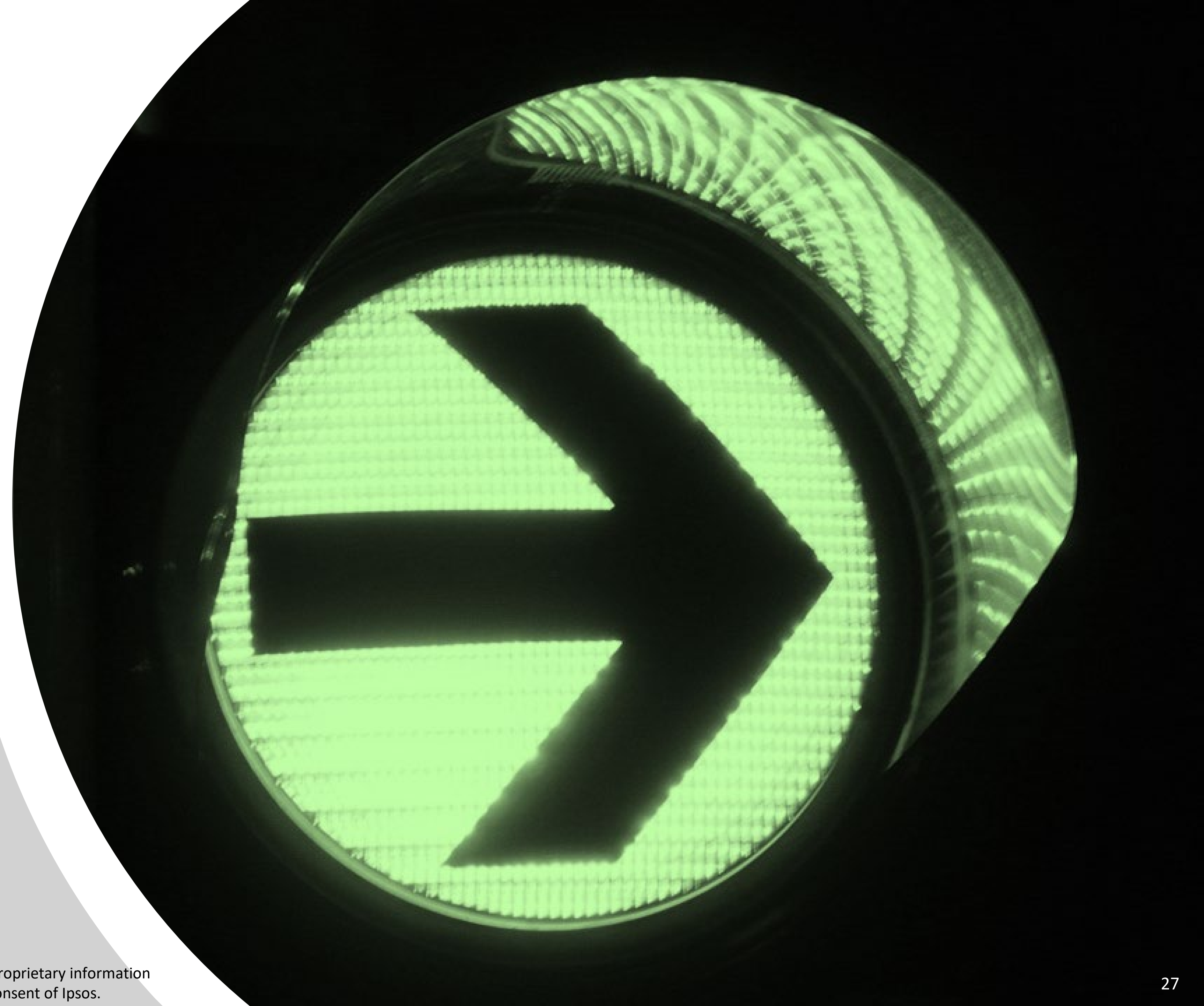


Since the outbreak, **only walking** **has increased in usage**



SHIFT IN PURCHASE INTENT

COVID-19 DEEP DIVE ON AUTOMOTIVE & MOBILITY INTENTIONS



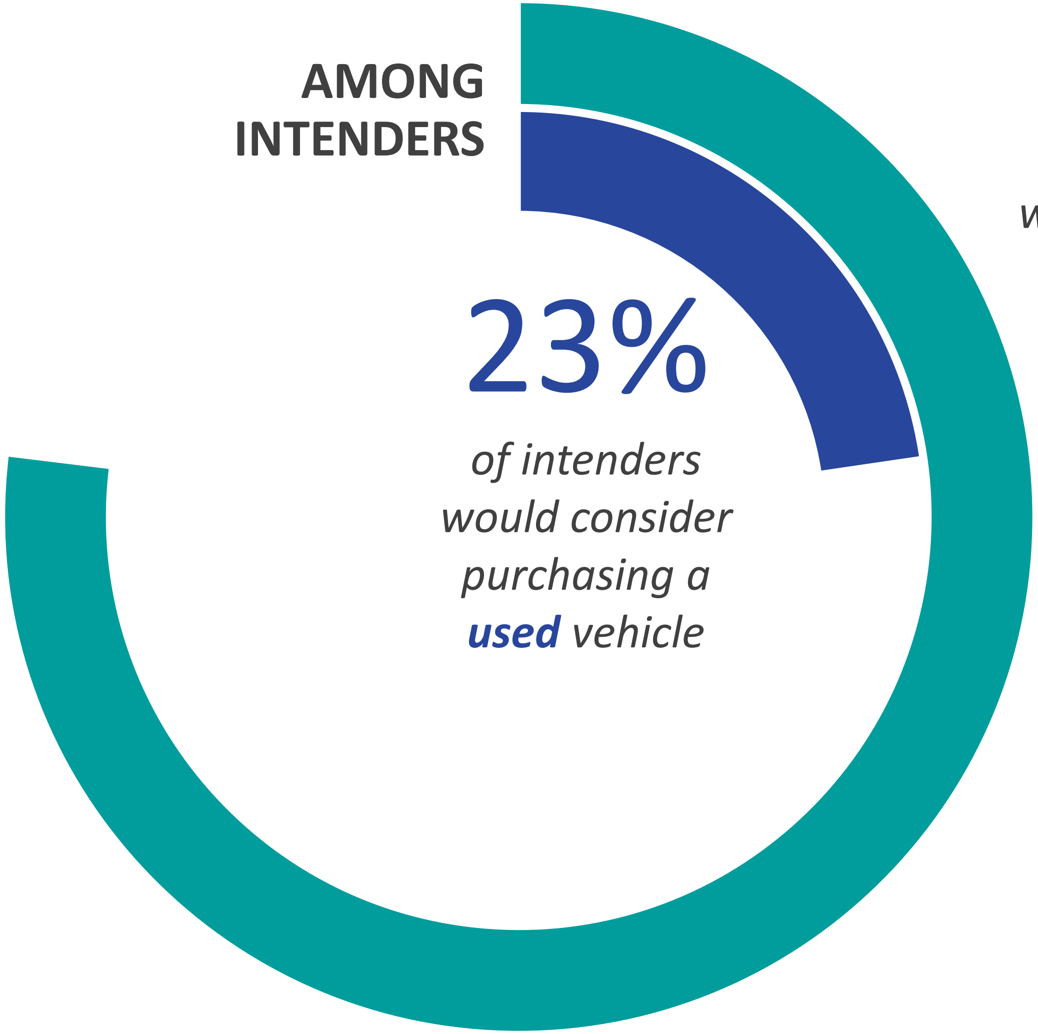
Pre COVID-19, 1 in 4 US consumers were **intending to purchase a vehicle**

Purchase Timeline Prior to COVID-19 Outbreak [Total]

Less than 6 Months	6%
6 months to less than a year	9%
12 months to 18 months	10%
19 months or more	38%
No plan to purchase/ lease vehicle	31%

25% *are intenders*

AMONG INTENDERS



77% *of intenders would consider purchasing a **new** vehicle*

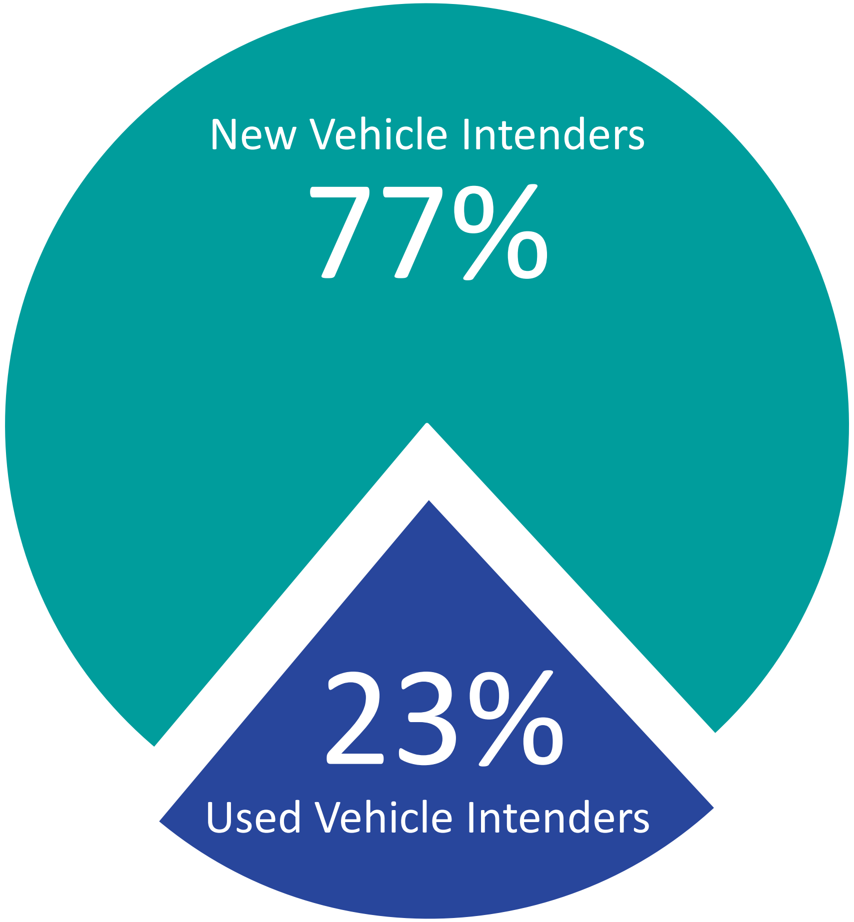
Post COVID-19, intenders in US will either **remain or increase their likelihood to buy**

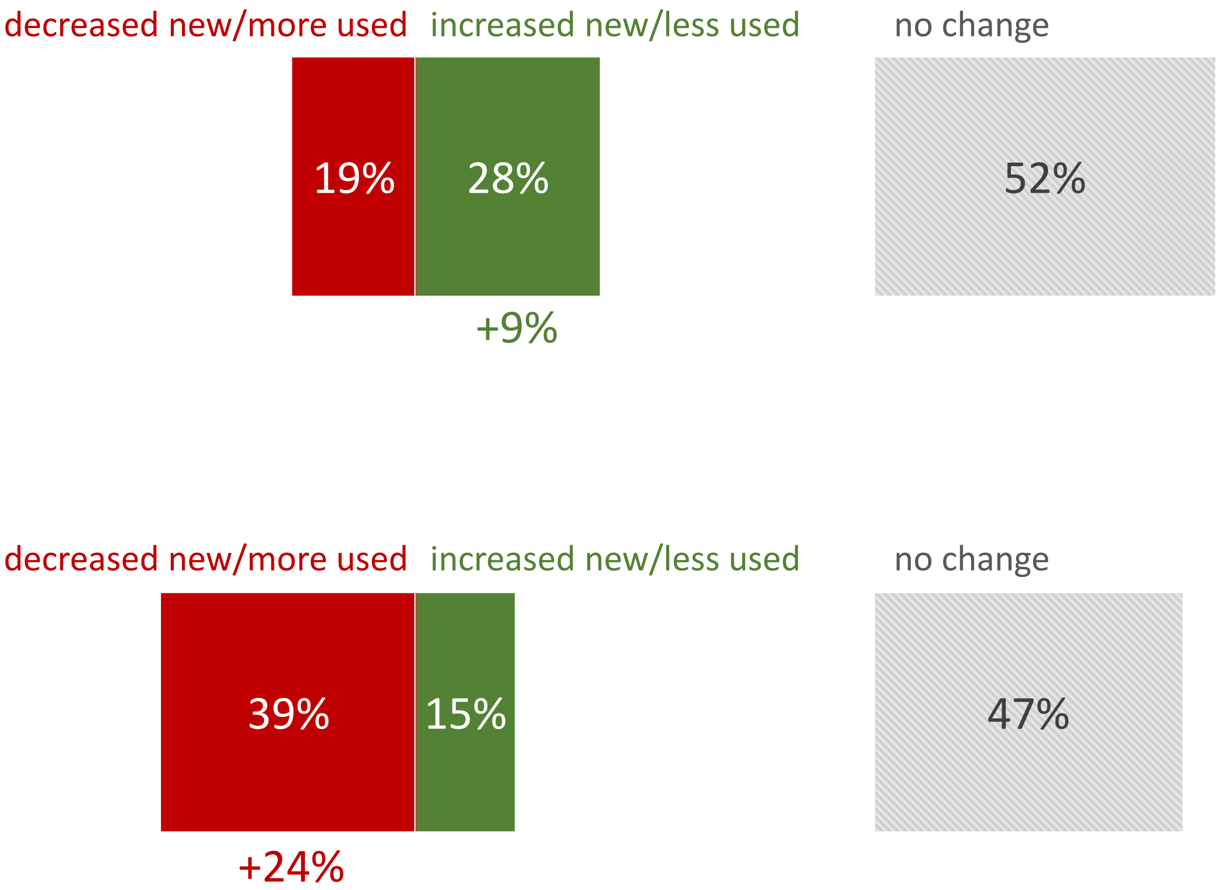
Purchase Plan Change After the COVID-19 Outbreak [Intenders]

	US	China	Brazil	EURO 5
No change/same as before	52%	30%	23%	46%
More likely to purchase new/used	32%	63% ↑	30%	21% ↓
Less likely to purchase new/used	16%	7% ↓	46% ↑	33% ↑

Since the outbreak, most intenders are **remaining with their initial vehicle intention**

Purchase Plan Change After the COVID-19 Outbreak [Intenders]





Safety and protection of a personal vehicle the driving force behind purchase intent

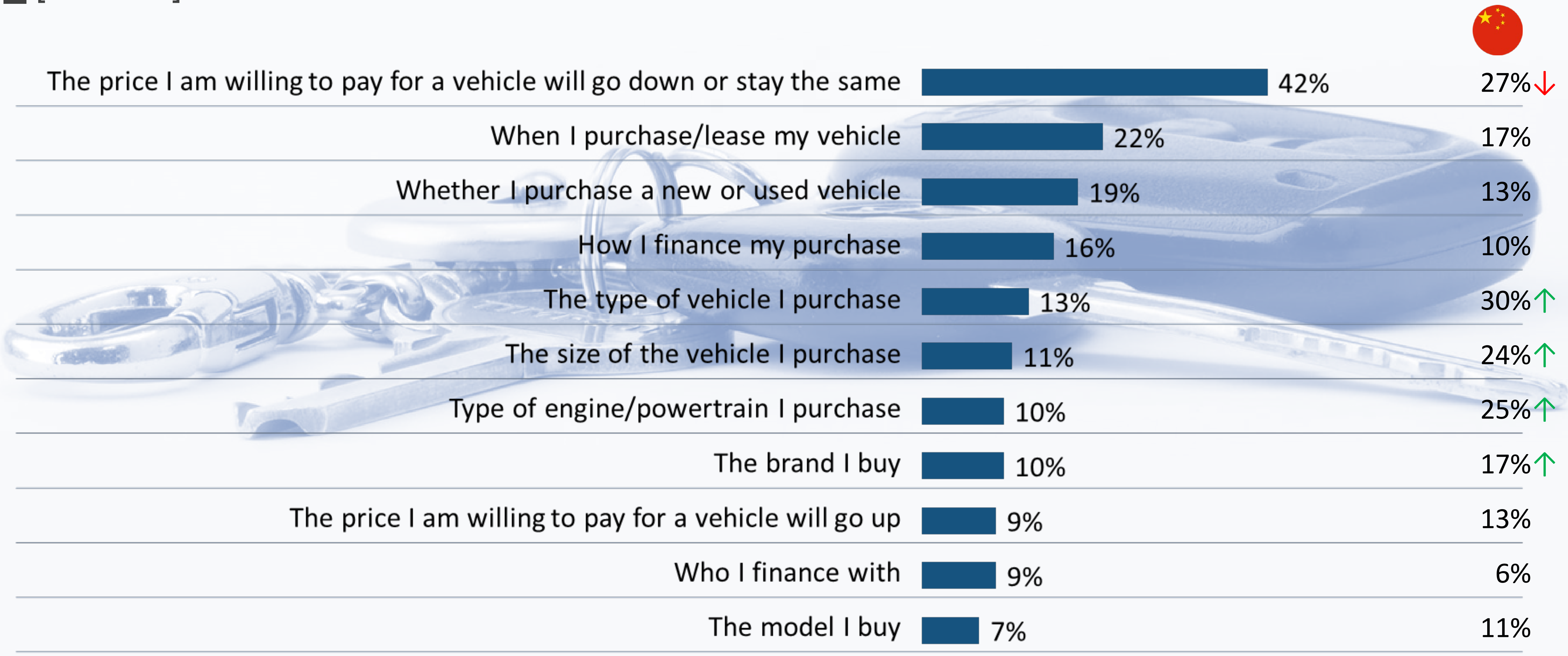
Reasons for Purchase Intention Increase / Remained the Same After the COVID-19 Outbreak [Intenders]

Reason	US	China
Feel safe/protected in personal vehicle	38%	57%
Assume there will be great deals	35%	22%
Current vehicle getting too old	24%	14%
Not letting outbreak impact vehicle plans	18%	21%
Lease expired	13%	7%
Current vehicle involved in accident	6%	7%

Note: Don't have personal vehicle/ need one post COVID-19 24%

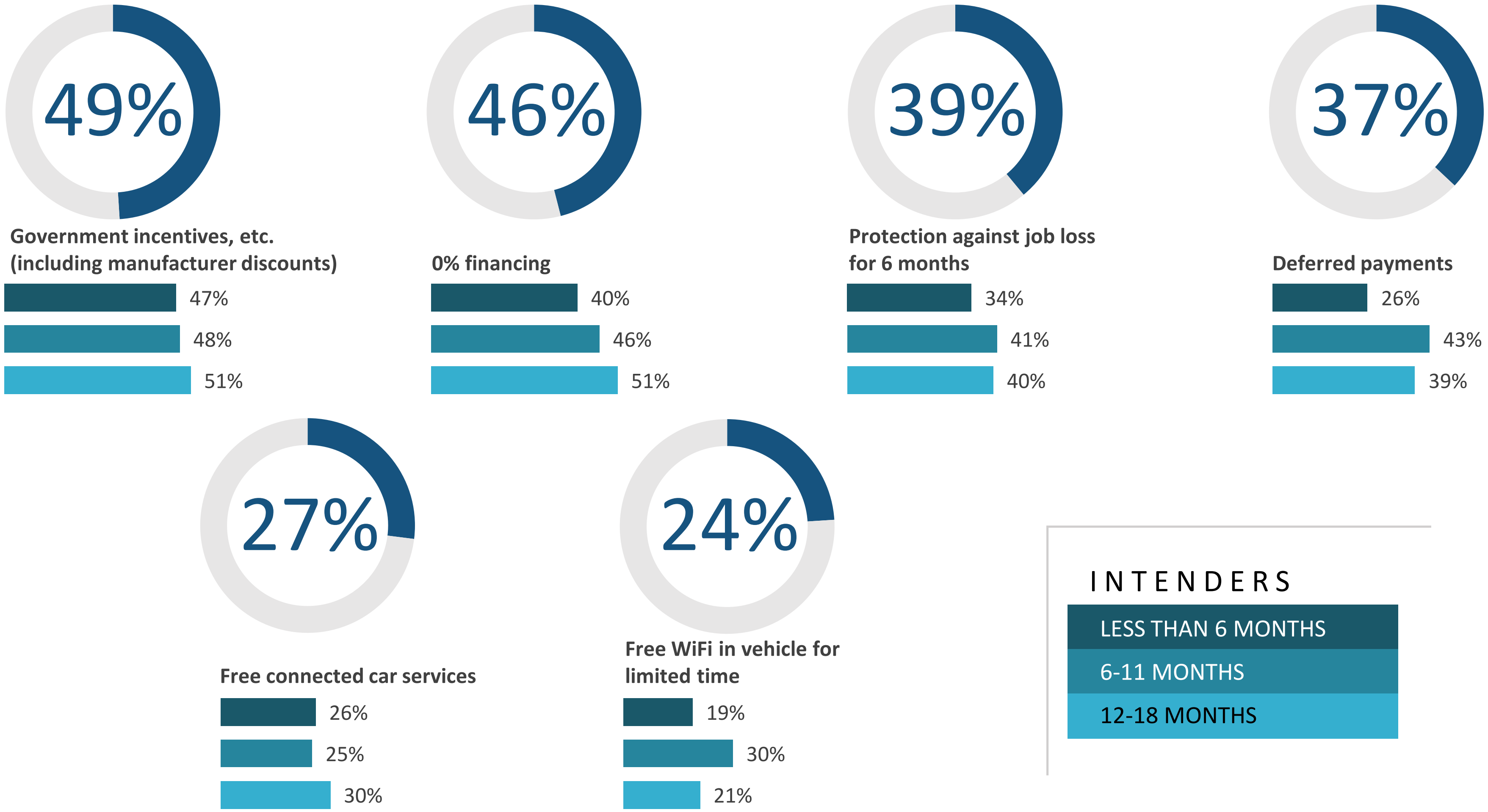
Consumers expect vehicle prices to **remain the same or decrease** post COVID-19 Outbreak

What Vehicle Purchase Factors are Expected to Change as Result of Outbreak [Intenders]



Government/mfg. incentives and 0% financing are most impactful for new vehicle intenders

Which Incentives Motivate Purchases/Leases [New Car Intenders]



SHIFT IN DEALER INTERACTIONS

COVID-19 DEEP DIVE ON AUTOMOTIVE & MOBILITY INTENTIONS

Consumers believe **dealers are not doing enough** for COVID-19 communication or preparation

Consumer Beliefs About:
[% Strongly/Somewhat Agree]

COVID-19

80% Take **COVID-19 risks** into account

42% Believe things will **return to normal** by June

Auto Manufacturers

41% Believe COVID-19 will **negatively impact their vehicle manufacturer**

39% More **likely to stick with current brand** for next vehicle

22% Believe manufacturer has **done a lot to help people** during the outbreak

Dealer Sales

22% Believe dealer has **communicated how to purchase/lease a new vehicle** during the outbreak

Dealer Service

30% Agree dealer has steps in place to **ensure you don't catch COVID-19** if vehicle in for service

30% Agree dealer has **communicated how to get vehicle serviced** during the outbreak

24% Believe dealer has **done a lot to help people** during the outbreak

13% Believe it has been **difficult to make an appointment** for service

Consumers are **not comfortable going to the dealer** to shop and purchase a vehicle

Comfort Performing Dealership Related Activity In Next Few Months [% Very/Somewhat Comfortable]

Going to the dealer/service center for maintenance
50%
64%

Going to the dealer to shop for new vehicle
26%
60%

Purchasing a new vehicle
26%
62%

Purchasing a used vehicle
21%
26%

Purchasing a vehicle online
17%
30%

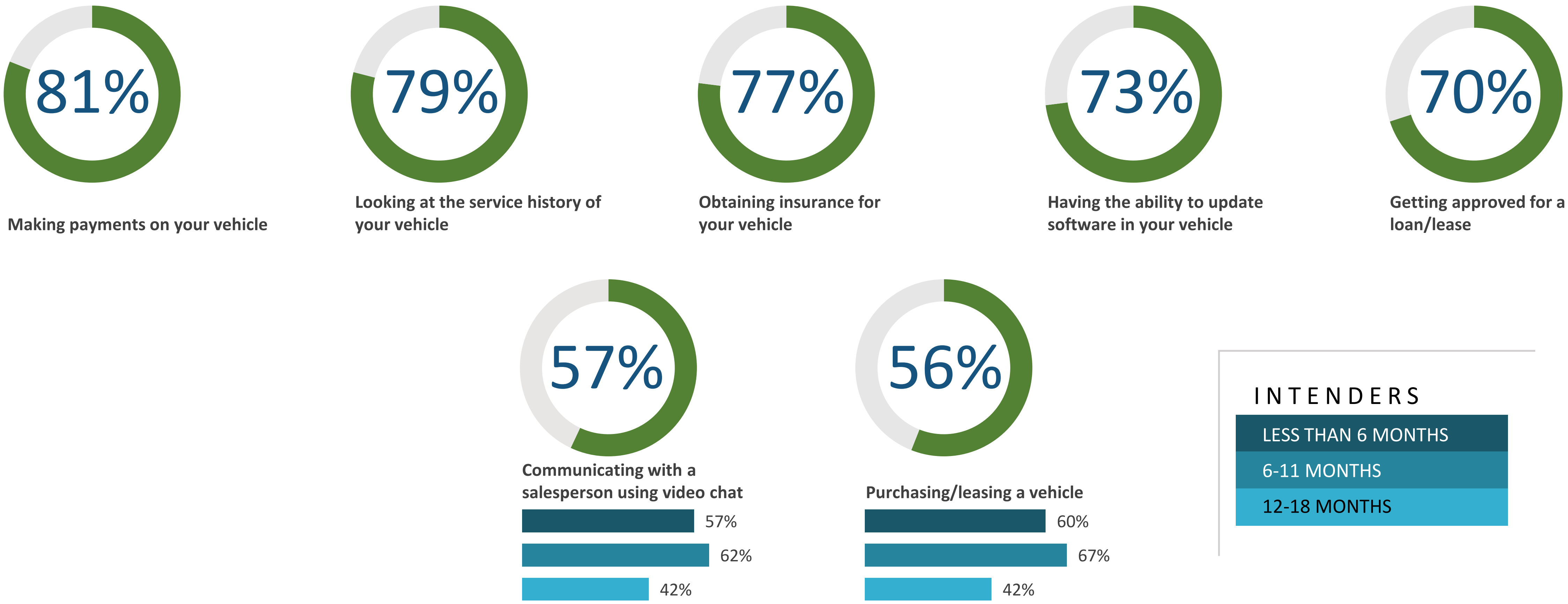
Reference: Making a large purchase (unrelated to vehicle)
34%
38%

SHIFT TO ONLINE SHOPPING

COVID-19 DEEP DIVE ON AUTOMOTIVE & MOBILITY INTENTIONS

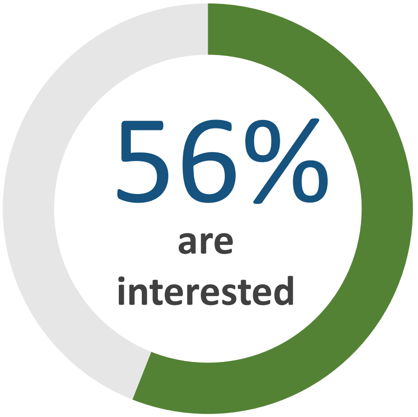
A majority of intenders are interested in completing **vehicle-related tasks online**

Interest in Completing Vehicle Shopping and Purchasing Tasks Online [New Car Intenders: % Extremely/Somewhat Interested]



New car intenders would most prefer an **app by their local dealer**

Purchase/Lease a Vehicle Online [New Car Intenders]



Preference for an App or Website Provided by… [New Car Intenders that are Interested in Purchasing/Leasing Online]

An app or website provided by your local dealer

45%

An app or website provided by your car manufacturer

31%

An app or website provided by an independent company

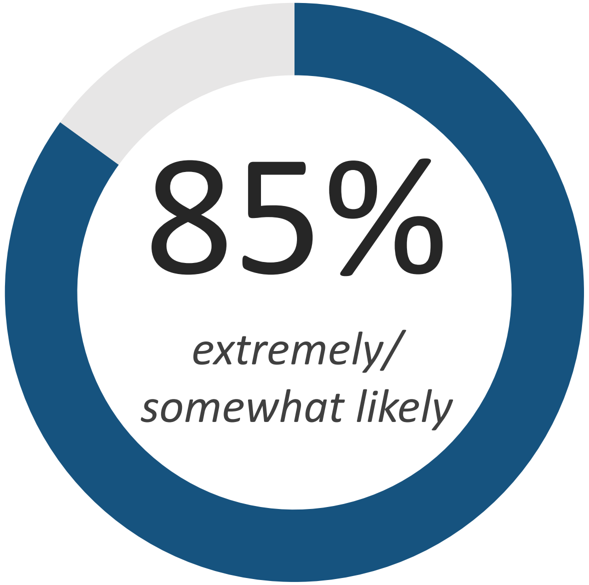
16%

(e.g., Carmax, CarsDirect, Carvana.com, Truecar, etc.)

The vast majority of intenders are open to **door-to-door test drives and delivery services**

Likelihood of using door-to-door test drives or delivery services
[New Car Intenders that are Interested in Purchasing/Leasing Online: % Extremely/Somewhat Likely]

door-to-door test drives



door-to-door vehicle delivery

As we approach the lifting of stay-at-home directives and move toward the "new normal", both new and old approaches to engage with consumers will be required

COVID-19

Consumers are **very concerned about COVID-19** and are taking necessary precautions

The perceived safety of a personal vehicle's environment is spurring **greater interest** from intenders

Auto Manufacturers

Consumers perceive **auto manufacturers are not doing enough** to help during the outbreak

Auto manufacturers need to **effectively communicate what is being done** to manage the consumer's brand impression

Dealer Sales

Consumers are open to **purchase a vehicle online entirely**

Ensure there is an **easy and consistent online purchase method** available for those consumers that are concerned about coming into the dealership

Dealer Service

Make sure local dealers **communicate the precautions taken** to ensure that bringing in their vehicles to the dealership for service and maintenance is safe for consumers

REASONS TO SUBSCRIBE TO THE DEDICATED COVID-19 IMPACT ON AUTO STUDY

1. Learning and key insights from 11 countries including China, Brazil, EURO5, etc.
2. Affordable tracking throughout 2020 measured quarterly of 3 to 5 key questions per module
3. Key insights to continue measuring the impact of COVID-19 on auto and mobility behavior

Upcoming Virtual Summit on the Impact of COVID-19 on the Automotive Industry

Auto in the Age of Coronavirus Conference | May 27, 2020

Details Coming Soon

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Details Coming Soon

THANK YOU.

Frank Forkin
President, Automotive Client Organization
☎ 248.949.0824
frank.forkin@ipsos.com

John Kiser
SVP, Automotive & Mobility
☎ 925.577.3743
john.kiser@ipsos.com

Mike VanNieuwkuyk
SVP, Automotive Advisory
☎ 734.775.2675
mike.vannieuwkuyk@ipsos.com