Impact of COVID-19 and national lockdown on car sales and consumer buying behaviour

21 May 2020

EY
Building a better working world

General overview of survey

The survey was planned and conducted across demographic segments and preference points to capture holistic customer viewpoints amidst the prevailing market conditions on car buying

Total complete responses*

Total respondents	Survey completes	Male	Female
1120	921	79%	21%

Detailed insights

Analysis points of customer purchase behavior

- Change in car ownership preferences post lockdown
- Reasons for commuting and owning a car
- Preferred touchpoints across the sales process

Key profile of respondents

Spread across age groups

- 18-24 - *11%*
- 25-30 - *41%*
- 31-36 - *26%*
- 37-42 - *12%*
- 43-48 - *5%*
- 49-54 - *3%*
- 55-60 - *1%*
- 60+ - *1%*

Occupation breakup

- Service - 87%
- Self employed - 2%
- Students - 1%
- Retired - 1%
- No answer - 8%
- Unemployed - 1%

Type of future buyers

- First time-buyers
- Additional purchase
- Upgrades

78.6%
of students would be very interested to see Personalised Museum Tours

Type of ownership

- Car owners - 58%
- Don't own a car - 41%
- No answer - 1%

Key aspects covered in survey

- Reason for using a mode of commute
- Usage of ride-hailing service providers
- Personal and family use of vehicle
- Dependence on mode of transport
- Issues faced in commute during lockdown
- Preference for new or pre-owned cars

In the survey, it was also attempted capture change in preference pattern of vehicles and reasons for continued non-ownership of a car

Key takeaways from consumer survey

We asked respondents whether ***owning a car will become a priority*** for them post the national lockdown

74%

of respondents said it would become their priority, out of which *48% were car owners and 26%* were non-owners

26%

of *non-owners* are likely to buy hatchbacks while

11%

of car owners are likely to buy compact SUVs

57%

of *first time buyers* are likely to buy *pre-owned cars*

57%

of *car owners* are likely to buy a *new car (upgrade)*

70%

of people who *won't buy a car will* do so because of financial / economic uncertainty

We asked respondents on their ***touchpoint preference*** during car buying journey

Online

is the stand-out preferred mode of enquiry generation, communication, negotiations and payments

37%

of buyers want to purchase in hatchback segment, which promises high bounce-back for this segment

Test drives

are preferred at customer's home or workplace, virtual experience still not favourable

Used car evaluation

Can be explored via virtual/online means with increasing preference of customers

Delivery at dealership

is a diminishing trend, customers choosing convenience over celebration

Most people who responded that they will **not travel at all post the lockdown, were people without a car currently** indicating a change in travel pattern for such people (millennial mindset). **Work-from-home** and **avoiding social gatherings** are top causes for this shift in preference.

While 55% of buyers want to purchase a new car, a large chunk - 33% - are still undecided on new or pre-owned cars

Overall insights

We asked respondents whether owning a car will become a priority for them post the national lockdown;

74%

of respondents said it would become their priority, out of which *48% were car owners and 26%* were non-owners

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of *non-owners* are likely to buy hatchbacks while

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of car owners are likely to buy compact SUVs

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of *non-owners* are likely to buy *pre owned cars* while

57%

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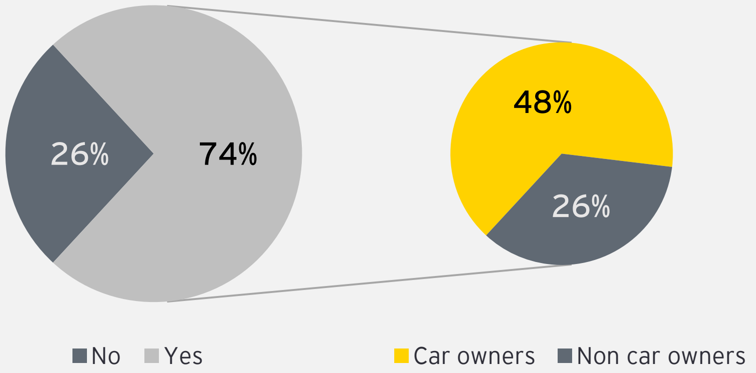
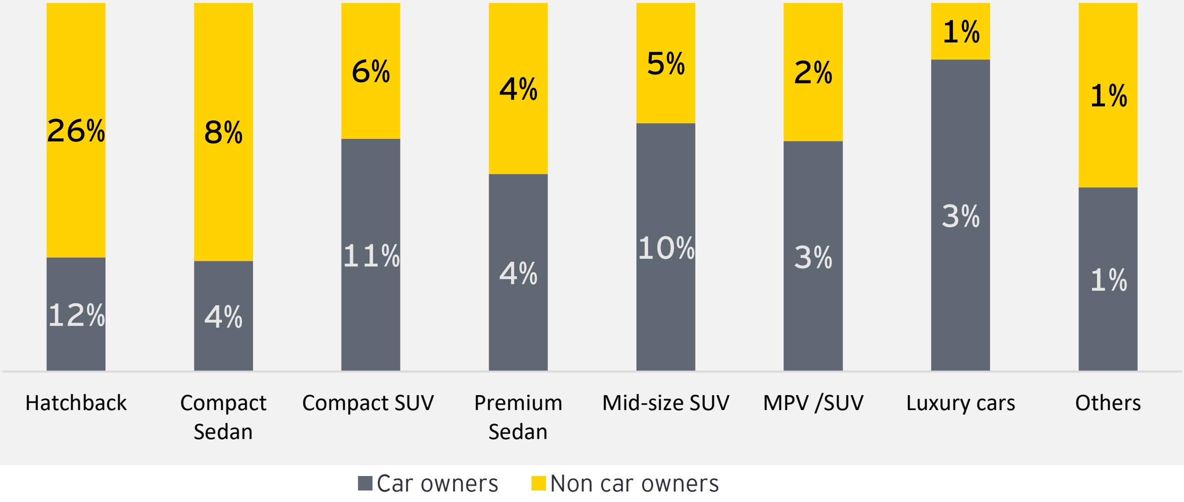
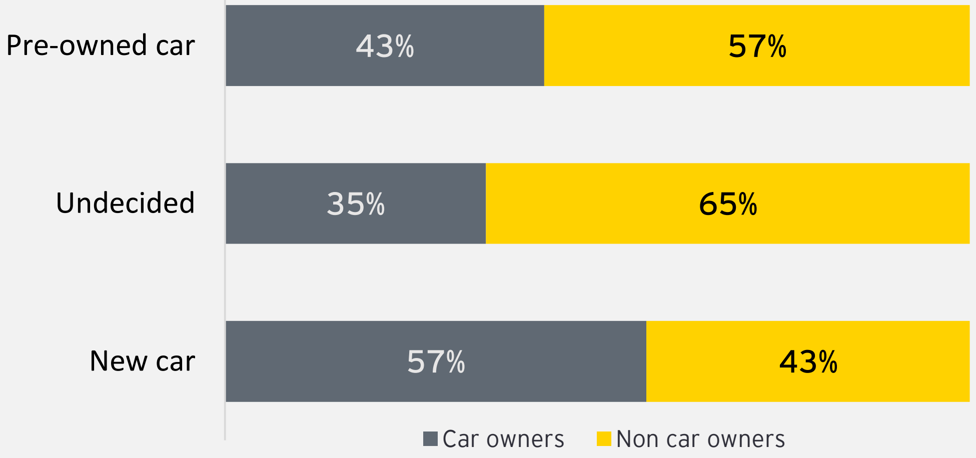
In the post COVID-19 era, will owning a personal vehicle become a priority for you?



Likely purchases immediately post lockdown by car owners vs non car owners



Type of vehicle likely to be purchased by car owners vs non car owners



Overall insights: Summary of consumer preferences

Physical vs digital touchpoint preference for car buyers in the post-COVID era

65%
Customers want to generate ***enquiries online***

55%
customers are looking to get ***online sales consultations***

45%
customers want to get ***product demo at home***

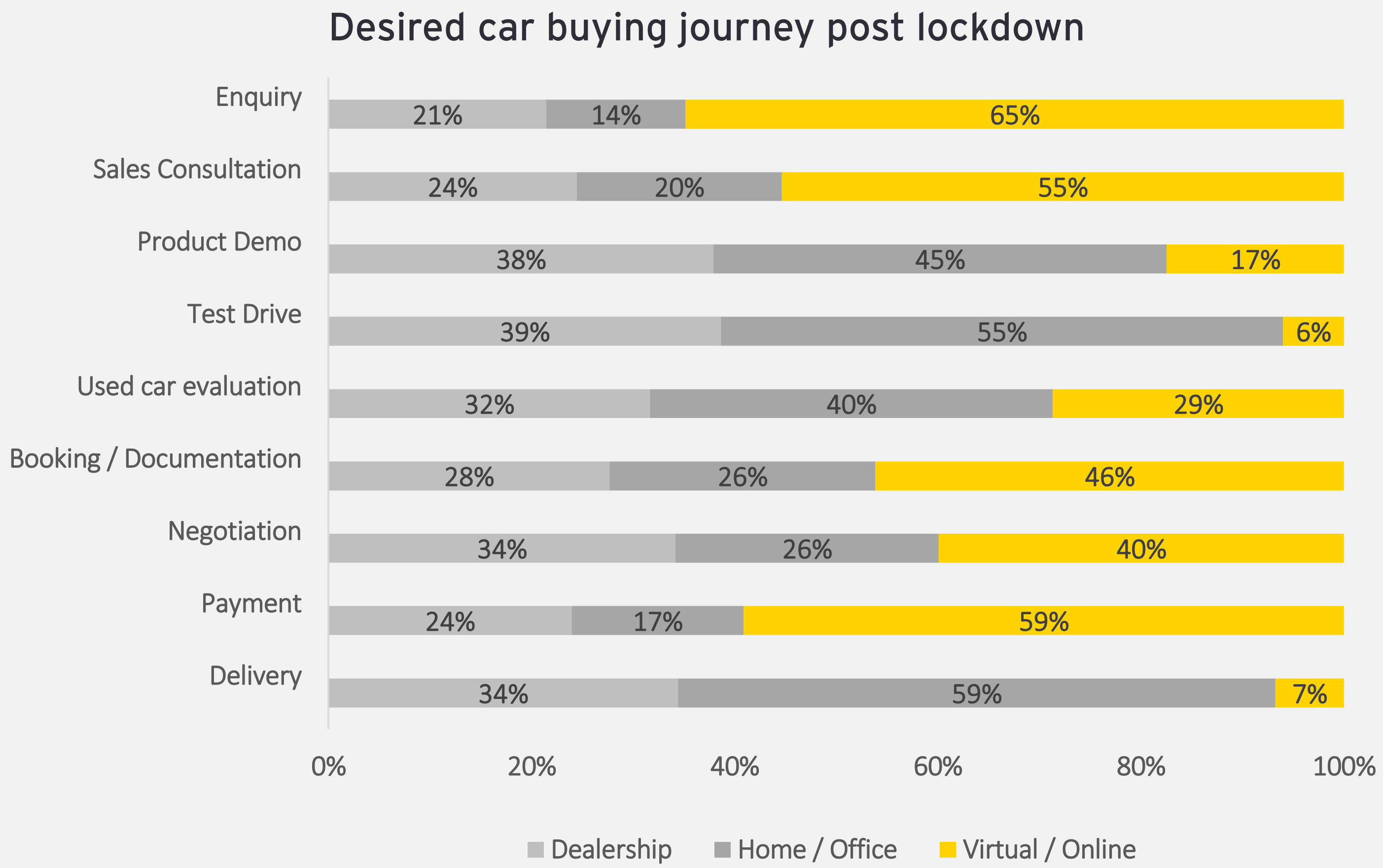
55%
eager to ***take home or office test drives*** keeping hygiene checks in mind

40%
want the used ***cars evaluation*** to happen at ***home/office***

40%
would like to ***negotiate online/ on call*** to maintain social distancing

59%
comfortable with ***online/virtual payments,*** going forward

59%
customers prefer ***home/office delivery*** on their cars



Buying preferences

Impact of COVID-19

Generating insights
Methodology applied

1. Creating customer profiles

Customer profiles were created using the following factors found in survey responses

- Demographic considerations
- Geographical factors
- Car buying history

Type 1
Non car owners who do not plan to buy a car post the national lockdown

Type 2
Non car owners who plan to buy a car post the national lockdown

Type 3
Car owners who plan to buy/ upgrade post the national lockdown

Type 4
Car owners who do not plan to buy a car post the national lockdown

2. Analysing profile based responses

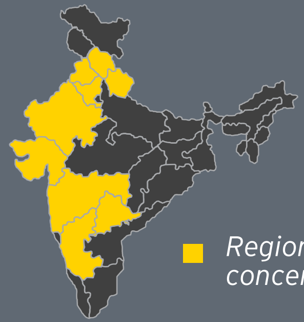
Analysis was based on the following factors:

- Buying preferences
- Impact of COVID-19

Customer Type 1
Does not own a car and will not buy one post lockdown

Customer profile

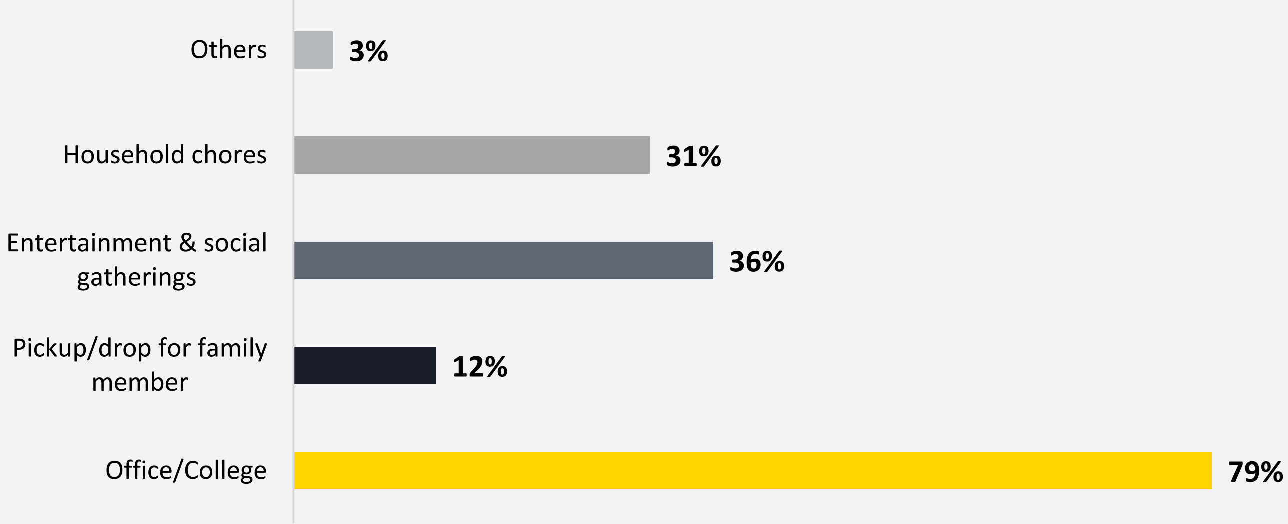
25 - 30 years
Average age



Regional concentration

The average Type 1 customer resides in
Tier 1
cities from the
northern and western
Regions

City concentration



Primary Need For Intra- City Travel

79%
of Type 1 customers travel primarily for **daily commutes to office/ college**

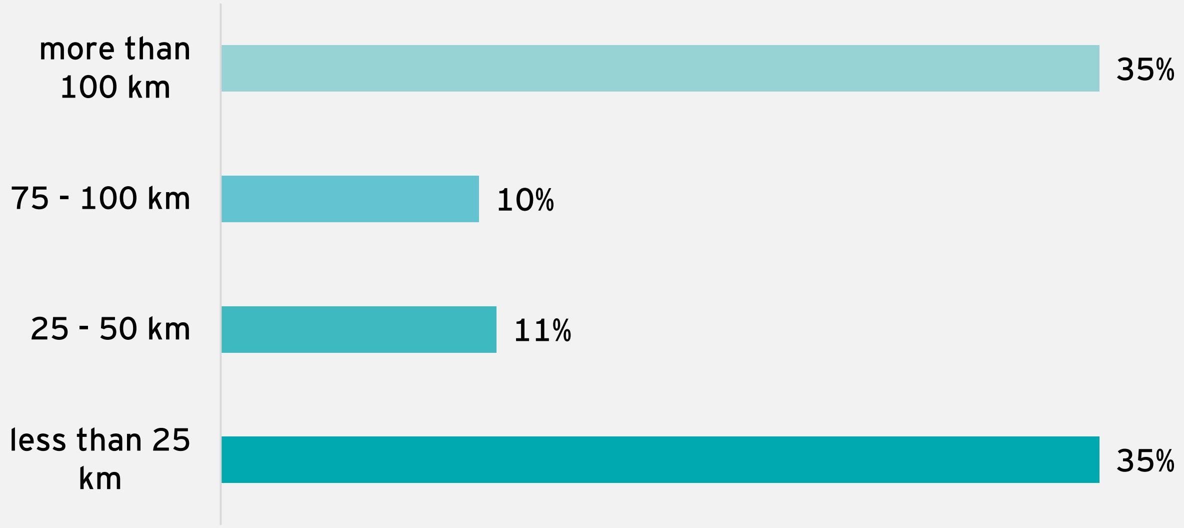
36%
of Type 1 travel primarily to for **entertainment and social gathering**

Customer Type 1

Does not own a car and will not buy one post lockdown

Customer based insights – pre COVID-19 and national lockdown

Daily average distance travelled



35%

of Type 1 customers travelled **less than 25 km** daily before COVID-19 and the national lockdown

35%

of Type 1 customers travelled **more than 100 km** daily before COVID-19 and the national lockdown

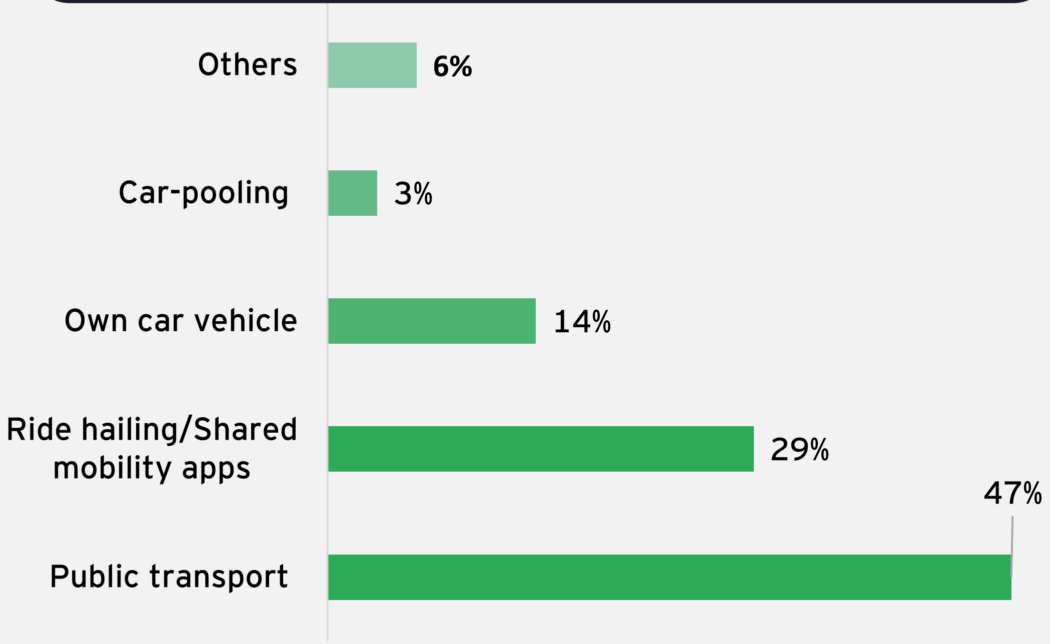
47%

of Type 1 customers preferred **public transport** for their daily commute before COVID-19 and the national lockdown

29%

of Type 1 customers preferred **ride hailing** for their daily commute before COVID-19 and the national lockdown

Preferred mode for transport

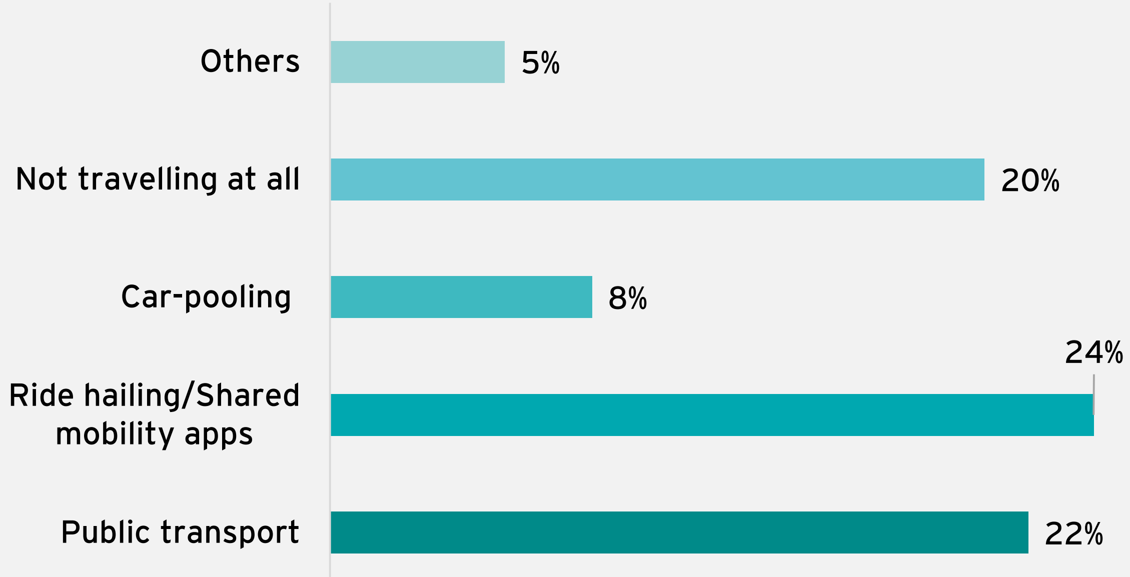


Customer Type 1

Does not own a car and will not buy one post lockdown

Customer based Insights – post the national lockdown

Preferred mode of travel



24%

of Type 1 customers would still prefer **ride hailing** for their daily commute after the national lockdown

22%

of Type 1 customers would still prefer **public transport** for their daily commute after the national lockdown

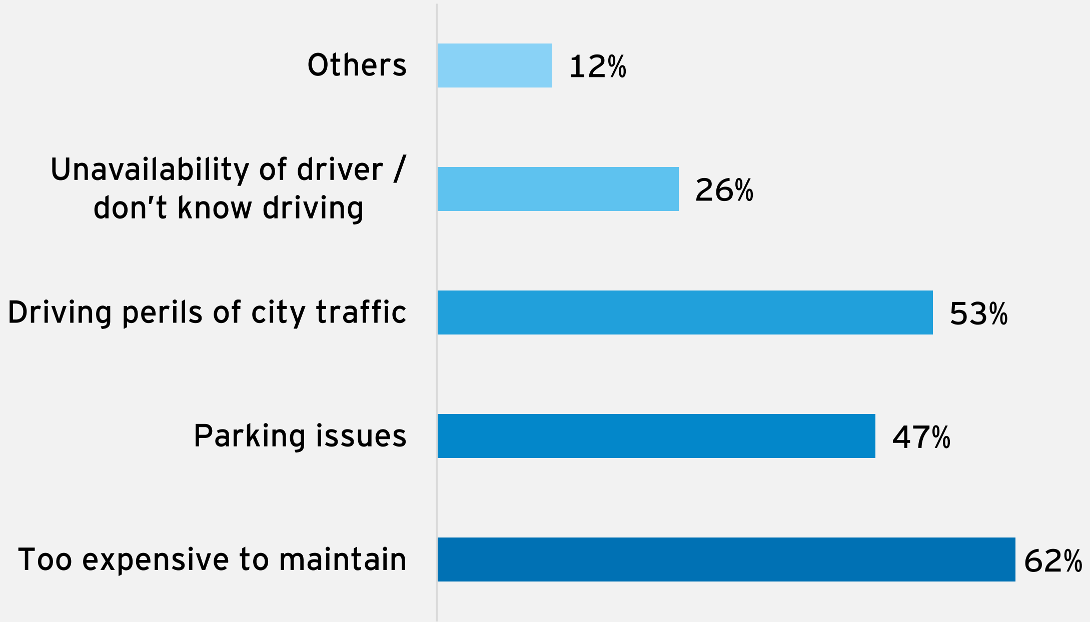
62%

of Type 1 customers would still not by a car post the national lockdown because of **high maintenance costs**

53%

of Type 1 customers would still not by a car post the national lockdown because of the **driving perils of city traffic**

Primary reason for not buying a car post national lockdown

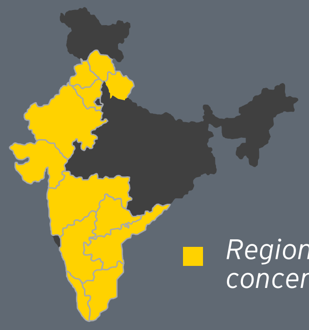


Customer Type 2

Does not own a car and plans to buy one post lockdown

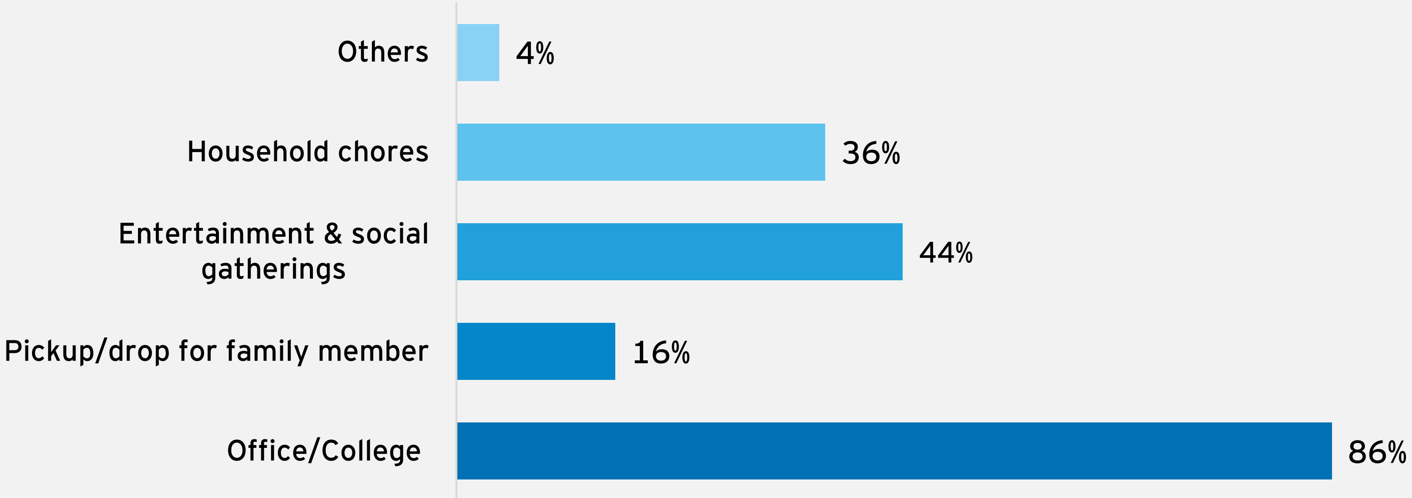
Customer profile

25 - 30 years
Average age



The average Type 2 customer resides in **Tier 1** cities from the **Southern, norther and southern** Regions

City concentration



Primary Need For Intra- City Travel

86%

of Type 2 customers travel primarily for **daily commutes to office/ college**

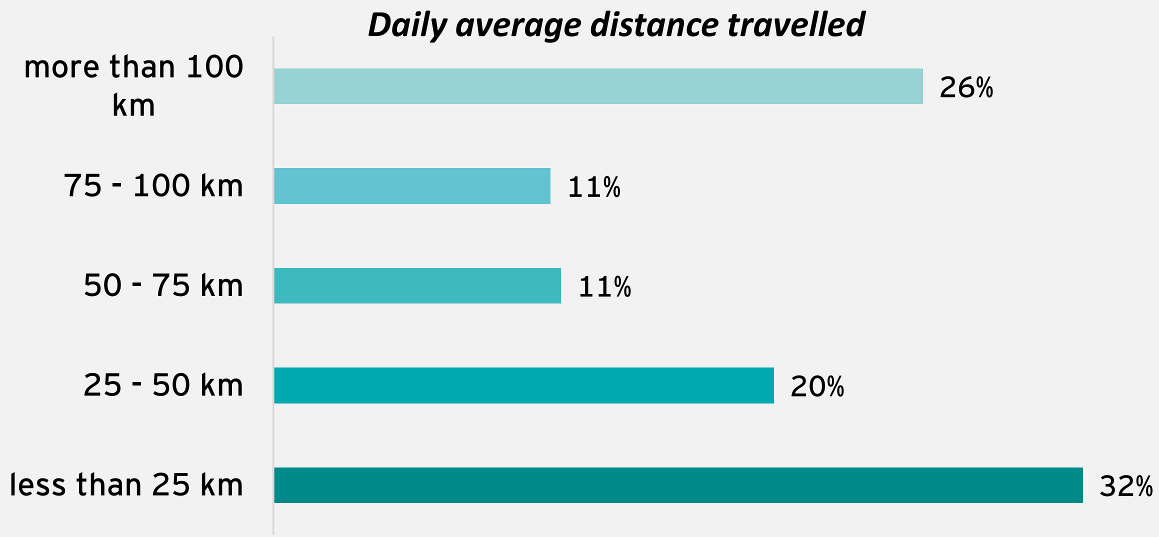
44%

of Type 2 customers travel primarily for **entertainment and social gathering**

Customer Type 2

Does not own a car and plans to buy one post lockdown

Customer based insights – pre COVID-19 and national lockdown

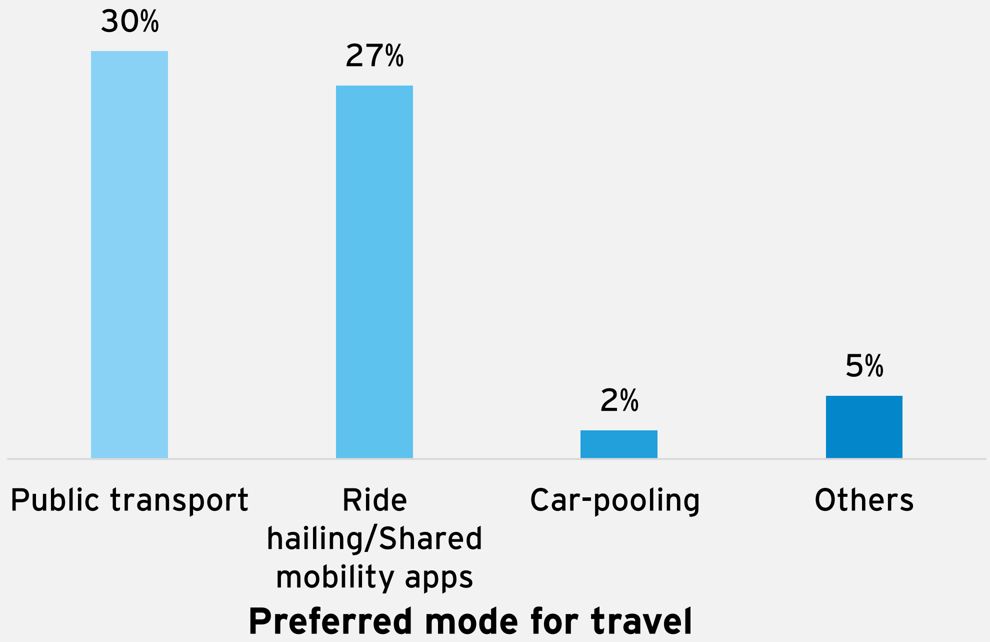


32%
of Type 2 customers travelled **less than 25** km daily before COVID-19 and the national lockdown

26%
of Type 2 customers travelled more **than 100 km** daily before COVID-19 and the national lockdown

30%
of Type 2 customers preferred **public transport** for their daily commute before COVID-19 and the national lockdown

27%
of Type 2 customers preferred **ride hailing** for their daily commute before COVID-19 and the national lockdown

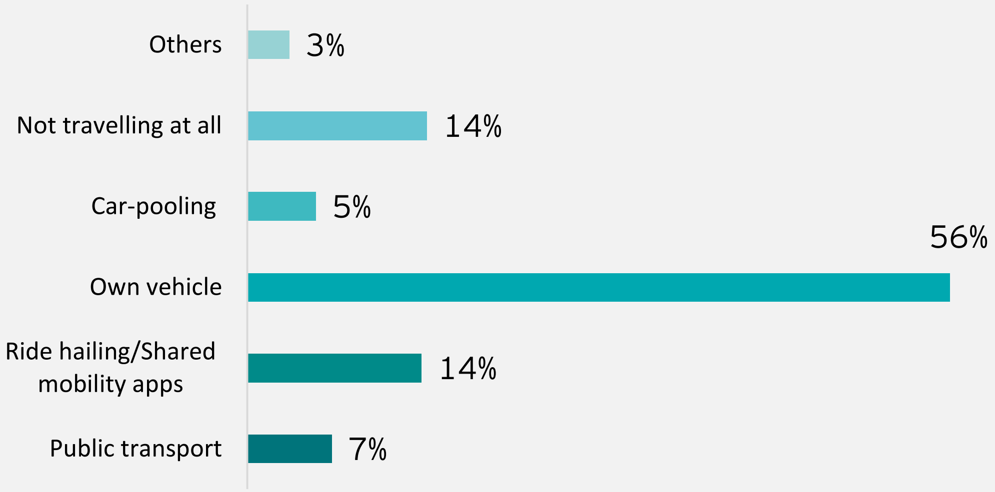


Customer Type 2

Does not own a car and plans to buy one post lockdown

Customer based insights – post the national lockdown

Preferred mode for travel



56%

of Type 2 customers would prefer **owning a vehicle** for their daily commute after the national lockdown

14%

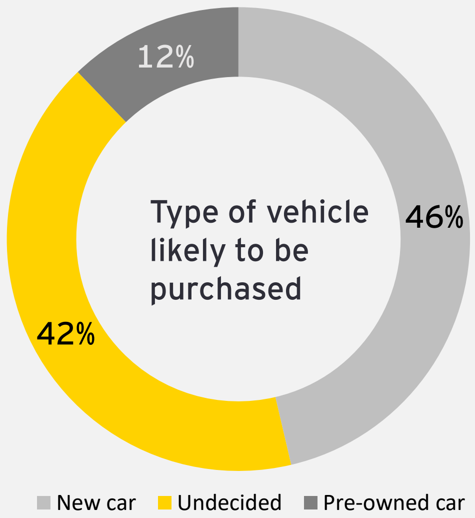
of Type 2 customers would still prefer **ride hailing** for their daily commute after the national lockdown

51%

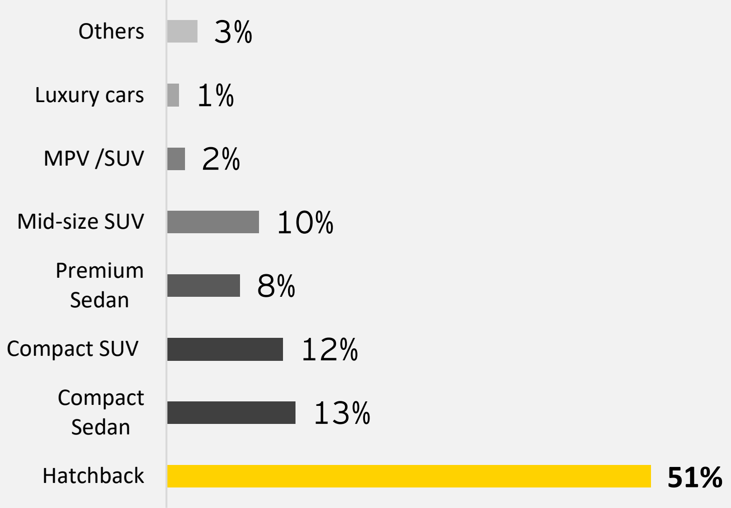
of Type 2 customers like to buy a **hatchback** after the national lockdown

13%

of Type 2 customers like to buy a **compact sedan** after the national lockdown



Likely purchases post lockdown



46%

of Type 2 customers like to buy a **brand new** car after the national lockdown

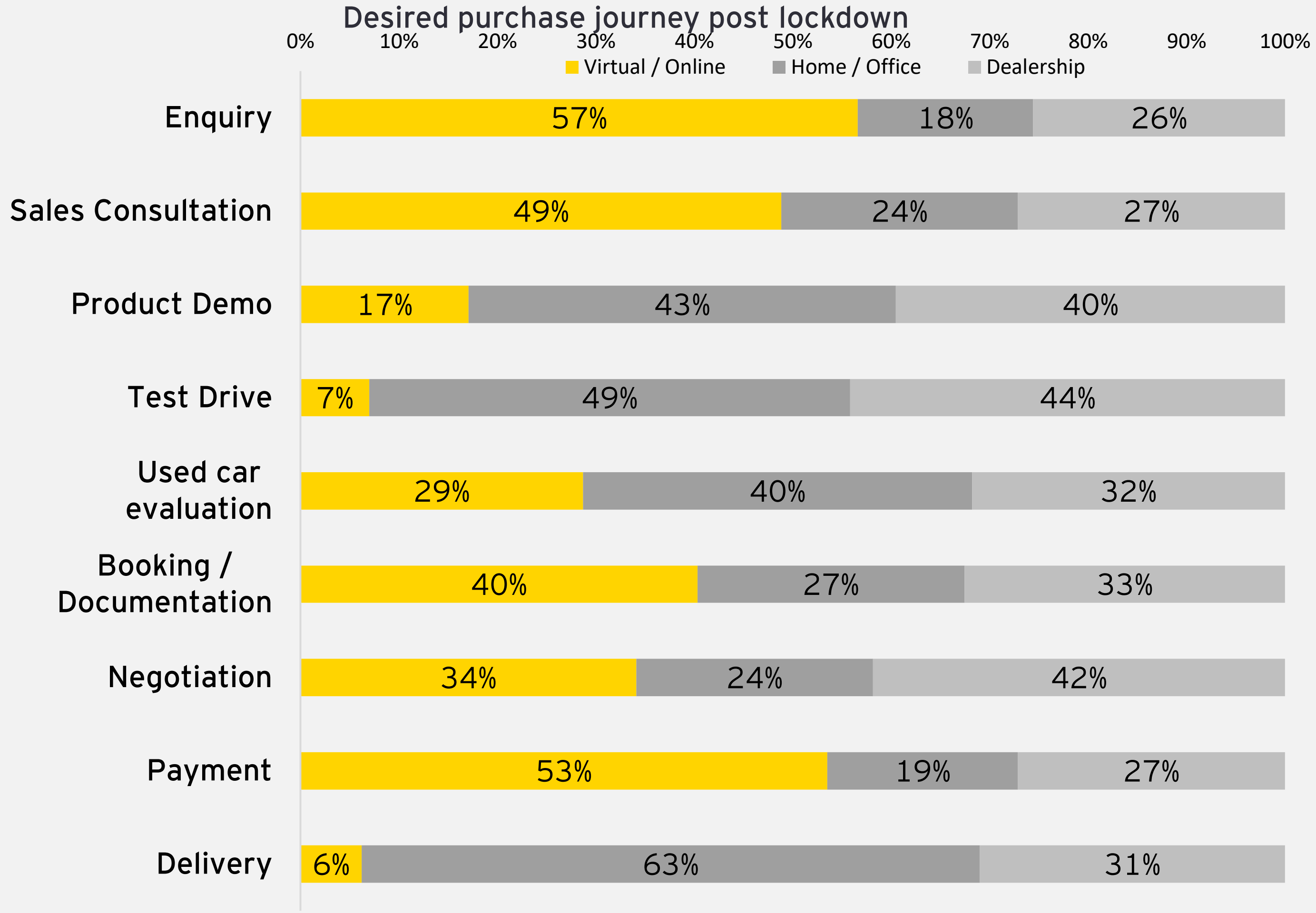
12%

of Type 2 customers like to buy a **pre-owned car** after the national lockdown

Customer Type 2

Does not own a car and plans to buy one post lockdown

Customer based insights – post the national lockdown



57%

of Type 2 customers would like a **virtual/online** avenue to place **enquiries**

63%

of Type 2 customers would like **car delivery** at **home/ work**

53%

of Type 2 customers would like a **virtual/online** avenue to make **car payments**

49%

of Type 2 customers would like **test drives** at **home/ work**

42%

of Type 2 customers would like **negotiations** to take place at a **dealership**

40%

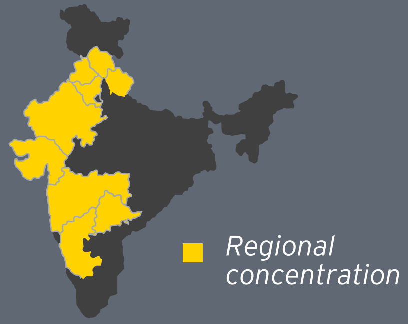
of Type 2 customers would like **product demos** to take place at a **dealership**

Customer Type 3

Owns a car and plans to buy/ upgrade post lockdown

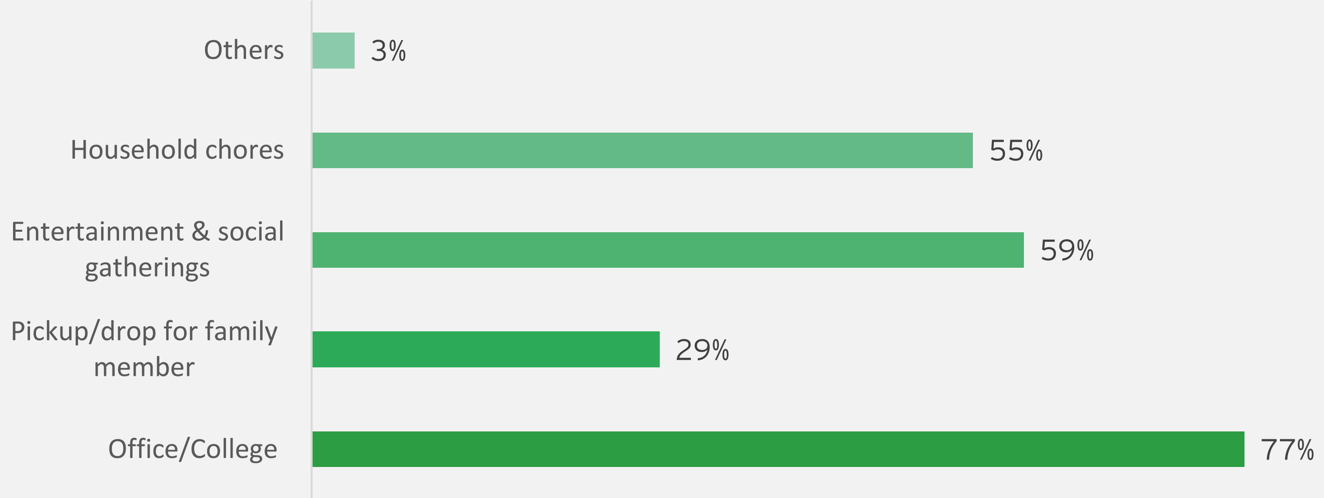
Customer profile

25 - 30 years
Average age



The average Type3 customer resides in
Tier 1
cities from the
Northern and **southern**
Regions

City concentration



Primary Need For Intra- City Travel

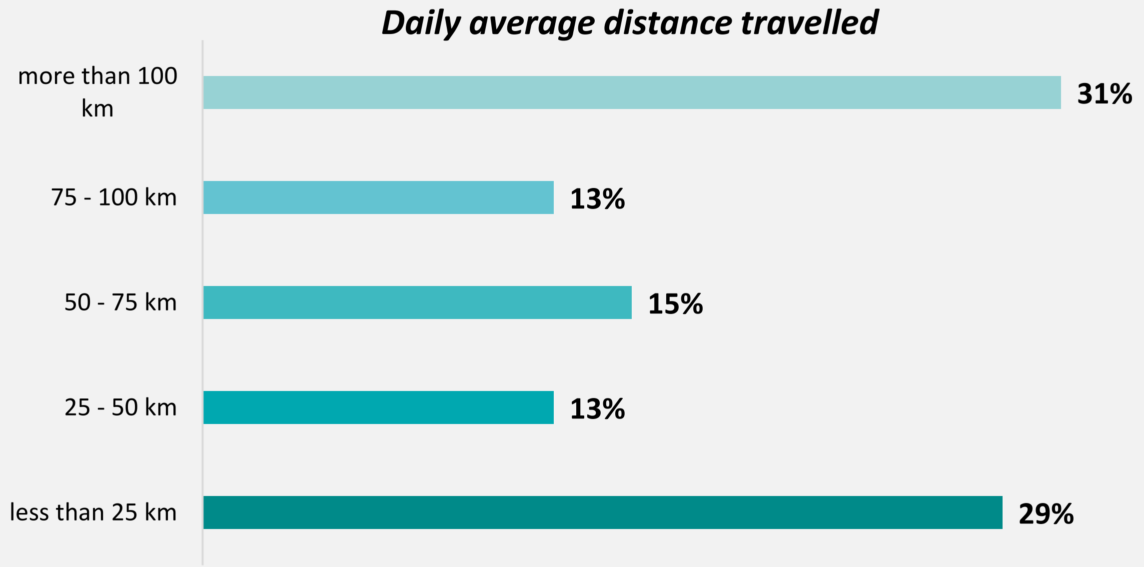
77%
of Type 2 customers travel primarily for **daily commutes to office/ college**

59%
of Type 2 customers travel primarily for **entertainment and social gathering**

Customer Type 3

Owns a car and plans to buy/ upgrade post lockdown

Customer based insights – pre COVID-19 and national lockdown



29%

of Type 3 customers **travelled less than 25 km** daily before COVID-19 and the national lockdown

31%

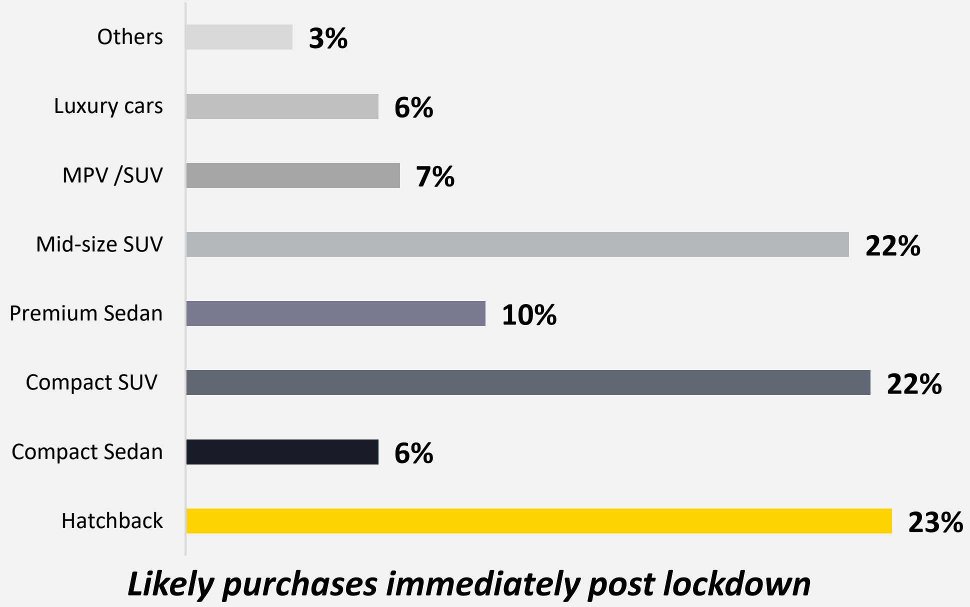
of Type 3 customers travelled **more than 100 km** daily before COVID-19 and the national lockdown

23%

of Type 3 customers like to buy a **hatchback** after the national lockdown

22%

of Type 3 customers like to buy a **compact SUV** after the national lockdown

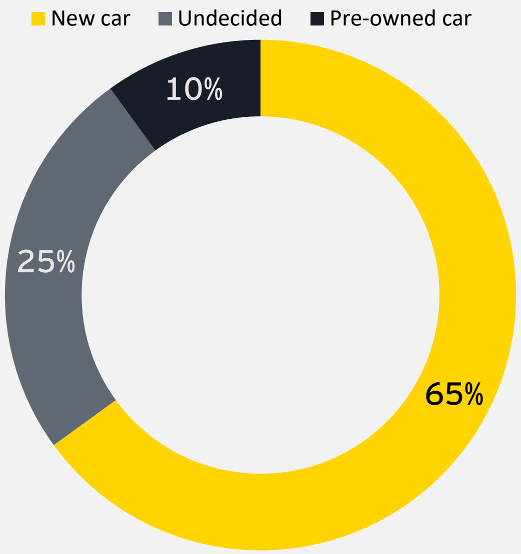


Customer Type 3

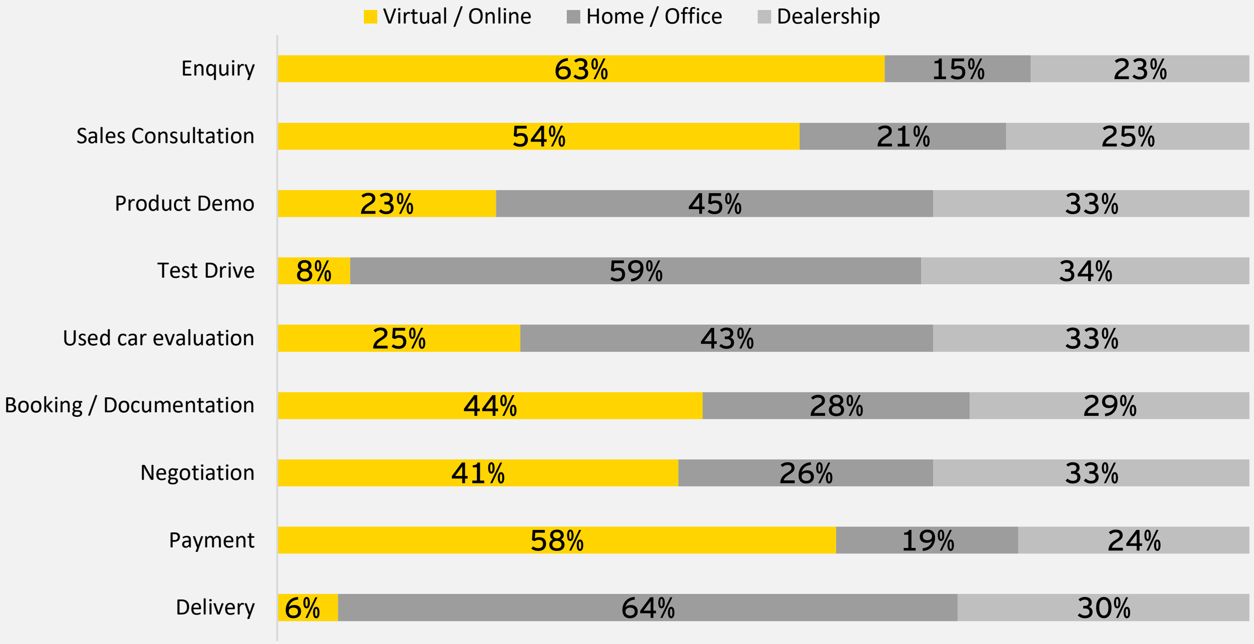
Owns a car and plans to buy/ upgrade post lockdown

Customer based insights – post the national lockdown

Type of vehicle likely to be purchased



Desired purchase journey post lockdown



65%
of Type 3 customers like to buy a **brand new car** after the national lockdown

10%
of Type 3 customers like to buy a **pre-owned car** after the national lockdown

63%
of Type 3 customers would like a **virtual/ online** avenue to place **enquiries**

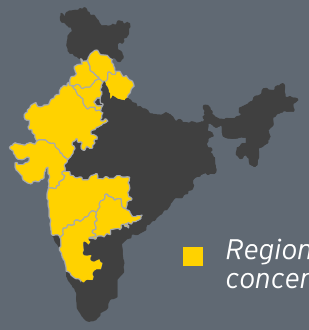
64%
of Type 3 customers would like **car delivery at home/ work**

33%
of Type 3 customers would like **negotiations** to take place at a **dealership**

Customer Type 4

Owns a car and will not buy/ upgrade post lockdown

31 - 36 years
Average age

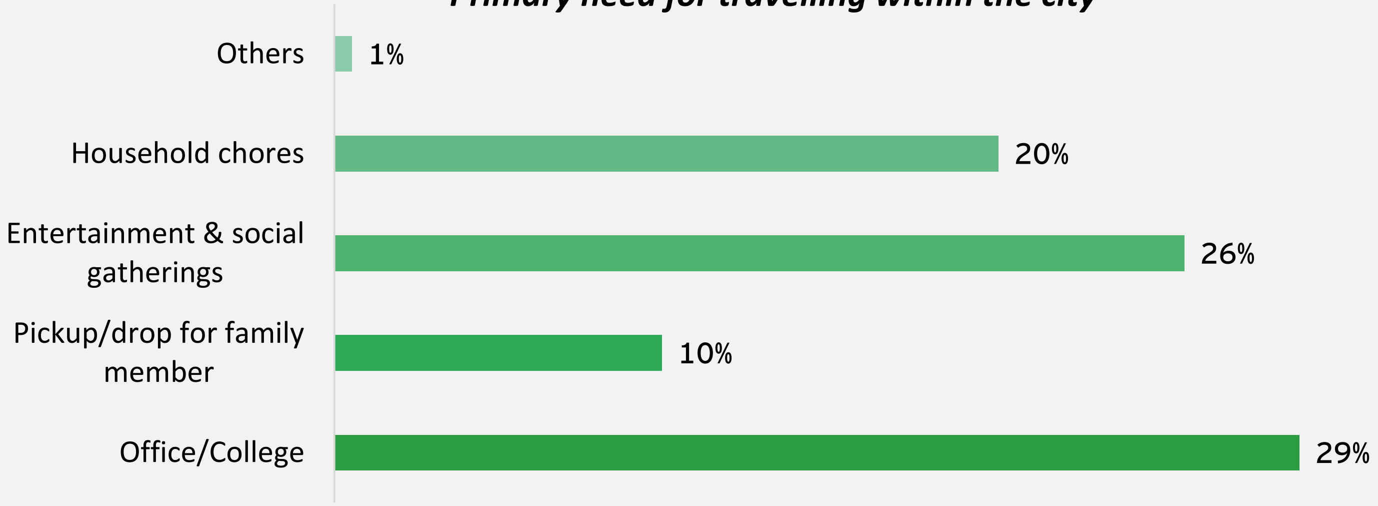


The average Type3 customer resides in **Tier 1** cities from the **Northern** and **western** Regions

City concentration

Customer profile

Primary need for travelling within the city



Primary need for intra-city travel

29%

of Type 4 customers need a car primarily for **daily commutes to office/ college**

26%

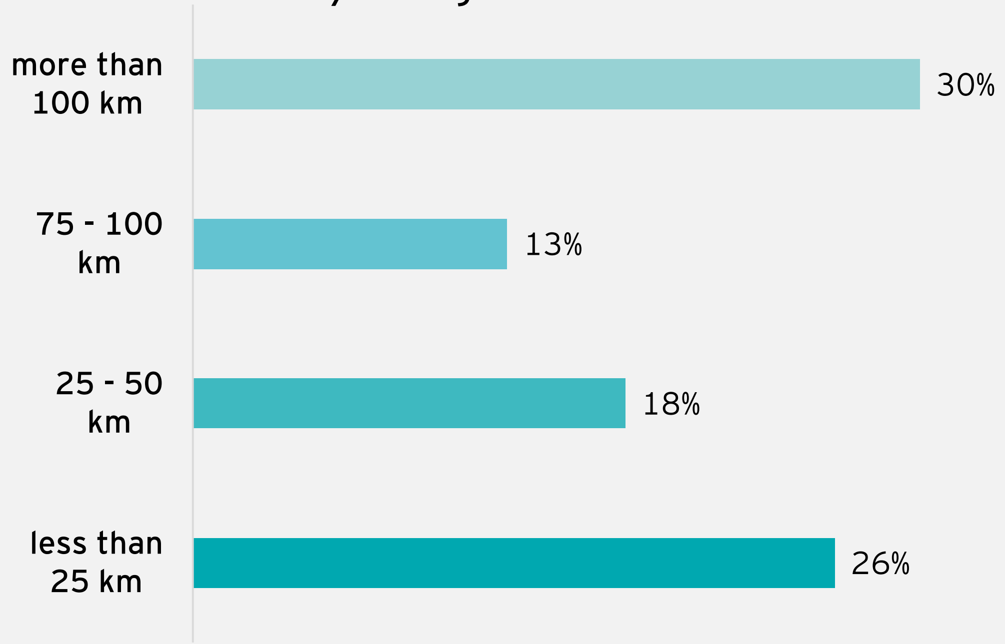
of Type 4 customers need a car primarily to travel for **entertainment and social gathering**

Customer Type 4

Owns a car and will not buy/ upgrade post lockdown

Customer based insights

Daily average distance travelled



26%

of Type 4 customers travelled **less than 25 km** daily before COVID-19 and the national lockdown

30%

of Type 4 customers travelled **more than 100 km** daily before COVID-19 and the national lockdown

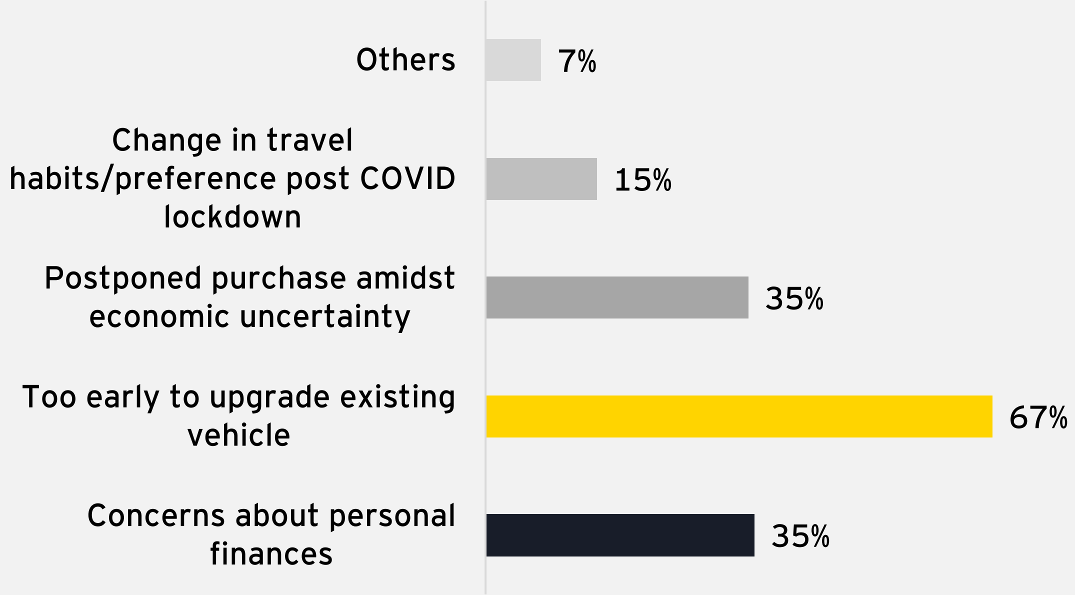
35%

of Type 4 customers do not wish to buy/ upgrade due to **concerns about personal finances**

35%

of Type 4 customers do not wish to buy/ upgrade due to economic uncertainty

Primary reason for not buying/ upgrading post the national lockdown



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