

Future of Car Retail

Pietro Boggia – Frost & Sullivan

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Transformational Trends Disrupting the Retail Industry

From the 13 mega trends Frost & Sullivan tracks, four are expected to bring major transformational shifts in automotive retailing

1

Urbanization



Creation of New Retail
Formats and Smart
Distribution Networks

2

Connectivity & Convergence



Connectivity will
revolutionize retailing as
buyers become multi-
channel shoppers

3

Bricks & Clicks



Retailers will experiment
with new business
strategies amalgamating
'Bricks' and 'Clicks'

4

Social Trends



Women, Gen Y and
Silver generation
important customer
groups in future

Source: Frost & Sullivan

Implication: Experience-Based Automotive Retailing

From a transactional retail model towards a more experience-based retailing model, leveraging digital technology throughout the customer journey



Future cars, future stores

connected, electric, autonomous cars
new retail formats: urban, pop-up



Omni-channel retailing 2.0

'bricks and clicks' models
seamless cross-connectivity



Big data retailing

digital sales, analytics & monetization
opportunities



Technology retailing

Blockchain, Artificial Intelligence,
Fintech, digital payments



New customer experience

Online + Offline customer journey
CRM and customer retention



Personalized retailing

Customized targeting, product angels,
consultative selling, customer ID



Future of Car Financing

Ownership to usership, mobility
services, subscriptions, leasing



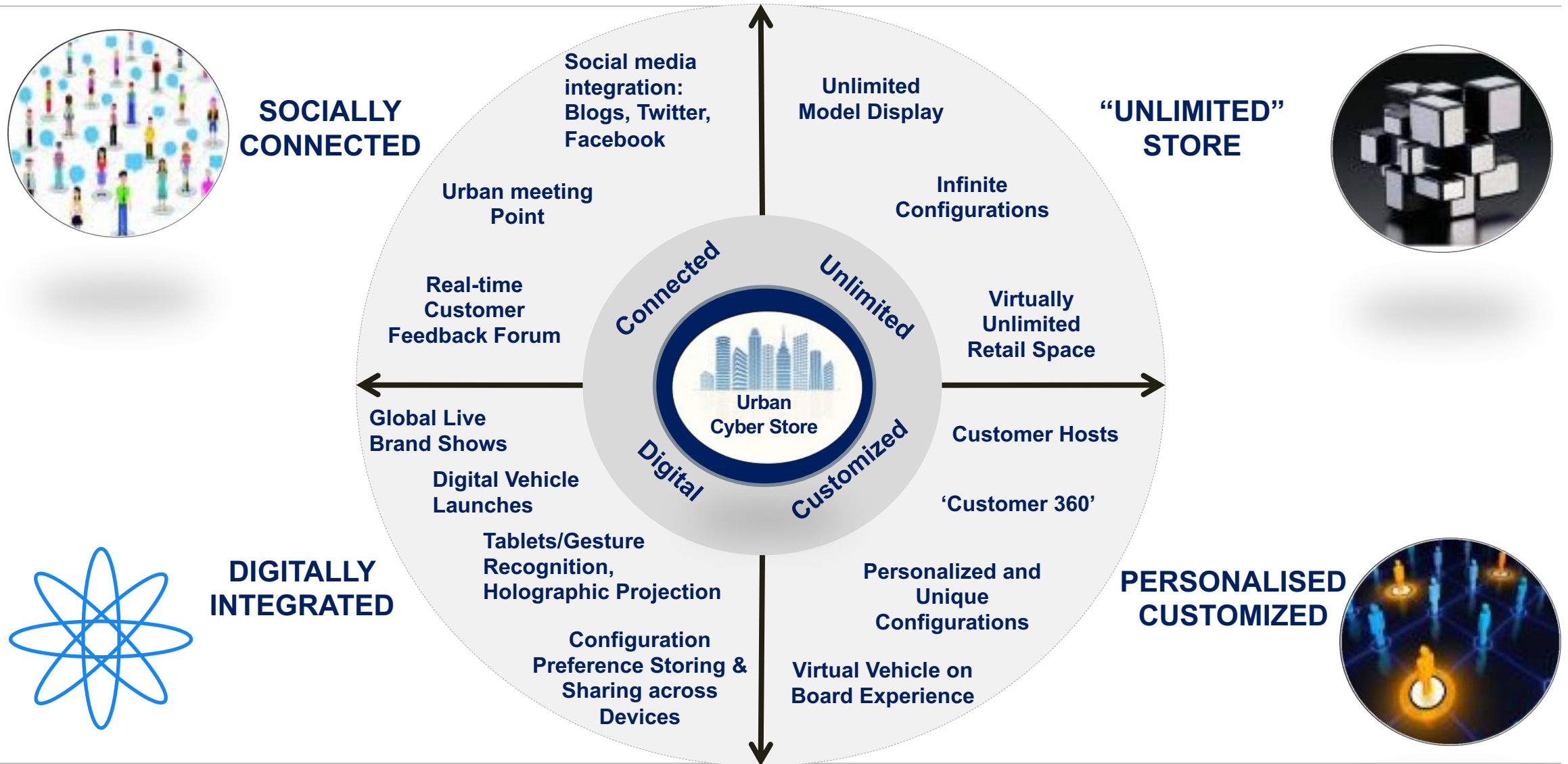
Aftermarket Innovations

ecommerce, delivery business models,
uberization of services

Source: Frost & Sullivan

The Car Dealership of the Future

The “Unlimited” 24 hour Urban Digital Store



Emerging New Retail Formats in the Automotive Industry

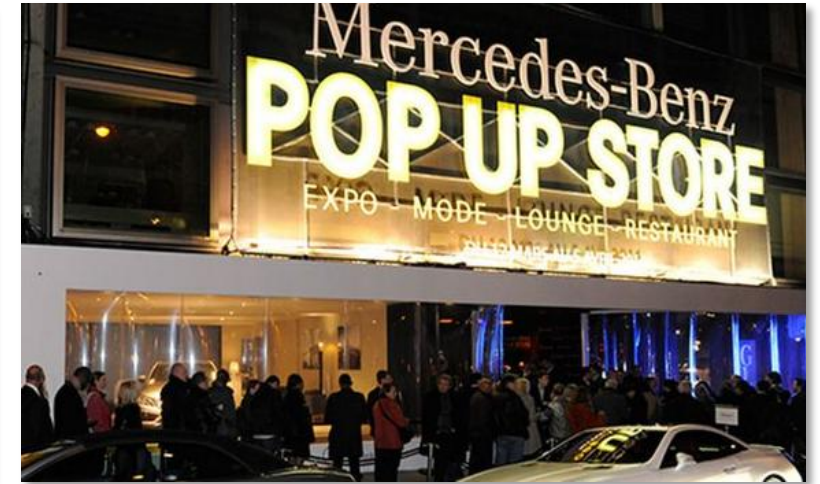
Although conventional channels will still sell majority of cars, new market channels are continuously emerging



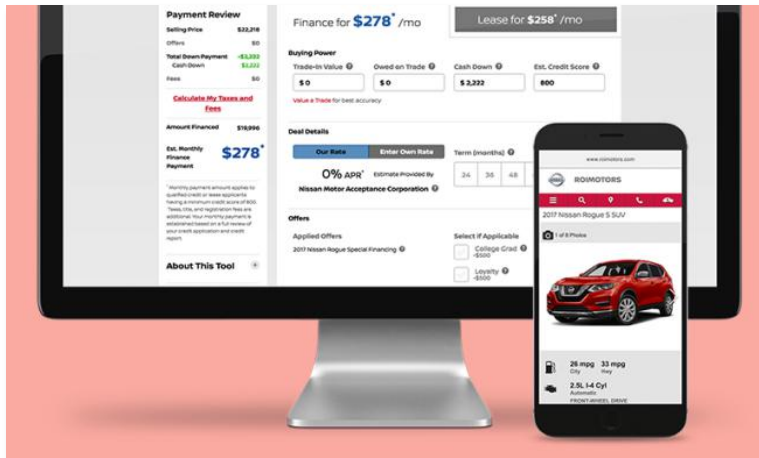
New digital experience brand stores



Brand experiential & lifestyle stores



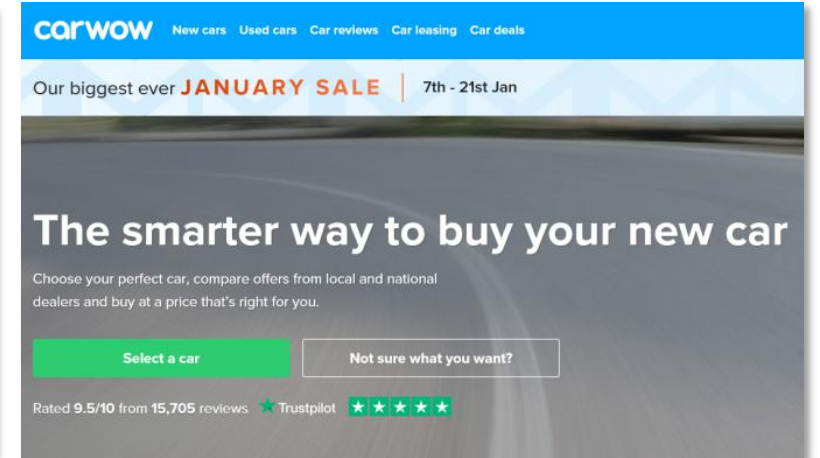
Brand pop-up stores



Mobile retailing



Online retailing and satellite services



3rd party online stores

Source: Frost & Sullivan

Types of Online Retail Models

While online vehicle retail is predominantly OEM driven, dealerships are embracing digitization on their own as well, through aggregators and e-commerce platforms

OEM Retail



OEM create sales platform on their official website in order to sell vehicles directly or through their dealerships



Hyundai Click to Buy



Tesla Online Retail

Dealership Level



Stand-alone dealership digitize their sales platform by allowing customers to purchase vehicle online



Roadster
Express
Storefront
Fastlane



Sales Aggregators



Website which integrate vehicle inventories across participating dealerships and allow customers to choose best offer



eCommerce Platforms



eCommerce platforms that list automobiles in addition to an extensive sales catalogue

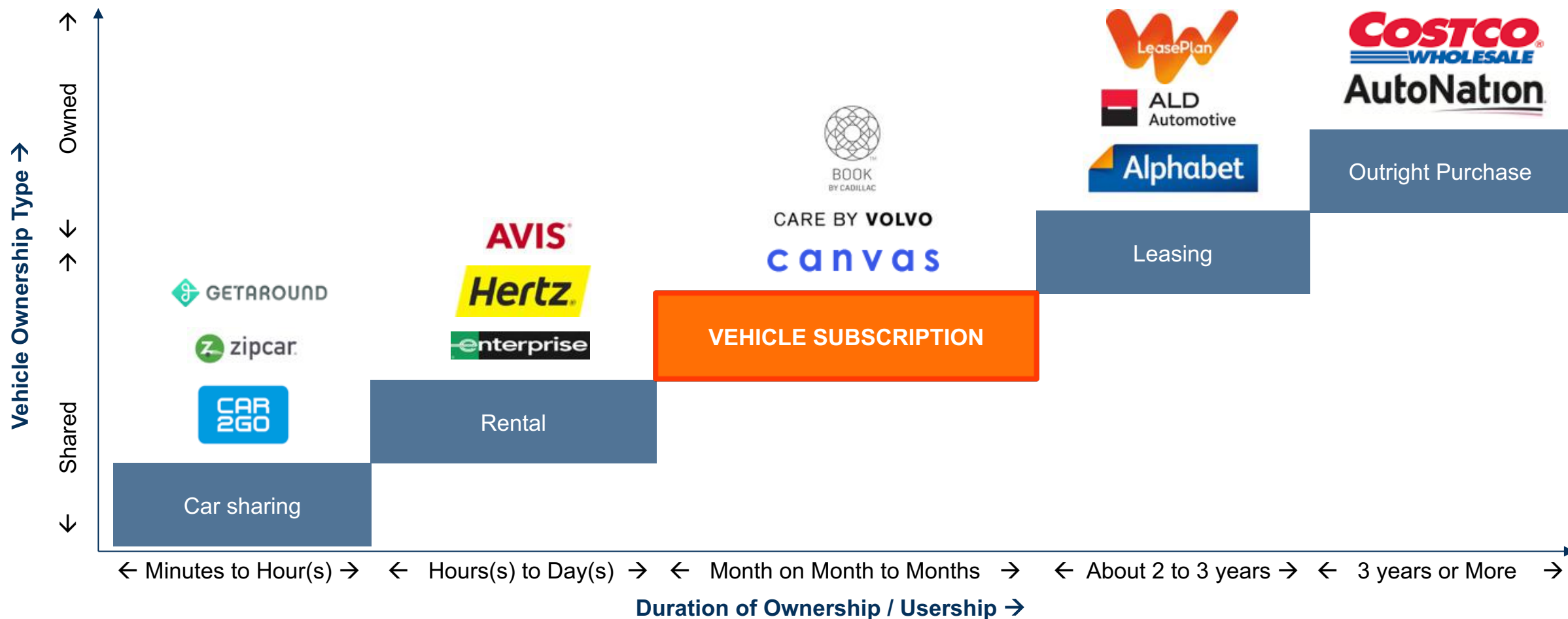


Source: Frost & Sullivan

Evolution of Vehicle Retailing Formats with Subscription Model

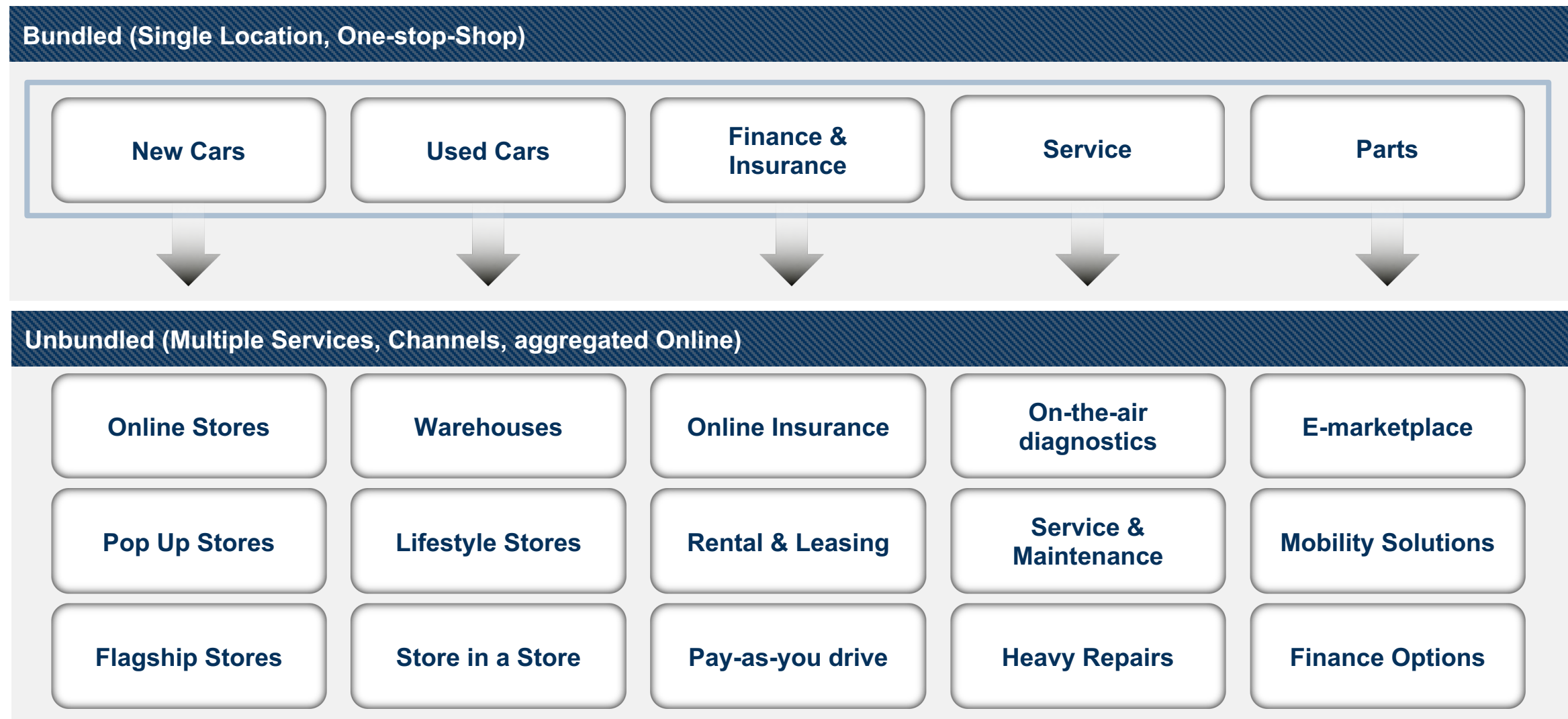
Vehicle subscription is unlike other vehicle services formats such as carsharing, rental, leasing and outright purchase: estimated to account for 16 million vehicles by 2025 (EU+NA)

Vehicle Subscription: Introduction to New Vehicle Usership/Ownership Models

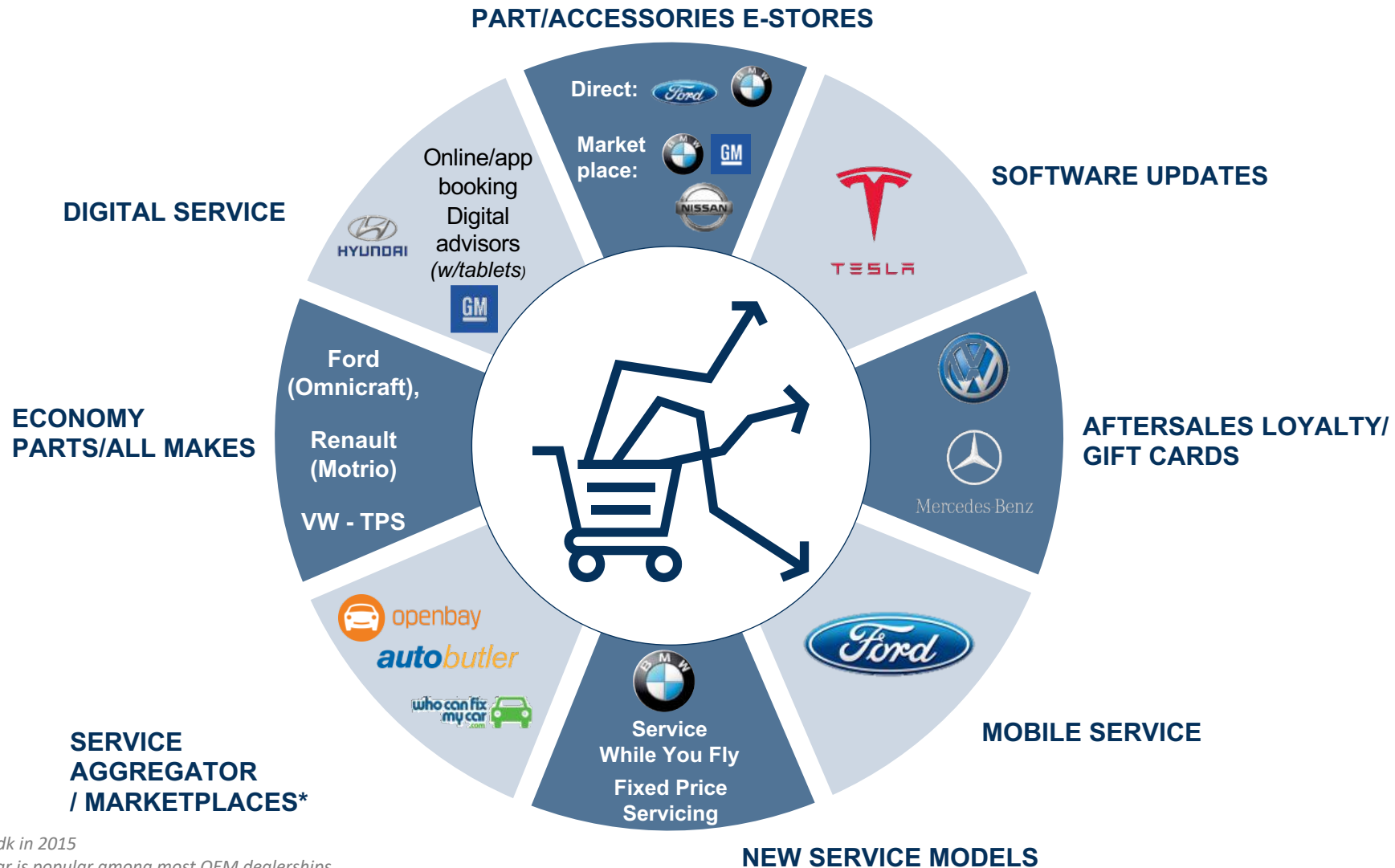


Source: Frost & Sullivan

Conclusion: OEMs Multi Channel Retail Strategy



Aftersales: OEM Adoption of New Business Models and Service Trends



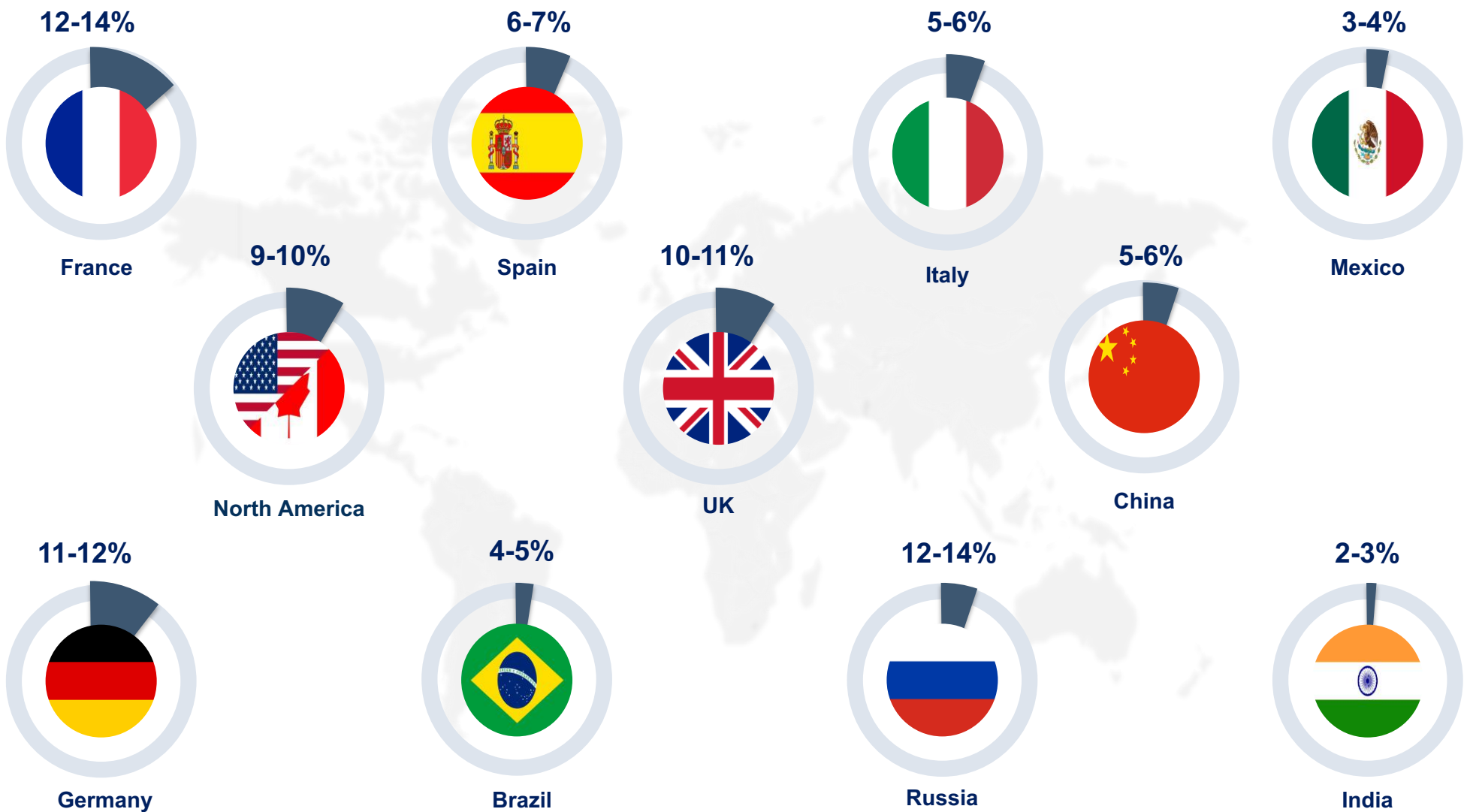
*PSA invested in Autobutler.dk in 2015

Openbay and whocanfixmycar is popular among most OEM dealerships

Source: Frost & Sullivan

Aftermarket eRetailing Penetration by 2022

North America and Western Europe will continue to lead in eRetailing penetration levels globally by 2022



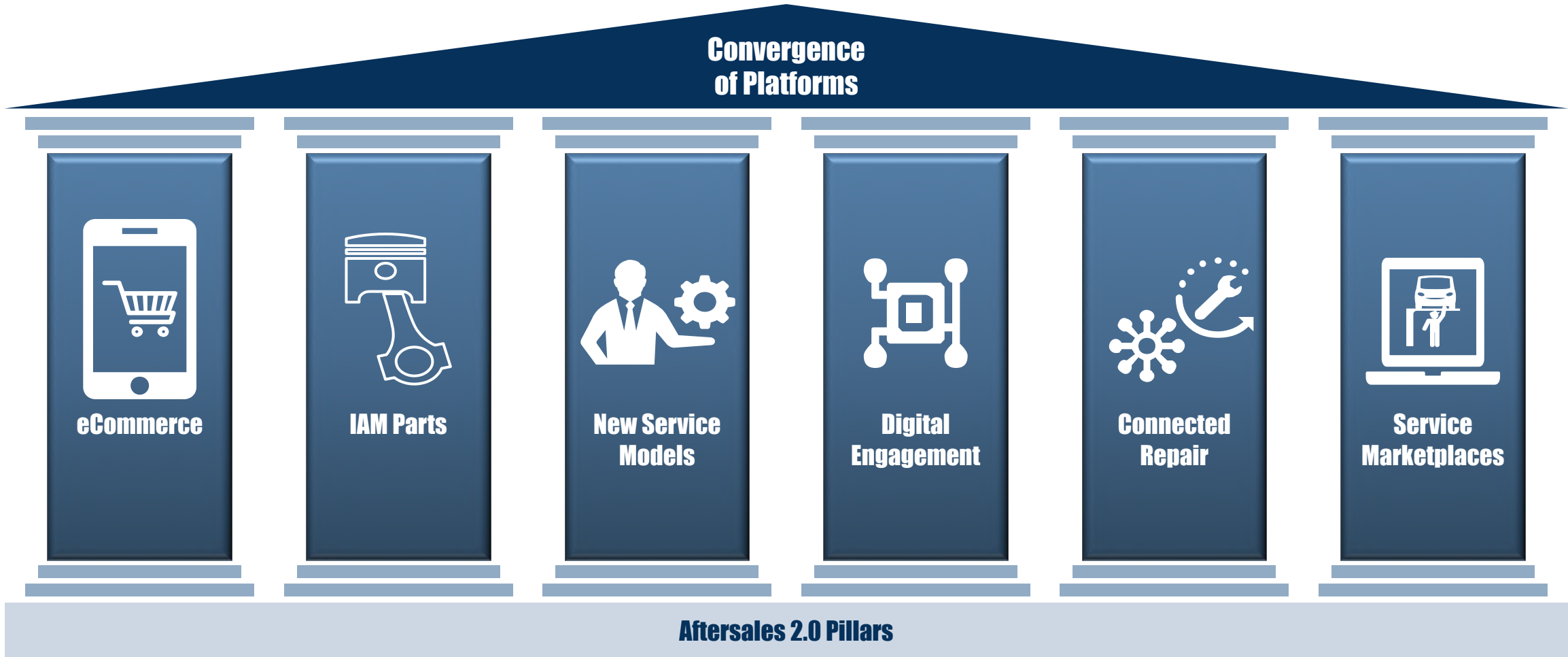
Source: Frost & Sullivan

Service Marketplace / Aggregators – ‘Uberization’ of Vehicle Service



The Pillars of Aftersales 3.0 for Dealers

Aftersales 3.0: Integrated Mobility Management



Source: Frost & Sullivan

Contact Details for more information...



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