

CAR PURCHASING PROCESS – GERMANY – 2023

Shifting attitudes towards car ownership and financial concerns are forcing the auto industry to embrace a more flexible approach to the car sales process.



Venkatesh Modi,
Automotive Research
Analyst, Germany



Car Purchasing Process – Germany – 2023

This report looks at the following areas:

- The impact of inflation on the car purchasing process
- Key drivers affecting car purchasing
- Channels used by consumers to buy cars
- Consumers' future car purchase plans
- Interest in future cars, by new or used car purchase and type of fuel
- Types of car purchase, including buying, leasing and car subscription
- Reasons for buying a car
- Reasons why consumers want to use car leasing or a car subscription



Shifting attitudes towards car ownership and financial concerns are forcing the auto industry to embrace a more flexible approach to the car sales process.

Overview

51% of consumers who plan to purchase a car within the next three years plan to buy a petrol car, and 33% a diesel car. The ongoing desire for petrol and diesel cars – despite environmental concerns – demonstrates how consumers need to be brought along on the journey to electrification.

50% of Germans are putting off plans to buy a big-ticket item as inflation eats into their household finances. Consumers are spending more time seeking value for money, and will look for dealers and car brands that explain *why* certain features or designs are worth paying extra for. Used and petrol cars remain popular among consumers due to their lower upfront costs, but efforts should also be made to highlight the very different ongoing costs associated with electric vehicles.

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Shifting ownership trends can hold significant appeal to car owners, but pose a significant threat to the current car purchasing process. For some, car ownership is about status, but for others, a car is a functional object, and having access without the burdens of ownership can hold significant appeal.

The shift to electric requires a major shift for car owners, providing an opportunity for the industry and dealers to explain the advantages of going electric, and sell a new lifestyle through the sales process.

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Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview
- The five-year outlook for the car purchasing process

Market context

- Consumers are putting off plans to buy big-ticket items, and extensively researching prices as a result of the high cost of living
- Adapt the car buying experience to cater to growing urbanisation
- Changing behaviours of Gen Z towards cars is a threat to the new car market

Opportunities

- Target multi-person households with adaptive personalisation
- Possible areas of personalisation
- As companies shift to an agency model, independent dealers could cater to the needs of price-sensitive customers
- Leverage the reach of TikTok influencers to engage Gen Z
- Organise events to give Gen Zs opportunities to socialise
- Highlight how car subscriptions can help consumers manage finances
- Quick download resources

MARKET DRIVERS

The German economy

- The cost-of-living crisis holds back post-COVID-19 recovery
 - Graph 1: key economic data, in real terms, 2019-24
- Inflation continues to be the key concern in 2023 for consumers, brands and the economy...
- ...impacting financial wellbeing and consumer expenditure
- Fewer consumers are feeling the impact of increased fuel prices than electricity prices...
- ...and high cost of living is still an issue

Shifting ownership

- The growth in car sharing will transform the purchasing process

Urbanisation

- Car dealerships need to adapt to the needs of urban consumers
- Factors affecting the urbanisation of dealerships

WHAT CONSUMERS WANT AND WHY

Car ownership

- Seven in ten Germans own a car
- Appeal to families to drive sales
 - Graph 2: car ownership, by lifestage, 2023
- Reasons for not owning a car
 - Graph 3: reasons for not owning a car, 2023
- Target multi-person households with adaptive personalisation
- Possible areas of personalisation
- Leverage the influence of 17-24 year olds on the car-buying decision
 - Graph 4: consumers looking for information about a car, by age, 2023

Purchase channel of current car

- Dealers remain the most important source of purchase
 - Graph 5: channel of car purchase, 2023
- Car buyers demand an enhanced customer experience as the industry shifts to an agency model
- The agency model provides opportunities for independent dealers and used car sellers

Future plans to buy a car

- Germans show high interest in purchasing a car within the next three years
 - Graph 6: plan to purchase a car within the next three years, 2023
- Leverage the reach of TikTok influencers to provide Gen Z information about cars
- Take cars into social spaces to build awareness
- Most potential car buyers are playing the long game
 - Graph 7: time of future purchase, 2023
- Help Gen Zs manage their finances around cars via 'influencers'
- Use Facebook and YouTube to reach those aged 65+

New/second-hand car purchase

- Use the second-hand market to build brand loyalty among young people
 - Graph 8: new or used car purchase, 2023
- Petrol cars remain the preferred option for most buyers
- Petrol cars remain the preferred option despite migration towards electrification
 - Graph 9: most likely choice for next car, by new and used car, 2023
- Interest in petrol cars remains almost constant over the next three years, and could affect car manufacturers' electrification plans
 - Graph 10: consumers most likely to buy a petrol car within the next three years, by time of purchase, 2023
- Communicate the sustainability of used electric cars to young consumers

Type of car purchase

- Buying outright is preferred, although subscription is becoming more popular
 - Graph 11: type of purchase, 2023
- Used car buyers are looking for alternatives to ownership
- Promote the financial aspects of car subscription to appeal to Gen Z
- Target Millennials with car sharing by highlighting the cost-saving potential
 - Graph 12: consumers using car sharing and car renting, 2023

Reasons for buying a car

- Half of future car buyers want a sense of ownership
 - Graph 13: reasons to choose to buy a car, 2023
- Premium and luxury car buyers might be moved by the emotional aspects of ownership and freedom associated with it
- Consumers living in cities show potential for switching to car leasing/subscription/sharing
- Leverage the growing number of subscription providers

Reasons for leasing/car subscription

- Highlight convenience in marketing campaigns to promote leasing/subscription

LAUNCH ACTIVITY AND INNOVATION

- Hyundai sells cars through Amazon
- MediaMarktSaturn enters the electric car subscription market
- Hyundai opened a digital experience retail store in a shopping centre in Kent

Advertising and marketing activity

- Stellantis promotes its used car program
- Mobile.de focuses on leasing for all
- Sixt+ car subscription launches campaign educating consumers about car subscriptions

APPENDIX

Appendix – abbreviations and consumer research methodology and language usage

- Abbreviations
- Consumer research methodology
- A note on language

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