

The CGI logo is positioned in the top right corner of the page. It consists of the letters 'CGI' in a bold, white, sans-serif font. The background of the entire page is a grayscale photograph of a modern glass skyscraper. A network of red dots connected by thin red lines is overlaid on the image, extending from the left edge towards the center. The dots vary in size, and the lines form a complex web-like structure. In the foreground, there is a blurred image of a highway with cars in motion, suggesting a fast-paced environment. A 'STOP' sign is visible on the left side of the road.

CGI

Experience the commitment®

Staying connected while on the move

Automotive Services Consumer Research

The project referenced in this brochure was delivered by Logica, which CGI acquired in August 2012



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Introduction

This paper summarises a survey conducted by CGI in July 2012. 1000 UK consumers were surveyed about their attitudes towards in-car services such as pay-as-you drive and infotainment.

Connected cars

The introduction of satellite navigation, mobile communications, smart phones and 'pay-as-you-drive' insurance is evidence of the ways in which cars and other vehicles are becoming increasingly connected with the world around them. This integration helps transform the relationship people have with their cars as well as heralding a significant opportunity to provide 'infotainment' services. The amount an organisation is trusted affects levels of use and engagement with services. Therefore the trust that consumers have in the brands providing or thinking of providing in-car services is clearly important.

Market developments

Many reports have predicted significant growth in connected car services over the next decade. However, in a flat economy, with reduced numbers of cars sold, it remains to be seen whether technology will stimulate new revenue. It is perhaps more likely that the growth in mobile transactions may simply be existing cash being spent in new ways.

What is certain is that a combination of factors such as the economy, energy and technology is set to redefine the relationship people have with their cars over the next decade. The development of driverless vehicles provides evidence that, at one extreme, the changes could be as profound as the introduction of the 'horseless carriage' in the late 1800s.

Change can be profoundly unsettling while at the same time provide substantial opportunities. Consequently, there is a risk that companies that are unable or unwilling to respond to market changes will be wrong-footed and suddenly find that the market has moved on without them and they are left behind. For example, traditional market sector categorisation may change the way organisations are structured to support their customers. In the case of cars, machine-to-machine (M2M) technology opens the possibility of a new market for in-car and virtually connected automotive services.

Automotive Services

Technology and innovation have enabled cars to be more connected to other cars (vehicle to vehicle, or V2V), as well as to infrastructure (V2I). Such connected car technology has started to break down the boundaries of the traditional market sectors of automotive, retail, finance and mobile telecom. The term 'automotive services', defines an emerging market driven by mobile technology. Examples include:

- automatic remote payment of road tolls
- automatic remote payment of parking fees
- pay-as-you-drive insurance
- in-car entertainment
- after market vehicle technical support
- navigation and traffic services.

The automotive services market offers substantial opportunities for many organisations to offer both new and existing services to motorists enabled by mobile technology. We only need to look at how the retail grocery sector has expanded into sales of fuel, insurance, telecoms, consumer electronics and banking to gain some appreciation of the possibilities.

Launching new services can be expensive and there is always the risk that investment returns may not be realised. Consequently, it is important to understand the main risks and how they might be reduced.

While a number of services such as 'pay-as-you-drive' insurance are already available, the market is in its early days. Although there is much speculation about the opportunities, it is inevitable that consumers will take time to learn what services might be offered and their potential benefits.



Launching new services in an emerging market can be expensive and there is always the risk that investment returns may not be realised.

Consumer Survey

Aim

We conducted a survey in July 2012 to provide insights into consumer attitudes towards connected car services that are available now and in the future.

Approach

We surveyed over 1000 consumers asking them:

- what automotive services they currently received versus those they would be willing to pay for in the future
- the level of trust they had in the organisations that might deliver those services
- levels of car use and whether the car is part of an individual's personal space
- whether connected car services might change how consumers use service stations.

Summary findings

Responder Profiles

Of the 1006 survey participants 54% of respondents were female versus 46% male. The profiles by age, location and income are as follows.

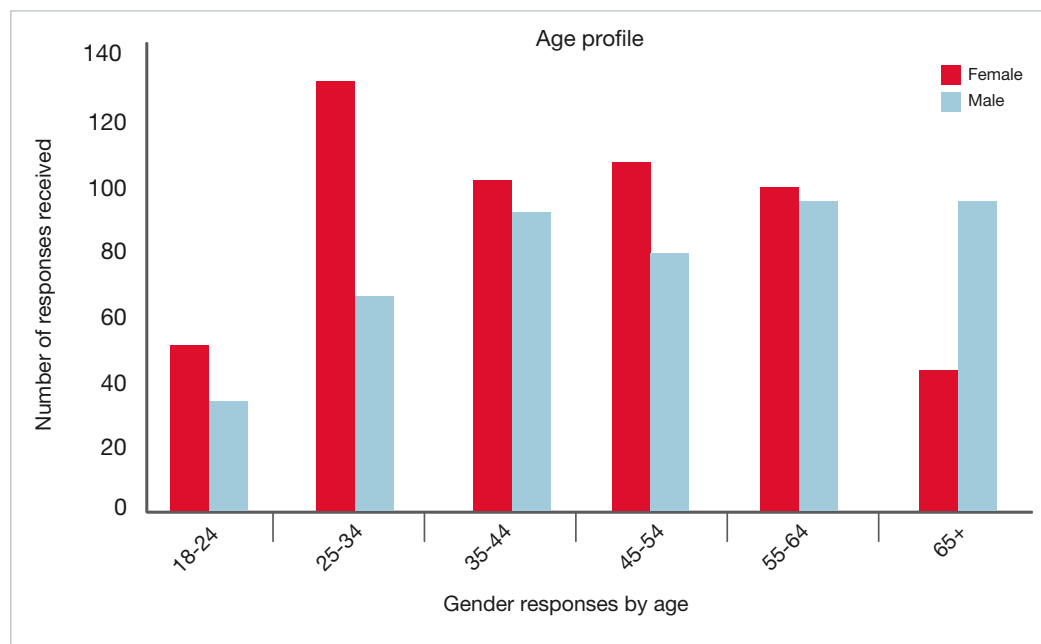


Figure 1: Age and gender profile

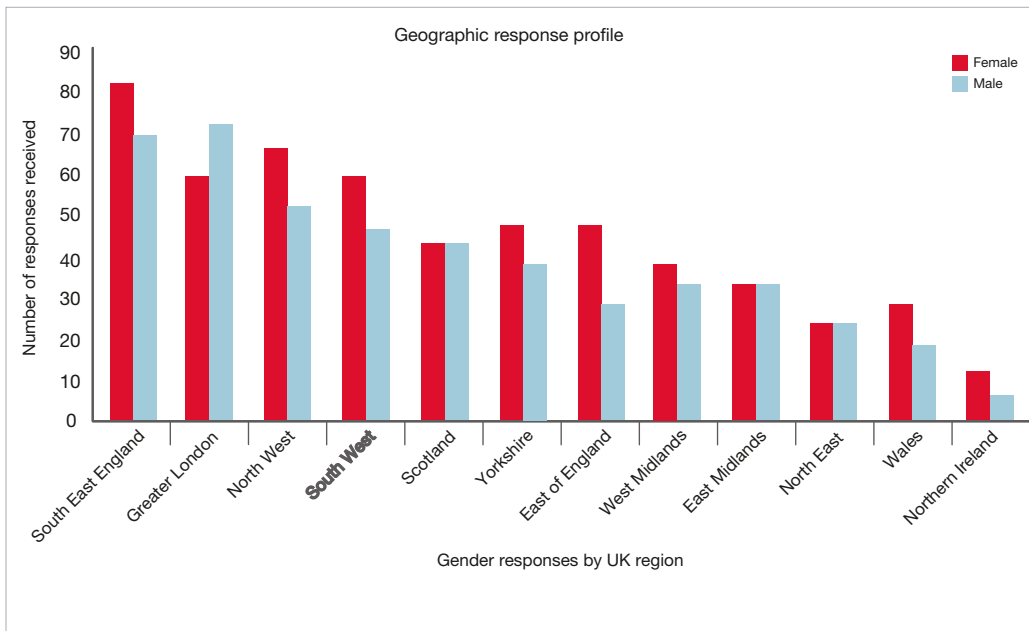


Figure 2: National perspective with greatest response from London and South East England

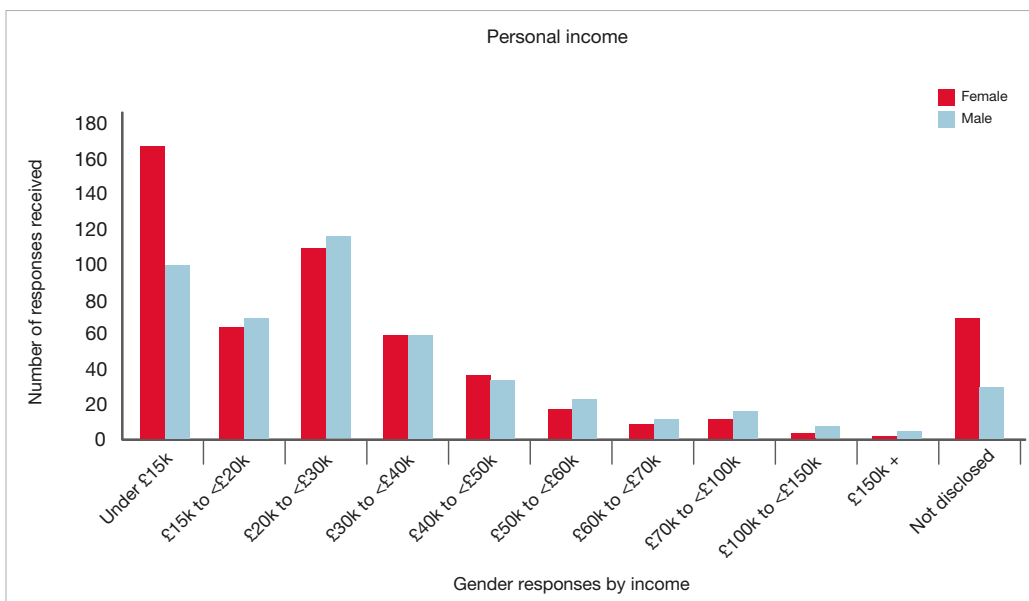


Figure 3: Income distribution representative of the UK average

There are many organisations that have an interest in connected car services - government agencies, retailers, insurers, financial and telecom providers. We discovered that:

- the difference in responses between services received now and those that consumers would be prepared to pay for in the future exposed differences between 'high' and 'low' value services
- on average automotive brands were most trusted to provide automotive services, which is good news for them
- worryingly some brands are less trusted to provide these services
- retailers are more trusted to provide location based advertising than other organisations
- providing advanced information about service station offers will have an impact on the ways that consumers use roadside facilities but not significantly at this stage.



Analysis

Automotive services adoption

Results

The survey requested people to identify the services they received now versus those they would be willing to pay for in the future.

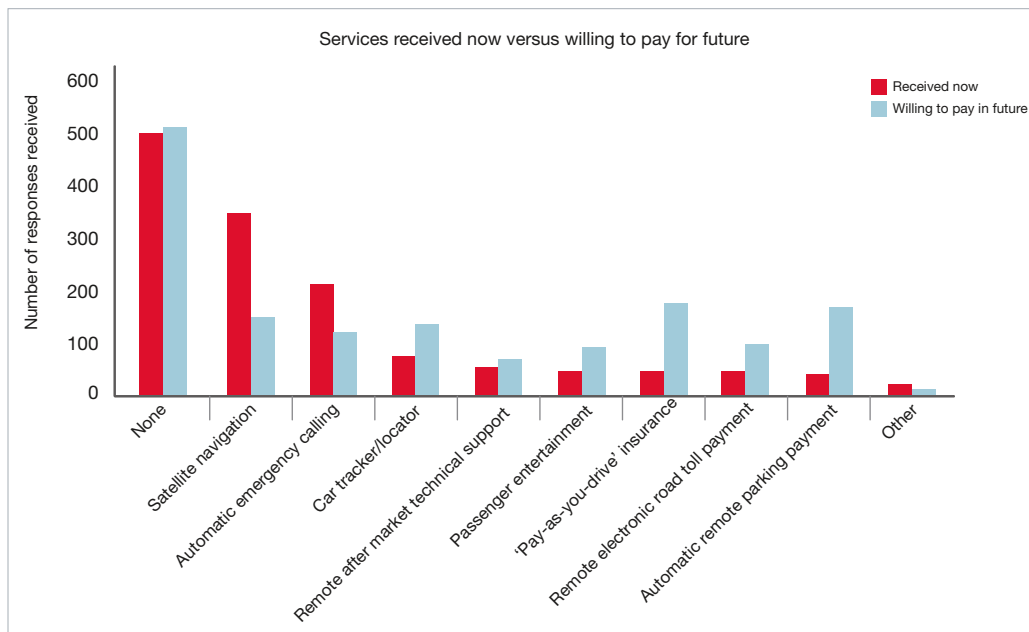


Figure 4: UK Automotive Services

Interpretation

A high proportion of consumers currently receive no services and a slightly higher proportion are currently not prepared to pay for services in the future.

The fact that a high proportion of consumers are not currently receiving connected car services reflects the potential for growth. As a greater proportion would not be willing to pay for services it could well reflect the low level of awareness of the benefits that connected car services might be able to offer.

High value services: greater value seems to be attributed to those services where the number of responses to 'would be willing to pay' is higher than 'service currently received'. For example 'pay-as-you-drive' insurance.

Low value services: lower value seems to be attributed to those services where the number of responses to 'would be willing to pay' is lower than 'service currently received'. For example navigation services and automatic emergency calling.

Valued services

The survey results show that while a significant number of consumers receive services such as navigation and automatic emergency calling now, fewer would be prepared to pay for them in the future. This implies that they are not currently valued highly, or simply that the jump from what is now perceived as free to what would be charged in the future is too great.

In contrast, while fewer consumers received services such as ‘pay-as-you-drive’ insurance, automatic road-toll payment and automatic remote parking payment, a greater number expressed a willingness to pay for them in the future. This implies that these services are more highly valued. This could be due to the high ‘hassle factor’ of such services.

Trusted organisations

Results

The survey requested people to identify the services they received now versus those they would be willing to pay for in the future.

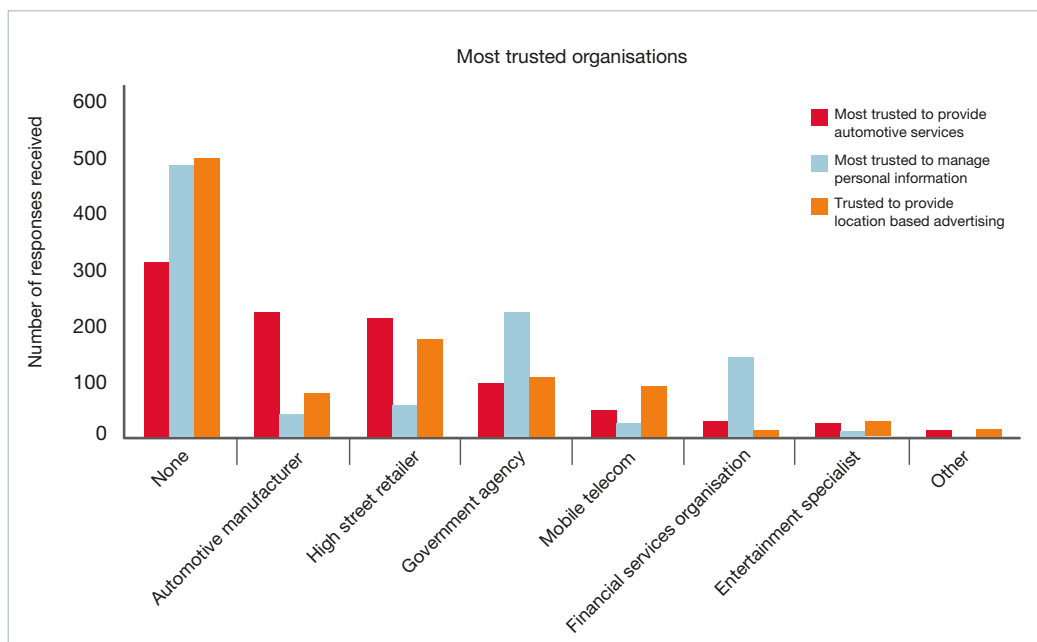


Figure 5: UK Consumer Trust



Interpretation

The greatest number of responses was received from consumers who felt they trusted no organisation to provide automotive services and this increased when questioned about the management of personal information and location based advertising.

- the greatest number of respondents indicated they trusted no one to provide services
- automotive brands (original equipment manufacturers (OEMs)) and high street retailers are most trusted to provide services
- retailers are most trusted to provide location based advertising
- government agencies were not attributed the same trust to provide services as retailers and automotive manufacturers. They were trusted more with regards to the management of personal information.

As the world becomes increasingly connected the volume of organisations requesting access to our personal information will increase significantly. Securely maintaining personal data is rightly seen as important. Consumers were asked to indicate which organisations they would trust to provide services, offer location-based advertising and also to manage personal information. The results were:

- automotive manufacturers were more trusted to provide in-car services than other organisations
- retailers were similarly trusted but also found to be trusted more to provide location based advertising
- government agencies were more trusted to manage personal information than private sector organisations.

Trust levels affect engagement with and use of services, so the trust that consumers place in brands is clearly important. Brand trust is a currency easily lost and has therefore been rising in importance over the last decade. It is therefore significant that certain organisations are more highly trusted than others as this market develops.

Driver experience

Car Manufacturer Representation

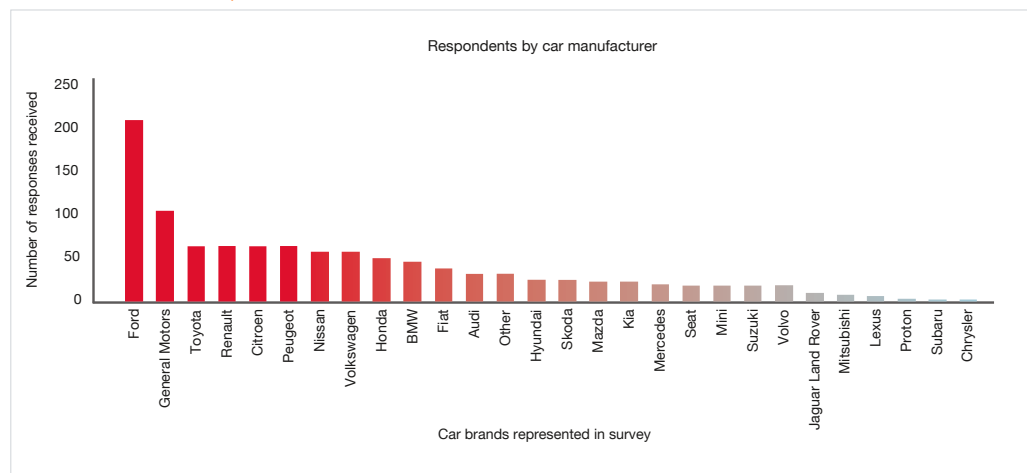
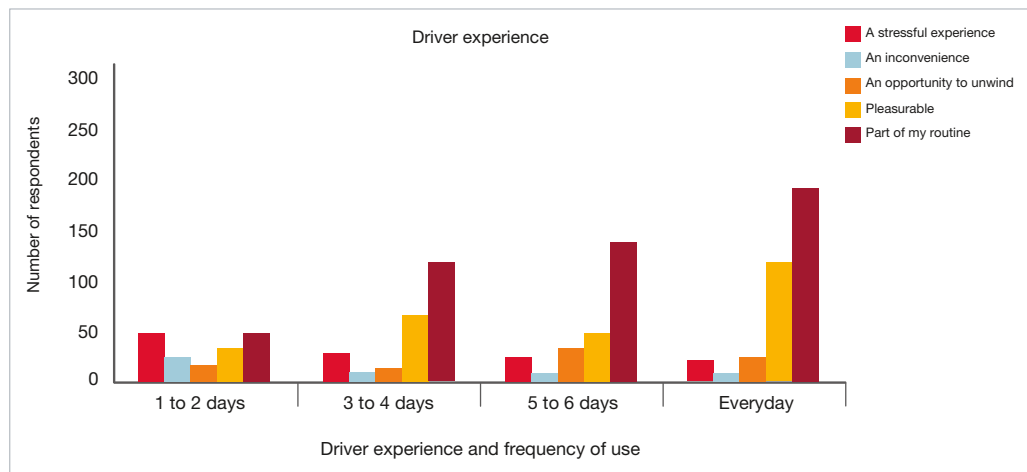


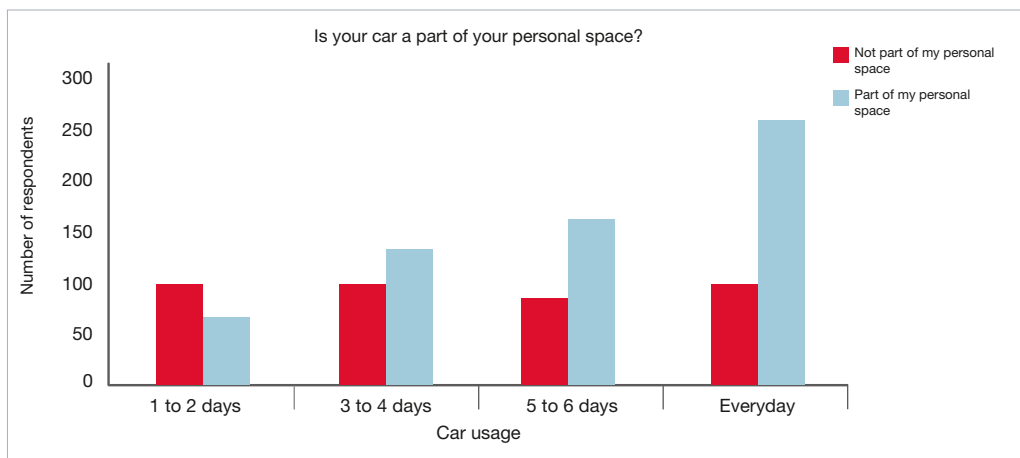
Figure 6: Manufacturer of car driven by consumer respondents

Frequency of use and driver experience



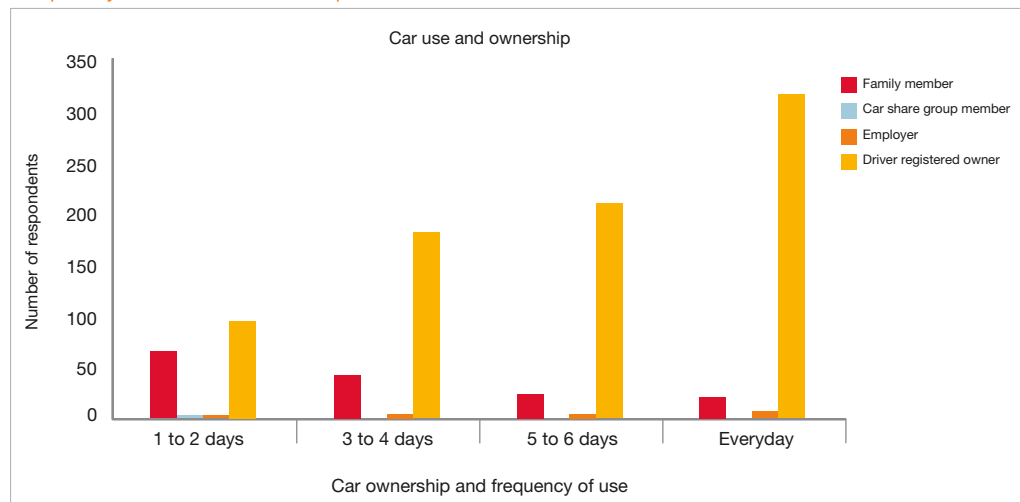
- The stress and inconvenience decreases with increased car use
- Pleasure increases with increased car use - when it becomes part of the daily routine.

Frequency of use and personal space



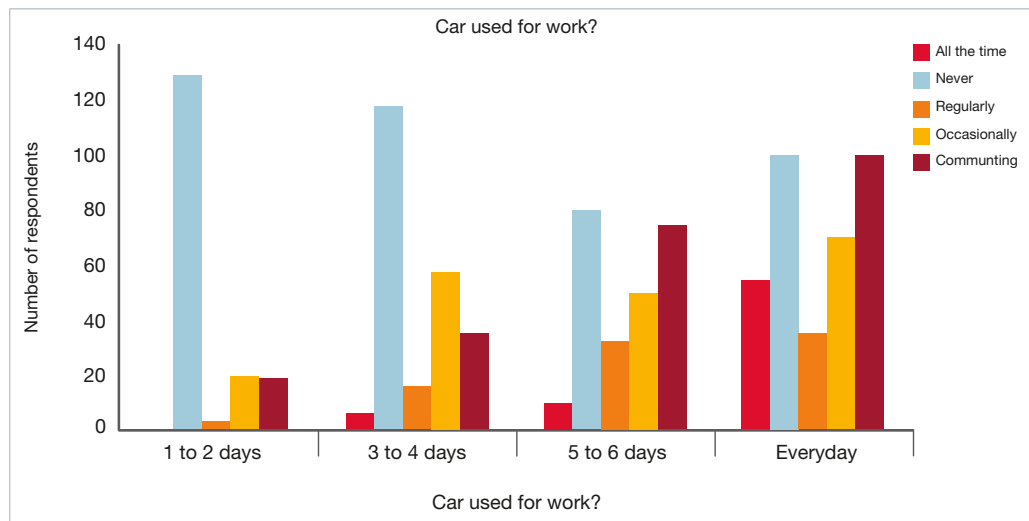
- Consumer perception of their cars as an extension of their personal space is associated with increased car use
- There is a consistent proportion of people (about 10%) who do not consider that their car is an extension of their personal space - regardless of how much they use their cars.

Frequency of use and ownership



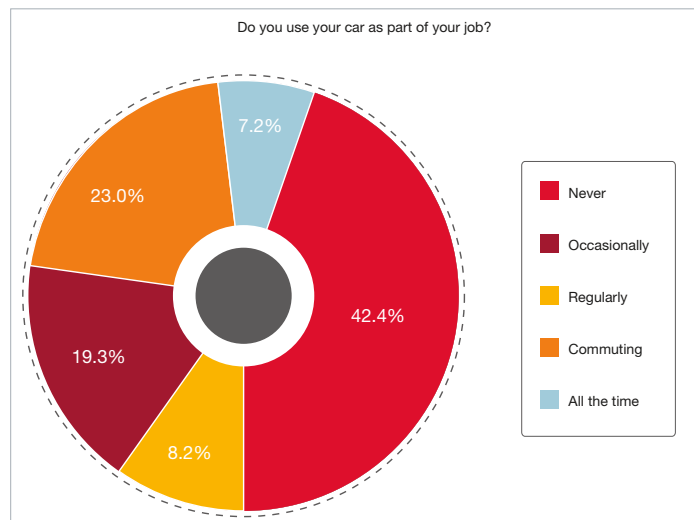
- Increased car use corresponds with increased car ownership
- Car sharing corresponds with low car usage
- Use of a family member's car falls as car use increases.

Frequency of use and work related travel



- The greatest response was provided by consumers who never used their car for work. The number of responses provided by this group fell with increased car use
- All other drivers used their car for work in some way and greater numbers of responses corresponded with increased car use.

Work related travel summary



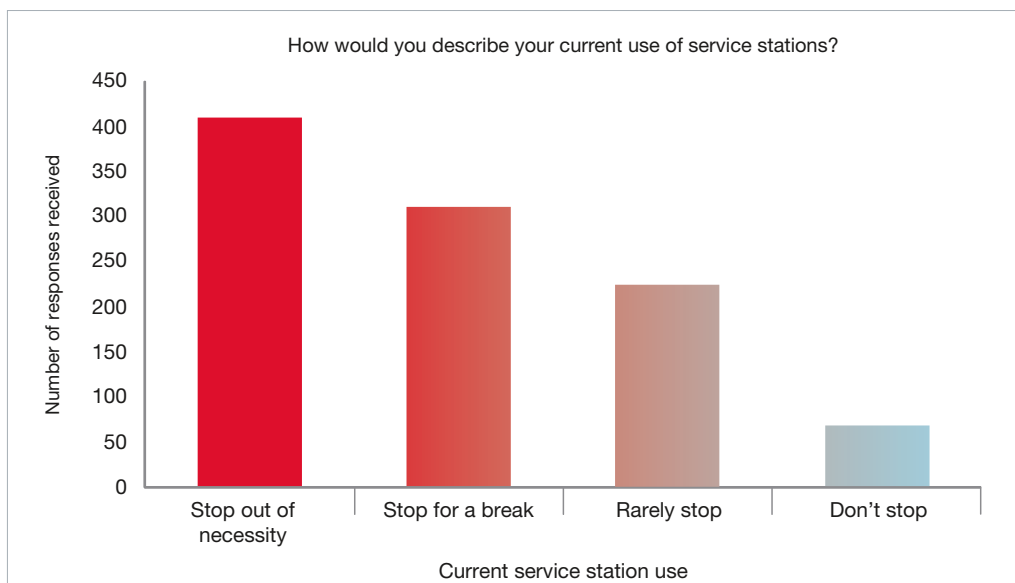
- 48% of respondents never use their cars for work
- 58% of respondents used their cars for work regularly, commuting or occasionally.



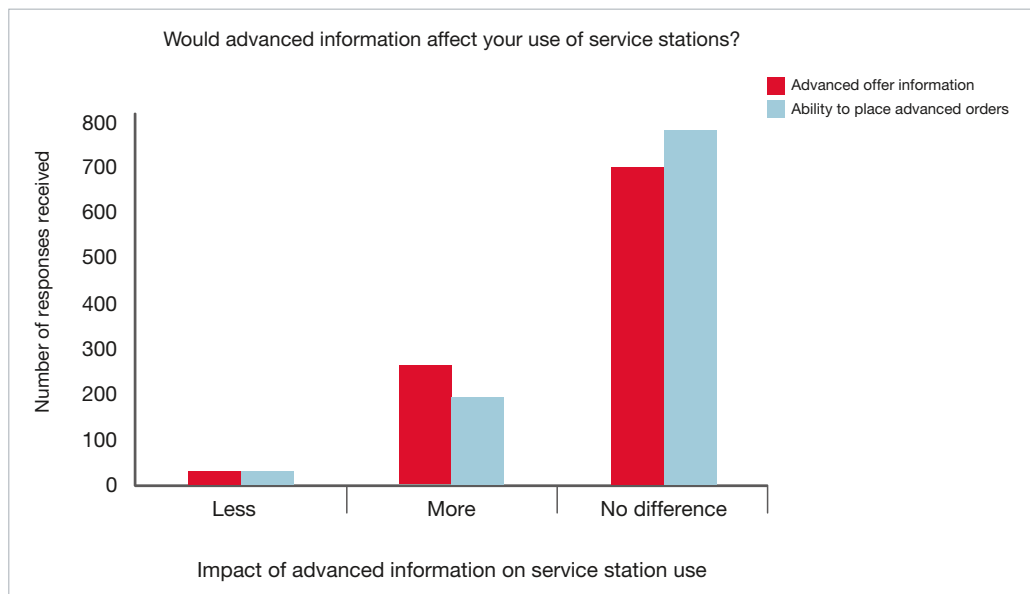
Service station use

To determine whether connected car services were more or less likely to impact the use of roadside facilities, consumers were asked about their car use in relation to service stations. Opinions on the impact of advanced notification of services, ordering prior to arrival and location based advertising were sought. The results indicate that such services would change driver behaviour but not significantly. It may also be the case that services and offers currently available are not compelling enough to change behaviour significantly.

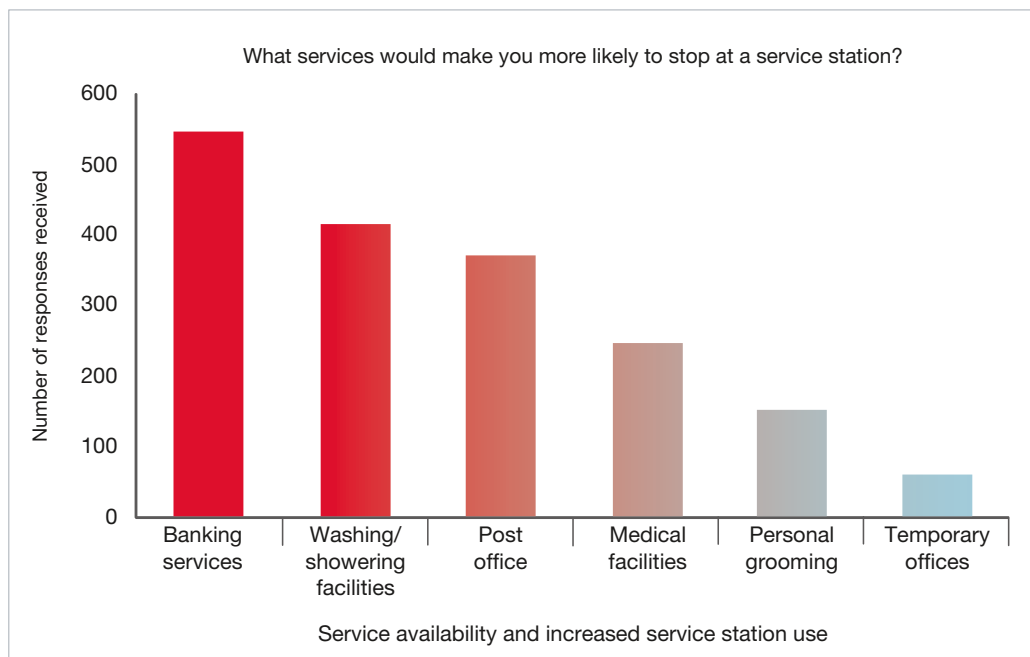
To establish consumer attitudes to the impact that connected car technology might have on car use and retail sales a number of questions were posed to establish current use of service stations and whether advanced information might affect that use. The type of advanced information considered was location based advertising and advanced order as might relate to dining.



- Most consumers stop at service stations as a matter of necessity or simply to have a break.



- The majority of responses indicated that advanced information would not affect their use of service stations.



- Responders were more positive about the impact that services might have on their use of service stations.

Summary

Our survey shows that although it is still early days in this market place, there are signs that consumers are beginning to think about the possibilities and may be open to new services and offers, perhaps via service bundling and location-based messaging.

It is also clear that trust will be an important criteria for consumers when they begin to make purchasing decisions. The market appears wide open for unrelated organisations to step in and offer new services if they are targeted, relevant and hassle-free.

Our impression is that this is a market just beginning to be created and that there is significant first mover advantage to be gained if innovative offers can be made. The technology to support the required business models is readily available. Concern needs to be given to business cases, ROI and speed to market, but with advances in machine-to-machine and micro-payments it is clear that the consumer is open to the possibilities offered by in-car infotainment and other services. Could you download a new DVD for the kids at a service station rather than buying a hard copy to roll about on the floor of your car? Can you improve your insurance premiums with an in-car monitoring device sending back data on how you drive? Perhaps you could only install air-conditioning on the 10 days a year when you need it? Or towards the end of your journey you might receive a money off voucher as you come into range of a supermarket? The possibilities are endless!

Why CGI

- Over 70,000 professionals in more than 40 countries
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- Significant presence in all major IT markets across the Americas, Europe and Asia Pacific
- Full IT services capabilities and a large portfolio of IP-based solutions
- Decades of combined experience and expertise across a broad range of industries and technologies.

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