

THE CAR AS POINT OF PURCHASE

PROSPECTS OF AN EMERGING MARKET

April 2022

IFH KÖLN/BBE Automotive



1

IN-CAR ACTIVITIES

Time spent well while hitting the road?

Slide 4

2

POTENTIAL

What is the potential for In-Car Commerce?

Slide 7

3

PROFITEERS

Who benefits from In-Car Commerce?

Slide 24



CAWI SURVEY OF CAR DRIVERS



- **SAMPLE SIZE:**
n = 500
- **FIELD TIME:**
February 2022
- **SAMPLE:**
Representative of car parc
(according to shares of vehicle
brands in the car parc).



EXPERT STATEMENTS

Thomas Fischer,
Chairman AAMPACT e.V.

Dr. Julian Weber,
Adjunct Professor for
Automotive Engineering and
Book Author

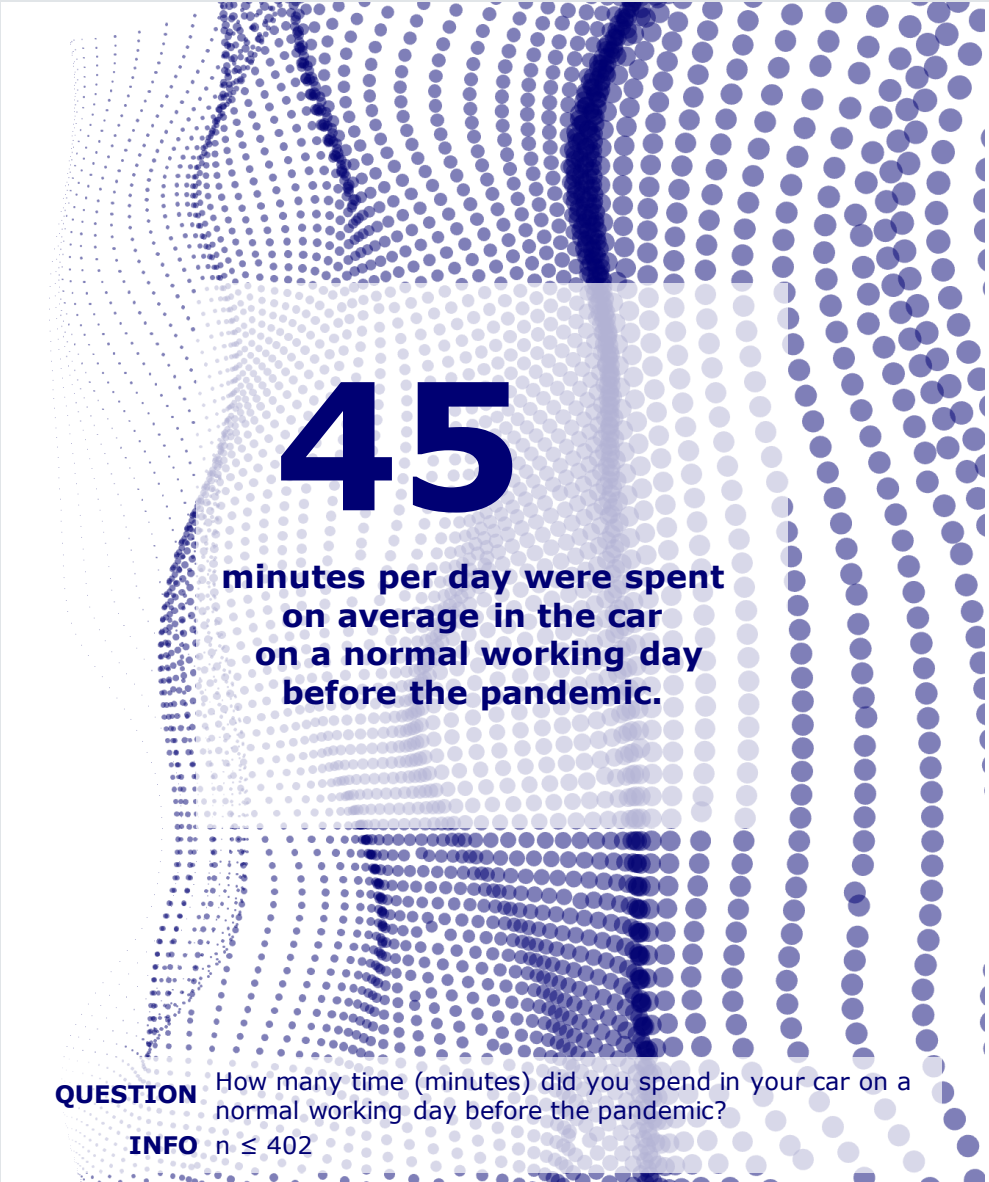
TOPICS

- Shopping-related activities in the vehicle
- Use of and intention to use in-car commerce systems (voice, mirroring, marketplace)
- Commerce-relevant product groups (Automotive Aftermarket, Retail)
- Preferred provider of an In-Car marketplace

1

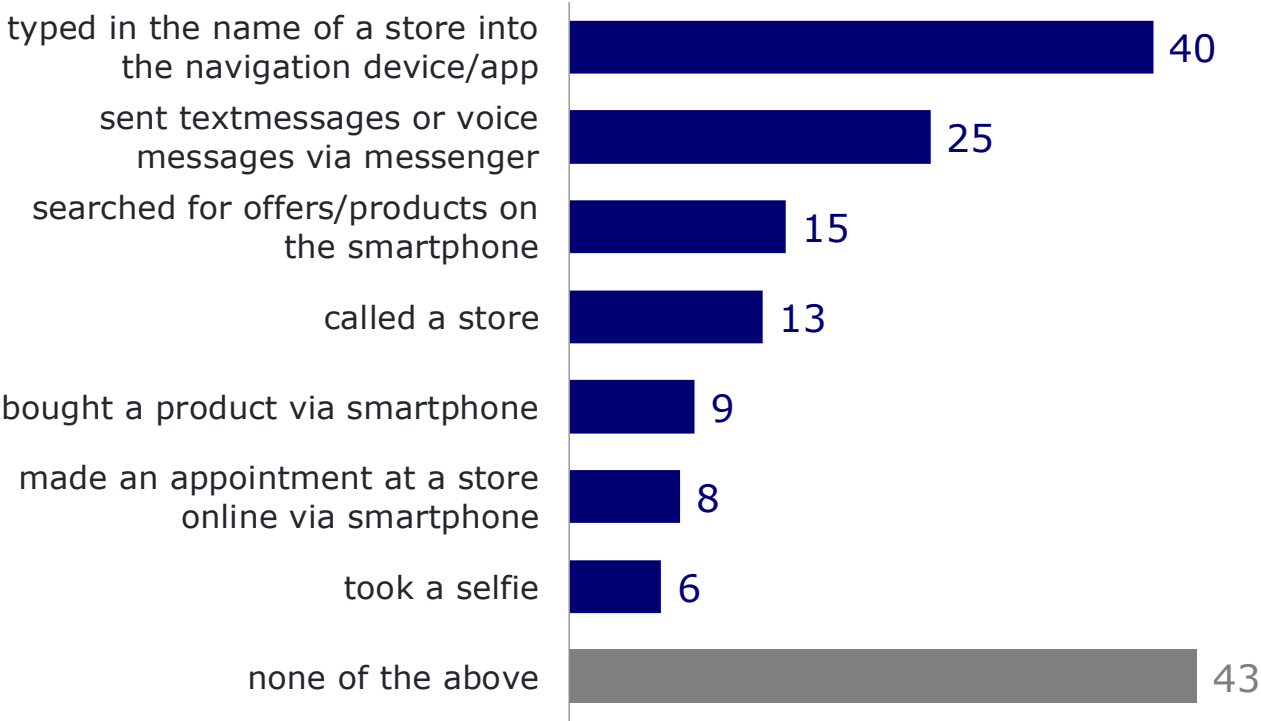
IN-CAR ACTIVITIES
TIME SPENT WELL
WHILE HITTING THE
ROAD?





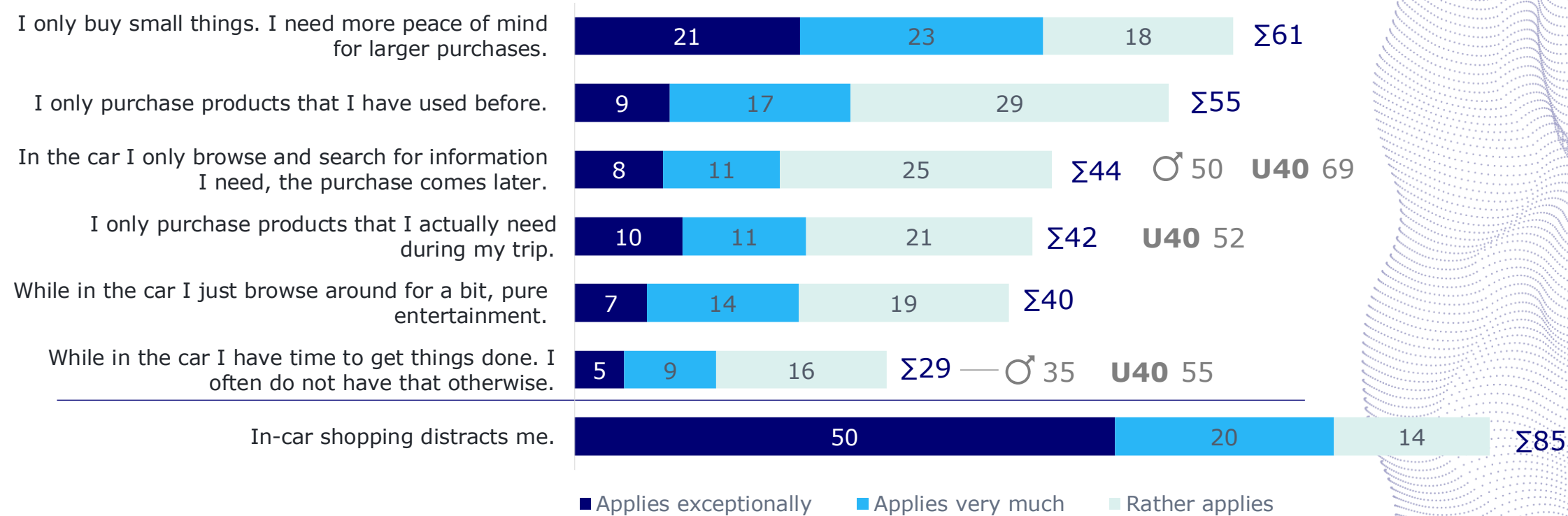
While on the go, around 15 percent of respondents have searched for offers or products on the smartphone.

QUESTION Have you ever done one of the following activities during a trip with your car?



INFO n ≤ 402; multiple response set; in %

If drivers had a screen available for information and shopping, they would primarily shop for items that were already familiar and less complex.

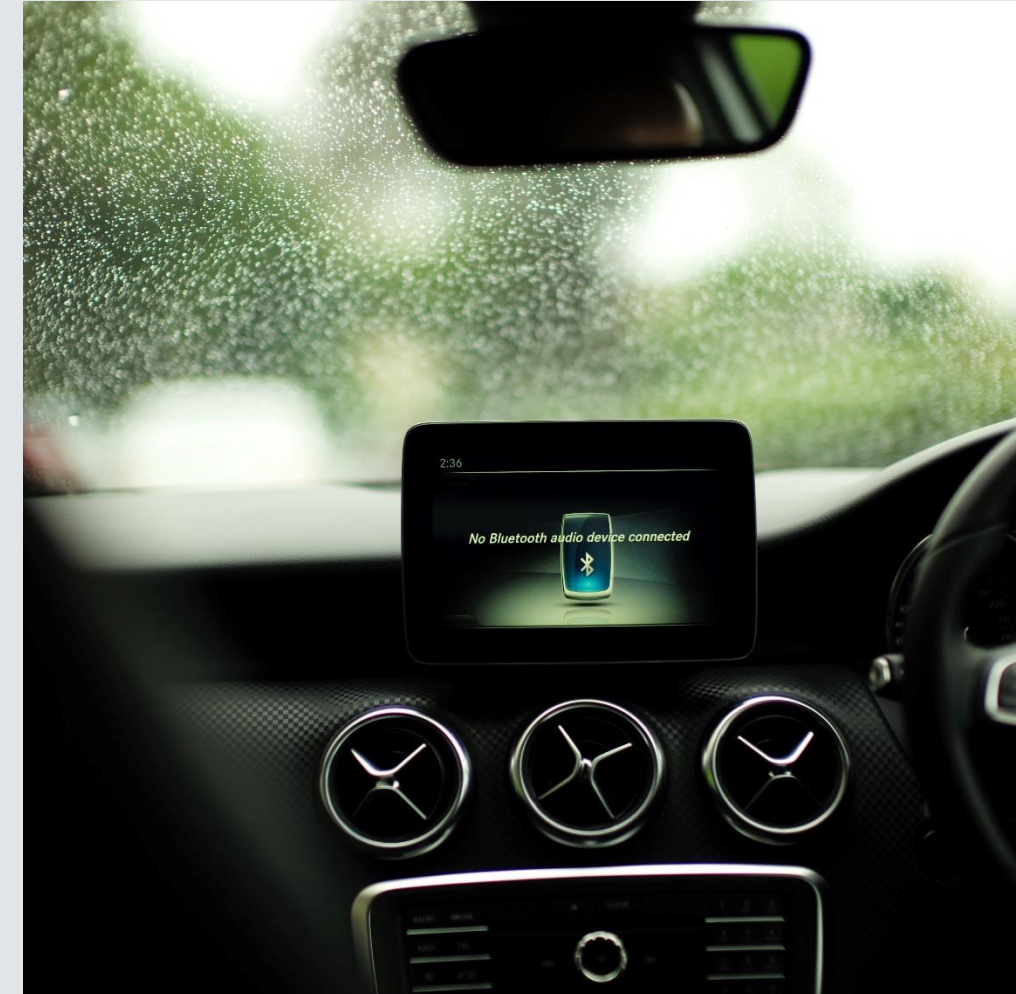


QUESTION Imaginge you could purchase products via a screen in your car. To what extent do the following statements apply?

INFO n = 402; in % ♂ = male respondents U40 = Respondents younger than 40 yrs.

2

POTENTIAL
WHAT IS THE
POTENTIAL FOR
IN-CAR COMMERCE?



1



Voice Commerce



Direct Alexa integrations or access (1) via mobile app, (2) through dongle plugged into the car.

Voice control starts with the word "Alexa", functions: Phone calls, music playlists, query traffic news, weather reports.

2



Screen Mirroring



MirrorLink

Mirrors - where compatible - the apps of the smartphone on the touchscreen of the vehicle and thus enables their use.

Currently three possible applications: Apple Car Play, Android Auto and Mirror Link (by the Car Connectivity Consortium of car, smartphone, infotainment manufacturers)

3



Platform Entry

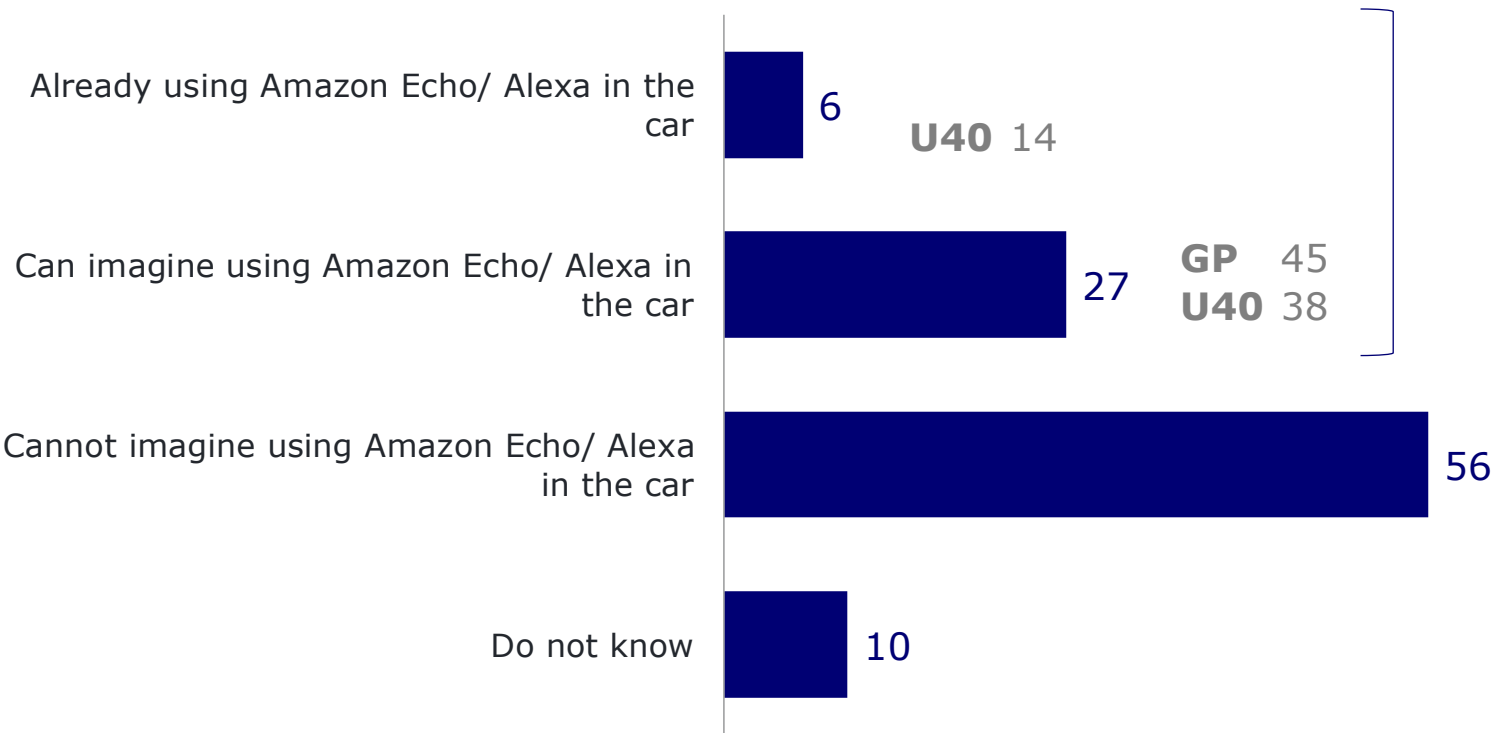


Digital ecosystems of vehicle manufacturers, use via voice control possible

(1) Adding and cancelling additional vehicle functions, (2) Live traffic services, infotainment package, (3) Streaming (e.g., Apple Music, Spotify), (4) Payment function for refueling, loading, parking transactions

Only a minority currently uses Amazon Echo in the car. In particular, drivers of younger age and of premium vehicles can imagine using it

QUESTION Can you imagine using Amazon Echo/Alexa for your vehicle or are you already doing so?



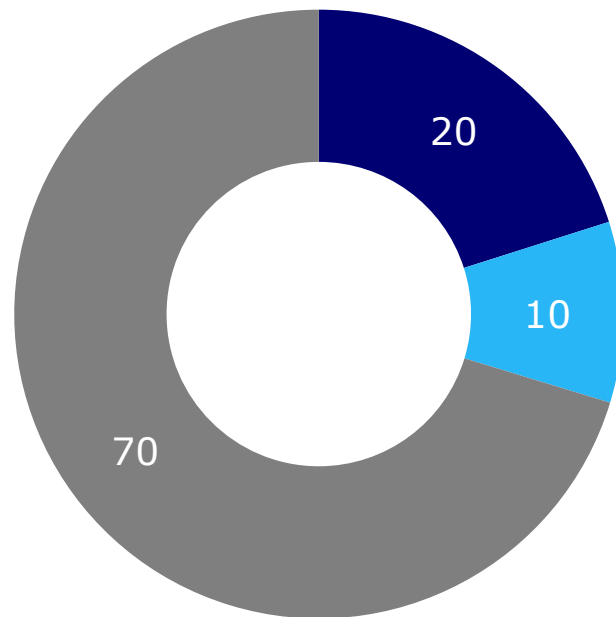
Around one third of respondents are either using Amazon Echo or Alexa in their car or can imagine using it. As voice command in cars generally gains momentum this also might indicate future potential for in-car shopping possibilities.

INFO n = 402; in % U40 = Respondents younger than 40 yrs. GP = German Premium Brand

OPTION 2: SCREEN MIRRORING

The majority of respondents do not have a system to connect their smartphone to their car.

QUESTION Does your vehicle have a system to connect your smartphone to the car and then operate it through the car's infotainment system?



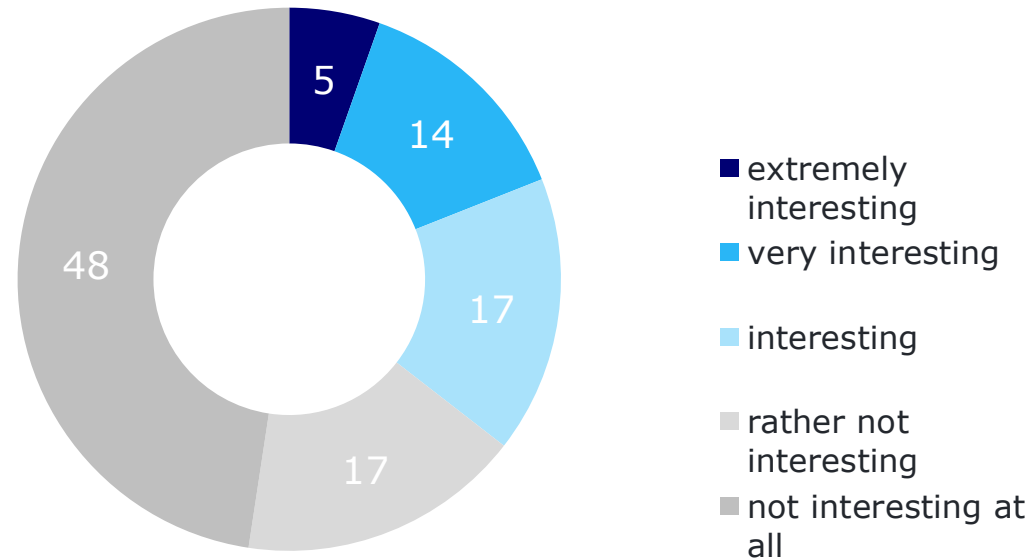
■ Yes, Google Auto ■ Yes, Apple Car Play ■ No

INFO n = 402 (yes n=124, no=278); in %

72 % of respondents who have an infotainment system in their car usually pair their smartphone with the car via bluetooth or cable

42 % of respondents without the possibility to pair their smartphone with the car would also prefer to link the smartphone and the car via bluetooth or cable if they could.

Imagine, via a screen in your car, you could browse products and services of different manufacturers and brands. How interesting is such a marketplace for you?



QUESTION

Imagine you are sitting in your car. Via a screen in your car, you could browse products and services of different manufacturers and brands. How interesting is such a marketplace for you?

INFO

n= 402; in %

Launched in 2017, discontinued in 2022



General Motors (GM) introduced its In Car-Marketplace to allow customers to pay for gasoline or coffee from their vehicle's infotainment system

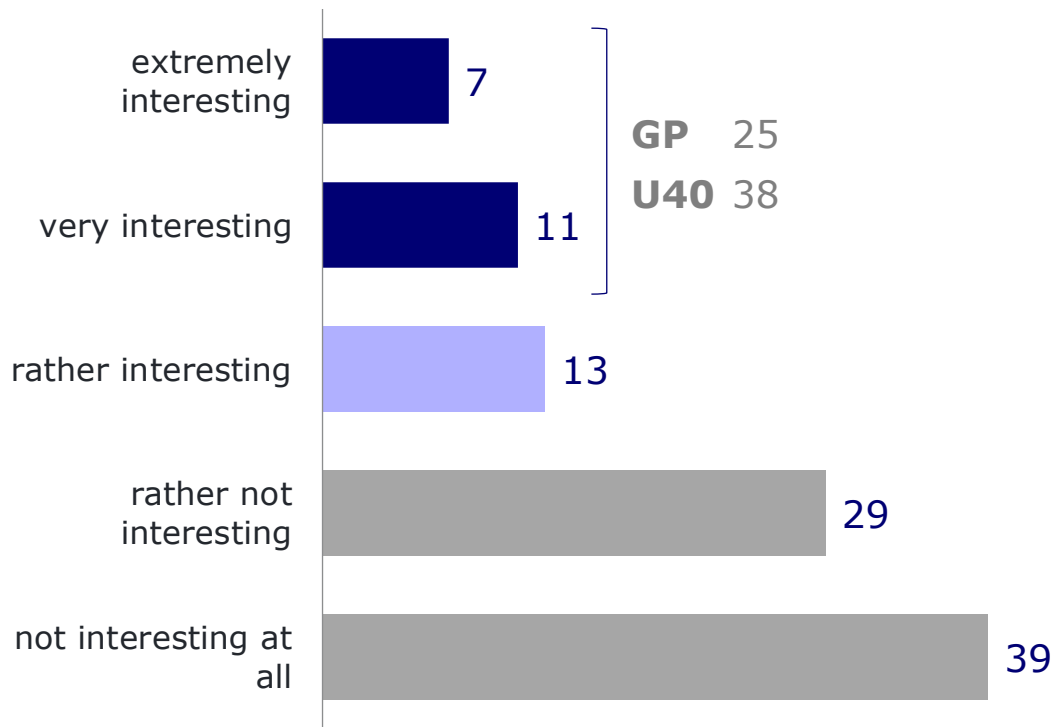
GM had high expectations for the industry-first feature, but it suffered from low usage rates and lack of growth.

In mid-March 2022 the marketplace is discontinued.



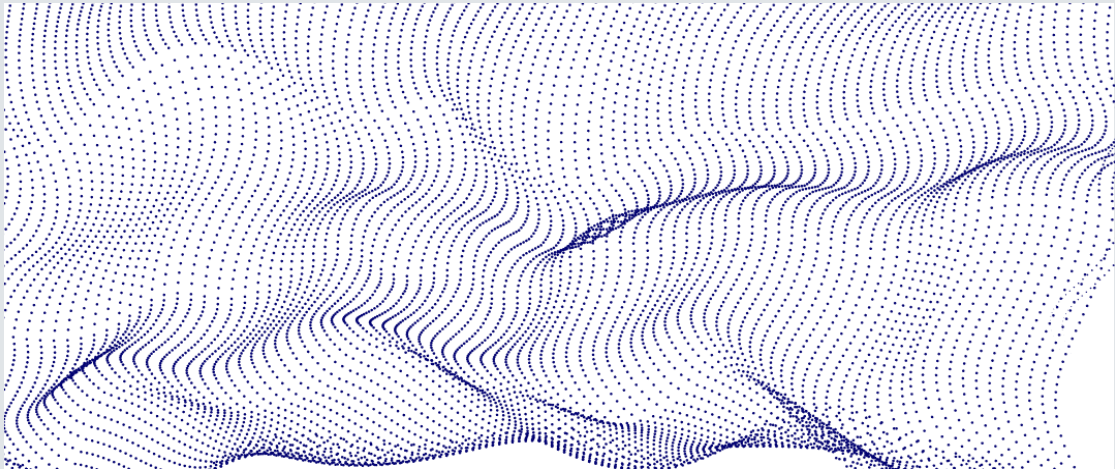
Interest in in-car commerce is currently limited to a restricted group of interested parties. Younger drivers and drivers of premium vehicles in particular are showing interest in screen activities.

QUESTION Please imagine you could search, and purchase offers and products via a screen in your car. In general, how interesting is this for you?



INFO n= 402; in %
GP = German Premium Brand
U40 = Respondents younger than 40 yrs.

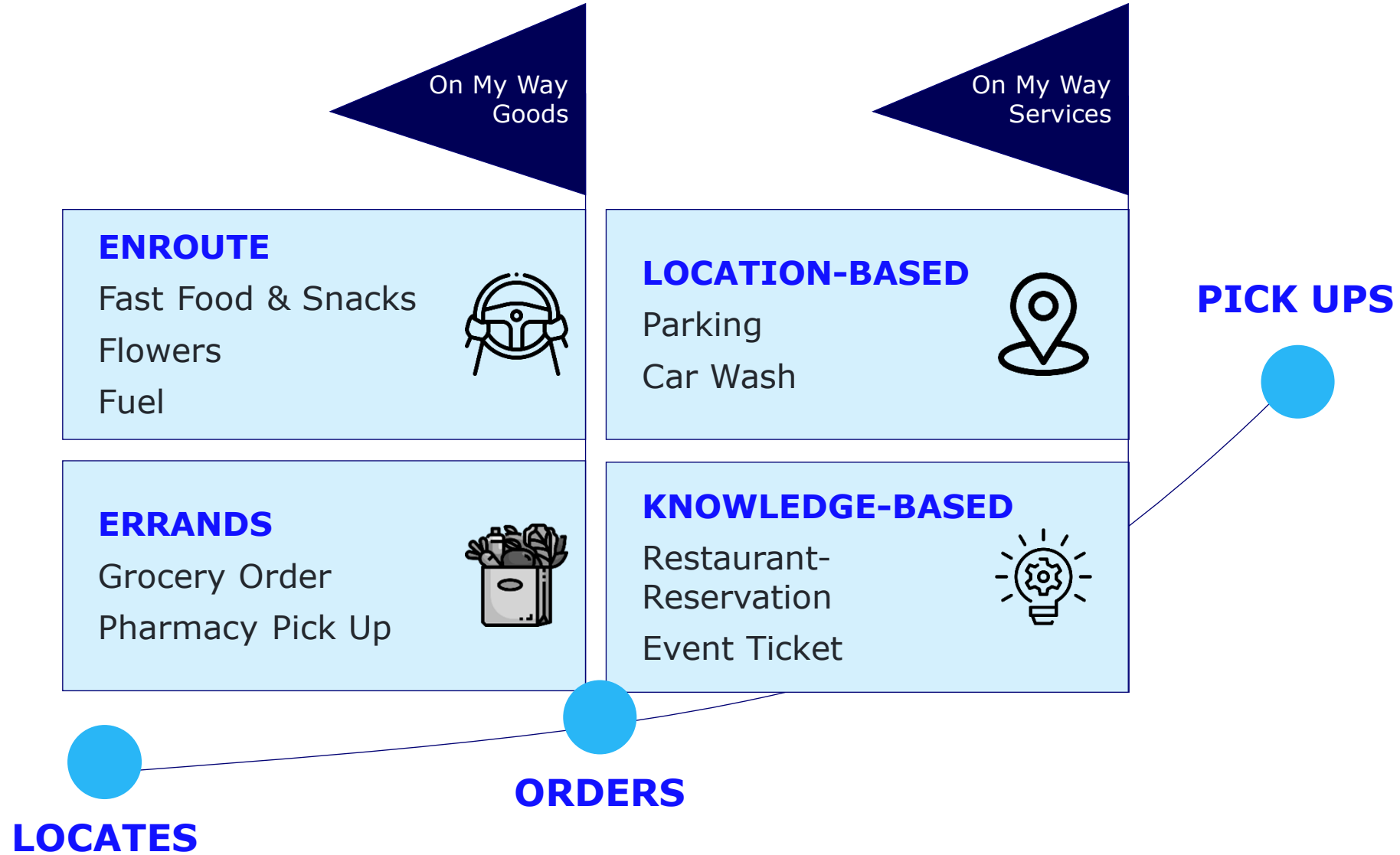
18 % of respondents are very or extremely interested in searching and/or purchasing offers and products via a screen in their car. Data shows that especially respondents who are drivers of German premium brand cars and respondents younger than 40 years are interested in in-car commerce.





"I was surprised by the high number of respondents who expressed reservations or even disapproval. In my estimation, the use and acceptance of "in-car shopping" will increase significantly as the range of services increases. I am also thinking of the many commuters who are stuck in traffic jams every morning and evening and of passengers in the car who can pay a lot of attention to interesting offers and messages. It is also interesting to see who decides what appears on the in-car display. Is it the vehicle manufacturer, is it the big online players like Google, Amazon and others, or does the driver have the choice?"

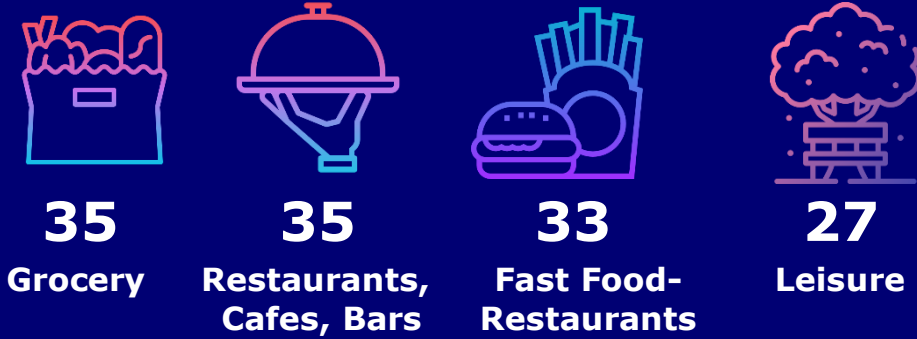
Thomas Fischer,
Chairman AAMPACT e.V.



Of those who are at least rather interested in searching and purchasing offers and products via a screen in the car around one third chose foodrelated categories to be most appealing for in-car commerce.

32 % of respondents are at least rather interested in searching and purchasing offers via a screen in their car.

Which of the following product categories would be interesting?



QUESTION

Please imagine you could search and purchase offers and products via a screen in your car. In general, how interesting is this for you? / Which of the following categories would be interesting?

INFO Left n= 402; right n = 130 (respondents who answered „rather interesting“, „very interesting“ or „extremely interesting“); in %

Automotive aftermarket products are still attracting relative interest. Goods from various retail sectors (still) seem to have rather limited appeal for in-car commerce

Automotive Aftermarket



Car accessories	22
Car parts/Tires	19

Which of the following product categories would be interesting?

Retail



Body Care/Cosmetics	21
Sports/Sports Equipment	21
Furniture/Furnishings	17
Fashion & Accessories	17
DIY/Garden	17
Consumer Electronics/Electrical	13
Office supplies/Stationery	7

QUESTION

Please imagine you could search and purchase offers and products via a screen in your car. In general, how interesting is this for you? / Which of the following categories would be interesting?

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Entertainment offers are still in the trial phase



Offers for In Car-Entertainment:

- **Karaoke** (Tesla)
- **Gaming** (Mercedes, Tesla)
- **Streaming** (Ford, Mercedes, Stellantis, Tesla)

Some of the offerings are in the trial or introductory phase. Some are only available in certain markets or for certain periods.

TESLA

In Car-Karaoke

Tesla has introduced a new product: a set of karaoke microphones dubbed TeslaMic for use in its vehicles. It works with accompanied in-car software.

The accessory is only available in China for now. It was released alongside a software update that includes a companion karaoke app called Leishi KTV.

amazon

In Car-Streaming

Amazon's Fire TV streaming platform is coming to Stellantis and Ford

Fire TV can integrate with the car's audio systems. And can also take advantage of Alexa's hands-free options, so passengers can easily play content by speaking voice commands.

Various advertising formats are available and meet with customer interest



The car offers various starting points for playing out advertising to vehicle occupants. Various screens and systems can be used:

Screens: e.g. display in the vehicle, the smartphone on the cell phone holder, screen for streaming/gaming.

Systems: e.g. navigation system, streaming service, shopping platform for in-car commerce.



Advertising in navigation systems

Waze offers four ad formats:

Pin Ad: Inform and remind customers that a business is on/near the route.

Search Ad: Helps be top of mind when customers browse for businesses

Takeover Ad: Shown when a vehicle are at a complete stop

Arrow Ad: indicate that your business is nearby



Interest in In Car-Advertising

Top 3 box
("rather interesting" + "very interesting" + "extremely interesting")

31% All respondents

42% Respondents under 30

Options for paying from the car are in use, for refueling and, in the future, moreover



Systems for in-car payment are being developed and integrated.

In addition, refueling can be paid for on the move, from the car, at the pump (via PayPal).

With a smartphone and also with the Apple Watch or an Android smartwatch.

This creates the basis for a developing in-car commerce.



Mercedes-Benz

Payment by fingerprint

From spring 2022, Visa's technology will allow Mercedes-Benz customers in Europe to pay for goods and services by using their fingerprint in the car.

The vehicle itself becomes a biometrically enabled payments device. A two-factor authentication is used.



Bluelink system

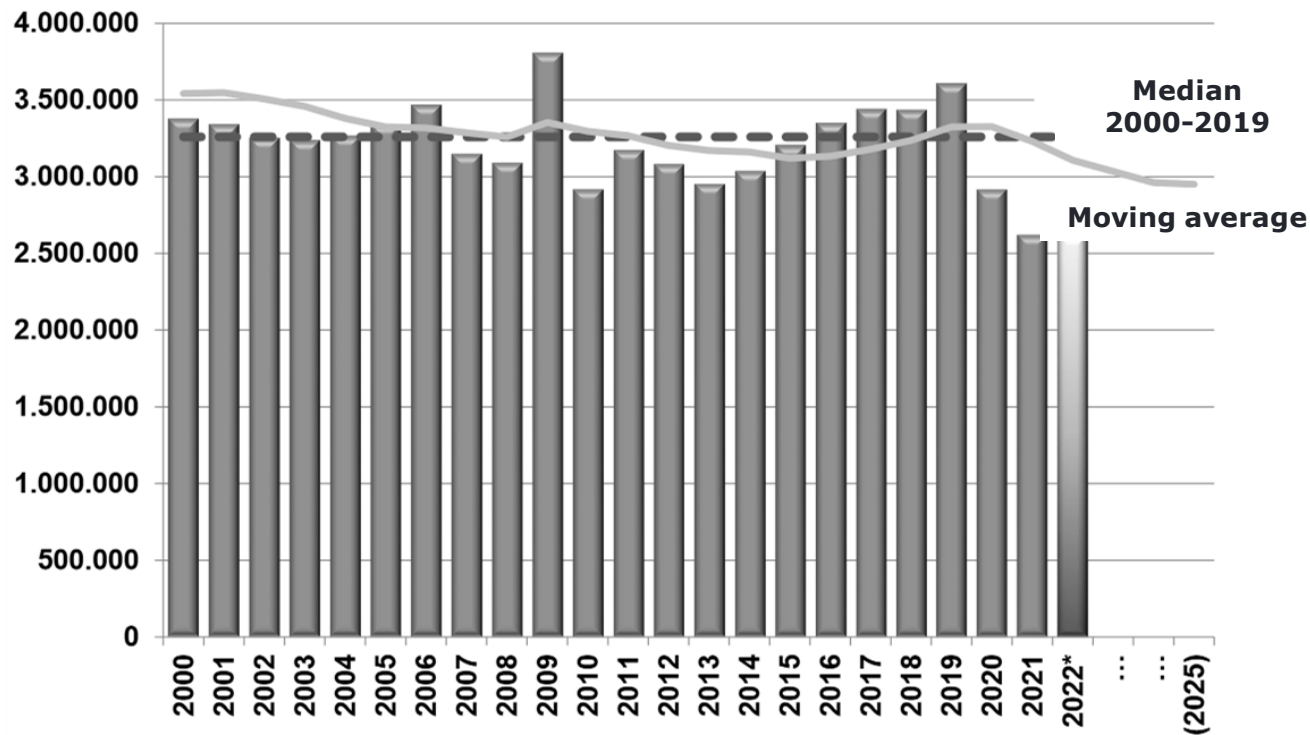
Partnerships in the US with pizzeria chain Dominos, parking charging app Parkwhiz and startup Chargehub (charging stations).

Integration of these services into Hyundai's Bluelink system replaces the providers' apps

Purchases are selected via the car's digital entertainment system, and billing takes place via the credit card whose data are stored in Bluelink.

New car registrations are weakening

New Car Registrations Germany 2000-2022



- Forecasts cannot be made seriously at the moment due to the uncertain conditions (pandemic, war in Ukraine).
- If the **current level of new registrations** is carried forward to the end of the year, this would result in approximately 2.6 million new registrations for 2022 as a whole
- Increased spending and the measures already taken by the government will lead to additional burdens on household budgets. In addition, the electrification of passenger cars will lead to an increase in acquisition costs, at least in the foreseeable future.
- **In the long term**, the average volume of new registrations will be just under three million passenger cars per year. We will no longer achieve peak figures like 3.6 million in 2019 in the coming years.

Development of in-car commerce faces some hurdles, but medium- to long-term trends spur increasing commercialization of car travel

—

Barriers to in-car commerce

- Relevant shares of the car parc not yet commerce-ready
- Fragmented system landscape
- Solutions only partially available/tested/implemented
- Currently still limited interest in in-car commerce
- Currently focus on vehicle-relevant products (e.g., refueling, parking) and leisure-related consumption occasions (e.g., cafés, restaurants, fast food)
- Distraction by screens and thus risk of accidents

+

The opportunities are coming

- Expansion and further development of in-car commerce systems
- Increasing penetration and volume of online shopping
- Increasing penetration of voice technology
- Accelerated contactless payment
- Existing interest among drivers of premium vehicles and young drivers
- Convenience through direct information and purchase options on the road

BUT

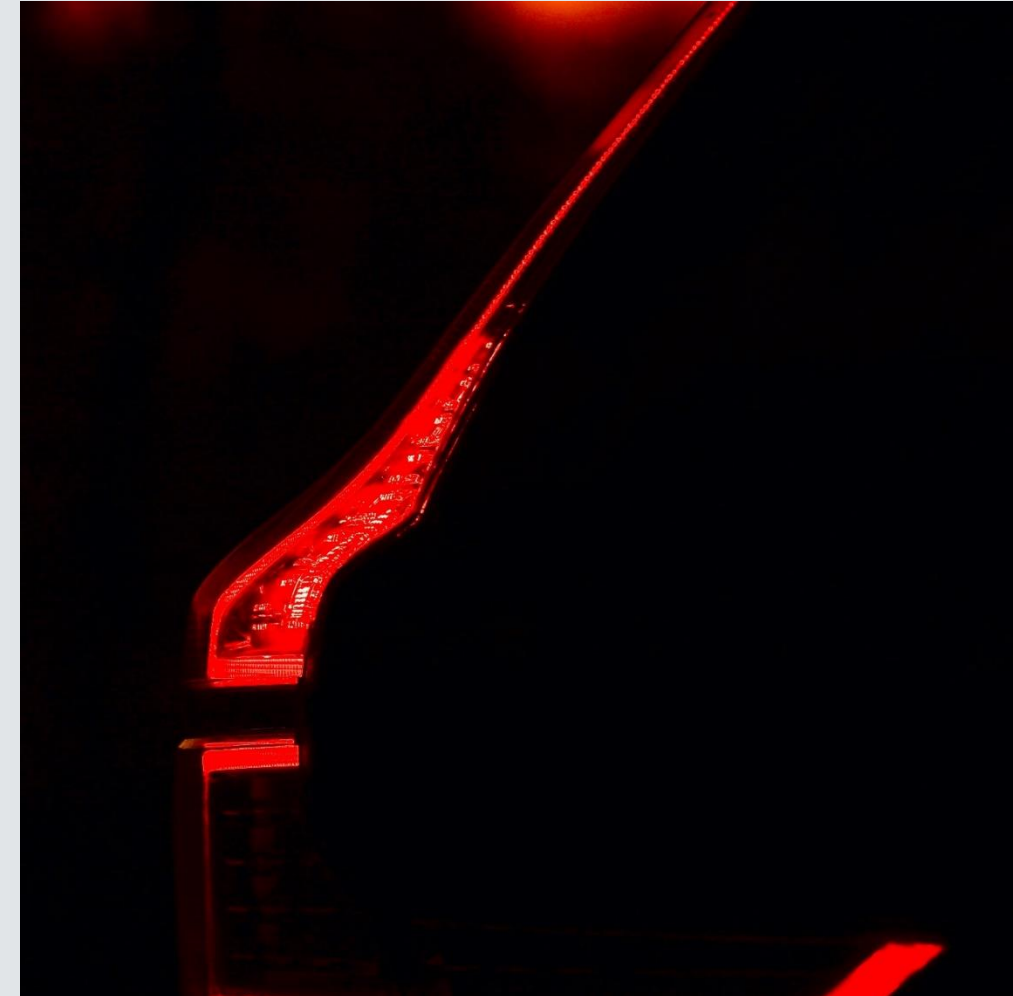


„Even though in-car shopping is promoted as one of the most promising business ideas these days, I have never seen that big potential in it. People are so used to do their online purchases with their smartphone, so why leave that familiar environment only because you sit in a car? However, the study reveals that there is potential, but one needs to focus on the right offer (things and services related to the actual trip – like food and drink, filling and charging, or tickets for leisure activities) and the right target group (premium brand cars, drivers under 40).“

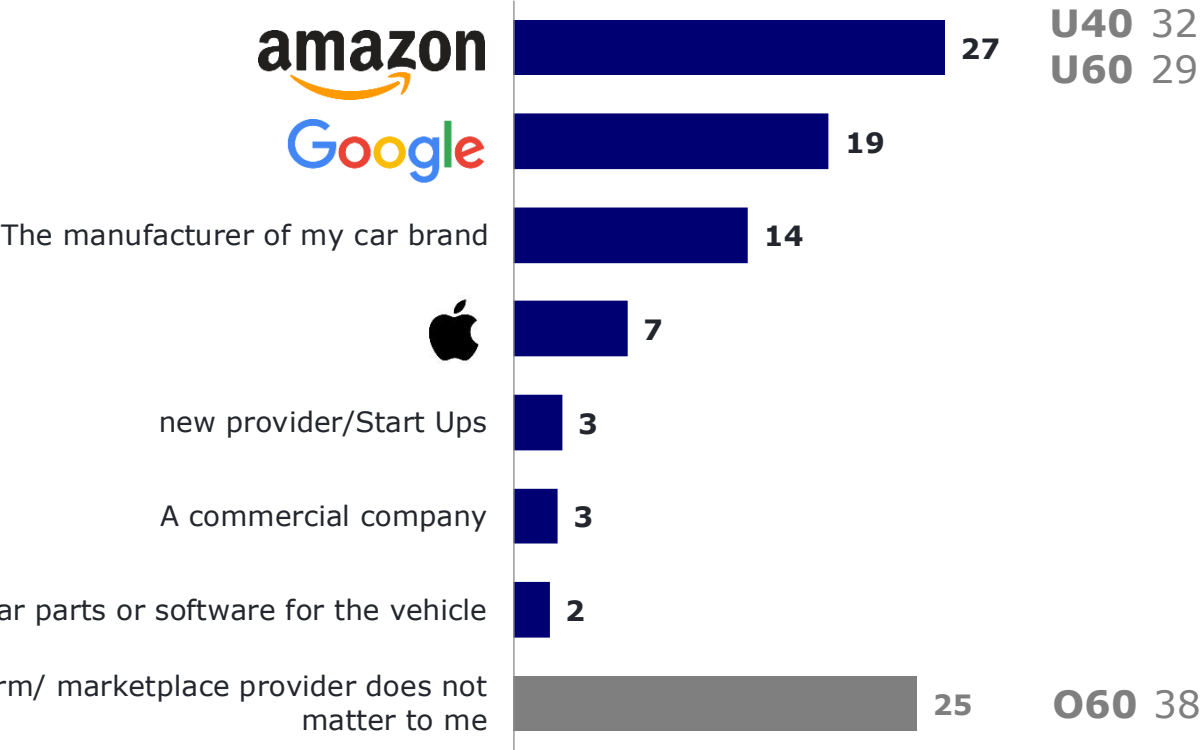
**Dr. Julian Weber,
Adjunct Professor for Automotive
Engineering and Book Author
("Bewegende Zeiten: Mobilität
der Zukunft")**

3

PROFITEERS
WHO BENEFITS FROM
IN-CAR COMMERCE?



The majority of respondents would most likely consider a tech-company as the provider of a in-car commerce marketplace.



QUESTION Who would you most likely consider as a provider of such a marketplace?

INFO n = 402; in. % U40 = Respondents younger than 40 yrs.

U60 = Respondents younger than 60 yrs.

O60 = Respondents older than 60 yrs.

We analyze for your brand/your products: when, where and how! Our research options:



#1

Potential Analysis

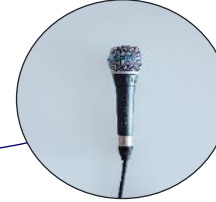
- Analysis of the car parc
- Analysis of market volumes at industry and product group level
- Analysis of e-commerce shares
- Analysis of payment trends



#2

Creative Workshop

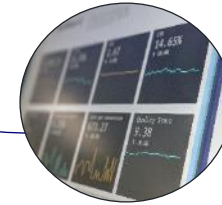
- Optional study module for generating offer formats and service ideas for in-car commerce
- Use of creativity techniques in the workshop



#3

Survey

- Representative survey of car drivers and non-drivers
- Determination of in-car commerce affinity
- Testing digital services for willingness to use and pay for them



#4

Reporting

- Compact preparation as slide report incl. management summary
- Derivation of client-specific potentials

CONTACT US!



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