



Life in the fast lane

Global Automotive Disruption Speedometer 2019



OC&C
Strategy consultants

uncommon sense

Global Automotive Disruption Speedometer 2019

The world of automotive is in a period of unprecedented change: subscription models, car sharing, electric and autonomous collectively will transform the landscape for all companies in the automotive value chain and represent significant opportunities for winners. But how fast is the hype turning into reality?

To find out, OC&C have conducted an “Automotive Disruption Speedometer” survey across five countries to understand how consumer attitudes and behaviours are changing. The results bust some myths (“generation rent” are still interested in owning cars) but also show a sea change in latent consumer behaviour towards simple, bundled packages which take away the hassles and risks of ownership.

This is disrupting the industry now as the worlds of dealers, rental, leasing, financing and servicing collide.

Early signs of change are already here (e.g. the spread of personal leasing in new and used sales) long before a drift to widespread “mobility” or fully autonomous vehicles hit the streets.

Now is the time to find winning strategies, seize the opportunities and deliver commercial impact.

Our research covers
10,029
consumers across
5 countries.

Amidst all the disruption, across all countries there is significant emotional attachment by consumers towards their vehicle. Individual and exclusive use of a vehicle isn't going away anytime soon.

84%

of USA consumers see the car as essential to getting around.

66% of Chinese consumers still see the car as an important part of growing up.

This is even true among the young - "Generation Rent" millennials still care about having cars and driving. They just struggle to afford them.

Amongst 18-29 year olds, 49% (Germany) to 79% (China) still consider a car essential for getting around.

Affordability is the #1 barrier to getting a car for 18-29 year olds that don't currently drive across all countries.

In mature markets there is some drift towards true "mobility" offers - it is gaining traction in a specific, and relatively small, segment of the young, urban and family free.

c.15% of drivers considered car sharing or other mobility alternatives (ride hailing, P2P) instead of their own vehicle last time they replaced, c.19% will consider them next time.

The barriers are partly structural as over half of all trips are at peak times (commuting and school run) that are poorly suited to car sharing and the car is an extension of personal space: 41% of consumers like to leave things in the car.

Today's propositions are not convenient enough: 65% of consumers think it takes too long to get hold of a vehicle.

Urban "mobility" concepts mainly suit the young, urban and family free -

42% of 18-29-year olds in urban areas

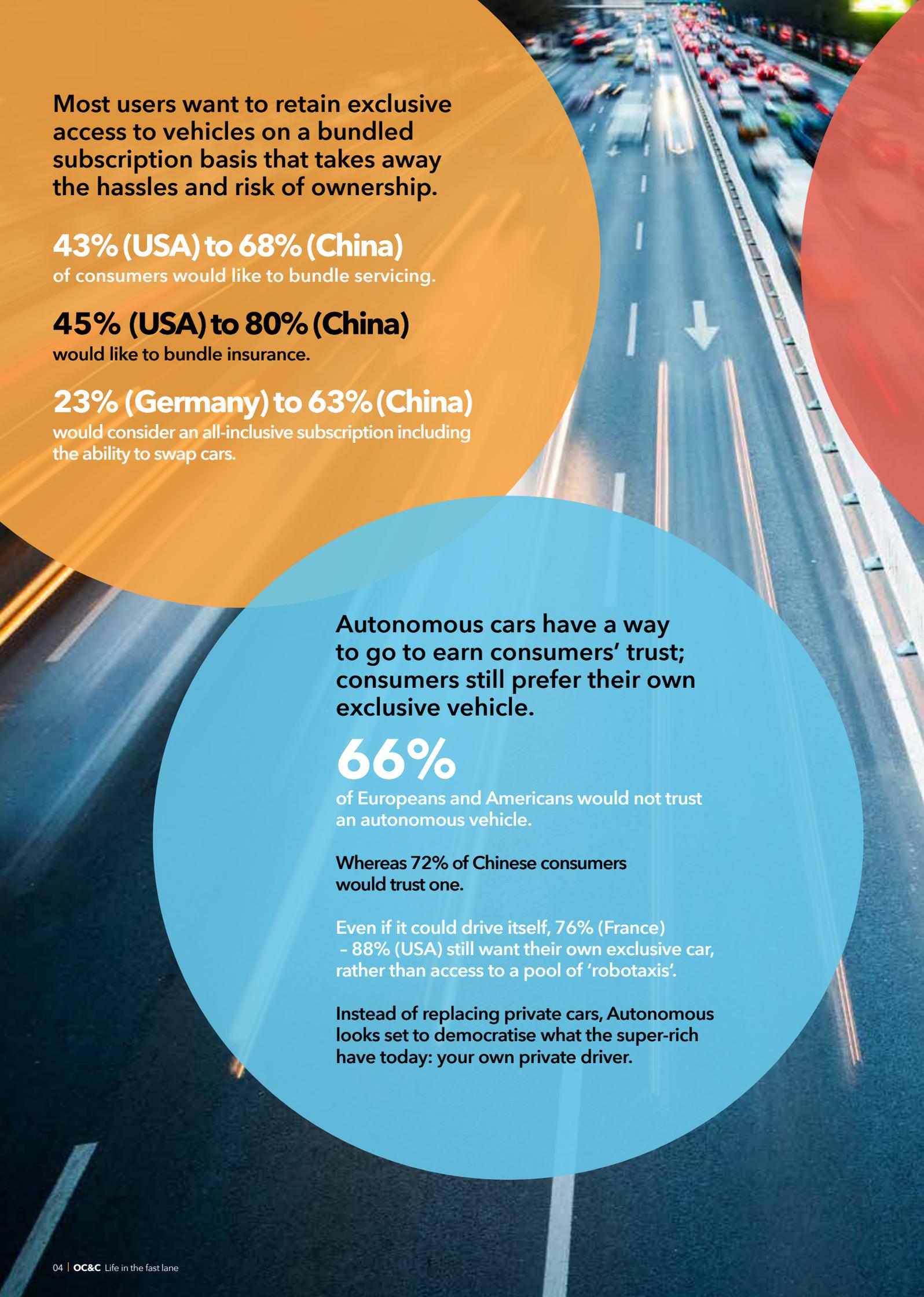
(in USA, UK, France, Germany) will consider alternatives to their own vehicles when they next come to replace...

...but these are a small proportion of drivers, <5%

In China however, drivers are looking to the future:

66% of Chinese consumers

will consider mobility options instead of ownership at next replacement.



Most users want to retain exclusive access to vehicles on a bundled subscription basis that takes away the hassles and risk of ownership.

43% (USA) to 68% (China)
of consumers would like to bundle servicing.

45% (USA) to 80% (China)
would like to bundle insurance.

23% (Germany) to 63% (China)
would consider an all-inclusive subscription including the ability to swap cars.

Autonomous cars have a way to go to earn consumers' trust; consumers still prefer their own exclusive vehicle.

66%

of Europeans and Americans would not trust an autonomous vehicle.

Whereas 72% of Chinese consumers would trust one.

Even if it could drive itself, 76% (France) - 88% (USA) still want their own exclusive car, rather than access to a pool of 'robotaxis'.

Instead of replacing private cars, Autonomous looks set to democratise what the super-rich have today: your own private driver.

Electric/hybrid appetite is growing modestly.

33% (UK) to 92% (China)
considered an electric or hybrid at last replacement.

It will take time for these good intentions to translate into adoption with 10% (USA) to 15% (China) taking an electrified vehicle at last replacement.

There is encouraging momentum building:
69% (UK) to 94% (China)
expect to consider next time they replace and 19% (UK/USA) to 74% (China) see themselves as likely to buy one.

These trends will have a major impact on the industry.

Increased bundling will lead to new opportunities for differentiated products to target different consumer segment.

The risk transfer and convenience consumers want (i.e. predictable costs, contract flexibility) will attract margin premium.

No single participants today have all the ingredients to succeed - partnering and connectivity through technology will be critical.

Businesses who used to serve the driver directly may find their customers becoming other businesses who own this customer relationship.

The battle to own the consumer relationship will be intense, and expensive...

... some participants will be better served being the "backbone" or white label.

COUNTRY



#1 China

Automotive with Chinese characteristics

Urban, aspirational China values vehicles highly with 78% seeing a vehicle as essential and 46% seeing the car as a status symbol, 90% of 18-29 years olds expect to buy one at some point.

Without historical attachment to ownership and under the influence of high costs/constraints on urban vehicles, China is leapfrogging towards innovative vehicle concepts across the board.

66%

of consumers report they will consider a mobility alternative instead of their own car at next replacement.

63%

of consumers are interested in a fully inclusive monthly subscription with the ability to change cars.

This has driven 145% growth in car sharing and P2P apps in China in recent years.

When autonomous technology is ready, Chinese consumers are excited to try it: 72% would be happy to try one, of which 28% would like to be one of the first to do so.

Electric/hybrid is already normalised in China, 92% considered one last time they bought, 94% will consider it when they next replace their vehicle – although in practice this has only translated to c.5% of overall vehicle sales being New Energy Vehicles (NEVs) in recent quarters.

RANKINGS



#2 France

'Va va voom': Europe's forward thinkers

France emerges from our survey as one of the most forward-thinking countries in terms of new automotive concepts.

The individual car is eroding in importance, with only 43% saying that owning one is an important part of growing up.

The French are the most positive on electric/hybrid outside China,

46%

state they are likely or definitely going to buy one next time they replace.

There is high consideration of subscription services with 33% willing to consider a fully inclusive monthly subscription service for their own vehicle, second only to China.

Curiously, despite home grown successes like BlaBlaCar the consideration of new mobility options was below average; **17%** of drivers will consider a mobility option instead of ownership at next replacement, equal last with UK.

There is some excitement about autonomy

37%

would like to try it, and 24% would prefer a pool of autonomous cars to their own exclusive vehicle.



#3 Germany

The European home of motoring is falling out of love with the car and flirting with mobility.

As the home of European motoring, there is a surprisingly low importance attached to cars - only 24% see the car as an important status symbol, the lowest in our survey.

Of those not driving today, **48%** don't expect to ever have their own car, the highest in our sample; however, this isn't high minded environmental concerns, the #1 reason for not getting a car is that they can't afford it.

Germans are beginning to seriously consider mobility alternatives, at next replacement,

22%

of Germans would consider mobility options instead of a car.

However, old habits die hard and there is attachment to the combustion engine, with the second lowest rates of consideration of electric vehicles in our survey; only 7% reported they will "definitely" buy one next time they replace.

Germans are one of the most sceptical countries on autonomy;

67%

would not trust an autonomous vehicle.

As the home of European motoring, there is a surprisingly low importance attached to cars by Germans



#4 UK

The car still rules the suburbs, but consumers demand convenience.

The British remain almost as attached to their cars as Americans with 74% saying it is essential to get around and 50% seeing it as an important part of growing up.

The UK is advanced in considering bundling, reflecting the high penetration of Personal Contract Plans and associated service plans; 60% want to bundle servicing and breakdown cover, 56% would like to bundle insurance with their monthly payment.

Consideration of 'mobility' options was the lowest in the survey - 22% would consider in addition to or instead of their own vehicle.

Consideration of full subscription type models is still middle of the pack with c.29% interested in a fully inclusive monthly subscription with ability to swap cars.

UK consumers show increasing momentum towards electrified vehicles; 19% will seriously consider one at their next replacement, up from 11% last time.

Like other European countries, there is scepticism of autonomous vehicles; 67% would not trust one.



#5 USA

The spiritual home of the automobile and the open road will consider car sharing but has less interest in other changes.

The USA remains as car-focused as you might expect with 84% seeing the car as essential to getting around and 65% seeing it as an important part of growing up.

USA-based millennials remain almost as car-focused with 73% seeing the car as essential to getting around and 53% seeing it as a status symbol.

Owning the metal is still important to many Americans, the USA had the second lowest consideration of a subscription model, at 27%.

As the home of Silicon Valley tech firms, consideration of car sharing and other mobility options is higher than Europe with c.28% considering mobility options instead of, or in addition to a car.

Electric/hybrid vehicle consideration remains low - only 19% see themselves as likely to consider one next time they replace, the joint lowest in our survey.

Even in the home of Uber and Waymo 70% would not trust autonomous vehicles, the highest in our survey.



Do consumers still care about having their own car?

Reports of the death of the private car are greatly exaggerated.

Consumers still see a strong role for having a car of their own, where consistent majorities in all countries saw the car as essential, even those in urban city locations. In the USA, 73% of 18-29 year olds see a car as essential to getting around, closely followed by aspirational China where 78% see a car as essential and 46% see it as an important status symbol.

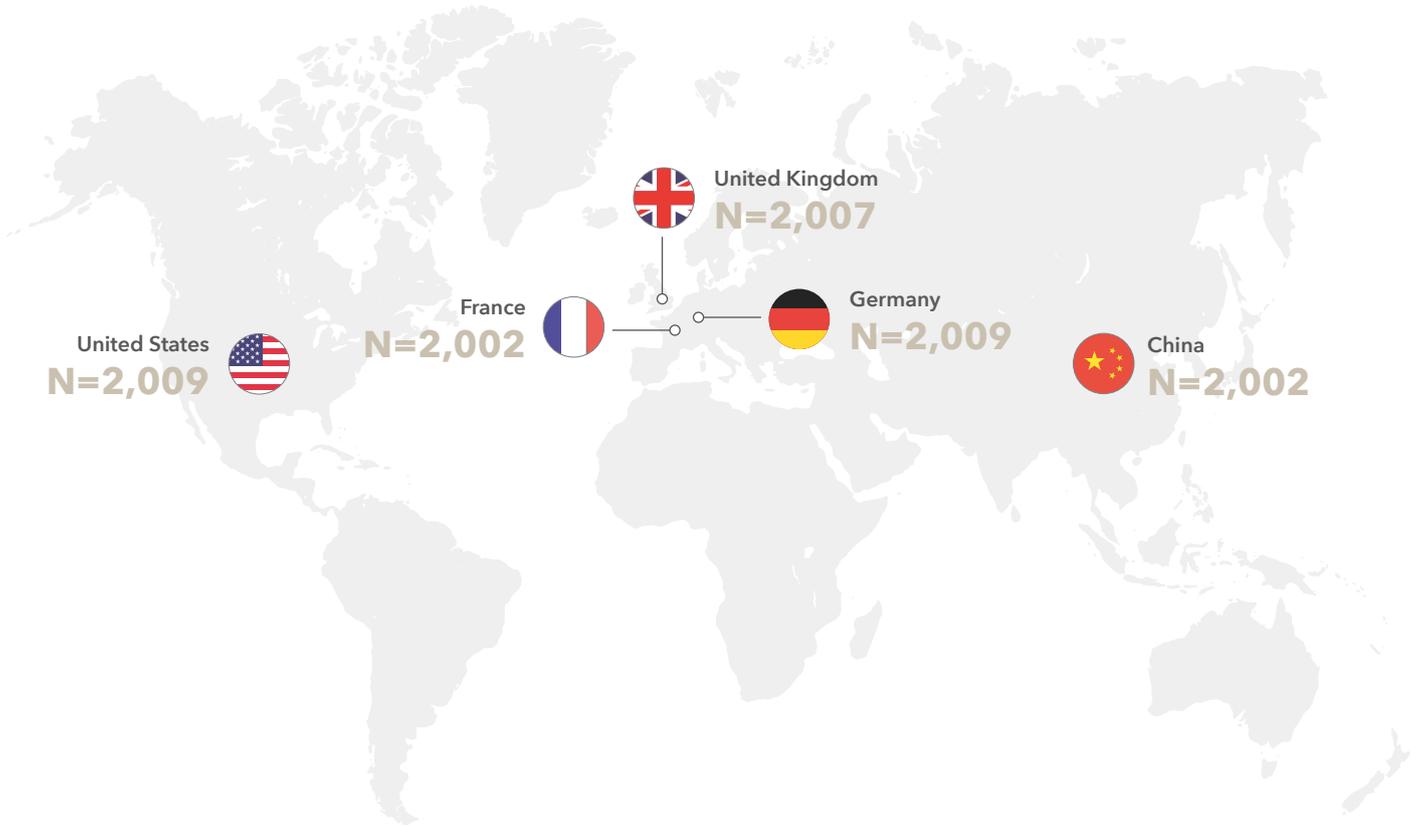
Even amongst the young "Generation Rent", the car remains a passport to freedom with high importance. Despite earning a reputation for focusing on experience over material goods and subscribing rather than owning, amongst 18-29 year olds 49% (Germany) to 79% (China) see a car as essential to getting around and 34% (Germany) to 53% (USA) still see the car as a status symbol.

Across all these metrics there is a striking erosion of appetite for car usage amongst German consumers where in the home of the premium marques like BMW and Mercedes only 24% see a car as a status symbol.

In the USA 84% see a car as essential to getting around



THE OC&C AUTOMOTIVE DISRUPTION SPEEDOMETER INCLUDES 10,029 CONSUMER RESPONSES ACROSS FIVE GLOBAL MARKETS

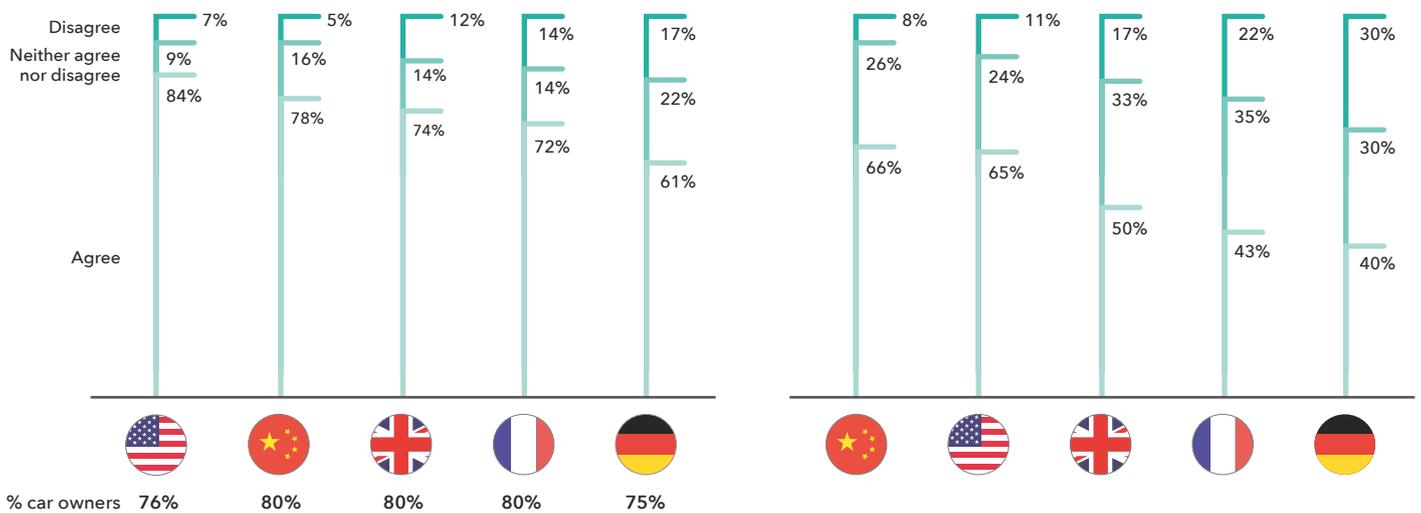


PEOPLE IN THE USA AND CHINA CONSIDER HAVING A CAR TO BE MORE ESSENTIAL TO GETTING AROUND THAN CONSUMERS IN EUROPE

Importance of cars

Do you agree with the following:
"Having your own car is essential to getting around"?
(% of respondents)

Do you agree with the following:
"Owning your own car is an important part of growing up"?
(% of respondents)

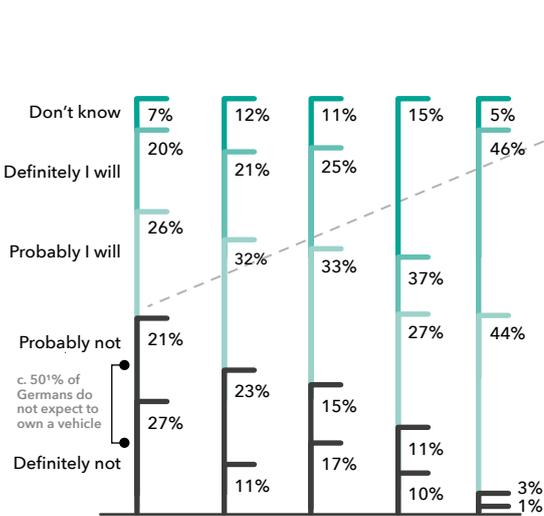




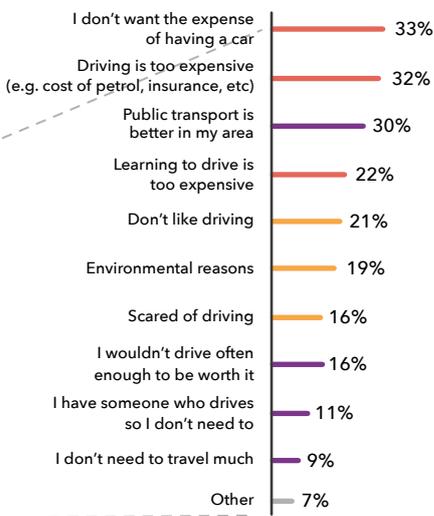
HALF OF GERMAN NON-OWNERS DON'T EXPECT TO OWN A CAR IN THE FUTURE, WITH THE MAIN REASONS BEING COSTS ASSOCIATED WITH CAR OWNERSHIP / USAGE

Reasons for and against getting a car

Do you expect to have your own vehicle in the future?

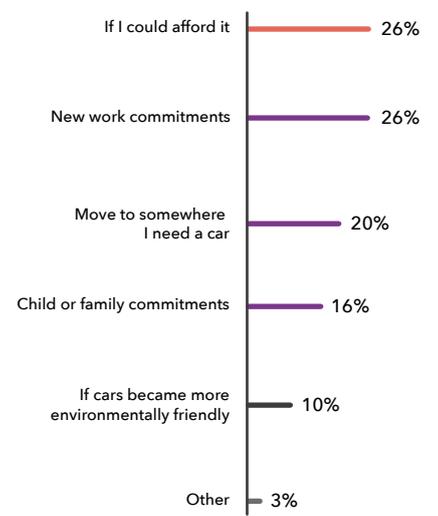


You said you don't drive or don't have a driving licence, what are the reasons for that?



Which of the following might make you consider getting your own vehicle in the future?

Germany only non-owners

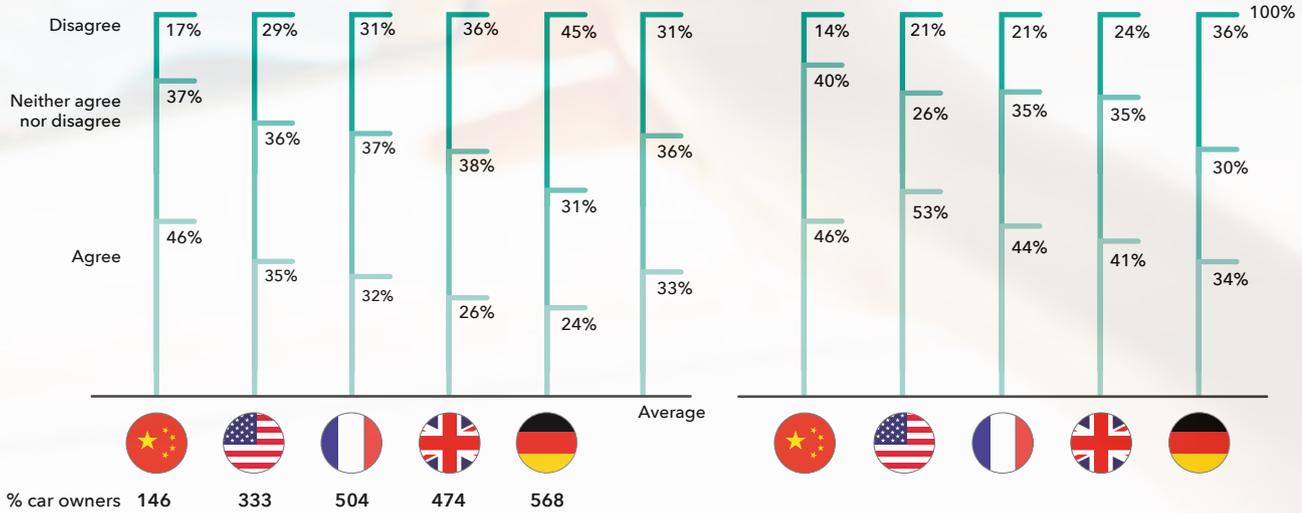


Cost / resource Preference Need Other

A SIGNIFICANT MINORITY STILL SEE THE CAR AS A STATUS SYMBOL ACROSS COUNTRIES

Do you agree with the following:
"a car is an important status symbol"?
(% of respondents)

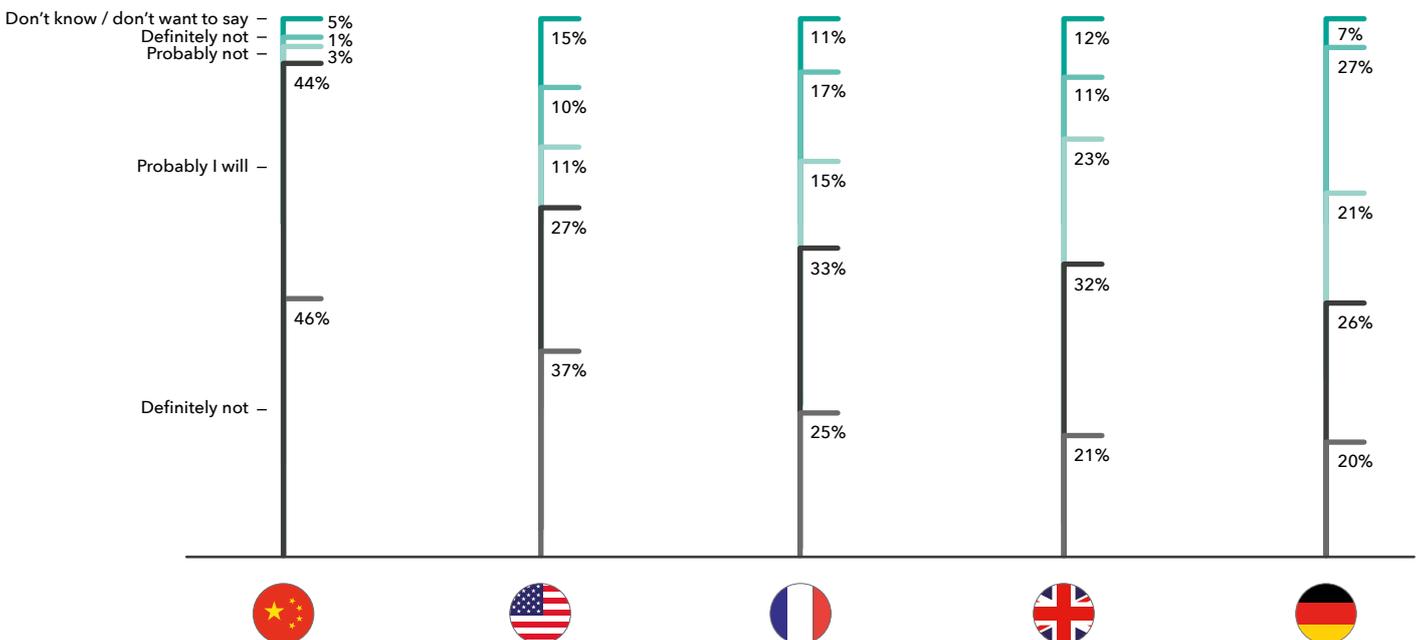
18-29 year olds only



90% OF CHINESE 18-29 YEAR OLD NON-OWNERS EXPECT TO PURCHASE A CAR IN THE FUTURE VS ONLY 50-60% OF THOSE IN EUROPE AND USA

18-29 year old non-owners only

Do you expect to have your own vehicle in the future?



1. Thinking about the car you have driven most often in the past 6 months, how do you access it?; What is your age?



How fast is the market truly moving to 'mobility as a service'?

Fully shared mobility options are gaining in appeal for a minority segment of young, urban and family free consumers in high density locations where the proposition makes sense for users and providers. For large parts of the market, exclusive access to a vehicle will remain the norm for some time.

C.14% of consumers considered a shared mobility model instead of their own car in the USA and <10% in Europe.

By contrast, there is significant openness to flexible solutions in China where 34% of drivers report considering it instead of their own car.

This conservative attitude from the mainstream is partly unfamiliarity, after all there was a time when an idea like staying in a stranger's home via Airbnb would have seemed inconceivable. There are some strong perceived barriers in consumers' minds, particularly the speed of getting a vehicle when and where needed (65% of respondents in UK, France, Germany and USA) and hassle (50% of respondents).

This will erode over time as propositions evolve and vehicle availability increases, but there are some more structural barriers to full sharing, as 49% of drivers regularly do at least one of the "peak" missions (commute or school run), when vehicles will be in short supply, and significant proportions want to keep belongings or equipment in the vehicle.

These models are much more effective at serving the needs of young, urban consumers well, where significant proportions will consider mobility instead of exclusive use e.g. 61% of 18-29 year old, urban drivers in the USA.

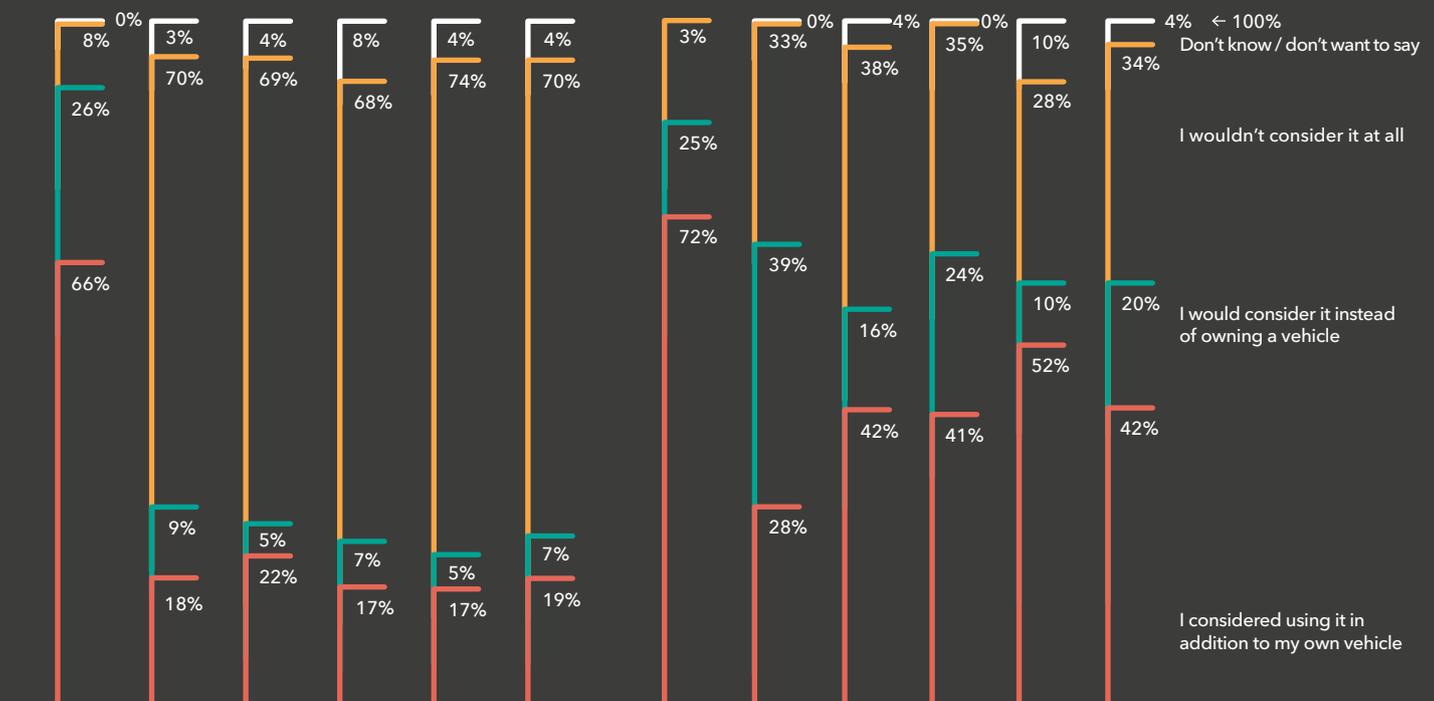
There is significant openness to flexible solutions in China where 53% of drivers report considering it instead of their own car

CONSIDERATION OF TRUE "MOBILITY" REMAINS MODEST OUTSIDE OF CHINA, AND A MINORITY OF PRINCIPALLY YOUNG, URBAN CONSUMERS IN OTHER MARKETS

Attitudes to car-sharing clubs¹

Car buyers

Young urban drivers³



% considering



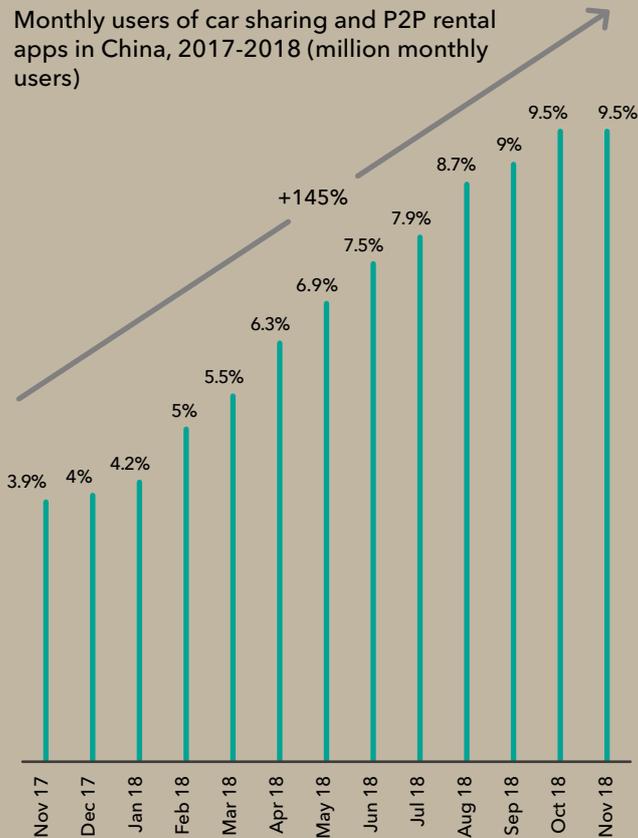
1. Did you consider any of the following alternatives to having your own vehicle? | Car sharing clubs (e.g. zipcar, car2go) - Access cars parked in local area at an hourly rate
 2. How often do you use these forms of transport in your country?; Thinking about the car you have driven most often in the past 6 months, how do you access it?; Have you changed any of your cars in the past 3 years?
 3. Drivers aged 18-29 living in major cities or large towns | How would you describe where you live?

Utilisation of on-street car club vehicles is rarely better than 10-15% vs 60-70%+ for a traditional daily rental



THE CAR SHARING MARKET IN CHINA IS GROWING RAPIDLY, DRIVEN BY CONGESTION AND AIR POLLUTION PROBLEMS, AS WELL AS BY SUBSIDIES FROM AUTHORITIES

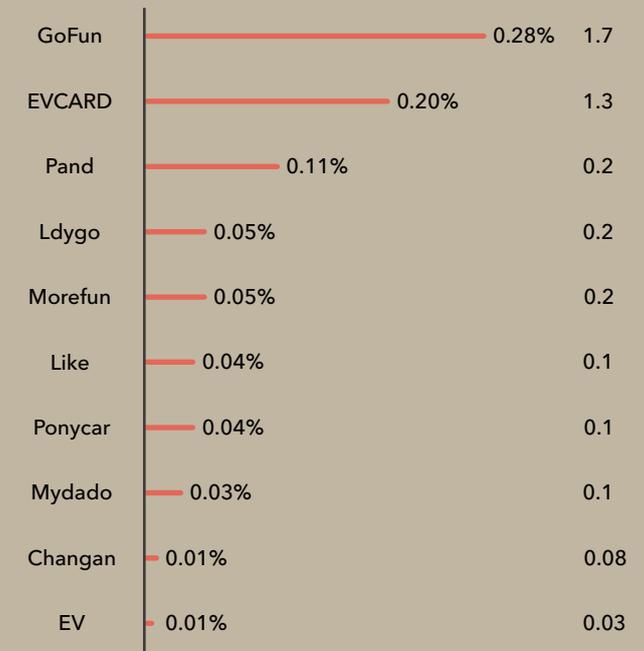
Monthly users of car sharing and P2P rental apps in China, 2017-2018 (million monthly users)



Source: Jiguang

Penetration of car-sharing apps in China, November 2018 (%)

Monthly active users (m)



GoFun and EVCARD are, with presence in 76 and 60 cities respectively, the largest players in China



The rise of car sharing platforms in China

- **Car ownership** has been growing in China in recent years...
- ...however, air pollution and traffic congestion problems have led Chinese cities to introduce limits to the number of cars on the streets
- These issues, together with increasing support from authorities in the form of subsidies for operations, are creating **a favourable environment for car-sharing platforms, which are rapidly growing their user base (+100% CAGR)**
 - Moreover, Chinese cities see car sharing platforms as a means to promote the use of electric vehicles
- **Consolidated players and new entrants are using aggressive pricing** (\$0.15 per km) to attract new users
- Though only introduced in 2017, P2P car sharing has been growing rapidly

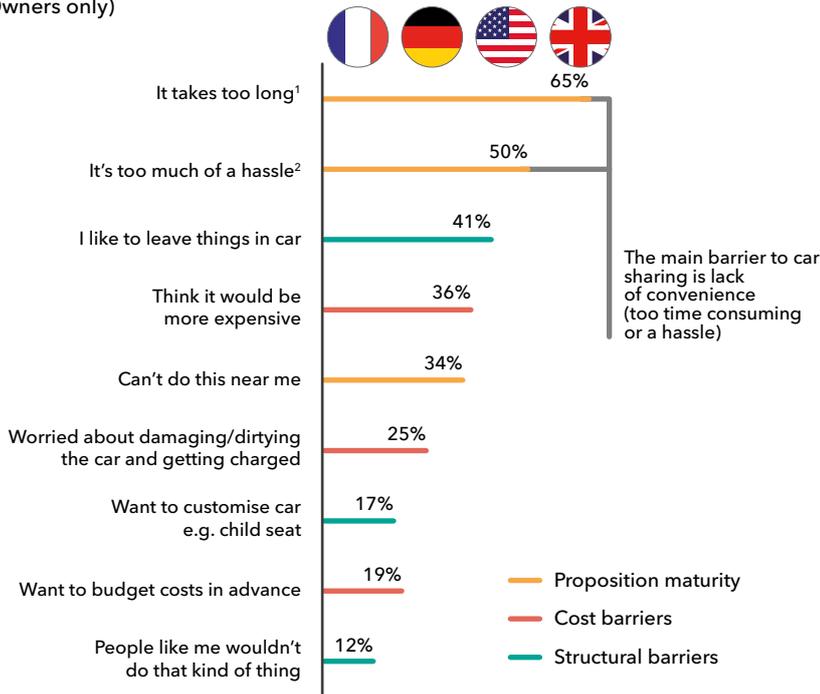
Providers are innovating to try and solve for these needs, for example Zipcar have trialled a weekday commuting option with a dedicated car and parking space in their area to address peak-time missions.

Despite innovation and investment by providers, growth in car sharing has slowed in North America and other mature markets as the flow of early adopters has abated.

For providers, the economics also remain challenging even in dense cities, with utilisation of car club vehicles rarely exceeding 10-15% vs 60-70%+ for a traditional daily rental vehicle.

CONVENIENCE AND THE NEED FOR A CAR AT PEAK TIMES ARE SIGNIFICANT PRACTICAL BARRIERS TO ADOPTION OF NEW MODELS

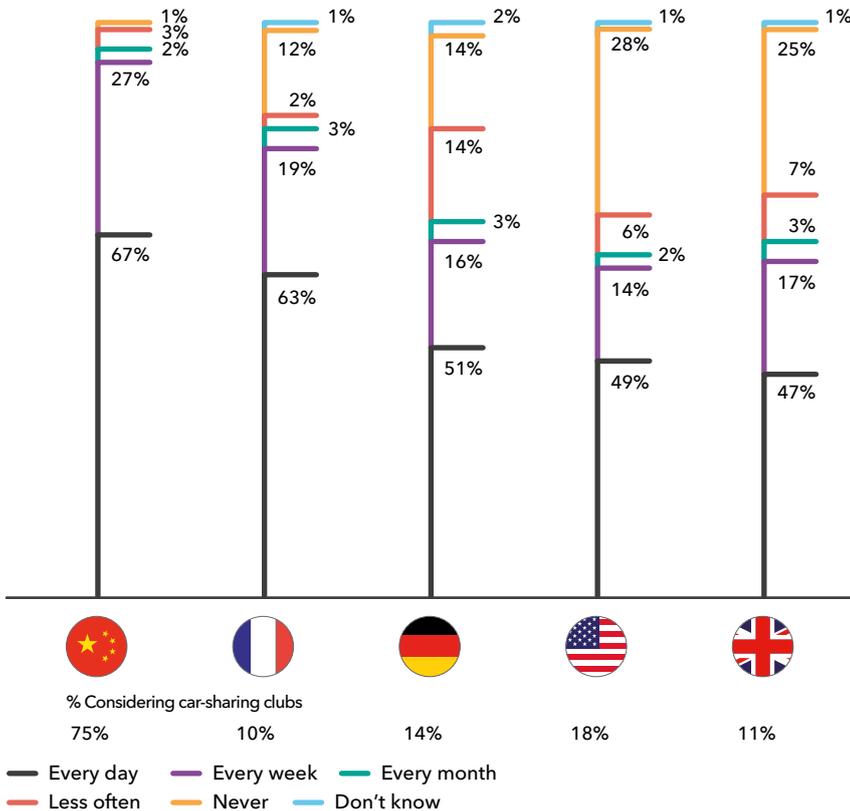
What would make it difficult for you to pursue car sharing, short term renting, or taxis instead of using your own car? (% in Top 3 reasons) (Owners only)



1. "I want a vehicle to hand when and where I need it. These alternatives take too long"
 2. "It's too much of a hassle to pick up a vehicle (e.g. getting to car, process of picking up car)"



How frequently do you drive a car for each of the following purposes: Commuting or school run?







Will consumers own, lease or subscribe to vehicles?

While there is a clear preference for exclusive car use, the massive latent shift we see is increasing desire for and openness to alternative ways to own/fund a private vehicle, with a focus on simple subscription-style bundles.



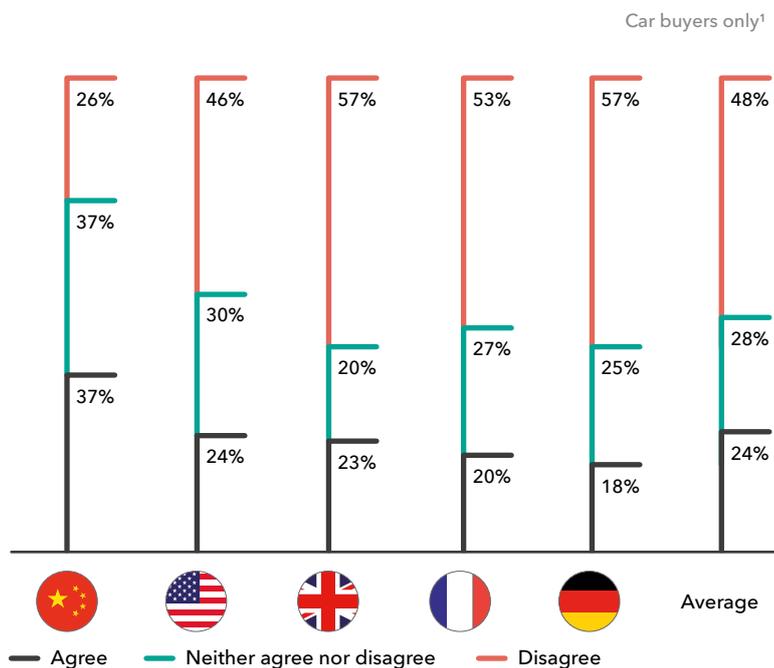


The consumer no longer wants to manage the financial risks and operational hassles of their vehicle. They want simple packages that enable them access.

Full ownership of vehicles is no longer a key issue with 40%+ of drivers increasingly indifferent to leasing, finance or full ownership. This is particularly true among the young where consideration is c.10-15%pts higher than 50+ year olds.

THERE IS GROWING INDIFFERENCE TO LEASING VERSUS OWNERSHIP

Do you agree with the following: "I don't care if I lease or own my vehicle"? (% respondents)

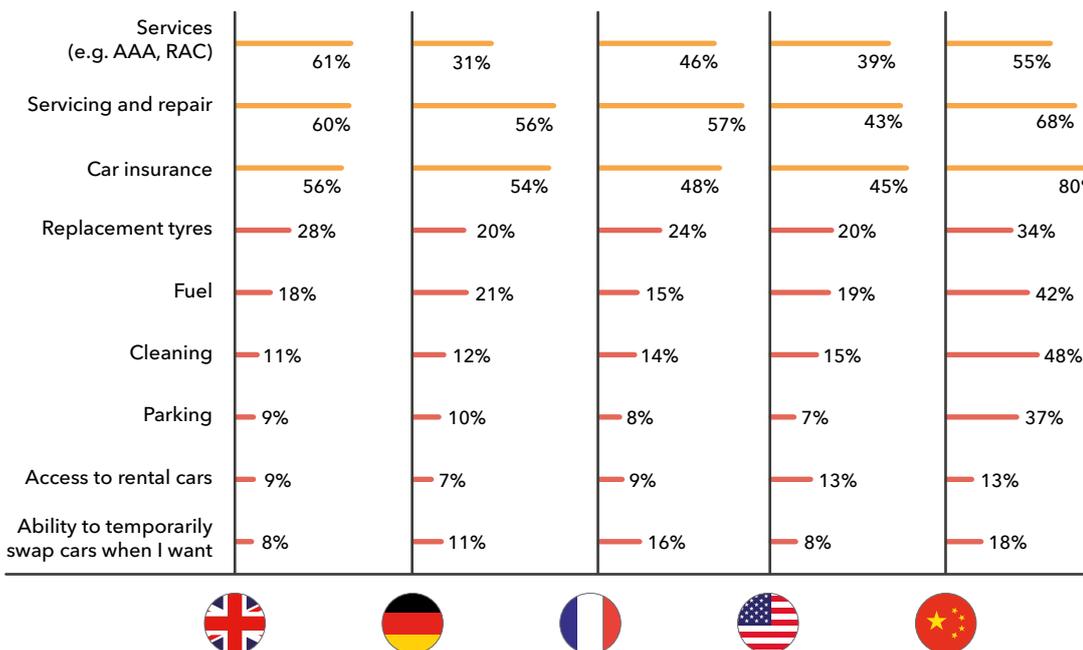


1. How often do you use these forms of transport in your country?; Thinking about the car you have driven most often in the past 6 months, how do you access it?; Have you changed any of your cars in the past 3 years?



THERE IS STRONG APPETITE ACROSS COUNTRIES FOR BUNDLING, WITH C. 40-60% OF DRIVERS KEEN TO INCLUDE SERVICING AND CAR INSURANCE IN A MONTHLY PAYMENT...

Appetite for bundling vehicle services¹ (% respondents)



Across countries, there is appetite for bundled models, with drivers keen to include breakdown, servicing and repair and insurance...
 ...but less enthusiasm for a more innovative subscription involving the ability to swap cars or access to rental cars
 Chinese consumers are keen to bundle more services (e.g. parking, cleaning, fuel) than Europeans or Americans

1. If you paid for a car with a monthly payment, which of the following vehicle services would you ideally like to be able to include?
 2. Thinking about the car you have driven most often in the past 6 months, how do you access it?

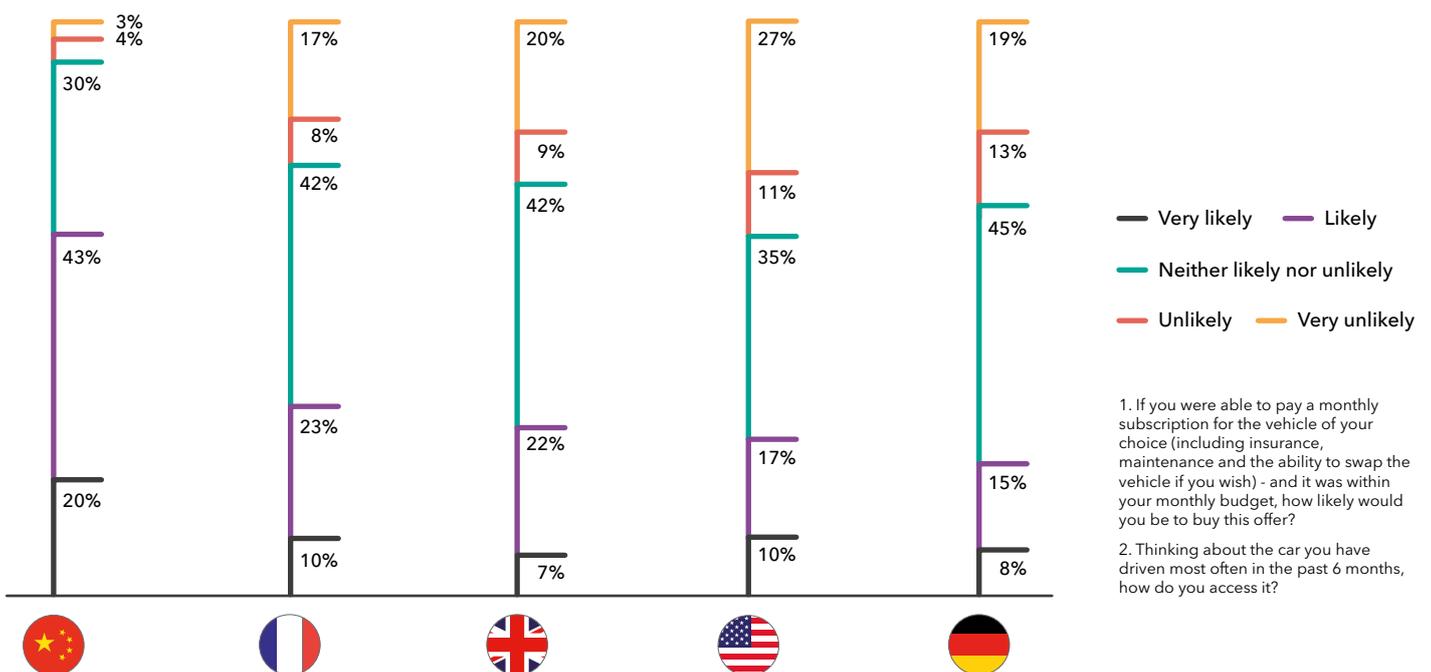


The desire is for simplicity, with high proportions of consumers in all markets wanting straightforward and inclusive bundles across a range of services - with strong appetite for core items like insurance, service & maintenance, and breakdown cover.

At the extreme there is appetite amongst 23% (Germany) to 63% (China) of consumers for full subscription bundles to include the ability to swap cars.

...AND THERE IS SOME LATENT DEMAND AT THE RIGHT PRICE - PARTICULARLY IN CHINA - FOR A BUNDLED MODEL WITH FULLY INCLUSIVE COSTS AND ABILITY TO SWAP CARS

Appetite for bundle with ability to swap vehicle¹ (% respondents)



1. If you were able to pay a monthly subscription for the vehicle of your choice (including insurance, maintenance and the ability to swap the vehicle if you wish) - and it was within your monthly budget, how likely would you be to buy this offer?

2. Thinking about the car you have driven most often in the past 6 months, how do you access it?



What is the momentum behind electric?

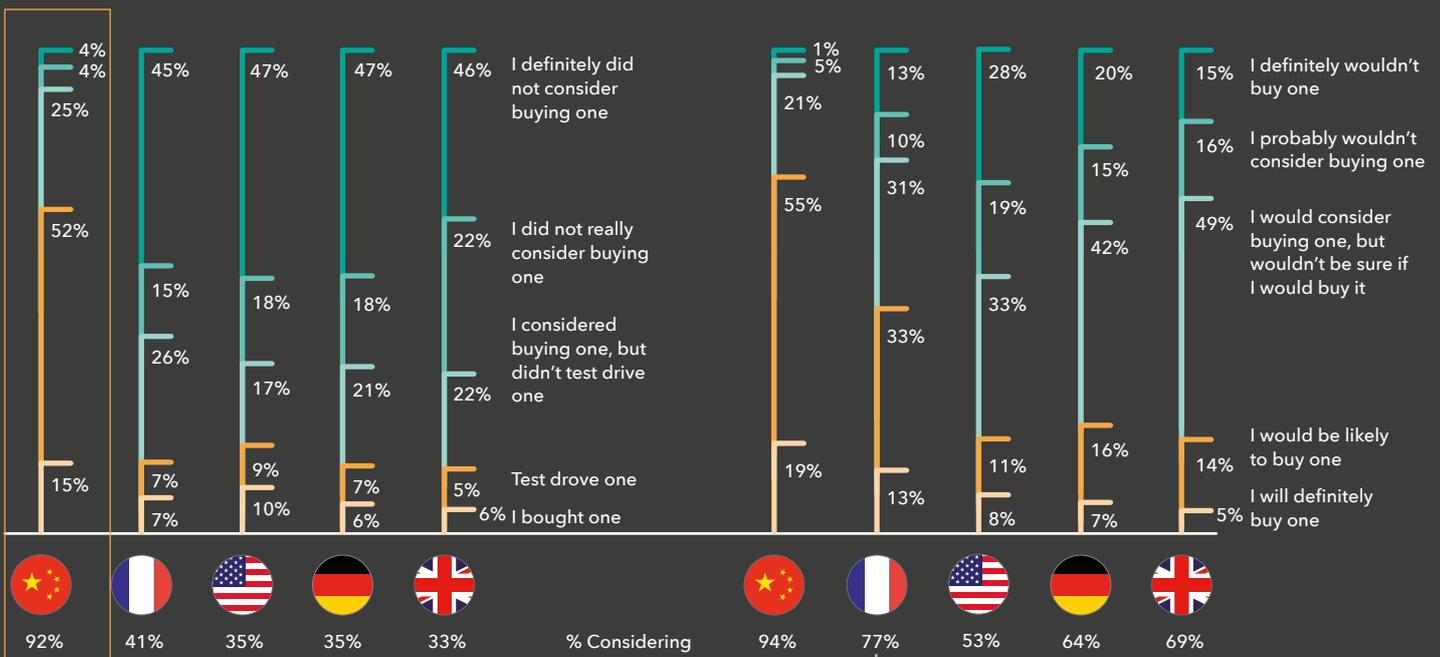
There is gathering pace behind electric vehicle appetite with >50% willing to consider an electric/hybrid vehicle next time they replace vehicles. 5-15% say they will definitely buy one.

CHINA IS THE CLEAR LEADER IN THE ELECTRIC AND HYBRID VEHICLE FIELD, WITH OVER 90% OF RESPONDENTS CONSIDERING BUYING ONE

Consideration of electric and hybrid vehicles

When you last purchased a car, did you consider an Electric or Hybrid vehicle? Did you buy one? (% of respondents)

When considering your next car, how likely are you to consider an Electric/Hybrid vehicle? (% of respondents)

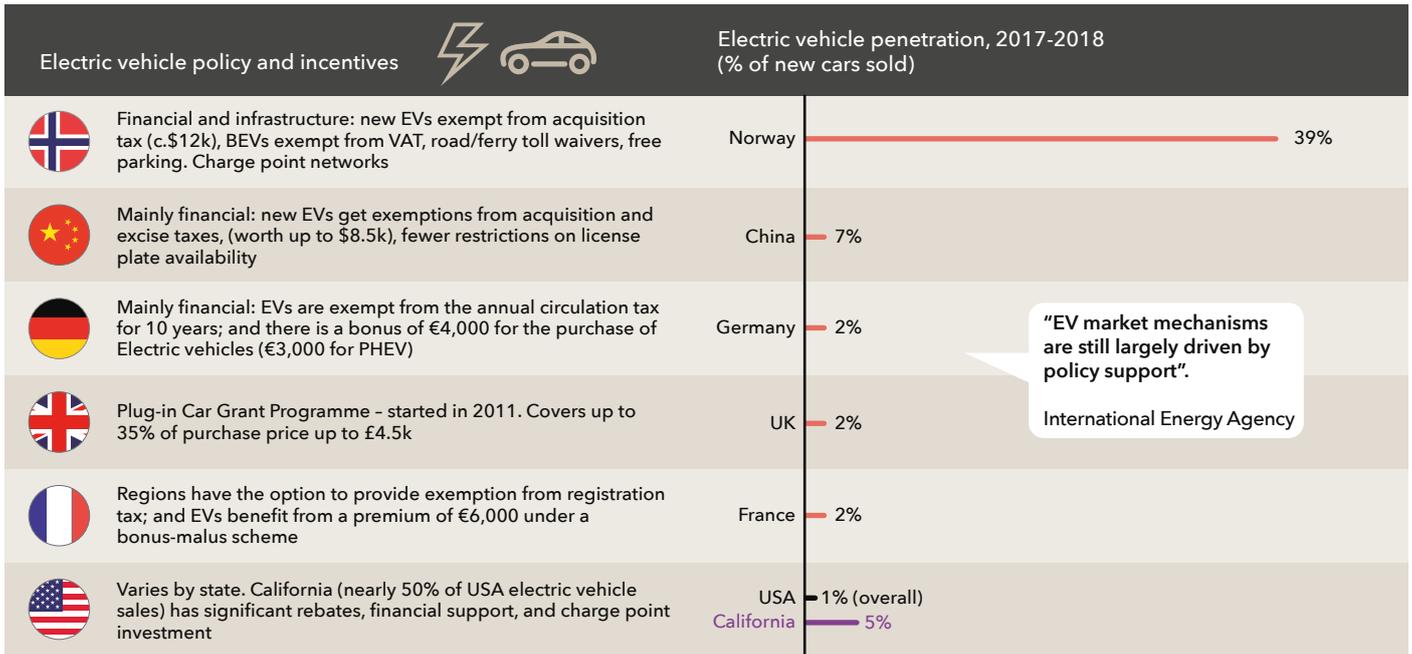


France and UK appear to be experiencing a rapid shift to EVs, with the % of respondents considering buying one increasing by 30-40pp from last to next car purchase



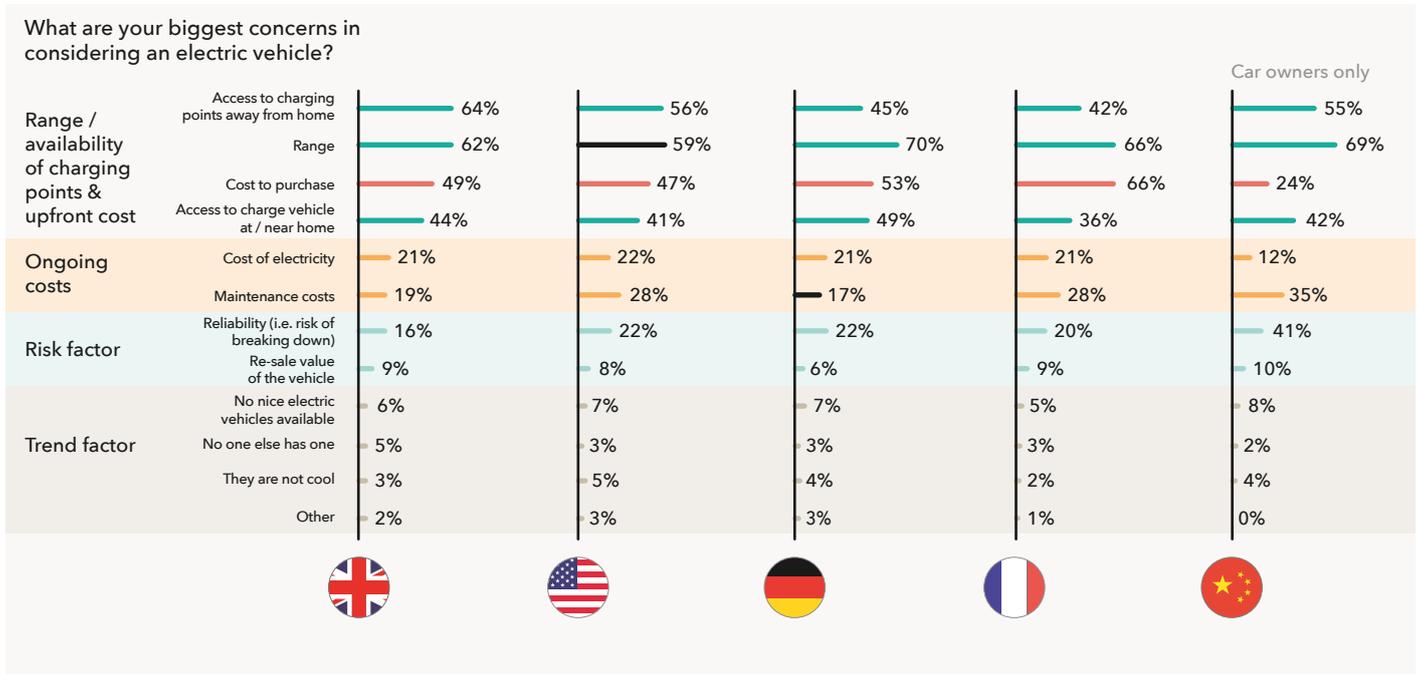
ELECTRIC VEHICLE PENETRATION DEPENDS ON GOVERNMENT POLICY, WITH NORWAY THE CLEAR LEADER IN ADOPTION WHILE THE USA LAGS DUE TO VARIABLE LOCAL POLICY MAKING

Penetration of Electric and Hybrid vehicles



CONCERNS ARE CONSISTENT ACROSS COUNTRIES AND ARE PREDOMINANTLY AROUND RANGE, CHARGING POINT AVAILABILITY AND COST OF PURCHASE

Concerns around Hybrid / Electric vehicles



One factor holding back the conversion of good intentions is the relative paucity of government support; evidence in Norway shows that sustained government focus and generous incentives can drive significant adoption where 40% of new cars are electrified. More governments taking decisive action will be required to see consumers' consideration turn into action.



「 Evidence in Norway shows that
sustained government focus and
generous incentives can drive
significant adoption 」



Is autonomous the future?

Outside of China, there is significant and perhaps unsurprising distrust of autonomous cars since the well reported fatality due to an Uber self-driving test in 2018.

Even in the USA, home of Uber/Waymo/Lyft, 70% of consumers did not want to try one if available. Once again China is significantly more forward-looking with 72% relatively trusting of the concept.

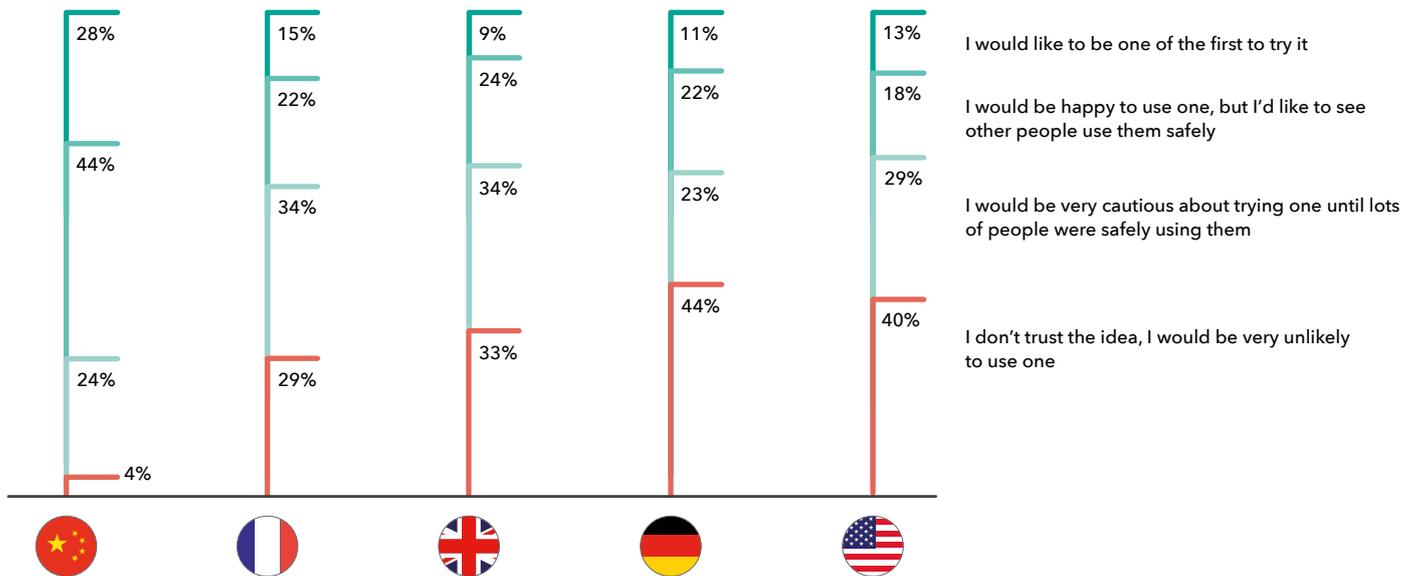
When they do come, the vision of pools of "robotaxi" seems off the mark with high proportions wanting their own individual car even if they were fully self-driving (e.g. 82% of Germans, 88% of Americans). Autonomous seems set to democratise what the rich have today: your own private driver.



CHINESE DRIVERS ARE THE MOST TRUSTING OF AUTONOMOUS VEHICLES, WITH ONLY 4% SAYING THEY ARE UNLIKELY TO USE THEM VERSUS C. 40% IN THE USA AND GERMANY

Sentiment towards autonomous vehicles

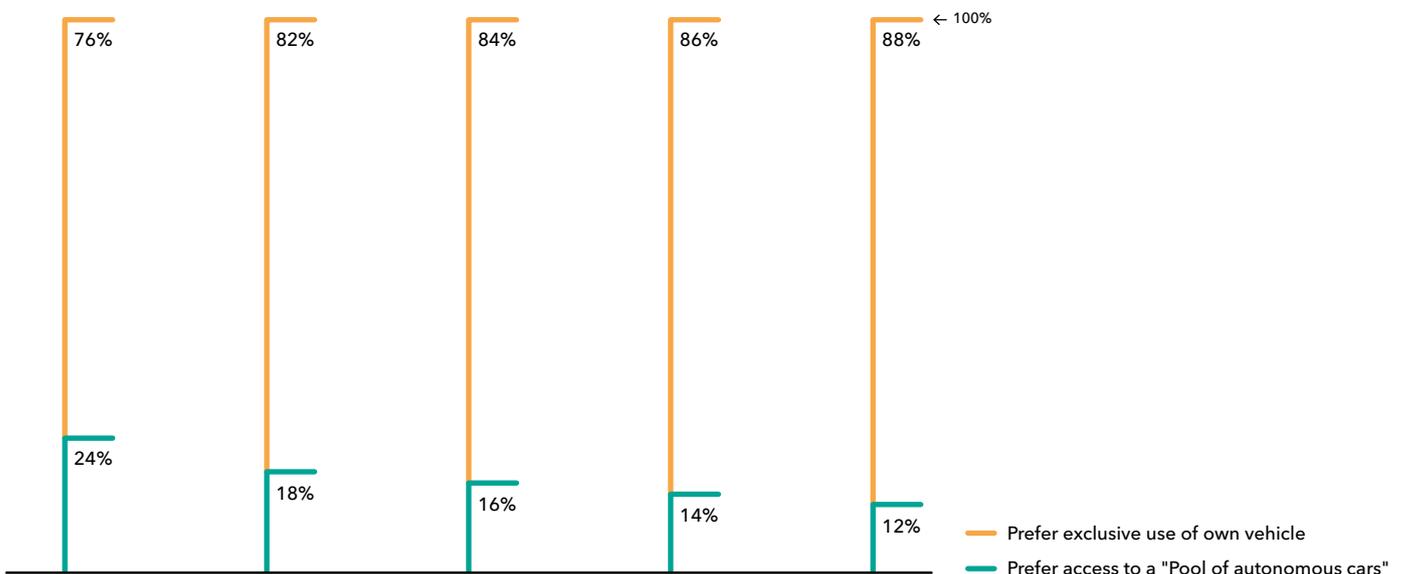
Cars may be able to drive themselves in the future. How would you feel about this kind of vehicle? (% of respondents)



1. Thinking about the car you have driven most often in the past 6 months, how do you access it?; What is your age?

CONSUMERS WOULD STRONGLY PREFER OWNING A VEHICLE IN CASE OF FULL AUTONOMY, WITH FRENCH RESPONDENTS BEING THE MOST OPEN TO A POOL OF CARS

Attitudes to vehicle ownership in a world with autonomous vehicles



1. If you were to use these 'autonomous' vehicles as your primary form of transport, would you want to have exclusive use of your own vehicle, or would you be happy to pay for use from a pool of autonomous cars?



What does it mean for the industry?

These trends should be reassuring for most of the providers in the automotive value chain with substantial continuity on the private vehicle. However, the world will increasingly look bundled around a single monthly payment. This will create risks and opportunities; now is the time to lay bets to win and future-proof your proposition.

PROPOSITION

The prevailing propositions in the market will migrate towards 'subscription' type models, this will open up new opportunities;

- Crafting and selling new driving "bundles" will be the future, with service components and extras as important as the vehicle – buying/selling cars will be more like a cellphone experience is today
- These won't be one-size fits all, and different segments will value lowest price vs service, flexibility or convenience...
- ...creating margin opportunities for risk transfer and serving the unmet needs of high value segments
- One of the important segments will still be the young, as long as offers can be made affordable

WHO WILL WIN

- No single participant has all the ingredients of the above proposition in terms of customer relationship and fulfilment across a wide range of services
- To deliver an integrated customer proposition, the marketplace will see more partnerships, and possibly even vertical integration
- Connectivity and data will be critical to powering any proposition, linking up different services and payments in an effective way, without undue processing costs
- Incumbent players (financing, rental, servicing and maintenance, insurance, breakdown etc.) will have to choose between engaging directly in a battle to be the consumer front-end or whether to focus on offering industry-wide delivery platforms
- There will be significant competition to be the customer-facing "owner" of new propositions from multiple parties:
 - OEM and their dealer networks
 - B2B players such as the large Contract Hire & Leasing operators aiming to move into B2C
 - Independent motoring brands such as breakdown associations
 - New startups
 - Potentially new entry from established non-motoring brands (in a similar way that consumer brands have entered insurance or utilities via partnerships in the UK)
- The alternative strategy entails being a white-label provider or an ingredient across a range of propositions

WHAT DOES IT MEAN FOR DIFFERENT PLAYERS?

• Vehicle Retail

- Consumer preference for exclusive vehicle access suggests there is a sustainable role to play for dealers, outside of a minority set of specific urban segments that will move to new shared models faster
- Increasingly dealers will be distributing a bundled product which will provide opportunities for them to capture more value and margin across a vehicle lifecycle from servicing
- That move will also likely increase vehicle velocity/replacement cycle compared to ownership (as it has done within PCP in the UK for example) benefitting retailers

• Finance/Leasing Cos

- The future remains bright for providers of capital, as point of sales bundled finance and leasing becomes the new norm, and electrification will increase the relative share of motoring cost represented by the metal on the balance sheet (vs fuel spend and maintenance spend)
- The leasing/PCP opportunity in used vehicles is not fully-penetrated and is growing rapidly
- Service levels, quality of "bundle" and technology are important; the cost of capital will not be the only competitive factor
- A strategic question will be whether to compete on direct consumer acquisition, or use indirect sales channels and if so, which?
- The skills and capabilities in managing fleets through the lifecycle gained in corporate fleets will be highly valuable to underpin cost-effective fully managed/bundled offers to consumers

• Rental/Mobility

- The convergence of flexible propositions from OEM, finance and leasing and daily rental companies will inevitably create new opportunities and also new competition across rental durations
- Rental and mobility companies will also face choices about whether to build a customer base directly or offer their platform as a "backbone" to enable others

• Service businesses – servicing, repair, transport, roadside assistance

- Demand will remain stable: dramatically fewer cars or lower mileage are not on the horizon
- Sales that are direct to consumers today will migrate to being sold to businesses to offer as part of bundled products. This may put pressure on pricing and margins
- The winning factors in this environment will be unmatched physical scale, density and efficiency to serve large contracts profitably...
- ...or differentiated service quality/convenience that will attract margin premium in certain segments

• Insurance/insurance distribution

- The outlook is relatively stable for now with likely high rates of individual car ownership and limited immediate threat from autonomous vehicles
- Telematics growth will be focused on the young/high risk segments and occasional drivers, and good white label providers will help insurers build these propositions
- There is a strong consumer 'pull' to bundle insurance but doing so is fraught with challenge around risk pricing – solving this with technology and product innovation will be a major opportunity
- In the longer-run, if insurance migrates into bundled offers this will represent a challenge to the broker and comparison channels that distribute insurance to consumers today

• Data / software / technology providers

- Connecting up the ecosystem and making new bundled offers efficient will be a critical need in the market
- There will be significant opportunity for software and data providers, telematics, connectivity, analytics and other services that connect the eco-system and enable new propositions

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