

Mobility

Change in customer requirements

The expectations of customers, in terms of car mobility, have changed considerably in recent years. When buying a vehicle, the focus is no longer on the purchase price alone, but rather on the total cost of using a car. The captive banks recognised this trend early and were the first banking group to systematically add vehicle-related mobility services to their product portfolio.

Focus on total cost of mobility

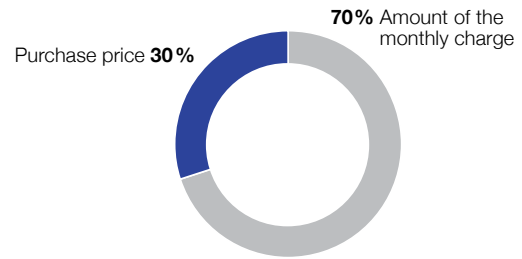
Today more than one in two customers chooses supplementary mobility and insurance services rather than finance or leasing pure and simple. Depending on what exactly a customer wants, it is now possible to include more than a dozen supplementary services.

These package solutions make mobility a transparent and manageable magnitude for the customers and protect them from financial risks. The mobility services most in demand are maintenance and service contracts, mobility and breakdown services as well as warranty prolongations.

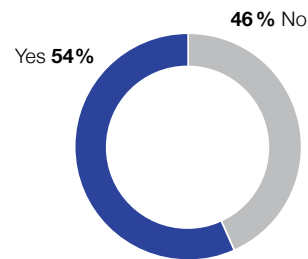
Simple One-Stop-Shopping

Not only the cost aspect but also the „convenience factor“ is of great significance to the clients of the captive banks. When purchasing a new car they are interested in receiving all car-related services from just one provider – safe and simple from their trusted car dealer. Besides the vehicle itself this includes the matching financial services, the ongoing service and maintenance and often the trade-in of the previous car, too. To feel safe with regards to the end of the contract term customers also appreciate a repurchase guarantee for their new car by the dealer. This ensures carefree mobility over the entire finance or leasing duration.

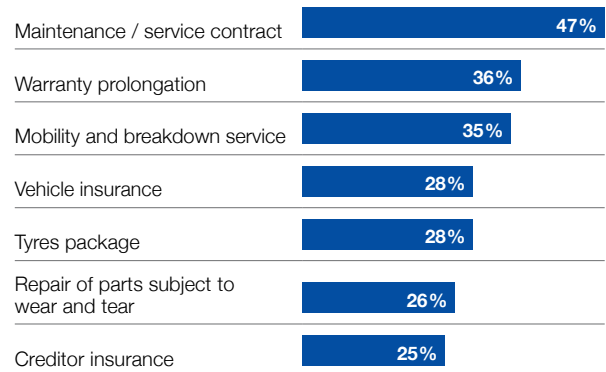
When buying a car, do you pay more attention to ...



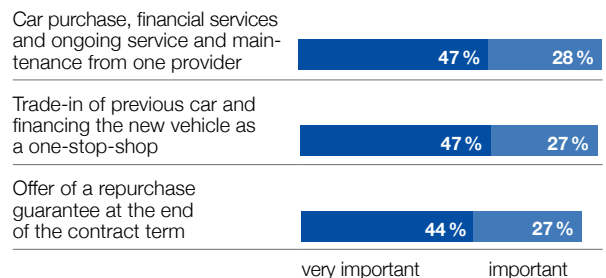
Does your finance or leasing contract contain further services as part of a mobility package?



Which additional services have you signed up for?



When purchasing a new vehicle, how important are the following criteria to you?



Potential

Cash purchases

The market for automotive finance continues to provide high growth prospects. Some 25 % of car purchasers paid cash for their present vehicle. 61 % of these customers display a general readiness to finance or lease their next vehicle at the point of sale. With suitable offers from the captive banks and expert advice from the brand dealerships, both partners are working on the development of this potential.

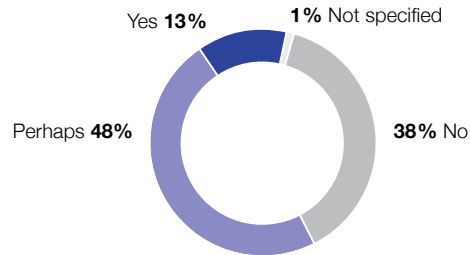
Digital retail channels

For customers of the captive banks, dealerships on the ground remain the most important source of information about financial services when purchasing a vehicle. However, the internet is continuously gaining importance when looking for finance and leasing options. When researching online, websites of the manufacturers and dealerships are still the first points of contact, but they are competing against many other information offers such as comparison portals, online car brokers or search engines.

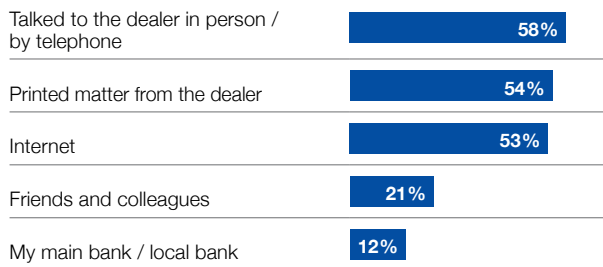
Overall, though, digital channels are gaining in importance in the distribution of automobiles and make new customer and product groups accessible to the captive banks. When purchasing a vehicle clients expect to find the complete portfolio and corresponding financial solutions online. Almost half of the customers questioned (48 percent) could imagine ordering a future vehicle on the internet and concluding corresponding financial services directly online, too.

It is imperative for the automotive financial service providers to keep pace with the rapidly changing demands of its customers and to use the inherent growth potentials. A major success factor to achieve will be to a greater linkage of offline and online offers. The captive banks see themselves as modern mobility service providers and will continue to press ahead in this direction – in close collaboration with manufacturers and dealers.

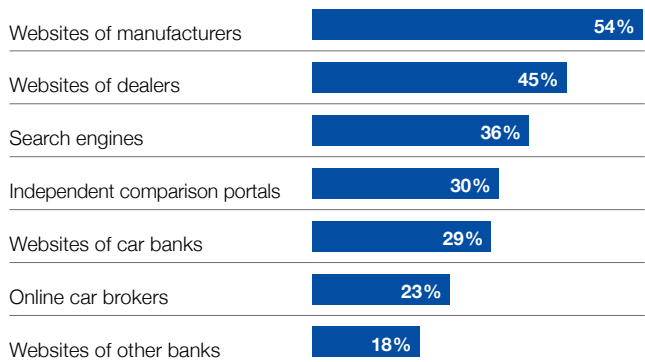
Could you imagine financing or leasing your next vehicle?



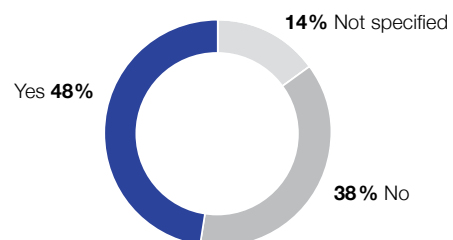
Which sources of information did you use in the run-up to your car purchase and, in particular, how did you research on finance or leasing?



Which online sources did you use when researching on finance and leasing options?



If I found a future vehicle on the internet, I could imagine ordering and financing it directly online.





Automotive Finance 2019

Sales promotion • Customer loyalty • Carefree mobility • Potential



The banks of the automotive industry

Market leaders in automotive financial services

The market for automotive financial services has matured to become one of growth and economic significance. At present some 75 percent of all private and commercial registrations of new passenger cars in Germany involve leasing or financing. The credit volume involved is about 60 billion euros annually.

The manufacturer-linked banks and leasing companies (“captives”) are market leaders in automotive financial services in Germany. Today, almost one in two new vehicles is financed or leased through a member institution of “Banken der Automobilwirtschaft (BDA)” – the German association of banks and leasing companies of the automotive industry.

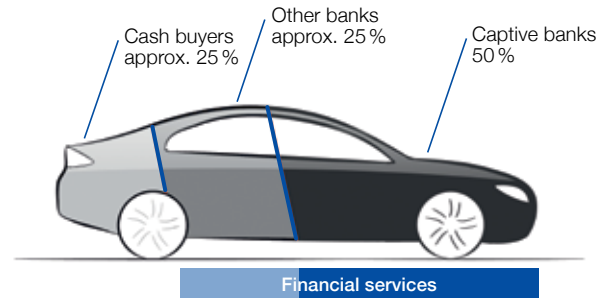
The focus on mobility

The captive financial service providers successfully place the mobility of their customers in the focus of their products and services. The primary business model of these car banks is to enable car buyers to finance vehicles in a way that best meets their individual needs. This way the captives support the sale of vehicles of the manufacturers they serve and contribute to long-term customer loyalty to brands and dealers.

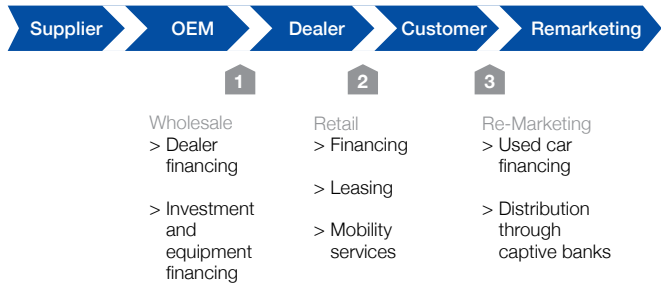
The banks of the automobile industry operate to this end at the central interfaces of the automotive value creation chain and contribute decisively to the profitability of manufacturers as well as retail partners.

This representative study, conducted by pulis Marktforschung, illustrates the influence of these captive financial services on the purchase decisions of customers and supplies insights into their significance for manufacturers, car dealers and consumers. For this study, approx. 1.300 car buyers were questioned, who leased or financed a car within the last twelve months and were involved in all relevant decisions regarding the car purchase.

Automotive financial services in Germany



Captive banks at the interfaces of the automotive value creation chain



Sales promotion

Choice of vehicle

The finance offer has a decisive influence on which vehicle consumers choose. Not only do customers of the captive banks and leasing companies buy their next vehicle earlier than planned, they also equip it better and can often select a larger model than originally planned. Moreover, the BDA members enable almost four out of ten people who originally intended to purchase a used car to buy a new one instead.

According to the study the average price of a new vehicle in Germany is 31.765 euros. The finance offer transforms this vehicle price into a two- or three-figure monthly instalment. This instalment designed for the individual household budget is easily calculable for customers and makes it possible to decide on a higher quality and better equipped vehicle.

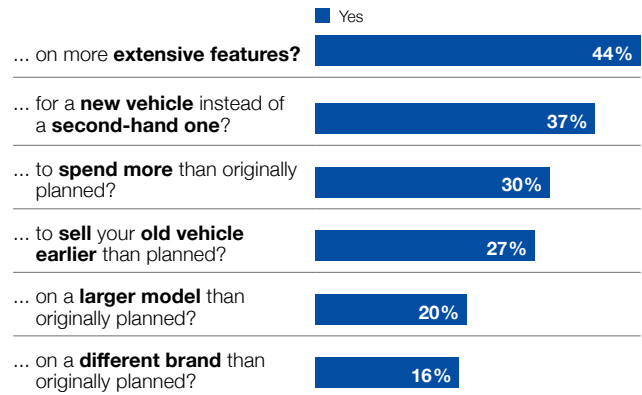
Vehicle turnover

Financial services lead to higher sales of vehicles for manufacturers and dealers. Customers of the captive banks drive their vehicle for 5.2 years on average, and leasing customers keep theirs for only 4.3 years. The length of time cash buyers keep their vehicles is significantly longer, namely 6.9 years. Thanks to properly budgeted monthly instalments, the customers of the captive banks drive vehicles that meet the latest safety and ecological standards.

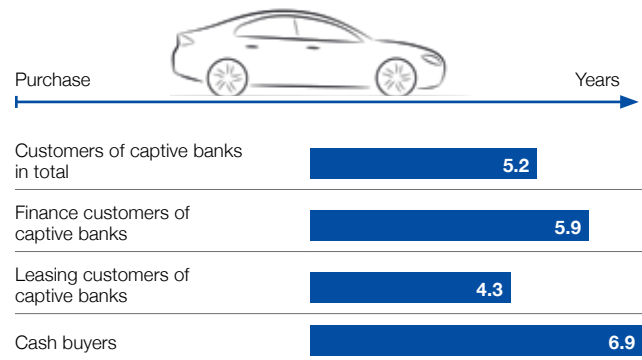
Influence on the choice of brand

The high value attributed to financial services for vehicles is already apparent in the way in which customers inform themselves. For almost half (47 percent) of leasing and finance customers the question of financial services is relevant even before the choice of manufacturer. Hence, attractive finance offers are important in a very early phase of the purchase process and can be decisive for the brand preference of the consumers.

On the basis of the finance offer, did you decide ...



How long did you have your previous vehicle?



When did you research on leasing or finance offer?



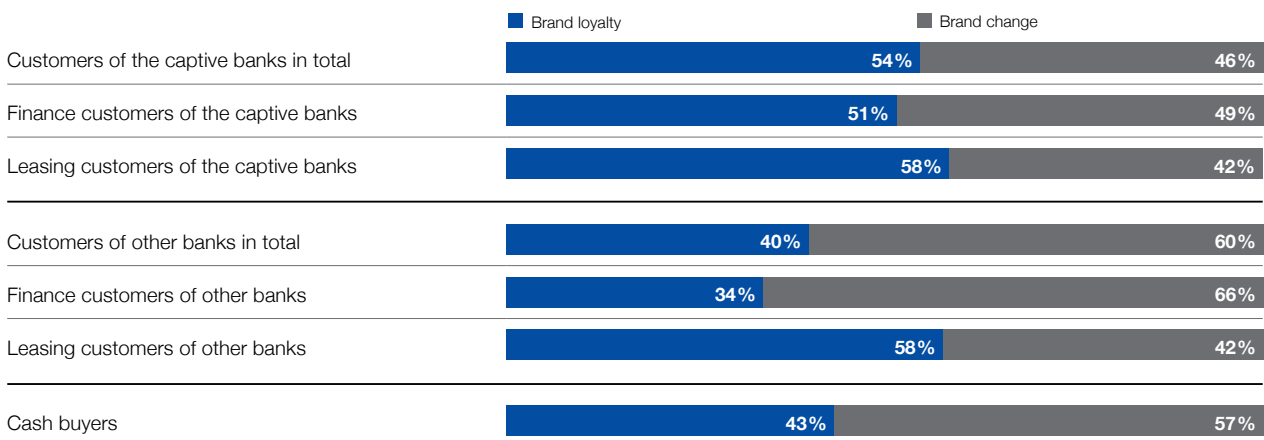
Loyalty

Loyal customers are key success factor

Customer loyalty is a major success factor in the automotive industry today and of overwhelming importance for manufacturers and dealers alike. The product offers of the captive banks generate a customer loyalty that cannot be obtained by a cash sale of a vehicle. Hence, customers of the captive financial service providers remain loyal to their brand, the dealer and their bank much more often than those paying cash.

In a direct comparison with other banking groups engaged in the automobile market, the captive banks and leasing companies occupy a leading position and generate much greater loyalty among their customers. Of special importance here is leasing, which has the largest effect on customer loyalty.

When you bought your present vehicle, did you choose the same brand as the last time?



If I had to replace my present car now, I would ...

