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GROUPE BNP PARIBAS

I LOVE MY CAR

L'Observatoire Cetelem 2017

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L'Observatoire Cetelem 2017

I LOVE MY CAR

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EDITORIAL BY FLAVIEN NEUVY,
HEAD OF L'OBSERVATOIRE CETELEM

I LOVE **MY CAR**

It is hard to find a product that generates as much passion as the humble automobile. Negative passion in those who find cars dangerous, unnecessary, environmentally unsound, expensive and obsolete. Positive passion in those who see them as beautiful, fascinating, essential, practical and irreplaceable.

> *"Still essential for long"*

Ever since it was invented, the car has provided fertile ground for experimentation and unbridled creativity, as the appearance of autonomous vehicles will attest. But there is no denying that cars have divided opinion for many years now. Environmental constraints, economic crises, successive scandals and urban congestion are just some of the pressures they face.

For all these reasons, L'Observatoire Cetelem de l'Automobile was eager to analyse the true opinion of those who enjoy the closest relationship with cars: motorists themselves. And the results of this survey are totally unequivocal. Yes, motorists love their cars. And this love is shared across the world. The day when people can live without their cars is a long way off.

For some, this popularity may come as something of a surprise. This is reassuring for manufacturers, but it also sets them a challenge; to keep consumers from falling out of love.

Enjoy your read.

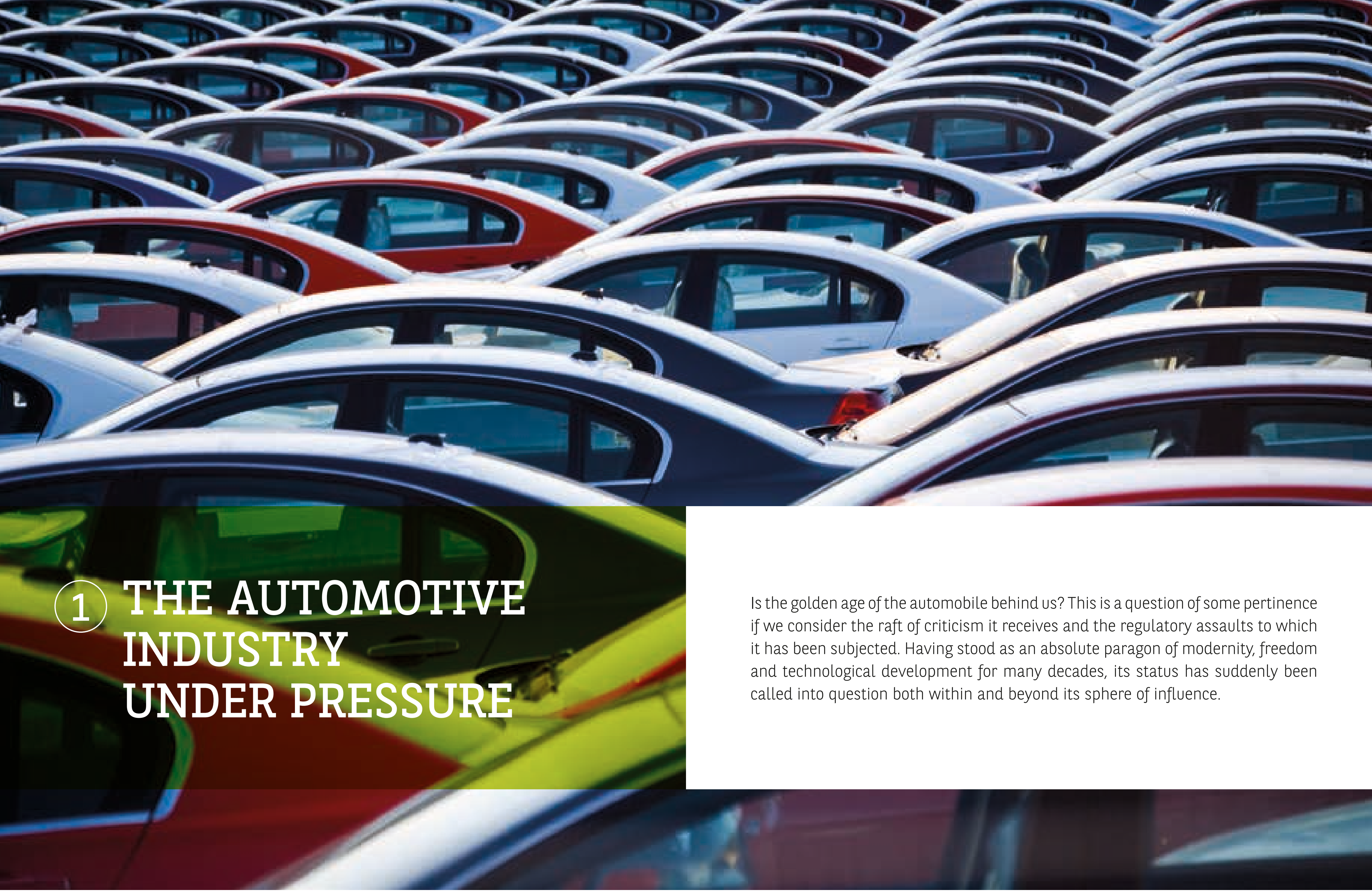
METHODOLOGY

All economic and marketing analyses, as well as forecasts, were performed in conjunction with the survey and consulting firm BIPE (www.bipe.com). The consumer interviews were carried out by TNS-Sofres in June 2016 in Belgium, Brazil, China, France, Germany, Italy, Japan, Mexico, Poland, Portugal, South Africa, Spain, the United Kingdom, the United States and Turkey. In total, more than 8,500 car owners were questioned.

The qualitative survey was conducted in June by Harris Interactive, which invited 30 French motorists to express their opinion via an online forum over a period of eight days.

• Country codes:

Belgium (**BE**), Brazil (**BR**), China (**CN**), France (**FR**), Germany (**DE**), Italy (**IT**), Japan (**JP**), Mexico (**MX**), Poland (**PL**), Portugal (**PT**), South Africa (**ZA**), Spain (**ES**), Turkey (**TR**), the United Kingdom (**UK**) and the United States (**US**).



1 THE AUTOMOTIVE INDUSTRY UNDER PRESSURE

Is the golden age of the automobile behind us? This is a question of some pertinence if we consider the raft of criticism it receives and the regulatory assaults to which it has been subjected. Having stood as an absolute paragon of modernity, freedom and technological development for many decades, its status has suddenly been called into question both within and beyond its sphere of influence.

2009, THE DEATH KNELL SOUNDS

A major economic and social symbol of the 20th century, not to mention an icon of individual freedom and consumerism, the car was in crisis at the beginning of the new millennium, particularly in the developed world. Had it become a thing of the past?

Sales collapse

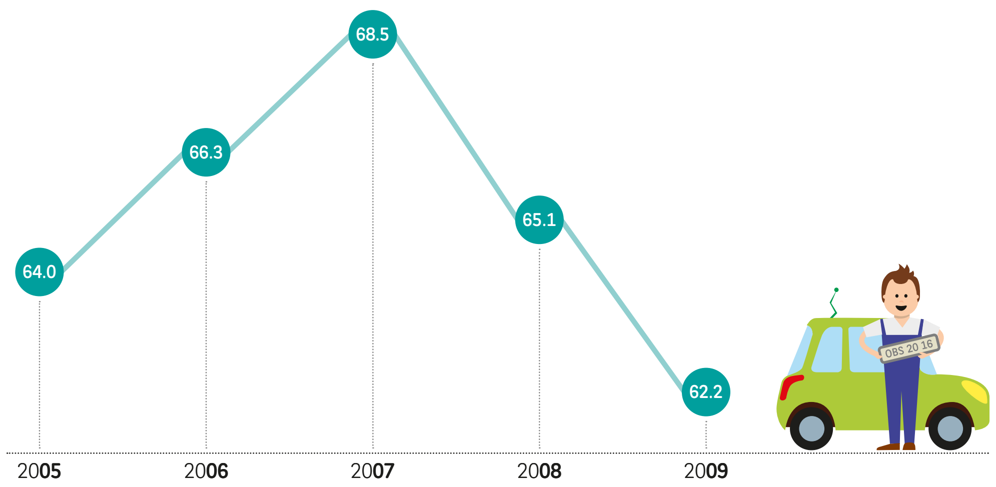
This was an economic and financial crisis first and foremost. The budget required to run a car was finally becoming too much to bear, as oil prices reached a peak. And when the subprime crisis exploded in 2008, many supposed sages announced nothing less than the automobile's imminent demise **(Fig. 1)**.

In the United States, sales plummeted to their lowest point in 30 years. Having reached a figure of 16 million light vehicles per year during the previous decade, they collapsed to just 10 million in 2009. It was not long before this climate of gloom hit Europe. The global market fell by 10% in two years.

Fig. 1 ▸ Worldwide registrations of new private vehicles and light utility vehicles

In millions of light vehicles

Source: BIPE according to manufacturers' federations



Bankruptcy here we come

On 30 April 2009, Chrysler was declared bankrupt. One month later, having posted losses of $100 billion in four years, General Motors suffered the same fate. The Detroit company declared debts totalling $172.8 billion, while the value of its assets dropped to $82.3 billion. This was the biggest bankruptcy case in the history of the American industrial sector. Having been the largest company in the world for three-quarters of a century, GM ultimately owed its survival to «nationalisation». The US government injected more than $50 billion into the company, taking a 61% stake in its capital. The Canadian government acquired a 12% stake, the employee pension fund 17% and the firm's most long-standing creditors 10%. GM provisionally became a state-owned company. A great irony for the land of free enterprise. A third of its 47 industrial sites and concessions were shut down, half of its workforce was made redundant and just four of its thirteen brands remained part of the group.

EVER STRONGER REGULATION

But the constraints are not just economic. **There is also regulatory pressure, which is less visible, but whose impact is just as great.**

This is the era of security, risk prevention and greater societal consciousness. Despite the progress made in terms of safety and the drop in traffic-related deaths, tolerance for the human cost of road accidents continues to decrease. In a society constantly seeking to free up more time for leisure/pleasure and work/productivity, people are increasingly struggling to accept congestion and the many hours wasted in traffic. More important still, growing awareness of climate change and air pollution at a local level has led the finger to be pointed at cars and their internal combustion engines as the main source of harmful emissions in cities.

The dilemma facing governments

The powers that be are therefore confronted with a difficult choice. In many countries, it is impossible to ignore the economic importance of a sector that employs thousands. Hence the state investment programmes, subsidies, scrappage schemes and tax breaks brought in whenever the car industry finds itself in difficulty.

However, other pressing issues such as climate change can no longer be ignored. Thus, it is often at local level that measures are applied to reduce the use of cars and undermine their importance.

Cities opting out

More and more major cities in China are placing limits on new car sales by setting quotas. Shanghai, a pioneer in this area, introduced its first measures twenty years ago. Today, 100,000 licence plates are auctioned off each year. Prices can climb to such an extent that they become dissuasive. In Beijing, just 150,000 plates are granted per year through a lottery system. One of the few ways of avoiding the exorbitant cost of going through an auction is to purchase an electric vehicle, whose development the central government is keen to promote. In Tokyo, you cannot buy a car if you do not have a parking space.

With Low Emission Zones now cropping up in most major European and Chinese cities, users of older diesel vehicles have becoming the primary target. Paris is one metropolis that has pinpointed these vehicles and the French capital aims to ban their use on its roads by 2020. Such zones are appearing in an increasing number of cities, with local authorities generally announcing a toughening of the standards to be met.

Another way of limiting congestion is through alternate traffic schemes. In China and Brazil, these are implemented according to the day of the week or at peak times, based on licence plate numbers. Although these measures can be circumvented, given the difficulty involved in policing them, they nonetheless impinge upon an individual's freedom to travel by car, a principle that motorists hold dear.

Urban tolls such as those installed in London, Milan and perhaps one day Beijing and San Francisco, are geared towards regulating traffic while generating funds to maintain the infrastructures. These place additional constraints on consumer budgets, as do urban expressways. The latter can be found in Tokyo and in several North American cities. Cars with fewer than two or three occupants are charged to use these roads.

CONSUMER
TESTIMONIES

«Everyone is always speaking out about pollution from cars, while India continues to extract coal from open-cast mines. And in France all we hear is how harmful internal combustion engines are.»

New mobility solutions: a new threat?

New services promising more sustainable and more responsible mobility have altered the automotive landscape in recent times. Ride sharing, P2P car rental and car sharing are winning over hearts and minds when it comes to urban and interurban mobility.

BlaBlaCar, the world's largest long-distance ride-sharing community, boasts 25 million users in 22 countries and 3 continents (Europe, South America and Asia). In China, leading ride-sharing websites Dida, Tiantian and 51ridesharing have a combined total of 36 million registered users. A number of existing companies, most of which operate at a national level, have now branched out into P2P car rental services. The car-sharing market is therefore attracting both new entrants and traditional players, including rental companies and car makers.

In Europe, according to BIPE's *Observatoire des Mobilités et des Arbitrages Automobiles*, usage rates more than doubled between 2013 and 2015, jumping from 4% to 10% of individuals aged 18 or over. Over the same period, the number of registered users increased eightfold in China and the number of cities offering car-sharing services quadrupled in all the emerging countries (China, Brazil, Mexico, South Africa and Turkey).

The long-term impact these new practices will have on car sales remains unclear.

AN ELEMENT **OF DOUBT**

Not only do cars seem increasingly incompatible with modern cities, the automotive industry is no longer blindly trusted.

Scandal after scandal

Volkswagen's «Dieselgate» scandal of 2015 opened the eyes of consumers to the dark side of the sector, whose reputation had never previously been smeared by such underhand practices. And the German manufacturer's unmasking may only be the tip of the iceberg of suspicion, with numerous other brands having been incapable of justifying the discrepancy between emission levels measured on test benches and those recorded out in the real world.

The 2017 edition of L'Observatoire Cetelem de l'Automobile shows that consumers are no longer prepared to be duped. On average, 56% of those interviewed state that the affair has negatively impacted their perception of car brands **(Fig. 2)**.

While fewer than one in two households in Belgium, Poland and South Africa have a negative view of the firms in question, 60% of the population questioned in Spain, Italy, Brazil and the United States take a more critical stance. This negative image perception is closely reflected in the figures gathered on consumer purchasing trends. 52% of the people surveyed state that they will never buy a car produced by any of the brands affected by these scandals. The Italians, Chinese and Turks are the most virulent in this regard (64%, 63% and 61%, respectively) **(Fig. 3)**. Yet, up until now, setting aside diesel's reduced penetration in Europe, there has been very little impact on the market shares of these brands across the world. Given the historical clout of these car makers and the efforts they are currently making in terms of product programmes and public relations in order to rebuild their reputation, there is no reason to believe that they will not succeed in overcoming this setback and repairing the damage caused to their image, whose potential remains high.

CONSUMER *TESTIMONIES*

«Of course I've heard of the Volkswagen scandal, consumers have been tricked, but I'm sure this is not an isolated case in the industry.»

Fig. 2 ▸ Recently, certain car makers have hit the headlines for exaggerating the energy-efficiency and environmental performance of their vehicles.
Has this negatively impacted your perception of these brands?

In % - Select one answer only - Excluding «I don't know» answers

Source: L'Observatoire Cetelem

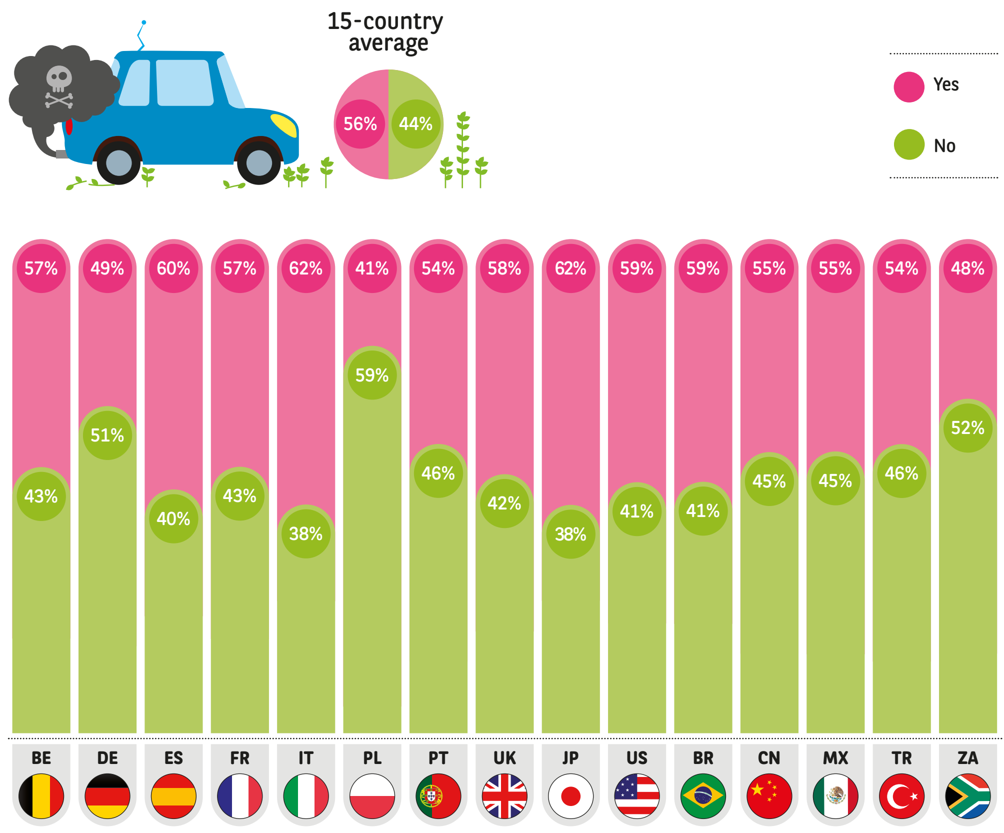
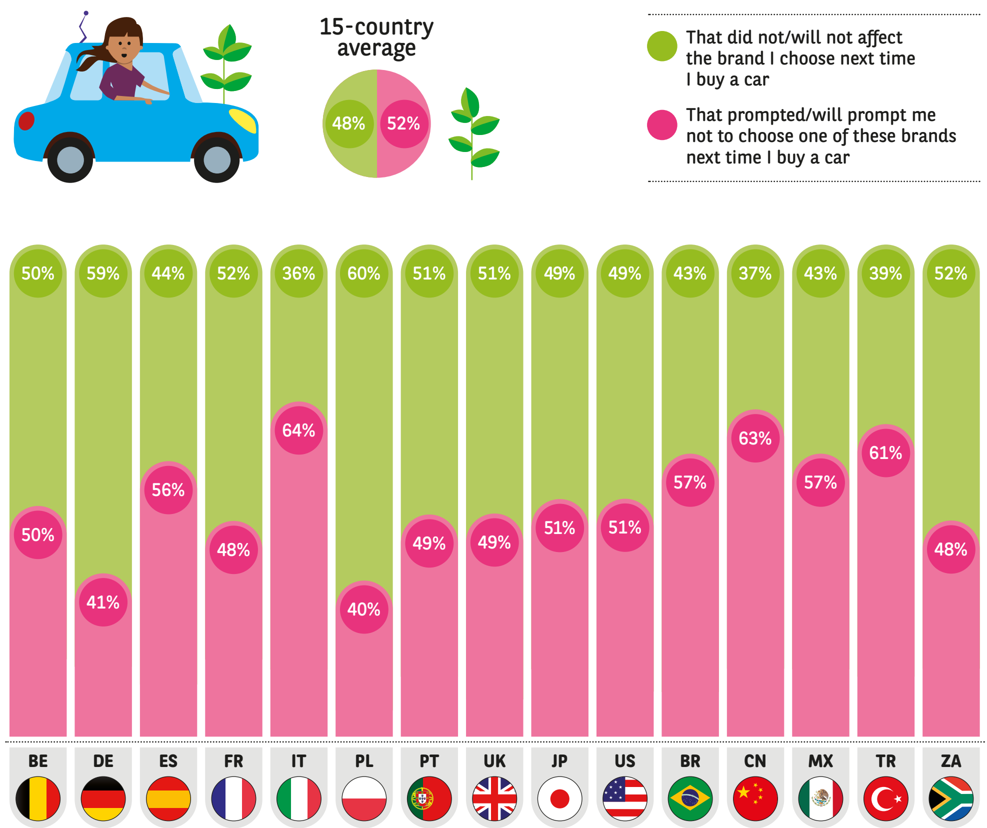


Fig. 3 ▸ Regarding the failure of some manufacturers to comply with the energy-efficiency and environmental performance figures declared for their vehicles, would you say that...

In % - Select one answer only

Source: L'Observatoire Cetelem



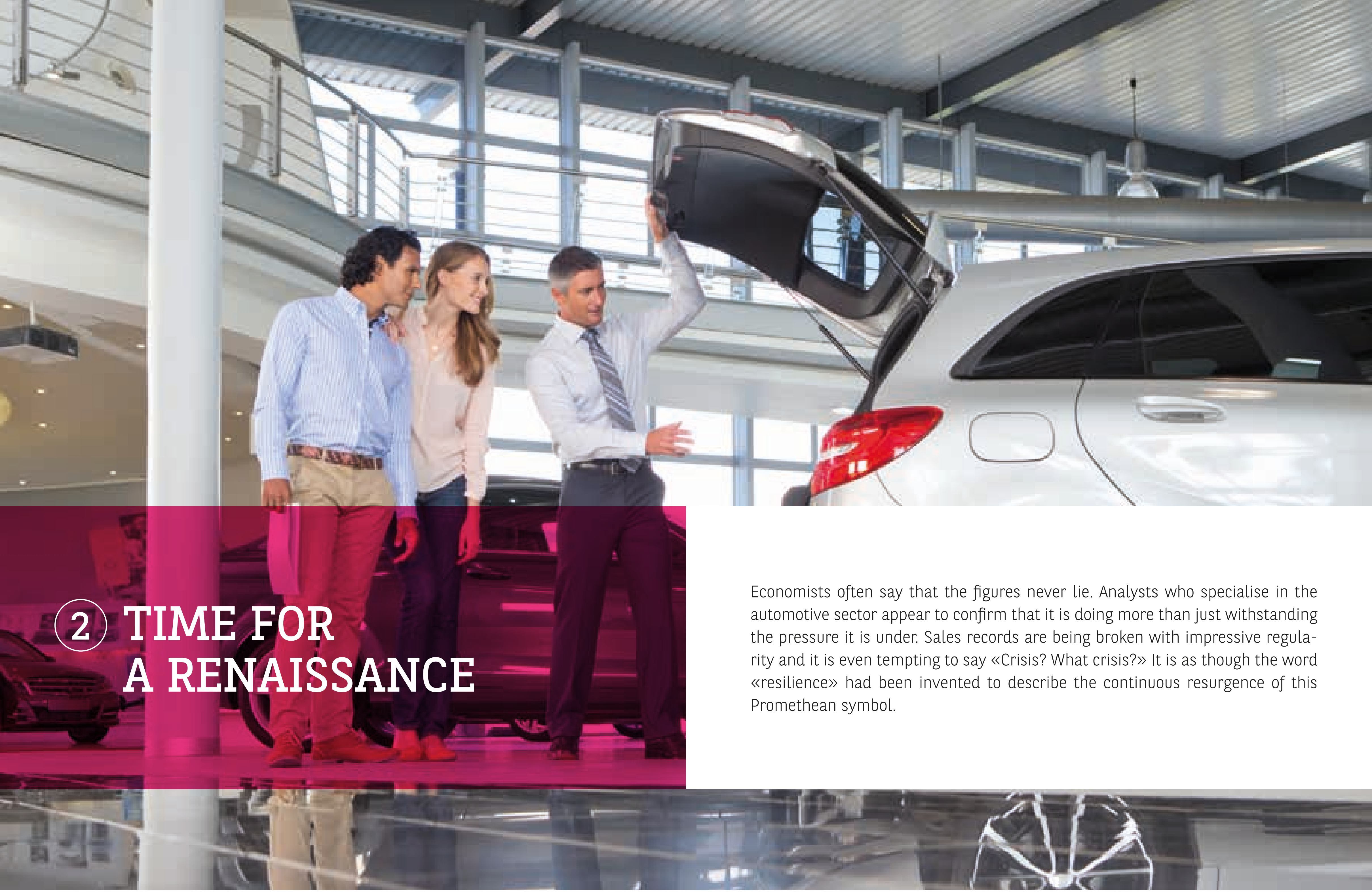
Are cars overly stigmatised in the public conversation?

During such a far-reaching crisis, the impact of the mainstream and specialist media cannot be overestimated, given the huge role they play in the debate surrounding the car industry. Of course, they are quick to celebrate the market's return to growth, the success of a domestic brand or the fact that assembly plants are recruiting once again. But a whole raft of criticism, relating to pollution, road safety, traffic-related deaths and the disproportionate cost to households, continues to eat away at the motoring dream. Some of this negativity can be considered unjustified if we take into account the remarkable advances made in terms of safety, the reduction of harmful emissions, comfort and even price.

CONSUMER
TESTIMONIES

«I find that the media's treatment of the automotive sector is not always consistent. One minute cars are the greatest invention in history, the next they are our worst enemy and have to be taxed into oblivion...»

«It seems as though the messages we hear are intended to make us feel guilty. I'm worried that motoring will eventually become just another soulless and pleasure-free form of passenger transport.»



2 TIME FOR A RENAISSANCE

Economists often say that the figures never lie. Analysts who specialise in the automotive sector appear to confirm that it is doing more than just withstanding the pressure it is under. Sales records are being broken with impressive regularity and it is even tempting to say «Crisis? What crisis?» It is as though the word «resilience» had been invented to describe the continuous resurgence of this Promethean symbol.

CAR SALES ARE IN RUDE HEALTH (ALMOST EVERYWHERE)

The indicator that best illustrates the car industry's resistance to pressure is sales. Having experienced growth of between 4% and 5% from 2011 to 2014, and 1.6% in 2015, the global market reached new heights.

A new record: 87 million new light-vehicle registrations **(Fig. 4)**. This excellent health has also had a positive financial impact. Most car makers have seen their profits rise, in some cases significantly.

However, these exceptional sales figures mask the disparities that exist from one region to the next, in line with their respective economic contexts **(Fig. 5)**.

Fig. 4 ▸ Worldwide registrations of new private vehicles and light utility vehicles

In millions of light vehicles

Source: BIPE according to manufacturers' federations

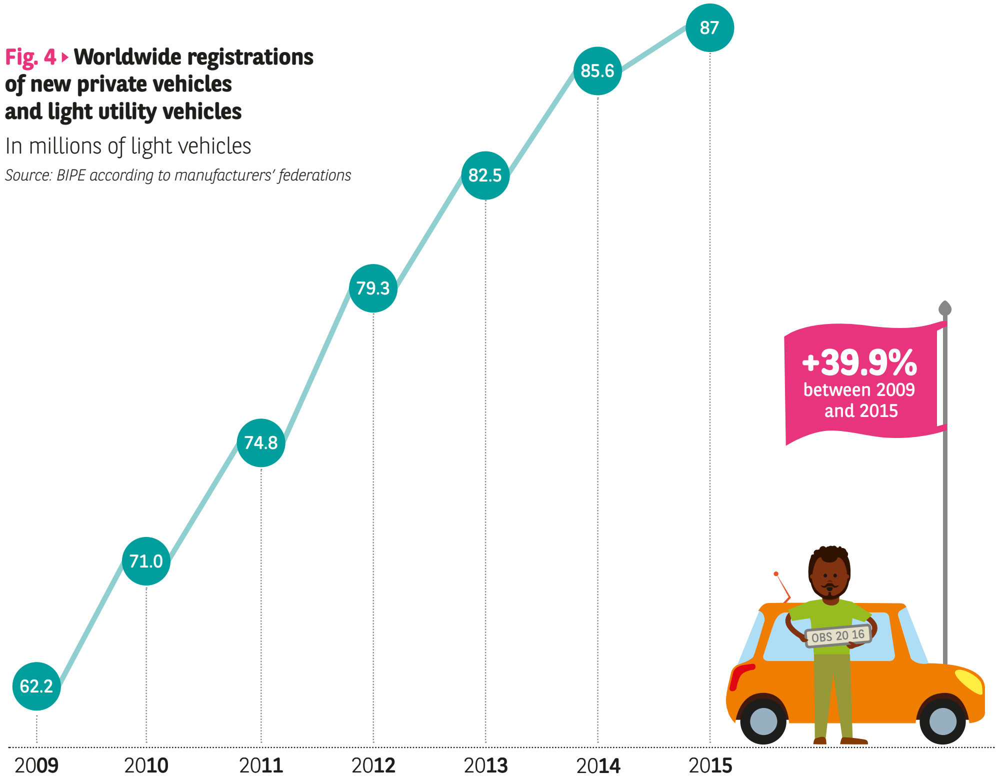
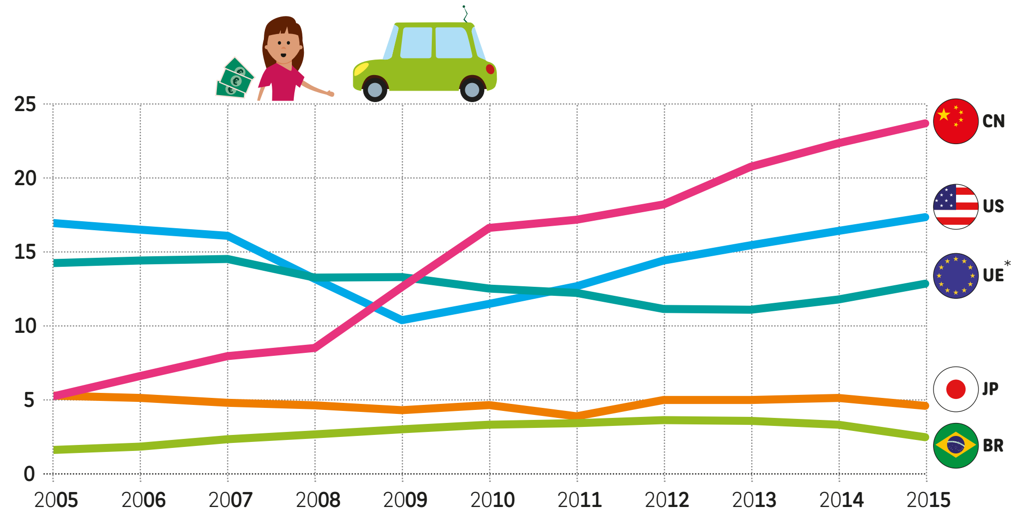


Fig. 5 ▸ Global sales of new private vehicles and light utility vehicles between 2005 and 2015

In millions of units

Source: BIPE according to the OICA and manufacturers' federations



** Europe 8 countries*

The US breaks records

In just two years, the sharp drop in oil prices, extremely low interest rates and renewed confidence in the economy restored the US market to its former splendour. Household demand stayed strong, while companies updated their fleets after years of cost saving. The American automotive industry hit new heights in 2015, beating the sales record set in 2000 with 17.4 million units (+5.7%, including pick-ups). This appetite for new cars led the ratio between used and new car sales to narrow from 3.2 in 2010 to 2.2 in 2015. Neighbouring Mexico also capitalised on this upward sales trend, with a rise of 19% to 1.4 million sales.

An upturn across Europe

Europe has joined in the euphoria. After years of gloom following the crisis of 2008-2009, which saw a general ageing of the car population, the market was suddenly playing mechanical catch-up. The restoration of household spending power, rising employment and incomes, falling fuel prices and practically zero inflation created the perfect storm for a resurgence of the market. The ratio of used to new car sales, which had peaked during the crisis, has narrowed once again. Drawn in by the industry's latest developments, households are heading back to dealerships, many aiming to replace the vehicles purchased en masse through the scrappage schemes of 2009-2010. Meanwhile, businesses have made the most of a period of strong investment and highly appealing leasing offers to replenish their vehicle fleets.

The Italian and Spanish markets, which had contracted by up to two-thirds of their value, also bounced back last year (+16% in Italy and +23% in Spain). In Spain, the million vehicle mark was exceeded for the first time since 2008. Growth figures for the German, French and UK markets are less impressive, with the industry's resurgence in these countries having begun much earlier, but they remain healthy at between 5 and 7%.

Chinese sales suffer another hiccup

In China, the macroeconomic downturn has led to a fresh drop in the growth of sales, as it had in 2014. After a decade of breakneck expansion, the world's largest market (27% of total sales in 2015) ended the year with annual growth of 6%, to 23.7 million vehicles. At the beginning of the year, sales were unimpressive due to the after-effects of panic buying prompted by rumours in late 2014 of registration restrictions in some cities. Worse still, for the first time since the start of the boom triggered at the turn of the millennium, negative year-on-year figures were recorded during the summer months.

The slowing down of economic growth and stock market turbulence precipitated a crisis of confidence that ultimately dissuaded many potential buyers. Government measures to reduce taxes on small-engined vehicles were required to spark the market back to life in the final months of 2015.

The decline continues in Japan

In the early 1990s, annual sales of light vehicles in Japan exceed 7 million units. For around a decade, the figure fluctuated between 4 and 5 million, under the varying influence of government support measures. The world's third largest economy only narrowly avoided a second recession in mid-2015. The VAT increase applied in April 2014 (from 5% to 8%) also hindered spending on durable goods, cars in particular.

In anticipation of this measure, households made their purchases ahead of time. They have kept away from dealerships in their droves since it was brought in. Moreover, mini-cars with an engine size of less than 660 cc, a Japanese peculiarity, saw their annual taxation levels increase in April 2015. Over the course of that year, sales of such vehicles fell by 16.6%, while those of traditional vehicles dropped by 4%. In total, the Japanese market shrank by more than 10% in 2015.

Brazil is struggling

Having plunged into recession in 2015, Brazil is now dealing with tough economic conditions, notably a rapidly rising unemployment rate combined with restricted access to finance. The political crisis triggered by corruption scandals has only served to exacerbate an already tense climate. In this context, the Brazilian market's collapse in 2015 was the worst recorded in 28 years. Sales of cars and light utility vehicles fell by 25.6% to 2.48 million units.

The used/new ratio

Ratio between registrations of used private vehicles and those of new private vehicles over the course of the year

	BE	DE	ES	FR	IT	UK	EU 6 pays	JP	US*	BR	CN	MX
2007	1.2	2.0	1.0	2.6	2.0	3.1	2.2	0.9	2.6	3.1	0.4**	1.7
2010	1.2	2.2	1.7	2.4	2.3	3.3	2.4	0.8	3.2	2.7	0.3	0.8
2013	1.3	2.4	2.3	3.0	3.2	3.0	2.7	0.7	2.7	2.8	0.3	0.8
2015	1.3	2.3	1.7	2.9	3.0	2.6	2.5	0.8	2.2	4.1	0.3	0.2

** US: light vehicles*
*** China: 2008 data*

SEGMENTED OFFERINGS
WITH WIDE APPEAL

With global sales now buoyant on the whole, an analysis of two market segments demonstrates the car market's resilience under pressure.

SUVs gain further ground

The SUV segment has been the quickest to get back to speed. Already accounting for more than 50% of light-vehicle registrations in the United States (pick-ups included), the market share of SUVs in Europe leapt from 8% in 2010 to 20% in 2015. Their popularity is particularly striking in Italy (22%), Spain (21%) and the United Kingdom (20%). Even in Japan, where sales growth remains tentative, these models have become favourites among motorists, particularly the younger generations. The same can be said of the emerging countries, with SUVs now accounting for almost a quarter of sales in China **(Fig. 6)**.

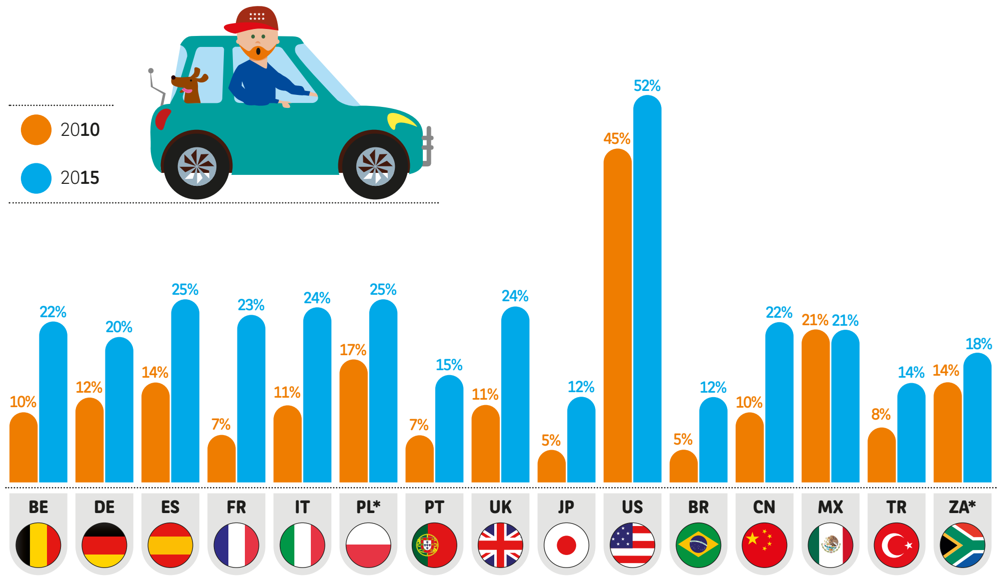
SUVs are well suited to urban driving and generally meet the toughest environmental requirements. As well as their practicality and fun design, there is something altogether reassuring about these vehicles. In certain countries, including China, great importance is placed on the social status they convey. This makes sense when one considers that 70% of motorists in the emerging countries, and as many as 82% in China, believe that the image projected by their car in terms of living standards and social status is crucial, compared with a 15-country average of «only» 52%.

Every brand has seized the opportunity to harness and even anticipate this consumer trend. The Nissan Qashqai, which initiated the phenomenon in Europe, the Renault Kadjar, the Volkswagen Tiguan 7-seater, the Peugeot 3008, the Audi Q2 and the Mercedes GLC coupé are just a few of the many models available. One of China's great success stories is Haval, a sub-brand of Chinese car maker Greatwall that is entirely devoted to SUVs. Several new players, including Seat, Skoda and Subaru, not to mention Jaguar and Maserati, will soon be taking their first steps in the segment.

Fig. 6 ▸ Variation in the market share of SUVs as a proportion of new light-vehicle registrations

In %

Source: BIPE



** South Africa and Poland: 2011*

Premium brands find new buyers

Another illustration of the renewed health of the car market is the growing interest of motorists in premium brands. Between 2010 and 2015, their sales increased significantly **(Fig. 7)**.

In China, their market share almost doubled, rising from 6% in 2010 to 10% in 2015. Hitherto focused on traditional large saloon cars, premium brands are now investing in more compact segments, which are particularly prized by young women from the wealthier classes. The appearance on the market of a new generation of second-time buyers (the first cohort to replace their vehicles since the market took off 10 years ago), also explains why premium brands are doing such good business. Indeed, replacing one's vehicle often means making a move up-market. What's more, the purchasing restrictions imposed in large cities naturally favour potential buyers with the highest incomes, who are obviously more likely to opt for premium brands.

In Europe, the market for new high-end cars continues to be fuelled by businesses, first and foremost. Finance solutions such as leasing allow manufacturers to offer competitive instalment plans that enable the cost of buying a car to spread over a period of time, while guaranteeing fuss-free motoring (servicing and maintenance is included in the fees paid). Another advantage of buying these premium vehicles is that they boast a relatively high residual value. With households now able to access these financing solutions, all the elements appear to be in place for Europeans to realise their dreams more easily. 53% have already stated their interest in high-end vehicles.

In the United States, a market populated by a number of brands without a presence in Europe (Cadillac, Lincoln, Acura, etc.), the premium market is still dominated by German luxury car specialists BMW and Mercedes. High-end manufacturers enjoy a 14% share of overall sales, a figure that has remained stable over the last five years.

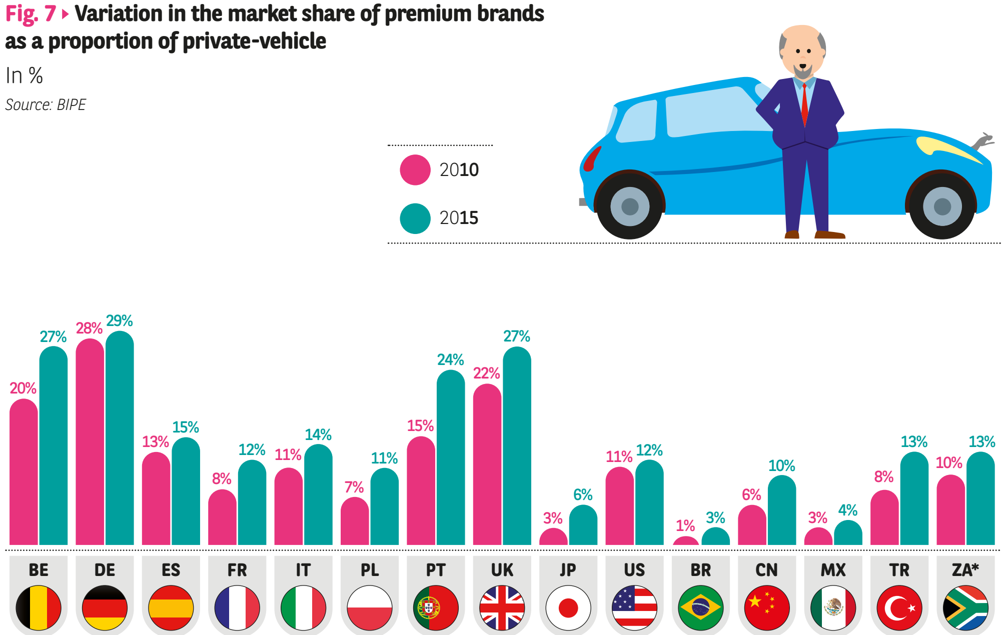
Japan is the exception to the rule when it comes to global market trends, but high-end brands still increased their share of sales in the country between 2010 and 2015.

In South Africa, which is home to BMW and Mercedes plants, premium brands are also going strong (13% of sales in 2015).

Fig. 7 ▸ Variation in the market share of premium brands as a proportion of private-vehicle

In %

Source: BIPE



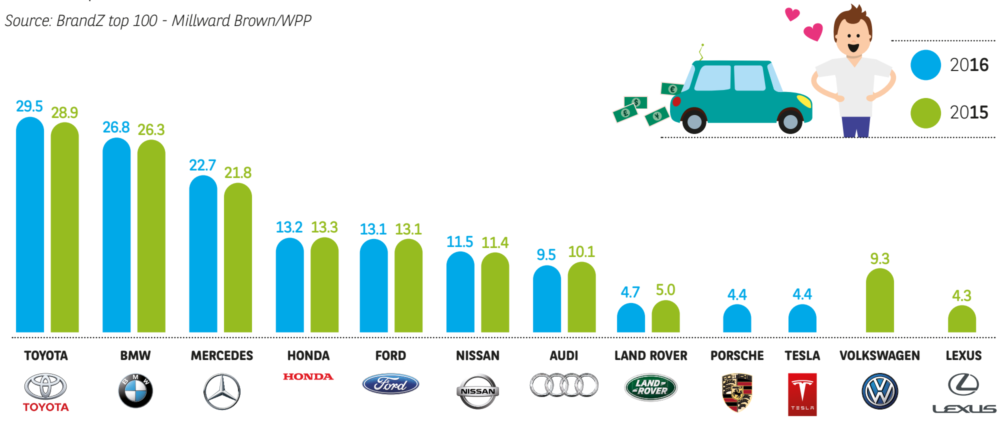
NB: Premium brands included: Aston Martin, Audi, BMW, Bentley, Ferrari, Infiniti, Jaguar, Lamborghini, Land Rover, Lexus, Maserati, Mercedes, Mini, Porsche, Saab, Tesla, Volvo, Cadillac, Bugatti, Acura, Fisker, Maybach, Mclaren, Morgan, Rolls Royce and TVR

** South Africa: 2012*

Fig. 8 ▸ Ranking of car manufacturers according to their financial performance and their image in the eyes of consumers

Value in $ billions

Source: BrandZ top 100 - Millward Brown/WPP



NB: Each year the power of global brands is assessed by Millward Brown according to their financial performance (turnover) and their image in the eyes of 3 million consumers from 50 countries, who are questioned about more than 100,000 brands. The survey is published in the Financial Times.

A bright future

At the heart of what one might call a «techno-craze» triggered by the economic, societal, environmental and scientific context, the car serves as a catalyst for innovation. The sector is attracting new industrial and technological players. Its appeal is also rising among a clientèle whose needs were apparently not met by traditional vehicles. Focusing on autonomous vehicles and new automotive technologies, L'Observatoire Cetelem de l'Automobile 2016 revealed that one in three motorists would use their car more frequently if it was connected.

One new entrant in particular has received a great deal of attention. Tesla, the first US car maker to be floated on the stock exchange since the 1950s, is a product of Silicon Valley and has made a speciality of high-end electric vehicles. Its ambition is to attain the same stock market value as Apple by 2025. The rapid increase in the firm's worldwide popularity between 2012 and 2015 is undeniable. What's more, it is said to have received 300,000 pre-orders for its new Model 3. And in 2016, the brand featured among the top 10 most valuable car brands of the Millward Brown BrandZ ranking, a sure-fire sign that «the future is now» **(Fig. 8)**.

CONSUMER
TESTIMONIES

«Connected cars, like the Tesla I tried recently, really appeal to me. This is more than just a vehicle. The fact that it is connected allows you to do anything you can do on a normal computer. This is great for techno-geeks, because you really feel at home!»

SATISFYING CONSUMER DEMANDS

The updating of manufacturers' ranges, the ability of traditional car makers to reassess their approach, and the reinvigoration engendered by the arrival of new players hailing chiefly from the high-tech sector have been met with strong approval from motorists.

A welcome breath of fresh air

72% of motorists declare that they are sensitive to new market launches. The scores are particularly striking in the emerging countries (88%), Brazil in particular (91%). Europe and the United States are not far behind (69% and 60% of motorists, respectively, say they are sometimes tempted by the new models launched), a sign that product offerings have a decisive influence in mature markets. Once again, Japan is the exception, with just one in three motorists liable to splash out on a new model.

The ever increasing beauty of cars

The automotive industry's ability to reassess itself and understand the expectations of consumers is also demonstrated by the aesthetic changes that have taken place.

To meet the emotional needs of motorists, many manufacturers are going for clever and audacious designs, which are more likely to appeal to the hearts of consumers. The trend for novel or «neostalgic» styling (examples include the Mini, Fiat 500 and Range Rover Evoque) has already proved the worth of this strategy.

These same manufacturers have also jumped aboard the concept of «à la carte» cars. As a counterpoint to strict safety and environmental regulations, customisation has emerged as a new way of attracting consumers. Initially the preserve of a handful of luxury brands and segments, more and more customisation options are being offered by mainstream manufacturers. The aim is to propose, not impose. Far behind us are the days when, to quote Henry Ford in 1908, «People can have the Model T in any colour, as long as it's black».

In China, the automotive cultural revolution is underway. Vehicle customisation is particularly popular in the country and the image of homogeneous saloon cars with tinted windows is on the wane.

More daring still, some car makers such as PSA are banking on a new form of customisation: olfactory design. The intention is to improve air quality inside the car and enhance the sensory experience of passengers by offering a system capable of emitting certain fragrances according to the atmosphere chosen by the user.

These new features have captured the imagination of motorists. Between 80 and 96% of those surveyed acknowledge the advances made in car design. The Japanese are alone in displaying a real degree of nostalgia, with one in five motorists believing that current models are less attractive than those of 20 years ago.

A green trump card

Manufacturers have also shown that they are prepared to listen to motorists' demands for more eco-friendly vehicles **(Fig. 9)**. Indeed, 93% of motorists state that they are mindful of their vehicle's fuel consumption. More than half include this factor in their top 3 purchasing criteria **(Fig. 10)**.

Thus, while the success of Toyota, which leads the way when it comes to the market penetration of hybrid engines, remains an exception in the global automotive landscape, technologies combining fossil and electrical energy have made significant progress in terms of sales.

All the evidence points to the trend continuing, given the expectations clearly expressed by consumers. With an average of 7.3 out of 10, hybrid technology scores the highest among the engine types mentioned. With many believing that their range and recharging infrastructure are still too limited, fully electric vehicles (6.6/10) have failed to move above traditional energy forms (petrol and diesel also score 6.6/10), in which manufacturers continue to invest in the aim of improving efficiency.

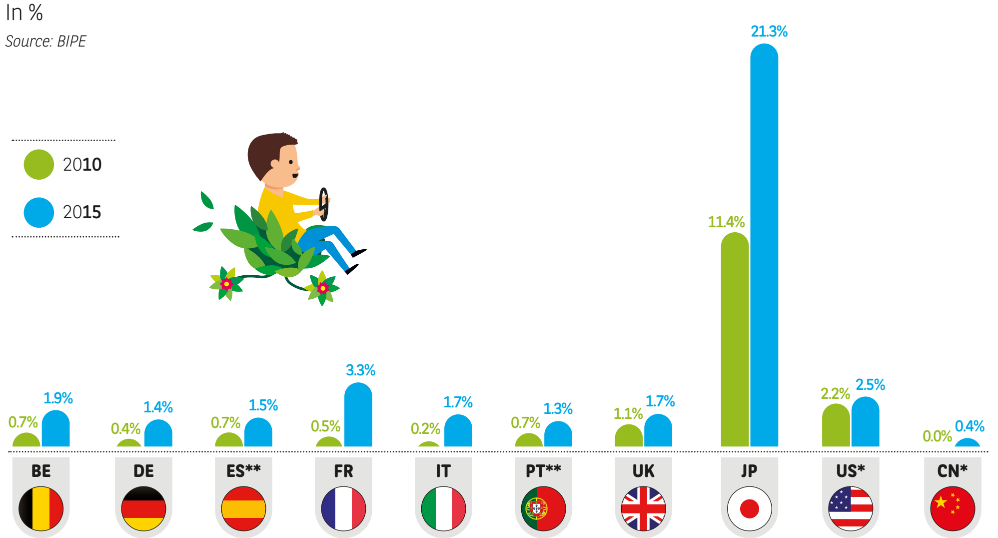
The French get plugged in

With a market share of close to 1%, France is top of the class when it comes to fully electric vehicles. China follows with 0.7%, but the segment is growing at a particularly rapid rate in the country (sales quadrupled in 2015).

Fig. 9 ▸ Market share of hybrid vehicles as a proportion of total private-vehicle registrations

In %

Source: BIPE



** USA, China: 2011*

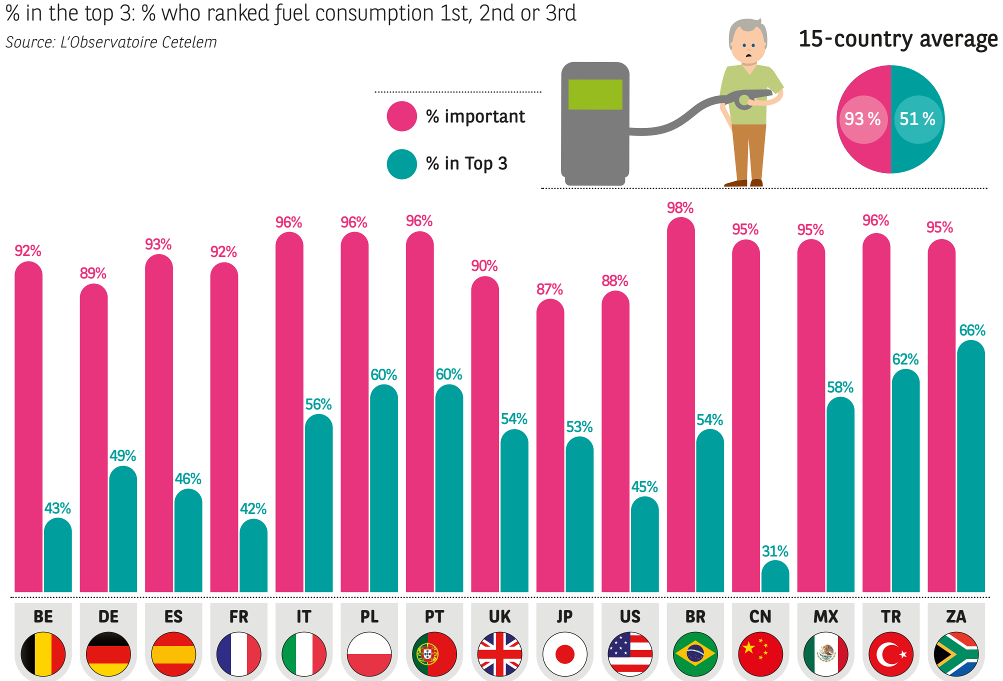
*** Portugal, Spain: 2014*

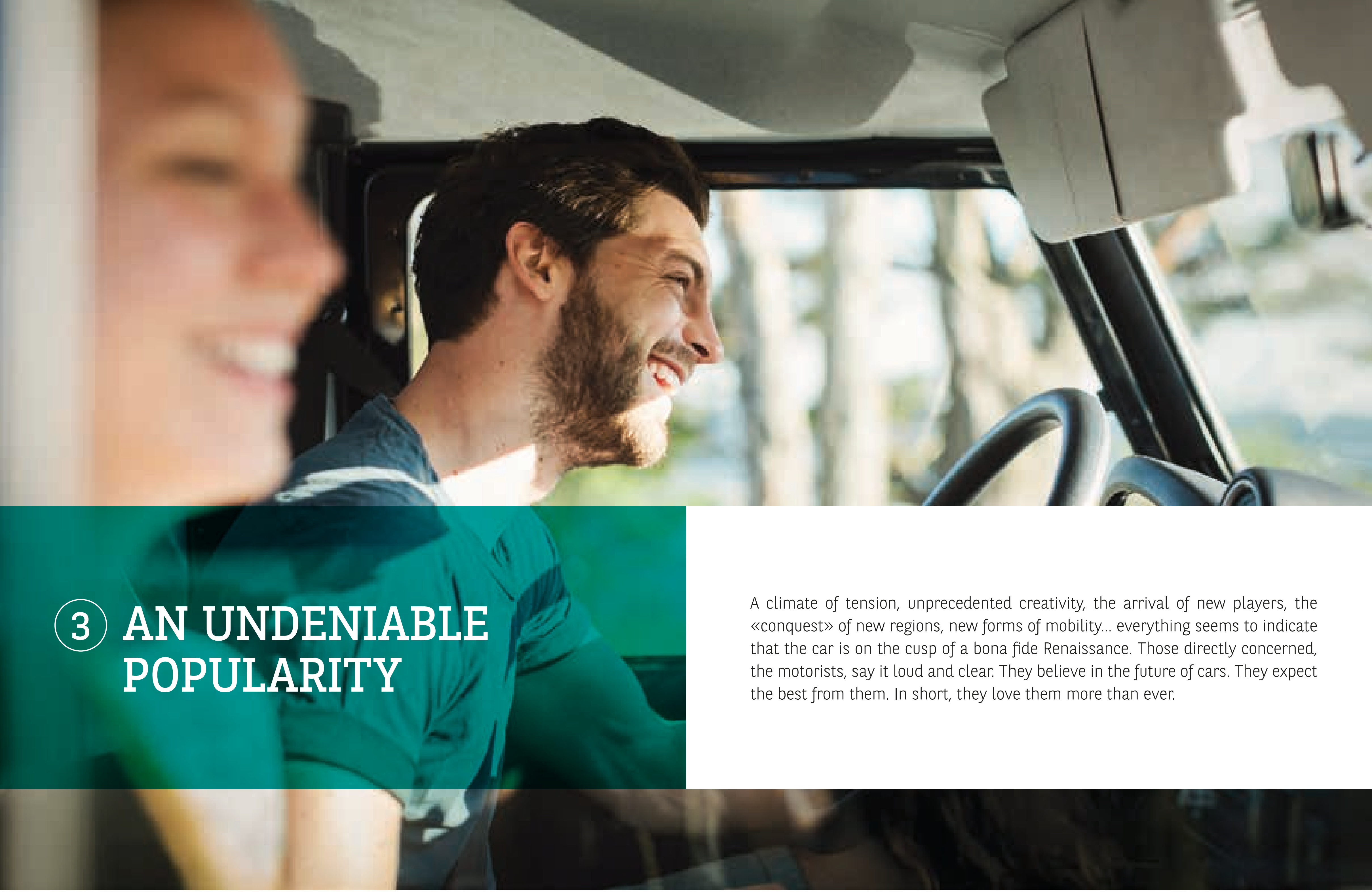
Fig. 10 ▸ Importance of the «fuel consumption» criterion when purchasing a car

% important: sum of respondents who answered «very important» or «somewhat important»

% in the top 3: % who ranked fuel consumption 1st, 2nd or 3rd

Source: L'Observatoire Cetelem





3 AN UNDENIABLE POPULARITY

A climate of tension, unprecedented creativity, the arrival of new players, the «conquest» of new regions, new forms of mobility… everything seems to indicate that the car is on the cusp of a bona fide Renaissance. Those directly concerned, the motorists, say it loud and clear. They believe in the future of cars. They expect the best from them. In short, they love them more than ever.

MORE POPULAR THAN EVER

So, is the car just a relic from a bygone industrial age? Judging by the thoughts of the motorists surveyed for L'Observatoire Cetelem de l'Automobile 2017, not at all.

A frank and overwhelming «yes»

The opinion of nine out of ten motorists is positive **(Fig.11)** and the figure is even higher in the emerging countries **(Fig. 12)**. Almost a quarter even hold a «very positive» opinion of cars. The French fall into line with this underlying trend, with 85.9% answering positively. In addition, contrary to the rhetoric emanating from the media and the mouths of politicians, 84.3% believe that the car enjoys a positive image in the eyes of society. Mirroring the results of L'Observatoire Cetelem 2011, young people reiterate their fondness for cars in this latest edition.

It is worth noting that, in line with the findings of previous surveys conducted on household morale, individual opinions are more positive than the overall perception.

Fig. 11 ▸ What opinion do you personally hold about cars in general?

In %, 15-country average
Select one answer only

Source: L'Observatoire Cetelem

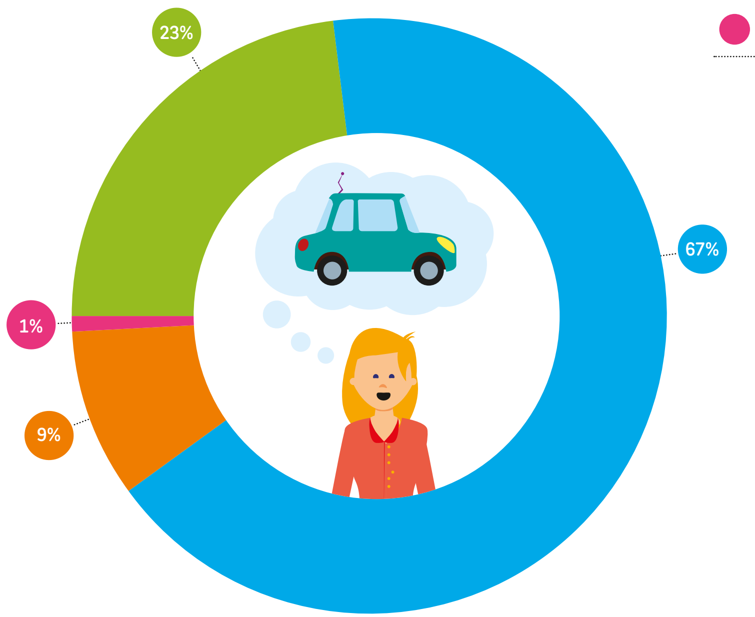
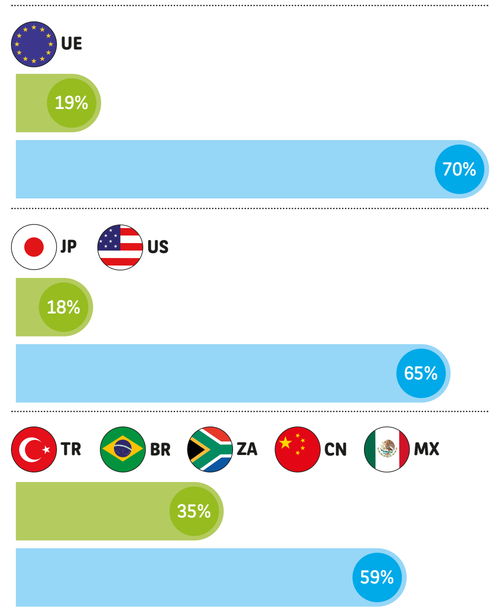


Fig. 12 ▸ What opinion do you personally hold about cars in general?

In % - Average of the countries in each group

Source: L'Observatoire Cetelem



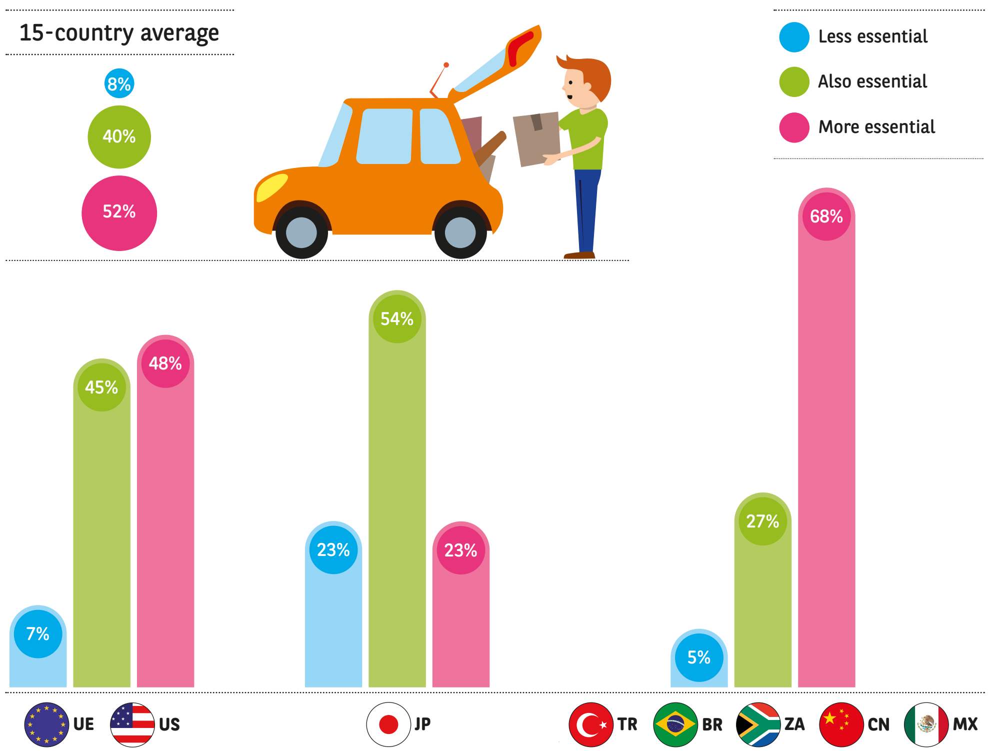
Unfounded criticism

31% of those surveyed consider that the media and politicians generally express themselves in negative terms when it comes to cars. The figure reaches 57% in Belgium and 48% in France. Then come Germany (44%), the United Kingdom (44 %) and the United States (42 %). In other countries, the score varies between 20 and 30%, with the exception of China (8%). Meanwhile, only 14% believe that this negative treatment in the press is justified. Belgium is the outlier once again, with 30% of those surveyed voicing the opinion that the criticism is justified.

Fig. 13 ▸ On the whole, compared to 20 years ago, do you believe that cars are...

In % - Country average - Select one answer only

Source: L'Observatoire Cetelem



Essential

Not only does this individual enthusiasm for cars seem almost universal, their current popularity appears to be stronger than ever before **(Fig. 13)**. With vehicle ownership rates rising rapidly in the emerging countries, it is no surprise that the vast majority of their consumers believe cars to be at least as important (95%), if not more important (68%), than 20 years ago. What is surprising, however, is that 49% and 43% of those surveyed in Europe and the United States, respectively, are of the same opinion.

CONSUMER
TESTIMONIES

«My car is essential. I don't know what I would do without a car. I'm very attached to mine.»

Meanwhile, almost a quarter of Japanese respondents believe cars to be less of a necessity than 20 years ago. Once again, Japan, a country with a high population density and a public transport network of renowned quality, stands apart from the other nations. The result follows the structural trend that has seen car sales fall in the country over the last two decades.

Generally speaking, car dependence is obviously much higher in less densely populated areas, where alternative forms of transport are usually a great deal scarcer. Indeed, cars tend to be considered vital in these areas, where many inhabitants rely on them for social and professional reasons.

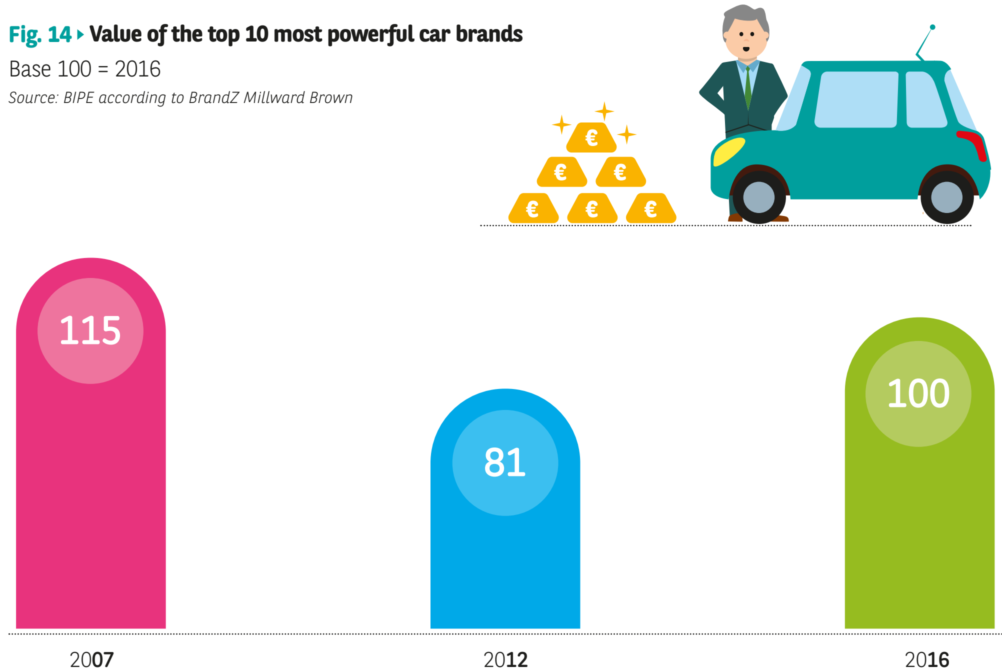
Ever more recognisable brands

Another indicator highlights the car's wide recognition and the place it holds in the hearts of motorists. In 2016, the economic value of the most powerful car brands, as assessed by the Millward Brown BrandZ ranking, which is based on financial performance and image among consumers worldwide, was 23% higher than the low point reached in 2012 **(Fig. 14)**.

Fig. 14 ▸ Value of the top 10 most powerful car brands

Base 100 = 2016

Source: BIPE according to BrandZ Millward Brown



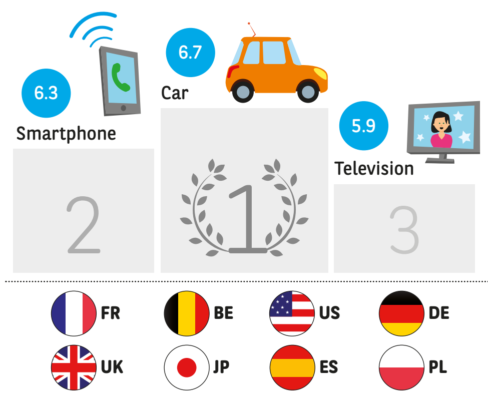
NB: The power of global brands is assessed each year by Millward Brown according to their financial performance (turnover) and their image in the eyes of 3 million consumers from 50 countries, who are questioned about more than 100,000 brands. The ranking is published in the Financial Times.

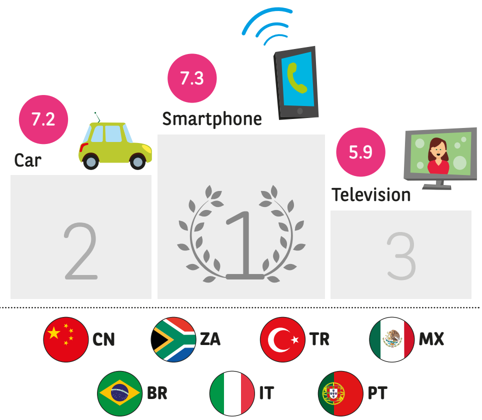
The predominance of cars

This recognition is also rooted in the real world. When up against mobile phones and televisions, cars more than hold their own **(Fig. 15)**. In developed countries, they obtain by far the highest score: 6.7 vs. 6.3 for mobiles and 5.9 for televisions. In emerging countries, the mobile phone is the narrow winner.

On average, men are more attached to their car than their mobile, while for women the two are neck and neck. However, cars face a strong challenge from mobiles among the younger generations, to whom a vehicle is financially less accessible and alternative forms of transport are more attractive. But it is easy to imagine that their fondness for cars will rise as they grow older, start a family and have children.

Fig. 15 ▸ How attached are you to the following products? (answers by country group)
Average country score; 1 = not at all attached; 10 = very attached





A friend who wants the best for you, but cares little about status

So what is it that motorists find so appealing? How do they explain their fondness for their car?

First and foremost, they see it as a symbol of freedom. 90.7% of the people surveyed put this point forward. In a globalised world, where travel has never been easier or faster, cars remain a prominent symbol of independence and free choice. The pioneering spirit is stronger than ever in what is not so much a product, but an iconic object that is perfectly in tune with the desires of human beings.

CONSUMER
TESTIMONIES

«My car gives me a certain amount of freedom, which contributes to my feeling of well-being. I can always count on it.»

Just as many respondents (90.7% of those surveyed), deem cars to be essential from a practical perspective. All agree that it is a vital form of transport. Such an unequivocal result implies that, regardless of country or living environment – simply put, urban or rural – cars remain essential, such is their variety of uses (leisure, work, shopping, etc.).
Time savings are the 3rd most important quality people see in cars (88.1%). Unlike the various forms of public transport on offer, trains and planes included, cars are available right away and effective immediately. It seems to matter little that travelling by bus or bicycle is often a quicker way of getting from A to B in urban areas.

It should be noted, nonetheless, that this empathy/sympathy for cars does not affect the critical faculties and clear-headedness of motorists. 92.3% find them expensive. A feeling that is shared by all.

It is important to point out that cars are no longer synonymous with social standing, except in rapidly developing countries. Once more, this survey demonstrates that the car's role as a status symbol is no more than a distant memory, a part of the growing-up process for a product that has today reached full maturity.

CONSUMER
TESTIMONIES

«Freedom means being able to go away for the weekend on a whim, without knowing which route I'm going to take.»

THE JOY OF MOTORING
IN ALL ITS FORMS

Another quality may reassure manufacturers regarding the long-term future of their business. Indeed, the car's positive image cannot be dissociated from the pleasure of driving.

CONSUMER
TESTIMONIES

«I love driving my car, it brings me pleasure because I feel good when I'm sitting in it, I feel like I'm free to come and go as I please.»

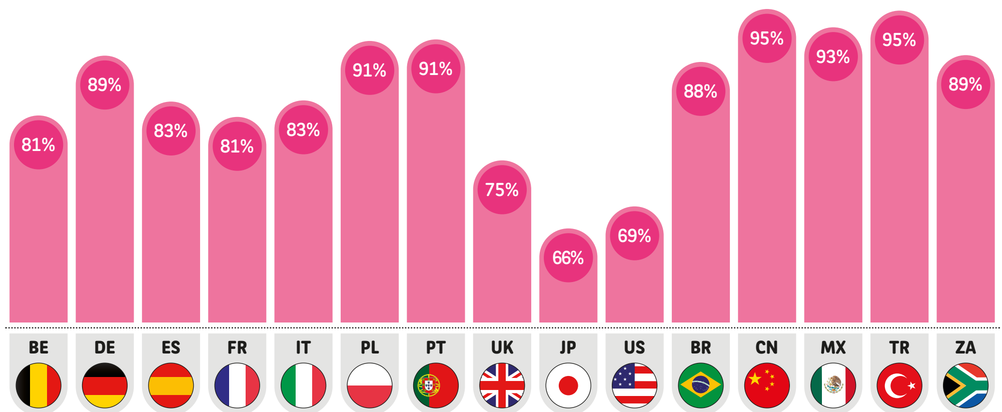
The love of driving

More than eight out of ten motorists declare that they love getting behind the wheel **(Fig. 16)**. Only the Japanese and Americans display greater indifference. Both countries have many large conurbations and feature highly restrictive speed limits, which tempers the enthusiasm of drivers.

Overall, cars are viewed as a source of pleasure by seven out of ten motorists, and this is especially true in the UK, Poland, Turkey, Brazil, the US and South Africa.

Fig. 16 ▸ I love driving

In %
Sum of respondents who «completely agree» or «somewhat agree»
Select one answer only
Source: L'Observatoire Cetelem



CONSUMER
TESTIMONIES

«Cars offer a degree of independence that is difficult to achieve through any other means, not to mention driving pleasure.»

Stars of the show

The huge crowds regularly drawn by motor shows are another indicator of the pleasure people derive from cars. As a shop window for the latest gems produced by manufacturers, they attract visitors who are looking for something new to fuel their motorised fantasies **(Fig. 17)**.

The Paris Motor Show, the leading event of this type, welcomed more than 1.2 million enthusiasts in 2014. Placed under the sign of (re)enchantment, the 2016 edition will showcase cinema's most famous cars during the «*L'automobile fait son cinéma*» («Cars on film») exhibition.

Different country, same success. 43% of Chinese consumers visit motor shows to gather information before making a purchase (see the 2015 edition of L'Observatoire Cetelem de l'Automobile). The Shanghai show is rapidly gaining success and passed the million visitor mark in 2015. With an increase in visitor numbers of more than 14% compared to 2013, it is now on equal footing with the Frankfurt show.

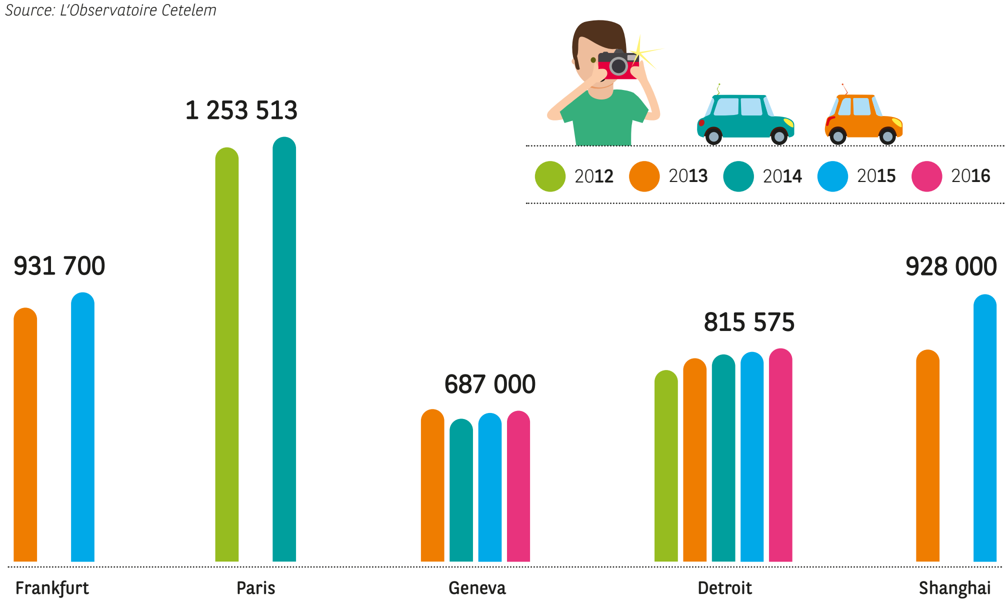
CONSUMER
TESTIMONIES

«The Motor Show allows me to dream! It's a kind of race to innovate, but in a good way. Motor shows are a stunning spectacle, especially when it comes to high-end cars.»

Renowned for its equal focus on dream cars and vehicles you can actually buy, the Geneva show also saw its number of visits rise in 2016 (+0.7% vs. 2015).

Lastly, we should not forget Detroit, whose recent editions have achieved enough exposure to suggest that the industry is back on track in the automobile's spiritual home.

Fig. 17 ▸ Number of visitors at the leading motor shows
Source: L'Observatoire Cetelem



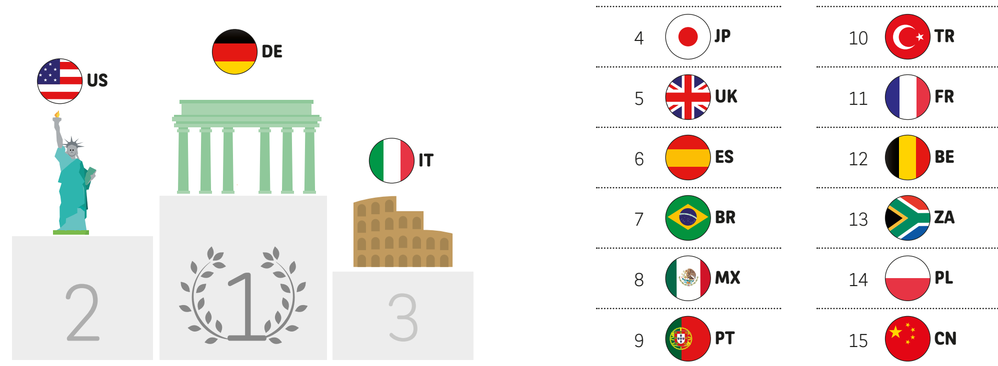
The joy of motoring goes virtual

To maintain and even ramp up the pleasure experienced by motorists, manufacturers are now looking beyond the real world. Today they place a great deal of focus on all that is virtual, particularly through social media such as Facebook, YouTube, Instagram and Twitter. These «tools» now form an integral part of their communication strategy.

They are a fantastic way of promoting new models and establishing dialogue with customers, especially those younger than their traditional clientèle, while making them feel valued by involving them in the construction of their strategy. They also make it possible to inform consumers in real time about great deals and special offers, a subtle way of boosting sales.

According to a survey conducted by Shopify in 2013, YouTube is the leading social network when it comes to stimulating car sales. Indeed, videos offer consumers an immersive experience and are very effective at forging ties between people and brands. At the end of June 2016, Germany was number one when it came to visiting the YouTube channels of the main brands sold in the country, followed by the United States and Italy **(Fig. 18)**.

Fig. 18 ▸ Country ranking based on the proportion of web users who have subscribed to the YouTube channels of the five best-selling car brands in the country
Source: BIPE according to YouTube as of end-June 2016



CARS: RELEVANT TODAY AND FOR MANY YEARS TO COME

One of the key findings of L'Observatoire Cetelem de l'Automobile 2017 is that motorists do not content themselves with declarations and statements of intent. While pleasure, the love of driving and the freedom associated with cars are put forward quite clearly, there is also a great keenness to actually make a purchase. And what's more, people are prepared to dig deep into their pockets!

An urge to spend more

More than nine out of ten motorists who intend to buy a car within the next two years plan to spend at least as much as they did on their current car, with six out of ten prepared to spend more **(Fig. 19)**.

In Europe, Japan and the United States, purchasing intentions are more measured, with» only» 47% planning to spend more. The Poles display greater ambition than their European neighbours, with 62% declaring that they are ready to break the bank to buy a nice car. In the emerging countries, and notably China, where a whole generation of first-time buyers are now looking to replace their vehicle, the desire to move up-market is just as clear. In fact, 93% of Chinese respondents state that they are prepared to spend big to treat themselves, with 78% declaring that they are willing to spend more.

Average prices are on the up

These declarations of intent are borne out by the figures. Over the last five years, the average price of new cars has increased in most European countries, as well as the United States. Only in Spain and Portugal have prices fallen, as a result of a particularly tough economic climate. The popularity of SUVs goes a long way to explaining rising car prices, given that these models tend to be slightly more expensive than a similarly sized saloon car.

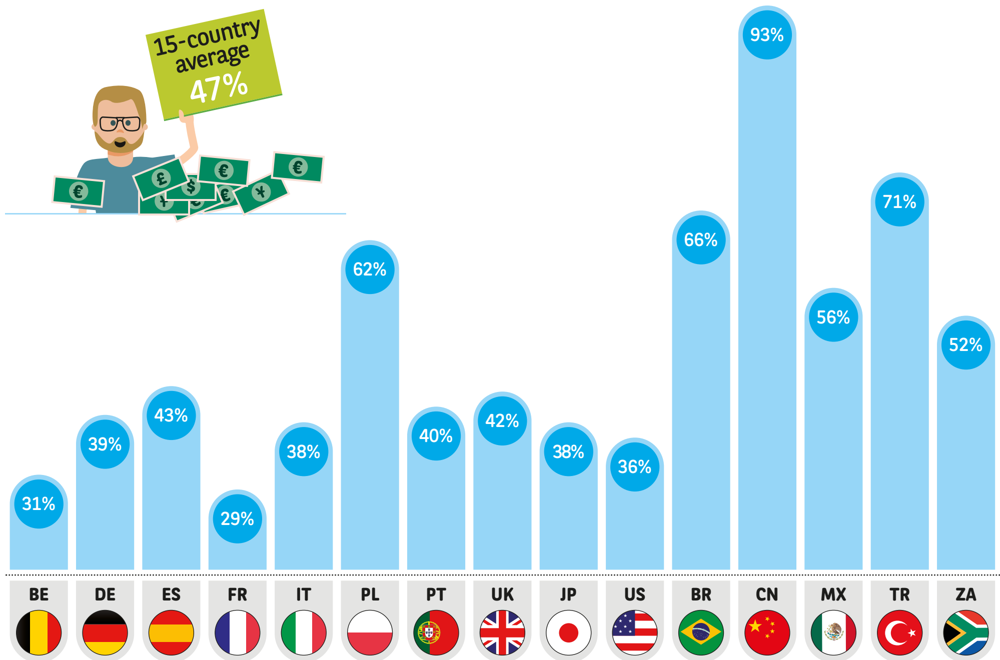
In China, the drop in the average price observed between 2011 and 2015 should not be seen as a blot on the copybook. Quite the opposite in fact, as this is a sign that the product is gaining ground among the lower middle classes, who are less wealthy than the clientèle attracted initially. This is especially the case in medium-sized cities located inland, where the appetite for cars is huge. The entry into the market of SUVs made by Chinese firms, which are both well designed and affordable, has contributed significantly to broadening the car's appeal. And the concessions made by Chinese car buyers remain much greater than those observed in the developed nations.

In 2014, buyers spent an average of 1.2 times their annual salary to buy a new car (with peaks of more than 2 in the luxury segments), while European buyers spent the equivalent of half their annual salary and Americans a third.

Fig. 19 ▸ I would be prepared to break the bank to buy a nice car

In % - Sum of respondents who «completely agree» or «somewhat agree» - Select one answer only

Source: L'Observatoire Cetelem



A buoyant outlook for the car market

- China's growth potential is undeniable. However, the rate of growth will be slower than in the past.
- In Brazil, once the country has emerged from its political and economic predicament, consumers should be quick to express their latent need for private vehicles.
- In Turkey, the low rate of ownership and the advancing age of the cars currently on the road (12.7 years on average) should lead to rising demand in the medium term.
- In Mexico, the recent fall in used-car imports will breathe new life into the new-vehicle market (growth of 4.5% per year is expected).
- Businesses will have an ever greater influence on the markets of developed countries, which are now close to saturation point.
- With the proliferation of finance options such as leasing and the emergence of collaborative mobility solutions such as car sharing, car ownership will gradually shift from the private sphere to the public and business spheres. This will facilitate access to cars for populations whose reach they were once beyond.
- Moreover, in a world where firms seek to attract and secure the loyalty of employees, but also to manage the cost of labour in an optimal manner, so-called company cars will be a viable way of offering their staff fringe benefits.
- This shift in ownership from consumers to businesses or local authorities will lead to a natural shortening of replacement cycles. The perpetual ageing of company fleets, a widely observed phenomenon, could thus be stymied and even thwarted altogether.

An unashamed attachment

But is it possible, nonetheless, that cars could fall out of favour with consumers? Certainly not, or so motorists tell us.

With regard to ownership, only two out of ten motorists state that they are prepared to no longer own a car one day and, even then, not in the immediate future. Those least receptive to the idea are motorists in the emerging countries, particularly in China, where the appetite for cars is still new. At the other end of the spectrum, Japanese consumers seem less afraid to take the plunge.

In terms of usage, the response is just as clear. Eight out of ten people state that they would never give up their car, with the Chinese once again the most vehement in this regard. 80% of French respondents agree, a result that is in line with other European countries.

CONSUMER
TESTIMONIES

«I use car sharing every day. This means no costs, few responsibilities and almost total freedom.»

And again, eight out of ten motorists believe that cars will be as important, if not more important, in 20 years' time. Today cars are much loved. And this is sure to be the case for a long time to come.

4 THE COUNTRIES OF L'OBSERVATOIRE CETELEM

BELGIUM

While the Belgians are some of the harshest critics of cars and claim to have relatively little interest in the latest models, they are still avid buyers of premium brands.

General perception of cars

% I have a generally positive image of cars

86 %

15-COUNTRY AVERAGE 90 %

Ranking out of 15 countries: 14th

% I love driving

81 %

15-COUNTRY AVERAGE 84 %

Ranking out of 15 countries: 12th

Attachment to cars (score from 1 to 10)

6,7

15-COUNTRY AVERAGE 6,9

Ranking out of 15 countries: 11th

Attachment to mobile phones (score from 1 to 10)

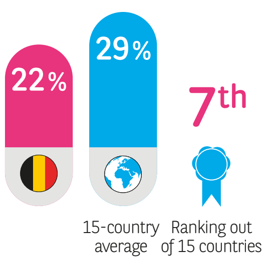
6,4

15-COUNTRY AVERAGE 6,7

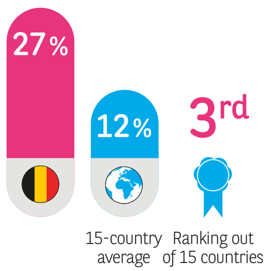
Ranking out of 15 countries: 10th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

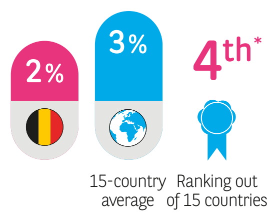


Premium brands as a percentage of private-vehicle sales in 2015



Hybrids as a percentage of private-vehicle sales in 2015

** 10 countries*



KEY FIGURES	87 % Special offers/ discounts are important purchasing criteria	91 % Cars are synonymous with freedom, independence and self-sufficiency	92 % Cars are expensive	53 % I am really tempted by certain new models of car
15-country average	79 %	86 %	89 %	72 %
Ranking out of 15 countries	3rd	4th	3rd	14th

Source: L'Observatoire Cetelem/BIPE

BRAZIL

The Brazilians display the greatest fondness for cars, a product that fuels their dreams more than any other. Cars are prized for their ability to project one's self-image, but they are also synonymous with pollution. With the economic difficulties they are currently experiencing, the Brazilians are eager to keep abreast of special offers.

General perception of cars

% I have a generally positive image of cars

92 %

15-COUNTRY AVERAGE 90 %

Ranking out of 15 countries: 6th

% I love driving

88 %

15-COUNTRY AVERAGE 84 %

Ranking out of 15 countries: 8th

Attachment to cars (score from 1 to 10)

7,8

15-COUNTRY AVERAGE 6,9

Ranking out of 15 countries: 1st

Attachment to mobile phones (score from 1 to 10)

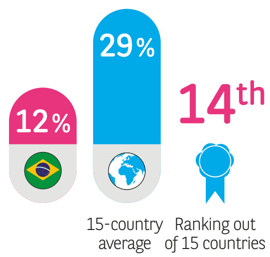
8,2

15-COUNTRY AVERAGE 6,7

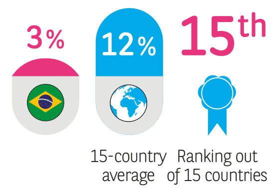
Ranking out of 15 countries: 1st

Characteristics of the automotive markets

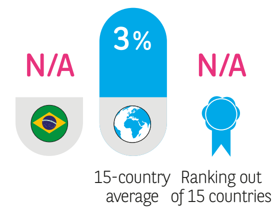
SUVs as a percentage of light-vehicle sales in 2015



Premium brands as a percentage of private-vehicle sales in 2015



Hybrids as a percentage of private-vehicle sales in 2015



KEY FIGURES	98 % Fuel economy is an important purchasing criterion	94 % Special offers/ discounts are important purchasing criteria	69 % The self-image projected by a car is an important purchasing criterion	87 % Cars are an object of desire	91 % I am really tempted by certain new models of car	80 % Cars are synonymous with pollution
15-country average	93 %	79 %	52 %	64 %	72 %	70 %
Ranking out of 15 countries	1st	1st	3rd	1st	1st	3rd

Source: L'Observatoire Cetelem/BIPE

CHINA

The Chinese display an almost universal fondness for cars and hold them in the highest esteem. New cars are an object of desire for them and they are the least concerned about cost.

General perception of cars

% I have a generally positive image of cars

China: 98 %
15-COUNTRY AVERAGE: 90 %
Ranking out of 15 countries: 1st

% I love driving

China: 95 %
15-COUNTRY AVERAGE: 84 %
Ranking out of 15 countries: 2nd

Attachment to cars (score from 1 to 10)

China: 7,3
15-COUNTRY AVERAGE: 6,9
Ranking out of 15 countries: 3rd

Attachment to mobile phones (score from 1 to 10)

China: 7,4
15-COUNTRY AVERAGE: 6,7
Ranking out of 15 countries: 3rd

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

China: 22 % — 15-country average: 29 % — Ranking out of 15 countries: 8th

Premium brands as a percentage of private-vehicle sales in 2015

China: 10 % — 15-country average: 12 % — Ranking out of 15 countries: 12th

Hybrids as a percentage of private-vehicle sales in 2015

** 10 countries*

China: 0 % — 15-country average: 3 % — Ranking out of 15 countries: 10th*

KEY FIGURES

	88 % Style/design are important purchasing criteria	82 % The self-image projected by a car is an important purchasing criterion	94 % Cars are a symbol of modernity	85 % I am excited by today's cars	93 % I would not be prepared to break the bank to buy a nice car	63 % «Dieselgate» prompted/will prompt me not to choose one of these brands next time I buy a car
15-country average	81 %	52 %	74 %	52 %	47 %	52 %
Ranking out of 15 countries	1st	1st	1st	1st	1st	2nd

Source: L'Observatoire Cetelem/BIPE

FRANCE

While the French are less keen on cars than the average motorist and tend to complain about how much they cost, they are still quick to laud them for the freedom and independence they provide.

General perception of cars

% I have a generally positive image of cars

France: 86 %
15-COUNTRY AVERAGE: 90 %
Ranking out of 15 countries: 13th

% I love driving

France: 81 %
15-COUNTRY AVERAGE: 84 %
Ranking out of 15 countries: 11th

Attachment to cars (score from 1 to 10)

France: 6,7
15-COUNTRY AVERAGE: 6,9
Ranking out of 15 countries: 10th

Attachment to mobile phones (score from 1 to 10)

France: 6,2
15-COUNTRY AVERAGE: 6,7
Ranking out of 15 countries: 12th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

France: 23 % — 15-country average: 29 % — Ranking out of 15 countries: 6th

Premium brands as a percentage of private-vehicle sales in 2015

France: 12 % — 15-country average: 12 % — Ranking out of 15 countries: 9th

Hybrids as a percentage of private-vehicle sales in 2015

** 10 countries*

France: 3 % — 15-country average: 3 % — Ranking out of 15 countries: 2nd*

KEY FIGURES

	95 % Cars are synonymous with freedom, independence and self-sufficiency	52 % «Dieselgate» did not/will not affect the brand I choose next time I buy a car	95 % Cars are expensive	71 % I would not be prepared to break the bank to buy a nice car	51 % Cars are an object of desire
15-country average	86 %	48 %	89 %	53 %	64 %
Ranking out of 15 countries	1st	4th	2nd	1st	14th

Source: L'Observatoire Cetelem/BIPE

GERMANY

Ultimately, «Dieselgate» has had little impact on German motorists and they remain very keen on their cars and on the freedom they offer. No other country is more attracted to premium brands. Conversely, cars are less of a source of pleasure for the Germans than for any other population.

General perception of cars

% I have a generally positive image of cars

Germany: 90 %
15-COUNTRY AVERAGE: 90 %
Ranking out of 15 countries: 8th

% I love driving

Germany: 89 %
15-COUNTRY AVERAGE: 84 %
Ranking out of 15 countries: 7th

Attachment to cars (score from 1 to 10)

Germany: 7,1
15-COUNTRY AVERAGE: 6,9
Ranking out of 15 countries: 5th

Attachment to mobile phones (score from 1 to 10)

Germany: 6,2
15-COUNTRY AVERAGE: 6,7
Ranking out of 15 countries: 13th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

Germany: 20 % | 15-country average: 29 % | Ranking out of 15 countries: 10th

Premium brands as a percentage of private-vehicle sales in 2015

Germany: 29 % | 15-country average: 12 % | Ranking out of 15 countries: 1st

Hybrids as a percentage of private-vehicle sales in 2015

** 10 countries*

Germany: 1 % | 15-country average: 3 % | Ranking out of 15 countries: 8th*

KEY FIGURES	**93 %** Cars are synonymous with freedom, independence and self-sufficiency	**59 %** «Dieselgate» did/will not affect the brand I choose the next time I buy a car	**57 %** Cars are a source of pleasure	**76 %** Style/design are important purchasing criteria	**51 %** Cars are synonymous with pollution
15-country average	86 %	48 %	72 %	81 %	70 %
Ranking out of 15 countries	2nd	2nd	15th	14th	14th

Source: L'Observatoire Cetelem/BIPE

ITALY

Also impacted by the recent «Dieselgate» affair, the Italians' general perception of cars is less favourable than the average. Nonetheless, cars play an important role in their daily lives.

General perception of cars

% I have a generally positive image of cars

Italy: 88 %
15-COUNTRY AVERAGE: 90 %
Ranking out of 15 countries: 10th

% I love driving

Italy: 83 %
15-COUNTRY AVERAGE: 84 %
Ranking out of 15 countries: 9th

Attachment to cars (score from 1 to 10)

Italy: 6,6
15-COUNTRY AVERAGE: 6,9
Ranking out of 15 countries: 13th

Attachment to mobile phones (score from 1 to 10)

Italy: 6,7
15-COUNTRY AVERAGE: 6,7
Ranking out of 15 countries: 8th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

Italy: 24 % | 15-country average: 29 % | Ranking out of 15 countries: 4th

Premium brands as a percentage of private-vehicle sales in 2015

Italy: 14 % | 15-country average: 12 % | Ranking out of 15 countries: 6th

Hybrids as a percentage of private-vehicle sales in 2015

** 10 countries*

Italy: 2 % | 15-country average: 3 % | Ranking out of 15 countries: 6th*

KEY FIGURES	**90 %** Cars are an essential form of transport	**29 %** Cars are obsolete/ a relic from the past	**89 %** Special offers/ discounts are important purchasing criteria	**96 %** Fuel economy is an important purchasing criterion	**57 %** «Dieselgate» has had a negative impact on my perception of these brands
15-country average	88 %	23 %	79 %	93 %	49 %
Ranking out of 15 countries	5th	2nd	2nd	3rd	1st

Source: L'Observatoire Cetelem/BIPE

JAPAN

Suffering from a slightly stale image, cars tend to be less idealised by the Japanese. Having developed a taste for the hybrid engines developed by domestic car makers, whose popularity is immense, they are the least likely to associate cars with pollution.

General perception of cars

% I have a generally positive image of cars

- Japan: 80 %
- 15-COUNTRY AVERAGE: 90 %
- Ranking out of 15 countries: 15th

% I love driving

- Japan: 66 %
- 15-COUNTRY AVERAGE: 84 %
- Ranking out of 15 countries: 15th

Attachment to cars (score from 1 to 10)

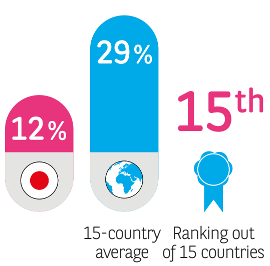
- Japan: 6,6
- 15-COUNTRY AVERAGE: 6,9
- Ranking out of 15 countries: 12th

Attachment to mobile phones (score from 1 to 10)

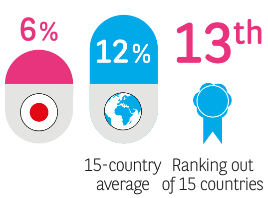
- Japan: 6,3
- 15-COUNTRY AVERAGE: 6,7
- Ranking out of 15 countries: 11th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

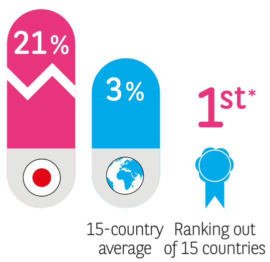


Premium brands as a percentage of private-vehicle sales in 2015



Hybrids as a percentage of private-vehicle sales in 2015

** 10 countries*



KEY FIGURES	77 % The country in which a car is manufactured is an important purchasing criterion	58 % The self-image projected by a car is an important purchasing criterion	52 % Cars are an object of desire	62 % Cars are a symbol of modernity	42 % Cars are synonymous with pollution
15-country average	53%	52%	64%	74%	70%
Ranking out of 15 countries	1st	5th	13th	13th	15th

Source: L'Observatoire Cetelem/BIPE

MEXICO

The Mexicans love to drive and dream about the latest models. Shaken by «Dieselgate», they pay close attention to pollutant emissions when making a purchase.

General perception of cars

% I have a generally positive image of cars

- Mexico: 92 %
- 15-COUNTRY AVERAGE: 90 %
- Ranking out of 15 countries: 7th

% I love driving

- Mexico: 93 %
- 15-COUNTRY AVERAGE: 84 %
- Ranking out of 15 countries: 3rd

Attachment to cars (score from 1 to 10)

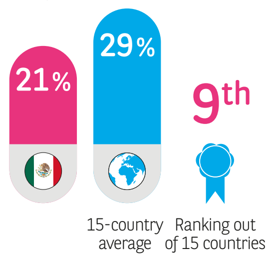
- Mexico: 7,4
- 15-COUNTRY AVERAGE: 6,9
- Ranking out of 15 countries: 2nd

Attachment to mobile phones (score from 1 to 10)

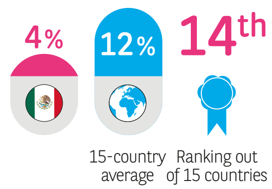
- Mexico: 7,6
- 15-COUNTRY AVERAGE: 6,7
- Ranking out of 15 countries: 2nd

Characteristics of the automotive markets

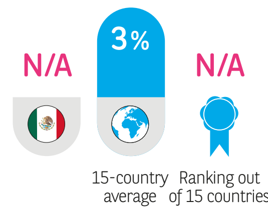
SUVs as a percentage of light-vehicle sales in 2015



Premium brands as a percentage of private-vehicle sales in 2015



Hybrids as a percentage of private-vehicle sales in 2015



KEY FIGURES	86 % Style/design are important purchasing criteria	89 % I am really tempted by certain new models of car	83 % Pollutant emissions are an important purchasing criterion	57 % «Dieselgate» prompted/will prompt me not to choose one of these brands next time I buy a car	63 % Cars are a source of pleasure
15-country average	81%	72%	73%	52%	72%
Ranking out of 15 countries	3th	2nd	3th	4th	13th

Source: L'Observatoire Cetelem/BIPE

POLAND

The Poles are the most enthusiastic European population when it comes to cars, of which they hold a very positive image. They are attracted to the latest models and are less worried about their cost.

General perception of cars

% I have a generally positive image of cars
- 95 %
- 15-COUNTRY AVERAGE 90 %
- Ranking out of 15 countries: 3rd

% I love driving
- 91 %
- 15-COUNTRY AVERAGE 84 %
- Ranking out of 15 countries: 4th

Attachment to cars (score from 1 to 10)
- 6,9
- 15-COUNTRY AVERAGE 6,9
- Ranking out of 15 countries: 8th

Attachment to mobile phones (score from 1 to 10)
- 6,6
- 15-COUNTRY AVERAGE 6,7
- Ranking out of 15 countries: 9th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015
- 25 %
- 29 % (15-country average)
- 3rd (Ranking out of 15 countries)

Premium brands as a percentage of private-vehicle sales in 2015
- 11 %
- 12 % (15-country average)
- 11th (Ranking out of 15 countries)

Hybrids as a percentage of private-vehicle sales in 2015
- N/A
- 3 % (15-country average)
- N/A (Ranking out of 15 countries)

KEY FIGURES	60 % «Dieselgate» did not/will not affect the brand I choose next time I buy a car	73 % The newness of the model is an important purchasing criterion	94 % Cars are an essential form of transport	82 % Cars are expensive	88 % Cars are a source of pleasure
15-country average	48 %	61 %	88 %	89 %	72 %
Ranking out of 15 countries	1st	4th	1st	14th	2nd

Source: L'Observatoire Cetelem/BIPE

PORTUGAL

The Portuguese have a positive image of cars and enjoy the independence they offer. They are also particularly mindful of comfort and safety when buying a vehicle. However, they are the most likely to declare that cars are synonymous with pollution.

General perception of cars

% I have a generally positive image of cars
- 94 %
- 15-COUNTRY AVERAGE 90 %
- Ranking out of 15 countries: 5th

% I love driving
- 91 %
- 15-COUNTRY AVERAGE 84 %
- Ranking out of 15 countries: 5th

Attachment to cars (score from 1 to 10)
- 6,8
- 15-COUNTRY AVERAGE 6,9
- Ranking out of 15 countries: 9th

Attachment to mobile phones (score from 1 to 10)
- 7,0
- 15-COUNTRY AVERAGE 6,7
- Ranking out of 15 countries: 6th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015
- 15 %
- 29 % (15-country average)
- 12th (Ranking out of 15 countries)

Premium brands as a percentage of private-vehicle sales in 2015
- 24 %
- 12 % (15-country average)
- 4th (Ranking out of 15 countries)

Hybrids as a percentage of private-vehicle sales in 2015
** 10 countries*
- 1 %
- 3 % (15-country average)
- 9th* (Ranking out of 15 countries)

KEY FIGURES	95 % Interior comfort is an important purchasing criterion	97 % Safety/road holding are important purchasing criteria	91 % Cars are synonymous with freedom, independence and self-sufficiency	92 % Cars are expensive	84 % Cars are synonymous with pollution
15-country average	90 %	95 %	86 %	89 %	70 %
Ranking out of 15 countries	3rd	3rd	3rd	3rd	1st

Source: L'Observatoire Cetelem/BIPE

SOUTH AFRICA

The South Africans are extremely attached to their cars and consider them a vital form of transport. Cost and safety are important purchasing criteria for them.

General perception of cars

% I have a generally positive image of cars

96 %

15-COUNTRY AVERAGE 90 %

Ranking out of 15 countries: 2nd

% I love driving

89 %

15-COUNTRY AVERAGE 84 %

Ranking out of 15 countries: 6th

Attachment to cars (score from 1 to 10)

7,1

15-COUNTRY AVERAGE 6,9

Ranking out of 15 countries: 4th

Attachment to mobile phones (score from 1 to 10)

7,2

15-COUNTRY AVERAGE 6,7

Ranking out of 15 countries: 4th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

18 % | 29 % | 11th

15-country average | Ranking out of 15 countries

Premium brands as a percentage of private-vehicle sales in 2015

13 % | 12 % | 7th

15-country average | Ranking out of 15 countries

Hybrids as a percentage of private-vehicle sales in 2015

N/A | 3 % | N/A

15-country average | Ranking out of 15 countries

KEY FIGURES	95 % Cars are expensive	97 % Safety/road holding are important purchasing criteria	77 % Cars are an object of desire	46 % «Dieselgate» has had no impact on my perception of these brands	94 % Cars are an essential form of transport
15-country average	89%	95%	64%	39%	88%
Ranking out of 15 countries	1st	5th	4th	2nd	1st

Source: L'Observatoire Cetelem/BIPE

SPAIN

The pragmatic Spaniards keep a close eye on special offers and the equipment included with the cars they buy. Having been affected by «Dieselgate», they associate cars with pollution.

General perception of cars

% I have a generally positive image of cars

89 %

15-COUNTRY AVERAGE 90 %

Ranking out of 15 countries: 9th

% I love driving

83 %

15-COUNTRY AVERAGE 84 %

Ranking out of 15 countries: 10th

Attachment to cars (score from 1 to 10)

7,0

15-COUNTRY AVERAGE 6,9

Ranking out of 15 countries: 7th

Attachment to mobile phones (score from 1 to 10)

6,8

15-COUNTRY AVERAGE 6,7

Ranking out of 15 countries: 7th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

25 % | 29 % | 2nd

15-country average | Ranking out of 15 countries

Premium brands as a percentage of private-vehicle sales in 2015

15 % | 12 % | 5th

15-country average | Ranking out of 15 countries

Hybrids as a percentage of private-vehicle sales in 2015

** 10 countries*

2 % | 3 % | 7th*

15-country average | Ranking out of 15 countries

KEY FIGURES	84% Special offers/ discounts are important purchasing criteria	91 % The equipment that comes with a car is an important purchasing criterion	54 % «Dieselgate» has had a negative impact on my perception of these brands	82 % Cars are synonymous with pollution	64 % Cars are a source of pleasure
15-country average	79%	79%	49%	70%	72%
Ranking out of 15 countries	4th	2nd	3rd	2nd	12th

Source: L'Observatoire Cetelem/BIPE

TURKEY

The Turks love driving and view cars as a source of pleasure. Like in China and Brazil, cars are a symbol of social status.

General perception of cars

% I have a generally positive image of cars

Turkey: 94 %
15-COUNTRY AVERAGE: 90 %
Ranking out of 15 countries: 4th

% I love driving

Turkey: 95 %
15-COUNTRY AVERAGE: 84 %
Ranking out of 15 countries: 1st

Attachment to cars (score from 1 to 10)

Turkey: 7,0
15-COUNTRY AVERAGE: 6,9
Ranking out of 15 countries: 6th

Attachment to mobile phones (score from 1 to 10)

Turkey: 7,0
15-COUNTRY AVERAGE: 6,7
Ranking out of 15 countries: 5th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

Turkey: 14 % | 15-country average: 29 % | Ranking out of 15 countries: 13th

Premium brands as a percentage of private-vehicle sales in 2015

Turkey: 13 % | 15-country average: 12 % | Ranking out of 15 countries: 8th

Hybrids as a percentage of private-vehicle sales in 2015

Turkey: N/A | 15-country average: 3 % | Ranking out of 15 countries: N/A

KEY FIGURES	**76 %** The self-image projected by a car is an important purchasing criterion	**94 %** Cars are a source of pleasure	**84 %** Cars are an object of desire	**73 %** Cars are a symbol of social status	**71 %** I would be prepared to break the bank to buy a nice car
15-country average	52 %	72 %	64 %	57 %	42 %
Ranking out of 15 countries	2nd	1st	2nd	2nd	2nd

Source: L'Observatoire Cetelem/BIPE

UNITED KINGDOM

The British are less attached to cars than most other countries on the panel. Often perceived as just another mode of transport, they remain synonymous with pleasure nonetheless, as demonstrated by the clear fondness of the British for premium brands.

General perception of cars

% I have a generally positive image of cars

United Kingdom: 88 %
15-COUNTRY AVERAGE: 90 %
Ranking out of 15 countries: 11th

% I love driving

United Kingdom: 75 %
15-COUNTRY AVERAGE: 84 %
Ranking out of 15 countries: 13th

Attachment to cars (score from 1 to 10)

United Kingdom: 6,3
15-COUNTRY AVERAGE: 6,9
Ranking out of 15 countries: 14th

Attachment to mobile phones (score from 1 to 10)

United Kingdom: 5,8
15-COUNTRY AVERAGE: 6,7
Ranking out of 15 countries: 15th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

United Kingdom: 24 % | 15-country average: 29 % | Ranking out of 15 countries: 5th

Premium brands as a percentage of private-vehicle sales in 2015

United Kingdom: 27 % | 15-country average: 12 % | Ranking out of 15 countries: 2nd

Hybrids as a percentage of private-vehicle sales in 2015

** 10 countries*

United Kingdom: 2 % | 15-country average: 3 % | Ranking out of 15 countries: 5th*

KEY FIGURES	**95 %** Cars are just another mode of transport	**84 %** Style/design are important purchasing criteria	**51 %** «Dieselgate» did not/will not affect the brand I choose next time I buy a car	**80 %** Cars are a source of pleasure	**35 %** I am excited by today's cars
15-country average	84 %	81 %	48 %	72 %	52 %
Ranking out of 15 countries	1st	4th	5th	4th	15th

Source: L'Observatoire Cetelem/BIPE

UNITED STATES

The Americans award cars the lowest score of the entire panel. US consumers are now less likely to dream of a new car and vehicles are often considered too expensive. And yet, in the land of the Google Car, they remain a symbol of modern life.

General perception of cars

% I have a generally positive image of cars

86 %

15-COUNTRY AVERAGE 90 %

Ranking out of 15 countries: 13th

% I love driving

87 %

15-COUNTRY AVERAGE 84 %

Ranking out of 15 countries: 12th

Attachment to cars (score from 1 to 10)

6,2

15-COUNTRY AVERAGE 6,9

Ranking out of 15 countries: 15th

Attachment to mobile phones (score from 1 to 10)

5,9

15-COUNTRY AVERAGE 6,7

Ranking out of 15 countries: 14th

Characteristics of the automotive markets

SUVs as a percentage of light-vehicle sales in 2015

52 % | 29 % (15-country average) | 1st (Ranking out of 15 countries)

Premium brands as a percentage of private-vehicle sales in 2015

12 % | 12 % (15-country average) | 10th (Ranking out of 15 countries)

Hybrids as a percentage of private-vehicle sales in 2015

** 10 countries*

3 % | 3 % (15-country average) | 3rd* (Ranking out of 15 countries)

KEY FIGURES	81 % Cars are a symbol of modernity	88 % Fuel economy is an important purchasing criterion	37 % I am excited by today's cars	92 % Cars are expensive	65 % I would not be prepared to break the bank to buy a nice car
15-country average	74%	93%	52%	89%	53%
Ranking out of 15 countries	3rd	14th	14th	5th	3rd

Source: L'Observatoire Cetelem/BIPE

Statistics

New passenger car market, NPC

	2014	2015	2016*	VARIATION	2017	VARIATION
France	1 795 885	1 917 226	2 014 000	5.0%	2 035 000	1.0%
Italy	1 360 579	1 575 923	1 800 000	14.2%	1 890 000	5.0%
Spain	857 648	1 041 276	1 115 000	7.1%	1 120 000	0.4%
Portugal	142 993	178 496	202 000	13.2%	215 000	6.4%
Belgium-Luxembourg	582 482	579 205	610 000	5.3%	620 000	1.6%
United Kingdom	2 476 435	2 633 503	2 685 000	2.0%	2 630 000	-2.0%
Germany	3 036 773	3 206 042	3 340 000	4.2%	3 385 000	1.3%
Netherlands	387 835	449 393	435 000	-3.2%	445 000	2.3%
Poland	327 412	354 972	385 000	8.5%	395 000	2.6%
Czech Republic	192 314	230 857	260 000	12.6%	265 000	1.9%
Slovakia	72 249	77 968	90 000	15.4%	92 000	2.2%
Hungary	67 476	77 171	95 000	23.1%	97 000	2.1%
13-country total	**11 300 081**	**12 322 032**	**13 031 000**	**5.8%**	**13 189 000**	**1.2%**
EU-27 + EFTA(1)	13 013 515	14 202 024	15 400 000	8.4%	15 700 000	1.9%
Japan	4 699 591	4 215 889	4 175 000	-1.0%	4 160 000	-0.4%
United States(2)	16 415 656	17 351 362	17 550 000	1.1%	17 550 000	0.0%
China	19 707 677	21 146 320	23 500 000	11.1%	24 900 000	6.0%
Brazil	2 795 129	2 122 657	1 634 400	-23.0%	1 580 000	-3.3%
Turkey	587 331	725 596	703 000	-3.1%	720 000	2.4%

** Estimates from L'Observatoire Cetelem de l'Automobile*
(1) EU-27 (excl. Malta) + Norway, Switzerland and Iceland
(2) US: Light trucks included

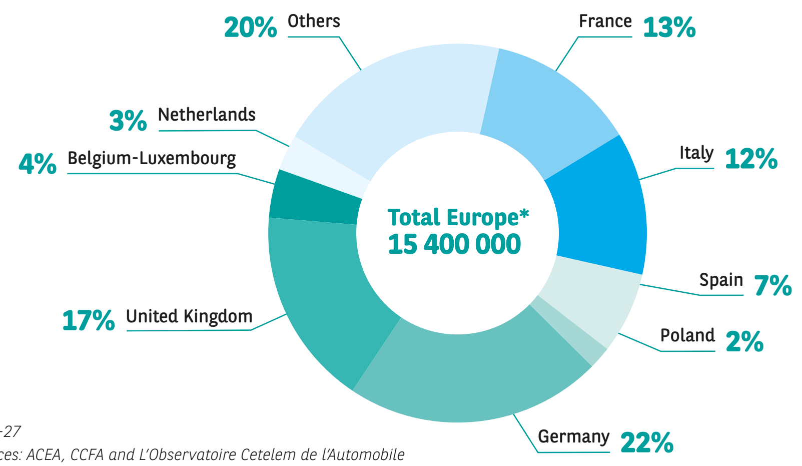
Sources: ACEA, CCFA, ANFIA and L'Observatoire Cetelem de l'Automobile

New light vehicle market, NLV

	2014	2015	2016*	VARIATION	2017	VARIATION
World	**85 633 335**	**87 010 929**	**90 050 000**	**3.5%**	**92 700 000**	**2.9%**

** Estimates from L'Observatoire Cetelem de l'Automobile*

New passenger car registrations in Europe* in 2016



* EU-27

Sources: ACEA, CCFA and L'Observatoire Cetelem de l'Automobile

Proportion of households in eight countries that have made a purchase

Calculation based on registrations for private use only

	Total NPC registrations in 2016	Private purchases	Business purchases	Private registrations	Number of households	Proportion of households that have made a purchase
France	2 014 000	49%	51%	986 000	28 920 400	3.4%
Italy	1 800 000	61%	39%	1 100 000	25 788 600	4.3%
Spain	1 115 000	52%	48%	580 000	18 376 000	3.2%
Portugal	202 000	54%	46%	110 000	4 082 700	2.7%
Germany	3 340 000	34%	66%	1 120 000	40 257 800	2.8%
United Kingdom	2 685 000	46%	54%	1 230 000	28 218 500	4.4%
Belgium-Luxembourg	610 000	47%	53%	285 000	4 928 400	5.8%
TOTAL	**11 766 000**	**46%**	**54%**	**5 411 000**	**150 572 400**	**3.6%**

Sources: ACEA, CCFA and L'Observatoire Cetelem de l'Automobile

Main brands in Europe

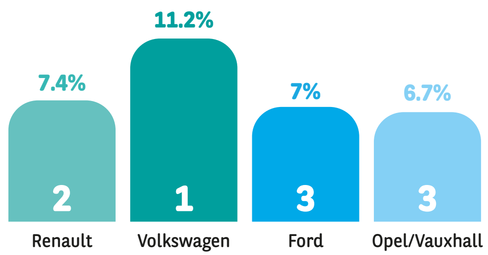
	January-June 2015 market share in %	January-June 2016 market share in %
VOLKSWAGEN	12.2	11.2
RENAULT	7.0	7.4
FORD	7.2	7.0
OPEL/VAUXHALL	6.7	6.7
PEUGEOT	6.1	5.9
AUDI	5.4	5.5
BMW	5.0	5.3
MERCEDES	5.0	5.3
FIAT	4.8	5.2
SKODA	4.3	4.3
TOYOTA	4.0	3.9
CITROEN	4.0	3.8
NISSAN	4.1	3.7
HYUNDAI	3.2	3.2
DACIA	2.8	2.8
KIA	2.7	2.8

	January-June 2015 market share in %	January-June 2016 market share in %
SEAT	2.5	2.3
VOLVO	1.8	1.9
MAZDA	1.4	1.6
SUZUKI	1.2	1.3
MINI	1.3	1.3
LAND ROVER	1.0	1.1
HONDA	0.9	1.1
MITSUBISHI	0.9	0.8
SMART	0.7	0.7
JEEP	0.6	0.7
LANCIA/CHRYSLER	0.5	0.5
ALFA ROMEO	0.4	0.4
JAGUAR	0.2	0.4
LEXUS	0.3	0.3
CHEVROLET	0.0	0.0

Source: ACEA

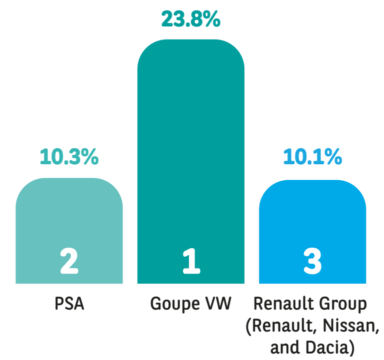
Top 3 brands in Europe

Market share over the first six months of 2016



Top 3 groups in Europe

Market share over the first six months of 2016

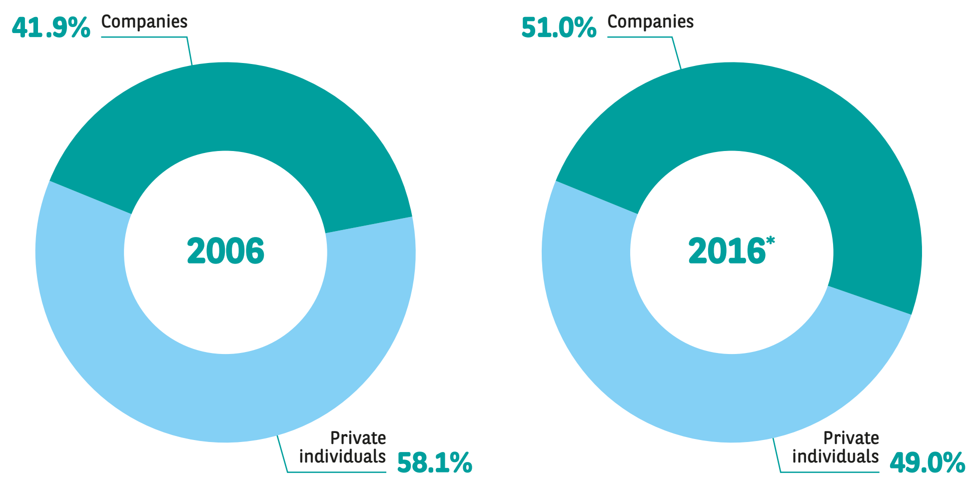


New vehicle market in France in number of registrations

	2012	2013	2014	2015	2016*
NPC New passenger cars	1 899	1 790	1 795	1 917	2 014
LCV Light commercial vehicles	384	367	372	379	403

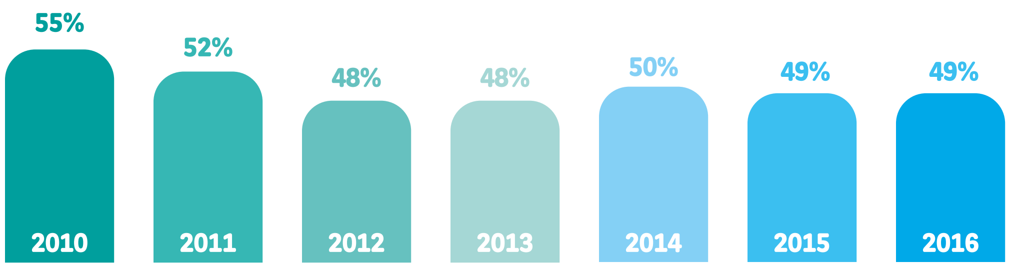
** Estimates and forecasts from L'Observatoire Cetelem de l'Automobile*
Source: CCFA

Structure of the new passenger car market in France in %



** Estimates and forecasts from L'Observatoire Cetelem de l'Automobile*

NPC market share of French brands* in France



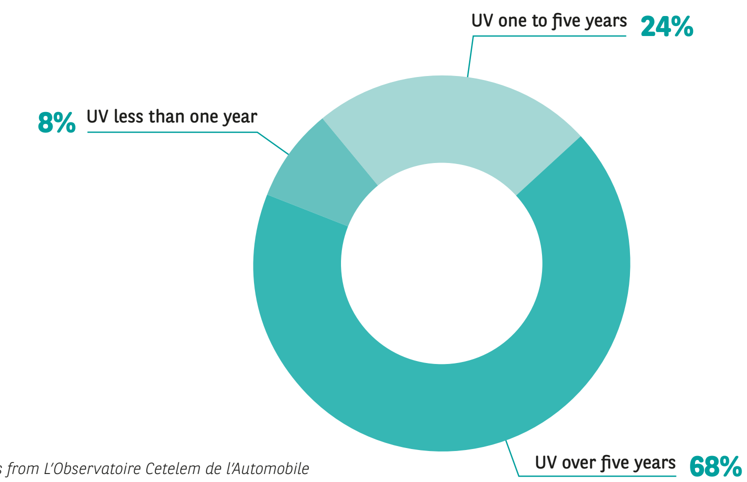
** Citroën, Peugeot and Renault*
Source: BIPE according to CCFA

Used vehicle (UV) market in France in number of registrations

	First 8 months of 2016	2016 *vs.* 2015 variation	2016 estimate*
UV** less than one year	302 758	5.60%	456 677
UV** one to five years	904 238	-2.10%	1 363 943
UV** over five years	2 551 979	2.80%	3 849 379
Total UV registrations**	**3 758 975**	**1.80%**	**5 670 000**

** Estimates from L'Observatoire Cetelem de l'Automobile*
*** Used vehicles*
Source: BIPE according to AAA

Used vehicle (UV) market structure in France in 2016*



** Estimates from L'Observatoire Cetelem de l'Automobile*

L'OBSERVATOIRE CETELEM

L'Observatoire Cetelem is an economic research and intelligence unit founded in 1985 and headed by Flavien Neuvy. Each year it publishes a number of studies on the global automotive markets and household consumption in Europe. Present in 18 countries – Belgium, Brazil, China, Czech Republic, Denmark, France, Germany, Hungary, Italy, Mexico, Poland, Portugal, Romania, Slovakia, South Africa, Spain, United Kingdom and United States – L'Observatoire Cetelem has become a point of reference and a preferred partner for key players in the automotive and consumer sectors, with which it maintains close ties.

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