loopit

2021

Car Subscription and New Mobility Insights

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Welcome

To the first Loopit Mobility and Car Subscription Insights Index

Since first launching Loopit.co in 2019, we have witnessed a dramatic shift in the way we move around our cities. The world is increasingly turning towards more flexible ways to live and work. Many of us are placing more value on personalised experiences from brands. Businesses broadly are focusing on selling services rather than products. Fewer people are owning cars, and people no longer want to be tied down with long lock-in contracts and unnecessary debt.

These trends have been further accelerated due to the ongoing global COVID-19 pandemic. Only a few years since Loopit.co was founded on the idea of an alternative way to provide mobility services, the move away from traditional car ownership has never been greater.

In our inaugural thought leadership report, you'll find fresh research from a survey we commissioned of 1,000 consumers. We have also shared our own data and insights, and called upon third parties for comment. This report is an opportunity for us to share the current trends and insights in the mobility and car subscription industry with the wider automotive community.

We hope you find it insightful.

Michael Higgins
Managing Director, Loopit.co

Technology, innovation and convenience is turning car owners into **car users**

As this white paper declares from the opening line, consumption habits have changed drastically in recent times. Why? Because technology has allowed them to. The ability to summon goods and services instantaneously at the press of a button has transformed our approach to consumption.

Technology has allowed this change and innovation has accelerated it. Some companies have recognised the trends ahead of time and adapted their business models to deliver convenience at scale. And this transformation is ubiquitous, sweeping almost every sector in the global economy.

I don't buy DVDs anymore. I imagine you don't either. I subscribe to Netflix, Disney+ and Amazon Prime. That last one is handy for online shopping, as well. At work, my employer provides me access to software through the cloud which they pay for by subscription. I also don't own a car. I either use Uber or my car rental subscription to get wherever I need to go and pay only for that need.

Mobility was once considered a last bastion of product dominance, but not anymore. As I write this, almost every major original equipment manufacturer has either launched a subscription program, or has one in the works. BMW, Toyota and Lexus, Hyundai, Audi, Land Rover and Mercedes-Benz all offer subscription services right now. Porsche says that 80% of its subscribers are completely new to the brand. Volvo plans to have one out of every two cars sold on a subscription basis by 2025. Global consulting firm McKinsey estimates that by 2030, more than half of the car industry's revenues will come from new recurring revenue models.

It's true that these changes are often beginning in Europe or America, but they are very quickly spreading throughout the world. And in Australia, a host of new third party services has entered the market, Loopit among them.

What we are observing is a paradigm shift in mobility. Usership is replacing ownership and with it a focus on connected services, personalisation and flexibility. That's the "what". This white paper gives us an insight into the "why" and the "how".

Nick Cherrier
Senior Strategist, APAC
Zuora

The **way we move** is changing

Recent years have seen our lifestyles change significantly, with consumers demanding increased personalisation and flexibility from brands. This impacts all aspects of our lives, from the way we shop to the way we consume content like music and movies, and the way we travel. The emergence of the COVID-19 pandemic in 2020 dramatically shifted the world towards flexibility, with Zenith's UK's latest consumer trends report showing the demand for higher levels of flexibility from brands than ever before - this means consumers will now expect free cancellations, easier returns processes, short-term contracts, the ability to pause subscriptions and more.

This change in attitudes also flows through to the way we move around our cities. Drivers no longer need to buy outright if they need a car, with flexible finance and leasing options becoming more common. In fact, our latest research shows almost a quarter (24%) of people now don't own a car. The latest iteration of 'alternative' car ownership is car subscription, which differs from leasing, renting and car sharing. Subscribing to a car is similar to other forms of subscription - we sign up to services for access to music and movies, and can do the same for access to cars.

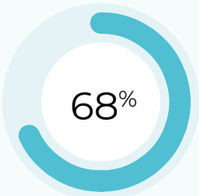
Car ownership is changing

Don't own a car

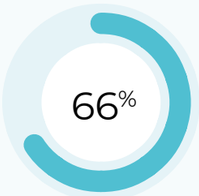
Own a car that doesn't meet their current needs

Under 35 would consider subscription

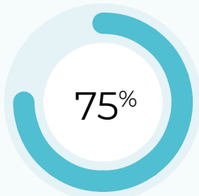
Money management



of young people would consider subscribing to their next car



of young people invest in cryptocurrencies



of people who have financial investments are more likely to consider car subscription

How youth are **driving flexibility**

Younger people no longer see value in tying up their cash in a new car and paying interest on a depreciating asset, with research showing that millennials are driving the popularity of more flexible alternatives to car ownership, such as subscription. According to the new research, 68 per cent of young people would consider subscribing to their next car, compared to just 46 per cent of older respondents.

The new data highlights that younger generations would rather put the money they would otherwise spend on a car to work in other investments like the stock market and cryptocurrencies. According to Michael Higgins, Co-Founder and Managing Director at Loopit: "Young people are intent on making their money work harder, simply because they have no other choice. The idea of paying interest on a car loan over five years for a depreciating asset just doesn't stack up anymore for our generation like it did for the Boomers."

He continued: "They'd rather see that money put to work in the stock market or towards buying a first home. Most importantly, a car subscription doesn't tie up their funds - so they can continue investing or working toward their first home savings goal."

A **generational shift** in wealth management

Alongside the changes to our lifestyles, there is a generational shift in how people are managing their money. Research has found that younger generations are having to put their money to work in alternative investments like the stock market and cryptocurrencies as a means to get ahead financially.

According to the new data, the majority of young people (61%) have one or more financial investments, compared to only 40 per cent of older Australians. The research also found that younger generations are turning to investments outside their super and primary dwelling at higher rates than older generations, with 66 per cent of young people investing in cryptocurrencies, compared to only 6 per cent of older respondents.

This trend in younger generations more actively managing their money is changing the way they get behind the wheel of a new car as well, with many considering more financially viable alternatives such as car subscription rather than falling for the negative equity trap that often comes from financing a new car.

Entering a **new era** of mobility

Car subscription provides exclusive access to a vehicle through an all-inclusive recurring fee that covers the costs typically associated with car ownership: insurance, registration, roadside assistance, repairs and maintenance. Often the only additional out-of-pocket expense associated with a subscription is fuel, however as providers move toward electric fleets this cost will become negligible.

While on the surface it may appear that subscription is largely interchangeable with rental and leasing, the nuances of car subscription are subtle but important. The car subscription model provides more flexible access to a car without the cost and lack of choice associated with rental, and offers the premium fully-serviced experience of a lease without the long-term commitment.

From a consumer perspective, car subscription provides flexible and convenient access to a car without the substantial upfront cost of a car purchase, along with the hidden costs of car ownership. This is an important value proposition as a survey of 1,000 households in Australia revealed that 85 per cent underestimate their yearly car ownership expenses by more than $5,000.

Car subscription is more cost-effective than traditional car rental models, this is because car rental is designed for very temporary use, while the customer profile of a subscriber often more closely resembles someone who would otherwise buy a car, but doesn't want to make the commitment or deal with the financial burden of car ownership. Subscription offers customisation of the plan, more choice in vehicle type and typically no branding on the car. Rental cars are typically base models, whereas subscription cars are more aligned with what is bought by end consumers in the market.

Overall, subscription is designed to feel like it's your own car.

The **global** car subscription market

Globally, the car subscription model is growing fast, with Boston Consulting Group forecasting the market in Europe and the US could reach $30 billion to $40 billion by 2030 - up to 15% of new car sales - based on volume of 5 to 6 million subscription vehicles. Some forecasts predict this figure could be as high as 40% of new car sales by 2030 as early market indicators suggest an even more rapid uptake than expected, spurred by greater investment in the industry.

Most recently, Volkswagen Group - Europe's largest automaker - has offered a massive US$3.4 billion takeover bid for global car rental giant Europcar, in a bid to accelerate its mobility services. Volkswagen Chief Executive Herbert Diess told Reuters, "The mobility market is changing rapidly as customers increasingly demand new and innovative on-demand mobility solutions, such as subscription and sharing models to complement car ownership."

Other automakers are joining the movement, with RCI Bank and Services, the Renault Group's automotive captive, acquiring Spanish car subscription provider Bipi for an estimated US$175 million, to expand its range of flexible all-inclusive products.

Finally, Volvo Cars' subscription service has reported that subscription accounted for almost 15% of the brands new car retail business in its first year of business in the UK. This comfortably exceeded the initial 5% total targeted for the service at the end of its first year. Conor Horne, UK Head of Online Sales, said: "The results confirm that the Care by Volvo subscription service represents the future of our retail business and is helping bring new customers to our brand."

Consumers are **already embracing the shift** to car subscription

While car subscription remains in its infancy, the push to alternative car ownership models is largely being driven by consumers, with the automotive industry experiencing a generational shift toward new mobility options.

Currently, this demand is largely being met by new mobility startups in the subscription space as automotive incumbents are slower to adapt to the change and lack the internal technical abilities to implement a car subscription management solution - highlighting the importance of partnering with a purpose-built car subsctiption technology provider such as Loopit.

The rise of access over ownership

The idea of access over ownership is becoming the norm across a number of industries including food, entertainment and music through companies such as Spotify, Netflix and HelloFresh. This trend is now appearing in the automotive industry in the form of car subscription, as motorists begin to shun the expense of owning their own car in favour of more flexible and cost-effective alternatives.

Car ownership is no longer seen as a priority

For younger generations, the importance of owning a car is no longer the priority it once was for previous generations. The expense of car ownership also no longer stacks up for the more financially-savvy younger generation, where the idea of paying interest on a depreciating asset is a much harder sell. Where once the family car was the second-largest single purchase any person was likely to make in their lifestime behind the family home, the rising cost of living and exorbitant house prices have meant younger consumers are less likely to prioritise car ownership as they work toward entering the property market.

Technology is the key consideration for new car buyers

Consumer preferences are changing, with technology now the key consideration when it comes to buying a new car. The rapid pace at which automotive technology is evolving, and the proliferation of electric vehicles will mean consumers will have an even greater desire to update their cars more frequently. In this way, consumers will expect innovation not just from the car they drive, but from the ownership experience itself.

1 in 3

consumers had heard of car subscription, but less than half understood how it worked

81%

of consumers familiar with car subscription would consider it for their next car

84%

of consumers want to be able to subscribe at their local dealership

The **ugly truth** about the cost of car ownership

A recent Transport Affordability Index shows transport costs have exploded in 2021, increasing by over $2,000 on average since 2019. The average cost of car ownership is approaching $17,000 per year, yet the vast majority of motorists underestimate this figure by a significant margin.

Loopit's research found that a massive 85 per cent of motorists underestimate their yearly car ownership expenses by more than $5,000.

The highest number of respondents - 36 per cent - believed the average car costs between $2,000-$3,000 to run, followed by 27 per cent who said $3,000-$5,000. Just over one fifth of respondents (21.5%) believed that car ownership costs less than $2,000, while only 11 per cent said $5,000-$10,000.

According to Michael Higgins, Co-Founder and Managing Director at Loopit, the research shows that there is a clear misconception that buying a new car through traditional means like finance or an outright purchase is the most affordable way to get behind the wheel. Alternatives like car subscription are rapidly gaining momentum around the world, with few realising just how much more affordable these can be in real world terms.

"Many car owners and buyers use 'back of the napkin' math when estimating the cost of car ownership. Once you consider interest, loan repayments, fuel, insurance, maintenance, servicing, registration and depreciation - it all adds up. Even in a straight apples-to-apples comparison, car subscription is quickly becoming the more affordable way to get behind the wheel of a new car."

Subscription means treating your car **more like your phone**

New research reveals a surprising link between how often people upgrade their phone and their attitude towards car ownership. According to the data commissioned by Loopit that surveyed 1,000 Australian households, people who upgrade to the latest phone every year are twice as likely to drive a car on subscription, compared to those who only buy a new phone when their old one breaks.

A huge 91 per cent of people who upgrade their phone each year would consider subscribing to their next car rather than buying it - this figure drops to just 48 per cent for people who only upgrade when they need to. This highlights that 'early tech adopters' are moving away from the traditional idea of car ownership, and expect innovation not only from the car that they drive, but from the ownership experience itself.

Early adopters often predict the next big trend, which signals that car subscription will soon become more mainstream.

Similar to the way consumers are excited to get their hands on the latest phone release each year, this phenomenon is expected to make its way into the automotive world through car subscription, with subscribers eager to get behind the wheel of the newest model each year - something not currently possible with existing ownership models.

Not only are these early adopters moving towards more flexible alternatives to buying a car, the research shows they are also ahead in the shift towards electric vehicles (EVs). According to the data, a huge 99 per cent of people who buy the latest phone each year are also planning to make the switch to an electric vehicle in the next five years, with subscription being their preferred way to get behind the wheel. The data shows 83 per cent would prefer to subscribe to an EV than buy it outright.

99%

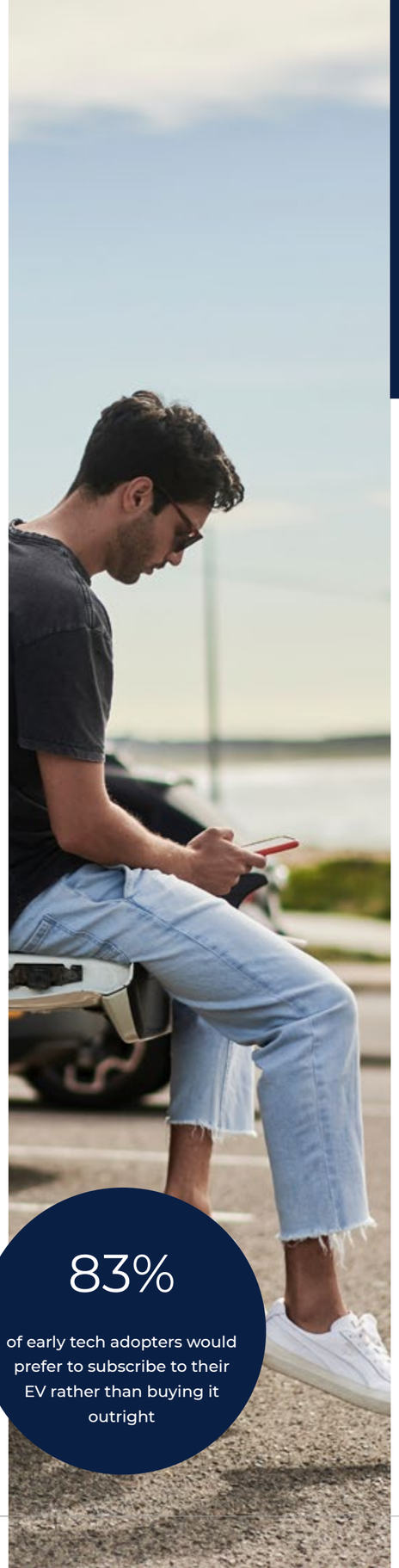
of people who upgrade to the latest phone each year will make the switch to an EV in the next five years

91%

of early tech adopters would consider subscribing to their next car rather than buying it

83%

of early tech adopters would prefer to subscribe to their EV rather than buying it outright



The case for car subscription within the automotive **sales ecosystem**

Jonathan Fallon subscribed to a 2021 Volkswagen T-Cross with HelloCars. He turned to car subscription as an interim solution after being told the wait for his new car was in excess of six months. A global semiconductor shortage and delivery delays due to COVID-19 have seen car dealerships running out of stock, and long wait lists for buyers. Signing up to car subscription meant Jonathan had a new Volkswagen to drive for an indefinite period, until his new car arrived.

Why did you decide to try a car subscription?

It was a combination of factors that led me to try car subscription for the first time. I had just recently ordered a new Audi RS Q3 and was told that the wait time for the car would be in excess of 6 months. In the meantime, I knew the used car market had gone bonkers due to a stock shortage.

I had my current car valued and the price was 25% higher than expected, so I decided to take advantage of the market and sell my car. Obviously I needed something to drive while I waited for my new car, so subscription was the perfect short-term solution.

How did you come across car subscriptions?

My initial thought was to rent a car, but I did some research and realised that rental companies didn't offer long-term rentals, and it would have been too expensive and not practical to rent a car for several months. That was when I came across car subscription and started exploring it as an alternative option.

What appealed to you about the car subscription service?

The flexibility of car subscription is what appealed to me the most about the service - it was convenient and affordable as a short term solution while I waited for my new car. The ability to change cars was a huge draw card because I knew that if I didn't like the car then I wasn't locked in, and could return it or swap it for a different one if needed.

What are the benefits you have found?

A major benefit of subscribing to a car has been the all inclusive weekly fee. Having just one charge to think about has made the process so much easier and more streamlined than traditional car ownership. There is also a peace of mind knowing that things like insurance, registration, maintenance are all covered.

Would you recommend a car subscription to others?

I would definitely recommend car subscription to anyone else who is in a similar position to me. It is a great option if you need a car for a few months, especially if it's an indefinite period of time. Car subscription is particularly useful in the current climate.

The shortage of used cars is expected to continue for a while due to global semiconductor supply issues, so there will be many people like me who are waiting many months for a new car. With a car subscription, in the meantime you can still drive a brand new or later model car, without paying a premium price, and with the flexibility to return it when your new car arrives.

Fallon subscribed after discovering it would be a six month wait for his new Audi RSQ3

How ambitious car dealers can leverage car subscription to **get ahead**

Car subscription has been seen by some as a threat to car dealerships, with several industry pundits predicting that dealerships are on the way out. It's true that car sales have been in decline over the last couple of years, however this is unrelated to the proliferation of car subscription. The trend has been impacted by an uncertain global economy and a push towards cleaner energy, alongside weak consumer confidence due to COVID-19. Alongside this, there has been a rise in the uptake of car subscriptions, driven by consumers who want convenience, flexibility and more options.

MYTH: Car subscription will take market share away from new car sales

There is a misconception that car subscription will come at the expense of new car sales, however this is largely not the case. Rather, car subscription is another product available to dealerships that will allow them to serve entirely new market segments, typically from customers who would otherwise not be in the position to purchase a car. It is more accurate to say that subscription fills a void between rental and ownership, and in the context of a dealership can often provide an alternative path to purchase.

MYTH: Car subscription is more expensive than owning a car

As industry stakeholders come to understand the value of car subscription beyond the primary revenue it produces, the cost of car subscription will continue to become more affordable. Even still, in many like-for-like comparisons, car subscription is already more affordable than car ownership once the true costs are considered such as registration, insurance, maintenance, interest and depreciation, as well as the potential opportunity cost that comes from avoiding the significant initial financial outlay that often comes with car ownership.

MYTH: Car subscription programs are not profitable

Quite the contrary. Not only are car subscription programs profitable, but when utilised correctly within the dealership ecosystem it can create a compounding effect on overall revenue. More savvy operators have already begun to understand the true value of subscription in the dealership ecosystem as a means to produce used car inventory, to create new opportunities for sales and finance, and to increase customer retention and loyalty - among other benefits.

While dealerships were finally transitioning to online sales, we had **already moved on to subscription**

We started HelloCars in 2015 as Australia's first online-only car dealership, buying and selling preloved cars entirely online through our website, without a public-facing showroom. The idea of online sales within the automotive industry was still a taboo concept at the time, and it was only through the impact of COVID-19 that the industry had finally been forced to innovate.

We soon realised that consumers were looking for more flexible and affordable alternatives to traditional car ownership, driven by changing regulatory requirements and shifting financial priorities among younger drivers. We introduced a subscription arm and it quickly became the main breadwinner for HelloCars - within the first three months of launching our car subscription service, we had already reached 100 active subscribers.

The offering was so successful that we eventually shifted to a purely subscription-based business. This meant while the automotive industry was finally transitioning to incorporate an online sales model, we had already moved on to a pure subscription approach.

As a startup, this kind of pivot was possible within our business, but for car dealers, subscription should be seen as an opportunity to expand their market opportunity and introduce a new revenue stream. Looking ahead, used car pricing will start to normalise and subside as supply side issues resolve themselves. This will in turn lead to more automotive businesses adopting subscription as a future-facing viable business model.

Subscription will start to take significant market share from traditional finance and leasing products as the preferred ownership model for businesses due to the flexibility of the model and price points. Dealerships should look at heading toward a similar structure to real estate agencies, with car subscription and car sales forming two equally important departments of the business.

"In a few years, a car dealership without a subscription business will be like a real estate agency without a rent roll."

Subscription provides dealerships with a recurring weekly revenue, and offers customers another alternative to traditional car ownership so the model benefits both parties.

Paul Higgins
Co-Founder, Managing Director
HelloCars.com.au

How RAA is bringing **car subscription** to its members

The Royal Automobile Association of South Australia (RAA) provides a range of motoring services including car insurance and roadside assistance to more than 750,000 of its members. As part of their constant innovation, RAA has partnered with Loopit to provide a new type of car subscription service for its members.

We sat down with **Andrew Howard, RAA Senior Manager Market Development for Mobility & Motoring**, to talk about how new mobility is changing their business.

What first led you to explore car subscription as a service to your members?

Research shows that long-held attitudes towards car ownership are gradually changing. New models of vehicle access such as subscription, car sharing, ride sharing and trip planning are likely to continue to disrupt more traditional models. But car ownership is still the dominant choice for South Australians, with 92% of passenger kilometres still being travelled by private car.

Testing the appetite for car access over ownership is appealing for RAA and we're always interested in new ways to overcome our members' pain points arising from owning a private car – the cost of upkeep being the most common concern. It also presented us another way we could be there for our members, each and every day.

Why do you think new mobility initiatives like car subscription are becoming more popular?

Mobility products such as car subscription are flexible, easy-to-access, convenient and come with lower levels of commitment. Our customers love the idea of driving away in a new car in less than 48 hours. These kinds of products also remove the need for finance – a factor that has become more pertinent due to financial pressures relating to COVID-19 – and give users the chance to try a vehicle before buying.

Have you seen a shift away from traditional car ownership and a trend toward alternatives such as car subscription?

We are yet to see a significant shift here in South Australia. At the moment, our research shows subscription cars are typically used for practical reasons rather than enjoyment or as a permanent car access solution.

While our traditional products and services very much complement car ownership, we're always looking at innovative ways to keep our members moving long into the future.

Do you feel there is a new generation of drivers spurring these new mobility trends?

We're seeing digital natives and early adopters are naturally taking up these new initiatives at a higher rate. We're also finding that younger users are interested in the no-strings-attached flexibility they bring.

We are seeing a global rise in EV adoption, how do you see these trends as being linked?

We've received numerous car subscription enquiries about EVs. One reason may be that there are a lot of unknowns among the general public around EVs, and a car subscription allows users to take an EV for an extended test drive over a number of months.

Are there any other key trends you are seeing in the mobility market?

Other new mobility initiatives such as car share are growing in popularity, as are personal mobility options like e-bikes and e-scooters.

Subscription platforms for other modes of mobility such as e-bikes and e-scooters are on the rise overseas and could start to gain traction in Australia.

Where do you see the car subscription market heading in the next five years?

We see consumers wanting increased flexibility and convenience in general, which will only lead to an increase in the appeal of subscription models. There is also the possibility of car subscription and car share platforms merging to create a single car access solution for consumers.

With the rise in EV interest and adoption in Australia we see the car subscription market for EVs becoming increasingly popular and a key driver of car subscription growth.

How has the RAA implemented car subscription?

To bring our car subscription service to market, RAA partnered with Loopit for its technology platform which includes the customer application process, billing functionality, vehicle listings, live vehicle monitoring and reporting. RAA provides the vehicles, customer service, sales and marketing, insurance and road service.

Our car subscription plans also offer additional benefits such as fuel and car wash discounts, as well as credits for other transport services (such as e-scooters and taxis). As an organisation, we're eager to test and learn user uptake on alternative modes of mobility.

What was important to you when choosing a subscription provider/platform?

Our priority was finding a partner that could meet the needs of our members while being flexible and willing to share insights to assist with our test-and-learn process. We also needed a software platform that could perform billing, ID management, credit checks, vehicle tracking and reporting.

How has the partnership with Loopit helped RAA to grow?

Partnering with Loopit has enabled RAA to be first in providing a new and innovative option for our members and to test the car subscription market. Car subscription stretches our brand into a new industry and customer base while still supporting our existing product range. It's helped us provide another innovative service for South Australians, meaning we can become more resilient and progressive in the evolving world of car ownership.

Andrew Howard
Senior Manager Market Development for Mobility & Motoring

Car ownership in a **post-COVID world**

The COVID-19 pandemic has had a unique impact on the automotive industry and fundamentally changed consumer perception toward car ownership. Most cars have remained off the road during the pandemic both as a result of movement restrictions and as work-from-home arrangements increasingly become the norm.

The inverse is also true, as motorists intent on avoiding the scrum of public transport seek out temporary car ownership alternatives, and the inflated used car market tempts many owners into selling their vehicles - often with no immediate replacement on offer.

The automotive industry as a whole has experienced a decade of market turbulence in a single year, from record-low sales to exploding consumer demand culminating in rolling stock shortages with no reprieve in sight. For dealerships solely focussed on their next sales month, the complacency that the worst is now behind us will lead to dire consequences as market conditions drive the uptake of car ownership alternatives such as subscription.

According to Michael Higgins, Managing Director at Loopit.co: “There has certainly been a surge in demand both from automotive businesses wanting to offer car subscription, and end consumers looking to subscribe. During the first COVID-19 shutdown, we saw a 52% increase in dealerships wanting to integrate subscription into their business. Much of this can be attributed to the decline in car sales when the pandemic began, which saw dealers looking for new ways to increase revenue.”

The new normal post COVID-19 will see more of us will continue working from home, and cashflow will be a priority. This will lead to fewer full-time car owners, and an increase in flexible alternatives. While more of us move away from the traditional model of car ownership, car subscription services will continue gaining popularity.

Finance

- Fewer consumers are eligible for finance as banks and financiers tighten lending criteria during COVID
- The uncertainty of COVID has left many consumers wary of taking on new debt

Flexibility

- Consumers are adapting to a new norm that may no longer require full-time car ownership
- New segment of customers that require a car on a temporary basis only

Cashflow

- Consumers are selling their current cars to unlock extra cashflow while the used market remains inflated
- The budget strain of COVID has led to many consumers reassessing their financial priorities

Who is subscribing to drive during COVID?

- **Employment Probation** as many workers are forced to change jobs or move industries during COVID, meaning they often no longer meet lending criteria
- **Public Transport Commuters** as more opt out of public transport and into their own vehicles, often temporarily
- **Financially Savvy** consumers looking to tighten the household budget, or understand the consequences of the high debt ratio and long-term commitment vehicle financing attracts

How driving habits are **changing** due to COVID

40%

are now driving less overall due to COVID

24%

of those are driving less because they now work from home

30%

are more likely to subscribe to drive due to COVID

How investment in **electric vehicles** will benefit the car subscription industry

2021 is shaping up to be a turning point in the conversation about an electric vehicle (EV) future.

Major car manufacturers have already made game-changing announcements, with Ford's European arm committing to an all-electric line-up by 2030, and Volvo planning to phase out internal combustion engines by the same year, including hybrids. Several countries have also created their own targets to eliminate petrol-powered cars, encouraging more people to switch to electric.

EVs and subscription will go hand-in-hand

Research shows a strong link between EVs and car subscription, with the majority (77%) of future EV adopters preferring to subscribe to one rather than buy one. Most drivers (90%) say that car subscription will make electric cars more accessible by providing another ownership option, while 76% believe car subscription will make EVs more popular by removing the long-term commitment of buying one outright. According to a massive 80% of survey respondents, car subscription will help the uptake of EVs.

As subscription services continue to be rolled out in dealerships, the trend away from traditional car ownership will continue - especially for EV adopters who tend to be more open to new innovations in the market. As 'early adopters' of technology, EV owners expect innovation from the ownership experience as much as the vehicle itself. Similar to those who upgrade to the latest phone every year, these drivers will be looking to upgrade to the latest model EV more frequently, and subscription allows for this.

Cost has been cited as the biggest barrier to EV adoption by drivers, but 74% believe subscription will make them more affordable. People don't want to commit to buying a new electric car, but the flexibility and affordability of a subscription allows drivers to upgrade their cars as frequently as needed. The typical subscription model requires drivers to only pay for fuel and the subscription fee, since registration, insurance and maintenance costs are covered. Without the need for petrol, subscribing to an EV means there's nothing more to pay aside from the recurring subscription payment.

Electric Vehicles

68% *OF CONSUMERS PLAN TO MAKE THE SWITCH TO ELECTRIC IN THE NEXT 5 YEARS*

77%

OF FUTURE EV ADOPTERS WOULD PREFER TO SUBSCRIBE RATHER THAN BUY

THE BIGGEST MOTIVATORS FOR MAKING THE SWITCH TO AN EV

Fuel Savings | Technology | Environment

PURSCHASE COST REMAINS THE BIGGEST BARRIER FOR EV ADOPTION

Finance & Investors

81%

OF INVESTORS PLAN TO DRIVE AN EV IN THE NEXT 5 YEARS

Compared to 68% of consumers

THE MAJORITY OF YOUNGER CONSUMERS ALSO INVEST IN CRYPTOCURRENCIES

66% *VS.* **6%**

Under 35 | 36 and older

64% *OF CONSUMERS WITH INVESTMENTS IN STOCK OR CRYPTOCURRENCY WOULD PREFER CAR SUBSCRIPTION*

Compared to 45% of consumers without any investments

Tech Adopters

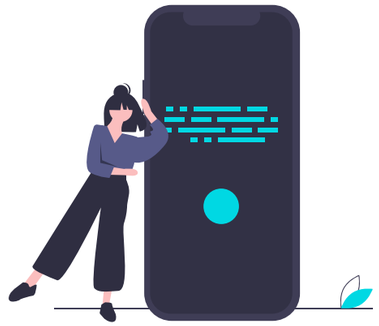
EARLY TECH ADOPTERS ARE PREDICTING THE SHIFT TO BOTH ELECTRIC VEHICLES AND CAR SUBSCRIPTION

99% Are likely to drive an EV in the next 5 years

91% Would prefer to subscribe rather than buy and EV

VS.

68% Of general consumers plan to drive an EV in the next 5 years



Tomorrow and beyond
Loopit predictions for the future of car subscription

01

The **rise of EVs** will go hand-in-hand with car subscription as consumers demand innovation not only from the car they drive, but also from the ownership experience itself.

02

The **"iPhone effect"** will carry across to the car industry, with subscribers eager to upgrade into the newest models each year and take advantage of the latest technology and features.

03

Younger generations will turn to subscription as a means to unlock cashflow to **make their money work** for them elsewhere, e.g.. in the stock market or to buy their first home.

04

Subscription will start to take **significant market share** from traditional finance and leasing as the preferred ownership model for businesses due to the flexibility of the model and price points.

05

Used car pricing will start to normalise as supply side issues resolve. This will in turn lead to more automotive businesses adopting subscription as a **future-facing business model.**

loopit

Michael Higgins
Managing Director
Loopit

Damian Wilson
Head of Partnerships
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About **Loopit**

Loopit is the world's leading software-as-a-service company providing purpose-built car subscription management and billing solutions for the automotive industry, including automakers, new and used car dealerships, and new mobility startups looking to enter the growing car subscription space.

Originally founded in 2018 as the in-house subscription technology for HelloCars - Australia's fastest growing car subscription provider - Loopit was soon developed into its own robust platform serving the wider automotive industry with a comprehensive end-to-end car subscription solution.

This means the Loopit team have a proven track record in hands-on car subscription management, and have the robust knowledge and unparalleled experience to provide our clients with exemplary advisory and consultation services to maximise profits and deliver an exceptional customer experience.

Visit us at **loopit.co**

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