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Loyalty to car brands; careful, fragile!

78% of drivers consider themselves to have brand loyalty but only **34%** of them have purchased the same brand vehicle as their previous one.

Buyers who change their cars today represent more than 90% of sales on the mature automotive markets. And they will soon be the majority in countries where growth potential remains. Loyalty thus appears to be a major strategic element for car manufacturers.

In a bloated market (innovation, offers...), precious loyalty must be earned. And it is the drivers themselves who show it through this study carried out by L'Observatoire Cetelem. With a self-proclaimed loyalty that is actually not verified by facts, car manufacturers must find leverage for loyalty. From exemplary to new modes of vehicle consumption (long-term hire, hire with option to buy, the growth of second-hand car trade), automotive brands have many options for a long-term relationship with their customers.

Full study available at www.observatoirecetelem.com

The car market in 2017 and forecasts for 2018

2017 is the year of records for the car industry. More than **94 million new vehicles** will be sold in the world (+2.4% from 2016), of which nearly 25 million will be in China (+2.4%), 17.5 million in the United States (-2%), 15.7 million in the European Union* (+3.7%) and 2.1 million in France (5.6%).

For 2018, L'Observatoire Cetelem forecasts an increase of **+2% on sales of new vehicles across the world**, of +2.5 in China, of 0.3% in the European Union and of +3.8% in France (2.2 millions units). In the United States, the market should record a further decline of 2%.

Drivers who consider themselves to have brand loyalty..

78% of drivers consider themselves to have brand loyalty, and this figure peaked at 98% in China, unlike its neighbour Japan, where slightly fewer than 6 people out of every 10 stated that they were loyal, the lowest rate in countries surveyed. In Germany, a great manufacturing country, 8 people out of 10 consider themselves to have brand loyalty, likewise in Italy. A little fewer in Spain (76%) and France (74%). 75% of people in the United States declared themselves as having brand loyalty, compared to 69% in the United Kingdom. However, **77% confirmed that they will purchase the same brand when they next change their vehicle.**

...but there is a hugely contrasting reality

In actual fact, this loyalty is found to be weak. **Only 34% have purchased the same brand vehicle as their previous one.** Only drivers in the UK (41%) and Japan are well above average, (1 out of 2 for the Japanese, who actually judged themselves to have the least brand loyalty!). In Germany, Belgium and France, nearly 4 people out of 10 trusted the same brand again. In China (34%) as in the United States (35%) this rate is barely equal to or above the average.

Reasons for this growing disloyalty

Reasons for this disloyalty can be found in this environment of new modes of mobility and the multitude of offers.

52% of those surveyed consider that the use of a vehicle in a car-pool could encourage them to buy a brand of car that they would never have previously dreamed of (80% in China, 70% in Brazil, 50% in France, 39% in the UK and the US, and only 24% in Germany).

However, 72% of drivers believe that the quality of the offers, the technology of the vehicles and the services provided by the various car brands change too often for them to remain to one singular brand over time. This element demonstrates the pressing need for brands to be innovative and to have a rich product plan, or risk losing their market share.

Finally, 83% believe that a brand which has let them down will never regain their trust. There is no room for error for car manufacturers. The quality and reliability of the models are non-negotiable.

The rental offers build loyalty in drivers.

New modes of consumption are also a potential route for manufacturers in their desire to achieve customer loyalty. HP (car hire purchase) and long-term car hire are both good levers to retain driver loyalty.

Topical issue. Ban petrol and diesel cars? A popular idea.

L'Observatoire Cetelem has taken advantage of this field of study to ask 10,600 sample drivers a topical question about the potential prohibition of petrol and diesel cars. It's a popular idea, because more than 60% of people surveyed were in favour (50% in France).

*Here the European Union and the member countries of the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland)

Methodology

An international study undertaken across **15 countries** - Belgium, Brazil, China, France, Germany, Italy, Japan, Mexico, Poland, Portugal, South Africa, Spain, Turkey, the United Kingdom and the United States. In total, more than **10,600** owners of cars purchased new or second-hand over the last five years were surveyed on CAWI by Kantar TNS. These individuals, aged between 18 and 65 years, were drawn from a national sample representative of each country. The representativeness of the sample is ensured by the quota method (gender, age). 3,000 interviews were conducted in France, 1,000 in Spain and 500 in each of the other countries. The economic and marketing analyses, as well as the forecasts, were conducted in partnership with survey and consulting firm C-Ways.

L'Observatoire Cetelem

L'Observatoire Cetelem is an economic study and observation unit, set up in 1985 and directed by Flavien Neuvy. Every year, several studies concerning the automotive markets of the world and household consumption in Europe are published. Present in 24 countries - Austria, Belgium, Brazil, Bulgaria, the Czech Republic, China, Denmark, France, Germany, Hungary, Italy, Japan, Mexico, Norway, Poland, Portugal, Romania, Slovakia, Sweden, South Africa, Spain, Turkey, the United Kingdom and the United States - L'Observatoire Cetelem has become a reference and a preferred partner for major players in the car industry and the consumer sectors with whom it maintains permanent relations.

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