AlixPartners
when it really matters

AUTOMOTIVE & INDUSTRIAL

InBrief

SEPTEMBER 2017

Auto industry's two big challenges: exposing consumers to autonomous capabilities and competing with tech companies for consumers' trust

About 29% of consumers say they're likely to buy an AV—and they're willing to pay an incremental $2,629 for those capabilities.

AT A GLANCE

1. Consumer awareness of AVs as a concept now stands at 97%, up from 90% in 2016.
2. 78% trust tech over auto companies to develop AV software, suggesting that the auto industry is starting in a hole.
3. When it comes to AVs, auto companies and suppliers face a big, two-front battle: educating consumers and competing on software, where tech companies already have consumers' trust.

Consumers are increasingly confident about AVs—if they have experienced AV capabilities

18% of consumers say they have already experienced some AV capabilities, a dramatic increase from 3% in 2016. When consumers have experienced AV capabilities, 49% feel confident about AVs compared to 26% if they have not experienced AVs.

97%

of consumers are aware of AVs as a concept, increasing by 7 percentage points from 2016 to 2017.

29%

of consumers say they'd be likely to purchase an AV.

Infotainment is becoming more important for AV buyers, while interest in performance and design is falling

Automakers may need to shift their efforts and investments from traditional product attributes like performance and design (which consumers find 15% and 10% less important in AVs, respectively) to infotainment and connectivity (which consumers find 4% more important in AVs).

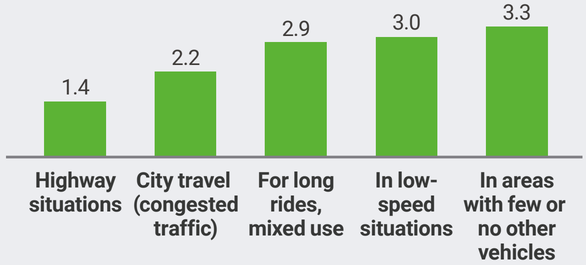
[1] AlixPartners polled 1,567 US consumers between July 27-August 2, 2017, and 3,105 US consumers between May 30-July 20, 2016

Consumers strongly prefer using AVs for isolated/low-speed environments, and they are two times less likely to use AVs to handle traffic congestion

Top consumer concerns:

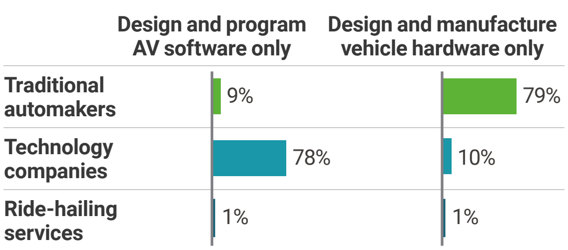
- Software quality (84% of consumers)
- Hardware failures (80% of consumers)
- Cybersecurity: hacking (77% of consumers)
- Cybersecurity: privacy (75% of consumers)

FIGURE 1: AV USAGE CONDITIONS 2017: HIGHER MEANS MORE LIKELY



Source: AlixPartners autonomous vehicles consumer survey

FIGURE 2: CONSUMER TRUST FOR COMPANIES BUILDING AVs 2017



Source: AlixPartners autonomous vehicles consumer survey

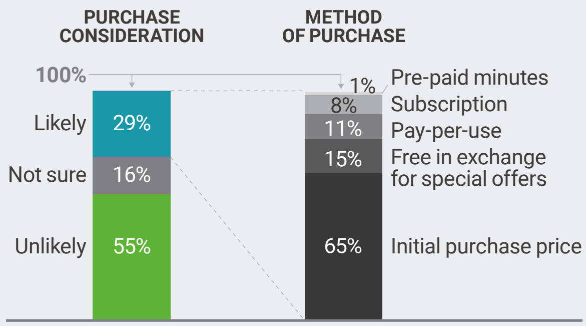
Consumers overwhelmingly trust tech companies to develop AV software

78% of consumers trust tech (vs. auto or ride-hailing) companies for developing AV software (brains), a similar result from last year's AlixPartners survey, suggesting that auto industry is "starting in a hole." Interestingly, consumers in the survey did not rate tech companies—when these companies work alone—as their most-preferred development model for bringing AVs to market.

Consumers are willing to pay $2,629 on average for AV capabilities—early adopters are willing to pay much more

Of the likely AV consumers, 20% are early adopters who see themselves buying an AV within the first year it is offered for sale. 43% of those early adopters are willing to pay more than $3,500 for the AV capabilities, compared to 28% for those consumers who want to wait for the technology to mature (i.e., wait more than one year).

FIGURE 3: CONSUMER WILLINGNESS TO PURCHASE AN AV 2017



Source: AlixPartners autonomous vehicles consumer survey

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