

SHIFTING GEARS

Understanding Gen Z and Shifting Attitudes to Mobility

STRAT7
CROWD.DNA

carsales

Everything
you auto know



Before we begin.

Crowd DNA and carsales acknowledge the ancestral owners of the unceded land, ocean and skies on which we work. We pay our respects to the Elders past, present and emerging, as well as to all Aboriginal and Torres Strait Islander people.



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CARSALES IS ON A MISSION TO MAP OUT HOW GEN Z ARE SHIFTING GEARS WHEN IT COMES TO MOBILITY AND CAR OWNERSHIP

Australia is a nation on the move; cars and driving are part of our DNA.

However, there have been some seismic shifts of late that have (re)shaped our audience, their world—and how they view mobility.

First up, the cultural shifts—including the changing narratives of ownership, rising importance placed on sustainability and the global pandemic—have respectively impacted how people, in particular Gen Z, approach the automotive category.

Next, we have the category shifts, such as the emergence of car sharing, mainstreaming of EVs and the residual impacts of COVID-19 on supply chains, all working together to uniquely change **the automotive landscape**.

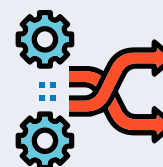
The result? A generation with a unique perspective on car ownership... and a deep strategic need to better understand them to ensure our industry maintains momentum when it comes to connecting with them.

THE BIG QUESTION? IS CAR OWNERSHIP STILL RELEVANT AND IMPORTANT TO GEN Z?

In order to answer this question, we took a multi-faceted approach...



Knowledge audit and stakeholder interviews



Landscaping to identify forces of change



Gen Z online immersion



Quantitative validation

Methodology for Shifting Gears

We selected a diverse group of 25 Gen Z individuals from around Australia (aged between 18-25 years and with at least their L plates), and hosted a private community with various activities to uncover their mindset, motivations, behaviours and desires when it comes to the world of mobility of car ownership. We then surveyed an additional 1,306 Gen Z participants (aged between 18-25 years) as part of our research.

For benchmarking purposes, we also surveyed 253 Millennial participants (aged between 26-40 years), 339 Gen X participants (aged between 41-55 years) and 473 Baby Boomer participants (aged 56+ years).

All research as part of the Crowd DNA x carsales Shifting Gears 2022 Study was undertaken between July and October 2022. All data presented in this publication is sourced from the 'Shifting Gears 2022 Study' results. All references to Gen Z in this publication, refer to the Gen Z respondents from this research.

The Hybrid Generation...

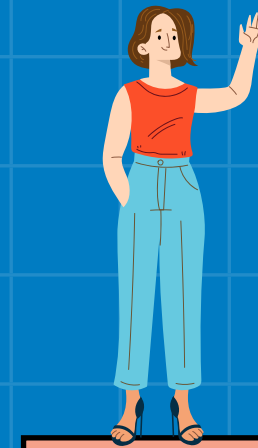
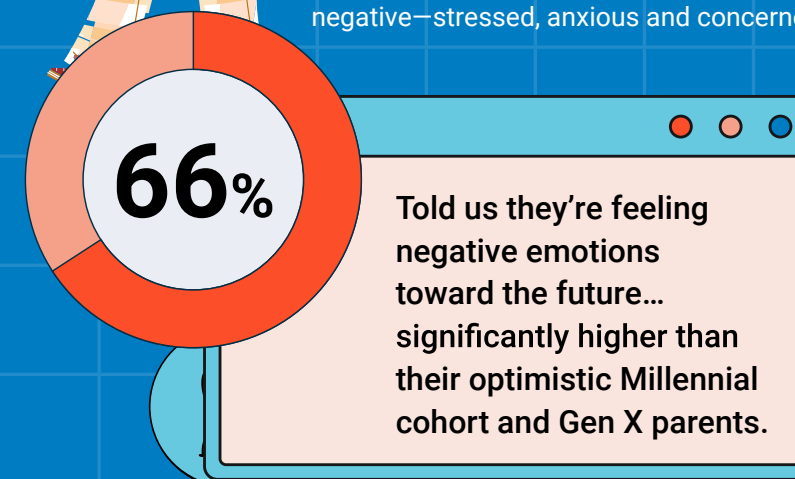
The change-making generation has grown up in a world that is increasingly complex. Generational Theory suggests that what shapes a generation is usually what they were lacking in their adolescence. For example, if a generation has grown up in hardship, they value stability, and if they have grown up in safety they cultivate values around individualism.

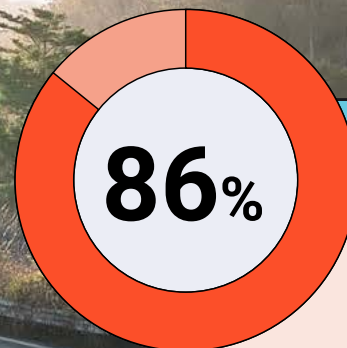
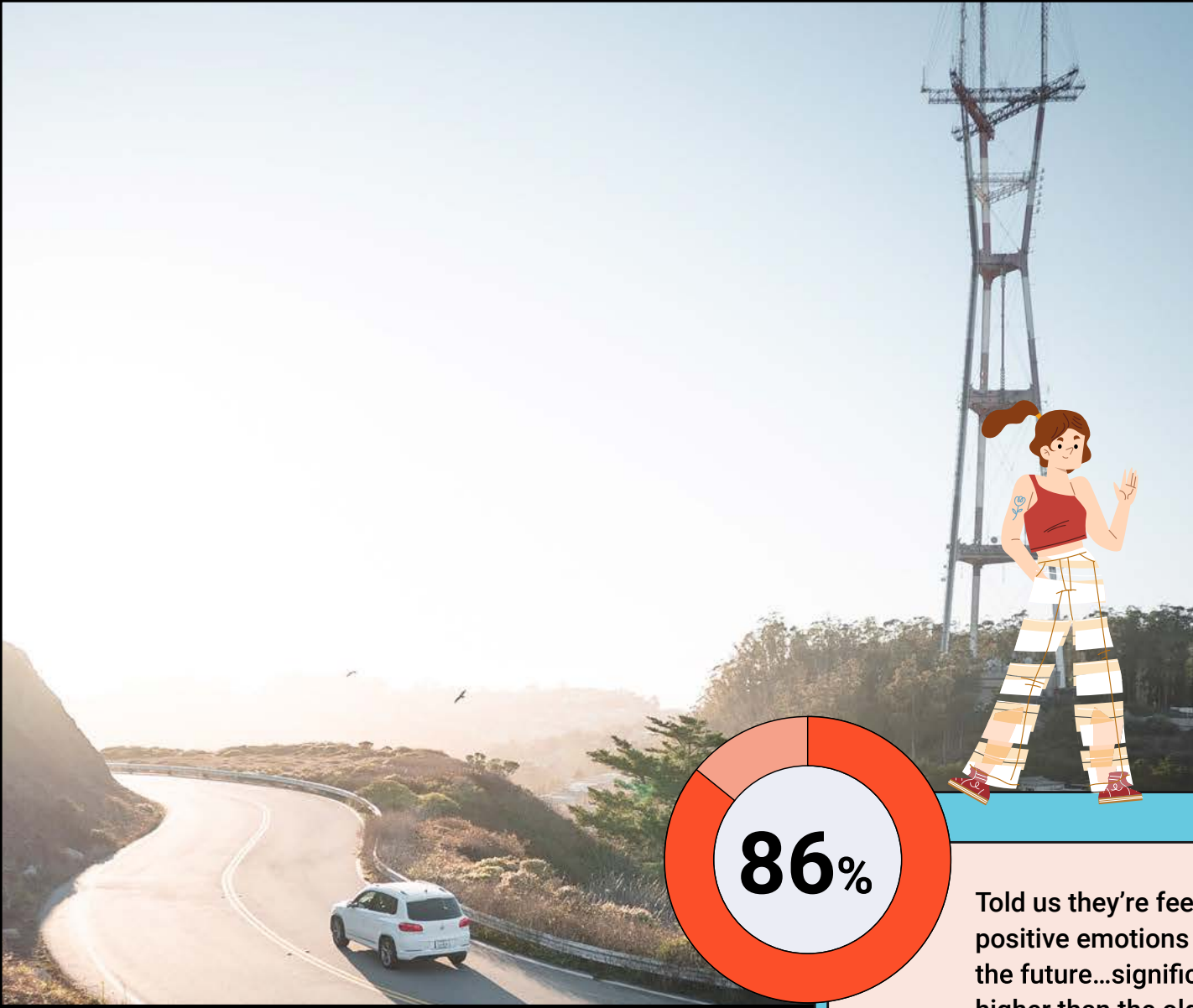
What is interesting about Gen Z is that this pace of change means they can't be defined by one era or theme alone. Things have changed at lightning speed for this audience and so they themselves are defined by unique contrasts and paradoxes.

They're able to hold space for the 'grey'; embracing and expressing contradictory views, opinions, values and behaviours more seamlessly than any other generation (i.e. social connectedness and isolation).

This is why we call them the hybrid generation.

Gen Z have grown up in a world in crisis (think The Great Recessions, 9/11, yearly global warming disasters). What's more, they're coming of age in a world of turbulence and accelerating hard into a world of new challenges (rising cost of living, the pandemic, threat of war, housing market crisis (rental and buying), etc.). It's no surprise when we asked them how they were feeling about the future, the majority claimed to feel negative—stressed, anxious and concerned.





Told us they're feeling positive emotions toward the future...significantly higher than the older Gen X and Boomer cohorts

The current top-of-mind culprits behind this concern are the increasing financial pressures they're facing (i.e. the cost of living hike) and the fear they feel due to the inaction surrounding the climate emergency.

However, it's not all doom and gloom. As mentioned previously, this hybrid generation can hold space for both the uncomfortable negative emotions AND the positive ones.



78%

Gen Y



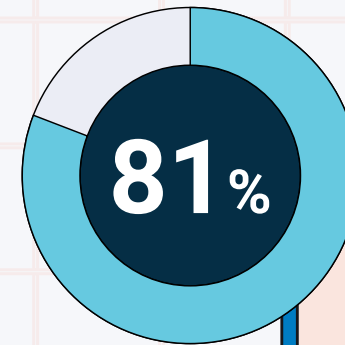
61%

Gen X



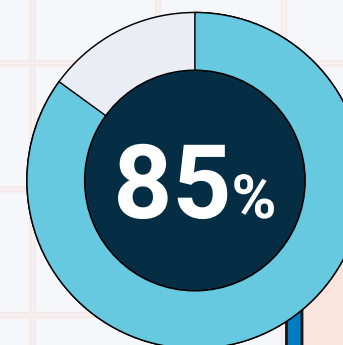
66%

Boomers



Of Gen Z are actively saving
(80% Gen Y, 66% Gen X, 48% BB)

56% have a goal in mind
(49% Gen Y, 37% Gen X, 24% BB)

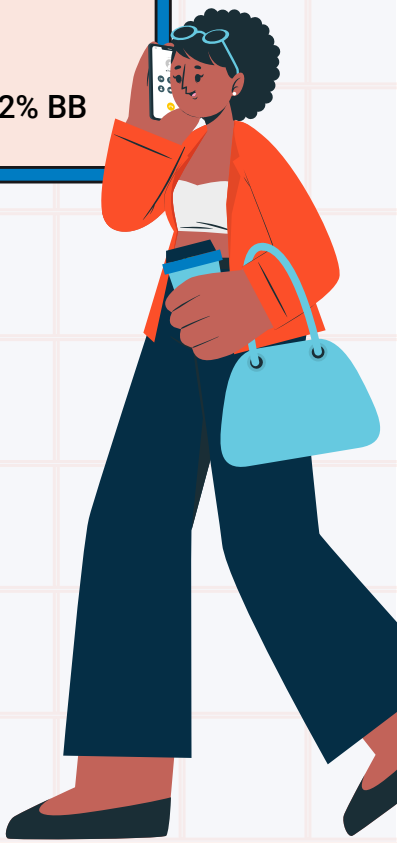


Take at least one action to travel more sustainably (e.g. reducing amount of time they use cars, carpooling/ridesharing when possible, using public transport)

VS

85% Gen Y, 75% Gen X, 72% BB

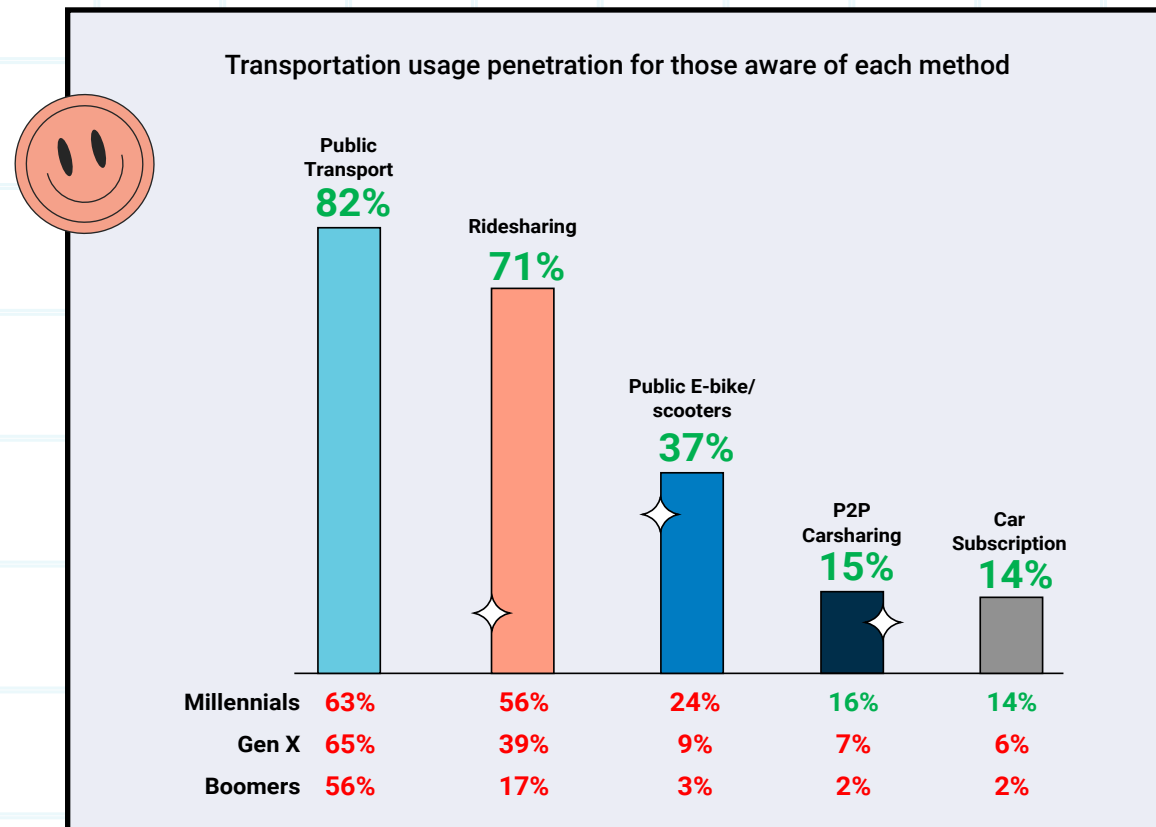
So how does this hybrid generation see the world of mobility and transport?



Ticket to ride: Gen Z's diverse mobility mindset



Gen Z are open-minded and avoid definitive binary labels. These values extend to mobility, being the generation who are the most open to using the most diverse range of transport options available to them.



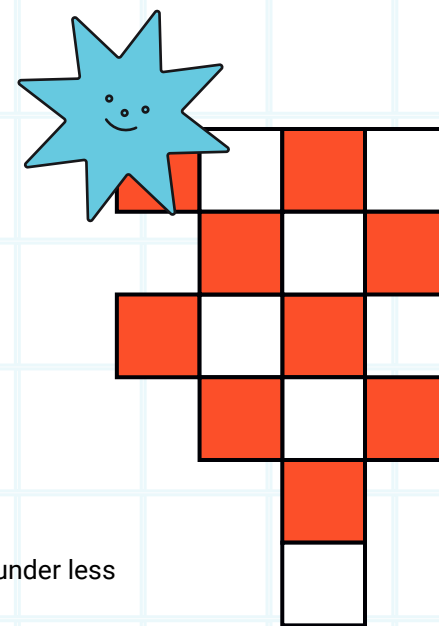
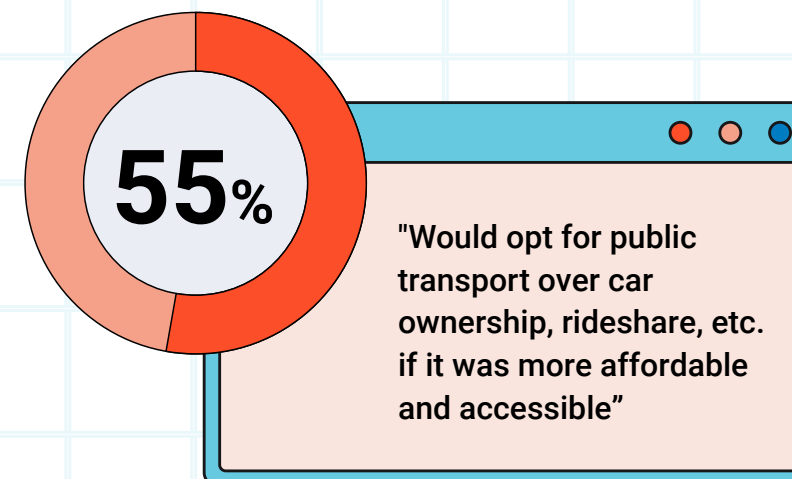
Keen on getting from point A to B, they don't limit their options; rather they choose the mode of transport that best fits their lifestyle and needs at that moment in time.

Take ridesharing Uber for example. You'd expect this financially frugal generation to be wholly against rideshare, given the comparative expense. However, rideshare popularity comes not just from the fact that it takes you from A to B; rather it's part of their social life. Being a drink-safe, convenient option to getting around, 51% assign ridesharing expenses not to their transport budgets, but to their 'night out' budget.

It's an invisible spend in this sense, which reduces the cognitive financial load. Not only that, it's part of

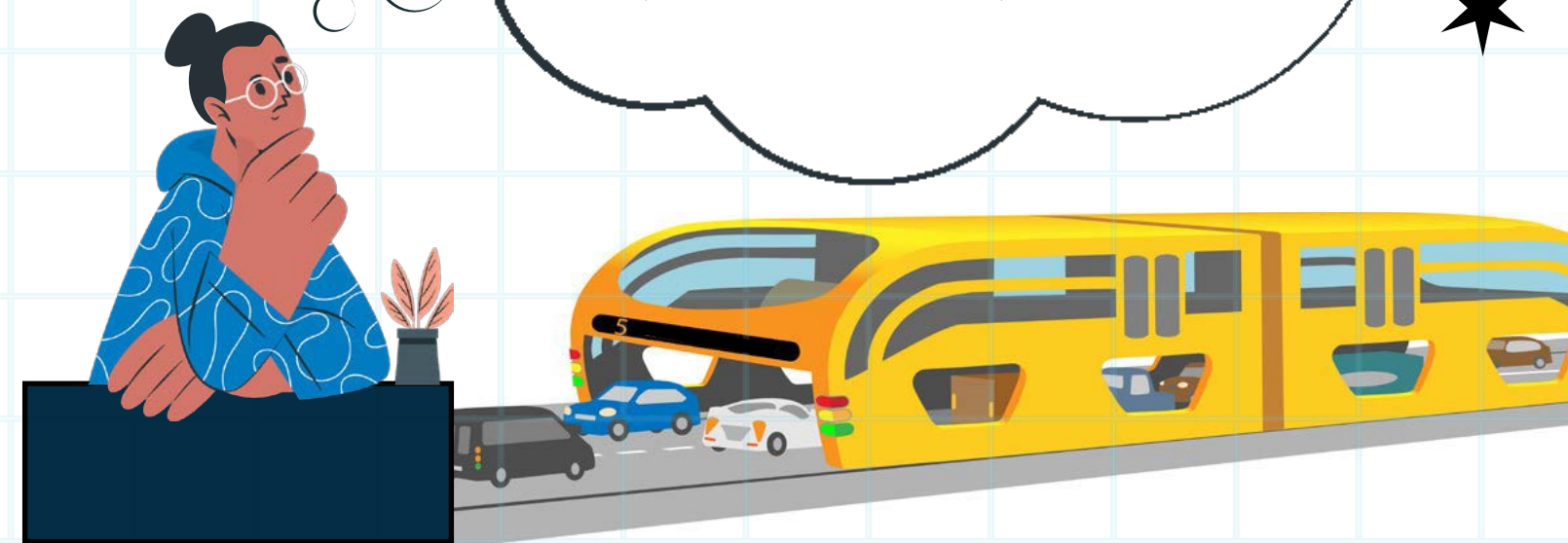
their entertainment budget, which comes under less scrutiny, is consequence free and fun!

When it comes to public transport, the majority (53%) are using it at least weekly. While it can be argued that public transport is of course going to be used regularly by the youngest cohort at the time, we see the affinity towards public transport goes beyond just being a cheap solution to transportation for the Aussie youth. Public transport resonates with Gen Z's values and aspiration towards sustainability; they strongly believe that a more reliable public transport network is the answer to some of society's most pressing challenges: climate change, overcrowding in cities, traffic congestion, and of course, the cost of living.



Public transport in the future seems pretty cool, this is a straddling bus created in China, it's designed to address the problem of urban public transport and transport related air pollution and the overall efficiency of the amount of passengers transported in one go.

(Gen Z Female, Melbourne)



The Future of Car Ownership

43%

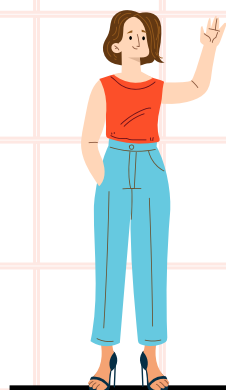
Agreed 'as long as I can access one, car ownership is not that important to me'

Given their openness to the diverse set of transportation options available to them, it's no surprise that when it comes to car ownership, many view access and ownership as one and the same.



41%

Gen Y



33%

Gen X



23%

Boomers

So does this diverse mobility mindset mean the future of car ownership is in trouble?

The answer is no.

In 2022, for Gen Z, buying and owning a car is still an essential milestone of adulthood that's not going anywhere.

Owning a car remains aspirational for this generation, and many think that lacking this ownership is a sign of struggle and financial instability.

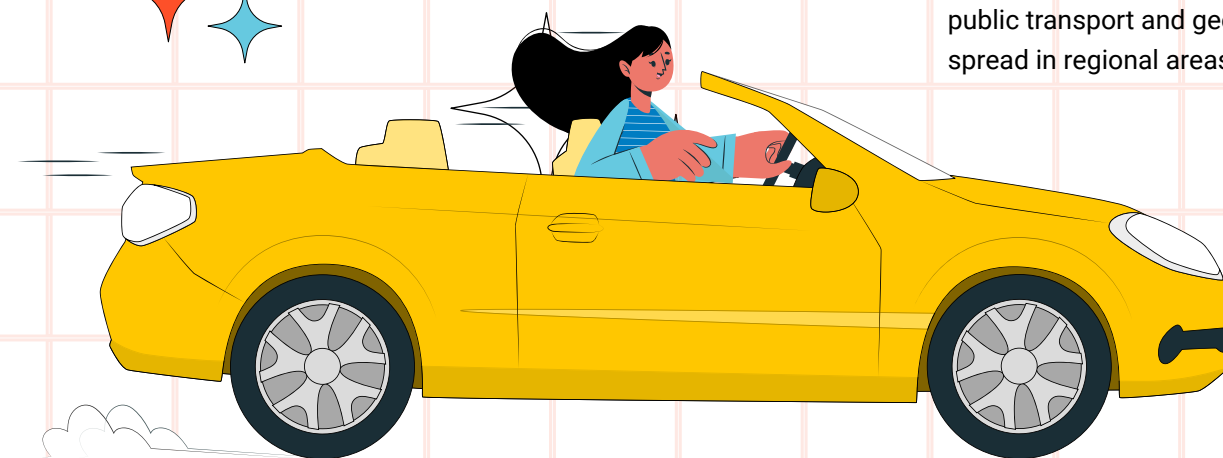
53%

"Can't wait to buy and own a car" (29% Gen Y, 21% Gen X, 13% BB)

41%

Agreed that "Not owning a car as an adult is a sign of struggle and financial instability" (50% Gen Y, 38% Gen X, 23% BB)

What's more, the relevance of car ownership continues to grow as many flock away from urban centres to live, work, and play. In these more regional areas, cars are still the most practical mode of transport due to the structure of cities, limited availability of public transport and geographic spread in regional areas.



The value of driving and car ownership for Gen Z Australians

For Australian Gen Zs, driving remains a cultural symbol of freedom and independence. It taps into three important motivations of young people: I can go wherever I want, I can do whatever I want, I can be whoever I want, whenever I feel like it. This mindset is not unique, but Gen Zs are uniquely defined by the time they lost and milestones they missed because of the pandemic. They are highly driven to create lived experiences and memories for themselves, and travelling is a primary means to achieve this.



The Problem with the Car Buying Journey



However, while they may be craving agency, freedom and independence to prove themselves as an adult, they are currently not able to start this car buying journey on their own.

64%

"Don't feel confident to make the right decision buying my first car without the help of someone more knowledgeable or experienced (e.g. parent, relative, friend, etc.)"

They don't know about the variety of information sources available to them.

25%

Only 25% were aware of government sources that can help them (NRMA/RACV)

13%

Only 13% were aware of bank / financing resources

They're quite worried about being taken advantage of...

75%

3 in 4 (75%) were "worried about being taken advantage of when making large purchases (like a car) online" (74% Gen Y, 77% Gen X, 73% BB)

80%

Would like to be able to know more about the trustworthiness of car sellers/dealers online (e.g., user ratings, trusted seller scores) (78% Gen Y, 76% Gen X, 78% BB)

This low awareness and low trust in information sources to help them buy a car means they're forced to rely on older family members or friends who've gone through this car buying journey before. As a result, the car buying journey currently feels traditional, old school and not in line with who they are. This ultimately makes it harder for them to purchase cars in line with their values and lifestyle. Given how different this generation is to their older counterparts, we see an opportunity to help Gen Z complete this milestone of independence, with more autonomy so they can feel assured they're making decisions that are in line with their values and lifestyle choices moving forward.

Enter the Sage archetype

'The Sage' archetype revolves around knowledge and truth.

Sage brands are considered experts. These brands inform consumers and guide them towards making the right decisions. Oprah Winfrey, TED, the ABC are all examples of Sage brands that consider themselves to be leaders and enlighteners in the midst of a confusing, and often deceptive, world. Sage brands focus on education and information in their marketing and content.

The car buying industry needs to better deliver on 'the Sage' archetype for Gen Z. Providing them with an alternative trusted source of information that they can turn to for advice and another point of view alongside their family and friends, supporting them so that if they need or want to, they can complete their first car buying journey on their own!

What do they expect from us as a Sage?

First meet and greet...

Buying their first car is a big deal, both in the sense of financial investment and as a celebratory milestone.

They want someone who will join in the excitement with them, and who they can trust to make their childhood dream a reality. They expect the person they're buying their car from to understand them, their situation, their lifestyle and why they're buying a car.

During the car buying journey...

They expect the conversation to stay relevant and non-technical. Unless they're a car fanatic, they will likely lose attention if the conversation is too focused on car features (size of the engine etc.).

They would like the conversation on features to be tailored to things they find personally relevant. Are they planning on going on lots of road trips? Talk to AWD/4WD or how the car is spacious for friends and baggage. Are they tech savvy? Talk to how their phone will auto-connect for easy GPS / Music / Podcast integration.

First
Meet & Greet

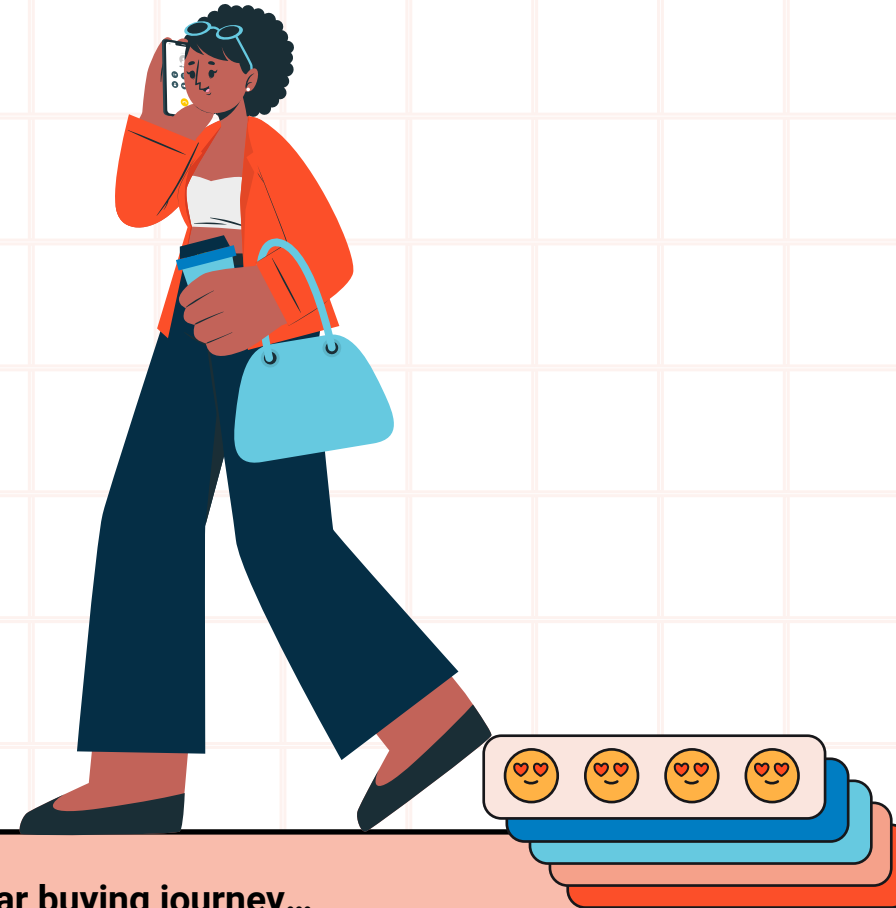
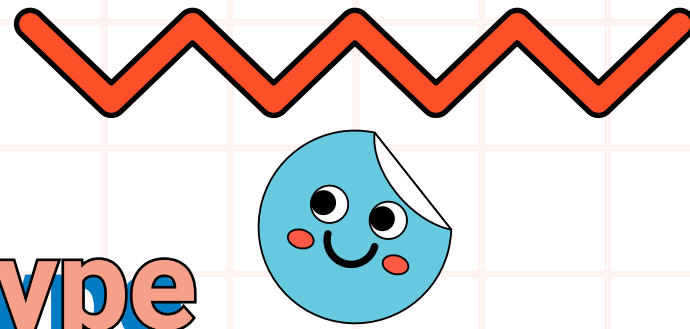
During the car
buying journey

The test drive

Helping them
navigate this big
financial decision

Ongoing
relationship
building

How to talk
with them?



First Meet & Greet

During the car buying journey

The test drive

Helping them navigate this big financial decision

Ongoing relationship building

How to talk with them?



The test drive...

Before and during the test drive, Gen Zs felt supported when the person selling the car informed them of what to look out for and notice. Running through a 'checklist' (ideally from an independent source i.e. NRMA / carsales) with them, allowing them to learn, see and evaluate the car will build trust in both the person and the car they're looking at.

Helping them navigate this big financial decision...

Gen Zs are desperate for reassurance and reason from someone empathetic to their situation. This is a big deal, likely their biggest purchase to date and in this climate, they're not taking financial decisions or debt lightly.

32%

Reported that a 'fear of debt' during the purchase moment made their journey more difficult.

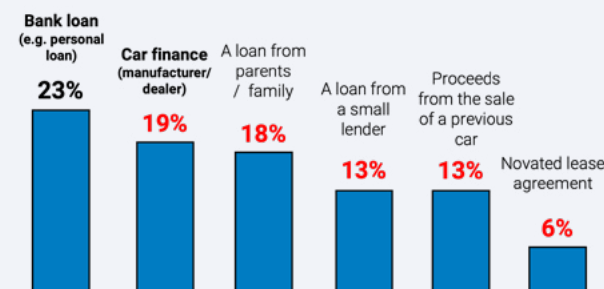
41%

Said they don't understand the car financing options

This lack of awareness combined with the fear of debt, is why we see Gen Z car buyers more likely to purchase their car with cash / savings.

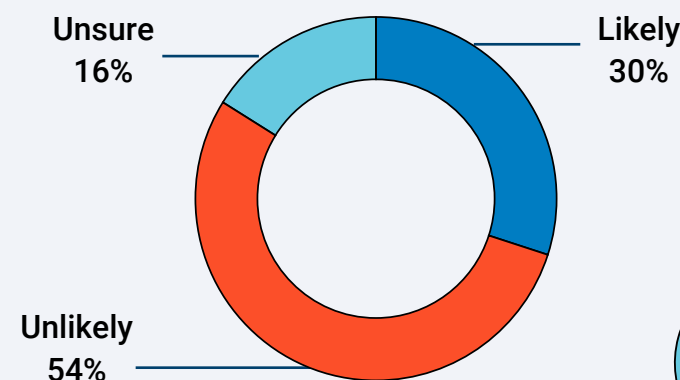
Car purchase financing options

Cash / savings
57%



Despite this caution, they're curious about microfinancing, with 70% unsure or unlikely to take it on. However there is a group of Gen Z open to the idea, so it's not out of the picture completely.

Consideration to take up microfinancing



With this in mind, as the Sage we could use our expert position to demystify finance and open up a world of next car possibilities for Gen Z:

- **Reframe! An investment, not debt:** Reducing the fear around debt by changing the conversation to it being an 'investment' financially as well as in themselves. Using alternative language than 'loan' and 'financing' will also make it more palatable and approachable.

- **Help sense check their decision:** Is it really smarter to pay 10k outright for a car on its last legs? Or use a loan to access a better car that gives them more financial leverage trading in/up later on?

- **Highlighting which cars are more or less fuel efficient:** With fuel efficiency being an important consideration in their car choice, highlighting which cars are more / less fuel efficient will enable them to see the true value of the car.

- **Help them understand upfront costs VS running costs:** Help them do the maths and work out what would be the most economically efficient option for them (engine costs / expected maintenance costs / pink and green slip / fuel efficiency, etc.).

- **Put repayments in context of their everyday life:** Weekly / monthly investment repayments is like their monthly / weekly streaming service / rideshare spend.

- **Put sustainability on their radar:** Could they utilise financing to access an EV?

First
Meet & Greet

During the car
buying journey

The test drive

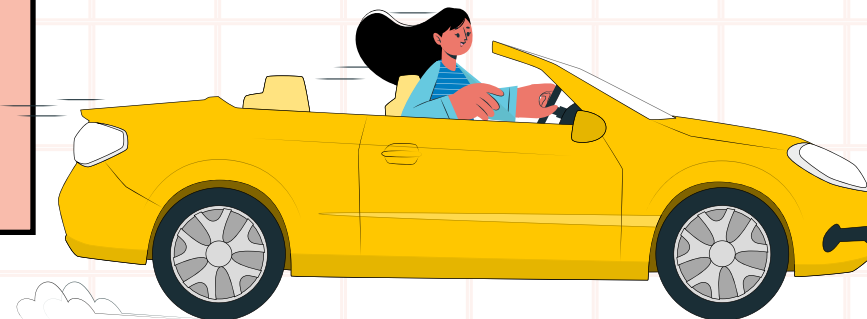
Helping them
navigate this big
financial decision

Ongoing
relationship
building

How to talk
with them?

Ongoing relationship building...

While they would love immediate guidance on what they have to do to drive the car out the door (insurance, pink slips, etc.), they also need help on an ongoing basis. Their first car is a huge new responsibility and there's huge opportunity in keeping the relationship alive, being the 'Sage' and providing guidance on car care, mechanic advice, updates on govt rebates to do with EVs, servicing, tyre fitting, etc. Investing in this relationship on an ongoing basis will ensure they come back to the person who has become such an important advisor in their car life when they're ready to buy their next car.

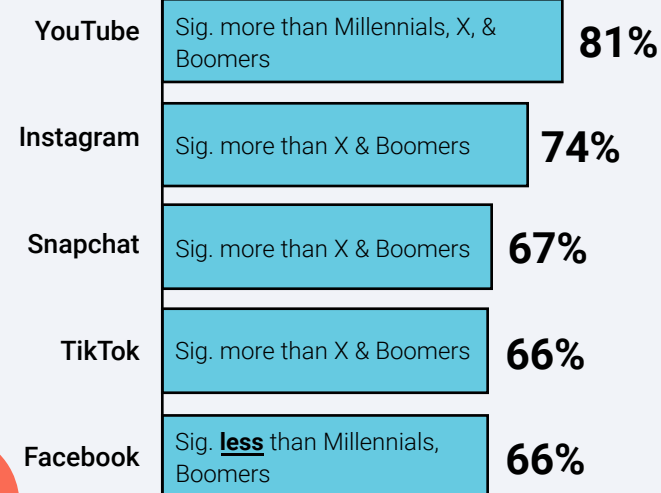


How to talk with them?

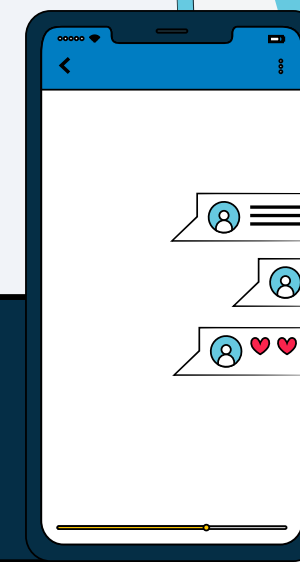
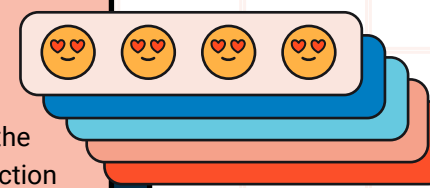
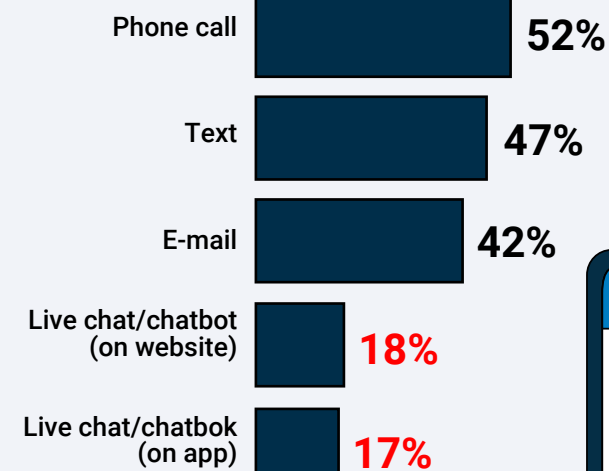
We've seen that a lack of awareness of car buying information sources is one of the biggest issues. Gen Z expect to have conversations with brands and people on their terms i.e. YouTube, Instagram, Snapchat, TikTok—these are the channels they are on significantly more than any other generation, so a social media presence is essential to connect with this generation.

Once we've established one-on-one contact and they're on the car buying journey, it's important to provide a human connection to build an authentic trusted relationship. Given the enormity of this milestone and financial investment, Gen Z actually prefer a more human approach in the car buying journey, opting for phone calls, text, and e-mail over bots.

Used within the past 3 days

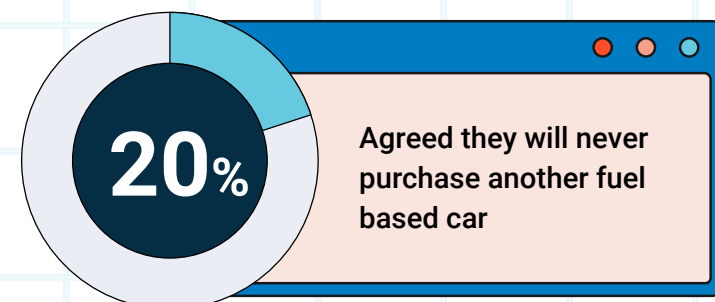
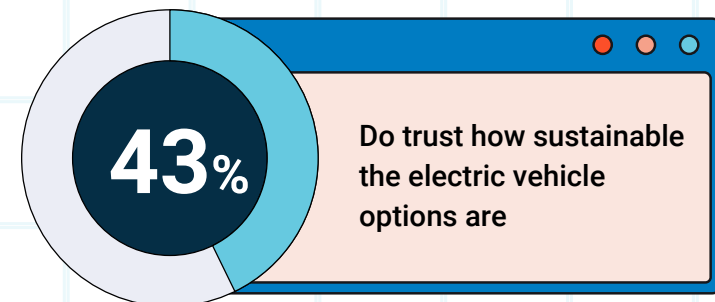
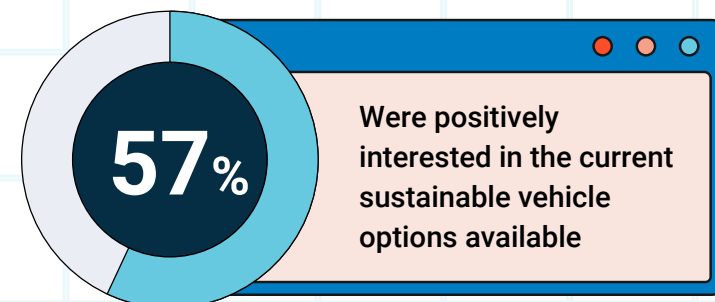
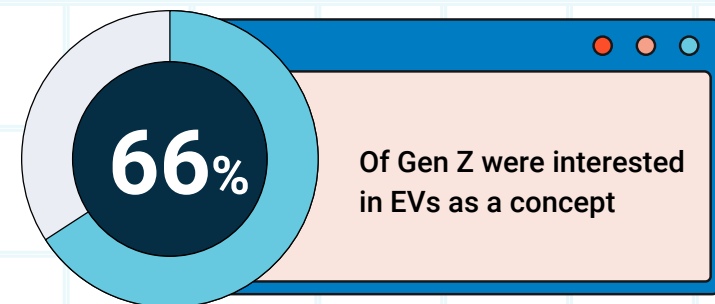


Preferred contact methods throughout the car buying journey



Back to the future: Electric vehicles and Gen Z

Gen Zs are environmentally conscious, taking steps to leave a smaller carbon footprint on the planet. In line with their values and desire for change, they expect the future of transportation and cars to be sustainable. They are interested in EVs as a concept and overall are positively interested in the current options available.



However, there's a general sense of uncertainty, low understanding and myths around EVs, leading to hesitation. Many are opting to wait and see, envisioning purchasing an EV as a NEXT car, rather than this purchase.

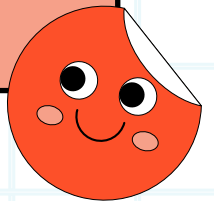
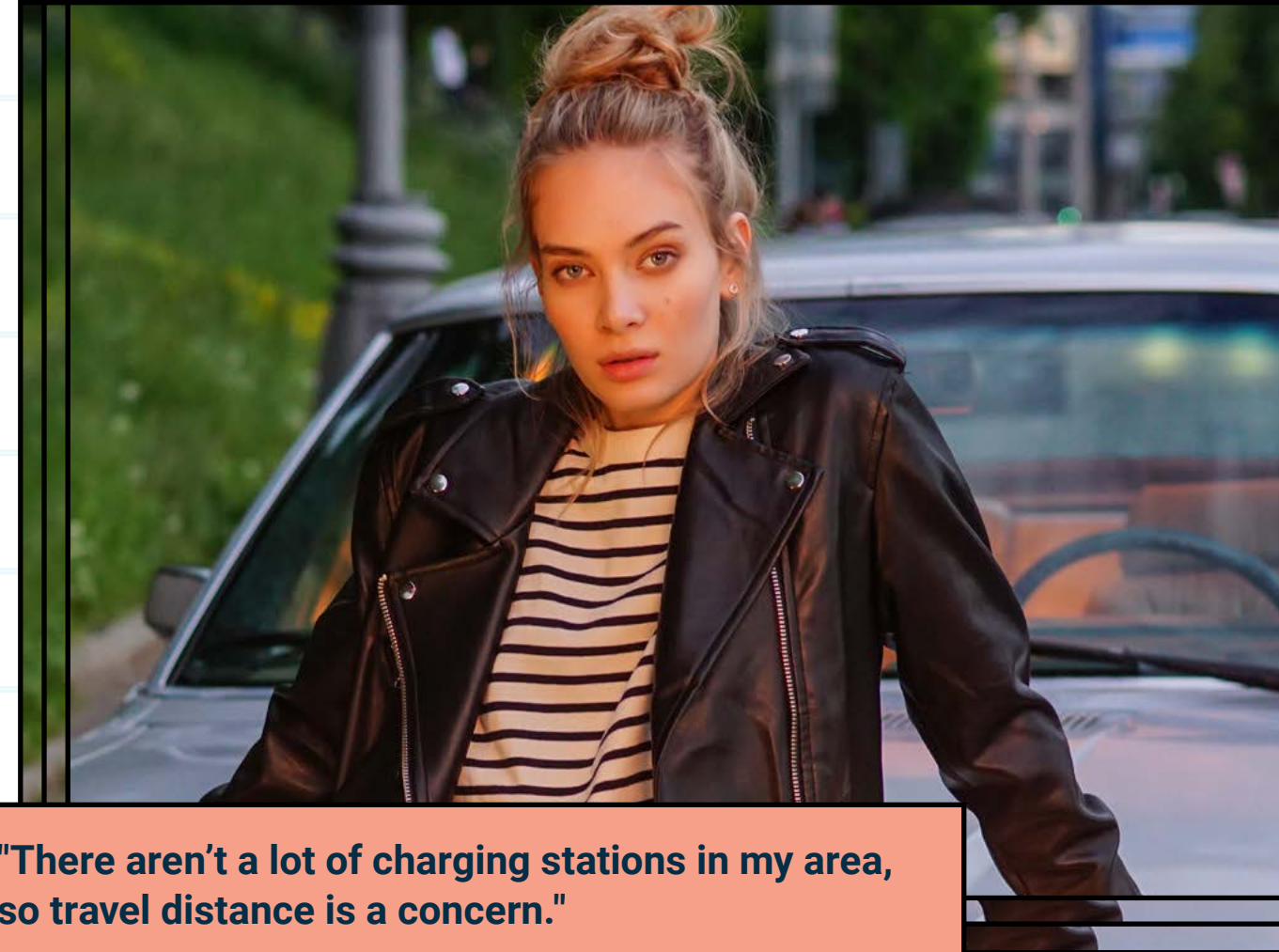
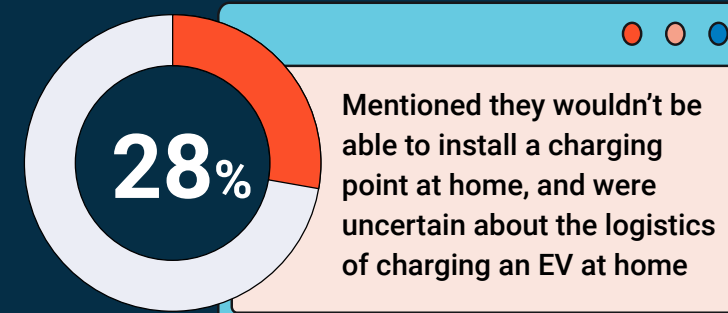
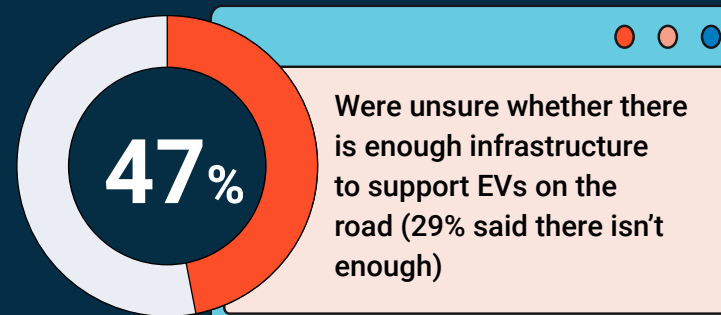
"I like the idea of hybrid and electrical vehicles, and support them in terms of reducing the usage of fossil fuels, but I'm unsure as to how practical they actually are."

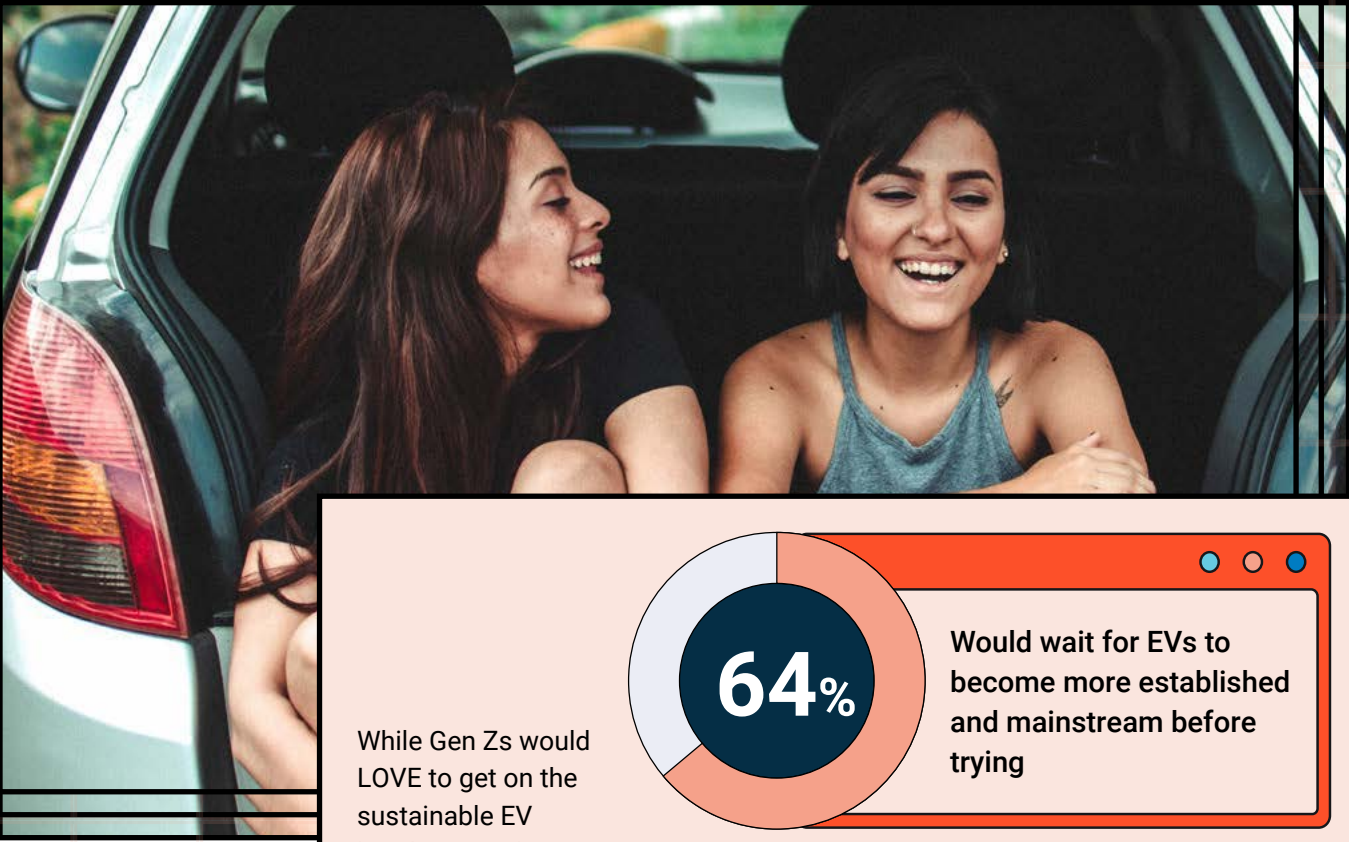
(Gen Z Female, Regional VIC)

"There aren't a lot of charging stations in my area, so travel distance is a concern."

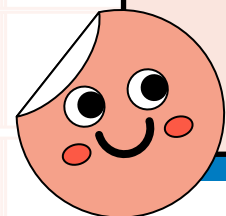
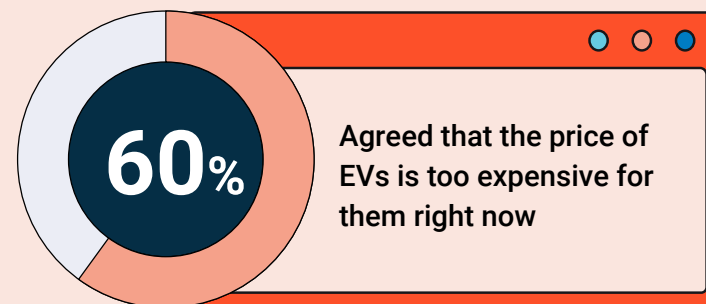
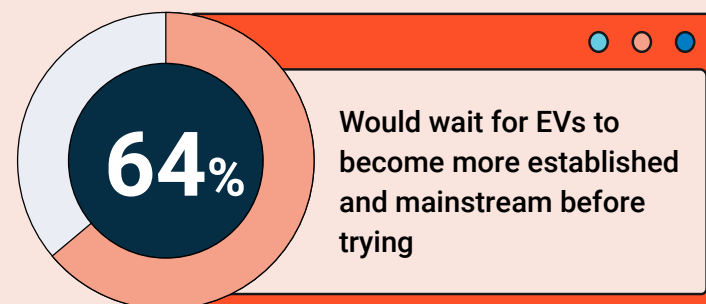
(Gen Z Male, QLD)

They raise critical questions such as "how are the old batteries processed?", "do we have the infrastructure to support these vehicles?" and "can I realistically install a charging point at home?"





While Gen Zs would LOVE to get on the sustainable EV bandwagon, their pragmatic side makes them hesitant to be the first.



How to help them consider EVs as their next car choice...

Education around the practicalities of owning, maintaining, charging and financing EVs is needed to build confidence and motivate Gen Z to actively consider EVs.

Reframe an EV car loan as an investment in their future (both from a financial and sustainable mindset).

Appeal to their frugal mindset, by comparing the running costs VS upfront costs and explaining how an EV has no engine maintenance costs, no fuel costs and low comparable charging costs.

Keep them updated with any Government rebates that will help them access an EV sooner as well as keeping them updated with the new, more accessible options available.



A final note on Gen Z and car ownership as a whole...

Gen Z, our pragmatic, optimistic, financially frugal youth, see cars as the aspirational mode of transport that best delivers on freedom.

Playing a more active role in supporting them on their road to success will ensure we maintain relevance and a competitive edge.

Let's help them enjoy the ride!



Sources:

Crowd DNA Data quantitative: Crowd DNA Shifting Gears Survey, n=1,300 Aus Nat Rep
Crowd DNA Data qualitative: Crowd DNA Shifting Gears Online Community, n=25

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