



CONSUMER INSIGHTS | AUTOMOTIVE

August 2023

fifth
quadrant

Navigating Change: Shifting Trends in Consumer Vehicle Purchasing



Negative times ahead, with 71% expecting Australian economic conditions to worsen over the next 12 months



Despite this, 22% still intend to purchase a vehicle in the year ahead



Almost one in two (49%) would consider a zero or low emission vehicle (rising to 66% of Boomers)



Despite expressing progressive mindsets, affordability issues mean Gen Z (35%) are the least likely to consider low emission vehicles

Against the backdrop of ongoing economic uncertainty, almost one in four (22%) Australians intend to purchase a vehicle in the upcoming year. This intention unravels along generational lines, with Gen Z (27%) and Gen Y (27%) leading the charge, followed closely by Gen X (24%), and a slightly lesser 14% among Boomers.

This divide is underpinned by consumer sentiment. Despite a staggering 71% foreseeing a challenging economic terrain ahead for Australia over the next 12 months, 45% of our resilient Gen Zs project optimism, anticipating that economic conditions will either stabilize or improve. This sits in stark contrast to the 27% of their Boomer counterparts who share this outlook off the back of concerns about the burden of rising energy bills (77%), the constant pressure of affordability for essential products (63%), and the accessibility of affordable healthcare (52%)

In line with recent automotive trends, SUVs command the spotlight, with 62% of consumers drawn towards this category for their next vehicle, overshadowing the 50% considering passenger vehicles. This trend notably gains momentum among Boomers (71%), underscoring the timeless appeal of these vehicles across generations. Brand loyalty also takes centre stage with Toyota (75%), Mazda (58%), and Hyundai (54%) emerging as the most favoured options for prospective purchasers. In a captivating twist though, Gen Z also displays a propensity for Volkswagen (49%), illustrating their willingness to explore newer avenues while still considering the established players.

Reflecting the continuing transition towards a sustainable future, almost half (49%) of potential vehicle purchasers are open to the idea of low or zero emission vehicles, with 42% considering hybrids and 22% contemplating electric vehicles. Intriguingly, Gen Z (34%) appear less likely to purchase a low emission vehicle within the next 12 months, with affordability a key factor in this decision.

In summary, this study unpacks shifting consumer sentiments and priorities, revealing distinct generational economic outlooks that are reshaping market dynamics. Purchasing intentions hold up despite a range of concerns, with Gen Z's more optimistic outlook shining through despite the concerns they hold (e.g. rising energy bills and mental health) and contrasting with Boomers focus on rising cost of living pressure. These generational trends extend to vehicular preferences, with a notable emphasis on sustainability, led by Boomers who have the financial capability to invest in lower emission vehicles.



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The Journey To Electric

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**About Fifth
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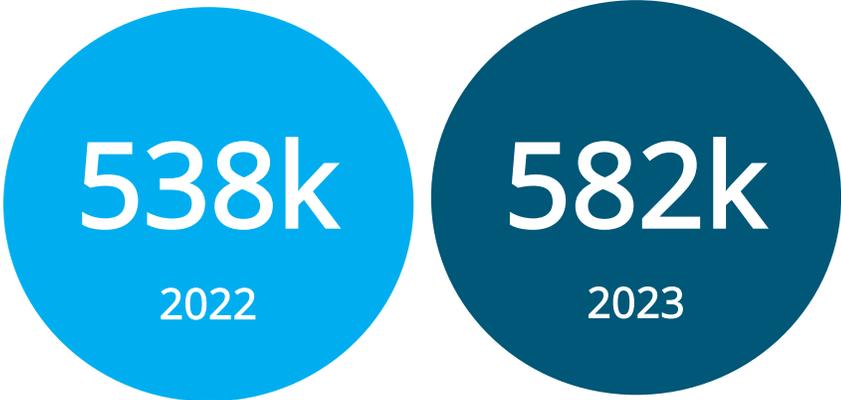
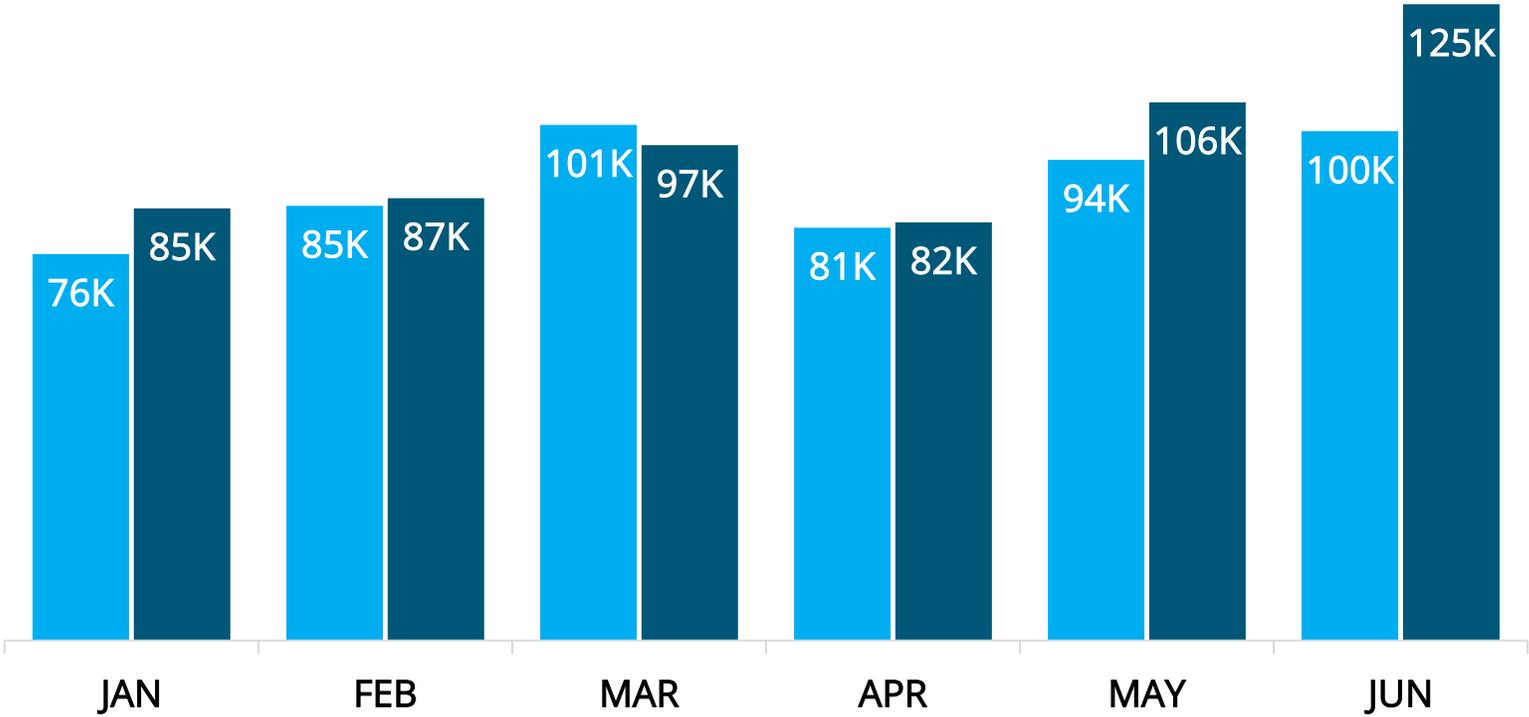
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State of the Market | New Vehicle Sales

New vehicle sales were strong through the first half of 2023, with almost 50,000 more vehicles sold than the comparable period in 2022

Passenger & Light Commercial Vehicles



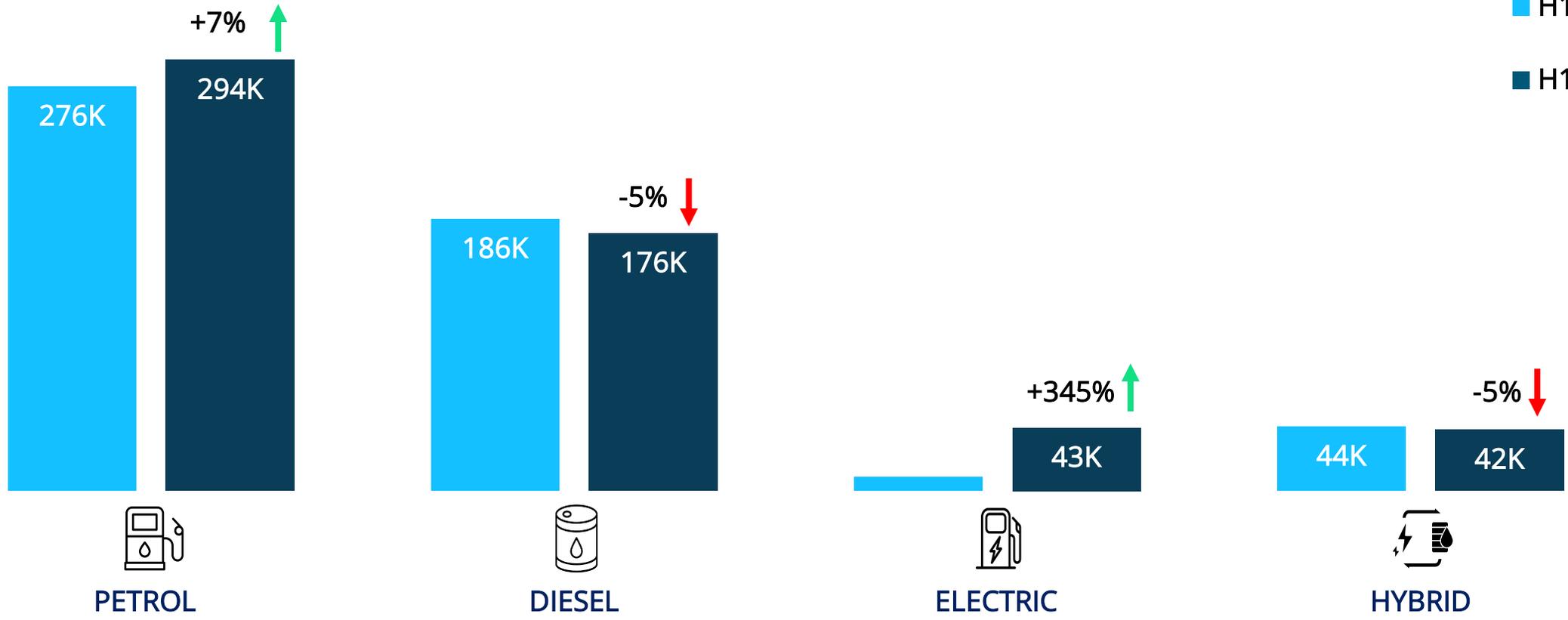
FIRST HALF OF YEAR

State of the Market | New Vehicle Sales

More than half of this increase came from electric vehicles, with sales up 345% year on year; conversely, sales of diesel vehicles are down off the back of ongoing supply shortages for some key models

Fuel Type Half 1 YoY

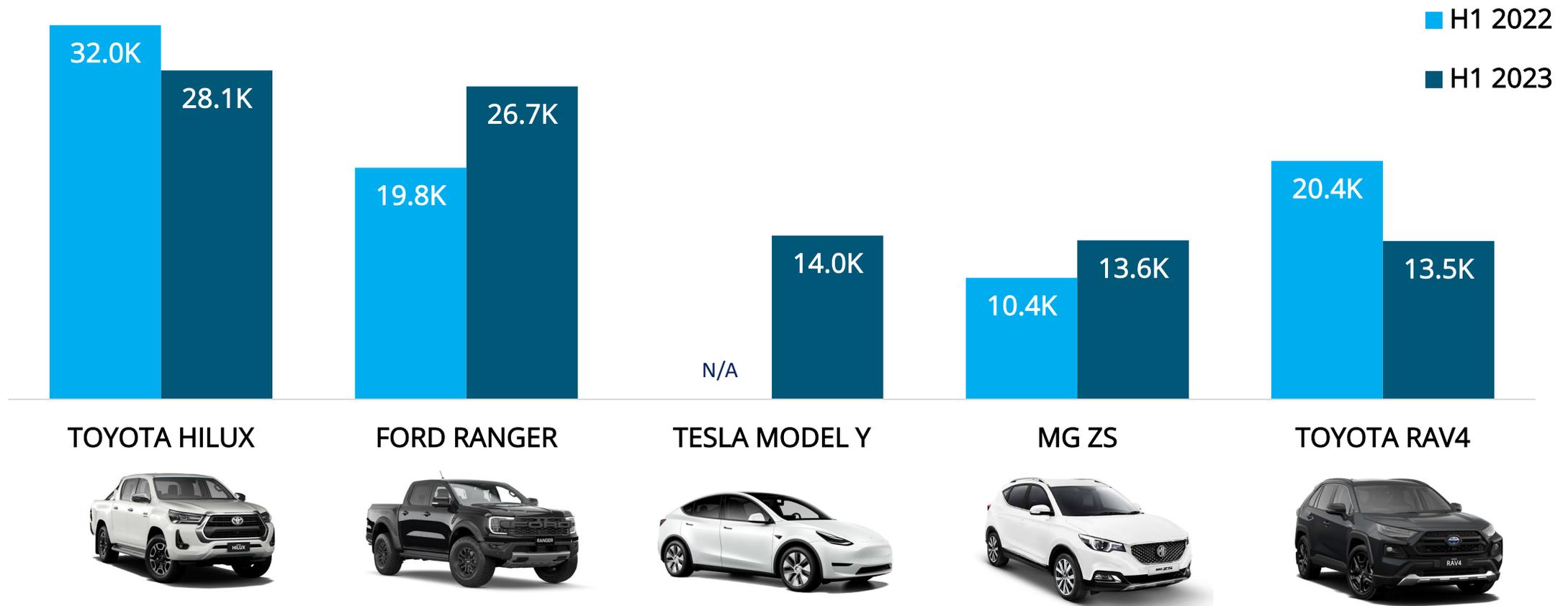
■ H1 2022
■ H1 2023



State of the Market | New Vehicle Sales

Despite that, the two best selling vehicles are still light commercial vehicles, with the Hilux and Ranger well ahead of the competition; we can however see the changing market dynamic beyond this, with the Tesla Model Y and MG ZS outperforming competitors to take the next two spots

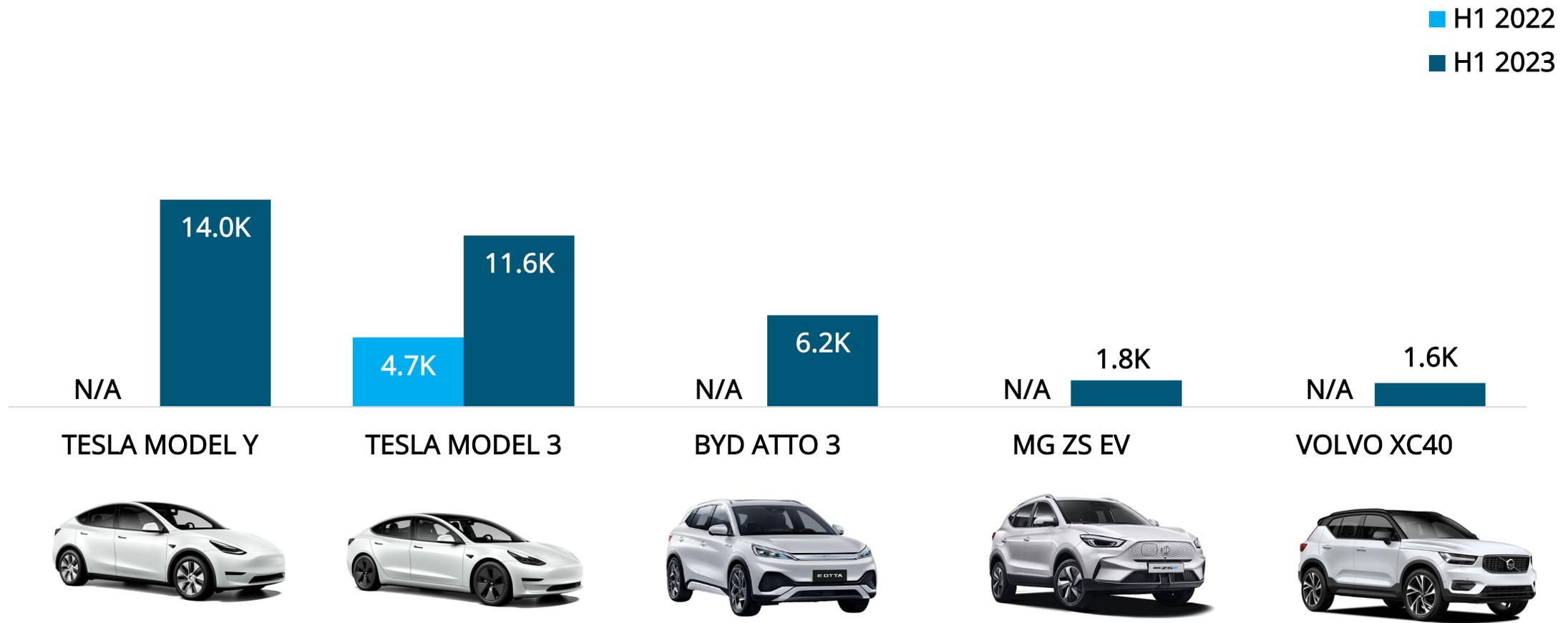
Top 5 Models Half 1 YoY



State of the Market | New Vehicle Sales

Tesla is clearly still the market leader for electric vehicles, but we are seeing a more diverse range of competitors achieving strong sales volumes

Top 5 EV Models Half 1 2023





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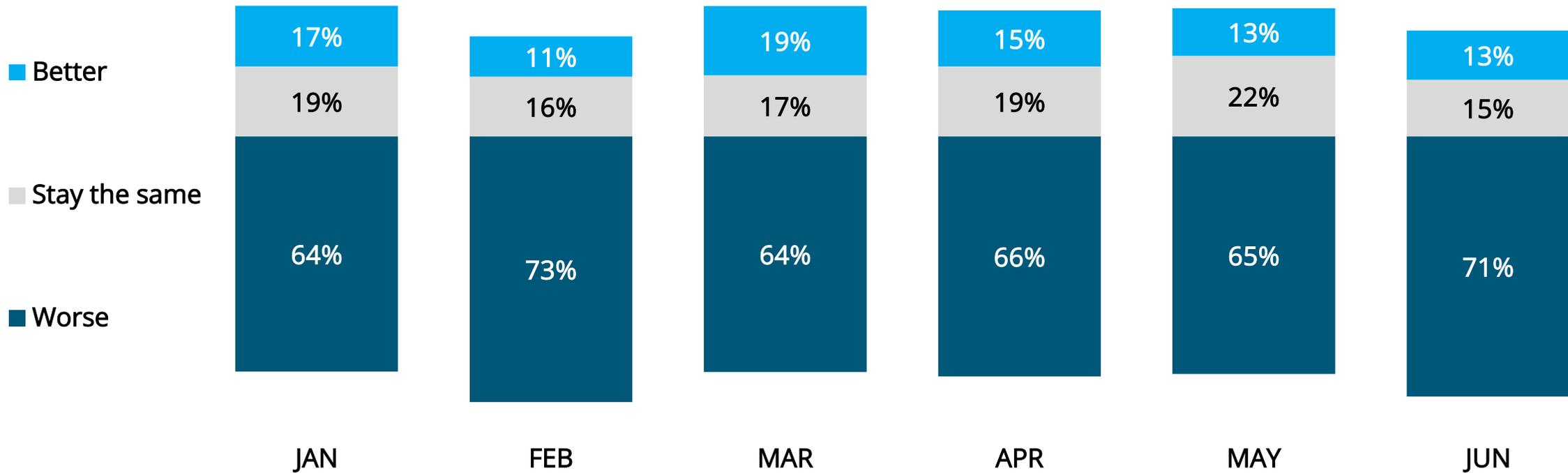
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Consumers are generally negative about Australia's economic outlook over the next 12 months

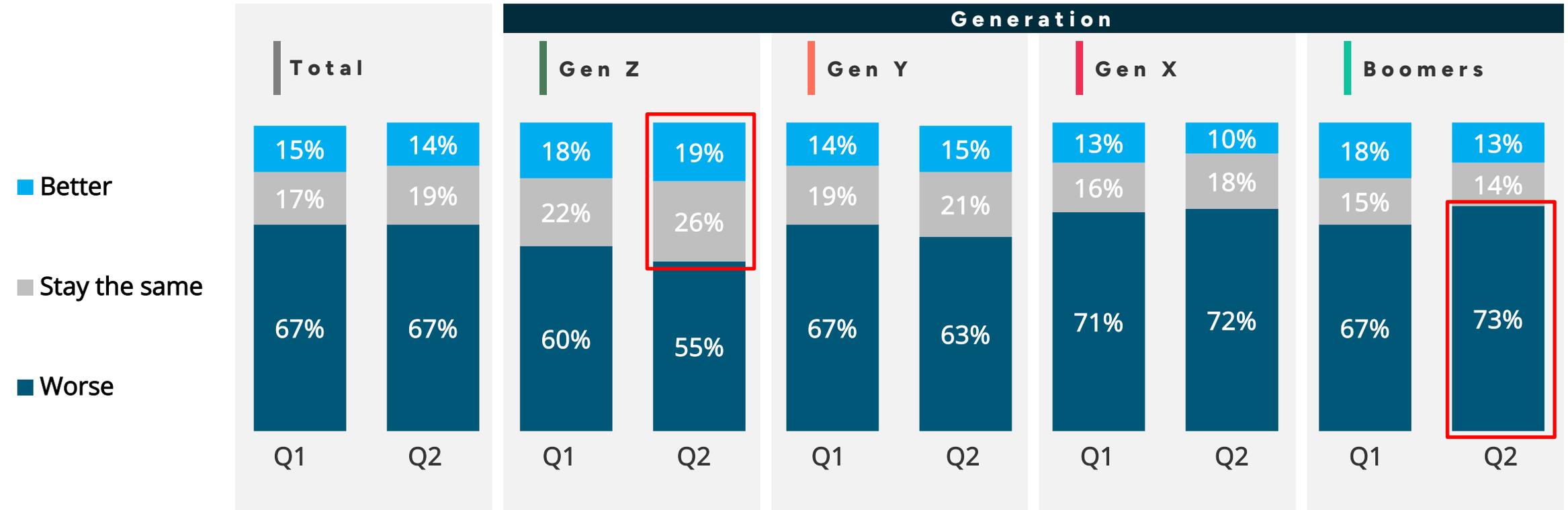
Australian Economic Outlook (N12M)



Consumer Sentiment | Australian Economic Outlook

We can however see a level of variation in sentiment by age; younger consumers are somewhat more optimistic about the future (particularly Gen Z), with older ones generally more negative (Boomers are increasingly so in the current quarter)

Australian Economic Outlook (N12M)

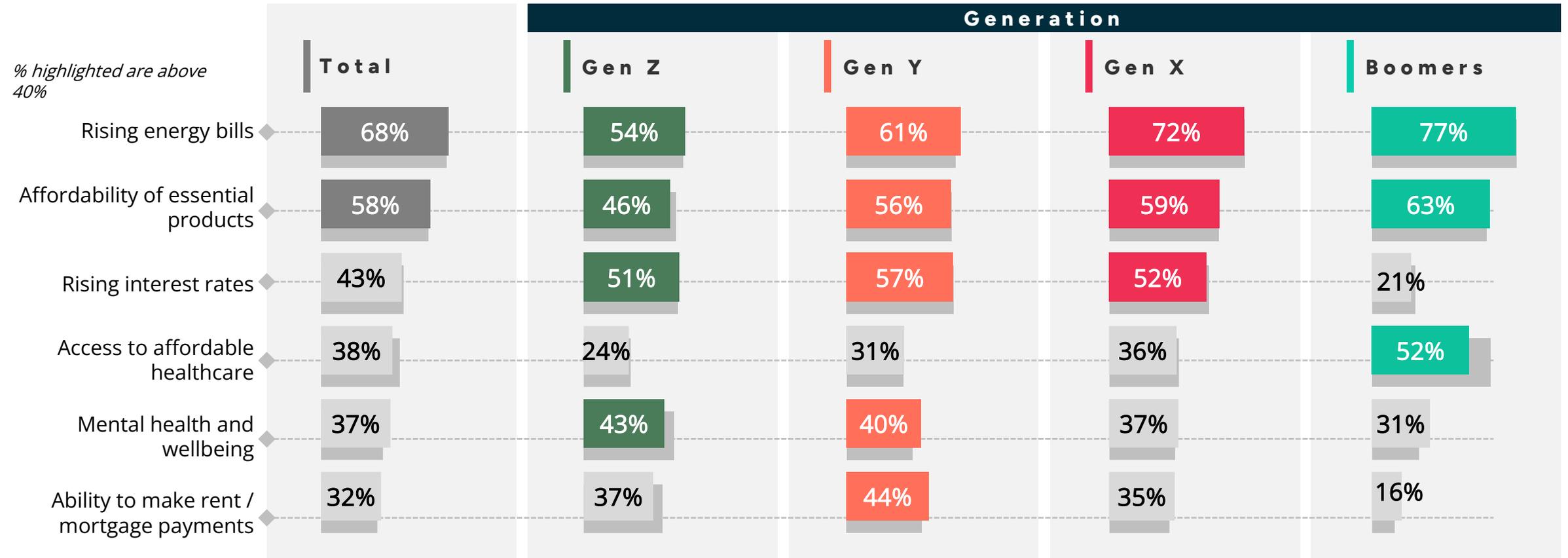


Consumer Sentiment | Main Household Concerns

Consumers are generally worried about further increases in day-to-day living expenses, with younger Australians highly conscious of rising interest rates and mental health and wellbeing; interest rates are naturally less concerning to Boomers, who instead emphasise access to affordable healthcare services

Household Concerns (N12M)

Legend
 Q2 Q1





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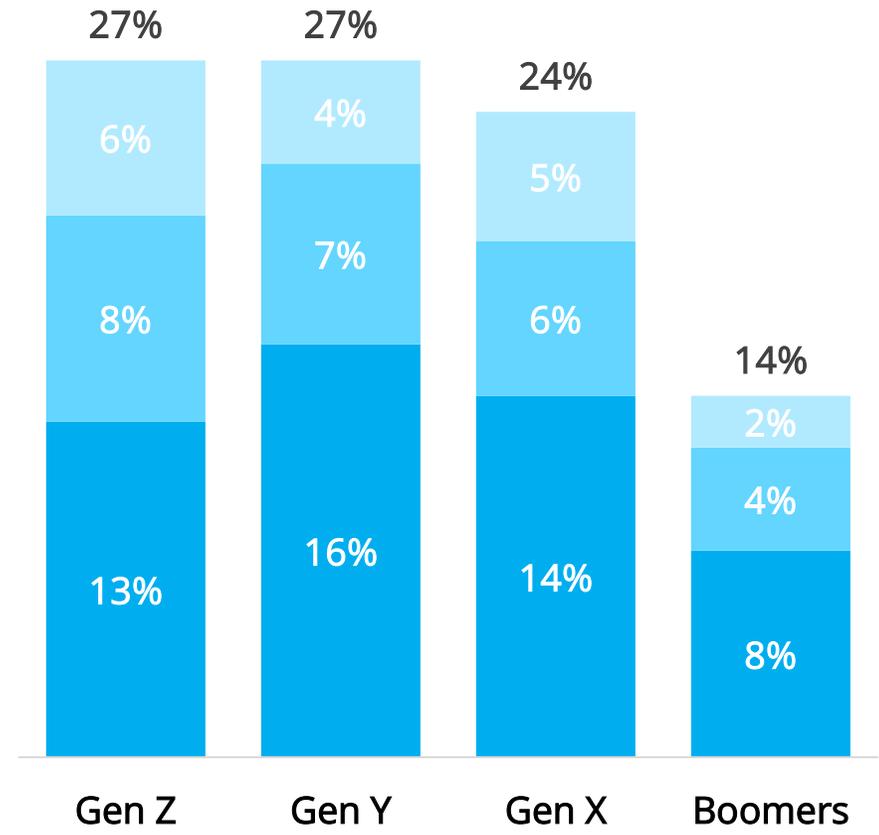
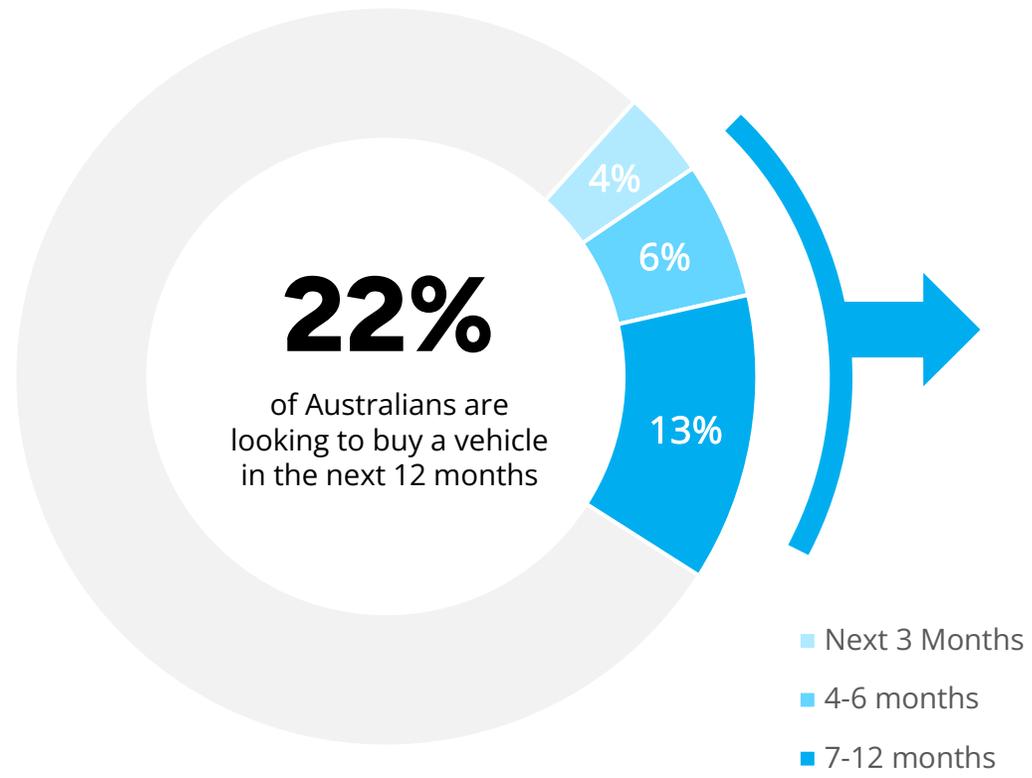
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Purchase Intent | Future Vehicle Purchasing

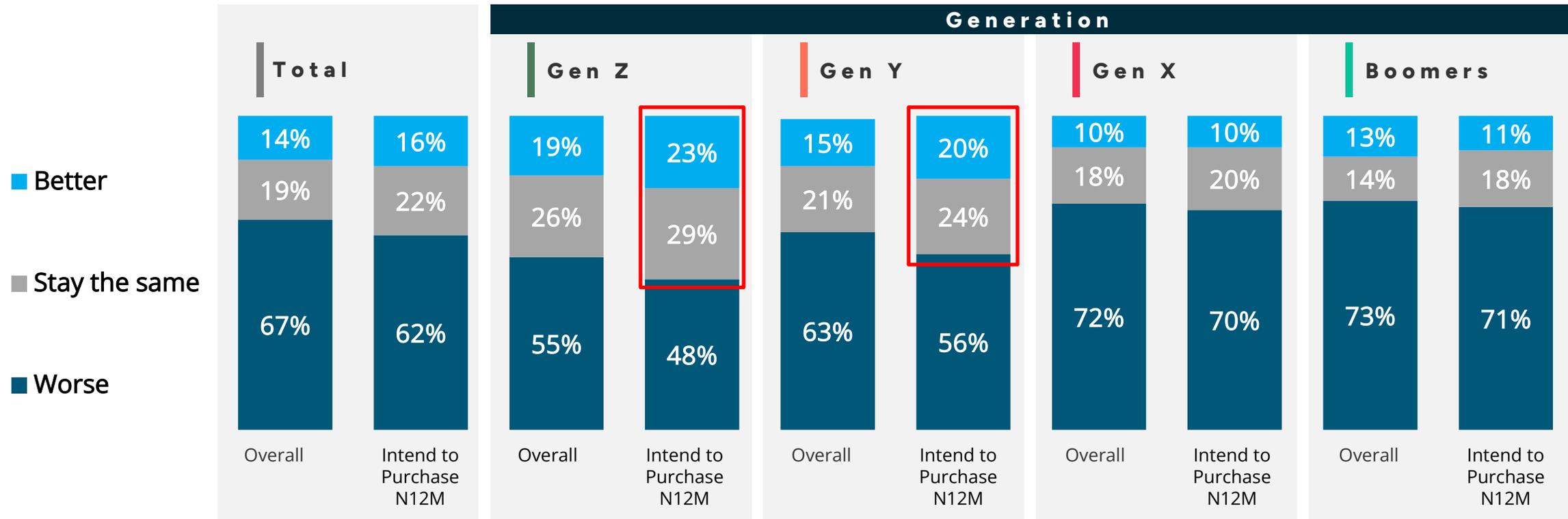
Despite the negativity, vehicles remain in demand with just under a quarter of Australian's considering a purchase in the next 12 months; younger consumers are clearly leading the way off the back of their more positive sentiment about the year ahead

Future Vehicle Purchasing



We can also see that younger consumers who are considering purchasing a vehicle in the next 12 months are becoming more positive about the economic outlook than the broader cohort; on the flipside, there is little difference for older purchase considerers, suggesting this is a required purchase (as against discretionary spending)

Consumer Sentiment

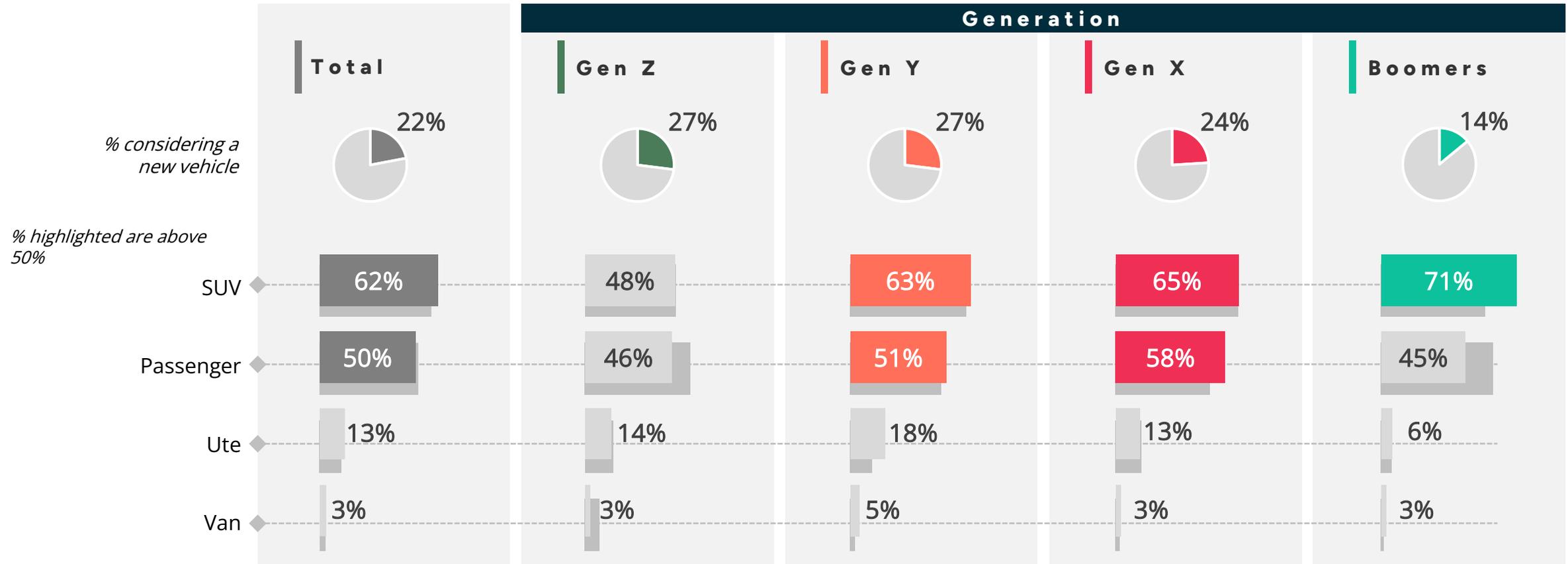


Purchase Intent | Vehicle Type Consideration

SUVs are undoubtedly (and unsurprisingly) the most popular choice amongst Australians, with most segments shifting away slightly from passenger vehicles in the current quarter; Gen X and Gen Y are the outliers here, potentially driven by the newer 'premium' passenger vehicles currently launching into the Australian market

Vehicle Consideration

Legend
 Q2 Q1



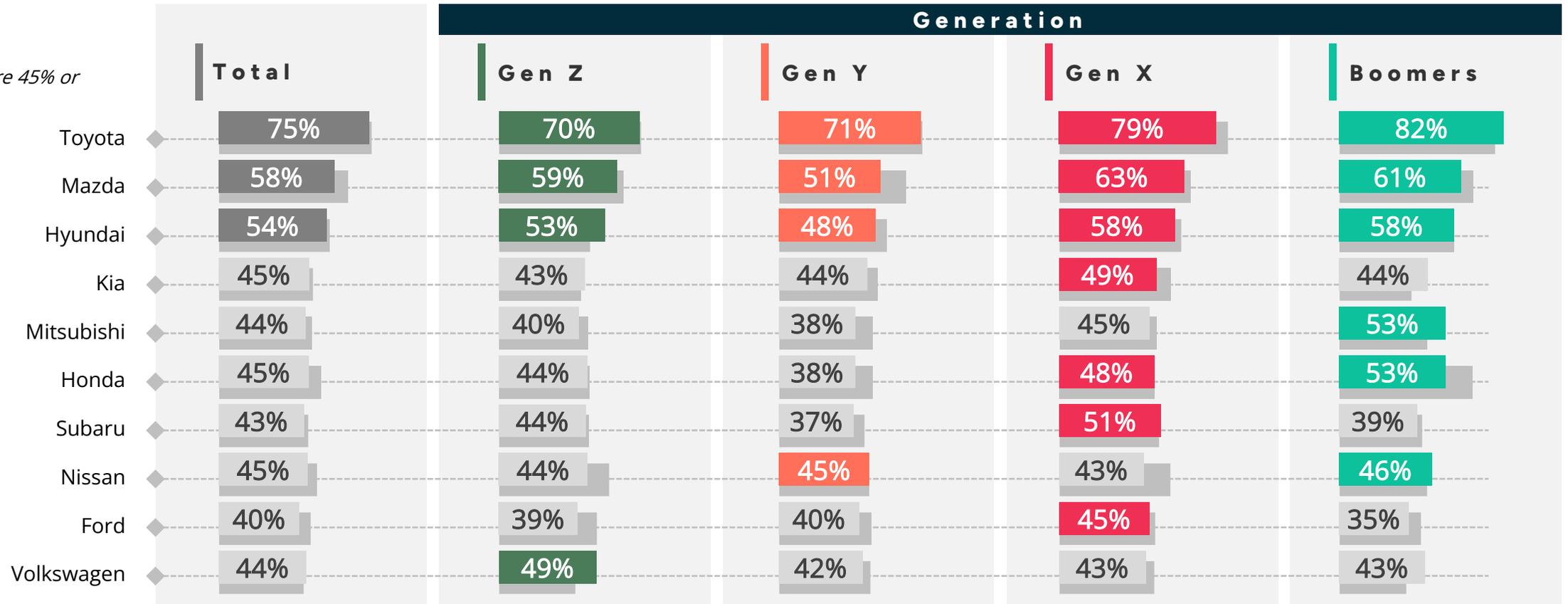
Purchase Intent | Vehicle Brand Consideration

At a brand level, Toyota, Mazda and Hyundai are universally popular, but the market does then split out by age; VW appeals more to younger consumers, while older Australians are open to considering a wider range of brands that might include Kia, Mitsubishi, Honda, Subaru, Nissan, and Ford

Brand Consideration

Legend
 Q2  Q1 

% highlighted are 45% or more





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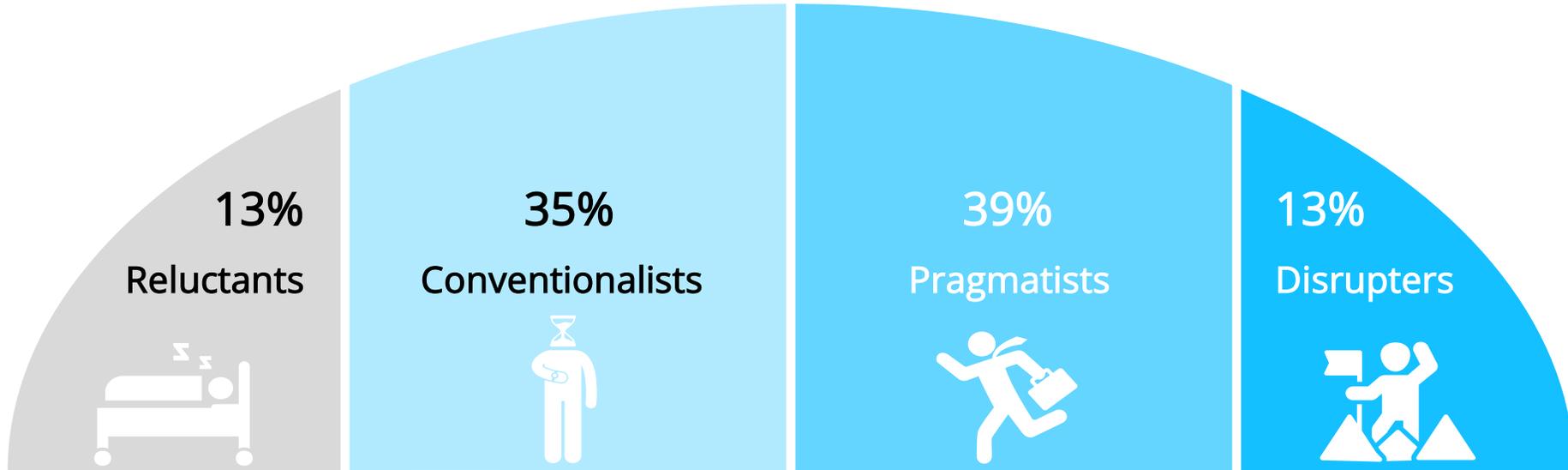
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The Journey To Electric | Maturity Segments

To help us benchmark and monitor EV take-up, we created a segmentation based on three core statements; through this four key groups emerged

EV Adoption Scale

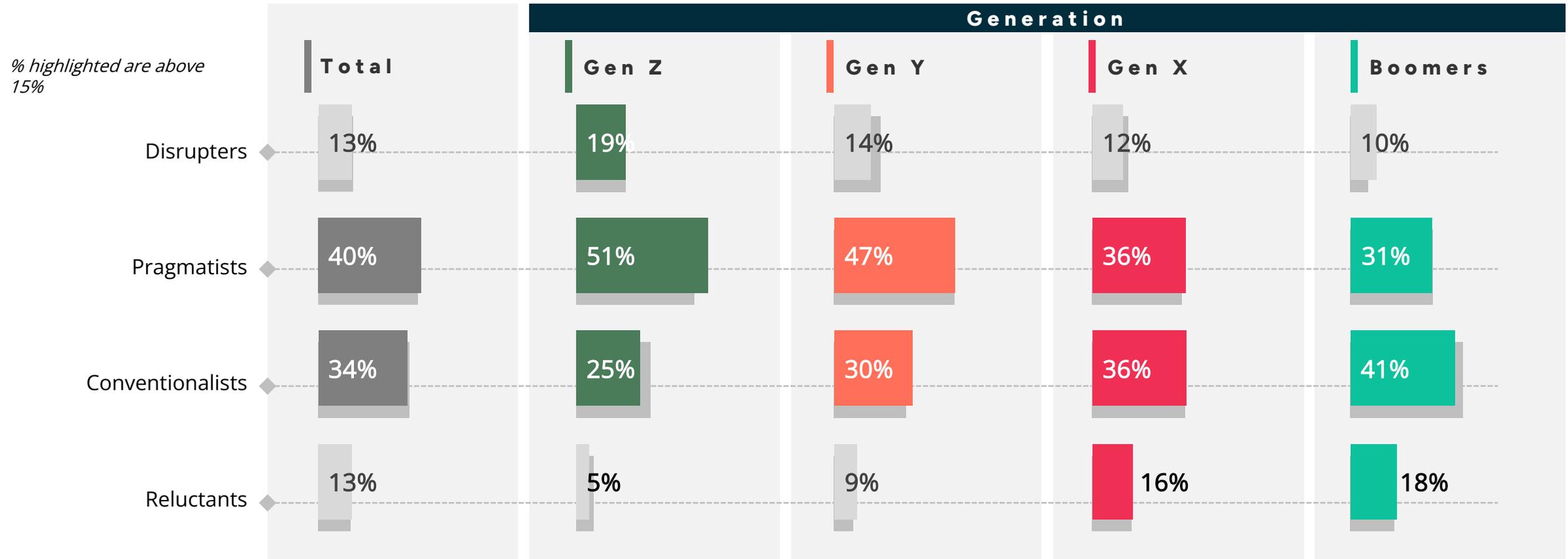


The Journey To Electric | Maturity Segments

The bulk of consumers are found in the Pragmatist and Conventionalist segments, but we can see younger Australians (Gen Z and to an extent Gen Y) holding more progressive mindsets that can make them 'Disrupters', while older ones are more likely to sit in the more traditional 'Reluctants' segment

EV Adoption Scale

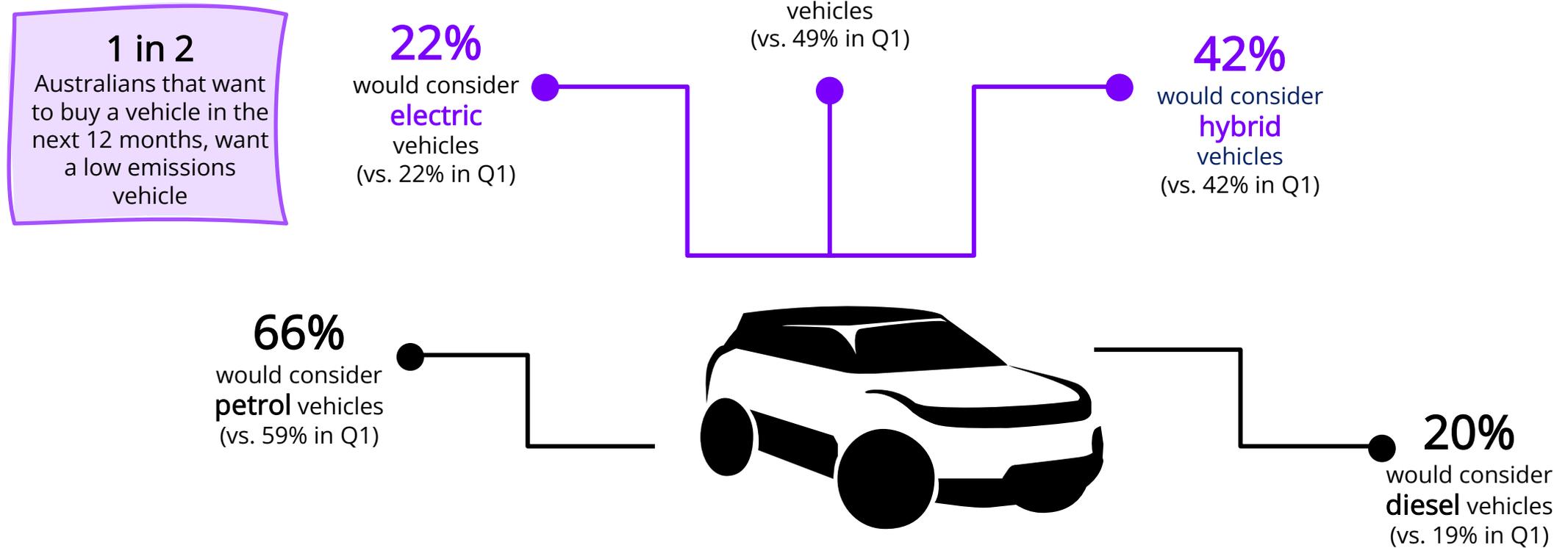
Legend
 Q2 Q1



The Journey To Electric | Powertrain Consideration

One in two vehicle purchasers would consider a zero or lower emission vehicle for their household, with more Australians willing to consider battery electric than diesel

Purchase Consideration N12M

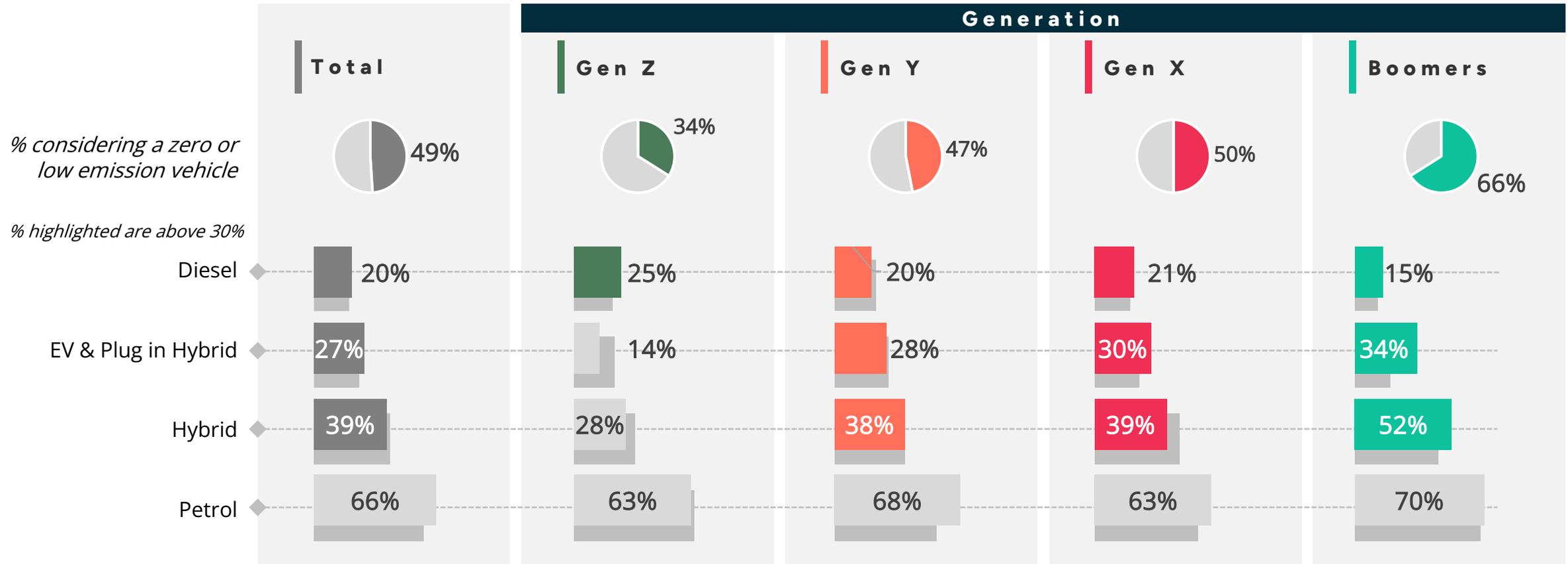


The Journey To Electric | Powertrain Consideration

Somewhat surprisingly, Boomers are the most likely to be considering zero or low emission vehicles (particularly hybrids) for their next car; despite the most progressive attitudes, Gen Z's planning to purchase in the next 12 months remain more likely to default to petrol vehicles

Future Vehicle Purchasing N12M

Legend
 Q2
 Q1



Q: Thinking into the future, when are you next likely to purchase a vehicle? Thinking about the next vehicle you buy, which of the following would you consider? How much would you expect to pay for this new vehicle?

Buy in N12M Q1 base: n=691, Gen Z: n=104, Gen Y n=251, Gen X: n=219, Boomers: n=117 Buy in N12M Q2 base: n=3012, Gen Z: n=475, Gen Y n=886, Gen X: n=890, Boomers: n=761

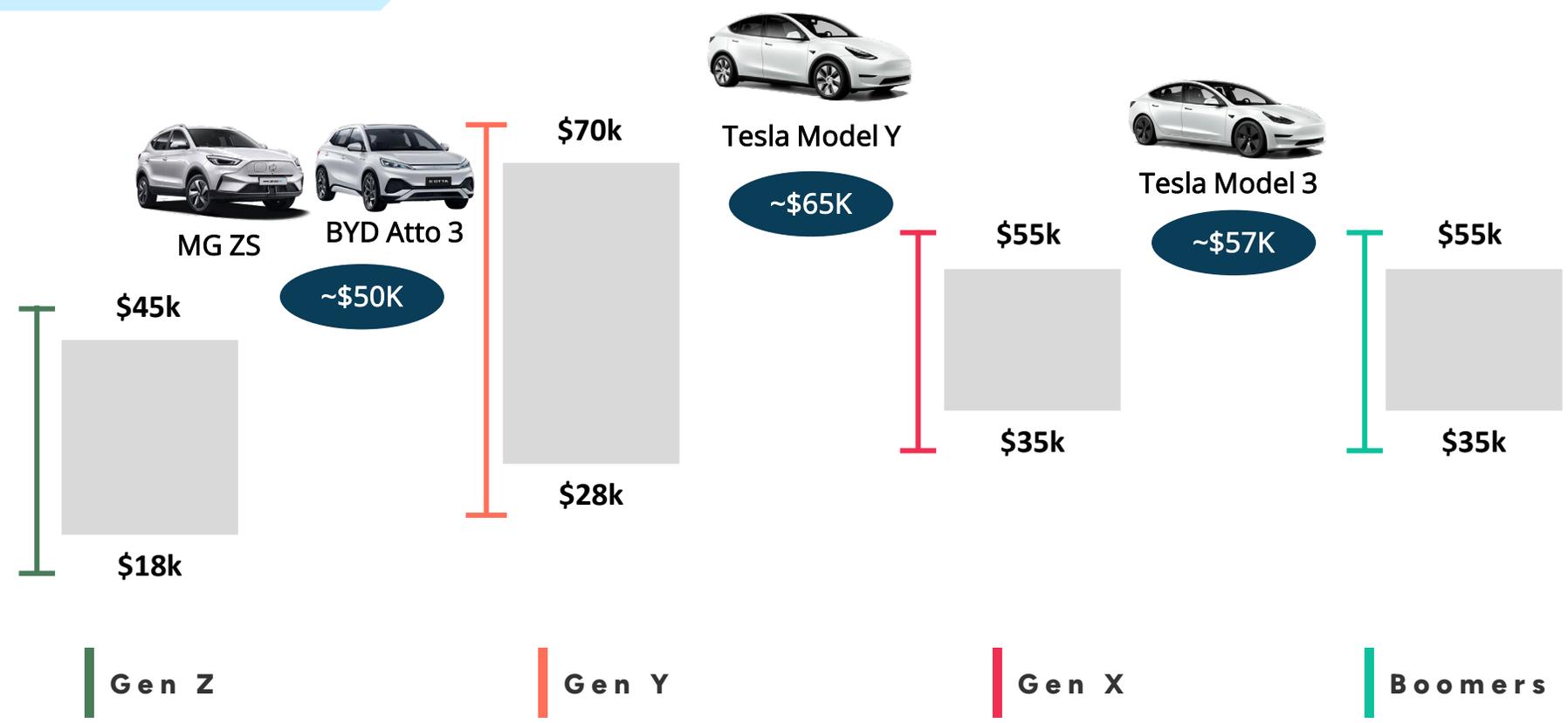
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The Journey To Electric | Purchase Budget

Price is clearly the most significant factor impacting consideration at this point in time, with a limited number of Gen Z purchasers able to stretch to the cheapest new electric vehicles; while they are also very open to considering used vehicles, second-hand stock is still too limited for their needs

Vehicle Purchase Budget

I ● PURCHASE BUDGET (25th – 75th percentile)





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Consumer Tracking Survey launched in January 2023

Monthly fieldwork with a minimum of n=1,000 completed surveys

Reports published on a regular basis, with ad hoc data cuts available on request (at a cost)

Use of accredited research panels ensures a consistent sample of the national population across all states and territories



5-minute
questionnaire



All surveys completed
online



Data is **weighted** by state
gender to reflect the national
distribution of the population
across the country



Too often, we see businesses confusing data with insights.

Numbers don't answer business questions by themselves, but they still feel tangible.

We believe you need to go further.

Our people layer their understanding of the underlying business environment, context and market on top of primary or secondary data, using their expertise to discover insights that unlock tomorrow's opportunities, today.

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