Car Buyers Insights Report

Car Buying Behavior in the GCC

YallaMotor

2019

Conclusions and recommendations from:

Automotive Association Middle East & North Africa

Table of Contents

Introduction

The changes and challenges that have knocked the door of the automotive industry over the past few years, have shaped the industry as we know it today. As a whole, we are seeing more transportation and car-sharing services hitting the phones and lives of individuals across the globe. Moreover, there is an undeniable shift away from petrol-based engine as alternatives like electric cars become more mainstream. And on the horizon, autonomous vehicles continue to make progress, especially with breakthrough tech like car-to-car communication systems. That is the reason why it has been said that during the next 10 years, the industry will change more than what it has changed over the past 100 years. Primarily led by the UAE, the GCC is catching up on these trends in a context where Total Industry Volumes (TIVs) have been decreasing year over year.

While this might sound repetitive, at YallaMotor we are obsessed with understanding the car buyer's point of view. **In this particular report, you will find insights and feedback coming from car owners** in order to better understand what are their source of information and, among those, which ones they trust the most during the car buying research phase. In addition, how long they take to make their purchasing decision, how many times they walked into a showroom before purchasing the vehicle, which are the most important factors while visiting a dealership, whether they will recommend the dealer to a friend, among many other relevant insights.

For instance, nearly **70% of GCC car buyers use online sources and most of them trust third-party websites more than other sources**. When moving to the offline arena to purchase the vehicle, **less than 50% will recommend the dealer they purchased their vehicle from, to a friend**.

Just like our previous report, An inside look into the purchasing cycle of electric vehicles in the GCC, this will be accessible to everyone for an unlimited period of time. This is our contribution to enable a better buying experience by understanding the typical car buyer journey. If you find it useful, please share it on your social media accounts and within your professional network.

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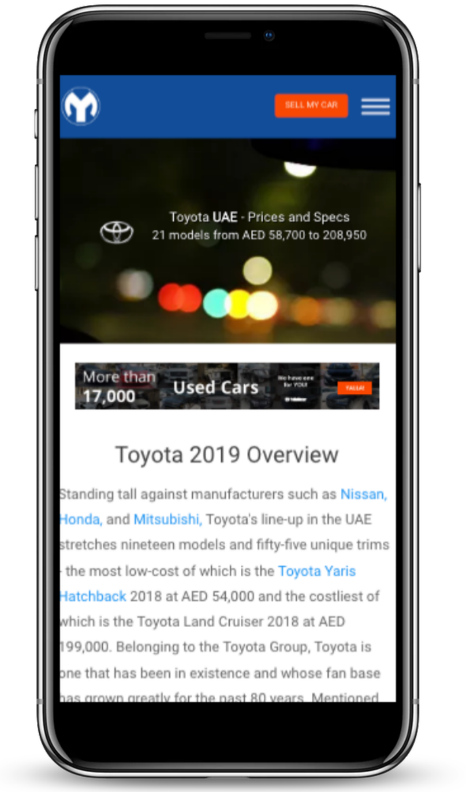
Methodology and Objective



Online Survey Leveraging from our audience of over 1.3 million users per month[1], we conducted an online survey which we exposed to current car owners and potential new car buyers.

The objective of this survey was to better understand how car buyers are researching information, how they are buying their vehicles, how many times they visit the showroom before making their decision, which are those things car buyers value the most and which are those sources of information they use and trust the most. We also aim to throw more light on the car buyer's journey across the GCC in order to better assess their needs.

These questions were shown under all New Car Pages on YallaMotor.com across UAE, KSA, Oman, Bahrain, Qatar, and Kuwait.

A total of 3,943 responses were collected between the 17th and the 23rd of June of 2019. 1,527 respondents were from the UAE, 830 from KSA, 419 from Oman, 383 from Bahrain, 408 from Qatar, and 376 from Kuwait.

Audience information This report also includes insights coming from the analysis of more than 6 million car buyers and drivers that browsed YallaMotor during the first two quarters of 2019.

[1] Source: Google Analytics, May 2019

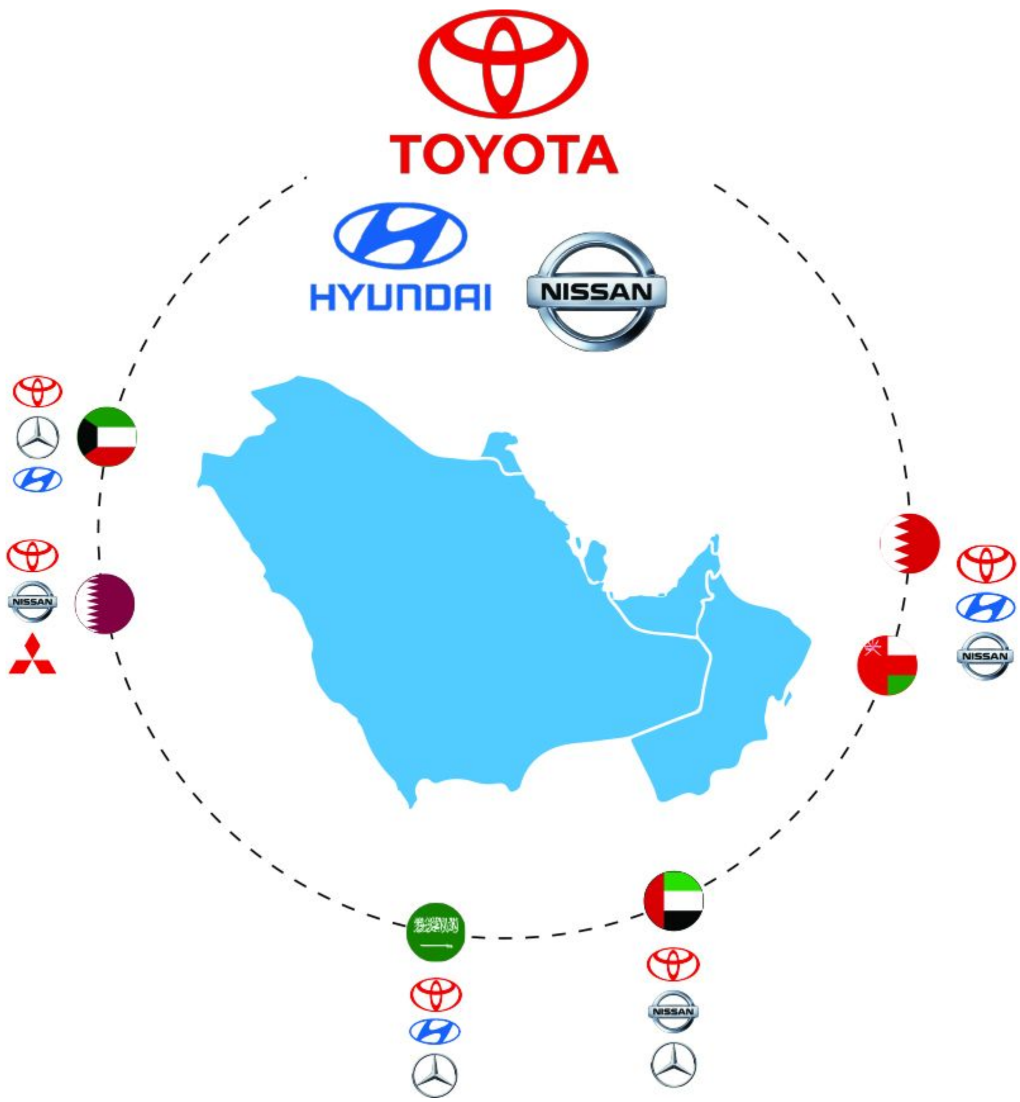
Brands and Models popularity

Between January and June 2019, we gathered a total audience of 6,061,625 potential car buyers and drivers that generated 11,994,806 sessions and 61,474,386 page views. Most importantly, 85% of this traffic came from organic and direct sources which gave YallaMotor a reliable measure of car popularity and buyer's choices.

Leveraging the data we collected, we were able to identify the top three popular brands. By definition, a "popular brand/model" is the one that at a given time frame (Q1+Q2 for this report) gathered the most page views. This metric reflects the interest that a brand or model generates within the car buying community.

Across the GCC, Toyota is by far the most popular brand with nearly double the audience of Hyundai which comes in second place. Nissan takes up a very close third position. If we zoom in to a country specific level, Toyota, as expected, remains the most popular brand. However, it is in the second and third position where we see some changes.

For instance, in the UAE, Nissan is the second most popular brand followed by Mercedes-Benz. In Saudi Arabia, Hyundai is able to keep a solid second position (not far from Toyota in first position) followed by Mercedes-Benz. In Kuwait, it is the opposite from Saudi; Mercedes-Benz ranks second and Hyundai comes in third. In Qatar, Nissan gets the second position and Mitsubishi the third; making the Qatari market the only one where Japanese brands own all top three positions. For Oman and Bahrain, Hyundai is also the second most popular brand followed by Nissan.



On a model level and across the GCC, the Toyota Land Cruiser is the most popular vehicle in the region followed by its strongest competitor, the Nissan Patrol. Surprisingly, the Nissan Kicks falls into the third place with the country breakdown below:

A more comprehensive analysis in regards to which models are being compared with the most popular cars will be available upon request.

Bonus track - Chinese Brands

At YallaMotor, we have developed a particular excitement and interest towards Chinese vehicles. It is fascinating how Chinese manufacturers have grown and enhanced their product quality and design over the past 10 years.

For this reason, we wanted to understand where they stand in the market. We discovered that Chinese brands capture a respectable 5.65% of the interest share within the GCC car buying community. The most popular, nearly doubling Geely, is the recently relaunched MG Motor. The third position goes to GAC followed by Changan and Chery.

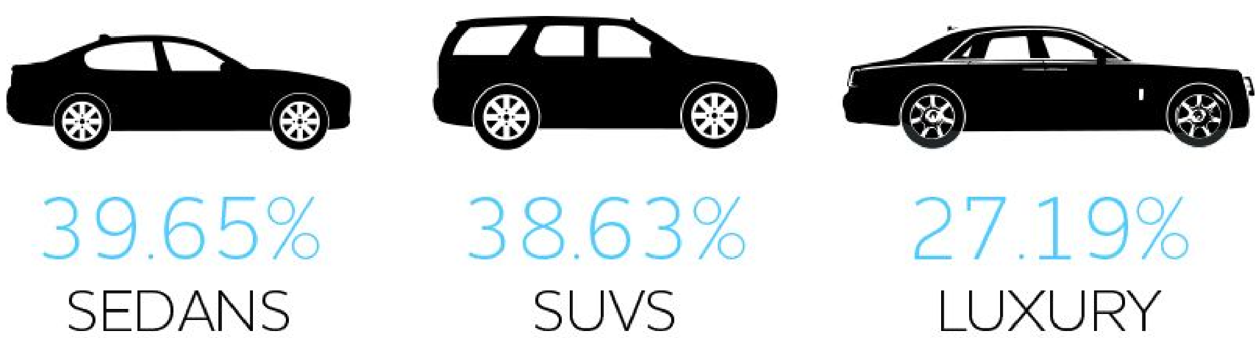
5.65% of interest share within the car buying community across the GCC

In-Market Segments

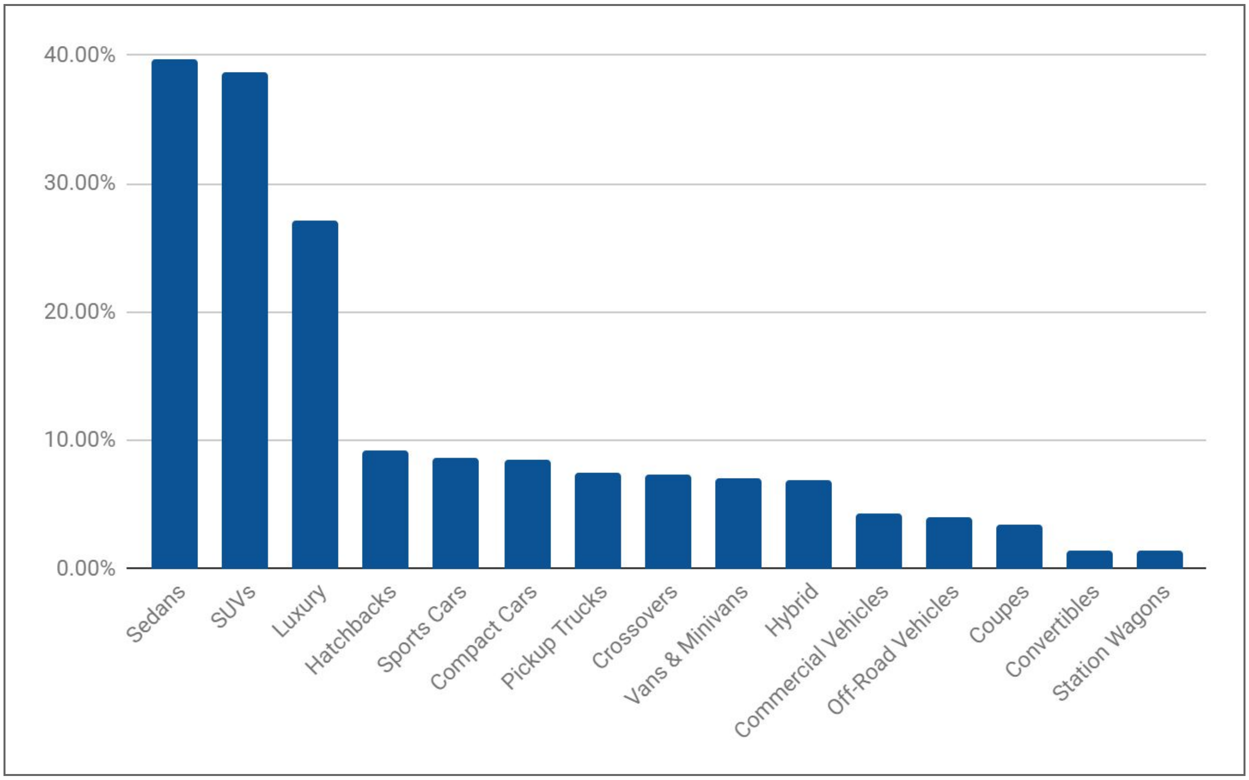
To provide an even deeper understanding we also wanted to add In-Market segments. By definition, these are the users who are more likely to be ready to purchase products or services in a specific category. In a few words, these users are lower in the purchase funnel, nearer to the end of the process.

Adding to the brands and model popularity, we wanted to share the appetite different segments have within the car buying community.

Out of the 6.06 Million users that visited Yallamotor in the first two quarters of 2019, 1.33 Million belonged to the in-market segment. When we analyzed this buyer segment, we discovered the three most popular categories by body type are Sedans, SUVs and Luxury vehicles. These results effectively summarize the GCC market's preferences. SUVs and Luxury vehicles own a major slice of car sales as evidenced by their overwhelming presence on the roads. However, that hasn't affected inclination towards Sedans. They are still commonplace and prove to be a safe bet among the vast options available in the market.



Far below from the top 3 and with 9%, and lower participation, other segments such as Hatchbacks, Sports Cars, Compact cars, Pick Up trucks; among other complete the list of 15 segments.



GCC - YallaMotor In-Market Segments Q1&Q2 2019

The Hybrid category is one that is surprisingly gaining traction. In a market famous for cheap petrol prices, it's easy to think that buyers would be indifferent to energy-efficient alternatives. However, statistics show that hybrids are currently more popular than off-roaders, coupes and convertibles.

6.90%

HYBRID

Car buying behavior and research phase

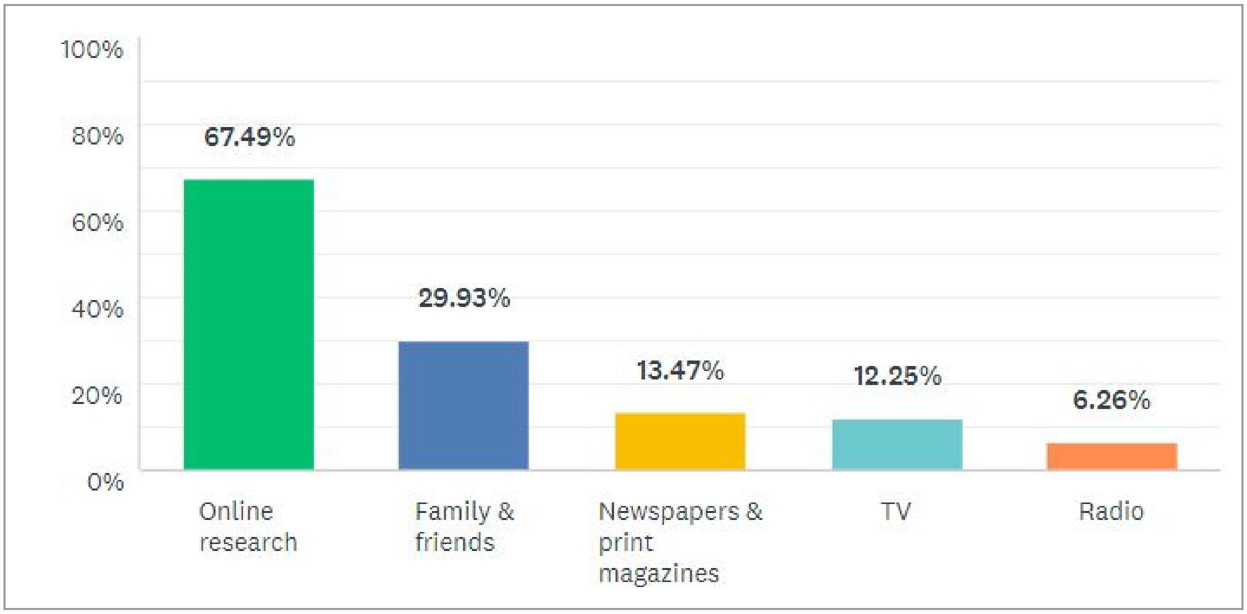
Before addressing the dealers experience, it is worth highlighting how car buyers are consuming information about cars that will eventually trigger their decision before walking into the showroom.

What was your source of information while buying a car?

A whopping 67% of respondents cited online research as their main medium of information when making a decision to buy a car. This trend seems to justify the sizable spends that car OEMs are shifting towards digital campaigns.

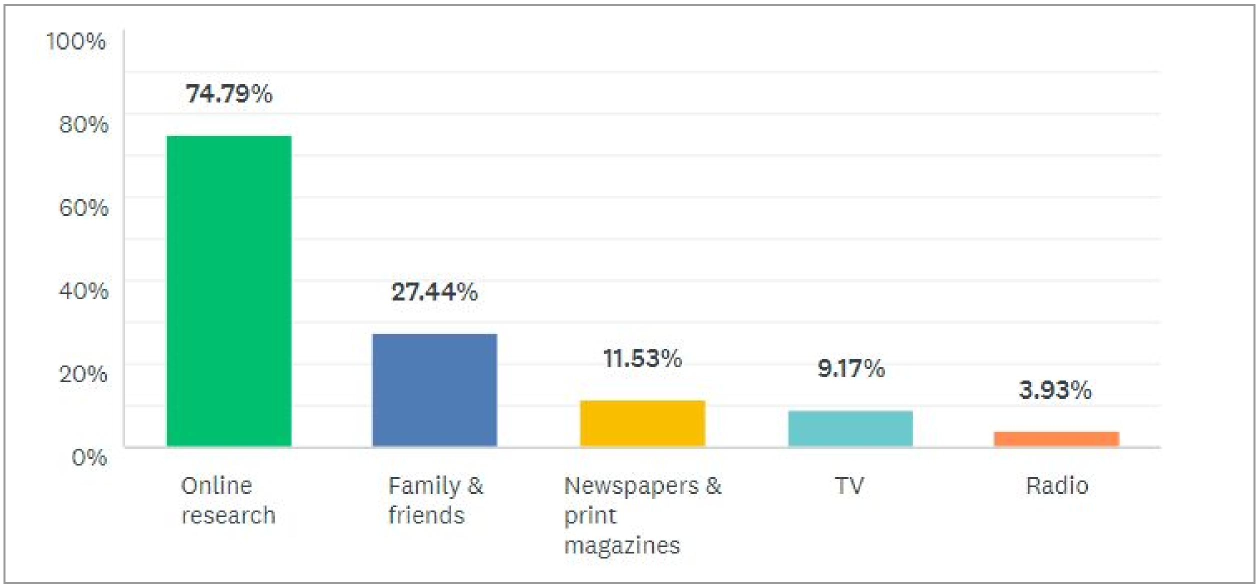
The second most popular channel of information is what we term as "influencers". However, instead of celebrities with flashy social media accounts and millions of followers, these influencers mainly consisted of close family and friends. Car buyers seem to trust the recommendations and opinions of their inner social circles when making a decision.

Comparatively, the impact of other traditional marketing mediums like newspapers, TV and Radio is gradually decreasing.



GCC - What was your source of information while buying a car?

If we breakdown these results by GCC countries, the overall trend is the same. Meaning online research and family & friends are the main sources of information while the radio is the least. However, we can say that in the UAE, car buyers rely a lot more on online research with a mark above the average at 74.79%.

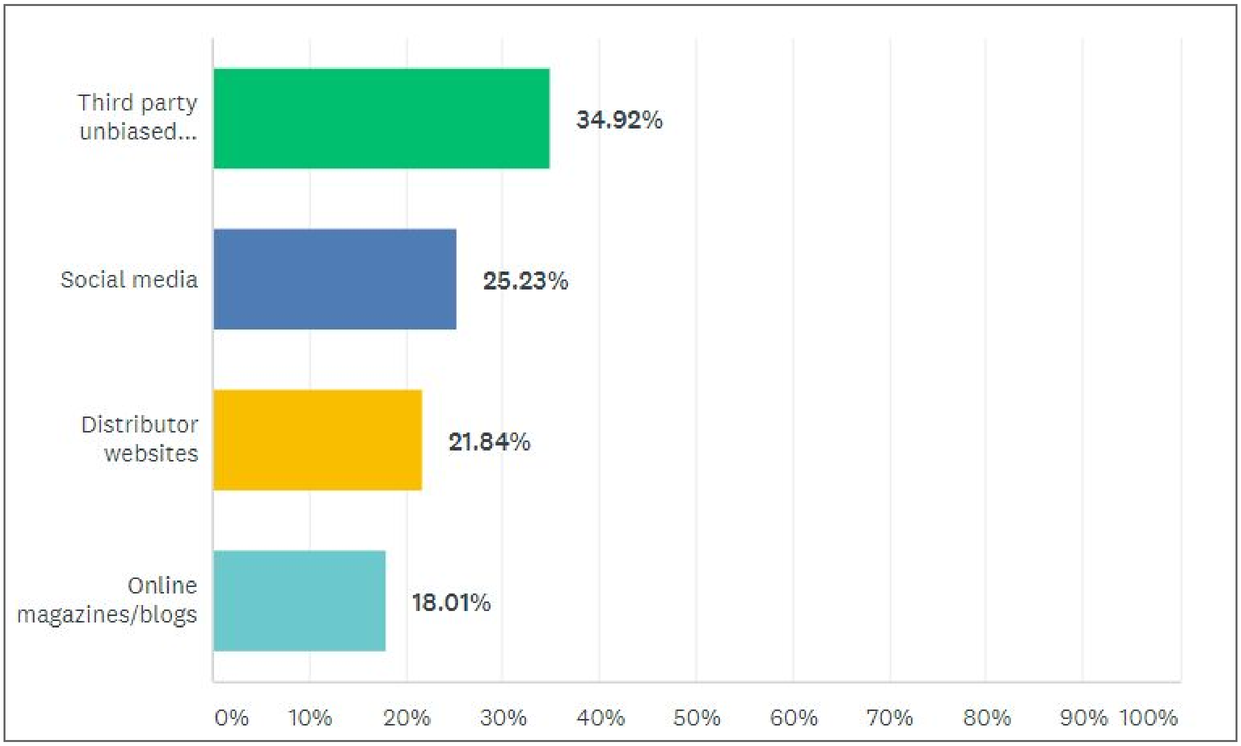


UAE - What was your source of information while buying a car?

The print industry and TV seem to be the ones that vary across countries since they disrupt the 3rd and 4th position. For instance, in Saudi Arabia, Bahrain and Kuwait, TV comes in third whereas, for UAE, Oman, and Qatar, it ranks fourth.

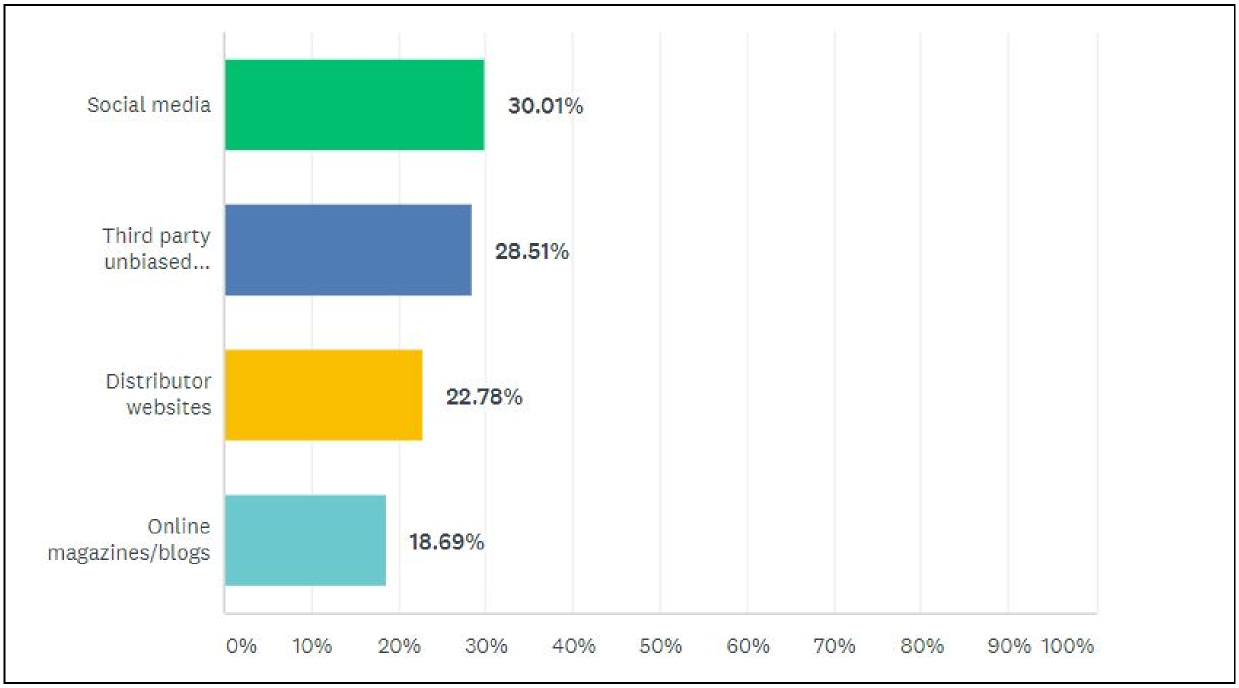
Most trusted online sources

Since car buyers are clearly doing their research online, we also asked them which are their most trusted sources. Across the GCC, our survey revealed that third-party/unbiased portals are the ones capable of shaping opinions and were the most trusted source of information with 34.92%. Social media comes second with 25.23%, distributors websites in third place at 21.84%, and online magazines/blogs seem to be the least trusted source ranking fourth with 18.01%.



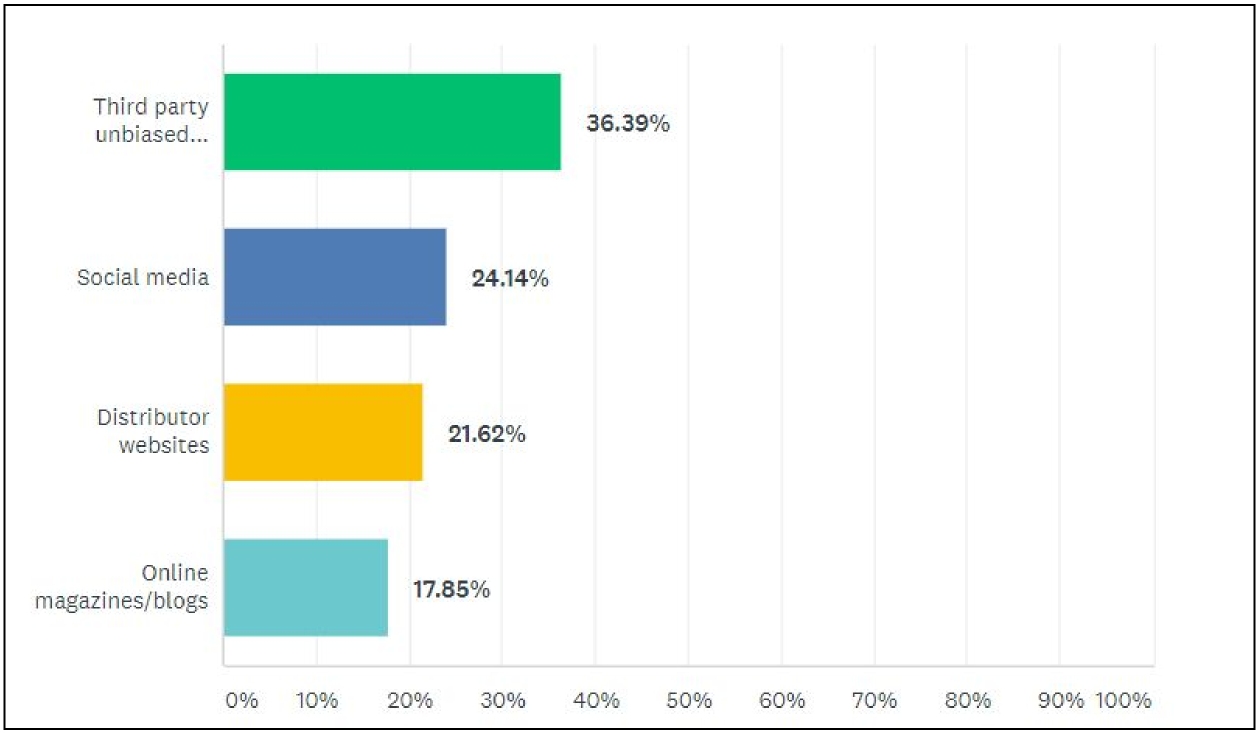
GCC - Which of the following online sources do you trust the most while buying a car?

Going deeper into the demographics reveals Social Media ranks first for women with 30.01% followed very closely by third-party websites with 28.51%.



GCC Women - Which of the following online sources do you trust the most while buying a car?

Men, on the other hand, prefer third-party websites above social media when it comes to the most trusted source while buying a car.



GCC Men - Which of the following online sources do you trust the most while buying a car?

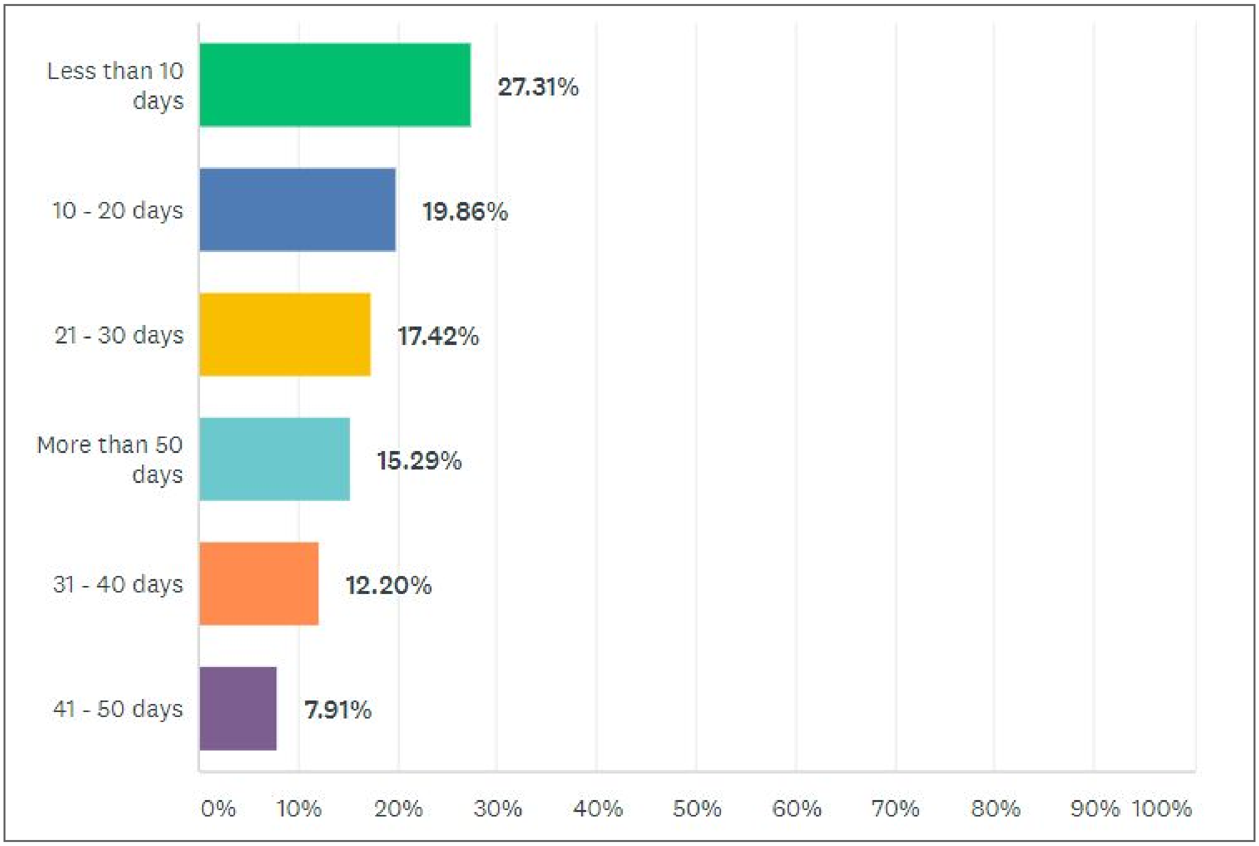
It is clear then that online research is the most important source of information while buying a car. Moreover, it also proves that from all the sources available online, it is third party sites that influence car buyers the most since they are perceived as being the most trusted source of information.

Purchasing decision time frame

Connected with the research phase, we also wanted to understand how long car buyers spend gathering information and making the final decision. In a nutshell, this helps to identify how much time dealers have in order to join, influence or assist them throughout that journey.

GCC car buyers seem to have a very different behavior as compared to other territories. Majority of car buyers make their decision in less than a month, whereas in other markets such as the U.S. or Europe, it traditionally takes buyers three times longer.

As shown below, 27.31% of current car owners made their decision in less than ten days. Also, data reflects that 64.59% purchased their vehicle in less than a month.

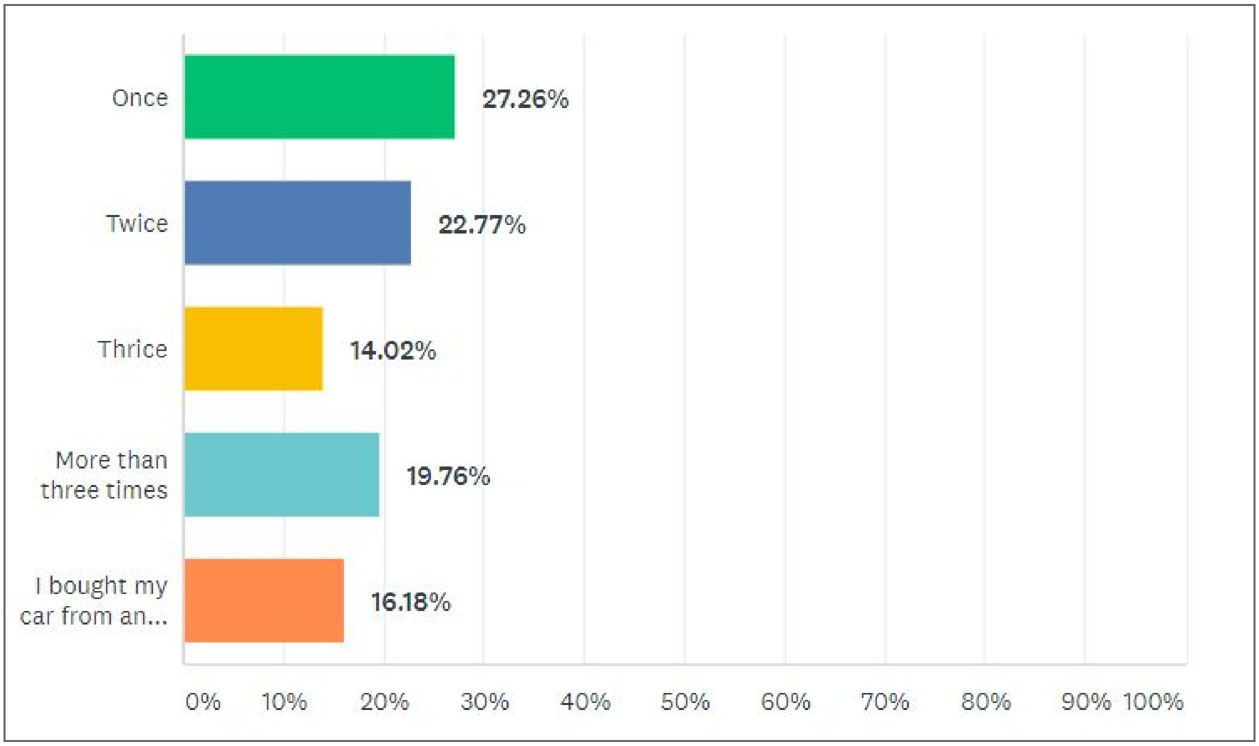


GCC - How many days does it usually take you to buy a car?

Showroom experience

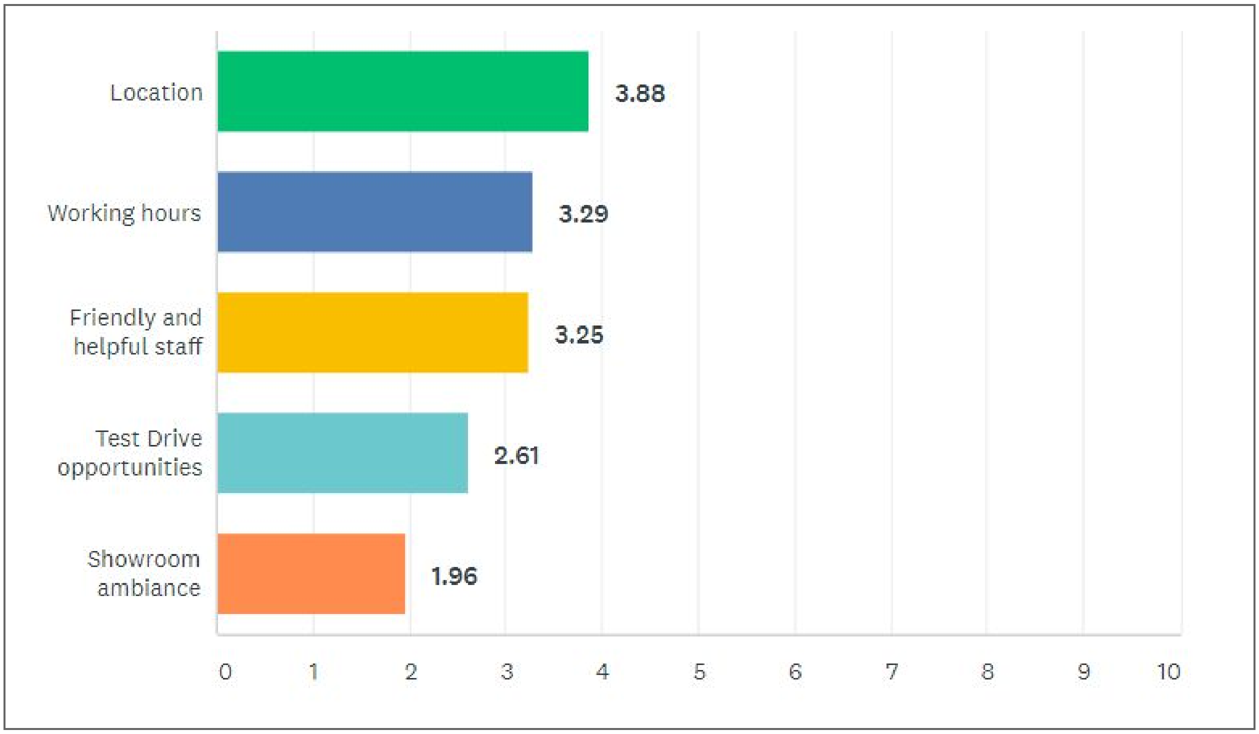
After understanding how car buyers do their research and how long it takes them to purchase their vehicle, we also wanted to better understand their experience while walking into showrooms and the elements that make up a pleasant sales journey.

27.26% of car buyers only visited the showroom once and 22.77% visited the showroom twice. At this point in time, we have 50% of car buyers who are visiting the showroom up to two times to purchase the vehicle they want. Clearly, buyers are a lot more resistant to visiting showrooms which gives dealers a very small window to make a good first impression and close the deal. In addition, these responses show most of them already made their decision before walking in.



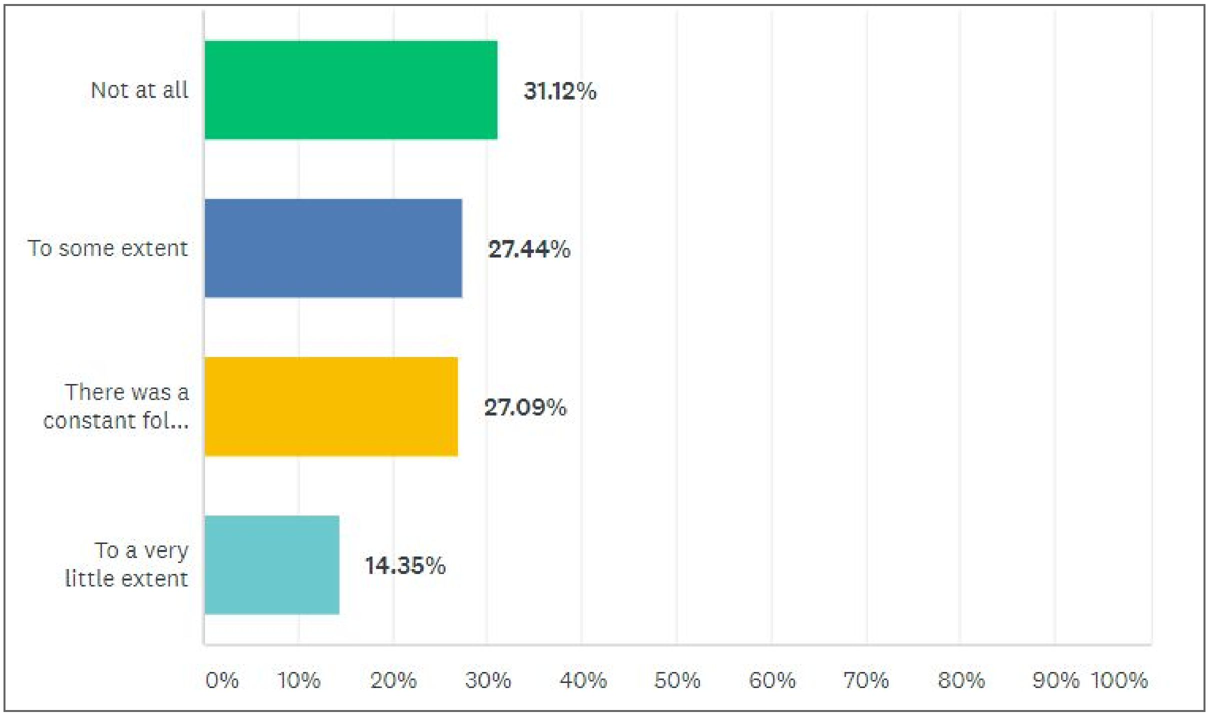
GCC - How many times did you visit the showroom before purchasing your car?

Location, working hours and showroom staff seem to be the top three most important factors for car buyers during the purchase phase.



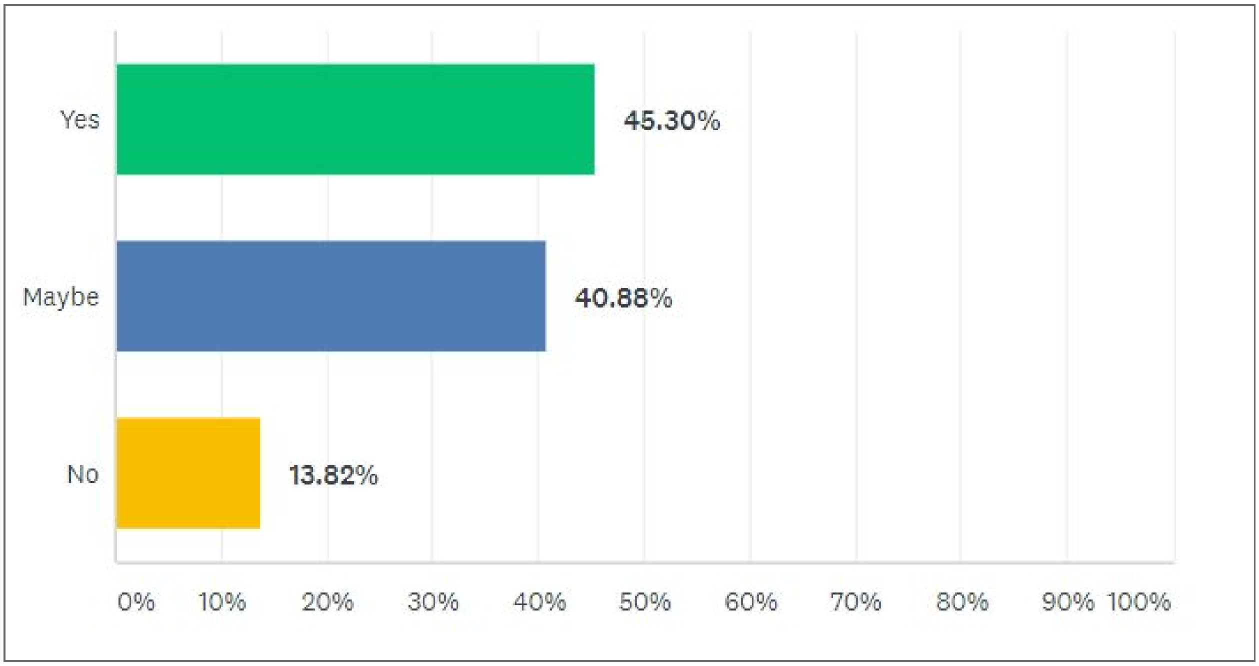
GCC - Rank the following in order of importance when visiting a car dealership

Related to the above, it seems car buyers are left behind. While asking them if anyone from the dealership stayed in touch throughout the sales process, 31.12% said “not at all” and 27.44% said, “to some extent”. Meaning that nearly 6 out of 10 car buyers (58.56%) might have made their decision on their own.



GCC - Did anyone from the dealership stay in touch with you throughout the sales process?

Definitely, the above-mentioned factors also influence word of mouth since less than 50% of car buyers will recommend the dealer they purchased their car from, to a friend. While 45.30% will recommend, 40.88% are not entirely sure about it, and 13.82% definitely won't.



GCC - Would you recommend the dealer you purchased your car to a friend?

About YallaMotor

A subsidiary of the Middle East's leading job site Bayt.com, YallaMotor was launched in 2012 and has grown to become the most visited and trusted automotive portal in the region.

With the aim of simplifying vehicle research, buying, and selling, it serves over 20,000,000 sessions, 100,000,000 page views and more than 10,000,000 car buyers who spend more than 65,000,000 minutes browsing car content that generates more than 600,000 leads a year.

Providing visitors to the site with the right set of tools to make a well-informed purchasing decision, it offers a dedicated Car Buyer's Guide that lists prices, specs, and features for every model sold in the market, along with the latest international, regional and local car news and reviews from the region and beyond. Bundle that with handy shopping tools such as a unique special offers section, an in-depth car comparison tool, and a bustling used car section with over 18,000 up to date cars, it's easy to see why YallaMotor has become the region's leading automotive portal.

For businesses, YallaMotor provides the most comprehensive and flexible choice of advertising solutions to engage with all car buyers in the Middle East whether you are an OEM, Distributor, Used Car Dealers, Certified Pre Owned Dealer, Digital Marketing Agency, PR Agency, Workshop and or Maintenance Company. Working with more than 500 companies across the GCC we also provide stakeholders with market insights, data, technology solutions, and digital and social media marketing consulting.

For more information please contact advertise@bayt.com

Conclusions and recommendations

This is an extremely comprehensive report, which is much needed during these interesting and changing times, that the motor industry is experiencing both globally and regionally.

The report digs deep and gives some great insights in terms of the customer journey, timelines, important decision factors, but most importantly, the new behaviors that are involved during the vehicle purchasing process.

In the first instance, the report clearly shows that Chinese brands are coming and they're coming here to stay. Quality is also no longer the deterrent that it used to be, as far as Chinese brands are concerned, while price and part availability, and residual values are some of the factors that are being taken into consideration by potential buyers.

Chinese brands know how to play on the global stage within the automotive industry and some of them are clearly obsessed with quality and future developments of their product line up.

Another interesting fact that this report sheds light on is the fact that the GCC market remains to be very affluent in seeking SUVs and luxury vehicles.

Dealers/importers need to take note of the fact that online research is a major contributing factor in the purchase process, in ensuring that their online presence is relevant, easily accessible, regularly updated, uncluttered and comprehensive.

This report also highlights how, when and where potential consumers spend their time prior to making their purchasing decision. It is therefore imperative for OEMs and dealers/importers to understand the right channels to reach their target audience. For instance, women tend to consult social media far more than men do in their purchasing decision.

Another important factor this report highlights, is the fact that most consumers visit the showroom just once or twice before making their buying decision. It also brings out the fact that consumers take less than one month to purchase their vehicle and factors such as opening hours of the showroom and staff friendliness are extremely important. Dealers/importers must create warm and welcoming environment but more importantly, train their staff to have the right attitude, skills and attributes to create the right experience such as meet and greet properly as well as following a robust and customer friendly sales process.

Another astonishing fact this report highlights is the lack of follow-up from dealers. Every enquiry, be it digital or physical, must be followed up and a robust process must be put in place to decrease lost sales and ensure every opportunity is explored.

It is very clear that dealers/importers must ensure their business model addresses the findings of this report and be consistent in understanding the new buying habits and behaviors in terms of digital platforms, timelines, success factors and fundamental follow-up processes.

Well done to YallaMotor for such comprehensive and detailed report, the industry is in need of such insightful information, taking those points into consideration and acting upon them is paramount for achieving success and prosperity.

Alan Whaley
Founder and Chairman - AMENA Professional