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Subscription, zapping and platform, the future of the automobile?

30 to 40 billion dollars, in 10 years only. Here is what the car subscription market could be worth, according to a BCG study. Enough to whet appetites and encourage the creation of solutions capable of meeting the new mobility requirements of users.

A subscription, a price, a package of services, accessible online. If this offer seems commonplace today when we talk about video, it is much less so when it comes to the automotive world. However, consumers, accustomed to offers available 24/7, flexible at will and at transparent prices, are in the process of imposing their vision of mobility on the automotive world: services and flexibility

This development is due as much to the development of new technologies as to a different perception of mobility. Not to mention, of course, the impact of the current context. The advent of platforms and subscription-based formulas sounds like a response to societal expectations. Indeed, the attraction of individual transport has regained strength with the pandemic. But this

does not mean that users want to own their vehicles, as ownership is increasingly perceived as restrictive and costly. In addition to these considerations, growing environmental concerns are changing the perception of the car.

As a result, the subscription formula is attractive. It has a strong argument to win over long-term rental: its flexibility and, above all, its services. In just a few clicks, it is now possible to select a single offer, combining a vehicle, but also a financing solution, insurance and, as a bonus, vehicle maintenance. A small revolution in the world of car distribution.

The birth of a trend

In line with price comparators and the search for transparency, the subscription formula has the immense advantage of offering the user an "all-inclusive" package. It is indeed a global mobility service that the user is looking for and that he is offered through his subscription. He has better control over his budget, as the price includes all the services related to the car (financing, insurance, maintenance and other innovative services). An important argument because, as BCG explains, "a study of 7,000 German households showed that people underestimate the cost of their total car budget by almost 50%".

In addition, just as with video platforms, the car subscription allows its user to zap, that is to say to change the car according to his needs, or to modify his holding periods. A small city car during the week. A family car for the Christmas holidays, a convertible for the summer. An electric vehicle to reduce carbon footprint without worrying about the ageing battery. It is interesting to see how tailor-made solutions can be integrated into packages that are marketed as a subscription.

The car subscription is still in its infancy. But, as with video on demand, the ripple effect could be very rapid. The market in Europe and the United States could reach 30 to 40 billion dollars by 2030, i.e. 15% of new car sales, based on a volume of 5 to 6 million vehicles, BCG estimated in its study "Will Car Subscriptions Revolutionise Auto Sales?". And Europe is one of the most promising markets.

Several players for a common offer

Under the pressure of new expectations and habits on the part of users, different solutions for using the car are emerging, facilitated by technological innovations. Alongside the car manufacturers' offers, young companies and start-ups are now proposing or integrating subscriptions, the core of which remains the inclusion of services with the vehicle. It is not a product that users are looking for, but a solution to their needs, perfectly suited to their lifestyle and financial means. The emergence of car subscription is shaping another form of distribution, which places different players and sectors of activity side by side. Caarea's affinity automotive insurance is part of this mapping and has been designed to be integrated into global service solutions, based on the use of technology. An offer that should not be seen in opposition to

traditional car distribution, but rather as a complementary branch that meets the very real expectations of connected users.



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