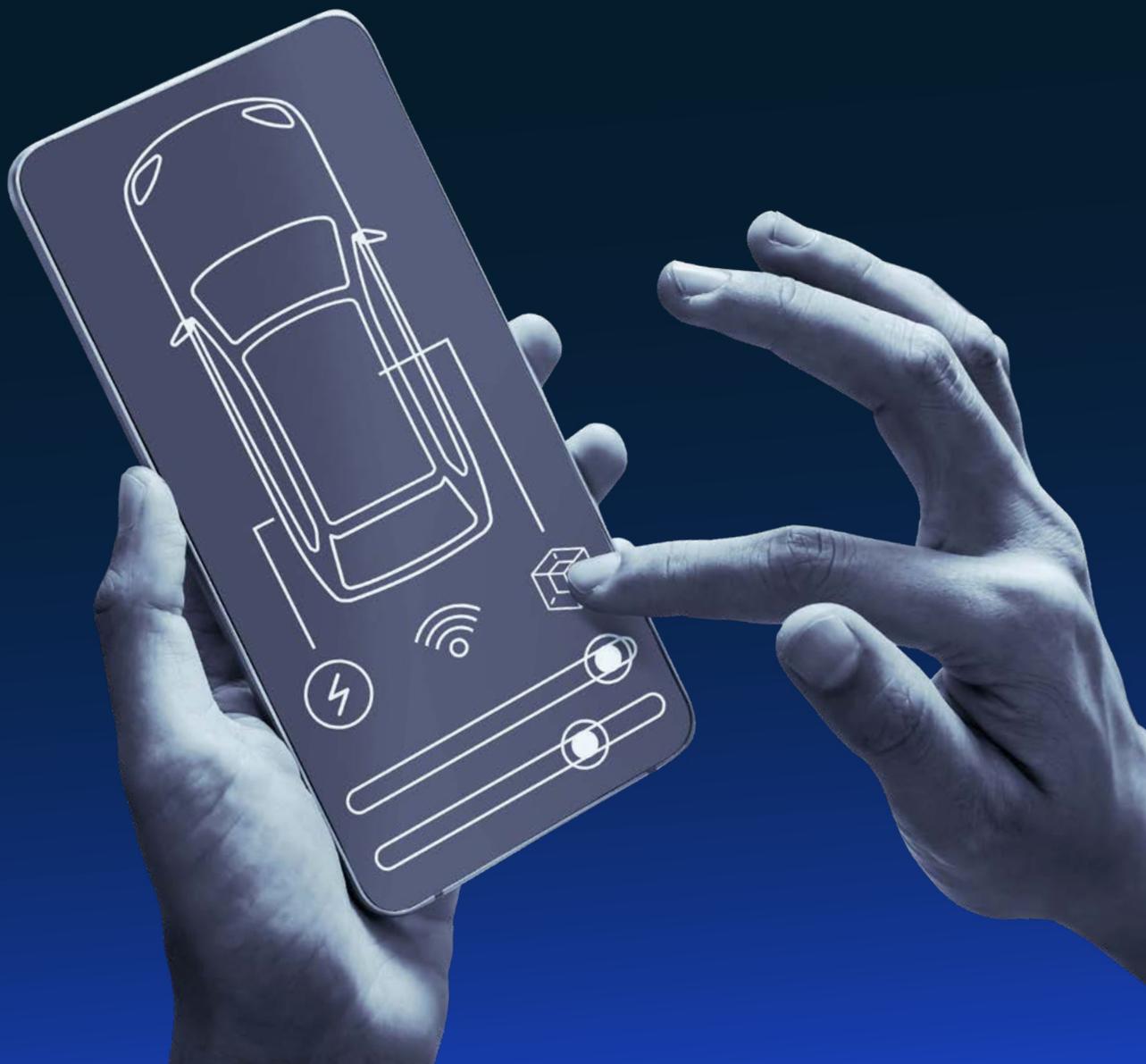


The Next Normal

The future of car buying: Omnichannel, personalized, and fun



If shared mobility and autonomous vehicles take off, will people still buy cars for personal use? And what will car shopping look like? *The Next Normal* imagines the car buyers and car dealerships of 2030.

In this issue

2 Car buying in 2030

In this video, three McKinsey partners describe how the experience of purchasing an automobile might change in the coming decade—and how car dealerships should evolve.

4 The future of car buying: Perspectives from Saudi Arabia

Two longtime industry executives predict 'hyper-personalization' and more dealer partnerships.

8 'Less searching, more finding': The car-buying experience in 2030

In this interview, the former chief strategy officer of Cars.com predicts a seamless digital process for car buyers—and a necessary evolution for dealers.

13 'Car dealers must become technology companies': An interview with the CEO of Vertu Motors

Robert Forrester, CEO of one of the UK's largest motor retailers, predicts that most people will continue to buy cars from dealerships—but that only tech-savvy dealers will stay in business.

17 Related reading

September 2020 | Video transcript

Car buying in 2030

In this video, three McKinsey partners describe how the experience of purchasing an automobile might change in the coming decade—and how car dealerships should evolve.

An omnichannel experience

Thomas Furcher: We asked thousands of customers across different regions, “how do you want to buy a car?” We gave them different options. We said, “should it be like Amazon? Should it be like Cartier? Should it be like Apple?” And the simple answer is, there is no one model that fits all customers. What the customer really wants is a car-purchasing process that is personalized and fun.

Inga Maurer: In 2030, if you think about an omnichannel car-buying experience, it would likely mean starting on the website and exploring products but not necessarily asking, “do I want brand A or brand B?” It will be more like, “what is the feature set that I want?” So it might start with “what is your personality?” And it [the website] might then recommend to you a set of vehicles that is fit for purpose based on what you want to tactically do but also on your personal style and what you want to express with owning a car.

Paul Gao: We may see, going forward, a separation of sales and service because there’s no reason to have them physically in one location. But we do still see a need to have that physical delivery point because—especially for individuals who are buying luxury and expensive sports cars—that final handshake with the salespeople still has a certain emotional appeal. And that, I think, will still be the case in 2030.

The car dealership of the future

Thomas Furcher: A big cost driver in the current distribution setup is the number of cars that you have in a dealership. In the future, dealerships will have very few cars. I still think there will be a few—but then, through virtual reality, you can modify them, you can experience them in different ways. You can say, for example, “I want to see it in red.” Virtual reality will transform this car into another color or into other features.

Inga Maurer: And then we think there will be real customization in the dealership. So, for example, “do I still need this car seven days a week? Or do I need a bigger car on the weekend? Or do I need a bigger car in the winter when I want to go skiing?” And so it might be the purchase of the car, plus a package to have access to a different vehicle in the summer, the convertible for fall weekends, and in the winter the SUV to go in the mountains—so something that is really customized and tailored to who you are and what you want your vehicle for.

Paul Gao: In the United States, you still have to buy a car from a physical dealer. The dealers, the franchisees, are still protected by regulation. The transition from physical dealership to digital dealership to virtual showroom might be faster in China or Asia than in more mature markets, where regulation tends to lag behind.

No more haggling

Inga Maurer: I think that all the online platforms that allow you to say, “what is the price of the vehicle, what is my credit score?” will make the customer come into the dealership with a much more specific expectation about either a total payment or a monthly payment in a leasing arrangement. I think that over the next five years, this [fixed amount] will become the price, and you walk into the dealership, and there is no more negotiation around it.

Thomas Furcher: When we talk about price, it will be less and less the price for the entire vehicle. But it will be the price for maybe a month of usage of this car or for a certain mileage. So there will be different packages—also in line with the shift to shared mobility, subscription services, and so on. So there will be different ways of quoting a price, but it will be a fixed price.

Tomorrow’s car buyers

Paul Gao: I think, going forward—especially around 2030—what we may see is a far smaller number of luxury brands that still have their own logo and brands attached to the vehicle. Those brands will still appeal to certain segments of the customer base. I still see a future for the dealerships, but their role will change. They do have fleets of both new and used cars, and they still know the local community very well, so there could be a role for them to play in local mobility-service provision.

Thomas Furcher: Customers are all different; they have different preferences. Dealers need to specialize—what customer types are you actually addressing? So really be clear on that, be focused, and then build your business model around it.

Paul Gao is a senior partner in McKinsey’s Hong Kong office, **Thomas Furcher** is a partner in the Vienna office, and **Inga Maurer** is a partner in the Chicago office.

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September 2020 | Interview

The future of car buying: Perspectives from Saudi Arabia

Two longtime industry executives predict ‘hyper-personalization’ and more dealer partnerships.



Abdul Latif Jameel (ALJ) is a diversified family business, established 75 years ago in Saudi Arabia. Today, it is a global investor and operator in multiple sectors, including automotive and energy. It has a presence in more than 30 countries and employs approximately 11,000 people worldwide.

ALJ Motors is one of the largest independent Toyota distributors, operating a network of distributorships and dealerships in several countries including Saudi Arabia, Morocco, China, and Japan. ALJ also owns Motory.com, Saudi Arabia’s large and fast-growing online auto retailer founded in 2014.



In this interview with McKinsey’s Monica Toriello, two marketing executives from the company share their views on how car buying will evolve in Saudi Arabia over the coming decade. Munir Khoja, director of marketing at ALJ Motors Saudi Arabia, has been in the automotive industry for almost 20 years, including stints as an operations manager and a senior general manager overseeing the spare-parts division of ALJ Motors. Ahmad Al-Tawbah is one of the founders of Motory.com. He has spent 15-plus years at ALJ and is currently the director of marketing at ALJ Finance Saudi Arabia.

The following are edited excerpts of the interview.

The car-buying process in 2030

Munir Khoja: I think the car-buying experience in Saudi Arabia in 2030 will be significantly different from what we see today. Consumers will be able to customize cars to their specific needs and preferences, allowing them to have a greater connection and a stronger emotional

bond with their vehicle. Search-based customized marketing approaches will become dominant, which means consumers will be able to access offers that are customized to them, based on historical data and their driving habits.

Because the customization of the vehicles will be very detailed and specific, car buyers will have more patience to wait for their custom cars. I do not think a three-month wait for a fully customized car will be unheard of in the region come 2030.

I also think the car-buying process will increasingly move online and car dealerships will evolve into experience centers. There will be a reduced need for face-to-face interaction with salespeople, a welcome change for the many customers who disdain the traditional process of negotiating with a salesperson.

Ahmad Al-Tawbah: In the Middle East, consumer preferences are slowly shifting away from “full ownership” and toward “commitment free.” The speed of this transformation is influenced by a variety of factors, including geography (weather conditions and the number and distance of daily journeys), culture (to what extent a car is seen as an expression of personality and style), practical uses of the car, economics (for example, the cost of car ownership versus car sharing), infrastructure, and demographics. Overall, I expect growth in B2B car buying at the expense of B2C buying, driven by increasing demand for car hailing and operational leasing.

For consumers who still want to buy cars but don’t want too much customization, I expect there will be shorter lead times because they will do more research online before coming to a dealership. By the time they approach a dealer, consumers are likely to already have a clear idea about the type of vehicle and features they are looking for and the price they are willing to pay for them.

That said, I believe that by 2030 consumers will have the option to avoid car dealerships entirely. Digitalized alternatives will allow consumers to undertake all steps of the buying process through a smartphone. That includes checking out the car through technology-driven solutions such as augmented and mixed realities, selecting the car’s features, choosing the financing and insurance plans, and getting the car delivered to their homes. The technology to do all this already exists today, but because a car is such an expensive item, there is still very high customer involvement in buying one. Customers still want to test-drive it and check out the leg space, seat comfort, trunk storage, and even the smell of the seat leather. In 2030, a car-buying process that is hybrid or “phygital”—physical plus digital—will become the norm.

New types of cars, new automotive players

Munir Khoja: We will increasingly see consumers buying cars from innovative technology companies, as opposed to car dealerships or traditional manufacturers. Technology companies are certainly influencing the automotive industry: one example is Sony, which unveiled a car at this year’s CES [Consumer Electronics Show]. We can expect these new vehicles will have fewer components, be customizable, allow remote maintenance and software updates, and facilitate a greater physical and emotional connection with their driver.

Electric vehicles, autonomous vehicles, and other new types of cars will require the right infrastructure. The rate of adoption will also depend on what laws and regulations are in place,



ALJ Motors operates a network of distributorships and dealerships, including this Lexus center in Riyadh.

so it will certainly vary from country to country. In the Gulf, the automotive sector has been slower to adapt to change compared with other industries, but there are some exciting advances taking place. For example, electric-vehicle charging stations have made their way into Saudi Arabia. And recently Saudi Arabia announced that NEOM, “the land of the future,”¹ will have fully autonomous mobility by 2030, with only electric vehicles and public transport. So, we have a lot to look forward to in the next decade.

Personalization in car buying

Ahmad Al-Tawbah: There are thousands of digital-marketing solutions that can help companies provide personalization throughout the customer experience and across all touchpoints and channels. By 2030, what we consider personalization will evolve into “hyper-personalization,” allowing companies to tailor their messages to each individual customer, not just to representative personas within key customer segments. Marketers are already investing in technologies like AI-powered chatbots to build comprehensive portfolios of their customers and achieve highly personalized automated feedback and communications.

As personalization becomes more accurate, we'll be able to tailor an appropriate reaction for each action that a consumer takes—on the website, on the mobile app, in the showroom, or

¹ According to NEOM.com, NEOM (a portmanteau word from Greek and Arabic that means “new future”) is a destination in northwest Saudi Arabia “being built from the ground up as a living laboratory.” Saudi Arabia expects it to be completed within seven to ten years and to have one million residents by 2030.

during a call with customer service. We'll be able to use comprehensive self-learning decision trees: "If the customer does x, we will do y." Marketers will interact with consumers in an ongoing digital "listen and engage" relationship to constantly deliver customized value for each consumer. It will be a mix of art and science, and it will be so complex that machine learning will have to play an integral role. It will require massive data collection. Of course, consumer privacy concerns should be taken into account.

The evolution of dealerships

Munir Khoja: Car dealerships must be willing to adapt in order to survive and thrive. They need to embrace a generation that increasingly isn't buying their own cars. To future-proof themselves, dealerships will need to transition from places where cars are purchased to places where consumers go purely to experience vehicles in person. One way they could do this is by forming partnerships with car-sharing services, which are rapidly growing in popularity.

Ahmad Al-Tawbah: I agree with Munir. Mobility providers and operators will become dealers' major customers. Therefore, dealers—with the support of OEMs—should become part of the mobility providers' ecosystems. This will mean equipping cars with telematics and connectivity to allow bidirectional data sharing within those ecosystems.

Dealers will have a reduced physical footprint. The number of car showrooms will decrease as dealers move online, either on their own platforms or through marketplaces such as Motory.com. Dealers should aim to provide a tailored digital experience—for example, by allowing consumers to build their cars to spec, by delivering cars, and by offering flexible usage options such as short-term leases and car subscriptions.

Ultimately, I think dealers should continue to focus on meeting, anticipating, and influencing the needs of their local customers, as every region will have significant contextual differences.

Ahmad Al-Tawbah is a founding member of Motory.com in Saudi Arabia and director of marketing for Abdul Latif Jameel Finance Saudi Arabia. **Munir Khoja** is director of marketing at Abdul Latif Jameel Motors Saudi Arabia. This interview was conducted by **Monica Toriello**, an executive editor in McKinsey's New York office.

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August 2020 | Interview

‘Less searching, more finding’: The car-buying experience in 2030

In this interview, the former chief strategy officer of Cars.com predicts a seamless digital process for car buyers—and a necessary evolution for dealers.



From 2018 to 2020, Matthew Gold was the chief strategy officer of Cars.com—one of the world’s largest digital marketplaces for automobiles, with a reported 2019 annual revenue of \$606.7 million—where he was responsible for enterprise strategy, new-business development, corporate development, and strategic partnerships. Gold previously worked at Google as head of strategy and operations for emerging-market partnerships at YouTube, as well as at Google Consumer Surveys. He recently spoke with McKinsey’s Inga Maurer about how consumers will buy cars in the future. The following is an edited version of their remarks.

McKinsey: Let’s begin with the consumer perspective. Surveys show that people generally don’t enjoy the car-buying experience; they don’t trust car salespeople and they don’t like the negotiation process. What will the car-buying process look like in 2030?

Matthew Gold: There will be two major changes to the car-buying process a decade down the road, and both already have the groundwork laid. The first involves many more options for where and how we buy cars in the US. Some could involve a dealership, some might not. That’s a huge change in how we think about auto retail in the US. And we’re already seeing some of that. In new-car sales we’re seeing Tesla go direct to consumer, and in used-car sales we’re seeing Carvana find digital ways to reach consumers directly without a traditional car-dealer experience.

The second major change is that you will see much, much more of this process move online. This has also already started. But by 2030, you will see the full auto-retail process becomes digital.

Everything from discovery—“what car is right for me?”—all the way through the transaction itself. So you'll be able to buy the car online all the way through delivery without setting foot in an auto showroom if you choose not to.

The days when you walk in a dealership uncertain of the exact car you want, and not 100 percent sure how you'll pay for it, or what you're going to pay, or whether you'll lease or finance, who your lender will be—those days will be a thing of the past.

You'll go into the dealer already knowing exactly what you want, what you should pay for it and how, and what add-ons you want. That will significantly decrease the amount of time you spend in the dealership. It will also decrease the opportunities for traditional sellers to [work] add-ons into the car-buying process. Today a lot of the car-buying margin comes from add-ons. Those [sales] will be a lot harder in the future when the customer already knows what they want the moment they walk in.

McKinsey: In that scenario, personalization will be critical, right? How personalized will car buying be a decade down the road?

Matthew Gold: Personalization is the future of not only auto retail but also retail as a whole. And the leveraging of big data—the incredible stitching together of data about customers—will be the future of the car-buying experience. That means a bunch of different things.

One is that the amount of time customers spend going through the car-buying funnel will dramatically decrease, which is a good thing. There'll be a lot less searching and a lot more finding. The days of sifting through thousands of cars to figure out which one you want are over. Instead, algorithms will do the searching for you. They will integrate data that you provide and that other brokers already have.

You won't have to enter a bunch of information into fields. It'll know what's right for you, and it'll make smart choices. So instead of going onto Craigslist or a dealer's website and scrolling through inventory, you could just say [to your virtual assistant], “Find me a used car.”

And it will do all the math and all the work behind the scenes to figure out exactly which car you need, what's available, what you should pay for it, what you can afford to pay for it, and how to go and pick it up. And it'll probably even make the pickup appointment for you.

McKinsey: What are the implications for dealerships in 2030?

Matthew Gold: From the dealership perspective, this means having the tools available to cut down search time. Otherwise, customers will go elsewhere—we've seen this time and time again. The quality of recommendations from search engines will dramatically increase customer satisfaction and their willingness to use the platform.

Dealers will need to get much smarter about understanding their customers and about offering a sales experience that makes sense for each customer. The days of the salesperson asking, “So what brought you in today?” should be over. The dealer should already know that. They should already have the cars waiting. They should already have payment packages designed and ready. Being in a place where the entire shopping experience can be customized to the individual buyer will go from being a luxury to being the norm and the expectation.

In other words, dealers will have to adapt and change. I don't think the dealership is obsolete. There will continue to be a role for local auto dealerships in a variety of different markets in the US and overseas. What will be different is that dealers will have to compete with other players they are not used to competing with—including OEMs that sell direct and digital used-car players. And they're going to have to compete with one another in new ways over longer distances. The monopoly that the local dealer had over customers in its own geographic area is probably gone.

McKinsey: As we speak, the COVID-19 pandemic is still very much top of mind for most of the world. Will the auto industry feel any long-term effects from this crisis in 2030?

Matthew Gold: It's a little too early to tell. What we're seeing is people pushing more and more of their retail experience online. And they're pushing less and less of their purchase time into the dealership because of physical-distancing requirements.

I saw a figure the other day: 10 percent of CarMax's sales recently were done via delivery. The question is going to be how much of that is pushed into a post-COVID-19 world. I think you're going to see COVID-19 accelerate a change that was already slated to happen. People are going to get much more comfortable with many more choices; dealers are going to realize that they have no choice but to accommodate those choices. I don't think people are going to jettison the dealer experience the moment COVID-19 ends, but I do think you're going to see increased comfort on both sides of the transaction with a digital auto-buying experience.

McKinsey: Given the future that you've described, what kinds of investments should dealers make today to win in 2030?

Matthew Gold: Today's local dealers in the United States need to do two things to maintain their competitiveness and role in the car-buying process. The first is they need to invest in a series of end-to-end digital partnerships to make sure that the offering that they have is similar to, if not better than, what's being offered by the digital-only players. Building a digital-portal-type experience—that starts with targeting and discovery and ends with delivery, and that is seamless and easy and all works together—is going to be a vital requirement to stay competitive in the future.

Two, dealers need to invest in customer service. Dealers are going to need to give car shoppers a reason to choose to come into the showroom. It's not enough to be a slightly better car salesperson. You have to look at retail brands known for their service experiences and say, "What can we learn? What can we incorporate into our service experience, beyond the bottle of water and a cup of coffee, that can make customers come into the dealership or choose our dealership instead of going to an online-only player?" If you don't do that, you're going to face a world in which customers will choose not to engage.

McKinsey: Let's talk about autonomous vehicles (AVs). McKinsey analysis suggests they'll account for up to 13 percent of new-car sales volume. Do you agree with that estimate? Will the car-buying process differ for consumers who want AVs versus traditional cars?

Matthew Gold: I think it's important to first define what we mean by autonomous vehicles. There are two different concepts of an autonomous vehicle. One looks a lot like *The Jetsons*: a rideshare but without a driver—fleet-based, completely automated. You get in the car, punch in an address, off it goes. You have no control over it; everything is automated. All the systems work together in a way where not only is no human required but there's also no human wanted. I would

Matthew Gold biography

Vital statistics

Born in 1983 in Boston, Massachusetts

Education

Holds an MBA from Northwestern University's Kellogg School of Management, a JD from Northwestern University's Pritzker School of Law, and a bachelor's degree in politics from Princeton University, all with honors

Career highlights

Cars.com

(2018–20)

Chief strategy officer

Google

(2013–18)

Head of strategy and operations, emerging-market partnerships at YouTube

Google Consumer Surveys

Chief of staff, head of special projects

McKinsey & Company

(2006–09)

Consultant

Fast facts

Clinical adjunct professor at Hult International Business School

Former board member of RepairPal Inc.

Hobbies include landscape and architectural photography

argue that's a ways off. I would be skeptical about significant adoption of that kind of technology over the next decade.

The other concept of AV is a feature that's like cruise control. We already have some adaptive cruise control that maintains the distance between you and the car in front of you. It's a fairly simple system that bounces a wave off the car in front of you, measures the distance, then adjusts your speed to keep that distance. You're going to see these types of AV options become more standard. And they're going to become a bigger part of the car-driving experience in some way. There may be a time when you're on a long drive with an empty straightaway ahead, and you may be able to engage autonomous driving to take your hands off the wheel for a few minutes—which is a completely different experience than getting into a car that has no driver, no steering wheel.

When cruise control came out, the people who bought cruise control were not that different from the people who didn't have it. And it trickled down to pretty much every car. I think over the next ten years you're going to see features of AV trickling down into every new car and then every used car that you buy.

That, by the way, is really good for people who sell cars, because in a world of truly autonomous vehicles there's no reason to own a car. The capital investment will be managed by a fleet operator. And it doesn't matter what kind of car you own. If all you're going to do is rent it for

five miles to get to the grocery store and back, then it doesn't matter what brand it is. It doesn't matter if you get the car in the color or specs you want. Most cars will be managed through the fleet, and there'll be no or very little differentiation between them. All they'll want to do is manage their costs and manage their service.

McKinsey: One final question: What kinds of cutting-edge technology might we see in 2030 that will revolutionize the car-buying experience?

Matthew Gold: I have two examples. One's boring and one is much more exciting. The boring one is dramatic improvements in cross-device stitching and mobile tracking to get better composite understandings of a particular customer. So the ability to gain and integrate large quantities of information about a customer will automate and make the car-buying experience dramatically more fluid in ten years.

The second one is AR [augmented reality] and VR [virtual reality]. As we look further into the future, you'll get comfortable with buying a car without having to trek to the showroom. You'll do it all from your couch. Everything from, "Let's see what it looks like in my garage" or "Let's see what it looks like in my work parking lot." We'll be able to try colors and finishes and trim. We'll also be able to virtually test drive. I can have that experience in the comfort of my own home, when I want it, where I want it. It's going to be a hallmark of the process that doesn't exist today.

Matthew Gold is the former chief strategy officer of Cars.com; **Inga Maurer** is a partner in McKinsey's Chicago office.

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September 2020 | Interview

‘Car dealers must become technology companies’: An interview with the CEO of Vertu Motors

Robert Forrester, CEO of one of the UK’s largest motor retailers, predicts that most people will continue to buy cars from dealerships—but that only tech-savvy dealers will stay in business.



“The UK car industry has just seen one of the busiest months it has ever seen.” When Robert Forrester, the CEO of Vertu Motors, said these words, he was referring to July 2020—and indeed, in certain parts of the world, car sales have been relatively strong in the past few months. Amid a global pandemic and mandated lockdowns, some people who once relied on public transportation, rideshare services, and air travel have turned to private cars instead.

Forrester believes the lure of private-car ownership won’t be going away anytime soon. If he’s right, that bodes well for the future of the company he leads: Vertu Motors is a £3 billion automotive retailer that operates 130-plus dealerships across the United Kingdom. Forrester recently spoke with McKinsey’s Monica Toriello about what the car-buying experience looks like today and how it might evolve over the next ten years. An edited transcript of the conversation follows.

McKinsey: Like most retail establishments, Vertu’s showrooms had to close down for a few months. How has the COVID-19 pandemic changed car buying? And which changes do you think will last beyond the pandemic, if any?

Robert Forrester: I think it’s changed car buying slightly—but I already see a reversing trend from what we saw at the height of the pandemic. We sold over 3,000 cars while we were on

Robert Forrester biography

Vital statistics

Born in 1969 in Blackburn, England
Married, with 3 children

Education

Holds a master's degree in geography from the University of Oxford

Career highlights

Vertu Motors
(2006—present)
CEO

Reg Vardy
(2005—06)
Managing director

(2001—05)
Finance director

Brookhouse Group
(1999—2001)
Finance director

Arthur Andersen
(1990—99)
Senior manager

Fast facts

Serves as a member of the Marches Academy Trust, which operates schools in Shropshire, England

Is a fan of Burnley Football Club

complete lockdown. Obviously, people were finding cars online because they couldn't visit dealerships. They were then buying cars after discussions with a live person, having first inquired through the internet. Fifty percent of customers were happy to take delivery without having seen the car; the other 50 percent waited for the lockdown to ease because they wanted to test-drive the car, which I think is quite interesting.

When dealerships initially reopened in England on the first of June, we saw a strong improvement in the level of internet inquiries and a massive increase in the number of phone inquiries—people calling to check whether a car was there or to make an appointment to come in. That was by far the biggest shift: we saw a 25 percent decline in the number of people walking into a dealership without having contacted us in advance.

Now, a few months from lockdown, we've seen a rebalancing of that demand profile. More people are feeling confident about walking in. I think people are still spending a lot of time on the internet—they're more prepared when they come in, and they take less time in the dealership—but they're not transacting online. They have not shifted to online retailing. We offer online retailing of new and used cars, and the numbers remain very small despite the functionality being, in my view, very good. The importance of test drives and the physical visit is predominantly still there.

McKinsey: Will that still be the case ten years from now?

Robert Forrester: By 2030, one would envisage that the online and digital processes will be far better. But I think, for the majority of purchases, people will still want to come to a dealership to

test the product and get the brand experience. I don't see the commoditization of the automobile from a private-use standpoint; I think customers will still enjoy that physicality. And at the end of the day, ten years doesn't get over 3,000 to 30,000 years of evolution. We are still social animals.

I actually think the pandemic has made some strange things happen: people are quite locally focused. They want to buy things from people they trust. They want to know who they're dealing with. They want their car serviced locally—and if you buy a car locally, then you know who is going to service it. That trust element is still of paramount importance.

But I think in ten years we'll see fewer dealerships. We'll see far more digital functionality within showrooms. The difference between buying a car within a showroom and outside of the showroom will get increasingly blurred. We will leave it up to the customers to decide how they want to transact. If they want to transact with no human involvement whatsoever, fine. We now have 15 percent of our service bookings done purely online.

But I still think most people will want to test the product. A car is an emotional purchase. I predict there will be more of an evolution than a revolution.

McKinsey: Which digital solutions and new technologies do you expect to have the most impact on the car-buying experience?

Robert Forrester: By and large, people do not buy cars online in the United Kingdom—and I think we are one of the most sophisticated digital societies on the planet. Can technology help improve that? Yes. I think virtual reality, artificial intelligence, simulations—those things can help. And it depends what kind of car you're buying. If you're buying a performance car, I suspect you'll still want to test-drive it.

By 2030, clearly there will be more online retailing. But it's starting from such a low base that we sometimes wonder whether we should even invest in pure online retailing because the return on investment is just not there. Now, we do invest in online retailing because we can use that technology in other aspects. For example, we very successfully launched Reserve It Now, where people can pay £99 to take a car off sale for 48 hours. In July, we did 450 Reserve It Now transactions, 70 percent of which converted to a sale. And I think that's just part of this gradual move in people doing more and more online.

McKinsey: In your opinion, what will the ecosystem for car sales look like in 2030? What types of partnerships will be important for dealers?

Robert Forrester: We already have partnerships today. Our franchise contracts with more than 20 different manufacturers are, and have always been, the core partnerships. I think modern auto retailers will continue to work very closely with manufacturer partners and will have a bricks-and-clicks structure, rather than purely clicks or purely bricks, and they'll use massive amounts of technology. Car retailers, if they haven't become technology companies in the next ten years, won't be in business.

We need to use technology and digitalization, not just for the customer journey but also to transform our business from a process point of view: make it extremely efficient, remove errors, make the customer delivery 100 percent right. Robotics, data analytics, and artificial intelligence sound like grand words, but they're actually generating massive business value. If somebody had

said to me ten years ago that I would be employing people in the northeast of England whose only job was robotics, I would have laughed. But that is the case. And they keep coming up with ways of doing things that come out of a *Star Trek* movie.

But I think retailers should do all that themselves rather than through partnerships. The retailers need to be autonomous. They need to gain competitive advantage by applying technology, and they should have sufficient scale and expertise to do that themselves.

McKinsey: You're clearly very bullish on dealerships and the role they'll play in the future of car sales. Can you think of a disruption or a black-swan event that would massively affect auto retailing?

Robert Forrester: If the political forces coalesce around a proposition whereby populations aren't allowed to have individual mobility and freedom, that puts a pretty big arrow through the heart of private-car ownership. Given some of the environmental and political trends, you wouldn't discount it as a possibility in the future. Governments are going out of their way to convert car lanes into bus lanes and cycleways. That is the only black-swan event I could foresee: if we become a far more command-and-control society where private cars don't feature.

McKinsey: What about ridesharing? How will the trend toward shared mobility affect car ownership?

Robert Forrester: There is no trend toward shared mobility. The concept might work in massive urban areas, but everywhere else people want private motor vehicles: I can get in my car, and I can travel when I want, where I want, listening to what I want, speaking to whom I want.

McKinsey: Thanks for speaking with us today, Robert. One final question: What's your perspective on autonomous vehicles (AVs)? What share of vehicle sales do you think AVs will account for by 2030?

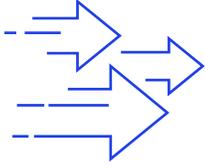
Robert Forrester: I think it will be zero percent by 2030. I will be dead and in a box long before Vertu Motors sells autonomous vehicles, and that is because they are not coming here anytime soon.

It depends what you define as an autonomous vehicle. In my mind, it's a car that drives itself without the driver having to do anything for a long period. I think the legal, social, and technological constraints around autonomous vehicles are so massive. It might be OK in places where every road and every corner is straight. But road systems in England were developed, apart from the Romans, by medieval Britons who went 'round in circles, and autonomous vehicles are never, ever going to work here—not in my lifetime anyway.

Robert Forrester is CEO of Vertu Motors, based in the United Kingdom. **Monica Toriello** is an executive editor in McKinsey's New York office.

[For more from Robert Forrester, see the videos accompanying this article on McKinsey.com.](#)

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