

Digitisation in the Automotive Buying Journey 2018

How the automotive industry is moving online and the implications of this on the customer buying cycle



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Introduction: Changes in the market

From almost all perspectives, the global automotive market is undergoing momentous change. The last decade has seen huge leaps forward in automotive development. Many of these advances stem from changes in consumer attitudes, which have been in part driven by increased awareness and consideration for global issues.

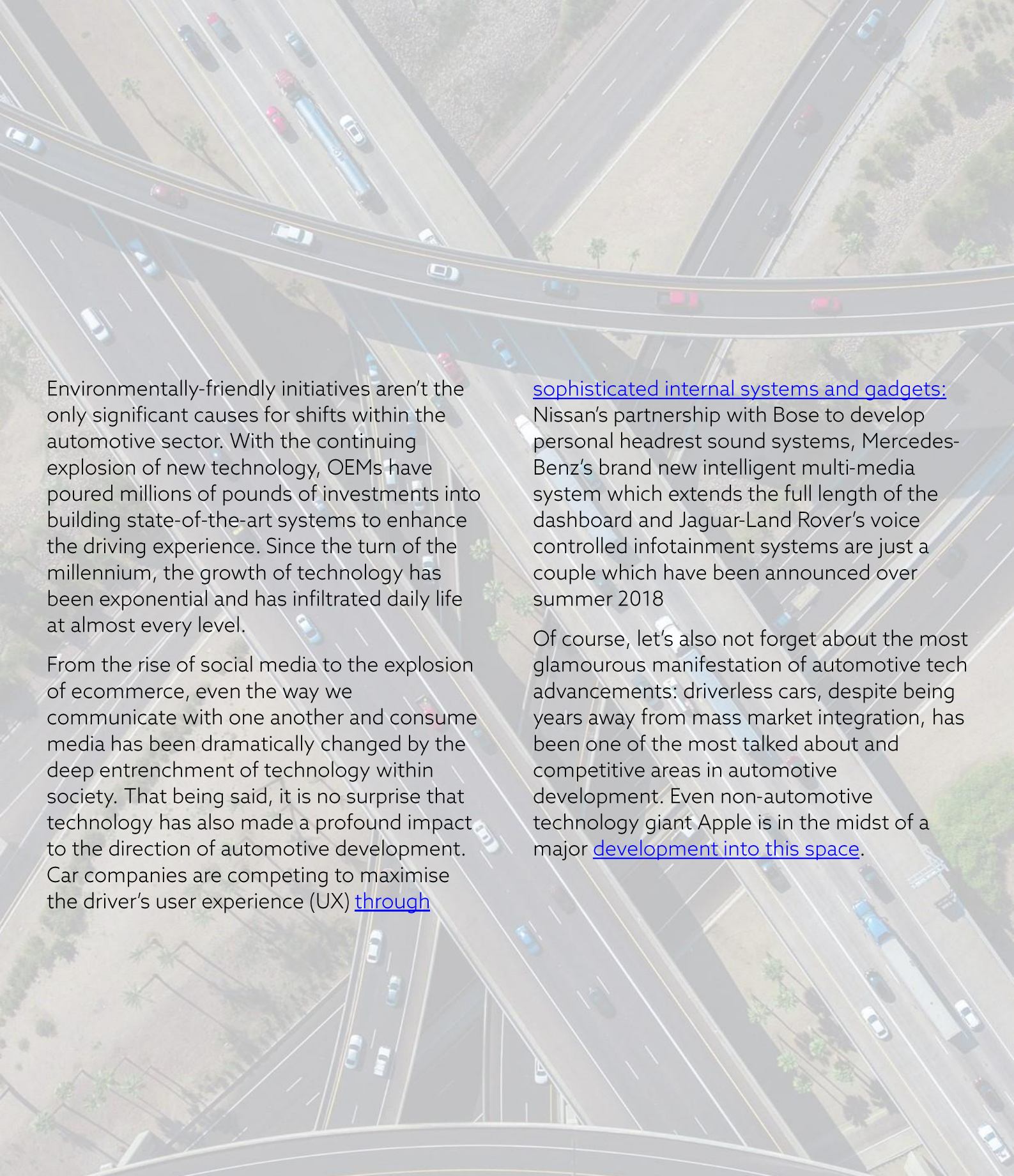
One such issue over the last couple of decades has been the environmental threat of global warming. This has opened up political dialogue between governments and corporations alike, in order to limit CO2 output and adopt 'greener' processes. It is no longer socially commendable to have smoke billowing out of manufacturing chimneys, polluting the environment and damaging ecosystems and wildlife in the process. The rise of environmentalism over the past couple of decades has influenced changes in policy, as well as general consumer behaviour, which has forced companies to adapt their processes to fit these higher standards.

Now more than ever, consumers value companies and products which show ethical responsibility,

particularly when it comes to reducing their carbon footprint. This shift in consumer attitudes can be seen across many sectors; in the FMCG (fast-moving consumer goods) sector a [study](#) by Unilever showed that a third of consumers are choosing sustainable brands and that 53% of consumers in the UK feel better when they know products have been sustainably produced.

In the automotive sector, the increase in demand for eco-friendly vehicles has also backed up this trend. The market for hybrid and electric cars (which offer significantly less risk to the environment) has soared; there were [14,756](#) electric/hybrid cars sold in March 2018, which is over twice the number sold in March 2014, 6,996. The electric vehicle (EV) market has exploded over the last decade, with leading EV manufacturer Tesla seeing an increase in revenue from [14.8 million dollars](#) in 2008 to 11.8 billion dollars in 2017. As consumer demand continues to increase, the market share for electric cars is expected to sit around [60% by 2030](#). This shows how the growing value consumers have placed on eco-friendliness has meant original equipment manufacturers (OEMs) have had to focus development on electric and hybrid cars to stay relevant in the market.

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Environmentally-friendly initiatives aren't the only significant causes for shifts within the automotive sector. With the continuing explosion of new technology, OEMs have poured millions of pounds of investments into building state-of-the-art systems to enhance the driving experience. Since the turn of the millennium, the growth of technology has been exponential and has infiltrated daily life at almost every level.

From the rise of social media to the explosion of ecommerce, even the way we communicate with one another and consume media has been dramatically changed by the deep entrenchment of technology within society. That being said, it is no surprise that technology has also made a profound impact to the direction of automotive development. Car companies are competing to maximise the driver's user experience (UX) [through](#)

[sophisticated internal systems and gadgets:](#)

Nissan's partnership with Bose to develop personal headrest sound systems, Mercedes-Benz's brand new intelligent multi-media system which extends the full length of the dashboard and Jaguar-Land Rover's voice controlled infotainment systems are just a couple which have been announced over summer 2018

Of course, let's also not forget about the most glamorous manifestation of automotive tech advancements: driverless cars, despite being years away from mass market integration, has been one of the most talked about and competitive areas in automotive development. Even non-automotive technology giant Apple is in the midst of a major [development into this space](#).

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Technological advancement has had a profound impact on the way people purchase products

Technological advancement has not only impacted the product landscape, but it has also had a profound impact on the way consumers go about purchasing those products too. The explosion of the internet and the online shopping revolution has led to the decline of high street footfall in the UK over the last decade, as online shopping now counts for 17.1% of total retail sales in the UK in 2018, compared to counting for [just 2.8% in 2006](#).

In addition to purchasing goods online, customers nowadays prefer to communicate with companies in different ways, making conversations between businesses and consumers more personal. For example, consumers are opting to communicate with customer service or sales departments via social media, messenger apps like WhatsApp or Facebook Messenger and/or via website communications technologies, like web chat or cobrowsing.

This ebook will explore how the integration of tech within everyday life has permeated the automotive industry. Significant changes in consumer behaviour in the automotive sector, such as the digitisation of the buying journey, the increased focus on customer experience and the importance of online channels in affecting buyers' decisions have forced companies to alter their strategies in order to engage prospective buyers.



Digitisation in the Automotive Buying Journey 2018

Chapter 1

CX at the Beginning of the Automotive Buying Journey

With so many areas of the automotive industry becoming digitised, from the vehicles themselves to the way in which they're bought, OEMs and dealerships alike are facing a new challenge: how to ensure the customer experience (CX) is just as good online as well as offline. As technology continues to entwine itself with our daily lives, consumer expectations are getting higher as we increasingly live in a world of instant gratification.

Consumers nowadays have no necessity for patience. Next-day delivery, binge-watching television shows and instant access to entertainment or information at any time or place are a few things which exemplify this, things which in the past took days or even weeks to achieve. Consumers nowadays don't even need to patiently save up money from multiple pay-checks to buy high cost items, such as a new car, with buy now, pay later schemes and other financing options. As well as this, consumers are also completely spoilt for choice, with over [854,000 new cars](#) registered in Q1 of 2018 alone in the UK.

An abundance of choice and readily accessible information via the internet has meant that the way consumers buy cars has changed, and the automotive sector must change its focus from product to experience to move with the times.

In the minds of many dealerships, the sales process began when customers headed to their showroom to conduct their preliminary research and discuss options with a consultant. However,

this model is well and truly on its way out, as over half of [research in the UK car market now begins](#) online and 60% of buyers decide on brand, model and price before entering a dealership. As well as this, a report published by Deloitte in 2018 showed that 31% of consumers found that manufacturer websites had a significant impact on their choice of vehicle.

Automotive companies therefore need to ensure that the start of their customer journey mapping includes their website and that they offer an excellent customer experience to attract customers to their products (a great way of doing this is by integrating contact channels, like web chat, to offer customers assistance, but we will explore this more later). As pointed out- patience is thin amongst modern-day consumers and if the online experience is lacking in any way, the chances of that customer leaving your website for a competitor are high.

“60% of buyers decide on brand, model and price... before entering the dealership”



In the past, improving customer experience was focused primarily within the dealership. The problem is that, particularly in the UK, car dealerships and consultants historically don't always have the best reputation. From a collective social viewpoint, many customers find the buying process at the dealership to be untrustworthy and pressurised. In popular culture, a car salesman was often associated with dishonesty, because in the past some dealership salesmen resorted to underhand sales tactics to win business in a competitive market. This perhaps help us to understand why [99% of people at the start of the car buying journey expect it to be a hassle](#), driven in large part by this collective social memory.

Nowadays, with social media and online reviews, dealerships are mending this view by managing their reputation on a daily basis. To improve the customer experience in the dealerships, a more consultative, softer approach was favoured. Dealership management work to make their

showrooms a place customers want to be, rather than somewhere they have to be.

The basics of offering refreshments, comfortable seating and attractive interior design are still important and valid, but the digital revolution has also led to dealership groups competing with each other on state-of-the-art showroom technology to transform the in house experience. For example, [Audi has recently introduced virtual reality](#) screens in their dealerships to allow customers to explore customising their vehicles before they commit to purchase, with breathtakingly realistic imagery to dazzle and delight customers.

However, with online channels increasingly capturing customers before they enter the dealership, it is important to ensure that the customer experience online is as exciting and advanced as that of the showrooms.

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Chapter 2

Digitising the Beginning of the Buying Journey

To reiterate: modern consumers are impatient. This could be one of the reasons why the process from research to purchase of a car has shortened to between [4-6 weeks](#), but more importantly, it's one of the reasons why it's vital to ensure your digital channels are completely optimised for a seamless customer experience.

As more consumers head online to conduct research, share experiences and in some cases even buy their vehicles, OEMs and dealerships should already be thinking about their websites as an extension of their showrooms. Although the entire buying cycle may take around six weeks, studies have shown that 45% of buyers research their car within three weeks or less.

It's therefore incredibly important that every interaction a customer has with your brand is as relevant and valuable to them as possible. It isn't rocket science to understand that buyers who visit your website are there to learn more about your products or services. Some potential buyers may even be on your website to because they are interested in learning more about your brand values and ethics- particularly if they are interested in buying an [eco-friendly or electric vehicle](#), or if they are younger buyers where online channels are increasingly becoming the first port-of-call for almost anything.

Therefore, it's important to make sure that your website can deliver this information as quickly and easily as possible. In order to capture the interest

of a potential buyer, companies need to make their websites as engaging as possible, so that a bad online experience doesn't put off potential customers from considering your vehicles. At best, a negative online experience may result in the user becoming bored and heading to a competitor's website, at worst it may affect their judgement of your entire brand and engaging in negative word of mouth, which could damage the company's reputation considerably.

Customers may be impatient to find information, but when they are serious about buying they are keen to devote lengthy amounts of time to researching. In fact, some prospective car buyers [spend up to ten hours](#) researching their vehicle before purchase.

Companies are starting to offer their online customers exciting website experiences in an effort to capture the imagination of buyers at the very beginning of the sales process. BMW was the first to create a [virtual showroom](#) by introducing augmented reality on its website to inspire customers. Online users get a panoramic view of the car of choice in a multitude of outdoor settings. By also offering the "step inside" viewpoint, where the user can view the interior of the car from a driver's seat perspective, BMW were able to create an in-store experience for a customer, from the comfort of their own home.

Chapter 3

Online Conversations: Improve Customer Journeys Through Live Web Chat

If your customers are spending any length of time in the presence of your brand, whether online or offline, it is important for them to know that there is support in the form of expert consultants to help them make their decision.

Consider how the scenario would play out if a customer walked into a dealership's showroom. There would be a consultant on hand to answer any questions, assist in booking a test drive, advise on what car would be best suited to their needs. The customer is also likely to expect a knowledgeable, friendly approach, not overly

sales-y or pushy. They are looking for someone who can build trust and rapport with them to assure them that they are in safe hands ahead of making such a large investment.

If this is the general protocol for physical showrooms, this should also be the protocol for any other place where a customer interacts with the brand: websites being a priority. As more of the vehicle buying process moves online, offering support and guidance to customers is a must.

Many automotive companies are recognising this, and in response are implementing web real-time communications (WebRTC) features onto their websites. WebRTC refers to a suite of features which enable communication between customers and company support agents (or salespeople) via the website. The most common of these in the automotive industry is a web chat function, which enables a customer to chat directly with an agent.

The implementation of web chat on a website helps to create a better experience for the buyer on the website, for two main reasons. The first reason is that it offers improved efficiency. As mentioned above, one of the key benefits of visiting a showroom is that a consultant is available at any point to answer any questions you might have or help you to make a decision. The customer feels secure in the knowledge that they aren't left to their own devices, and can expect a response immediately if they do have any questions.

In the past, websites were more detached; though information was available throughout the various pages of the website, it could be time consuming to find it. If the customer had a query which was more obscure, or not answered on the website, the customer would have to enter into an often long-winded search for answers. Customers who chose to use website forms or chose to send enquiries via email could be left waiting days for a

response to their question. An undesirable side-effect of this delay in response would give customers ample opportunity to look elsewhere to find answers faster. In the case of the customer leaving the website and making a telephone call to a support agent, firstly the customer may get held up in hold queues, and secondly the customer may have to explain their website journey up until that point to contextualise the root of their problem; which could take up a lot of time, depending on the complexity of the query.

Web chat offers your online customers a more efficient solution, because the agent will typically respond within minutes, if not seconds, to the initial query. A fast response signifies professionalism and priority to the customer, which is important in a world where patience is thin. For the customer, it also removes the need to waste time explaining their current position on the website, because the agent will already be able track this.

Depending on how you want to interact with your online customers, conversations over web chat can also be escalated to web calls, video calls or even a cobrowsing session, where agent and customer view the same screen and journey through the website together. This means that the customer gets the fastest possible response from a knowledgeable agent, resulting in a better customer experience.



“Web chat offers customers an efficient solution, where agents can answer their questions in seconds”



The second reason why web chat helps to create a better customer experience is because it offers a personalised service. Personalisation is hugely popular amongst modern consumers, with over [80% of buyers preferring businesses](#) who offer personalised experiences. Personalisation is effective because it makes the customer feel valued and that their needs are understood. Nothing feels more personalised than having a unique online experience that is tailored to the customer's needs (a good example of how this strategy has been adopted can be found in Chapter Five).

Speaking with an agent via web chat can make the customer's journey through the website incredibly tailored, particularly if the agent is consultative when speaking to the customer. In the same way a buyer and consultant move around a showroom, showing and discussing various vehicles and services, the agent and customer can achieve this through the website. At the same time, a relationship can be built between buyer and agent which, particularly for dealerships who are managing their web chats

in house, can extend throughout the entire buying journey.

Opening up a dialogue with your customer this way means that you can solve their queries quickly and effectively, by responding to them directly human-to-human. A recent study revealed that web chat provides the highest level of [customer](#) satisfaction, 73%, when compared to more traditional customer service channels like phone calls (44%) or email (61%).

“Web chat provides the highest level of customer satisfaction at 73%”

Chapter 4

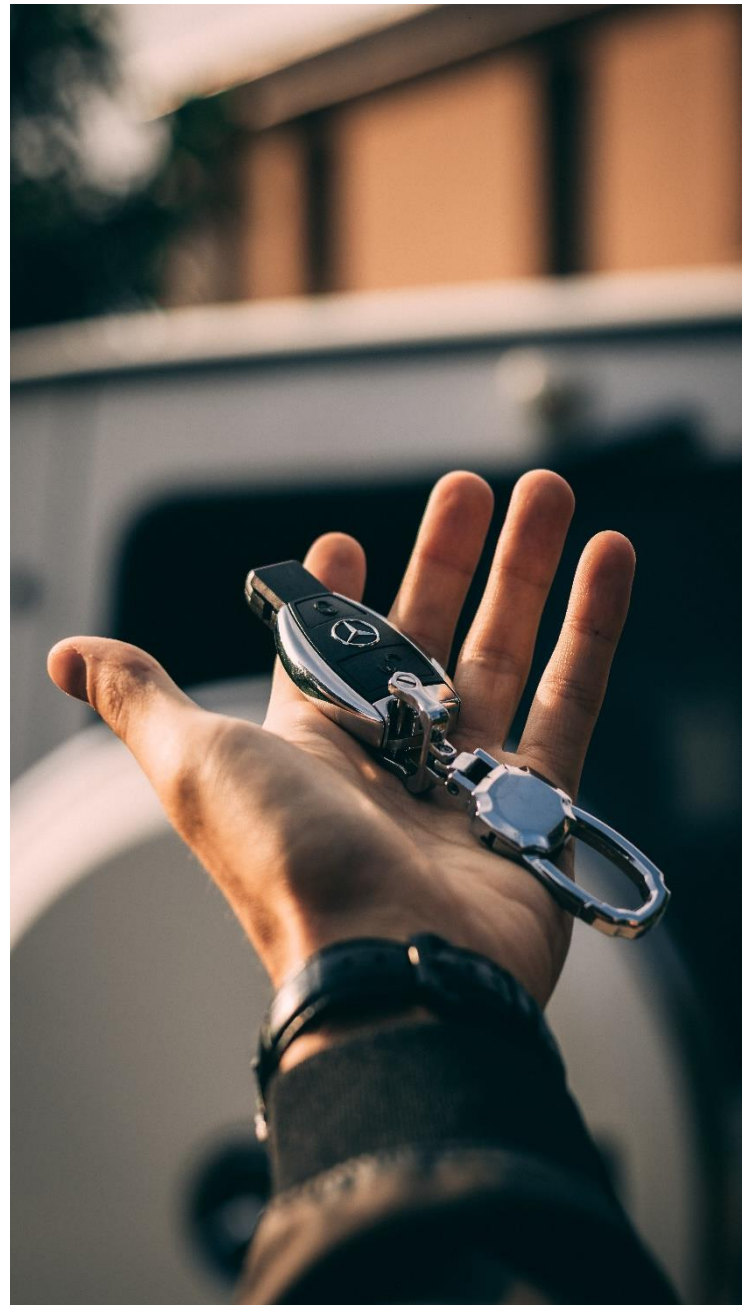
Digitisation Isn't Just for the Research Stage

Although the migration to online has mostly only affected the research stage of the vehicle buying process, that isn't to say this is how it is likely to stay. As global consumers increasingly turn to online channels for lower-cost goods and services (such as clothing, gadgets and even financial services such as buying insurance), people are becoming more comfortable with making high-ticket purchases online too, including buying cars.

Currently, [2% of](#) all global vehicle purchases take place completely online- without the involvement of a dealership service at all. However, not every market is homogenous, and buyers in different countries are making the transition faster than others.

In the German market, 10% of cars are [bought](#) online, with the number expected to increase to 20% by 2020. In the [UK, 9% of cars](#) are bought online with 23% of car owners stating that they are likely to purchase their next car online. A whopping [50% of car owners](#) in the UK said that they were "open" to buying a vehicle online in future. The Chinese market, the largest automotive market in the world, currently sees around 5% of all vehicle purchases happening online, but of the younger generation (24 year olds and under), 23% of vehicles are bought online.

Although this shows that the majority of vehicle purchases are still completed offline (whether that be at a dealership or otherwise), it does show that consumer interest for a digitised automotive buying process is on the rise. Actions therefore need to be taken by the automotive industry to ensure that their websites are optimised for an increasing percentage of online sales.



Chapter 5

Buying Journeys Across Demographics

As briefly mentioned in Chapter 4, the customer journey varies across demographics, so it's important for automotive companies to make sure they consider each generation when developing their CX strategies. These changes don't only relate to online vehicle sales, but also relate to how research is conducted, what factors are most influential to their final decision, how long the buying process takes and more. These differences are often born out of the different climates which generations grow up in, and more particularly when generations come-of-age (around the ages of 17-24). Subsequently, vast differences in consumer behaviour, across industries, are produced.

The automotive industry is no exception to this rule- generational customer journey differences often depend on tech-savviness, social and political climate (particularly at early adulthood), and the economic prosperity at the time. As the subject of this ebook relates to digitisation in the automotive industry, this chapter will primarily focus on generational differences relating to tech-savviness.

Millennials (widely regarded as people born between 1981-1995) as a group are the first generation to have grown up alongside social media and prolific ecommerce. They are the most likely generation to shop online, with [60% preferring online channels](#) (such as mobile, laptop or tablets) compared to just 42% of Gen Z (born between 1996-2012) and 52% of Gen X (born 1965-1980). This most likely explains why millennials are the most likely to buy a car online,

with 33% of millennials in the UK happy to do so, compared to just [17% of car buyers aged](#) over the age of 55. This is also partly to do with the fact that younger generations, millennials and Gen Z, don't like physically being at a dealership. 56% would rather clean their homes than negotiate with a dealer, which explains why so many are opting for digital channels.

Millennials also take a longer time to make their final decision on a car than baby boomers, (born between 1946-1964), and are likely to spend an average of 4.5 hours longer researching online. The proclivity of millennials to shop online also reflects in the number of vehicles they consider. Online retail, for example, offers customers a huge variety of options at their fingertips- many more than can be browsed in an actual store.

“56% of millennials would rather clean their homes than negotiate with a dealer”



As avid online shoppers, millennials are used to scrolling through multiple web pages, potentially listing hundred or even thousands of similar items, comparing and contrasting their features, costs and prices. This might explain why millennials typically consider an average of 6 cars, rather than the baby boomer average of 4 cars.

Companies are wising up to this, and over the last few years have increased personalised marketing to make the customer experience more manageable and enjoyable. A good example of this in the retail space is Amazon, whose enormous catalogue of products would make any buyer completely overwhelmed by choice. Instead, Amazon offers a personalised homepage to each user which suggests products that may be of interest to them based on recent searches or

purchases, making finding what they want much easier.

Of course, buying a car is more complex as it is a significant investment and has many factors to consider beyond purchase, such as running costs, insurance and tax costs etc. With that in mind, the need to offer your online customers high quality support is paramount. A good way to do this is by offering a WebRTC feature such as web chat on your website, so that agents can give advice to help customers make better decisions about expensive and complex products. (More info regarding web chat can be found in Chapter 3).

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Chapter 6

Multichannel to maximise Lead Capture

Despite the fact that this ebook has discussed all or parts of the automotive buying process transitioning to online, this does not mean that offline is dead. On the contrary, in a time where competition between automotive brands is at an all-time high, offline communication channels are incredibly important to lead capture and ultimate sales.

Dealership walk-ins still counts for around half of all initial contact, so it is important that dealerships ensure continuous improvement to their customer service. In the wake of a digital revolution, automotive companies need to ensure that they don't put all their focus on digital channels such as website and mobile apps at the expense of the physical showroom. After all, the vast majority of buying journeys still end in a dealership even if they increasingly don't start in one.

Just because customers opt to walk into the dealership doesn't mean that those customers aren't just as impatient for assistance or information as their online counterparts. Making sure consultants are available and knowledgeable must be a top priority in an age where consumers aren't as happy as they once were to spend hours of their day in a waiting room. This can often lead to a dilemma within dealerships: how do you effectively split consultants' time between offline customers and online customers?

In the case of website leads, a good solution to this problem is to outsource web chats to a team of local, specialised automotive agents. As discussed in Chapter 3, one of the reasons why online customers use web chat is because they

expect a quick response, so it can defeat the purpose if in-house consultants are having to constantly run back and forth between walk-ins and web chats; ultimately, someone will be left waiting which hurts the chances of that customer buying from that dealership. In fact, [74% of buyers](#) are likely to drive 20 miles to a dealership who offers a great customer experience- and in UK or US urban and sub-urban areas, there are likely to be multiple competitors within that radius.

Outsourcing web chat is also valuable for capturing out of hours leads too. Car buyers like to take their time researching online; in some cases up to 10 hours can be spent researching vehicles online before the customer heads to the dealership. Typical western working hours are between 9am to 5pm, meaning that a large proportion of buyers choose to research their next vehicle outside of work. As such, half of web chat queries come through outside of opening hours.

As most dealership and OEM employees also work standard hours, this means that consultants may have to deal with a backlog of queries first thing in the morning- meaning potential leads will have gone cold overnight. Outsourcing means that agents can respond to queries 24 hours a day, and showroom consultants can look after walk-in customers, maximising leads on both fronts.

“Three quarters of people will drive 20 miles out of their way for a better CX”



Another major channel which is increasingly important to automotive buyers is social media. Platforms like Facebook and Instagram are incredibly important, particularly for millennial and Gen Z buyers. Younger buyers place much importance on brand story, and visual social platforms like Instagram allow dealerships and OEMs to market a brand story and lifestyle which will attract younger consumers to their vehicles.

As well as this, social media provides an important platform for buyers to review and discuss cars and dealerships. [One in four car buyers consult social media](#) to research other buyers' experiences. With social media fast becoming a mainstream communication channel between businesses and consumers, it is vital that OEMs and dealerships

ensure their social media reputations are being managed properly and that their engagement levels are high to encourage buyers to choose their products and services.

One social media channel which is still relatively untapped, but shows huge potential for generating inbound leads is YouTube. As part of their online research, a large number of buyers want information on factors such as safety, model comparisons, vehicle performance or in-built technology. A massive 84% of car buyers plan to watch YouTube videos ahead of their next purchase, so it's important that dealerships and OEMs make the most of this to encourage buyers.


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Conclusion

To summarise, the automotive market is changing. The way people buy cars has already changed- the digital revolution has started to change the buying process and there are no signs that this will slow down. On the contrary, the transition to online is likely to continue to increase as technology becomes more entwined with daily life. OEMs and dealerships alike need to ensure that they deliver a great online customer experience to maintain a positive reputation in the market, especially as more people choose to research and buy their cars online rather than through traditional methods at a dealership.

Automotive companies should make sure their focus isn't solely on their products and showrooms, but on building these rich experiences for their customers, both online and offline to inspire consumers in an increasingly competitive market.





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