How Marketers Can Overcome Challenges in the Automotive Industry

SyncApps
by Cazoomi

Executive Summary

Traditionally, automotive brands would spend millions of dollars in exotic and glossy ads that were doing well. In today's changing world, most consumers associate automobile brands with huge advertising budgets with a lack of innovation[1].

The winning car brands are all about the consumer today. They are about adding value and improving buyer experiences. It's the only way to win a huge market share.

There is a shift from product to experience, but the automotive industry is yet to embrace this new way of thinking.

For as long as cars have been around, the industry has always been product-centric. This could be the reason it's taking the marketers in the industry a bit longer to realize that the product is no longer the center of everything.

It's just a part of a bigger ecosystem.

This paper looks at the challenges marketers in the automotive industry are facing due to this kind of thinking and how they can overcome them. It also expands on different ways marketers can embrace change and the numerous benefits they can rip from it.

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[1] https://www.youtube.com/watch?v=yOpSpQAxCHU&feature=youtu.be&t=1055

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Introduction

Today's car buyer is more aware of their options and has become even more demanding. The internet has made it easy for auto buyers to have quick and easy access to valuable information. They can now conveniently carry out research even before they decide to visit a car dealership.

During the research phase, consumers have access to product reviews, recommendations, ads, and reports. They have become empowered, and marketers should not take this lightly.

Consumers are getting used to seamless shopping experiences and expect the same from the automotive industry.

Having a good product, in this case -- a car, is a good start. Everyone loves a product that fits their needs and solves their problem(s).

However, emerging consumer trends and expectations are constantly forcing businesses to not only focus all their energy and resources on producing that five-star rated product but to also seriously think about the consumer's purchase journey.

This is an awakening that is sweeping across all industries, and the automotive sector is not an exception. Today's consumer is fully aware of all the touchpoints at their disposal. They expect nothing less than a smooth ride throughout the purchase process until they make the actual purchase.

The difference from other industries like e-commerce (Amazon) and entertainment (Netflix) is that they offer their potential customers a wide selection of products, recommendations, and reviews based on their search history and previous purchases.

Automotive marketers must leverage technology to keep up with customer expectations. They must offer enhanced shopping experiences to their customers.

Car buying behavior is changing. Consumers are now benchmarking experiences from other industries. They now expect nothing short of the same experiences in auto shopping. Automotive marketers now need to reconfigure their marketing tactics and to offer auto buyers an omnichannel experience.

The auto marketers must, therefore, gain a deeper understanding of the new car buying culture in order to effectively tackle the different challenges they are facing.

Challenges Faced by Marketers in the Automotive Industry and How to Overcome Them

Just like any other industry, the automotive market has its own fair share of challenges. With emission restrictions getting tighter year-on-year and rising gas prices scaring potential car buyers, automotive marketers are now being forced to rethink their marketing strategies in a bid to jump-start their sales.

Such challenges notwithstanding (since they are not within the marketing department's control), the challenges that auto marketers should focus on solving include:

1. The Changing Needs of Auto Buyers

Eighty-six percent of auto buyers spend time doing online research before even setting foot in the dealership.[2] Their car buying journey starts with approximately 14 hours of researching and shopping online.
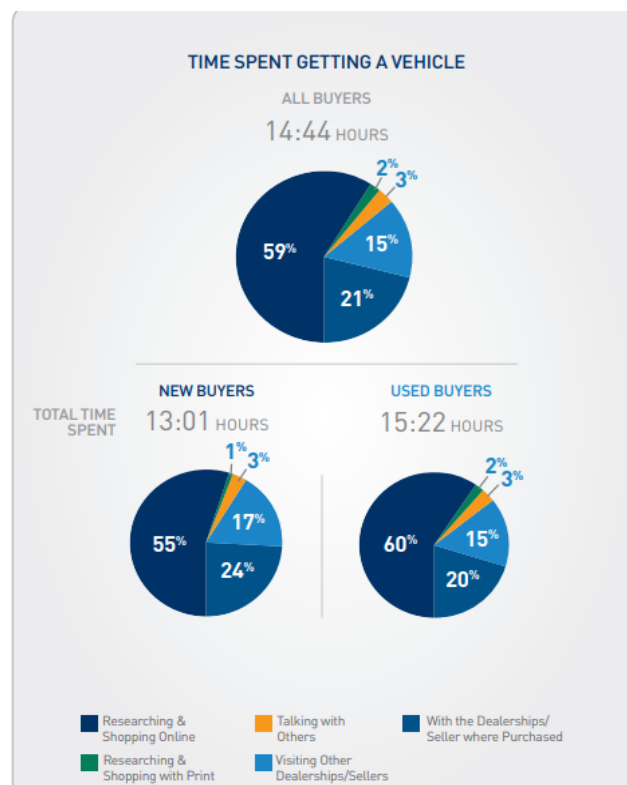

Image Source: Auto Trader[3]

[2] https://geomarketing.com/86-percent-of-car-shoppers-do-research-online-before-visiting-a-dealership
[3] https://b2b.autotrader.com/agame/pdf/2016-car-buyer-journey.pdf

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Online research presents auto buyers with information on any vehicle they need. They can read trade journalist reviews, compare models, compare deals, and see buyer reviews before deciding on which dealership(s) to visit.

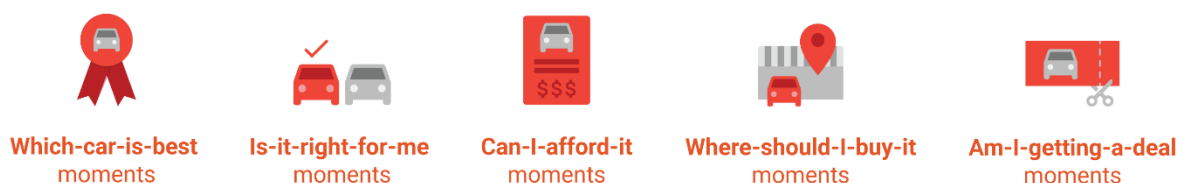But instead of looking at this as a challenge, marketers should view this as an opportunity.

It's an opportunity to position their products with messages across all buying touchpoints. Remember that only one in three car buyers knows exactly what vehicle they want to buy as they start shopping[4].

Most car buyers are also undecided as they start the purchase process. When they begin shopping, six out of 10 are open to different options. [5]

Marketers can take advantage of these statistics to influence what dealership the customer buys from and what they buy online. They can provide useful and relevant information where the customers are spending most of their time. The right time to convert them is when they are online, obviously.

As an automotive marketer, you need to consider the various touchpoints a car buyer goes through before making the final decision. You then need to make sure your brand is present as the shopper moves along these touch points.

Connect with the customer along the entire car buying journey and go the extra mile to guarantee they land at your dealership. Once they have chosen your dealership, come up with ways to nurture this relationship so that you secure their loyalty and increase opportunities to gain more leads along the way through referrals.

| **Which-car-is-best** moments | **Is-it-right-for-me** moments | **Can-I-afford-it** moments | **Where-should-I-buy-it** moments | **Am-I-getting-a-deal** moments |

Customer Touchpoints Image Source: Think With Google[6]

But how do you handle this? Well, how about you start by understanding the auto buyers' journey?

[4] https://b2b.autotrader.com/oem/wp-content/uploads/2018/03/2018-Cox-Automotive-Car-Buyer-Journey-Brochure.pdf
[5] https://b2b.autotrader.com/agame/pdf/2016-car-buyer-journey.pdf
[6] https://www.thinkwithgoogle.com/marketing-resources/micro-moments/five-auto-shopping-moments-every-brand-must-own/
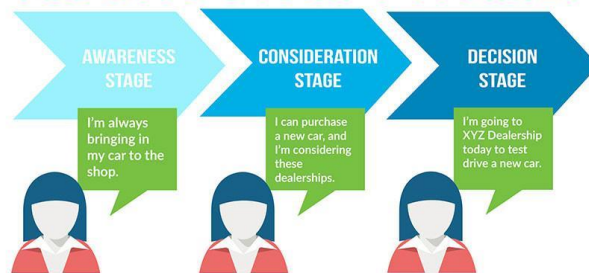
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Image Source: Dealer Marketing[7]

The awareness stage

During the awareness stage, the auto buyer realizes they need a car. They start their research, both offline and online. During the awareness stage, 35 percent of buyers use more than 10 different touchpoints to research.[8]
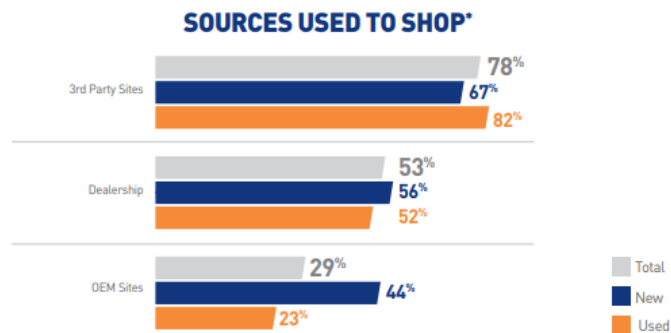

Image Source: Google [9]

During this phase, you need to have a robust multichannel presence. Have informative, relevant, and useful content on channels including dealer websites, third-party sites, social media platforms, and review sites. These are the channels where research starts for most auto buyers.

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[7] http://www.dealermarketing.com/target-the-3-stages-of-the-auto-purchase-journey/b
[8] https://bit.ly/2G1Ax59
[9] https://bit.ly/2G1Ax59

SOURCES USED TO SHOP*

3rd Party Sites — 78% Total, 67% New, 82% Used
Dealership — 53% Total, 56% New, 52% Used
OEM Sites — 29% Total, 44% New, 23% Used

*Respondents were asked, "Please select the names of the specific website(s)/apps that you used." Some selected more than one answer.

TIME SPENT ON VARIOUS SITES

ALL BUYERS: 62% 3rd Party Sites, 5% Other, 13% Search, 8% OEM Sites, 12% Dealership Sites

NEW: 42% 3rd Party Sites, 5% Other, 15% Search, 20% OEM Sites, 18% Dealership Sites

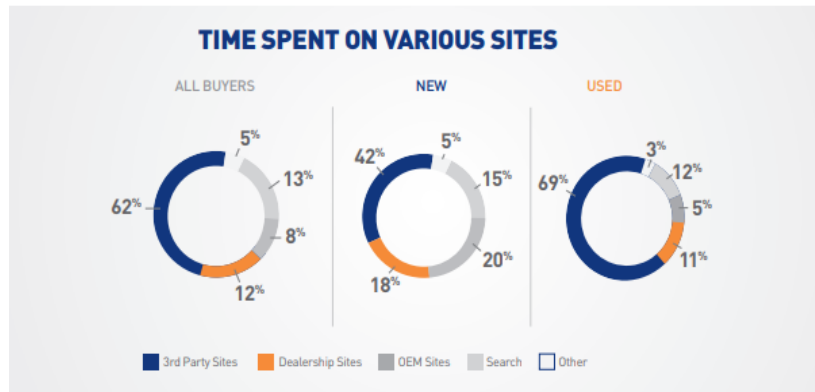USED: 69% 3rd Party Sites, 3% Other, 12% Search, 5% OEM Sites, 11% Dealership Sites

Image Source: Auto Trader [10]

The consideration stage

During this stage, the consumer knows the specifics, including the make and model they want to purchase. You want to ensure the consumer considers you an expert in the industry.

Based on market research on your ideal buyer, you know which car Jane, who is married with four children and has an income of around $100,000, would want to buy.

Remember, consumer research goes beyond demographics and to issues like their marital status, their interests, needs, where they spend most of their time, what model of cars they like, what they consider important, how they think, etc.

Armed with this information, cut through all the marketing messages by getting personal. Send personalized messages and offers that draw engagement. It's about sending the right message at the right time and through the most appropriate channel.

Targeting them where they need it most. That way, if they respond by asking questions, you are available to provide more information and draw them in even closer.

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[10] https://b2b.autotrader.com/oem/wp-content/uploads/2018/03/2018-Cox-Automotive-Car-Buyer-Journey-Brochure.pdf

Remember that 65 percent of car buyers will have all the information they need about the car they want to purchase within two months[11]. It's important to be with them during this time in order to influence their buying decision.

Decision stage

The buyer has decided to visit your dealership, but that does not mean they will buy. Sixty-five percent of those who visit your dealership will be online checking if they are getting the best deals.
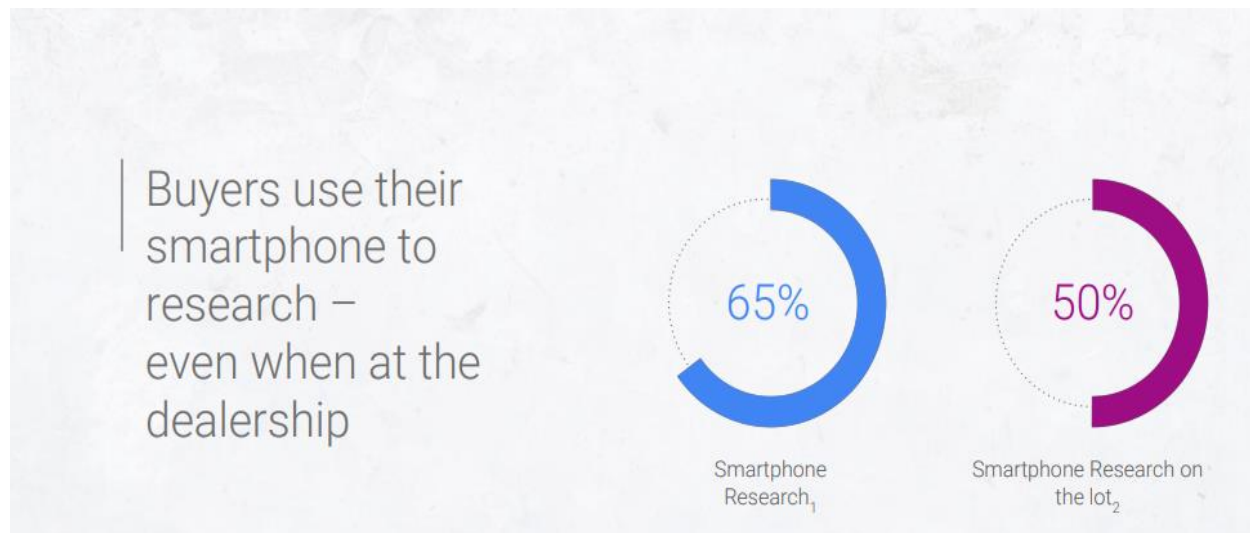

Image Source: Google[12]

Do not give them a reason to leave your dealership in search of better deals.

Customers expect a seamless experience both online and in store. They consider convenience, speed, friendly service, and knowledgeable help as crucial for a good experience. They are even willing to pay more for better customer experience.
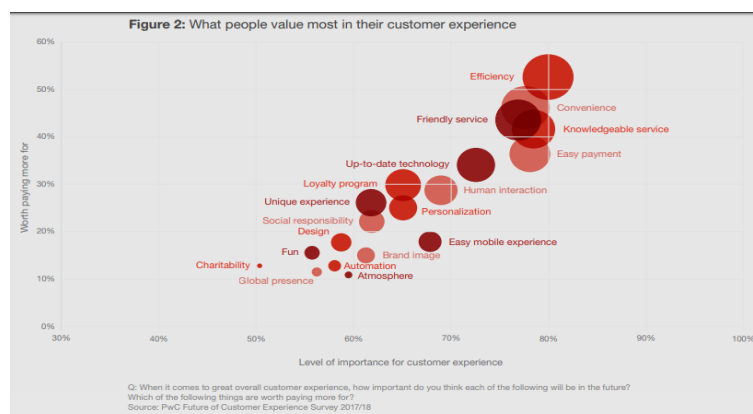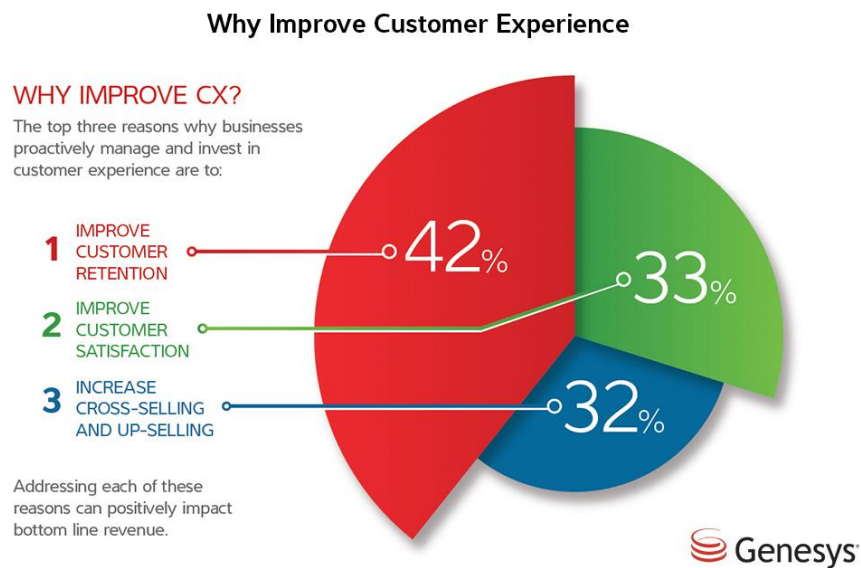

Image Source: PWC[13]

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[11] https://bit.ly/2G1Ax59

[12] https://bit.ly/2G1Ax59

[13] https://pwc.to/2Gj2eIE

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To deliver a great customer experience, you must know the customer well. Use the information about them in delivering personalized experiences even when they are at your store.

Improving customer experience leads to satisfaction, retention, and an increase in revenue. It will ensure that the customer leaves having made up their mind to come back and buy the car and not to visit a different dealership.

Why Improve Customer Experience

Image Source: Genesys[14]

As an auto marketer, ensure that the buyer feels valued. Treat them fairly and do not let them wait to receive services. If they feel valued, they will most likely buy from you.

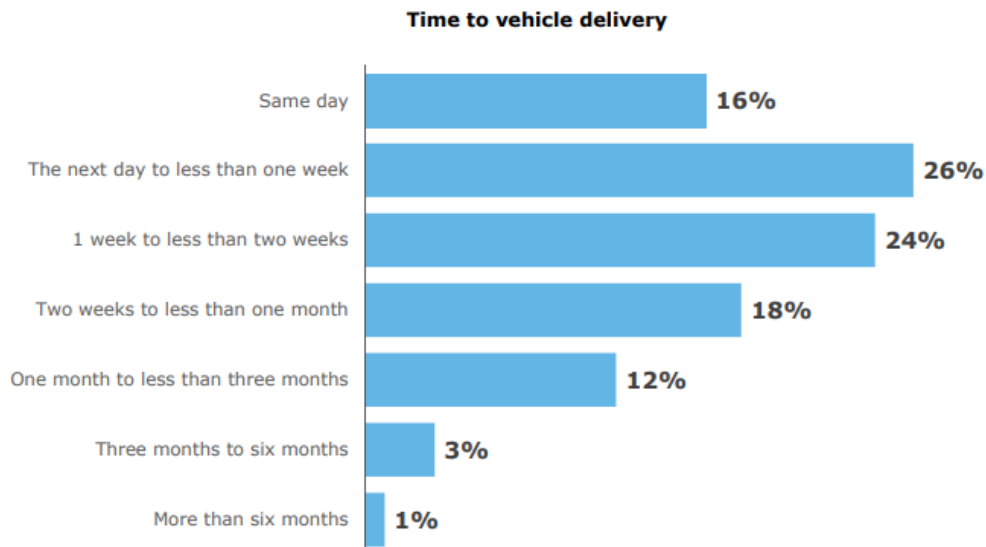Take advantage of the fact that 16 percent of those who go vehicle shopping buy on the same day.[15] Offer excellent service so that even though the customer does not leave with the car on that day, they are likely to come back in the future.

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[14] http://www.genesys.com/
[15] https://www2.deloitte.com/content/dam/Deloitte/de/Documents/consumer-industrial-products/2018_GACS_Data%20Deck_Germany.pdf

16% of consumers buy a vehicle the day they go shopping

In fact, 42% of consumers acquired their current vehicle within a week after they started visiting dealerships

Time to vehicle delivery

Same day	16%
The next day to less than one week	26%
1 week to less than two weeks	24%
Two weeks to less than one month	18%
One month to less than three months	12%
Three months to six months	3%
More than six months	1%

Q19. Once you started visiting dealerships, how long was it before you acquired your current vehicle?
Sample size: n=1,086

Deloitte Global Automotive Consumer Study

Image Source: Deloitte[16]

2. Data

Those utilizing data for their marketing efforts have a competitive advantage in today's market. Data-driven marketing is an integral part of different industries, including automotive.

The savvy consumer expects relevant messaging across channels they use delivered at the right time. If brands remember, recognize, and present buyers with the right recommendations, then 91 percent of consumers are likely to buy from them. If not, then the customer will walk away.[17]

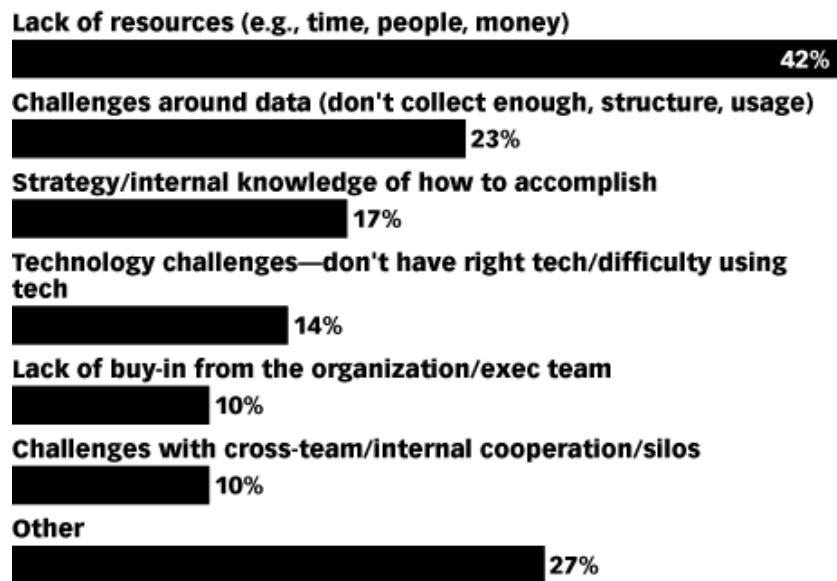However, most automotive brands are yet to embrace data-driven marketing. It's a crucial marketing tool for marketers who want to personalize customer experiences. But recent research shows that a lack of proper data and not knowing how to use it costs companies the ability to personalize customer experiences.

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[16] Idem

[17] https://www.accenture.com/_acnmedia/PDF-77/Accenture-Pulse-Survey.pdf

Leading Barriers to Achieving Their Company's Personalization Goals According to UK and US Marketers, April 2017

% of respondents

Lack of resources (e.g., time, people, money)
42%

Challenges around data (don't collect enough, structure, usage)
23%

Strategy/internal knowledge of how to accomplish
17%

Technology challenges—don't have right tech/difficulty using tech
14%

Lack of buy-in from the organization/exec team
10%

Challenges with cross-team/internal cooperation/silos
10%

Other
27%

Source: Sailthru, "Decoding Personalization," Oct 16, 2017

231824   www.**eMarketer**.com

Image Source: eMarketer[18]

It's important to have a good CRM to help you collect internal data. Combine this with data from other sources, including customer care centers, shipping databases, billing, etc.

With this kind of data, you can determine who your buyer is. What are their demographics? Their needs? What kind of car do they currently have? Do they regularly go for service?

With this kind of information, you can create targeted messages to influence the buyer before they choose a dealership.

The next challenge in data collection is how to use the data. Data collected from all these channels can be used to drive your marketing campaigns. Data also offers optimized consumer insights to help with targeting your audience.

Some of the data-driven campaigns to take advantage of, include:

Email marketing

Email marketing generates 39 percent more leads for car dealerships.[19] Data and analytics drive successful email marketing. With email marketing, you can segment your customers and provide them with communications based on their needs.

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[18] https://www.emarketer.com/content/many-marketers-haven-t-realized-personalization-s-potential-yet
[19] https://www.autoraptor.com/10-of-the-most-surprising-dealer-communications-insights/

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Segmentation can be in terms of age, hobbies, lifestyle, income, current vehicle, location, etc. Research shows that segmentations leads to 39 percent higher open rates of emails, 24 percent increased sales leads, and 24$ increased revenue.[20]
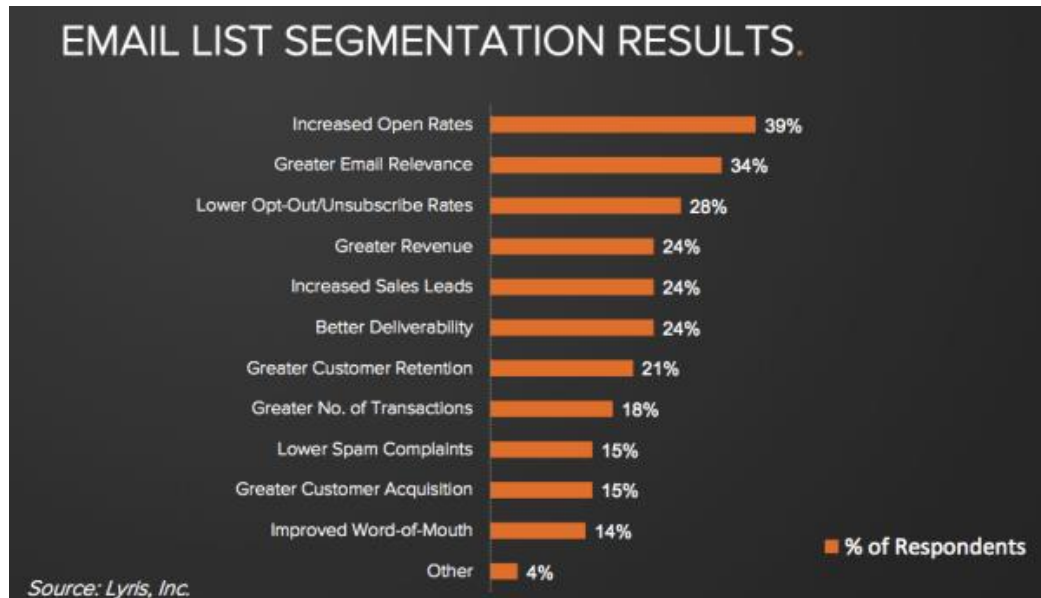

Image Source: Oberlo[21]

Digital advertising

The automotive industry is a huge spender on digital ads. Digital ads present a huge opportunity for auto marketers to influence consumers as they go through the purchase journey.
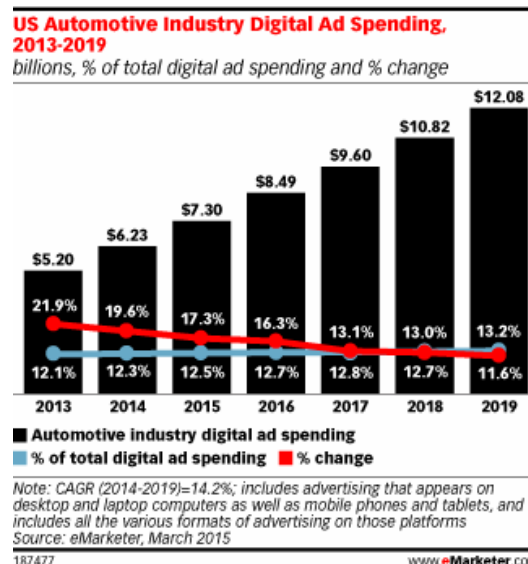

Image Source: EMarketer [22]

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[20] https://www.oberlo.com/blog/beginners-guide-email-list-segmentation
[21] Idem
[22] https://www.emarketer.com/Article/US-Auto-Industry-Ahead-of-Pack-Digital-Ad-Spend/1012506

It allows one to target consumers depending on different segmentations, including the make, model, demographics, etc.

Platforms like Google, Facebook, Twitter, Instagram, and more are just a few options that savvy automotive marketers have at their disposal. Remember that 56 percent of car buyers who contacted a dealer after seeing an ad on social media made a purchase. [23]

Data collected tells you who is buying what kind of vehicle, where they live, what kind of car they are currently driving, what messages drive their engagement, and so much more.

3. Social media

Most marketers in the automotive industry have a presence on different social media platforms. The problem they face is how to effectively leverage the various tools each platform has.

Fifty-five percent of social marketers have a hard time realizing ROI because they are not meeting their social media customers' needs with the right content.[24] They are also not defining their ROI right.

Consider that 84 percent of automotive shoppers have accounts on Facebook and 24 percent of them used it to buy their last vehicle.[25] Social media sites are a huge influence on those looking to buy vehicles.

Those shopping for cars will actively seek out information about cars from their friends via social media to help them choose the right one. They will find reviews, recommendations, images and ratings. This is basically where most people will actively discuss the good, the bad and the ugly about cars. You can find anything about any car on social sites.

Take advantage of social media and reach your audiences directly. Use your content page to showcase beautiful images of cars, testimonials from current buyers, customizing options, and videos showcasing the cars.

Social media strategies for the automotive marketer

- Have a social media marketing strategy before embarking on using social.[26] Why are you doing this? What do you hope to achieve? Who are your potential customers? What channels will you use? On which channels are your customers most active? What kind of content drives more engagement?

- Study each platform to know the posting and engagement rules.[27] Different platforms also attract different people. Having the same content posted

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[23] https://kenshoo.com/autospotlight/
[24] https://sproutsocial.com/insights/data/2018-index/
[25] https://v12data.com/blog/10-social-media-strategies-car-dealerships/
[26] https://blog.hootsuite.com/how-to-create-a-social-media-marketing-plan/
[27] https://moz.com/beginners-guide-to-social-media

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across platforms without any tweaking will not help. What works for Pinterest, for example, doesn't work for Facebook. Know what content to use for which platform and then create quality content that drives engagement.

- The language and tone of your content should be consistent across all channels. Advertisements only will come across as pushy and you may lose your audience. You also don't want to be posting jokes and memes all the time. Find a balance and post often enough to keep them interested.

- Use stories that resonate with your audience. Use different types of visuals to make the stories interesting and compelling. Stories are the new face of social media with creation and consumption growing by more than 987 percent. Most platforms are using the story feature.

- Study your audience and use targeted campaigns to reach them. Segmentation avoids the one-size-fits-all strategy.

- Write content that is engaging, interactive, informative, timely, and relevant.

- Engage your customers. Reply to their questions and comments. You can also ask questions or ask them to engage with your posts. For great customer service, 31 percent of customers expect a response in 2 hours, and 26 percent in four hours.
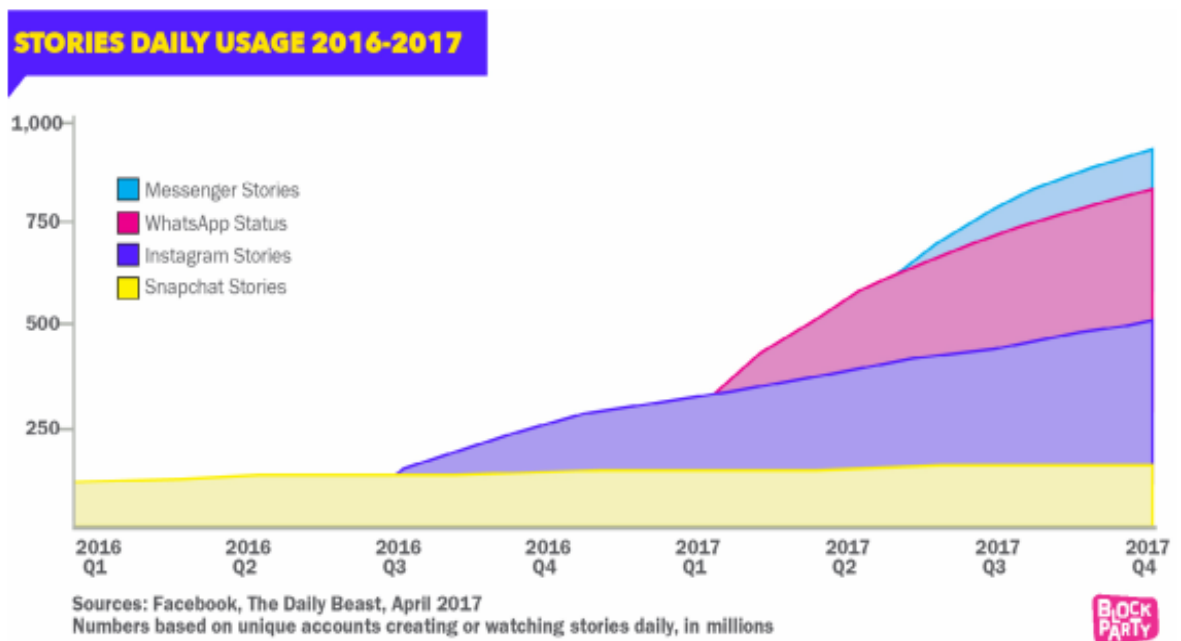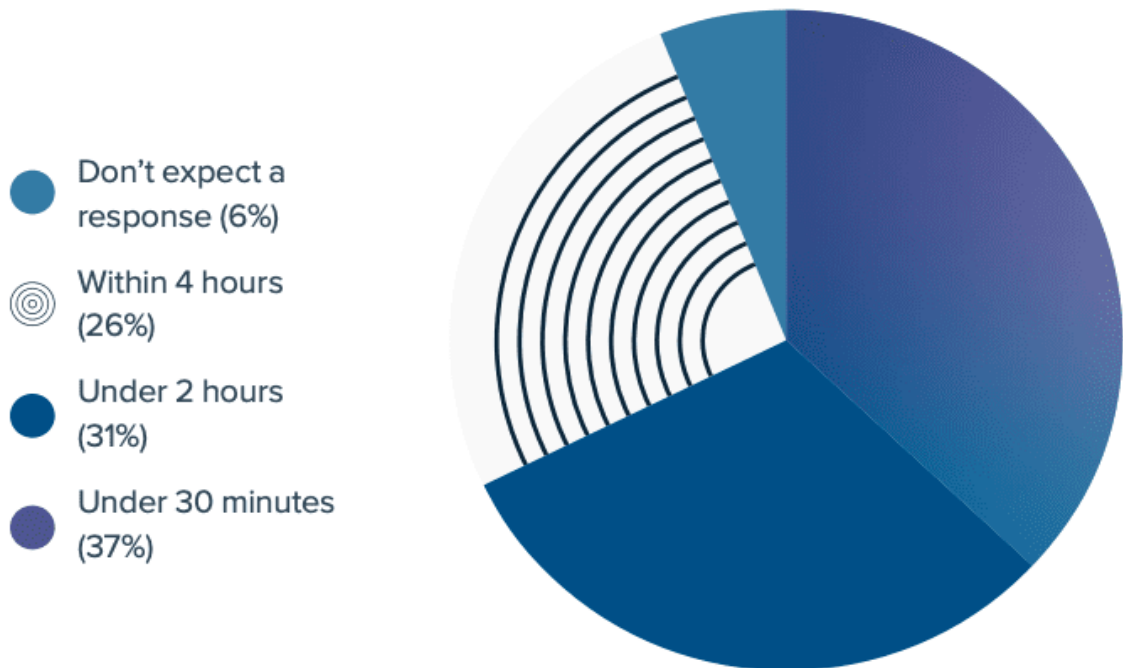
Image Source: weareblockparty[28]

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[28] http://www.weareblockparty.com/new-page-3

How long do you expect to wait for a response from the brand to your social media question or complaint?

- Don't expect a response (6%)
- Within 4 hours (26%)
- Under 2 hours (31%)
- Under 30 minutes (37%)

Image Source: Conversocial[29]

- Efficiency is also key when dealing with customers. Customers want their issues resolved with one interaction. They consider this good customer service.
- Social monitoring helps you know what people are saying about your business. Part of successful marketing involves understanding who your customers are, what they need, their interests, your competitors and how you solve your customers' pain points. It's also a great way to handle problems before they escalate to crisis.

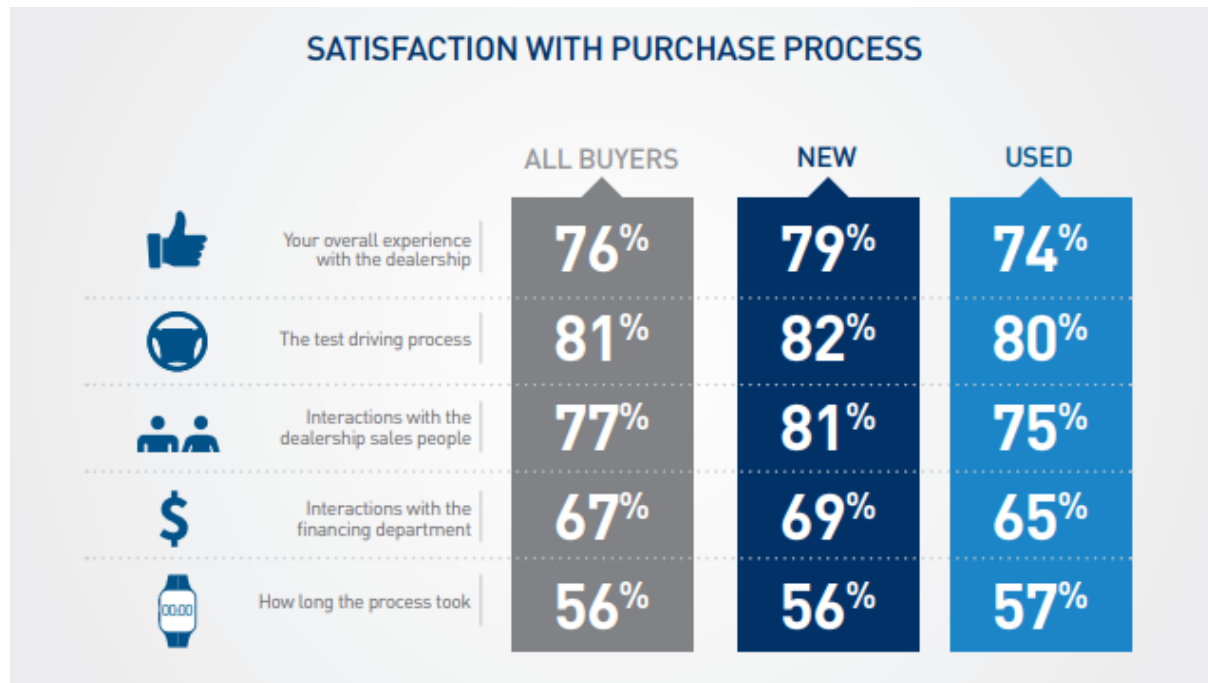## 4. A seamless online and offline experience

Once a customer has shown interest in buying, how long does it take for them to take a test drive?

As an auto marketer, you must make the experience seamless, both online and offline. Make it easy for a potential buyer to schedule a test drive or get your

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[29] https://www.conversocial.com/white-papers-and-reports/the-state-of-digital-care-2018

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contacts online. If your online and offline sales processes are not in sync, then you are losing potential leads.

SATISFACTION WITH PURCHASE PROCESS

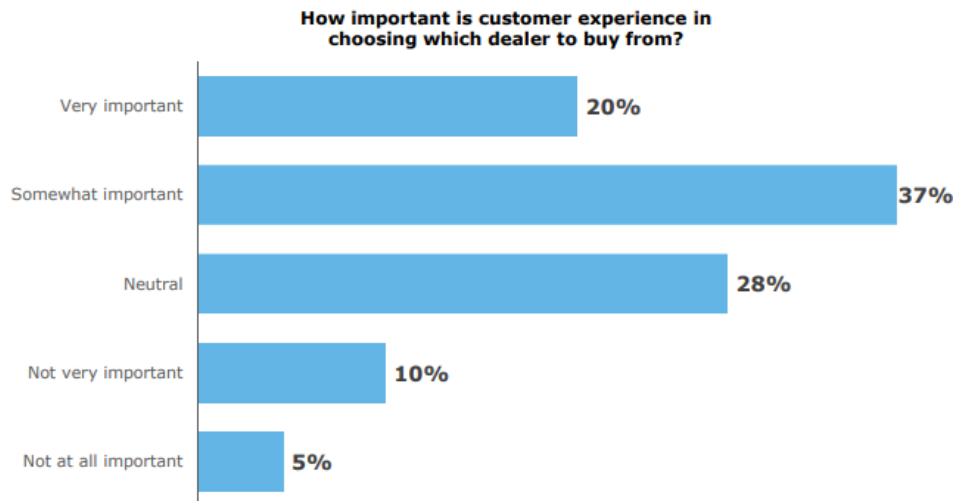|		ALL BUYERS	NEW	USED
👍	Your overall experience with the dealership	76%	79%	74%
🎯	The test driving process	81%	82%	80%
👥	Interactions with the dealership sales people	77%	81%	75%
$	Interactions with the financing department	67%	69%	65%
⌚	How long the process took	56%	56%	57%

Image Source: Autotrader [30]

Make the purchase process easy so that the buyer spends less than three hours at your dealership. Shortening the process enhances customer satisfaction, increases retention, and improves loyalty.

The customer expects information already submitted online to get used offline. The potential buyer should arrive at the dealership to meet a salesperson ready with the car they are considering - a car that meets their needs and budget.

The result is a smooth transition from a great online experience to another great offline walk-through. A good customer experience determines whether the customer is likely to come back to your showroom again or not.

It will also determine if they recommend you to their friends and family and whether they share their positive experience on their social media platforms. Positive recommendations and ratings will lead to increased sales.

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[30] https://b2b.autotrader.com/agame/pdf/2016-car-buyer-journey.pdf

How important is customer experience in choosing which dealer to buy from?

Very important	20%
Somewhat important	37%
Neutral	28%
Not very important	10%
Not at all important	5%

Q18. Thinking about the dealer where you acquired your current vehicle, how important was the customer experience in making the choice to buy there?
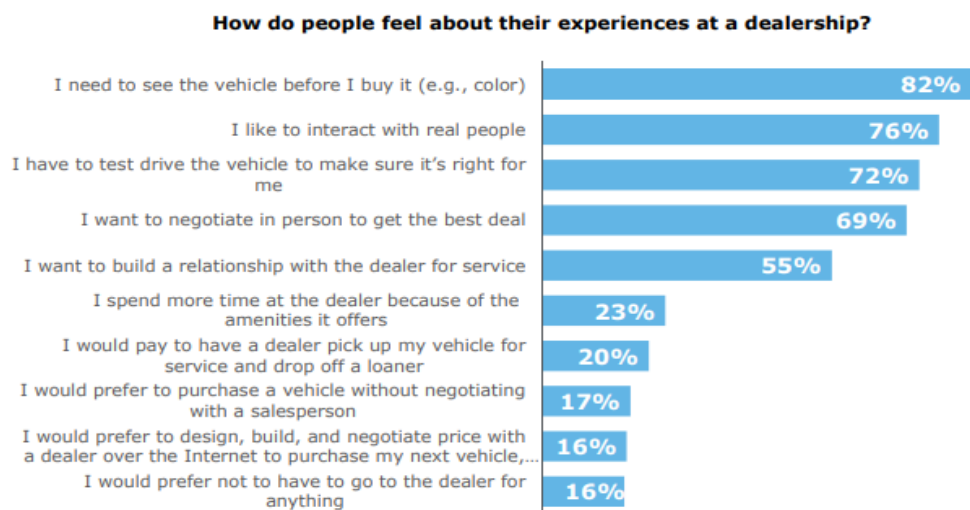Sample size: n=1,086

Deloitte Global Automotive Consumer Study

Image Source: Deloitte [31]

Based on the time car buyers spend online, some auto marketers are now offering buyers the opportunity to buy cars directly from their portal. However, customers do also want a physical experience. They feel that they can discover what they want at the dealership. Naturally, most of them need that physical/human interaction before they can decide to buy.

How do people feel about their experiences at a dealership?

I need to see the vehicle before I buy it (e.g., color)	82%
I like to interact with real people	76%
I have to test drive the vehicle to make sure it's right for me	72%
I want to negotiate in person to get the best deal	69%
I want to build a relationship with the dealer for service	55%
I spend more time at the dealer because of the amenities it offers	23%
I would pay to have a dealer pick up my vehicle for service and drop off a loaner	20%
I would prefer to purchase a vehicle without negotiating with a salesperson	17%
I would prefer to design, build, and negotiate price with a dealer over the Internet to purchase my next vehicle,…	16%
I would prefer not to have to go to the dealer for anything	16%

Note: Percentage of respondents who strongly agreed or agreed have been added together

Q26. Thinking about your experience with dealerships, to what extent do you agree/disagree with the following statements?
Sample size: n=1,086

Image Source: Deloitte[32]

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[31] https://www2.deloitte.com/content/dam/Deloitte/de/Documents/consumer-industrial-products/2018_GACS_Data%20Deck_Germany.pdf

[32] Idem

In keeping with the need for physical touch, the marketer must ensure they sell experience and not the car to the buyer. How does owning the car make them feel? How does driving the car make them feel? Make it a wholesome experience.

The need for video

Some auto marketers fail at video marketing, and it's because they are not taking the time to create effective video content. With video, you can tell a story and engage your audience effectively.

According to HubSpot, 50 percent of internet users look for product videos before they can visit a store.[33] You also get a 144 percent increase in purchase when you use video in marketing.

Research shows that most product discoveries are through video.

Image Source: Animoto[34]

With video, you can make car buyers discover your brand and guide them through the discovery stage. You also shorten the sales cycle as customers can see what

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[33] https://www.hubspot.com/marketing-statistics?_ga=2.96236124.1130893901.1509642670-371548855.1509371083

[34] https://animoto.com/blog/business/2018-social-video-consumer-trends/

they are buying. Seventy-three percent of customers are influenced by video when making car purchases. [35]

Videos help customers explore cars from different perspectives, including customer reviews, features, the interior, and exterior. It helps them narrow down their options.
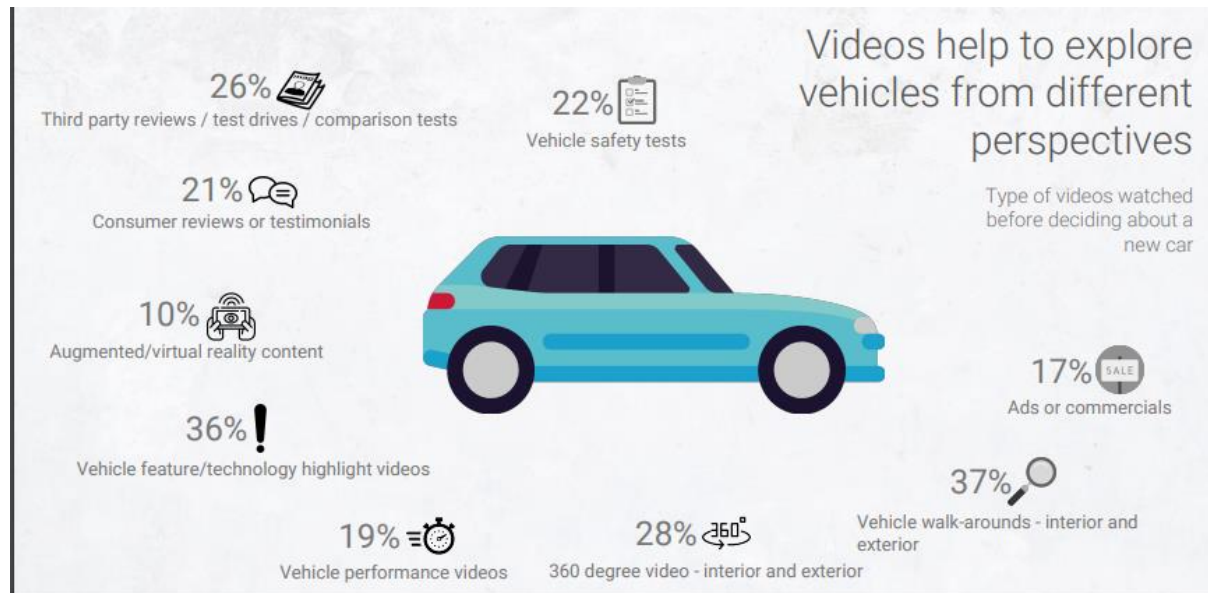

Image Source: Google[36]

Strategies for video marketing

- Ensure the videos are attractive. They should be short and to the point. HubSpot recommends 30 seconds for Instagram videos, 45 seconds for Twitter, 1 minute for Facebook and 2 minutes for YouTube.[37]
- Have a call-to-action. It could be "*call us for...*"; "*tag a friend who would love this car*" etc.
- Use different platforms to get your message across. Share videos on your blog, social media, website, email, and mobile.
- Repackage the videos and use them for different campaigns. For example, a harsh climate driving video can advertise tire performance.

[35] https://bit.ly/2G1Ax59
[36] https://bit.ly/2G1Ax59
[37] https://blog.hubspot.com/marketing/how-long-should-videos-be-on-instagram-twitter-facebook-youtube

Challenges for Marketers in the Automotive Market and Their Solutions: Conclusion

Marketers in the automotive industry are facing different challenges, but they can leverage available tools to turn them into solutions. It's about finding the best solutions that can capture leads, convert leads to sales, and gain customer loyalty.

You must find innovative ways to gain customer trust and get smart with your marketing efforts. The consumer is more aware today and has become more demanding. They also want to enjoy the process of buying cars - right from home or office to your showroom.

- Digitization has caused auto marketers sleepless nights. Consumers are using the internet and social media to research each of their purchase stages. They have access to company reviews, numerous contents, recommendations, and reports. They are an empowered lot, and the industry must keep up. As an auto marketer, you *must* ensure that the consumer can find relevant and useful information from your website, social media pages, third party sites – pretty much from every platform your potential buyers frequent.
- You must also satisfy the need for the consumer to have a seamless experience both online and offline. Car buyers will begin their search online and acquire information on brands, model and price. Once decided, they then visit your dealership for a test drive and possibly a purchase.
- Auto buyers consider getting a good price, getting all their questions answered, having a friendly sales executive and a test drive to crown it all before they close the deal. Ensure they get all these and more when they come calling.

Image Source: Deloitte[38]

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[38] https://www2.deloitte.com/content/dam/Deloitte/de/Documents/consumer-industrial-products/2018_GACS_Data%20Deck_Germany.pdf

- Your brand must be readily available on different channels since 46 percent of car shoppers use multiple devices. It also means having a responsive website that is easily accessible on mobile. Always use high-quality images, which should also be easy to navigate.
- Personalize the buying experience using data.

It's time the automotive industry invested in their customer journey. The solutions provided will offer a competitive advantage. They will shift your marketing efforts from a product-centered one to a consumer-centered one.

About Cazoomi

Cazoomi allows automotive marketers to integrate critical everyday business data through our SyncApps integration platform. Integrate eCommerce, CRM, Marketing Automation, Financials, and Support software to the software you use today. We offer more than 150+ integrations and help you set up, explore your options, and guide you through usage.

SyncApps by Cazoomi enables automotive-related organizations to deploy software as a service for their Financials, handle eCommerce, Support, CRM, and Marketing integration with ease and at a price point built for any organization.

For more information, visit https://www.cazoomi.com/

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