



Customer
Engagement
2017



Focus on automotive
2017

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Executive Summary

When asked to name their favourite automotive brand consumers named a wide range of brands and dealerships - 45 in total. 16% of the sample chose **Ford** as their favourite brand.

Consumers across social grades consistently favoured similar brands. **Ford, Vauxhall, BMW and Audi** were the four most mentioned brands for both ABC1 and C2DE social grades.

Car brands create positive customer engagement when they deliver quality but also good service. Consumers favour brands when they deliver quality (45%), good after sales service (34%) and are friendly (30%).

Personal service can make a brand stand out. More consumers who favour **BMW, Audi and Mercedes Benz** rate personal service as a reason for their preference when compared to **Ford and Vauxhall**.

Delivering good service experiences is crucial for car brands and dealers to build ongoing loyalty. The number one reason consumers give for sticking with a car brand or dealership even if they could get a cheaper price elsewhere is good service (45%).

Dealerships are influential in creating positive car buying experiences. 44% of car owners agree that car dealerships enhance their experience when buying a car.

Consumers lack trust in the automotive industry. Less than half of consumers (43%) agree that they trust car manufacturers and dealerships. Just 9% trust them very much.

Consumers feel car brands are not delivering on being honest and fair as well as they could be. The biggest gaps between what consumers think is important for car brands to do and what they currently deliver relate to trust.

Consumers show interest in buying cars without going to a dealership. 31% would be willing to buy directly from a manufacturer. Just over 1 in 5 are willing to buy directly from a website.

Improved convenience, a cost-saving and previous brand experience would most encourage consumers to buy a car online. Consumers rated saving money (54%), saving time (34%) and having previous experience of a brand (34%) as the most effective factors that could encourage them to buy a car online.

Consumers expect car brands to engage with them beyond the point of sale. After purchasing, good after-care and maintenance services are most attractive to consumers (42%).

Augmented reality tools extend research options for consumers both at the forecourt and away. Using augmented reality in a store to look at different options for a car interests 47% of consumers.

Voice and mobile technology can provide car brands with another channel to provide after sales services when consumers are driving. 38% of consumers surveyed have used (20%) or are interested in using (18%) voice commands to research an item/product.



Introduction to the report

This report forms part of the DMA's Customer Engagement Research campaign and aims to give insights into what consumers really want from the brands and companies they use. It highlights how brands and marketers can best engage consumers, as well as how they can approach loyalty-building in a shifting market landscape. Here the focus is on customer engagement with automotive brands including manufacturers and dealerships.

Buying a car isn't the same as it used to be. The ease with which consumers can research prices and specs online before arriving at the forecourt means they are armed with a negotiating stance before they arrive. For those that don't, a quick reach into the pocket and a few taps, and the market rate for a given model can be brought up on a smartphone screen.

Consumers have greater expectations in terms of quality and service than ever before – and are coming to expect the innovation they see in other sectors such as retail. How can the Automotive sector adapt?

For some consumers, the convenience of online outweighs the personal touch of face-to-face purchasing. Few can probably imagine a world without the likes of Amazon and eBay now, they are mainstays for many consumers. Now we see auto is moving in the same direction. Brands like Hyundai and Roadster are making buying totally online feasible: but they are complementing, rather than supplanting, the forecourt experience.

On one level, we see auto mirroring retail in the move to online. On another, we see that auto faces unique challenges. Car manufacturers and dealerships face the lowest level of trust of all the sectors the Customer Engagement campaign has studied. Hopefully, the increasing digitisation of the auto space will see a rise in transparency and, correspondingly, consumer trust.

As with every iteration of the report, we find a desire to engage with emerging technology, and the automotive sector has proven no different. This is especially true amongst the young, with 60% of 18-34-year-olds are interested in virtual or augmented reality to test drive or view cars.

Amongst the same age group, 26% would be interested in cars that fit their lifestyle. Will we see big data and machine learning used to match consumers to cars in the future?

There's also a chance for automotive brands to foster more long-term engagement through after-care and after-sales. Consumers are especially keen to maintain their cars through a post-purchase deal, and is this any surprise since cars are a must for work and life for so many, as well as prized possessions?

Read on to find out how this research can help you understand the consumers of today and tomorrow, and rise to the challenges of 2017 and beyond. For a broader perspective on customer engagement please see the report, "Customer Engagement 2017: How to win trust and loyalty".

Scott Logie

Chair of the DMA Customer Engagement Committee
MD at REaD Group Insight



Emarsys' perspective

Buying a car is one of the the biggest purchases someone will make in their lifetime, it's often one of the most emotive for people – especially with new cars and involves a lot of research, a lot of thinking, a lot of financial planning and a lot of decision making over time.

This process of discovery, research, selection, test drives and purchase or lease has not changed a great deal until recent years.

Challenger brands such as Tesla have disrupted the traditional sales process for new vehicles with a direct to consumer approach, viral digital campaigns, online pre-orders or products and their own physical stores/showrooms in major cities and shopping centers. Other well established car brands have now followed suit and starting rolling out eCommerce or “Click and Collect” solutions allowing customers to customise, reserve and increasingly pay for their vehicles online and via mobile.

This important piece of research from the DMA highlights the nature of these changing customer habits with more and more consumers wanting to engage directly with manufacturers and dealerships digitally. However, it's also of note that the number one way to buy a car, through a dealership, is expected to be the number one way to buy a car in future – so during this period of change customer engagement needs to stay true to it's roots and deliver better experiences via the preferred channel for the customer.

One opportunity we see our own automotive clients capitalising on could also be a huge opportunity for other brands, and that's in the post-sales experience. After the quality of the product (the car) itself the number one driver of loyalty is a good aftersales service. Brands who effectively engage with customers through digital and direct channels to ensure that the customer is getting a great post sales experience are the ones who will excel at keeping their customers loyal to their brand. Engaging with their customers to ensure that regular maintenance is happening, tyres and fluids are checked and customers continue to get value from that big investment has shown to be a critical path to loyalty.

The creep of digital in to the automotive industry is one that has been brought about by consumer demands and challenger brands rather than one that the automotive industry is looking to embrace themselves. We see that for many automotive brands they are still “new” at direct to consumer relationship and they're just finding their feet. This research provides a great guidepost into what this new generation of consumer is looking for from an automotive brand and gives some practical insights into areas of customer engagement, transparency in pricing and “fairness”, flexibility in channels of engagement (including digital and eCommerce) as well as the key drivers of loyalty in the modern car buyer.

Emarsys are delighted with the outcome of the research and are keen to use these insights to drive better, more personal customer engagement with their own clients in this key sector in 2018 and beyond.

Alex Timlin
VP Client Success at Emarsys



Epsilon's perspective

Loyalty is a feeling; it comes from within. People are loyal to people, to sports teams, to personal trainers, to political parties and of course: they are loyal to brands. They are loyal to brands even when they know that there is a better (probably cheaper) option - even if they don't get incentives every time. People are loyal and that makes the difference to brands.

The way customers interact with brands is radically changing and so loyalty and customer engagement strategy needs to change accordingly. It is no longer just about selling products or giving offers and incentives. Nowadays, there are so many options and ways to interact and get information that we cannot rely solely on selling products to engender loyalty response, we need to create desire and offer experiences. It is about getting our customers to feel part of a real, meaningful conversation.

In the past, prospects used to go to their local dealership and make a series of visits before officially purchasing their vehicle. Today, they do their main research online and usually make a decision before going to the dealership to make the purchase.

According to the report, via a dealership is still the most common way to purchase a car and incentives to buy a car online usually come from a previous experience with the brand or dealership. Nowadays, vehicle buyers go to a dealership having already conducted their online research. Despite this they will ask a dealer's advice when he or she is face to face with them. Therefore, manufacturers need to go further: experience and retailer commitment has become even more crucial for customer engagement.

Extend the user experience. Whereas some other industries tend to focus solely on selling new product, in Automotive, cross selling (especially after sale and service) through a relationship with the dealership (after purchase) is integral to customer loyalty. The perfect blend of channels (rational) and experience (emotional) will create a strong core of engaged customers that will stay loyal to the brand.

A blend of implementing technologies, such as Telematics systems, can deliver hyper-personalised, time-sensitive or on-brand communications. These can offer long-term impact, and emotional strategies play a key role at the time of a purchase. Understanding this importance and including "relationship" in the marketing strategy will increase the customer lifecycle by converting customers into long-term loyal customers.

One of the other key challenges is anticipating consumer needs to find them with solutions, just at the right time. Predictive marketing techniques use analytical techniques to search for opportunities to enhance loyalty. Using predictive models can define trends and help manufacturers achieve much more personalized (and targeted) communications throughout the customer lifecycle.

Be different. Make the difference to your customers.

Rémy Jugault
Vice President Client Services EMEA at Epsilon



Feefo's perspective

In spite of all the challenges in a highly competitive market, car dealerships and manufacturers have huge opportunities to re-establish the bond of trust with consumers. In the current climate, trust is worth more than its weight in gold when it comes to driving new customers to the forecourt, and as this report shows, the industry needs to avail itself of more innovative methods of engagement.

Importantly, it isn't just dealerships that need to take note of the palpable shift in consumer attitudes towards car-buying; manufacturers must also work hard to polish their image after the recent scandals that have diminished perceptions across the industry.

As this report reveals, a mere nine per cent of respondents say they trust either dealers or manufacturers "very much" and only 43 per cent say they have a degree of trust at all.

The biggest gap in confidence about what the car industry says it will do and what actually happens concerns, you guessed it, trust. The research revealed an 18 per cent gap between the level of importance consumers ascribe to honesty ("They do not lie to me") and what they actually experience.

The car industry needs to start using some powerful tools to put this right. First and foremost, they can regenerate trust by allowing consumers access to genuine, authenticated reviews, created online by their fellow customers.

The majority of car-buyers already conduct online research before entering a showroom or speaking to a salesperson. All too often, however, there are either no reviews or what is available lacks credibility.

What the whole industry needs is to provide consumers with fast, easy access to verified online reviews from real customers who have bought a vehicle and have an experience to report on.

Advances in artificial intelligence save consumers time, allowing them to filter out what does not interest them. The car-buyer can quickly read other customers' views on the model he or she wants to know about and their preferences can be saved if they want to come back later.

As this report makes abundantly clear, consumers expect brands to prove they can be trusted. There can hardly be a more effective way of doing this than by providing reviews that are easy to use and genuine. It also helps hugely if the review system-provider is recognised as providing authenticated reviews across many other industries. The level of authority this gives cannot be overstated.

While other industries such as travel are well ahead, the car industry is far behind in its adoption of verified review systems. But online reviews stand to play an ever-more telling role as increasing numbers of consumers start buying directly from manufacturers or from online vehicle dealerships. It is certainly time for the industry to take a real step towards building trust and what better way is there than the introduction of verified online review systems?

Matt West
CMO at Feefo



Wiraya's perspective

This 'Customer Engagement: Focus on Automotive' report is a revealing insight that delves into some of the key issues the industry is facing in an increasingly competitive marketplace. Brands are embracing the power of new technology to drive customer engagement, and the following report highlights a number of innovative examples of how this is being executed successfully. If other brands follow their lead, the opportunity now exists to gain a competitive edge.

The report highlights the importance of voice and a data-driven AI based approach in extending customer engagement beyond the point of sale, and this is key. Across industries, leading brands are recognising the increasing value of voice in order to engage with customers more effectively in a personal yet scalable way. It's encouraging to see the automotive industry is now moving in this direction.

As the report suggests 'Automotive brands can use new communication channels to effectively engage with consumers in more relevant and intuitive ways.' This suggests a shift in the industry: automotive brands are fostering long-term relations with the customer to generate long-term engagement, and translate these into additional sales.

Consumers also spoke about their favourite automotive brands: those achieving most cut-through in the consumer psyche. I wait with interest to see if the leading brands highlighted here do indeed embrace the new technology available to them, taking the opportunity to cement their place as market leaders.

Sam Madden
Commercial Director at Wiraya

Favourite automotive brands

Which automotive brands are deemed “favourite” today?

To get an initial understanding of which automotive brands were most popular with consumers today, we asked them to tell us their favourite via a free text answer to the question: “Which is your favourite car brand that you use/have used? (e.g. car manufacturers, dealerships, car services)”.

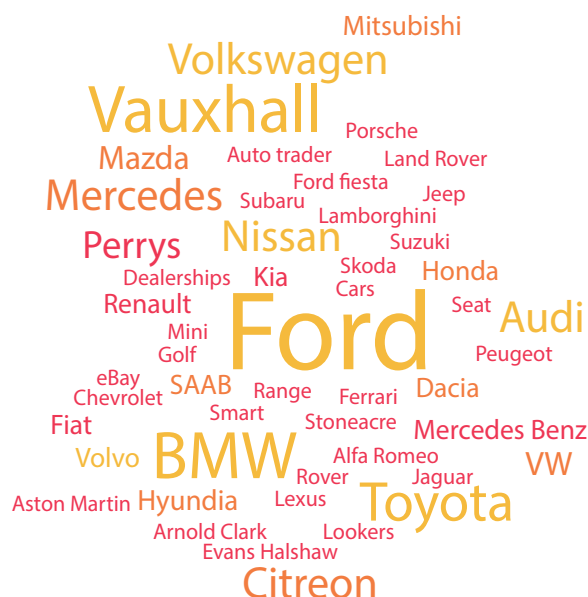
Of all the identifiable answers, the top ten most mentioned brands are below.

	Total	Highest social grade ABC1	Lower social grade C2DE
1	Ford	Ford	Ford
2	Vauxhall	Vauxhall	Vauxhall
3	BMW	BMW	BMW
4	Audi	Audi	Audi
5	Nissan	Mercedes-Benz	Nissan
6	Toyota	Toyota	Volkswagen
7	Volkswagen	Nissan	Citroën
8	Mercedes-Benz	Volkswagen	Toyota
9	Honda	Honda	Honda
10	Citroën	Citroën	Peugeot

Ford, Vauxhall, BMW and Audi are the four most favoured car brands among our survey respondents - this is true across both higher and lower social grades. **Mercedes-Benz** and **Toyota**, however, are more favoured by higher social grades.

While only car manufacturers feature in the 10 most mentioned brands the open-ended nature of the question revealed that UK consumers actually favour a wide range of automotive brands. For context, the most mentioned brand, **Ford**, was mentioned by just 16% of the sample and 45 different brands were named overall.

The word cloud below reveals the range of brands mentioned. Brands are represented when they were mentioned at least twice.



The role of dealerships vs manufacturers

The word cloud reveals that consumers also mentioned dealerships and traders such as **Arnold Clark**, **AutoTrader** and **Stoneacre** as well as car manufacturers. This raises the question of the role dealerships play in consumers' loyalty and preference towards automotive brands.

Other data confirms that dealerships do play an important role in creating an enjoyable service experience. 44% of car owners agree that car dealerships enhance their experience when buying a car. Men aged 16-29 (52%) and those with household incomes of over £75,000 (54%) are more likely to agree with the statement.

But when we compare whether consumers feel more loyal towards dealerships than car brands, consumers are more likely to agree that they will stick to their favourite car manufacturers. 26% of car owners agree that when buying a car they are more loyal to dealerships than to car brands vs. 59% who agree they are more loyal to their preferred car brands than to dealerships.

Despite being a crucial part of a consumers' experience of a car brand, dealerships face a harder task when it comes to gaining customer loyalty.

KEY TAKEAWAY: Dealerships are all about experience for consumers – a gateway to a long-term purchase and the first step towards engagement with car manufacturers. With consumers tending to feel more loyal to the car brands they use rather than the dealers they buy from service experience is where dealerships can stand out - especially when differentiation on price and offers is fiercely competitive.

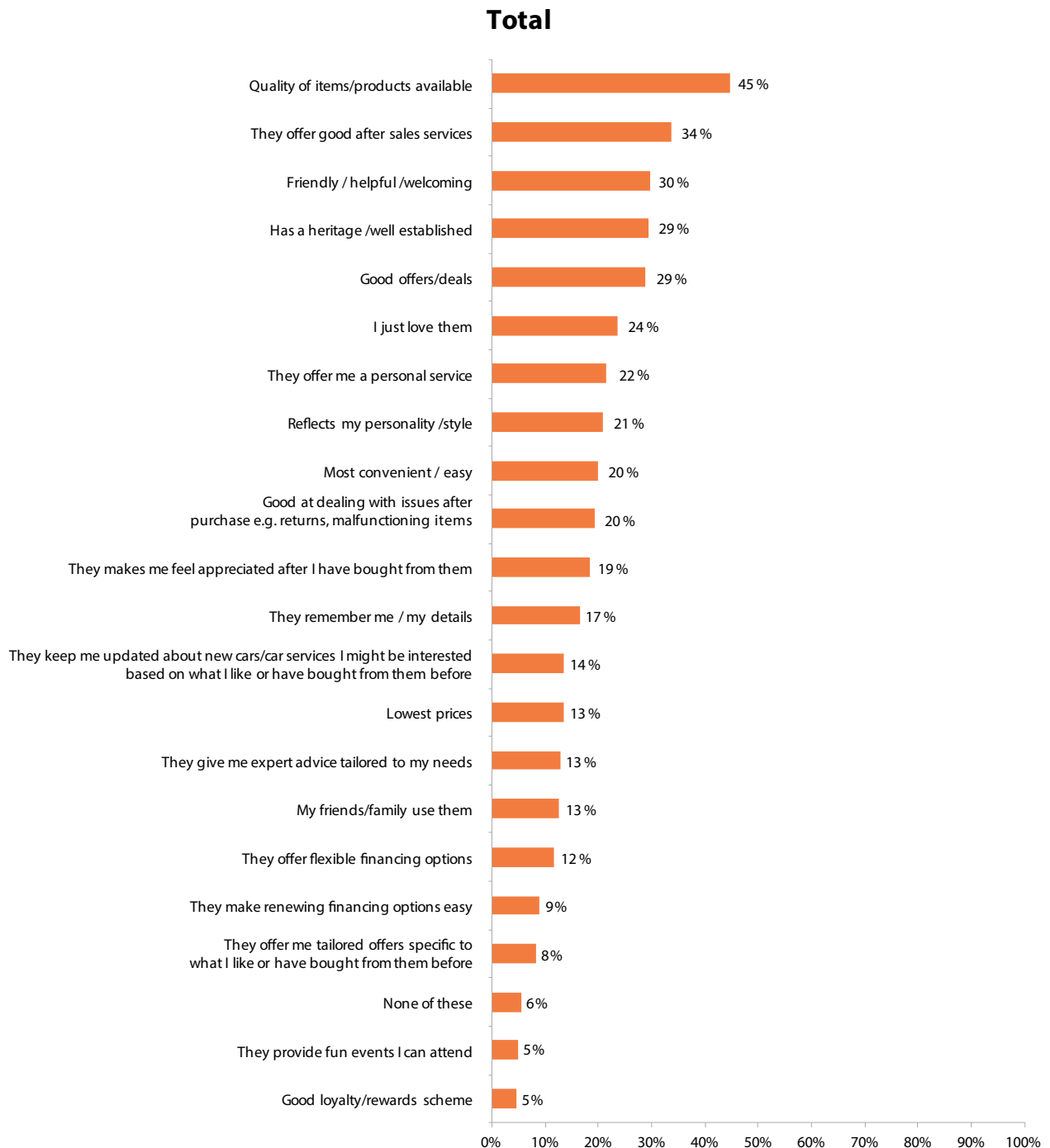
What makes a brand favourite?

We also asked consumers why their chosen brand was their favourite to understand what was really driving their choice. Looking at aggregate reasons, brands are favoured when they deliver quality (45%), good continued after sales service (34%) and are perceived as friendly (30%). We also note that just under a quarter favour brands that give them a personal service and 1 in 5 favour those that reflect their personal style.

Car manufacturers and especially dealerships that connect with customers on a more personal level, provide good customer service and crucially extend this beyond the initial sale are gaining strongest engagement.

While it is clear that quality is important to people when buying cars, personal interaction is too. And while people will tend to name car manufacturers as their favourite brands, it is often dealerships that are delivering the service experiences that they say matter to them. Thus dealerships play a fundamental role in building strong customer engagement with car brands.

“Which of the following, if any, are reasons why [named brand] is your favourite car brand (e.g. car manufacturers, dealerships, car services)?”



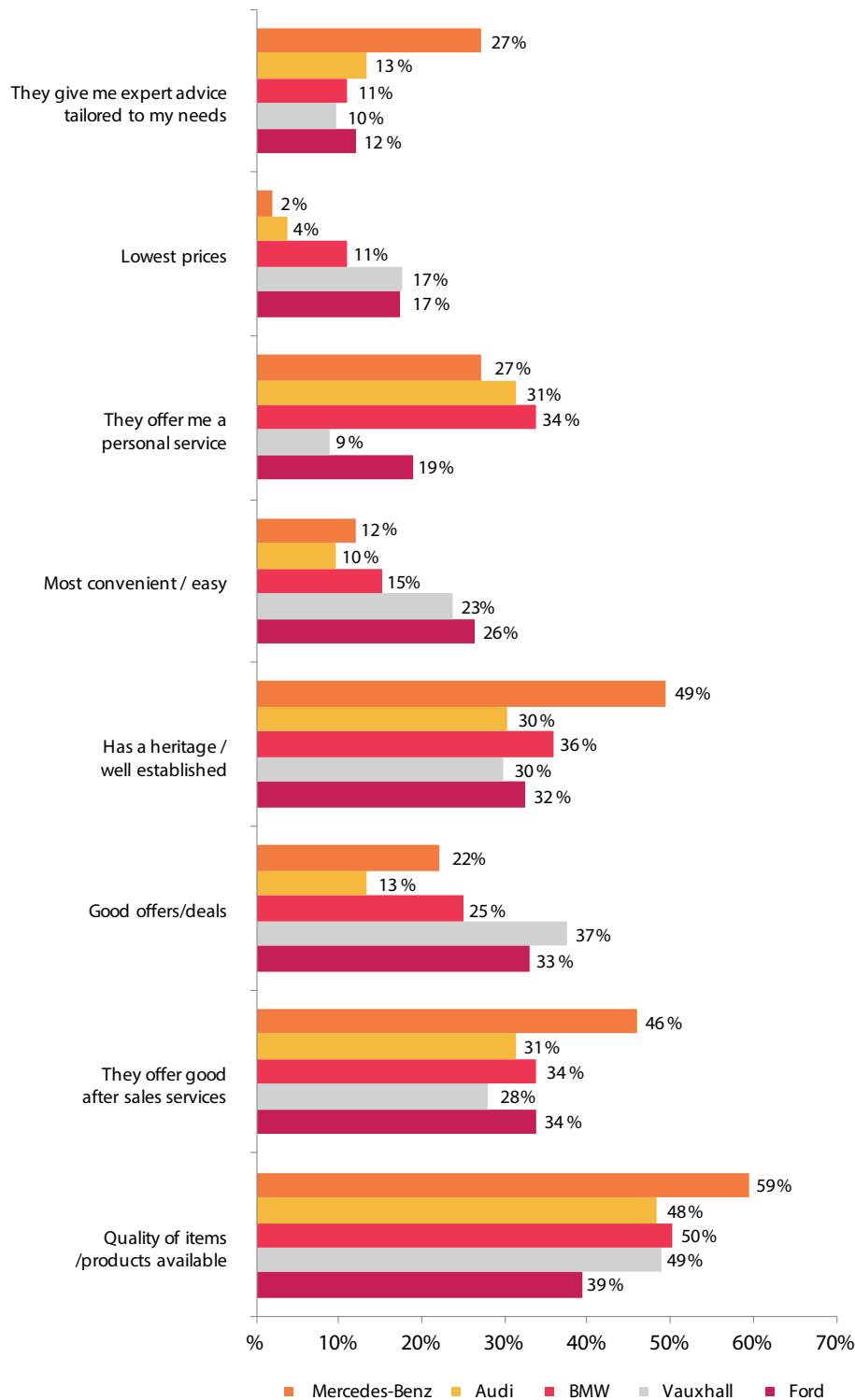
Source: DMA/Foresight Factory Research | 118 respondents aged 16+ GB, May 2017

Looking at responses for different brands reveals some variance in what makes certain brands favourite.

For those who favour **Ford** and **Vauxhall** quality, service and good offers are the top factors cited. Given that these were also the most mentioned brands this suggests functional consistency is an important first step towards strong customer engagement and confirms that consumers value core function and service first in the auto category.

However, while other brands were also favoured for meeting functional needs, consumers more strongly appreciated their focus on customer service. Most consumers who favour **BMW**, **Audi** and **Mercedes Benz** rated their personal service as a reason for their preference when compared to **Ford** and **Vauxhall**. Consumers who favour **Mercedes** were also more likely to name heritage and the brand's expertise as reasons.

“Which of the following, if any, are reasons why [named brand] is your favourite car brand (e.g. car manufacturers, dealerships, car services)?”



Source: DMA/Foresight Factory Research | 204-58 respondents aged 16+ GB, May 2017

KEY TAKEAWAY: While quality remains a top concern for consumers, they are also looking for automotive brands that deliver beyond good service alone and establish an on-going relationship. Automotive brands that succeed in creating superior service experiences have a better chance of building stronger engagement. Much of this relies on an interconnected relationship between automotive manufacturers and dealerships, with dealerships driving wider engagement through their personal interactions with customers.

Trust in the automotive sector – what do consumers think?

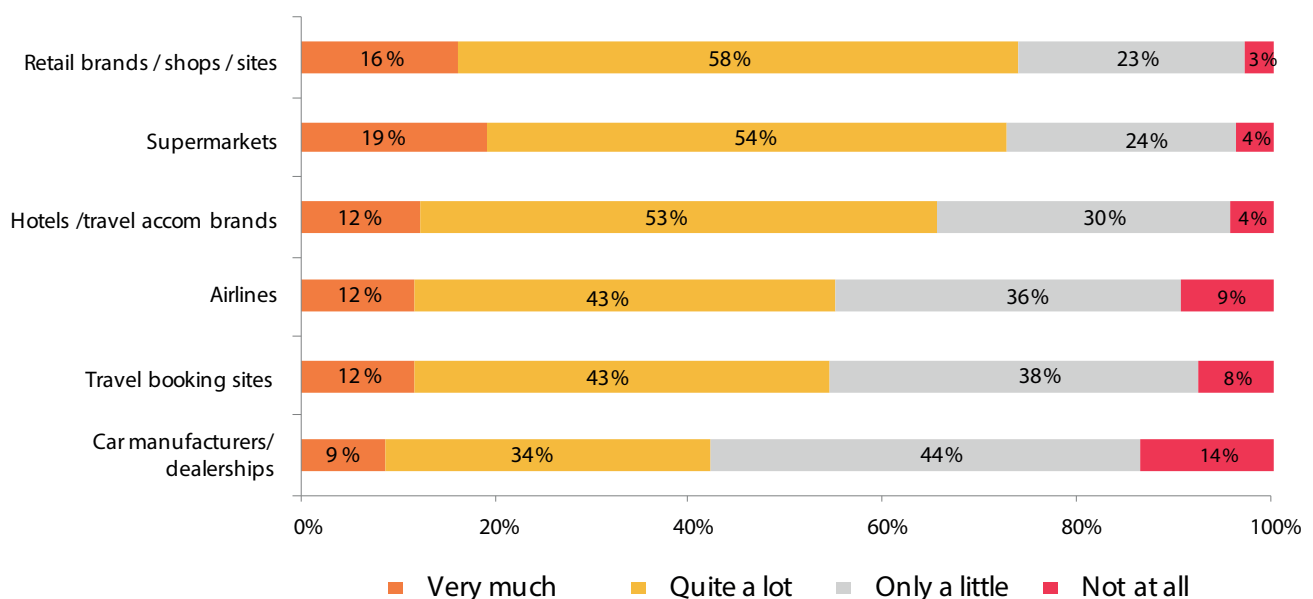
Understanding consumer trust is crucial for the auto sector given a wider climate of distrust towards brands and companies in today's landscape. At a general level, nearly half of consumers agree that they find it difficult to know which brands or companies to trust these days, with only 1 in 5 disagreeing. Furthermore, 68% agree that they rely on customer reviews to make informed decisions. Increasingly the customers' voice is more trusted than a brand's own reputation.

So how much do consumers trust in the automotive sector to do business fairly? Are brands delivering on the things important to them?

Consumer trust in the automotive industry is low

Trust in car manufacturers and dealerships is the lowest when compared to other sectors. Less than half of consumers (43%) agree that they trust them and just 9% trust them very much.

“Thinking about the following types of brand/company how much do you trust them to do business fairly?”



Source: DMA/Foresight Factory Research | Base: 2009 online respondents aged 16+, GB, May 2017

Car brands are clearly faced with a trust issue. This is partly driven by car purchasing being a serious and important decision for people: cars are a big ticket purchase and a long-term investment. Any bad experiences are likely to be held strongly and remembered for some time. Longstanding stereotypes of 'wheeler dealers', who take advantage of the technical and feature heavy nature of the sector also add pressure on consumers, testing their willingness to trust in car brands' offers and claims. Recent emissions and safety testing scandals also play a part in consumers' unwillingness to trust in the auto sector.

Our research shows that being able to trust in automotive brands is one of the more important factors for consumers when considering car purchases – 34% of consumers agree that it's important that car brands do not lie to them, 32% that they should do business fairly and 30% that they should be genuine. Given their low levels of trust in the sector as a whole, consumers expect brands they do buy from to prove they can be trusted.

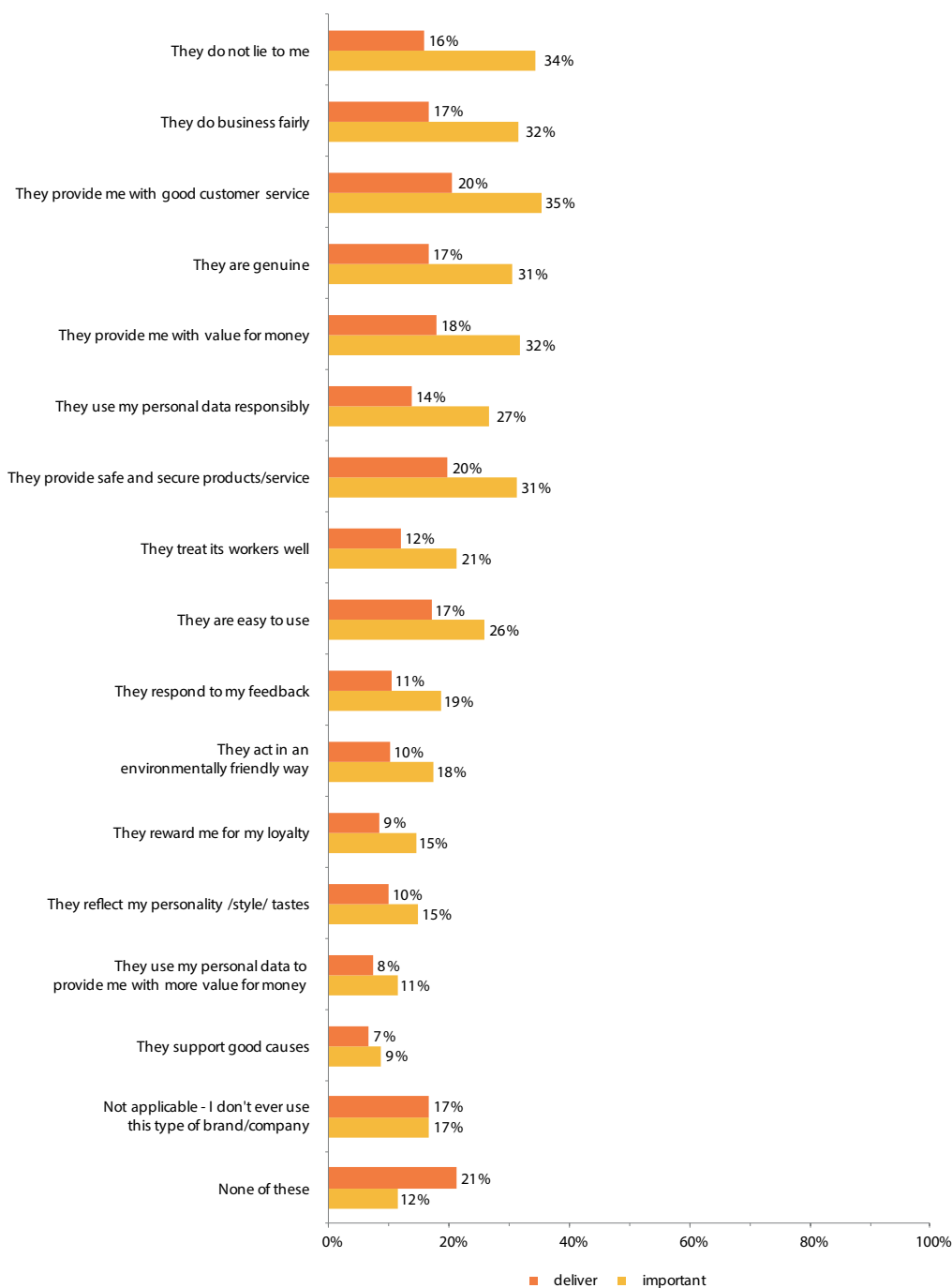
Importance vs. delivery – a trust deficit

We asked consumers to indicate which criteria automotive brands are delivering well and compared this to how important these were to consumers overall. Looking at this data reveals a trust deficit (between what is important and what is being delivered).

We found that consumers are less likely to confirm that automotive brands are delivering fully on the things that are important to them. Crucially there are a few criteria where the gap is more significant - and the biggest gaps relate to trust.

1. "They do not lie to me" - 18% gap between importance (34%) and delivery (16%)
2. "They do business fairly" – 14% gap between importance (17%) and delivery (31%)

"When choosing the following types of brands/companies to use, which of the following, if any are important to you vs. And thinking about the brands/companies that you use most often in the following sectors which of the following do they best deliver for you?"



Source: DMA/Foresight Factory Research | Base: 2009 online respondents aged 16+, GB, May 2017

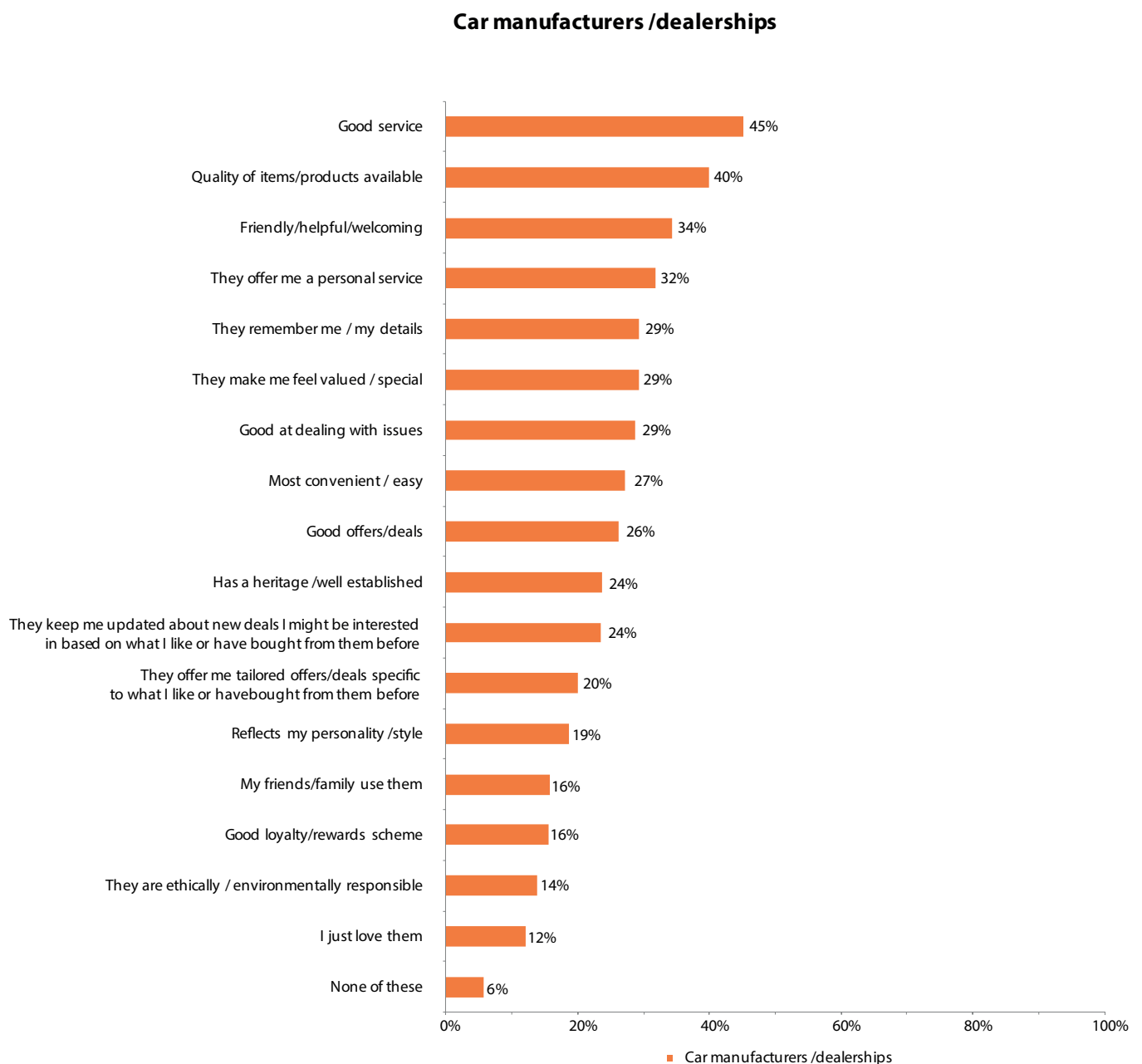
The role of service in building trust

The element that is most important to consumers when buying cars is getting good customer service. In consumers eyes, brands are not delivering as well as they could. The data reveals a 15% gap between importance and delivery.

As we saw earlier, good service is one of the key drivers behind what makes car brands firm favourites. Automotive manufacturers cannot underestimate the importance of delivering good service alongside quality, functioning products, and that service plays a crucial part in winning a deeper level of trust from their customers.

Indeed, when asked what their reasons for sticking with a car brand or dealership were, even if they could get a cheaper price elsewhere, good service is the number one reason given (45%) with several other service-related reasons ranking highly too - friendly (34%), they remember me (29%) and they make me feel valued (29%). We note that all of these rank more highly than convenience (27%).

“When buying from the following types of company which of these are reasons why you have continued to use the same brands even though you could get a cheaper deal elsewhere?”



Source: DMA/Foresight Factory Research | Base: 325 online respondents who have stayed loyal with a car brand aged 16+, GB, May 2017

KEY TAKEAWAY: Service is a foundation automotive brands need to focus on to build trust and loyalty. With consumer experience with car brands being multi-layered and continuous - spanning point-of-sale to maintenance servicing to renewals of leases and after sales communication – the opportunity to win or lose trust is ongoing. Good service experiences, especially at the dealership, can help brands maintain trust across these touchpoints and build long-term loyalty.

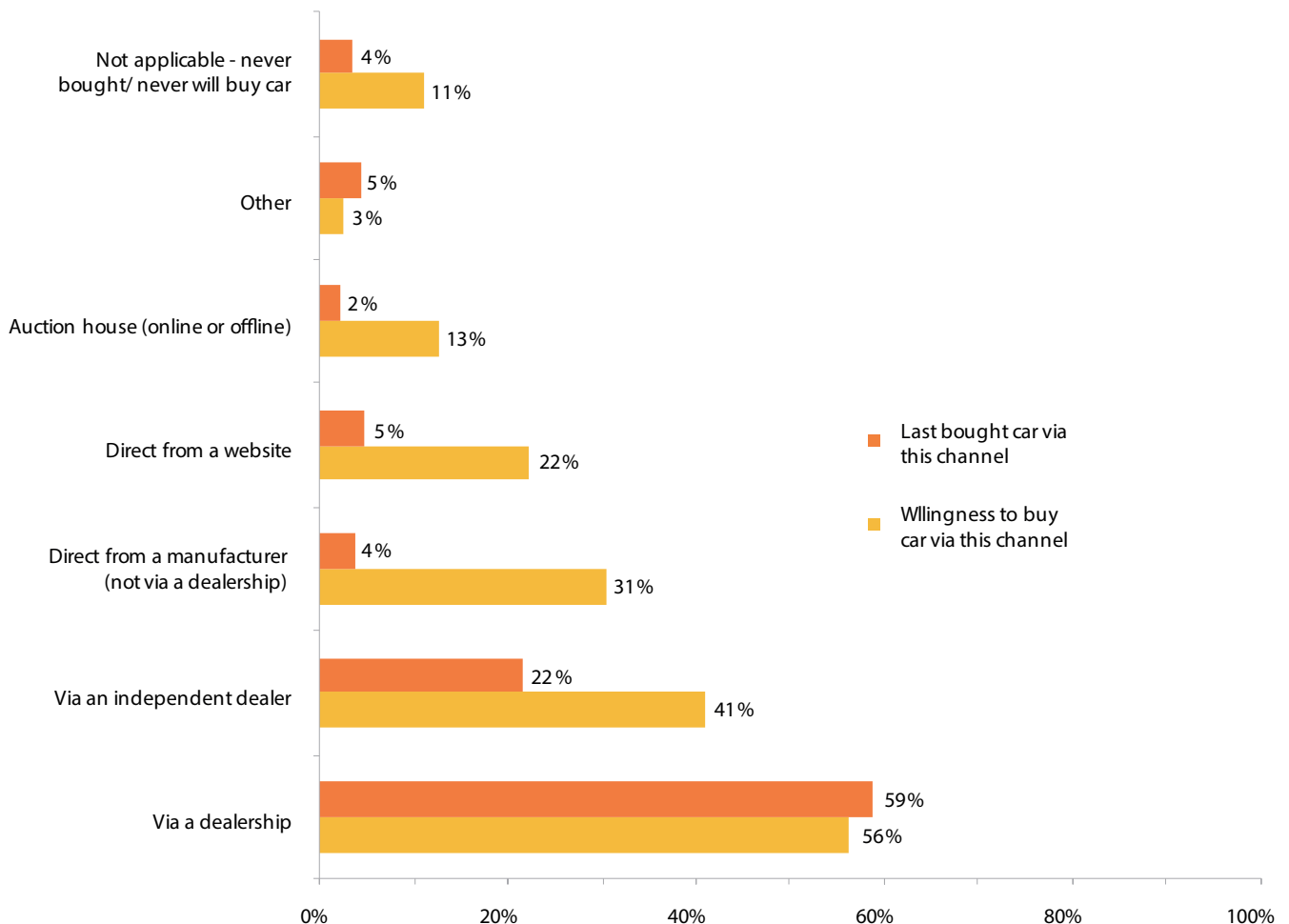
How is car purchasing evolving?

We now turn to look at how car purchasing is changing – are new channels challenging traditional ways of buying?

Is there an appetite for new ways of buying cars?

The most common way to buy a car among our sample (based on their last purchase) was via a dealership (59%), followed by an independent dealer (22%). So far only a small minority have bought directly from a website (5%). However, a significant portion of respondents are willing to buy a car using less common channels in which dealers can be wholly bypassed. 31% would be willing to buy directly from a manufacturer, and just over 1 in 5 are willing to buy directly from a website – rising to 31% among 25-34s.

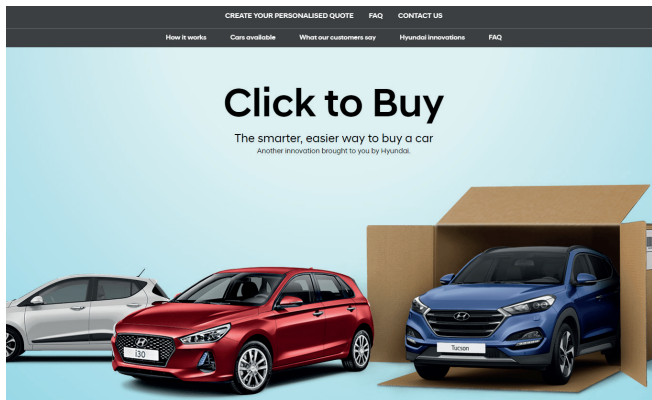
“Which of the following methods did you use when you last purchased a car and which would you be willing to use to buy one in future?”



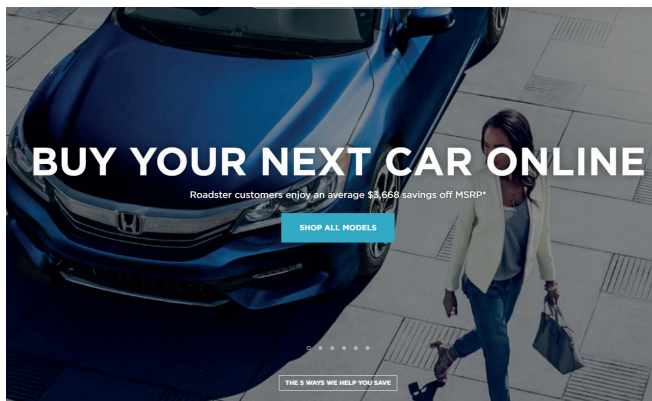
Source: DMA/Foresight Factory Research | 1597 licence holders, GB, May 2017

So how are car brands responding to this emerging interest? Buying a car online may once have seemed a risky purchase but both car manufacturers and dealerships are looking to e-commerce to meet consumers' wider preferences for researching and buying products, from the comfort of their homes and at a time that suits them. Already we are seeing advancements in online car buying from both car manufacturers and from businesses looking to transfer the dealership experience online.

Examples



In November 2016, Hyundai launched a website that allowed consumers to buy new Hyundai cars completely online. The company claims that it is possible to buy a car in 5 minutes without ever needing to step into a dealership for customers buying outright. By removing the forecourt experience, Hyundai is also moving towards fixed prices. Furthermore, customers can get a trade-in price for their old car and have the new car delivered to their home.

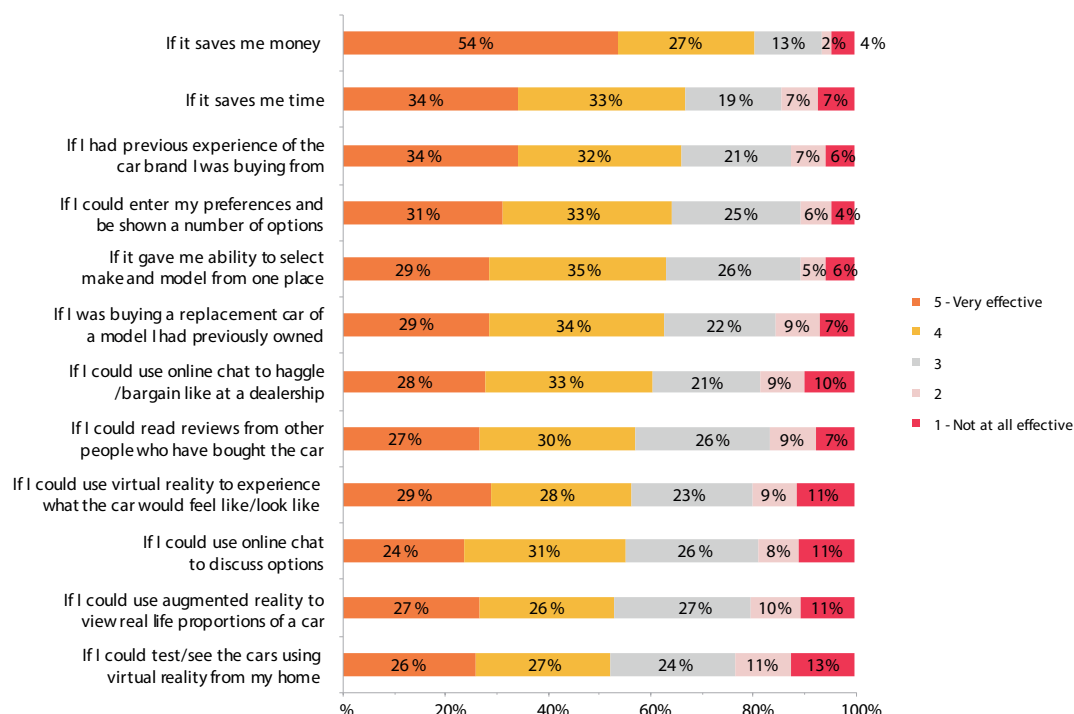


Roadster is an online-only car dealership founded in 2013 in the USA and pioneering online retail in the automotive sector. Roadster focuses on selling new cars only, delivering the chosen vehicle to the user's address. The platform allows users to customise their model, compare dealership offers and receive multiple bids from dealers. Users can decide on a car and its features alone or can use the Roadster Concierge service and receive a call from an expert to help them with the process. The company claims to save an average \$3,668 off MSR.

What would further encourage consumers to buy a car online?

To understand what would encourage people to make the shift from buying cars via traditional means to buying directly online we asked what elements might encourage them to do so.

"How effective would the following be in encouraging you to buy a car online without going to a car dealership?"



Source: DMA/Foresight Factory Research | Base: 1681 online respondents aged 16+, GB, May 2017

The most motivating factors for online car purchasing would be, unsurprisingly, saving money and time. Arguably, online pricing can feel more fixed and trustworthy and would be a motivating factor for switching to online buying.

However, we also note that previous knowledge of the car brand would also be an encouraging factor for many. This suggests that consumers may be more comfortable making repeat or renewal purchases online. Across the board, those willing to buy a car online showed a far greater likelihood to be encouraged by online features common to other e-commerce experiences such as being able to enter preferences and be shown a number of options (64%) and consumer reviews (57%).

KEY TAKEAWAY: While still a niche behaviour, online car purchasing presents a new channel for consumers to consider and a challenge to existing routes of purchase. Crucially it provides consumers with transparent pricing and the ability to take control of product comparisons. While the dealership experience clearly remains important to consumers in terms of service and can provide more personal and tailored experiences, a digital presence and the option of online purchase is becoming more important for car brands and offline dealerships to consider.

What do car buyers want when considering a purchase vs after sale?

We asked consumers what communications and services they would most like to receive when actively considering and after purchasing a car. Contextualised, personalised offers tailored to their “in market” mind-set are deemed most interesting to consumers considering purchases.

We note that with almost a quarter of consumers interested in saving details of car models they are interested in dealership visits will likely be accompanied by online research or comparison searches. This is reflective of consumers’ wider shift towards multi/cross-channel shopping; nowadays consumers can pre-research online options before visiting the dealer.

- 41% of licence holders would like to receive exclusive discounts tailored to the options they are interested in
- 34% of licence holders would like to have the ability to take test drives from home or work
- 24% of licence holders would like to be able to save details of cars they are interested in
- 28% of licence holders aged 25-34 would be interested in advice on what car best suited their lifestyle

After purchasing, consumers are most attracted to good after-care and maintenance services, further confirming that engagement with car brands via dealerships stretches far beyond the point of sale. Consumers actively want automotive brands to engage with them to help them get the best out of their car. We also note that as well as wanting active maintenance consumers - especially women aged 30-44 - are also keen to receive advice – to give them more confidence in their own abilities to manage their car’s servicing needs.

- 42% of licence holders are interested in receiving maintenance services from car brands/dealers (brake checks, tyre checks)
- 30% of licence holders are interested in receiving help quickly from car brands/dealerships if something goes wrong while driving.
- 26% of licence holders would be interested in receiving advice on car maintenance, rising to 31% among women aged 31-44.

In the following example, we highlight how automotive brand Mercedes has used a data-driven marketing strategy to tailor their offers to specific customers, working with dealers to drive engagement.

Example

Mercedes-Benz

Mercedes-Benz targeted competitive luxury vehicle owners with a private offer to drive them to consider Mercedes-Benz dealerships. Working with Epsilon to identify a list designed to focus on prospects with the highest propensity for affinity with the brand and to be in market for a new vehicle.

Target audiences for each campaign were derived from automotive data, modelled data (in-market, propensity to buy, etc.), demographic and lifestyle data (luxury goods purchases, interests, etc.). Mercedes successfully identified and communicated with target audiences with private offers, working with dealership – through a dedicated portal – to improve dealer engagement, such as enabling them to review creative assets and current list counts.

KEY TAKEAWAY: Consumers can now arrive at a dealership having pre-researched options online, shifting the role of dealer interaction further towards experience and away from detailing specifications and options. Longer term engagement requires brands to personalise their interactions with customers and tailor the service experience to deliver beyond what consumers can achieve themselves online.

At the same time, car brands need to ensure their digital communications meet consumer preferences for cross-channel access to information.

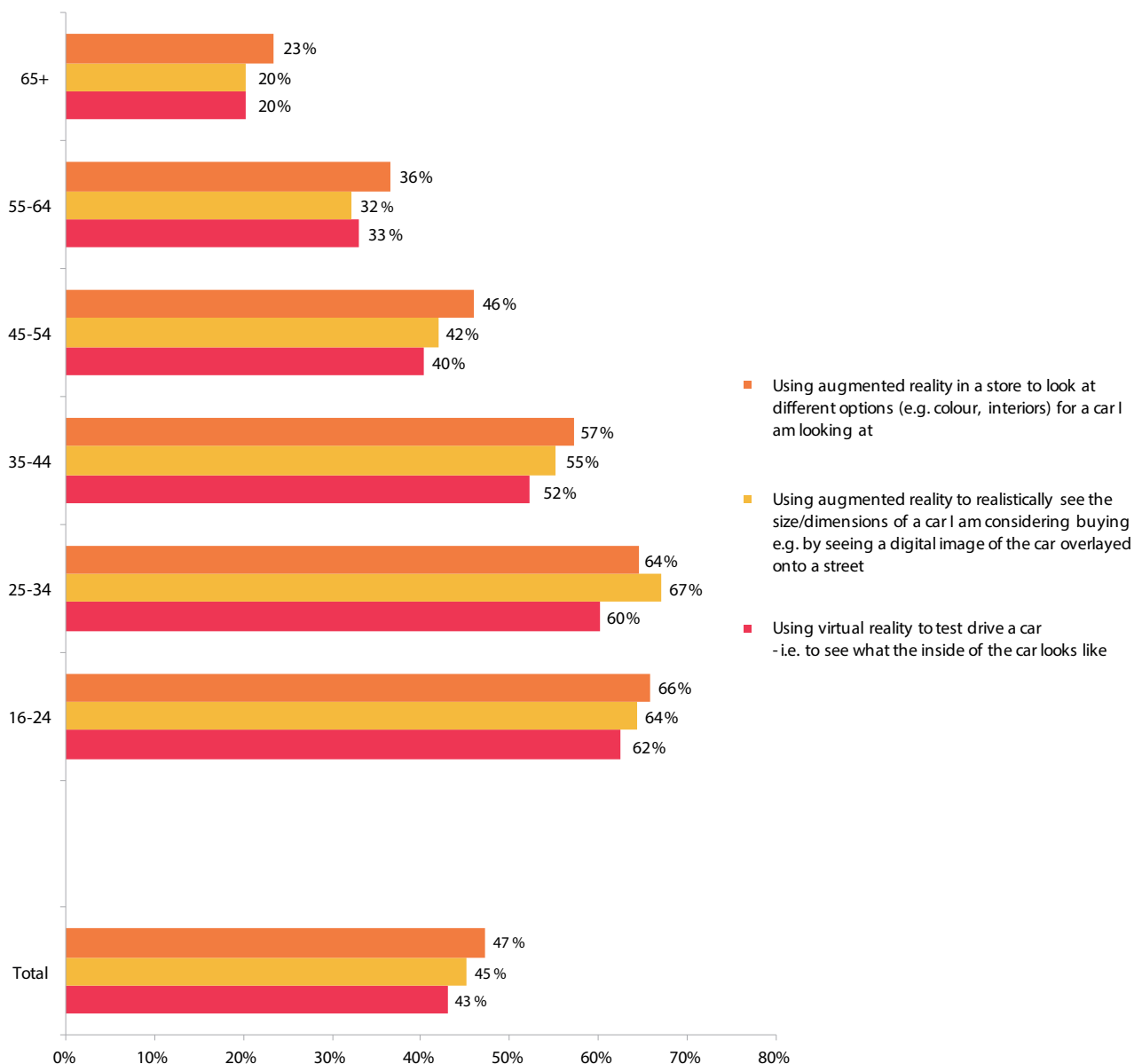
New ways to engage

While online car buying is still niche, it is clearly showing early appeal to convenience-hungry, on-demand consumers used to streamline and cross-channel shopping experiences. How is the traditional dealership responding to consumers shifting shopping preferences?

Augmented reality as a new product research tool

At a gross level consumers are most interested in using augmented reality in a store to look at different options for a car they are looking at - 47%. From the chart below we can see that younger consumers are even more interested in the potential of augmented and virtual technologies to enhance their car buying experience.

"How interested would you be in using virtual / augmented reality technology in the following situations?"



Source: DMA/Foresight Factory Research | Base: 2009 online respondents aged 16+, GB, May 2017

Automotive brands are tapping into the potential emerging technology holds for making the traditional car buying experience more digitally aligned. In particular virtual reality and augmented reality point to new ways automotive brands can reinvigorate the forecourt purchase experience. Augmented reality, for example, can allow people to preview and test car options away from dealerships, and provide consumers with another means to consider purchases before or after a dealership visit. At the forecourts too, we see dealers using augmented reality to widen the range of options they can share with consumers and bring digital shopping options to the offline retail space.

Examples



The V showroom from General Motors International, launched in May 2017, merges real and virtual worlds as an overlay of augmented content interacts with the physical world.

Prospective buyers can view cars in 3D in any size, allowing many more models to be viewed than in a traditional showroom. Future iterations of the model could see buyers able to download the showroom into their own home, and fully customise the vehicle they are looking at.



In January 2017, BMW started its 'i pilot programme, that allows consumers to customise the BMW i3 or i8 through augmented reality with a Google Tango-enabled smartphone.

Initially launched in a number of sales outlets, customers will be provided with a Tango-enabled phone and can use AR to view custom options, including interiors. Following the pilot, BMW intends to offer the app to consumers on Google Play.

Voice can extend customer engagement beyond the point of sale

Voice assisted technologies point to new ways of extending customer engagement beyond the dealership.

Many have looked to the arrival of AI home assistants such as Google Home and Alexa as products that will encourage consumers to use voice commands for more search interactions (in place of typed searches).

We argue the car is a space where people will be more inclined to first engage with voice assistants - hands free interaction being a clear reason to test out voice command functions. Our research reveals that 38% of consumers surveyed have used (20%) or are interested (18%) in using voice commands to research such an item or product.

With automotive after sales service being so important to consumers, we see the pairing of automotive brands with voice-assisted technology as an interesting opportunity for car brands to create ongoing engagement with customers. Automotive brands can now provide a stream of updates, communications and new features via in-car software or through pairings with existing AI software.

In essence, the car itself is becoming an extension of our experiences via smart technology elsewhere.

Car technology that integrates with AI voice assistants means consumers can have their immediate queries answered while driving. Cars can now provide services expected from mobile-assisted living; this is a world where we can plan grocery lists, control our thermostats, be alerted to nearby store offers or book meetings while driving.

And as with our smartphones and other smart products, the car is now a product that is forever-upgrading – and with each update, consumers are presented with new reasons to engage.

Examples



Since summer 2017, **Ford** owners with SYNC 3 can use **Amazon's Alexa** to read weather reports, play music, check top news stories and create shopping lists all while driving. Furthermore, Alexa can also assist with directions by linking the car's GPS with map data of nearby stores or services



From April 2017, **Hyundai** owners can connect the Blue Link connected car system to **Google Home** so that car features can be monitored and controlled from home. From inside the car, Google can search for information that Blue Link cannot yet provide such as the weather forecast. Blue Link will be free on 2018 car models to encourage uptake.



Tesla vehicles receive "over-the-air" software updates that add new features. Once installed, on boarding tutorials can be watched on the dashboard display.

AlphaGuide



Alphabet, a BMW sub-brand that manages and finances corporate cars, created the Alphaguide app to provide travellers with a smart driving aid. Features include automatic scheduling of meetings including times, locations and directions, mileage trackers and points of interest guides (such as charging points). Alphabet worked with Wiraya, using their Mobile Customer Activation solution to engage users with the app resulting a significant increase in app downloads. Of the total customers targeted 38% took action using this new customer communication approach.

KEY TAKEAWAY: Automotive brands can use new communication channels to effectively engage with consumers in more relevant and intuitive ways. Too integrated voice command technologies and in-car software mean automotive brands can constantly evolve in capability. The impact? Consumers can be encouraged to re-engage via new features delivered through voice services (and software updates) and brands can deliver a constant stream of positive confirmation that their car has been a worthy investment.



Concluding thoughts

When it comes to the automotive sector, our research confirms that services provided by car brands and dealerships are integral to creating lasting customer engagement - whether it's during the process of researching their next purchase, buying the car they have decided on or once they have the vehicle.

The role of both dealerships and brands is evolving, as they both seek to offer customers a more engaging experience. This report also shows the way digital channels are becoming more influential as part of that consumer journey, whether empowering consumers with new ways to research and buy or providing them with relevant advice and services beyond the forecourt. Car brands and dealerships can also use these new digital communications opportunities to further enhance the all-important services consumers crave too.

The automotive purchase journey, like so many others before it, is changing. Consumers are open to new ways to engage with their favourite brands, but the route to successful customer engagement remains the same. Brands and dealerships must work together to build trust by offering great products and service that will keep their customers coming back, whether it's for their annual service or next car purchase.

Rachel Aldighieri
MD at the DMA

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Feefo works with its clients to invite consumers who have engaged with a brand to leave feedback on a product or service, ensuring all data is genuine and trustworthy. It is this invitation only model that makes Feefo unique in the market and has enabled the company to achieve a 16% average response rate.

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