

Used car retailing in a digital world

*Three steps for success from Farid Kandil, Senior
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DEKRA*

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Figure 1: The used car buying journey is now predominantly digital. **Error! Bookmark not defined.**

Introduction

*The coronavirus pandemic has heightened the need for those in the business of selling cars to be able to do so without face-to-face interaction. **Farid Kandil, Senior Vice President, Business Consulting Services at DEKRA** provides steps for success for dealerships looking to digitise their sales and marketing.*

Customer experience is central to sales in the automotive industry, and with consumers increasingly turning to convenient digital sources of information, dealerships (and manufacturers) must adapt.

Digitisation of the sales and marketing process poses a new set of challenges: tackling them is primarily about retaining what has been tried and tested on the one hand, while incorporating new channels and responding to changing customer behaviour trends on the other.

So, what are the steps to success in this digital retail world?



Farid Kandil, DEKRA

Farid Kandil was scheduled to be part of the judging panel for the TCO Awards 2020. While we are unable to bring you the face-to-face event, Autovista is still committed to bringing you the same great insight from our judges, as well as the speakers scheduled to speak at the co-located Auto Mobility LIVE 2020 conference. To stay up-to-date with all of Autovista's judge and speaker insights and plans for future events, register at: www.automobilitylive.com.

1) Learn from digital sales channels and enhance your customer understanding

Looking across many mature markets, it is clear used car sales are outpacing new car sales, and this trend is expected to continue in the coming years.

The used car market is particularly robust. Used car sales have proved more stable and less vulnerable to market shocks and economic peaks and troughs than new car sales, in the recent past.

Recognising this market potential, digital companies have emerged to disrupt traditional used car sales channels. Looking to the US, for example, companies such as Carvana, Fair and Vroom all operate sophisticated digital used car platforms, using big data analytics to understand their customers.

The new digital players know their customers inside out and shape their service offering accordingly. Offering end-to-end transaction capabilities, extensive search options supported by high quality photographs, exhaustive data points and custom recommendations – as well as a home delivery service – these companies are responding to consumer behaviours and demands in the modern era.

If you are a traditional retailer, you retain important advantages over purely digital

companies, but it's important to learn from them what it is that makes them successful.

Established retailers (and manufacturers) should focus on gaining an enhanced understanding of their used car customer base, leveraging their close, in-person relationships.

Established retailers should focus on gaining an enhanced understanding of their used car customer base

This requires taking a close look at how effectively digital platforms have been integrated into (lead management) processes and perhaps enlisting expert assistance to ensure that no opportunities are missed in cultivating strong (digital) customer relationships.

Above all, exchanges should be driven by the needs of the customer, with advice, timelines and modes of engagement tailored to their preferences.

2) Go digital where you can, along the entire customer journey

Most points of contact along the customer's used car-buying journey are now digital. See Figure 1.

The customer's digital journey begins with an online search; visits to the manufacturer's website and / or dealership website; image searches; watching demonstrations and advertising videos.

At the start of the journey, a digital marketing strategy should help to foster new business leads. Google AdWords campaigns along with Search Engine Optimisation (SEO) and savvy social media management build both brand awareness and target specific customer segments.

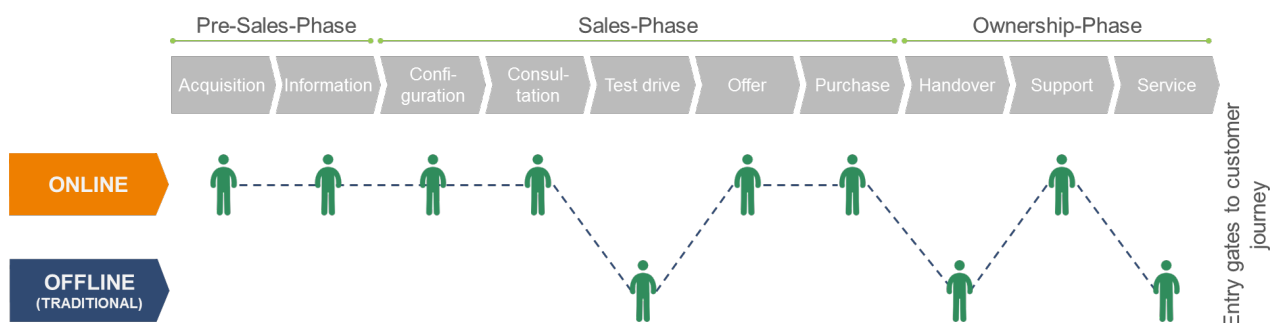
Targeted digital marketing and social media campaigns allow dealerships to talk to the right people at the right time, with relevant messages. These campaigns are measurable and incur lower costs than traditional

advertising. One can start with a smaller budget and adjust over time.

Your customer-facing employees can be a great source of insight in helping you to tailor messages to specific groups

Commissioning an external marketing agency to get started is often an investment worth making, although your customer-facing employees can be a great source of insight in helping you to tailor messages to specific customer groups.

Figure 1: The used car buying journey is now predominantly digital



Source: DEKRA



Beyond marketing

Supporting a digital customer journey means more than just digital marketing, however.

75% of consumers use internet sources of information to research their used car purchase

According to a DEKRA used car consumer study, more than 75% of consumers use online information sources to research their used car purchase; 52% of used car owners became aware of their car on the internet.² What's more, it is important to recognise that

² DEKRA and Ipsos Marketing: Digitaler Gebrauchtwagenkauf, August 2017

at least 37% of potential buyers are influenced by customer reviews, found predominantly online.²

A recent survey from UK based Auto Trader shows that 53% of buyers would prefer to be contacted by email; 19% look for live chat, text messaging and online forms.

Recently, the coronavirus pandemic has brought other forms of digital car sales and marketing to the fore, such as video chats, virtual demonstrations, or even electronic signatures to seal the deal.

Much as a well-designed landing page for your dealership is essential, a strong digital presence clearly goes well beyond setting up a website. Dealerships should be looking at their sales and marketing process end-to-end and digitising where they can.

<https://www.dekra-infoportal.de/expertentipp-ohne-online-boerse-geht-nichts-mehr/>

3) Start with strategy

However enthusiastic you are about going digital, it is wise to consider your objectives, market position, customer needs and product groups, and to derive a digital transformation strategy from these findings. At DEKRA, we have repeatedly observed how retailers unsuccessfully jumped on the digital bandwagon when they are not fully prepared.

Just because there is an internet page, some sales representatives have an email address, or the company maintains an electronic car file, these things do not automatically make that company 'digital-ready'. One has to differentiate between the digitisation of individual processes and the digital readiness of a company. The latter ensures that the entire business – all employees and processes – are able to provide a consistent

customer experience with maximum efficiency for the organisation.

The questions to answer

'Has an end-to-end planning process been implemented involving the right people?'. 'Are the investments required for the transformation process and the potential increase in profitability known?'. 'Have sales processes been adjusted, considering the positive effects and interactions between online and offline channels?'. 'Does education and training or recruitment consider the digital skills of employees?'. These are just a few examples of important questions to be answered before starting your digitalisation journey.

The DEKRA Digital Readiness Check

DEKRA has created a Digital Readiness Check so that every dealer can check their own status and take corrective action, if necessary.

Check out your readiness at: <https://www.dekra.de/de/digital-readiness-check/>

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