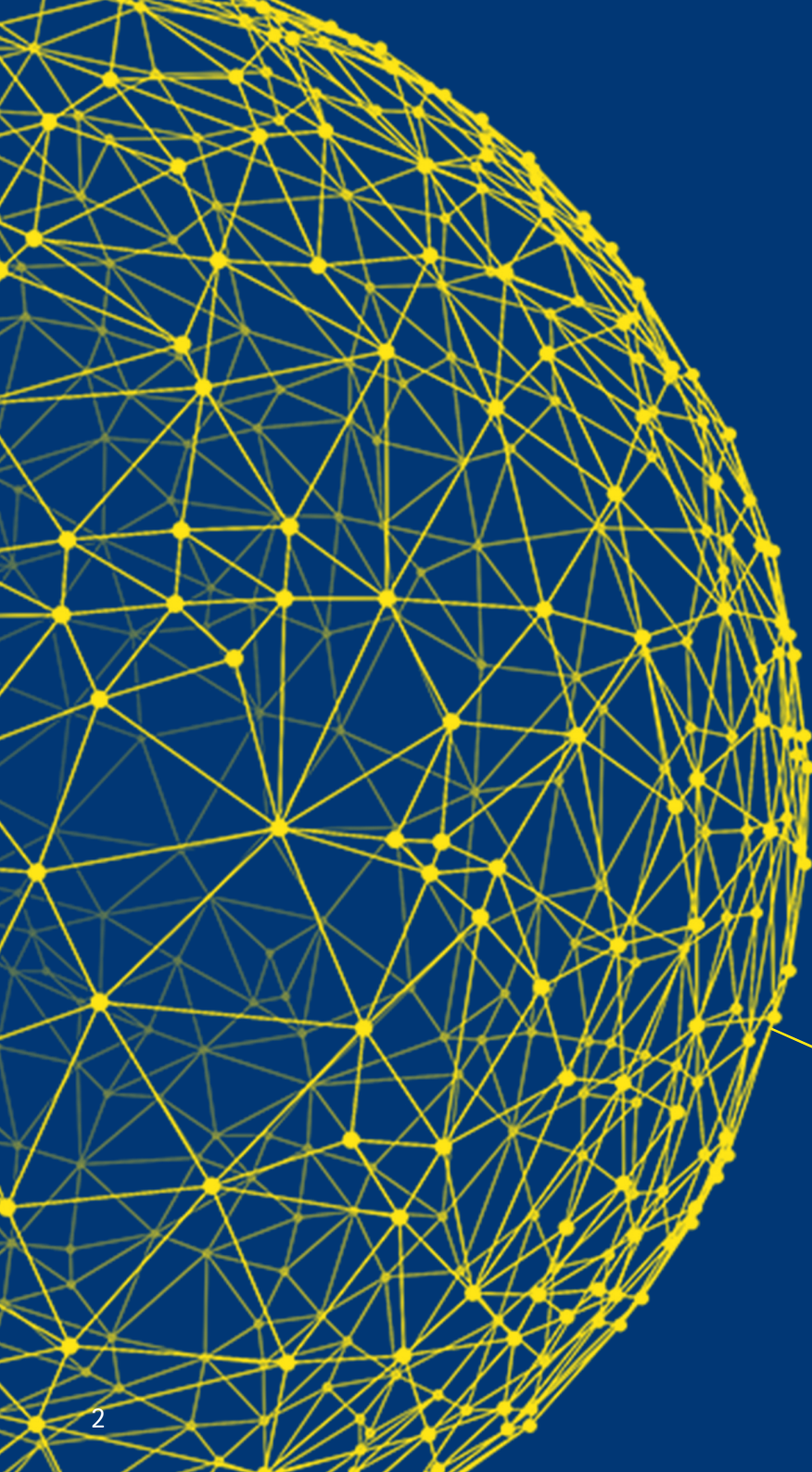


## Digital hits the road

The more digital car buyers become, the more they miss the showroom. OEMs need to raise their game—both online and off.

High performance. Delivered.



For today's drivers, purchasing a car should be much like buying any other consumer product: a swift, convenient and cost-effective exercise in online self-service<sup>1</sup>.

New Accenture research reveals that only one third of customers who bought a new car in the past five years would do so again from a standard dealership in the future. Most prefer different options, regardless of whether they are premium or volume customers<sup>2</sup>.

Our research also reveals a paradox: the more digital car buyers get, the more they seek a rewarding physical experience. Indeed, early adopters of new technologies—"digital natives"—visit car dealerships more often than "digital laggards". Having made their decisions online, they have very specific reasons for their visit to a store. They want the excitement of the showroom, and to be really listened to and understood.



#### About the survey

Accenture's research was carried out in spring 2016 as an online survey in three major automotive markets: US, China and Germany. The survey participants are a representative number of private car buyers in each market who had purchased a new car in the past five years.

<sup>1</sup>What Digital Drivers Want, Accenture 2016

<sup>2</sup>Accenture surveyed a representative number of private car buyers in the US, China and Germany in spring 2016.



A woman with long dark hair, wearing a grey sweater, is looking down at a smartphone in her hands. The background is a blurred city street at night. Overlaid on the image are various digital elements: glowing blue lines and dots, a semi-transparent car model, and a small inset image of a smiling man's face. The overall aesthetic is futuristic and tech-oriented.

## Liquid Expectations

All of which suggests that if OEMs could collaborate with dealers to offer more engaging offline customer experiences, while leveraging more active online options, and ensure that "customer geniuses" are on-hand in both channels, they could control the customer interface more effectively—and fend off the new entrants whose platform business models have already disrupted the second-hand car market.

Such a shift—from product- to customer-centricity, and from passive online information provision to active online consultation—would mirror what has already occurred in other retail spaces where providers struggle to retain control over the increasingly liquid expectations of their customers.

THE MORE **DIGITAL** CAR BUYERS GET,  
THE MORE THEY SEEK A REWARDING  
**PHYSICAL EXPERIENCE.**





## THE DIGITAL PARADOX

Despite their online enthusiasm, car buyers still seek a personal touch. Sixty percent of all digital natives visit the dealership **more than twice** before making a purchase. Only 47 percent of digital laggards do the same. However, customers don't believe that in-person interaction is necessary at every step: 49 percent of respondents would use (or would strongly prefer to use) a digital channel for purchase advice, as long as it was "neutral". For every purchase, customers visit the dealer only two to three times, including to sign the contract and to handover the vehicle (see Figure 1).



## VOLUME CUSTOMERS = PREMIUM CUSTOMERS

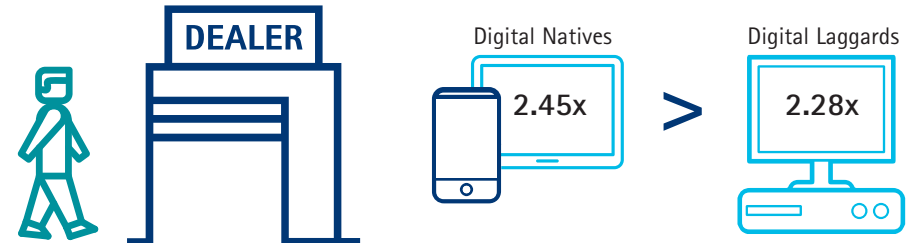
OEMs have traditionally regarded premium customers as more demanding than volume customers. But our research shows that both premium and volume customers have much the same expectations when it comes to the sales process. Moreover, customer experience—not product—is the critical differentiator. For example, in-person interaction with sales staff is of equal importance to both customer types (see Figure 2).



## REGIONAL DIFFERENCES COMPLICATE THE PICTURE

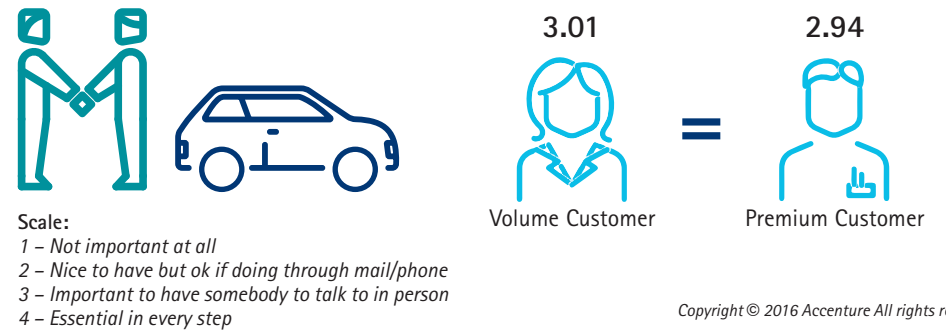
There are clearly regional variations in retail format expectations. While in Germany and the US, the standard dealership is still an important first option (for 45 percent and 35 percent, respectively), most car buyers would prefer a different format. And Chinese car buyers have a strong preference for flagship stores (see Figure 3).

**Figure 1:** How many times did you visit the location where you purchased your vehicle during the buying process?



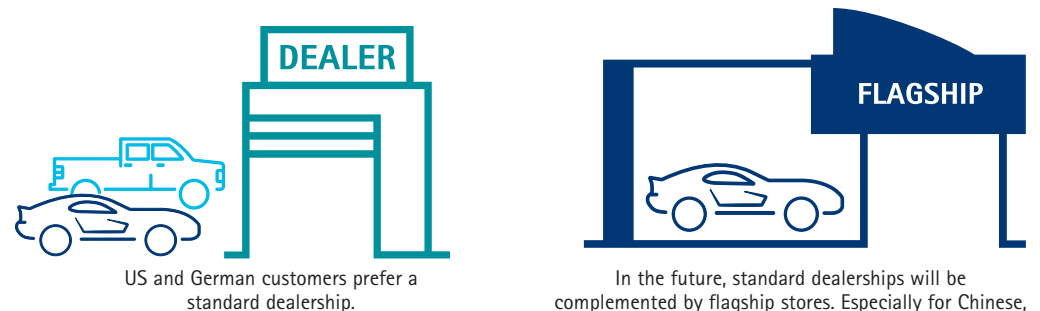
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**Figure 2:** How important to you is in-person interaction with the sales staff during the buying process?



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**Figure 3:** Only one third of customers want to buy their car at a standard dealership in the future.



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CAR BUYERS  
ARE LOOKING  
FOR **CUSTOMER  
GENIUSES**  
WITH REALLY  
**DEEP PRODUCT  
KNOWLEDGE,**  
ONLINE AND OFF.





## DIGITALLY EMANCIPATED CUSTOMERS

Almost all car-buying decisions are now made online—and as technology advances, digital threatens to take over the car dealer's traditional sales functions as well (see Figure 4). Digitally emancipated customers are increasingly willing to actually buy their cars online. Furthermore, nearly half of our survey respondents said they would use an online channel as part of the future purchasing process.



## ONLINE OUT OF CONVENIENCE AND PRICE

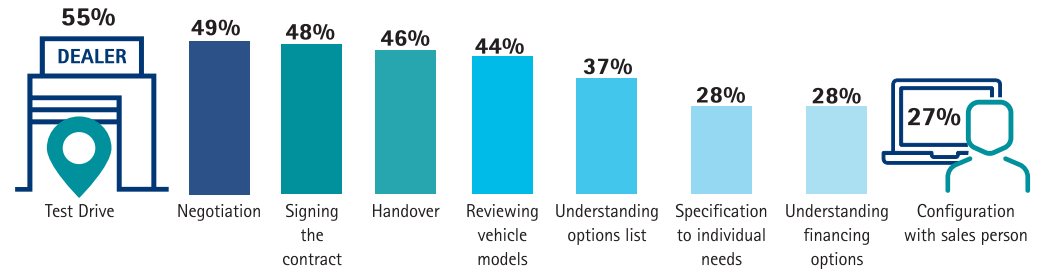
OEMs are concerned that digital transparency will boost demand for discounts. But our research reveals that price is only part of the story. True, half of digital laggards would buy online because of cheaper prices. But convenience and one-stop shopping matter more to digital natives (see Figure 5).



## THE HUMAN TOUCH

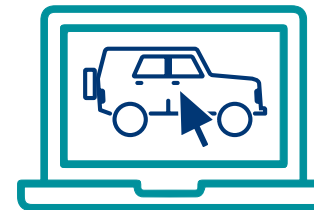
When customers visit a dealer they're looking for true consultation: a "customer genius" who can provide the specific, individually tailored advice they can't find online combined with really deep product knowledge (see Figure 6).

**Figure 4:** Which of the following car-buying decisions would you still like to be conducted at the car dealership?



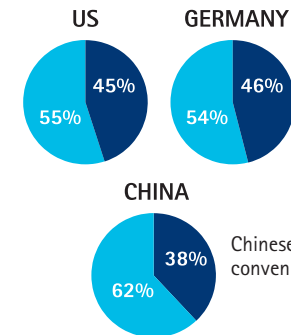
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**Figure 5:** Which reason would most motivate you to buy a vehicle online in the future?



Possibility to save time by combining search, comparison, configuration and purchase all in one place.

Cheaper prices

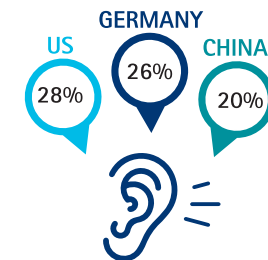


US and German customers tend to give near equal importance to saving time as they do getting cheaper deals.

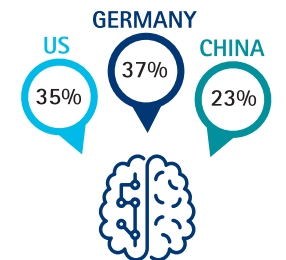
Chinese customers are more interested in convenience than cheaper prices.

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**Figure 6:** Customers expect a "Customer Genius" with high knowledge of the product who is able to listen to them.



US and German car buyers value salespeople who listen to them more than Chinese consumers.



US and German car buyers value product knowledge more than Chinese consumers

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## ACCELERATING THE JOURNEY

OEMs urgently need to rise to the digital challenge across all six of our key findings:

### DIGITAL PARADOX

While focusing on digitization, OEMs must also offer a physical brand and product experience that is focused, fast and satisfying.

### VOLUME = PREMIUM

With product differentiation options between brands in decline, a superior customer buying experience, both online and off, becomes a distinctive factor.

### REGIONAL DIFFERENCES

OEMs must clearly differentiate between markets and act accordingly, especially with regards to the prioritization of retail formats.

### DIGITALLY EMANCIPATED CUSTOMERS

OEMs must (re)gain customer control (e.g. by setting up online stores that are easy to find and use) so that they occupy the digital customer interface and not third parties (e.g. intermediaries or strong dealer groups setting up online stores on their own).

### ONLINE OUT OF CONVENIENCE AND PRICE

OEMs have two online sales positioning options: the sale of selected models priced for bargain hunters; and convenient, one-stop premium online shopping for digital convenience seekers.

### THE HUMAN TOUCH

Since customers visit the dealership for a very distinct reason, "customer geniuses" who truly understand customer needs and have the deep product knowledge to translate those needs into concrete and well-founded recommendations could be a key new role. In addition, OEMs should shift from providing passive online information to offering active online consultation, using customer analytics or chat solutions backed by artificial intelligence (AI), for example.

Meanwhile, both OEMs and dealers should start asking themselves:



#### Who will occupy the touchpoints that generate a satisfying customer experience?

There used to be just one: the dealer. But digital significantly increases the number of customer touchpoints on the car-buying journey and all need to be occupied. What needs to be decided is which will be developed and handled via the OEM, which via the dealer and which, perhaps, by such intermediaries as online portals or platforms?



#### What are the future roles of the OEM and the dealer?

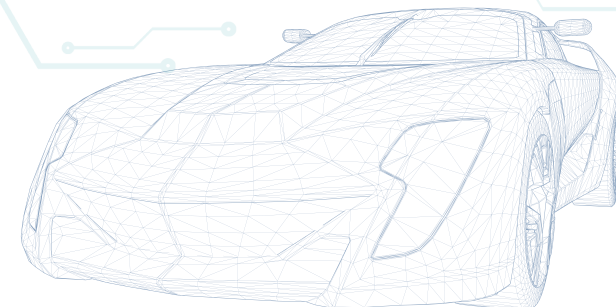
Both want to stay close to the customer and both will have customer data, or at least the opportunity to generate customer data. OEMs, however, will be better positioned to develop comprehensive customer insights, thanks to driving profiles generated via the big data capture capabilities of connected cars.



#### What is the right mix of future retail formats?

Auto retail's traditional, three-tier distribution system (OEM/wholesaler/dealer) is becoming restrictive. The industry needs omni-channel strategies to address changing customer requirements around how and where to buy a car.

The future of auto retail is still evolving, but one aspect is already crystal clear: digital is driving significant changes. OEMs and dealers remain the most active players, but the threat of new entrants with disruption potential is growing as auto retail becomes steadily more digital and convenience-driven. The time to start preparing for the future is now.



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