Trustpilot

How Digitalisation Will Transform the Auto Retail Industry

A Trustpilot Report

Introduction

The advent of digitalisation and online shopping has brought its own benefits and challenges to a number of industries.

It's clear that even previously successful companies can fail when they don't adapt fast enough. We're seeing this play out as major retailers like Toys R Us and American Apparel file for bankruptcy, in part, due to their lack of eCommerce success.

Digital disruptors can also drastically change an industry. It was Netflix's complete adoption of the digital space that has led to their tremendous success and to the demise of companies like Blockbuster. Digitalisation is coming to the auto retail industry and how it will affect the industry will depend on auto retailers' unique characteristics.

The auto retail industry is known for and relies on person-to-person interaction and product-to-consumer experience, in the form of test-driving. However, an online platform removes those experiences and shifts the way consumers make a purchase. Consumers are now finding retailers via digital channels and conducting their research digitally, making it imperative that the auto industry keeps a trusted digital presence.

Research from CEBR shows that 20% of UK consumers and 60% of consumers in China and India are willing to buy a car online. Ebay Advertising found that 87% of auto consumers conducted research online and 63% were likely or extremely likely to make a purchase online.

This increasing willingness to purchase cars online make the customer journey an eCommerce journey, with some distinctions. Auto retailers can rely on new eCommerce principles and trends when it comes to making the shift to digital while also maintaining their identity as a trusted auto retailer.

The role of trust in the customer journey

According to the 2017 Edelman Trust Barometer, there's an unprecedented crisis of trust across the world. Coupled with growing competition in the digital space, retailers need to overcome these challenges in order to succeed in the future.

Edelman notes that the three most important attributes for building trust in a company are:

– Treating employees well.
– Offering high-quality products and services.
– Listening to their customers.

Faced with a lifeless digital customer journey, consumers are looking for friendly and customer-centric brands who listen to their expectations.

Consumers want to trust again.

Consumers are no longer interested in brands that aggressively market themselves, making it harder to engage and convert an audience. In order to make up the trust deficit, consumers are researching significantly before making a final decision, especially when it comes to large purchases like automobiles. Building trust throughout the customer journey is essential in order to move consumers from awareness to consideration to conversion.

Trust is quickly becoming a major factor in the auto retail industry as the customer - retailer dynamic shifts online. To better understand these consumers, we commissioned YouGov to conduct an independent online survey of over 2000 adults in Great Britain, of which, 1,525 were driver license holders.
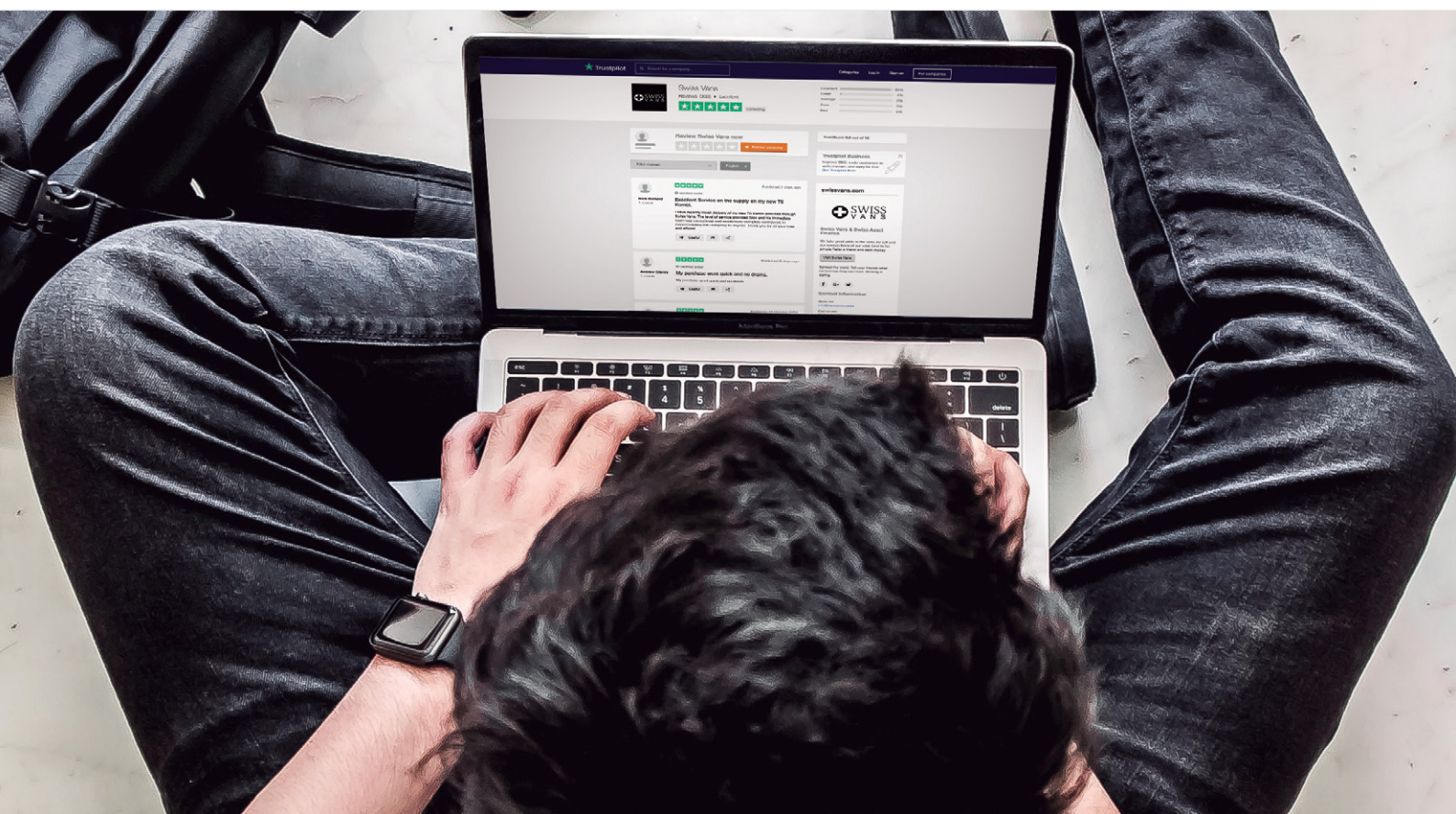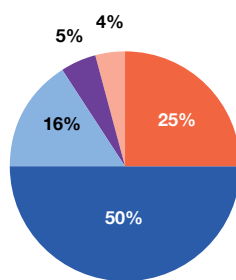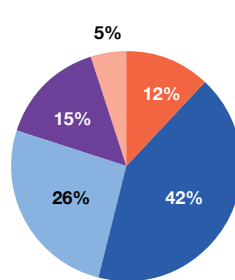
Branded advertising loses effectiveness

How influential, if at all, do you think each of the following would be to you when deciding which car to buy?
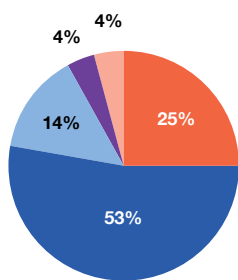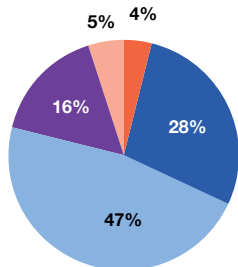
Word of mouth
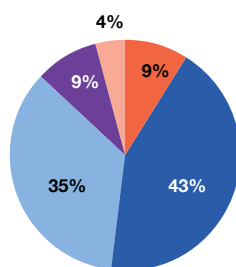(e.g. recommendations from friends, family etc.)

25% · 53% · 14% · 4% · 4%

Independent online reviews left by other consumers

25% · 50% · 16% · 5% · 4%

Car magazines and printed reviews

12% · 42% · 26% · 15% · 5%

Advertising by the manufacturer

28% · 47% · 16% · 5% · 4%

The manufacturer's website

9% · 43% · 35% · 9% · 4%
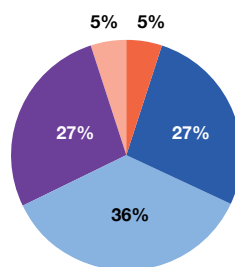
Social media
(e.g. adverts, people's comments etc.)

27% · 36% · 27% · 5% · 5%

Legend

- Very Influential
- Fairly Influential
- Not Very Influential
- Not At All Influential
- Don't Know

The following figures are from an independently commissioned YouGov survey.

For more information, see the appendix at the end of the report.

YouGov 2017 Survey

Consumers don't find branded sources of information such as advertising from the manufacturer or the manufacturer's website as helpful as independent information like reviews and word of mouth.

63% of respondents said that advertising from the manufacturer was not influential, compared to 33% who found it influential. Just over half of the respondents (55%) found the manufacturer's website influential in some way.

Consumers were very clear about what they found most influential. 79% found word of mouth fairly or very influential and 75% found independent online reviews influential in some way. Car magazines and printed reviews were also reported as fairly or very influential by 55% of respondents, making it the most influential type of branded marketing.

It's clear that auto retailers must harness independent forms of marketing and advertising if they want to effectively reach and convert their audience.

The customer journey provides risks and opportunities

How long do you typically spend researching a car purchase?

Not applicable -
I have never personally purchased a car — **6.9%**

Not applicable - I haven't personally spent
any time researching which car to purchase — **9.15%**

Don't know — **3.95%**

More than a month — **28.77%**

A month — **22.11%**

A fortnight — **14.73%**

A week — **11.65%**

A day — **2.73%**

0%   5%   10%   15%   20%   25%   30%

YouGov 2017 Survey
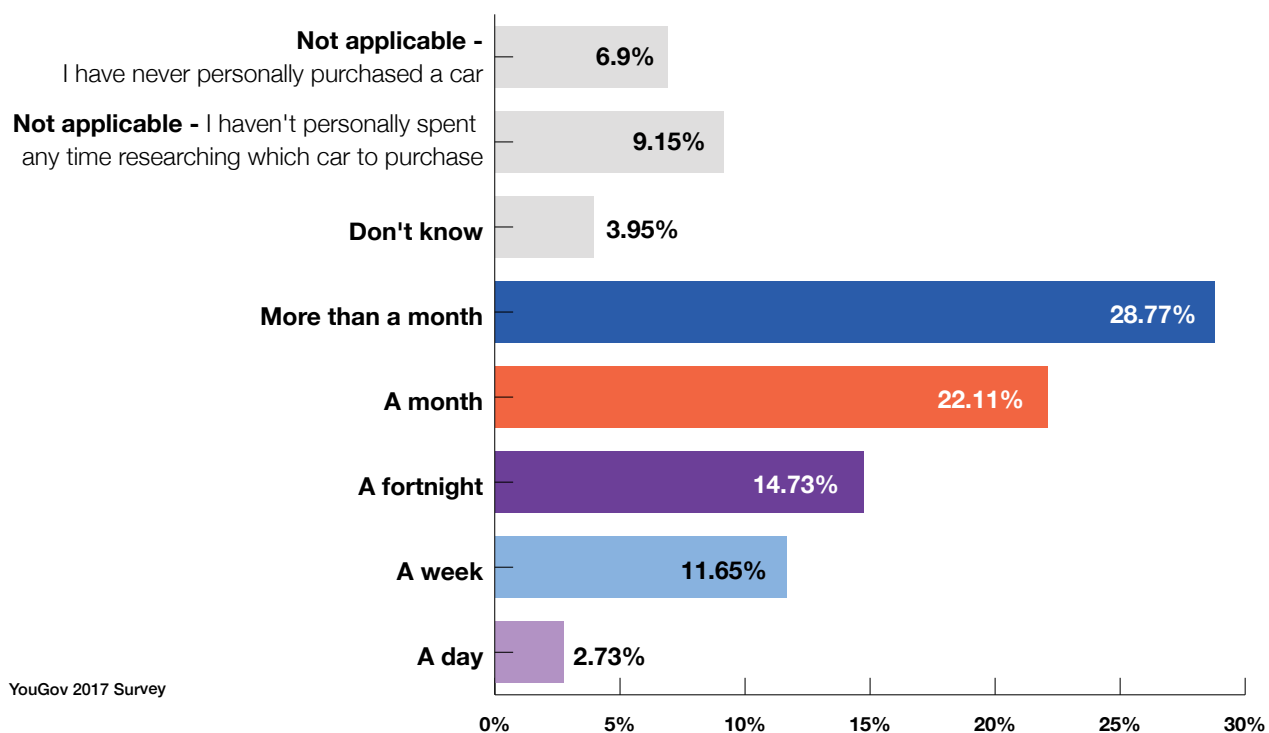
The auto industry has quite a long customer journey, with 51% of respondents spending a month or more researching a new car purchase. For more hesitant consumers, the car-buying journey can easily include over 900 digital touchpoints over a 3-month period.

Buying a car online is a big investment, and consumers spend more time researching and asking questions such as: which car is best? is it right for me? can I afford it? am I getting a deal? where should I buy it?.

As consumers move through and between the different stages of the customer journey, they're often influenced by both offline and online factors.
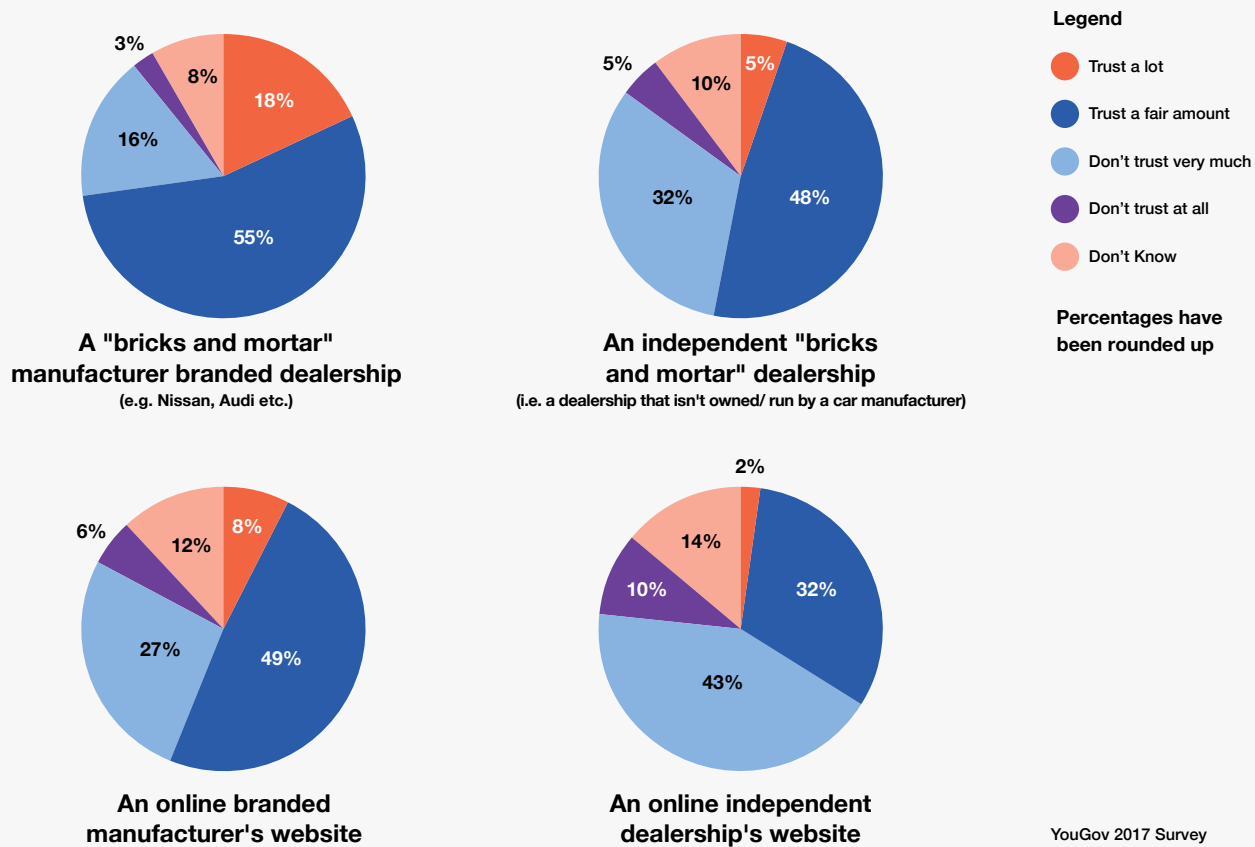
This lengthens the customer journey and makes it more competitive, providing an opportunity to engage and convert a customer or risk losing an interested customer to another retailer.

Trust and relationships are changing and evolving

The relationship between consumers and auto retailers is changing as digitalisation takes over. Many auto retailers are adopting a digital presence and slowly moving away from models that are geographically focused, to ones that are virtually borderless.
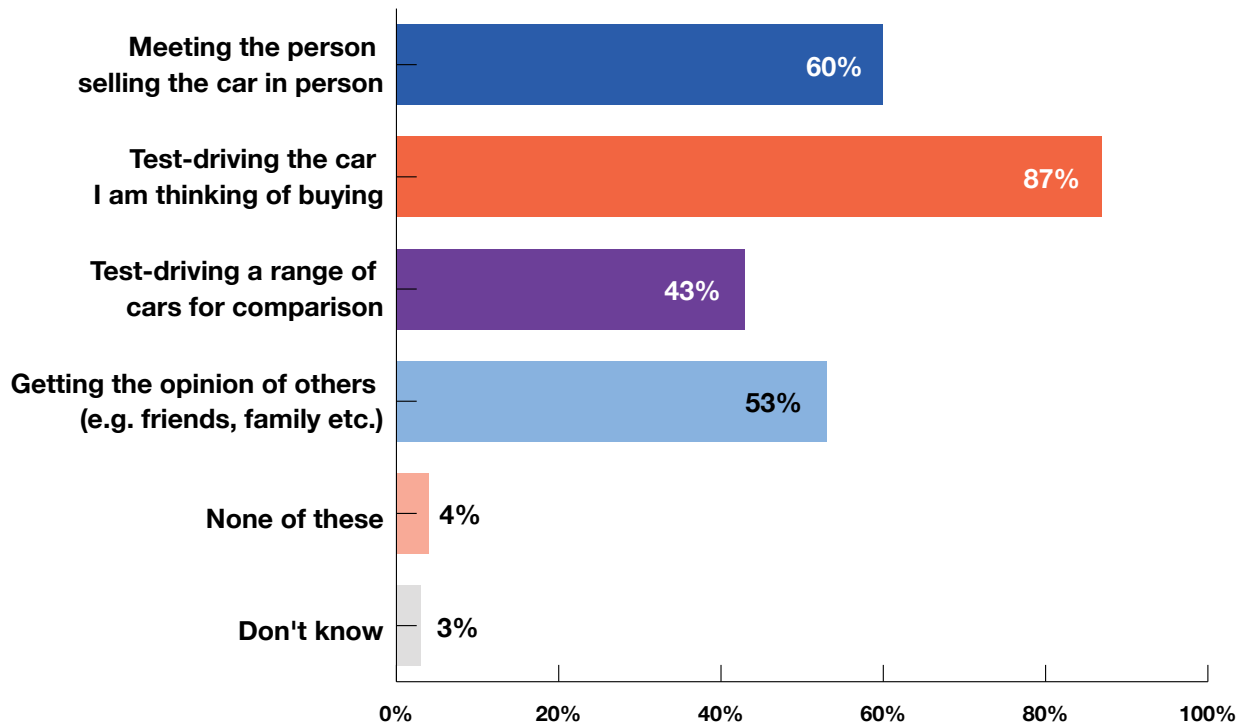
This is a proactive move by retailers who are reacting to consumers willing to make purchases online, and is likely to benefit them in the long term. But does that mean the industry should be saying goodbye to local car dealerships? Not yet.

How much do you trust each of the following types of retailer?

A "bricks and mortar" manufacturer branded dealership
(e.g. Nissan, Audi etc.)

3% · 8% · 18% · 16% · 55%

An independent "bricks and mortar" dealership
(i.e. a dealership that isn't owned/ run by a car manufacturer)

5% · 10% · 5% · 32% · 48%

An online branded manufacturer's website

6% · 12% · 8% · 27% · 49%

An online independent dealership's website

2% · 14% · 32% · 10% · 43%

Legend

🔴 Trust a lot
🔵 Trust a fair amount
🔵 Don't trust very much
🟣 Don't trust at all
🟠 Don't Know

Percentages have been rounded up

YouGov 2017 Survey

Branded bricks and mortar dealerships are some of the most trusted retailers, with 18% of respondents trusting them a lot, and 55% trusting them a fair amount, compared to a third (34%) of respondents who reported trusting online independent dealerships in some way.

Which, if any, of the following would you consider necessary to do before buying a car?

Meeting the person selling the car in person — **60%**

Test-driving the car I am thinking of buying — **87%**

Test-driving a range of cars for comparison — **43%**

Getting the opinion of others (e.g. friends, family etc.) — **53%**

None of these — **4%**

Don't know — **3%**

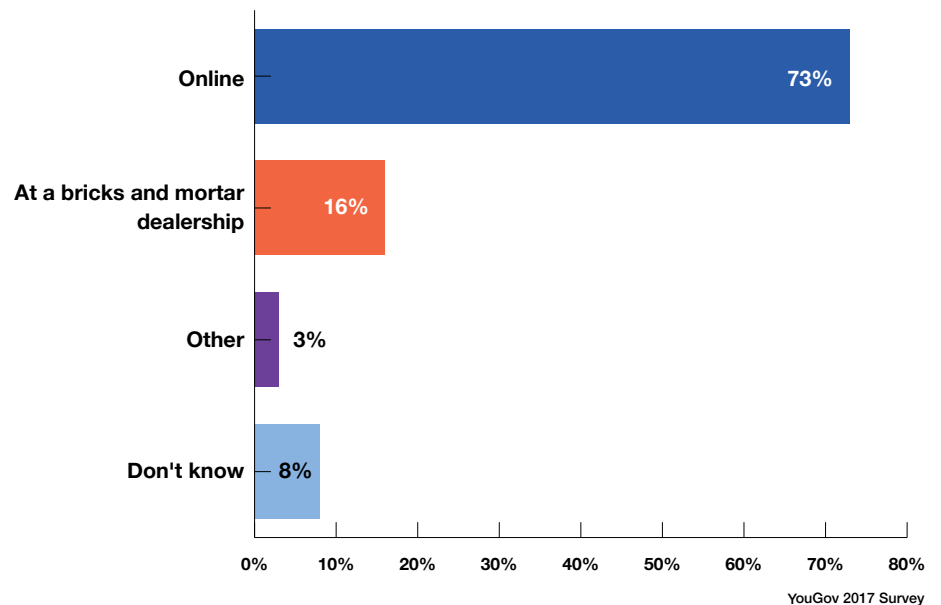0%   20%   40%   60%   80%   100%

YouGov 2017 Survey

Only 60% of respondents find it important to meet a sales person face-to-face but **87%** still think it necessary to test-drive a car before buying it. It's clear that shoppers aren't completely ready for a full digital experience when it comes to buying an automobile. However, when looking at how consumers research cars, a different picture emerges.
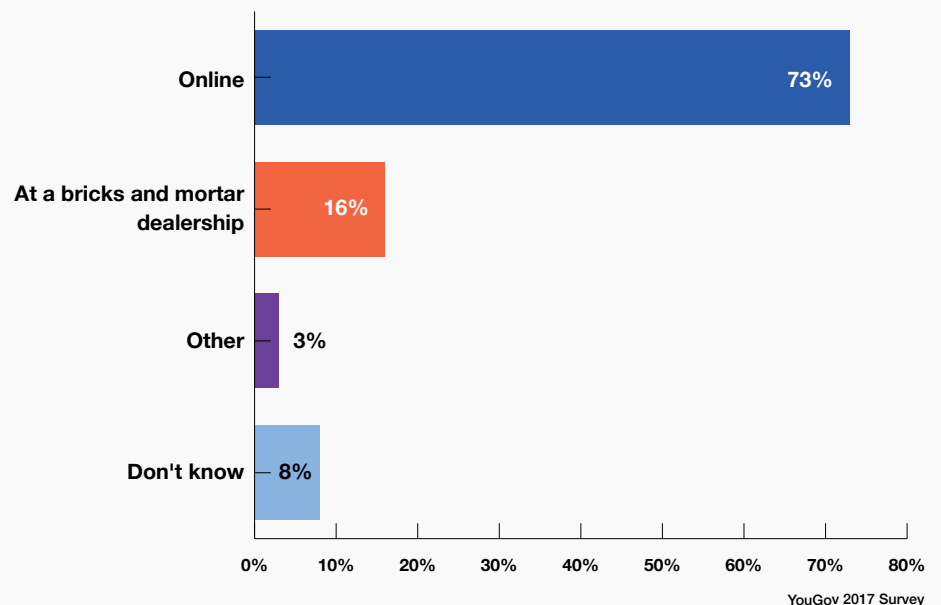
Research

Which of the following best describes how you would most likely research a car prior to purchase?

73% of respondents said they would be most likely to research online when looking to purchase a car, but nearly the same amount would be most likely to buy a car from a brick and mortar dealership. This presents an opportunity for retailers to capture a large audience online by offering them the right information to initiate the customer journey.

Online **73%**
At a bricks and mortar dealership **16%**
Other **3%**
Don't know **8%**

0% 10% 20% 30% 40% 50% 60% 70% 80%

YouGov 2017 Survey

Purchase

Which of the following best describes how you would most likely purchase a car?

Online **73%**
At a bricks and mortar dealership **16%**
Other **3%**
Don't know **8%**

0% 10% 20% 30% 40% 50% 60% 70% 80%

YouGov 2017 Survey

The digital lens:
How a younger audience views auto purchasing

73%

are most likely to research for their car purchase online.

17%

of people under the age of 35 would prefer to buy a car online.

79%

would consider buying a car outright without finance.

More than 10 percent are willing to subscribe to a driveless car - this rises to 18% for the 18-24 age group.
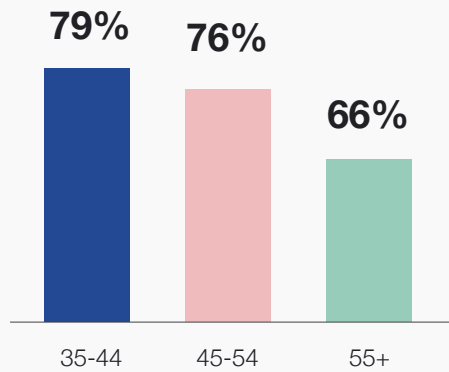
How people will research and purchase a car

We have simplified the following survey questions for the sake of simplicity. To see a more accurate representation of the survey questions, see the notes at the end of the report.
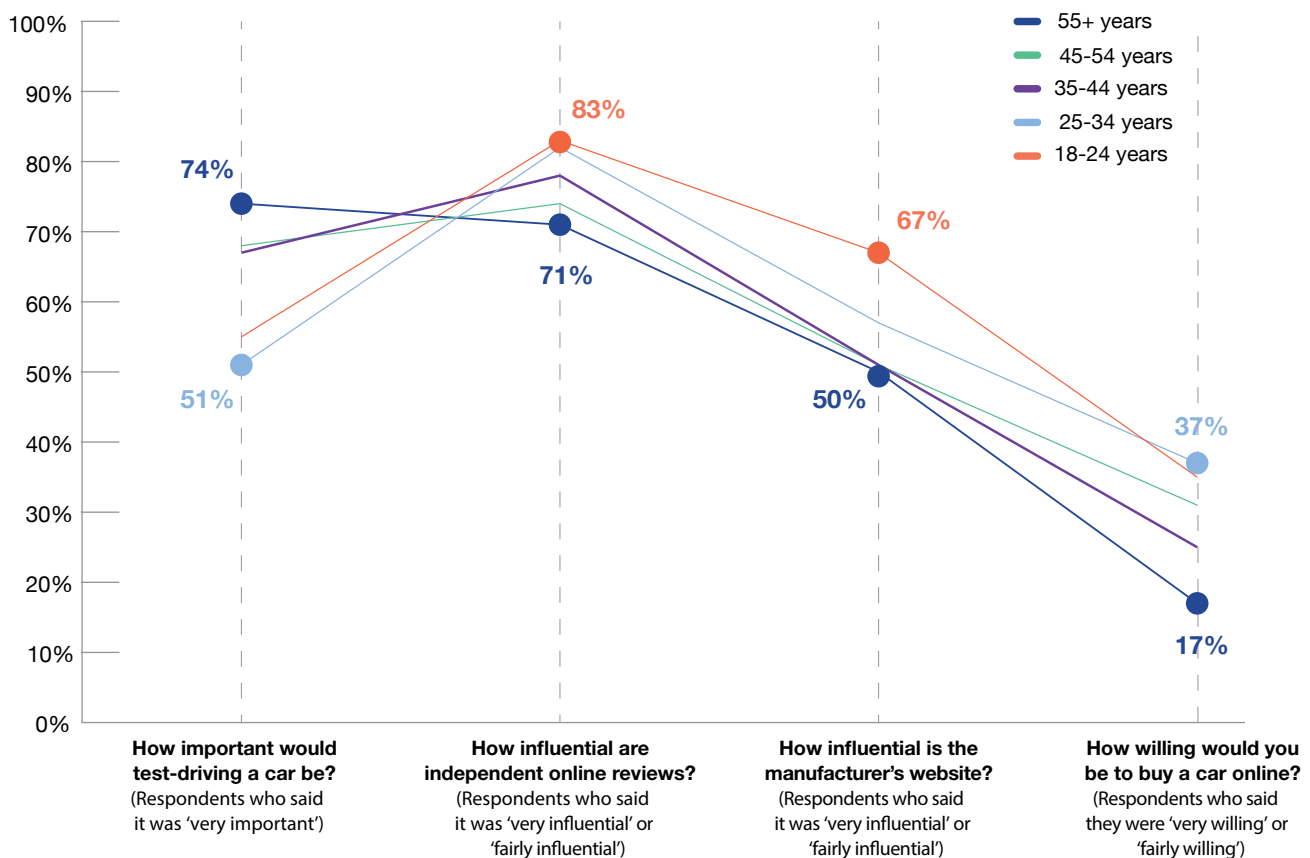
82%

of respondents ages 18-34
would be willing to research online.
The number steadily drops with age.

79% **76%** **66%**

35-44   45-54   55+

Differences in responses by age groups

(Highest and lowest amounts by answer specified)

Legend:
- 55+ years
- 45-54 years
- 35-44 years
- 25-34 years
- 18-24 years

74%
83%
51%
71%
67%
50%
37%
17%

How important would test-driving a car be?
(Respondents who said it was 'very important')

How influential are independent online reviews?
(Respondents who said it was 'very influential' or 'fairly influential')

How influential is the manufacturer's website?
(Respondents who said it was 'very influential' or 'fairly influential')

How willing would you be to buy a car online?
(Respondents who said they were 'very willing' or 'fairly willing')

How auto retailers and dealerships can adapt

The auto retail industry is quickly succumbing to digitalisation, affecting all departments from sales, marketing, and customer service. As consumers increasingly rely on the digital environment for their information and eschew the personal test-drive prior to purchasing a car, dealerships need to ensure they have a digital presence or risk being overlooked by consumers.

20% of all UK cars are expected to be sold online within the next ten years, a £41 billion shift, and the average number of visits to dealers prior to purchase have dropped from 5 to 1. As dealerships can no longer rely on a physical presence, they must deal with a two-pronged challenge - getting an audience to trust them, and finding success in a new, digital environment.

However, dealerships can improve their digital performance while engaging with their customers authentically.

20%
of all UK cars are expected to be sold online the next ten years.

Improving the relationship between consumers and auto retailers

The lack of trust in businesses results in a longer and more competitive customer journey for auto retailers. Consumers have become more reticent about trusting their local retailers and traditional forms of marketing. This points to reputation and customer experience as major success factors for the new digital environment.

In order to improve relationships between consumers and dealerships, auto retailers should listen to their customers' needs and expectations to connect with consumers at every touchpoint of the customer journey - offline and online. Shoppers are looking for seamless experiences both on-site and off-site, while keeping the possibility to test-drive a car open.

Some of the biggest automotive brands have implemented omni-channel strategies and are changing the way they communicate with their customers. Brands like Hyundai, Citroen, Fiat and Peugeot offer their models on display and on sales websites. They are adapting to a new customer journey and offering consumers different channels to choose from, keeping their message consistent as consumers jump between their offline and online touchpoints.

Putting customers first, focusing on growing the business's reputation, and prioritising a better customer experience is necessary to stand out from other dealerships and win consumers' trust.

The new form of marketing —
Social proof as part of an omni-channel strategy

By applying lessons from existing eCommerce and online retail principles, auto dealers can effectively reach consumers and find success.

An omni-channel marketing strategy is best suited for auto retailers.

Engaging customers across all channels: web, mobile, social, and in-store gives auto retailers a higher chance at converting customers and linking the online and offline shopping experiences. This allows automotive brands to ensure there is no disconnect across multiple touchpoints, and that the experience is consistent as the customer moves through channels.

By adopting an omni-channel strategy, dealerships can target:

– Customers who research online but want to test-drive the car before making a decision.

– Customers who want a physical shopping experience.

– Customers who don't need to test-drive a car before buying it, and are willing to make a purchase online.

Social proof is one of the most flexible forms of marketing that can be applied across all channels. Gaining trust might not be easy, but social proof, in the form of reviews, UGC (user-generated content), feedback, testimonials, and more, can help auto retailers build stronger relationships with your customers and can be used across all forms of marketing channels off and online.

Social proof will also allow auto retailers to improve their customer experience through authentic third-party communication. By listening to customers, companies are improving their overall experience and service, building loyal relationships and winning new customers.

Conclusion

Digitalisation is already here and auto retailers, in order to adapt to an increasingly digital audience, need to take a page from already successful retailers.

Larger auto retailers have already increased their digital footprint and taken proactive steps to cater to a younger audience that is more willing to research and purchase a car online.

By leveraging existing eCommerce marketing and sales tools like social proof, in the form of reviews, testimonials, and more, auto retailers can communicate with engage consumers more authentically and in forms they trust. This will allow them to keep some semblance of connection that is often lost when making the jump to the digital environment.

The next few years promise big changes for the auto retail industry and retailers need to ask themselves - how will they achieve success in a previously untapped environment?

You can get started today.

Trustpilot is committed to helping car dealers make the most of new opportunities and the increasingly important digital space. By investing in strategic partnerships with Auto Trader and GForces, Trustpilot allows consumers to consult Trustpilot reviews as part of their decision making process. Over 190,000 brands collect reviews on Trustpilot.com and reviews have increased conversions, sales, customer satisfaction and more.

Book a demo today:

📱   Call 0203 889 8444 or

🌐   visit uk.business.trustpilot.com

Appendix

"All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2046 adults, of which 1,525 were driver license holders. Fieldwork was undertaken between 13th - 14th September 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+)."

Sources are available upon request.

In the section titled "The Digital Lens" we simplified consumer survey questions for the sake of demonstration. Below are more accurate representations of the questions, in order of the questions in the aforementioned section.

- Which ONE of the following best describes how you would be most likely to research and purchase a car?

- When looking to buy a car, how important, if at all, would test-driving the car be to you when choosing where to buy a car from?

- When looking to buy a car, how influential are online reviews left by other consumers when deciding which car to buy?

- When looking to buy a car, how influential is the manufacturer's website when deciding which car to buy?

- When looking to buy a car, how willing would you be to buy a car online?