

Car Brands Online

2014 in review



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Introduction

When we started collaborating with a core group of automotive OEMs on eDataXchange a decade ago, the intention was to answer basic questions about online audience size through the collection and sharing of OEM website traffic data. Looking back, this was ahead of its time in areas of benchmarking and the use of 'big data'. At that time many senior executives within car brands viewed their website as little more than a gimmick, but since everyone else was 'doing it', they would too.

The trends emerging currently in social media, personalised interaction, and online lead generation are perhaps viewed with a similar suspicion at a senior level: the difference is that the lag between starting tentatively to explore a communication medium and a mature engagement with it, has shortened significantly. Today, we get board-level requests for market insights on all digital channels.

For us, this pace of change is also a challenge. However, our structure – we remain a collaborative project with the industry – as well as our diverse, multi-skilled team, allows us to stay nimble and responsive to our clients' needs.

Since 2001, Sophus3 has been providing insight at brand, competitor and market level. In 2003 we initiated the first and only granular digital performance benchmarking service. This has since been developed further to become, with

the introduction of eDataXchange 3.0 in 2015, a methodology driven benchmarking service working across all the digital audiences of car brands.

Out of this competency we have developed further layers of brand centred analysis that combine OEM, sophus3 and third party data sets. Additionally we have utilised this history of multi-brand, multi-market customer behaviour data to develop 'best practice' rules for customer engagement services tailored to the online needs of car brands. These services have been broadened significantly through the extension from 2014 of data tracking to include major auto publisher and auto dealer websites.

The 2014 Review is in two sections. The introductory 'numbers' section gives insight into the size of the online audience for car brands in Europe and how that audience behaves. The 'themes' section looks at how car brands are adapting to reaching that audience as its expectations and preferences change and other factors reshape the digital landscape. Most of these themes we believe will remain highly significant in determining car brand activity through 2015 and beyond.

Whether you are working within a car brand, or for an agency or associated body, I hope that the review will provide you with both insight and motivation in the planning of your future digital activities within the sector.

Marcus Hodgkinson

CEO, sophus3 | London | February 2015

Executive summary

Numbers

2014 saw a +15% increase in visits to OEM sites in the 'Big 5' as the car market strengthened. There were 91 visits per vehicle registered. p4

Search engines remain the chief source of traffic to OEM sites (40%). p5

The majority of visits occur 'out of office hours' whilst engagement is higher at weekends. p5

Website attrition remains high: only 1% of visits ever include a site's test drive request page. p6

The shift to mobile devices continues. p7. The 'post PC age' is already a reality in some markets. p19

Themes

Customer and vehicle segmentation are of declining value as online data reveals the uniqueness of each customer journey and 'decision tree'. Cross brand and cross product shopping are a common place.
p10

Personalisation is a necessary mixture of strategy and technologies to understand and respond to the unique requirements of each individual customer.
p11

Third party leads are attractive for brands with ambitious growth plans but there are clear deficiencies in lead handling that need to be addressed. p15

Responsive website design will become mainstream amongst automotive OEMs in the near future. Redesigned sites will focus more explicitly on salesroom functionality. p17

Car brands will begin to use geolocation data in their online interactions but will need to evolve a more sophisticated model than the retail sector has explored so far. p18

Car brands' use of social media will need to evolve from (often disappointing) experimentation, to a mature understanding of the separateness of the 'social' and what social engagement requires of them. p22

Part 1. The year in numbers

Where ‘the numbers’ come from

eDataXchange (eDX) is a collaborative project between major car brands which monitors visitor behaviour across their digital channels. Through sharing this data they can each benchmark their performance against the other brands.

Gathering this data provides a unique overview of consumers' online behaviour and interests.

This review utilises online data for 2014 gathered for the 'Big 5' Markets – Germany, France Italy, Spain

and UK. Between them these markets contain 63% of the population of the European Union and account for 72% of the EU new car market.

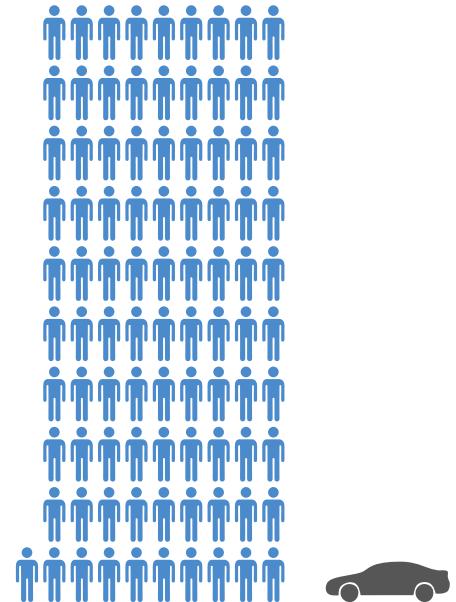
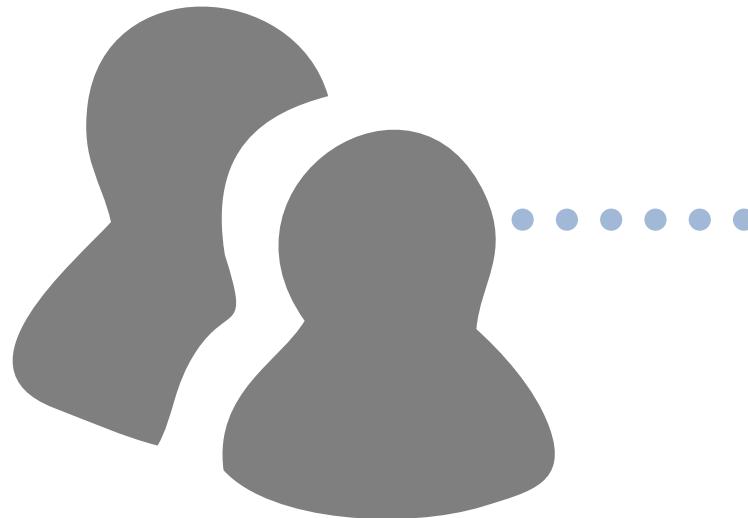
Whilst eDX does not track every brand site across all of these markets we are able to extrapolate data using a statistical model based on a combination of panel based traffic and brand search activity.

Vehicle registration data is provided by ACEA (European Automobile Manufacturers' Association).



Big numbers

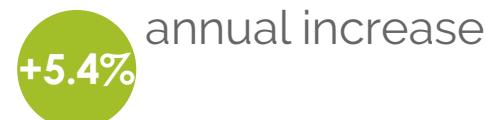
Car brands' 'Big 5' website audience



863 Million
visits to car brand sites



9.5 Million
new cars sold



91 Visits
for every **1** car
Sold

The digital showroom

Where they come from

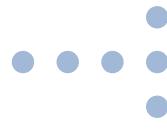
40%
search
engines



22%
online media



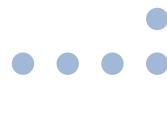
18%
'other'



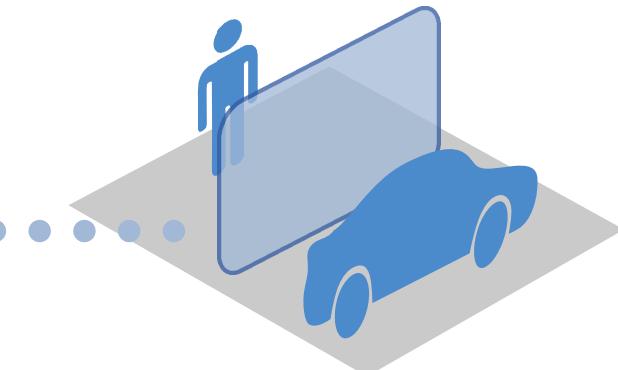
17%
direct entry



0.5%
social media



40% of search traffic is paid for



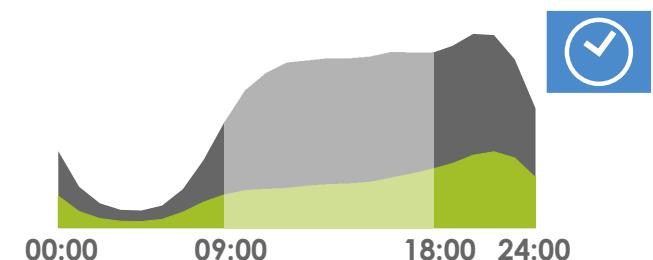
54% of Visits
are outside of
'office hours'



When they come



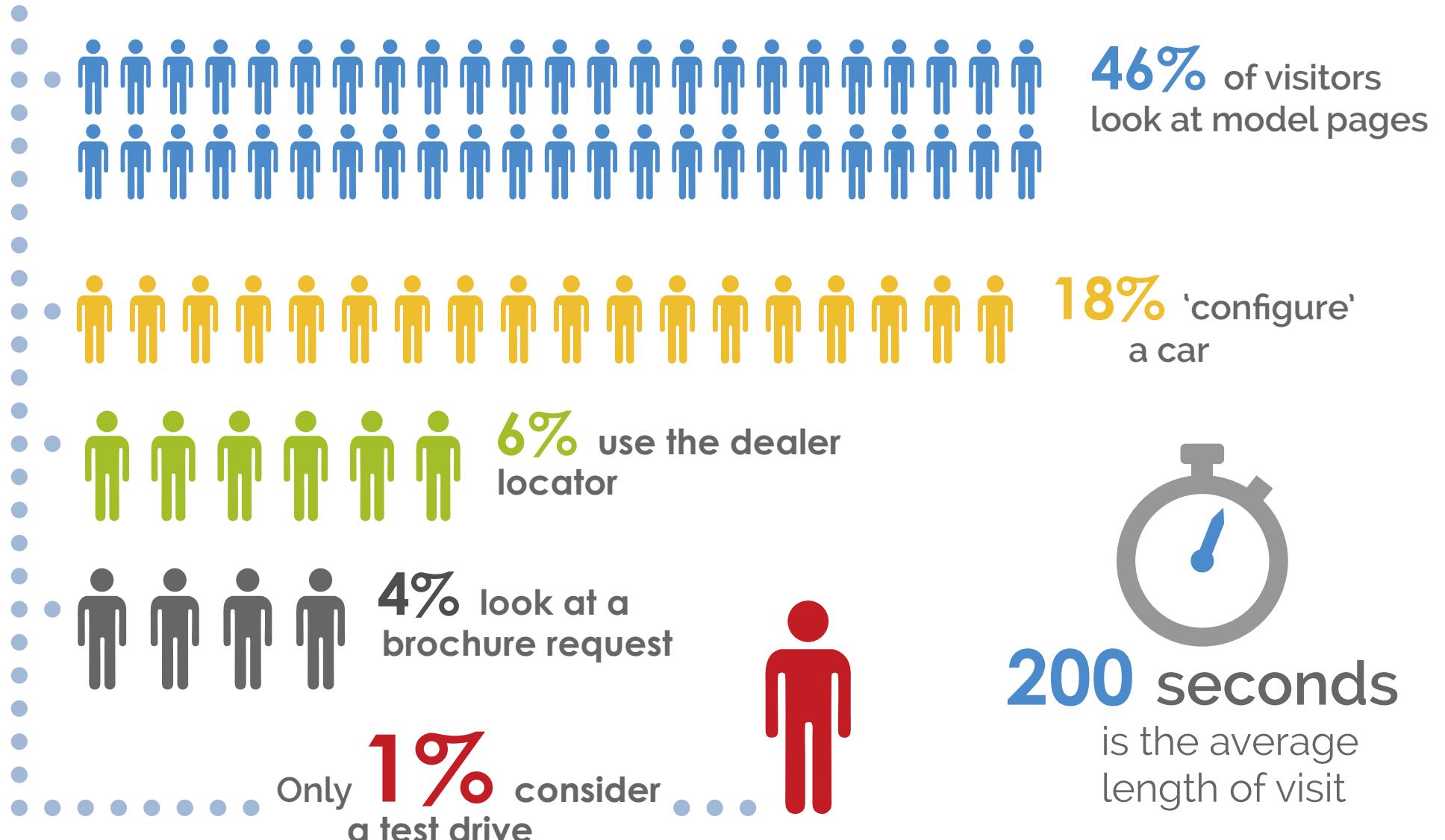
Car site traffic has a familiar heartbeat signature: a peak midweek, that trails down to the weekend. Traffic on Sundays increased noticeably in recent years with the highest visitor dwell time (**green line**). Is this the best day to engage with 'serious' shoppers?



Daily traffic peaks between 21:00 and 22:00. This is also when visits on mobile and tablet devices (**green area**) are at their highest.

The virtual funnel

What visitors do



Device shift

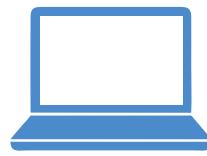


Visitor Device types

39%



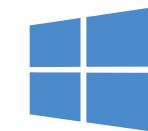
61%



+3% annual growth



Visitor O/S



62%

Windows



13%

Android



UNIX



4%
'other'



22%

iOS / Mac

Part 2. Themes

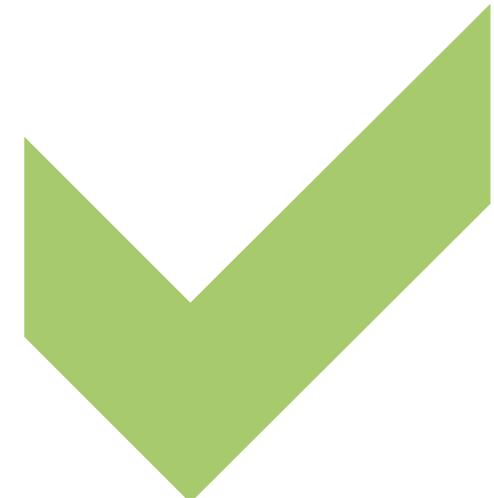
Introduction

Over the last decade, digital technology has significantly reshaped the automotive marketing landscape. The pace of change it has driven has been breathtaking. Digital has moved centre stage within the marketing departments of OEMs (original equipment manufacturers) who have rapidly evolved strategies to keep pace with consumer preferences and the latter's expectation that they can explore, understand and communicate every facet of their world through a digital interface.

During 2014 perhaps one buzz word summed up the current direction of digital strategy: 'personalisation'. The objective here is to move digital activity away from a broadcast model targeting a mass audience, and to replace this with multiple one-to-one interactions with every individual who 'touches' the brand. Personalisation is both an array of technologies, but just as

importantly, a rethinking of business processes. It requires a reassessment of how a large, complex organisation encourages and manages a dialogue with every individual online – across an increasingly complex number of channels and devices – and how that dialogue can be moved offline as well as be sustained across different operational 'silos' within the business.

This section of our year-in-review looks at some of the key themes to emerge in 2014, and which will continue to be significant to OEMs in the year ahead. Many of these relate to that move towards delivering a personalised interaction with consumers. But we begin by sharing some insights into the way consumers approach the car market is changing online, and how this makes a personalised understanding and response from car brands even more of an imperative.



A. 'We are all exceptions to the rule'

Marketeers have traditionally defined customers within demographic groups and segments with preferences assigned to them from research and focus groups. In the car industry, vehicles have been grouped in a similar way that mirrors this practice. Types of vehicles are thought of as belonging to a 'segment' with common characteristics. The starting point of car marketing has been to match customers to vehicle segments, then to decide upon campaigns and activity to draw them together. The assumption has been that there were groups of customers in the market for, say, a small SUV, who would select from amongst a range of similar products within the small SUV segment.

From a marketing point of view these assumptions are attractive. Matching customers and products means that resources can be targeted more effectively on the 'right' audience with a focus on the product that is thought 'right' for them.

Yet the mass of digital data now available to us about the online audience and its interactions with car brand sites suggests that these assumptions are wrong. In reality it is almost impossible to see a linear connection between groups of customers and specific vehicle segments.

If we look at actual tracked behaviour then individual car buyers are considering a huge variety of products, and it is almost impossible to group

these 'decision trees' together as 'customer types'.

The digital data available through eDataXchange shows how visitors to car sites in Europe journey between brands and products. The examples we give are based on tracking over 140 million website visitors in the UK and Italy across the product pages of more than 400 vehicle models.

For any model visited, of the 10 other models the same visitors most frequently looked at – either

before or afterwards – more than a quarter were in a different segment. If you widen that group of vehicles to include the top 20 most frequently visited 'alternatives', then a staggering 41% were in different segments. Clearly the online audience is not confining its consideration to a narrow group of similar vehicles.

There are a number of reasons why car buyers are becoming more fluid in their choices. Digital technology gives consumers more 'choice and voice'

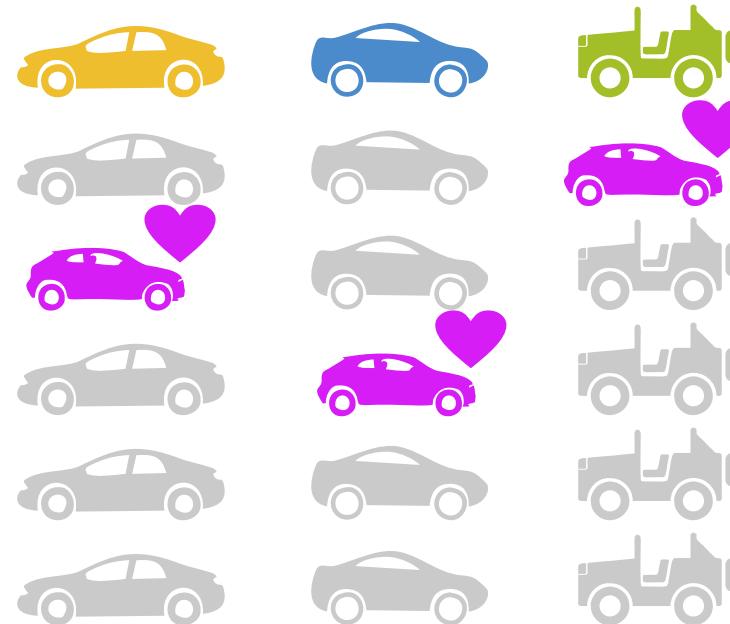


More than a quarter of the 'alternatives' considered by online car buyers are in a different segment to their original choice.

than ever; it makes consideration and research simple. Five minutes of online search can find product, price and opinion about a range of choices that previously would have taken days to gather through phone calls, written brochure requests and dealer visits. Being dissatisfied with the first ‘result’ is the default setting of the surfer/researcher across almost every field of interest and so cross-brand shopping has become the norm. The digital world presents them with brands they may not have considered and there are no barriers to prevent consumers exploring them or considering any product. Online is a level playing field in which all brands are equally accessible.

Other ‘structural’ factors in the vehicle market may also be eroding consumers’ confinement within narrow segment choices. Financial mechanisms are gaining ground, such as contract hire and leasing, which democratise access to what were previously seen as ‘premium’ products, a trend assisted by favourable interest rates in the recent period. So, as an example, we can see how Ford Mondeo and Volkswagen Passat are being encroached on by the German premium brands who are now among their top ranked competitors.

At the same time those premium manufacturers have entered into ‘lower’ segments, traditionally seen as the domain of the same ‘volume brands’. Products like Audi’s A1 supermini, and Mercedes-Benz’s A-Class compact car were conceived as a cheaper entry point to accelerate these brands’ already impressive growth of market share.



The Audi A1 appeared in the ‘Top 5’ consideration list for many models across every segment during 2014

In 2014 the Audi A1 appeared in the Top 5 consideration list for an even greater proportion of visitors in other segments than for those considering superminis. Similarly in the same period Mercedes-Benz A-Class was a top 5 competitor to a greater proportion of model visitors in segments other than its own Compact segment.

The increase in ‘crossover’ vehicles, and the proliferation of vehicle types and models enabled by a new generation of flexible vehicle architectures – of which Volkswagen Group’s MQB platform is the most frequently cited example – no doubt further

blurs the edges between all of these segments.

The immediate message for automotive OEMs is that grouping consumer interest and buying behaviour against vehicle segments is no longer valid. Car brands risk losing touch with potential customers if they base their marketing on what now appear to be overly rigid groupings and assumptions. In this changing landscape digital personalisation – unravelling each individual’s unique interests and needs – becomes not just desirable, but a necessity.

The new rule is that we are all exceptions to the rule.

B. ‘One-to-one’ interaction

In many ways the objective of personalisation for the car industry is to complete a full circle back to a misty-eyed past where the main contact of the brand was a personal relationship with a dealer, nurtured over time and even across generations. As car brands have come to realise what is unique about digital – that it is interactive, not a unidirectional broadcast medium – they have begun to think about how they can establish a dialogue, then a relationship with every customer through digital channels.

This possibility is primarily driven by technology that makes it possible to track, measure and monitor the individual visitor. A combination of cookies, algorithms and programmatic functionality are used to understand the visitor’s behaviour then shape their experience and choices in response.

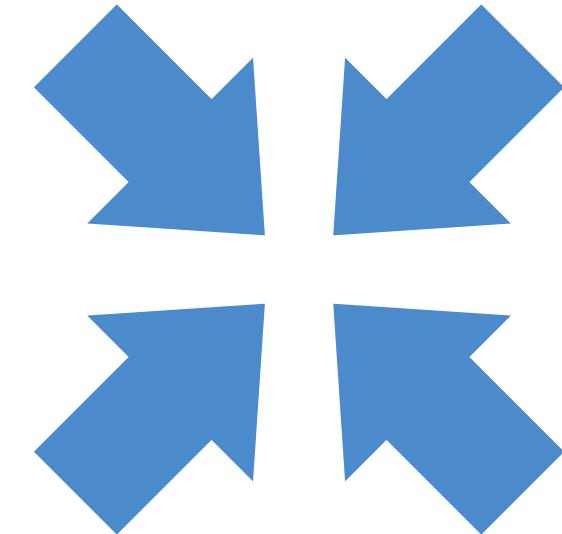
All of us are familiar with this – from the book recommendations served to you on Amazon based on our previous choices, through to the holiday adverts displayed in Google if you mention a particular country in a Gmail. Social media sites – where user profiles provide even richer information about who you are and what interests you, allow even greater targeting of content and advertising.

Personalisation is however far easier when you have data about, say, thousands of search interactions, or hundreds of product transactions to draw

inferences from. For car brands the task is far more daunting: buying a car is an infrequent occurrence with research and consideration conducted over a relatively long time period. Unlike a shopping site only a tiny proportion of the audience on an automotive site will be ‘in market’. Bombarding visitors with ‘calls to action’ may actually be counter productive in the large majority of cases.

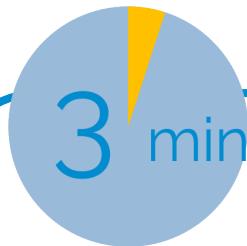
Personalisation therefore needs to rely on ‘Big data’ amassed over time from which patterns of behaviour can be understood to create ‘predictive intelligence’. It becomes possible, when a visitor’s movements are tracked in real time and conform to one of those patterns to serve content that is appropriate or seeks to engage the visitor directly – with perhaps an offer to download a brochure, book a test drive or request a quote. Ideally, the engagement proposed is based on real time online behaviour (for example, the visitor has an above average dwell time on a particular model page and also visited an over-proportionate number of pages within that model section and perhaps configured the model as well). Their behaviour should also conform either to a rigid rule set (for example, the visitor must have viewed the homepage, model page and brochure page), or, alternatively meet conditions set by more flexible digital algorithms.

Sophus3’s ‘Active Engagement’ technology uses



a combination of visitor recognition, real time behaviour as well as an ‘automotive behavioural best practice’ rule set to determine personalised interaction. With sophus3’s growing network of automotive digital partners – automotive publishers and portal sites that capture significant automotive audiences – we have started trialing better in-market cross-site visitor identification. Identifying visitors on OEM sites that have a greater likelihood of being ‘in-market’ for a car, rather than just browsing, is an emerging trend that we expect to strengthen in the year ahead.

OEMs, just like a dealer in a ‘bricks and mortar’ showroom, also try to engage the visitor in the digital space should they appear to be heading for the exit. ‘Active Recovery’ uses a combination of visitor behaviour, visitor profiling and mouse gestures



3

minute interview

Petra Kurutz, Customer Relationship Management, Audi Italy.

What is the main challenge for car brands in achieving a one-on-one relationship with consumers in the digital age?

Looking at interaction today, digital not only gives us far greater possibilities to interact but also to respond a lot faster. However, one-on-one interaction “before digital” allowed the dealer to gain a multitude of information about the customer in addition to what was formally communicated - in terms of what she or he wanted, how trustworthy or up front they are and the real purpose of their contact. Personal contact gave dealers the possibility of interpreting personal reactions transmitted by voice, body language and empathy, signals which were important to better meet the customers’ expectations. Digital contact limits the possibility to identify the person who is getting in touch in an anonymous way. Today, with digital ‘one-to-one’ interaction, that dimension is lost to a large degree. Therein lies one of the key challenges.

Interaction on social media makes the customer more real, however it does not overcome this challenge. While OEMs accumulate a lot of data, there is still a lack of interpretation of this information about what the customer

really wants and what the purpose of his or her interaction is. In addition, the customer expects OEMs to know what they want based on the data they share of themselves. We need more but better data to understand them.

So, in my view, we are not yet at the end of the journey of what constitutes a truly digital one-to-one interaction.

With digital's potential to spread brand awareness both globally and instantly, can and should digital strategy still be driven locally?

In the context of the global nature of brands in the digital era, the overall strategy has to be driven by HQ to ensure a consistency of the brand message across all touch points.

But digital content has to be managed locally to ensure you engage your audience effectively or else the risk is that you lose touch with them and they move to another brand.

With consumers expecting and demanding direct interaction with brands, should the ownership of digital platforms move from marketing to sales?

With digital marketing and sales, neither department alone can own the digital platforms. It is not about ownership but about coordination and effectively bringing together the skills from all the diverse departments with which the customer interacts digitally – from sales to marketing to after sales or service.

This is certainly a challenge – even though digital is perceived as an increasingly important channel, the challenges that drive the need for such a new position or approach are still guaranteed by a well established organizational structure.

In hand with that, targets and KPIs for the digital channel should be set to reflect the range of activities and responsibilities that digital can and should enable.

and velocity to detect exit intent and initiate an interaction to capture attention. Given the significant marketing effort expended in getting a visitor to the site, it is a far more efficient use of resources to make every effort to keep them engaged rather than the cost and uncertainty of hoping to re-engage with them at some future point.

By the end of the decade the idea of being able to ‘screen grab’ a website – like a tourist taking a snapshot of a famous monument – will have become an anomaly. Each visitor will see a different site, stepping into a virtual space that has been built and decorated from the ground upwards, furnished with content that is rendered in the minutest detail according to information about them which has been gathered and shared through thousands of interactions.

We are a long way from that point, but already digital technology combined with ‘big data’ and self learning algorithms, provides visitors with a much more individualized engagement than any human agent could provide.

That ‘human’ dimension remains however through a layer on top of this machine interaction in the form of Live Chat functionality, enabling a genuine one-to-one interaction to support the visit to the digital showroom. OEMs that run such services find visitors engage more as a result. Sophus3’s tracking shows a doubling of the content viewed as a result of live chat interactions and greatly improved completion rates for forms requesting further information or interaction (by a factor of 1.4).

C. Leads, leads, (and more) leads

As well as making their own online technology and processes more effective in engaging with individuals to turn online interaction into sales leads, OEMs are also looking to increase those one-to-one contacts with potential buyers by acquiring leads from third parties. As the car market appears to be gathering pace, many digital departments within the OEMs are being handed growth targets for leads to pass on to their dealer network which can only be met by such lead purchase.

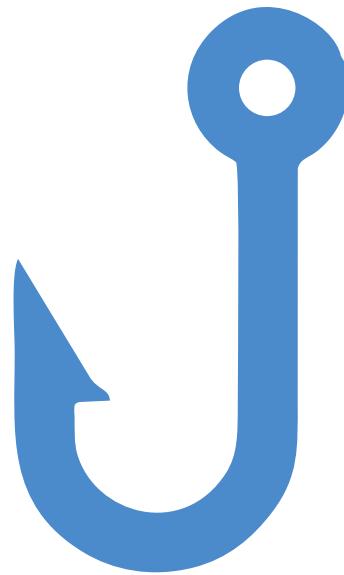
The core business of these lead suppliers is generally content based, providing aggregated review material and/or data through consumer portals, then selling on details of people who have identified themselves as ‘in-market’ car buyers to different brands. As well as obtaining and delivering suitably engaging content, lead generators must also spend heavily on search, online and conventional marketing to gather a suitably large audience of potentially ‘in-market’ visitors. Many lead generators have a head start by either being part of or associated with consumer publishing brands that already have the key ingredients: an audience, a catalogue of relevant content, and, a recognised, hopefully trusted, brand.

Third party sites have grown in popularity with automotive customers because of the growing tendency to comparison shop across brands that we noted earlier, and the belief that these sites



are brand independent and can be trusted to be objective.

For the OEMs there are clear tensions about reliance on using lead generators to sustain their business. In the US, for example, third party sites such as Autotrader, Cars.com and TrueCar may demand up to US\$ 300 for a lead, or charge an expensive subscription per dealer. There are complaints also about the quality of leads and whether they have been properly pre-qualified. In addition a single lead may be sold a number of times over – leading to the unsuspecting potential customer being bombarded with sales calls.



In the US some of the larger dealer groups are making noises about shifting expenditure on lead purchase to further promoting their brands' own online visibility to consumers. For smaller dealers, without digital personnel or skills, this may not be an option.

OEMs will most likely continue with a blend of both their own and third party leads to engage customers where they choose to shop. But there are some obvious areas in which 'good practice' needs to be developed and adhered to.

Wherever those leads come from it is imperative that they are managed and handled efficiently. During 2014 Sophus3 again completed an audit of

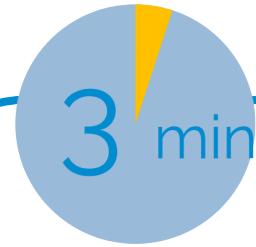
how well car brands responded to their 'engaged' visitors, specifically measuring each brand's response to test drive requests received through its website. Across the Big 5 markets, we found the average response time of OEMs was 12 hours. (Contrast that with the 6 minute response time that some Autonation dealerships demand of their staff in the USA.) Even worse, the study found that in almost 25% of cases, the person requesting a test drive – by our estimates an occurrence in just one of every 1,400 site visits – received no response whatever. Sophus will be publishing a 'refresh' of this study in the near future, but the early indications are that little has improved over the intervening year. OEMs and dealers can hardly complain about the standard or cost of leads if they fail to have the most basic procedures in place to ensure their prompt and efficient follow-up.

A second area for OEMs to address is how they may currently be competing with their own dealers in the same market-place for third-party leads. Coordination is essential in the purchase of leads, and the use of lead aggregation services and technical solutions for complex, multi-channel lead management will become more attractive to OEMs as their outlay in this area increases.

Mystery shopping of third party lead suppliers can test lead quality and ensure satisfaction with the process of qualification as well as checking whether enquirers are being prompted about an interest in multiple brands. But a better way forward is a more cooperative relationship between OEMs and these

third party sites. The Active Engagement+ service that sophus3 has implemented during the last year has enabled a more transparent relationship between the two. It allows OEMs to track visitors seamlessly between their own and third party sites, enabling continuing engagement with an individual in a manner and at a point on their buying journey which both the car brand and the third party site agree is appropriate.





3 minute interview

Marco Marlia, Co-founder & CEO at DriveK.

What is the main challenge for car brands in achieving a one-on-one relationship with consumers in the digital age?

One-on-one marketing has been a myth for years but finally technology is closing the gap to deliver a truly unique personal experience to each potential customer. We have already seen a few examples pioneered by IT companies leveraging the new marketing automation and social CRM tools. Things get far more complicated with a high number of multiple touch points across different channels (and even companies). The main challenge for car brands is to create the right mix of process and technology to maintain the optimal level of customer satisfaction in each touch point without interfering with the daily activities. On average OEMs have quite fragmented information systems, as well as issues in getting data back from the dealer. I see an opportunity for an integration of different information channels under one roof (a direction where many OEMs are heading at the moment). Next step will be the processes and the training of all the OEM and Dealer employees to maintain the

SLA expected from the consumer exposed to an astonishing new customer journey.

With digital's potential to spread brand awareness both globally and instantly, can and should digital strategy still be driven locally?

There has to be a balance between central and local in the definition of digital strategy. As far as systems, technology and global strategy are concerned, the OEMs should probably set a solid set of central guidelines, a playbook that defines the main strategy and all the best practices that can be adopted locally. At the same time I strongly believe that execution has to be local as there are significant cultural differences amongst the various countries which should be considered. The underlying strong hypothesis is that OEMs will significantly improve their IT system to a whole new level to handle this volume of data and extract meaningful information from it. Unfortunately, this process requires years so a backup plan to let local pilots proceed independently could probably drive significant value and success.

With consumers expecting and demanding direct interaction with brands, is or should the ownership of digital platforms move from marketing to sales?

CRM, digital, marketing and sales have struggled up to now to find a balance within the OEMs. I am pretty sure that CRM and digital should not be an IT ownership. Marketing automation and other tools are making the boundaries between marketing and sales very thin so it's difficult to give a short answer. Probably the answer is not to move digital from marketing to sales, but to have marketing and sales working together in a more integrated manner.

D. The move to ‘responsive’ website design

Key to delivering a personalised experience, is delivering web content that meets the needs of the individual in a form that suits the user’s choice of device. Responsive design¹ is a philosophical and technical approach to creating web content that is flexible in its structure and therefore adapts to different device sizes and resolutions. The benefits are that the visitor’s experience is optimised for whatever device they are using and is also consistent across devices. From a web publisher’s perspective, site maintenance is simplified – ending the need to manage parallel assets to serve desktops, tablets, smart TVs and the plethora of different sized mobile screens.

Responsive Web Design (RWD) has been much talked about for a couple of years, but only now are car brands moving to its adoption. That hesitancy is understandable, with the technologies to implement it still in flux, and the size of the ‘changeover’ task daunting for global brands with perhaps thousands of sites to manage.

Volkswagen America led the way with the implementation of a responsive site on vw.com in April of 2014 which follows the emerging structure and aesthetic of responsive design. Whether you visit the site via your PC, tablet or smart TV, the elements scale and align for an optimised



experience. The site has a clean, no-nonsense appearance that contrasts with the user experience on many sites where a multitude of images and different bits of information vie for attention.

Central to the personalised approach is understanding user needs and preferences and matching them to inventory – the model Volkswagen claim to have used here is that of a dating website.²

The ‘Find a match’ page is a different take on the vehicle configurator at the centre of the funnel construction of most websites. The user can filter their search from any starting point: perhaps price or perhaps the colour of the vehicle. The approach is to allow the user to follow their own path, not to impose a linear ‘drill down’ through a sequence of model, body type, engine, transmission, colour and option choices that may well be alien to them.

The vw.com site should be reviewed by anyone in the automotive digital arena as a synthesis of many of the themes explored in this whitepaper. It is a site that seems stripped bare: if you’re not in the market for a new car, there is not a great deal to entertain you. This is a reflection of how the opening up of other social media and online channels for brand and social engagement returns the brand site to a more explicit, and unapologetic, sales function.

1 <http://alistapart.com/article/responsive-web-design/>

2 http://youtu.be/X2OBVwaW_x8

E. Location, location, (and) location

A central dynamic of the Volkswagen US site is its use of location information as the starting point of the visitor's interaction with the brand. The site requests your geographic location explicitly, and if provided, will match you to a local dealer and their vehicle inventory.

This will be a growing area of interest throughout the coming year. Geolocation is a collection of technologies that make it possible to find an individual's location and then engage with them armed with that additional intelligence.

With the majority of smartphones and tablet devices equipped with GPS chips, precise information about the user's location can be explicitly requested. (One of the attractions for marketeers of offering separate on-device 'apps' is that the user may well inadvertently agree to sharing their location when ticking the 'terms and conditions' without fully realising that they are doing so.)

But location data is also implicitly collected for a variety of devices including laptops and desktop computers. IP addresses provide rich location data, even when a user is served them dynamically. The HTML5 specification provides scripting support to identify the access point a user of any device is connected to, which can then be mapped to a database of access point locations. In Europe this

use of 'implicit' location data has long raised privacy concerns: in 2011 Google was forced to destroy records uniquely identifying the location of more than 3 million private wifi routers it had collected in The Netherlands using its 'Street View' vehicles³.

Geolocation is currently being used primarily in retailing to reach customers near the point of sale and to encourage them to visit and buy through sending personalised discounts and offers. 'Geofencing' sets a perimeter around a location (maybe of a number of kilometres or just a few streets) which when crossed triggers the personalised offer.

Whilst this may be relevant to vehicle dealers, equally interesting is the technique of 'geoconquesting' where visits observed to a competitor's premises can generate alerts to engage the individual with counter offers and information.

For the car industry, the near-future promise of the 'connected car' will deliver even richer geolocation data about their own customers to further evolve their marketing and CRM strategies.



³ <http://webwereld.nl/e-commerce/54724-google-buigt-voorb--vernietigt-gesnifte-wifi-data>

F. Mobile is a 'given'

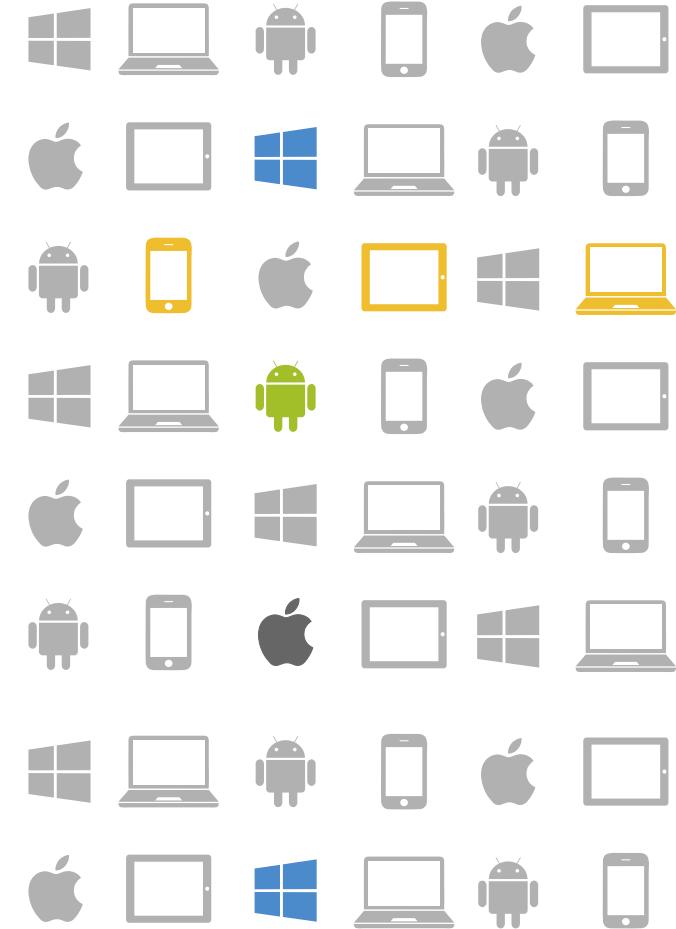
We have been monitoring 'device shift' on car brand sites for the last two years predicting that at a point in the not too distant future the majority of site visitors would be viewing sites through non-standard devices such as smartphones or tablets. Many automotive sites at the beginning of that period had architectural and technical issues which made their sites virtually useless when accessed by small screen devices and mobile operating systems. The vast majority of sites have adapted to these new realities – and problematic technologies have largely been dropped. Most car brand webmasters and webmistresses now appear to test and refine their sites for a whole range of screen sizes and operating systems.

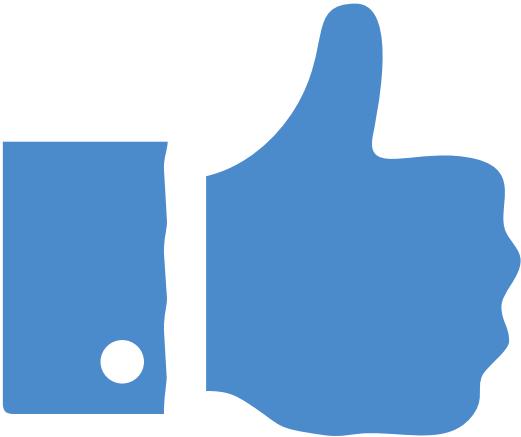
Yet there are still some car brands with sites showing severe technological shortcomings faced by this new reality – one of the top ten largest European car brands for example continues to use flash technology for its configurator nearly 5 years after Apple disabled it for its iPhone and iPad products. Our data suggests that 22% of traffic to EU car brand sites is from an Apple operating system, yet to configure a vehicle on an Apple mobile device on this brand's sites requires the user to pause their browsing, download a separate

application from a third party store, install it, and only then continue their exploration of specific products.

In the third quarter of 2014 we saw the critical tipping point reached for the first time on car brand sites, specifically in France. Over the summer period in that market the majority of visitors to the automotive sites tracked on eDataXchange were using a tablet (18%) or mobile 'phone (33%) and not a standard PC or laptop (49%). The post-PC age had officially arrived! In the year ahead we can only expect that pattern of device use to entrench itself further. (Car brands not seeing that tipping point reached in their own site data, should be concerned that this may be due to shortcomings in the capabilities of their site discouraging repeat visits amongst the majority of visitors using these devices.)

The pressing challenge therefore for those reaching out to consumers on the web is to move from a mindset of 'accommodating' these devices to one that accords them primacy. It is about creating an experience that not just 'works' across all devices, but actually interests and excites site visitors on whatever device they are using.





G. Can we get social right?

After a period of being (over) hyped as a new way for brands to find and connect with audiences, social media is suffering an inevitable backlash amongst many digital analysts and commentators⁴. Our own data (see 'Where they come from' p. 5) might suggest how ineffective current activity in social channels is in encouraging people to engage further with car brands. Commonly we find less than one half of one per cent of visitors to these sites arriving from social media channels.

But the exponents of social media – and it is sad how polarised people have become in this discussion – argue that such measurement misses the point: social media is a distinct 'space' with a distinct audience, it demands a different type of activity from a 'broadcast' model, it is about building long term perceptions of a brand and therefore it is wrong to measure its benefits on a 'last click' model. Brands that are not 'succeeding' in social media – they would argue – are probably engaged in the wrong type of activity and expecting, and measuring, the wrong outcomes.

Considering Facebook has an active reach of 15-27% of over 13 years olds in the big 5 EU

⁴ See for example: Bob Hoffman, "The Golden Age of Bullshit", Advertising Week Europe 2014. http://youtu.be/EyTn_DgfcFE; Professor Mark Ritson, "Why Social Media is Mostly a Waste of Time for marketers".

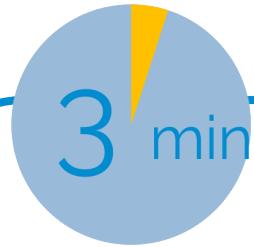
automotive markets and Youtube reaches 24-36% of that same population group⁵, this is a significant new audience for OEMs that is largely separate to their website audience.

The question is not how many of that audience then visits the OEM website, but how do OEMs interact with that audience within this new digital ecosystem where these individuals choose to be? OEMs realise that ignoring them is not an option. Most, if not all OEMs, now have an official Facebook page and Youtube channel. What still varies significantly is how OEMs use social media to interact with people.

Some of the car brands that appear to be the most successful on social media – in terms of volume of 'likes' at least – are ignoring or breaking many of the emerging 'rules' of social media marketing. Some post little but product information on their Facebook pages. These brands operate a 'fire and forget' model with this content, and expend almost no effort in nurturing engagement by responding to the many posts they receive.

In these early days of social media marketing, this 'asocial' stance is perhaps understandable. The premium car brands have spent a generation building an aloof mystique around themselves and their products. They have a huge cumulative

⁵ source: statista 2015



3 minute interview

Georg Schulte, Supervisor Digital Sales Strategy, Mazda Motors Deutschland.

What is the main challenge for car brands in achieving a one-on-one relationship with consumers in the digital age?

This is a relatively new area for OEMs. Other industries have been quicker in developing one-on-one interaction strategies and are further ahead. For OEMs moving faster is an opportunity. But we need to keep in mind that also dealers have to play a key role in the communication processes, even if we are speaking about one-on-one relationships between OEMs and customers.

Having said that, the key challenge, when everyone is talking about 'big data', is not just to track and store the huge amount of data that could be collected, but really to extrapolate that which lets us better understand what the customers really want, then use it to better help the customer interactions across multiple platforms. Ideally this data is accessible by OEMs and dealers at the same time. Right dialogue, with the right person at the right time is for us the key to increasing Sales & Service loyalty.

The explosion of social media is surely instrumental in driving OEMs to rethink their website strategies in terms of providing a personalized experience.

With digital's potential to spread brand awareness both globally and instantly, can and should digital strategy still be driven locally?

Every market, every customer or visitor is different. How to talk with customers varies by market and the relationships customers have with dealers is also market specific. This means that solutions are needed that apply to the requirements of the local customer. However, at the same time, a strong brand needs to be communicated globally, because customers don't only get in touch with a brand in their own market, but in the digitally connected world.

Historically, OEMs' platform management has gone from being centralized to locally driven solutions and now, back to central platforms with the multiplication of channels. OEMs have learnt from that and ideally provide local markets with a customizable digital toolbox – which they can adapt to local requirements.

A key benefit of such a solution are synergies and it is a key challenge for OEMs to communicate those to the markets. In that sense, 'central' becomes much more of an internal consultancy or service provider to the markets.

With consumers expecting and demanding direct interaction with brands, should the ownership of digital platforms move from marketing to sales?

The ownership of digital platforms by either Sales or Marketing does not determine its success. Most important is the coordinated work across departments (including the Service department and IT) as well as the dealers, who play a key role in the customer journey and digital sales process.

But it is more likely that OEMs will need to develop organizational structures for digital where all involved parties are integrated. As more OEMs develop their digital strategies across more platforms, like other OEM's future retail strategies for instance, organizational structure of digital will be driven by the nature of the digital customer experience rather than departmental separation.

investment in this and are understandably nervous of ‘getting down and social’, perhaps compromising their desirability by looking like an embarrassing older relation ‘dad dancing’ at a wedding.

However these brands may have to reconsider their strategy, particularly on Facebook. Recent changes mean that ‘liked’ posts considered to have too much of a promotional slant – rather than telling a story – will be demoted in users’ newsfeeds. This makes it difficult for brands to run ‘flat’ product based campaigns that will have any visibility. This change was driven by Facebook’s own research that found its audience resistant to and negative about the intrusion of this type of content.

Instead, Facebook is trying to make possible other interactions with business pages, introducing additional call-to-action functionalities, such as Shop Now, Sign Up, Book Now, and Contact Us.

Jaguar UK’s XE launch campaign is an example of an automotive brand using facebook in a far more sophisticated way than posting some ‘stuff’ in the hope of harvesting an increase in ultimately inconsequential ‘likes’. Jaguar utilised facebook’s ‘partnering categories’ to carefully target facebook users with characteristics that would make them potentially interested in the brand’s new entry level executive saloon. As well as raising awareness of the brand and its new product, the objective of

the campaign was to generate leads. In both areas Jaguar claimed success, doubling lead volumes whilst reducing the cost per lead compared to more traditional targeted email campaigns. Jaguar also had the greatest increase in Facebook ‘likes’ of any car brand in the UK during 2014.

The Social media channel where car brands are currently most comfortable is clearly YouTube. This is not surprising as car brands are generally very adept at producing filmic content of a short duration which can be, by turns, adrenalising, comedic, bathetic, enlightening, or simply intriguing.

YouTube is fast becoming one of the most influential channels for automotive brands. For example, BMW was recently measured by Octoly to have the largest percentage worldwide of YouTube views of any automotive manufacturer with 4.6 billion all time views⁶. Only 9.9% of those are on BMW owned channels with over 90% on earned media, that is videos hosted on channels not owned or managed by BMW. Audience numbers this big on social media dwarf OEM website audiences many times over strengthening the arguments for OEM social media investment.

eDataXchange benchmarking of automotive Facebook pages shows that engagement to a posted

video is on average six times the engagement of a status update. Videos on Facebook receive a significantly greater proportion of ‘shares’ than other posts: the best type of advocacy a post can receive from its audience.



⁶ <http://www.slideshare.net/octoly/infographic-44573123>

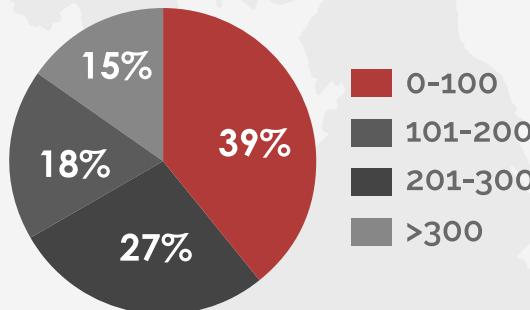
YouTube in Numbers

UK Automotive Manufacturers
& YouTube in 2014

33 YouTube

Channels

Dedicated to Car Manufacturers



Average number of Videos Online

credit: David McGuinness



232K
Total Subscribers

+58%
vs 2013

7K
Videos

Online

+29%



83 Million
Total Video Views

x65%
Views vs 2013

Conclusions

The challenge for OEMs in 2015 is to reconcile a brand message designed for broadcast mediums with one that works within rapid, highly personal and/or individual digital interactions.

Analytically, a major difficulty lies in assigning ‘fractional attribution’ – working out the value of each ‘bit’ in winning customers across all of the different channels now being exploited.

Operationally, the apparatus of marketing, digital and sales departments may need rethinking so that staff within the OEMs can work together in encouraging and following through with one-on-one digital customer interactions.

A decade ago eDataXchange was set up to help automotive OEMs understand the performance of their website within their wider marketing strategy and to objectively benchmark its performance.

Today, with a paradigm shift to ever increasing personalisation coupled with the explosion of social media, the core aim of eDX remains the same: to benchmark digital performance. But this inevitably

means looking at all the digital channels OEMs use and invest in. As we move forward, an expanded eDX will therefore benchmark the automotive social media channels most used by OEMs – for now, Facebook, Youtube and Twitter. As the digital landscape evolves further, we will remain committed to adapting to the pace of change and to continue to deliver understanding and value to participants in the project.

We expect the themes highlighted in this review to remain critical to car brands for the remainder of this decade as the application of ‘Big data’ and machine driven individualization reach more maturity, and the ‘Internet of (connected) cars’ increases exponentially the data assets OEMs will need to analyze.

For Sophus3, this means, as it has in the last decade, growing and sharing industry best practice as well as insights to help OEM’s objectively analyze, understand, navigate and optimize their digital performance across all platforms.

Notes

www.sophus3.com