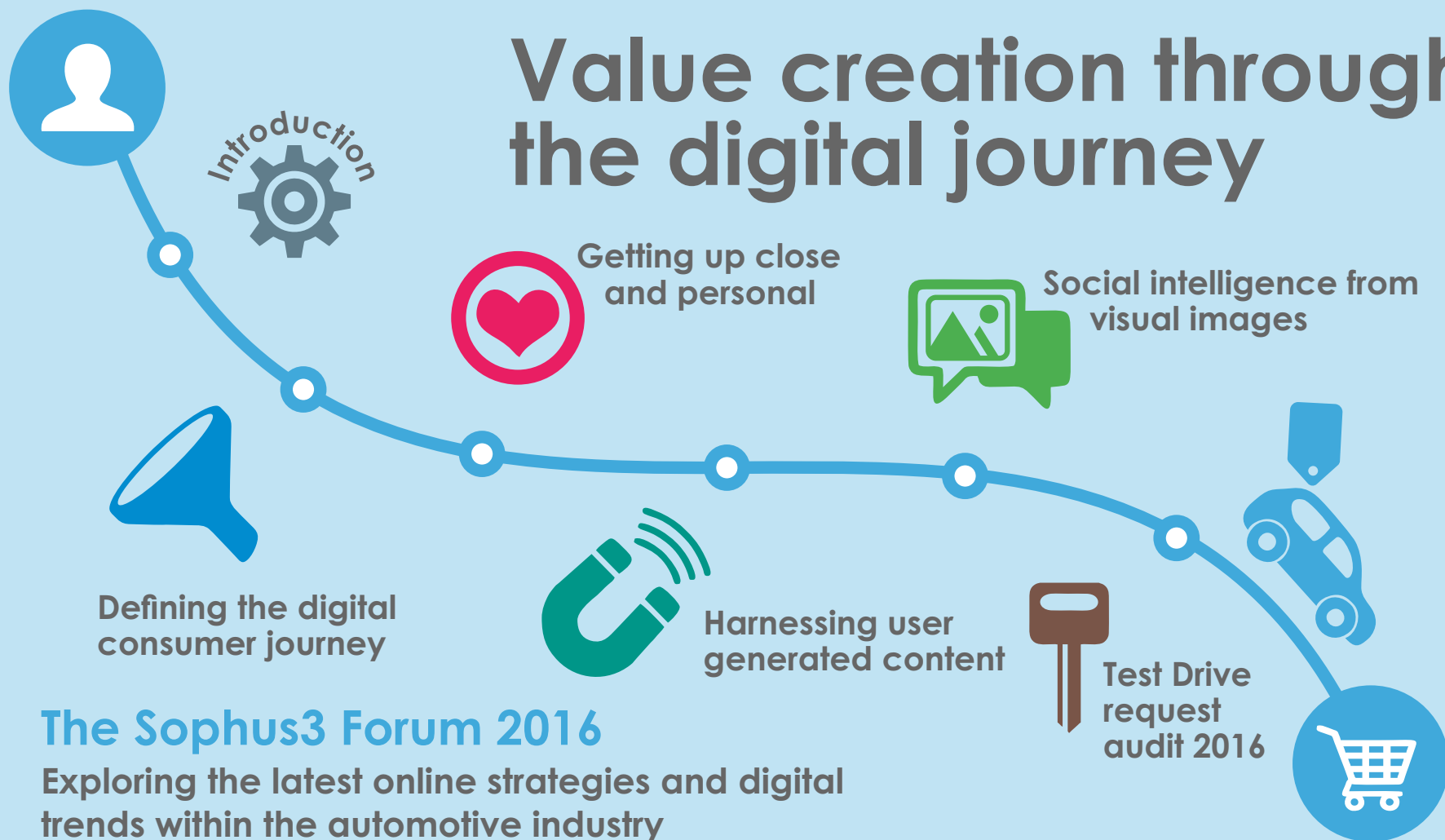


Value creation through the digital journey



The Sophus3 Forum 2016

Exploring the latest online strategies and digital trends within the automotive industry



The Sophus3 forum 2016 was held on 9th March at the Blue Fin Building, Southwark, London.

The event welcomed over 100 marketing executives representing 25 automotive brands who travelled from across the UK, Europe and as far afield as Japan.

This whitepaper summarises some of the key contributions to the event.



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Introduction / positioning

The eDataXchange project is a unique collaboration between automotive brands through which they share detailed data about their digital performance...

At a time when the world seems to be moving in the direction of separation rather than cooperation, the spirit of openness and the willingness to share information and knowledge is perhaps surprising. Particularly so when you consider how resolutely competitive the automotive OEMs remain in most other contexts.

Yet the reasons for their participation in eDataXchange are clear: the insights created and the advances in the understanding of the online consumer's behaviour, assist each OEM's progress in the still emerging digital age to their benefit as well as, ultimately, that of their customers.

eDataXchange (eDX) allows each participant to look beyond the vertical confines of their own analytic practice and to scan horizontally across the competitive terrain, so as to understand and benchmark their performance against the performance of other brands. Without this capability, the basic but fundamental question remains unanswered: "are measurable changes to my own performance exceptional or mundane in the context of the whole?"

The eDX Forum is the annual coming together of digital and marketing executives from the participating OEMs and their agencies, to share their own digital insights and best practice as well as to hear from experts in parallel fields about relevant developments. This issue brings together the trends and themes discussed at the

2016 forum, condensing some of the insights for those who were unable to attend what turned out to be a fully-booked event.

The focus of this year's forum was the car buyer's online journey. The first contribution, from the sophus3 team, seeks to define that journey: it is effectively a distillation of what we know from the millions of digital interactions the project records and analyses. The data confirms the speed and impatience of the online consumer and the need for car brands to perfect their reactivity to identify and engage with the small minority of their audience who are actually 'in-market' for a car.

The contributions that follow point to how car brands are making use of such knowledge. Carol Wolrich described how Honda are segmenting their audience in real-time to deliver the most suitable video content to each visitor, producing huge efficiencies in the brand's customer acquisition. Richard Anson outlines how forward thinking manufacturers such as Mazda and Vauxhall, rather than fearing the power of consumers' comments are utilising this content to engage with their audience and assist them in their own individual journeys.

As social media takes on an increasing role in online research – as a platform for discussion and as a repository of opinion – Giuseppe Polimeno points to the challenges car brands face in understanding consumer perceptions when

social media discourse is increasingly moving to the non-verbal exchange of visual imagery.

Finally, our audit of car brands' effectiveness in generating and responding to online leads provides a measure of the tangible improvements each is achieving as they hone their understanding of the car buyer's journey and extend their digital and operational capabilities to respond.

Looking ahead, we see a great deal of uncertainty. At the macroeconomic level there are many causes for concern; the current health of the European car market is far from assured. The industry itself faces major challenges to its integrity following successive revelations over emissions standards. The technological framework is being shaken up by the resultant questioning of powertrains, and longer term, by autonomous technologies and the possibility of new, disruptive entrants into the mobility market. Whatever the future brings, what is certain is that change has to be embraced. eDataXchange will continue to be a place where we share not only data, but knowledge and ideas to assist participants' mastery of that change.

Tania Hodgkinson

Project leader, eDataXchange.
June 2016

1



Defining the Digital Consumer Journey

(and identifying the 1% of your website audience that really wants to buy a car!)

Scott Gairns & Tania Hodgkinson, Sophus3

In a typical month in the UK we see as many as 315 Million automotive consumers visit car brand websites and their dedicated YouTube channels and Facebook pages. For the 'Big 5' European car markets as a whole, this audience of automotive consumers is approaching 935 million. These figures do not include the many visitors to other consumer digital channels offering automotive content.

With only 0.06% of those visiting a car brand channel actually buying a car within that month, it really is a very large haystack within which to find those hot prospects. Even if we confine ourselves to the brand's own websites – as this is where purchase engagement mainly happens – we are still looking at 20 million monthly visits in the UK alone, from which only 1% will equate to a car purchase in the near future.

Analysing and understanding the digital consumer journey enables car brands to segment their audience to more clearly identify those who are really in the purchase process so as to ensure they are served the best engagement experience possible. Consumers today have the power of choice and knowledge: if they are dissatisfied, they will quickly move on to a competitor.

It is clear that a brand has to get the interaction right the first time a visitor comes to the site. Our UK-wide analysis of automotive OEM and consumer publisher websites, shows only

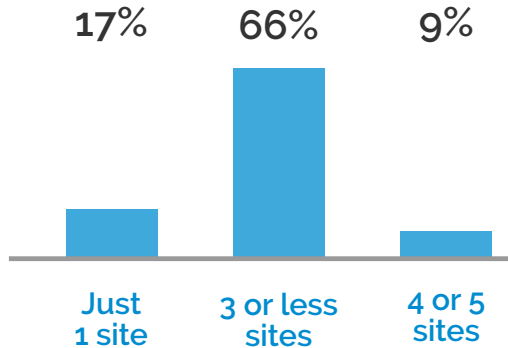
1. Average number of visits made by Visitors to each site section



53% of those who complete a test drive request actually started their journey on that brand site. In fact, a strong indicator of a visitor's engagement is whether they come back. As the graph above shows, the further down 'the funnel' a visitor is, the more often they return to the site. On average, a visitor who completed a test drive request on a UK car brand site has returned more than twice as often as someone who just visits a car's model page.

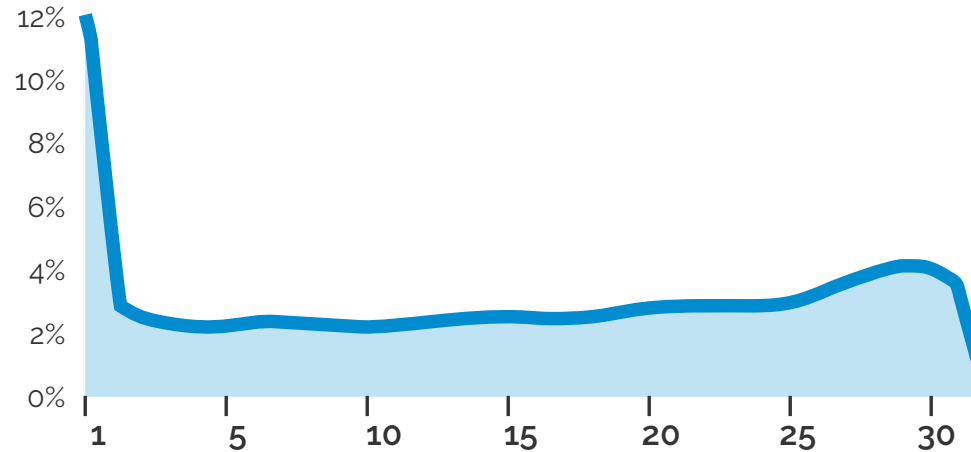
Consumers increasingly shop around with the vast majority visiting three or less OEM sites on their journey (see figure 2 over page). Loyalty and predictability are eroding and we see that consumers don't visit the 'expected' competitors. Over 40% of visitors to a model on one brand's website will also visit a model on another brand's site which is in an entirely different vehicle segment.

2. No. of sites accessed by visitors (1 month window)



The average consumer journey is brutally short. The time elapsed between a first visit to a car brand site and the final completion of a test drive request, even with interim visits to other brand and publisher sites, is now on average just 1.3 days (see figure 3, right). With the majority of visitors engaging with OEM websites outside of office hours, OEMs cannot afford to wait and hope for visitors to return. Car brands must be proactive.

3. Distribution of online journey length in days (from first site visit, to completed test drive request)



The duration of individual sites visits is correspondingly brief, the average visit lasts just 3 minutes and 31 seconds – not long for a brand to engage with a potential customer and convince them to consider their products and ‘offer’.

4. Average visit duration on car brand websites

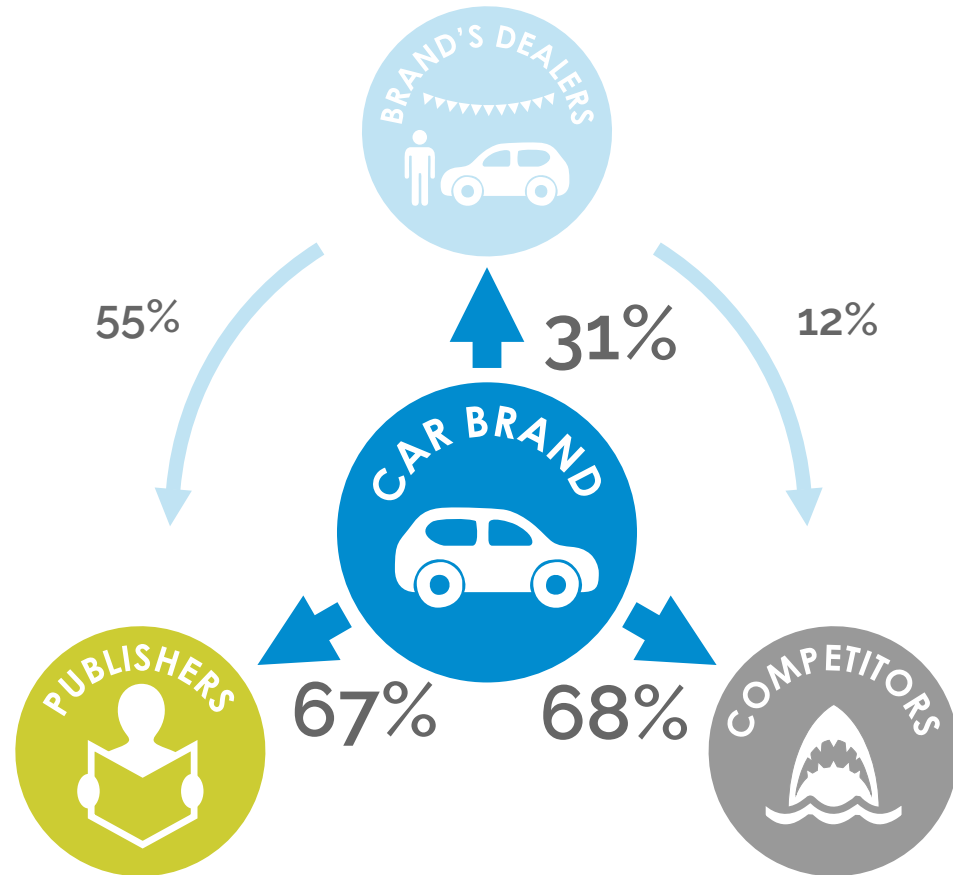


The role automotive consumer publisher websites play within the digital consumer journey is something sophus3 is exploring intensively. In partnership with major publishers — including Dennis, Haymarket, Bauer and Auto Trader — we are working collaboratively to analyse the impact publisher websites have on the behaviour of in-market consumers. By extending the tracking model of eDataXchange to these publishers, sophus3 has been able to produce an overarching map of the typical consumer journey across OEM and publisher sites.

The graphic (*see right*) shows the typical overlap of visitors between auto brand sites, publisher sites, and also franchised dealer sites. It clearly shows the quantity and variety of research that is at the heart of the consumers' consideration process.

This wider perspective has enabled sophus3 to understand the specific behavioural patterns of those in-market consumers through tracking the intense phase of visits to multiple auto brand sites, and the crossover to publisher sites to access car reviews and price comparison information. Through this the eDataXchange project is now in a position to more accurately identify, through their behaviour, that percentage of overall automotive consumers that are in market for a car at a given time in the UK and, by extension, what percentage of visitors to an individual brand's site are 'in-market' in that period.

5. Percentage of visitors to car brand sites who visit other destinations



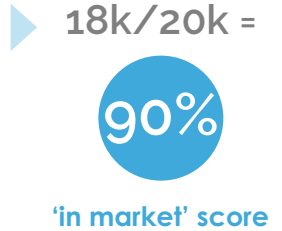
Note: Arrows indicate share of audience visiting other destinations, those visits may take place *before or after* a visit to the primary destination.

Effectively this enables a brand to measure what is probably the most important metric of its performance, the 'in-market score'. The in market score is the number of vehicle registrations achieved by the brand, divided by the number of in-market visitors to the brands consumer website (identified by the journeys and behaviours described). Essentially, it is a highly clinical measure of a brand's effectiveness in converting all of its potential customers into actual ones, and therefore how effective their digital showroom is in supporting the businesses' bottom line. Despite premium brands expanding their range to include models that are aimed at the volume segment, it appears that they still have a very large proportion of aspirational traffic. This is reflected by their lower than average in-market visitor score.

Sophus3 measures the in-market score using a 3 months rolling average to smooth out seasonality effects and the time-lag between online activity and the final appearance of the vehicle in registration statistics. The score is being formally introduced within a new addition to the eDX reporting family – the Management Market Overview. This is aimed at business managers within the OEMs who, whilst understanding digital activity is crucial, are more concerned with the business impact of 'digital' rather than qualitative aspects. Sophus3 is piloting these new metrics with selected eDX participants with a view to rolling out to all full members after the test period. ■

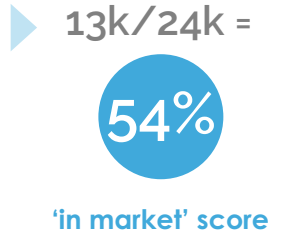
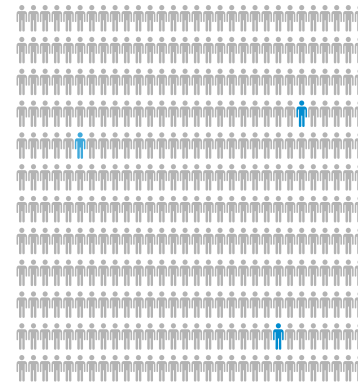
6. Calculating and comparing 'In-Market' Score

Brand A: 662k site visits



- Brand A's challenges**
- increase volume of visits
 - improve proportion of 'in-market' visitors within audience

Brand B: 763k site visits



- Brand B's challenges**
- improve conversion of 'in-market' visitors

2



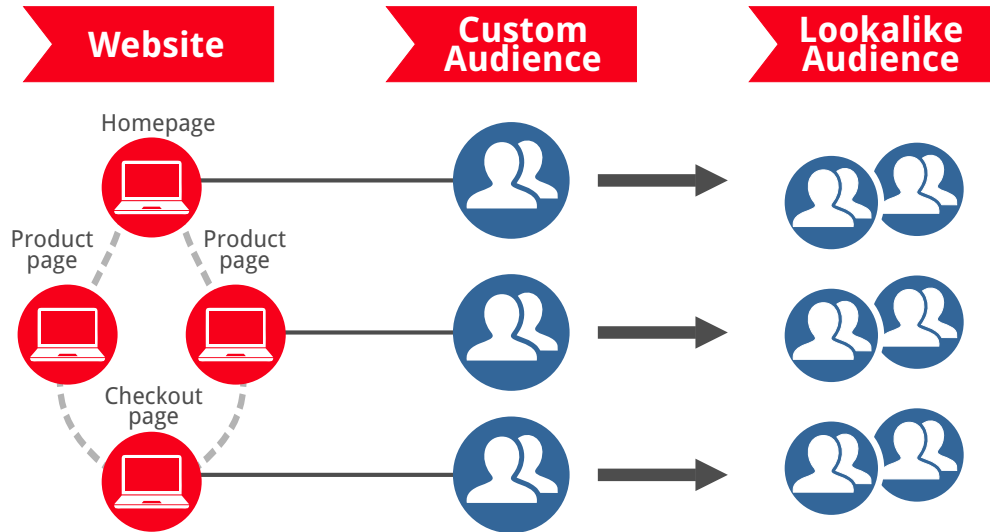
Getting up close and personal

How Honda has succeeded through delivering personalised AV content

[Carol Wolrich](#), former Interim Head of Marketing, Honda UK

One of the key challenges for any automotive brand is to lead people through the customer journey as quickly as possible without being distracted by other brands. With the majority of the decision process taking place online and not in dealerships, this means winning the battle by taking people through a personalised online journey. It's not enough to just show them brand or product brand films, it's about moving beyond traditional automotive communications and talking to them about the things that matter to them personally at the time when they're interested.

Given AV is the big lever that pulls brand desire, we used research to match the needs of our audience to our product benefits, then created a range of mini product videos focusing on these benefits. The potential to become truly personalised is immense, limited only by the size of the production budget. For example, people could be looking for a car such as a CR-V with a large boot space for a number of reasons. They may be heavy DIY-ers or parents with baby buggies and equip-



ment; surfers or double bass players. The list goes on and on. Given time and money it's possible to create a number of variations of the same product video which reflect these needs.

Taking an initial customer segmentation based on insights from econometrics, our database and other sources, we then created lookalike audiences using Axiom Audience profiling, Facebook

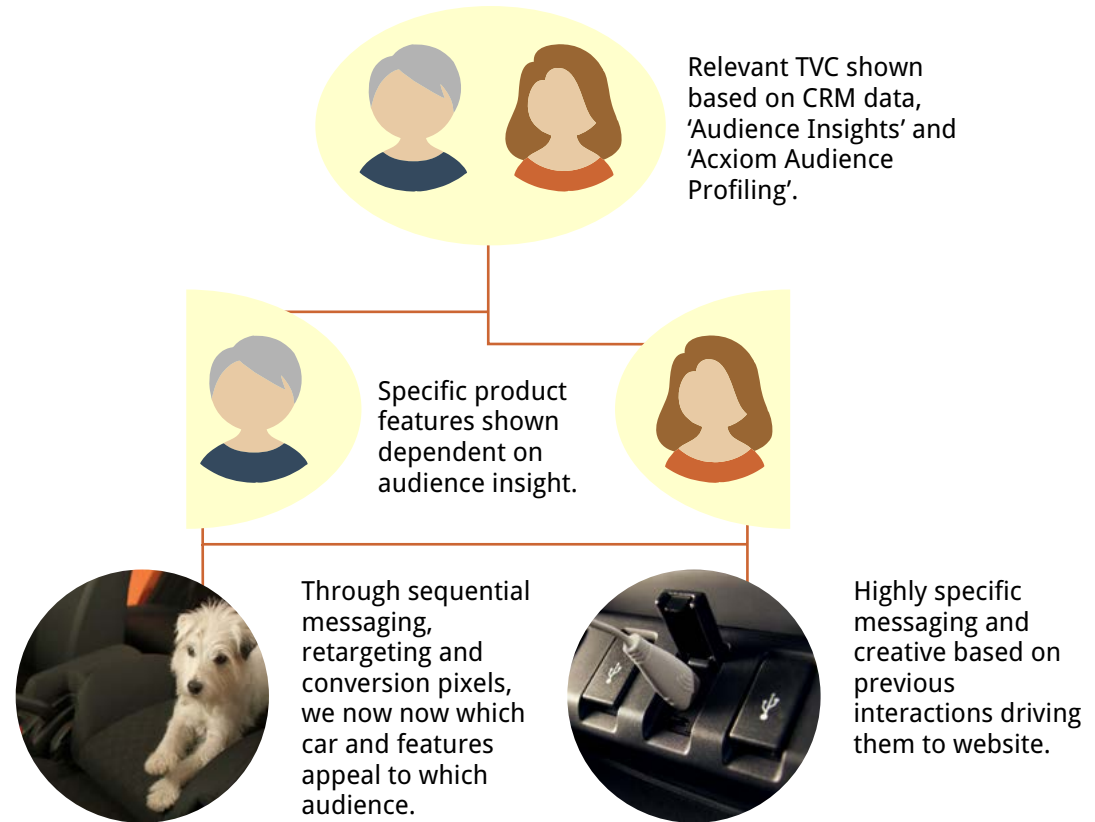
audience insights and online behaviour.

While the customer is shown a sequence of brand/product film, then product benefits followed by tactical offers, their journey through that sequence isn't identical. What people are served depends on what they are doing, where they are spending time online, what they're talking about and their response to the videos.

Our CR-V audience who enjoy activities with equipment such as biking or camping, those moving home or those who enjoy DIY would be shown videos about magic seats (space). By contrast, business people on the road with work, techy people, early adopters or women with children under 10 (who need entertaining in the car) would be shown the connect screen video.

Segmenting and retargeting the audience continues to be a real time iterative process as people respond to communications with behaviour driving what people are shown whether that be specific product benefit video or actual model. If a customer visits the website by clicking on one model video but spends all their time looking at another, we would then change which model we show them.

The benefits of creating a personalised journey were clearly demonstrated in results with cost per acquisition falling to -62% below industry benchmarks. ■



3



Anthropology and what it means for car makers

How innovative car brands are harnessing user generated content within the vehicle buying journey.

[Richard Anson](#), Founder at Reevo

Car makers: there's good news and bad news. The bad news first – trust in your brands is low. Incidents like the Volkswagen emissions scandal (among others) have taken care of that. Research that Reevoo commissioned in 2015 revealed that 36% of people trust car manufacturers less than the previous year. 85% of those said it was a direct result of the emissions scandal.

The silver lining? – human nature. In confused times, people turn to each other. We're seeing that across all industries at the moment with 'recommendations from people I know' and 'consumer opinions posted online' the two most trusted types of earned media – more than editorial content. This shift has led to an explosion of user-generated content (UGC).

UGC has been on the rise for about ten years. It started with customer reviews and social media, and has taken a little while for most industries to jump on board, both culturally and technologically. Rather than being outsiders observing this development, clever brands in the automotive industry are beginning to join and even host those conversations by collect-

ing and displaying user-generated content on their own channels, using it to speed up and support the entire car buying process.

Vauxhall is an example of a brand that uses UGC at different stages of the customer journey. Once someone decides they need to buy a new car, a long and messy journey begins. Vauxhall manages to put an interesting theme through many touch

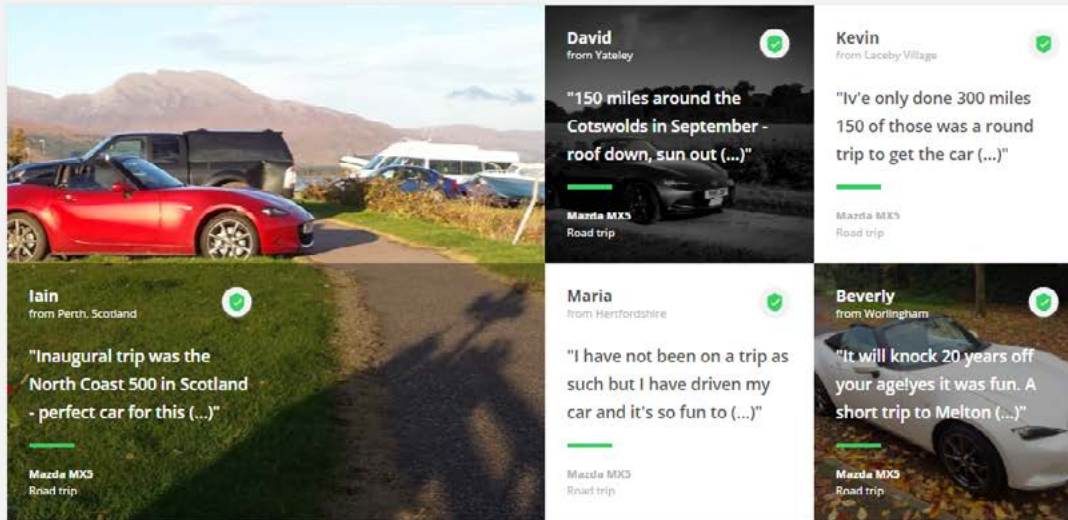
points by using UGC.

The brand runs a question & answer engine on its site. It is full of real questions from curious and engaged potential buyers, which are answered by owners of the vehicle in question. But it's where Vauxhall goes further with this content that the real magic is unlocked.

For example while doing some initial research, a car buyer might run into [this](#)▼.



We asked owners about their road trip



It's written in real, natural language. It's answering common questions without the brand seeming like it's giving it their spin. This is how to do modern marketing.

Post purchase, car brands are increasingly looking for ways of driving loyalty. This is where the collection of the content is just as important as the display.

Mazda is trying a new method of content collection, this time around a theme. The brand wanted some 'inspirational' content around the theme of a road trip. UGC

would obviously do that job, but rather than crawl social media to try and find photos of drivers on road trips, Mazda called upon its customer base to contribute content.

The brand asked some of its customers to submit content via email. Find some of that content [here](#). It's inspirational for the people viewing, but Mazda is also re-engaging existing customers in a way that ignites passion – churning out customer advocates who are delighted to talk about

something more interesting than just after-sales service.

Customers trust each other – we know this. The uplift in conversions that happens when you put verified reviews on a webpage proves it. But it's when you go beyond that, and use UGC as the through line in your entire purchase journey, that we start seeing real transformation.

The consumer demands a seamless experience – let's give them a human one also. ■

4



Social intelligence from visual content

The challenges and value of analysing visual social media content.

[Giuseppe Polimeno](#), Head of Auto Insights, Pulsar

Smartphones have made cameras ubiquitous, and social media has had a multiplier effect: over 1.8bn images are posted online every day. Indeed, images are the prevalent language on social media; accounting for 63% of mobile data usage on social networks (with text-only posts making up just 5%).

Whereas pictures were previously a neat visual side dish to a wordy Facebook status or a Tweet, they are now the main course – with text reduced to an ancillary as a condensed caption providing added context.

Given the decreasing prominence of text within an image, merely extracting the words from the picture and analysing the entire post based on this is no longer sufficient. This is especially so given the prominence of emojis and ironic hashtags. Therefore analysing the image itself has become paramount.

Pulsar Vision collects and analyses images from Instagram, Twitter, Tumblr, Flickr and other visual channels; instantly tagging them with what our image-recognition software believes to be the subject of the picture.



nature sky



building arc de triomphe

This can be as generic as “nature” or “sky” ▲, or as specific as “Arc de Triomphe” ▲

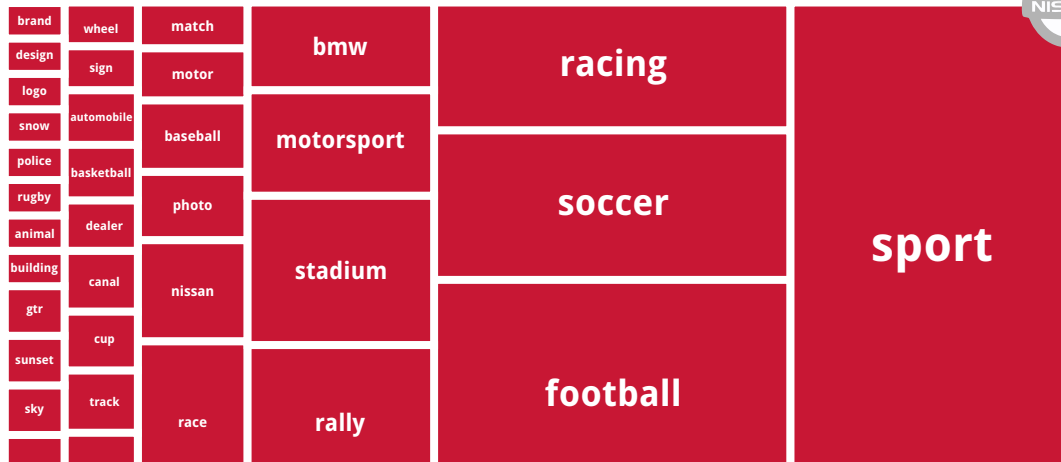
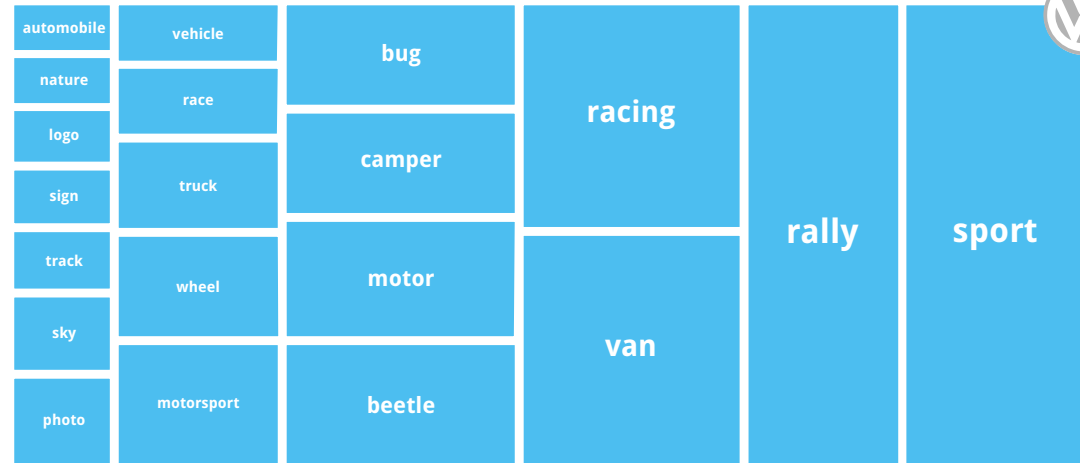


zombie dog

(Naturally there are challenges, as illustrated by this octopus being tagged as a zombie or dog!) ►



One look at the treemap of social media visual content for Volkswagen shows this capability to recognise VW models: “van”, “beetle”, “camper”, and “bug”. In so doing it reveals to the brand the ‘visual DNA’ of the appeal of its model range, and how prominent ‘retro’ models are in creating online excitement. ▶

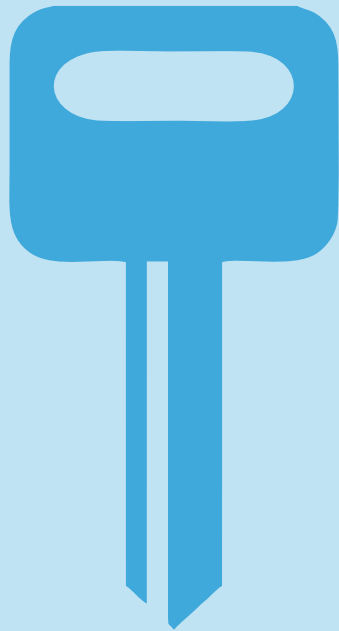


◀ By contrast, with Nissan, we can see a strong presence of sport, especially football, arising from the brand’s sponsorship of the UEFA Champions League, underlining the high level of association since the partnership began.

‘Visual’ is of great importance to car brands, and this type of image analysis enables the creation of instant mood boards and provides insights for ideas, campaigns and events that can shape their creative strategy.

Pulsar’s automotive tracker provides analytics and insights into social media performance. Find out more at pulsarplatform.com/#studies/Automotive. You can contact Giuseppe at giuseppe.polimeno@pulsarplatform.com

5



Test Drive Request audit: 2016 edition

An audit of car brand's effectiveness in generating and responding to online leads shows huge variations in performance.

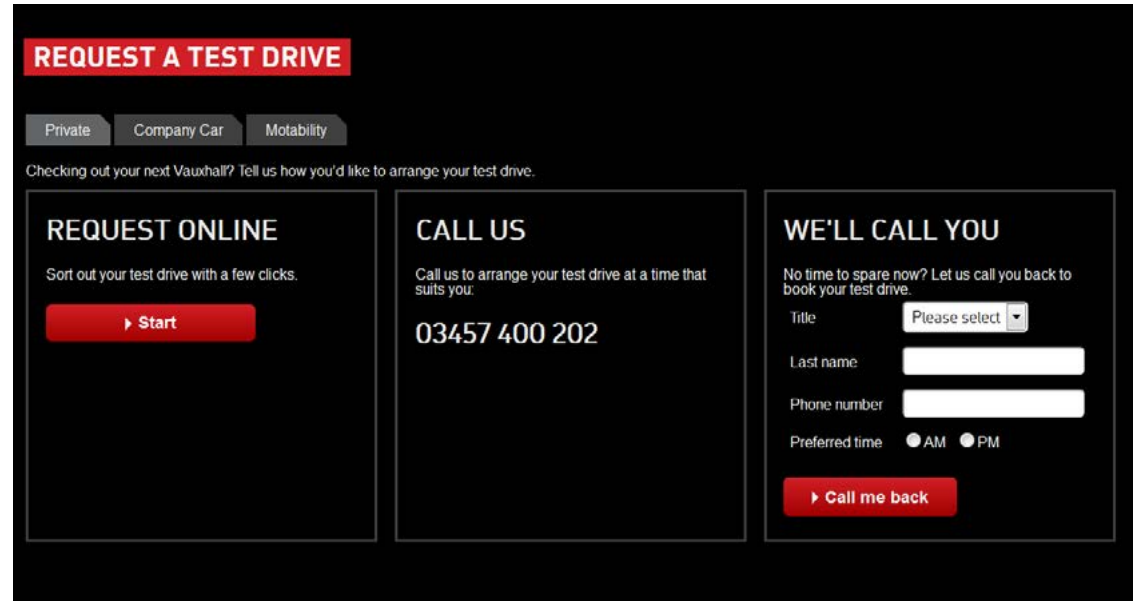
Marcus Hodgkinson, Chair, Sophus3

The test drive request page is probably the key destination that a car brand web site is seeking to funnel visitors towards. Completion of a test drive request by a site visitor turns them from an anonymous entity into an individually identified ‘prospect’ and begins the transition from their virtual engagement with the brand to an actual relationship with a dealer and a physical encounter with the brand’s products.

We know that very few visitors to car brand websites are in the market for a car, and fewer still will have refined their choices to the point where they want to ‘try before they buy’. But that tiny minority are the visitors most likely to be tentatively considering a test drive. If they do commit to this vital next step, then their experience and the reaction from the brand needs to be as frictionless as possible.

Since 2009 sophus3 has reviewed annually the online test drive request processes of car brands to rank their capabilities and responsiveness. The audit gauges each brand’s performance in two areas.

Firstly it looks at the online processes to capture a test drive request. Currently the key interaction is through an online form in which contact details and potentially other information – such as vehicle preference and possible dates for a test – are entered. Ideally the form should make the submission of the request as simple and rapid as possible.



The second capability we measure is the response of the brands once the request is submitted. In the online world consumer expectation is moving towards a near instant response to any request for information. The sophus3 audit measures precisely how close each brand is to meeting such demands.

The method followed to measure performance is relatively simple, but executed with an exactitude to generate credible benchmarks across brands and markets.

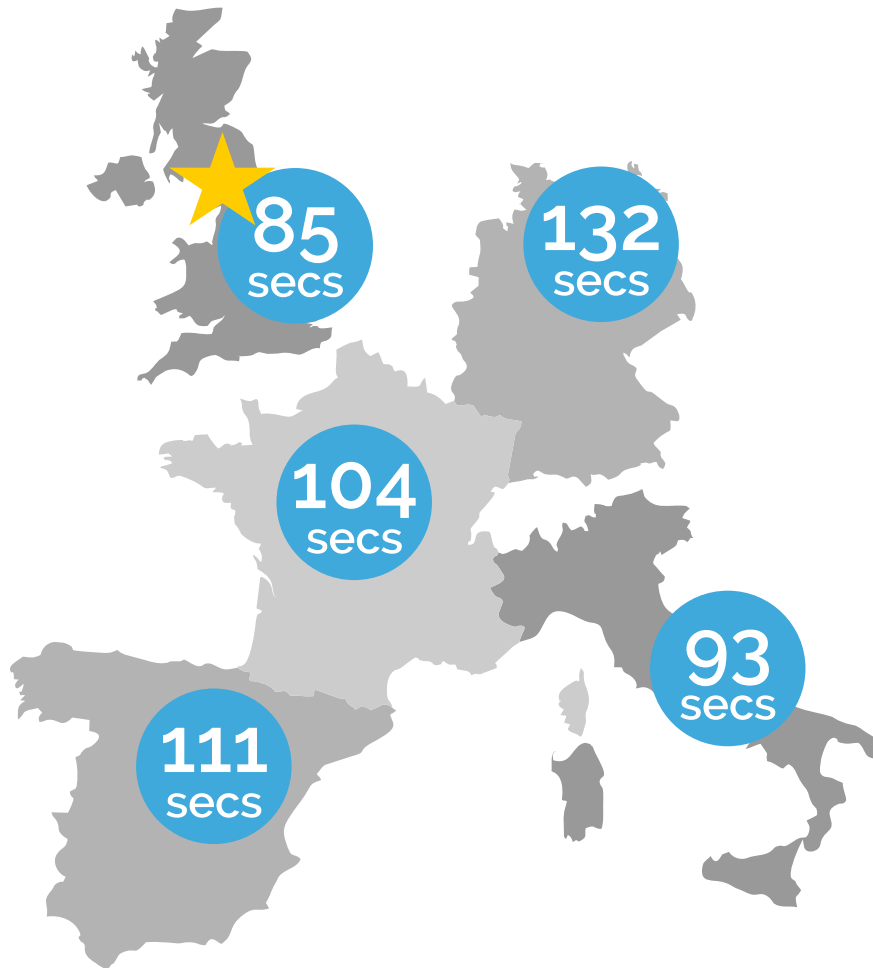
The first stage is for our test team to complete the test drive request process on each brand

site. In all, ten requests are submitted to each brand in each market. The requests are spread over different days and times. Where location is requested (to map a request to a specific dealer) then a spread of locations are utilised. Each request is timed from start to completion, with a mean value assigned to each brand.

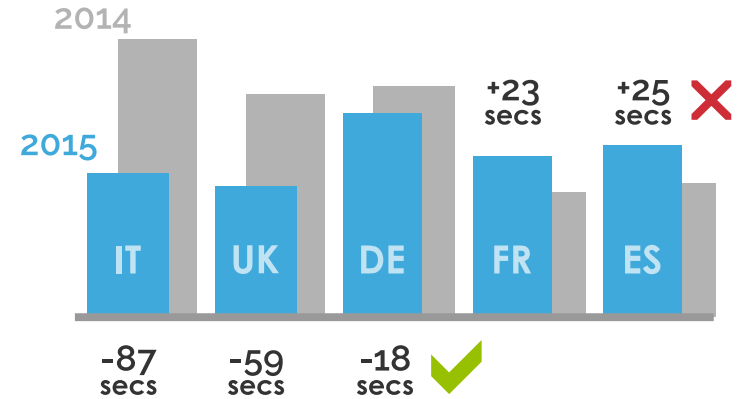
The response time of the brand to each request is again measured and an average assigned. If more than three requests are not responded to, then the brand is disqualified from the results.

The findings of our latest audit are described in the following pages:

1. Time required to complete test drive request form



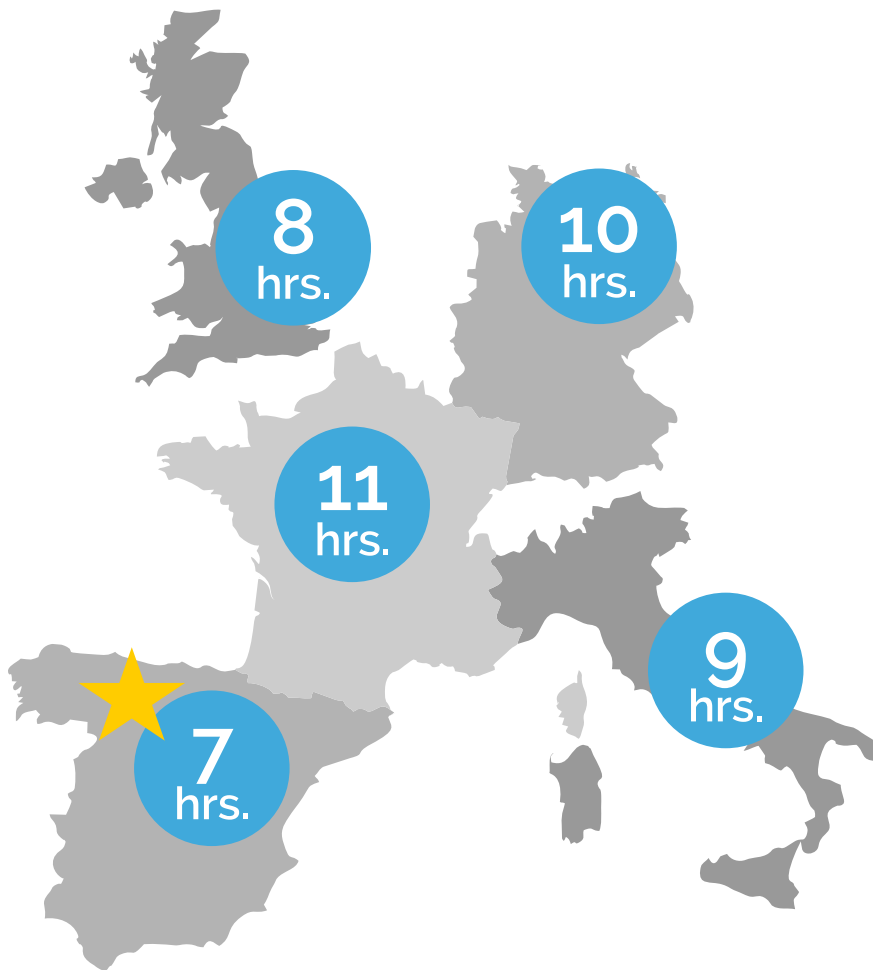
Improvements / changes over 2014



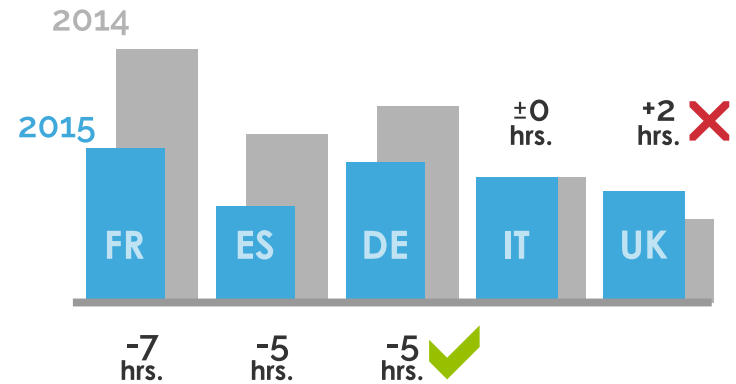
The form completion times (Figure 1, left) show mixed results for the Big 5 markets. Whilst three markets improved in the average time needed to submit a request, two markets, France and Spain actually slipped back from last year. Whilst brands in Germany improved they remain some way behind with forms that on average take over two minutes to complete.

Lengthy forms are no longer viable as the majority of visits move to mobile devices. Many brands need to consider their approach to their request forms which often seem designed to be a test of the seriousness of the consumer’s intent. On a mobile device frustrated visitors will just move on. Surely it is much better to capture a lead through a succinct interaction then qualify it later, rather than risk losing that interest altogether?

2. Time taken for brands to respond to a test drive request



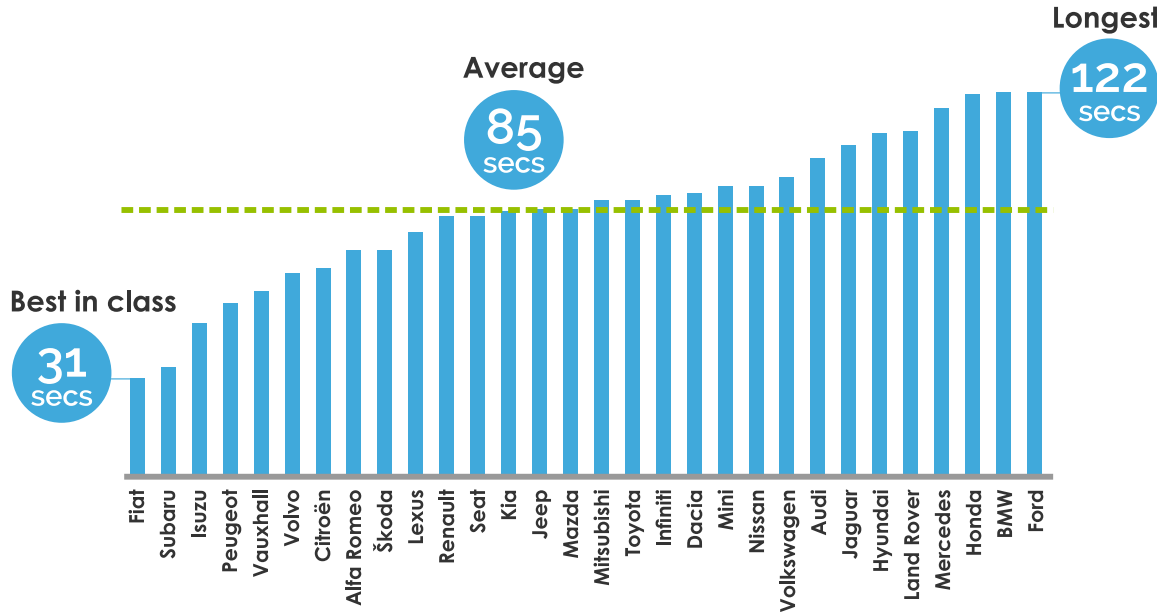
Improvements / changes over 2014



It is in the area of a brand’s responsiveness to a test drive request that we are seeing the biggest improvement in this year’s survey. Nine years ago many brands failed our audit by simply failing to respond to requests at all. This year only one brand was ‘disqualified’ for a lack of response. Brands in France, Germany and Spain all made huge improvements to their average response time.

Delivering in this area is about much more than encouraging or incentivising individual attentiveness within an organisation. The first step is a clearly structured process and assignment of responsibility to ensure that requests are directed to the right place, and followed up on. The variation between brands suggests many still have ‘digital in-trays’ where these requests languish with little sense of a need for an urgent response.

3. Detail: Test drive request form completion times in UK



The breakdown of performance by the individual brands in the UK shows that the form completion time has improved across the board. In particular the 'laggards' have contributed most to the big improvement in the average completion time, with the form that took longest to complete boasting a more than 3 minute improvement over the equivalent time last year. It is also worth noting that the form in the UK that took longest to fill in was still quicker than the average time taken to complete a form in Germany.

Most impressive however is the performance of the class leaders with form completion times now approaching just half a minute. These provide a challenging benchmark for other brands to aspire to in the year ahead.

Improvements / changes over 2014

Best in class 2014



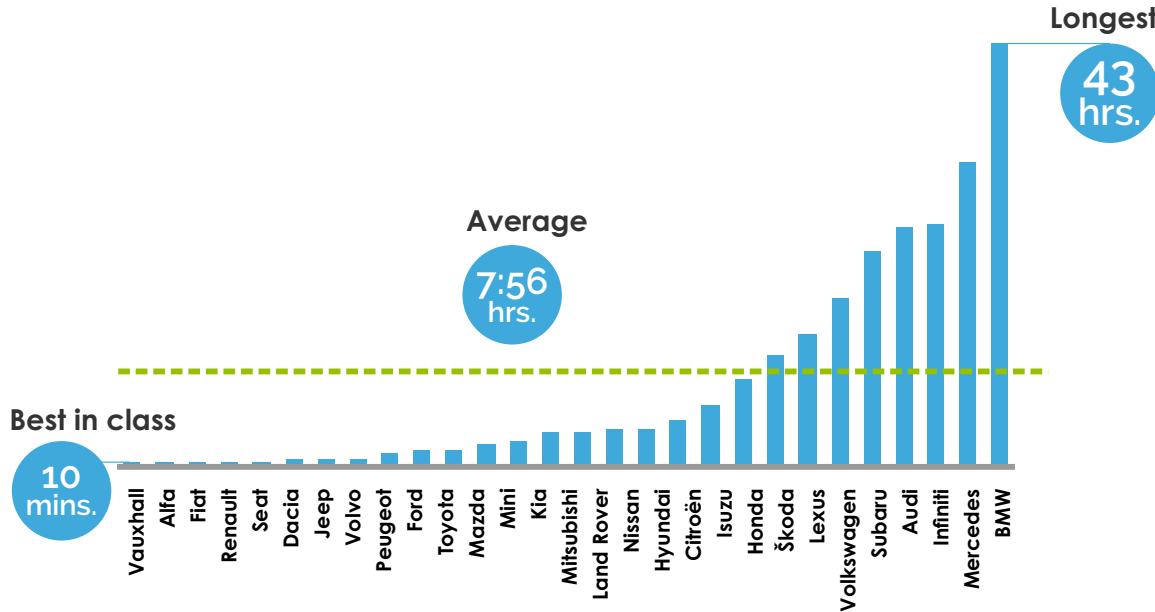
Average 2014



Longest 2014



4. Detail: Brands response times to a test drive request in UK



The dissection of individual brand's response times in the UK reveals a huge variation in performance – a 250 fold difference between the time taken by the fastest and slowest brands.

One can only marvel at the 10 minute reactivity achieved by class leader, Vauxhall. Reaching 'Internet speed' response times within a 'traditional' business is truly commendable.

What is interesting is that at the other end of the spectrum are clustered the brands usually designated as 'premium' in terms of product and other aspects of their customer service.

A problem for brands with a two day response time is that currently many of these leads will be 'dead' so it becomes very difficult to convince staff that greater timeliness might improve results. ■

Improvements / changes over 2014

Best in class 2014



Average 2014



Longest 2014



eDataXchange (eDX) is a benchmarking project which began in 2002 and includes all the major automotive OEMs. Each participating brand can see data about the performance of its own digital assets and see comparable data for all of the other participants.

The data is served through an online dashboard/, and the service further supported by a range of reports and consultancy services to add further insights to the raw data.

A key aspect of the project has been to propose a common 'model' for automotive websites: a schematic of site sections and functionality that ensures that each website is understood and tracked in the same way. This model is built on a clear understanding of the automotive consumer's 'surf and research' behaviour so that it focuses on the most critical areas of online activity.

This ensures that you are truly able to compare 'apples-with-apples' — i.e. the data about traffic to your own website is equivalent to the data you can see for competitors. It also enables compari-

son between sites that differ in terms of their size, structure and technical sophistication.

The success of the project owes much to the specificity of the solutions it offers: the approach to monitoring digital activity is built on a clear understanding of the way consumers interact with car brands online, and the needs of those brands to maximise the effectiveness of their digital platforms. These capabilities are the result of the participation of the automotive OEMs in defining the project's objectives, and their ongoing feedback through user forums and clinics.

The implementation of this benchmarking capability is, perhaps surprisingly straightforward. JavaScript 'tags' (lines of code) are embedded within site sections and pages following the model described. Generally, the simple standard tag can be implemented through the site's content management system or through a container tag management system meaning deployment requires little effort and can be executed rapidly. ■

About eDataXchange



Car Brands Online: 2015 in review

Download a free copy of our round-up of 2015 and a view of what will be important in 2016: <http://bit.ly/212GCA5>

2015 in numbers

This section shows you:

- How traffic to car brand websites grew in the Big 5 markets.
- Metrics of visitor behaviour— duration of visit, page views, frequency of return.
- Shifts in device use.
- The sources of traffic to car brand sites
- Times and days when traffic is highest and when are the best moments to engage with visitors.
- Attrition rates, touch points, and the shape of the online funnel.
- Social media activity by car brands and the growth in audience response.
- Campaign spend in the 'Big 5': which brand came top.
- The 'stand out' campaign of 2015.
- Registration growth and which market segment saw the most success in 2015.

Themes for 2016

Eight things we believe will be occupying the industry's digital marketers in 2016:

1. Exploring a direct, 'click to buy' option on car brands' own sites.
2. Reviewing the performance of their YouTube channels.
3. Fixing all digital platforms to (finally) work on mobile and tablet devices.
4. Preparing marketing teams and agency partners to respond to reputational threats.
5. Getting on top of the data to create clear reporting that can inform tactical activity and strategic thinking.
6. Monitoring the manoeuvrings of potential market entrants
7. Planning for the disruption of driverless technology and the changes in marketing messages required
8. Keeping all options open in a highly volatile set of economic conditions.





Sophus3 is at the forefront of designing and applying technology and processes that monitor consumer behavior in the online sector.

Our key strength lies in our ability to identify and gather the right data and information, combined with advanced and objective analysis. We provide expert services and support to companies in areas where they don't always have in-house expertise.

www.sophus3.com

eDataXchange (eDX) is a strategic sector and country collaborative project that monitors consumer behaviour across websites. It acts as a digital GPS of a car brand's position in the market place and enables participants to set targets, determine which digital investments are changing their market position and how.

Auto Market Intelligence (AMI) is sophus3's quarterly journal of ideas and analysis aimed at e-business professionals working in, or supporting, the automotive sector. The journal focuses on innovation and developments that are impacting the sector, as well as providing a detailed review of on-going brand performance.

If you have any questions or comments we would be happy to respond if you email: contact.en@sophus3.com

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