



MOVING PEOPLE IN THE AGE OF DISRUPTION

The new rules for effective automotive marketing

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INTRODUCTION

Not a lot has changed in the buying and selling of cars since William Metzger, a noted bicycle salesman, set up the first car dealership in America in 1898, coincidentally selling electric-powered cars. At the turn of the 19th century, Benz was the largest manufacturer in the world selling 572 cars in 1899 with the market growing to 79 million sales in 2017. The franchise distribution model was designed around manufacturers' need to easily sell cars in all corners of the world.

Similarly, the way motorists have afforded car ownership is little changed. 1919 saw General Motors create a financing arm allowing customers to drive away a car with a 35% down payment and instalments for the remainder paid over a year. By the early 1930s, two thirds of car sales were financed by a loan and mass car ownership took off.

Everybody, including us, is talking about change, disruption and a new society built around a world of mobility populated by a number of companies offering products and services based on multiple business constructs. We have seen rapid change in other sectors, mobile, entertainment and banking to name a few. However, the reality seems a long way off in a country in which car ownership and travel dominate. People can't perceive a life without their own car on the drive, whether they love it or hate it.

The key to transition between the old and new models of business is not just dependent upon technological innovation, clever use of data, or value propositions. A fundamental shift in human attitude and behaviour will be required to progress beyond just the early adopters in society.

Much of the talk around the future has to date focused around new technology and the potential business models that can exploit these. This short but informative piece looks at how the automotive industry needs to change the way it thinks about its relationship with consumers and how it can transform from a traditional, heavily product-focused approach to marketing, to one that takes people on a journey with them as they change to compete in the new mobility world.



MOVING
PEOPLE |

**THE BEST WAY
TO PREDICT
THE FUTURE IS
TO CREATE IT.**



WE ALL COME WITH A LOT OF BAGGAGE

That is to say, we all have very set opinions about a whole range of things, our politics, favourite colours, the music we love, and importantly what we buy and the brands we prefer. The combination of these biases will be unique to every individual, a fact to be celebrated as it's the foundation of the wonderful diverse society that we live in. This was brilliantly brought to life in BMP's 1986 'Points of view' ad for The Guardian, demonstrating the danger of the biases we have.

It's almost impossible to control the biases that individuals have, as they generally arise from a singular or collection of experiences that have formed our opinion about something. How many times have you heard "I don't drink (insert type

"I DON'T DRINK **INSERT TYPE OF SPIRIT HERE, I HAD A REALLY BAD EXPERIENCE ONCE".**

of spirit here), I had a really bad experience once". Similarly, being cut up on a roundabout immediately creates a negative sentiment towards the driver of that car, and therefore the brand itself.

Whilst many biases are beyond the control of the brand, business spends £billions every year ensuring the experience of their brand and service is memorable, realising that repeat business depends upon it. Experiences are inherently personal, existing only in the mind of an individual who has been engaged on an emotional, physical,

intellectual, or even spiritual level. Thus, no two people can have the same experience, because each experience derives from the interaction between an event and the individual's state of mind at the time. These experiences are curated in the human brain as memories, and these memories create our inbuilt bias.

Bias is going to be an important consideration in getting consumers to embrace the new world of mobility, and understanding these will be the key to unlocking success.

UNDERSTAND THE CUSTOMER CONTEXT



WE CAN'T LIVE WITHOUT OUR CARS

We all have a reference point in our minds by which we judge things, in behavioural psychology terms this is known as an anchor, and is the basis by which we judge many things, especially price. Consumers generally have an idea of how much they have previously paid for a product or service and therefore make a value judgement as to whether something is expensive. One of the major issues for shifting consumers to a subscription model of usage rather than ownership is the way pricing is presented as a headline cost including everything but fuel. The immediate anchor for the consumer is the monthly finance cost of their current or previous cars,

running costs are rarely mentally factored in and we make an instant judgement on the deal we're presented with as expensive, and so a myth is started.

There is a danger that as marketers, by presenting a new approach to mobility in the same way you have communicated the old model of ownership/finance, you are stalling your growth and participation in the high-value new industry.

Qualitative research conducted by RLA has revealed that the biggest barriers for new mobility services are less rational and more emotional biased. When car sharing

is discussed, people instantly worry about mess being left in a car or not having instant access, and electric cars generate a fear of being stranded if they run out of power. We instantly defer to an emotive reaction which rational messaging won't change.

To compete in the new world of mobility, there needs to be a paradigm shift in marketing for many. Emotional engagement, led by consumer-first creative experiences, that move the narrative away from the product to the user experience, will be essential to create the consumer behaviour change needed.

A MOVE FROM PRODUCT TO USER EXPERIENCE

IT'S ALL ABOUT THE EMOTION

Today's consumers are bombarded with a vast amount of marketing comms and unsurprisingly, only very few messages achieve cut-through. Yankelovich research estimated that on average, we're exposed to 5,000+ brand messages every day, but we're aware of about 86 with only 12 making a lasting impression. There's a limit to how many messages we can give our attention to, because attention is a limited resource; we don't have enough brain capacity to pay attention to all that surrounds us, so as the number of media channels and marketing output increases, so does competition for 'Mindshare'. Getting cut-through with a traditional approach to marketing comms is hard. The percentage of consumers we actually engage with is tiny and

the percentage that has any effect on them is even smaller, yet marketers expect a huge amount of cognitive reflection to be applied to consuming their brand messages. This just isn't realistic.

Hopefully it's not new news that emotion has a major impact on our buying decision. Research has shown that 95% of our buying decisions take place in the subconscious mind; we buy based upon our emotional engagement with a brand's service or product, and then we use logic, or rational arguments to justify the decision we've made. IPA research based on 1,400 case studies verifies that creating an emotional connection with consumers is twice as effective at driving high profit growth than advertising that uses rational content.

Changing consumer bias built up over decades of a static automotive industry is going to be a tough job. But there are a number of adjustments that businesses can make to the way they approach marketing themselves to maximise the opportunities that the new disrupted world of mobility presents.

**CREATING AN
EMOTIONAL
CONNECTION
IS TWICE AS
EFFECTIVE**



MOVING PEOPLE

**WE ARE STANDING AT THE
INTERSECTION OF ENTERTAINMENT,
TECHNOLOGY, MEDIA, DATA, AND
SMART THINKING, GLUED TOGETHER
WITH CREATIVITY.**

Creativity beyond what you can do with
crayons, but creativity in new thinking
about how to solve problems and create
new solutions or products.



A NEW APPROACH TO MARKETING

In today's decision journey, consumer-driven marketing is increasingly important as customers seize control of the process and actively "pull" information helpful to them. Two-thirds of the touch points during the active-evaluation phase involve consumer-driven marketing activities, such as Internet reviews and word-of-mouth recommendations from friends and family, as well as in-store interactions and recollections of past experiences. A third of the touch points involve company-driven marketing. Traditional marketing remains important, but the change in the way consumers make decisions means that marketers must move aggressively beyond purely push-style communication and learn to influence consumer-driven touch points, such as word-of-mouth and Internet information sites.

There is a need to connect touchpoints with a seamless flow of messaging to build a complete experience from consideration to purchase and beyond. Each of the individual interactions between brand and consumer need to have a net positive effect in moving the consumer closer to their goal. It has been estimated that for every unresolved bad experience, it takes twelve positive ones to make up for any sentiment lost. As consumers predominantly control their path to purchase today, these journeys are far from uniform and rarely linear.

Marketers need to find new ways to get their brands included in the initial-consideration set that consumers develop as they begin their decision journey. We have found that because of the shift away from one-way communication

– from marketers to consumers – toward a two-way conversation, marketers need a more systematic way to satisfy customer demands and manage word-of-mouth. At the heart of this is using data, AI, and technology, and focussing on increased personalisation at all moments along the journey. Success relies on six important constituents of personalisation:

MOVE FROM A MESSAGE FOCUS TO AN EXPERIENCE-LED APPROACH



SUBSCRIPTION, A FUNDAMENTAL CHANGE

As an industry, Automotive lags behind many in the way it engages with existing customers, safe in the knowledge that they're not going to be in-market for a new car for 3-4 years. A new environment of volatility is being created, and research by Deloitte suggests that nearly six in every ten owners never receive communications from the manufacturer of the car they bought.

When the revenue model is recast to become more reliant on recurring income, retention tactics should be given a front row seat in the organisation's marketing strategy. The difficulty of retention is easily underestimated. Businesses need to think of not just finding new ways to entice subscribers.

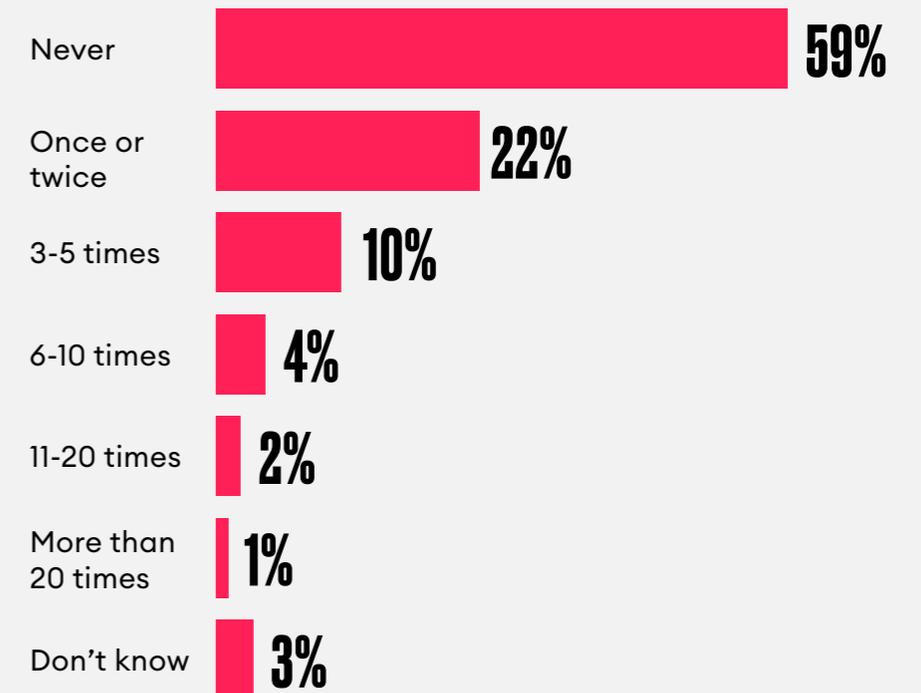
They also need to figure out continual improvements to products, pricing strategy, usage tracking, and A/B testing different offerings in different markets or consumer groups to figure out what is sustainable.

A major factor in the success of any subscription is minimising the churn rate of customers, that is the number of customers who stop subscribing. The customer's concept of value requires constant nourishment. Marketers who grasp this and address it can minimise churn and give recurring revenue growth a fighting chance.

The battle ground is going to be what we currently refer to as Aftersales, but a message that a

service is due just isn't going to cut it. There is much learning to be had from the retail and hospitality sectors that have been working hard for many years to optimise the customer experience. CRM has to be placed at the heart of the brand and is critical to a customer – centric approach, and exceptional customer experience is reliant on accurate, rich and up-to-date data.

The number of times a manufacturer contacted you (for any reason) after acquiring your current vehicle:



Source: Deloitte Global Automotive Consumer Study, 2018

FROM AFTER THOUGHT TO FRONT OF MIND



SIX STEPS TO PERSONALISATION

1 RELEVANT

Buyers don't want to be constantly reminded of products they've already bought or searched for, especially if the ads appear either too soon, too frequently, or too late in the process.

4 MEANINGFUL

Loyalty programmes and direct-purchase information can inform about the preferences and lifestyle of an individual customer. How they buy, how often and when they buy, and what they never purchase. Many companies, however, fail to take full advantage of this information to personalise their communications to their loyal customers.

2 HONEST

Consumers will find out the truth about how good your product or service is, there are enough reviews on the internet – they only have to type 'car reviews' into Google and 12.1 billion results are displayed in half a second. Whilst we wouldn't suggest including negative sentiments, you have to be realistic and believable, the days of 'Guinness Is Good For You' are a distant memory.

5 EASY

For many, the modern car – buying journey is stressful. 85% of consumers entering the process expect it to be hard. This isn't a great place to start a relationship with an individual. Understanding pain points, and curating content as well as producing it, will help engage consumers and increase their likely interaction with your communications.

3 CONNECTED

Consumers expect brands to connect digital messages with their offline experiences. This is particularly challenging in Automotive as it requires collaboration between disparate areas of the organisation, such as the franchised network, brand managers, PR, digital marketing, and analytics. Yet if done effectively, communications that seamlessly connect both online and offline experiences – and provide real value – can make a customer feel a retailer really knows them.

6 LISTENING

Leaders in personalisation are constantly testing and learning to improve their communication and engagement with customers and to identify potential issues early. They do this by digging into both upstream (likes, opens, clicks) and downstream (conversions, unsubscribes, ROI) engagement metrics.



TECHNOLOGY AND DATA

Both data and technology have been promoted within marketing for many years. To some it's the new Messiah and to others the devil incarnate. There is an element of truth in both views, but it's the humanisation of data that brings real power to the user. Data on its own rarely gives you the 'Why' behind customer behaviour, it is however very good at telling you the 'What' and 'How'. True insight comes from questioning and researching the meaning behind the numbers, and also considering the broader context.

Consider the example cited by McKinsey in the Harvard Business Review - a pay TV company with high negative feedback among new customers. Satisfaction scores were positive at each of the touchpoints

during the onboarding process but over the entire experience, they dropped by about 40%. Only by looking at the whole process could the company understand that the overall customer journey had been overlooked at the expense of optimising every single stage.

Effective use of data will mean bringing multiple data sources together, without which it will be difficult to create the seamless experience consumers crave. There are many questions to be answered within the Automotive sector, not least, who does the customer belong to? The chasm between OEM and retailer needs to be bridged with a more joined up approach to targeting and messaging. Digital native start-ups such as Tesla and Uber have been built around a

polished experience and traditional manufacturers will suffer especially if the purchase process shifts online.

Data will no doubt be the fuel that powers the new world of mobility, whether it's decision making in a self driving vehicle, efficiency for the transport of goods, or the personalisation of the customer experience. RLA have built an Adtech Stack that fuses proprietary - built software with best-in-class tools to amalgamate data from multiple siloed sources and turn it into a usable form that allows automated, hyper - personalised delivery of content married to measurement and analysis at all moments along a customer's journey.

**GOOD DATA
RELIES ON
UNDERSTANDING
PEOPLE**



CONCLUSION

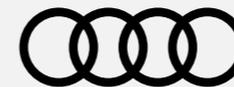
To remain competitive in the future will require a paradigm shift in how you think about and communicate with people. Marketing at its most fundamental is about creating behaviour change, and this requires a customer first approach, understanding what really makes them tick, their inbuilt biases and value reference points. Never has this been more important than today, as the automotive industry is disrupted and morphs into a sector that encompasses a broader range of mobility services. The winners are going to be the brands that make themselves most relevant at every step of a customer's journey, making it easier to get from A to B, and continuing to engage with them

beyond purchase in a more personal and valued way. At RLA, we are obsessed with new world of mobility and how we can help our clients create the future they want.



THE FUTURE MOBILITY AGENCY

Some of our mobility partners:



ABOUT RLA

RLA are a communications agency that specialise in the future of mobility. Building on 35 years of heritage working with the automotive sector, we have assembled a diverse team that will help you realise your opportunities within the confusion. Combining creativity, data and technology we help companies achieve marketing excellence, allowing them to win the battle for the consumer both today and tomorrow.

