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Failing the Test?

59% of European online test drive requests are not responded to within four days. – Improve your digital strategy to convert more sales.



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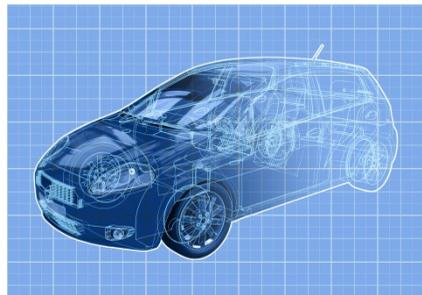
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Car manufacturers spend millions of euros designing, manufacturing and marketing vehicles, but when a potential customer wishes to test drive one of these new cars, it's often an elusive, frustrating experience. Now in its third year, the latest BearingPoint survey shows that the response to test drive requests is actually worsening. In an economic environment where every sale is vitally important, this comes as a real surprise.

The challenge that the automotive industry currently faces, is how to respond to the shifting demands of the modern consumer. On the basis of results gathered from a compelling study, we take a look at how the digital sophistication of customers and their increasing expectations are

outweighing the maturity of the automotive industry and what car manufacturers can do in order to rectify this, and, in turn, capitalise on the current situation.

Despite the poor performance highlighted in the survey, the results present manufacturers with a significant opportunity to turn a negative into a positive. By acting now, car manufacturers can gain a vital advantage and boost vehicle sales. We take a look at the challenges faced in more detail...



Understanding the modern car buyer's journey

The 'journey' a customer takes en route to purchasing a car is changing. Through forums, user generated reviews and articles from consumer magazines found on the internet, customers can easily gain impartial opinion, product and price comparison information. This data combined with information found on manufacturers' websites, is now used by the consumer to piece together a picture of exactly what car they want.

All of this information enables consumers to educate themselves like never before and make much more informed choices about what they purchase. In fact for large purchases, such as buying a car, consumers often become digital experts on the products they are looking to buy.

By the time customers are ready to walk into a showroom and test drive a new vehicle many are armed with the technical specification of the car and even have a preconceived idea of how the vehicle will drive.

Customers' expectations of service are also changing. As the web becomes more mobile-based the use of it by consumers becomes more instantaneous, at times more spontaneous and also more localised. Therefore, consumers also have a better understanding of value, and demand a better service. Faster.

With this in mind it is fair to say that the expectations of the role of the car dealer are changing, too. The customer no longer has the same level of need to be 'sold' a car on its features and specification. The dealer's job is increasingly to deliver on the brand promise and become a trusted advisor for the marque.

So, we know car buyers are actively using the web to source information as part of their customer journey, and as the previous BearingPoint report into automotive customer trends, 'The Automotive Connected Customer' suggests, a critical point in that journey will almost certainly take the customer to the manufacturers' website.

Our Survey Said...

Body of Evidence

With such digital sophistication now demanded of businesses and so many opportunities for businesses to engage with customers in new and interesting ways, it can, at times, be easy to occasionally overlook the fundamental core requirement for efficient and responsive customer service. We need to keep doing the basics well, whilst pioneering these new complex, multi-faceted digital applications.

This is not always the case, as a compelling body of evidence collected by BearingPoint over the last three years clearly illustrates.

Through a comprehensive survey of the European car manufacturer market,

BearingPoint has amassed information out of which has emerged a picture that clearly illustrates that manufacturers are failing to respond to consumers at a critical point in the car buying process.

Method

More than 2000 Surveys were carried out across the key European markets of France, Germany, Italy, Russia, Spain, The Netherlands and the UK, with surveyors attempting to book a test drive through a manufacturer's website. As we have already explored, consumers now want the physical and digital parts of the buying process to seamlessly integrate with one another.

"On average 1 in 4 test drives result in a sale."

James Rodger, Lead Automotive Partner, BearingPoint, explains.

So a test drive is one of the absolute key steps in the car buying process and as the previous BearingPoint research study 'The Automotive Connected Customer' showed, the manufacturers' website is a

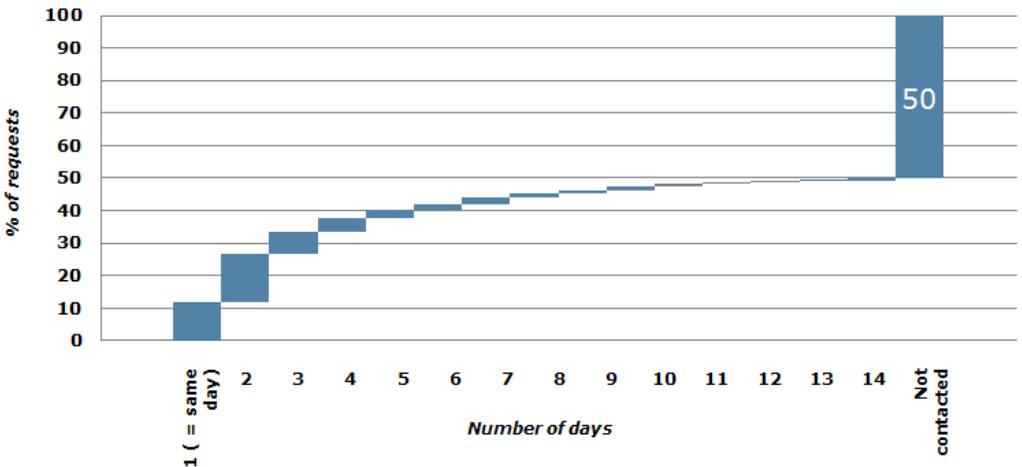
key tool for customers during this process.

Furthermore, this high-level of conversion shows just how far along the buying process the customer is when they request a test drive.

Key Findings

The key results of the 2011 BearingPoint Automotive Lead Management Survey show that the 19 manufacturers are neglecting their customers at a key part of the buying process.

Overall response times to test drive requests



- Only 41% of test drive requests were responded to within four days.
- Only 50% of requests were responded to within the 14 survey period.
- Car manufacturers are not responding to these negative figures; this is the third year of the survey and there is a 5% fall in the percentage of customers contacted within a 14-day period compared to 2009/10.
- Poor performance is consistent across the 19 volume and premium brands surveyed.

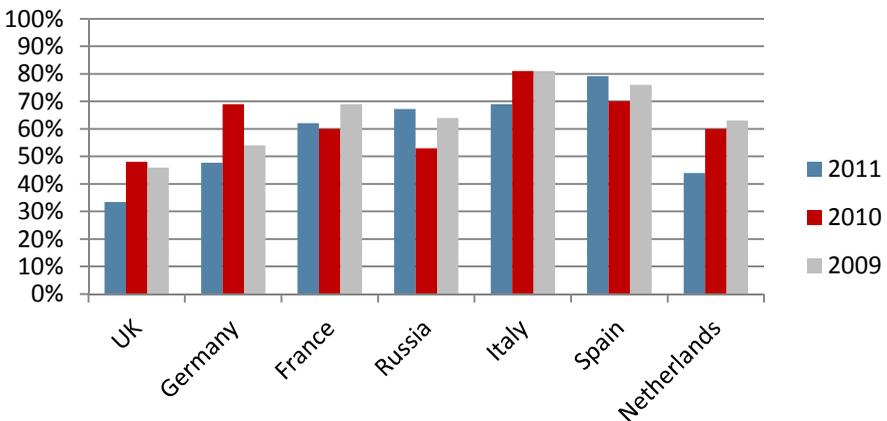
When taken in the context of the current economic climate, these figures present automotive manufacturers with issues that need to be addressed immediately.

Stated clearly, car manufacturers are losing business by failing to

respond to the changing needs of their customers and breaking the 'digital promise' they are making to their customers through their websites.

Digital trends, however, are not clear-cut – for every trend a counter trend can be observed. This introduces the concept we refer to as 'Digital Paradoxes'.

Percentage of test drives not responded to within 4 days by country



Digital Paradoxes

BearingPoint has developed the concept of five key paradoxes in managing the requirements of digital customers: The Digital Paradoxes. These paradoxes represent unsolved tensions. In summary, these are:

Digital versus physical

Consumers increasingly research potential purchases online but still wish to 'touch products before they buy'.

Traditional linear parts of the buying process are being reshaped and customer journeys are becoming more individual.

Form versus Function

The tension between offering a highly engaging



digital website, full of content and streamlining a website to increase its functionality as a commercial tool.

Privacy versus Empowerment

The balance between customer demands for a tailored, user specific experience and the importance of maintaining their privacy.

Choice versus Recommendation

The challenge of making consumer choice manageable while making intelligent recommendations to the customer.

Person versus Persona

The question of whether to proactively engage with a user of a website as a recognised known customer versus respecting their right to be able to navigate, comment and contribute anonymously

Within the context of the survey results car manufacturers are having to address the challenges posed by the “Digital versus Physical” paradox.

The core of this paradox is that although we are in a continuing broad transition between the physical world and the digital, customers still want aspects of the physical world when making consumer choices. As a result of this companies need to adapt and integrate the two, making judgement calls on what consumers will accept in each of these ‘channels’.

This throws up difficult choices for car manufacturers as to what to invest in – a radical, innovative approach that moves towards a predominantly digital service will suit some consumers while alienating others.

Vice versa, an approach that focuses on the traditional, physical channels will suit certain consumers, while leaving the more forward-thinking consumer cold.

The needs of each customer will vary and manufacturers are required to strike a balance by seamlessly integrating the physical and digital experiences, giving customers choice on how to engage at different points in the customer lifecycle. Embedding the human touch in the digital experience through text or video chat as the customer browses is one example of how automotive companies are beginning to integrate these two worlds.

Even in an ultra-modern digital context, a test drive is still as integral a step in the car buying process as

“These paradoxes create an uncomfortable challenge to manufacturers, who despite investing heavily to build engaging websites and apps, are struggling to fulfil the digital promise by integrating the physical fulfilment of the test drive request” explains **Sarah-Jayne Williams, Director, BearingPoint.**

ever. As the figures in this survey suggest, there is a failure somewhere within the chain of the surveyed manufacturers that suggests the importance of this is being overlooked.

Act now and gain the first mover advantage

Now is the time to act. And if manufacturers act correctly and swiftly on the challenges faced by the opening up of these digital issues, the rewards could be significant. By devising an effective digital strategy, and seeking to address the evident breakdown in the test drive process, car manufacturers can steal a march on competitors and will be able to open up an advantage in a European car market which is not set to grow in size in the foreseeable future. The result could be an increase in sales, and of course revenue, with the opportunity to ultimately grow market share.

“Manufacturers need to up their game to deliver a level of responsiveness that meets the needs of consumers at the point of purchase. At the same time, car manufacturers’ understanding of where they need to be digitally, to deliver the experience that the customer wants, is lagging behind other consumer focussed industries.”

**James Rodger,
Lead Automotive
Partner,
BearingPoint.**

With all the rapid change currently taking place around us, the simple fact is that today's consumers have the same basic needs as they did a decade ago. They want to request a service and receive it as quickly as possible. However, in the year 2012, consumers' expectations as to how quickly they receive a response from a request, in this case a test drive, has changed. Four days is too long to wait. We live in a 'now' culture. Consumers demand information immediately. The prospective car buyer is raising their hand and asking for a test drive and often being ignored. By developing an integrated and effective digital strategy and in turn responding better to test drive requests, the automotive manufacturers that capitalise on this

Achilles heel, can only benefit. The end result will see the manufacturers that act on this advice delivering a better customer experience and ultimately being a more profitable business. Surely this is an opportunity too good to be missed?

Understanding Digital Evolution

What car manufacturers are having to digest is that creating an effective digital strategy relies as much on understanding changes in consumer psychology as it does on pioneering new technologies. Manufacturers need to move towards systems that are 'emotionally intelligent', in so much as that they are capable of constantly adapting to suit individual customer needs.

In order for this to happen, the following seven proactive steps need to be taken:

Journey

Manufacturers need to actively map the roles of physical and digital channels in a customer journey. Ensuring that there is seamless integration between these channels from a system, people and process perspective will be critical.

Channels

Gain a better understanding of customer journeys in relation to products and services: Why customers use the respective channels and in what way.

Support

Ensure that the customer journey is supported by integrating customer data, and removing inconsistencies along the way. This could range from simply ensuring that accurate customer data is captured on the test drive request form, ensuring a seamless hand-off from website to lead management system to the ability to pass the vehicle specification the prospect has configured on the website to the dealer who will be providing the test drive.

Substitution

Highlight substitution possibilities, incentivising use of either physical or digital channels as appropriate.

Tipping Points

Identifying future tipping points where physical channels become non-viable or marginalised. We have already seen an example of this in the automotive industry with the gradual switch from paper brochures towards accessed through digital download.

Integrate

Source opportunities to integrate real and digital experiences. This should also include the wider social media networks which are increasingly shaping customer buying preferences and decisions.

Innovate

Innovate through new emerging technologies. By understanding and incorporating these concepts into working processes, automotive manufacturers can strive more effectively towards the ultimate goal of producing a system that responds with emotional intelligence to the needs of individual customers.

In this period of rapid development and experimentation the automotive industry needs to be proactive in order to respond to their customers shifting needs and embrace the change.

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To get there. Together.

Contact for the Netherlands



Niels van der Putten

Phone: +31 (0)6 50 93 93 61

Email: niels.vanderputten@bearingpoint.com

Further Information

If you are interested in finding out more about the research and insights presented here, or if you would just like a chat on leading industry practices, or simply have some tough problems you would like another perspective on, please get in touch.

For more information: www.bearingpoint.nl