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Consumer Reactions to Digital Retailing

What Works (& What Doesn't) in Automotive

Digital Retailing: Where We Are Today

In the past, customers walked into showrooms and worked with sales agents in person to research their available vehicle options and make their final purchases. Naturally, car shoppers have gravitated to doing more and more online over time. While the showroom and salespeople aren't going anywhere, the purchase process becomes much more successful for all involved when technology is embraced to make it *easier* on the consumer.

That's why the automotive industry is abuzz with the term "digital retailing."

At its core, digital retailing is a selection of tools and processes to help car shoppers move down the purchase path from the comfort of their homes. From the push of a vehicle history report or inventory details to calculating potential payments and filling out paperwork ahead of time, the goal is to help shoppers take action the moment they're ready (saving time down the road).

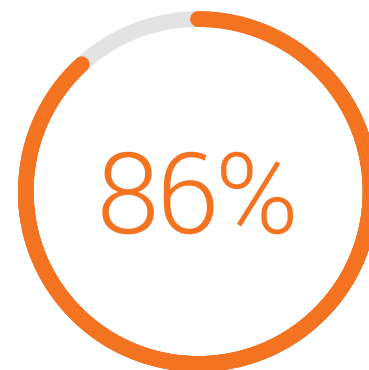
Consumers want this—86% said they would choose a dealership with an online buying capability over one without.¹
But when polled, the usage results were a little off:

- 86% of car shoppers believe they will complete retailing forms online.²
- 68% of recent car buyers actually did.

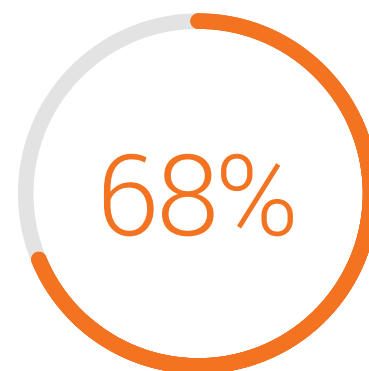
Why the discrepancy? Perhaps a combination of three things:

- Digital retailing tech is getting better every day.
- Consumers are becoming more receptive every day.
- But when left to navigate the process alone, buyers can get stuck halfway through and abandon the whole thing.

We believe that to realize the full potential of digital retailing, it has to be paired with guided shopping from Live Advisors.



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68% of recent car buyers actually did.

*To understand if our theory was correct, we partnered with Root & Associates to study the effects of digital retailing and guided shopping in the car purchase process. **Read on to discover the findings!***

Car Buyers Are Already Online & Messaging

Today's car-buying experience is already leaning in the direction of digital retailing, and messaging will only help propel this trend.

According to our Root & Associates research, most consumers prefer to conduct their car research online (not surprising). This allows them to check out videos, compare vehicles side-by-side, and engage with information and resources across numerous websites simultaneously.

Because of the popularity of using larger screens for this more in-depth research, **live chat is the No. 1 way they'd reach out to get questions answered.** In the in-person interviews, chat was described as a faster way to get to information, one where they didn't have to worry about aggressive salespeople.



86%

of recent car buyers and current shoppers do at least half of their their vehicle research and shopping online.² ...and the majority prefer to chat.

How They Research/Shop

86% of recent car buyers and current shoppers do at least half of their their vehicle research and shopping online.²

54%

54% use a laptop or desktop computer to do so

32%

32% use a smartphone (valued for convenience anywhere & ability to check prices/availability)

14%

14% use a tablet

How They Ask Questions

Messaging has become a favored option for when consumers have a question in the car-shopping or car-buying process:²

69%

LIVE CHAT

preferred by 69% of the computer users and 58% of tablet users.²

42%

PHONE CALL

preferred by 42% of the smartphone users*²

32%

TEXT

preferred by 32% of the smartphone users.²

Current Online Pain Points

While the industry has definitely improved customer experience, buyers in the Root & Associates study still identified this as a top pain point in the traditional car buying process: the requirement to fill out paperwork at the dealership while haggling over price. **Digital retailing seeks to avoid that frustration, but it's only half the answer.**

There are still shopper struggles that must be addressed for a successful digital retailing process. Some of the most pressing online pain points include:

Price Confusion

74% of consumers have experienced, and have been extremely frustrated by, misleading or inconsistent pricing information across different dealership websites.

Having To Share Contact Info Too Early

73% of shoppers identified the most frustrating part as the requirement to input personal information in order to get vehicle information.

No Response

Another 73% noted that dealerships who don't respond to an inquiry or withhold information until the shopper visits in person contribute to a negative experience.

Hard to Get Quick Answers

48% are frustrated when questions arise during their search, and it's not easy to get an answer.

Offer Confusion

58% have difficulty understanding which local offers apply to their vehicle of interest.



The bottom line here is that consumers want to be able to use online resources to obtain the vehicle and pricing information they're after in a simple and convenient way. In addition, today's car shoppers prefer when dealerships make the shopping and buying experience more user-friendly and valuable—without the need for an in-person visit before the customer is ready.

Digital Retailing + Messaging: How It Helps

One of the best ways to support a helpful experience while aligning with consumer preferences for digital retailing is with robust messaging support. Dealerships that offer conversation and help through messaging (guided shopping, in other words) provide the **perfect touchpoint for shoppers to get the assistance they need** during the vehicle research and purchasing process.

Not only can such messaging help alleviate the pain points mentioned earlier, it can help people complete the steps that make them highly qualified leads (and serious intenders). In fact, we found that:



71%

71% consumers are very or extremely likely to message for help in the car research/shopping phase.

73%

73% of consumers are very or extremely likely to message for help if they had a question while filling out forms in the digital retailing process.

74%

74% of consumers who refuse to complete all dealership forms online currently would do so with messaging assistance from a trained product specialist to help them through the process.

“There’s an unbelievable amount of information out there, so it’s kind of exciting to know you can be informed before you have to go into a dealer.”

- Participant in the Root & Associates study

Digital Retailing + Messaging: Who Answers Matters

It's important to note consumer expectations here: Shoppers were initially dubious regarding messaging, as they were unsure who was on the other end of the messaging platform. They didn't want to be ambushed at this point in the digital retailing process by a customer service or sales agent whose primary goal would be to close a sale—this held somewhat of a negative connotation for car shoppers.

Once the participants in the Root & Associates study found out that the messaging was being manned by trained product specialists, as opposed to sales representatives, any initial skepticism was almost immediately erased:



of consumers then noted its usefulness.



then said they'd use this feature if it were available with dealerships today.

Pairing the talent and capabilities of internal sales representatives with online messaging assistance from **trained product specialists** can help dealerships hit the mark with customers.

TRAINED PRODUCT SPECIALISTS

initial help on the front lines

- Reassure consumers that they can reach out for assistance without entering into high-pressure situations.
- Help drive critical elements of digital retailing, including form completions, narrowing vehicle choice, etc.
- Increase response time to shopper questions (that's their job!).
- Empower the shopper with information so they feel confident in making a decision.

INTERNAL SALES TEAM

expertise as needed to close deals

- Go-to resource on in-depth matters for serious buyers (finance details, etc.).
- In-person contact at the dealership when buyer is ready to come in.

Digital Retailing + Messaging: The Millennial Effect

Here's a nugget we discovered along the way. In the Root & Associates study, the users of this live assistance via messaging concept skewed younger (and more likely to have children in the household). And it makes sense. Such millennials (under 35) are already doing more of the buying process online, including digital retailing, and they likely value the time savings and convenience this offers. **Over 70% of them preferred getting help via chat; virtually none (only 9%) would call.**

In other words, pairing digital retailing with messaging could be a good way to attract and retain the millennial buyer.

MILLENNIALS	TOTAL SAMPLE (1,021)
Do more online shopping/research & visit all website types at higher rates	Less online shopping/research
26% have had questions arise while doing online research	20%
79% have stronger preference for live chat, especially on laptop/desktop	69%
79% are comfortable receiving a text in response to a call	56%
90% are likely to do any digital retailing currently	77%
70% would prefer to chat with questions about digital retailing forms; 9% would call	58% live chat 24% phone call

What This Means for Your Dealership

CLEAR CONSUMER PREFERENCE

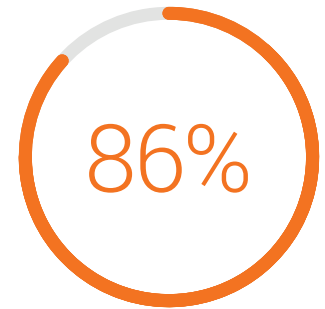
If weighing two car brands or two dealerships equally...

Our research comes down to this:

1 Your customers want to message with you during digital retailing. Consumers don't always want the more traditional, formal communication like phone calls, especially early in the research and buying phase. Messaging allows you to provide a familiar way for shoppers to reach out for assistance and more information.

2 Shoppers don't want to be pressured. Your sales representatives are critical to your business, but many customers expect heavy-handed sales tactics that can put pressure on them and lead to a negative experience. Instead of focusing first on "getting the lead," Live Advisors can guide consumers along the path to purchase and build relationship. Providing help from trained product specialists helps build trust that the information being provided isn't biased and offers real value for shoppers.

3 Messaging provides a competitive edge. Today's car shoppers have spoken, and they would resoundingly work with a dealership or car brand that offers messaging options—especially those supported by trained product specialists—over companies that don't.



51% of shoppers would choose the brand that offers messaging over one that doesn't.



59% would choose to work with a dealership that offers messaging over one that doesn't.

*Overall, this means that your dealership should support its sales representatives and its existing showroom services with an **enhanced digital retailing experience**—one that includes messaging assistance from trained product specialists.*



Put These Insights Into Action

Whether you want to see better results from current digital retailing initiatives—or want to get started the right way—messaging may be the missing link. Here are a few steps to help you adopt these trends and ensure the success of your strategy:

1

Put messaging in place.

In many cases, shoppers don't just prefer to use messaging; they actively seek it out when they have a question. Your dealership should make messaging available to customers, including visible live chat options on your website as well as text messaging support.

The visibility of these messaging options is critical. A number of shoppers in the in-person interviews said they'd call for help...simply because they didn't notice the chat/text methods and calls were what they were used to having to do. This is not ideal, as they cited multiple drawbacks to calling (aggressive salespeople, being bounced from department to department, staying on-hold too long).

2

Make the business case for trained product specialists.

Besides ensuring that shoppers don't feel as if they're in a high-pressure sales situation, consumers also prefer to work with trained product specialists to learn about dealership pricing, vehicle features and availability, offered incentives, options for financing and other topics. (Bonus: Your sales team can stay focused on in-store shoppers and the most serious online buyers as needed.)

Make sure these specialists are trained for your digital retailing approach and align on success metrics. Then consider ways to make their speciality visible and understood by consumers to encourage more confidence.

3

Work digital retailing into overarching brand messaging.

Digital retailing is simply another way for consumers to connect with you. Your digital retailing strategies shouldn't stand alone, but integrate into your overall messaging strategy. Make it a part of your company's overall brand story in order to produce the best results.

Wherever consumers research your brand, they should be able to connect and learn about your digital retailing options, guiding more of them into the funnel.

About the Study

In 2017, Contact At Once!, a LivePerson Company, hired Root & Associates to conduct an analysis on current automobile shoppers' experience with and expectations for the vehicle shopping and purchase processes, with special emphasis on using messaging during digital retailing. The study took place in two parts: qualitative in-person interviews and a quantitative online survey. Each part reinforced the findings of the other.

Qualitative Report

Root & Associates conducted 11 in-home interviews on August 15-18, 2017, in the Chicago Metro area. The 90-minute interviews captured key insights in a comfortable, real-world setting. The interviewees were a mix of males and females with primary or shared decision-making in the vehicle purchase process; seven were Millennials/Gen Y (20-34 years old) and four were Gen X / Boomers (35-65 years old). Three were recent purchasers (buyers) within the past three months; eight were near-term intenders (shoppers) and planning to buy by October 31, 2017. They were a mix of new luxury and non-luxury/volume brand buyers, and they relied completely, somewhat or equally on online resources vs. visiting a dealership.

Quantitative Report

The quantitative study was informed by the earlier qualitative interviews, and was an online survey of 1,021 U.S. adult residents (20-64 years old), September 21-October 1, 2017. Participants had a minimum income of \$50,000 and either bought/leased a new vehicle within the last 12 months (buyers) or planned to within the next 6 months (shoppers). The data was weighted to balance generation and gender equally between recent purchasers/lesors and intenders. When it comes to purchasing/leasing their new vehicle, respondents must have been or will be a sole or equal share decision maker.

Additional Sources

1. DrivingSales. "86% of Consumers Want This When Buying a Car." Kevin Root. April 14, 2017. <https://www.drivingsales.com/kevin-root-51331/blog/86-of-consumers-want-this-when-buying-a-car>





Create Connections. **Build Relationships.**

Contact At Once!'s all-in-one digital messaging platform boosts engagement by making it easy for consumers to connect with auto dealers and ask questions at the moment their interest is piqued. More engagement can translate into more sales, and that's why over 17,000 businesses (dealers, the world's busiest automotive classified sites, many automotive manufacturers and more) rely on Contact At Once! to build relationships with online shoppers. It's also the only platform that can integrate text and chat conversations from dealership sites, digital advertising, OEM sites, social media and even print ads into a single user interface for easier management and more proactive control. In fact, we've been #1 in dealer satisfaction for 8 years running at the DrivingSales Dealer Satisfaction Awards.

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