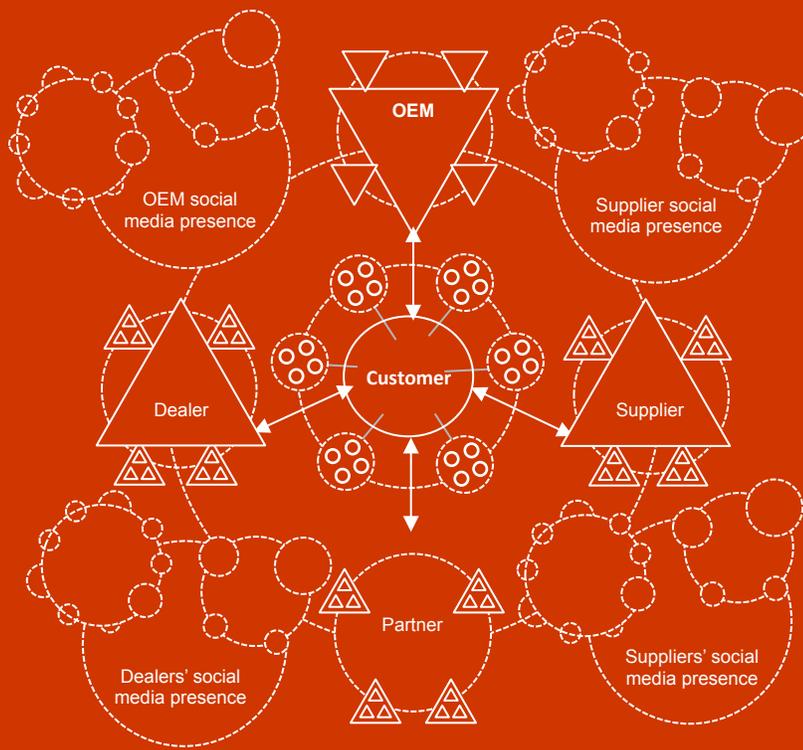


Social Selling

A Digital Blueprint for the Automotive Industry



Social selling: Leveraging digital ecosystems that enable customers, dealers, suppliers and prospects to discover, connect and share their experiences with the brand, eventually influencing transactions.



Overview

Selling in the online era of infinite connections

The automotive industry is amidst an era of marketing disruption. Traditional advertising models and budgets are withering. Consumers' time and attention have quickly transitioned to social and digital platforms. Interspersed among those platforms are growing ranks of brand advocates and detractors who share their purchase and ownership experiences through text, photo and video postings on their personal networks. That process alone is having significant influence on purchase decisions.

The percentage of people who pause to share their purchase and ownership experiences using social and digital platforms is growing significantly. The process is always on and relentless. It's a new playing field for automakers, dealers, and suppliers. The sum of connected experiences shared online and how they influence transactions is what we refer to as social selling.

Social media growth

Among 15-24 year-olds in the U.S., from 2010 to 2011.

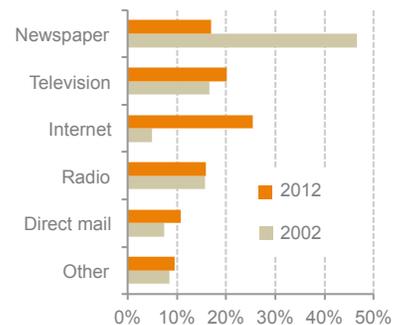
Engagement with social media **↑34%**

Engagement with email **↓22%**

Engagement with instant messaging **↓42%**

Source: ComScore

Dealer ad budgets



Source: PwC Autofacts, 2013

Always-on relationships

Traditional engagement

Cyclical launches, campaigns, events, and press announcements yield transactional relationships.

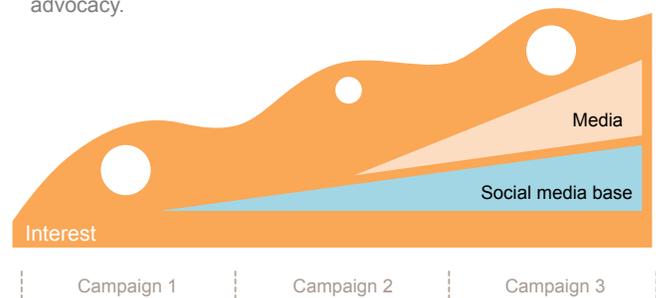
Relative size of campaigns = ○



Source: PwC

Building on connected experiences

Value-added media supported by promotions and consistent social interaction yield sustained relationships, helping to inspire advocacy.



Part 1.

The third online era

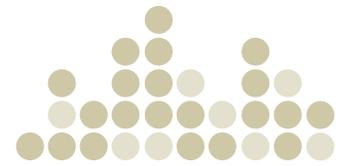
A generation of marketing practices in the automotive industry is being silently and efficiently dismantled. Some of the change agents are Apple, Amazon, Facebook, Twitter and Google—representative companies that are shaping the digital landscape and redefining what it means to find information, connect with people and buy products and services.

Change is largely being driven by affluent customers and millennial (also known as Generation Y) who are between ages 18 and 30 and have grown up largely as “digital natives.” To them, online experiences are as important as in-person experiences, since the two are closely aligned and ripe for the ongoing commentary in the social news feeds of their lives. This generation of future customers is the forcing function for automakers

to begin the transformation to becoming digital brands. What’s more interesting – and important – is that a smart phone now represents freedom and desire more so than owning a car—as a group of millennials told NPR in 2013¹. That’s an entirely new emotional paradigm for automakers. Adapting to these cultural changes means focusing on social selling and taking ownership of the digital ecosystem.

The first online era was the first 10 years of the World Wide Web, when automakers relied on websites as digital showrooms. Push-marketing programs, search engines or integrated campaigns helped drive site visits. One-way, push-based communication was the dominant online marketing framework. Then blogs arrived.

¹ “Why Millennials are Ditching Cars and Redefining Ownership,” NPR, 2013



D A T A P O I N T S

70%

Of the buying process in a complex sale is already complete before prospects are willing to engage with a live sales person.

Source: Sirius Decisions

65%

Percentage of U.S. consumers who spend time on social media to learn about brands, products and services at least once per month.

Source: Nielsen, “State of the Media: The Social Media Report,” 2012

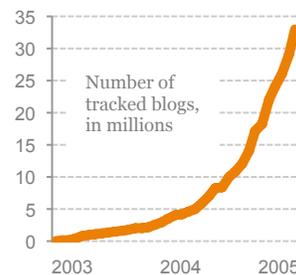
The first online era: Web-connected brands



Wikimedia Commons, used under license

Web-based car forums begin to organize and take shape

The early years of blogs

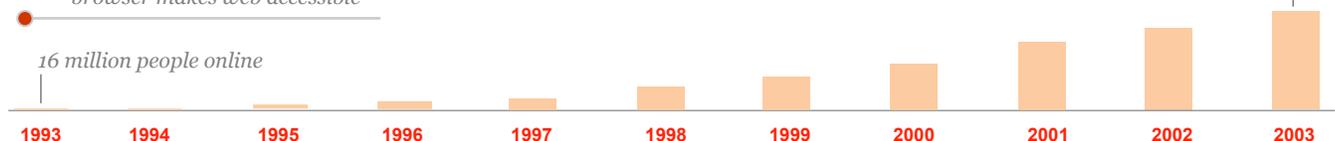


Blogs take root, signaling arrival of social media

World Wide Web launched; Mosaic browser makes web accessible

16 million people online

719 million people online



Source: PwC research

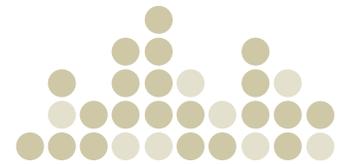
One-way communication →

Blogs signaled the arrival of social media in 2002-2003, and the second online era dawned, followed quickly by business-friendly social networks. Now automakers could connect directly with customers and prospects and their conversations in a scalable way. Those networks made it easy for other networks to cross-share updates, and the digital ecosystem began to take shape. Engagement became part of the lexicon. Expectations for brands to participate in social channels grew and continue to grow. Always-on communication is the reality.

In 2013, we began to enter the third online era, the “Internet of things,” whereby Internet-connected devices post updates to users’ news feeds about destinations, performance metrics, goal attainment and myriad metadata for social sharing. It is an era of infinite communication possibilities. For automakers, cars will function as digital hubs, with their own ecosystems that share data between owner and dealer, owner and OEM, owner and OEM partners in real time. The new challenge for automakers is to provide the means

for car owners to seamlessly integrate their four-wheeled digital hub into their social networks for safely sharing data and updates, as various low-cost consumer products do already. Automakers can “gamify” the ownership experience so that customers share trip details, fuel consumption, vacation destinations, etc. on their personal networks, thereby adding more data and awareness to social news feeds.

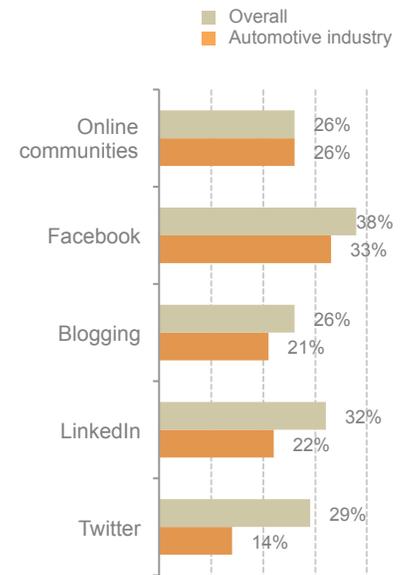
It’s already a reality that people are increasingly introduced to the car they purchase through family and friends via social media updates. That passive, news feed-driven influence is part of what constitutes social selling, the dynamic in which car owners’ and prospects’ everyday content on social networks is shared, commented on and integrated across multiple networks. For automakers, that means creating, connecting, monitoring and optimizing systems that enable more widespread sharing of customer experiences. The other part is adopting and growing a social engagement mindset internally and externally with dealers, partners and suppliers.



DATA POINTS

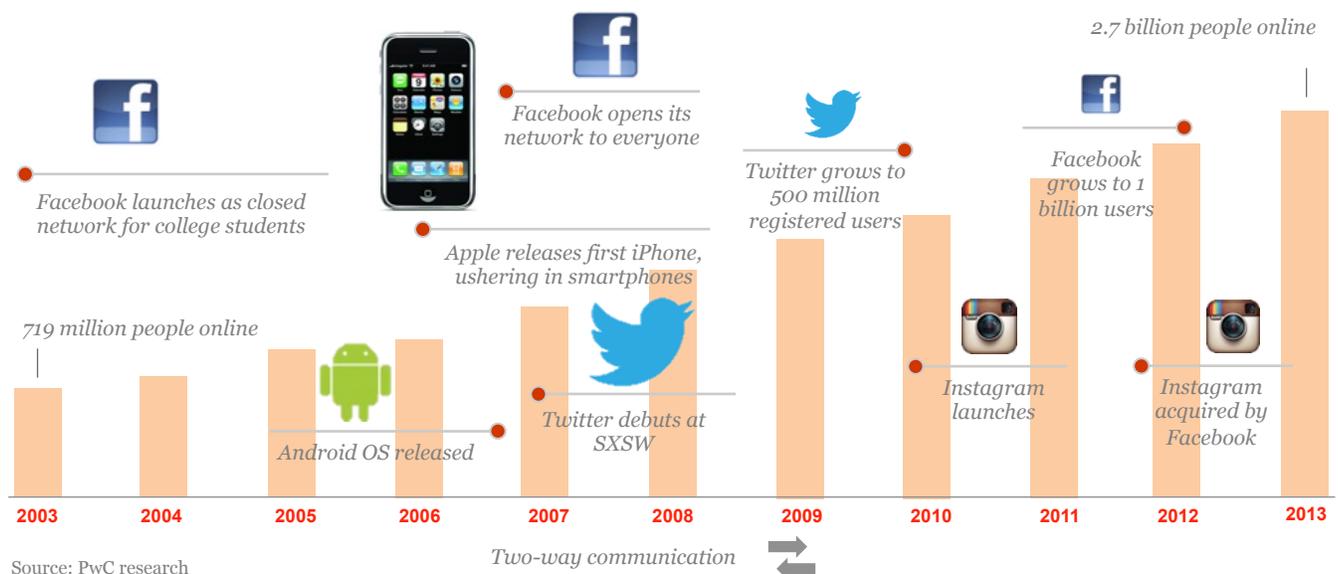
Auto lags in social

How the automotive industry compares in using social media platforms on a regular basis vs. all other industries.



Source: PwC Digital IQ Survey, 2013

The second online era: Social-connected brands and customers



Source: PwC research

Part 2.

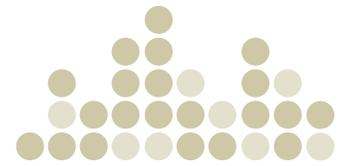
Connected experiences in the third online era

In the third online era, potential buyers are exposed to numerous influencers and disruptors via social media during every stage of their path to purchase. Awareness and consideration can ping-pong at whipsaw rates as socially shared pictures, links and/or status updates via social media sites shape opinions in a crowd-sourced decision-making exercise.

By the time prospects set foot in a dealership, their digital experiences with the brand site, dealers' sites, and the online opinions of friends, family, colleagues, as well as some professional reviews, may have already contributed to a final decision. That presents major implications for the role of the dealership salesperson. For automakers, this requires widened, real-time focus on digital ecosystem experiences. General Motors has invested in a fully digital sales

system: Its Shop-Click-Drive program allows consumers to purchase a car online from a dealer of their choice, all the way from financing to delivery. That means each managed, co-owned or loosely affiliated digital touch point must be managed with air-traffic-control-level guidance.

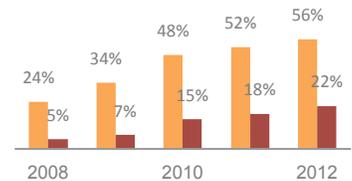
Combine prospects' personal online networks influencing preference and a potential all-digital purchase process, it's incumbent upon marketing and technology leaders to partner on digital ecosystem design and management. Automotive marketers must ensure social technology is seamless, invisible and simple from an uncompromising user-centric point of view; social selling thrives when simplicity and efficiency are key objectives and thus become their own value proposition. Digital ecosystems should expand as quickly as social technologies do.



DATA POINTS

Social media usage

- % people in U.S. with social profile
- % of people in U.S. who use social several times per day



Source: Edison Research and Arbitron, "The Social Habit," 2012

Current connections

Percent of auto brand outreach met with positive response

20%

Percent of auto tweets from qualified buyers

75%

Percentage of auto tweets from "dreamers"

25%

Source: Digital Roots LLC, "Smarter Social CRM," 2013

The modern digital consumer



90%

Consumers who trust peer recommendations posted on social media sites.

Source: Nielsen Global Online Consumer Survey, 2011



79%

Twitter followers more likely to recommend brands after becoming a follower.

Source: iModerate Research Technologies, 2012



71%

Consumers more likely to make a purchase based on social media referrals.

Source: HubSpot case study, 2011



70%

Consumers using social media to listen and learn about other consumer experiences.

Source: Nielsen, "State of the Media: The Social Media Report," 2012



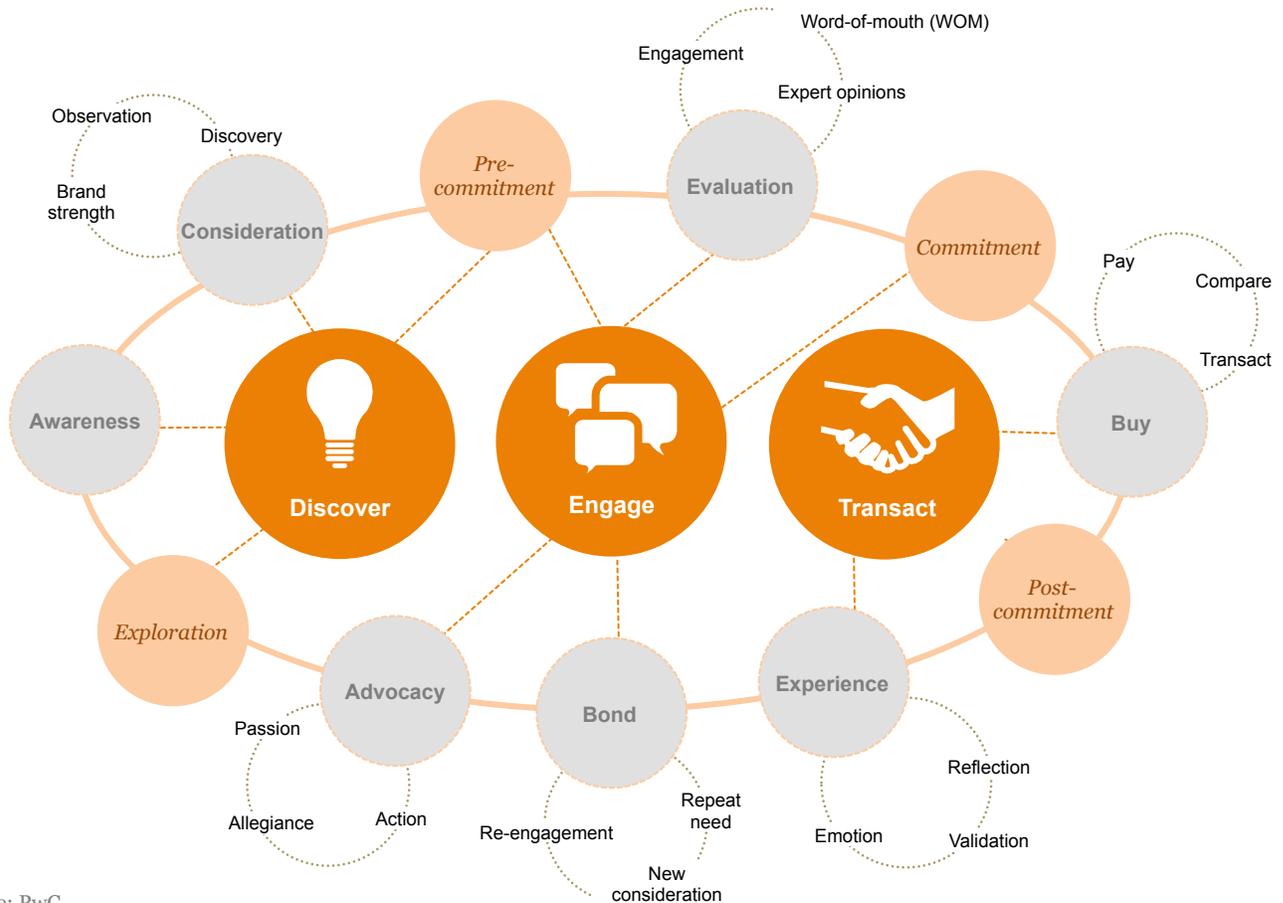
70%

Active online adult social networkers who shop online.

Source: Nielsen, "State of the Media: The Social Media Report," 2012

Social selling in the digital ecosystem

Infinite communication possibilities exist when digital systems and platforms are connected, similar to the way commercial social networks are, allowing people to easily share their brand experiences in real time. For manufacturers, managing the digital ecosystem is a key imperative during the third digital era of infinite communication possibilities.



Source: PwC

Here's one way to view social selling strategy: From an orbital vantage point. Digital and social platforms are often so extensive that they become their own "planets," each with its own governance, culture, energy and ability to affect change on business. A digital blueprint connects the planets around three simple yet distinct stages, allowing potential buyers to share and syndicate posts, photos, videos and recommendations easily and seamlessly on any platform.

A key next step in devising a social-selling blueprint is to provide a

means for prospects to share their buying journeys on their social media accounts. For example, BMW's MINI division encourages potential buyers to establish a digital "garage" to house the model they have configured on MINIUSA.com. Users are invited to share their configured model on their social networks. Conversations about the configuration take place on the user's Facebook account, which are automatically shared in their news feeds. As data on the next page demonstrate, BMW leads all other legacy automakers in online mentions compared to units sold.

A positive connected experience empowers customers to:

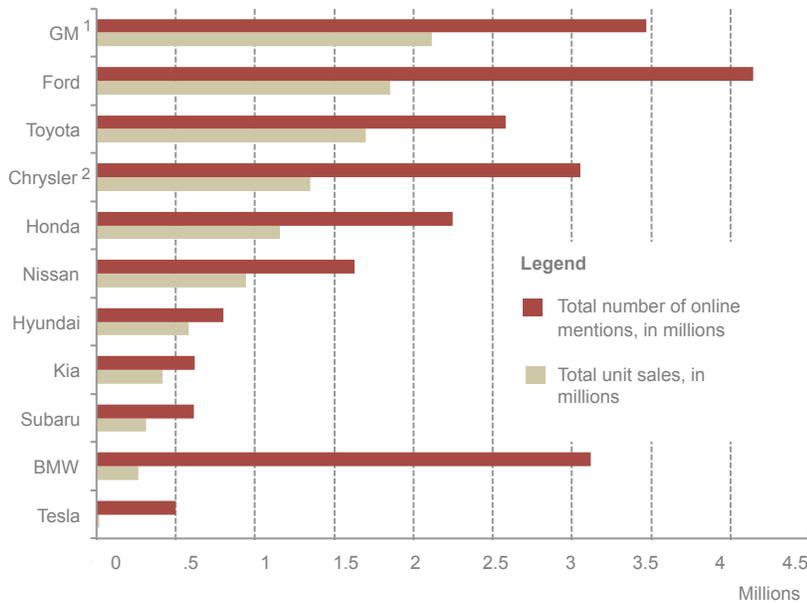
Discover and learn about brand value and offerings—anywhere, anytime.

Engage with a voice that's heard and acknowledged—contributing to brand equity through conversation.

Transact in a fast and frictionless way—from any device on any channel.

Comparing car sales to online mentions

Social media asks a fundamental question: What's new? Online mentions are often fueled by new products, new data and new experiences, and the car-buying experience, from research to driving home from the lot, can be a rich source of mentions. For this whitepaper, we compared 12 months of total unit sales to the total number of online mentions during the period. While the mentions are not exclusive to new car purchases, they can serve as an indicator to how well brands are engaging people during the buying experience.



¹ Includes mentions of Chevrolet/Chevy brand
² Includes mentions of Jeep and Dodge brands
 Measurement period: Sept. 2012 through Sept. 2013

Source: Sales figures from Automotive News, online mention data based on PwC research using Sysomos MAP, 2013

Tesla and BMW: Highest ratio of mentions online

Newcomer Tesla is making waves, including online enthusiasm. In the 12-month period we examined, Tesla sold 15,626 cars and had 500,000 online mentions. That's 32 mentions for every car it sold. Among the "legacy" automakers, BMW leads in online mentions compared to sales: 262,200 cars sold and 3.1 million mentions. That's 12 mentions for every new BMW sold, six times higher than its closest competitor.

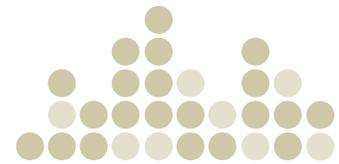
In the social selling framework, the higher the number of online mentions compared to the number of cars sold indicates strong buzz and online engagement, well-connected digital systems that feed online news feeds, and a healthy loyalty loop to drives sales. For the 12-month period between September 2012 and September 2013, Tesla and BMW lapped the field.

Mention index

The number of online mentions for an automaker compared to every unit it sold during a 12-month period:

Tesla	32.0
BMW	12.0
Chrysler	2.3
Ford	2.3
Subaru	2.0
Honda	2.0
Nissan	1.7
GM	1.7
Toyota	1.5
Hyundai	1.3
Kia	1.0

Source: PwC

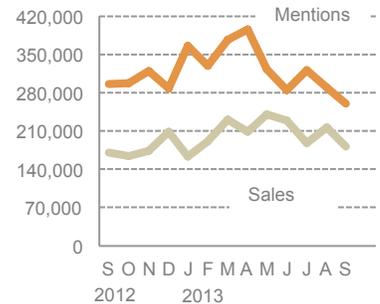


D A T A P O I N T S

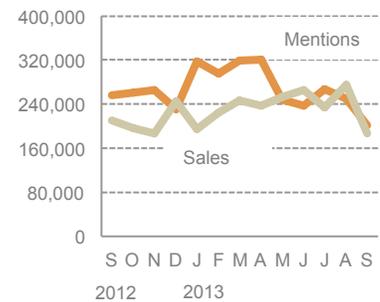
How 4 OEMs compare

Number of mentions and unit sales, monthly.

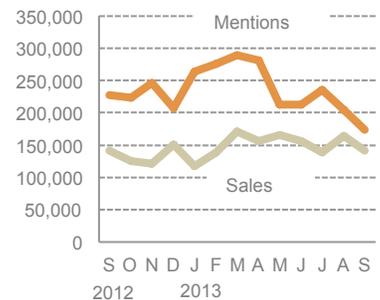
Ford



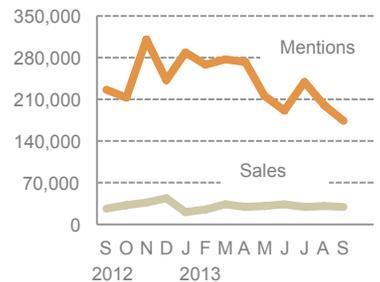
GM



Chrysler



BMW



Sources: Sales from Automotive News, online mention data via PwC research

Part 3.

Loyalty and advocacy: Currency for social selling

Some car brands have 25,000 online mentions per day. That means digitally engaged car buyers may be subject to a river of opinions from friends, family and colleagues on social platforms, forums, enthusiast sites, and self-initiated web searches. Online opinion has real-world, tangible effects on brand preference (see charts on page 9).

A connected digital ecosystem creates efficiency in winning hearts and minds because positive conversations on social platforms are like water over a dam: They power leads and opportunity to win ratios. Negative conversations can have an undesired effect, but their value is serving as an early-warning radar for product or service issues or faulty touch points in the digital experience. Among the conversation-makers are brand influencers, advocates, defenders and detractors. Advocacy is largely an untapped pool for automakers. The strategy is to identify, engage, and activate brand advocates,

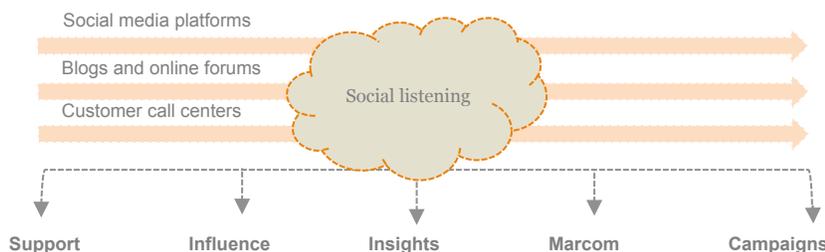
whose affinity is a virtual bond for the brand, managed without compensation or any form of fiat or directives from the OEM.

Authentic (and legal) social selling comes from wrangling together user-generated content and re-sharing it, a practice also known as curation. Content is decentralized but monitored and curated from a centralized point of view. That helps customers and prospects continually connect, enhance and syndicate content along any stage of the buying cycle. That enables social selling to be more findable and relevant to the prospect, and shareable with their own networks of friends and family.

Automakers should focus on building a direct relationship with the customer via any channel. As dealers evolve and embrace digital transformation, manufacturers should be standardizing, supporting, and amplifying dealer messaging as part of a systematic loyalty strategy.

Listening for advocacy

A listening center that monitors external and internal social and digital platforms to understand current sentiment is a key operational component to social selling.



Source: PwC



The loyalty loop

The new paradigm for marketing is the loyalty loop, a framework to explain purchase decisions based on well-informed friends, advocates or influencers. The underpinning of the loyalty loop is social engagement; it's incumbent upon OEMs to connect suppliers, partners and dealers into a holistic digital ecosystem that leverages its scale for driving engagement.



Who's who in social selling

Brand influencers

Those who actively share their opinions, passions, and expertise through their typically large personal and professional networks. Brand influencers add high connection value.

Brand advocates and defenders

Those who proactively participate in public conversations to promote a particular brand, product, service, or cause and defend against brand detractors. Brand advocates and defenders add high behavioral and contextual value.

Source: PwC

Part 4.

Management considerations for the third online era

The automotive manufacturer that seamlessly connects its digital ecosystem with customers, suppliers, dealers and the aftermarket on platforms that provide uniform, real-time data, is positioned best for transformation into a digital brand. As Tony Fadell, the former Apple executive who co-founded Nest, the product company that is causing disruption in the home product industry, describes it, “Disruptive technology isn’t a better sensor, it’s

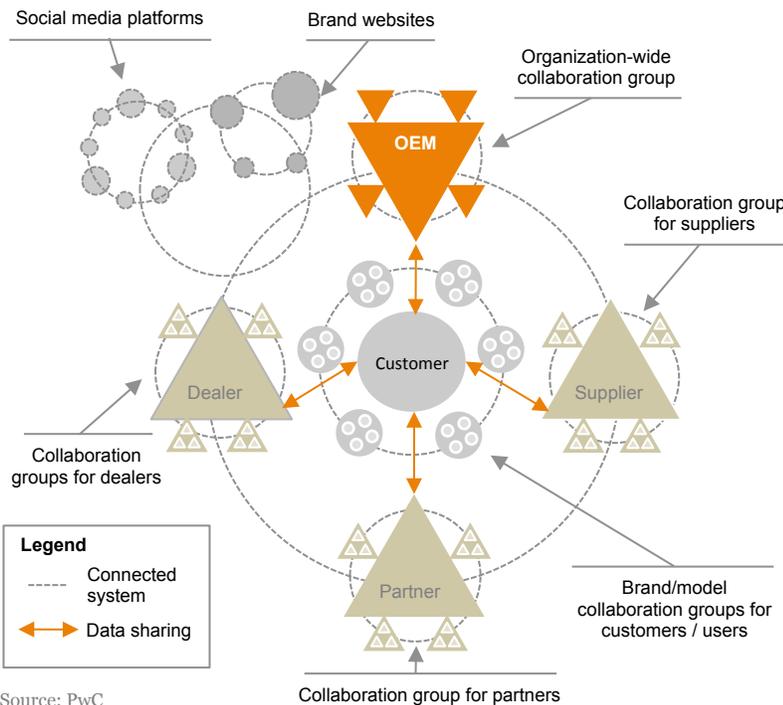
about this whole network of things.”² Aligning the organization of the automaker, not to mention hundreds of dealers, into a well-functioning, real-time network can be daunting, but the automakers that seize the digital brand trophy of the future will understand they must move toward collaborative thinking programs and practices—both internally and externally—so that the organization will itself become an integral part of the digital ecosystem.

An automotive digital ecosystem blueprint

A digital ecosystem makes multiple, seamless connections:

- Connect the brand with customers
- Connect customers with dealers
- Connect dealers with other dealers
- Connect suppliers with other suppliers
- Connect partners with other partners
- Connect OEM teams enterprise-wide

Connect everyone and everything to social media platforms and brand websites.

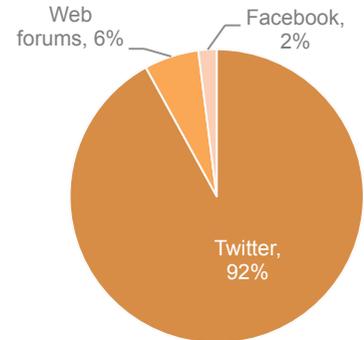


Source: PwC



Social-driven leads

The primary sources of social-driven leads, from 2012:



15%

Of social media conversations are turned into test drives.

\$2

The cost per social-driven lead.

67

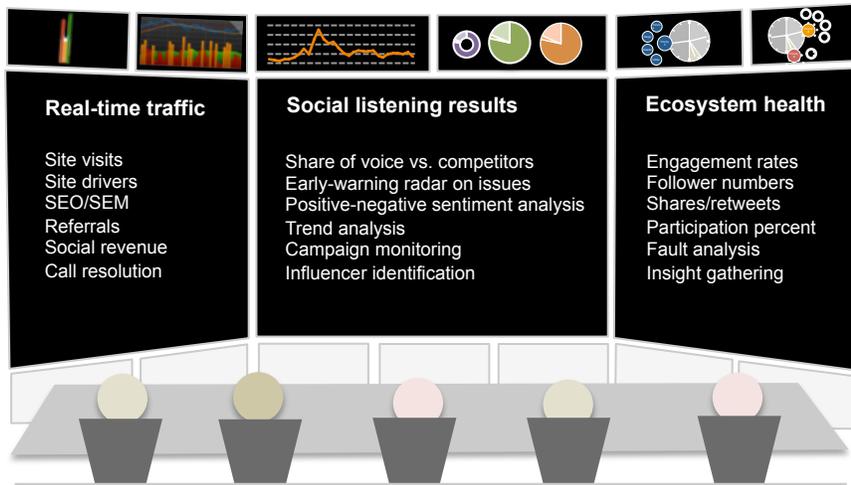
The number of leads a dealer must reply to in order to sell one vehicle. (\$134)

Source: Digital Roots LLC, “Inside the Customer Experience: Insights About Today’s Connected Consumer,” 2013

² “Tony Fadell’s Nest is Making the Smartest Smoke Detector in the World,” Forbes, 2013

Measuring for impact

Digital ecosystems are data factories. A properly architected system collects, monitors and shares contextual, real-time results about conversations, influencers, relationship strength, engagement, message effectiveness and social selling results across the enterprise. Digital ecosystem data help strategists plan for future work while helping practitioners pivot quickly. A mission control-room setting signals its importance as a centralized function, helping ensure organizational alignment.



Source: PwC

Competitive advantage and brand loyalty in a digital ecosystem relies on digital experience management. This portends the growth of command centers that monitor traffic, conversations and the overall health of the ecosystem. A command center can direct brand engagement accordingly to established governance and engagement protocols. This helps ensure positive experiences at every touch point in the purchase and ownership lifecycles, plus identify opportunities to supplement the syndication of experiences.

Brand loyalty in the burgeoning third online era will be based on the roots being planted by automakers' online engagement today. When customers share their loyalty across multiple channels over time, that act of syndication is like a sticky

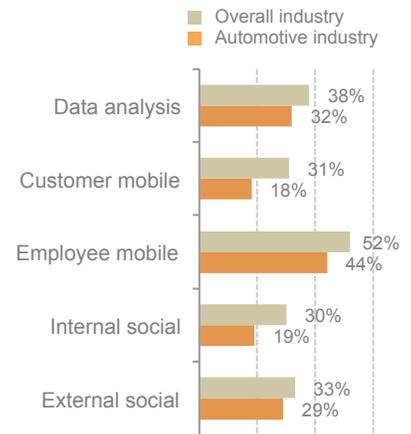
binding agent, causing brand switching to be a bigger decision. Organizations that experiment with digital engagement in silos, or hoard data or don't collaborate across organizational lines are likely to find themselves fall behind competitors that embrace digital agility as an organizational attribute. The longer it takes an organization to own, architect and manage a social selling-driven digital ecosystem, the longer it will take to recover lost ground. *In short, doing nothing is really not an option.*

Digital ecosystem success relies on enterprise-wide collaboration, ideally atop an enterprise social platform. It's also dependent on team-driven collaboration in asking questions, considering options, and agreeing on key objectives for a digital ecosystem blueprint.



Digital ecosystem investments

Technologies enjoying growing investment levels in 2013.



Source: PwC Digital IQ Survey, 2013

4 measurement types

Awareness

Total audience exposed to paid, owned or earned media. Includes total .com visitors, video views, number of followers, retweets, shares, check-ins, page views.

Engagement

The total level of participation. Includes total interactions, comments, replies, photos/videos posted, click-throughs.

Influence

How an information source is deemed relevant, authoritative and credible. Includes number of likes, embeds, external retweets.

Advocacy

The messages, opinions and recommendations about a brand. Includes sentiment, and reach of recommendations.

An organizational model that's digital-ready

Digital ecosystems require adaptive organizational design to meet the needs of fast-changing technology and user expectations. An agile framework is best-suited for this.

	Traditional	Transitional	Agile
Customer insights	Customer insights gathering hampered by ownership fights.	Customer data begins to inform priorities across the company.	Customer insights shared across the organization ensure clear line of sight.
Organization	Fragmented customer experiences.	Some integration of customer experiences.	Nimble organization adapts to evolving customer needs.
Strategy	Strategy determined early in year; limited ability to adapt.	Planning more flexible as integrated strategies take root.	Strategy regularly updated based on consistent feedback cadence.
Measured impact	Inconsistent methodologies.	Increased rigor for scorecards.	Business impact clearly defined and measured.
People	Teams compete for resources and visibility.	Moving from "me to we"; cross-functional collaboration increases.	Team members see career opportunities rise as they increase their impact on the business.

Source: PwC

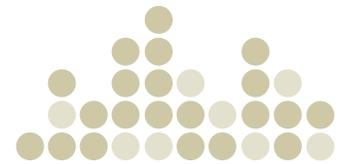
As companies prepare for social selling, their organizational structure must account for all aspects of the customer journey—one that cuts across marketing, sales and the aftermarket. Automakers should consider an organizational framework that fosters more collaboration and data-sharing that brings to the forefront the latest trends and talent across people, process and technology.

For dealer teams, social selling strategy must inform sales and service staff with knowledge about incoming and outgoing messaging, sentiment, digital tools, and the power to consistently make the purchase process seamless and convenient. With dealer pre-sales visits on the decline, sales staff need to ensure that their make and model information is not only accurate but leverages real-time social conversations and product reviews.

These guiding principles apply to the finance and insurance side (F&I) of the business, too. As more consumers purchase online, the

traditional F&I processes and infrastructure that remain within traditional brick-and-mortar dealerships must evolve, including the re-evaluation of up-sale and cross-sale tactics. These tactics may drive incremental revenue in the stores, but a drawn out and siloed F&I process can create frustration and defensiveness for car buyers at a moment when they should be celebrating their purchase. Streamlining the F&I process will prove to be a customer-experience differentiator.

Social selling will require dealers to re-evaluate how sales and service staff engage with car owners. The proliferation of mobile and social technologies will require sales and service staff to also be community managers and experience curators in the digital ecosystem, expanding their base influence. Dealerships should focus on enhancing technology, creating a digital-centric culture, and developing process training to instill a digital customer-centric mindset and deep expertise with social and mobile technologies.



D A T A P O I N T S

Top 10 questions

About digital ecosystem planning:

- 1 How do we create a consistent, seamless and simple brand experience throughout the vehicle owner journey?
- 2 How is our voice, content, and community management governed across organizational boundaries?
- 3 How do we balance functional measures with shared objectives across the C-suite?
- 4 Does our current operating model allow us to team, collaborate and deliver across organizational lines?
- 5 How do we share expertise and competencies across our operating portfolio, brands and geographies?
- 6 How do we foster innovative and creative use of the digital platform?
- 7 Who and what have primacy in governing technology platform decision-making?
- 8 How do we better integrate in-vehicle technology into the overall customer experience?
- 9 How do we deliver insights to the right people at the right time to act on and react to opportunities and threats in the marketplace?
- 10 What if we decide to do nothing?

Source: PwC

About PwC

PwC's auto practice

PwC's global automotive practice leverages its extensive experience in the industry to help companies solve complex business challenges with efficiency and quality. One of PwC's global automotive practice's key competitive advantages is Autofacts®, a team of automotive industry specialists dedicated to on-going analysis of sector trends. Autofacts provides our team of more than 4,800 automotive professionals and our clients with data and analysis to assess implications make recommendations, and support decisions to compete in the global marketplace.

PwC's social/digital practice

PwC's social and digital practice helps organizations capitalize on the social, mobile, and other digital technologies that are transforming the way business gets done, from customer value to revenue growth. With a strong, customer-centric focus, PwC's social and digital practice employs a range of solutions, from operating models, to technology solutions, to customer data to global social and digital strategies.

Contributions and assistance to this report

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