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Social media and the car buying experience *Under the hood of the digital consumer...*

How are automotive manufacturers using the readily available information from social media to help shape their future marketing strategies?

The digital consumer

Engagement in social media channels is driving change in the automotive market. New car shoppers increasingly rely on social media channels to research models, gather input, and provide feedback during their decision-making process. Statistics support this change: 90% of consumers asked in a recent Nielsen survey said they trust peer recommendations posted in social media sites¹, and 71% of consumers said they're more likely to make a purchase based on social media referrals.²

Automakers are responding by diverting dollars from traditional advertising channels with cyclical product launches and campaigns to digital strategies with continuous social media interaction. They are beginning to recognize a demand for digital experiences as an impetus to fundamentally change the way they bring vehicles to market.

Opportunistic forces

Three underlying consumer trends are creating opportunities for innovation and driving a fundamental change within the automotive retail realm: the rise of the "Millennials," the acceleration of social media usage, and the proliferation of connected mobile devices. Each is augmenting the buying process, and thus inciting change to OEM

marketing strategies. The Millennial generation, roughly defined as 18- through 30-year olds, contributes an estimated \$200 billion to the US economy annually, and represented 40% of the total car buying population in 2012³.

Due to their high traffic and popularity, social media outlets have become a repository for consumer feedback. It is estimated that 70% of consumers are using social media to listen and learn about other consumer experiences⁴, making these sites rich data sources from which OEMs can cull customer sentiment and preferences for target marketing and brand building.

Finally, the rise of smart phones has generated heightened expectations of integration and connectivity between devices and cars, providing the ultimate in-vehicle digital experience. OEMs are developing cross-platform apps to enhance the driving experience, including music streaming services, smart phone syncing, and vehicle information via smart phones.

The social engagement journey

With social media's growing influence on retail sales, automotive companies are at varying stages of leveraging data and channels as a sales forum (See Figure 1). This ranges from the initial stage of traditional one-way communication through the

Figure 1: Ant's Eye View – The Social Engagement Journey



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final “Fully Engaged” stage, where social engagement and customer experience are both woven into-organization’s DNA. A clear and defined approach to social media is well communicated and executed across company functions, enabling effective and meaningful consumer engagement. Once fully engaged, companies should experience measurable results in the form of increased revenue and brand loyalty.

Staying current with social selling

To succeed, automakers should consider a “social selling” strategy that leverages social media platforms to make it seamless for customers to participate with the brand and their own personal networks during the sales process. Social selling uses a connected digital ecosystem of content produced by the brand and the participation of customers who co-create content as part of their experience. This allows prospects to either own the OEMs’ branding messages, or reject them. Brands are responding by developing dealer apps and websites through which customers can compare models, check available

incentives, arrange test drives, and build vehicles to their own specifications. Such measures collectively encourage active, two-way interaction with customers, further extending the social selling strategy.

The transition from conventional brick and mortar auto sales to multi-channel, social media-driven strategies are moving forward and if consumer sentiment is an indication, there’s no turning back. Buyer expectations continue their march toward flexibility and multi-channel purchasing options. OEMs are wise to embrace the benefits of a strong social media presence that is constantly curated by ongoing dialogue about brand and products. Social selling is a core strategy that capitalizes on key social and technology trends and will help early adopters better understand consumer sentiment, build share of voice, and ultimately drive revenue growth.

Please visit www.pwc.com/auto to continue the discussion on social media and see how PwC can help. For more information on the automotive digital consumer, please contact [Erich Bergen](#).

Figure 2: Delivering on the journey



Social Engagement

Select consumer survey responses

- 40%** Consumers who value the option to shop across multiple channels (web, mobile, and in-store)⁵
- 69%** Consumers who share negative experiences with others through social media⁶
- 79%** Consumers who say they are more likely to recommend a product after following the brand on Twitter⁷

Sources:

1. Nielsen Global Online Consumer Survey, 2011; 2. Hubspot case study, 2011; 3. iModerate Research Technologies, 2012;
4. <http://www.autoobserver.com/2011/09/2012-chevy-sonic-aimed-gently-at-millennials.html>;
5. Data from PwC’s 2011 Experience Radar collected from 6,000 US consumers across multiple industries;
6. http://www.mainstreet.com/slideshow/smart-spending/best-stores-custoemr-service-2010?cm_ven=newsweekmspromof;
7. iModerate Research Technologies, 2012



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