

Cox AUTOMOTIVE

Reimagining the Automotive Consumer Experience

FEBRUARY 2020

Today's experience needs to evolve!

36%

of **consumers** are *very satisfied* with their vehicle dealership¹

89%

of **dealers** agree they must find alternative ways to sell and service vehicles if they want to survive²

¹ Source: 2019 Cox Automotive Future of Consumer Experience

² Source: 2019 Urban Science, Consumer & Dealer Perceptions on the Future of Automotive Networks



Re-imagining the automotive consumer experience...

...to both minimize pain points in the process and explore ways to deepen consumer relationships with OEMs & dealers

Phase 1

Talking with
Consumer Experience
Experts & Futurists



Phase 2

Co-Creating with
Trailblazing Consumers
in “Dream Labs”



Phase 3

Measuring Appeal of
Forward-Focused
Concepts Among
Consumers

29 concepts tested

2,000 consumers

Top 3 Findings

#1

The vehicle **acquisition and service** touchpoints provide the largest opportunity to **remove unwanted friction** *now*



#2

Today's consumer still wants **immersive, high-touch experiences** when researching vehicles



#3

Pay attention to **Trailblazer consumers** who point the way to a more **high-tech, personalized future**





#1

**The vehicle acquisition and
service touchpoints provide
the largest opportunity to
remove unwanted friction now**



Creating frictionless experiences is a focus across many industries

Consumers are used to easy shopping and buying experiences...



Food Delivery

Uber Eats offers a seamless food ordering and delivery service that is fast and constantly updates the user with an ETA for the delivery



Apple/Android Pay

Apple Pay and Android Pay allow users to pay for everyday purchases with their smartphones instead of a physical card by "tapping" their smartphone to a card reader

...and expect them even in complicated categories like automotive and real estate



**PUSH BUTTON
GET MORTGAGE**

Rocket Mortgage

Quicken Loans offers an instantaneous way of getting a mortgage for new home buyers at the push of a button



CARVANA

Carvana

Carvana offers the ability to get a trade-in offer in minutes, and someone will even come to you to pick up your old car in exchange for money or your new car

Service and acquisition take the most energy from consumers

Consumer Perception of Effort Required Across Automotive Experience Touchpoints

Pre-concepts

(1 = Requires no effort; 10 = Requires a lot of effort)

Service

7.17



Acquisition

7.05



Research

6.88



Test Drive

6.52



Ongoing Brand Relationship

4.80

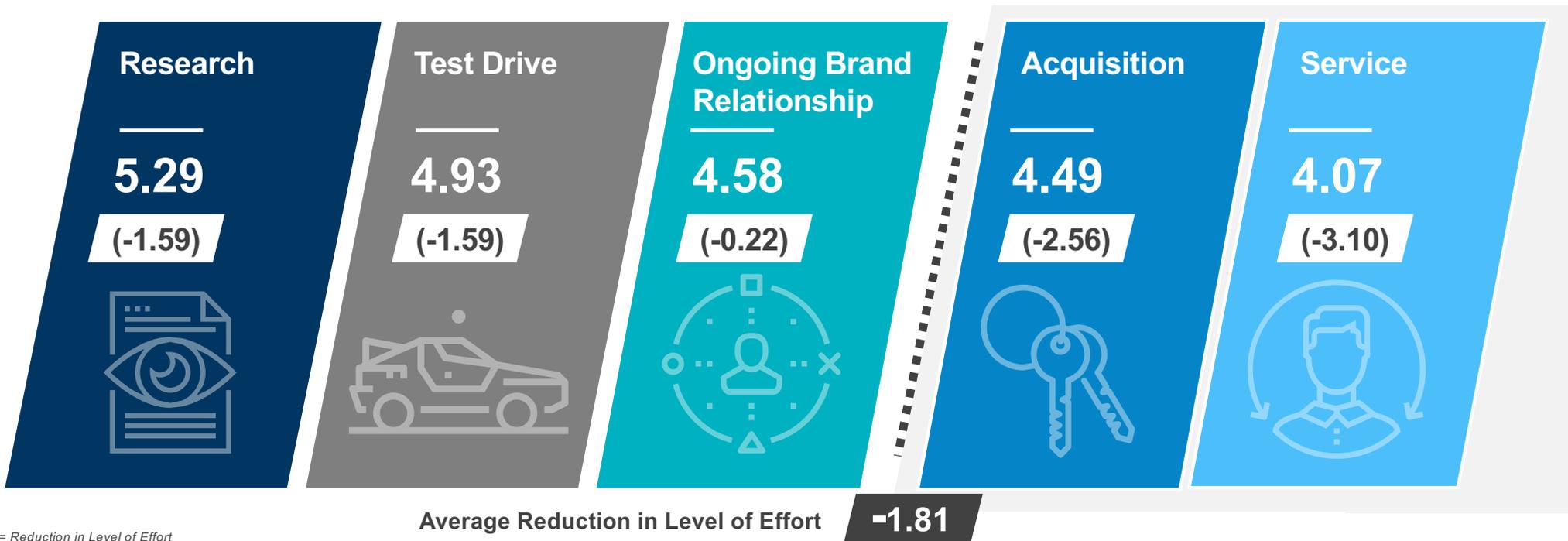


New concepts can make service and acquisition the most frictionless touchpoints of the experience

Consumer Perception of Effort Required Across Automotive Experience Touchpoints

Post-concepts

(1 = Requires no effort; 10 = Requires a lot of effort)



() = Reduction in Level of Effort

4 of the top 5 most appealing concepts would address pain points in the service and acquisition part of the experience

Top Appealing Concepts Across all Touchpoints

Concept	Touchpoints
Service Drop-Off & Pick-Up + Loaner	SERVICE
Purchase Vehicle Swap/Return	ACQUISITION
Test Drive Delivery	TEST DRIVE
Purchase Vehicle Delivery	ACQUISITION
At-Home Maintenance	SERVICE

The most appealing concepts also have the greatest impact on friction

Top Appealing Concepts Across all Touchpoints

Concept
Service Drop-Off & Pick-Up + Loaner
Purchase Vehicle Swap/Return
Test Drive Delivery
Purchase Vehicle Delivery
At-Home Maintenance

Top Friction Reducing Concepts Across all Touchpoints

(1 = Requires no effort; 10 = Requires a lot of effort)

Reduction in Level of Effort	Concept
-3.29 (7.17 to 3.88)	 Service Drop-Off & Pick-Up + Loaner
-3.27 (7.17 to 3.90)	 At Home Maintenance
-3.23 (7.17 to 3.94)	Remote Vehicle Updates
-3.19 (7.05 to 3.86)	 Purchase Vehicle Delivery
-2.97 (7.17 to 4.20)	AI Service Notifications and Warnings
-2.86 (7.05 to 4.19)	 Purchase Vehicle Swap/Return
-1.81	Average Reduction in Level of Effort.

Adopting at least one of these new concepts could help conquest new customers from the competition

80%

*of consumers would **switch to a brand** that offered one of these top concepts*

A photograph showing a man and a woman shaking hands in front of a car. The man is wearing a blue blazer and glasses, and the woman is wearing a light-colored blazer. They are both smiling. The car is a dark color with its door open. The background is a bright, modern interior, likely a car dealership.

Source: 2019 Cox Automotive Future of Consumer Experience



#2

**Today's consumer still wants
immersive, high-touch experiences
when researching vehicles**

“

“Almost every retailer is now thinking about frictionless and sticky. Where are the moments that we want high, empathetic, human contact, and where are the moments where we want to make it so easy that you’ll just almost buy things without even thinking about it.”

—CHRISTIAN DAVIES, *Managing Director, Creative Marketing Group at Verizon*



Consumers want to move beyond just a transactional relationship

62%

of consumers **want a relationship with their dealer** that extends beyond a simple transaction (friend, mentor, advisor, or partner)



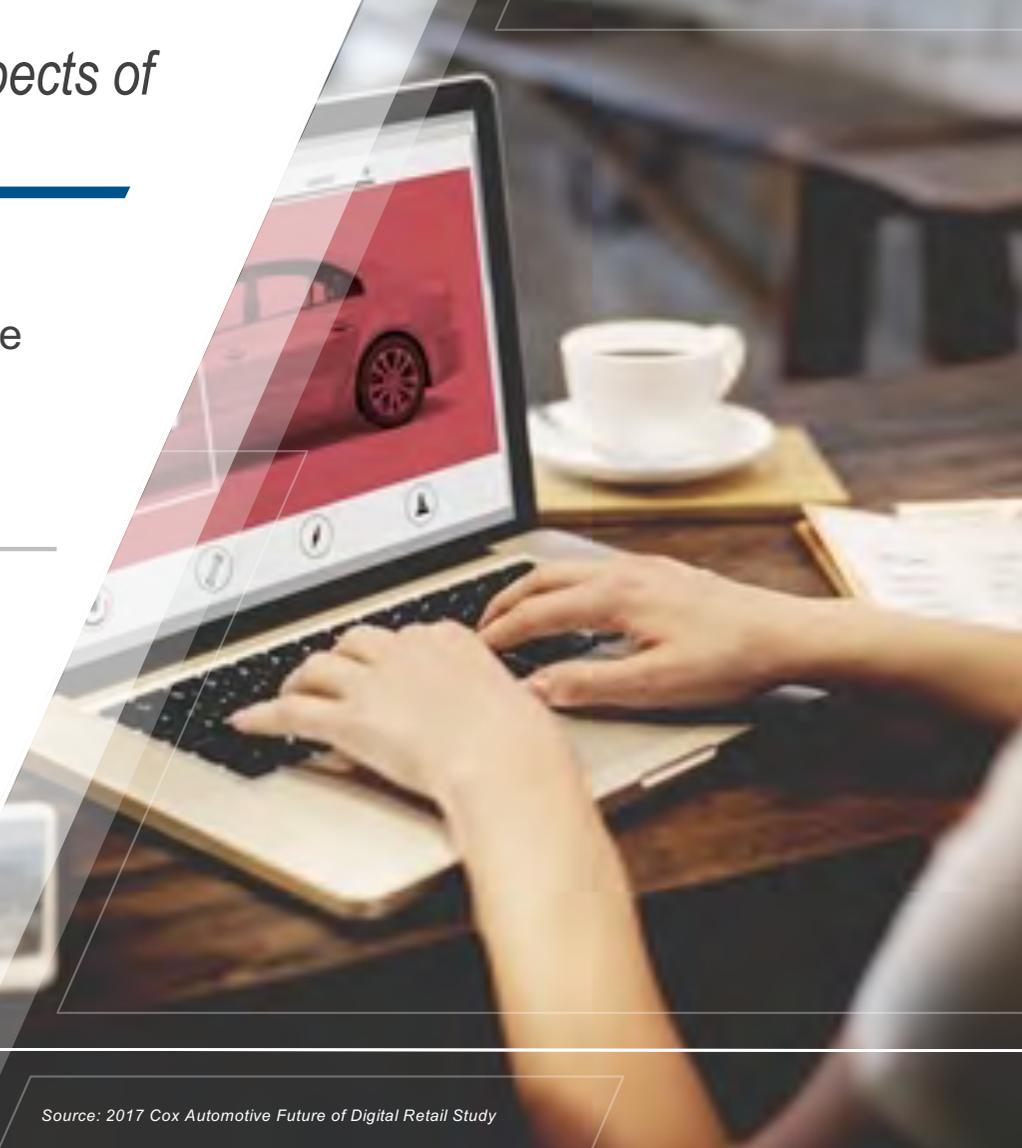
Consumers want to focus on the fun aspects of the shopping experience

83%

of consumers want to complete at least **one step of the purchase process online**

60%

of consumer would **use the time** saved by moving parts of the purchase process online to **get to know the vehicle more**



There's an opportunity to connect with consumers in a different way

62%

of consumers still want **help** from the **dealership staff**

61%

of consumer want help from a **product specialist** instead of a salesperson



Source: 2017 Cox Automotive Future of Digital Retail Study

The research touchpoint should be highly engaging



Brand Experience Centers

Locations where you can view vehicles and get guided tours on all of the vehicle features from trained individuals who are considered experts on the vehicles they are sharing (not salespeople)



"It would be a no pressure situation and would motivate me to learn more on my own about the brand and possibly motivate me to purchase it."

70%

Provides more information

56%

Creates more confidence in purchase

50%

would switch to a brand that offered this concept

43%

Increases trust with brand

The trial touchpoint should also be immersive



Immersive Test Drive

Visit a physical location (e.g., brand experience center, etc.) and drive the vehicle on a track designed to test it to its maximum capacity or drive the vehicle virtually in a simulator that allows you to test the vehicle in various types of environments.

"I would love to be able to really test drive a vehicle before a purchase. I mean really test the car and not in the middle of a town where you can't even get out of first gear."



54%

Provides more information

53%

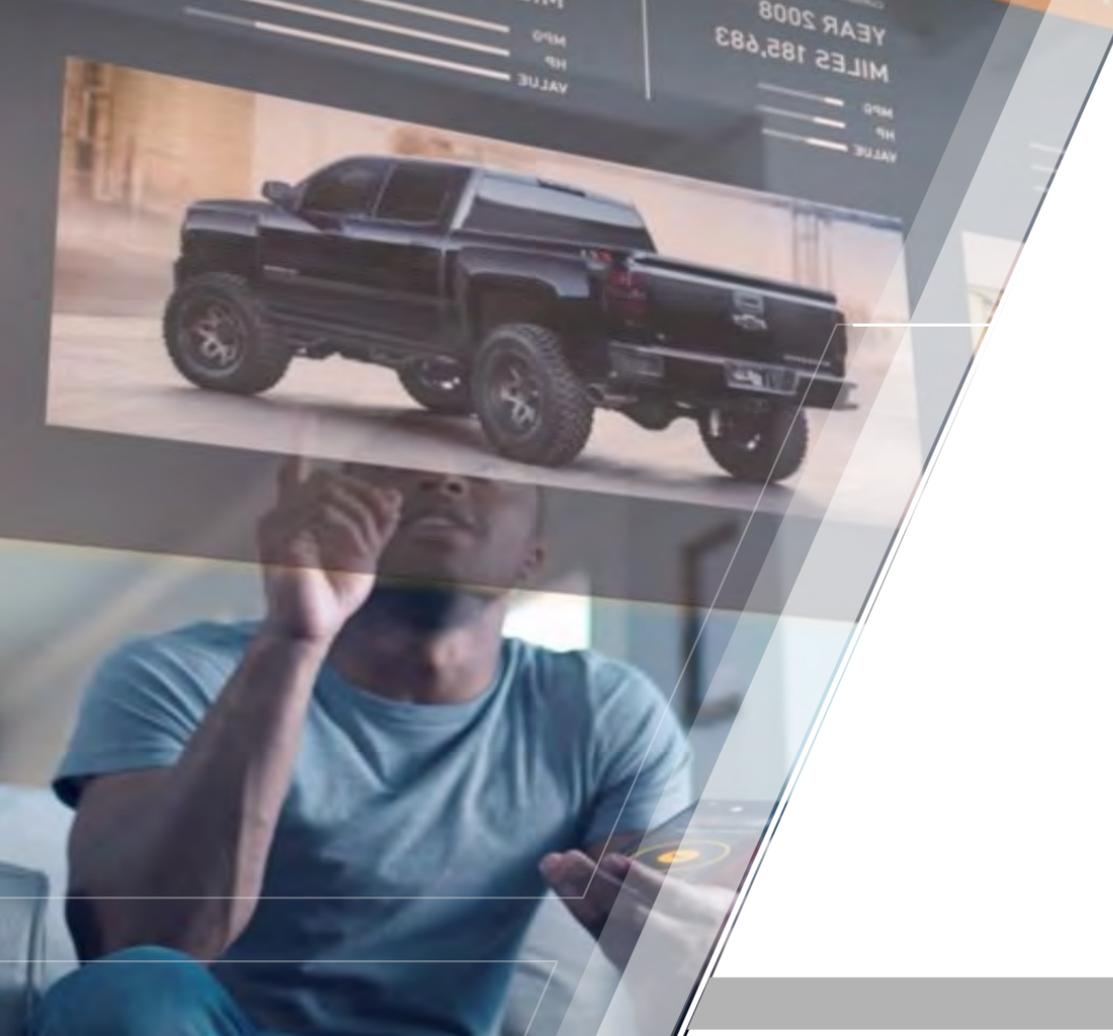
Creates more confidence in purchase

52%

would switch to a brand that offered this concept

53%

Increases trust with brand



#3

Pay attention to Trailblazer consumers who point the way to a more high-tech, personalized future

Trailblazers are the average consumers of the future

47% of Trailblazers are **Gen Z / Millennials**

(vs. 36% of Average Consumers)

63% of Trailblazers are **very open** to switching vehicle brands in the future

(vs. 37% of Average Consumers)



Trailblazers find more tech-forward concepts significantly more appealing

Appeal Difference with Trailblazers vs Average Consumer

	Difference
Virtual Reality Test Drive <i>Simulator that demonstrates how the vehicle feels during different road and weather conditions</i>	+30%
Vehicle Voice Search <i>Search for a vehicle via voice commands on a personal assistant device</i>	+30%
AI-Enabled Vehicle Predictor <i>Recommendations on when and what vehicle to purchase based on vehicle and personal data</i>	+29%
AI Lifestyle Integration <i>Vehicle fully integrated into life and smartphone contents to help with tasks and offer promotions</i>	+28%
All Online Purchase + Biometrics <i>Complete vehicle process done online, with ability to sign via fingerprint or facial recognition</i>	+27%
Interactive 360 Holograms <i>Three-dimensional image allowing 360-degree view of the vehicle</i>	+24%
Enhanced Service App <i>Schedule vehicle service and receive notifications and updates through an app</i>	+23%
AI Service Notifications <i>AI monitors vehicle health and provides alerts when service is needed</i>	+19%

Today's *average* consumer's automotive experience

Top 2 Most Appealing Concepts Across the Automotive Experience Average Consumer's Journey



Trailblazers prefer more tech-forward concepts in order to create a completely frictionless and personalized experience

Top 2 Most Appealing Concepts Across the Automotive Experience Trailblazer's Journey



Tech-forward Concepts



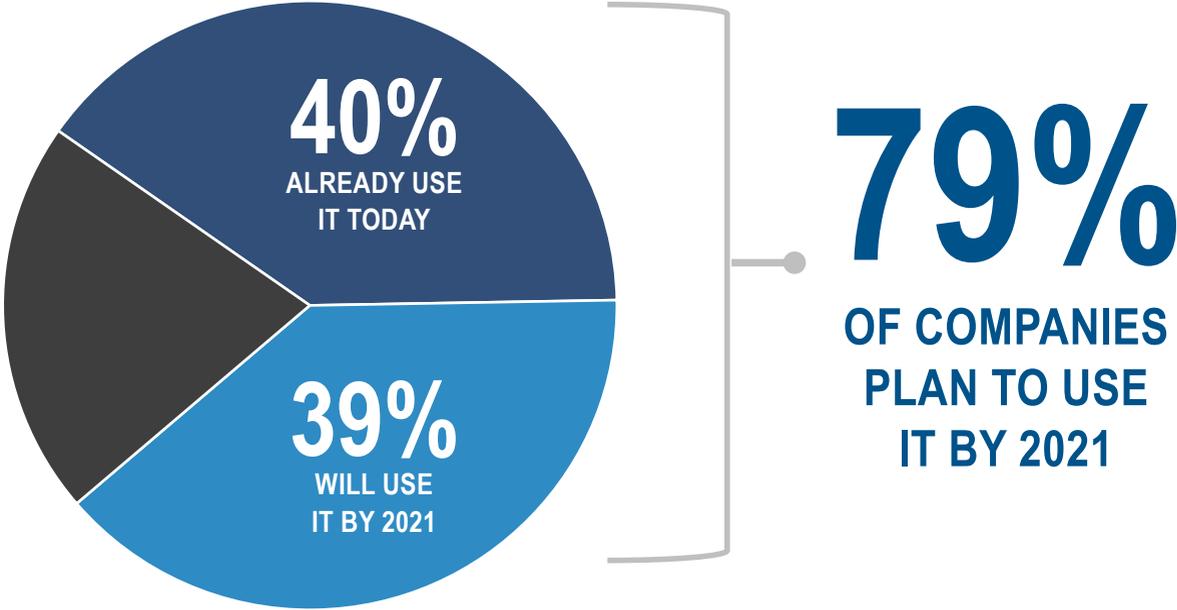
Trailblazers are also embracing alternatives to traditional ownership ahead of their peers

Appeal Difference with Trailblazers vs Average Consumer

	Difference
Alternative Vehicle Subscription <i>Ability to get access to RVs, boats, etc. based on need.</i>	+24%
Lifestyle Mobility <i>Ability to swap out vehicle based on driving/event needs</i>	+23%
Subscription Suggestion <i>Vehicle makes recommendations for next vehicle based on driving patterns, vehicle location, etc.</i>	+23%
Family Access Subscription <i>Gives the whole family access to vehicles or mobility options with the ability to access whenever</i>	+21%
Fractional Ownership <i>Own/lease a vehicle jointly with a small group where cost and time with vehicle is evenly split</i>	+20%

The majority of companies either use or plan to use AI

Retail & Consumer Products Companies Using AI-Driven Intelligent Automation



Automation & AI technology offer opportunity in automotive if implemented the right way

78%

OF CONSUMERS BELIEVE PERSONALIZATION TECHNOLOGY **BENEFITS COMPANIES MORE THAN IT BENEFITS THEM**

VIOLATES PRIVACY: 58% CREEPY: 56%

68%

OF CONSUMERS DON'T MIND COMPANIES USING PERSONALIZATION TECHNOLOGY IF IT **IMPROVES THEIR OVERALL SHOPPING EXPERIENCE**

~76%
AGES 18-34

CONSUMERS AGREE PERSONALIZATION TECH WILL IMPROVE...

67%

THE BUYING PROCESS

63%

OWNERSHIP PROCESS

Consumers already expect basic personalization in sales & service

SALES PROCESS

76%
EXPECT THEIR
DEALER TO KNOW
SOMETHING ABOUT THEM
BEFORE **ENTERING**
THE DEALERSHIP

- #1: The trade-in value of my current vehicle
- #2: My budget
- #3: The previous vehicles I have purchased/leased
- #4: The vehicles I've researched online
- #5: My financial history
- #6: The reason why I'm purchasing/leasing the vehicle

SERVICE PROCESS

88%
EXPECT THEIR DEALER
TO KNOW SOMETHING
ABOUT THEM WHEN
THEY REACH OUT
FOR **SERVICE**

- #1: Vehicle make/model
- #2: Vehicle year
- #3: Service history of my vehicle
- #4: Approximate vehicle mileage
- #5: The features of my current vehicle
- #6: The trade-in value of my current vehicle

Dealers are taking the first steps in tracking

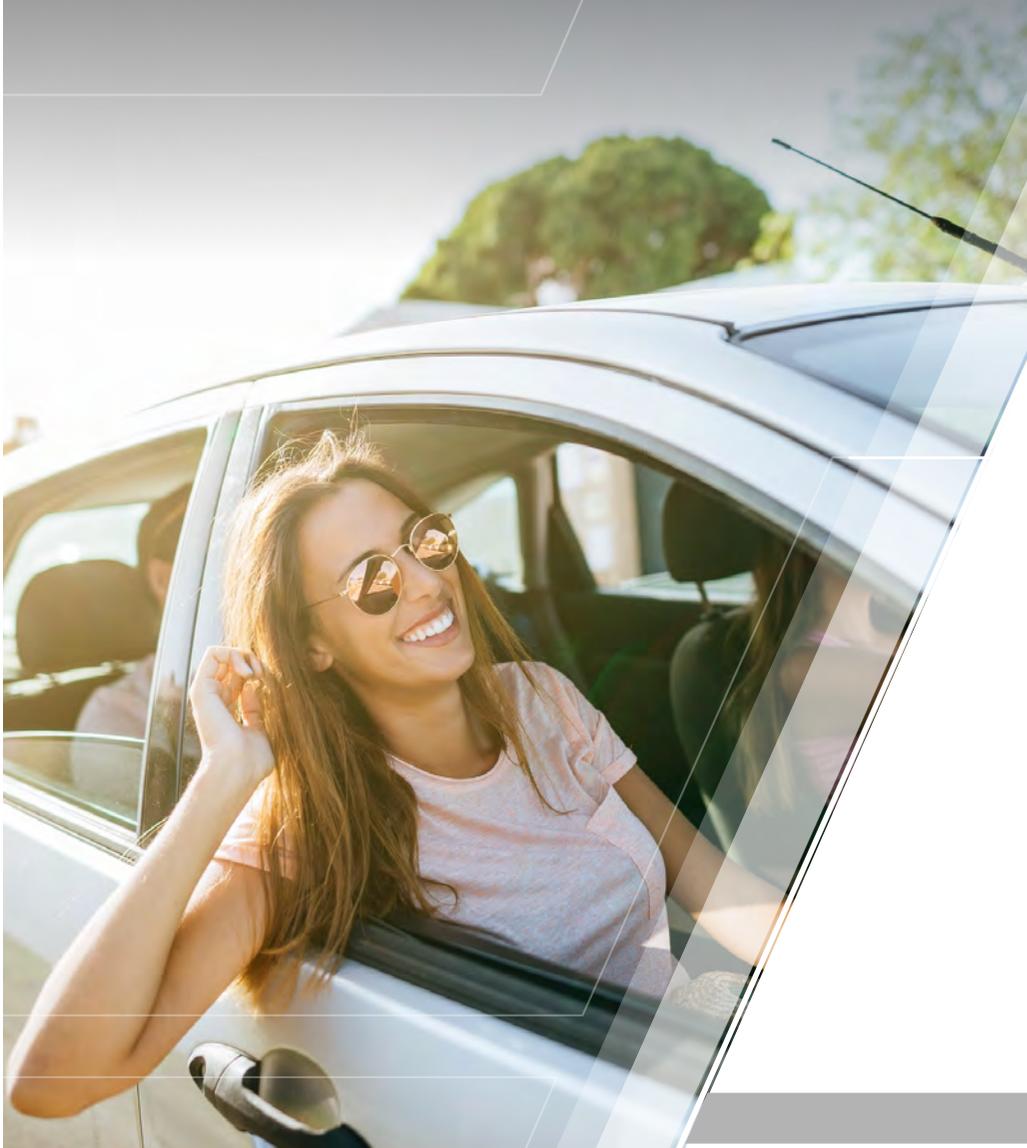
Dealers Are Most Familiar With...

1. Trade-in value tracking
2. Social media activity tracking
3. Online data tracking for personalized marketing offers

Dealers Are Most Likely to Adopt in the Next 2 Years...

1. Activity and communication tracking to identify top leads
2. Trade-in value tracking
3. Activity tracking to predict customer purchase preferences and interests





RECAP & RECOMMENDATIONS



Top 3 Findings

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The vehicle acquisition and service touchpoints provide the largest opportunity to remove unwanted friction *now*



#2

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#3

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