



CitNOW

# Accelerating the Digital Customer Experience

## 2021 Report

# Executive Summary

The evolution of the car buying process is accelerating due to the effects of the COVID-19 pandemic. We have seen consumer acceptance of automotive e-commerce grow, along with the use of video for communications. So how should retailers build on decades of retailing expertise to create new experiences that delight and excite customers?

Despite facing extreme adversity in 2020, the industry has shown how agile and responsive it can be. The question is, how far have retailers evolved and how much further do they need to go to meet the expectations of increasingly tech-savvy consumers?

CitNOW polled 1,000 car buyers and 500 retailers to find out.

## The consumer research<sup>1</sup> revealed:

- A third (31%) of car buyers would consider purchasing their next car entirely online – and almost half (48%) of all 31-40 year olds
- The top customer requirements for buying online are a money back guarantee (45%) and a personalised walk-around video (44%)
- 84% of car buyers who had already received a video said that they find it to be a valuable part of the customers experience
- More than half of car buyers (55%) said that they would travel further to buy if they received a personalised video of the car
- 80% of women and 88% of men said they found video to be a valuable part of the customer experience
- Men are twice as likely as women to have used or received a video as part of the process of purchasing a car in the last 12 months

## The industry research<sup>2</sup> revealed:

- 84% of businesses have already invested in improving their video capabilities following the COVID-19 pandemic
- 77% of retailers are concerned about how the increase in e-commerce may affect their ability to build relationships with customers
- Over 93% of dealers rated video as an important tool for keeping in touch with customers that are unable or unwilling to visit the dealership
- 91% of industry professionals plan to use more video to stay in touch with customers



The closure of showrooms and many workshops during the first lockdown has driven the uptake of new technologies within dealership operations. Retailers needed to find effective ways to manage their online presence and embrace new digital communication methods, to increase the amount of remote communication between themselves and customers.

CitNOW's research highlights the extent to which motor retailers in the UK have adapted to ongoing trading uncertainties and new consumer behaviours. Over 93% of retail industry professionals rate video as an important communication tool for keeping in touch with customers, with more than 83% of businesses having already invested in improving their contactless communication capabilities as a result of the COVID-19 pandemic.

The increasing industry focus on digital communications has seen video creation

reach record levels. In September 2020, more than one million videos were created using CitNOW's Sales and Workshop apps, with 21% more customers watching these videos compared with the same month in 2019. In November, the number of live video sessions accelerated as nationwide lockdown measures were reintroduced in England, with a 236% increase in weekly average live video sessions held with customers.

Post-COVID-19 restrictions, it is anticipated that many consumers will want to stay online, having become accustomed to the convenience and choice. For decades, a salesperson relied on their ability to assess potential customers as they stepped onto the forecourt. Now, knowing how best to deploy digital communication tools throughout the car buying journey will be vital for dealerships wanting to maintain customer loyalty and bridge the digital to physical experience.

# Introduction

The COVID-19 pandemic has altered consumers' expectations of the car buying experience and, as a consequence, automotive retailing has become more aligned with other retail sectors where digital processes are embedded. In May 2020, at the height of the first lockdown, a **third of retail sales across all sectors were conducted via e-commerce**, compared with one in five just a year earlier<sup>3</sup>.



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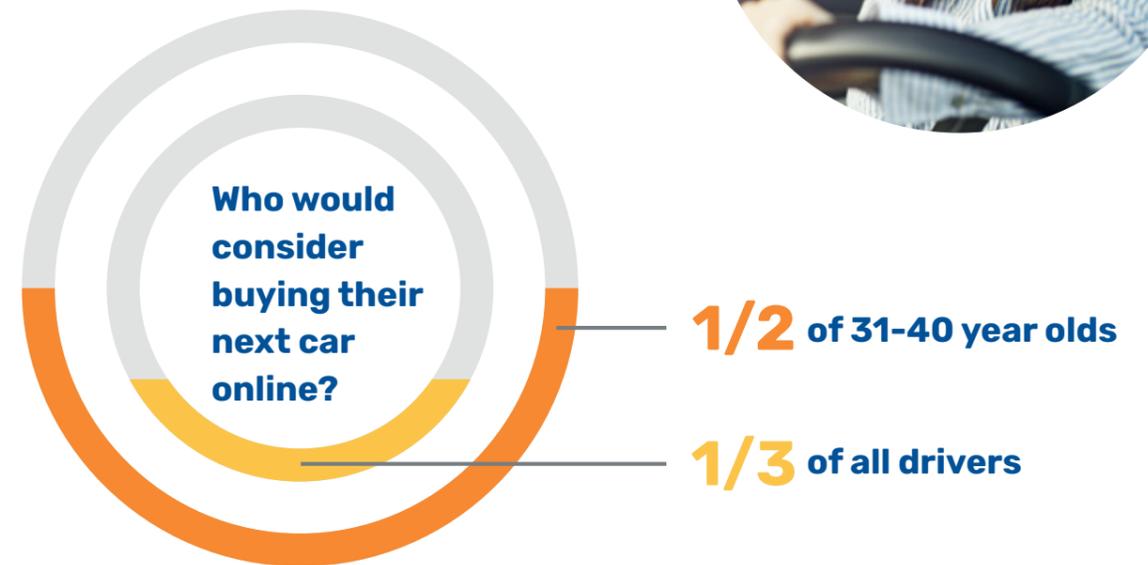
# What has changed and why?

As a result of the COVID-19 pandemic, motor retailers and workshops had to adapt quickly to changing consumer expectations - from the 'new normal' of social distancing, to journey restrictions and economic uncertainty.

For some time, dealer sales teams have been tasked with bridging the digital-to-physical showroom experience, making this journey as seamless as possible for the customer when they move from researching a vehicle online to dealing directly with dealership staff. The recent additional challenge of communicating with customers remotely means that it is now even more important to add value with every digital interaction.

CitNOW's research found that over half of buyers (54%) still prefer to visit a dealership when researching a car purchase. By using personalised video to communicate early

in the car buying process, sales executives can initiate emotional connections with potential customers that will make them more inclined to visit their dealership to find out more about a vehicle. Tools like live video that enable two-way conversations, pre-recorded video to provide a vehicle walk-around, or desktop sharing to talk through finance options, are all playing an increasingly important role in building trust with customers and establishing those relationships.



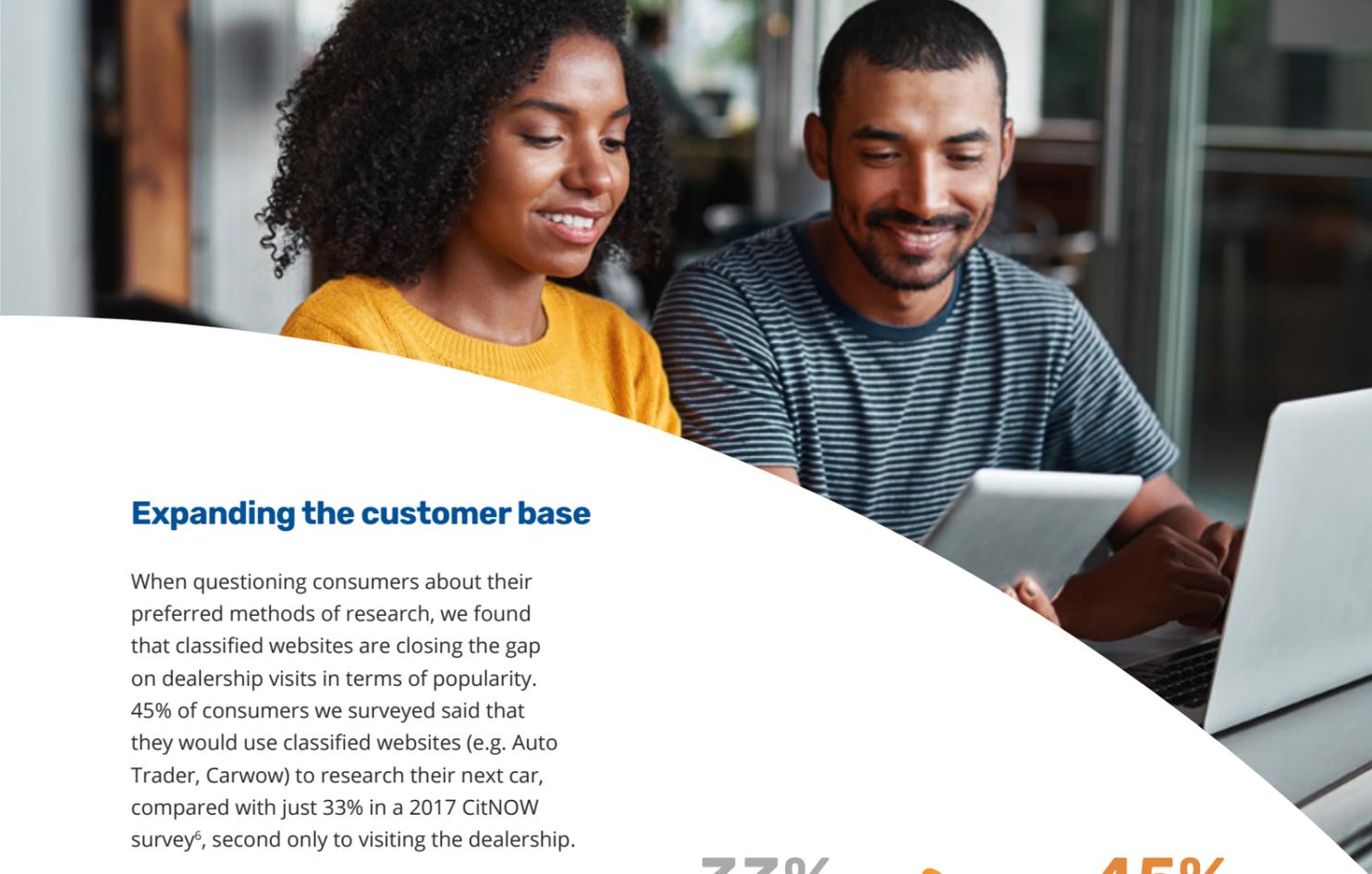
## The acceleration of automotive e-commerce

Purchasing goods and services online has become commonplace for consumers over the past decade, with over 30% of retail sales taking place on the internet in May 2020<sup>4</sup>, compared with less than 10% ten years ago. With a growing reliance on e-commerce, consumers are now more comfortable completing the entire purchasing journey online for many of their goods.

As a result of the pandemic, the automotive industry is becoming more aligned with this trend as consumers become more open to buying a vehicle online. CitNOW's research shows that a third (31%) of car buyers would consider purchasing their next car entirely online. For 31-40 year olds this rises to almost half (48%).

Most of the traditional dealership functions that once saw an average five dealership visits per purchase, including browsing, test drives, trade-in valuations, finance arrangements and collection, can all now be completed in one visit to the dealership, or even without the customer having to visit the showroom at all. The key to success is replicating these in-dealership by using personalised and timely communications from the start to capitalise on new contact opportunities and build lasting relationships with remote customers.

When asked 'what would you need from a dealership for you to feel more confident about completing your next vehicle purchase online?', the top requirements were a money-back guarantee (45%) and a walk-around video (44%) - a tool that is becoming increasingly valuable for retailers, based on the level of importance the customer places on it.



### Video becomes key part of the buying journey

The popularity of video as part of the buying journey is growing rapidly – especially for those who have used or received a video as part of the process of purchasing a car in the last 12 months. 84% of car buyers who had already received a video said that they found it to be a valuable part of their purchasing journey, up from 73% three years earlier<sup>5</sup>. 92% of consumers over the age of 50 found video to be a valuable part of the experience, despite that demographic being the least likely to consider buying their next vehicle entirely online. This highlights how video is playing a persuasive and informative role in their buying journey.

Embedding video in multiple customer interactions further enhances the experience they have with your dealership when purchasing a vehicle. Seeing the growth in value that customers have placed on video, it is a well-placed investment of time for dealership staff and one that can help to replicate some of the in-dealership experience.

“ Video is a well-placed investment of time due to the value customers place on it ”

### Expanding the customer base

When questioning consumers about their preferred methods of research, we found that classified websites are closing the gap on dealership visits in terms of popularity. 45% of consumers we surveyed said that they would use classified websites (e.g. Auto Trader, Carwow) to research their next car, compared with just 33% in a 2017 CitNOW survey<sup>6</sup>, second only to visiting the dealership.

A range of classified websites allow consumers to search available vehicles nationwide. It is essential that dealers provide good quality online assets to ensure their stock stands out. Placeholder images or poorly shot photography will result in less dwell time, or the customer simply scrolling on when researching their next vehicle. Likewise content-rich ads with a mix of image and video further increases ad dwell time.

With the growing popularity of classified websites, retailers are increasingly finding they are dealing with customers further afield. It's important to note that more than half of car buyers surveyed (55%) said they would be willing to travel greater distances to purchase a vehicle if they had received a personalised video of the car that they are interested in. The survey confirms that video - either recorded or live - is the most effective way of engaging with car buyers early in their purchasing journey, making distance a less important factor in the decision making process and widening your pool of potential customers.



45% of car buyers will use classified websites (e.g. Auto Trader, Carwow) to research their next car, compared with 33% in 2017



Would travel further to purchase a vehicle after receiving a personalised video



# Invest in the future of selling

For motor retailers, video communication has proved a vital tool for capitalising on the increasing digitalisation of the dealership. With the rapid growth in demand for online sales and click-and-collect services during various regional and national lockdowns, it's no surprise that retailers overwhelmingly believe that investing in digital video communications is now a priority.



**93%**

**Retailers see video as a key tool to keep in touch with customers**

In response to the current level of demand for e-commerce across all sectors, almost nine in ten (87%) retailers we surveyed agree that it is now more important than ever to invest in online communication tools, with 91% also planning to use more video for customer interaction.

The research also highlights how the industry is adapting to changing consumer behaviours and the trading restrictions presented by the COVID-19 lockdowns. Over 93% of industry professionals rated video as an important tool for keeping in touch with customers that are unable or unwilling to visit the dealership, behind only telephone calls (100%) and emails (99%). This again demonstrates the growing importance of video in the digitalisation of the purchase process, and as the volume of video communications increases, so do car buyers appetite for this method of contact.

## What do retailers think about the expansion of digital video communications?

The survey delivered strong insight into how retailers believe digital communication is going to progress within the industry. In fact, the results show that four out of five (79%) motor retail staff rate video communications as their most valuable digital tool for dealership operations, placing it ahead of dealer management systems (66%) and social marketing platforms (67%).

The consumer survey results justify the importance now being placed on video by retailers, with 44% of respondents saying that a walk-around video would make them more confident to buy a car online. Video can be a vital tool for creating emotional connections with customers, directly addressing a

common concern among motor retailers that there are now fewer opportunities to build effective relationships with customers.

In addition to walk-around videos, the ability to have 'face-to-face' conversations through live video can bring the dealership experience to them, in the comfort and convenience of their own home. Factoring in pre-recorded videos and desktop sharing, there are many new opportunities to strengthen customer relationships.



**44% of respondents** said a walk-around video would make them more confident to buy a car online

**Video is viewed as the most valuable digital communication tool for dealership operations**



# Communicating more effectively

CitNOW's survey results show that the influence video has differs according to age group and gender. To connect most effectively with all customers, an understanding of their differing needs and wants is helpful. Here are some of the results we found.

## The gender divide

One of the stand-out results from the consumer survey is that men are twice as likely as women to have used or received a video as part of the car buying process in the last 12 months. However, female customers valued a walk-around video of a car as their top requirement to feel more confident to purchase online, ahead of money-back guarantee and home delivery.

With an almost even split of male and female licence holders in the UK<sup>7</sup> you would expect these two audiences to receive an equal amount of video communications. Furthermore, of those car buyers who did receive a video, 84% said they found it to be a valuable part of the customer experience, so the importance of using personalised video in the car buying journey is extremely clear.

With females valuing video walk-arounds of vehicles as much as they do and being an equal part of the UK car buying market, this is a crucial point to bear in mind when following up on enquiries: women want video and it could make all the difference in closing a sale.



## Open to buying their next car entirely online

**48%**  
31 - 40 year olds

**22%**  
Over 50s



## 92% of over 50s

Value video as part of the customer experience

## The generation divide

We can see from the generational data that whichever age demographic a customer is in, they still value a visit to the dealership. However, before they get there they often have different expectations and priorities from their experience. The most valued aspect of video communication neatly reflects each generation's relationship with the advancement of the digital age:

### 18-30: 'The speed of the response' (50%):

A tech-savvy and social media literate demographic; they value online reviews and word of mouth<sup>8</sup>

### 31-40: 'The personalised interaction' (56%):

Also digital natives, who have witnessed accelerating growth in the digital service industry; more attracted by virtual advertising<sup>9</sup>

### 41-50: 'The level of detail' (69%):

Concerned about gaining knowledge to make the right choice; they value authenticity and transparency<sup>10</sup>

Understanding the best way to engage with these different generational groups when using video and tailoring your content accordingly will make your digital communications even more effective in building long-term relationships.

For example, those aged between 18 and 30 may prefer a live video session so they can see the car in 'real-time'; 31-to-40 year-old car buyers expect a highly personalised experience so videos should be tailored to what they have expressed an interest in; and the 41-to-50 year-old consumer wants detail, so start building trust by delving into the area of the vehicle they are interested in. Small changes like this could have a lasting impact on your customer relationships.



# What comes next?

To this point, our research has shown that the approach required to communicate most effectively using digital communications can vary depending on the individual customer. It is important to remember that every customer is different and the information they require should, wherever practicable, be delivered in their desired format.

The price of the vehicle is the biggest consideration for car buyers (68%) and digitisation has increased customers' awareness of vehicle availability across a wider geographical territory. Experience has shown that when you bring video into the conversation early it prevents price being the main driving factor. The emotional engagement takes over<sup>11</sup> and thoughts turn to the benefits of the vehicle and the confidence in the salesperson and the dealership they are talking to.

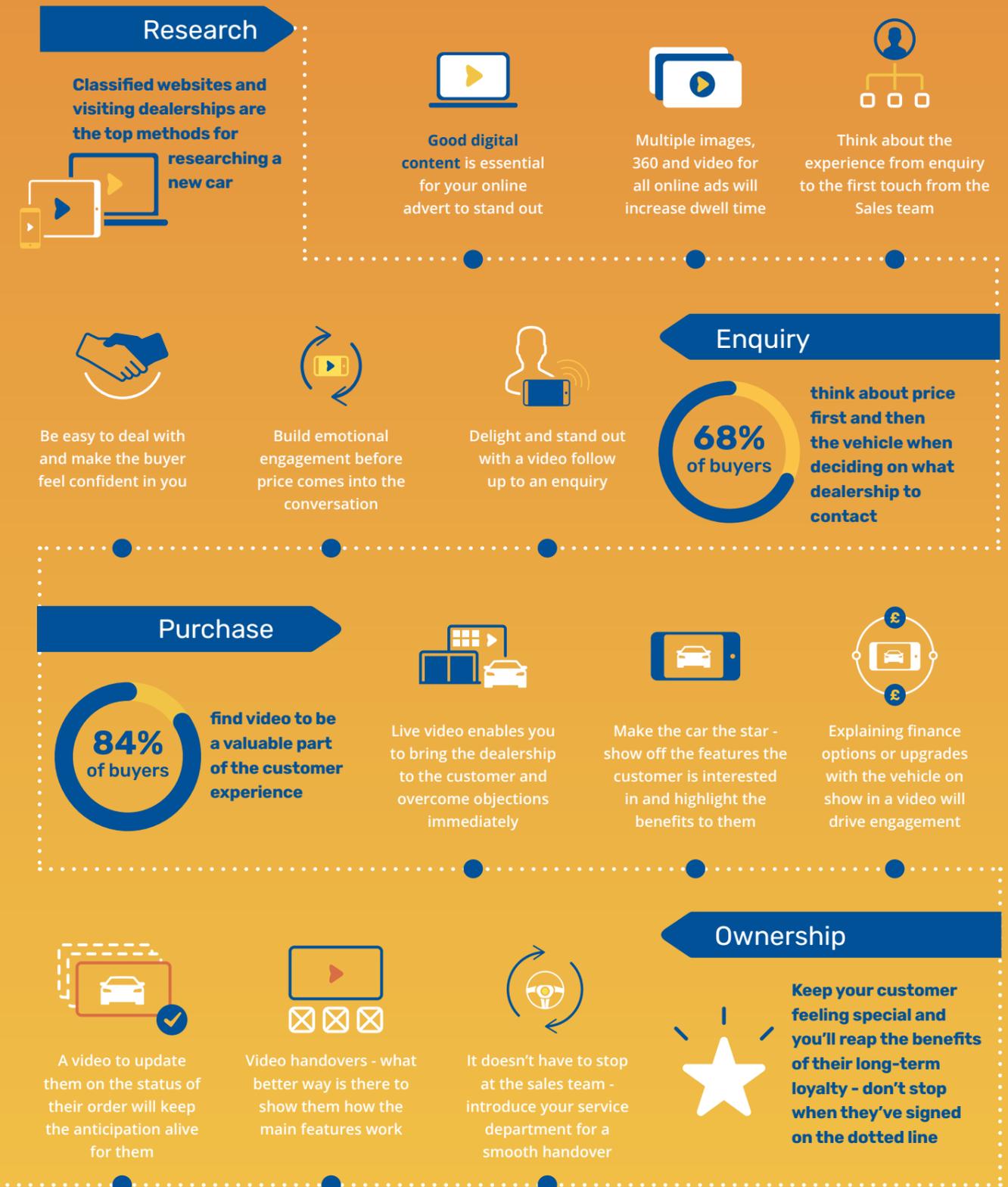
Engaging first on an emotional level helps alleviate any apprehension the customer may have around their impending car purchase: is it right for me, does it do what I need it to do, what finance options are available - to name just a few.

Video can be the way to stand out from the crowd and engage from the moment they make an enquiry with you. A speedy, personalised response really can help create a long lasting relationship and seal the deal.

Experience has shown that when you bring video into the conversation early it prevents price being the main driving factor

# The new customer journey

The popularity of video will continue to grow as uncertainty remains in the industry and retailers continue to invest in their digital operations. We know that visiting a dealership remains the most preferred research method for more than half of all car buyers, so what does a blended customer journey look like now?





# Conclusion

Consumer expectations of automotive e-commerce and their car buying experience are changing faster than ever before. The preference for online research and digital communications will only accelerate as the next generation of car buyers emerge. But don't forget, there has also been significant growth in tech adoption among older generations during the past decade too<sup>12</sup>.

CitNOW's research shows that being digitally prepared doesn't necessarily mean spending even more valuable time and effort gathering data, analysing marketing and advertising spend, or scrutinising ROI projections. Retailers need to consider how they apply decades of sales know-how and an understanding of consumer behaviour to the new weapon in the salesperson's armoury - digital communication.

Speaking to every online customer via pre-recorded or live video can help enhance the role of sales staff, drawing on their abilities to align the experience to what individual car buyers actually want. When you factor in the latest CitNOW digital tools, including live video and desktop sharing, and apply these to practical scenarios such as real-time finance

presentations, new contactless engagement services like click-and-collect and remote appointments, you'll find more valuable customer touchpoints than ever before.

The industry has long predicted a shift in the retail model, anticipating the exponential growth of e-commerce and digital communication. While it's unlikely that average dealership visits per sale will ever fall from 1.5 all the way to zero, recent events have accelerated the digitalisation of many dealership functions. At the same time, this has created new communications opportunities for retailers to build positive and lasting relationships with their customers away from the forecourt.

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