The impact of a changing media landscape

How automotive manufacturers can maintain European sales during recession
Over the last decade the automotive landscape has been transformed; led by an increased level of sophistication in terms of marketing and advertising, principally through social media and developments in online technology.

In turn this has driven real change in the path to purchase; and whilst enhancing and complimenting engagement with the brand, it has also placed a greater emphasis on dealerships and manufacturers to ensure that their offer fully meets customers’ expectations.

Sophistication through communication

Advancements in technology and its application in marketing and advertising strategies have played a key role in transforming the customer offer within the automotive sector.

This short paper details just some of the developments that are currently shaping communications across the sector.

Social Media

Is now playing a pivotal role in developing brand values through interaction and engagement with audiences; helping to inform opinions and ultimately influence purchasing decisions. Interaction through Twitter and Facebook is now vital.

BMW UK currently has over 227k Facebook likes whilst Mercedes Benz UK has over 55k likes. More than this, brands are including Twitter into their traditional above the line (ATL) campaigns; witness the recent Mercedes-Benz A Class launch that saw ITV, Mercedes Benz UK and Twitter working together to allow the viewer to decide how the campaign evolved.
Experiential

Manufacturers are increasingly creating an emotional connection with consumers by using experiential marketing to provide the ultimate customer experience. By creating novel and unique experiences this is helping to broaden brand understanding and convert consumer interest into commitment and purchase. These include:

**Manufacturer Worlds:** We’ve seen the creation of Mercedes-Benz World, the Porsche Experience Centre and the multi-centre Land Rover Experience. All offer the opportunity to test drive the car of your dreams as well as being treated to an experience of a lifetime; giving consumers the ability to get closer to the brand and become immersed in it.

Key to understanding the value of these initiatives is to understand the visitor experience; and their ability to drive improved customer perceptions, consideration, retention and advocacy across the entire visit and driver experience.

**Digital Showrooms:** Over the last 12 months a new virtual world has been opening up to automotive customers, with premium car manufacturers including Audi, VW and Jaguar Land-Rover all creating digital showrooms providing the customer with a virtual experience. By using touch screen computers and a power wall of TV’s, customers now have the opportunity to configure their perfect car in a life size, ultra-high resolution, real-time 3D image format. They can create all aspects; from model and engine size, to paint colour and equipment, all through touch screen displays.

This high tech solution provides a number of advantages to manufacturers and their dealerships. The need to have fewer cars physically on display in the showroom saves dealerships a major investment. It enables dealerships to scale down in size and locate themselves in new locations in the centre of towns where commercial property levels would ordinarily be too expensive. This can also provide manufacturers with the possibility of engaging and selling the brand experience to a new broader audience through merchandise sales.

The key is to understand how these changes are shaping the buying process, and to identify what influence they have on consumer decisions and the ROI they produce.
**Product Placement and Brand Partnerships**

Since Product Placement (PP) on commercial TV was introduced in February 2011 we have seen a wide range of brand associations.

Long term brand partnerships and sponsorship deals have included: Toyota Aygo sponsoring T4 on Channel 4, Renault sponsoring Channel 4 films, and Honda sponsoring Channel 4 documentaries.

Within the film industry automotive brands have for years been synonymous with certain film franchises; think James Bond and Aston Martin. However, these relationships have recently evolved, becoming ever more sophisticated and growing in scale. One of the latest PP’s is Audi’s association with Ironman 3. The film features the Audi R8 e-tron an all-electric concept sports car driven by Robert Downey Jr in the film.

The film also features the Audi S7 Sportback and includes placement of the Audi A6, A8, S5 Coupé and Q5 models. Audi’s global advertising and promotional campaign alongside Disney and Marvel shows the global scale automotive brands use to build awareness and associations. Understanding how this consumer engagement works and the ROI it provides is vital.

*Brand partnerships, developed over years can significantly enhance reputations for both parties.*

Examples include Breitling and Bentley, and Aston Martin and Jaeger-LeCoultre watches; all premium brands associated with the jet set.

**CGI Technology**

CGI is also being used to ever greater effect to engage with consumers as seen when Hyundai created “New Thinking. New Possibilities”. By hanging a car off a building Hyundai then integrated the vehicle into a computer generated futuristic city skyline to create a 3D visual experience.

**YouTube Feature Commercials**

YouTube is becoming a key tool in featuring bespoke films to raise brand awareness.

To coincide with the launch of the new F-Type, Jaguar engaged Ridley Scott Associates and Homeland’s Damien Lewis to develop a 15 minute launch ‘movie’ developed specifically for YouTube. Entitled Desire and also starring Shannyn Sossamon and Jordi Mollà with music featuring Lana Del Rey, it achieved over 200,000 views in just over 4 weeks. The campaign seeks to drive desirability of Jaguar’s first entrant into the two seat sports car segment since the legendary E-Type.
The new revised purchase process has significantly increased the number of brand touch points. Opinions are not only formed by traditional influences, including seeing the car on the road, friends/family or consumer reports. The influence of sophisticated marketing and advertising strategies, as well as social media and blogs etc. are now having a major influence in forming opinions of automotive brands. As a result there is now a continual reassessment of needs as potential purchases are explored, refined, validated or eliminated.

Therefore, the reliance on a dealership to see the latest ‘metal’ is now less crucial as the traditional relationship with local retailers has broken down. This has been further impacted by a number of additional influences:

**Internet brokers**

The rise of brokers online such as drivethedeal.co.uk that search for the dealer with the keenest offer, as well as companies providing ever increasing aggressive leasing deals, breaks the traditional link between the customer and the local dealer for the actual purchase.

Dealers do of course remain vital to provide access to test drives etc. but this change does raise the question as to how traditional dealers can remain relevant with the advent of digital showrooms and the high overheads of their existing large-scale premises.

**Customer service**

Across the EU, new car sales have been suffering from recession while margins are hit by over supply. Whilst the European automotive market has recently posted its first sales increase in 19 months; EU registrations in April were up 2% to 1.08m new vehicles, the previous four months of sales were down 7%. With a lack of consumer confidence still proliferating, dealers need to offer superb service levels for both sales and aftersales to maintain customer engagement with their brand.

**Negative driver feedback**

Customer surveys such as those run by JD Power throw problems with both products and service into sharp relief and achieve significant media coverage. Their credibility is built on real drivers relaying their experience over an extended period, something that traditional media like car magazines cannot possibly hope to replicate, even during extended road tests. This again places an emphasis for manufacturers and retailers to deliver a product that exceeds expectations, delivered with the highest levels of customer care.
SPA Future Thinking has a long history of working with leading automotive manufacturers. We have a range of products and services that put us at the heart of understanding these developments.

Sponsorship, Product Placement and advertising:
We have created a range of proprietary products to specifically evaluate media sponsorship and advertising.

Place Max: Used by manufacturers alongside broadcasters and media agencies to provide an understanding of the effect of product placement on your automotive brand.

Campaign Optimiser: Developed to understand the relative effects of different platforms on the awareness and efficacy of multimedia campaigns. You fully understand the relationship between the different elements of a multiplatform campaign on your brand and the ROI vs. spend.

TV Sponsorship Index: Our broadcast sponsorship optimisation solution capitalises on our expertise in researching both tactical and strategic campaigns. It includes a database of over 600+ norms which can be benchmarked by sponsor, programme, category and length of deal.

Experiential research
Our retail and shopper team has developed a multi–methodological approach to help clients quantify and understand the purchase journey in the showroom environment using a range of approaches from eye-tracking, developing in–store concepts, using static filming and interviews.

Voice of the Customer:
Their Voice builds on the basic voice of the customer programme to enable clients to deliver a greater customer experience, to maximise customer loyalty and improve business performance. Incorporating all key measures it provides manufacturers with:

- Clearly understood, actionable and robust customer requirements and satisfaction levels
- Insight to drive increases in customer retention and loyalty rates
- Insight to improve operational quality and efficiency through the use of advanced analytics
- Proactive customer issue resolution and complaint management, including 'red flags'
- Bespoke reporting platforms to drive retailer bonuses
- Access to the latest sentiment based analysis
Sentiment Analysis

Recognising the importance of industry rankings we have successfully worked with manufacturers to improve their performance through monitoring and the development of bespoke solutions. Utilising the latest sentiment analysis tools we have helped our clients make significant gains in many sectors through our Voice of the Customer programmes.

Social Sense

Our bespoke social media evaluation tool helps you understand customer behaviour and changing attitudes to remain engaged and connected with them. It will help you to link your social media, customer satisfaction and business metrics in one system and track commentary over time, identifying leading indicators of brand sentiment.

Overall the changing media landscape and new digitally led path to purchase is enabling customers to explore, evaluate, follow and discard leads to make a fully informed choice prior to purchase.

Manufacturers now have more opportunities to engage and influence opinions throughout the consumer relationship and sales process which need to be measured and understood to ensure they are meeting customers’ expectations in terms of the product offer and service. Only by understanding customers and giving them what they want, will dealers and manufacturers remain relevant in a changing world.

Here at SPA Future Thinking we work with leading automotive manufacturers and related companies to support their business decisions and planning processes.
SPA Future Thinking is the result of a merger between a number of specialist agencies in 2010 and 2011, and has developed to become one of the fastest growing and largest independent market research companies in Europe, with offices in the UK, France and Italy and a partner network in 38 countries worldwide.

For over a decade SPA Future Thinking has been providing strategic research and actionable insights to a number of leading automotive manufacturers. We offer both custom solutions, analytics and proprietary techniques to help guide the decisions that you make in areas like market development, new product development, innovation, customer satisfaction and experience, brand, communications, buying behaviour and more.

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She developed our extensive norms database for sponsorship, and has been instrumental in the development of Campaign Optimiser, our tool for measuring the relative impact of different platforms within a multimedia campaign.

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