



Assessing the Impact of Coronavirus on the European Automotive Industry

What's happening in the industry, how brands are adapting,
and where automakers need to focus moving forward

June 2020



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The state of the European automotive industry is uncertain.

On the one hand, frightening headlines like “European Car Sales Screech to a Halt With Most Showrooms Closed” and “Business Climate in German Auto Sector Slumps” cast doubt on the future. On the other, encouraging headlines like “Auto Sales Show Signs of Recovery” and “Toyota Restarts Last Two European Plants” suggest the industry is heading in the right direction.

The conflicting storylines are creating confusion for everyone with a stake in the industry’s future—from consumers and investors, to dealers and original equipment manufacturers (OEMs).

Given Zeta’s experience capturing consumer data and driving smarter marketing decisions for more than 30 major automotive brands, we composed this eBook to be a source of fact-based clarity for anyone in Europe who wants to know:

1. Where the European automotive industry stands today.
2. How the industry will change in the months ahead (temporary adaptations as well as permanent shifts).
3. What industry leaders must do to expedite a return to economic normalcy.

A few of the topics to be covered...

Marketing to the needs of today’s consumer, not yesterday’s

What consumers want from the car-buying experience is different from what they wanted in 2019—especially as it pertains to online retail. While automakers have shown increased interest in exploring online sales in the past several years, COVID-19 will accelerate the digitisation of automotive purchasing.

Traveling while practicing social distancing

Increasing consumer demand for personal space—especially amongst commuters—is a unique opportunity for the automotive industry.

Committing to the promotion of lucrative financial incentives

The importance of pushing lucrative financial incentives cannot be understated as nothing appears to be as effective at getting car shoppers to sign on the dotted line.

Executive Summary

Comprised of both proprietary and third-party data, this eBook highlights what's happening in the automotive industry now, how brands and consumers are adapting, and where automakers need to focus going forward.

- To date the sector has lost more than €114 billion euros in market cap and passenger car sales have dropped by more than 75%.
- New car sales are down double digits in each of the EU's 27 member-states.
- Some industry experts are already suggesting that this will be the industry's worst year for new car sales since 1992.
- Production halts resulted in a net manufacturing loss of 2.4 million vehicles.
- Financial incentives, promotions and marketing will need to be in place to target new consumer audiences who:
 - Is interested in a new vehicle or lease, but would rather go through their viewing and purchase process digitally.
 - Have an increased interest in personal transport (due to fear of coronavirus).
 - Are looking for travel experiences that are drive-able and closer to home.
 - Want a positive look at the future with a new vehicle for self-gratification.
- Spurred by expanded online purchase options, aggressive advertising, and lucrative incentives, consumers are still finding ways to buy new cars despite record-unemployment, mandated social distancing, and a recession.

Overall, Zeta recommends taking the following actions to capitalise on evolving consumer behaviours and drive better business outcomes:

- 1. Shifting auto sales to online:** Carmakers and dealers need to rethink how vehicles are sold. They must update their digital strategy, make digital touchpoints natively linked to all kinds of engagement channels, optimise their page-load speed, improve their site tags, allow for more predictive scoring models, and deploy personalised messaging that appeals to consumers on a 1-1 basis.
- 2. Leverage data signals to activate paid and owned marketing channels:** Determining which audiences need cars, SUVs, after sales support, financing, etc. is only possible through the use of identity and intent data activated across every channel (mobile, email, social, display, TV, search).
- 3. Personalised messages to targeted audiences:** Shifting behaviours are leading to new consumer audiences; personal, sterile vehicle protection; vacationing at a drivable distance; and more. Using behavioural, transactional and location signals makes it possible for automakers and dealers to send the right message to the right prospect at the right time, making a need-based sale more likely.
- 4. Build brand loyalty:** Staying relevant and cultivating loyalty from potential and previous customers is critical. Syncing known email addresses with existing CRM profiles (or loyalty-programme members) makes it easier to target key prospects with personalisation and accuracy.
- 5. Grow customers and prospects In market:** Use data-driven, omnichannel marketing that reflects the geography, local weather, and known automotive preferences of prospective customers. Investing in data and AI-powered digital media campaigns will make it easier to increase website-derived lead capture and fill-in rates.

01

The current
situation?

Things are bad.

January, February, and March were poor. April was horrendous. The rest of the year is a question mark.

Fueled by cratering consumer interest and the forced closure of dealer showrooms due to government-mandated social distancing, April was the worst month on record for the European automotive industry. The sector lost more than €114 billion euros in market cap¹ and passenger car sales have dropped by more than 75%.²

Each of the EU's 27 member-states new car sales plummet by double digits, with Spain and Italy leading the way at -96.5% and -97.6%, and Germany and France not far behind at -61.1% and -88.8%.³ (The United Kingdom faced a massive decline in new car registrations as well, hitting a similar rate as Italy and Spain.⁴)

As a result, many of the industry's biggest brands delivered dismal earnings statements for Q1 2020.

¹ <https://www.barrons.com/articles/used-car-prices-cratered-heres-what-that-means-for-ford-gm-51587396560>

² <https://www.cnn.com/2020/05/19/european-new-car-sales-in-april-see-dramatic-decline.html>

³ <https://www.cnn.com/2020/05/19/european-new-car-sales-in-april-see-dramatic-decline.html>

⁴ <https://www.acea.be/press-releases/article/passenger-car-registrations-38.5-four-months-into-2020-76.3-in-april>

Here are a handful of the lowlights:

Volkswagen — a €2.73 billion euro decline in year-over-year operating profit.⁵

Renault — a 25% decline in sales and 19% drop in revenue, year over year.⁶

Peugeot — Will not be able to pay investors their normal quarterly dividend.⁷

Skoda — Reported a 25% decline in operating profit.⁸

BMW — A 15% decline in new vehicle sales.⁹

Sales aren't where they need to be

While the European automarket still has the last six months 2020 to recover from a dismal first half of the year, some industry experts are already suggesting that this will be the industry's worst year for new car sales since 1992.¹⁰

Even more concerning?—Industry leaders like Ferdinand Dudenhöffer, founder of the Center Automotive Research at the University of Duisburg-Essen believe, believe it will take at least 10 years for new car sales in Europe to recover to 2019 levels.¹¹

⁵ <https://www.cnn.com/2020/04/29/business/volkswagen-earnings-profit/index.html>

⁶ <https://www.euractiv.com/section/transport/news/renaults-e5bn-bailout-gets-eu-go-ahead/>

⁷ <https://auto.economicstimes.indiatimes.com/news/passenger-vehicle/cars/flat-chrysler-peugeot-to-withhold-2019-dividend-payout/75734971>

⁸ <https://europe.autonews.com/automakers/skoda-braces-big-second-quarter-hit>

⁹ <https://www.cnet.com/roadshow/news/car-sales-q1-coronavirus-covid-19-automakers-us/>

¹⁰ <https://www.icis.com/explore/resources/news/2020/05/19/10508916/eu-passenger-car-sales-fall-76-in-april>

¹¹ <https://www.cnn.com/2020/04/29/business/volkswagen-earnings-profit/index.html>

In summary...

- The automotive sector lost €114 billion in market capitalisation.
- 2020 will likely be the worst year for new car sales in nearly three decades.
- Demand for new vehicles could continue to slide through May and into June or July.
- COVID-19 is having a severe negative impact on the automotive industry in each of the EU's 27 member-states.

What Zeta recommends...

- Work on generating more leads from engaged website traffic and existing customer base in CRM.
- Push emotion-evoking marketing messages (e.g. the freedom of getting behind the wheel of a new car) that reignite consumer optimism.
- Deploy social and programmatic advertising targeting audiences that are either traditionally or currently engaging with automotive content.
- Automakers develop marketing campaigns centered around their empathetic response to the COVID-19 crisis (e.g. Renault's decision to lend cars to hospital staff free of charge during the crisis).
- Deliver data-driven, personalised messaging to individuals across every channel to capitalise on their need state and increase conversion.
- Digitise as much of the car-buying process as possible (e.g. financing applications) so consumers can walk onto the showroom floor ready to test drive and buy.
- Identify the most engaged consumers based on behavioural signals, and target those consumers with marketing that promotes at-home test drives.
- Push creative through programmatic and social channels to encourage consumers to visit their nearest dealer now that shelter-in-place mandates are mostly lifted.
- Focus on using high-quality, intent-filled consumer data, and relaying any relevant interest- or behaviour-based insights to the dealers who interact with end-users on a daily basis.

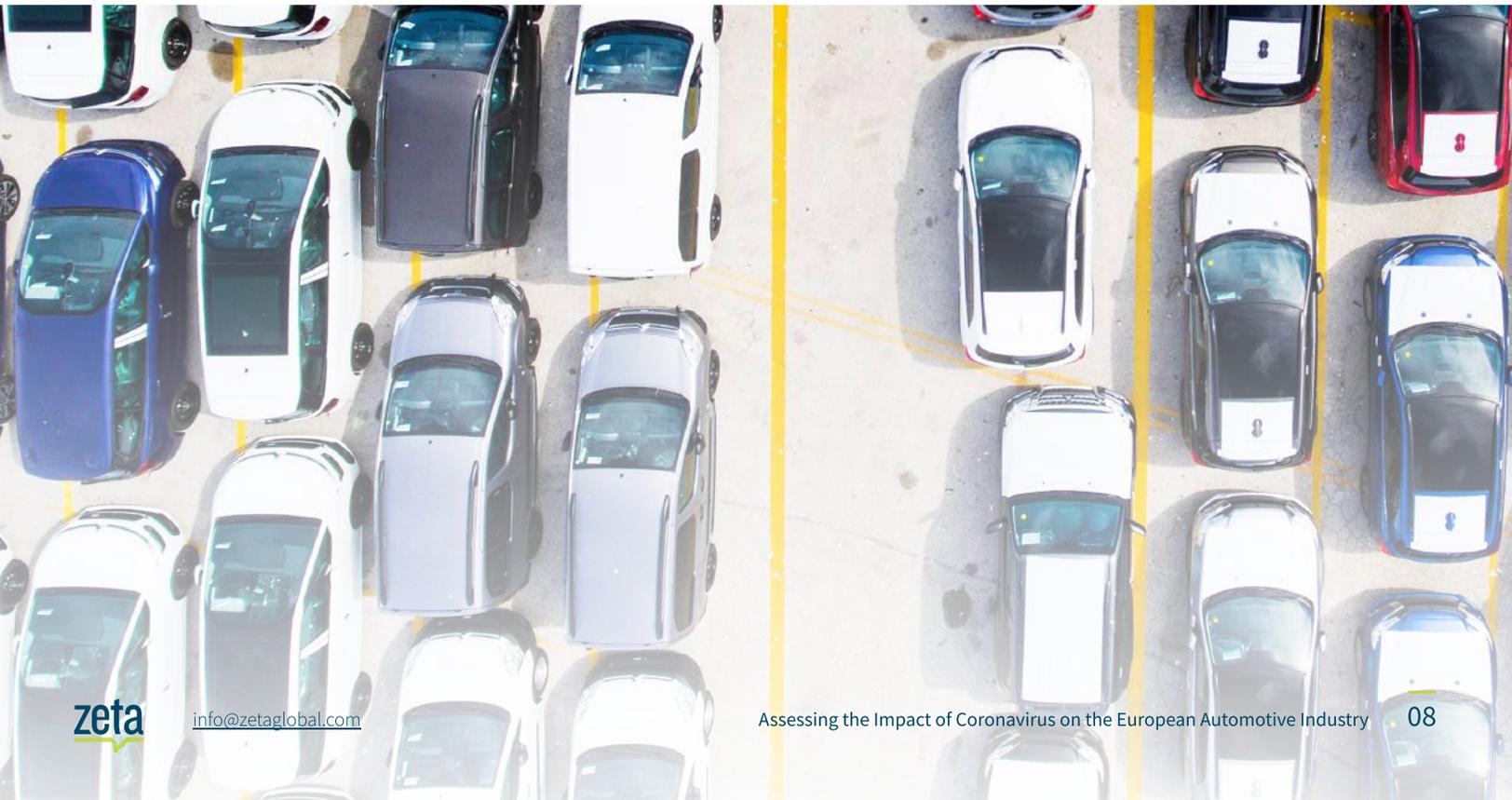
Production shutdowns produce long-lasting effects

With Italy being the first country affected by COVID-19 virus, it was no surprise Fiat-Chrysler Automotive closed their factories first (in the third week of March). Within a matter of days, other OEM's had no other option but to shut down production lines as well in order to protect their staff.

The impact of these factory shutdowns in Europe has been significant, considering there are 142 passenger car factories, as well as factories for commercial vehicles, trucks, and busses, employing hundreds of thousands of people.

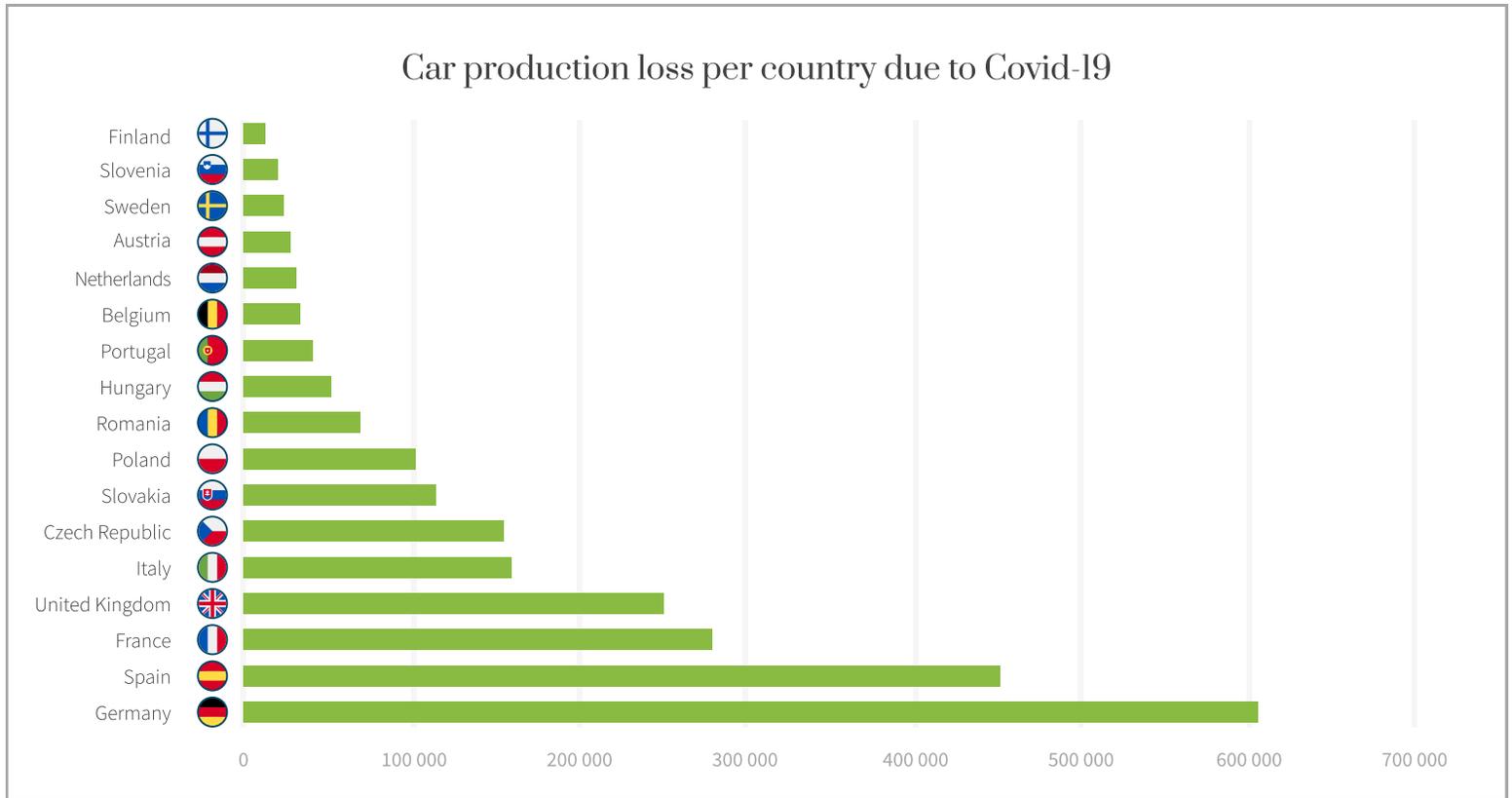
Although this is a painful disruption for European carmakers to endure — it's one they were always well positioned to survive.

That is why Toyota, Volvo, and Daimler were all up and running again, by the end of April, with most of the remaining OEMs following suit by the middle of May (albeit some at reduced capacity).



01 / The current situation? Things are bad.

All told, the production stoppage resulted in a net manufacturing loss of 2.4 million vehicles and impacted as many as 13.8 million European workers directly and indirectly.¹²



But it's not just the big-label car manufacturers that took a hit—small, independent part manufacturers responsible for producing essential components like aluminum alloy wheels, mufflers, and brake pads suffered too. These auxiliary manufacturers lack the capitalisation of the major OEMs, operating “with less of a cash cushion and contract orders that need to be filled.”¹³ When production shut down, many of these parts manufacturers came dangerously close to going bankrupt, even in the face of government intervention.

¹² https://www.acea.be/uploads/publications/ACEA_Pocket_Guide_2019-2020.pdf

¹³ <https://www.wsj.com/articles/auto-parts-suppliers-teeter-as-car-production-halts-11585828803>

Replacing lost inventory

For the dealers that managed to remain open, thinning vehicle stocks are making it all the more difficult to drive new car sales back up. Until manufacturing and the supply chain get back to operating at full capacity, dealers are at risk of running out of the vehicles consumers are most interested in and harming their brand recognition in the community.

As automotive experts explained to reporters at CNBC, “dealers are really starting to burn through the inventory they have on the ground...[and] the industry could have a new vehicle supply problem in certain markets and high-demand segments.”¹⁴

In summary...

- When major automotive brands shutdown manufacturing operations, it creates a domino effect across the supply chain.
- Smaller, independent equipment manufacturers with poorer access to liquidity are at greatest risk.
- If smaller manufacturers fold it will lengthen the recovery timeline for the entire auto industry.
- Dealers need to manage inventory carefully until the supply chain can resume full-time production.

What Zeta Recommends...

- Push available inventory based on segment of interest using intent signals and custom data audiences to make the connection with high-intender customers.
- Automotive marketers should use data based on real-time consumer signals to determine what types of vehicles will be in greatest demand when the recession.

Using this information, marketers should also help automotive manufacturers prioritise their production of new vehicles to align with expected consumer buying intent.

¹⁴<https://www.cnbc.com/2020/04/22/us-auto-sales-recovering-amid-pandemic-but-still-significantly-down.html>

The used-car market is cratering

Tanking used-car prices will further harm an already battered industry. This year alone, the Manheim Used Vehicle Value Index (a key tool for evaluating the health of the used-car market) has declined more than 11% for the year.¹⁵ Falling prices have ramifications for the automotive industry as a whole, especially considering the used-market has a far larger supply of vehicles than the new-car market.

As used-car prices slip, it creates downward pressure on new-car prices, forcing manufacturers to make financial concessions that incentivise consumers to spend the extra cash it takes to purchase a new vehicle versus a previously-owned one.¹⁶

Additionally, the in-house lending units of many automakers will have to write down the value of “contracts that had assumed vehicles would retain greater value.”¹⁷ Concessions and write downs hurt profitability. Lower profitability extends the timeline for returning to pre-coronavirus earnings.

But it’s not just new-car makers who’ll hurt due to the used-car price depression.

Large dealers like Emil Frey and Inchcape Europe, rental companies like Europcar, and financiers like Eurofinas will suffer too, as their operations rely heavily on revenue generated from the used-car market.¹⁸

¹⁵ <https://www.barrons.com/articles/used-car-prices-cratered-heres-what-that-means-for-ford-gm-51587396560>

¹⁶ <https://www.barrons.com/articles/used-car-prices-cratered-heres-what-that-means-for-ford-gm-51587396560>

¹⁷ <https://www.bloomberg.com/news/articles/2020-04-13/fear-of-an-impending-car-price-collapse-grips-the-auto-industry>

¹⁸ <https://www.barrons.com/articles/used-car-prices-cratered-heres-what-that-means-for-ford-gm-51587396560>

In summary...

- Direct more traffic to your website based on cars in stock. Zeta's AI can predict product interest based on digital signals and link the visitors to the best possible car in stock.
- Plunging used-car prices will make it more difficult for major automotive brands to reignite new car sales.
- Dropping used-car prices will force the makers of new cars to either slash prices or offer generous financial incentives, shrinking already-slim profits.
- Lower used-car prices will hurt Europe's used-car dealers, rental companies, and financiers.

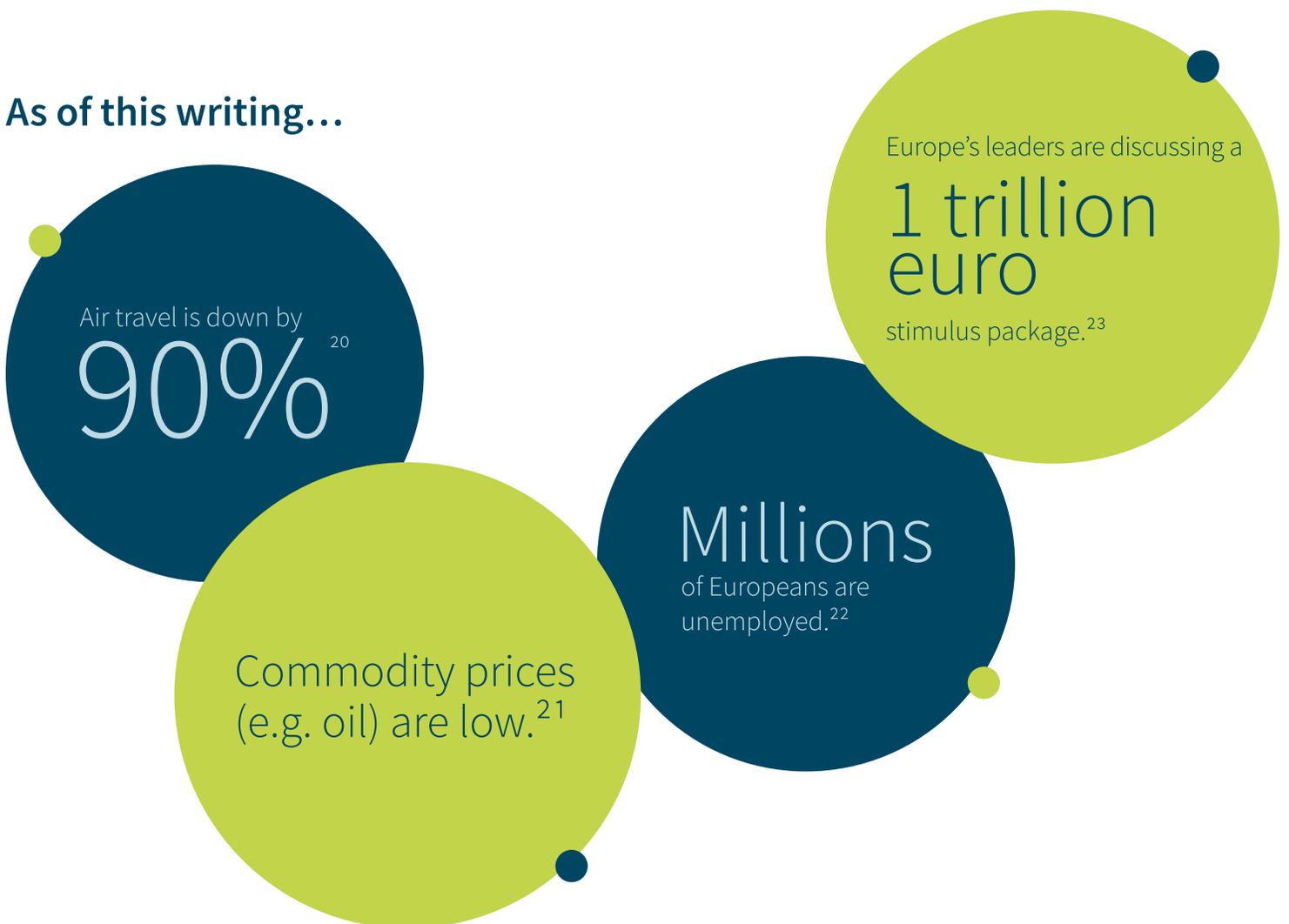
What Zeta recommends...

- Analyse your financial lease portfolio and identify opportunities based on current versus contracted interest rate, residual value, and cars in stock.
- Package offers to push used-cars off lots.
- Go heavy with promotional offers and marketing campaigns designed to push overstocked vehicle models off the lot and into the consumer's driveway.

The European economy is in a recession

The European economy is in a recession according to International Monetary Fund chief Kristalina Georgieva.¹⁹

As of this writing...



¹⁹ <https://www.cnbc.com/2020/03/27/imf-chief-georgieva-says-the-world-is-in-a-recession-containment-will-dictate-strength-of-recovery.html>

²⁰ <https://www.latimes.com/california/story/2020-04-22/passenger-air-travel-down-more-than-90-leaving-lax-as-a-ghost-town>

²¹ <https://www.nytimes.com/2020/04/21/upshot/negative-oil-price.html>

²² <https://www.consilium.europa.eu/en/policies/covid-19-coronavirus-outbreak-and-the-eu-s-response/>

²³ <https://www.euronews.com/2020/05/27/eu-bailout-package-would-be-a-game-changer-for-europe-analyst-says>

Predicting what kind of recession this will be is difficult because it's unprecedented in its nature—no fundamental “arm of the economy” broke. There was no housing bubble, oil embargo, or contractionary monetary policy to trigger this economic downturn. In the weeks preceding the declaration of a pandemic, consumer confidence was riding high, and unemployment was at an all-time low.

In theory, this should make it easier to recover quickly from a recession, but again, that's just in theory. If history has proven anything, it's that economic theories and economic realities don't always align. Because a recession like this has never happened before, it creates even greater uncertainty, and uncertainty makes investors and consumers (two groups of people fundamental to the success of the auto industry) tighten their purse strings.

In summary...

- The European economy is in a recession.
- Unlike most recessions, the trigger for this recession is a non-economic event (a pandemic).
- The uniqueness of the current economic climate is making investors as well as consumers tighten their purse strings.

What Zeta recommends...

- Push positive, future-focused marketing creative that can infuse investors and consumers with optimism.
- Do not pull back on the incentives that keep consumers spending money on new cars.
- Use low-cost, underutilised marketing channels like email to drive new customer acquisition and maximise short-term ROI.
- With most consumers stuck at home and increasing their device time, now is the perfect opportunity to monitor signals and obtain additional insights that can be used to create more effective marketing campaigns down the road.

02

Things are
improving...
but slowly

Sales for May are the best they've been in a while

Yes, new car sales are still down year-over-year, but they are trending in the right direction for the first time since February of 2020. European new car sales fell about 57% in May 2020 compared with May 2019, “which translates into an annual selling rate of 6.3 million, compared with the catastrophic 2.8 million [of April].”²⁴ This month-over-month uptick should be seen as good news, and a clear indication that consumers are still willing to make big-ticket purchases.²⁵



²⁴ <https://www.forbes.com/sites/neilwinton/2020/06/05/europes-virus-infected-car-sales-fall-nearly-60-in-may-a-big-improvement-on-previous-month/>

²⁵ <https://www.cnbc.com/2020/04/22/us-auto-sales-recovering-amid-pandemic-but-still-significantly-down.html>

²⁶ <https://www.acea.be/statistics/tag/category/electric-and-alternative-vehicle-registration2>

Spurred by expanded online purchase options, aggressive advertising, and lucrative incentives, consumers are finding a way to buy new cars despite record-unemployment, mandated social distancing, and a recession.

Incentivisation

Fiat Chrysler Automotive are offering 0% financing.²⁷

BMW is letting new car buyers delay their first payment for 90 days.²⁸

Jaguar is offering zero-interest loans for up to 72 months.²⁹

Even though these incentives come at a price for the automotive industry, they're working. Consumer interest in auto loans is surging—based on Zeta's transactional data signals, consumer interest in automotive financing jumped by 23.1% between the end of February, and the end of April 2020. All these signals lead experts to believe the auto industry is turning a corner and is “firmly in a period where sales of new vehicles [will] start to recover.”³⁰

In summary...

- Industry-wide slumps rarely last more than 24 months—in most cases, the automotive industry returns to pre-slump sales levels in less than 48 months.³¹
- Improving week-over-week performance in key metrics like “dealership visits” and “traffic to OEM websites” is an indication the auto industry could enjoy a strong second-half in 2020.

What Zeta recommends...

- Digital marketing has the added value that it can personalise experiences to each individual. Deliver financial incentives using deterministic data and AI to increase the customer experience and drive more conversions.
- Add (or expand the use of) email as a customer acquisition channel.
- Avoid “tire kickers” by targeting high-intent audiences who are more likely to complete a big-ticket purchase. Utilise different forms of data (first-party, third-party, etc.) to better understand the real-time behaviour and intent (vehicle of interest, level of engagement, etc.) of car shoppers.
- Do not stop investing in sustained omnichannel marketing efforts targeting in-market car buyers with personalised messaging that reflects their geography, local weather, known automotive preferences, etc.

^{27,28,29} <https://www.caranddriver.com/news/a32082842/new-car-incentives-coronavirus-faq/>

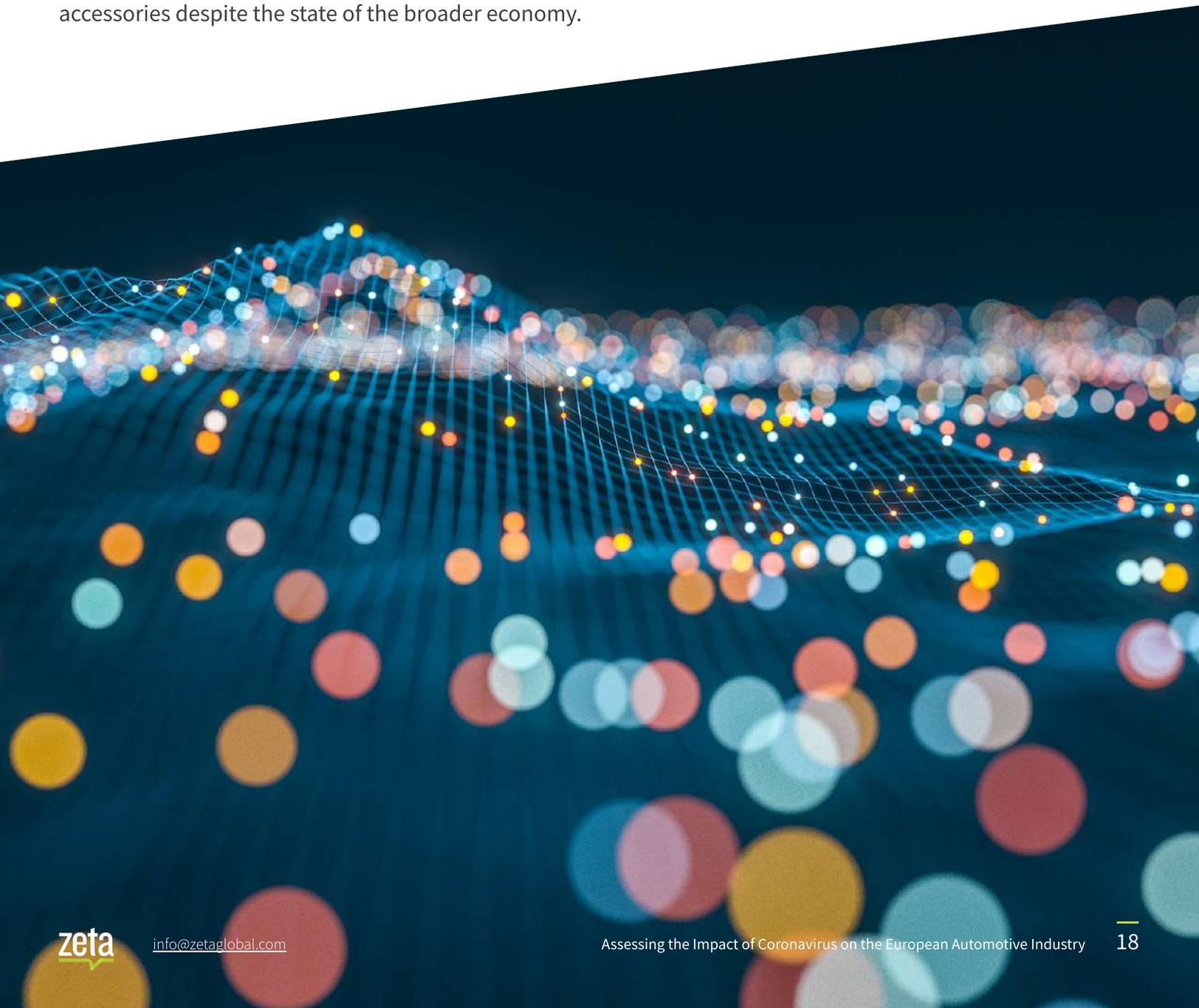
³⁰ <https://www.cnbc.com/2020/04/22/us-auto-sales-recovering-amid-pandemic-but-still-significantly-down.html>

³¹ <https://www.forbes.com/sites/sarwantsingh/2020/04/16/the-automotive-industry-gears-up-to-navigate-the-new-normal/>

Digital trends suggest better days ahead

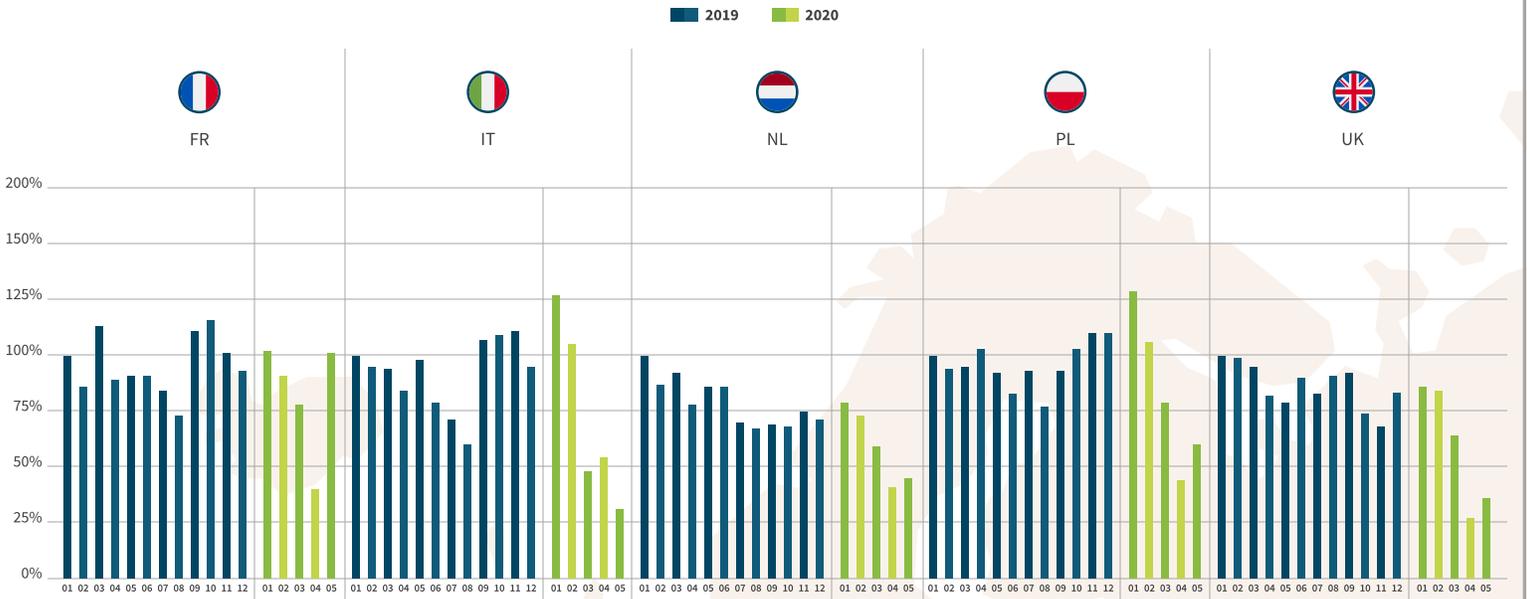
Website traffic, website-derived leads, and user interest towards content about the automotive industry continue to rise overall since the start of Q2 2020.

Taken collectively, these upward-sloping trends indicate the majority of consumers still have genuine interest in buying cars, parts, and accessories despite the state of the broader economy.

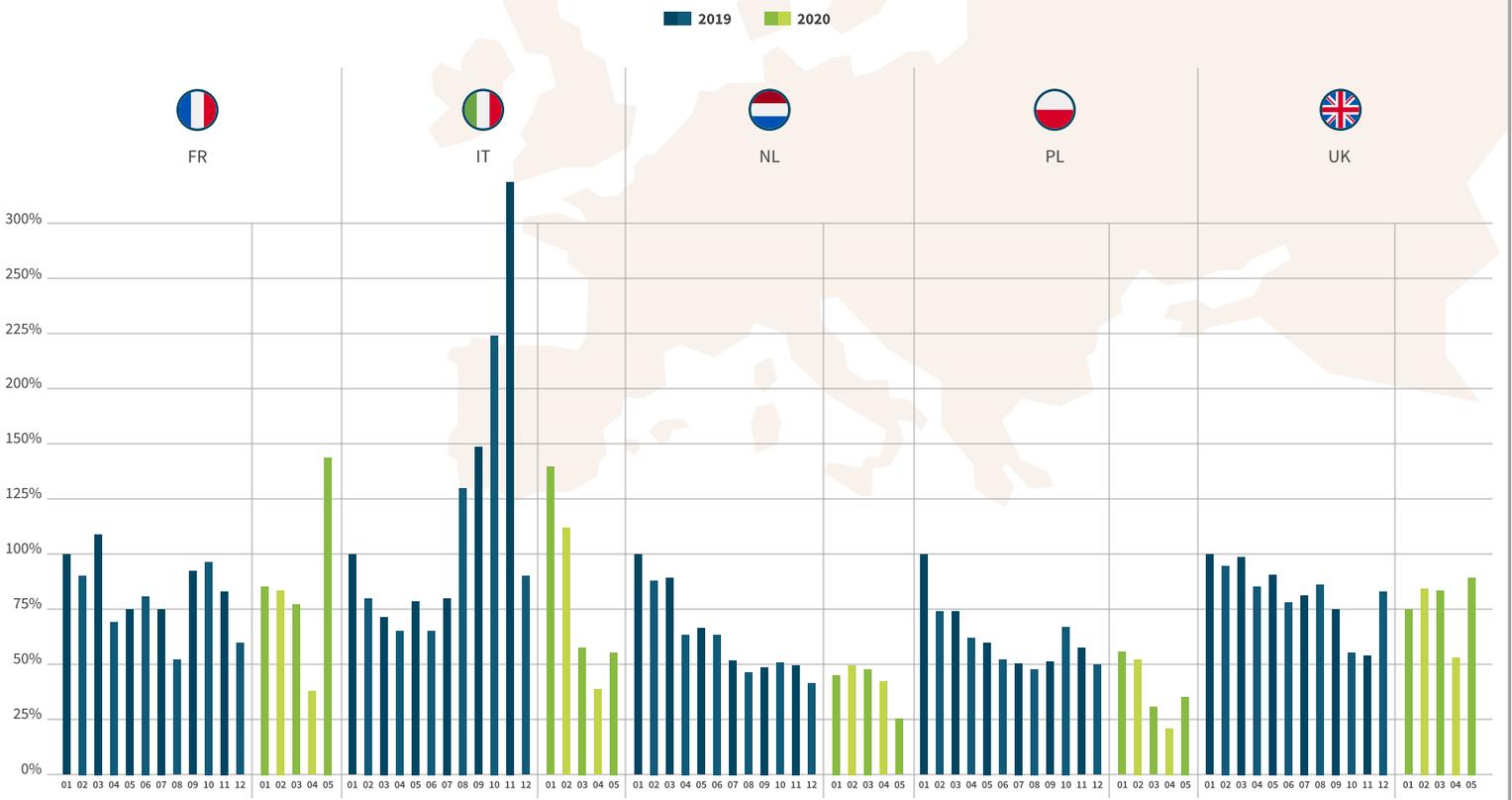


The first month of 2019 in these graphs are set to a value of 100.

Site visits in Europe by country



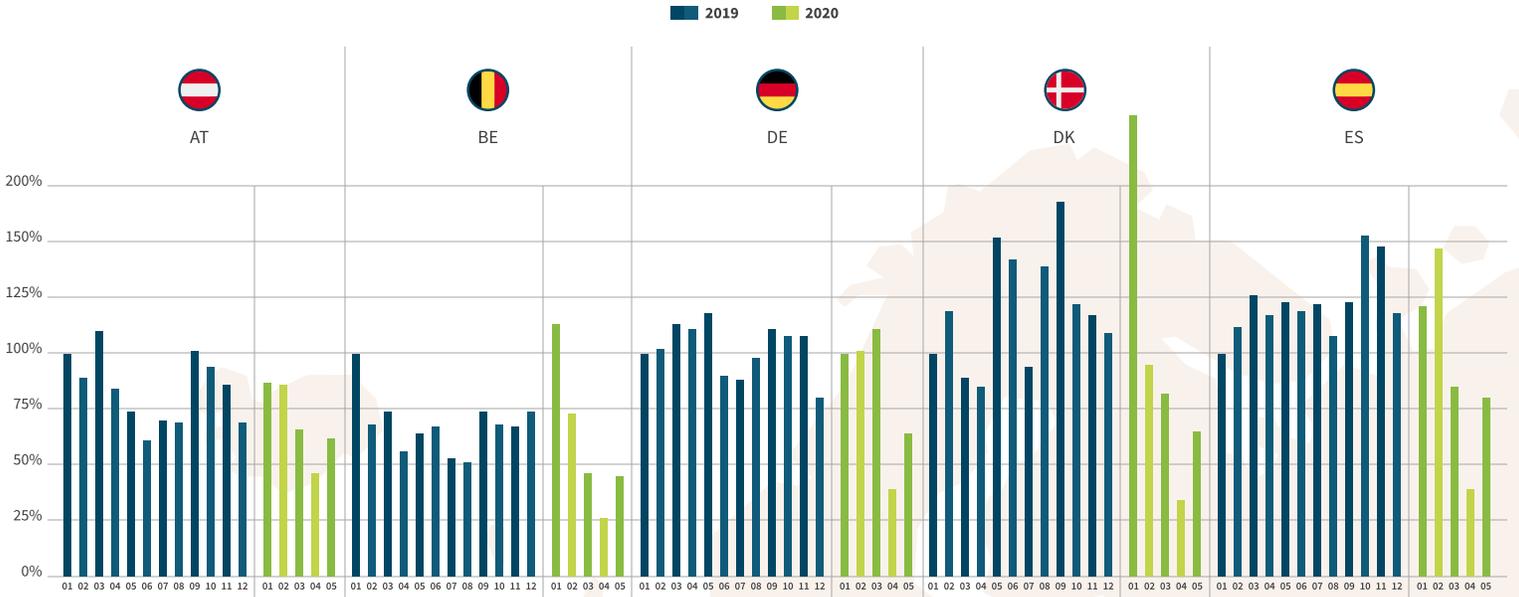
Leads generated in Europe by country



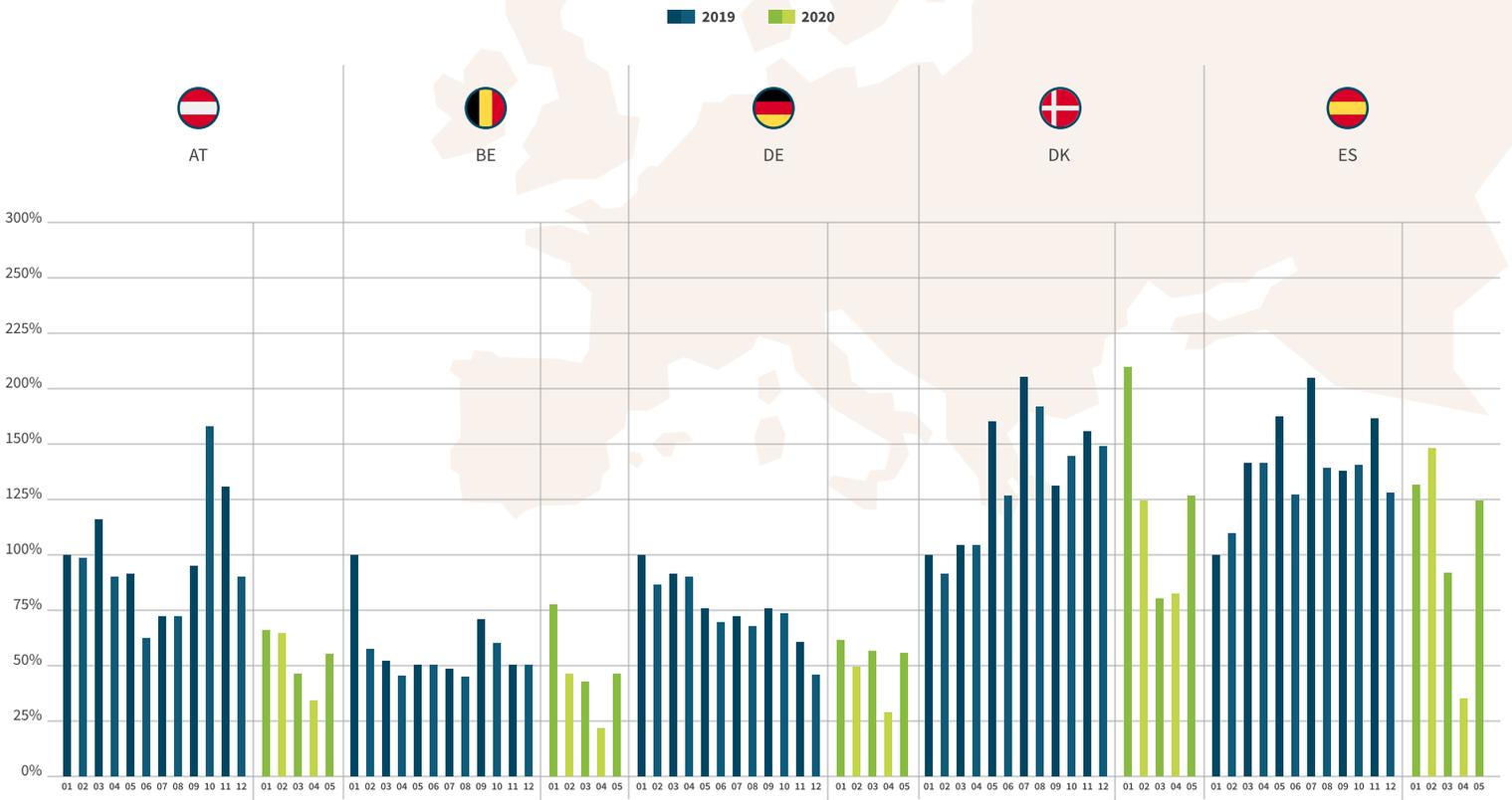
Trends from aggregated IgnitionOne-Zeta clients

The first month of 2019 in these graphs are set to a value of 100.

Site visits in Europe by country



Leads generated in Europe by country



Trends from aggregated IgnitionOne-Zeta clients

In summary...

- Now is the time for automotive marketers to engage with site visitors.
- High-intent shoppers will be the most important visitors to identify and target.
- The best way to keep high-intent visitors engaged is through the production of innovative marketing campaigns backed by high-quality content.
- Zeta's automotive clients are seeing a 4% increase in website-derived leads and a 14% increase in fill-in rates from their media efforts.

What Zeta recommends...

- Build highly effective, data-driven media campaigns that score consumers based on their intent and engagement levels, personalising their experiences and driving more conversion.
- Make sure these campaigns are multi-touchpoint throughout the consumer journey, including email, mobile, social, display, TV and paid search to increase acquisition of website-derived leads and fill-in rates.
- Use a mix of media to push “open-for-business-again” messaging targeted at highly engaged prospects.

Getting people back to work

Big European car makers including Renault, Volkswagen, and Volvo are making cars again, and a return to the assembly line means a return to work for more than a million Europeans³² (the automotive industry employs more than 800,000 people in Germany alone³³).

Getting people back to work will inject much-needed Euros into local economies, and bolster general consumer confidence across Europe. As confidence goes back up, more and more consumers will resume thinking about buying a new car.

But there's more to it than that

Numerous psychological studies suggest exposure to a traumatic event (e.g. a pandemic that shuts down the global economy³⁴) increases impulsivity in consumers.³⁵

Free to finally step outside the house after two-plus months of confinement, Europeans will be ready to do more than get back to work and collect their paycheck—they'll be ready to live for the moment like never before.

Few industries are as well-positioned as the automotive industry to capitalise on this human behaviour. It is an industry built on giving consumers a sense of excitement, optimism, power, and freedom—not just freedom of movement, but freedom of destiny (i.e. self-determination).

These are sentiments consumers will crave in the months ahead.

In summary...

- Automotive marketers need to build campaigns laden with positive, “live-for-the-moment” messaging.

What Zeta recommends...

- Double down on marketing with targeted campaigns.
- Remind consumers that cars are an extension of the home and a “safe” environment.
- Increase the appeal of financial incentives by pushing “live-for-the-moment” messaging that inspires people to get off the couch and get into the driver’s seat of a new vehicle.

³²<https://www.ft.com/content/9d3b2243-5e26-4890-918f-ec1daee33ffb>

³³<https://www.cnbc.com/2020/05/19/european-new-car-sales-in-april-see-dramatic-decline.html>

³⁴<https://www.psychologytoday.com/us/blog/experimentations/201812/new-study-shows-brain-change-after-psychological-trauma>

³⁵<https://www.psychologytoday.com/us/blog/the-human-beast/201212/trauma-resets-personality>

Embracing 21st century marketing and sales

Shelter-in-place orders and a swelling preference for social distancing is forcing manufacturers to make an earnest attempt at selling inventory online, with CEO Carlos Tavares even stating he wants annual online sales for PSA Group's family of vehicles in excess of 100,000 by 2021.³⁶

To answer the call, some of the biggest names in automotive retail like Peugeot, Fiat Chrysler Automobiles, Volkswagen, and Jaguar Land Rover are adding features to their websites to make the digital sales process more enticing to consumers.³⁷

Others like Volvo are pushing an array of digital initiatives to jumpstart sales by making it easier for consumers to do things like receive trade-in estimates, apply for financing, and get maintenance at home.³⁸

The point is, car buyers are already living online, and much of their evaluation process when it comes to buying a new vehicle is done via the internet. Being able to complete the entire sales process end-to-end is simply the next, unavoidable step in the evolution of the car-buying experience. Which is why many industry professionals like Marion David, Product Director at PSA's DS Automobiles brand, believe online "will be the normal way of selling in 10 or 20 years."³⁹

^{36,37} <https://www.autonews.com/sales/europe-becomes-test-bed-online-car-sales>

³⁸ https://www.just-auto.com/news/volvo-cars-launches-volvo-valet-maintenance-pick-up-service-in-europe_id195726.aspx

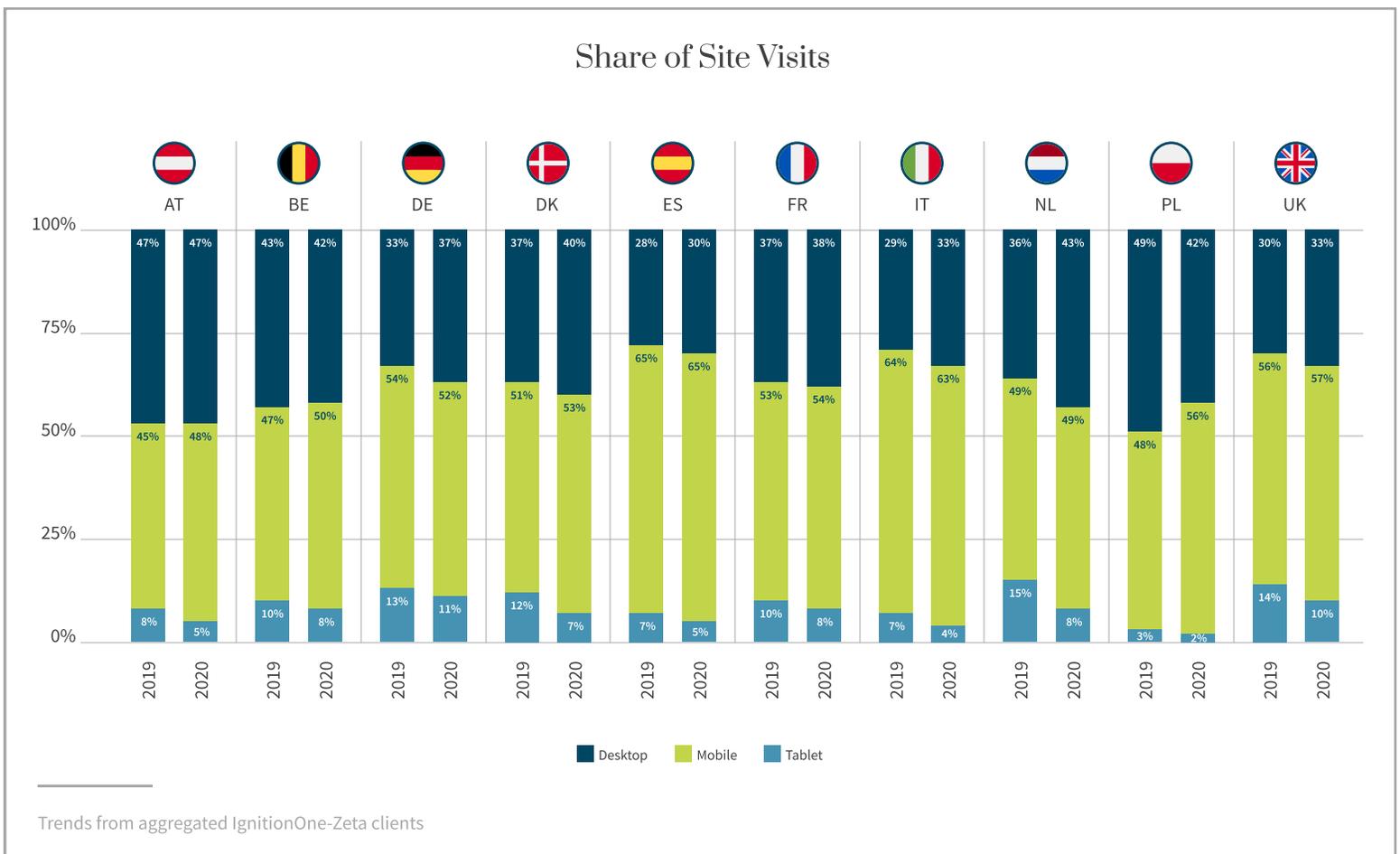
³⁹ <https://europe.autonews.com/automakers/why-vw-ford-volvo-others-are-accelerating-shift-online-sales-europe>

Consumers want a personalised sales experience

Consumers demand personalised sales experiences that adapt to who they are, what they believe in, what devices they prefer to use, etc.

To deliver on this expectation, automotive brands must use real-time intent signals extracted from things like behavioural and transactional data to better understand consumers at an individual level. Only from that improved understanding will it be possible to create contextually relevant messages and engagement strategies that lead to new car sales.

These messages and strategies must be deployed across all relevant channels (display, social, search, etc.) and devices if they are to have any hope of creating an individualised customer experience. Regrettably, most of the buyer's journey is invisible right now, with less than 40% of automotive brands have access to the data they need to create the personalised experiences consumers crave.⁴⁰



⁴⁰ <https://europe.autonews.com/automakers/why-vw-ford-volvo-others-are-accelerating-shift-online-sales-europe>



In summary...

- The auto industry needs to rethink how vehicles are sold—something that hasn't changed in roughly 100 years.⁴¹
- Manufacturers and dealers can use the internet to speed up the car-buying process by making things like financing applications available online.
- Social distancing may do to the auto industry what the iPhone did to the telecommunications industry—force radical, rapid change.
- There will always be a case for keeping traditional showrooms open to sell the experience of car ownership, but there's no reason the bulk of the buying process can't be moved online forever.

What Zeta recommends...

- Devote more resources towards digitising the customer experience on your website (similar to the retail industry).
 - | Your largest showroom when it comes to visitors is digital nowadays. Make every engagement and visitation count by personalising the site experience based on visitor behaviour.
 - | Streamline the financing process and qualify visitors on your owned channels to mitigate challenges with financing in the showroom.
 - | Leverage geo-targeted campaigns to match inventory based on customers' model of interest and the availability of buy-online programmes in the region.
- Enhance existing digital elements of the customer experience with personalisation because...
 - | 78% of consumers will engage with a brand's offer IF AND ONLY IF that offer has been personalised based on a previous engagement.⁴²
 - | 59% of consumers say personalisation plays a major role in shaping their buying decisions.⁴³

⁴¹ https://en.wikipedia.org/wiki/Car_dealership

⁴² <https://www.infosys.com/newsroom/press-releases/Documents/genome-research-report.pdf>

⁴³ <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/personalisation-at-scale-first-steps>

Knocked down, but never knocked out

If history is any indicator, the automotive sector is more resilient than most industries. Remember the massive concerns surrounding Europe's financial future during the Great Recession? Despite getting knocked down by tumbling stock prices, shrinking market cap, and tanking new car sales, the automotive industry didn't get knocked out.

To cope with the Great Recession, car makers such as...

Daimler made it's 7-year/100,000-mile powertrain warranty a permanent promotion.⁴⁴

Renault used price cuts to lure European customers back to showrooms and accelerate the sales cycle.⁴⁶

Opel secured critical government funding to help maintain manufacturing and retail operations.⁴⁵

Peugeot Citroen rapidly cut costs to remain solvent and capable of meeting its financial obligations.⁴⁷

⁴⁴ <https://www.motor.com/magazine-summary/post-911-automotive-industry-idling-ready-roll-september-2002>

⁴⁵ <https://www.dw.com/en/germanys-steinmeier-calls-for-eu-to-rescue-ailing-car-industry/a-3801809>

⁴⁶ <https://www.bloomberg.com/news/articles/2014-03-18/european-car-sales-jump-7-6-as-price-cuts-help-renault>

⁴⁷ <http://news.bbc.co.uk/2/hi/business/7882913.stm>

Of course, there are no guarantees, but the auto industry's demonstrated ability to adapt and survive should make key stakeholders confident that sales will rebound.

Credit isn't as tight as it's been in other economic crises

Central banks like the European Central Bank are attacking the economic crisis created by COVID-19 with unprecedented aggressiveness, slashing interest rates and “providing trillions in relief facilities” to help businesses and consumers (a double benefit for automotive manufacturers and dealers).⁴⁸

Moreover specific leaders are showing a strong willingness to buoy the European automotive industry, like French President Emmanuel Macron who secured an €8 billion bailout package for his country's biggest carmakers, including Renault, Peugeot, and Citroen.⁴⁹

In comparison to previous economic downturns, the intense front-footedness of central banks and government leaders should mitigate the financial damage to the European automotive industry.

In summary...

- The automotive industry has a knack for survival.
- Historically speaking, the automotive industry not only survives most economic crises, but emerges from said crises stronger than before.
- Both public and private lenders traditionally love the automotive industry, and are willing to extend generous lines of credit to help businesses across the supply chain endure an economic slowdown.

What Zeta recommends...

- There is a big need for nurture campaigns targeted at existing site visitors. To do this, add site tags to collect email addresses, sync IDs, and create segmented audience lists for various campaigns.
- Leverage your first-party data to target off-lease customers with loyalty offers.
- Run focused media campaigns at consumers who've shown interest in “automotive financing” at any point in the last 12 months, or have a history of purchasing during promotions.
- Develop marketing campaigns around any state-sponsored incentive programmes (e.g. “cash for clunkers”) as a way to get new buyers, otherwise content to keep their existing vehicles, onto the showroom floor.

⁴⁸ <https://www.spglobal.com/ratings/en/research/articles/200427-credit-trends-global-financing-conditions-bond-issuance-will-likely-contract-9-in-2020-1145437>

⁴⁹ <https://www.france24.com/en/20200526-macron-announces-plan-to-rescue-french-auto-industry>

03

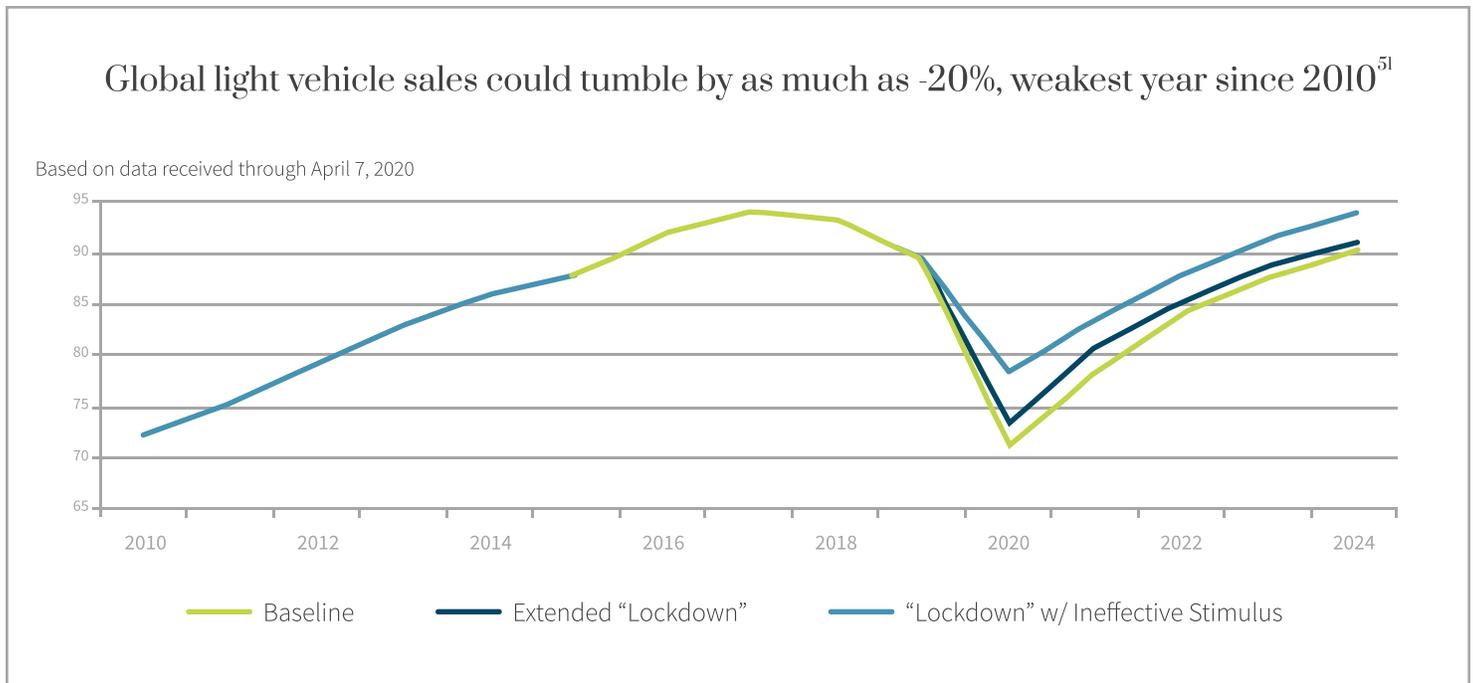
What Lies Ahead for the Automotive Industry and Where the Opportunities Are

Consumers will come back, but slowly

As restrictions on social distancing ease, businesses reopen, and the unemployed start returning to work, consumers will come back—but they won’t come back as quickly as they’ve done at the end of other recessions.

Fears surrounding a second wave of COVID-19 outbreaks, the lack of an effective vaccine, and the innate desire to hoard cash following exposure to extreme financial uncertainty will make many consumers slow to resume their old spending habits.

Even with the continuation (or expansion) of financial incentives like 0% interest, extended warranties, and job-loss protections, consumers will take a wait-and-see approach to car shopping. For OEMs and dealers, this means sustaining incentivisation programmes bolstered by aggressive advertising and marketing campaigns will likely be the best way to maximise sales in 2020. If a second COVID-19 outbreak does happen, risk assessors expect it to push the industry’s recovery timeline into 2021, with estimates projecting a 25% contraction in global automotive demand.⁵⁰



⁵⁰ <https://www.forbes.com/sites/neilwinton/2020/04/08/second-coronavirus-wave-would-finish-v-shaped-auto-sales-recovery-hopes/#660e13741761>

⁵¹ <https://cdn.ihsmarket.com/www/pdf/0420/IHS-Markit-Automotive-Rapid-Response-Vol-3-07APR2020.pdf>

Consider the emerging needs of SMBs

With no clear end in sight for shelter-in-place orders or social distancing, small businesses (particularly brick-and-mortar retail) can no longer rely on traditional foot traffic to move products off the shelves. In addition to offering curbside pick up, many brick-and-mortar retailers view local home delivery as a reality of doing business going forward.

For automakers this is a unique opportunity—a chance to sell and lease vehicles already produced for the B2C marketplace to B2B customers in need of transportation for their own fulfillment strategies.

In summary...

- Car shoppers will come back, but they'll come back slower than in the past.
- Extended consumer sluggishness means the automotive industry will need to maintain aggressive marketing campaigns promoting financial incentives for new car buyers for an extended period of time.
- If a second COVID-19 outbreak happens in Europe, it will have dire consequences for the automotive industry.

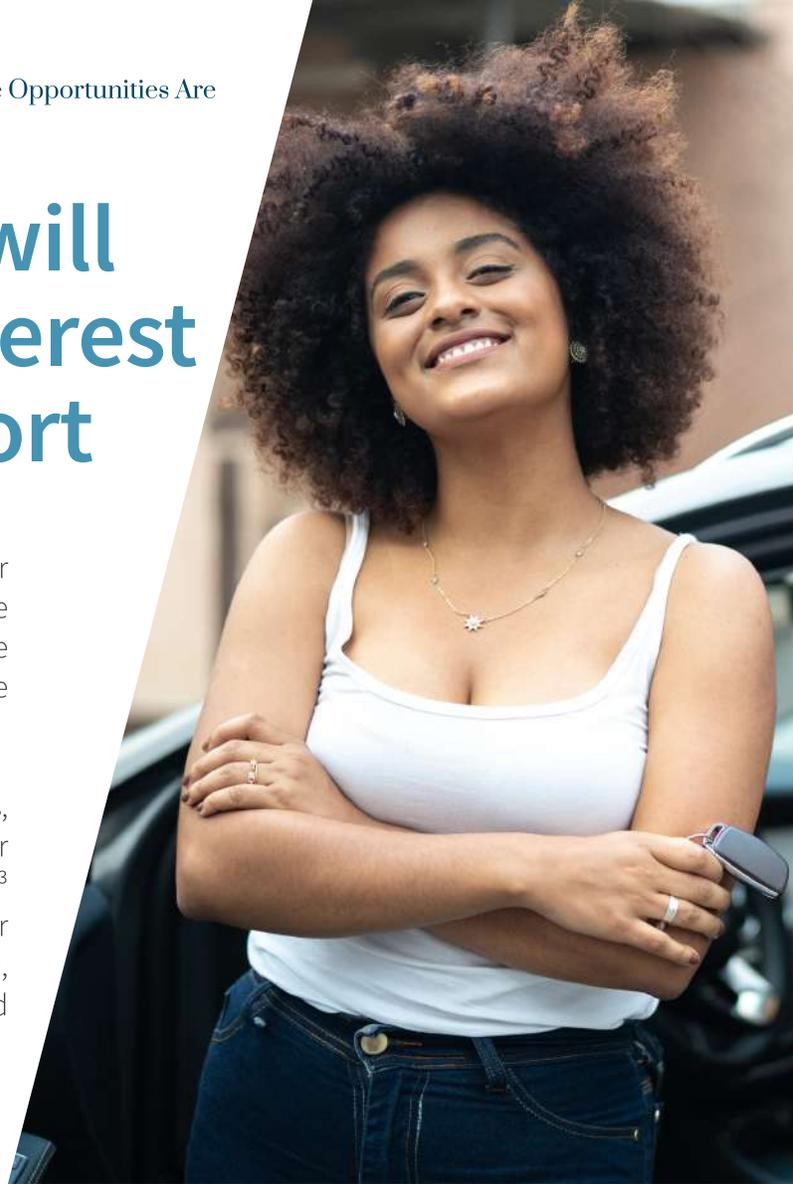
What Zeta recommends...

- Focus on generating email subscribers to extend building brand engagement and identify known visitors that are in-market.
- Link dealerships and web visitors together via mobile chat and other messenger technology.
- Work hard to stay relevant and top of mind with consumers using social and programmatic channels to target key audiences. Build long lasting relationships by nurturing prospects.
- Capitalise on high-intent audiences by targeting them with focused marketing campaigns.
- Do whatever it takes to maximise car sales right now, in case there's a second COVID-19 outbreak later this year.

Coronavirus fears will grow consumer interest in personal transport

Fear of exposure to coronavirus will create new consumer interest in personal transport. According to research, more than 60% of consumers considering purchasing a new vehicle in the near future consider personal hygiene and safety to be primary motivators.⁵²

People will be leery about using mass transit (busses, trains, airplanes, carpooling, etc.) where large groups travel for extended periods of time in close proximity to each other.⁵³ Leeriness will be especially high amongst commuters in their prime working years (those between the ages of 25 and 50), who have to spend a large portion of their day traveling to and from their place of work.⁵⁴



That means more cars on the road, more miles logged every day, and an upsurge in need for all the things the automotive industry provides—new cars, used cars, spare parts, repair services, etc.

⁵² Capgemini Research Institute, Consumer Behavior Survey, April 4–8, 2020

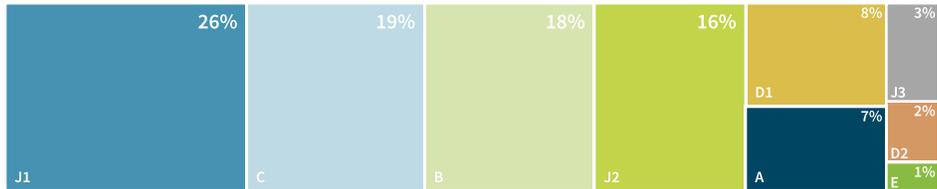
⁵³ <https://www.marketwatch.com/story/low-oil-prices-are-good-news-for-american-drivers-if-they-can-take-advantage-of-them-2020-03-10>

⁵⁴ <https://www.cnet.com/roadshow/news/car-sales-coronavirus-incentives-deals-data/>

Site Visits by Vehicle Classification

- A-segment mini cars
 - B-segment small cars
 - C-segment medium cars
- D1-segment large cars
 - D2-segment large cars
 - E-segment executive cars
- J1-segment mini SUV
 - J2-segment compact SUV
 - J3-segment SUV

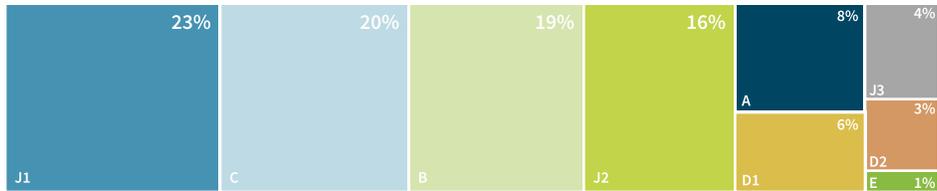
Q2 2019



Q3 2019



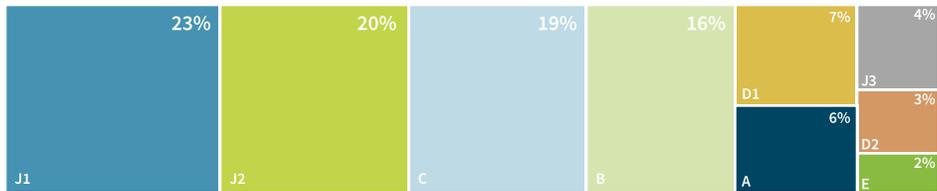
Q4 2019



Q1 2020



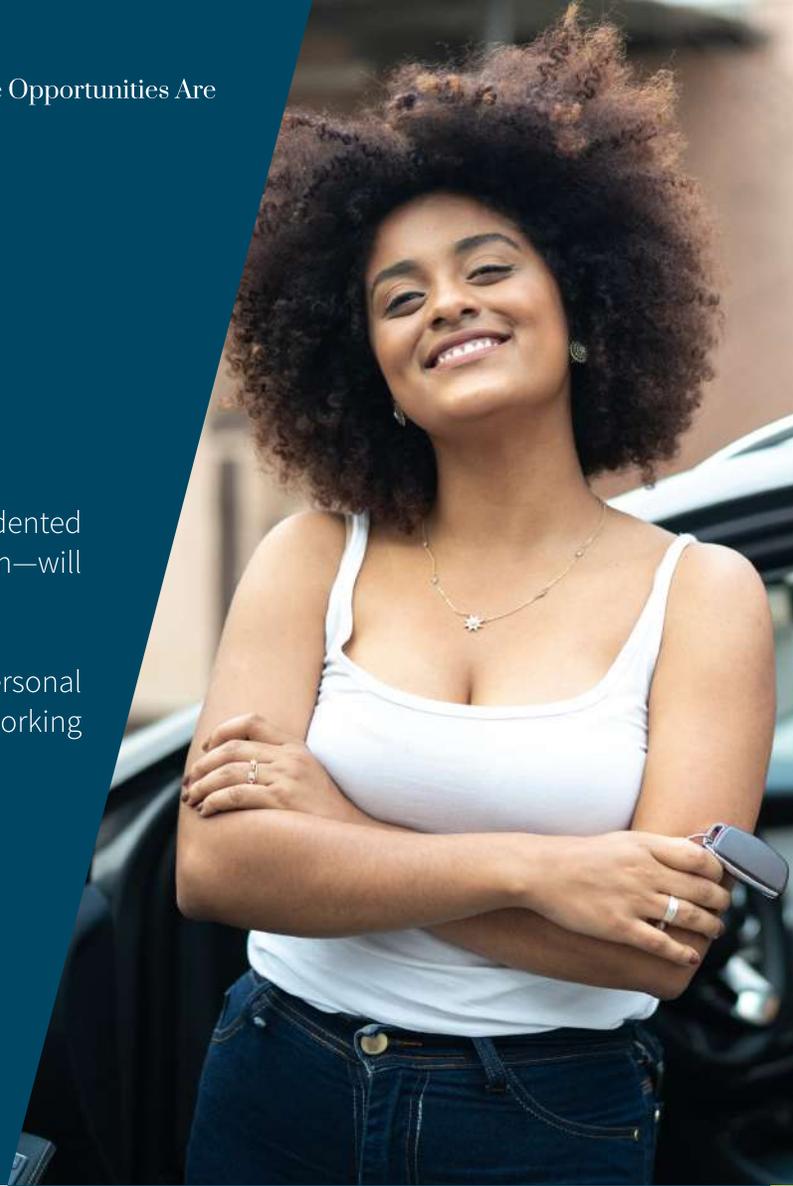
Q2 2020



Trends from aggregated IgnitionOne-Zeta clients

In summary...

- Fears surrounding COVID-19—coupled with an unprecedented cultural emphasis on social distancing and sanitisation—will diminish consumer interest in mass transit.
- As such, there will be an increased emphasis on personal transport, especially amongst those in their prime working years.



What Zeta recommends...

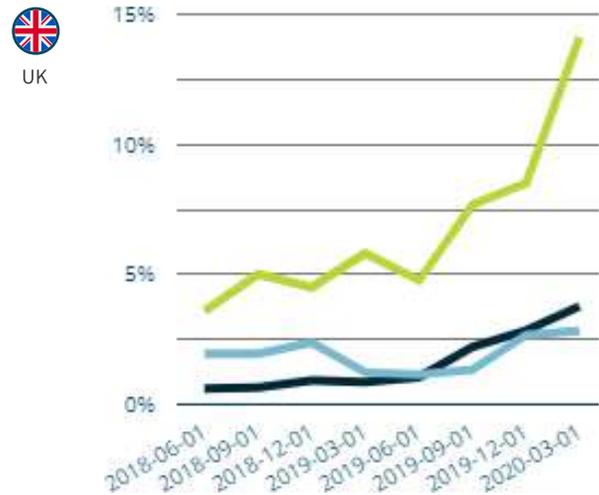
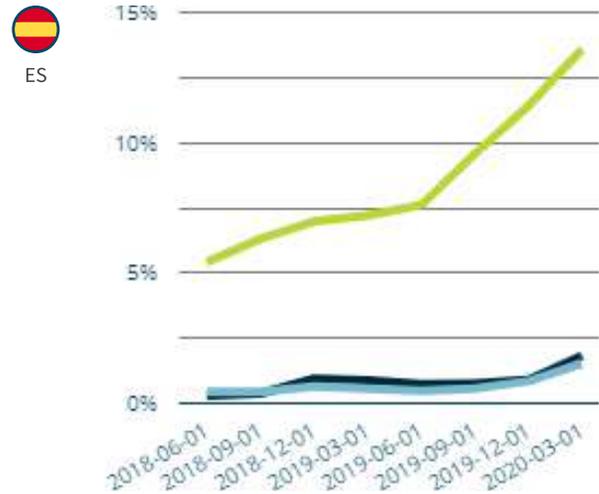
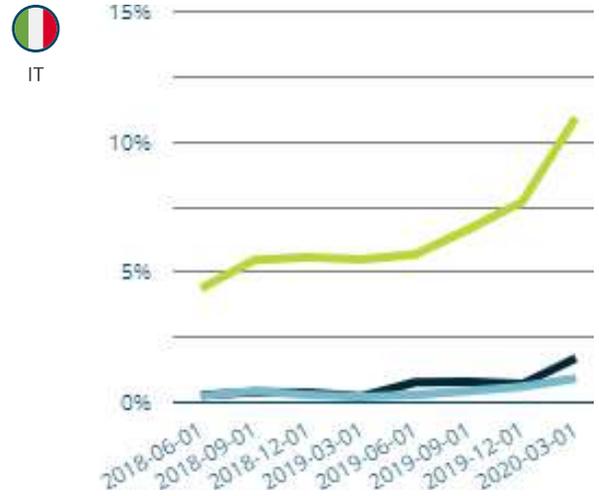
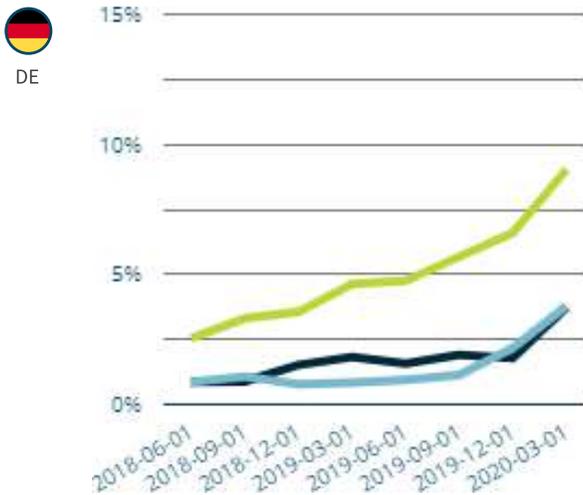
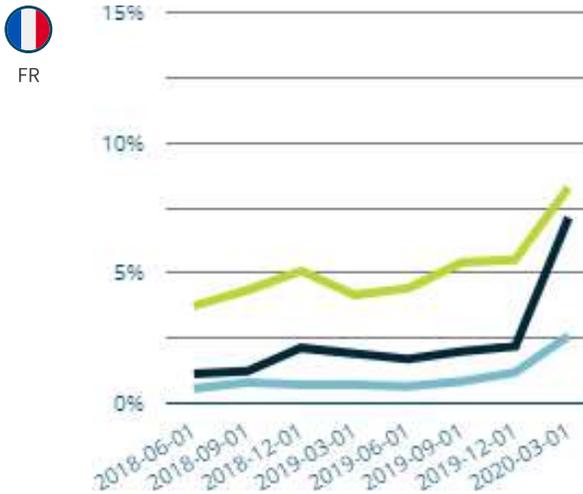
- Focus media campaigns on consumers in their prime working years, and use behavioural signals to target those individuals who've shown an increased interest in health and safety.
- Craft messaging that emphasises the safety, sterility, and security of personal transit, as opposed to mass transit.

Electrification

Consumer interest in low-emission and zero-emission vehicles will continue to rise, so manufacturers must continue investing in environmentally friendly technology.

Share of electrified vehicles - Big 5⁵⁵

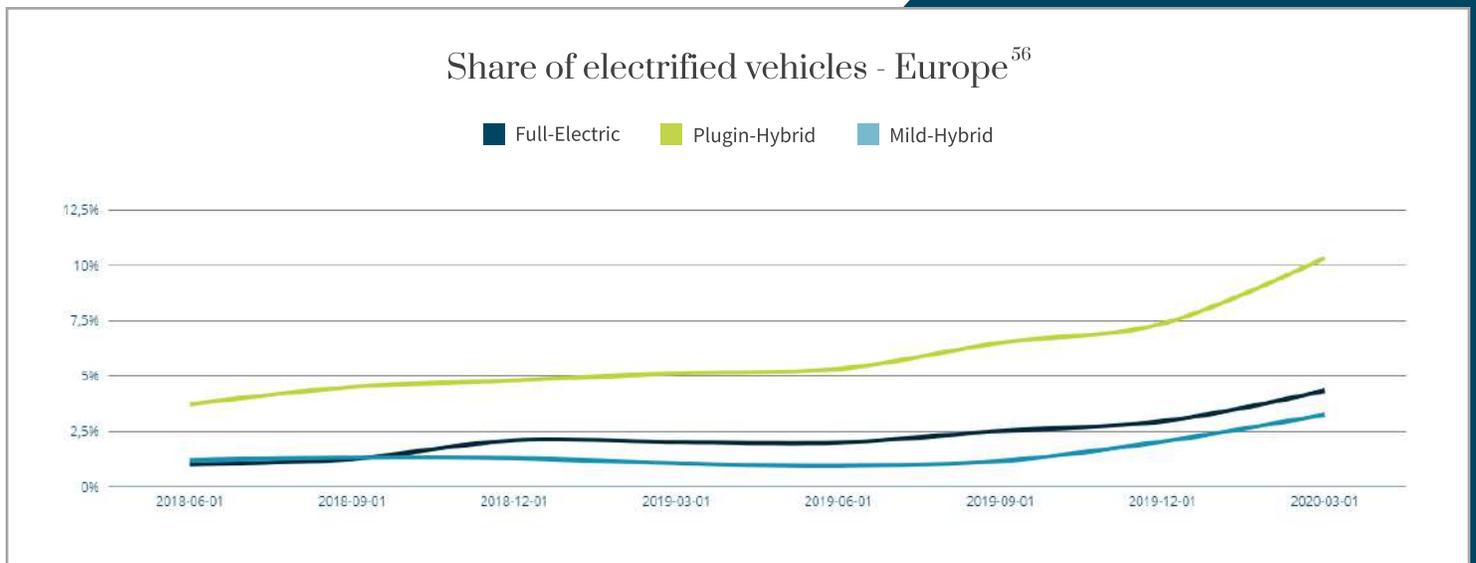
EV Mild PHEV



⁵⁵<https://www.acea.be/statistics/tag/category/electric-and-alternative-vehicle-registrations>

In the first three months of this year, the electrically-chargeable vehicle (ECV) segment significantly gained market share, rising to almost 7% (from 2.5% in Q1 2019) despite the decline in passenger car registrations due to the COVID-19 outbreak (to be clear, demand for petrol-powered cars still account for more than half of the EU market). Both the battery-electric (BEV) and plug-in hybrid (PHEV) segments provided a strong boost to this growth (+68.4 and +161.7% respectively).

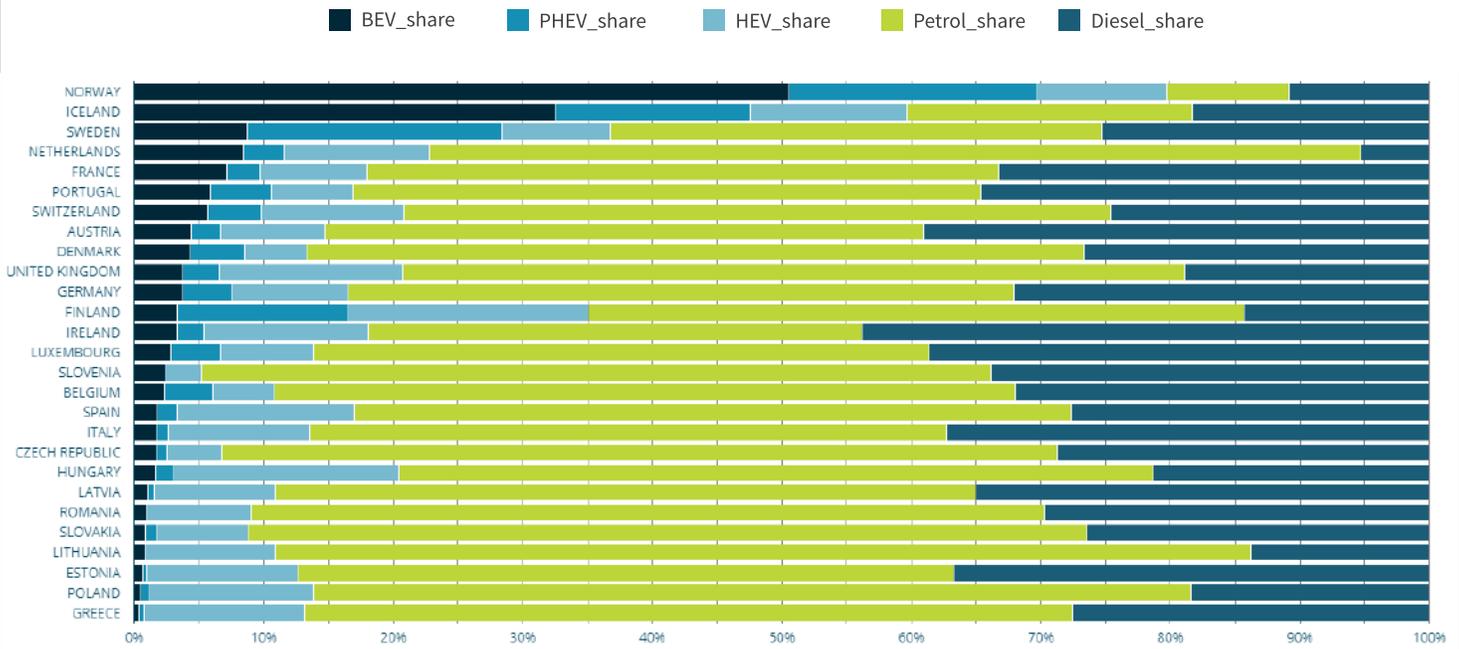
Hybrid electric vehicles (HEV) remained the best-selling alternatively-powered vehicle segment, representing 9.4% of the total EU car market, with 232,525 units registered during the first quarter of the year (+45.1% compared to 2019).



The numbers vary significantly though by country. In Norway ECV's have almost 80% of the market share of almost 80%, whereas ECV's barely don't even account for 15% of the market in Belgium, Denmark, Italy and most Central and East European countries.

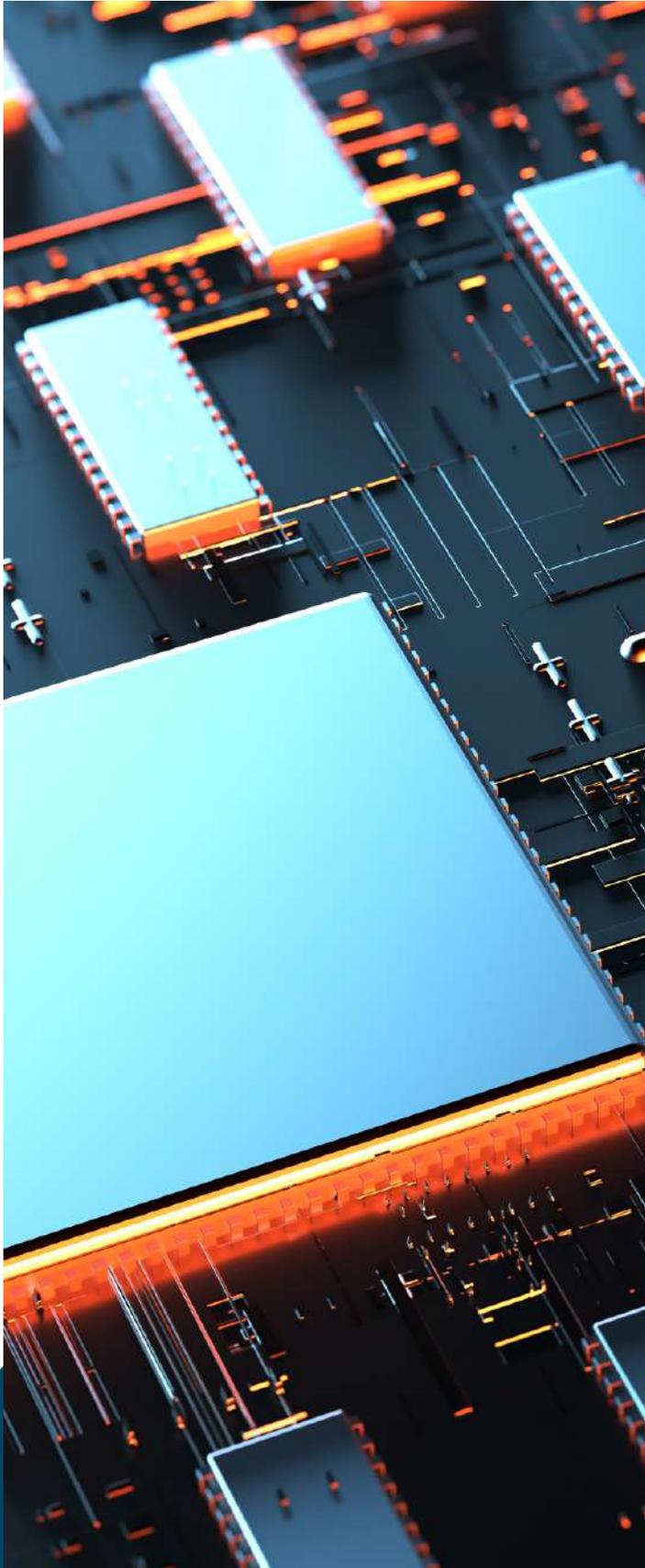
⁵⁶ <https://www.acea.be/statistics/tag/category/electric-and-alternative-vehicle-registrations>

Market share trends - 3 months rolling average per fuel type⁵⁷



These trends are creating opportunities and challenges at the same time. European consumers are clearly more and more interested in ECVs, but with factories only recently reopening and operating at reduced capacity, dealers have to focus on selling what they have in stock.

⁵⁷ <https://www.acea.be/statistics/tag/category/electric-and-alternative-vehicle-registrations>



In summary...

- The appeal of ECVs continues to rise across Europe.
- Despite surging demand, manufacturing delays related to Coronavirus mean showrooms will struggle to offer sufficient retail supply.

What Zeta recommends...

- Use environment-focused messaging as part of an initiative to boost ECV sales in the near term.
- Remember that consumers will continue to demand vehicles that are fuel efficient and emission neutral.
- Run marketing campaigns that push “green car” messaging towards high-intent individuals within audiences holding a strong interest in ecology and the environment.

Expanding interest in road travel and the outdoors

As the summer progresses and travel restrictions ease, consumers will be anxious to take a vacation—they just won't want to travel by train or plane to take one.

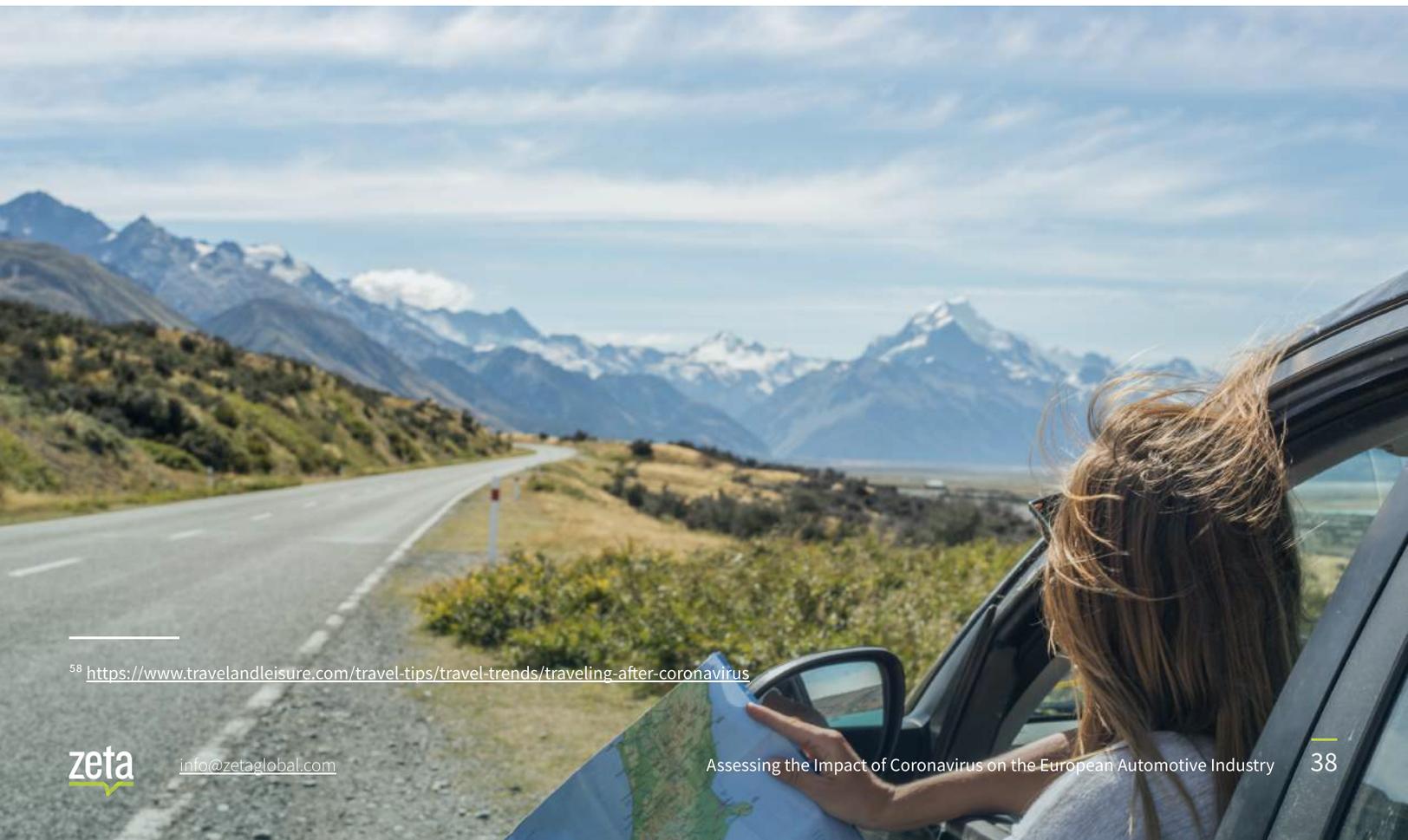
Until a COVID-19 vaccine is discovered, consumers will look for travel options that offer space, sterility, privacy, and autonomy.⁵⁸ No form of travel or vacation ticks all of those boxes quite like the road trip.

Factor in the reality that...

- Many airlines will operate on reduced schedules
- Certain international borders will remain closed to tourists
- Other popular, crowd-heavy vacation options (cruises, theme parks, all-inclusives resorts, etc.) won't be viable

...And a major upswing in road-based travel in 2020 and 2021 is all but guaranteed.

⁵⁸ <https://www.travelandleisure.com/travel-tips/travel-trends/traveling-after-coronavirus>



For automakers, marketing that emphasises the versatility and privacy of automotive travel is a must in the months ahead. Especially marketing that convinces consumers that a new car is a conduit to fun, family-friendly adventures in the great outdoors as nature-based experiences will see a surge in popularity.⁵⁹

But the time to strike with this type of messaging is now. Automakers and dealers will be in a position of strength when it comes to travel-based messaging for the next few months for sure, but by autumn the tide could change.⁶⁰



In summary...

- Consumers are itching to travel, but they're not itching to fly or take trains.
- Travelers and vacationers want space, sterility, and autonomy more than anything else.
- Only car-based travel can give consumers everything they want, including on-demand access to the great outdoors.

What Zeta Recommends...

- Create marketing messages that promote the versatility, privacy, and safety of automotive travel—especially for young families.
- Create marketing campaigns that present automotive travel as the solution to closed borders and restricted air travel due to COVID-19.
- Make it increasingly easy for consumers to buy and customise new vehicles online.

^{59,60} <https://www.usatoday.com/story/travel/advice/2020/05/01/coronavirus-why-everyone-want-travel-soon/3058753001/>

Marketing will play a BIG role in the recovery

In times of economic turmoil, consumers look to marketing and advertising to stay abreast of deals and special offers so they can get the most bang for their buck. Therefore, companies should **not** massacre their marketing budgets in times of economic turmoil. Rather, they should view marketing as a much-needed investment rather than an expendable financial burden.

Granted, OEMs and dealers shouldn't start putting money towards every marketing opportunity that comes their way—they need to be smart and strategic with every investment. That means investing in marketing campaigns built on sound data and refined audience targeting to maximise ROI.

It takes guts to keep putting money into marketing when a recession hits, but history shows it's the right move—companies willing to stay the course see compelling returns in the form of expanded market share and improved long-term profitability.⁶¹

⁶¹ <http://avekon.org/papers/1141.pdf>



When the
economy
does this...

Marketing and
advertising
should go...

Evolving tools, technologies, and channels

Website Personalisation

As automotive consumers come to expect more of the car-buying process to be completed online, OEMs and dealers need to improve the digital customer experience. That improvement process will start with website personalisation.

By embracing site personalisation, the automotive industry will gain the ability to deliver personalised content that adapts in real time to the interests (as well as the lifecycle stage) of the individual customer.

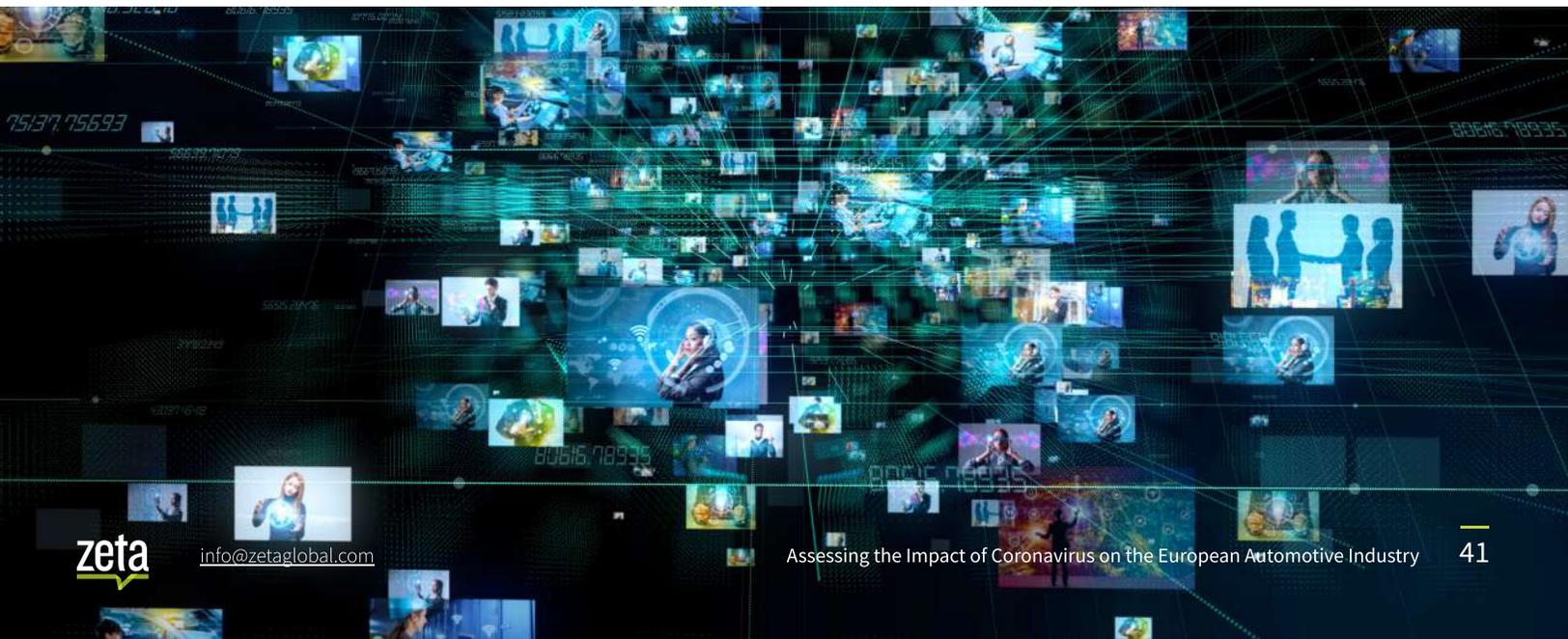
At Zeta, this is achieved using an AI-powered personalisation engine to increase conversions via in-page and site overlay personalisation.

In creating a curated digital customer experience, retaining and growing a customer base becomes easier—it gives automotive consumers a reason to engage in the short-term *and* keep engaging in the long term.

Connected TV

Zeta's internal research shows 60% of adults no longer have access to cable television, and 76% between the ages of 18 and 54 watch video through a Connected TV every day. That means Connected TV will be the best way for OEMs to connect with potential car buyers going forward.

Through Connected TV, OEMs and dealers can place personalised ads directly in front of targeted viewers, mitigate media waste, and maximise ROI. At Zeta, this is made possible through the use of a proprietary, deterministic data set blended with real-time insights and analytics.



Programmatic

All automotive marketing professionals are familiar with programmatic, but they may not be familiar with how programmatic is changing. The key to expanding programmatic reach, connecting with higher-quality audiences, and achieving superior performance lies in access to deterministic identities and intent-based audiences.

Case and point?—Zeta’s programmatic platform, powered by more than 750 million deterministic IDs and intent-based audiences, helps thousands of clients explore new windows of opportunity, and amplify their conversion across every channel. It is an always-on, closed-loop-AI programmatic platform that creates an integrated, omnichannel customer experience that delivers unparalleled addressability, reach, performance, and cross-channel sequencing.

Personalised Email

As channels go, email is underutilised to a massive degree—something that will need to change going forward given how impactful personalised emails can be (especially when delivered in real time).

Using AI, emails can easily feature personalised content and product offerings based on known interests, demographic information, and real-time behavioural observations. That level of personalisation incorporated across all email touchpoints (subject line, creative, send time, send frequency, etc.) leads to improved email performance.

Coupled with a top-rated data handling solution (like the one Zeta has) that makes it possible for marketers to add, score, and use new data in seconds, and it becomes easy to see why email has such performance potential for the automotive industry.

Data Management

The future of marketing success is inherently tied to data—the automotive marketers with the best data will be the automotive marketers who see the best business outcomes.

Obtaining the best data will require combining first-party data with third-party interest data, real-time intent signals, real-time purchase signals, and deterministic identity resolution.

Only through that unique blend will it be possible for automotive marketers to capitalise on key audiences and high-value customer lookalikes for maximum growth.

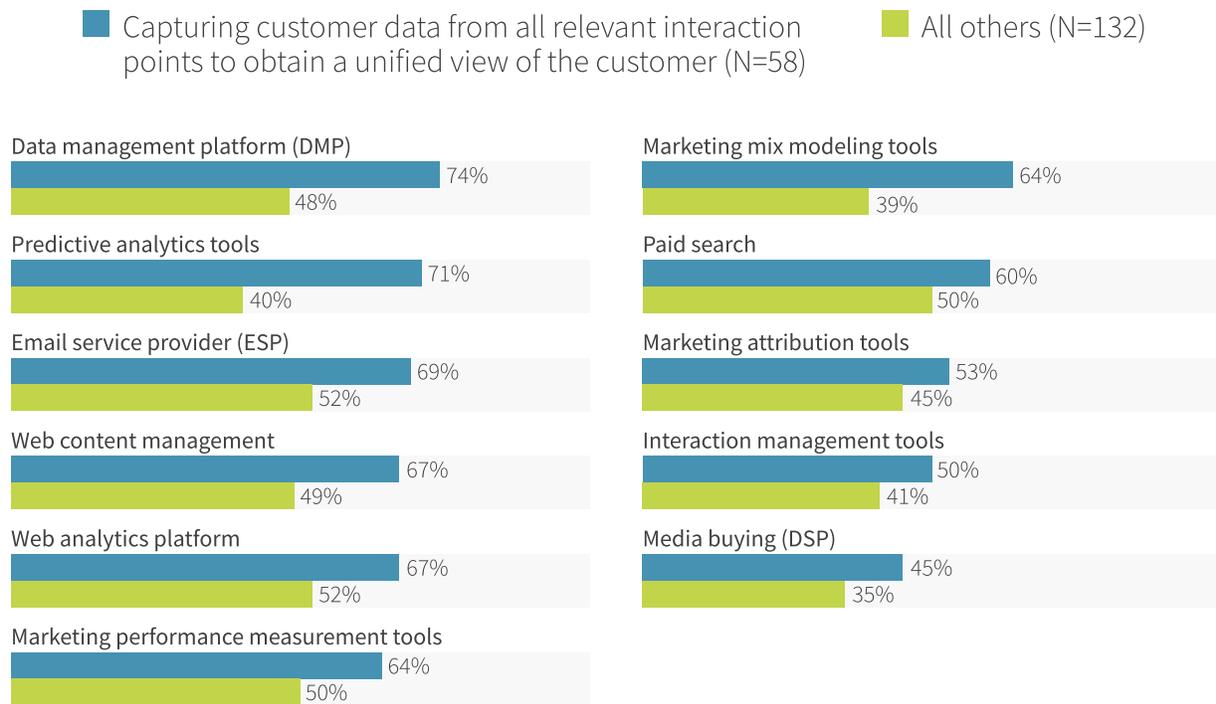
Audiences

Marketing professionals focus on optimising their media budget. One way to do so, is to capitalise on high-value customers. At Zeta, we can identify the most engaged users by leveraging activities, campaign performance and behavioural data, to create hyper-targeted segments and engage them across Search and Social. Marketers can Activate Audiences on Facebook and Instagram and bid on search keywords with confidence that they are reaching their most engaged audiences.

Capturing Customer Data to Obtain a Unified View of the Customer Correlates With Increased Tool Use

“What are your organization’s plans for the following types of tools?”

(Those selecting “currently using or “expanding current use”)



A commissioned study conducted by Forrester Consulting on behalf of IgnitionOne, April 2015

Base: Cross-channel B2C marketers

In summary...

- In times of economic turmoil, the brands that continue to invest in marketing and advertising are the brands that win the most long term.
- OEMs and dealers don't have the luxury of time—the marketing and advertising decisions that are made today will make or break profits for the rest of 2020.

What Zeta recommends...

- Focus marketing budget on only the most engaged consumer segments.
- Don't spend less, just spend smarter—make sure every Euro spent has a specific job where necessary outcomes can be measured for performance evaluation.

04

To Stay Ahead OEMs and Dealers Must...

Get better at building brand loyalty

Winning new business is always difficult in the automotive industry, but during an economy like the one created by the coronavirus outbreak it's a monumental chore. Government-incentives and OEM-derived deals designed to excite consumers and reignite demand will create intense competition amongst the various automotive brands—a fact that will make building brand loyalty all the more important.

In any kind of business, as little as 15% of customers can be responsible for as much as 70% of annual sales,⁶² and the cost of acquiring a new customer can be 5X higher than the cost of retaining an existing one.⁶³ In the auto industry specifically, sustaining a relationship with the customer after that customer drives off the lot can boost the likelihood of repurchase by as much as 40%.⁶⁴

Therefore, maintaining a strong relationship with previous customers will be very important for generating new business in the months ahead. Using things like “loyalty programmes, email campaigns, satisfaction surveys to measure Net Promoter Score (NPS), and social media”⁶⁵ can have a real impact on customer retention for European carmakers (and boosting retention by as little as 5% can increase profits by 25%).⁶⁶

⁶² <https://www.forbes.com/sites/forbesagencycouncil/2018/06/21/personalization-matters-12-ways-for-brands-to-increase-customer-loyalty/>

^{63,65} <https://engieapp.com/customer-retention-in-the-automotive-industry/>

⁶⁴ https://www.informatica.com/content/dam/informatica-com/en/collateral/white-paper/automotive-brand-loyalty_white-paper_2631.pdf

⁶⁶ http://www2.bain.com/Images/BB_Prescription_cutting_costs.pdf

Grooming customers into brand advocates

No marketing campaign—no matter how well-researched or executed—will ever usurp the power of word-of-mouth marketing, which is why manufacturers and dealers alike must strive to turn customers into brand advocates.

No matter the gravity of the economic turndown, a business backed by a large, dedicated pool of brand advocates will never need to worry about keeping the lights on.

To help transform customers into loyal brand advocates, Europe's automotive marketers should engage with former customers at regular intervals using targeted, intent-driven, and personalised communication.

These marketing messages can be passive (service reminders, holiday greetings, etc.) or they can be as aggressive (custom offers, special promotions, etc.), as long as they're relevant and personalised to the recipient.

Delivering this kind of communication will not only maximise customer satisfaction and the likelihood of retention, but it will also increase the chances of referral-based new car sales (e.g. friends, family, work colleagues, etc. of the original customer).

The advantage of a dynamic marketing platform

Perhaps nothing can do more for an automotive business looking to boost retention than investing in a dynamic marketing platform that makes use of robust data, artificial intelligence, and machine learning to deliver on customer wants, needs, and expectations.

Even the simplest forms of outreach triggered by a marketing platform—from a friendly oil-change-reminder email to a post-sale “thank you” text message—can do a lot in the way of cultivating brand loyalty.⁶⁷

The right platform powered by the right data can monitor the behaviour of previous customers' interest in things like...

- New vehicles
- Model upgrades
- Lease rates
- Finance offers

⁶⁷ https://www.autonews.com/Assets/pdf/WhitePaper_12.16_CustomerRetention.pdf

Using this kind of intent-based data, OEMs and dealers alike can develop better, more targeted marketing messages that better connect with previous customers depending on where they are in the buyer-cycle.

Deploying data and marketing technology in this way is something that's relatively new to the automotive industry, but it's something that will have profound and positive effects—especially in the wake of COVID-19.

With auto brands forced to optimise their resources and processes in response to the global economic slowdown, capitalising on intent-based data will make it easier to keep previous customers happy, attract net-new customers, and regain lost revenue.

In summary...

- Building and maintaining brand loyalty is critical for carmakers looking to survive a prolonged recession.
- 15% of consumers can be responsible for as much as 70% of profits even in big-ticket industries.
- To cultivate brand loyalty, automotive businesses—from manufacturers to dealers—need to invest in a comprehensive marketing platform.

What Zeta recommends...

- Only invest in a marketing platform that makes use of robust data, artificial intelligence, and machine learning to deliver on customer wants, needs, and expectations.
- Capture and capitalise on intent signals to develop persuasive marketing messages that are targeted to resonate with individuals, not just audiences.
- Consider activating “newsletter” and “handraiser” campaigns that allow customers to stay informed on targeted brand-related updates (vehicle-specific promotions, component upgrades, service discounts, etc.).

Better identify and market towards the intent of consumers

The automotive industry is no different than any other industry in that Euros are more effective when they're spent on high-intent, sales-qualified leads.

To that end, automakers and dealers will need to get stronger at recognising the difference between window shoppers and customers who actually intend to buy a new car in the near term. Again, this reality stresses the importance of having and deploying a marketing platform bolstered by AI and machine learning.

Only by using such a platform can automakers and dealers expect to differentiate between consumers who're bored and looking to fill free time, and the qualified consumers who are ready to purchase a new vehicle.

The quicker and more accurately these "true shoppers" are recognised, the easier it will be to keep them "in the buying zone" and nurture them all the way to the point of purchase (unfortunately, less than half of industry marketers feel they have access to the cross-channel, cross-device data required to understand customer behaviour).

What might this look like in practice?

Using a combination of intent and financial data for targeting, automotive businesses can deliver customised discounts to specific audiences of carefully identified prospects via media and email campaigns.

Zeta, for example, supports its automotive clients through the provision of an industry-leading marketing platform helping them identify and target prospective car buyers with precision across the customer journey.

Intenders are scored and segmented based on website behaviour, engagement levels and other interests, allowing Zeta's automotive clients to deliver personalised messages across channels.

Ultimately, this leads to more attention-grabbing marketing, more test drives, more sales, and higher ROI.

The need for high-quality data management

Automotive marketing is now a data-driven game, and the best players will have access to the best data-management platforms.

When gathered and deployed properly, data cuts a clear path to improved acquisition, conversion, and retention, the result of which is improved efficiency and higher ROI. However, many automotive marketers struggle with data—managing their own first-party data, and sourcing the most relevant, helpful third-party data. This makes it challenging to measure relevance, establish clear intent-signals, and drive better business outcomes.

An exceptional data cloud equipped with an equally exceptional data-management platform, is the only viable resolution to this challenge.

In summary...

- Euros should be spent on high-intent, sales-ready leads.
- Automakers need to get better at marketing their products and services to REAL buyers.
- Auto marketers need access to seamless intent data in order to craft a superior customer experience that permeates the entire life cycle, from awareness and acquisition, to conversion, upsell, and retention.
- Customer data helps automotive marketers generate more leads, maximise response rates, and sell more cars because it makes the development of personalised, memorable messaging that much easier.

What Zeta recommends...

- In the short term, stop spending Euros on brand awareness initiatives, and start repurposing budget towards conversion-focused, ROI-driven campaigns.
- Accept that marketing reach is not valuable unless it comes with consistency and relevance across all touchpoints and channels.
- Create more detailed customer personas based on aggregate behavioural, transactional, and geographic signals.
| Use the updated personas to develop creative and strategies that better “click” with consumers across all phases of the automotive buyer’s journey.
- Personalise marketing content to the individual based on factors like engagement score, and interest in specific makes and models.

Cater car buying towards shifting consumer preferences

Manufacturers and dealers that aren't customer-obsessed will struggle to survive this economic downturn—in today's market, there's nothing more important than delivering a car-buying experience that delivers on consumer preferences.

Unfortunately, consumer preferences and trends don't stay static.

Yet the way automakers have sold cars and trucks for the last 80 years remains unchanged:

- Vehicle parts are manufactured and delivered to OEM.
- OEM takes the parts and assembles the new vehicle.
- The vehicle is shipped to an OEM-affiliated dealer.
- Consumers visit the dealer to buy the vehicle.

Which is why a recent KMPG study revealed more than 80% of automotive executives believe a major business model disruption is coming to the auto industry—particularly as it pertains to how vehicles are bought and sold—by 2022.⁶⁸

However, the timetable for that disruption appears to be accelerating by 24 months, as the sudden arrival of the coronavirus has shed new light on the painful inadequateness of being a retail business with a largely offline sales process.

In other words, the digitisation of the car buying experience won't happen in 2022 because it's happening right now.

Moving the car-buying experience online

Many of the world's leading brands, including Fiat Chrysler Automotive, are working day and night to rapidly adopt tools and technologies that will move the sales process online.⁶⁹

Consumers might value what a trip to a dealership can provide in the way of a face-to-face relationship and (of course) a test drive, but that doesn't mean consumers don't want the freedom to shop for a new vehicle from the comfort of their own homes.

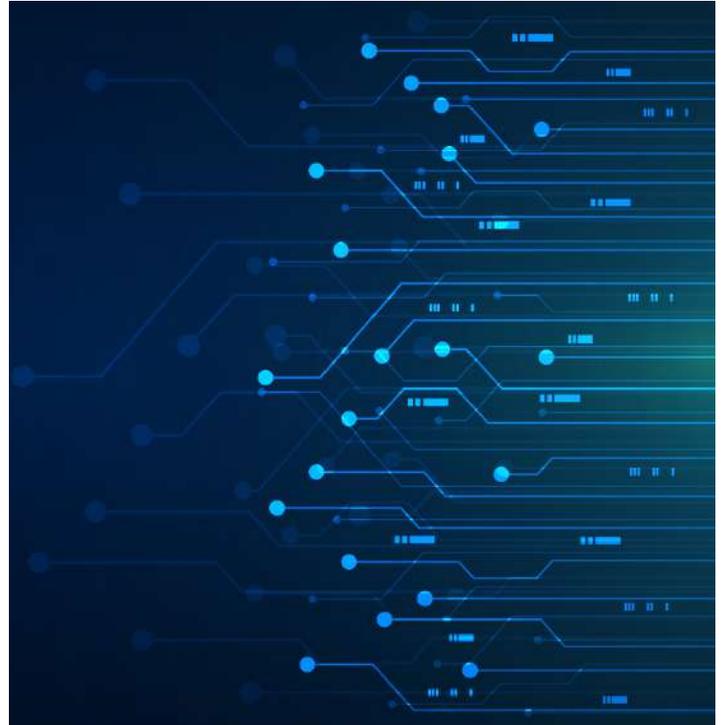
⁶⁸ https://www.informatica.com/content/dam/informatica-com/en/collateral/white-paper/automotive-brand-loyalty_white-paper_2631.pdf

⁶⁹ <https://www.cnbc.com/2020/04/09/coronavirus-pushes-auto-dealers-to-embrace-online-sales-like-tesla.html>

For dealers and car makers, migrating more of the sales process online (especially things like inventory listings, pricing options, applications for financing, and other forms of paperwork) will improve customer satisfaction and make it more likely that a single trip to the showroom for a test drive results in a sale.

And if the entire sales process—from research to purchase—can be moved online so that no trip to the showroom is required, it will not only improve the customer experience, but it will reduce operating expenses and improve profitability for automotive retailers.

In addition to being a long-term benefit, many industry executives feel the rapid adoption of online selling tools will help reinvigorate the industry and drive a “significant number of sales” in 2020.⁷⁰



In summary...

- The time for the automotive industry to adapt to changing consumer buying habits has arrived.
- Automakers need to get better at facilitating direct-to-consumer sales, and the industry as a whole needs to get better at online sales.
- There is no reason to believe car buying won't become an eCommerce business within the next five to ten years.

What Zeta recommends...

- Highlight the reward of buying online -- make it a seamless user experience and offer the best financial deals possible.
- Make more use of mobile to move consumers towards a purchase (80% of consumers use a smartphone during the automotive purchase funnel).
- Vehicle manufacturers should start laying the groundwork now for direct-to-consumer online sales.
- Invest in education-focused marketing campaigns that help consumers understand just how easy it is to buy a new car online.

⁷⁰ <https://www.cnbc.com/2020/04/09/coronavirus-pushes-auto-dealers-to-embrace-online-sales-like-tesla.html>

05

Why Zeta for Automotive Marketing

Proven experience, proven results

With more than 20 years of vehicle marketing experience and strong relationships with some of the industry's biggest brands, Zeta knows how to achieve outstanding outcomes for its automotive clients.

The partners Zeta supports — Leading Digital Marketing Solution in Automotive

800+ Activated Websites

1.8M Annual Leads

37 Automotive Brands Globally



Average Uplift in Lead Generation

+20%

\$6.3B

in Incremental Revenue Generated For Our Partners



Increasing engagement and conversions — from paid social media

+360%

Increase in lead conversion rate.

+87%

Increase in click-through rates.



Generating more purchase-ready leads — via a manufacturer

+200%

More test drive appointments.

+133%

More brochure requests.



Improving open rates, engagement rates and response rates — from CRM

3x

Improvement
in overall KPIs.

+142%

Increase in open rates.

+52%

Increase in click-through rates.

Partner not provider

Zeta believes in being “hands-on” when it comes to marketing.

In other words, Zeta believes in being a true marketing partner, rather than a “hands-off” provider of marketing services and technology.

When automotive brands partner with Zeta they get more than campaign execution—they receive end-to-end campaign support, complete with customised guidance to achieve the best possible outcomes (80% of automotive clients choose Zeta’s campaign advice over their own internal best practices).

The Platform

The Zeta Marketing Platform is easy to implement and capable of delivering results in days as opposed to months. More importantly, the platform is agile which allows campaigns to pivot on a dime if the situation calls for it (as it did following the COVID-19 outbreak).

“The Zeta Marketing Platform excels because of its data foundation...Its schema-less data structure effectively solves much harder problems, better than competitors.”

—Shar VanBoskirk, Forrester Email Marketing Providers Wave Report May, 2020

The marketing platform makes it easy to run campaigns of varying size and scope, from those that need to target large consumer audiences to those that need to target individual buyers.

Put plainly, it's more than a way to keep the conversation going with old customers and new prospects—it's a way to identify high-value, ready-to-buy consumers with the means and the desire to make a purchase in the “next few weeks” instead of the “next few months.”



Forrester gave the Zeta Marketing Platform the highest possible score in these 10 criteria:

Data, Analytics, Client Retention, Creative Services, Commercial Model, Vertical Capabilities, Artificial Intelligence, Campaign Operations, Implementation Services, and Personalisation & Optimisation.

A few of the solutions Zeta offers the automotive industry

Zeta Site Personalisation averages a...

+20%

Increase in sales via personalised experiences

400%

Increase in email newsletter signups

133%

Increase in quote requests

Zeta Email delivers...

42 Billion

Emails every single year

268%

Lift in revenue from personalized email

300%

Growth in email engagement

Through Connected TV Zeta drives...

+1 Billion

Bid requests per day

+100 Million

Unique CTV identifiers

200%

Increase in engagement

Zeta's Acquisition Email matters because...

91%

Of consumers use email daily

37%

Of purchases are influenced by email

400%

More effective than social media marketing

Using Zeta Programmatic clients see...

23%

Higher Engagement

+750 Million

Device IDs every month

11%

Increase in Conversion Rate

Zeta's Data Cloud includes...

+1 Trillion

Content signals

+750 Million

Deterministic identities

+650

Intent-based audiences

A few action items to consider in the coming months...

Diversifying financial incentives

Hitting consumers with traditional financial incentives (e.g. no money down, 0% financing, etc.) will help jumpstart new vehicle sales.

But given the unprecedented economic consequences of coronavirus, carmakers and dealers will benefit even more by offering less common incentives like short-term leasing, career-specific promotions (e.g. free service for life for nurses), etc.

Investing in new marketing resources

Dramatic shifts in the consumer market mean automotive marketers cannot rely on the tools, channels, and big budgets of the past—precision, ROI-obsessed marketing will be the way forward.

To that end, automotive marketers need to look at emerging tools like acquisition email, underutilised channels like connected TV, and identity-focused campaigns that use behavioural, transactional, and contextual signals to reach individual car buyers with the right message at the right time in real time.

Developing marketing centered on health, safety, and independence

Consumers aren't interested in hearing the automotive industry acknowledge the chaos created by COVID-19, but they are interested in hearing what the automotive industry is doing about it.

The industry needs to push action-oriented marketing that highlights tangible, customer-centric changes—more hygienic manufacturing, online buying options, lower prices, etc.

Creating catered offerings to seniors, commuters, and people with young families

Seniors are most at-risk for COVID-19, commuters are most interested in buying new vehicles, and parents are compelled to protect their children.

These buying audiences will be more receptive to well-planned marketing campaigns than others. For automotive marketers targeting high-intent individuals within these audiences will be of the utmost importance going forward.



To learn more...

To learn more about Zeta's automotive marketing expertise, or the Zeta Marketing Platform, please contact info@zetaglobal.com