Auto Dealers and the State of Mobile Marketing 2016

The Next Big Disruptor Has Arrived...

AutoHook

OVERVIEW

With Commentary and Insights from Subject Matter Experts (SMEs):

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Ben Blanco, Web Manager, Andy Mohr Automotive Group
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Introduction

Get ready auto dealers! Mobile technologies are currently in development that will forever change the relationship between you and your customers. To stay relevant, you must learn new ways to communicate. Resistance to this change is detrimental to your business.

Remember the year 2000, when auto-industry specific Customer Relationship Management (CRM) software arrived on the scene? While many dealers embraced the change, many others resisted. Salespeople clung to their Rolodex cards with tenacity, certain the way they'd been selling cars for the last twenty years was the best way—the only way.

Today these same dealers and salespeople could not imagine life without a CRM.

Remember right after that, in 2004, when the Internet exploded and dealerships began posting inventory on their websites? Many embraced the change, while many others insisted they would never, ever post inventory or pricing information online.

Pigs must be flying somewhere, because today we can't imagine a dealership website without online inventory, prices, photos, and videos.

Mobile marketing is the next big disruptor, and I personally believe it will trump CRMs and websites combined in terms of the effect it will have on the way that dealers communicate with their customers.

In this eBook, you'll learn the state of mobile marketing in retail automotive today; what changes are coming down the pipeline and what actionable steps you can take now to prepare for a future where up to 90 percent of your customers will be driven to your showroom from their mobile device. These mobile customers will expect to receive personalized messages and customized offers at the exact moment they're in your neighborhood shopping for their next car.

Give them what they want, when they want it, and those customers will be yours.

Here's to a Profitable 2016,
David Metter

Mobile devices are rapidly changing the way that consumers research, shop and make purchases. According to the J.D. Power 2015 New Autoshopper Study, 51 percent of respondents said they used a smartphone or tablet to help find the make, model, price and dealership that best suited their needs.

Erik Lukas is the Retail Digital Operations Manager with Subaru of America. "If you look at our brand websites, our retail websites and our ecommerce websites for parts, 40 percent of website visitors are using mobile devices," Lukas said. "I predict we'll surpass 50 percent in the next year or two."

Alan Krutsch, Director of Marketing and eCommerce at Apple Autos in Minnesota agrees. "In 2015, approximately 45 percent of visitors to all of our web properties were using a mobile device, which was an eight percent increase over 2014, when 37 percent of our visitors were mobile," Krutsch commented.

Compared to other industries such as retail, hospitality and travel, most auto dealerships are two to three years behind in two key areas: user experience and mobile marketing campaigns and strategy.

User Experience

Every month auto dealers spend thousands of dollars in attempt to bring more visitors to their websites. Although the majority of new franchise dealerships have responsive websites, that doesn't guarantee the user experience on mobile devices is ideal.

"The main issue with user experience is that on the desktop you can have some complexity, but on a mobile device the interface and experience must be about simplicity," adds Krutsch. "The mobile user must be able to find things quickly and perform functions easily."

Ben Blanco, Web Manager for the Mohr Automotive Group in Indiana, said the problem lies with both websites and landing pages. "As dealers we spend all this money and time working on ads, but when the user gets to the landing page there can be a disconnect if the landing page is not specifically designed for mobile," said Blanco. "If you check your metrics and your mobile landing pages have a high bounce rate, there's a problem.

"There's a good amount of irony actually, because one study showed that in the automotive space, folks with mobile devices are researching auto purchases at twice the rate of other verticals like hospitality, entertainment or restaurants," said Lukas. "Yet, when you compare how well we're optimizing our landing pages and websites for mobile devices, it's not as good. As a whole the auto industry isn't there yet, although we're definitely headed in that direction."

According to Google's 'Mobile Path to Purchase' report, consumers spend 15+ hours per week researching products on their smartphones.

Mobile Marketing Campaigns

When it comes to having strong mobile marketing strategies in place, hospitality, big box retail and travel industries are also ahead of most auto retailers.

Ray Green is VP of Enterprise Solutions with Verve Mobile, a leading provider of mobile advertising platforms. "Target and Walmart are examples of stores that do really well driving people to their locations with specific offers," said Green. "Using a mobile ad platform, they are able to target different customers at different times, with different messages, based on those customers' individual behaviors and locations."

Mobile marketing campaigns are most effective when they include several communications channels, including:

- Mobile Banners and Advertising
- Social Media
- Mobile Newsletters and Emails
- Texting
- Mobile Chat
- Data Collection and Attribution

Within these channels, an integrated campaign may include some or all of the following strategies:

- Mobile Coupons, Sales and Specials
- Location-Based Push Notifications through Wallet Apps
- Social Sharing Campaigns
- Mobile Landing Pages
- Mobile Videos

Mobile technologies are evolving rapidly. Some capabilities sound pretty futuristic; yet, this technology is already in use or in development. At the heart of these technologies is the desire to create a customized, relevant experience for every shopper based on their individual behaviors, preferences, and locations.

The three biggest disruptors that are already here--or on the horizon--include:

1) Mobile Wallets

2) Beacons

3) Big-Data Generated Customer Profiles

Mobile Wallets

A mobile wallet is the digital equivalent to the physical wallets we carry in our pockets and purses. Google and Apple both have versions of mobile wallets that store payment applications as well as digital driver's licenses, social security cards, and login data for websites. Mobile wallets are also used to store gift cards, coupons and authentication codes for boarding passes, public transport tickets, movie and sporting event tickets, and apps for house and car keys that could soon replace physical keys altogether.

The good news for dealers is that once a customer clicks on a mobile offer such as a coupon or ad, it's stored inside the mobile wallet until the customer deletes it. Once your offer is in the mobile wallet, the digital passcode can be easily updated so you can send customers push notifications offering them new coupons or specials.

Dealerships can leverage mobile wallets in several ways:

- ✔ Digital Advertising
- ✔ Social Media and Mobile Apps
- ✔ Location Targeting and Retargeting
- ✔ Loyalty Cards
- ✔ Coupons and Gift Cards

70% of consumers will save an offer to a mobile wallet when presented with the option.
These offers have a 64% higher conversion rate over static mobile web coupons. **(Source: Vibes)**

Beacons

Beacons are small hardware devices that use Bluetooth technology to pinpoint a customer's location. If a customer is standing in the kitchen aisle at their local Target store, an in-store beacon will alert the Target app on the their smartphone, which may then trigger a push notification offering a coupon for 20% off a certain brand of kitchen appliance.

Beacons communicate with smartphones via special apps. Until recently this has been a barrier of adoption for smaller retailers including auto dealerships. Fortunately, they now work with Apple and Google wallets. If a customer saves a loyalty card, offer or coupon to their wallet, beacons can be used to activate the app and send new notifications.

Some retailers are apprehensive about the intrusiveness of the technology. Until customers get used to it, they are experimenting with beacons in other ways. Apple Autos has one dealership with more than 25 beacons around the store's lot and showroom. "Beacons allow us to see where customers are logging in with their smartphones," said Krutsch. "Right now we're using it to map where customers are so we can send a salesperson out to them."

Another advantage of beacon technology is that it will allow retailers--including dealerships--to gather data about customer behavior. When customers arrive on your lot, where do they go first? How do they move around the showroom? Is there a difference between the movements of customers who purchase a car and those who don't? If a customer's movements indicate they're getting ready to walk, you could send a sales manager or a push notification with a very attractive incentive to stay.

"We imagine a time pretty soon when the customer will be browsing through the showroom, stop to look at a vehicle, and a notification will pop up on their smartphone giving them the pricing and monthly payment of that vehicle," said Krutsch. "This will cause a real shift in how we sell; and we have to consider that being helpful is actually selling. That's what customers are looking for."

Keep Customers in Sight with ByteLight

Visible Light Communication (VLC) is a new type of technology that turns LED lights into beacons that pinpoint consumer location with unmatched accuracy.

ByteLight is one brand that uses existing lighting infrastructure and Bluetooth Low Energy (BLE) to communicate with smartphones. As a customer moves through a store, LEDs emit flickering light patterns undetectable to the human eye but visible to the customer's smartphone camera or BLE sensor.

While a beacon can tell you which aisle a customer is standing in, ByteLight will tell you the exact vehicle the customer is standing in front of. This allows you to send hyper-targeted messaging to every customer. Another advantage of turning light fixtures into beacons is that they draw their power from the lighting grid and don't need batteries, which beacon devices require.

Big-Data Generated Customer Profiles

Every smartphone has a device ID, and 90 percent of consumers leave their location services enabled. As these consumers go about their daily business with their smartphones, they leave a digital signature that tells retailers who they are, where they go, what they like, what content they're consuming, what websites they're viewing and how they spend their time.

"There are very distinct privacy laws, and very good ones," said Ray Green with Verve Mobile. "So while we can't know that this individual device belongs to Ray Green, we do know that the device is at Ray Green's home address from 10 p.m. to 6 a.m. every night, so we can begin to make that association. Then we can match the device ID with the contact in the CRM. That's when the data becomes really powerful."

When you can match data from smartphone activity with demographic information contained in the CRM, a very accurate customer profile emerges. When that customer walks into the dealership, you will know exactly how far along in the purchase process they are, what vehicles they have been looking at online, how much they want to spend and what their credit score is.

"We can also see that customer came in today because of an offer in their mobile wallet that got there via a mobile banner ad," said Green. "When you close the sale in the CRM that sale can be attributed back to that dollar spent on the mobile banner ad, so you know the ROI for every marketing channel you have."

Steps Auto Marketers Can Take Today

Mobile marketing is no longer a strategy to implement "someday." Auto dealers who lay the groundwork now will be more competitive as mobile usage continues to grow.

The following are five actionable steps that dealers can take today to help them become mobile dominators:

1) Improve User Experience

"For us it starts with the basics," said Krutsch. "There's a lot of complicated behavior when it comes to mobile marketing, but really you have to start with the very simple question, what is the user experience when they are on your website or after they click through to a mobile landing page?"

Every department head and manager in the dealership should try putting themselves in the customers' shoes on occasion, and use their smartphones to:

- Navigate through the dealership website. Are menu options clearly visible? Do pages load quickly? Is the font big enough?
- Use the website's search function to look for several different models.
  Are search results easily navigated?
- Click on VDPs. Can you see all the features? How do the photos look? Are there videos?
- Contact page. Is your phone number visible in a big font, and/or is your click-to-call button large enough? Is texting an option? When you click on your location, does it automatically launch a navigation app?
- On the service page, can you easily make a service appointment? Can you view the service menu? Can you call, text or email service contacts directly?

Identify dead ends and work with your website vendor to improve the experience.

Perfecting the user experience on your mobile website is the most important step to take. The ultimate goal of every mobile marketing strategy is to drive users to your mobile website. It's pointless to invest a lot of money or time in developing a strategy that drives users to an inadequate website.

2) Improve Mobile Landing Pages

When customers click on a mobile ad, text, coupon or other offer, what do they see? Landing pages are designed to convert. While your desktop landing page can include visuals and several paragraphs of persuasive sales copy, your mobile landing page must load, convince and convert in just seconds.
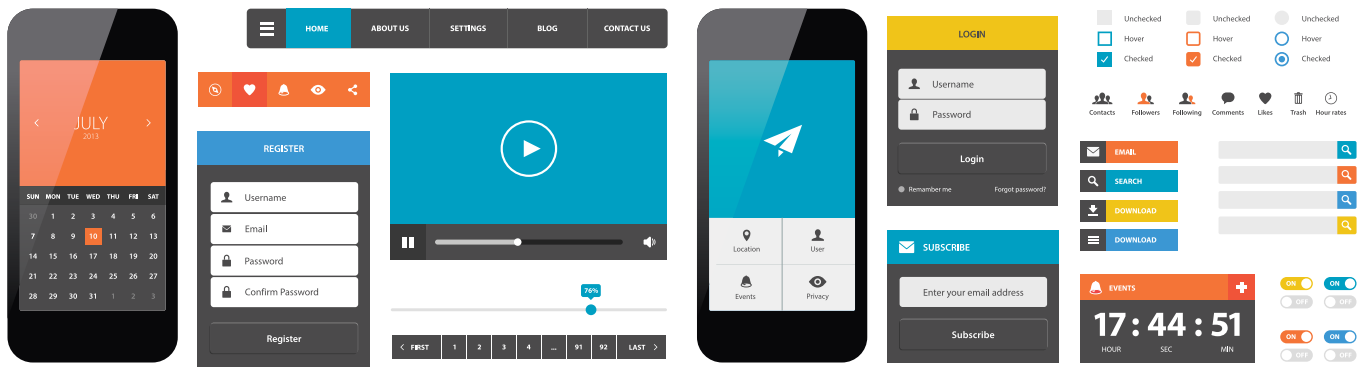
Tips for high-converting mobile landing pages:

- Keep headlines very short, no more than four or five words
- Is the text large enough? Zooming should not be necessary
- Make sure everything is visible on one screen so the user doesn't have to scroll down
- Call to action (CTA) must be the first thing the user sees
- CTA goal is to get the user to perform one action, typically to click a link or a button
- One objective per landing page
- User should know exactly what they get when they perform the CTA

"I think this is the area that dealers really need to focus on. For the amount of time and money that dealers spend developing great ads and art, the landing page experience can create a huge disconnect," said Blanco. "Mobile landing pages are the number one thing we can focus on that will get the biggest return."

Blanco is excited about new landing page technologies coming down the pipeline. "A couple innovators in this space are developing landing pages based on data from the user's smartphone, so we can display different landing pages based on user intent."

Next to your mobile website, the user experience on your mobile landing pages should be scrutinized to perfection.

3) Create Campaigns Offering Mobile Coupons & Specials

Eighty percent of shoppers say their perception of a retailer improves when the retailer offers mobile deals and coupons, according to Mobile Commerce Daily, and in 2016 an estimated 104+ million consumers will redeem mobile coupons, reports Statistica.

"I'm big on the coupon space; I use them a lot to enhance the customer experience with our brand," said Blanco. Recently, Blanco began testing coupons with Android Auto. "When a customer drives within 100 meters of our store, Android Auto will notify the driver that a coupon is available to them."

More typical channels for promoting mobile coupons and specials include: mobile email marketing campaigns, Facebook and Twitter ads, and mobile texting and chat campaigns.

Getting creative is the first key to increasing mobile redemption rates. Ideas for mobile offers include:

- ✔ Aftermarket accessories for the holidays
- ✔ Gift cards for test drives
- ✔ Announcements that 0% interest rate or cash back specials are only available for one more week, month, etc.
- ✔ Donations to charity with every new purchase or repair
- ✔ Service repair or maintenance contract discounts
- ✔ Free trade-in appraisal

4) Personalization

Account-based marketing, also known as personalized marketing, creates personalized messages that include the recipient's first name in the subject line, body of the message or even spoken aloud in a video. According to Experian Marketing Services, personalized emails deliver transaction rates that are SIX TIMES higher than non-personalized emails.

Ben Blanco takes personalization a step further. "There are a couple of innovative companies that can personalize landing pages to match PPC ads and other offers," he said. "This is what customers really respond to."

Effective personalized marketing requires the ability to segment lists based on customer history, behavior and preferences. Triggered emails based on customer transactions are ideal for including personalization.

5) Understand Mobile Metrics

Last but certainly not least, auto marketers in dealerships can review and understand how mobile metrics differ from desktop visitor metrics. Knowing how your mobile customers find you and which mobile campaigns are converting are key to creating a successful mobile marketing strategy.

"In our case, I can tell you that direct visits from mobile devices have very high bounce rates, but that's because people are looking for a phone number or hours," said Krutsch. "Our organic traffic has a much lower bounce rate, even lower than our desktop, indicating these mobile visitors are more engaged."

Bounce rates may be higher and conversion rates may be lower from mobile users, but that doesn't mean mobile marketing is less effective. When examining mobile metrics, it's important to understand the difference in behavior. Mobile users swipe as opposed to using a mouse, and they typically have a shorter attention span than desktop users. Mobile offers and website pages should be designed with these behaviors in mind.

"Metrics don't have to be complicated," said Krutsch. "You really don't have to look past the first page of Google Analytics. If you can't make any meaningful conclusions from the data, then start to experiment with different strategies."

The power of mobile marketing lies in its ability to gather information during each customer's specific journey. For more than 50 percent of car shoppers, smartphones play a significant role throughout the purchasing process. The ability to send those customers the right message at the right time creates a better experience for the customer and delivers better ROI for auto marketers.

"Consumers make big decisions in small moments," said Blanco. "Everything is based around context, intent and immediacy. In 2016 systems and applications are going to be able to serve all three of those needs to better serve the customer."

Subaru's Erik Lukas believes that mobile is already transforming the auto industry. "I think mobile will hasten the disruption of auto retailing even faster than we think," he said. "As early as 2016 you will see the shopping and buying process become even more transparent, transferring more control from the dealers' showrooms into the consumers' hands."

Auto marketers should master the basics before being tempted to implement some of the more exciting technologies coming down the pipeline.

"At Subaru we take a pragmatic approach," said Lukas. "We try and talk our retailers down from going after exotic new technologies that are unproven. We try to get them to stick with the basics, at least for now."

In 2016, the majority of auto shoppers will be using their mobile devices to search, research and consume content related to their upcoming purchase. Does your dealership have a strategy to reach and convert these customers?

About AutoHook

AutoHook uses an innovative blend of digital marketing, data science, execution, and their award-winning sales attribution engine to drive the highest intent to buy customers straight into dealer showrooms. AutoHook offers time-sensitive, high value "hooks" to selected prospects that can only be redeemed in-store. No other digital endeavor has come close to mastering their ability to attribute nearly 100% of showroom visits and sales to a single campaign while delivering show rates of up to twice the national average. AutoHook provides dealers, OEMs, and agencies the power to offer customizable, real-time incentives to prospective buyers on dealer websites, email, third-party sites, direct mail, digital advertising, social channels, call centers, and most importantly, on mobile! Combining AutoHook's incentive-based solutions with Urban Science's unrivaled wealth of data, analytics, and industry expertise has resulted in driving higher lead conversion at a significantly lower cost-per-sale. Drive Website Traffic. Drive Leads. Drive Showroom Traffic. Drive the Experience. Drive Sales at DriveAutoHook.com.

For more information, please visit www.DriveAutoHook.com or call (855) 532-3274.