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Automotive Industry Data:
Driving the "Now" Dealership

As the automotive industry evolves, how can dealers that haven't yet taken advantage of big data begin to make the transition? How can big data allow dealers to stay a few steps ahead of their customers? What aspects of a dealership can be impacted by big data (e.g., sales, showroom, customer experience) and how can it impact a company's bottom line?

Big data is changing the automotive industry. From information used to streamline manufacturing processes to the integration of data-driven services such as in-car Wi-Fi and enhanced navigation services, companies can't afford to ignore this resource. As noted by CIO, the connected car market will be worth more than $40 billion by 2020. For manufacturers, data collected from sensors and by-choice consumer connections can help inform long-term product development and marketing strategies, but raises a question for dealerships: How do front-line sales firms leverage automotive industry data to boost their bottom line?

Market forces

First, it's essential to understand how the automotive market is changing (and how it remains the same). According to *Harvard Business Review*, consumers now spend 11 hours online looking for information about vehicles and just 3.5 hours offline at dealerships or other vendors. Online, customers are comparing vehicles using third-party sites rather than dealership-specific tools; dealership sites are used for checking costs and inventory stock levels with potential buyers largely unwilling to fill out contact forms or provide personal data for basic pricing information. For dealerships, it's tempting to consider this data proof

Automotive market is changing

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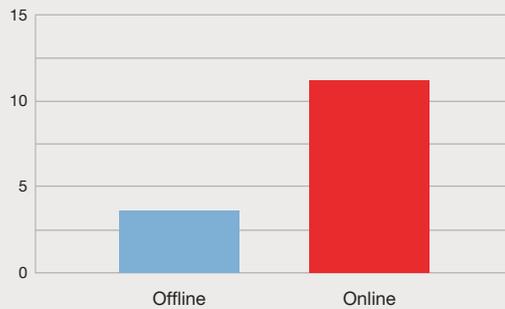
that buyers now prefer internet purchases over physical test drives. But as noted by Business Insider, even among the tech-savvy millennial generation, buying a car remains a largely in-person experience with 62% of millennials (and 65% of all Americans) saying they will buy their next car in-person at a dealership.

But dealers can't get too comfortable. According to HBR, traditional sales processes such as hand-offs to other employees are no longer tolerated by consumers, and they expect a high level of knowledge from all sales staff. With average annual turnover sitting at 72% among sales reps, this is a significant challenge for dealerships. Bottom line? Buyers still prefer to purchase in person, but sellers need to leverage automotive industry data effectively if they're going to win consumer loyalty.
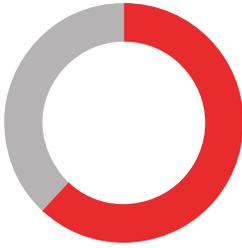
Car buying remains a largely in-person experience

62% of Millennials say they will buy their next car in-person at a dealership, according to Business Insider.

Diving into data

So how do dealerships make the move to big data and better sales numbers? As noted by WardsAuto, it starts with identifying key customer segments such as SUV buyers, commercial truck purchasers or luxury car owners. Then, consider the kind of data that would provide the most value to front-line sales staff. For example, knowing the average family size of recent SUV buyers could help narrow down model searches, while employment data could be used to influence commercial vehicle stock.

Next up is bridging the gap between the need for knowledge and the knowledge itself. Marketing and advertising agencies already used by dealerships may have some of this information available but it could also be a good idea to tap large data vendors — these are rapidly becoming more common as companies across multiple industries go looking for consumer data, with some providers now offering automotive-specific services. Along with data, dealerships need predictive and prescriptive analytics software to help determine where their time and effort is best spent. Consider that analytics may report that potential customers are leaving because there aren't enough on-site staff to meet their needs, or may indicate that particular promotions or offers are likely to yield significant impact. This kind of actionable data can help fine-tune sales processes and increase overall conversions.

The case for analytics

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Areas of impact

The right data can help dealerships tailor their offerings to match customer needs. Let's look at three examples.

	Sales Using both third-party and automotive industry data to create a profile of typical car buyers, sales staff can reduce the time it takes to identify customer needs and find the right vehicle.
	Showroom Is the current layout working for customers? Are operating hours flexible enough, and do buyers find the sales staff knowledgeable and friendly? Data analysis provides evidence-based avenues for change.
	Service As noted by AutoNews.com, new data reporting features from in-car systems can notify dealerships when vehicles require preemptive maintenance or have reached the end of mileage covered by the manufacturer's warranty. This provides the opportunity for need-based contact to schedule service or jump-start discussions on purchasing a new vehicle.

Beyond the basic model

Vehicle data can have value — both to dealerships and customers. It also has value to criminals, with *Forbes* reporting that 55% of small and medium-sized businesses were hit by a cyberattack in 2016. While dealerships are aware of these risks, the move to a data-driven culture often proves more complicated than expected and security ends up on the back burner. But what happens if disgruntled sales staff download client data before they quit, or well-meaning employees leave buyers' personal information in plain view on their desks? To both improve consumer confidence and protect against PR nightmares, it's a good idea for dealerships to use permissions-based data access that's monitored to ensure compliance, along with solid physical security that combines tools, such as RFID badges, surveillance cameras, and clear policies about handling, digitally entering and disposing of sensitive consumer data.

Big data offers big potential for dealerships. By leveraging the right resources and the right tools, dealers should be able to both drive up sales and boost buyer satisfaction.

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