



ACCELERATING AUTOMOTIVE EXPERIENCES

BRINGING TOGETHER DATA AND
TECHNOLOGY TO POWER
PERSONALIZED CX IN THE
AUTO INDUSTRY

ACX IOM

INDUSTRY TRANSFORMATION POINTS TO CAUTION AND OPPORTUNITY. HOW TO SEE BOTH CLEARLY.

The automotive industry is undergoing a period of intense transformation.

Some changes are obvious, physical developments such as the shift from traditional gasoline-powered cars, trucks and SUVs to electric vehicles (EVs). Others are less tangible—notably the massive shift in customer experience (CX) expectations in the digital world.

Just as you'll need to adapt to the emergence of EVs to stay competitive, you'll also need to adapt to new CX expectations to acquire new customers, retain existing customers, and grow the lifetime value of your customer base.

Our [Automotive Customer Experience Study](#) illustrates the impact CX already has on purchase decisions. Of the vehicle owners we surveyed:

- 31% say the seamlessness of the CX influenced the brand of vehicle they last purchased
- 74% say the level of personalized CX experienced last time will influence what brand they choose next time

The ability to deliver these seamless, personalized experiences relies on the application of customer intelligence to really understand customers, what they want and how they behave. That's hard for any one brand to do by itself. In automotive, delivering the experiences people want becomes infinitely harder and more complex due to the decentralized value chain, as well as people's engagement with multiple brands representing manufacturers, dealers, and independent repair shops as they select, purchase, and maintain their vehicles.

HOW MUCH VALUE IS AT STAKE?

The ability to deliver personalized CX, driven by customer intelligence could be worth millions of dollars in revenue.

[Forrester's U.S. 2022 Customer Experience Index](#) reveals auto brands can generate \$48.82 in annual incremental value per customer, simply by increasing customer satisfaction one single point. With mass auto brands having 18 million customer records on average, that's a staggering \$879 million in revenue that could be gained by improving customer satisfaction through personalized data-driven experiences—or left on the table if brands fail to use customer intelligence to improve CX.

$$\begin{array}{rcccl} \mathbf{18 \text{ million}} & & & & \\ \mathbf{\text{customer records}} & \times & \mathbf{\$48.82} & = & \mathbf{\text{an } \$879 \text{ million}} \\ & & \mathbf{\text{annual}} & & \mathbf{\text{revenue opportunity}} \\ & & \mathbf{\text{incremental revenue}} & & \end{array}$$

Of course dealers and niche brands will likely have smaller databases, but the same principle applies. The deeper your customer intelligence, the better you know your customers, and the better your ability to deliver delightful experiences that move the needle on customer satisfaction and influence decisions when those customers are ready to buy.



WHAT'S ALREADY CHANGED?

ONLINE IS NOT A TREND—IT'S A REALITY.

The biggest change in auto CX expectations is that the customer journey continues to move online.

Digital retailing has existed in automotive for years, but it was mostly stagnant until a combination of the COVID-19 pandemic and the emergence of digital disruptors such as Carvana and Vroom super-charged adoption.

NOT EVERYONE WANTS TO COME TO THE STORE.

Right now, most people still purchase vehicles in person. But that's changing, and there are also many other digital touchpoints on either side of the actual purchase that make up the new customer journey. In the evaluation and selection phases, for instance, buyers are likely to use apps, websites, or social media to gather information about the vehicle.

In some cases these digital touchpoints can flip the purchase funnel, resulting in changing auto buyer behaviors. For traditional buyers the customer journey will still start with the test drive. But for more digitally active buyers, the test drive represents the end of the customer journey and serves to validate decisions they have made online before they even step into the showroom.

ARE YOU READY TO MEET BUYERS WHERE THEY ARE?

Dealers need to understand both types of customer and create seamless, personalized experiences that can span the online and offline worlds. In fact, in the Automotive Customer Experience Study, **41%** of people said the seamlessness of the online-to-offline experience influenced their last vehicle purchase decision.

Once people have bought a vehicle, they are also likely to use multiple online services when driving and maintaining it. Whether buying cars, RVs, or motorcycles, increasingly tech-savvy customers want digital-first experiences—combined with the in-person element of a physical dealership for the purchase.



Rather than just engaging customers when they are looking to buy a vehicle, you now need to maintain engagement throughout the whole journey, using customer intelligence to deliver personalized, data-driven experiences via a variety of channels. This includes creating new ownership experiences to keep customers engaged after they've purchased a vehicle.

Other sectors are already taking this personalized approach— so people are starting to expect it. That said, getting data-driven personalization right in automotive has certain challenges that don't necessarily exist in other sectors. The decentralized customer funnel that results from the franchise dealer model is one example, and it introduces unique complexities. And there's also increasing vehicle connectivity, which is continually moving the goalposts and compelling dealers to establish new data-driven business models.

The industry is a complex one—we understand that. But its specific challenges aren't reasons not to take a personalized approach to CX. Automotive might be lagging behind other sectors but you can be sure your competitors are getting on board now, so you must do the same.



BUSINESS AS USUAL WILL NOT MEET YOUR GOALS OR BUYERS' NEEDS. A CONCISE ACTION GRID.

	THE OLD WAY	THE NEW WAY
Acquire New Customers	Use mass advertising in the hope of reaching in-market prospects.	Directly engage in-market buyers through personalized experiences, based on high-quality data insights.
Identify Prospects	Ask for the details of the person standing in front of you in the showroom.	Use privacy-compliant tags to convert anonymous website visitors into known prospects.
Re-engage Existing Customers	Send an email or SMS when you think customers might change their vehicle and invite them to visit the dealership.	Understand where your customers are on their journey and engage regularly and meaningfully via their channel of choice.
Grow Trusted Relationships	Wait for customers to visit the dealership to discuss their needs and recommend a suitable solution.	Gain a real-time view of the customers' unique needs and deliver relevant experiences based on that insight.

WHAT'S STILL TO COME?

Transformation in the automotive industry is only just beginning. This means it's vital to get your customer intelligence strategy right now so you're ready for future opportunities.

As we mentioned earlier, the most obvious change is the shift to EVs, and the market is moving quickly. [Global EV sales increased 60% in 2022](#), meaning one in seven passenger cars bought was an EV. As the world moves toward stricter emissions targets, this market expansion is only going to pick up pace. But not all people are ready to purchase an EV. Automotive brands will need a deep understanding of customers and prospects to determine which ones are EV-ready and which ones still need convincing, so they can fine tune their media strategy and spend accordingly.

In addition to the growth of EVs, there is also a rapid rise in connected vehicles, with the global connected car market expected to [exceed \\$360 billion by 2030](#). This connectivity enables incredible innovation in software and services that are adjacent to the vehicle. [Stellantis](#), for example, is exploring on-demand features and upgrades that can be delivered using vehicle software, such as the ability to temporarily unlock horsepower when customers take their road car for a track day.

With increased connectivity, the in-vehicle experience is starting to be as important as the vehicle itself, and new technologies are continually emerging to enable shopping, gaming, and general entertainment on the move. Check out our blog post about immersive shopping, and how auto is leading the way in immersive experiences, [to find out more](#). And autonomous vehicles may still sound futuristic, but they're not that far away, with the U.S. market set to be worth [\\$186 billion by 2030](#).

All of the above means dramatic shifts in the needs of your customers, as well as a huge increase in the volumes and varieties of data available to help you understand those changing needs. That's why it's critical to bring data and technology together now—to prepare for these developments and power personalized experiences.

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BRINGING DATA AND TECHNOLOGY TOGETHER

We know from talking to OEMs and dealers that there's a lot of confusion around customer intelligence and data-driven personalization. It's sometimes hard to know where to begin. And from those conversations it's clear automotive OEMs and dealers who have started exploring customer intelligence to deliver personalized CX often focus on either the technology or the data. But you need both to work together.

Think of technology and data as an engine and the fuel used to power it. You can spend as much as you like on either, but one won't work without the other.

In our extensive experience it's generally best to start with the data itself, and then bring in the technology you need to manage it. So, let's explore the different types of data available to you, and then look at the tech that will help you make the most of them.

ZERO-PARTY DATA

Zero-party data is shared by a person with an expectation that giving that data will improve his or her experience. For example, using a car search app, someone enters personally identifiable information (PII), like their name, email address, and location—and also provides some preference information, like they want a four-wheel drive in silver.

FIRST-PARTY DATA

First-party data is information you collect directly from your customers or prospects. It includes data points like name, physical address, telephone number, and email address, as well as transaction data. It might be stored in a database, a customer relationship management (CRM) system or a dealer management system (DMS).

Certain types of first-party data are sometimes referred to as zero-party data. In addition to the data points mentioned above, zero-party data could include additional preference data (e.g., whether SMS or email is preferred for communication, etc.), purchase intentions, or personal context that customers have proactively shared so they can enjoy a more meaningful experience.

First-party data could also include data from email or SMS interactions, or data on behaviors, actions, or interests demonstrated by visitors to your website, mobile app, or social channels. Although customers don't proactively share this with you, it can be ethically accessed using analytics tools.

First-party data has always been the best starting point for personalized customer experiences, but with the impending loss of third-party cookies, its importance is more evident than ever, and most brands are building out their first-party data strategies. You can do this using tools that integrate with your existing CRM or DMS.

What technology will help you make the most of first-party data?

- A **customer data platform (CDP)** is a worthwhile investment that will allow you to unify first-party data from disparate systems across your organization so it is easily accessible.
- An **enterprise identity solution** will enable you to recognize your customers however they interact with you and deliver personalized cross-channel experiences.
- A **data lake** will allow you to collect and store your first-party data in an unstructured form, ready to be analyzed and activated when it is needed.





SECOND-PARTY DATA

Second-party data is effectively first-party customer data that is shared between two or more partner brands for mutual benefit. For instance, an RV dealer specializing in motorhomes might choose to share data with a dealer selling boats or ATVs to explore audience overlap or co-marketing opportunities. Second-party data is a valuable way to enrich or expand your first-party data.

What technology will help you make the most of second-party data?

- A **data clean room** will help you securely and ethically share data with partners, for specific use cases, without losing control of that data.



THIRD-PARTY DATA

Third-party data is information that is ethically collected from a wide variety of sources by third-party aggregators, and is sold or shared with brands that do not directly interact with the customer or user.

While third-party data won't necessarily contain personally identifiable information (PII) such as names and addresses, it will help you complete and enrich your first-party data by providing a more complete picture of the customer. It will also enable you to expand your audience and engage new prospects.

What technology will help you make the most of third-party data?

- An **enterprise identity solution** will enable you to link third-party data attributes with your first-party data to create a more complete view of your customers.
- A **CDP** will help you combine first- and third-party data to deliver robust audience insights and create personalized customer experiences.



DATA MANAGEMENT TECHNOLOGIES EXPLAINED

Customer Relationship Management (CRM) Solution

Software that helps you store customer data and manage customer communications.

Dealer Management System (DMS)

A software platform that consolidates multiple dealer tools. This could include inventory and customer management, deal structuring and contracting, payment processing, reporting, and online marketing tools.

Customer Data Platform



A central hub that integrates with your CRM or DMS and unifies all data types across the entire business, to make it accessible and actionable for a variety of use cases. You can learn more about CDPs by reading our POV, [The Perpetual Path to Real-Time Personalization](#).

Enterprise Identity Solution



A single, connected identity solution that enables a consistent customer view and complete understanding across all departments. You can gain a deeper understanding of enterprise identity by downloading our ebook, [“Simplifying Identity: Your Guide to Choosing an Enterprise-wide Identity Solution.”](#)

Data Clean Room



A secure, neutral zone with strict access controls, where two or more partners can safely share data using a common identity key to power use cases such as co-marketing, monetization, analytics, and reporting. You can find out more about data clean rooms by reading our blog post, [Why Every Brand Needs a Data Clean Room](#).

Data Lake



A central repository where you can store structured and unstructured data at any scale. Different types of analytics can be run on the data to guide business decision-making.

DATA AND TECHNOLOGY IN ACTION

Now that you have a better understanding of the different types of data, and the technologies you can use to make the most of them, let's bring that understanding to life by exploring a variety of real-world use cases.

USE CASE: CUSTOMER RETENTION AND LIFETIME VALUE

An OEM partnering with regional dealers to re-engage customers with the brand could use the dealer's first-party data combined with best-of-breed identity resolution, customer journey mapping, and media analysis to improve engagement and brand experience across the ownership journey.



The OEM could, for instance, use first-party data and an identity solution to create look-alike audiences and recognize customers on streaming platforms or other addressable TV platforms to deliver personalized advertising to meet their individual requirements. By defining relevant and targeted owner messaging, and continually optimizing the quantity and quality of communications across channels, the OEM and dealer are able to deliver a superior post-sales experience and benefit from loyal customers who become brand advocates.

USE CASE: ACQUIRE IN-MARKET CUSTOMERS AND PROSPECTS

A dealer looking to reach in-market customers and prospects with relevant experiences can use third-party audience propensity data, in combination with their own first-party data, to create audiences for immediate sales opportunities. They can find out who's in the market, what they're looking for, what they can afford, and what they own and can tailor their messaging with the right deals and incentives—all delivered via the right channel at the right moment. Overall, the dealer can optimize its media spend by focusing on the audience segments most likely to buy, and can gain an advantage over their competitors, effectively increasing market share.



USE CASE:
AN AUTO DEALER AIMING
TO INCREASE EV SALES

An automotive retailer that is shifting toward EVs wants to grow sales among customers and gain market share by converting people in-market for an EV. It can combine third-party insights with first-party data and advanced analytics to understand where its customers are on the [EV adoption curve](#).



It can run a targeted email campaign tailored to different groups of potential customers such as first-time EV buyers, people in-market for their second EV, current hybrid owners, and those still years away from adopting electrified transportation. This approach means the dealer can sell more EVs to people who are ready to buy today, as well as starting to build trust in the technology with people not yet ready to switch.

NEXT STEPS

Understanding the need for personalized CX is the first step to implementing a customer intelligence strategy that will help you acquire new customers, retain existing customers, and grow the lifetime value of your customer base.

It may be that you're starting from scratch with just the data stored in your customer database. Or it may be that you've already invested in some data management tech and you need the right data and expertise to make the most of it. Wherever you are, it's important to get advice from an experienced partner to define the next stage of your customer intelligence strategy.



RECOMMENDATIONS AND ACTIONS YOU CAN TAKE TODAY

ASSESS YOUR CURRENT DATA AND TECHNOLOGY USED TO CAPTURE DATA ABOUT YOUR CUSTOMERS AND PROSPECTS



- Segment assessment, scoring and audience modeling
- Data append, hygiene and matching
- Identity technology consulting and implementation
- Spend reduction and optimization (data and media)

ASSESS YOUR TECHNOLOGY STACK TO DETERMINE IF IT'S PERFORMING WELL, MEETING BUSINESS NEEDS, AND SUPPORTING GROWTH



- Strategic data and technology roadmap
- Technology assessment and roadmap
- Systems performance assessment and optimization
- Systems rationalization and implementation

EXPLORE OPPORTUNITIES FOR ECOSYSTEM DATA AND TECHNOLOGY PARTNERSHIPS



- Clean room consulting and implementation
- Shared data agreement consulting
- Marketing database services and solutions

Get in touch with Acxiom to discuss the best way to accelerate your customer experiences; info@acxiom.com, www.acxiom.com/automotive.

ABOUT ACXIOM

Acxiom partners with the world's leading brands to create customer intelligence, enabling data-driven marketing experiences that generate value for both people and brands. Experts in identity, ethical data use, cloud-first customer data management, and analytics, Acxiom has improved clients' customer acquisition, growth, and retention for over 50 years. Visit [Acxiom.com](https://www.acxiom.com).

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