

NIELSEN AUTO CLOUD EBRIEF

# HOW AUTOMAKERS CAN FIGHT BACK IN AN INDUSTRY UNDER SIEGE

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While automakers have generally enjoyed robust growth and sales over the past decade, there are warning signs of rocky roads ahead. From falling demand and the shift toward electric vehicles to the rise of ridesharing and uncertain economic and regulatory environments, the auto industry is confronting a rapidly evolving landscape that could blow up traditional business models.

Fortunately, there's hope. Even in this period of industry transformation, new opportunities are emerging. In particular, opportunities to use better data to target the right audiences at the right time are enabling auto manufacturers and dealers to compete more effectively and efficiently.

## RISING TO THE CHALLENGE

Whether it's on a Ferris wheel or a Ferrari, the ride can't last forever for automakers. Today's landscape is vastly different than that of even 10 years ago. It's an industry under siege, where the stakes are high and existential threats lurk for automakers and dealers alike.



### FALLING DEMAND

Falling demand is perhaps the most immediate threat. After a great stretch of rising and robust sales, trends are pointing downward and expected to stay that way for a while. *The New York Times* reported that 2018 global auto sales declined for the first time since 2009. Global demand for cars could drop by 3% in 2019. All of which means automakers must find ways to hold on to existing customers while recruiting new ones.



## LONGER BUYING CYCLES

Staying top-of-mind is another huge concern for today's automakers. In the old days, they may have counted on a three-year buying cycle, as customers came back for frequent refreshes on their vehicles. But consumers today are waiting a lot longer in between automotive purchases, with some seeing 10+ years as an appropriate vehicle lifespan. With longer purchase cycles, automakers need to work much harder, and smarter, to stay top-of-mind with customers and ensure that potential buyers include their brand in their consideration set.



## TECHNOLOGY DISRUPTION

Technology innovations are another factor battering the auto industry. Automakers have seen a rapidly advancing shift to electric cars and an electric charging infrastructure that could end the over 100-year dominance of the gasoline engine. Pushed by companies such as Tesla and environmental considerations, automakers must not only re-engineer how they design and build cars, but also rethink how to sell and service them. On top of that, the move to driverless cars and automated driving technology has required new investments while also altering the traditional ways cars have been used.



## CHANGING OWNERSHIP MODELS

Car ownership models are changing too. The emergence of rideshare services (e.g. Uber and Lyft) that enable on-demand access to transportation is radically altering consumer expectations for car ownership. Younger consumers are less likely to purchase a car after graduating from college. Instead, they either forego buying in favor of ridesharing or public transportation or push off purchase until later in life. And the emergence of driverless cars is only going to increase the stress on traditional behaviors of car ownership. Automated, self-driving vehicles could enable completely new usage patterns for cars, making on-demand services more economically viable and available.



## CONSUMER DATA FRAGMENTATION

Navigating the customer journey has become increasingly difficult as consumers use multiple devices and channels to research auto brands. The average auto marketer doesn't have the ability to consolidate data to understand the influence of touchpoints across digital and traditional channels. At the same time, a focus on consumer privacy and data security has raised the bar for trust and transparency, while new regulations and technology make collecting, measuring and other data-related practices more challenging.



## ECONOMIC AND REGULATORY UNCERTAINTY

A cloud of uncertainty hangs over the economic and regulatory landscape. From the on-going Brexit saga to economic skirmishes between China and the U.S., it's harder than ever to do traditional, long-term business planning, both locally and globally. Current trends indicate that geo-political changes will continue to shift the foundations of traditional automotive supply chains for years to come. Furthermore, evolving federal and state regulatory requirements for fuel efficiency are amping up uncertainty for automakers, as states push back on federal changes to fuel efficiency guidelines and environmental considerations become increasingly important.



# FIGHTING BACK WITH BETTER DATA TO TARGET AND MEASURE AUDIENCES

With so many changes confronting the automotive industry, it's easy to see how automakers, dealers, and advertising agencies might hunker down and adopt a siege mentality. But continuing to do what you've always done and hoping things will get better isn't a strategy. It's a recipe for declining market share.

A key step in abandoning this old school mindset and taking advantage of a dynamic marketplace is adopting fresh ways to understand today's buyers and identify key influencers and channels. That means using better data to target the right audience, at the right time, via the right media, throughout the entire cycle of the car-buying process.

Let's explore some of the novel ways that better data can be used to connect automakers to consumers more effectively and efficiently at the ideal points in the purchase cycle.

## **I** ALIGN MESSAGING WITH PATH TO PURCHASE

You'd think because a car is such a large purchase that people would take a very linear, logical approach: Start with a long list of possible options and then explore, compare, and winnow it down until the winner emerges. In fact, Nielsen analysis shows that people don't shop for cars via a simple path of elimination. Instead, by the time many consumers are ready to buy, they're considering twice as many cars as they did at the start of the process.

For automakers with the right type of data, this understanding of customer behavior presents a new opportunity to influence buying decisions near the end of the purchase process, using messaging and media chosen to convert late-stage buyers.

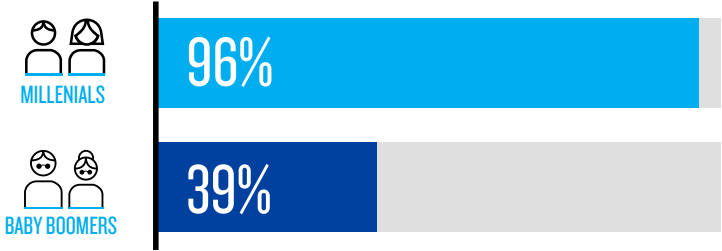


## 2 DIFFERENTIATE BY DEMOGRAPHIC

We know Millennials have different needs, desires, and goals than Baby Boomers, so it makes sense that each age group shops differently. While the majority of cars are purchased by Gen Xers (ages 40-54) and Baby Boomers (55+), Millennials are coming of age in terms of buying power and are a group that automakers need to cultivate and understand.

For example, as Millennials get closer to buying a car, purchase consideration (i.e. a consumer’s willingness to consider an auto brand) jumps 96%, compared to Boomers’ increase of just 39%. Also keep in mind that Millennials have less brand awareness as they get closer to purchase (possibly because they watch less live TV) compared to older consumers. These facts highlight a potential opportunity for automakers to influence Millennials’ purchase decisions via digital channels, a key medium for this age group.

### INCREASE IN LATE-STAGE CONSIDERATION



## 3 BUILD BRAND AWARENESS

The more people who know about your product, the more possible customers you have. Conversely, if customers don’t remember your brand, it’s less likely they’ll purchase your product. That’s why brand awareness is so critical for automakers.

Advertising impacts both brand awareness and path-to-purchase metrics. Automakers can use data to fine-tune the use of media channels to optimize brand awareness at the right time. As people get closer to buying a car, for example, ad recall for TV drops, while their sensitivity to ads on other media channels improves. Auto marketers can allocate spend to search, display, video and other channels to engage customers closer to purchase.

**“THE MORE PEOPLE WHO KNOW ABOUT YOUR PRODUCT, THE MORE POSSIBLE CUSTOMERS YOU HAVE.”**

Automakers can also use data to understand the best ways to increase brand awareness among various audience segments. For instance, automakers can target older shoppers via TV and other traditional channels and use digital channels preferred by Millennials.

#### **4 MEASURE AND OPTIMIZE ADVERTISING PERFORMANCE**

Automakers invest significant time and resources in advertising and marketing. Yet it's been difficult for them to track consumer influence, engagement, and conversion, especially for offline activity.

The auto industry will spend \$15.9 billion on digital advertising in 2019, according to eMarketer. This includes all auto-related categories including vehicle sales, parts and maintenance. Nielsen benchmarks report that 40% of that spend will be wasted—up to \$6 billion. That's a huge loss, but also a major opportunity to increase efficiency.

Auto marketers must rethink traditional approaches for how they communicate with and measure their target audiences. It's important to start with a baseline of de-duplicated, person-based reach and frequency across channels. Without understanding how many target consumers were reached, it's impossible to assess campaign performance.

From there, auto marketers should seek accurate, actionable data and advanced modeling techniques to enable them to understand the true drivers of sales. Only then can they make informed decisions to invest more in marketing tactics that work and less in those that don't.

# TRANSFORMING AUTO ADVERTISING WITH NIELSEN AUTO CLOUD

Nielsen Auto Cloud is a robust marketing and measurement platform that combines data and insights of Nielsen Marketing Cloud with exclusive Power Information Network® (PIN) vehicle sales data and car-buyer intelligence from J.D. Power. It also includes omnichannel advertising and campaign measurement capabilities for optimizing marketing performance.

Nielsen Auto Cloud empowers automakers to cut through the clutter, increase marketing efficiency, improve return on ad spend and compete in an evolving landscape.

Auto advertisers can use the platform to target audiences and personalize advertising messages based on a precise and customizable set of criteria (e.g. car features and styles, price, buying stage, brand affinities, trade-in loyalty, etc.), in combination with Nielsen's broad and deep data assets such as media engagement, personality, purchase behaviors and more.

Media owners can leverage Nielsen Auto Cloud to get maximum value out of what automotive advertisers want most: their audience.

In an era of industry transformation, new opportunities are emerging. Learn how better data can help you target the right audiences at the right time and fight uncertainty.

For more information, visit [www.nielsen.com/us/en/solutions/capabilities/auto-cloud](http://www.nielsen.com/us/en/solutions/capabilities/auto-cloud).



## ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global measurement and data analytics company that provides the most complete and trusted view available of consumers and markets worldwide. Our approach marries proprietary Nielsen data with other data sources to help clients around the world understand what's happening now, what's happening next, and how to best act on this knowledge. For more than 90 years Nielsen has provided data and analytics based on scientific rigor and innovation, continually developing new ways to answer the most important questions facing the media, advertising, retail and fast-moving consumer goods industries. An S&P 500 company, Nielsen has operations in over 100 countries, covering more than 90% of the world's population. For more information, visit [www.nielsen.com](http://www.nielsen.com).



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