TEALIUM®

Shifting into Higher Gear with Customer Data

How CDPs can help automakers and dealers worldwide win on a fast-changing course

Has any industry been disrupted as fast as automotive in the past few years? Times of change are times of opportunity — now is the time for automakers and dealers to shift to smarter, more efficient marketing and seize the full potential of customer data.

This guide will help. Ready? Let's go!

In This Report

Racing Toward Better Customer Experience

It's an exhilarating time for the auto industry — in a Formula 1 sense of the word: Lots of noise and chaos riding along with very, very high speed competition.

Consider recent twists and turns in the course:

- The move toward CASE (connected, autonomous, shared and electric) vehicles keeps gaining momentum. Plug-in electric sales, for example, more than doubled worldwide in 2021, according to the Brand Finance Automotive Industry 2022 report. And 5G's slow-but-steady rollout will put vehicle connectivity and data volume into overdrive.

- The 'shared' element in CASE hints at upheaval in how cars are owned and operated. New private-sector companies offering MaaS (Mobility as a Service) options are popping up everywhere.

- Consumers have an almost endless, and ever-evolving, number of digital options for researching and conducting the auto purchase.

- As a result, relationships between automakers and auto dealers are also evolving. Daimler, BMW, Toyota and others are experimenting with variations of the 'agency' model, setting fixed retail prices but giving dealers access to all available vehicle stock everywhere.

Ford Motor Co. CEO Jim Farley put a fine point on all of this. Speaking at a June 2022 strategy conference, Farley said: "We've got to go to non-negotiated price. We've got to go to one hundred percent online… no inventory, it goes directly to the customer, and one hundred percent remote pickup and delivery." Ford's current distribution model costs an estimated $2,000 USD more per vehicle versus Tesla's integrated approach, with most of that extra cost attributed to advertising and inventory.

Will Farley's description prove true, or will the industry settle into some other models of OEM/online/dealership relationship? Time will tell. But just to keep this interesting for auto marketers, let's throw in the decline and death of 3rd-party cookies on the front end of the industry, and pandemic-related supply chain disruption in the boot.

Time for a deep breath, if not a full-on pit stop. The truth is, all this change is great for consumers; marketers just need to work smarter, not harder. Understanding each customer is the key to staying ahead on this ever-changing course.

The elusive checkered flag of "right message, right time, right place" is, in fact, more possible today than ever before. With the right tools and processes in place, dealers and automakers can capture, share, analyze, and — crucially — govern data more easily.

Consider Farley's example of extra media expenses. The traditional approach for automakers involves buying broad coverage, showing consumers gleaming, popular cars, trucks and SUVs (usually driven by a couple, a farmer, and a family, respectively). In an industry that commonly strives for fuel efficiency, this inefficient spend sticks out.

Instead, by combining data from both digital and physical channels, today's marketers can gradually build consumer profiles to identify their interests and preferences: Lease or buy? Gas, electric or hybrid? Dealer or direct? Red or tan? Brand loyal or price sensitive? This profile lets marketers present targeted or retargeted ads, research-focused content, or other information — and at the right moments, when each user is showing signs of moving along toward purchase. All these consumer profiles also roll up to offer new insights into buyer segments. Ultimately, the same media budget should yield a much more efficient impact.

That's working smarter.

At the heart of these more effective workflows is the Customer Data Platform (CDP). Collecting, enriching, and activating customer data via one consistent data source sets up automotive companies to meet these new demands in an efficient and stress-free way.

Let's look at how the CDP is the foundation that makes it possible to seize the moment, while preparing for future changes at the same time.

How a CDP Unifies Data

A CDP is much more than a database. A true CDP:

collects data in a governed way

unifies sources including web, mobile, dealership, call center, and IoT

creates and updates accurate, 360-degree customer profiles in real time

helps find patterns, identify customer segments, and predict behaviors and results
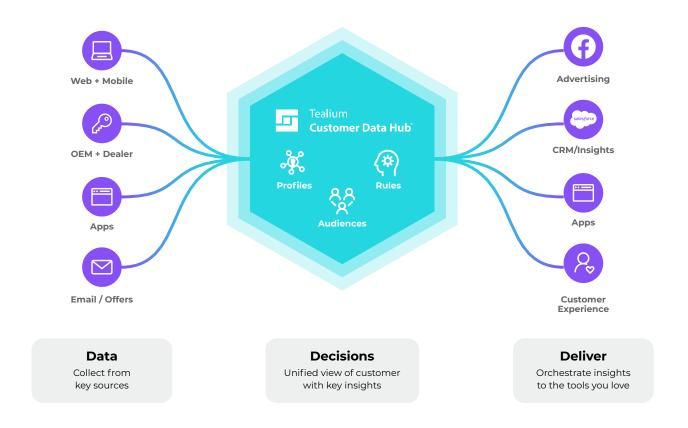
makes all this information accessible to, and actionable for, your whole marketing technology stack

This single source of truth for your customer engagement tools translates to unified customer experiences across all your brand's digital and physical touchpoints, from ads and web research to the test drive. It allows you to spot and refine customer segments, automatically deliver personalized messages at the right time and place, and ultimately increase both leads and lead-to-sale conversions.

$1.5 trillion USD

Additional revenue potential from new automotive business models by 2030

Source: McKinsey
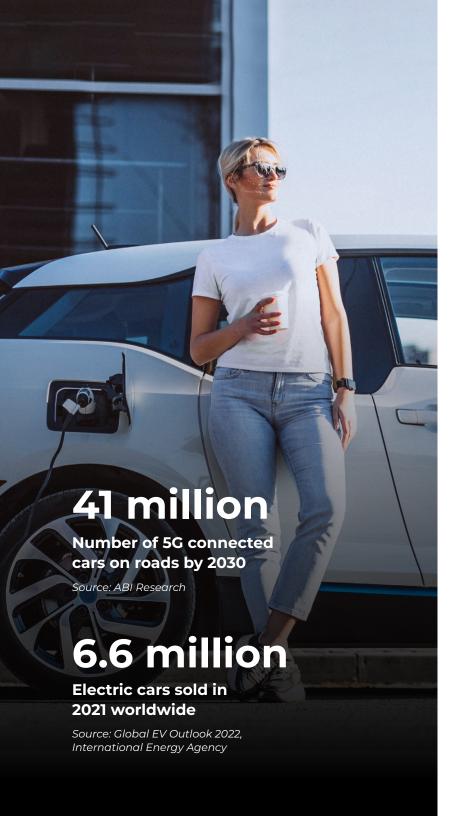
Automotive CDP Defined by Tealium

"A CDP is a technology that collects data in a governed way from sources like web, mobile, in store, call center, and IoT, unifies it to create accurate customer profiles in real time, then makes it accessible to and actionable for other tools and technology."

Web + Mobile
OEM + Dealer
Apps
Email / Offers

Tealium
Customer Data Hub™

Profiles
Rules
Audiences

Advertising
CRM/Insights
Apps
Customer Experience

Data	**Decisions**	**Deliver**
Collect from key sources	Unified view of customer with key insights	Orchestrate insights to the tools you love

A CDP unites more than data. It also connects the work of marketing, sales, finance, service departments, data science, and developer teams, such that everyone in your company is using the same consistent dataset. And this dataset only adds more value as time goes by, and your teams capture more people, actions, preferences, and insights.

Strong data governance and robust connectivity for the other tools in your martech stack are vital elements in delivering the full value of a CDP. We'll dive into these and other requirements a bit later.

But first, it's worth getting a more complete vision of the potential uses, and their payoff, that this technology makes possible for automotive companies.

41 million

Number of 5G connected cars on roads by 2030

Source: ABI Research

6.6 million

Electric cars sold in 2021 worldwide

Source: Global EV Outlook 2022, International Energy Agency

The Automotive CDP in Action

Earlier we touched on the specific example of how a Customer Data Platform can make media dollars more effective. In terms of ways to use a CDP to improve customer experience and business results, that's just the tip of the proverbial iceberg.

Because of the complexity of vehicles and the purchasing and after sale process, automotive has long been a fragmented industry. Even within a single brand, different departments and business functions don't always share their data well.

Imagine a customer, Marie, whose current car is four years old. Well before her current vehicle ages out, she is already getting sales pings from the brand pushing the latest version of her current model — but her needs have changed a lot in four years. At the same time, her local dealership where she has most service done is also sending her conflicting ads and special offers which also fail to address her current needs.

Both the automaker and dealer seem oblivious to her new, more sophisticated lifestyle. She now makes more money and has a vacation home a few hours away which she drives to regularly. Fuel efficiency, more space, and four wheel drive are now much more important to her. These changes in her needs would be easy to identify and target with the right tracking in place. The automaker and the dealership are missing a great opportunity, while also confusing Marie with mixed messaging!

Marie's Customer Journey

Visits auto website via mobile. Top category is Hatchback Cars. **Top search is "Safety".**

Display retargeting car model and trade-in offer

Returns to site. Content personalized. **Signs up for emails,** no further purchase intent

Point of **Identification**

SMS trigger: Dealer Offer limited time. **Visits local Dealership** and acccepted for vehicle finance

Opens email on computer. Devices and behaviors are stitched together.

Abandoned test drive. **Campaign activated** via SMS and email.

Re-visits website. Content personalized. **Begins to sign up for test drive.**

Removed from display retargeting across all brands

Review email sent to request customer feedback

Positive review provided for analysis

Marie isn't a fan of the traditional dealership trade-in and haggling processes, and plans to do most of her research online — increasingly typical of today's buyers. Her current car brand doesn't have an easy-to-navigate online customer experience, so she naturally begins exploring other options. She starts texting casually with friends and family for ideas. She also flicks around a half-dozen brands on Instagram, and as time goes by, Marie becomes more focused and starts looking (anonymously) at a number of auto websites: car brands, dealerships, online sales sites like Carvana and Autotrader, JD Power and Consumer Reports, and more.

By the time Marie decides she wants to test-drive two different vehicles, she has already interacted with a dozen brands and several hundred digital "touches" including ads, emails, and more.

Which cars will she test-drive? It may be a car from her original automaker and local dealership, or it may be two new cars that identified her needs through her interactions online and presented vehicles that more closely match what she wants. In today's ultra-competitive automotive space, a half-dozen vehicles may offer a great match. Her choice may come down to the two car companies that have done the best job *understanding her priorities* and *communicating the right value at the right time*. And when she arrives at the dealership, she won't have to recite information she's already provided, but will be presented with incentives and options that closely match her needs.

This is a very big "big picture." Part of the beauty of CDP technology is the ability to take a measured approach to this transformation of auto sales, starting the CDP implementation based on a single use case and delivering business improvement immediately. Most new use cases are straightforward to add, expanding the value of the CDP investment — and, in fact, the value of your whole martech stack — over time.

33%

Average of their auto research time buyers spend on a mobile device

Source: JD Power

Let Us Count the Ways

With the CDP foundation in place, both automakers and dealers can deliver more timely, relevant and effective digital experiences and messages.

1 Provide an engaging ownership experience
Identify the key moments in the customer's ownership lifecycles in order to target them cross channel to purchase their next car.

2 Retarget browse abandonment prospects
Identify users who browse particular vehicles in their visit, but don't complete a form or book a test drive within their session to retarget them cross channel.

3 Retarget prospects who abandon a buying tools form
Identify users who fail to complete the buying tools form within their session, in order to retarget them in activation channels based on their model preferences.

4 Engage high-value customers and fans
Proactively offer a personalized digital welcome, live chat, or other engagement and support strategies for your most valuable brand advocates, helping retain loyal customers.

5 Create more effective customer journeys
Analyze customer journeys in more detail and inform buyers, step by step. Deliver timely, relevant information based on where each customer stands in their own purchasing process.

6 Identify new consumer behaviors and marketing segments faster
Understand what's happening on the ground, as it happens, applying machine learning to spot patterns quickly.

7 Target by buying intent
Reduce cost of acquisition via programmatic ads and other content types, reaching high-intention users with relevant offers.

8 Find and reach lookalike audiences
Identify potential new buyers who share traits, behaviors, interests or preferences with your customers.

9 Understand and retarget anonymous web visitors
Use behavioral data to analyze even anonymous site visits and customize the experience accordingly, then retarget those buyers on any digital channel or touchpoint.

10 Eliminate wasted expense (and stop bothering your customers)
Increase paid media efficiency and avoid annoying customers by excluding those who've recently purchased a car, vehicle or service, and by limiting the number or frequency of campaign actions for each prospect.

11 **Serve customized or personalized website landing pages**
Based on identity and/or behaviors, make web landing pages more relevant for every site visitor and their specific information needs.

12 **Send individualized emails, newsletters or texts**
Build loyalty and engagement with personalized email communications, behavior-based messaging, custom newsletter content, and user control over timing and channel preferences.

13 **Provide smarter car configurator recommendations**
Pre-populate suggestions based on site visitor behaviors in addition to common configurations, strengthening brand preference and reducing abandoned research.

14 **Improve sales conversations**
Sharpen both OEM and dealer consultations with insights from each buyer's online behavior and preferences. Avoid making buyers repeat information they've already provided.

15 **Unify dealer inventory search and test drive information with digital records**
Create a single view of a customer in one place at last, further refining digital outreach and follow-up.

16 **Drive attendance to dealership and brand promotional events**
Analyze behavioral data to identify and invite promising customers to in-person events, test drives, and sales.

17 **Match incentives and dealer offers to customer interest**
Show users the locally available vehicle options that match their preferences, as well as realistic delivery timing for other options. Provide incentives based on individual customer preferences.

18 **Improve feedback loops to build brand loyalty and lifetime value**
Capture and analyze post-sale data for product and quality purposes, service recommendations, proactive outreach to similar customers, and more.

Trust, Not Just Transactions

What's better than a new customer? A new *lifetime* customer.

That simple idea is the key to finding opportunity in new expectations and regulations around data privacy. Automotive brands that handle customer privacy and data governance well can reinforce that they are worthy of trust.

Marketers in particular can take a negative view of regulations like Europe's GDPR, the California Consumer Privacy Act (CCPA) in the US, and Japan's updated Act on the Protection of Personal Information (APPI). However, together with the so-called "cookiepocalypse," plus the steady drumbeat of digital security breaches in the headlines, the writing is on the wall: Consumers demand that companies handle their data with care.

This requires strong controls and practices for both data security and privacy. McKinsey research in 2020, for example, found 87 percent of US survey respondents said they would not do business with a company if they had concerns about its security practices, and 71% percent said they would stop doing business with a company if it gave away sensitive data without permission. Similarly, 2022 research by Adobe found that in both APAC and EMEA regions, 68% of consumers said they would stop buying from companies that use their data without permission.

A great CDP goes beyond regulatory compliance to help your company earn consumer trust, with such as:

Centralized customer consent management
Managing consent channel-by-channel and tool-by-tool is madness. If a customer opts in (or out) of email at a dealer event, your CDP should capture that decision and enforce it across all activation or campaign activities.

Geography-based privacy controls
Different regions face different regulatory requirements. The flexibility to apply CDP rules and behaviors based on where customers (and the data) reside makes life easier. Also, for as-a-Service aspects of a CDP, a global data center footprint provides the means to reliably apply those rules.

Rock-solid, certified security
A strong CDP can help speed and simplify security control assessments such as ISO 27001 & 27018 compliance, TISAX Assessment in Europe, and SSAE (Statement on Standards for Attestation Engagements) SOC certification in the US.

In light of all this, the sometimes-frumpy phrase "data governance" suddenly looks quite appealing.

Privacy and trust are quickly becoming important differentiators across all industry segments. The automakers and dealers who stand out to consumers as trustworthy partners stand not just to sell more vehicles, but to earn *lifetime* customers.

Your Automotive CDP Checklist

Like many newer technology terms, "CDP" gets applied to an array of tools that in truth have differing capabilities. Some CDPs are more focused on very specific functions like audience segmentation or mobile application product analytics. Others are wired closely to specific marketing clouds, rather than working agnostically with the variety of CRM and activation tools most companies use.

So what core functionality does an automotive company really need to make this happen?

☐ **Real-time data capture and activation**
Batch mode is so 2010. A vehicle purchase process can span months, and it's important to respond with the right information or action right away as each customer moves along that journey. Automated activation is key: While analysis and customer segmentation tools are important, manual or delayed response to customer actions is just too slow for this competitive era — like letting a test-drive end without immediately asking for the sale.

☐ **Flexible integrations / vendor neutrality**
"Must play well with others" is vital, because today's automotive martech stack is complex. Big "marketing cloud" providers know they need a CDP to coordinate their tools and create a consistent customer experience, but most don't put a lot of effort into integrating beyond their own products. That's doubly problematic when it comes time to connect an OEM with a mishmash of dealer systems.

Robust integrations should allow you to connect to a wide variety of data sources, and automatically activate data using any of the campaign tools you already own.

Machine learning / predictive capability

Machine learning or AI can spot new segments, predict behaviors and outcomes, and deliver best-possible next interactions. The modern CDP needs this capability not only built-in, but also transparent and easily accessible to non-technical users. Ideally, you need a no- or low-code interface on top of a powerful machine-learning engine. Data scientists get the horsepower to do complex analyses, while marketers can access new results and predictions without requiring developer or IT support.

Flexible data schema

Automotive has its own data formats and standards, together with a raft of new and legacy systems. While consistency is the goal, achieving it requires flexibility for data intake and output — plus your data is much easier to understand and work with if it uses your company's preferred terminology and definitions.

Great data governance tools and options

In the era of GDPR, it can't be over-stressed: The way you treat customer data is central to success. Look for trustworthy security and trust-building consent or agreement functionality, including central management of Data-Subject-Access requests and Right-To-Be-Forgotten requests.

In fact, it's a good sign if your CDP vendor is constantly adding new features, tools and options for data management. The regulatory landscape isn't settled, and consumer expectations keep rising. Privacy and security need to be a priority, not an afterthought.

$140k-$275k USD

Cost of data privacy request processing, per million consumer records

Source: Gartner

Ready for a test drive?

Tealium's Customer Data Platform is a vendor neutral, data-first CDP, perfect for unifying the automotive customer experience in real-time and moving your results into a higher gear.

Tealium gives your marketing, analytics, and developer teams a unified, vendor-independent customer view across all your tools and marketing clouds.

With Tealium, you get:

- Real-time data capture, enrichment, and activation
- Powerful integrations to orchestrate campaigns and deliver consistent, omnichannel customer experience
- Built-in machine learning for predictive analytics, audience segmentation, and more with Tealium Predict

Schedule a Demo of Tealium's customer data solutions today!

TEALIUM®

We Connect Data So You Can Connect With Your Customers

Tag Management • API Hub • Customer Data Platform and Machine Learning • Data Management

Tealium connects customer data across web, mobile, offline, and IoT so businesses can better connect with their customers. Tealium's turnkey integration ecosystem supports more than 1,300 built-in connections, empowering brands to create a complete, real-time customer data infrastructure. Tealium's solutions include a customer data platform with machine learning, tag management, an API hub and data management solutions that make customer data more valuable, actionable, privacy-compliant and secure. More than 850 leading businesses throughout the world trust Tealium to power their customer data strategies.

For more information, visit www.tealium.com.