

AUTOMOTIVE SALES AND MARKETING IN THE DIGITAL FAST LANE



The digital transformation of sales and marketing is one of the most important challenges facing automakers in Asia Pacific right now. Fuelled by explosive growth in mobile and connected technology, consumer behaviour is changing dramatically, leaving traditional automotive business models and marketing strategies increasingly unable to keep pace.

New world, new challenges

An industry traditionally reliant on third-party dealerships – for lead generation, test drives, sales, after-sales service, and more – is having to adapt to a very different landscape. Consumers now educate themselves online before ever setting foot in store, for example. They also expect to be able to interact directly through a multitude of digital touchpoints as well as traditional retail channels. And they want to connect with a brand on an

emotional as well as transactional level. The impact for automakers is profound. Personalized omnichannel consumer interactions become central to sales and marketing. Distribution models become lighter, more responsive, and more reliant on direct-to-consumer sales. Service-oriented offerings (such as mobility as a service) and associated customer experiences become ever more critical revenue drivers.

Making the wise pivot

Adapting to this new reality is a complex, multifaceted challenge, especially for incumbent players whose revenues and mindsets are currently centred around traditional manufacturing and retail models.

Nevertheless, those automakers must make a careful and considered transition from existing core revenue streams to the new pools of value that will ultimately fuel the business in the future. This “wise pivot” means developing a balanced and sustainable strategy for transforming and growing the core business, while simultaneously scaling the new.

Sales and marketing strategies will need to be continuously updated throughout this transition and beyond. It’s also important to consider ways to take cost out of retail, using the introduction of digital channels as an opportunity to rethink the entire system and free up funds to invest in new capabilities and services. In doing so, there are three key questions to consider:

#1 Where does the future value lie in automotive?

#2 How to organize the business to capture value?

#3 How will data power the future automotive business?

#1

Where does the future value lie in automotive?

Automakers must recognise that new business models will need to be built around customer needs, not around “the product” as in the past. Mobility as a service is an obvious example.

In addition, distribution, sales, and marketing strategies must be refocused to support a future shift from dealerships towards direct-to-consumer omnichannel sales. Some automakers in Asia Pacific are already originating as much as 30 percent of sales leads online – a figure that will surely rise in the future.

Above all, customer experience must be redesigned to ensure seamless user journeys across every channel, including both branded e-commerce platforms and physical stores, which will remain as important touchpoint. Individually personalized interactions and offers will need to become the norm, creating new opportunities for upselling and cross-selling services.

#2

How to organize the business to capture value?

To achieve this vision, automakers must rethink the operation and mindset of their organizations, including the technology environment.

New digital sales and marketing platforms will offer immediate benefits, supporting innovative “closed loop” approaches in which automakers get unprecedented and virtually instant insights into the effectiveness of their marketing spend, and can adapt the channel mix and/or creative content accordingly.

But this is about more than technology. The whole organization must become more agile and adaptive, willing to adopt “test and learn” approaches, breaking down rigid hierarchies, and introducing more flexible, short-cycle, task-oriented ways of working. That operational agility will be essential in attracting new talent to the business and counteracting a growing view among younger employees that incumbent automakers are overly bureaucratic places to work.

#3

How will data power the future automotive business?

Data will be central to future automotive business and operating models, particularly in supporting the detailed customer profiling required to support more effective personalized marketing and seamless omnichannel experiences – including traditional physical retail channels as well as digital.

Data assets themselves will become revenue drivers. By capturing driver data through new mobility services, for instance, automakers will acquire datasets that would be highly valued by third parties (subject to stringent privacy requirements). Those datasets could support new revenue streams, such as user-based insurance products.

The fast lane to customer-centric service provision

The potential opportunities are huge. But incumbent automakers must continue to transform if they wish to capture them. Otherwise, there's a very real risk that consumer needs and expectations accelerate away from automakers' ability to deliver, leaving their traditional business models and revenue streams languishing in the slow lane.

By transforming sales, marketing, and distribution strategies, and adding high-tech service provision to their traditional manufacturing excellence, automakers in Asia Pacific can position themselves to lead their industry, and the world, in the future economy.

Contacts



JOHN SHU SHEN
Managing Director
Accenture Strategy
in Greater China
john.jun.shen@accenture.com



ROLAND MAYR
Managing Director
Automotive Lead for Accenture
Greater China
roland.mayr@accenture.com

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