

## THE DRIVE TO DECIDE

Italy. 2017.

KANTAR TNS<sub>7</sub>

## Follow the Route.

It's time for a new car

The Modern Auto Shopper

Online Video

From Digital to the Dealership

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The decision making process is complex and requires that buyers iterate in-between stages and key questions they need to find answers to.

When it's time for people to decide for a new car potential buyers consider a set of different makes. Often, the purchase process begins online, with the search engines playing an important role.

The Auto shopper is a good example of a digitally-connected consumer. They increasingly exhibit three key digital behaviors: researching online, using mobile devices, and watching online video.

Video is a relevant information source that enables buyers to explore a new car. Video is a critical influencer on the buyer's short list and may well expand or narrow down the set of choices. Some audiences may respond more positively to video than others.

Before buyers find their way to the dealership they have most likely looked for information about this dealer online to understand prices, the location, services available and other relevant information upfront which may influence which dealer they will finally choose.

## 01 It's time for a new car

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Many buyers are **not clearly decided** about the brand or model when they start researching for a new car

This is an **excellent opportunity for brands** to connect with potential buyers and offer relevant information and guidance.

14%58%Completely undecidedSomewhat undecided

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Question asked: Q34 - Decisiveness about make and model - How would you describe your certainty at the start of the vehicle purchase process? Base: New car buyers, n = 512 Source: Auto CB 2017 THAT MEANS THAT THE CONSUMER JOURNEY **OPENS UP OPPORTUNITIES TO INFLUENCE BUYERS** 

But let's step back for a moment and focus on the beginning – why do people buy a new car?



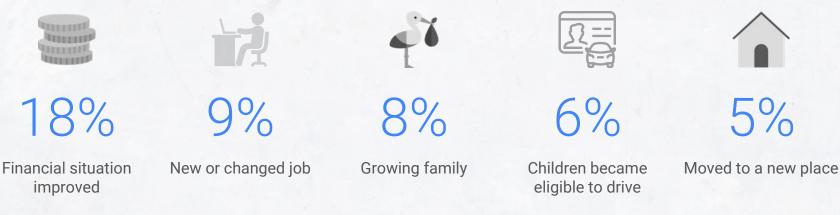
# One change can bring about another...

Lifestyle needs can trigger buyers to decide that it's time for something new

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Google

Trigger to buy a new car



Question asked: NQ2 –Life changes as triggers for purchase Top 5 - Did any of these changes in your living situation motivate you to look for a new vehicle? Base: New car buyers, n = 512 Source: Auto CB 2017

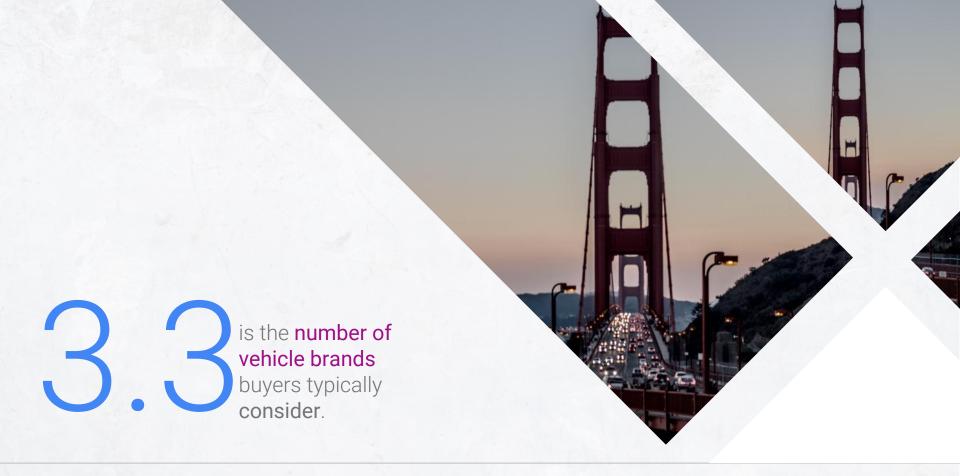


27%

purchased a new car for the first time

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Question asked : Q3 - First time purchasers - Was this the first time you purchased a new vehicle? Base: New car buyers, n = 512 Source: Auto CB 2017



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Question asked: Q35 - Considered set of makes - Which makes did you consider, including the one you purchased? Base: New car buyers, n = 512 Source: Auto CB 2017

New car buyers have many options so it is critical to be there throughout the research process in order to get a spot on the short list

New car buyers

**3.0** Undecided buyers

Decided buyers

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Question asked: Q35 - Considered set of makes - Which makes did you consider, including the one you purchased? Base: 1) New car buyers, n = 512; 2) New car buyers who are undecided at the start n = 381; 3) New car buyers who are decided at the start, n = 107 Source: Auto CB 2017

### Some buyers will even change their minds during their journey

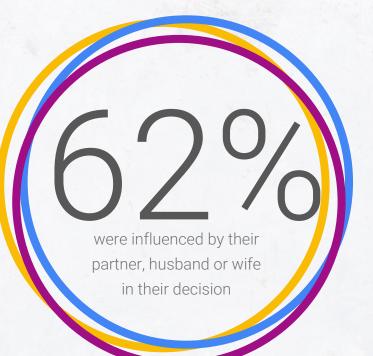


21%

began the process with one car in mind, but bought something different

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Question asked: Q37 - Influence of shopping or research phase on final choice - Which make did you ultimately purchase? Base: New car buyers who had some or a precise idea about the make, n = 424 Source: Auto CB 2017 The 'inner circle' heavily influences the purchase decision



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Question asked: NQ1 - Influencer circle on purchase decision - Who in general was involved in the decision about the new vehicle? Base: New car buyers, n = 512 Source: Auto CB 2017 Customization is important – which is also shown by the use of car configurators





assess customization as extremely or very important

use a car configurator

> Question asked: NQ14 - Car configurator usage - Did you use an online 'car configurator' to customize a vehicle that interested you with specific colors, features, etc.?; NQ14b – Importance of customization - How important is the ability to customize/personalize your vehicle to you during the car buying process? Base: New car buyers, n = 512 Source: Auto CB 2017

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## Search engines are a key influencer

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Among those who were influenced by media



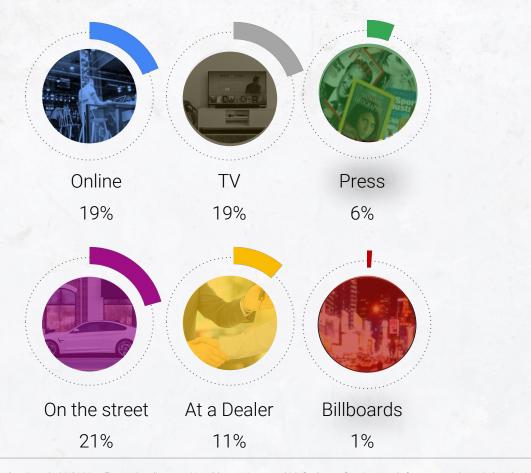
Question asked: NQ26 – Media influencer on consideration set - And did any of these information in media or these types of ads empower you to consider these makes? Base: 1) New car buyers who are influenced by media, n = 356 Source: Auto CB 2017

## 53% began their research ONLINE

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Aggregated net counts Question asked: Q13 - First used online or offline information source - Which information source did you use first? Base: New car buyers who started research online or offline, n = 428 Source: Auto CB 2017 The share of new car buyers who discover their new car online equals the share on TV

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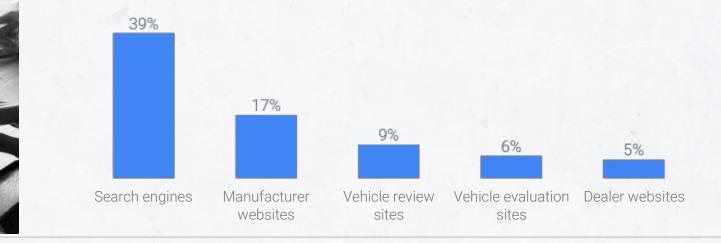


Question asked: NQ14.1a – First product discovery - How did you notice your vehicle for the very first time; even before you started to actively gather information on your purchase? Base: New car buyers, n = 512

Source: Auto CB 2017

# Search is where research begins

If people started to research online, they started their online research with ...



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Question asked: Q13 - First used online or offline information source Top 5 - Which information source did you use first? Aggregated net counts Q14 - First used online information source - And which online information source did you use first?

Base: New car buyers who started research online, n = 232

Source: Auto CB 2017

## 02 The Modern Auto Shopper

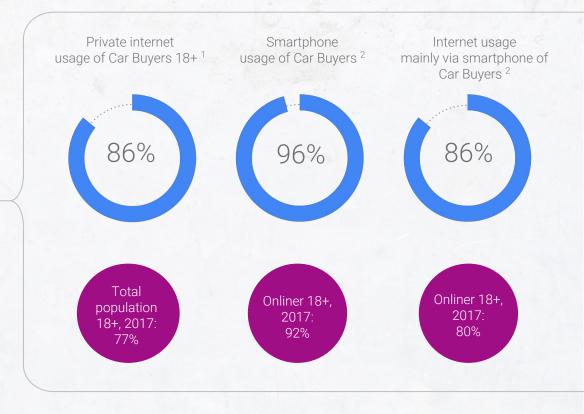
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Car buyers are digitally savvy and connected. They use 3.7 connected devices on average

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Onliner 18+, 2017: 3.2

Google



Question asked: Q6: How often do you use the internet for private purposes? / Q12Nv1: How often do you use a smartphone? / Q16\_1\_4: How often do you use the internet via your devices? \*Metric based on usage of smartphones, tablets, computers, connected media players, eReaders and Smart TVs Base: 1) Local car buyers 18+, n = 109, 2) Private online users 18+ who purchased a car within the past 12 months, n = 94 Source: CCS 2017

65% of smartphone users researched for their new car on their smartphone (first time buyers 87%)





65% of new car buyers collect all needed information within 2 months, from start to final purchase

Sometimes it does not take a test drive to make a decision

Question asked: Q21 – Devices used for online research – Which of your devices did you use at any stage of your online research? Base: New car buyers who use a smartphone, n = 483 New car buyers who purchased a vehicle for the first time n = 150 Question asked: Q16 - Length of research cycle - How much time passed between starting to collect information and actually purchasing a vehicle? Base: New car buyers, n = 512 Question asked: Q16 - Length of research cycle - How much time passed between starting to collect information and actually purchasing a vehicle? Base: New car buyers, n = 512 Question asked: Q16 - Number of test drives - How many test drive(s) did you take prior to your purchase? Proce 1) New car buyers on = 512 (2) New car buyers who how an or worst iden about the profe and conder la = 107

30%

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Base: 1) New car buyers, n = 512, 2) New car buyers who have an exact idea about the make and model, n = 10. Source: Auto CB 2017

## Micro moments are non-linear and occur spontaneously

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of new car buyers researched on their smartphone for their new car while watching TV

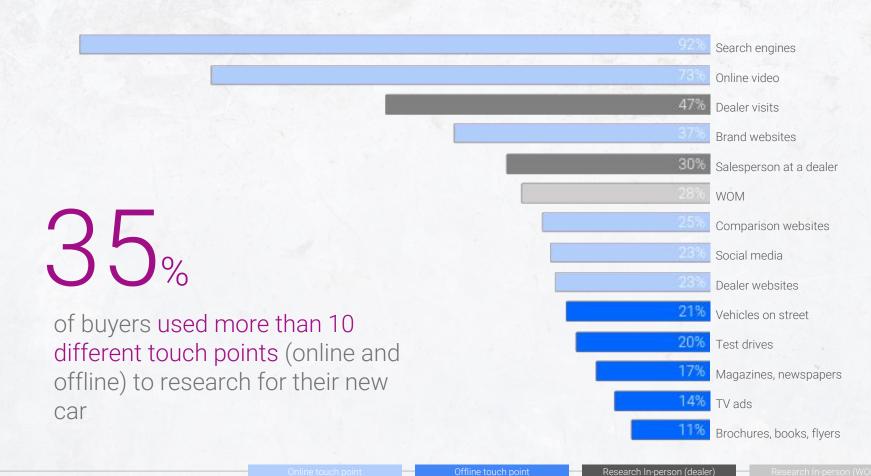


of new car buyers researched on their smartphone after seeing something interesting



of new car buyers researched on their smartphone while waiting

Question asked: NQ21 - Contextual research patterns on smartphone - In which situations did you do research on your smartphone for your new vehicle? Base: New car buyers who researched on their smartphone, n = 336 Source: Auto CB 2017



Google

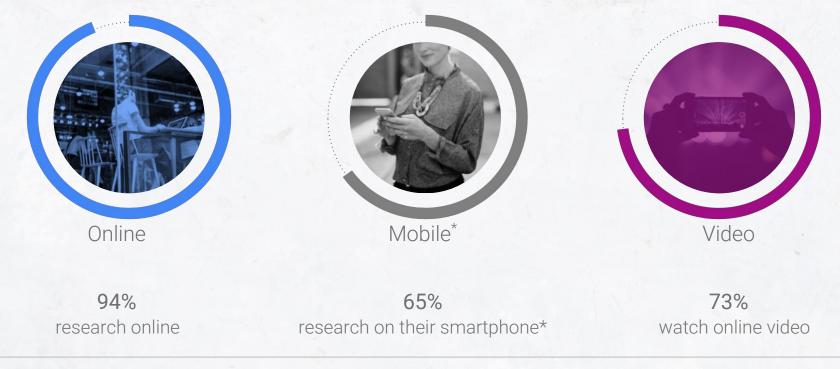
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Question asked Q8 / Q9: Which of these offline / online sources informed your recent vehicle purchase, at any stage? Q10: Which of these websites or apps did you use to inform your most recent vehicle purchase? / Q11: On which of these websites or apps did you watch online videos?

Base: New car buyers, n = 512

Source: Auto CB 2017

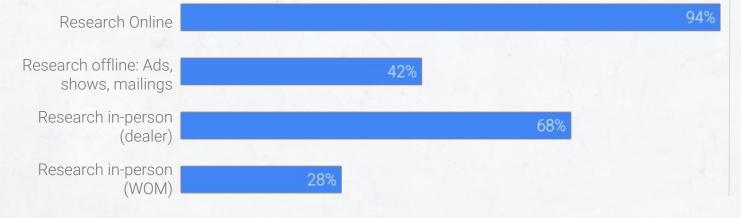
### Three major topics affect the auto path to purchase



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Definition key values: Online research Q9/10/11; aggregated results // Research on smartphone Q21 // Online video Q11, aggregated results Q9: Which of these online information sources informed or influenced your recent vehicle purchase, at any stage?, Q10: Which of these websites or apps did you use? Q11: On which of these websites or apps did you watch online videos?, Q21: Which of your devices did you use at any stage of your online research? Base: New car buyers, n = 512, \* New car buyers who use a smartphone, n = 483 Source: Auto CB 2017

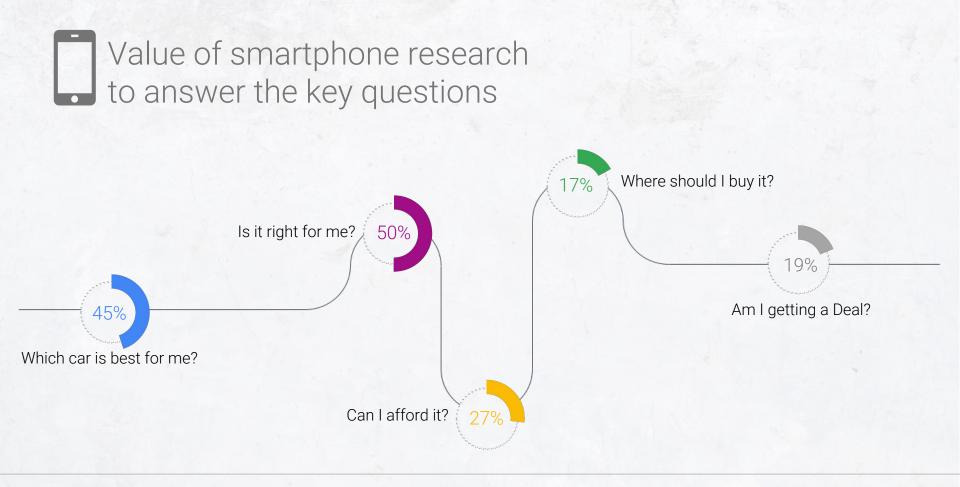
### Cross-media research online and in-person both relevant



Online research is important and is accompanied by different offline sources

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Net counts of research combinations Question asked: Q8/ Q9: Which of these offline / online sources informed your recent vehicle purchase? Q10: Which of these websites or apps did you use? / Q11: On which of these websites or apps did you watch online videos? Base: New car buyers, n = 512; Source: Auto CB 2017



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Question asked: Q24 – Value of smartphone research to research key questions – For which of these steps was it helpful to do research on your smartphone? Base: New Car Buyers who do active research to answer the above mentioned key questions AND research on their smartphone, Which car is best for me, n = 322; Is it right for me, n = 325, Can I afford it, n = 290, Where should I buy it, n = 311, Am I getting a deal, n = 242 Source: Auto CB 2017

## 03 Online Video

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Third party reviews / test drives / comparison tests

21% 2

Consumer reviews or testimonials



### Videos help to explore vehicles from different perspectives

Type of videos watched before deciding about a new car

17% SALE

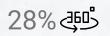
Ads or commercials

10% Augmented/virtual reality content



Vehicle feature/technology highlight videos





Vehicle walk-arounds - interior and exterior

37%

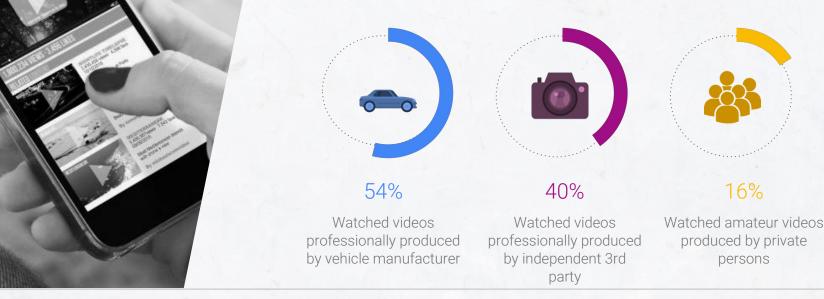
Vehicle performance videos 360 deg

360 degree video - interior and exterior

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Question asked: Q27 - Watched online video content - What type(s) of content did you watch? Base: New car buyers who watched online video, n = 375 Source: Auto CB 2017

## Professional content is most relevant to the auto shopper



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Question asked: Q26 - Watched online video format - What type(s) of online video did you watch during your purchase process? Base: New car buyers who watched online video, n = 375 Source: Auto CB 2017 Online video helps car buyers narrow down their options



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... used online video to narrow down their consideration set



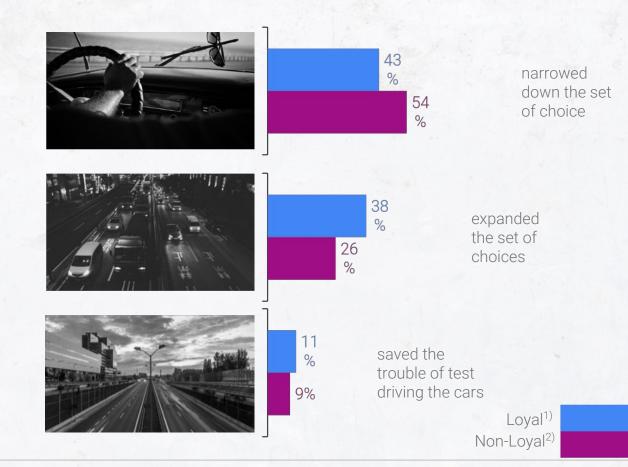
... used online video to expand their consideration set



10% ... used online video to save trouble of going to test drive

Question asked: NQ23 - Influence of online video on consideration set and test drives - How did online videos help you making your purchase decision? Base: New car buyers who watched online video, n = 375 Source: Auto CB 2017 The influence of video differs between loyal and non-loyal buyers

Influence of online video on short list



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Question asked: NQ23 – Influence of online video on consideration set and test drives - How did online videos help you making your purchase decision? Base: 1) New car buyers who are loyal and who watched online video, n = 140, 2) New car buyers who are non-loyal and who watched online video, n = 235 Source: Auto CB 2017

## Online Video is an influencer

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3 said that online video introduced a vehicle previously not considered

60% said that online video positively changed their mind about a car or manufacturer

Question asked: Q30 - Consideration changed because of online video: Online video(s) introduced you to a vehicle you had not previously considered / Online video(s) convinced you to think differently (more positively) about a vehicle brand or vehicle manufacturer - How much do you agree or disagree with the statements below? top 1 = strongly agree, top 2 = agree

Base: New car buyers who watched online video, n = 375 Source: Auto CB 2017

### Online video creates signals of intent

#### Visit a dealer website



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8/%

Actively did a

follow-up action

Question asked: Q31 – Follow up action after watching online video - Did something you saw in an online video lead to any of the actions below? Base: New car buyers, who watched online video, n = 375 Source: Auto CB 2017 \* IN SALES EVENTS OR ACTIVATE PROMOTION OR OFFER

## 04 From Digital to the Dealership

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Many buyers don't have a strong relationship to their dealer

Many offline buyers find their dealers online...

53%

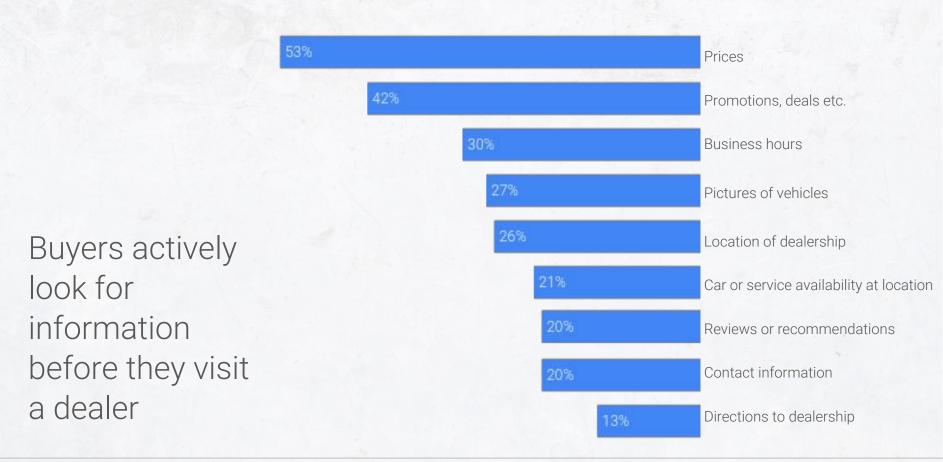
Bought from a dealer with whom they had no prior relationship or familiarity

36%

Researched online to find their dealer

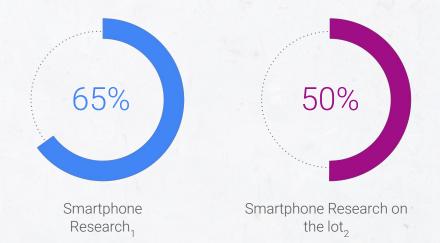
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Question asked: NQ7 - Relationship to dealer of purchase - How would you describe your dealer? Base: New car buyers who bought their new car at a dealer, n = 504 •Question asked: NQ5 - How location of dealer was found - How did you find your dealer? •Base: \*New Car Buyers who bought their new car at a dealer n = 504 •New Car Buyers who bought their new car at a dealer (found online) n = 201 Source: Auto CB 2017



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Question asked: NQ6 – Overview of Information Needs Top 9 - What information did you look for before you went to the dealership? Base: New car buyers, n = 512 Source: Auto CB 2017 Buyers use their smartphone to research – even when at the dealership



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Question asked: Q21 - Devices used for online research - Which of your devices did you use at any stage of your online research? Q22 - Smartphone research while on the lot - For which of these activities did you use your smartphone while you were at a dealer (or vehicle lot)? Net count Base: 1) New car buyers who use a smartphone, n = 483, 2) New car buyers who use a smartphone and who visited a dealer n = 278 Source: Auto CB 2017



The decision making process is complex and requires that buyers iterate in-between stages and key questions they need to find answers to.

The Auto shopper is a good example of a digitally-connected consumer. They increasingly exhibit three key digital behaviours: researching online, using mobile devices, and watching online video.



Video is a critical influencer on the buyer's short list and may well expand or narrow down the set of choices. Some audiences may respond more positively to video than others.



Before buyers find their way to the dealership ,they have most likely looked for information about this dealer online to understand prices, the location, services available.





Everywhere the consumer looks for information, there is an opportunity to engage them.

>>>

Invest in digital experiences that set your brand apart. Align your touchpoints and content to create a consistent brand experience



Build search programs and deliver video content to respond to customer needs and to address groups (such as first time buyers or other relevant audiences)



Train your salesmen to respond to this empowered consumer. Spread digital culture among dealers



## THE DRIVE TO DECIDE

Italy. 2017.





## Weighting Methodology

Gearshift 2017 does not use any global weighting methodology. However, we do weight data at the local level to help eliminate survey bias.

Instead of applying global weighting methodology to the survey responses, we use a straight average from each market. A global weighting approach could have been helpful to correct for differences in relative market sizes (e.g. China and New Zealand both have 500 respondents, but the Chinese market is about 100X bigger and weighting would compensate for this to make China "speak louder" in the survey output). However, it also makes cutting & aggregating data a lot more cumbersome -- and by forgoing global weighting, we decided to retain that flexibility.

We have, instead, weighted in each local survey to correct for smaller deviations from preset quotas (a standard procedure in market research). The samples have been designed with quotas being set on age, gender, region, education, profession, device usage and new car purchase shares. TNS uses external validation (e.g. vehicle registration data as well as data from the <u>Google Connected Consumer Study</u>) to serve as the basis for setting the quotas and run a weighting afterwards.