

## Before the Door

**Engage vehicle shoppers, initiate the customer experience and enhance your prospect funnel — all from your website**



In today's highly competitive automotive environment, increasing the number of prospects and converting them into buyers has never been more important. As the dealership is still the most crucial element in the sales process, original equipment manufacturers (OEMs) need to ask a simple question: What can we do to improve the prospect funnel into the dealership? In other words, how can we increase the probability that our model will be shortlisted and not be discarded in the selection process that consumers follow before ever entering a dealer showroom?

To answer that question, consider these four assertions:

- Consumer trust for the OEM's website is high. Research conducted by the Car Internet Research Program (CIRP) and Capgemini found that nearly three-quarters of consumers said they trust the information on an OEM website.<sup>1</sup>
- OEM sites are the top source of vehicle research for consumers who use the web, named by 75% of respondents in Capgemini's Cars Online 08/09 study.<sup>2</sup>
- Consumers often have questions when on a website, but not having an avenue to voice them, they will forget about them and never make it to your dealerships.
- Getting buyers into your dealerships is more challenging than ever. Research by Google found that in the prior 12 months, the number of new car buyers visiting just one dealership as part of their decision-making process had doubled to 32%.<sup>3</sup>

This suggests that there is an advantage for OEMs and dealerships in providing early-stage interaction with consumers as a way to enhance the customer experience while increasing the dealership prospect funnel.

Our previous research revealed two types of customers: those who adopt a *transparent* attitude towards the salesperson, and those who prefer to remain *opaque*.<sup>4</sup> These strategies and techniques take place inside the dealership. But what if the customer can be reached before the visit to the dealer? Perhaps they arrive feeling more comfortable, less suspicious and less opaque – thus easing the salesperson's task. We like to think of it as:

### “Before the Door”

To investigate this subject CIRP and Capgemini conducted qualitative research with vehicle shoppers in the U.S., Canada and France.

Our objective was twofold:

- Understand how OEMs can improve early-stage customer rapport to enhance the dealer prospect funnel.
- Determine if there is value that can come from direct, real-time interaction with an OEM customer adviser through its website.



Methodology: Individual in-depth interviews were carried out with male and female consumers, aged between 29 and 65, living in the U.S., Canada and France. The exploratory study was conducted and written by Magdalena Jarvin and Chris Waller.

<sup>1</sup> “Am I Being Taken?” Car Internet Research Program (CIRP), Capgemini, 2008

<sup>2</sup> Cars Online 08/09, Capgemini

<sup>3</sup> “Google warns car dealers of shifts in consumer behavior,” Talking Motors, September 30, 2008

<sup>4</sup> “Am I Being Taken?” Car Internet Research Program (CIRP), Capgemini, 2008



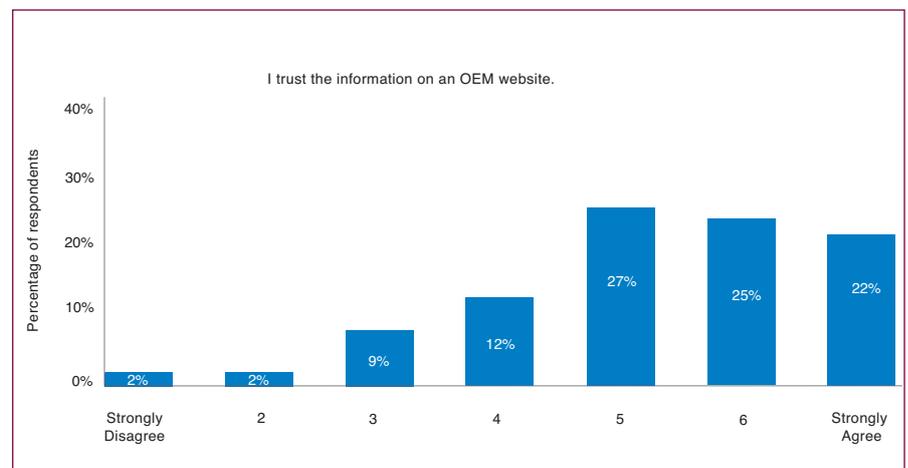
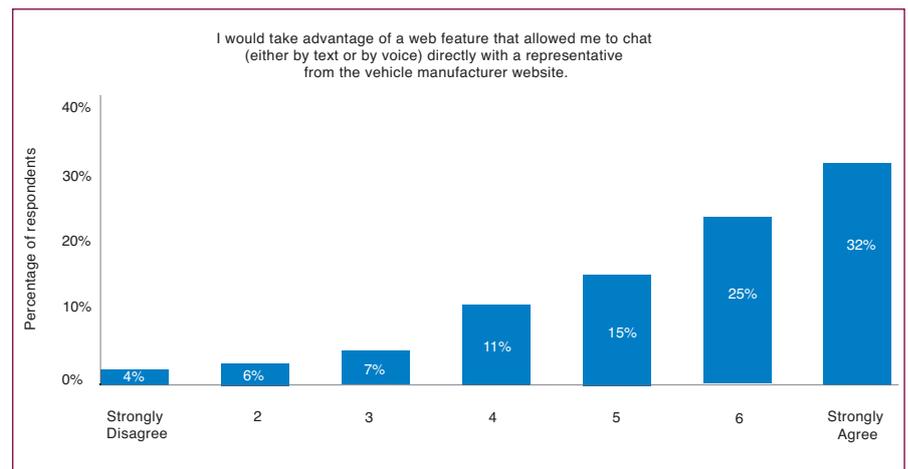
### Relationship Building Via the Web

What if consumers have the possibility to speak to an OEM adviser as they narrow down their vehicle selections? Someone who could help them by answering technical questions, or identifying resolutions to their specific needs (as a hotline would); or by being reassuring – offering an ear, a human voice and advice (as a coach).

Our research over the past few years shows that car buyers can be segmented into profiles. For example, if we segment by knowledge, some have previous familiarity with cars – the “Informed” buyer – and others know very little about them – the “Naive” buyer. Among these groups, there are those who feel confident in their ability to build their own opinion – the “Independent” – and those who will waffle – the “Hesitator.” To respond appropriately to each group’s needs, OEMs might find value in pioneering flexible web services such as virtual assistance.

**Consumers tell us they welcome the opportunity to talk directly with the OEM. Why? They trust you.**

#### Consumers Trust OEM Websites and Want to Communicate



Source : Capgemini, CIRP

OEMs can offer Virtual Advisers (VA), whose profiles could be found on the OEM's website. The consumer would have the option of using the virtual assistance for free – through online chat, a toll-free call or a call-back at a specific time.

### **Turn the Virtual Adviser Into a Competitive Advantage**

Our research made it clear that implementing a Virtual Adviser into an OEM's web model can engage early-phase shoppers interactively with your team and set the stage for building a superior customer relationship experience. This can provide the following benefits:

- Enhance the probability of a shopper choosing your brand as one of the two models they will closely examine.
- Increase the likelihood that your dealership will be the one they visit.
- Improve the chances that the shopper will arrive at the dealership feeling more comfortable, with a greater level of trust.
- Complement the dealership distribution model by providing broader consumer coverage, particularly in new or expanding markets.

To better understand how these benefits can be realized, consider how four types of buyers might interact with a Virtual Adviser. The following profiles are based on personal accounts that highlight how different strategies and attitudes impact the way a Virtual Adviser service might work. What is striking is that no evidence was found relating individual attitudes to cultural differences, age or gender. It seems more likely that preferences depend on factors such as customers' vehicle knowledge, their likeliness to bargain and available time.

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### **The Naive Buyer**

**“I’m not what you would call a car person – all I want is to drive one that looks nice. But how could I ever say that to a seller without losing face? For sure they are going to try to rip me off!”**

The Naive buyer doesn't know much about automobiles. Whether it's basic or stylish, it should meet standard expectations: run well and be both reliable and safe. The choice of a vehicle is mostly based on impressions and subjective criteria, such as aesthetics and comfort. Often the car is spotted on the street or in a magazine.

It's likely the Naive buyer doesn't enjoy visiting dealers. The easiest solution is to surf the web. Maybe they'll hit a comparative site, certainly the OEM's site, probably a discussion forum. Often friends and family are asked for advice. Questions are vague, and precise answers are not expected. What they are looking for is some form of reassurance from another human being, rather than pages of cold and technical information.

Visiting a dealership is not projected to be a pleasant experience. These buyers derive no pleasure in negotiating and if the seller suggests a price meeting their expectations they are ready to sign on the spot.

**Two types of Naive buyers exist: the Independent and the Hesitator.** Naive buyers are aware that their lack of knowledge is a handicap, so they respond in different manners. The Independent buyer implicitly trusts

their feelings, which enables them to make a decision, whereas the Hesitator will ... hesitate. Let's consider how the Virtual Adviser can help in each case.

The **Naive Independent** buyer has little patience and doesn't want to waste time searching and comparing prices. The evaluation of pros and cons takes place within, and their concerns are difficult to define and hard to perceive from the outside. They have an idea of what they want, yet need to be comforted in their choice. Once they have obtained signs of reassurance, they are ready to move into action. The key word to describe the Naive Independent buyer is “feeling.”

This purchaser would perceive the VA as an objective person whom they would call to be reassured in what they already believe. The role of the VA here is just to listen and approve. The Naive Independent buyer feels reassured by the simple fact of hearing a human voice, seeing the VA through a webcam and exchanging a couple of jokes. The VA gives the Naive Independent buyer a sense of confidence when they visit the dealership.

The **Naive Hesitator** buyer, unlike the Independent, has difficulties when it comes to making a decision and moving into action. The key word to describe them is “distrust.”

The Naive Hesitator is distrustful and fears being taken advantage of, as they know they are easily influenced. Since the Naive Hesitator buyer lacks knowledge, the VA could be viewed as a coach to help them identify their needs and narrow down their choices without pressure. In this scenario, the VA provides clear and precise facts to help the Naive Hesitator make a decision.

## The Informed Buyer

**“As the customer, I’m the boss and the salesperson’s job is to answer my questions. All that role playing can be left behind since it’s all a charade anyway.”**

The Informed buyer knows about vehicles. They actively research using several channels to gather information. On the web, they visit OEM sites, comparative sites and reviews. While some Informed buyers prefer to sort things out by themselves, others don’t hesitate to ask friends or family who drive the same model for advice. The Informed buyer’s goal is to gather as much information as possible. Objectivity empowers them.

The Informed buyer, due to the knowledge they have gathered, feels

quite confident. They know what they want and will not bend for anything else. Nevertheless, some are more aggressive bargainers than others. Once they have narrowed down their selection to two or three models, the Informed buyer starts visiting dealerships. Often they play dealerships against each other – with real or concocted offers. They will not hesitate to walk out the door if an agreement is not easily reached.

### **Two types of Informed buyers exist: the Independent and the Hesitator.**

The Independent has specific needs to be filled, whereas the Hesitator seeks reassurance while evaluating information. Let’s look at how the Virtual Adviser can help in each case.

The **Informed Independent** buyer needs no one. They do their research by themselves, preferably without interacting with anyone. The Internet is the perfect tool, as everything required can be found there. The Informed Independent buyer might consider calling the brand’s hotline to speed up the process – not ask the VA

for advice – but just to gather the bits of information they need now. In their eyes, a coach is a service designed for “people who are a bit anxious.” The key word to describe the Informed Independent buyer is “DIY” or do-it-yourself.

However, if the VA could provide information about the vehicle’s availability in different dealerships it would be of great help, sparing the buyer from driving around for nothing. From this perspective, the VA’s role is simply functional.

The **Informed Hesitator** buyer feels reassured by human interaction, but remains suspicious and will always tally the given information. If they consider calling a VA, it would be to listen to their advice, bearing in mind that they may not be neutral. An OEM that offers a hotline service is appreciated, but would by no means be considered a sufficient source. An expression describing the Informed Hesitator buyer is “yes, but.” From this perspective the VA acts as a comprehensive listener.

## How the Virtual Adviser Enhances the Customer Experience

Buyers	VA as a Technical Hotline	VA as a Purchase Coach
Naive Independent “Feeling”	No matter if the VA is used as a hotline or a coach, this customer just wants to share their thoughts with someone who works in the car business. Behind their questions lies a hidden need to be comforted in a decision they have already made.	
Naive Hesitator “Distrust”	Wants answers to technical or practical questions. They prefer to communicate via e-mail whenever it’s convenient for them.	Afraid of being influenced by someone they suspect has an interest in recommending certain makes and models. This customer avoids direct interaction (physical as well as verbal).
Informed Independent “DIY”	Would call the hotline to speed up the process and obtain the missing information right away.	No interest in chitchatting with an unknown person.
Informed Hesitator “Yes, but”	No matter whether the VA is used as a coach or a hotline, this customer needs reassurance but does not want to show it. They ask technical questions but are looking for a comforting and comprehensive listener. They show awareness and are skeptical, because they believe there is no way the VA can be neutral.	

**Determine the metrics you need as benchmarks to measure the effectiveness of a Virtual Adviser program.**

**Virtual Adviser: Making It Real**

It's clear that a Virtual Adviser program has the potential to drive an enhanced prospect funnel with improved conversion rates. Implementing a Virtual Adviser program requires several key steps. First, revisit your current web and call center strategy. Examine how they complement each other and what has to change in order to incorporate Virtual Adviser capability into your customer experience. Finally, determine the metrics you need as benchmarks to measure the effectiveness of a Virtual Adviser program.



# About Us

## **About the Car Internet Research Program II (CIRP II)**

The Car Internet Research Program II (CIRP II) is an industry and academic-sponsored automotive research program directed at understanding how new information and communication technology will impact the automobile industry.

Administered through the University of Ottawa, CIRP is sponsored by a variety of industry stakeholders that include: Capgemini, PSA Peugeot Citroën, Ontario Research Network for Electronic Commerce (ORNEC), Renault SA and the University of Ottawa.

## **About Capgemini and the Collaborative Business Experience®**

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies.

Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™. The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 30 countries, Capgemini reported 2008 global revenues of EUR 8.7 billion and employs over 92,000 people worldwide.

More information about individual service lines, offices and research is available at [www.capgemini.com](http://www.capgemini.com).

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