



The

Difference-Maker

RAISE YOUR DIGITAL MERCHANDISING GAME TO RAMP UP YOUR ONLINE SHOWROOM AND MAXIMIZE CONVERSION

BY DEVIN DALY

The disruption of the automotive industry is well underway.

The new COVID reality has accelerated a transformational shift in how consumers are shopping for their next vehicle.

Prospective buyers, already comfortable with online shopping and personalization in other industries, have now become accustomed to spending the majority of their vehicle shopping journey from their own home. For many, that includes fully online transactions and home delivery.

With an average of 24 touchpoints before a car buyer even arrives at a dealership, according to a study by Google and Millward Brown, auto retailers need to up their game when it comes to digital merchandising.

Cox Automotive's 2019 Car Buyer Journey Study found the average consumer spends more than 60 percent of his or her car shopping time online, yet vehicle sellers typically allocate only 15 percent of their operational budget toward digital capabilities.

Too many dealers are failing to make adequate investments in a predominantly digital landscape.

Now more than ever, the online showroom is essential to dealership success.

McKinsey & Co. estimates e-commerce penetration in the used car industry will reach as high as 50 percent by 2030. So to compete against the growing set of digital disruptors, traditional dealerships are moving more of their sales processes online.

But while many have begun adding digital retailing capabilities to their websites, true success requires effective digital merchandising to maximize conversion.

Here are some best practices successful dealers are employing to improve their performance.

Reimagine the “meet and greet”: With health concerns foremost in consumers' minds, dealers need to consistently communicate health protocols to reassure shoppers and customers that they're doing everything possible to ensure safety.

Whether offering home delivery or on-premise pickup, auto retailers should maximize the visibility of their safety efforts by communicating through all available channels – including social media, customer emails and their website, where interstitials can be particularly effective.

Proactive communication is also essential when marketing repair, maintenance and other fixed ops services.

Closely following safety procedures during vehicle pickup, signing and delivery will increase shopper peace of mind.

Bring the physical showroom to life online: Now more than ever, VDPs are a dealership's most powerful selling tool.

SpinCar's internal customer research shows the average dealer website gets 20 times the amount of traffic per month as the physical location – and that difference is increasing rapidly.

Vehicle retailers must give shoppers an immersive online experience that replicates the physical showroom and enables them to see as much of each vehicle as possible. ➡

Exceptional imaging and video provide shoppers with a clear picture of vehicle features. SpinCar's data shows highly visual VDPs not only help with conversion but also encourage shoppers to discover vehicles they might not have previously considered.

As shoppers continue to shift away from in-person dealership visits, retailers can deliver interactive, personalized experiences on their vehicle detail pages with tools such as 360-degree walkarounds, panoramic imaging and video merchandising.

Of note are systems that provide detailed vehicle condition visibility, such as damage-tagging and undercarriage imaging, especially in areas with harsher climates.

That level of transparency can be an enormous differentiator for retailers and wholesalers, significantly reducing sales disruptions, last-minute haggling and arbitration.

Dealers should also embrace solutions that streamline and accelerate their photography process. Delayed imaging carries real costs: At an average holding cost of \$40-\$85 per day per vehicle (depending on whom you ask), delays in putting vehicles on the website can cost a typical dealer upwards of \$200,000 per year.

Make it personal: According to Google, 61 percent of online shoppers access interactive media during their search. And a study by Brightcove found 76 percent of consumers made a purchase after watching a product video – including 85 percent of millennials (18-34-year-olds).

Consumers have grown accustomed to personalized

experiences from their news feeds, social networks and shopping apps, where content is tailored to their unique needs and behavioral history.

For example, Amazon personalizes its home page for each user based on that user's previous searches, views and purchases.

Consumers also value the ability to control their online experience. Videos and interactive content drive higher engagement by enabling them to do just that.

Interactive merchandising tools can help engage and educate more effectively. Vidyard's 2017 Video in Business Benchmark Report found the average retention rate of personalized videos is 35 percent higher than non-personalized videos, while marketers surveyed by Demand Metric reported interactive content is 33 percent more effective at educating buyers than static content.

To differentiate their online showroom, auto retailers should consider immersive 360-degree vehicle walkarounds and rich multimedia vehicle showcases that enable consumers to fully explore vehicles virtually.

Move the buying decision beyond price by showcasing unique vehicle features: The VDP experience is the watershed moment for the seller and the prospective buyer. It establishes trust and creates shopper confidence.

Just like in the physical showroom, the ability of the dealership to tell each vehicle's unique story and showcase the most distinctive vehicle features is the single biggest driver of continued engagement and ultimate sale.

Not price, not discounts, not high-pressure tactics.

According to Google, search queries for specific features have grown by more than 40 percent in recent years. That's why the most progressive auto dealers are using interactive technology to highlight vehicle features directly within their VDPs.

Educating shoppers on each vehicle's specific value-added features and tailoring content to shoppers' individual preferences increases engagement and minimizes bounce rate.

Ultimately, the ability to demonstrate vehicle value and uniqueness is the largest contributor to margin enhancement and profitability.

Pay attention to vehicle summaries and descriptions:

A great vehicle summary helps potential buyers understand the true value of a vehicle. Both the content and the organization are vital.

Sellers should focus on the most valuable features and avoid technical jargon or obscure acronyms. Dealers should prioritize features that distinguish a vehicle and highlight its unique value – for example, a panoramic sunroof, adaptive cruise control or electronic limited-slip differential.

Adhering to that practice will help justify a vehicle's price and encourage buying decisions based on that vehicle's specific merits and overall value.

But it's not just the summary that counts. Thoughtfulness in vehicle descriptions is vital to success.

After capturing the shopper's attention with a strong vehicle summary, a skilled virtual retailer can present the rest of the features and vehicle specs with compelling storytelling. ➡

Unfortunately, most descriptions suffer from information imbalance.

Stuff too much in and consumers are left feeling confused by acronyms, technical terms and a lengthy list of “table stakes” basics. Too little information and shoppers might bounce off the page to learn more from Google – or worse, a competitor’s site.

Vehicle descriptions should engage, inform, connect and, most important, provide a unique value proposition. That will instill greater confidence in shoppers’ decision-making processes.

Embrace F&I in your digital showroom: F&I is the one area of the business that hasn’t changed in years.

While finance and insurance products represent a significant portion of a vehicle retailer’s gross margin, the traditional “end of the sale” process is a major source of customer dissatisfaction, poor CSI scores and chargebacks.

Customers want to understand F&I options in order to make an educated decision about the products that are right for them.

In fact, according to SpinCar’s 2019 usage survey, 89 percent of consumers would be more interested in meeting with an F&I manager *after* learning about available products on a dealer’s website.

Retailers can leverage digital merchandising platforms that showcase value-added warranty and protection plans directly on their VDPs – before the shopper sets foot in the showroom.

That can increase F&I penetration rates and drive higher profit per vehicle while improving CSI. A study conducted by MakeMyDeal found 63 percent of car shoppers said they’d be more likely to buy F&I

products if they could learn about them before finalizing their vehicle purchase.

Focus on the lower funnel: All visitors are not created equal. That’s why insights into online shopper behavior are so valuable.

For example, many visitors to dealership websites are casual browsers and don’t have a current interest in buying a vehicle. Others are in early stages of the shopper journey and might be researching while visiting multiple sites.

In fact, only 1.25 percent of auto shoppers actually submit an email lead, according to research by CDK Business Intelligence.

Rather than using a shotgun approach to sales and marketing follow-up, retailers can employ more effective lower-funnel strategies, such as hyper-targeted, personalized remarketing to bring back high-potential shoppers who have demonstrated real interest and are actively considering a purchase.

More sophisticated remarketing platforms enable dealers to use first-party data and engagement metrics to distinguish casual visitors from high-intent shoppers, segmenting prospects based on their behaviors and engagement level.

Dealerships can then market to those high-value shoppers with VIN-specific and feature-specific content based on their specific interests.

Harness the power of analytics: Google Analytics is one of the most powerful data sources available to dealers (and it’s free), yet it is perennially underused.

Setting up effective event triggers allows dealers to assess and optimize their digital marketing efforts. By focusing on granular behavioral data,

engagement patterns and conversion pathways, sellers can better understand channel, website and VDP performance, and can assess the impact of specific offers, videos, interstitials (or pop-ups), display creative and more.

Google Analytics goal-setting is also critically important for dealers.

For the best results, dealers should go beyond default views and set up specific business and performance goals that can be monitored automatically.

While direct lead generation is important, website and VDP engagement metrics such as time on VDP, website dwell time and specific feature or photo engagement are statistically proven to correlate more directly to lead conversions and sales results.

Vehicle retailers can leverage and automate that real-time data to increase decision-making speed and accuracy.

A dealership’s website is its best salesperson – and by far its largest source of traffic.

The most advanced vehicle sellers are maximizing their return on investment by replicating the physical showroom experience online.

Effective digital merchandising and robust shopper intelligence enable retailers to drive greater shopper engagement, differentiate their vehicle inventory and hyper-personalize the shopper journey.

And that means greater conversion and more sales. ■



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