

DRIVING AUTO BRANDS WITH PURPOSE

Customers are demanding that brands engage with transparency, meaning and purpose. How's the automotive industry doing today, and where is it headed tomorrow ?

The mobility of the future is set to be much easier, sustainable, more flexible and connected as well as personalized. To remain successful, both car manufacturers and suppliers alike will have to offer user-oriented innovations that are meaningful for their audience, the environment and future generations. What do purpose-led brands mean to the market and customers and what does the automotive industry have to teach, and learn, in this field?

“The future of consumption in general is about that emotive aspect. It's that emotional engagement with the product. And I think the automotive industry unfortunately has not really kept pace up until this point where I think it's being forced to simply because there's a huge generational shift happening in terms of how people buy.”

George Gottl CCO, UXUS

Sustainability – **Who's grass is getting greener?**

“The automotive industry is recognising that they need to do things differently, to enable a fully EV future.”

Sam Clarke Chief Vehicle Officer, Gridserve

The number of people who want an alternative engine in their next vehicle is growing rapidly. Interest in alternative powertrain technology continues to expand, as fewer people want traditional internal combustion engines in their next vehicle.

Carmakers **Ford, BMW, Honda and Volkswagen**¹ recognised such a change in consumer demand, and in 2019, they signed a voluntary agreement with California's air pollution regulator to **tighten standards for gas mileage and greenhouse gas emissions**. Meanwhile in June 2020, US-based ride-sharing platform **Lyft**² **pledged to convert its entire fleet to electric vehicles by 2030**. The company committed to reducing the rental price of EVs to the same rate or lower than diesel cars and to negotiating with automakers to help drivers get discounts on EVs through bulk-buying.

Consumers' increasing demand for sustainability within the automotive industry couldn't be more evident than in Norway, where electric cars had a 54% market share in 2020, making it the first country in the world where electric cars have outsold all other types of vehicles combined.³

Opting for a slightly different act of sustainability, in October 2020 **Hyundai** teamed up with high-end fashion designers to **turn automotive scrap parts into a sustainable fashion line** for Selfridges department store.⁴

Governments are also playing their part. In June 2020, the **UK's Department for Transport**⁵ **announced plans to add a green label to licence plates of zero emission vehicles to easily identify them for benefits** such as cheaper parking and free entry where congestion fees are typically in place for cars in order to encourage more consumers to adopt the technology. The plan also included increased funding for zero-emission vehicle research and infrastructure.

1 - <https://ww2.arb.ca.gov/news/california-and-major-automakers-reach-groundbreaking-framework-agreement-clean-emission>

2 - <https://www.lyft.com/blog/posts/leading-the-transition-to-zero-emissions>

3 - <https://www.reuters.com/article/autos-electric-norway/electric-cars-rise-to-record-54-market-share-in-norway-in-2020-idINKBN29A0ZL>

4 - <https://blog.hyundai.co.uk/progress/future/hyundai-unveils-sustainable-fashion-range-at-selfridges>

5 - <https://www.gov.uk/government/news/green-number-plates-get-the-green-light-for-a-zero-emission-future>

What are the threats and opportunities for the automotive industry?

Younger generations across Europe, US and most of Asia are the ones more in tune with alternative mobility, to the point of wondering if they even still need to own a vehicle.

Consumers continue to see a series of benefits linked to **ride-hailing services** such as the ability to multitask, lower costs vs. owning a vehicle, reduced concerns regarding drunk driving, and finding a place to park. July 2019 saw **Singapore-based automotive group Cycle & Carriage launch its car leasing business**⁶. The service offers daily rentals, long-term car rentals of up to three years, as well as car leasing for private hire services which provide customers access to dedicated customer service personnel, 24/7 roadside assistance and an exclusive service line.

That said, for the most part consumers see ride-hailing services as a replacement for a traditional taxi vs. an owned vehicle. Many want their car to be unique and reflect their personality, but this is even more important as a purchasing factor for millennials. Therefore, marketing messages, customer service, and communication with younger customers all need to be personalized.

“There is a new opportunity to create an entirely different business model. The new entrants to the market who are creating predominantly electric vehicles, but they are not the traditional players.”

Seamus Walsh Enterprise Sales Manager Automotive, LG Business Solutions

6 - <https://www.cyclecarriage.com/sg/leasing/vehicles-available>

How's the automotive industry doing with Inclusivity?

As the consumer population changes, dealerships composed of diverse teams are in the driver's seat. Understanding the customer is imperative when it comes to growth. In the United States, the face of the automotive customer is changing, dramatically. Considering that:

- Women play a leading role in 85 percent of auto purchasing decisions.
- The Hispanic demographic account for 35 percent of new vehicle sales growth.
- African Americans spend \$1.2 trillion annually, and they were the demographic segment most likely to purchase vehicles in 2017.

In an industry where **just 16% of the UK workforce are women**, a new paternity leave policy recently introduced by **Volvo Car UK**⁸ illustrates the way the company is challenging traditional norms to encourage a more diverse and inclusive workplace culture. **Auto manufacturers GM, Toyota, Ford and Nissan** are all rolling out updated diversity programs intended to identify, educate and mentor minority owners and employees to increase the number of minority owned retailers, service centers and other automotive support businesses.

When devising strategies and business models, automotive companies should not only consider direct product purchasers but all users and groups affected by transport issues.

Automated vehicles, for example, are seen as a unique opportunity to **provide independence, freedom and improved** quality of life for those who have limited access to our present transportation system. For this to really happen a **multi-modal mobility approach that takes into account the entire journey**—before, during, and after traveling in a vehicle—is necessary, as the **RISE Research Institutes of Sweden**⁹ instructs that designers, manufacturers and procurers need to adopt a 'whole-journey' mindset.

What about projects that **promote sustainable urban transport and lift up underprivileged citizens**? In January 2020, US-based **ridesharing company Lyft**¹⁰ partnered with basketball star LeBron James' athlete empowerment brand, Uninterrupted, to offer free bikeshare access to eligible 16–20-year-olds in New York City, Chicago and the San Francisco Bay area. Eligibility for the LyftUp program will be decided in collaboration with the YMCA. The project, which offers one-year bikeshare memberships along with education on bike safety, aims to help young people reach their full potential.

7 - <https://www.cbtnews.com/why-the-automotive-industry-needs-diversity/>

8 - <https://www.media.volvocars.com/global/en-gb/media/pressreleases/252085/volvo-cars-introduces-six-months-paid-parental-leave-for-emea-region> Sweden-based **Volvo** announced in May 2019 the introduction of a pilot gender-neutral parental leave policy for its sales employees in Europe, the Middle East and Africa. Both mothers and fathers will be offered up to six months of leave at 80% pay, a benefit the company says is the most generous and inclusive in the industry. The aim of the pilot is to address any practical issues that may emerge from the policy before rolling it out to its 43,000 employees globally.

9 - <https://www.automotiveworld.com/articles/automated-vehicles-the-opportunity-to-create-an-inclusive-mobility-system/>

10 - <https://www.lyft.com/blog/posts/lyftup-bikes>

“Traditionally, the automotive sector has been very much based around technical capability and when we look at the new vehicles coming out, especially with the EV, that technical requirement of knowledge is very much removed from the selling experience, the whole experience becomes more about what the user wants, presenting products in a way which is about the experience of the brand rather than the technical capability. I think that’s going to break a lot of barriers down”

Jonathan Wharrad VP Global Brands – Technomedia, Mood Media

Is the automotive industry going at the right pace?

“Consumers today are expecting to have a connection to brands. It seems like the automotive industry has an old model that is beginning to evolve.”

George Gottl CCO, UXUS

Only a few sectors are going at a higher speed than their consumers' demand, and in some areas this might be the case for the automotive sector. According to Deloitte's 2020 study¹¹ even as **car manufacturers continue to spend billions on R&D** in advanced vehicle features, **consumers' willingness to pay for them isn't increasing at the same rate.**

One core topic is vehicle connectivity, where consumer sentiment is split. While Asian consumers are embracing the idea at more than twice the rate of Europeans, concerns around the **security of biometric data generated and shared by connected vehicles** make consumers reluctant to pay for advanced connectivity features in most markets, even when it means increasing road safety.

Consumer perception regarding the safety of self-driving vehicles remains low globally; yet, in April 2020, autonomous driving tech company **AutoX partnered with Alibaba-owned mobility platform Amap to offer self-driving taxis to residents in Shanghai.**¹² When users enter their pickup and drop-off locations, the app lists all of the available vehicles, including RoboTaxis. The collaboration marked the first time self-driving taxis were available via a major ride-hailing platform in China.

“The OEMs need to work on making retail look more like online and online more like retail until the two connect. That's a pretty major challenge, especially as you have a lot of other platform holders coming in and eyeing this very interestingly.”

Darren Jobling CEO, ZeroLight

11 - 2020 Deloitte Global Automotive Consumer Study

12 - <https://mobile.amap.com>

What does an in-store meaningful experience look like in dealerships?

“It’s all down to personalisation. People judge their buying journey regardless of vertical. If I turn up at a car manufacturer’s to spend £30k on a new vehicle, it’s crazy that they don’t know very much about me.”

Darren Jobling CEO, ZeroLight

At a time when customer demands and expectations are soaring, there is great opportunity for automotive brands to upgrade the car-buying experience in their stores, to be more flexible, anticipate individual needs, and enable customers to personalize their experiences on their own terms. Future-proof your automotive in-store experience by considering the following:

Brands should look to provide a sense of community, membership and added value services that go beyond the sales. What do you do as a brand for/with your consumers outside of the car itself? Brand spaces are the perfect venue for brands to offer consumers events and experiences which are emotionally connected to the brand, but also serve the consumer beyond pure vehicle ownership. This could be classes, or experiences with a particular type of retailer or a cafe/bar/club etc. who has a concession in their brand space. Whatever it is, it should complement the brand but also the target consumer (business execs are looking for something different to millennials of the perma-rent ultra-urban generation for example).

It’s all about Personalization and Digitalization

In an increasingly digital world **hyper-personalizing the car purchase experience will be a path to success.** For years, a car dealers’ main focus was to simply make a sale. Now more than ever, the brand must understand exactly what type of customer just walked in. According to a think piece from the global consulting group, **McKinsey & Company, dealerships will deliver the brand experience to the customer, personally.** They write that by the time they show up at the dealership, the customer is well known and understood. Everything they decided upon during their online search will be waiting. The dealer will know what brand experience will be the one that best appeals to them and the salesperson will know so much about them that they will feel as if the time spent was designed for them and them alone. The aim is for the customer to feel that the service they received matched

who they are and therefore they will receive the exact vehicle that they want.¹³ **A customer's entire buying/leasing/membership experience should be based on their vehicle**, which they can create and keep in a digital format until they are ready to make the purchase and beyond, and will allow the dealership to offer a tailored car-buying experience. Brands can offer a flexible business model, based on membership, allowing for periodic (more frequent) changes of vehicle, or vehicle sharing, and providing extras beyond just car parts and services.

“If you look at membership models, which is going a step beyond what went from selling a car, leasing a car, now you become a member of a club which is about more than just owning a vehicle, it's about what you do with it.”

Seamus Walsh Enterprise Sales Manager Automotive, LG Business Solutions

Location matters more than size

Thanks to digitalization, the physical space can justify being smaller than many traditional dealerships due to less requirement for physical vehicles. Therefore it can also be more urban. Being nearer to where more people will naturally be, it is better than somewhere out of town.

The brand space is about how that brand forms part of the “mobility thread” running through consumers' lives. Therefore situating the brand space alongside public transport, car charging, public e-bike and e-scooter stations should all be considered positives. Cars won't make up every journey, so brands should embrace that in a collaborative and complimentary way to other modes of mobility.

Foster the relationship with your consumers building trust through communication and interaction.

Brand authenticity and humanisation are key. Brands need to be approachable and harness clear communication. They can do this by allowing the consumer to interact and engage in the process. For example, in June 2020 Volkswagen announce plans for the Mach-Mit ('Take Part') manufacturing experience, allowing visitors to help build a car at the automaker's 'transparent factory' in Dresden.

¹³ - <https://www.forbes.com/sites/larrylight/2020/11/02/personalization-will-change-your-car-dealership-experience-forever/?sh=20312b8e6e9f>

¹⁴ - <https://www.volkswagen-newsroom.com/de/pressemitteilungen/hur-bei-volkswagen-besucher-koennen-am-e-golf-in-der-glaesernen-ma-faktur-in-dresden-mit-bauen-6133>

Visitors who have pre-ordered an electric Golf can see the production line of their vehicle and can fit some of the parts themselves, under the supervision of Volkswagen employees.

The events of 2020 have impacted many industries, not least automotive, and have shaped the future of the sector. The need for a more sustainable, flexible and connected future for the automotive industry is clear and the way to get there is through purpose-led branding, personalized marketing and a transparent approach. The next webinar will explore further how automotive dealerships are expected to evolve over the next decade as they continually need to reinvent their experience to keep up with the ever-changing automotive landscape.

“It’s not just about selling cars anymore. It must offer something that’s broader than that in terms of the experience. It must be thematically aligned with the brand, and I still think that applies even if it’s a multi-branded retail space. But it’s for the brand to understand what is our purpose and how do we make sure that lines up with our consumer’s lifestyles. Your physical retail footprint as a brand is your opportunity to make that connection with the customer. It’s not just about selling a car, it’s everything else you’re going to put around it.”

Seamus Walsh Enterprise Sales Manager Automotive, LG Business Solutions

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Mood Media is the world's leading on-premise and connected media solutions company dedicated to elevating the Customer Experience. We create greater emotional connections between brands and consumers through the right combination of sight, sound, scent, social and systems solutions. We reach more than 150 million consumers each day through more than 400,000 subscriber locations in 100+ countries around the globe. Mood's clients include businesses of all sizes and market sectors, from the world's most recognized retailers and hotels to quick-service restaurants, local banks and thousands of small businesses. For more details: www.moodmedia.com.

About UXUS

UXUS is a global strategic design consultancy that re-imagines consumer experiences for the 21st century. We harness the power of retail, hospitality and experience to transform the world's leading brands – from creating the ultimate peer-to-peer education hub for Sephora to the new dining experiences for McDonald's. UXUS is proud to be recognized by the industry for its creative excellence. Our award-winning team recently won the Best retail Experience at the World Retail Congress for the L'Occitane flagship on Regent Street.

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The LG Business Solutions Company is a trusted partner offering innovative products and solutions for diverse industries worldwide. With a portfolio of unique offerings ranging from industry-leading OLED and LED signage to high efficiency solar solutions, LG is a respected name among customers around the world. LG's IT solutions include business monitors, laptops, projectors, cloud devices and medical displays all designed to maximize work efficiency and return strong value to its customers. For more on LG's Business Solutions, visit <https://www.lg.com/us/business>

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