



# 2020 Digital Trends

Automotive in Focus

# Table of Contents

Executive Summary	4
1. Automotive's CX confidence is high, with investment plans in place and key areas prioritised	5
2. Strategies and management don't match CX ambition	9
3. Economic and competitive challenges lie ahead	14
Conclusion	15
Methodology	16

# Foreword

Welcome to Adobe's Digital Trends report, our annual survey of marketing, advertising, ecommerce, creative and technology professionals around the world. Now in its 10<sup>th</sup> year, Digital Trends continues to reveal the most significant shifts in the industry that are driving marketing strategies, company investment and consumer behaviour.

This tenth edition of the report gives us the opportunity to reflect on the last decade. Adobe, in partnership with Econsultancy, has gathered more than 75,000 senior leaders' experiences and insights across this period. Our commitment to measuring the industry viewpoint from business leaders and influencers delivers a fascinating window into how much change the technology sector has experienced.

When we produced the first report in 2011, the marketers were obsessed with digital channels. How would social media impact ecommerce? Would people buy anything on a mobile device? How would television advertising be affected by digital channels?

Of course, the landscape we operate in today is very different from that of 2011. Today's consumer expectations are far greater, but so is the opportunity. Technology and data are empowering brands to build direct, emotional relationships with consumers that are changing the way businesses operate forever. This is a new era for marketers. We can understand and interact with our audience in more meaningful ways than ever before.



**Axel G. Heyenga**  
*Industry Strategy Director, Adobe International*

This also poses challenges for brands. Customer-centricity is magnifying organisations' structural, cultural and technological barriers that shape data management, customer experience delivery, and ultimately define business success. The regulatory environment, AI and emerging tech are all providing challenges and opportunities whose impact is explored in detail in the report.

Fundamentally, the 2020 Digital Trends report shows that today the value of customer experience is unquestionable. Brands leading the way in customer experience are three times more likely to have significantly exceeded their 2019 business goals.

Digital Trends continues to be a valuable tool for our teams at Adobe and marketers across the globe to track industry developments. This year's report is a fantastic opportunity to reflect on how these changes have evolved over the last decade and drive success for our customers in 2020 and beyond.

# Executive Summary

The automotive industry faces massive disruption as it transitions to a world of electric and autonomous vehicles, many of which will be operating within the emerging business model of mobility on demand.

As in other sectors where the lines between products and the service embedded in them are blurring, customer experience is a key way for vehicle manufacturers to smooth their transition and remain relevant. The promise is continued growth: the 2020 Digital Trends report shows CX leaders are three times more likely than their peers to have exceeded their business goals.

The sector's confidence in its ability to deliver CX is high, with investment plans in place and key areas prioritised. But automotive companies aren't necessarily managing CX in a way that matches their ambition.

Enduring automotive brands are also facing challenges ahead from digitally native companies, particularly around "ownership" of the connected car, and from a global economy that is marked by a shrinking automotive industry.

## Automotive's CX confidence is high, with investment plans in place and key areas prioritised

- The automotive sector sees customer experience as its most exciting opportunity for 2020. CX is also regarded as one of its three key sources of competitive differentiation over the next five years, alongside customer service and product/service quality.
- The sector is investing in order to capitalise on this opportunity; just over half of companies plan to increase their spending on customer experience in 2020.

## But strategies and management don't match CX ambition

- Automotive companies' digital priorities for next year tend towards the tactical, emphasising individual channels rather than CX strategy toward the overall customer journey.
- This is reflected in their approach to CX management. Almost half the sector is still operating a decentralised approach to CX, spreading responsibility across marketing and other departments.

## Economic and competitive challenges lie ahead

- The automotive industry's biggest concern for the year ahead is recession. The sector is already contracting while a future based on mobility-on-demand rentals threatens to reduce the demand for vehicle ownership.
- Car makers are also worried about competition from digitally-native companies, particularly as tech giants like Google and Amazon eye the opportunity to "own" the driver of the connected car.



# 1

## Automotive's CX confidence is high, with investment plans in place and key areas prioritised

### Turbulent times in the automotive market

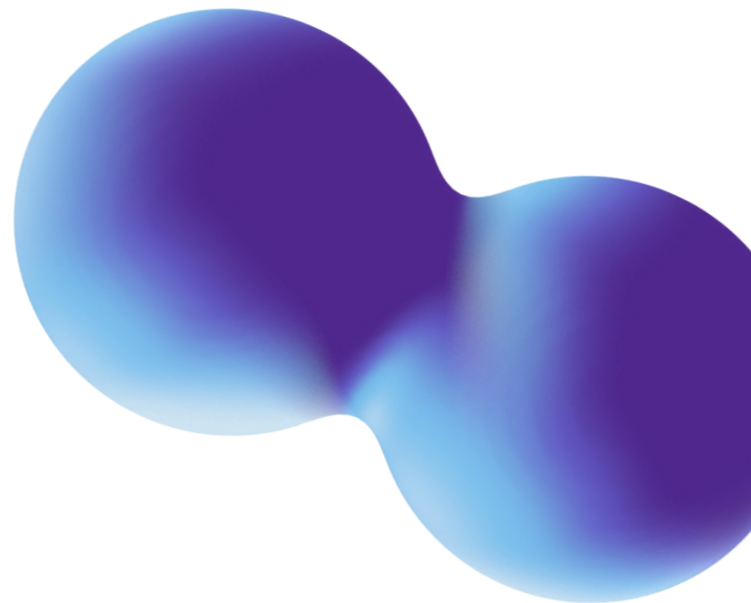
The automotive industry is in a period of unprecedented change. Sales are declining in developed markets, raising concerns that they've reached "peak car". Demand has also slumped in developing markets such as China and India, which were expected to provide growth as incomes there rose<sup>1</sup>.

At the same time, two of the biggest technological changes in the industry's history are gathering pace, with the rise of electric and self-driving vehicles. And ubiquitous connectivity is turning the car into "a moving extended smartphone that you sit in", in the words of Andy Moore, designer at Fjord, part of Accenture Interactive<sup>2</sup>.

Fundamental attitudes to car ownership are also changing rapidly. For younger city dwellers in particular, the idea of owning a car is evolving to a broader concept of mobility; rather than having your own vehicle sitting out in the street, you have always-on access to transport. Hence the rise of taxi apps like Uber and Lyft, of car-share schemes like Avis's ZipCar, BMW and Daimler's ShareNow and VW's WeShare, and of peer-to-peer car sharing services like Drivy, Hiyacar and Turo<sup>3</sup>.

### Digital channels are customers' primary information source

The way consumers research car purchases has been transformed by the internet. According to McKinsey, digital channels are now the primary information source for 60% of car buyers<sup>4</sup> during the consideration phase. In parallel, those buyers are spending less time researching their purchase (down by 20 days in the past two years to 96 days in the US<sup>5</sup>), and reducing their number of visits to dealers (in the US, more than a third of buyers now visit only one). And, as with every other sector, consumers' expectations of the automotive industry are being shaped by the customer experiences delivered by the best digitally native companies: Amazon, Apple, Airbnb etc.



<sup>1</sup><https://markets.businessinsider.com/news/stocks/auto-industry-shrinking-at-peak-car-dragging-global-economy-lower-2019-10-1028644883#softer-demand2>

<sup>2</sup><https://www.campaignlive.co.uk/article/technology-disrupting-automotive-industry-need-know/1487109>

<sup>3</sup><https://www2.deloitte.com/content/dam/Deloitte/de/Documents/consumer-industrial-products/CIP-Automotive-Car-Sharing-in-Europe.pdf>

<sup>4</sup><https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/racing-ahead-how-digital-is-changing-and-enhancing-the-car-buying-experience>

<sup>5</sup><https://www.coxautoinc.com/news/car-buyers-visiting-fewer-dealerships-making-faster-decisions-as-online-engagement-rises/>

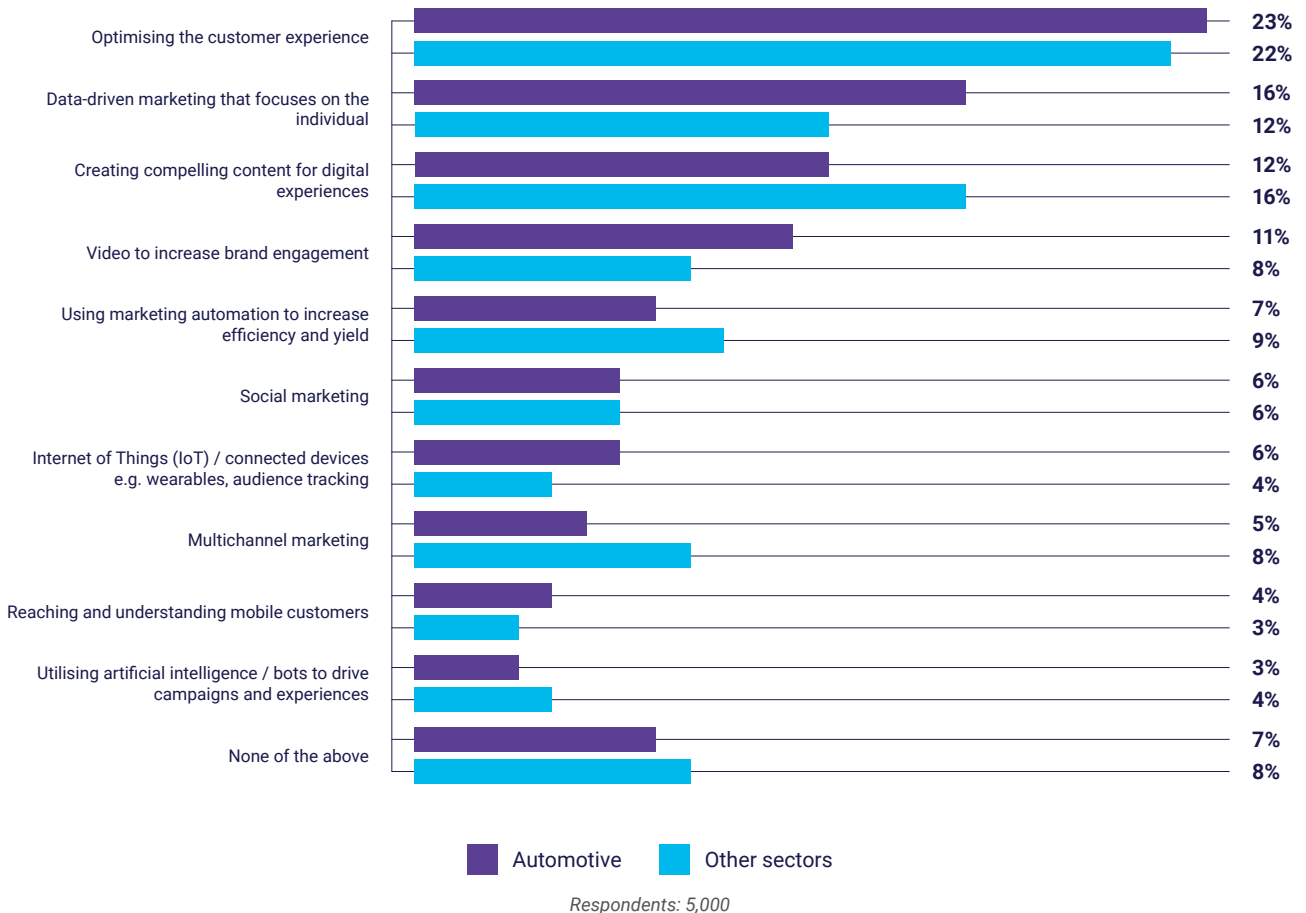
## Customer experience replacing product advertising

The result is that the automotive sector is having to radically rethink its approach to marketing. Increasingly, the car is no longer the star.

**The Global Automotive Consumer Study published by Deloitte Touche Tohmatsu<sup>6</sup> found that consumers born between 1977 and 1994 (Generation Y) give three times more weight to the customer experience than to vehicle design in their final purchase decision.**

So it's no surprise that the automotive sector, like many others, believes optimising the customer experience is its most exciting opportunity for the coming year, chosen by 23% of respondents (Figure 1). It also explains the sector's choice of its next three opportunities: data-driven marketing focused on the individual (16%), compelling content for digital experiences (12%), and video for brand engagement (11%), all of which are key parts of the customer experience puzzle.

**Figure 1: Which one area is the single most exciting opportunity for your organisation in 2020?**



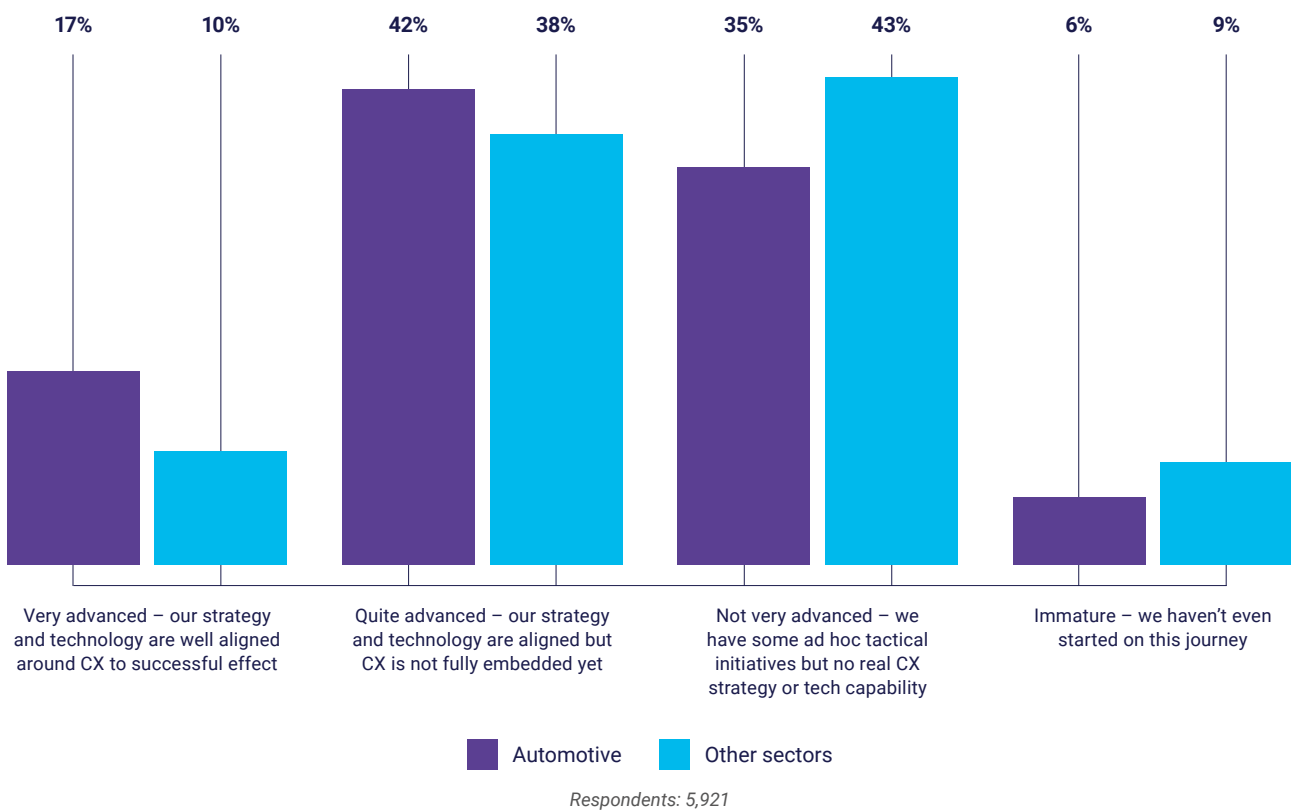
<sup>6</sup> <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/manufacturing/us-mfg-automotive-customer-service-becomes-a-relationship-based-consumer-experience.pdf>

## Automotive companies are bullish about their CX capabilities

When it comes to the ability to capitalise on the CX opportunity, automotive is one of the most confident sectors.

- 17% of automotive companies say they're "very advanced" in customer experience, compared to just 10% of those in other sectors surveyed, including retail, financial services and insurance, travel and hospitality, media & entertainment and telecommunications (Figure 2).
- A further 42% rate themselves as "quite advanced", which is slightly higher than other sectors (38%).
- Automotive companies are also backing their confidence with investment. Just over half plan to increase their spending on customer experience technologies in 2020.

**Figure 2: How do you rate your company in terms of customer experience maturity?**



However, unlike other sectors where CX confidence is high, such as media & entertainment and telecommunications, the automotive sector is hampered in delivering great customer experience by its distribution model. Although some big manufacturers are experimenting with direct-to-customer sales in Europe, the overwhelming majority of new cars are still sold through franchised dealerships. These dealers have their own online presence, but it is rarely integrated into the customer experience delivered by the manufacturer. As a recent Deloitte report points out, this means data on consumers' research actions on the manufacturer's site: "are not learned, remembered, nor used to make for a seamless transition"<sup>7</sup>.

For customers, this is a source of frustration. Why, for example, when they've spent time configuring their perfect car on the manufacturer's site, isn't their spec waiting at the dealership when they walk in? For manufacturers, it's a big problem. It means their oversight of the customer journey – and their ability to personalise it – breaks down when the potential customer starts to think about where they're going to buy their new car.

<sup>7</sup> <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/manufacturing/us-mfg-automotive-customer-service-becomes-a-relationship-based-consumer-experience.pdf>

For example, servicing a car after purchase is a hugely important part of the overall customer experience. According to a McKinsey *Future of Automotive Retail* survey<sup>8</sup>, 48% of car buyers rated the buying experience as “influential” or “very influential” on their next car purchase, but 53% said the same about the servicing experience. But servicing is carried out by the dealer rather than the manufacturer. So a key challenge will be joining up the customer journey across manufacturers and their dealerships.

### Automotive embraces new CX-enabling technologies

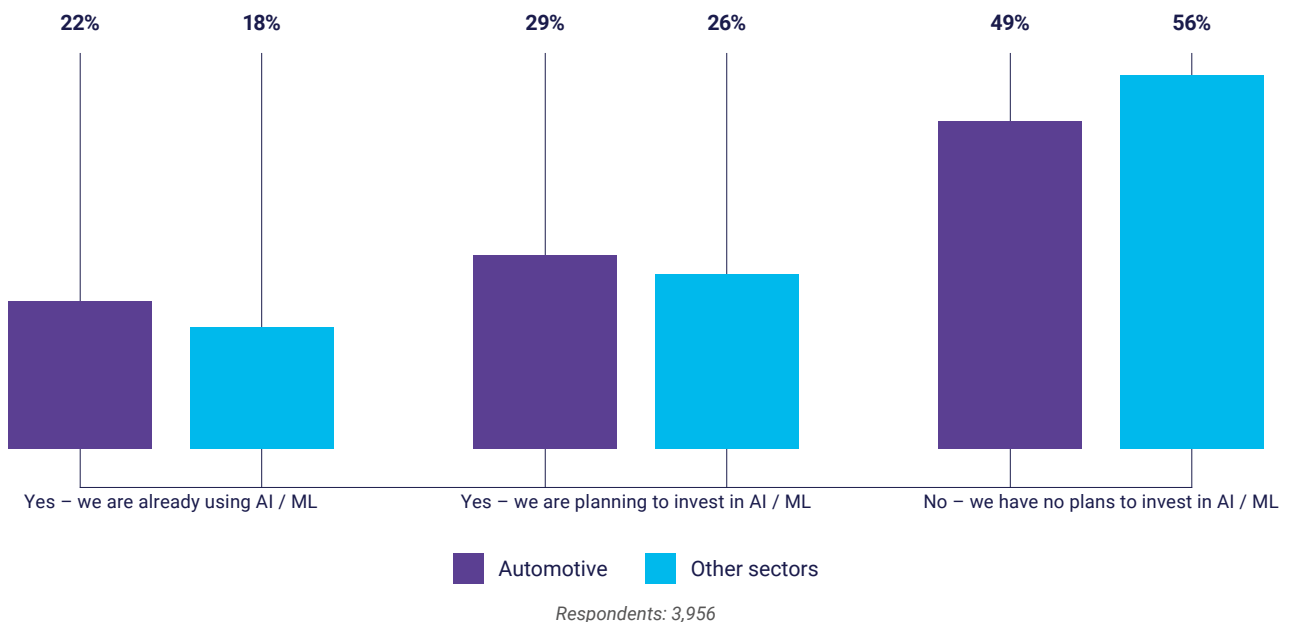
Almost a third of automotive companies (29%) have already started to incorporate delivering real-time personalised experiences into their business, in line with other sectors (Figure 8).

Renault, for example, recognised the need to keep customers engaged with personalised, targeted, one-to-one communication. The company adopted a standardised platform to make sure its international, regional and local campaigns were using consistent messaging and branding, and to help create more personal, targeted messages across channels. The result was a 20% boost in conversions on its owner portal<sup>9</sup>.

Meanwhile, Ford’s luxury division, Lincoln, discovered that visitors to its website disliked vehicle features they saw as “gimmicky.” The company adopted an entirely new marketing platform to collect more precise data on customers’ locations, brand familiarity, and preferences. This meant it could deliver personalised content to each visitor, adapting it in real-time to emphasise the aspects of the vehicle that most interested that customer. This approach raised visitor engagement by 99%, and gallery interactions by 27%, in just 10 weeks<sup>10</sup>.

Automotive is also broadly in line with other verticals’ adoption of artificial intelligence and machine learning (AI/ML). As Figure 3 shows, 22% of automotive companies have already started to use AI/ML, while a further 29% are planning to invest in those technologies.

**Figure 3: Is your organisation using or planning to invest in artificial intelligence/machine learning in 2020?**



**The automotive sector is embracing customer experience as a key opportunity for the future. However, in order to deliver successfully across the entire customer journey, manufacturers need to integrate dealers’ channels and platforms with theirs in a seamless whole, throughout the buyer’s ownership, and not just at purchase.**

<sup>8</sup> <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/driving-the-automotive-customer-experience-toward-the-age-of-mobility>

<sup>9,10</sup> <https://blogs.adobe.com/digitaleurope/digital-marketing/connected-customer-experiences-define-new-automotive-industry-customer-experience-2017/>



# 2

## Strategies and management don't match CX ambition

Although the 2020 Digital Trends report shows automotive companies are confident in their ability to deliver against a customer service agenda, and are backing that confidence with investment, there are some warning flags.

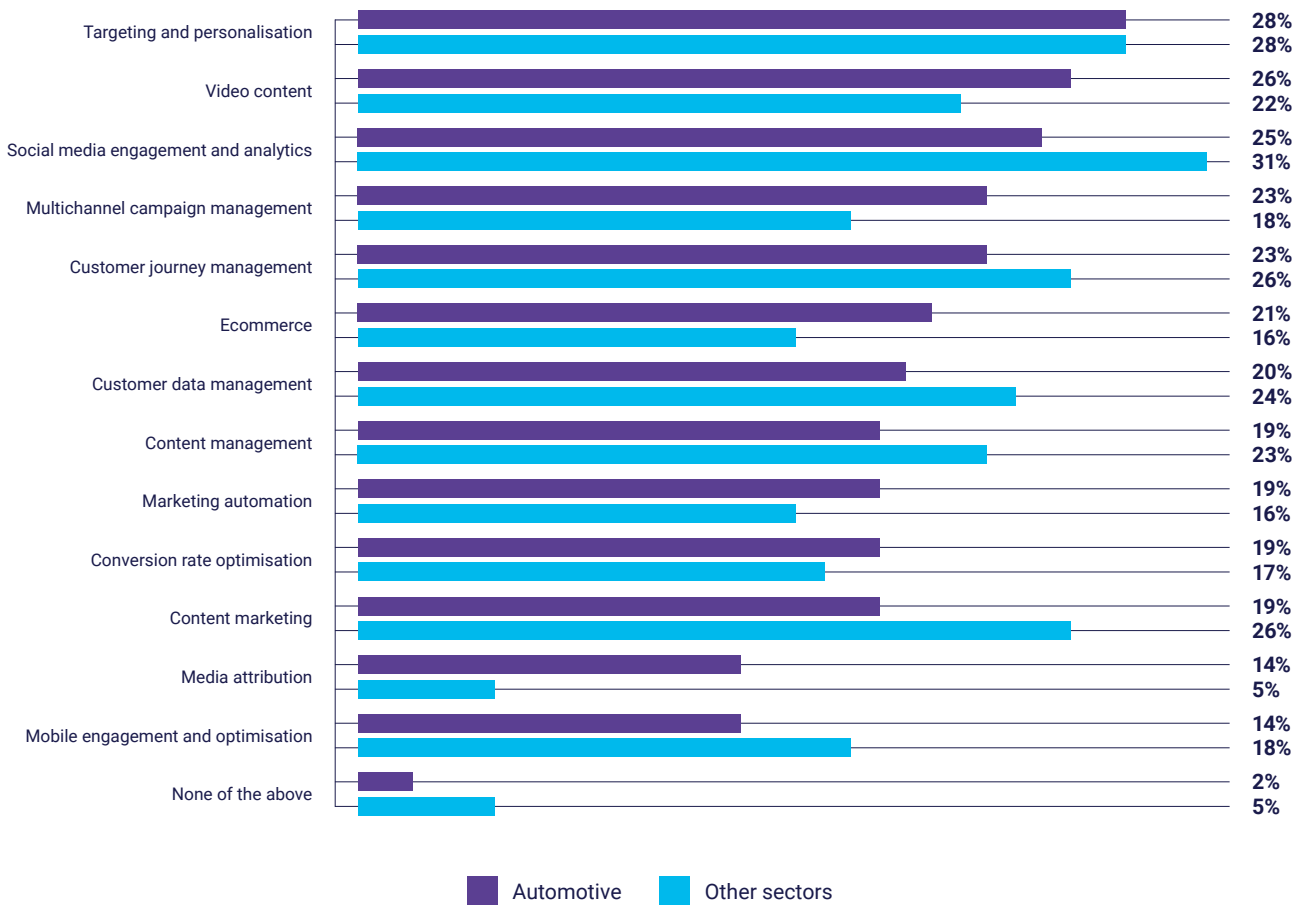
### Favouring CX tactics over strategy

Figure 4 shows what the sector rates as its highest priorities in digital for 2020. Top-ranked are targeting and personalisation (28%), video (26%) and social media engagement and analytics (25%).

Targeting and personalisation are key elements of a customer experience strategy, but video and social are more tactical elements by which that strategy is delivered. This suggestion that the sector might be focusing on tactics rather than strategy is reinforced by the fact that other key aspects of CX strategy, such as customer journey management and customer data management, are not as highly prioritised by automotive as they are by other sectors.

- The automotive sector ranks customer journey management fifth (23%) compared to other sectors which rank it third equal (26%).
- Similarly, automotive ranks customer data management seventh (20%) while other sectors have it fifth (24%).

**Figure 4: Which three digital-related areas are the top priorities for your organisation in 2020?**



Respondents: 5,140

This emphasis on tactics may reflect the problem noted in the previous section. Most car buyers' journeys to purchase are split into two distinct sections; one the responsibility of the manufacturer, the other of the dealer. Rather than tackling this complex and difficult issue, the survey response suggests companies are looking for quick wins, opting to prioritise things that are within their power to change.

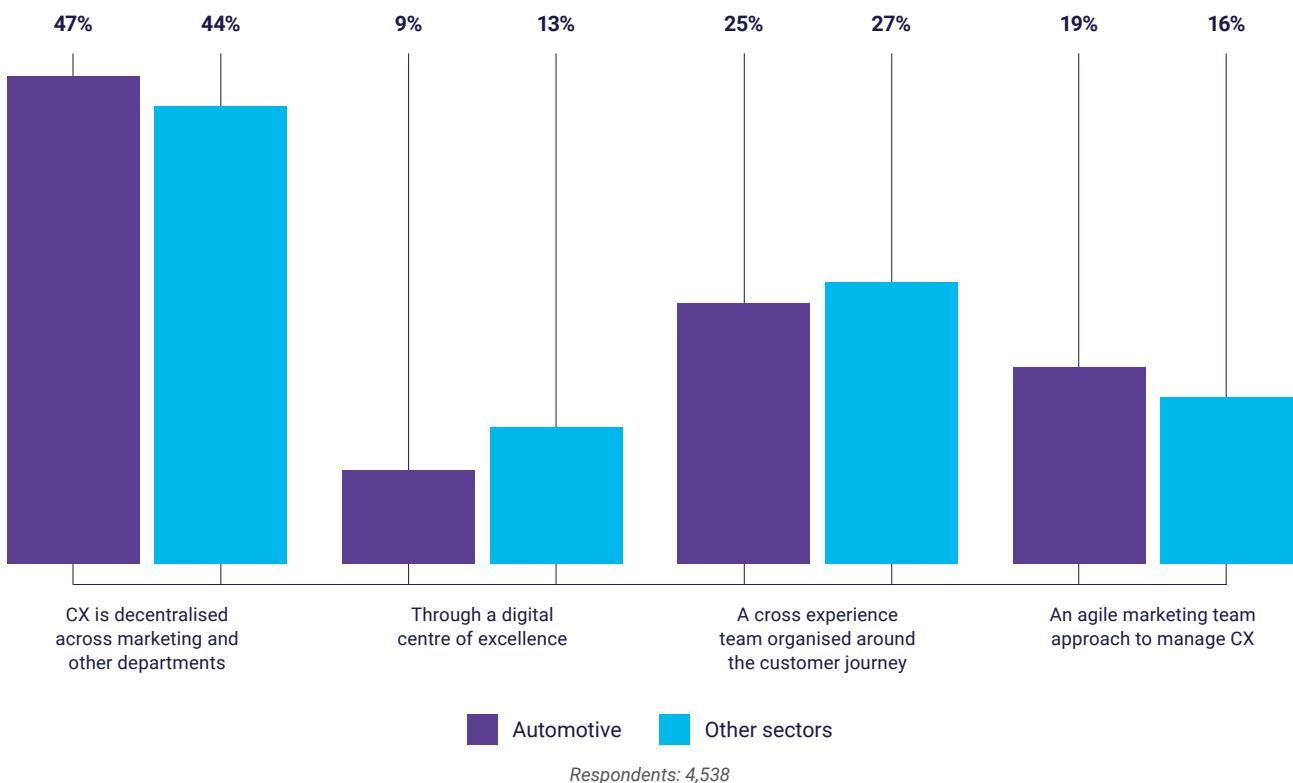
Figure 4 also shows that content marketing, which is the third highest priority for other sectors (26%), is rated third from bottom by automotive companies (19%). This low priority may be a sign that although the automotive industry is changing, it's not quite ready to give up on its traditional product-centric approach to marketing. Most manufacturers still focus on one-off campaigns rather than building the sort of content library that can support an increasingly personalised customer journey<sup>11</sup>.

## Fragmented approach to CX management and technology

Management and technology are other areas of concern when it comes to automotive companies' ability to deliver a successful customer experience approach. As Figures 5 and 6 show, despite being more confident in their abilities around customer experience than other sectors, automotive companies are no more advanced in these areas.

- Almost half of automotive companies (47%) are still operating a decentralised approach to CX, spreading responsibility across marketing and other departments.
- About one in ten (9%) have developed a digital centre of excellence.
- About a fifth (19%) have adopted an agile marketing team approach.
- A quarter have a cross-functional team responsible for customer experience, based on the customer journey, which is seen as potentially the most effective approach.

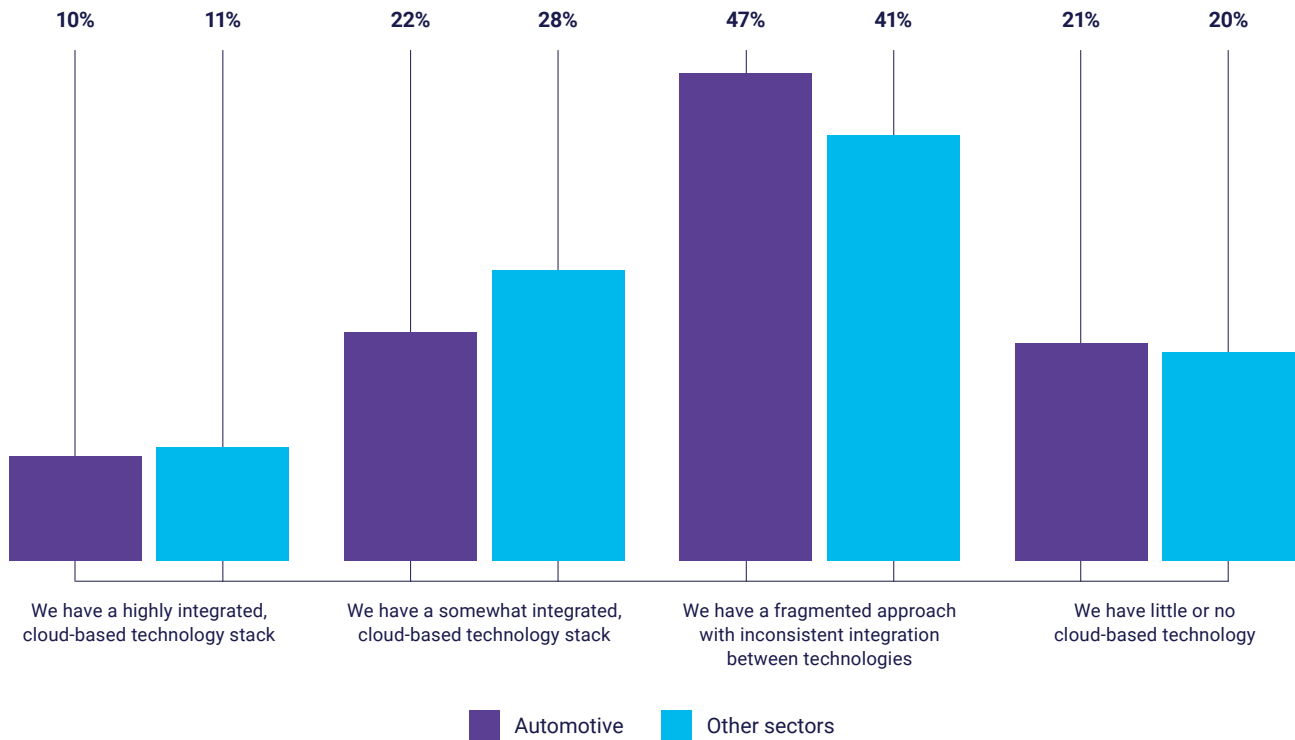
Figure 5: How does your organisation currently manage customer experience?



<sup>11</sup> <https://insights.newscred.com/automotive-car-content-marketing/>

As for technology, almost half of the automotive sector either has a fragmented approach with little integration between systems (47%), or has little or no cloud-based technology (21%). (Figure 6).

**Figure 6: What best describes your organisation's approach to marketing and customer experience technology?**

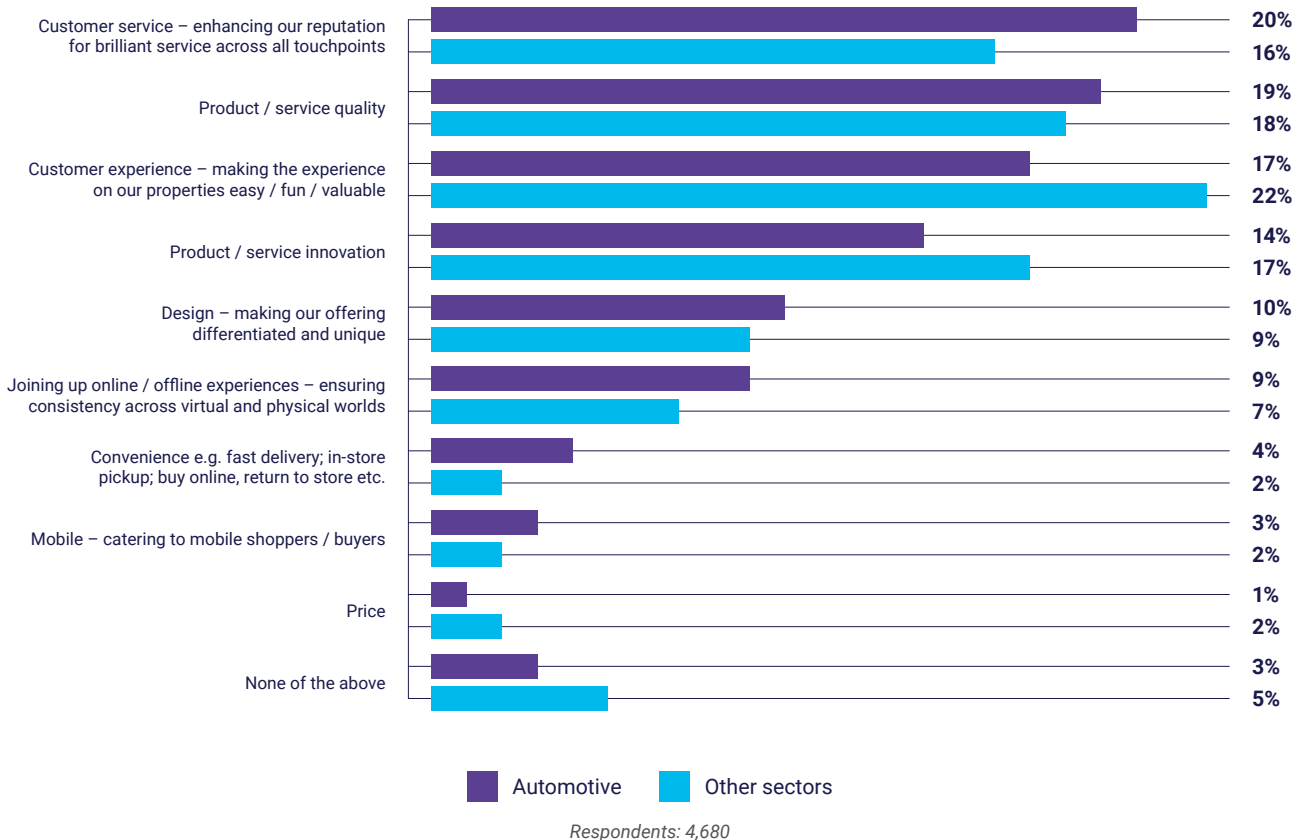


Respondents: 3,336

## Customer service and product quality seen as key brand differentiators

Despite these concerns, the depth of automotive companies' commitment to customer experience can be seen from what they view as their key areas of competitive differentiation over the next five years (*Figure 7*). The top two are customer service (20%) and product/service quality (19%), followed closely by customer experience at (17%).

**Figure 7: Over the next five years, what is the primary way your organisation will seek to differentiate itself from competitors?**



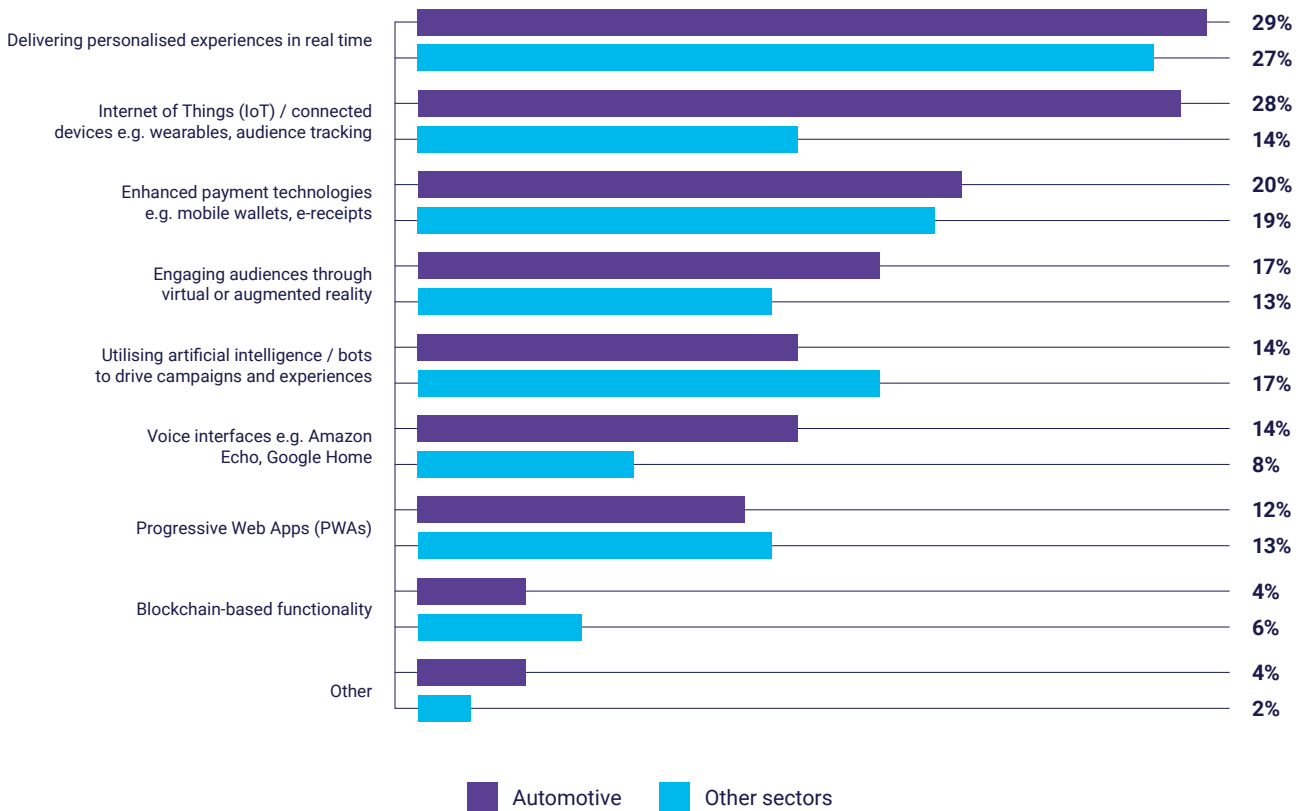
The way a customer is treated in physical outlets is a crucial element of their overall experience. It's also one that the automotive sector has struggled with in the past. In 2016, a poll by Harris for US P2P used car marketplace Beepi found 87% of Americans dislike something about car shopping at dealerships<sup>12</sup>. Almost two-thirds (61%) feel they're taken advantage of while they're there, and dealerships make over half (52%) feel anxious or uncomfortable.

Combine this antipathy to dealerships with the ease of researching a purchase online, and it's easy to see why car buyers are visiting fewer dealers, and often arrive armed with exact knowledge of what they want to buy. In response to this, Lexus and BMW introduced versions of Apple's "Genius Bar" in their showrooms in the early part of the last decade. These product specialists can help customers with questions, but hand them on to a salesperson to handle the actual purchase.

What's surprising about *Figure 7* is that product/service innovation ranks a little lower than for other sectors (14% compared to 17%), especially at a time of such technological upheaval for the automotive sector. However, this doesn't mean that the sector is turning its back on innovation. As *Figure 8* shows, automotive companies are much more likely than those in other sectors to have started incorporating Internet of Things/connected devices (28% compared to 14%) as the "connected car" becomes ever more sophisticated.

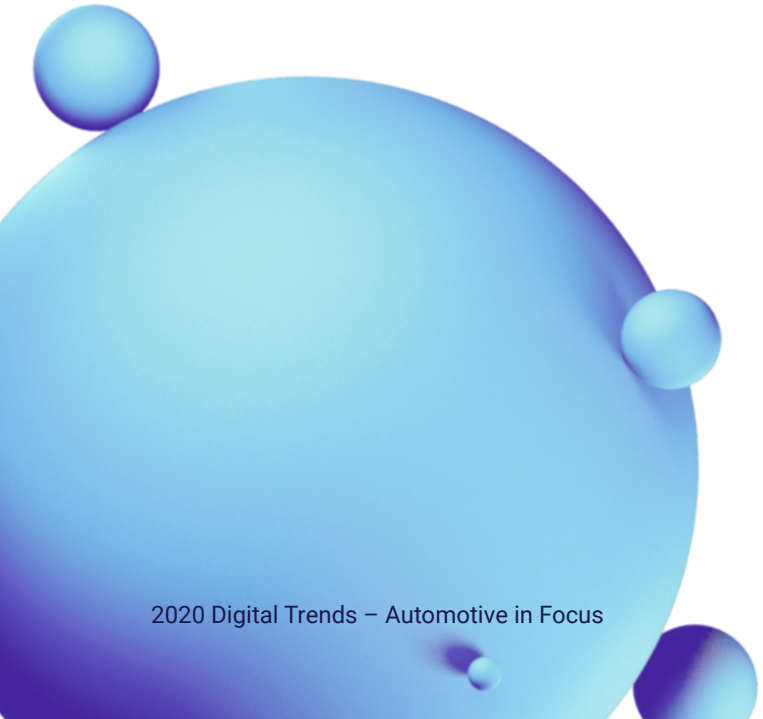
<sup>12</sup> <https://www.digitaltrends.com/cars/harris-poll-survey-consumer-automotive-index-beepi-frustration/>

**Figure 8: Which of the following have you started to incorporate into your business?**



Respondents: 4,773

**Automotive companies' approach to customer experience is still largely fragmented at strategy, management and technology levels. Although the willingness to invest is there, more important is the willingness to restructure the organisation in order to put the customer, rather than the product, at its centre.**



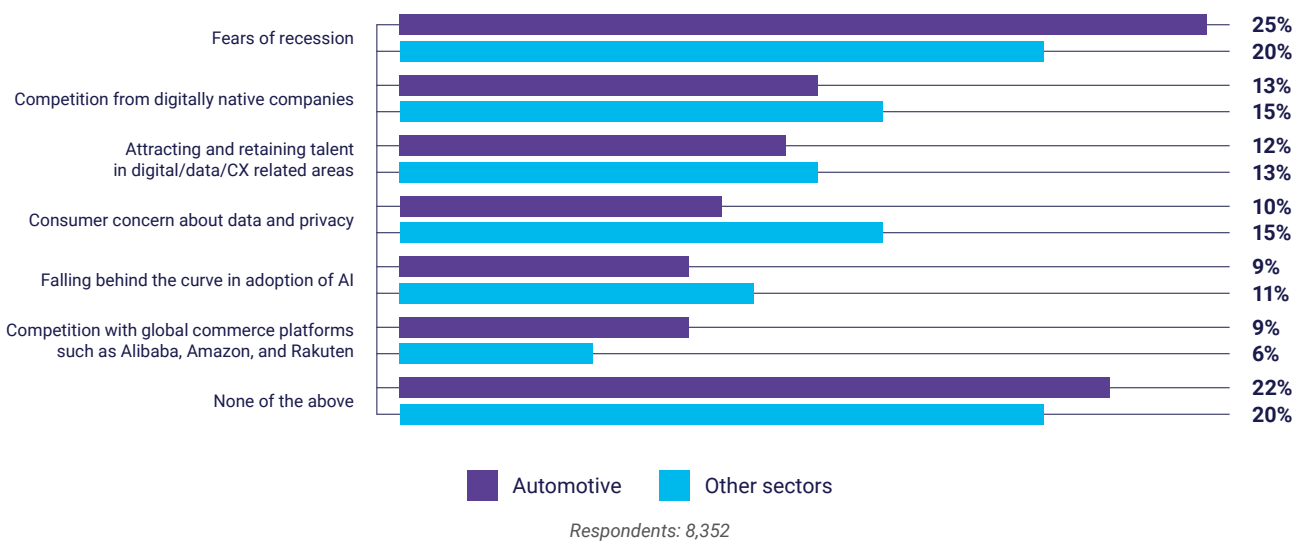


# 3

## Economic and competitive challenges lie ahead

In the middle of this period of unprecedented upheaval, the automotive sector's biggest concern for the next 12 months is recession (Figure 9), cited by 25% of companies. As already discussed, the sector has contracted over the past two years amid fears of market saturation in developed economies and expected growth not materialising in developing ones<sup>13</sup>. At the same time, the development of electric and autonomous vehicles is adding significantly to R&D and manufacturing costs, while further ahead, growing interest in mobility-on-demand rather than vehicle ownership threatens to reduce demand even further. All of this leaves the sector more vulnerable to any downturn than others, while also contributing to the likelihood of such a downturn happening.

**Figure 9: Thinking about your business more broadly, which of the following pose the most significant concern for 2020?**



The other significant concern is competition from digitally native companies (cited by 13%). The most obvious example is Tesla, which has shaken up the sector in more ways than just in its choice of power source. The company does no advertising, preferring to concentrate on digital channels and customer experience. It is also the only company in the US to sell direct to customers, although that has involved workarounds in states where the dealership model is protected by law<sup>14</sup>.

The other obvious out-of-sector competition is from tech companies working on self-driving cars, the best-known being Google's project, Waymo. However, such cars are generally reckoned to be still some years away. The most immediate battle car manufacturers face with digital natives is for control of the in-car experience. Compare this to the smartphone market. Car manufacturers would like to be Apple, with control of both hardware and software, and therefore ownership of all the customer data generated, but their fear is that things will look more like the Android ecosystem, where they'll supply the hardware and Google will own the driver<sup>15</sup>.

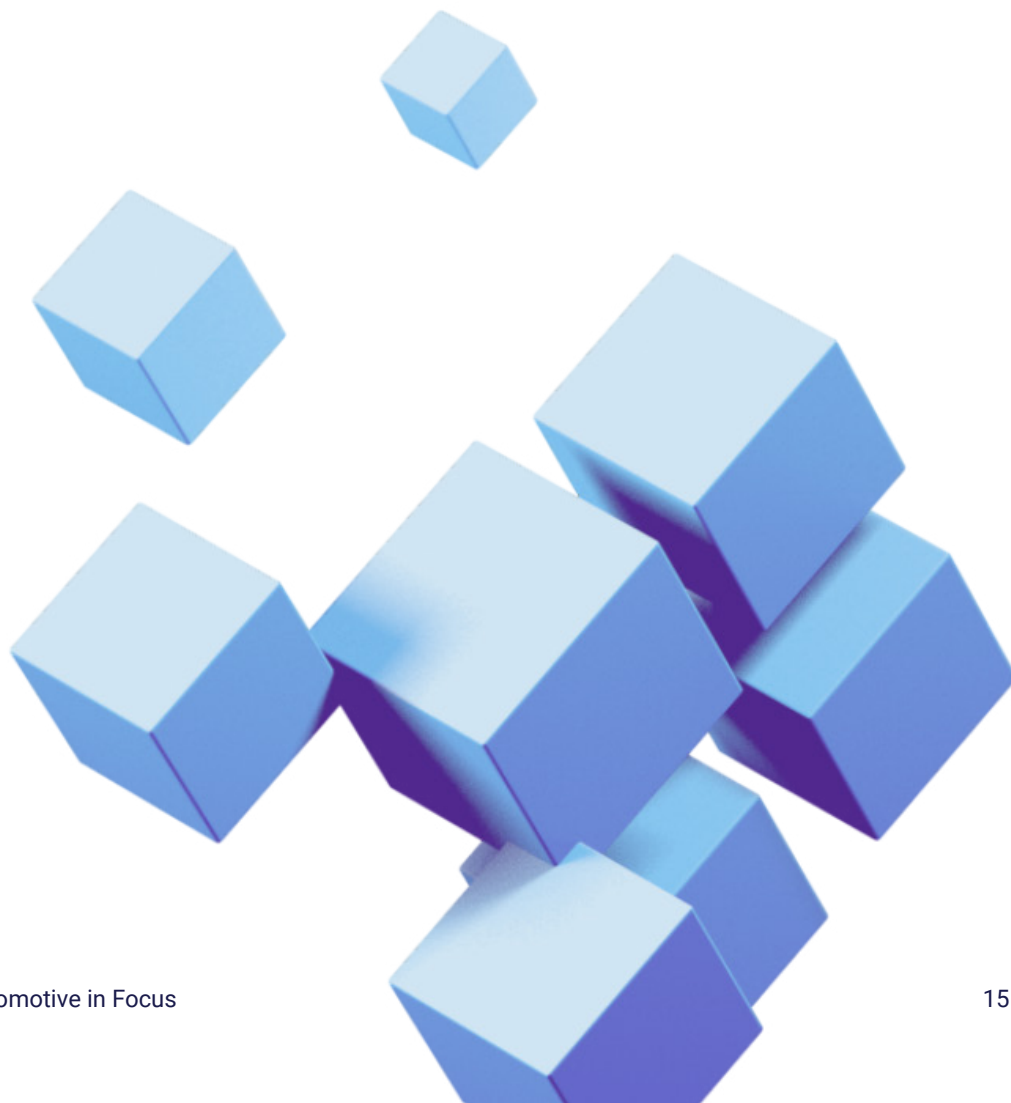
**In ten years' time the automotive sector is likely to look completely different, powered by electricity and delivering mobility on demand. To make sure they survive into that future, car manufacturers need to appeal to new generations for whom customer experience is a key deciding factor in their purchase decisions, whether they're buying a car or renting mobility.**

<sup>13</sup> <https://markets.businessinsider.com/news/stocks/auto-industry-shrinking-at-peak-car-dragging-global-economy-lower-2019-10-1028644883#supply-constraints1>  
<sup>14</sup> <https://blog.worthix.com/direct-to-consumer-automotive-sales-are-a-huge-opportunity>  
<sup>15</sup> <https://www2.deloitte.com/tr/en/pages/technology-media-and-telecommunications/articles/internet-of-things-iot-in-automotive-industry.html#>

# Conclusion

## Three key takeaways for automotive sector marketers

1. The report shows that customer experience is key to success for automotive companies facing massive technological change alongside rapidly shifting consumer experience expectations. Although CX confidence in the sector is high, companies need to address the split between their communications and those of their dealers, which currently breaks the customer journey in two.
2. Automotive companies also need to address the organisational and technology issues that are holding back their ability to deliver high-quality customer service. Integrating systems and creating cross-functional teams based around the customer journey are essential steps to support a CX-based approach.
3. The sector is more advanced than others in its adoption of IoT technologies as the connected car becomes ever more sophisticated. Automotive companies need to make sure they retain “ownership” of the driver in order to be able to use the data generated to deliver customer experience across the entire customer lifetime.



# Methodology

**Digital Trends 10th Edition** is based on an online survey fielded to select Adobe and Econsultancy lists in the fourth quarter of 2019. The survey closed having collected 187 qualified client-side responses from automotive sector.

## Demographic profiles

- Eighty one percent of all the responses were at manager level or above.
- In terms of business function, marketing held the largest share of respondents (28%), followed by creative / design (21%), advertising (9%) and IT (7%).
- As defined by target market, those addressing both markets equally accounted for largest share of 44% followed by B2B (32%) and B2C (24%).
- The sample is global, with Europe providing the largest share of respondents (46%), followed by United States (31%) and the Asia-Pacific region at 14%. The survey was translated into French, German, Chinese and Japanese.





## About Econsultancy

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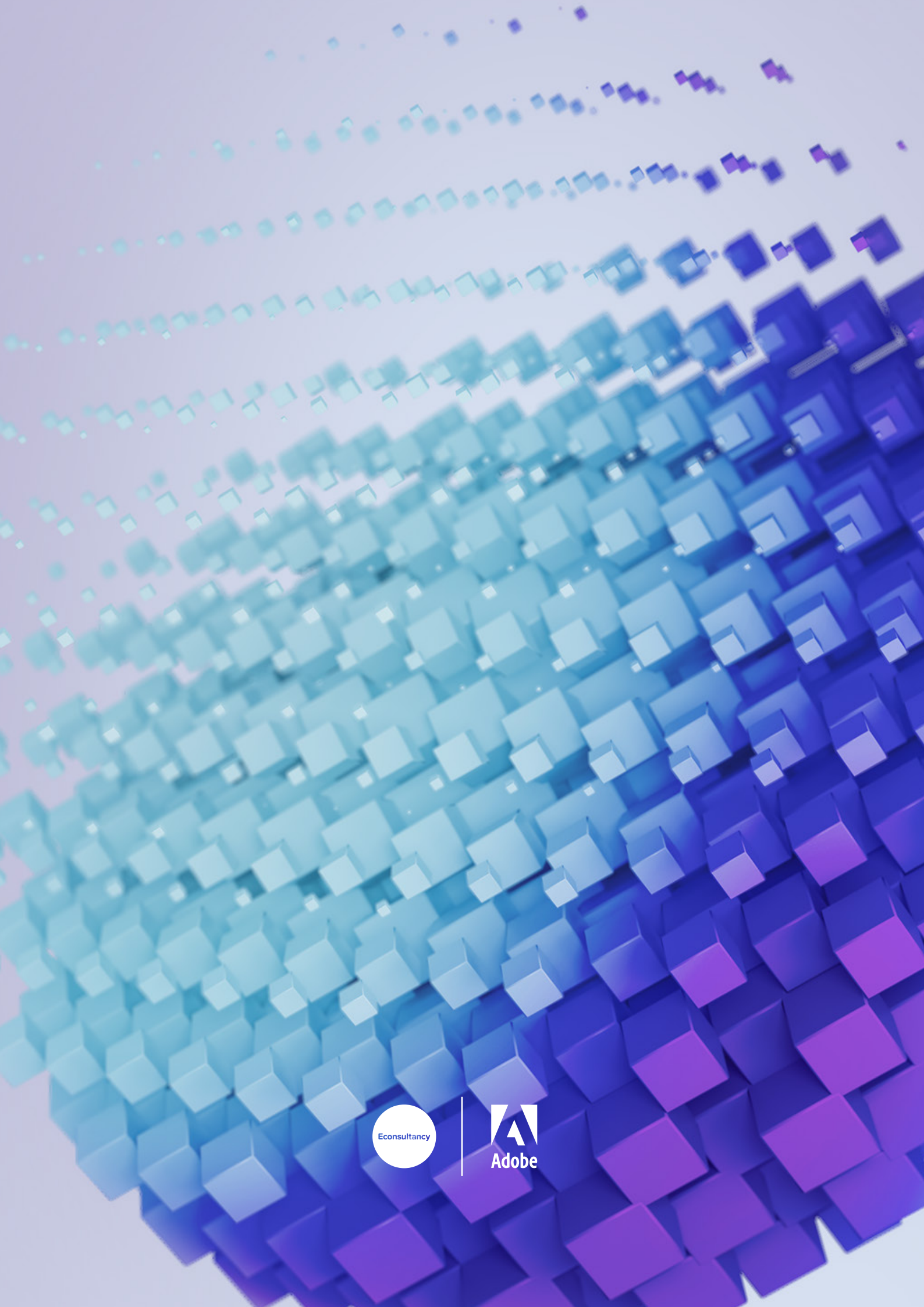
Adobe Experience Cloud is a comprehensive set of cloud services designed to give enterprises everything needed to deliver exceptional customer experiences.

Comprised of Adobe Marketing Cloud, Adobe Advertising Cloud and Adobe Analytics Cloud, Experience Cloud is built on the Adobe Cloud Platform and integrated with Adobe Creative Cloud and Document Cloud.

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