

AUTOMOTIVE

Ecommerce opportunities abound in auto, but adoption lags

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Cadillac Live is one part personal shopper, one part live interactive digital showroom. Image courtesy of Cadillac

By SARAH RAMIREZ

As ecommerce continues to see exponential growth, luxury automakers need to adapt and leverage digital tools to improve the customer experience.

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Affluents are growing more accustomed to online research and ecommerce, and automakers continue to experiment with ways to add more digital communications into the shopping journey. While offline, onsite car purchases will not be disappearing anytime soon, consumer preferences are changing fast enough that luxury marques risk falling behind by not introducing more ecommerce options.

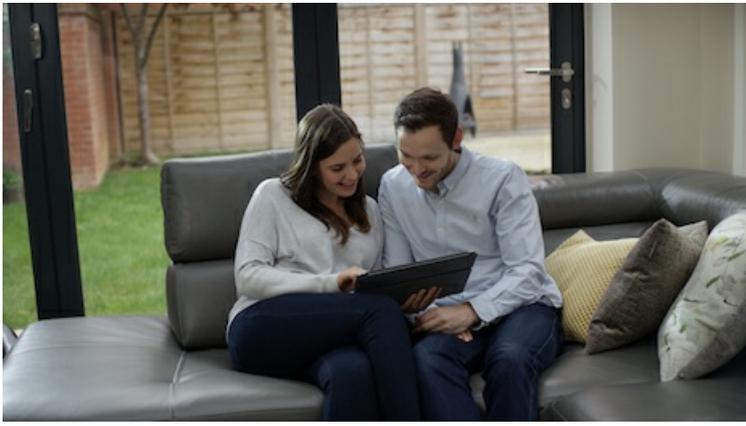
"In the past 20 years, many tools have cropped up that allow car buyers to conduct car shopping research online, before visiting a dealership," said Grant Feek, cofounder/CEO of **Tred**, Seattle. "In the past 10 years, another wave of tools have cropped up that allow car buyers to conduct much of the car transaction online, before visiting a dealership.

"In the next five years, a new wave of tools will crop up that allow car buyers to complete the car transaction online without stepping foot in a dealership if they don't want to," he said.

Ecommerce evolution

Automotive marketplaces such as Tred, Autolist, Autotrader, Carvana and others dominate the automotive resale market. Nonetheless, premium automakers have been slow to embrace purchase experiences that are completely digital.

"In today's marketplace, the time that car shoppers spend online is growing, while the amount of time they spend in dealerships is declining," said Julie Blackley, communications manager at **iSeeCars**, Woburn, MA. "Conducting an entire transaction online saves car shoppers time and hassle while giving them access to vehicles that may not have dealerships in their local area."



Affluent consumers are becoming more receptive to purchasing cars online. Image credit: Volvo

Research from Boston Consulting Group finds that car buyers are relying on more online resources before ever stepping foot at a dealership.

While 80 percent of car shoppers do online and offline research, an astounding 95 percent spend more than four hours researching cars online. Armed with more information, drivers are spending less time at dealerships, and total dealer visits per sale have dropped from about four to 1.4 in the last 10 years.

Although only 5 percent of those surveyed would be willing to purchase a car without test driving, 40 percent would consider buying a car online ([see story](#)).

In developing ecommerce solutions, automakers should also keep female consumers in mind. Research shows that women are more decisive than men when shopping for cars online.

Women are 71 percent more likely to buy a car online than men, according to sales figures from online motor retail specialist BuyaCar.

While women account for about a third of all car purchases at traditional dealerships in the United Kingdom, they are responsible for more than 40 percent of car purchases at Buyacar.com. Women form 28 percent of the platform's visitors, compared to about half of showroom traffic.

British automaker Jaguar Land Rover established an online retail Web site and corresponding showroom in the Westfield Stratford shopping center in fall 2016, becoming the first premium automaker to allow individuals to purchase a car entirely online. This enabled potential owners to explore in-person and then complete the purchase transaction at a time and place convenient for them.

Purchases can be completed via the Web site at Rockar Jaguar Land Rover Stratford London or at home. Via the online portal, consumers can book a test drive, arrange financing and organize a trade-in agreement for their existing vehicle ([see story](#)).

This spring, U.S. automaker Tesla turned heads by announcing plans to close the majority of its stores to cut costs and focus on ecommerce sales. Within two weeks, the electric vehicle manufacturer changed course and shifted back to bricks-and-mortar retail and raising prices instead.

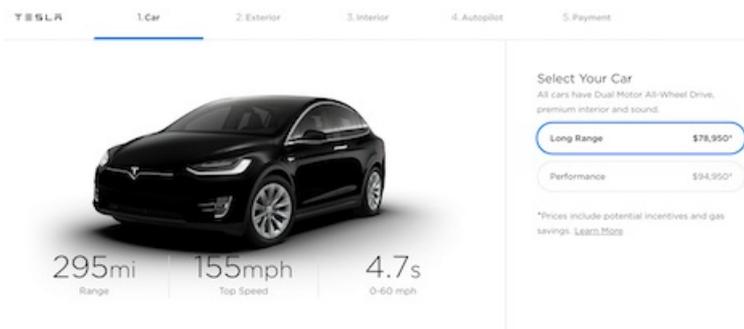
Focusing on online sales had the potential to significantly reduce the company's overhead costs, as well as limiting its marketing and sales spend.

The expected ecommerce shift had raised questions on how the automaker would sell luxury electric vehicles sight-unseen. Changes to Tesla's return policy also drew scrutiny from industry experts ([see story](#)).

Known as a disruptor in the automotive space, Tesla already has a more established online presence than most luxury automakers.

Tesla's Web site allows customers to essentially design their own vehicles and provides real-time quotes. Drivers have the ability to choose from a select number of options for each car's exterior color, wheels, interior layout, driving range and additional features ([see story](#)).

In 2018, 78 percent of all Model 3 orders were made online, according to a memo sent by Tesla CEO Elon Musk and obtained by [CNBC](#).



Customers can customize their vehicles on the Tesla Web site

"We've seen the introduction of online auto dealers that provide shoppers with a hassle-free completely online car buying experience," Ms. Blackley said. "We've seen Tesla sell its new vehicles only online, which has helped make e-commerce for vehicles more commonplace."

One of the draws of online shopping, including in the case of car purchases, is the convenience and time saved.

Automaker Volvo Car U.K. launched its comprehensive online car purchase system. The platform also connects buyers with retailers to assist with any questions, bringing part of the dealership experience online.

Volvo drivers can complete their purchases in as little as 20 minutes, and select the color, wheels, upholstery and accessories for their vehicles.

"It takes an average of four hours to purchase a vehicle at a dealership that's a lot of time, and if you value your time highly, that translates to a lot of money," Mr. Feek said. "For buyers who know precisely what they want to purchase and who value their time, online transacting is an excellent option."

Multichannel solutions

Some brands are bridging online and offline with technology that simplifies buying without losing the experience of a physical dealership.

For consumers who need more guidance during the process, U.S. automaker Cadillac is looking to change the car-buying experience with a live digital showroom that facilitates one-on-one interactions between drivers and agents.

Through a one-way video conversation, users can speak to an agent directly and ask any questions about Cadillac and the car-buying process. Agents will use iPhone X smartphones and Bluetooth headsets, as well as a mobile application that allows them to share different vehicle configurations with customers ([see story](#)).

While Cadillac is bringing the showroom experience to consumers virtually, German automaker Porsche is bringing more interactive features to its physical retail spaces.

Porsche Centres are meant to serve as a community gathering place for new and current customers, with an added emphasis on digital media that can individualize communication. A virtual reality experience will allow drivers to see their own car configurations, while touchscreens will let customers learn more about Porsche products and services ([see story](#)).

"Firstly, luxury automakers should encourage their dealerships to participate with new platforms that can connect their dealers to online purchasing technologies that millennials and oncoming Gen Z consumers will prefer, vis a vis the traditional dealer purchase experience," Mr. Feek said. "Secondly, luxury automakers should invest in more small display-only' retail spaces in high-end locations for the purpose of introducing consumers to their vehicles in a way that is disconnected from the purchase experience."