

7 Key Industry Trends Auto Dealerships Cannot Ignore

What do you think about when you think about the future?

Shifting Expectations

The global automotive industry is one of the largest drivers of international economic development with influence throughout modern society. Yet, manufacturers and auto dealerships in particular, have found it hard to adjust to emerging trends and shifts within the industry. While research reveals several trends driving change, the common theme is the emergence of technology and its impact on consumer expectation and car buying behavior.

These changes have shifted the car buying life cycle and now, it is all about the customer.

“Welcome to the experience economy where customer experiences matter. Experiences are personal. Personal is the new premium.”

—Harvard Business School Publications, Welcome to the Experience Economy

Here are the top trends driving the new customer experience economy and affecting auto dealerships today:



SHIFTING CONSUMER DEMAND

Consumers expect their buying experience and their cars to reflect the technology they have everywhere else in their lives. They are already well educated before they step into the showroom. They want personalization, convenience and choice. Consumers also want to own their cars for longer periods, presenting more service and customer retention opportunities.



TECHNOLOGY IS CHANGING EVERYTHING

Smart phones and tablets have changed the buying process and elevated customers' expectations. Integrating modern, sophisticated technology into the buying process is the key differentiator for leading dealerships – for both the sales and service departments.



KEEPING STEP WITH NEW PRODUCT INNOVATION

New product innovation increases growth for both OEMs and the dealership. Having a deep technical understanding of new cars, technical features and options is a key requirement for any salesperson. In addition, innovative new technology is requiring changes in the service process.



INCREASED GLOBAL COMPETITION

Competitive pricing pressure is affecting the entire auto ecosystem, including dealerships. Forward thinking technology leadership is the key to transforming the current dealership model while differentiating your brand and increasing customer satisfaction.





EMBRACING THE CHANGING FACE OF RETAIL

Consumers want a seamless and transparent buying experience and are motivated to speed the transaction. Most customers still want to experience driving the vehicle before buying, drawing them into the dealership. To remain relevant, it is vital for dealers to bridge the gap between the online and offline brand experience.



TRANSFORMING TRADITIONAL PROMOTIONAL TACTICS

Retail shopping has forever been transformed by the internet and social media via online recommendations and real-time promotions. Employing these same tactics in-store can be a huge win for dealerships since the majority of smartphone owners will use their phone to find information and compare pricing while in the showroom.



LARGE SCREENS CAPTIVATE, TABLETS EDUCATE

Touchscreens of all sizes are appearing in every phase of daily life – from mundane household appliances to in-vehicle infotainment systems to space station controls and everything in between. Forward thinkers are using large screens to captivate and provide an amazing visual “wow” factor, while using tablet sized devices to educate and inform with personalized information.

“ The showroom experience should be enhanced with new digital technology that enriches shoppers’ access to information and enables dealerships to take advantage of the limited time to engage customers. ”

–My Car, My Way Global Automotive Study, Cap Gemini Global Consulting

Experience Matters

Increased global competition and industry pressures are challenging the current dealership business model. The good news is dealerships are still important to the car buying process. To continue being relevant, and since the window for consumer interaction is narrowing, dealers must improve the entire customer experience.

As technological innovations and consumer preference drive economic opportunity to increase growth, many of the largest global auto manufacturers and the most successful dealerships are now investing in the new customer experience economy.

These trends will translate into significant degrees of change ahead for the dealer landscape. Connected customers are expecting change and players who are willing to innovate and test new formats and services in the auto market will find they are able to create and maintain a competitive advantage.

“ As a first step, a dealer wanting to differentiate should investigate digital tools such as interactive touchscreens. ”

–My Car, My Way Global Automotive Study, Cap Gemini Global Consulting



What do you think about when you think about the future?

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