High-Impact Use Cases for Location Data in Auto
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Introduction

The business of selling cars represents a unique marketing challenge. Most people start their car-buying journey by doing a great deal of research online, and then make their purchase based on an experience they have at the dealership. So, marketers are challenged to find consumers at the right point in their journey and provide them with compelling messages to convert.

Consumers often 'showroom' by visiting multiple dealerships (and literally kicking tires) or comparing vehicles at dealerships with those found online using smartphones. Mobile marketing is becoming more prominent in the automotive toolkit for lead generation and conversion, taking advantage of the mobile device for access to media targeting. Naturally, this has led to the use of location-based data to help dealers target every device within a store’s proximity using proximity tools like beaconing and geofencing.

Because car buyers exhibit different types of behavior online and offline than other types of purchasers, marketers must work harder to understand how the two modes of buying work together. This has led automotive businesses to look beyond the lower-value proximity-marketing use cases for location data. A recent survey conducted by 451 Research on business attitudes toward using location data indicates that many are seeking out applications for location data that are higher up the value chain to derive deeper insights from customer behavior. As noted in Figure 1, the most sought after use case for location data is for advertising attribution.

Figure 1: Factors cited in increasing usage of location-based data for marketing
Source: 451 Research Survey, 2019

- Desire to better analyze attribution: 79%
- Need to integrate online and offline promotions: 74%
- Need for more detailed information on customer behavior: 74%
Key Findings

• A very large majority (87%) of automotive marketers in the 451 Research survey have plans to increase their use of location-based data over the next two years. Of those, nearly four out of five (79%) say that a key factor involved in that planning is a desire to better analyze attribution. Other significant reasons for boosting their use of location data are to integrate online and offline promotions (cited by 74%), and the need for more detailed information on customer behavior (74%). This strongly suggests that automotive marketers are looking for ways to optimize their resources and understand the true value or ROI of their spending.

• More than half (60%) of automotive respondents said their companies are already using location-based data to enhance their marketing efforts and have devoted resources to supporting the technology. This is more than double the usage rate of marketers in the retail vertical (30%) and triple that in quick-service restaurants (21%). This gap is likely due to automotive firms’ need to get buyers on-site to make most sales, and the lack of online purchasing options.

• When asked about the challenges they face in measuring the outcomes of programs that use location data, 60% mentioned concerns about the data’s accuracy. More than half (56%) also focused on the fact that they work with multiple sources of data that don’t always work together well. A tougher nut to crack may be ‘walled gardens’ – 50% said that closed environments like Facebook and Google make it difficult to analyze promotional results across all media channels.
Advanced Use Cases for Automotive Dealers

Organizations’ thinking about location data has evolved. Now, companies are looking for ways to employ historical location data to target audiences and analyze where customers have been. Instead of trying to reach consumers the moment they cross a threshold into an advertiser’s location, modern campaigns focus on reengaging infrequent visitors, finding new customers to win market share, or rewarding loyal ones.

This highlights another significant pivot businesses are making: using location primarily as a tool for measurement and analysis, not just as a geo-targeting tool. Examples of use cases include measuring the impact of advertising campaigns to understand whether those consumers who were exposed to advertising convert by visiting a dealership. Another use case is measuring changes in foot traffic or visits to a dealership as a campaign unfolds to optimize for best results and increase return on ad spending.

When asked how interested they would be in using location data about customers and competitors, automotive marketers zeroed in on putting it to work for programs that measure outcomes and help create an audience for promotions. For example, 85% indicated they would like to leverage location data to help directly with ad or promotion targeting. The same portion (85%) declared an interest in using it for analytics applications. Specifically, those mentioned were measuring cross-channel behavior and measuring offline visits of advertising on closed platforms like Facebook, Google and paid social media.

When they were asked about how they would use ‘offline intelligence’ about customers and competitors, a high percentage expressed interest in applications that predict customer behavior (88%) and that determine whether advertising is driving visits and footfall traffic (85%). Marketers were also interested in using offline information to obtain insights into competitive intelligence (88%) and into attribution (85%). These high numbers suggest that the automotive sector has had positive experiences using location data for traditional proximity marketing purposes (i.e., geofencing), and that in turn has created high expectations for its viability in more complex scenarios that drive broader marketing programs.

It also suggests that the common element among these practices is a desire to build a stronger foundation that knits together commonly siloed parts of the marketers’ experience, helping them fully map and measure the customer journey. Today’s marketing environment has splintered into multiple separate advertising and communication channels, leaving marketers with little insight into the way certain kinds of promotions or campaigns influence behavior. Some customer activities that have traditionally been seen as a black box – in particular, the decision to visit a particular auto dealership – can now be accurately measured with the help of location data.
Measuring Maturity of Automotive Marketing

In the 451 survey, respondents were asked to rate their company’s maturity in using location data for various purposes. Five maturity levels ranged from being in the early stages of planning to being ‘best in class’ - having a leading-edge, well-organized program for using location data in advanced use cases like attribution and analytics. Automotive marketers rated their companies in the earliest stages in their ability to incorporate local details into marketing messages – for example, the hours of operation at a specific location (37% at stage 1 or 2), and to personalize offers to target customers in relevant communications channels at opportune moments (36% at stage 1 or 2).

Significantly, measuring that offline/online relationship was an area that many marketers said they excel at, with 42% putting their companies at stage 4 or 5. Similarly, 57% rated their companies highly on the ability to actually create marketing campaigns that connect online and offline behavior, suggesting that they are often better at putting those campaigns out into the world than they are at measuring the effects.

Automotive marketers also thought their firms were mature in generally measuring the ROI of marketing and advertising (61% at stage 4 or 5), in being able to measure attribution across touchpoints (48%), and in segmenting customers based on behavioral characteristics (48%). In measuring marketing and advertising ROI, more automotive respondents considered their companies to be ‘best in class’ (stage 5) than any other vertical industry.

Figure 2: Maturity levels of automotive marketers in measuring the ROI of marketing and advertising, generally

Source: 451 Research Survey, 2019
Recommendations for Automotive Marketers

Automotive firms face unique constraints and opportunities when it comes to converting leads into visits, and visits into sales. The high prices and competitiveness of this sector raise the stakes for any marketing efforts, and appear to be pushing marketers toward a more versatile use of location data.

Marketers should keep the mobile environment in mind when designing their marketing programs. The mobile device is a lifeline and critical information source for buyers, especially when at the dealership. That implies that the more mobile-friendly the marketing effort, the more likely to be useful at the critical moment of decision. Second, they should continue to pursue strategies of knitting together the online and offline experience for potential purchasers. That involves paying more attention to different stages in the customer journey, and using location data to understand more about customer behaviors and intentions. Better managing the customer journey also involves using location data to understand the patterns in visits to competitive dealerships.

Marketers should envision the desired outcomes they’d like to achieve (e.g., positive ROI calculation, offline and online integration, etc.) and work backward from the outcome to understand where in the process location data can have an impact. For many people, this will include raising their expectations of what coordinated intelligence can accomplish.

Using location data strategically means combining it with other elements through integrations and analyses. It also means spreading the benefits of location data around the organization (to brand managers, media buyers, planners, CRM and customer experience professionals), which can increase its value as well as its utility. And at a moment when many businesses are considering advanced location use cases but not necessarily proceeding at a fast pace, it can be a competitive differentiator for those that take advantage of its high-value capabilities.
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