



Revolutionizing automotive retail through technology

Unleashing the ultimate customer experience

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Read on and you'll learn:

- How an Experience-First approach will alleviate customers' 'mental load', rather than adding to their stress levels, as well as helping craft long-term relationships based on preference and trust.
- Why omnichannel is a core skill retailers need to embrace in order to provide greater relevance to customers.
- How technology and a partnership approach can break down barriers and open new opportunities for your business.
- Key strategies that can be gleaned from other industries, such as banking and travel.

Automotive retail is undergoing a profound transformation.

These changes encompass new agency models, non-captive finance opportunities, the adoption of Electric Vehicles (EVs), connected mobility, and new entrants to the market.

Combine that with a rapidly changing world where rising costs, political shifts and environmental concerns have become kitchen table talk, it is easy to see that adapting quickly to meet modern consumer needs and concerns is critical.

But it's easier said than done and many automotive retailers and OEMs struggle to truly understand their consumers and their ever-changing preferences. This is further hindered by outdated processes, fragmented solutions and isolated technology resulting in trapped data. The net effect is slow innovation and eroding loyalty.

Without knowing what customers really want and being able to deliver personalized experiences at the right moments, who comes out on top? Embracing a connected and empowered ecosystem is the only way to build trust and deliver the very best customer experience.

This fresh report explores key trends shaping automotive retail from multiple angles – highlighting its importance and key concepts, and why ignoring technology is not an option.

The report also shares illuminating real-world examples from automotive retailers leading the way in their use of technology.

Nothing in an automotive retailer's world is a straight line, and neither is the content contained within this report. It can be read front to back as a complete guide for navigating disruptions or in stages. Think of it as a chaptered trend report and you will be in the driver's seat.

Technological transformation shouldn't hold back or intimidate automotive retailers, suppliers or OEMs, it's the opportunity to finally bring all of the pieces together. As one of our contributors states, "You need to drive the technology, as opposed to it driving you". With the right technology, mindset, and empathetic approach, the automotive industry can capitalize on advanced solutions and thrive in the ever-changing retail landscape.

We hope you are inspired by this report and that it helps you fully embrace the technology available today to maximize your business into the future.

Best of luck on your journey!



At Keyloop, we provide software – and openly share our collective knowledge – to keep the customer journey relevant in an automotive retailer’s dynamic world; giving dealerships game-changing agility to delight consumers and supporting them to grow margins.

We call this ‘Experience-First’ and in this report you will learn much more about harnessing this customer-first approach; it will not only help you navigate today, but make you future-ready for tomorrow.

The automotive retail industry's inflection point and the power of technology.



Tom

Tom Kilroy, Chief Executive Officer

Perceived wisdom has it that, previously, if you had a team of super-salespeople, everything in your dealership was thriving. As customers walked in, the team could work its magic, delivering margins to satisfy the business department, and volumes to impress the OEM.





With consumer behaviour constantly changing, and expectations higher than ever before, automotive retailers must lean into the power of technology to help transform their customer relationships and the effectiveness of their businesses.

The rest of the business thrived too. Service had a steady stream of vehicles regularly returning. Aftersales flourished. It was hard work and resource-heavy, but while the business was swimming in people, paperwork and job cards, it was also rich with cash.

Perhaps I'm painting an ideal of a past that never quite existed. But given the waves of change that are disrupting the automotive retail industry right now, it might also be one that some are looking back on fondly. Because change can often be uncomfortable.

Driving this disruption across almost all areas of automotive retail is digitalization. Few, if any, facets of our lives have been left unchanged by technology in recent years. In so many ways, COVID-19 fast tracked development and change and in doing so, we have seen a rapid shift in consumer behaviours; curating our own, singular, experiences has become more important than ever before.

Let's use the emergence of food delivery options as an example. Imagine five friends around a table enjoying different cuisines, each individual has their own experience whilst remaining part of a group. For me, this exemplifies the freedom of consumer power and choice. It should be no different for automotive retailers, who need to build unique, singular and powerful relationships with their customers.

Thankfully, far-reaching developments that will help transform our industry are being facilitated and driven by technology.

For an illustration of how absolute the technology revolution can be, let's look at the banking sector. Traditionally it was a service that you queued up in branches to use, exchanging paper cheques for paper money.

The internet, and meteoric rise of smartphone technology set a revolution in personal banking that was to change its face forever. This wasn't a matter of easier access to what already existed, but entirely new ways of banking, allowing customers to transact whenever and wherever they please. It presented a huge opportunity for banks to deliver better customer experience and improve relevancy, too.



Today's retailers need to think less about closing a sale and more about opening a relationship.

Just as digital innovation opened a world of possibilities for the banking industry, the digitalization of automotive retail is set to unlock a parallel realm of opportunities.

Let's again consider the core function of a bank, which was to keep accurate ledgers. In automotive retail, the DMS acts as a core ledger and the applications around it provide the added functionality to enable new experiences to retailers and customers.

Adding these new capabilities facilitates better automotive retail business, opening new opportunities, rather than leaving them closed off. Crucially, Keyloop's investment in opening up the DMS means retailers do not need to throw something away but have a solid foundation from which to build.

Don't own the customer, own their experience.

In the fresh new world of automotive retailing, the archaic idea of 'owning the customer' or holding power in relationships is obsolete. Those who win will be those who capture, not own the customer experience. By this, I mean prioritizing the customer's needs with an 'Experience-First' mindset, which we define as transforming every touchpoint into an opportunity to delight consumers and cultivate enduring loyalty (more on this later).

People don't get a mortgage because they want a mortgage; it is a means to an end. Rather, they are thinking about the place they are planning to live in. It is no different when we buy a car; our primary desire is not the finance itself but the vehicle we want. This pivotal moment, the shift in providing something functional to fuelling emotions, represents a prime opportunity for automotive retailers to embrace customer centricity. They fundamentally need to reposition themselves from being a car dealer to an experience centre.

By connecting and creating value, rather than merely conducting a transaction, retailers can cater to the real needs and concerns of the consumers and enhance their overall experience. Only by treating customers as individuals – not homogeneous groups or segments – will they be able to win their hearts.

Another area in which modern consumers are increasingly demanding is relevancy – personalized and hassle-free buying journeys. Achieving relevancy in automotive requires rich customer insights to deliver value. The impediment is trapped data stuck in silos across sales, service and finance. We explore relevancy and the automotive relevancy 'crisis' in greater detail in [chapter two](#).



As an industry, we need to focus on experience; really focus on it. If you look at each touchpoint, and influence the experience positively at that exact moment, you don't need to own the customer or control them, you simply need to offer them the right thing at the right moment.

Modern changes in automotive retail.

The landscape of the automotive industry is shifting as new models of purchasing and maintaining vehicles start to take centre stage. However, amid this paradigm shift, one crucial question remains: are retailers truly aware of the immense potential technology holds in facilitating their transition towards a promising future?

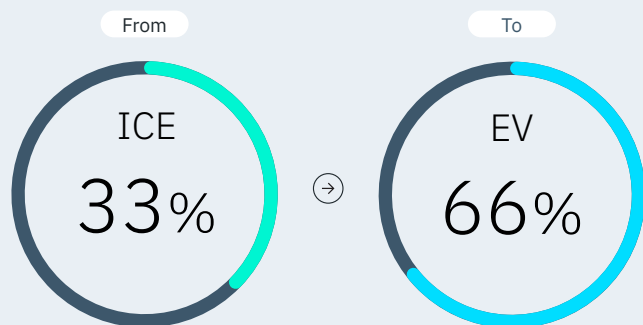
One hot topic in automotive retail today is the agency model. Implementation is in its infancy and, while it certainly presents some uncertainty for the industry, it also creates opportunities.

Automotive retailers have the distinct advantage of bringing the human touch to the customer, because they're simply closer to them; people buy from people.



If reframed properly, each interaction is an opportunity to boost levels of trust and reinforce loyalty. The growing adoption of EVs is another obstacle for automotive retailers to overcome. In fact, EV ownership is driving a higher propensity to think about buying from a different brand.

According to [McKinsey](#), the proportion of owners willing to change their car brand for better technology and performance, has grown from 33% with Internal Combustion Engines (ICE) to 66% with EVs.



This means that whenever there is a technological improvement in vehicles, there is double the propensity to change amongst buyers. And with EVs improving their technological spec all the time, the challenge and indeed the opportunity is clear.

With the arrival of many new OEMs from China and Asia, the impact on brand loyalty could be sizable, not only for consumers, but also for retailers who need stock to fill their dealership.

A decline in brand loyalty may lead to considerable mindset shifts from consumers, for example less focus on reliability and engineering quality and greater willingness to consider mobility models such as subscriptions.

Modern changes in automotive retail.

Another trend – and challenge – impacting automotive retailers is connected mobility; the seamless connection of users, vehicles and services over the internet. OEMs are embracing it by delivering connectivity apps straight into the hands of consumers.

These applications can link seamlessly to the DMS through API integrations to improve uptime and customer experience. By getting their digital house in order and undergoing any necessary digital transformation, automotive retailers will be able to ensure their success into the future. It's the only way forward.



The move to EV is facilitating a renewed appraisal of emerging forms of car ownership. The only way for retailers to become agile enough to respond to such changing trends over the next decade and beyond is to embrace good technology. Ultimately it helps retailers and OEMs become future-proof.



Chapter one: key takeaways.

01

Consumer behaviour

Consumer behaviour continues to transform significantly, leading to permanent changes in the way we make purchases.

02

Potential of technology

Automotive retailers, suppliers and OEMs must recognize and harness the potential of technology to effectively navigate and support their transition towards a promising future.

03

Macro challenges

Macro challenges create further complexities but also pave the way for opportunities.

04

All-time high expectations

Consumers expect brands to provide highly immersive and experiential interactions, setting expectations at an all-time high. This is no different in automotive, and the industry needs to keep pace.

The automotive relevancy crisis: change or fail.

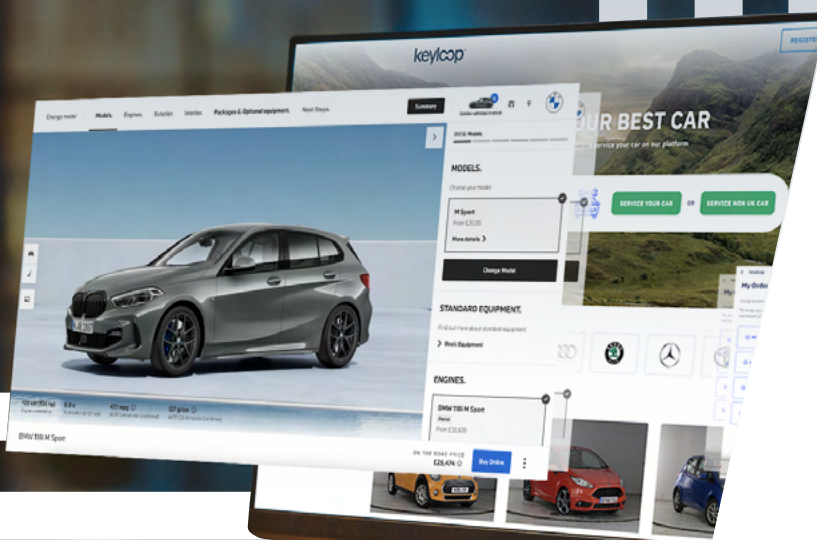


James

James Fernandez, Chief Revenue Officer

My latest car purchase was an entirely digital experience. From research to ordering, I only had one non-digital touchpoint and no physical interaction until the vehicle was delivered to my driveway. If you are not meeting your customer in person you need to make the digital experience more relevant. The power of a face-to-face relationship needs to transfer across to the digital world.

But what does relevance in automotive retail really mean?



Getting clear on relevance.

Achieving relevancy requires data analytics and customer insights to tailor offerings to specific segments. By staying relevant, automotive retailers enhance the customer experience and increase sales opportunities.

A survey commissioned by [McKinsey](#) asked car buyers what they were looking for when buying their next car. Overwhelmingly, the answer that came back reflected a common desire: to have a personalized, hassle-free journey.

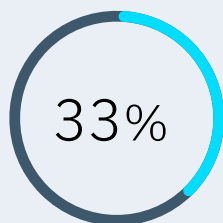
But the survey also uncovered some concerning trends, namely that consumers are quick to disengage if they feel things aren't relevant to them. One in three are leaving both physical and digital showrooms without engaging at all.

According to a study by [Accenture](#), one in two brands are failing to deliver the right customer experience, which means a huge number of automotive brands are undergoing a relevancy crisis of some kind. This alone should be a clarion call for the industry.

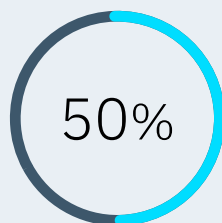


Customer experience ROI is extraordinary and many people still do not realize the scale of gains it can deliver to their retailers. Studies show 75% are willing to pay more for a good customer experience. Use technology to deliver a premium experience, and premium margins are almost certain to follow.

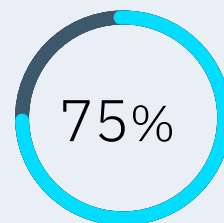
Key stats:



of consumers are leaving both physical and digital showrooms without engaging at all



1 in 2 brands are failing to deliver the right customer experience



of consumers are willing to pay more for a good customer experience

Change or fail.

We use emotive terms when we speak about the automotive relevancy crisis – because we as an industry have got to do this. The choice you have is whether you want to be part of that market, or not. It's Darwinism. If you don't change, you become extinct.

Once the need to change has been acknowledged, it's important for retailers to then understand the practicalities: exactly where they are on the journey, which areas they are looking to evolve, and what their goal is. For some, it will be an offensive play for others defensive.

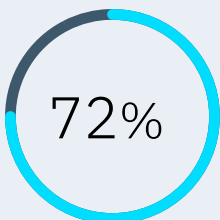
Change is a matter of harnessing people, process and technology, "the holy trinity". While technology can allow you to do more with fewer people, it isn't about downsizing; it's about upskilling people, giving them more information to do a better job. It's using technology to improve the process - to empower people.

Traditionally, the automotive sector hasn't done a good enough job of articulating the perceived value of technology, which has arguably held up the pace of change.

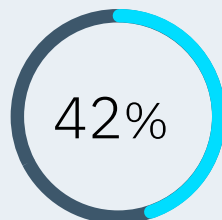


Personalization is not just better for the customer, the sales team will benefit. They'll have unique background information for each customer, allowing them to better tailor every buyer experience.

Key stats:



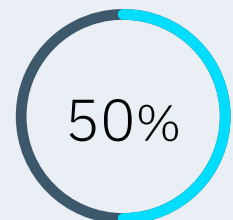
of people say they will only engage with personalized messaging



of consumers are dissatisfied when automotive retailers do not personalize content



improvement to personalized CTA conversions, compared to default ones



reduction in customer acquisition costs can be achieved with an effective personalization strategy

Be personal or be irrelevant.

As I learned first-hand when buying my own car, technology can and does personalize the online experience, and takes consumers along a journey on their own terms.

Generic communications have long been the scourge of digital marketing. Because it is so easy to communicate en masse, many businesses simply blast out a stock message to their entire database and expect results. Consumers are bombarded with so many identikit communications that they are blind to them. In fact, a staggering 72% of people say they will only engage with personalized messaging. The expected results from a blanket approach never materialize.

Contrast this to tailored communications, which those purchasing big-ticket items such as cars now

expect. According to research from [Affinitiv](#) 42% of consumers are dissatisfied when automotive retailers do not personalize content. This results in them looking unfavourably upon the retailer.

Numerous studies, including those from CRM giant Hubspot, have shown that personalized calls to action convert 202% better than default ones. Yes, 202%. And it doesn't have to cost you a fortune, either – customer acquisition costs can be cut by 50% with an effective personalization strategy.

Of course, as the Affinitiv report highlights, personalized automotive communications are only as effective as your technology allows. It is impossible to create a unique email to every customer. You need the right software in place to unlock this potential.



CHAPTER TWO

Putting data to work.

What can be done with data is exponential. In the travel industry, for example, there is the ability to know whether you, as a traveller, were more likely to be alone on business, travelling with your family or just with your partner and not your kids.

And they do this thanks to the way you made the booking, your journey through the purchasing cycle and any number of other data points. They are exceptionally proficient at unlocking data silos and putting the information to work.

Airlines are then able to target travellers by asking if they'd like an upgrade, if they'd like to pay for lounge access or some other high-margin add-on. There's no reason why the same cannot happen in the automotive industry.

Consider the competitive edge it would give an automotive retailer to ask customers if they'd like the car picked up from their house – a premium service that will impress key customers, and for which the retailer can charge.

OEMs and retailers: bridging the gap.

The other challenge to overcome is the gap that exists between OEMs and retailers when it comes to customer experience. Research by [Accenture](#) found that OEMs and retailers today are hobbled by an inconsistent technology infrastructure. While some OEMs are pressing ahead on fixing this as part of future retail projects that include the agency model, many retailers are failing to keep up.

Retailers have their own frustrations. They contribute up to two thirds of the entire customer lifecycle experience, yet OEMs, in many cases, are not sharing (or, due to technology shortfalls, are not able to share) the data that would enable them to provide a more relevant, more personalized customer experience. Without a uniform approach to, and understanding of, what 'customer experience' is, nobody wins.

The Accenture research also warns that data-driven services, and the corresponding customer experience, will be the next battlefield for the automotive industry. To ensure their success, OEMs can proactively harness the power of their data while building solid relationships with retailers, ultimately rekindling trust and fostering mutual understanding.

Moving from a linear journey towards a modular toolbox of applications that retailers can pick and choose at will benefits everyone – most notably the customer.

Chapter two: key takeaways.

01

Retail relevance

Being relevant in automotive retail is a crucial factor for maintaining a competitive edge in the industry.

02

Consumer alignment

Automotive relevancy involves aligning products, services, and marketing with customer needs, preferences, market trends, consumer behaviour, and technology.

03

Digital relationships

The power of a face-to-face relationship needs to be transferred across to the digital world and create greater relevancy for customers.

04

Embrace transformation

The traditional car buying experience has fundamentally changed and OEMs and retailers need to embrace this transformation or face extinction.

Evolving automotive retail: embracing omnichannel brilliance for customer-centric experiences.



Cameron

Cameron Wade, VP Global Omnichannel Retailing



Whether purchasing an Apple watch or a car, customers expect brilliant experiences from retailers. Drawing inspiration from leading tech brands, automotive retailers must evolve to embrace omnichannel strategies, ensuring greater relevance to customers and easing their mental load.

We can't expect a customer to be a different person when they're ordering from DoorDash or buying an Apple watch than when they're looking at buying a car. But at the moment, we do and this isn't right.

The challenge for automotive retailers is how to overcome this and keep up with customers by embracing new technology to make themselves more relevant. After all, this is exactly how companies such as DoorDash and Apple have gained such an advantage in the eyes of consumers.

The disruptive technology the food delivery giant is using so effectively is all about the shift from the producer to the distributor. Door Dash is not about the restaurant anymore – the restaurant's just a dark kitchen.

The persistent state.

When it comes to the automotive relevancy crisis, omnichannel is more than just a buzzword – it is a core skill retailers need to embrace. To fully understand omnichannel, retailers need to start thinking about things from the perspective of the customer.

It's about persistence, as in the computing term, the persistent state. This is where key user data is retained within a journey, rather than 'forget and reset' each time the same thing is used.

It is technology that has facilitated this separation. Amazon is one of the greatest tech companies in the world - but that's not what differentiates them. Amazon started out as an online bookseller, but I would argue that digital retailing isn't their enduring USP. For me, Amazon is the finest example in recent history of world-class logistics, evolving to ensure it provides a brilliant experience to the consumer – again, driven by technology.

Adding these new capabilities facilitates better automotive retail business, opening new opportunities, rather than leaving them closed off.

Crucially, Keyloop's investment in opening up the DMS means retailers do not need to throw something away but have a solid foundation from which to build.

The objective of omnichannel retail is for a consumer to start a journey in one place, and then have a consistent view of what they're trying to do and where they've got to – whether it's physical or digital.

As all retailers will know, it is not without its challenges. Google's Global Automotive Director, Christian Richter found that in the average car buying journey, there are 900 individual touch points across all channels.

If we are going to create a persistent state, these data points need to be connected.

Removing the mental load.

The modern consumer faces a barrage of demands on their time, and increasingly concerns that were once the preserve of a few – politics, environment, economics - are now the daily conversations of the many. Add to this the unease that comes with uncertain futures and multiply by the numerous communications we receive every day, and it's no wonder people are feeling overloaded. Consumers are at capacity, and it's up to brands to help alleviate the stress.

Most consumers will search with affordability in mind - a monthly budget in their search parameters which unlocks a range of buying and financing options from cash purchase through to leasing or subscription. Consumers have so much choice they will likely choose what makes sense and what feels easy.



Removing a customer's mental load engenders trust, builds loyalty, and you will sell more to them and probably sell more to the people they recommend you to as well.

This is where retailers can forge a real advantage and align themselves to their customers long term – by being more relevant within this noisy world.

Personalization is a great word – but it's often misused. Put simply, personalization refers to all the prompts and actions that transfer the mental load from the consumer to the provider or in this case, from the consumer to the retailer.

The number one thing a retailer must do is to take the mental load away from their customers. This is where data comes in. It enables retailers to start connecting things together, begin predicting what consumers are going to need – and then automate an action in response to that.

It's all about proposition-led journeys that resonate with people's end goals. By using data and connecting them together, retailers can do more for their customers, suggest the things they need to know – as well as when they need to know them.

Give back control.

It's not a matter of retailers using technology to simply take over on the customer's behalf. People like to be in control. So, tell them when they have reached finance equity parity, make a few suggestions, but then leave it up to them. By doing this, retailers can prescribe things to them, giving customers the information they need, and the ability to 'swipe left or right' in order to make a decision.

This arguably gives customers more control than they've ever had before. In gaining control, they'll be more willing to consider helpful suggestions from the retailer, rather than feeling like they are being sold to.

Prescribing resonates with the customer's end goal, whereas selling is focused on the seller. The whole point about the customer-centric approach is helping people relax, rather than adding to their mental load.



All roads lead back to relevance.

Successfully overcoming the relevancy crisis in automotive retail opens up a huge world of opportunities. A retailer can contact a customer with a highly personalized proposition at the right time. For the person on the receiving end, it's almost uncannily spot on and appealing – almost magical.

But it's not magic, it's metadata. And this absolutely resonates with customers. It's a win-win too, because the more you do, the happier the customer is going to be.



Personalization done right is almost magical. But it's not magic, it's metadata.

Chapter three: key takeaways.

01

Consumer habits

Customers are consumers – whether they're buying an Apple watch or a car.

02

Critical evolution

Automotive retailers need to evolve, while learning lessons from leading tech brands to provide brilliant experiences to consumers.

03

Omnichannel retailing

Omnichannel is a core skill retailers need to embrace in order to provide greater relevance to customers.

04

Reduce mental load

In an increasingly complex and pressured world, automotive retailers need to focus on taking the mental load away from consumers and focus on proposition-led journeys.

Digital transformation requires human involvement.



Harvey

Harvey, Chief Alliances Officer

As we've explored in other chapters, consumers are more demanding than ever in their car buying journey – both online and offline. This brings with it formidable new expectations about convenience, responsiveness, and interaction.

This digital-first mentality undoubtedly changes consumer expectations, not only in terms of what they want to be able to do and the functionality they need from a digital standpoint, but also how they expect to be served and what they want that experience to be.

This does not mean OEMs or retailers should assume a robotic, hands-off, fully digital approach.

A more agile approach, one that fits within an individual consumer's world is needed.

Whether it is 100% digital, or a blend of physical and digital, it needs to meet their expectations. An Experience-First mentality involves architecting your business with the customer experience front of mind. Build backwards from there, serving the journey that you want to take them on.

Combine digital transformation with an Experience-First attitude, and you have a very exciting springboard for the future of automotive retail.



Digitalization is so much more than a technological overhaul of your business. It has the power to transform every corner of an automotive retailer, not just empowering individuals to create world-class experiences for customers, but enabling teams to create solutions not yet dreamed of. Digital transformation is the key to unlocking a fresh and dynamic future.



Digitizing traditional retail.

Automotive is historically a traditional business and because of this, some retailers may not appreciate the technology that's now available to them and might not know where to begin in implementing it.

It is important to put in place several processes to help retailers understand just how transformational an Experience-First approach can be.

This is why, at Keyloop, we always start by sitting down with OEMs, partners and retailers and taking them through a series of custom workshops to explore what they have in place now, and where they want to get to in the future. We also speak to their customer base – and this is important, as retailers need to keep in mind the communication preferences that customers demand. At the heart of the Experience-First model lies a profound emphasis on partnership. By fostering an open and collaborative approach that encompasses the entire customer journey, a transformative era in automotive retail awaits, promising to deliver exceptional experiences for all.

Digital transformation is not simply about a cool, clinical technology takeover that replaces a retailers' long-honed skills.

It is not an overnight shift, nor is it just a technology shift. While the technology must be there, a mindset shift also needs to happen. The human aspect is a major part of the digital transformation.

Indeed, many traditional roles are being positively reimagined because of technology. For example, we are seeing a lot of retailers move away from having salespeople towards having advisors. They are no longer just compensated on the number of cars they sell, but are measured on customer satisfaction scores, referrals and so on.

As technology breaks down silos and opens new ways of working, it has become a powerful catalyst for fostering diversity in the automotive retail industry. This effect can be observed through the increasing number of women joining the sector, bringing with them fresh perspectives and innovative ideas.

Making customers' lives easier.

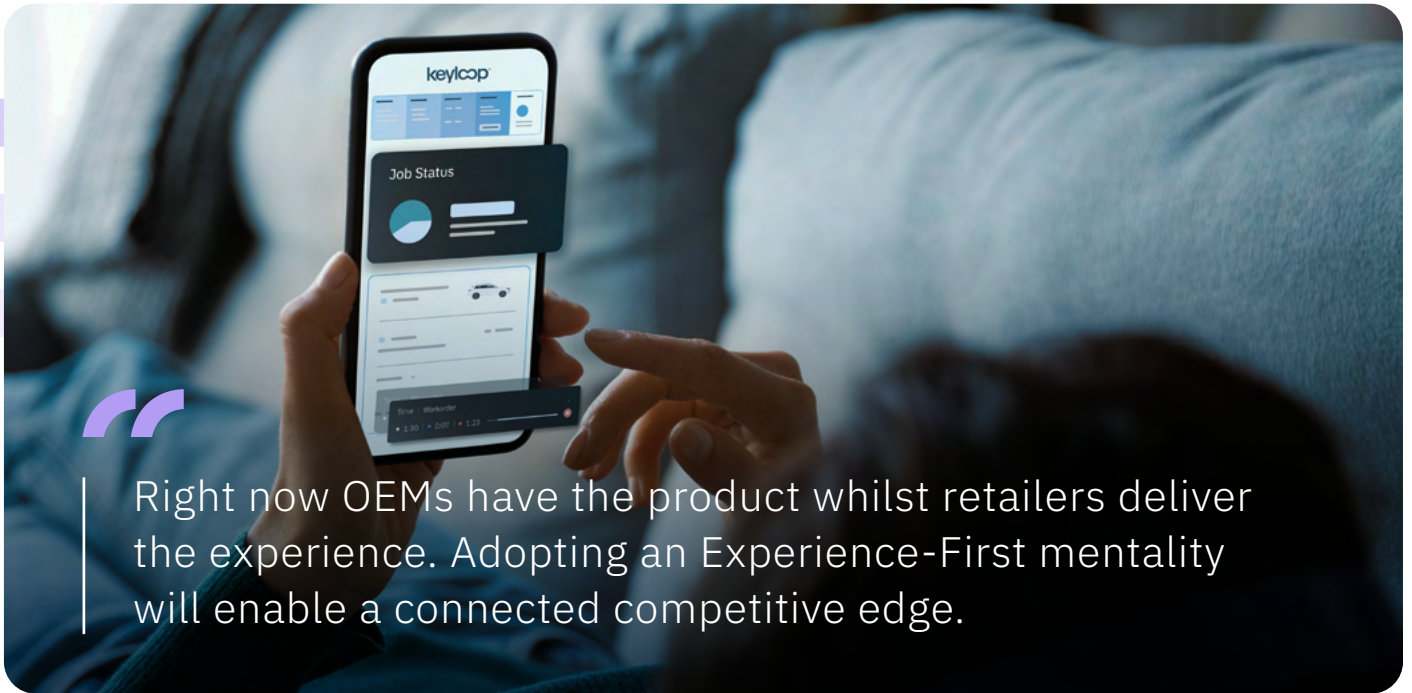
Technology can help the automotive sector automate tasks that are both onerous and boring for humans, but which can bring in significant amounts of new business. That's because they are helping the customer by 'thinking for them' – the perfect Experience-First approach.

Is their service coming up? Is their lease due to expire in the next year or so? Things like this are the perfect opportunity to take decision making away from the customer and let technology take over. Strategies like this are about pre-empting things to make the customer's life easier.

It's delivering a positive experience rather than a laborious one.

Technology tools needn't stop there. As an industry, we can emulate Amazon-style push notifications to help sales uplift. Useful things like letting customers know that other people with the same car as theirs had their windscreen wipers replaced, or bought new tyres, and so on. Customers can see all this and click to accept the things that are suggested as they scroll. Suddenly, your aftersales have gone from 1x to 5x, without human intervention, but with personalization and relevance.

That is a great customer experience.



Right now OEMs have the product whilst retailers deliver the experience. Adopting an Experience-First mentality will enable a connected competitive edge.

Overcoming data ownership.

Many OEMs are surprised the industry is still discussing data ownership. Rather, they believe the data needs to flow because a retailer can't be successful in serving a customer if they don't know who they are.

This is where the data-driven opportunity for retailers comes in. Retailers understand sales and aftersales. There is a huge opportunity to work alongside OEMs to help them better understand opportunities across the car ownership lifecycle, and pinpoint where retailers can truly add value.

Having a technology platform that can knit together sales and aftersales, through the entire journey, is crucial for success. When this happens, the data is put to work, rich insights are gleaned, and results are implemented.

Function-out, experience-in.

So, what does digital transformation best practice look like today? The retailers who are doing the best are moving away from a 'function-out' mindset into an 'experience-in' one. They've shifted away from closing a sale to opening a relationship. They are no longer just selling a product, but a lifecycle. They have gone beyond simply being an automotive retailer, to being an experience centre.

The retailers who are cracking this are bringing new opportunities to their business, and these are snowballing into lucrative new profit centres. Retailers that are truly harnessing technology look beyond the human component and more into the lifetime value of a car. They want each vehicle to keep on coming in and out of their retail network during its lifetime.

They know the cars that have been regularly serviced will have a higher retained value. By using clever technology to keep customers coming back, they are developing prime automotive retail assets within their networks.

This is how retailers can allay fears of future automotive retail trends such as agency – because this approach empowers retailers by going far beyond agency. It's all being driven by efficient, effective use of technology and data.

Chapter four: key takeaways.

01

Agile approach

Automotive OEMs and retailers must adopt an agile approach, tailored to individual consumers to manage through change.

02

Goal shift

The ultimate goal is to shift from a 'function-out' mindset to an 'experience-in' approach.

03

Connected processes

Implementing connected processes to emphasize the importance of an Experience-First approach is vital.

04

Automation is key

Automating tedious tasks and using push notifications can enhance the customer experience and boost sales.

05

Departmental harmony

A technology platform that seamlessly connects sales and aftersales is crucial for success.

Experience-First (now and always).

At Keyloop, we've put our money where our mouth is, and in doing so adopted our own Experience-First position. By holding a mirror up to ourselves, we've asked: How are we engaging with our customers? Are we doing it in a way that delivers the customer experience we want?

How we engage with customers has changed as a result and left us better positioned to capitalize on our DNA and solve the problems the market is facing.

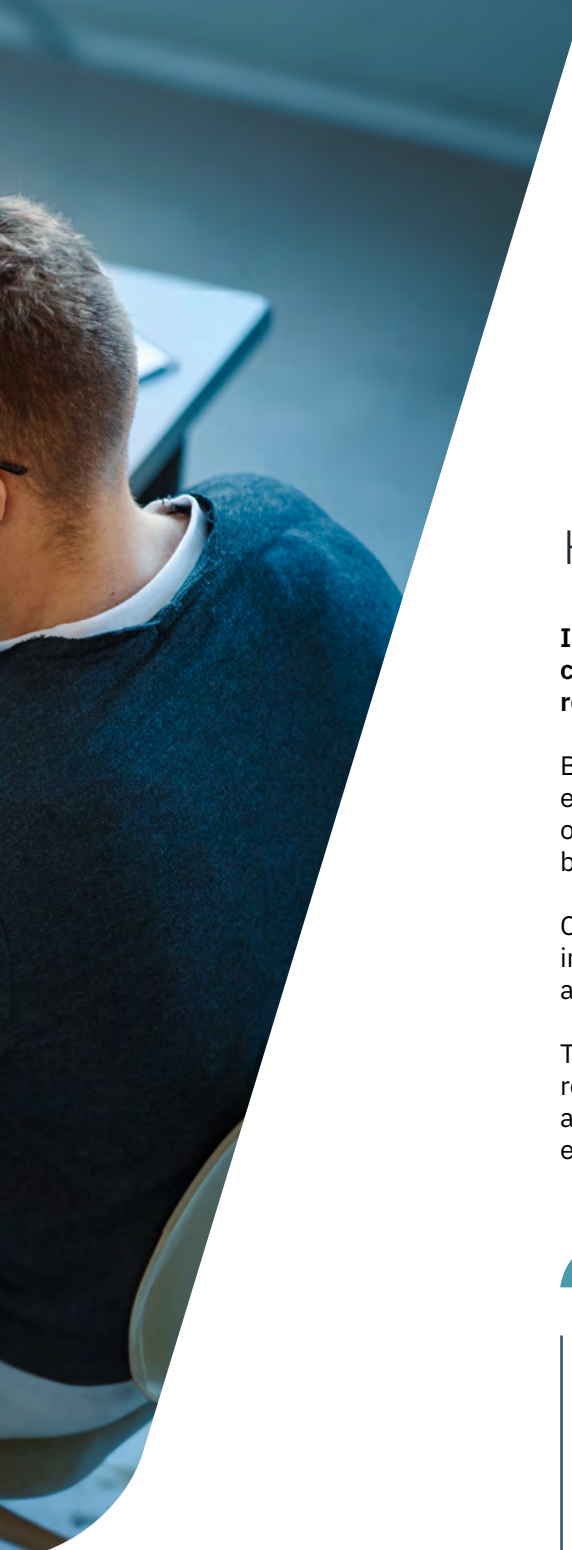


Amit

Amit Monovich, Chief Technology Officer



With a focus on preserving investments and embracing transformative technologies, including connected cars and generative AI, Keyloop is driving industry-wide change through technology and with partnership at the core.



Harnessing an ecosystem.

In the past, Keyloop was essentially a DMS company. It provided a core tool that sat with the retailer. Data went in, but it was hard to realize its potential.

By investing in an Experience-First platform, and making it the hub of an ecosystem, we have enabled retailers to focus on the customer. The power of the DMS is unlocked and multiple data points are unified, which has been transformational in terms of simplicity.

Customer data is consolidated in a smart way and in real time, with full and instant visibility. It gives a complete view, putting them at the centre, and affords everyone – including retailers and OEMs.

The investment we have made in our own platform has facilitated the release of data and information in retailers' systems in as easy a way as possible. That's not just between our own systems, but between an ecosystem of customers, partners and OEMs.



We need to see more data democratization. The industry needs to master the basics. Simple things like automating service reminders are not rocket science but do require access to the data. With even the most basic centralized access to data, we can deliver massive improvements for the customer experience.



Collectively improving the customer journey.

In building the Keyloop Experience-First platform, we focused on two areas. First, on creating a unified data model, or UDM. Think about it as a directory that has a customer listed as ‘Bob’ in one part, and ‘Robert’ in another. We needed a way of understanding that ‘Bob’ and ‘Robert’ are the same person and mean the same thing across all systems. Second, we focused on building a core component of its technology toolbox, a raft of APIs. They give the ability to interface in a scalable way.

At times, it feels a bit like the proverbial iceberg, where most of the activity is sitting below the surface. But by building the fundamental foundations in this way, we’ve been able to preserve the investments our technology retailers have made and accelerate innovation.

These two core components have been developed from what we call an Active Data Core, which itself is a development of the traditional DMS.

In becoming a genuine ecosystem, Keyloop’s own-build applications can be complemented by third-party tools using the same real-time data via an API. By unlocking the data, it allows partners to build their own solutions, so we can collectively help improve the customer journey.

Maximizing the network effects of this fully connected partner ecosystem is something we now plan to actively grow further.

AI and the future of data.

The active use of data is going to be fundamental to the future of automotive retail. Advanced solutions such as AI, machine learning and generative AI all rely on access to data. With an Active Data Core, the platform will develop through the applications that are layered on top.

These applications will know how to use the data, how to bring the right action or recommendation, at the right time, regardless of whether a consumer is physically at a dealership, on the road, or researching from home. A centralized platform will have the ability to digest a lot of information about each customer and immediately put this to work.

Combine this with connected cars, and the potential is heightened further. Connected cars will provide great insights into what is happening with the car or how the consumer is behaving. Some motorists are already starting to expect this, looking for added features such as in-car entertainment or integration with smart homes, and it's something that will only continue to grow. Connectivity and the Internet of Things are set to

transform the industry in the future. It is essentially two things – the 'smart car' real-time tracking and monitoring, and the broader monitoring of cars and inventory.

Generative AI, or artificial intelligence that knows how to solve specific problems, is another crucial future trend. It will facilitate much smarter solving of individual customer problems, and the personalization of the shopping experience in an extremely targeted way.

Harnessing these trends will deliver tremendous change across our industry. Retailers can achieve greater operational efficiency and deliver highly individualized services. Imagine being open 24/7 and maximizing asset utilization.

Major transformation is underway, and technology is at the centre of it. Automotive retail has a fantastic opportunity to pioneer the Experience-First approach that consumers demand and deserve.

Chapter five: key takeaways.

01

Platform delivery

Retailers should create a robust technology platform, with centralized data access, which will serve as the ecosystem hub.

02

Build on investments

Retailers can both preserve existing technology investments and accelerate innovation.

Emerging technologies will help differentiate, whether it is connected cars, the Internet of Things or AI.

03

Embrace innovation

Generative AI will boost targeted personalization and problem-solving.

Winning the relationship: the key to harnessing technology for future growth

The vast expanse of Canada and the juxtaposition between urban and rural needs make the Canadian automotive market a dynamic, but challenging one, where one size does not fit all. The new frontiers of technology, and Keyloop Canada's Experience-First blueprint are unlocking the kind of transparency and hyper-personalization that will drive automotive retail success and long-term customer loyalty across the nation.



Martin Jalbert

Martin Jalbert
VP Sales, Keyloop Canada

Radical Transparency

One of core values at Keyloop Canada, and one critical to the success of the industry, is transparency. It is with that in mind, that I open this section of the whitepaper. As part of the world's largest automotive technology company, we know we must scale as we look to the future. More importantly we know we must help our customers scale to help them meet the opportunities and challenges that lie ahead.

The fact is, it is no longer sustainable to maintain a high level of personal, phone-based support if we are to reach every customer with equity; it cannot deliver the 24/7

access retailers need to deliver the always-on service 2024 consumers expect. Our tech-orientated support system will evolve our customer service into the future, and over the past year we have doubled down on the tools and processes we need to deliver you the services you need when you need it. This will ensure we are best placed to deliver more innovative technologies and solutions to help your business make the transition to Experience-First.



a case of “*I know what my customers want*” rather than dealers asking them. Whereas in others, the customer experience and tech implementation abounds. But wherever they are across our vast and differing landscape, the truth is, all customers want the best experience available.

Which is where we come in, with the best Experience-First tools for automotive dealerships across Canada. Consumer facing tools like personalized text messaging, online appointments, or tablet check-in for the service department for example. Or infrastructural advancements – like a single customer database, with a 360-degree view across the entire whole dealership – which is fundamental in delivering an exceptional, personalized, CX.

And this is not just about winning the customer. The key today is to win the relationship and to retain that customer through every lifecycle of every vehicle they own from now on. It is that experience that earns loyalty for the long term.

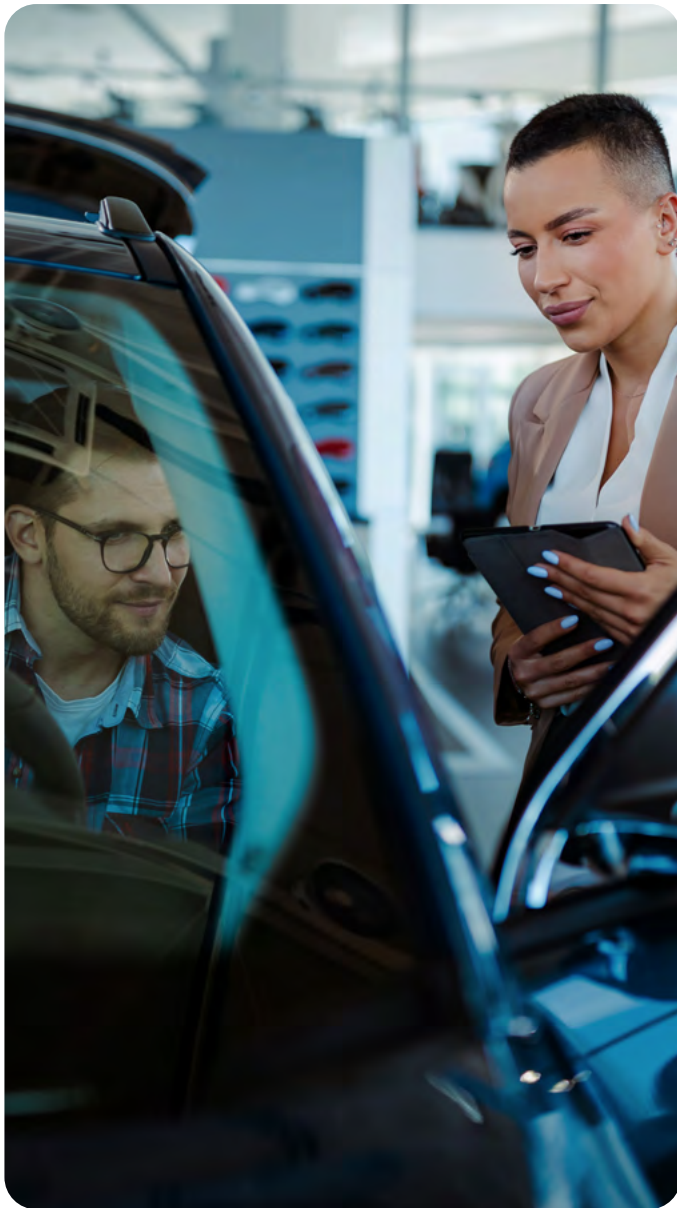
Now we are in a mobile-first era, personalization is a key part of the consumer experience. That is not just doing what the customer wants but doing it in the way that suits them. For example, I do not want my dealership to call me: I want them to text me or e-mail me. Then I can reply on the go, while I am in a meeting, or whenever I am not able to pick up the phone. Experience-First is about meeting individual customer needs and preferences, regardless of who they are, where they are located, what device they are on, or how technically advanced they are.

Mass personalization: one country, multiple markets

Our country is huge, it is possible, as we all know, to drive for hours within the same province. It is also a place with differing realities to deal with, depending on where you are based. Consumers and consumer choice can vacillate from province to province. Quebec is highly sustainable, with clean hydroelectric power and a strong EV infrastructure, so electric vehicles are popular. Whilst in Alberta – where oil and gas drive the economy – the propensity for ICE vehicles remains high. Tech implementation also varies wildly. In some areas, it is still



Experience-First is about meeting individual customer needs and preferences, regardless of who they are, where they are located, what device they are on, or how technically advanced they are.



Look, but do not touch

Even though we are a tech-savvy, mobile-first nation, Canada's consumers are not ready to buy 100% online – yet.

Currently, Canada's consumers expect online presence, but they also still want to physically see a vehicle. *See it*, but not necessarily *drive it*. An interesting evolution we are seeing across the country.

Of course, traditionally the test drive has been crucial in closing a sale. But increasingly younger generations care more about a vehicle's features, technology and design than how it drives. In fact, modern cars all drive well, so drivability is increasingly less of a decision-making factor. Incidentally, even though I am not longer part of the 'younger generation,' I pre-ordered my last five cars entirely online. I did not test-drive the car I am driving now. Yes, I would have loved to see it in person, but it was not practical. And it certainly was not a problem.

It is easy to see how technology is enabling the desires of new buyers. Shifting the experience from performance to features, and providing the platform, feedback loops and online support to drive sales. And in a country like Canada, where the dealership and the consumer can be hundreds of miles apart, the ability to deliver unified experiences on and offline is critical.



Transparency, building trust, and growing loyalty

If leads from online or text enquiries are not managed correctly, you can lose a customer's trust before they ever set foot in your dealership. It is about rapidity of response. Consumers expect a call within minutes, not hours or days, otherwise they will go elsewhere.

The customer needs to trust you from the get-go – to know that you will be there for them, and that you mean what you say. That is not just selling them a car: you need to nurture the relationship with the customer by following up with them, by servicing them the right way, by keeping them informed, and by being transparent. It all builds that trust.

For me transparency is fundamental in building trust. It is a two-way street where the consumer and the retailer have total clarity at every step of the relationship. It is exemplified by Apple and Amazon pioneering the delivery of a seamless customer experience. You buy something, you get it the next day or within the same day. If you

do not like it, you return it. There are no pain points: everything is easy, and they do not make you jump through hoops. It is that kind of level of service and relationship that consumers want from their car-buying and ownership journey today.

We are currently working with OEMs to integrate service with connected vehicles, to be proactive with the onboard technology that most vehicles have today. So, if a customer gets a diagnostic warning or code, like 'check engine,' the dealership is simultaneously advised. They can then trigger a text message to the customer, reassuring them that they have all the necessary information and offering them an appointment to get it fixed. Seamless, transparent, and totally focused on customer experience.



Embracing technology for a better future

Right now, there is a lot of focus on EVs in Canada, although I do not think they are going to be right for every consumer. Where you live, where you travel to and what you use your vehicle for are all significant factors in a country as disparate as this one. A charging network like the one in Quebec just is not the reality everywhere, particularly in more remote areas, such as the prairies.

In the meantime, dealerships need to look the future to anticipate what consumers will want if they are to adopt the right technologies to meet expectations.

First, this means understanding what those expectations are. Like online appointments, which we have been providing for five or six years now. Incredibly, there are still dealers saying: *"We don't need online appointments."* They may not need them, but their customers do. If customer needs are not listened to, they will go elsewhere. Interestingly, OEMs are noticing this expectation/delivery gap, and many now make it a requirement that their network dealers have an online appointment solution.

Dealers are not afraid of digital transformation. Resistance is usually because they see innovative technology as an expense. This is why it is so important to recognize the value of Experience-First tools in establishing trust, delivering transparency, and building relationships. By giving customers what they need (even before they know they need it), you can drive revenue and sustain long-term loyalty. Not pushing forward in business means slipping backwards – and the dealerships adopting the right technology for the future now are already pulling ahead.

Bonus Chapter: Key Takeaways

01

Move to digital

Digital transformation is necessary to manage the scale and emerging needs of retailers (and the hard yards are completed)

02

Transparent customer relationships

Transparency is key to unlocking enduring and successful customer relationships across the varied and dynamic landscape of Canada

03

Personalize whatever size

Technology is a key enabler in providing a highly personalized and relevant customer experience, no matter the size or location of the dealership or buyer

04

Focus on Next-Gen

Lock in future custom, new generations are driving new methods of automotive retail, it is critical the industry listens and responds today

05

Think like the customer

Anticipating customer needs, and embracing the technology that will make life easier for them (as well as for the retailer) is fundamental to delivering Experience-First

Summary

The future is in our hands.

As this report shows, rather than being a hurdle, technology in automotive is going to open new opportunities for your business, as well as enhancing and optimizing the practices and processes you already have in place.

Your customers are driving this and will reward the changes you make. As a collective industry, we need to move away from ‘owning the customer’ to an ‘Experience-First mentality’, concentrating on what’s most important for them at any point in time. Technology will help deliver this.

The digital transformation is not a hands-off, ‘set and forget’ process, and it will not replace your talented staff and long-honed skills. They need not be fearful but should be excited.

In contrast, those who are not embracing technology will suffer a relevancy crisis. We can’t expect today’s customer to be a different person when they’re ordering a Door Dash than when they’re looking at buying a car. We need to remove the mental load from today’s overburdened customers and make buying a car a positive experience rather than a tiresome chore.

The old approach of ‘function-out’ can be no more. This was dominated by friction-filled silos and trapped data and was reliant on salespeople closing a sale rather than opening a relationship. The new approach of experience-in, builds on trusted transparency rather than hidden truths, and where you empower customers rather than owning them, will transform customer experiences - and is undoubtedly the future of automotive retail.

A photograph of two women in a meeting. The woman on the left has dark hair and wears glasses, looking thoughtfully at a wall of colorful sticky notes. The woman on the right is smiling and looking towards the same wall. The sticky notes are in various colors like blue, pink, and yellow.

The future is now.
The future is in our hands.

McKinsey

<https://www.mckinsey.com/featured-insights/the-next-normal/car-buying>

Accenture

<https://www.accenture.com/us-en/insights/automotive/reinventing-the-automotive-customer-experience>

Forbes

<https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2021/09/20/dealership-customer-experience-the-key-to-keeping-business-in-the-world-of-online-only-retailers/?sh=63cc418a7834>

Affinitiv

<https://www.affinitiv.com/2022/08/04/3-reasons-why-personalizing-automotive-marketing-is-critical-for-your-dealership/>



As the world's leading automotive technology company, Keyloop delivers cutting-edge solutions, tailored to the modern needs of automotive retailers and OEMs alike.

With 40 years of automotive DNA, and a deep understanding of what it takes to drive success, Keyloop solutions are delivered in over 90 countries, and trusted by more than 20,000 retailers and 80 OEMs worldwide.

From the showroom to the workshop, and everything in between, its technology facilitates distinctive customer experiences between key systems, tools, and departments.

With modern consumers demanding increasingly high levels of service and responsiveness, Keyloop and its partners connect retailers and OEMs with their consumers at every step of their journey.

Keyloop delivers a proven technology ecosystem that redesigns the automotive retail experience to cultivate lasting loyalty and optimize margins through increased efficiency, elevated experiences, and unrivalled connected data.

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