About this paper
A Black & White paper is a study based on primary research survey data that assesses the market dynamics of a key enterprise technology segment through the lens of the “on the ground” experience and opinions of real practitioners – what they are doing, and why they are doing it.

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Introduction

Buying a car is one of the most expensive and complex purchases the average consumer will make. It requires people to do extensive research, engage with brands over a long buying cycle, and visit dealerships for hands-on testing. Those factors are just some of the reasons that automotive marketers are keen to find new ways to reach consumers that break down some of the frustrating barriers to car buying. Among the most promising new tools in the marketer’s arsenal is the use of location data – aggregated intelligence about the movements of anonymous mobile devices.

By leveraging anonymous data about visits to dealerships for patterns and insights, automotive firms can build loyalty, increase engagement and boost revenue. Automotive marketing takes place in both the digital and physical worlds, through advertising and on lots, and via mobile apps and websites. Location data can help unify the physical and digital.

Marketers in all industries are still at the beginning of their journey to capitalize on location intelligence, which is a rich source of information about customers, competitors and market trends. A study conducted by 451 Research indicates that marketers are beginning to grasp the applications – and build the necessary processes – to leverage location intelligence.

Marketers have long wielded data that may include information about physical locations – CRM address records, for example. The modern location intelligence stack, by contrast, is composed of dynamic location data that must be aggregated, updated and kept anonymous. Today’s location intelligence equips marketers with actionable insights on aggregated consumer behavior and brand affinity by analyzing movements of anonymous mobile devices. Today’s automotive marketers are only beginning to tap insights about how populations move about a space – whether a city or a dealer’s lot.

KEY FINDINGS

- Marketers in the automotive sector are more sensitive to the moves their competitors are making than any other vertical surveyed. Of those who said they are likely to increase their use of location data for marketing, 58% cited ‘pressure from competitors’ as a driver, compared to 46% for the respondents overall.

- Automotive marketers differ from their peers in other retail environments in several key respects. They are much more likely to cite the need ‘to integrate online and offline promotions’ (61% for automotive, 44% for other retailers). They are also significantly more likely to be sending promotions when customers enter a geofence (52% automotive, compared to 29% in other retail segments).

- When asked to rank their progress along a maturity curve in using location data, automotive practitioners generally had a strong, confident view of how advanced their programs were. When asked specifically about efforts to incorporate local details into marketing messages, 58% rated their operations as a four or five on a five-point scale.

- The key challenges to executing on marketing priorities identified by automotive respondents were the lack of communication between teams, cited by 61%, and the lack of ability to measure success across channels, ranked as ‘high’ by 47%.

- Competitive intelligence and attribution are use cases for location intelligence that scored notably high in the automotive sector, ranked as ‘high’ by 68% and 63% of respondents, respectively.
Figure 1: Automotive marketers find a broad set of potential use cases

Source: 451 Research custom survey, April 2018
Q. What specific ways would you like to be able to leverage location-based data in your business [Automotive]?

**Automotive Marketers Benefit from Smart Location Awareness**

Like their colleagues in traditional retail, automotive sellers face the hurdle of getting customers to travel physically to their dealership locations before making a sale. (It is possible to buy a car entirely online, but this is still not the norm.) However, consumers tend to do quite a bit more cross-shopping for cars than they do for other goods; losing a sale to another dealer for a car is a lot more painful than losing the sale of a pair of pants, and it has lifelong customer-value ramifications.

Auto dealers are finding that location data can help optimize the chances that marketing messages will get through to the right potential buyers, pulling them in with relevant pitches and helping marketers get a leg up on competitor behavior. In fact, most survey respondents in the automotive industry (66%) said they were highly familiar with using consumer location data to measure the lift of store visitation. In the same vein, 53% were highly familiar with using footfall trends to understand visits versus competitors. Competitive intelligence has emerged as one of the most compelling use cases for location data, and it appears that automotive marketers are keenly aware of the potential value this can deliver for them; 84% expect the role of competitive intelligence in their marketing strategies to increase over the next two years.

Location data can shed light on cross-promotional opportunities in automotive contexts. Aggregated anonymous data can point to overlaps between fans of particular cars and other kinds of retailers, financial services providers, or gasoline brands, among others. This opens the door to pairing proximity marketing to visitors of those kinds of outlets that are near competitive dealerships, for example. They can also provide insight into the kind of branding or media planning that makes the most sense for a particular dealership or customer segment.

There is widespread curiosity about using location data for competitive intel; 68% of automotive respondents claimed they would be highly likely to deploy the data for this purpose. Other high-scoring applications included optimizing multichannel campaigns while in flight (68% highly likely) and integrating outdoor advertising with mobile and email programs to drive visits (58% highly likely).
This makes sense when you consider that getting the customer onto the dealer lot is of paramount importance to selling a car, far more than getting a customer into a big box store or a retail mall outlet. Without physical proximity to the car, and the sales team, the best advertising or promotion in the world is not going to get a customer into a vehicle for a test drive, let alone a purchase.

Automotive marketers see their efforts in employing location data as part of a journey that is ongoing. When asked to describe their maturity level in building processes to understand the basic behavior of customers in the real world (e.g., where they go, and how long they spend there), more than one-third rated their companies as mature. On a five-point scale (where ‘one’ represents the initial planning stages, and ‘five’ is best in class), 37% pegged their companies as either ‘four’ or ‘five’, meaning they either have a ‘strong, quantifiably measured program’ or consider themselves ‘best in class’ when it comes to understanding customer behavior; 42% considered themselves mature when it comes to creating marketing campaigns that connect online and offline behavior. This was higher than most other verticals surveyed and something that was identified as a priority for automotive respondents.

**Figure 2: Location data helps dealerships understand behavior**

*Source: 451 Research custom survey, April 2018*
Recommendations and Takeaways

- Automotive marketers may be tempted to apply location intelligence to a range of problems, but they would be better off starting with a single application and expanding gradually. Demonstrable results could make it easier for marketers to pull in resources to support programs that use data in more contexts. This survey suggests that within the automotive vertical, location intelligence will soon become table stakes in measuring how well marketing drives people into dealerships.

- A majority of automotive respondents (55%) cited brand loyalty as a key metric for their marketing departments, higher than any other KPI. For purchases that are as personal, expensive and long-term as a car, having data that impacts brand loyalty is essential.

- Just under half (45%) of automotive respondents cited lack of data or visibility into campaigns as a key challenge in executing on their priorities. This suggests that they are looking for insights into performance that can give them an edge over their competitors and help them understand what aspects of their marketing and promotion actually drive real-world behavior.