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Digital transformation acceleration forces car marketers to rethink physical showrooms

By [John McCarthy](#)
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How marketers can navigate the digital shift of online car sales

Have auto sales been forever changed by pandemic-propelled digital transformation? As part of **The Drum's Retail Deep Dive**, we speak to BMW agency FCB Inferno and catch up with Autotrader as we find out just how permanent the shift is.

Last month was the first month since the pandemic began that car dealerships could operate without restrictions. Despite this, new car sales in the UK were recorded at the **lowest July level since 1998**.

There was an immediate sales surge, which was seen as encouraging, but there remain fears around whether demand will ever fully return. And if it does return, what will consumers be looking for? Second-hand car sales have reportedly soared **amid a shortage of newer models** while, more broadly, marketers are stoking demand for electric and hybrid models.

Katy Wright is managing director of FCB Inferno, which has been handling BMW's UK creative account since 2014. She has helped it navigate a changing car sales space and says the brand has had an "impressive post-lockdown" bounce back, adding that consumers are coming to BMW due to a higher emphasis on quality and Covid-related savings due to shifting older stock trapped in showrooms during the pandemic.

There's been strong demand for the electric lines, she says, including the "iX3 and the upcoming iX and i4". Furthermore, demand for used BMWs is up too. But the job has changed to encompass a whole digital space that during lockdown became the dominant sales

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The research phase of buying a car is now "fueled by digital channels", she says, and most buyers won't enter a showroom until they've narrowed their choices down to one or two models. For car brands, having quality content visible throughout this research stage is vital. "They'll extensively research their options online and seek advice from sources they trust."

YouTube and professional reviews tend to serve as the top of the funnel. Under that, "manufacturer websites continue to play a large role in early stages of discovery". But, she warns, "we must never underestimate the actual experience of driving a car, which is why physical retailers remain so important".

Most shoppers will be unwilling to make such a high-value purchase until they've seen the product in person. That's a problem BMW is trying to solve and one of the main points of friction in auto ecommerce.

"To try and help with this we created a Virtual Viewer for BMW's plug-in hybrid range, which gives customers an augmented reality experience to view the cars like they were in person," Wright tells us.

FCB Inferno: BMW Virtual Viewer
from **FCB Inferno**

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Via their mobile devices, users can place the car anywhere in their home and see what it would look like at real size. They can customize the car, the color, alloys, tweak the interior. They can fiddle with it, open doors, turn on lights and play with the radio before checking its inner-workings in an X-ray mode. Even in a showroom a shopper wouldn't be able to do this much. The experience adds

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Wright says the goal is to “nurture and educate the customer online, letting them play with and try out the car in new ways”. For EVs in particular there’s a lot of work required to build trust. And demand for electric vehicles is increasing. Online car portal Autotrader has seen ad clicks on EVs double since July 2020. Still, only 10.7% of the UK carpark is EVs. They require a whole new generation of marketing to **build up the capital of the diesel or petrol vehicle**.

The digital shift means brands have to work harder to be relationship brands and Wright says a big part of this is about shifting from advertising towards a two-way conversation. This includes “creating polls on Stories alongside user-generated content to keep people engaged”, while influencer marketing is also helping it reach new audiences, she says.

The sales landscape

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Plummer, who has been a car dealer for 20 years, says “the pandemic has changed the way people buy cars. It’s not just about the car anymore, it’s about the experience in the showroom, its research found that consumers spent 10.2m hours researching cars on the marketplace – a 22% increase.

The digital marketplace has sped up by an average of five days since July 2019 due to more efficient chains and increased demand. And that helped drive used car prices up 14.1% year on year to £14,781 – a total of 16 months of consecutive growth. Plummer, looking at proxy sales data, says “many retailers reported record used car sales performance” in Q2 2021. Amid a positive outlook, it has upped its used car forecast for the year, predicting a market total of circa 8m used car sales in 2021.

He thinks there’s been a permanent shift to online sales. Autotrader is seeing 50% more online leads than before the pandemic and its research finds that 80% of consumers say they want to contact a retailer before visiting a forecourt. “The days of business being driven by walk-ins are over.”

Autotrader’s research shows that 61% of people would buy a car online if they “saw a viable method”, while more than half said they will buy cars fully online or with some human support. But these claims must be taken with a pinch of salt as there are numerous factors influencing a purchase across a long period of time, including historic brand-building efforts from the likes of BMW. “The percentage of total transactions completed in an entirely end-to-end online journey remains small, but consumers are completing more of the steps online,” says Plummer.

Marketers will have to be more considerate of multi-channel retailing. In the forecourt, consumers are put at ease with test drives, inspections and more. To allay these worries online retailers are promoting money-back guarantees – something 62% of consumers say would help convince them to buy unseen.

With it clear that Covid-19’s going nowhere soon, retailers have had to embrace new measures to once again stoke demand. This includes offering home delivery, click-and-collect and offering distant selling.

As Plummer concludes: “There has been a huge acceleration in digital retailing within the automotive sector and we have been incredibly impressed by just how quickly retailers have embraced the opportunity. Positively, this has continued following the reopening of physical forecourts in April 2021.”

For more on the reinvention of retail, [check out The Drum’s Retail hub](#), where we explore everything from livestreaming e-commerce to AR shopping and conscious consumerism.

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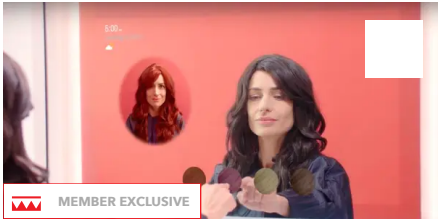
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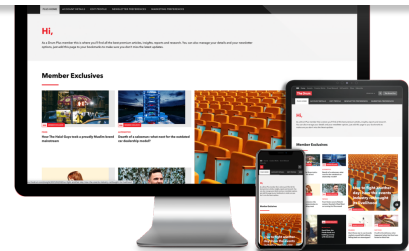
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