

Automotive & Assembly Practice

Digitization in automotive retail in 2021 and beyond

Experts from EURODA and Google weigh in on what's next for the automotive sector as the COVID-19 pandemic continues to accelerate digitization.



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When the COVID-19 pandemic began shutting down economies in 2020, the automotive sector immediately felt the repercussions. McKinsey's Thomas Furcher and Jakob Stöber convened a roundtable webinar with external automotive experts to discuss the current and future state of digitization within the industry. The participants included Michael Complojer, industry manager within Google's automotive group; Christian Richter, Google's global automotive director; and Andreas Barchetti, the chair of EURODA (European Opel/Vauxhall Dealer Association). Edited highlights from their remarks follow.

The view online: Google search trends and automotive customers' buying patterns during the pandemic

Christian Richter: Car search queries are highly correlated with car sales. We've seen a lot more first-time buyers in metropolitan areas searching for a car. Before the COVID-19 pandemic, they likely would not have bought one. We also see high interest for "at-home services," such as having cars delivered to homes to avoid the need for a dealership visit and options for contactless car-buying.

Michael Complojer: At the beginning of the pandemic in March and April 2020, searches for automotive declined quite sharply. But global search interest fully recovered by the end of 2020, reaching 2019 volume. And in EU-5 markets,¹ it even went 22 percent above the level of the previous year.

For automotive e-commerce related searches, the end of 2020 had the highest interest level ever across most markets. Search queries for buying a car online are significantly above 2019 levels and have shown great momentum: 26 percent in Germany, 82 percent in the UK, and 39 percent in France. This is a type of demand change we have not seen before. Even as dealerships open, almost 60 percent of potential

car buyers under 45 prefer to purchase their vehicle online. Even in the over-65 age category, 45 percent would consider buying online. So online has essentially emerged as the preferred purchase channel for most age groups.

Christian Richter: The industry is facing an omnichannel retail transformation. We once measured all the digital touchpoints during the car-buying journey. There were about 900 individual touchpoints that reach across websites, digital advertising, and CRM [customer relationship management] systems that touch call centers that touch systems that are built into the physical dealership. All these data points need to be connected. When we take the customer's perspective into account, the customer just expects it all to work. And when it works, you get their full attention and some money with it.

Soldiering through the pandemic: EURODA's work with dealers

Andreas Barchetti: In digital sales, the digital journey must adapt to the needs of the customer. The journey must be multidimensional and multichannel or omnichannel. This is a major challenge for dealers. Because it's easy to say, "We need to offer the perfect customer journey." But the perfect customer journey needs to offer each step on the communication channel the customer prefers, whether online or offline.

This is not an easy task. You need the technology *and* you need the organization. You need to create an ecosystem that is embedded in your dealership and integrated with the sales manager, the salespeople, and the after-sales team. And it needs to be seamless throughout the whole journey.

When it comes to direct sales, somebody needs to bring the car from A to B. Someone needs to deliver the car to the final customer. So why not make a business case out of the logistics?

¹ France, Germany, Italy, Spain, and the United Kingdom.

‘All the digital touchpoints during the car-buying journey need to be connected. The customer expects it all to work. And when it works, you get their full attention and some money with it.’

The customer doesn't care who they buy the car from. They care about having your full attention. How can we give them our full attention? By anticipating what they desire. And how can you anticipate that? Manage their data correctly and manage it in an easy and smooth way with GDPR [General Data Protection Regulation] compliance.

Our concrete action is to find alliances between dealer associations and to search for constructive discussion among OEMs, who are aware that they will need a dealer network to sell their product. We obviously depend very much on their product. We need to focus on our main business. OEMs need to build a great product at the right price

at the right CO₂ levels—a new dimension—and deliver it on time. And we will do our best to look for customers, treat and serve customers, and be the front end.

Tesla has shown us that the process can really be online from the very beginning to the final step. When it comes to volume brands, there's still a huge tactical part that needs to be solved.

It's about getting better information, getting in contact online, and then pulling the customer into the dealership. I think there will be a trend toward full digital sales, but I hope that some physical and eye contact will still be appreciated.

Andreas Barchetti is the chair of EURODA; **Michael Complojer** is an industry manager with Google's automotive group, where **Christian Richter** is global automotive director. **Thomas Furcher** is a partner in McKinsey's Vienna office, and **Jakob Stöber** is a partner in the Munich office.

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