Automotive Marketing Future Trends: The Rise of Artificial Intelligence
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Abstract

Automotive brands and dealerships are facing an increasingly uphill battle when attempting to manually harness the vast quantities of data required to create customer focused programs that increase retention, advocacy, and ultimately new sales and service business.

With the rise of hyper-personalization in every facet of our lives, the mission of every successful retailer is to proactively engage with their customers on an individualized basis, building a dialog based on that customer’s intrinsic needs and interests at any given time. This is especially true in the automotive industry where the time-span between purchases is measured in years.

Enter artificial intelligence and machine learning - the solution to finding patterns in highly complex data-sets that are beyond the capability of a human brain, and then building and automatically acting on the customer insights it generates. Given the customer need for individualized communications, this technology is positioned to become a critical component of any successful retailer’s marketing arsenal.

This whitepaper from Outsell provides automotive executives with a primer on artificial intelligence.

• How can you use artificial intelligence to enhance your marketing campaigns?
• How will artificial intelligence affect your marketing strategy?
• What criteria should you use when selecting an artificial intelligence solution?

The Power Shift

Consumers today are able to quickly access information, research products and reviews, negotiate prices and compare one brand or retailer to another resulting in a shift of power from the retailer to customers. At the same time, the rise of big-data mining, wearable devices that track user’s every move and preference, and greater contextualization in advertising and social media, has resulted in consumer expectations of individualized experiences.

In turn, marketers have begun to adjust their messaging strategies to meet the needs of this new generation of informed consumers, using data from a variety of sources to move from mass-messaging to more personalized messages aimed at particular consumer segments or individuals. However, while 90% of marketers believe having a single customer view is important, only 6%
have achieved it. One of the main issues marketers are facing, is the lack of capacity to efficiently sift through and analyze the massive amounts of data required to create individualized customer experiences. This is especially difficult for automotive dealers - the long periods between purchase cycles, plus the highly considered nature of the vehicle purchase means that each dealer needs to not only track a large number of potential customers for an extremely long period of time, but each of those customers will generate a huge amount of behavioral data as they research their next vehicle purchase. However, by deploying the right technology and programs, dealers can turn this into a major advantage.

The Age of the Customer

Consumers have more power over a brand’s reputation than ever before. Forrester calls this new era the “Age of the Customer,” a 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers. To win in this new age, Forrester declares, companies must become customer obsessed and “the only sustainable competitive advantage is knowledge and engagement with customers.”

Rise of the Machines

The biggest challenge businesses currently face is not the collection of a large quantity of consumer data, but what to do with that data once they have it. Even at a large research firm, the data sets are often too big for a single analyst, or even a team of analysts to sort through and draw conclusions from. Enter artificial intelligence and machine learning - an efficient technology solution that can continuously find patterns in highly complex data-sets that are way beyond the capacity of a human brain and then automatically drive actions based on the customer insights it generates.

Machine Learning is a type of artificial intelligence that learns from data and is not explicitly programmed. Think Amazon, Facebook, Netflix. Machine Learning serves up relevant content based on an individual consumer’s behavior. More simply, Machine Learning is a computer program that can learn relationships between data, subject those learnings to error functions, and then learn from its errors. The program in effect, trains itself.

Deep Learning, a more advanced branch of Machine Learning inspired by how our brain’s neurons function, has also been found to be especially effective in identifying patterns from data.³

So what does this mean for car dealers?

While this may sound incredibly complicated from a dealer perspective, the implementation of a marketing program driven by artificial intelligence can take care of these tasks in an automated fashion with little to no manual intervention required from the staff at the store. In practice at a dealership, the program will continuously track customer behavior online, merging that data with any offline sources (like CRM or DMS data) and then analyze this aggregated data set to predict what your customer may be shopping for, and what information they might like to receive.

AI vs. Machine Learning vs. Deep Learning⁴

Artificial Intelligence - Human Intelligence Exhibited by Machines
AI refers to complex machines that possess the same characteristics of human intelligence and that have all our senses, all our reason, and think just like we do.

Machine Learning - An Approach to Achieve Artificial Intelligence
Machine Learning is the practice of using algorithms to collect and examine data, learn from it, and then make a determination or prediction about something in the world. The machine is “trained” using large amounts of data and algorithms that give it the ability to learn how to automatically perform a task with increasing accuracy.

Deep Learning - An Advanced Form of Machine Learning
Deep Learning is primarily based on Artificial Neural Networks inspired by our understanding of the biology of our brains. Deep Learning breaks down tasks in ways that enables machines to assist us with increasingly complex tasks - driverless cars, better preventive healthcare, and more accurate product recommendations (including vehicle recommendations), are all here today or on the horizon.

Machine Learning: An Essential Capability

A vehicle is both one of the most important and carefully considered purchases the majority of people will ever make in their lifetime. It is also a purchase that tends to be fundamentally tied to a person’s identity and view of themselves. At the same time, changing lifestyles result in changing

vehicle needs - the young sport-car enthusiast matures into the family minivan driver, or the SUV driver who downsizes into a Prius. Automotive dealers need to remember that customers and prospects are individual human beings with rich, complex and ever-changing lives.

The best salespeople in the world are those that know every one of their customers - their likes and dislikes, preferences and changing tastes. The capacity of the human brain, however, limits us from achieving this type of sales nirvana, and frequent turnover at dealerships often results in the further loss of salespeople along with their customer relationships and knowledge. In this environment, Machine Learning enabled platforms to assist the sales team by tracking the behavior of each customer, learning and memorizing their preferences, and predicting their future needs.

For a dealership's marketing platform to make their customer engagement efficient and fully-functional, it should be able to:

(a) Track customer behavior across the web.

(b) Connect to a variety of data sources - CRM, DMS, third-party, web, brand, social, email, click etc.

(c) Aggregate and accurately cross-reference data from a variety of sources.

(d) Leverage this data to drive insights on a mass scale, as well as on an individualized basis.

(e) Drive actions and automatically direct customer engagement via multiple channels based on where each customer is in their individual lifecycle.

By enabling dealers to easily run multi-stage automated campaigns, a marketing platform utilizing Machine Learning helps move prospects along in the sales cycle in a personalized way. Engagement is automated depending on a recipient’s response, with predictive models choosing to send a different offer to a customer it detects shopping online for a specific model, to one who has recently clicked on a video of a new vehicle or one who might be in need of service or a new lease. In addition, by using behavioral data to predict who is in market, a Machine Learning platform can detect likely buyers and tip off the sales team to contact them before the competition.

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\[5\] Dealer data based on average monthly results generated by customers who engaged with Outsell communications vs. control group.

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**Monthly Dealer Impact of Machine-Learning Driven Engagement**

- $22,000 average linked gross profit
- 4 to 14 additional vehicle sales
- 50 to 200 additional service orders
- 22 percent increase in customer retention
The ‘Do-It-For-Me Revolution’: Easily Powering Up Your Marketing Engine

Despite their pressing need for a long-term marketing solution that matches the tailored consumer experiences delivered by a growing number of retailers, most automotive dealers have neither the time nor skill to learn another complex software tool. This is where DIFM technology comes into play - a dealership’s primary marketing platform needs to employ advanced technology and it needs to be easy to use with a simple and minimal user interface, and provide accessible and clear reporting.⁶ Turn-key, cloud-based platforms are ideal in these situations because they can easily adapt to the needs of the dealership while requiring minimal investments in time and effort.

Investing in a marketing platform that employs artificial intelligence goes beyond merely future-proofing the dealership’s marketing infrastructure. The customer’s car buying experience will be enhanced and simplified by the added personalization and efficiency brought to it. The customer will be better equipped with relevant information at every stage of their lifecycle and the dealership staff will have a better understanding of their own customers. This does not mean total value of the customer’s interaction with the dealership will be derived from a purely technological experience, but rather, that this technology will bring customers to the dealership on their own terms, and assist the dealership’s sales team in their roles as trusted advisors to the customer. If done right, blending technology and in-store professionals will deliver an amazing customer experience delivered with a human touch.

To learn more about what a machine-learning enabled marketing platform can do for your dealership, visit www.outsell.com.


About Outsell
Outsell drives more revenue for auto dealers by transforming how they engage consumers throughout their lifecycle. Outsell makes dealers’ lives easier by keeping them in front of customers and prospects using automated marketing communications across channels – helping them retain more customers and attract new ones. Dealers using Outsell’s proprietary technology are tipped off when consumers are most ready to engage, buy, or service. The Outsell marketing platform manages millions of interactions every month for dealers representing all major automotive brands.