



*Business Transformation
in the Automotive Category
Through Greater
Customer Centricity*

The Power of Social Currency

FALL 2016

VIVALDI



Dear Reader:

*Why **should you care** what's inside this report? Because whether you lead a business transformation project or wonder about the future of your industry's business model, whether you are in charge of new product innovations or coming up with new ways to serve the evolving customer, or whether you are hoping to improve your marketing or advertising, **understanding customers** matters more than ever and achieving new levels of customer centricity is paramount.*

*This study covers **90 brands, of which 20 are automotive brands**. It provides a window into understanding customers' behavior in today's social, mobile, and digital context – something that is long overdue in **automotive**.*

We appreciate any feedback about our research, thoughts, and insights, and are happy to answer any questions.

Thank you.

Vivaldi introduced the term *Social Currency* in 2010 and expanded on the research in 2012. These studies established the role of Social Currency in driving preference and choice, and in *building strong brands*. This year, Vivaldi partnered with CMB, a world-class research consulting firm, to more deeply understand how consumers engage with airline, apparel, automotive, beer, and quick serve restaurant brands. This report focuses specifically on automotive, and is an abstract of our main report that can be found at http://bit.ly/Social_Currency.



2010



2012



2016

05

INTRODUCING SOCIAL CURRENCY

10

STUDY FINDINGS IN THE AUTOMOTIVE
CATEGORY

19

BEST PRACTICES UNCOVERED

“Digital and social tools, social technologies and social networks do change how consumers manage their lives. They impact how consumers purchase products and services, and even reshape entire organizational structures, and how people work.”

Erich Joachimsthaler, Vivaldi Founder and CEO

The impact of social on how consumers search for, evaluate, purchase and use cars is enormous:

- Nearly **70%** of consumers gather information about cars primarily online
- **44%** of consumers (and 66% of 35 years or younger) rely on family and friends and **11%** (and 32% of 35 years or younger) use social networking sites to inform themselves
- **59%** of consumers (or 70% of 35 years or younger) rely on reviews on independent websites. **45%** rely on consumer generated reviews online, and **40%** use social networking websites during the purchase process.
- Online communities influence purchase decisions with **25%** actively discussing cars in social media communities.
- Consumers multi-task when watching TV: **12%** tweet content or share/post on social networks or follow/like on a fan page, **22%** text friends/family while watching, and nearly **5%** use apps to interact with others socially.
- Total number of unique U.S. visitors on eight major networks (Facebook, LinkedIn, Instagram, Twitter, Pinterest, Google+, Snapchat, and Tumblr) stood at **256.9 million**, of which 191.7 million were on mobile in July of 2016.

Business transformation

Given the ongoing dramatic transformation of the automotive industry, it is important to understand the impact that social, digital and mobile technologies have in the lives of consumers.

*Social, digital, and mobile lives today*

Social Currency and the Vivaldi Social Currency Research Program 2010-2020 is a key way to better understand consumers, how consumers use social tools, networks and technologies and what brands can do about it.

Social Currency

measures the ability of brands to fit into how consumers manage their social lives in today's digital and mobile age.



7 Social Currency Dimensions



Personal Identity: How much my relationship to the brand plays into my *self-image* and *self-esteem*.



Social Identity: How much I feel a sense of *belonging* or *kinship* with others who use the brand.



Expression: How much the brand facilitates *communicating who I am*.



Conversation: How much the content shared by/about the brand *engages me*.



Affiliation: How much the brand helps me forge *new social connections* or *relationships*.



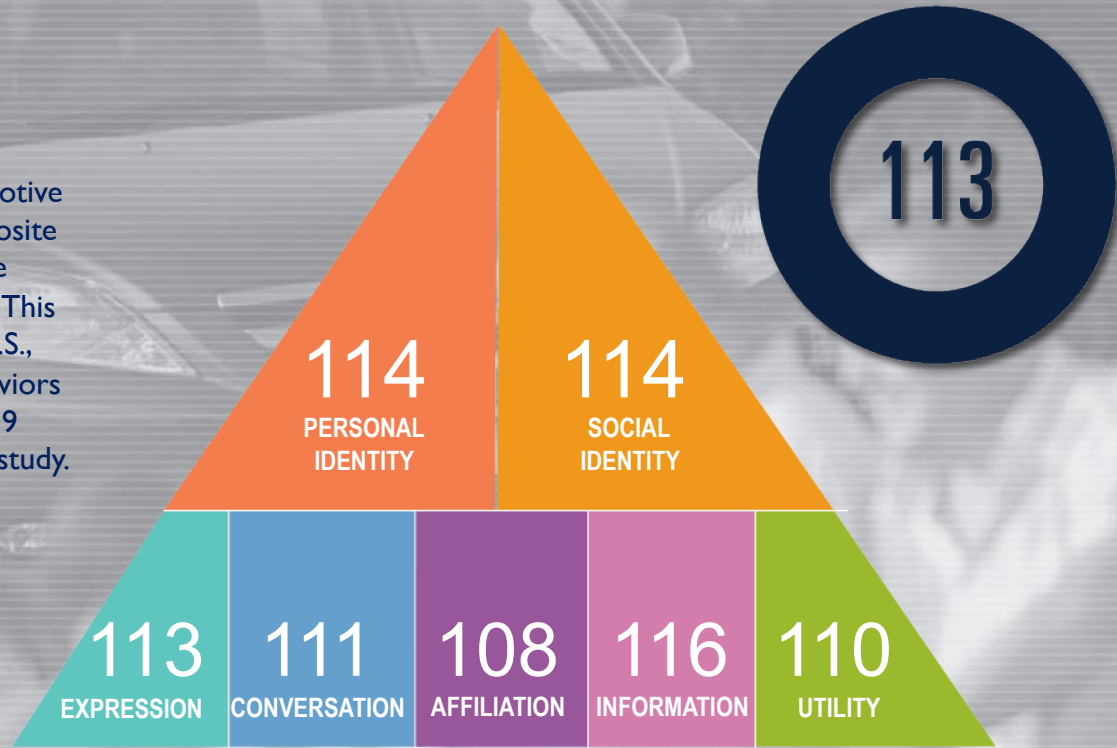
Information: How much other people help me *discover*, *evaluate*, and *make decisions* about the brand.



Utility: How much my engagement with the brand or its customers *enhances the value* I get from the brand.



As an example, the best performing automotive brand, Honda, has a Social Currency composite score of 113 - a weighted composite of the brand's performance on the 7 dimensions. This Social Currency score means that in the U.S., Honda facilitates the identity-building behaviors we've described at a higher rate than the 19 leading automotive brands covered in our study.

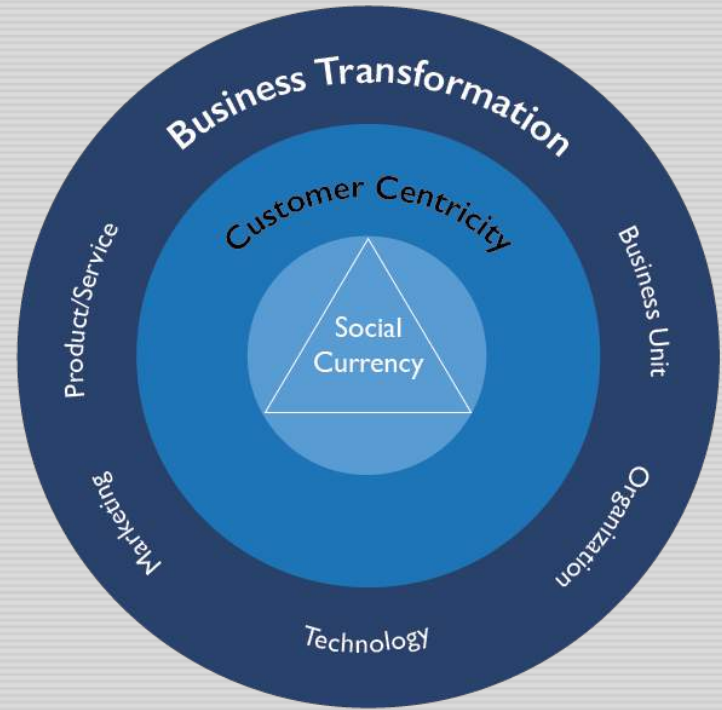


10 | SOCIAL CURRENCY AND CUSTOMER CENTRICITY AS SUCCESS FACTORS FOR BUSINESS TRANSFORMATION

84% of companies fail at digital transformation.

Social Currency is a powerful way to achieve the level of understanding of customers required for **business transformation efforts to lead to a competitive advantage.**

Adopting a Social Currency strategy will ensure that all initiatives focus on transforming customer expectations and truly transforming the business.

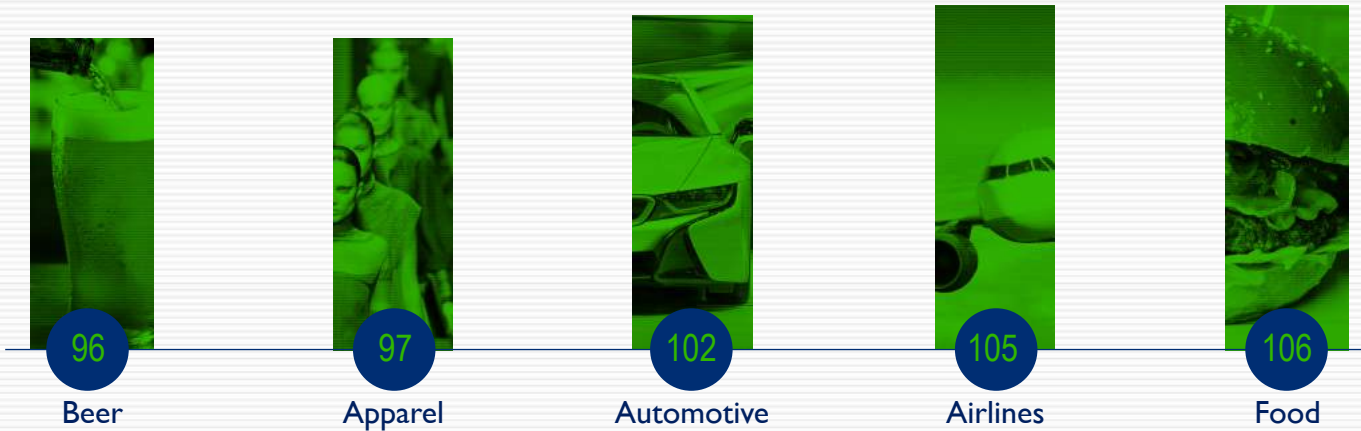


“Research is to see what everybody else has seen, and to think what nobody else has thought.”

Albert Szent-Gyorgyi /Nobel Prize Winning Psychologist/



Average Social Currency Scores

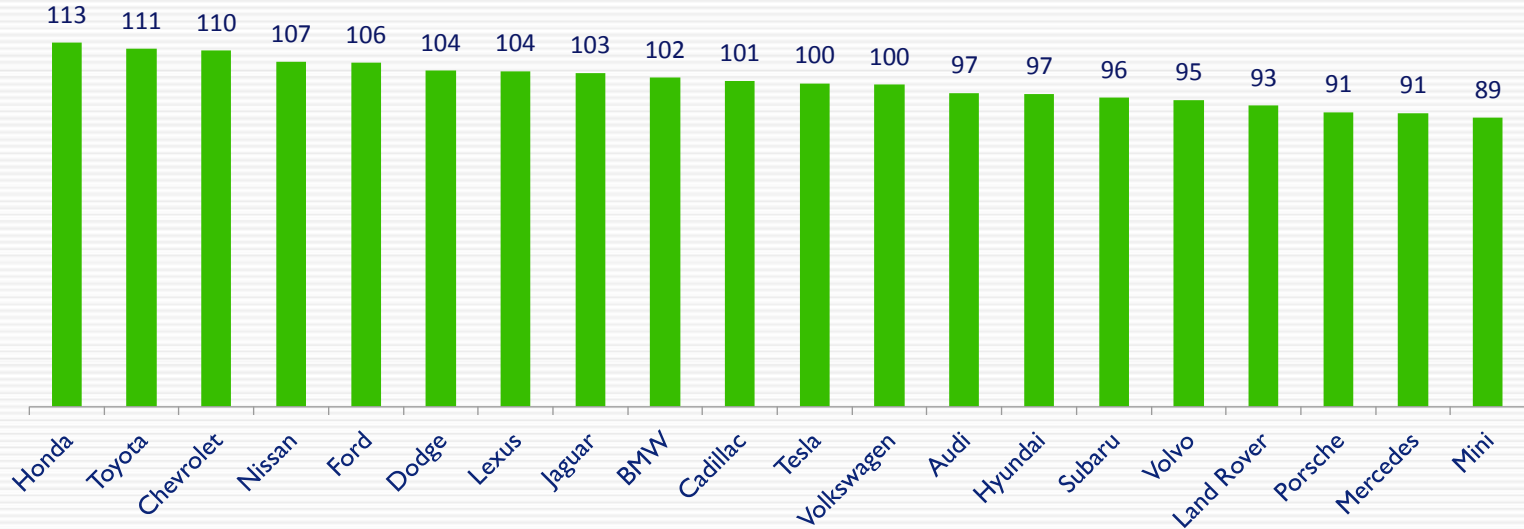


The automotive category scores in the middle range on Social Currency, but only three points behind the leading quick service restaurants category.

Top 5 brands



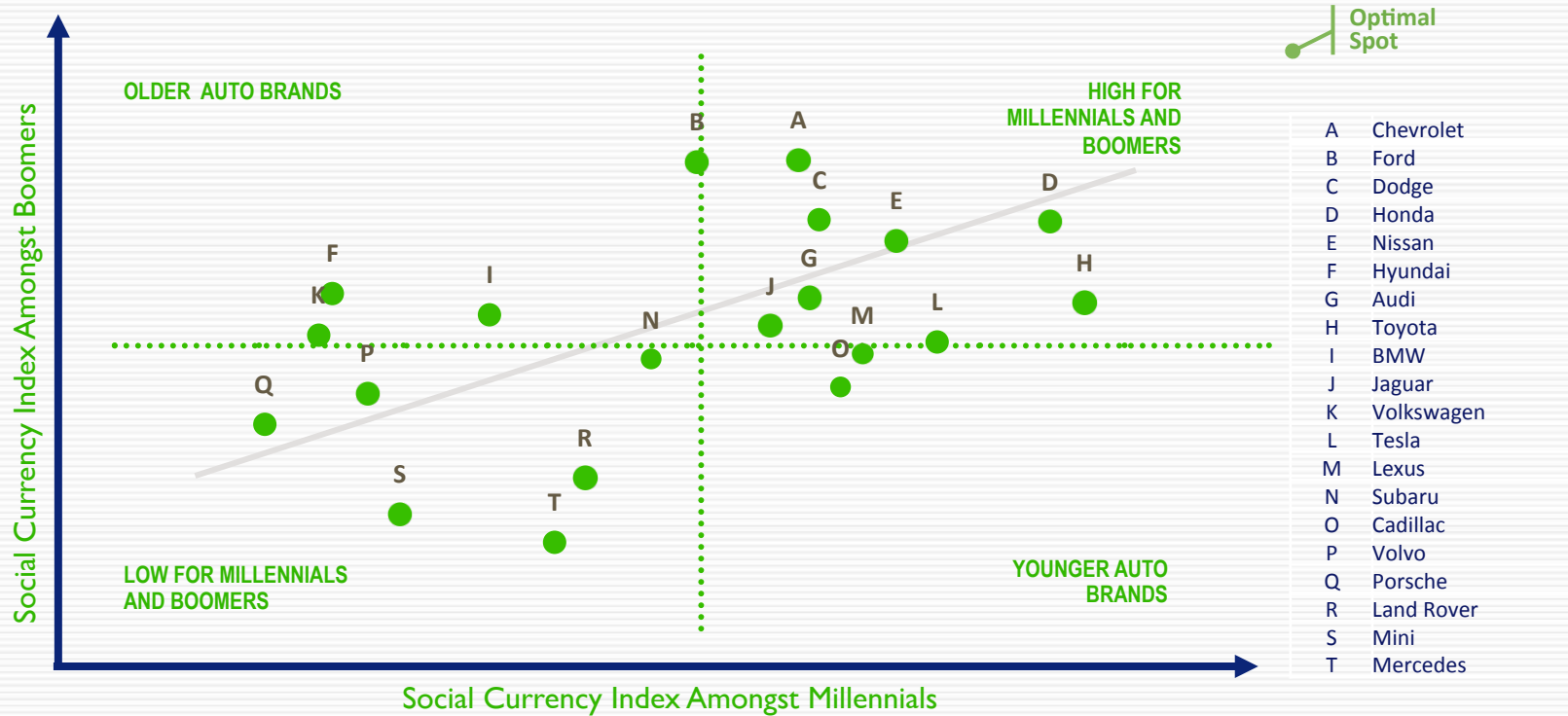
Five automotive brands pull ahead and score highest on Social Currency.

Social Currency Scores

The winning brands understand better than others how to give their customers something to rely on and add value in their customer's lives, beyond the product and service they sell.

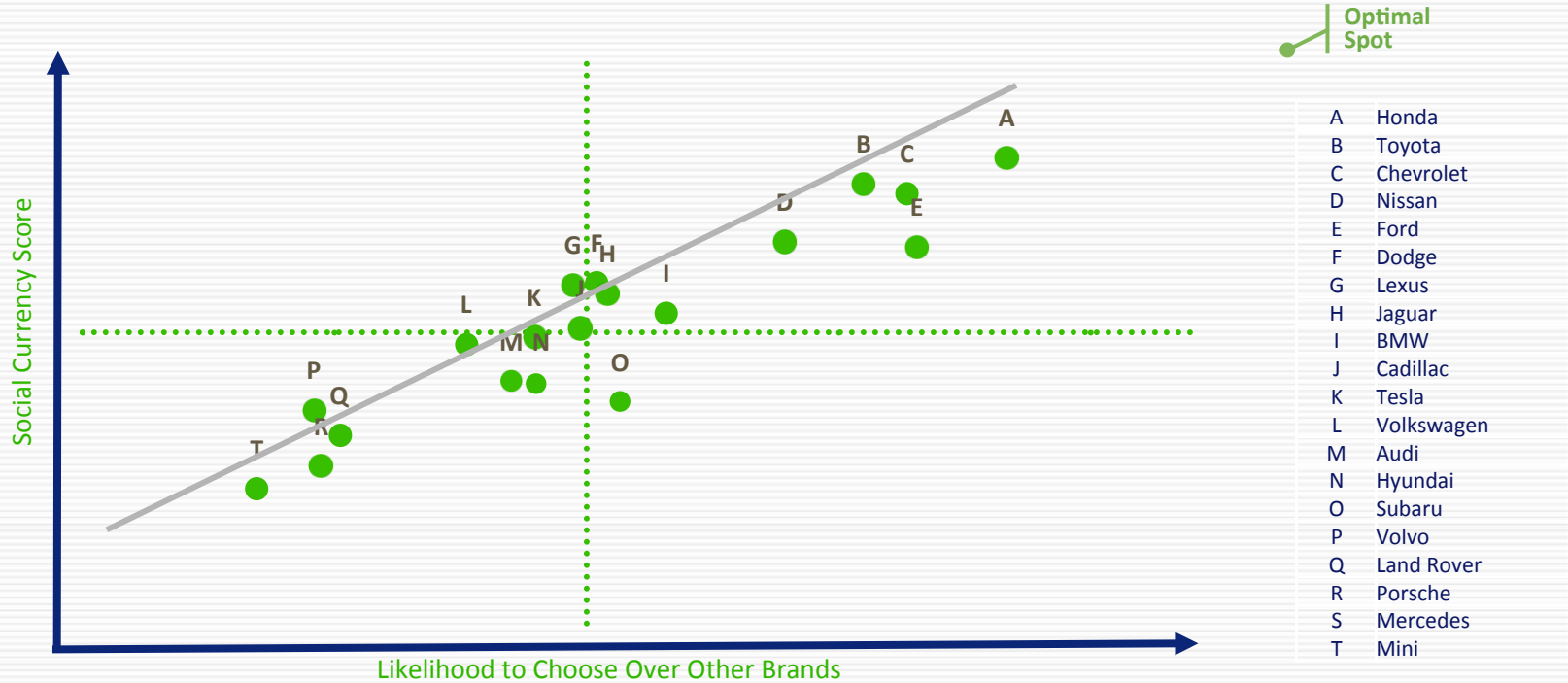


17 | SOCIAL CURRENCY AND GENERATION

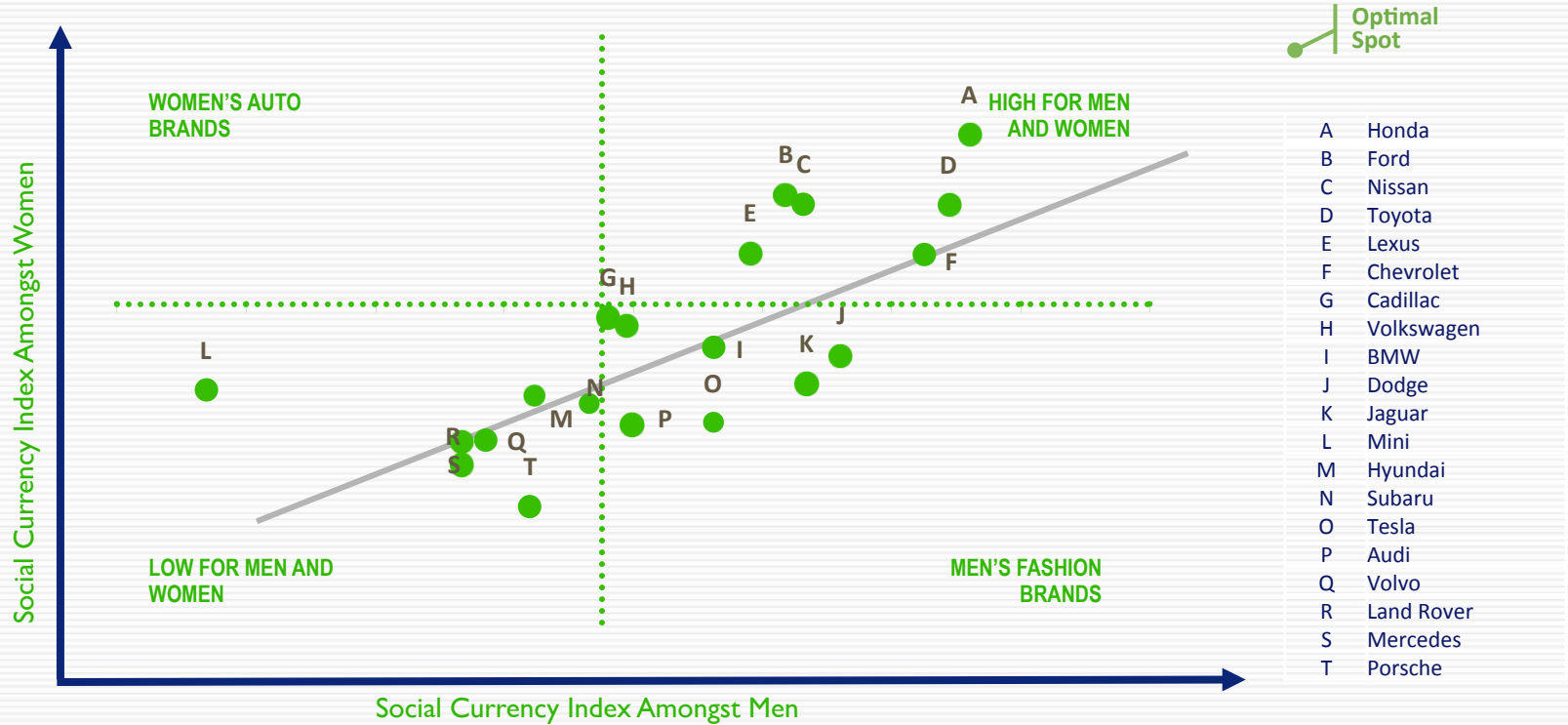


Despite having the second highest Social Currency score amongst Boomers, Ford has average Social Currency among Millennials. Hyundai, Volkswagen and BMW over index amongst Boomers. Mercedes, Cadillac and Tesla are relatively higher on Social Currency amongst Millennials. Surprisingly, Cadillac has higher Social Currency among Millennials, despite having a older driver base.

18 | SOCIAL CURRENCY VS. LIKELIHOOD TO CHOOSE



Social Currency is highly related to customers' likelihood to choose over other brands. Mainstream brands like Honda, Toyota, Chevrolet, Nissan and Ford lead the industry both in terms of likelihood to choose as well as Social Currency. There are relatively few outliers as it relates to this relationship. Subaru is the furthest from the trend line with customers more likely to choose this brand than their Social Currency score would suggest.



Social Currency among men and women are strongly correlated in the auto industry ($R=0.73$). Given the strength of this relationship, few large outliers exist. That said, Mini has much higher scores among women (+12). Jaguar (+11), Dodge (+10) and Tesla (+10) are the most favored by men (relative to women's' scores).

*“The only source of knowledge
is experience.”*

Albert Einstein /Theoretical Physicist/



Honda teamed up with entertainment and media companies to create Honda Stage, which offers live music events with top celebrity performances. Honda focuses on creating a connection to a younger, music loving demographic with live and online elements such as hashtags or videos. This strategy drives *Affiliation* and *Social Identity* dimensions of Honda's Social Currency score.



Chevrolet has curated their Social Currency score by boosting their *Utility* dimension through satisfying consumer's mobility needs. With the rise of mobile technology, Chevrolet offers an app to go with an owner's vehicle. It lets you get an insight on real-time fuel information, fuel range, oil life, tire pressure and more. Additionally, you can control your vehicle remotely. The owner can lock and unlock car doors, manage integrated Wi-Fi, start or stop the car or activate the horn and lights, all from their mobile device.



To appeal to young and connected first-time buyers, **Toyota** created the Toyota Collaborator. It invited users to customize their dream 2014 Corolla and take virtual test drives. After building their dream car they could then be connected to a local dealer to check inventory, ask questions and schedule a real test drive. Toyota has curated their Social Currency score by boosting their *Information* dimension by providing a set of pre-purchase information.



Nissan sets an example of the future of social customer service. The brand provides “Diagnostic Social Care,” a weekly list of customer concerns on social media to the leadership team, supported by a full-time social data analyst. This helps to bring solutions faster to the market and even make connections between teams involving engineers and customers. On the Social Currency Score, Nissan boosted their *Utility* dimension, through activating conversation and satisfying the customers’ quick response time expectations.



Ford gave a new Fiesta to 100 industry bloggers and asked to participate in monthly challenges. The bloggers captured their challenges and shared their experience via videos or pictures on social media. With this strategy Ford has curated their Social Currency score by boosting their *Conversation* dimension through User Generated Content (UGC) and brand engagement.

Leveraging Social Currency to drive success in the automotive category require the following steps:

- *Review* the overall strategic brand foundation—vision, positioning, promise – and *assess and measure* the brand's performance on each of the dimensions of Social Currency.
- *Identify* key initiatives, programs and efforts that create, strengthen, and reinforce the Expression, Conversation, Affiliation, Information, and Utility dimensions and maximize Personal and Social Identity.
- *Segment* or *re-segment* your market based on which audiences over-index on particular Social Currency behaviors, then *link* segment profiles to your DMP and *build* audiences for ad targeting and programmatic buying based on segments' social profiles or activities.
- *Create* an organization-wide system or process so that marketers and brand managers incorporate Social Currency into marketing plans, and *incorporate* the dimensions into agency briefs to focus your campaign efforts towards creating more utility, providing more information or generating more conversation.
- *Share* the Social Currency framework with other C-level executives who lead major strategic initiatives such as larger business transformation efforts, *identify* ways in which Social Currency leads to greater customer-centricity, and how it can drive new business models. *Develop* a dashboard that shows the organization how Social Currency drives brand-building, strong customer relationships, and business results.

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This report benefited from the experiences and insights of all the partners and staff at Vivaldi and CMB. We are lucky to be a part of a community of over 200 extremely talented and smart consultants, strategists, designers, digital and social media experts, and data scientists. So many have helped along the way, from conceptualizing our company's thinking about brands, business, social media and digital strategy, to executing the research and surveys, to designing and producing the final report.

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Vivaldi unlocks innovation and growth opportunities for brands and businesses in the context of today's digitally connected world.

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- Leading internal transformation
- Designing powerful brand experiences

Vivaldi's strategic guidance helps brand and business leaders create breakthrough yet actionable strategies.

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Dusseldorf | Singapore*

The image features a large, light-colored triangle on the right side, containing the word "VIVALDI_" in a bold, sans-serif font. The background of the entire page is a blue-tinted photograph of a city skyline, with the Freedom Tower being the most prominent building. The sky is clear and blue.

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Thank You!