

CDK GLOBAL[®]

Connected Vehicle Technology

HOW AUTOMOTIVE DEALERSHIPS CAN IMPROVE
CUSTOMER EXPERIENCES WITH CONNECTED SERVICES

SURVEY 2022

CONNECTIONS THAT MOVE YOU

Digital Sales / CRM / F&I / Fixed Operations / DMS / IT Solutions / Intelligence

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Overview

Today's car has become more than just a machine that takes us from point A to point B. Cars are now equipped with many sensors that connect them to the internet. According to Statista, in 2021 there were **84 million connected cars** on the roads in the U.S. By 2035 this is expected to surpass 305 million.

Many people associate connected car technology with self-driving cars or something that's far out in the future. But connected cars have been around for decades. The first generation of features were focused on basic safety such as getting emergency help if a car was in an accident and remote diagnostics.

With the growth of internet connectivity, broadband speeds and mobile device penetration, our cars are more connected than ever before and now we can use them as a smartphone, map, traffic updater, entertainer, credit card and more. And yet, even though **91%** of all new cars are connected, only **64%** of people are aware their car has the technology. This is a clear indication that dealers must raise the level of awareness, especially since **93%** of people agreed that having connected car features will attract them to visit a dealership for service.

As drivers, we benefit significantly. Connectivity makes our driving experience safer, more convenient and entertaining. For **auto dealers** and **manufacturers**, connected car technology helps them gain valuable knowledge about their customers' vehicles that can be turned into differentiating services and solutions that lead to **better customer experiences** and **new revenue** opportunities.

To help the automotive industry pursue opportunities in this area, CDK Global decided to find out more about how vehicle owners perceive connected car

technology — and the potential for them to embrace innovative new features that simplify and improve their Service experience.

Our **survey** gives us a glimpse of this. We learned what vehicle owners know about connected car technology, what they think about connectivity-based services, and how they feel about sharing their vehicle's data.

The results of the survey provide invaluable **insights** to dealerships, manufacturers, and independent software vendors on what to consider when using connected vehicle technology to provide unique customer experiences that lead to **brand loyalty** and **retention**.

ABOUT THIS SURVEY

CDK Global Research surveyed 280 vehicle owners in North America who go to a dealership for service.

The survey participants included a mix of gender, ethnicity, age, household income, region and geographic area. More than 24 luxury and non-luxury vehicle brands were represented, with models that were predominantly fewer than three years old.

The goal of the survey was to understand consumer awareness of connected vehicle technology, and whether connected services could increase their loyalty and satisfaction with dealer-provided service.

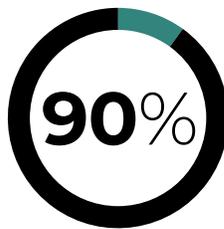
Key Findings

The biggest takeaway is that most **vehicle owners see tremendous value** and are optimistic about connected car technology.

Dealerships can attract Service customers and **grow revenue** by providing connectivity-based services and increasing customer awareness of its real value.



Are more likely to choose a dealership that provides connected car features over one that doesn't



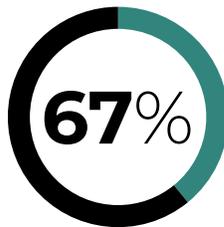
Believe their vehicle service experience will improve if connected car features are provided



Agree that having connected car features will attract them to visit a dealership for service



Expressed concerns about privacy risks of sharing their vehicle's data



Would share information about their vehicle service history with their dealership



Are interested in receiving real-time updates of their vehicle and customized service recommendations

What Is a Connected Vehicle?

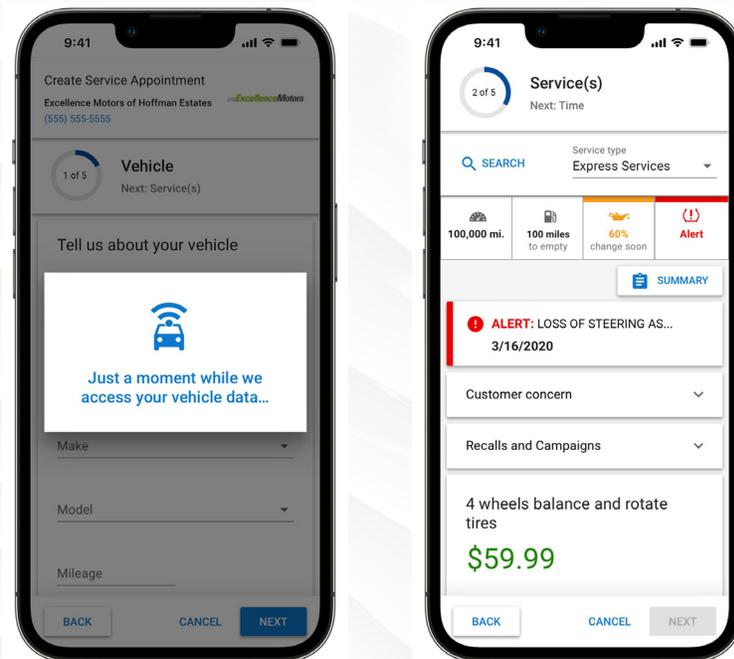
The easiest way to think of a **connected vehicle** is the same way we think of smartphones or any digital device that connects to the internet all the time. They're essentially smart devices on wheels. It's the convergence of two industries: technology and automotive.

Many of today's connected vehicles have more than 50 sensors collecting data on things like speed, emissions, fuel consumption and usage data. And the number of sensors will only increase over time. These sensors communicate not only with the car's software, but can wirelessly share data with the auto manufacturer, traffic infrastructure, parking garages, mobile devices and smart home technology.

As connectivity expands, efficiency gains will increase for the driver, as well as for auto dealers, manufacturers and others..

Examples of connected vehicle technology in action:

- Using your car's navigation system as a map
- Getting a notification that your car is due for service
- Making and receiving calls from your car
- Being alerted of a traffic incident on the road ahead while driving



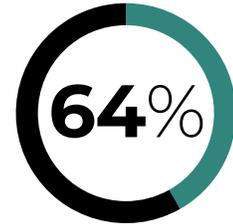
A connected vehicle health alert on a consumer smartphone app.

Dealers Need to Raise Awareness of Connected Vehicle Technology

More than half of the survey participants have heard of connected cars; and **66%** of those who are aware have confirmed that their vehicle has some sort of connected car capability.

People who are aware of connected car technology have a household income above \$100,000, live in an urban area and have vehicles still under warranty.

To increase **customer trust** of vehicle data sharing and adoption of connectivity-based services, dealers need to raise customer awareness of connected car technology — especially since most people agreed this will attract them to visit a dealership for service.



Are aware of connected car technology



Agreed that having connected car features will attract them to visit a dealership for service



The Good News: Service Shoppers Are Satisfied With Their Dealership Service Experience



Are satisfied with their dealership Service experience



Do everything they can to keep their vehicle in pristine shape



Get their vehicle serviced at dealership more than once a year

Regardless of their awareness of connected car technology, the majority of survey respondents **are satisfied** with the way their vehicles are currently being serviced at the dealership. Most also claim that they do everything they can to keep their vehicle in pristine shape, including taking it to the dealership for service more than once a year.

We know from our previous research on Service shopper behavior that customers want to do business with a dealer they can **trust**: one who demonstrates **deep knowledge** of their vehicle, and **communicates clearly** and proactively about needed services, including their costs and benefits.

History shows that customers who get their vehicle serviced by the same dealership where they bought their car are likely to buy their next vehicle there.

This is a strong indication that **connected car** services can help dealers **build more trust** and further increase customer satisfaction.

Trust: The Foundation for Any Relationship

We learned from our survey that those who trust dealerships also have the **highest satisfaction** levels with their current service experience. **Gen-X shoppers** made up most of this group. These shoppers were also the most particular about maintaining their car and visiting the dealership for service more than once a year.

When asked if they would share their vehicle data with dealerships and auto manufacturers, most of the **Millennials** place their trust in manufacturers while **Gen X** and **Baby Boomers** selected the dealership over the manufacturer. Brand, age, the type of vehicle they drive and their personal relationship with the dealership are some of

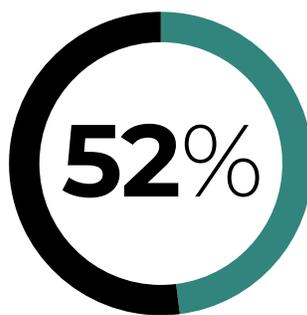
the factors influencing trust. This reinforces the importance of dealer employees building close relationships with their customers.

76% of survey participants are willing to transfer data about their vehicle condition and service history to a new owner during a sale. Only **30%** don't want to share their vehicle data with anyone.

Majority of service shoppers trust dealerships with connected vehicle data



Would give dealers access to vehicle service history



Would give dealers access to vehicle condition

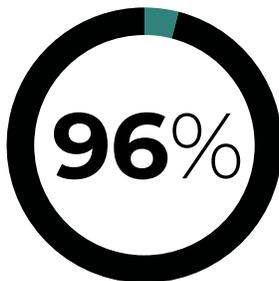


Would give dealers access to driving habits

Shoppers Want Proactive Communications From Their Dealership

Over **90%** of survey respondents are willing to receive **proactive communication** from their dealerships and would act on the suggestion right away or at their own convenience, based on the alert. Likewise, our previous research tells us that customers want clear and personalized communications on what services are needed, and they want this to be communicated to them transparently throughout the entire Service appointment.

What they want dealerships to proactively communicate



Corrective maintenance alert



Preventive maintenance alerts



Service reminders



Customized purchase offers



Customized service offers

Vehicle Owners Have a Strong Desire to Adopt Connected Vehicle Services

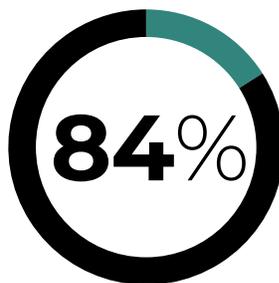
In addition to wanting proactive communications from their dealers, shoppers also have a growing interest in receiving **real-time updates** for their vehicle during a service appointment and **recommendations** suited to their vehicle and their driving history.

88% of survey respondents are more likely to choose a dealership that provides these kinds of services over one that doesn't.

“How likely are you to visit a dealership for service if they provide these services?”



Book your appointment directly from your vehicle



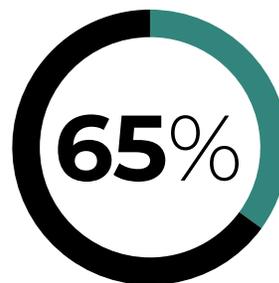
Real-time updates of your vehicle during service



Recommendations based on your driving history and vehicle's service history



Automatically notify dealership when you are about to arrive for service



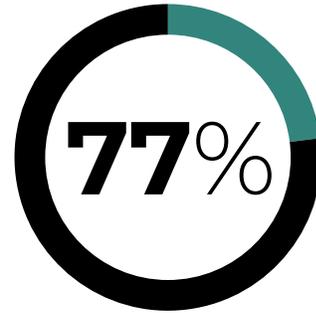
Notify dealership to arrange alternate transportation when you drop off your vehicle

Dealerships With Good Reputations and Knowledgeable Staff Win

Three quarters of the survey participants will return to the dealership for service even after their **warranty period** has expired, if the dealer provides connected car services.

In a separate CDK research study with 800 respondents, **77%** who go to national chains and independents said they would **switch back to a dealership** for service if connected vehicle features are provided.

This presents a great opportunity for dealers to establish customer trust and initiate relationship-building conversations around the benefits of vehicle data when inserted into the service process.



Will go back to dealerships for their post-warranty service needs

Top three reasons for returning to the dealership post-warranty:

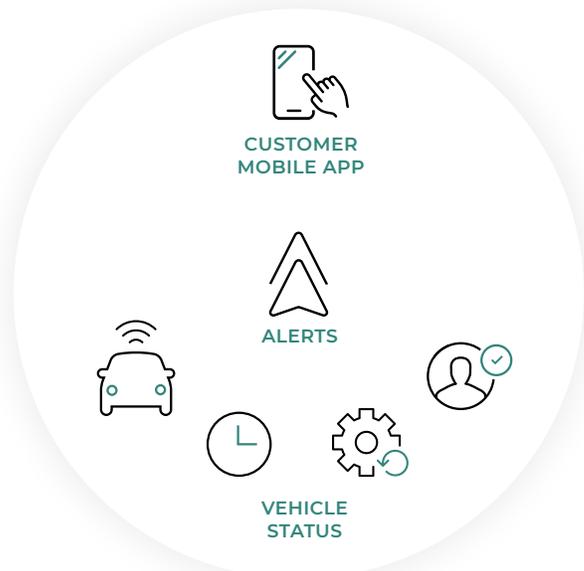
- 1** Knowledgeable service staff
- 2** Good reputation
- 3** Specialized parts for my vehicle

Use Case: Driving Post-Warranty Customer Loyalty With Connected Technology

Connected car data gives dealerships and their customers visibility into the vehicle's health status.

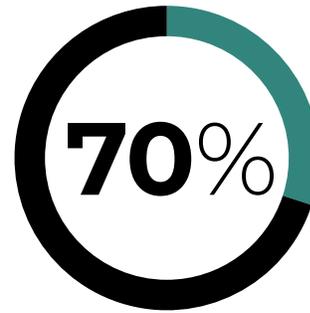
When a health alert occurs, updates are sent to the dealer's Service application, which determines if the alert is severe enough to notify the customer.

The dealer can send an alert to the customer's mobile app and offer them choices in Service appointments. The right Technician and parts can also be paired with the appointment to ensure exceptional service.



Service Shopper Concerns With Sharing Vehicle Data

It comes as no surprise that 70% of survey respondents expressed concerns about the privacy risks of sharing their vehicle data with dealerships and manufacturers. These respondents had a few things in common — they're mostly male, have household incomes above \$100,000 and live in an urban environment.

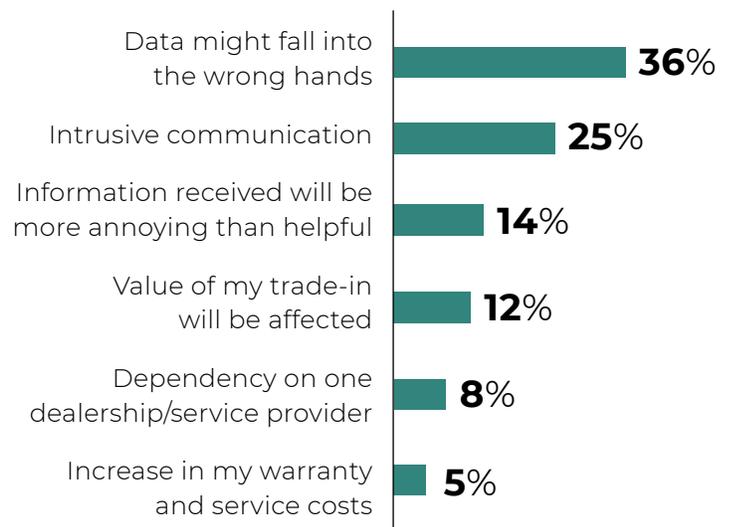


Concerned with privacy risks of sharing vehicle data

Top Three Concerns

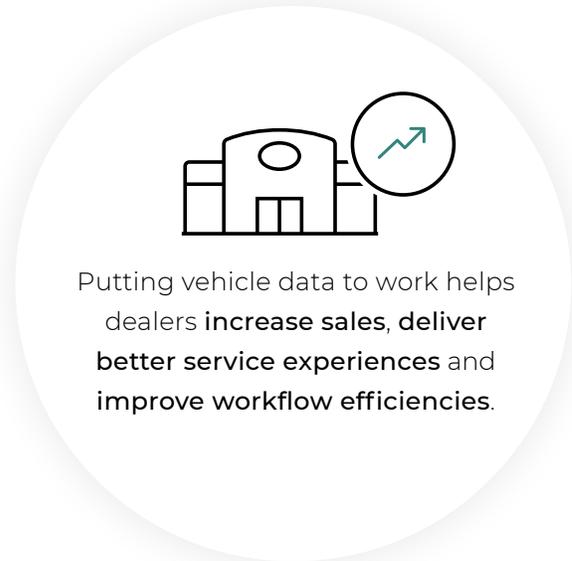
1. Fear of data falling into the hands of hackers or other unfriendly entities
2. Receiving unwelcomed communications such as emails, text messages, and calls
3. Getting information that isn't helpful to them and more promotional in nature

“How will sharing connected vehicle data affect you and your vehicle?”



To address these concerns, dealers must proactively reinforce vehicle data privacy and security policies and reassure their customers that their privacy is protected.

Connected Car Use Cases



Drive More Sales and Increase Profitability



More Vehicle Sales

Transform vehicle data into targeted marketing and sales strategies for new and used cars based on buyer experiences such as mileage, fuel consumption, driving patterns and maintenance history.



Recurring Revenue Stream

Use connected car data to help customers seamlessly secure an insurance plan tailored to their unique driving patterns and needs, while simplifying the car-buying experience.



Sales Efficiency

Track and manage test drives more efficiently and spend more quality time with customers by quickly locating test-drive vehicles in the lot.



Manage Vehicle Inventory

Dealerships can better manage inventory by easily identifying location of all vehicles in the lot for floorplan audits, tracking their health status, and refueling.



Proactive Customer Retention

Auto manufacturers can use vehicle data to identify triggers for trade-ins and turn them into dealership incentives, resulting in more sales and happier customers.



Find Stolen Vehicles

Dealerships can use connected car data to quickly identify the location of stolen vehicles.



New Upsell Opportunities

Capture recall data to create customized service offers that will motivate customers to return to the dealership after their warranty period has ended.

Improve Customer Service and Revenues



Build Trust and Transparency

Revitalize customer trust by communicating proactively about their vehicle's health status. The customer sees this when scheduling their Service appointment, and the Service Advisor sees this when creating the repair order.



Personalized Service Reminders

Dealers can follow up with customers who have previously declined a recommendation in the Service lane, and proactively remind them to bring their vehicle in for service.



Win New Service Customers

When a vehicle is in an accident, the auto manufacturer can proactively reach out to the customer to recommend the best dealership from their network and arrange for the vehicle to be towed there for repair.



Convenient Scheduling

Dealers can enable their customers to conveniently schedule their Service appointment from their vehicle dashboard or their smartphone app.



Grow Service Revenue

Based on vehicle diagnostic alerts, the dealership can proactively include components in the multipoint inspection prior to the customer arriving for their appointment.



Tailored Services

Based on the customer's maintenance and warranty contracts, dealers can use this information to upsell tailored packages such as lifetime oil changes and other concierge services.



Improve Customer Satisfaction

Dealerships can match connected vehicle data to the right parts and Technician to ensure exceptional service during a Service appointment.

Accelerating Connected Vehicle Technology Innovation

Our survey tells us that Service customers are clearly optimistic about the possibilities vehicle technology can bring to their Service experience. This represents a great revenue opportunity for automotive retailers to offer innovative value-add services.

This can only happen with truly collaborative technology partnerships. Connected car innovation starts with manufacturers leveraging the power of the existing automotive ecosystem — as well as open developer platforms — to achieve scale quickly and deliver connected car benefits to their customers. Key to this is the seamless and secure exchange of vehicle data in real time via modern application program interfaces (API), so that actionable vehicle

data can be delivered at the right time to the dealership throughout the customer lifecycle.

Furthermore, as consumer expectations in technology continue to rise, partnering with software technology providers will enable auto dealers and manufacturers to serve the huge number of potential customers with revenue-generating, connectivity-based services and solutions.

Next Steps

1. Generate awareness and excitement with your customers

To establish trust and help customers understand the value of connected car technology, dealers should consider educating customers when they buy a new car, as well as during their Service appointments. As your customers become more aware, they'll be more interested in sharing their vehicle data and buying new services from you.

2. Train Sales and Service staff on how to sell connected car value

Dealers should take a consultative approach to communicating the value of connected car technology with Sales and Service staff. This can be accomplished by developing an enthusiastic company-wide value proposition that all employees can use to have engaging conversations with customers before, during and after the sale of a vehicle. When your employees feel confident communicating the value of connected car technology and services, they'll be more likely to engage with your customers.

3. Consider offering customer-centric connected car-based services

To attract and retain Service customers, dealers should consider providing services that use connected car technology to deliver convenience and a better Service experience. Customers are especially interested in receiving real-time updates of their vehicle during a Service appointment and recommendations that are suited to their driving history and their vehicle's history.



About CDK Global

CDK Global is a pioneer in automotive retail, providing end-to-end, omnichannel retail commerce solutions to our partners in the automotive, heavy truck, recreation and heavy equipment industries.

We are a leading provider of integrated data and open, agnostic technology to nearly 15,000 retail locations in North America. By connecting people with technology, CDK Global solutions integrate all parts of the dealership and customer relationship.

For more than 40 years, CDK Global has been empowering dealers and OEMs with the tools and technology they need to build deeper relationships with customers.

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