

STEERING THE CONVERSATION

Getting consumers on board with the connected car

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ABOUT THIS REPORT

Over the past five years, the amount and types of technological offerings found in our cars has increased dramatically. While reports have shown a significant decline in the number of young people with a driver's license in recent decades¹, the ability of technology to transform the traditional vehicle into an Internet-enabled "third place" could help reignite consumers' passion for cars.

To capitalize on the technology in these new connected cars, automakers and tech companies need to refine the industry narrative so they can connect with a broad consumer audience. There's also a need to segment varying demographic groups with a special emphasis on those who are tech-forward and those who see technology as a barrier.

The trajectory of 2014 car sales is on track to exceed 16 million units for the first time since before the start of the recession. This may help hasten the adoption of connected cars, as many consumers are exposed to vehicles equipped with these new technological advances for the first time.

Still, challenges remain. As data uncovered by this recent Waggener Edstrom Communications study indicates, awareness of connected cars and the benefits they provide remains low. Perhaps even more challenging is that it is not clear that consumers are transferring their affection for tech devices to a similar technology experience when embedded in an automobile.

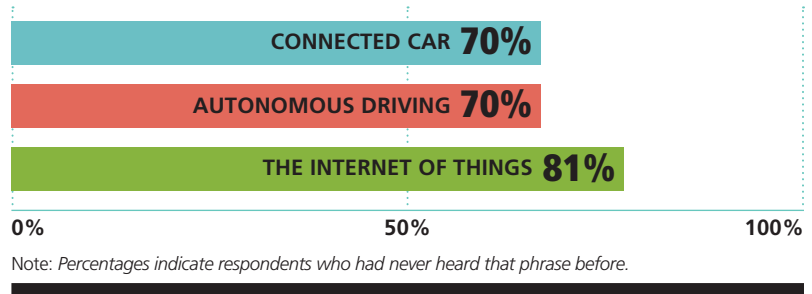
Waggener Edstrom's study seeks to illuminate the challenges and opportunities facing the connected car. In addition to introducing the findings, the report includes interpretation and recommendations by the authors about ways the automotive and technology industries can boost consumer awareness and engender a passion for these new advanced vehicles.

CONNECTED CARS NOT CONNECTING WITH MOST CONSUMERS

As automakers embrace cutting-edge technologies that change the way consumers interact with their cars – and how their cars interact with the world – research conducted by Waggener Edstrom suggests that car buyers still remain unclear about what it

STRUGGLING TO MAKE THE CONNECTION

Though the auto industry is already creating cars with some of the coolest technological advances ever, a majority of consumers are not only unaware of these advances, they have never even heard of some of the key terms this evolution has spawned:



means to own a "connected car." Paradoxically, consumers seem increasingly comfortable with technology overall.

Some 90% of respondents in this study own a technology device such as a smartphone, tablet, mobile phone, or laptop computer. Meanwhile, another 65% indicated they are strongly or somewhat comfortable with computers. But despite their views on technology, 82% said they have either never heard of the phrase "connected car" or they do not know what it means. Only a scant 5% were very familiar with the meaning of "connected car."

This presents automakers and technology companies with both a challenge and an opportunity to educate consumers about what might be inside their current cars, as well as the benefits of their future connected cars.

Waggener Edstrom's research further indicates that consumers are interested in specific technologies made available in connected cars, though the study shows a clear lack of understanding remains about these hi-tech vehicles. When asked how they might describe a connected car to their friends, answers among the 1,195 survey respondents include "don't know," "no idea," "not sure," "N/A," and finally, "I don't know loads about the phrase 'connected car.'"

Few respondents were able to articulate any specific features of a connected car. A number of them were able to guess vaguely that it was "a car

¹ Sivak, Michael; Schottle, Brandon. 2011. "Recent Changes in the Age Composition of Drivers in 15 Countries." University of Michigan Transportation Institute. <http://deepblue.lib.umich.edu/bitstream/handle/2027.42/86680/102764.pdf>

connected to the Internet.” One person even suggested a connected car came with a “black box so that those who want to limit your freedoms know what you’re doing,” while another put forward the notion the connected car was so motorists could “surf the Web while driving,” noting that this was a “bad idea.” One savvy respondent even indicated it would have “built-in GPS, along with easy touchscreen and smartphone controls,” but this understanding of the practical applications of a connected car puts them in the minority.

INTEREST IN MOBILE APPS

While respondents were unsure about the concept of a connected car, they showed a notable interest in the technology associated with it. Quick adoption of recent technology advances suggests consumers are willing to adopt new technologies faster than previous generations.

More than half (57%) indicated they currently owned a smartphone and showed an interest in mobile apps that connected to their cars. For example, 46% said it was very likely they would download an app that would notify them of upcoming traffic congestion and suggest an alternate route. Meanwhile, 44% offered the same sentiment for an app that tracked the location of their vehicle. In addition, 42% reported they would be very likely to download an app that allowed their car’s in-dash computer to pay for parking meters or highway tolls.

Inasmuch as a large number of consumers already own smartphones and express interest in apps that connect their phone to their car, automakers should use this platform to raise awareness and communicate the benefits of connected cars. Partnerships with smartphone manufacturers, as well as wireless carriers, could also grow awareness and generate demand for connected-car technology in an environment where potential consumers are engaged and primed to receive technology-related messages.

CONVENIENCE AND SAFETY

When asked, consumers expressed interest in a wide variety of connected-car benefits, particularly as they related to safety. For example, more than a third (36%) indicated that a rearview camera to help them see behind the vehicle was a key feature they would

like to see in their next purchased or leased vehicle, while 35% said a collision-warning system was important to them. In addition, 34% would like a keyless entry system, while 30% said an in-dash GPS navigation system was something they would like to have in their next car. However, no single offering proved to be significantly more popular than any of the other options, and certainly not within the statistical margin of error. In contrast, nearly as many consumers (31%) were unsure whether their current vehicle provided any of these offerings.

This lack of knowledge around specific technology offerings suggests that while the features of connected cars – at least those listed in the research – may be desirable, they are not important enough to inspire consumers to alter their new car buying behavior. In technology speak, auto manufacturers have not yet produced a “killer app” that would drive excitement and broad adoption of new connected cars.

Unlike the technology industry, which is known for constant experimentation and a “fail forward” approach to innovation, the automotive sector is constrained by its need to thoroughly vet technology offerings to ensure the safety of the vehicle and its occupants, which can delay the introduction of new technology to consumers. Because adherence to safety standards is of the utmost importance in maintaining the trust between automakers and their customers, demonstrating cutting-edge technology advances outside the car environment could serve to educate consumers, shift consumer perceptions about cars, and build excitement for forthcoming offerings. In turn, automobiles could come to be

MAKE CONSUMERS APPY?

Despite low awareness of connected cars, consumers expressed interest in apps related to their driving experience.



Check traffic
congestion
46%



Report on
location of
vehicle
44%



Pay tolls
42%



Find parking
locations
41%



Check gas
levels
40%

seen as an extension of the technology industry. Subsequently, this could inspire the aggressive adoption of new vehicles and create demand for the continual launch of new technology devices and tools for the car.

THE PATH TO CONSUMER OUTREACH AND EDUCATION

To increase awareness and understanding of connected-car technology, automakers and tech companies need to provide consumers with consistent communications that reinforce the benefits of connected car technology, while making it easy to understand for those who are less digital-savvy. This includes in-person opportunities to learn about and interact with connected cars, ranging from technology-focused conferences such as SXSWi to dedicated showrooms. Here consumers will be able to interact with the cars and ask questions of connected-car experts who can correct misconceptions or allay concerns, such as their susceptibility to hacking or distracted driving. There is also opportunity to help people realize how their current cars are utilizing technology.

DIGITAL OPPORTUNITIES

As those with new cars or actively shopping for new cars are most likely to interact with a connected car in person, the automotive industry must leverage social media and other digital opportunities to raise awareness and engage users. This enables the connected car to gain enthusiasts and spread its message organically, not to mention provide people with visual examples of the possibilities and benefits connected cars provide – all from the comfort of their own laptop, tablet, or smartphone. This last point is especially salient since 57% of respondents have a smartphone. Bundling connected car apps in online marketplaces such as Windows Store, Google Play, and the Apple App Store for easy download will let consumers try out a number of connected car apps all at once.

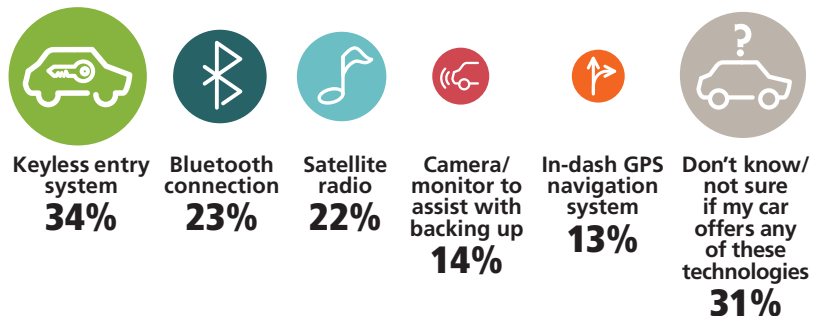
INFLUENCER OUTREACH

While social media can be persuasive, it will not turn the tide of public perception about the connected car by itself. The industry must also

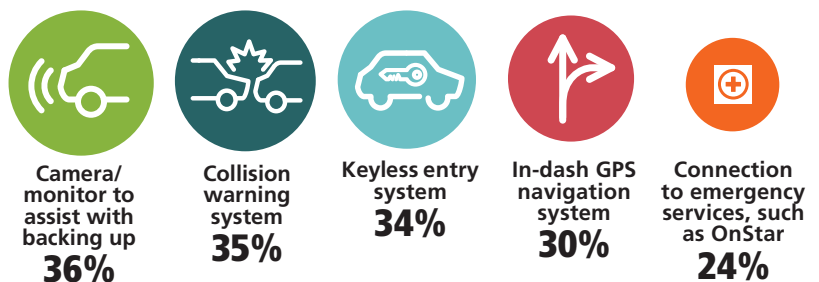
MATTERS OF CONVENIENCE

Today's cars provide features drivers appreciate, but there also remain numerous features consumers still crave that connected cars can provide. The fact that a good percentage of drivers aren't aware some of these features already exist in their current vehicle provides a strong education opportunity for carmakers and tech companies.

TOP FIVE CONVENIENCES ALREADY AVAILABLE IN CURRENT CAR:



TOP FIVE CONVENIENCES CUSTOMERS WOULD LIKE TO SEE IN THEIR NEXT CAR:



target the proper bloggers, tech reporters, and automotive media. Two macro themes should be the focus of industry communications to these influencers:

First, articulating how these technological advances fundamentally improve the traditional car-driving experience. Second, communicating the tests these technology features have undergone to ensure the safety of the car's occupants.

These also provide an opportunity to ensure people are aware of the features their cars already provide (one-third are currently unaware), which could serve as an entry point to expanding the amount of technology within the car, as well as provide opportunities to upsell those seeking new forms of in-car technology. ●

**WAGGENER EDSTROM**
COMMUNICATIONS

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The Waggener Edstrom Communications 2014 "Connected Car Online Survey" was completed by a total of 1,195 US residents ages 18 and over. The survey was conducted in February 2014 among a panel of US residents who have agreed to participate in surveys. Results showed respondents evenly divided between genders, with 29% being between the ages of 18 and 34; 33% between the ages of 35 and 54; and 38% over the age of 55. Of those surveyed, 19% earned an annual household income of more than \$80,000; 26% earned between \$40,000 and \$80,000 a year; 38% brought home less than \$40,000 annually; while 17% preferred not to disclose their annual income. More than half the respondents were married or in a domestic partnership (54%), while 74% had no children living in the house.

Results are not weighted and are statistically tested at a 95% confidence level.

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