

Life in the fast lane

Car manufacturers can learn from a new real-time study of Chinese car buying which reveals a very different path to purchase than shown by post-purchase research, with unexpectedly rapid decision-making, writes **Andy Turton** of TNS

With the world car market growing by just 3.5% in the last year, international automotive brands are increasingly looking to fast-growth Eastern markets to take up the slack. However, outdated purchase models risk leaving brands with an incomplete understanding of the buying process in such emerging markets and may well be undermining attempts to capture a significant share of first-time auto buyers.

The car-buying environment as a whole has been transformed in recent years, not least by the pervasive influence of digital and social media. In response to this, TNS has developed The Automotive Path to Purchase Study (TAPPS), a new approach to mapping the journey of potential auto buyers, which

is designed to reflect a far more complex environment than that envisaged by the traditional, linear purchase funnel model.

The TAPPS pilot study in China followed the same group of individuals through a four-month auto-buying process (Figure 1). All had indicated that they intended to buy a vehicle from new within the next six months.

Each week they recorded their decision-making behaviour through an electronic diary, which was closed at the end of the week when a fresh diary was opened. This approach considerably reduced the burden on respondents' memories, while the closure of each week's diary prevented subsequent rewriting of history.

These days, each of us spends a considerable amount of time online and it's not always reasonable to expect

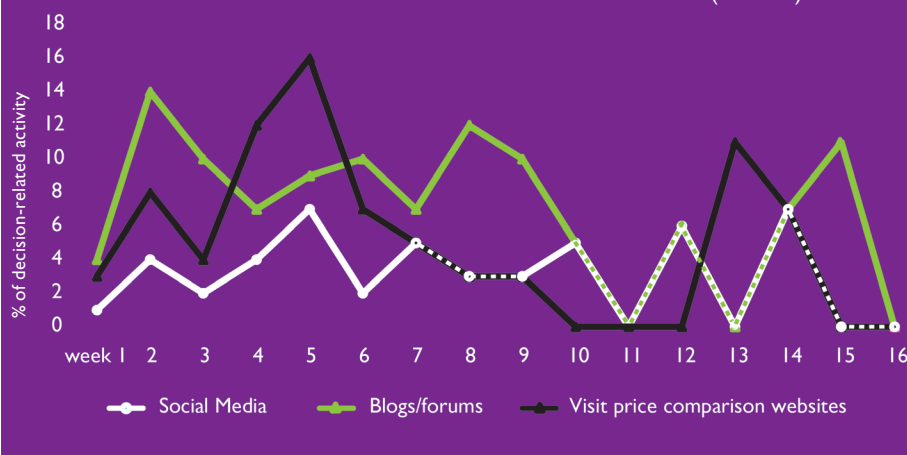
individuals to record their key auto-related search activities in the kind of granular detail that research requires. To deliver granularity, TAPPS used a passive approach, with an app recording each and every online journey undertaken by a sub-set of participants. An insight emerged of precisely which websites were used in the purchase process, in what sequence, how often and for how long. Online focus groups were used to explore emerging data trends and an online photographic record of the journey to purchase was captured for each respondent.

A total of 1,257 individuals completed the study. Of these, 669 finalised their purchase during this time, with the remainder continuing to show credible shopping patterns at the study's conclusion. More than 8,000 diary records were available for analysis, together with hundreds of photographic records capturing key steps *en route* to purchase.

When applied to China, where 80% of potential auto buyers have never purchased a vehicle before, TAPPS' use of real-time electronic diaries to record potential car buyers' behaviour revealed significant and surprising differences from more mature markets.

Foremost among these is the fact that the Chinese car-buying process has a popular fast lane, which could leave slow-footed brands behind. Rather than taking several months to decide on a vehicle, as anticipated in the traditional auto purchase funnel, 40% of Chinese auto buyers decide on a make and model within four weeks. And this despite the fact that 60% buy a make or model other than the one they first

FIGURE 1
THE AUTOMOTIVE PATH-TO-PURCHASE STUDY (CHINA)





A Rolls-Royce showroom in Shenzhen: the role of dealerships is very important in the Chinese car market as buyers view them as trusted and credible advisors

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considered and often make final purchase decisions simply because the exterior styling of the chosen brand caught their eye. Loyalty to auto brands is low, and those targeting this market cannot afford to build it slowly over time. The question is: which channels are best suited to building a credible brand presence during a potentially very brief period of consideration?

Manufacturers ignore digital media at their peril, with 95% of Chinese consumers using online sources during the buying process, and around a quarter classed as heavy users. For those making decisions quickly, digital media takes on even greater significance; people who buy within one to two weeks are more likely to be digitally engaged and are also more likely to buy premium brands.

The obvious conclusion is that brands should invest in digital advertising to reach the most valuable Chinese consumers. However, the real story is more complex – and more challenging. China's first-time buyers rely heavily on the advice of friends and family when it comes to choosing a car, and in the digital space this translates to a strong role for social media, particularly

in the latter stages of the decision-making process.

Although consumers are happy to turn to brand-generated content at the start of their search, they switch purposefully to consumer-generated content to test any brand claims prior to actually buying a vehicle. As a decision nears, blogs, forums and social media are used increasingly often and exert great influence. In fact, 60% of Chinese auto buyers reported that they changed their minds based on what they learned from other consumers online.

Exerting influence in the social media space is particularly challenging for brands in China, given that over half of Chinese consumers believe that brands have no place in their social media experiences. The recent decision by General Motors to pull all advertising from Facebook bears witness to the frustration faced by brands seeking to influence consumers in this key domain.

However, global auto brands already have proven tools that can help to drive customer acquisition through social media. Customer Relationship Management (CRM) techniques, in particular the ability to segment and

activate existing customers, are likely to provide a vital competitive advantage, despite the fact that the Chinese market is dominated by first-time buyers. Passionate auto brand owners may be thin on the ground at this stage – but their influence is potentially huge when activated in the social media space.

Brands have become practiced at identifying highly committed individuals within their customer base. And those brands that identify the most effective ways to activate these consumers will grow more rapidly than those who do not. Activated consumers need to speak naturally, no hint of brand influence must be discernible, but the committed customer typically is never lost for words when talking about the brands they enjoy. Managing their messages is not the issue, finding ways to activate them without impacting their brand relationship is the key challenge.

Despite its importance, social media is far from the only trusted channel guiding consumers' final purchase decisions. Of almost equal importance is the role of car dealers, who are wholly untainted by

Western perceptions of salesmen out to make a quick buck at the consumer's expense, partly because the used-car market in China is only starting to emerge. In China, car dealers are viewed as the most reliable source of advice throughout the buying process. Manufacturers who protect this trust by engaging with their dealer network to ensure a fair deal for customers will reap dividends. Getting a good deal is extremely important to Chinese buyers; 80% buy a car having secured a discount, compared to around 40% in Europe. Providing good deals through a trusted source could prove key to leveraging discounts without undermining precious brand equity. Chinese buyers expect even premium brands to offer discounts, but it's also clear that discounts must operate within specific parameters. Drop prices too low and perceptions of quality can be damaged, with brands even inadvertently insulting potential buyers.

time recording of data, as used in the TAPPS study, has the potential to change the game for auto brands.

Research into the auto-buying process has traditionally depended on 'look-back' interviews with consumers, which are often conducted after a purchase is made. This approach runs two major risks from a research perspective. First, the human brain is very selective about what it remembers, and recalling exactly when and where it was exposed to brand communication does not come high on its priority list. Second, humans prefer to present a rational and structured account of themselves to the world and are uncomfortable admitting to acting irrationally, especially where high-cost purchases are concerned. When asked some time after a purchase to explain how we arrived at the choice we did, we tend to create a narrative that presents us as considered and rational. This process of

burden on consumer memory. TAPPS has been developed to fulfil this requirement – and the example of China demonstrates how much can be gained by recording purchase behaviour in real-time.

The first TAPPS China study has made clear the importance of developing a social media strategy in which real consumers are engaged as brand advocates, talking from the heart about their relationships with the brands that they are attached to. TAPPS also identified discrete decision-making styles among Chinese consumers, which should influence both communication strategies and dealer follow-up behaviour. Future TAPPS China studies will expand on these themes and explore even more deeply the interactions between brand-controlled and consumer-generated messaging, on and offline.

The credibility and trust placed in Chinese car dealers is an asset that brands must seek to preserve. Dealers act as influential advisors, especially for those overwhelmed by the wealth of information available to them. As the used car market develops in China, and consumers are exposed for the first time to adversarial vehicle trade-in experiences, brands must find ways to protect this role. Providing dealers with brand-optimised promotional tools can help, although brands must be aware that bigger is not always best when it comes to discounts.

The continuing importance of TV advertising has also been crystallised. In an environment of flat media budgets, increasing digital spend often means reducing broadcast media expenditure. The TAPPS study shows that this would be a mistake in China. Brand building remains a work-in-progress for many automotive brands in this market, and TV remains a powerful tool in accelerating awareness and interest among those interested in buying a vehicle.

Many leading economists hold China as the model for the world's future development. As we expand TAPPS to Europe, the US and other developing markets, we'll learn just how much the Chinese automotive-buying process heralds the future for the rest of the world.


“Rather than take several months to decide, Chinese auto buyers decide on a make and model within four weeks”

Should the importance of digital media and consumer preference for the advice of their peers mean a reduced role for TV advertising in China? Previous research studies have suggested as much, with fewer than 10% of Chinese consumers admitting that TV played any role in their decision-making. However, TAPPS points to a very different conclusion, recording that more than 40% of consumers acted on a TV ad after seeing it. Far from being left behind by China's auto-buying fast lane, TV spend can provide a vital opportunity for rapidly establishing brand awareness and consideration.

Understating the role of TV is one area where traditional research studies have struggled to unravel the complexities of the auto buying process. Pinpointing the shift from brand to consumer-generated content and identifying the speed with which auto buyers make decisions are others. It is insights such as these that show how real-

ordering and reshaping has been termed 'cognitive dissonance reduction'. It is not performed consciously, or with any deliberate intent to mislead, but its effect is profound. The advantage of real-time diaries is that when influence is captured as it happens and is locked tight in real-time, it cannot later be denied by the subconscious.

For auto brands, as in other sectors, managing the burgeoning online space and balancing this with traditional media spend, is a business of ever-growing complexity. Marketers require a nuanced and subtle understanding of complex and varied purchase journeys, particularly if they are to establish brands and gain share among rapidly moving consumers in emerging markets. If the buying process is now too complex for consumers to recall accurately, and we accept that the process of cognitive dissonance reduction introduces unhelpful distorting effects, then we must find a research approach that places less of a

 more on the Chinese auto path-to-purchase at www.warc.com