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CUSTOMER INSIGHTS FROM ARTIFICIAL INTELLIGENCE

MAKE YOUR CRM SMARTER WITH THE POWER OF ARTIFICIAL INTELLIGENCE

111100 **MALEA LEE,** AGE 44

011101 ARIZONA, MARRIED,

010001 **3 KIDS,** HATCHB

010100 EMPLOYED, YEA

111101 INCOME $80K,

111101 **THIRD ROW SE**

100011 $500 PER MON

101010 REMOTE KEYLES

010011 ENTRY, RENTS HO

101101 READY TO PURCH

101101 6–12 MONTHS F

101001 NOW, 0–20K MIL

NEW OR USED, 01001

HONDA ODYSSEY, 10100

ACK UP CAMERA, 01001

BLIND SPOT 11101

TECTION, SIDE 01011

BAGS, **5-STAR** 01101

FETY RATING, 01000

CREDIT TIER: 1, 01010

BLUETOOTH, 00100

WHITE, 30 MPG, 10011

0,000, TRADE-IN 01110

VALUE $12K 00001

COMBINING CUSTOMER INFORMATION WITH ADVANCES IN AI

A dealership's CRM is one of the most useful tools of the car sales trade. Used correctly, a CRM can give dealers valuable information about their customers (and potential customers) to make better connections, build stronger ongoing relationships, and improve the car buying experience. But a dealership's CRM can do even more.

Thanks to recent advances in artificial intelligence technology, dealers are now viewing their customer data in a whole new light. By combining information in the CRM with AI technology that aggregates and analyzes large amounts of data, these two essential technologies are giving dealers key insights into individual customer interests to better personalize the buying experience. It is a revolution for auto retail, and it is helping dealers see the bigger customer picture, one individual buyer at a time.

66% of retailers expect AI investments to increase profitability within three years.

A REVOLUTION FOR AUTO RETAIL

Although the digital revolution has been hugely beneficial for retail, success has not come without significant growing pains. In fact, according to Forbes, adapting to the online world has been "the greatest challenge of the 21st century so far for the retail industry." And yet, "the next hurdle is already in sight. Artificial intelligence will again change the way we shop."

Juniper Research forecasts that global retailer spending on artificial intelligence will reach $7.4 billion by 2022, compared with only $2 billion spent in 2018. This forecast is founded in retailers' high hopes for AI technology. According to a recent Oxford Economics report, 66% of retailers expect AI investments to increase profitability within three years, and 72% say artificial intelligence will be a competitive necessity for their company in the next five years.

With talk of "competitive necessities" and increases in retailer profits, and because every leap forward requires some trial and error within an industry, dealerships would do well to pay attention to previous successes with artificial intelligence. Specifically, auto retailers should focus on the following four AI applications:

1. Personalization of product offerings.

2. Uncovering buying signals.

3. Improving customer satisfaction.

4. Bridging the gap between online and in-store customer interactions.

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> AI can analyze millions of data points and can draw connections between behaviors and product offerings in an instant.

PERSONALIZE PRODUCT OFFERINGS

Most customers are familiar with the way AI has transformed product recommendations. When consumers scroll their favorite online retail sites or browse their favorite video streaming services, they have grown accustomed to seeing product recommendations based on their past purchases or browsing behaviors.

The ability to analyze large amounts of customer data is one of the major advantages of artificial intelligence over human thinking. AI can analyze millions of data points—including demographic characteristics, past purchases and shopping behaviors—and can draw connections between behaviors and product offerings in an instant. Through the use of complex algorithms that filter this data, artificial intelligence gives retailers actionable information to better understand customers and boost sales.

Artificial intelligence is also transforming the way advertising matches consumers with specific products and services. Google, Facebook and other advertising giants take thousands of data points into account when serving up advertisements, resulting in advertisements that are personalized and relevant to each viewer. Taking the lead from these industries to combine demographic data points with individual shopping history, dealers can know what their customers want before they ever walk through the dealership doors. This makes it easy to recommend the right products at the right price points and to tailor marketing messages based on what is likely to resonate with individual customers.

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40% of early adopters are using artificial intelligence to predict customer behavior.

UNCOVER BUYING SIGNALS

Artificial intelligence can do more than match customers with relevant product offers. It actually has the power to predict when a customer is ready to make a purchase. Using machine learning algorithms, AI can analyze a customer's browser history and past purchases, including how long a person stayed on a particular webpage. It can track interactions on social media such as likes and shares.

To uncover buying signals, retailers are leveraging a specific subset of artificial intelligence known as predictive analytics, which uses current and historical information to predict what will happen in the future. According to a recent Oxford Economics report, predictive analytics account for 36% of current retail applications for AI, and 40% of early adopters are using artificial intelligence to predict customer behavior.

Dealerships today are using artificial intelligence to measure the strength of a deal by evaluating customer interactions and measuring the engagements of their salespeople with contacts housed in their CRMs. Forward-thinking dealerships are taking full advantage of AI's ability to uncover buying signals. They are adjusting their approach to individual customers based on relevant buying signal indicators being generated by their CRMs. By using information distilled from customers' online shopping behavior, these dealerships are speeding up deal closings and improving customer trust.

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41% of retailers have implemented chatbots or virtual agents in some parts of their business.

IMPROVING CUSTOMER SATISFACTION

Artificial intelligence is not just about encouraging additional purchases, it also has the potential to improve customer satisfaction. Many organizations are using artificial intelligence as a component of their customer support efforts. Chatbots—with the ability to take in and respond to customer questions and comments—are a large component of this. In fact, according to Oxford Economics, 41% of retailers have implemented chatbots or virtual agents in some parts of their business. These types of automated service technologies allow call center employees to focus on higher priority work, instead of being bogged down by more routine support requests.

Artificial intelligence also enables customer service departments to start resolving customer problems before they even arise. According to IBM, the ability to provide proactive customer support has "huge potential." By monitoring a nearly infinite amount of website and in-app activity, AI can identify customer experience issues and respond in real-time to offer support through FAQs or virtual customer service agents. For example, Ocado, an online grocery retailer, is using the Google Cloud Machine Learning Engine to sort and categorize online customer comments. According to Google, artificial intelligence has helped the company respond to those comments 3.5 times faster.

Many dealerships are using AI to analyze and understand customer sentiment, which indicates whether customers have positive, negative or neutral feelings about their interactions with dealership employees. Some CRMs, powered by artificial intelligence, can analyze customer text messages, emails and other communications, then update a dashboard with a readout of customers' sentiment and intent. This helps dealerships understand where course corrections are needed to get customers with negative sentiment back on track.

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car buyers spend nearly 9 hours, or 61% of their time, online.

BRIDGE THE GAP BETWEEN ONLINE AND IN-STORE CUSTOMER INTERACTION

AI can also seamlessly connect retail companies' online and in-store sales channels. For example, Target has incorporated Pinterest Lens, an AI-powered visual search tool, within its mobile app. This feature allows customers to take a photo of a pattern or object and automatically connect to a curated list of similar or complementary products. Customers can then make purchases online or check in-store availability and view the product in person at a nearby Target store. According to Target Senior Vice President Kristi Argyilan, this artificial intelligence feature allows consumers to "explore, discover and buy millions of products at Target."

Target is just one example of a retail company making strides to provide a more seamless buying experience. But nowhere is the gap between online and in-store customer experience wider than in the automotive retail industry. According to the Cox Automotive 2019 Car Buyer Journey Study, car buyers spend nearly 9 hours, or 61% of their time, online. Unfortunately, most dealerships are not equipped to acknowledge or leverage the work a customer has done online before stepping foot onto the lot. This time wasted is frustrating for customers.

Dealerships can use artificial intelligence to draw conclusions about an in-store customer based on the actions they have already taken online. By analyzing customers' online behavior, artificial intelligence tools can build customer profiles, generate buying signals and offer insights to speed up deal closings and improve customer trust. This helps streamline the buying process, resulting in a better shopping experience.

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CONCLUSION

Artificial intelligence is the next big challenge and opportunity for automotive retailers. By learning from the examples of companies in other retail sectors already employing AI with positive results, dealerships can implement AI to change the way consumers shop, promote future growth and profitability, and once again revolutionize the industry.

LEARN MORE AT VINSOLUTIONS.COM/AI

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