

The disruption of the new-car sales market

By [Marius du Toit](#)

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Digital disruption in the automotive market is transforming the dealership model into a more customer-centered model.



Marius du Toit, founder and managing director of Beat the Price

Since about the mid-1990s, every year in China, on the 11 November (11/11), the country celebrates “Singles Day”, which literally is a day set aside to celebrate being single. Think of it as the opposite of Valentine’s Day.

Then, from around 2009, Singles Day was unofficially adopted by Alibaba, the world’s biggest online commerce company, as an annual retail event.

Singles Day has turned into the single biggest shopping day in the world, with sales in just 24 hours topping \$17.8bn in 2016. It is raking in way more than Black Friday and Cyber Monday combined.



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Incredibly, on Singles Day in 2016, around 100,000 cars were sold online by Alibaba, that’s more than the average sales volume of 1,000 Chinese auto dealerships in a month. Let that sink in a bit - 100,000 cars sold in one day online!

While China may be leading the world in e-commerce purchases (in December 2017, Ford announced a partnership with Alibaba to possibly sell cars for them online), consumers all over the world are increasingly turning to, and becoming more comfortable with, purchasing anything from clothes, groceries, home appliances and big-ticket items such as cars, online.

Disruption in the automotive sales

Internationally, digital disruption in the automotive market is transforming the industry’s long-established dealership model into a more customer-centered model, where power has shifted to the customer, and face-to-face interactions with a dealer have become much less important.

Customer-centric e-commerce, focusing on Customer Interface (CI), Buyer Journeys and Customer Experiences (CX), is grooming a new generation of car buyer to think differently about purchasing a vehicle.



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These digital natives are the car buying public in the years to come and understand how they engage with brands and make purchases is essential to building sales channels of the future.

A customer-centered business model is entirely focused on the customer's buying experience, rather than the traditional car sales model. It is an omnichannel offering, extending across mobile apps, websites, social media and brick and mortar stores. It requires the breaking down of silos between online and offline experiences.

Through engaging with brands across an increasing set of relevant channels, consumers are finding inspiration at varying moments prompting a desire to shorten the path from discovery to purchase.



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Consumers don't want to jump through non-sensical hoops to move from first engagement to purchase. This is necessitating a need to ensure frictionless commerce.

Potential buyers are independently conducting research online before ever setting foot in a dealership, forcing dealers to simplify their offerings, bundling options into packages, rather than choosing options from long check-lists, simplifying the sales process significantly.

Meeting the needs of these consumers is requiring that new capabilities are built, necessitating a complete overhaul of traditional models and channels, delivering true omnichannel customer experiences.

In the future, car sales will link brands, dealers and customers in an omnichannel experience aimed at building greater brand loyalty while at the same time reducing costs.

Value will be created not just in monetary terms but also in the whole experience and in time-saving because really, why should the purchase of your new car be dictated by when a dealership is open?

ABOUT MARIUS DU TOIT

Marius du Toit is the founder and managing director of Beat the Price. His love of cars and having contact with people motivated him to build a successful career in the car industry for more than 30 years. He started his career working as a business development officer for motor vehicle and business financing firm WesBank.

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