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Automotive eCommerce industry

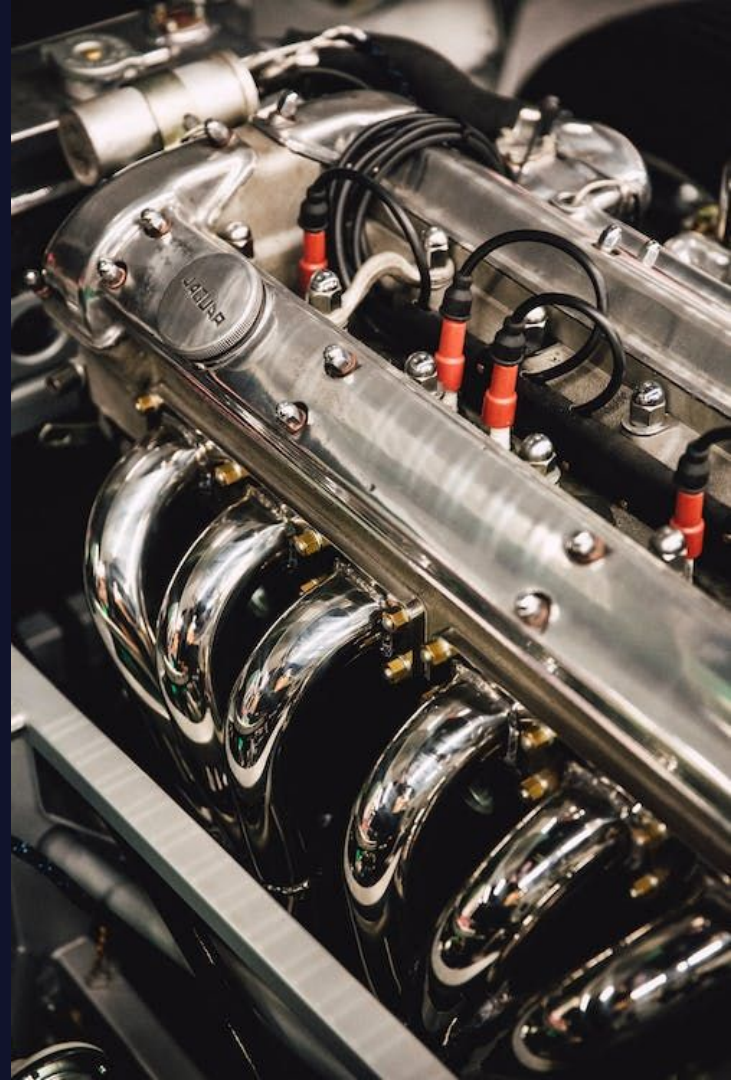


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Executive summary

- **Digitalization of the Automotive industry**

Prominent market players are continuously shifting towards AR showrooms and 3D car configurators and more steadily implementing features for parts and price transparency.

Nearly two-thirds of the eligible audience is now open to purchasing a car online. By 2025, it is anticipated that 6 million new vehicles will be sold worldwide via eCommerce platforms.

- **Industry embracing tech advancement**

Technology adoption and investments in R&D allow for a seamless approach against competitors. This will enable companies to stay up to date with current events in terms of technology.

This is evident with AR and 3D configurator showrooms implemented by the leading companies in the market, like BMW, Volkswagen, Audi, and others.

- **Important aspects of configurators**

There are wide variations in the way the configured car itself is displayed. Particular attention should be paid to these elements: thorough representations are crucial, particularly for increasingly sophisticated equipment.

Proposed solutions

Explore possibilities in eCommerce and **implement AR solutions for 3D configurators.**

Even aftermarket retailers saw significant revenue increases because of **VR showrooms**, meaning that distributors have equal capacities for similar products. Companies can now **own customer information and capture zero-party data for personalized** email campaigns and offers.



Global Automotive eCommerce overview

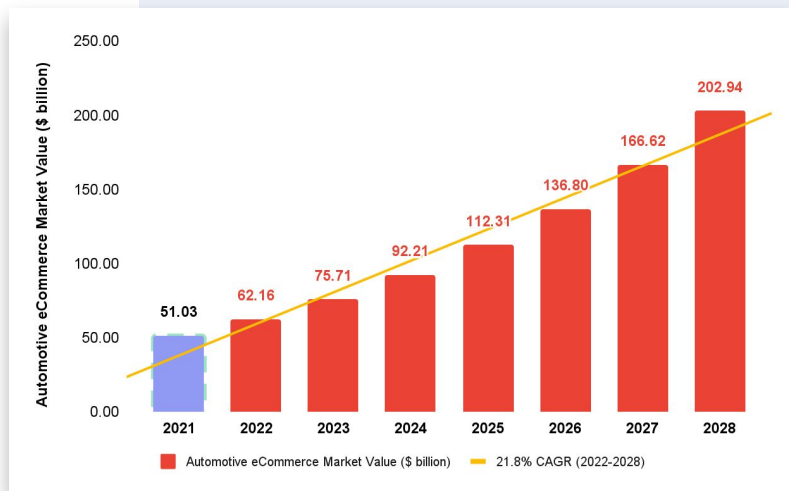
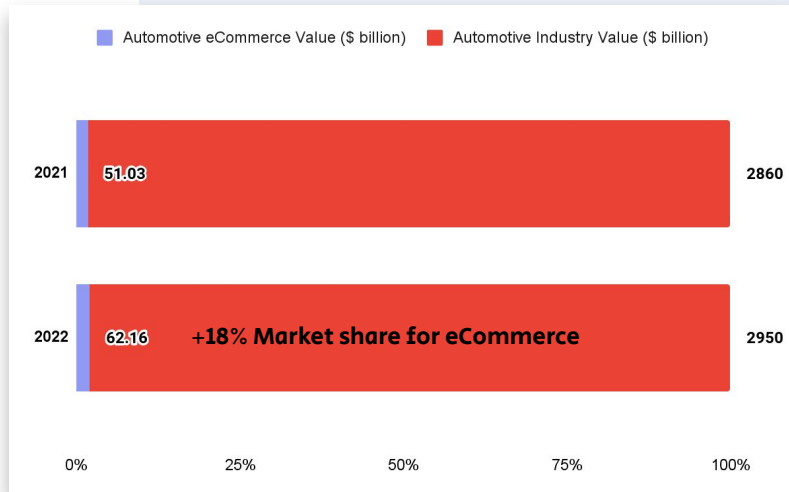
Global Automotive eCommerce overview

General industry statistics

The global Automotive eCommerce industry was valued at **\$51.03 billion** in 2021. With a CAGR rate projection of **21.8%** over the period 2022–2028, the market value is expected to reach **\$202.94 billion** in 2028.

- Automotive eCommerce market value: **\$51.03 billion** in 2021
- Projected CAGR: **21.8%** over 2022-2028
- Market share of eCommerce: **1.78%** in 2021, **2.11%** in 2022, an **18% increase YoY**
- Market growth influences: **electrified** and **hybrid** vehicle demand, **3D configurators**, **AR showrooms**
- eCommerce advantages: **cost cutting**, **customer experience**, **customer-first protocols**
- Key industry players in configurators: **Audi, BMW, Volkswagen**
- Aftermarket car parts shares: B2B (**34.7%**), B2C (**65.3%**)

*Source: [Global News Wire](#)



Key factors

By successfully entering the industry, eCommerce firms continuously battle established aftermarket merchants. Other businesses are also embracing this change.

- The market is divided into **two-wheelers, commercial vehicles, and passenger cars**. As of 2020, the passenger car category held a **71.79%** market share and is expected to continue to rule the industry over the following years
- 9 million cars were sold in 2000. In contrast, 2020 only saw sales figures of 3.5 million. This may be an indication of how the Covid-19 epidemic, which had an impact on physical sales too in every sector of the economy, played out
- As a result, the **auto industry has further switched its focus toward an online model** to **sell** both vehicles and auto parts **more effectively**
- Ford recently revealed they are **converting more sales to a model where customers can custom order from the factory online** and then receive the delivery at the dealership instead of choosing from the cars that are currently on the lot





Automotive eCommerce trends and data

Advantages of eCommerce (1/2)

eCommerce removes geographical restrictions, and your market share is closely correlated to your location compared to a traditional car sales approach where customers visit a showroom and choose their favorite model.

Reduced costs

Ford's eCommerce strategy helps the **corporation supply the vehicles customers want** while **reducing inventory expenses** for Ford and its dealers. There will inevitably be some opposition; however, the **end user will have a better experience** thanks to this business model because they will have **more options from the Ford lineup**

Customer experience

Consumers are increasingly **favoring digital platforms** for inquiry and exploration. One example is **personalized sub-sites or standalone stores** that all originate from a single branded eCommerce platform. Customers expect the same level of **convenience from eCommerce leaders** as they would from traditional retailers



Advantages of eCommerce (2/2)

Smart vehicles and big data

Digital payments are becoming more commonplace among consumers, including in automotive sales. Future smart fleets' intelligence, connectivity, and data can enable transactions across all digital touchpoints and open up new revenue streams

Customer-first approach

- Customers enjoy **being able to shop from any location at any time**, be it at noon or even midnight, after a long day of waiting to pick up the kids from school. Additionally, automotive eCommerce gives clients **more control over their purchasing processes**, which can increase customer happiness, brand loyalty, and dealer approval ratings
- **Advantages for customers:** their own pace, external resources, friends/family advice, making use of VR showrooms without salesmen



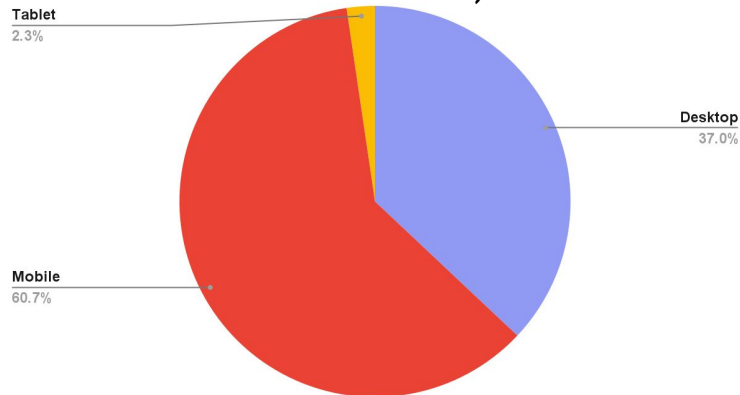
Distribution of traffic

After Covid-19, increased demand for online retail solutions is currently the primary factor driving the expansion of the automotive eCommerce market.

- Nearly **two-thirds** of the eligible audience is now open to purchasing a car online. By 2025, it is anticipated that **6 million new vehicles** will have been sold worldwide via **eCommerce platforms***
- **Multichannel outreach**, a stronger web presence, and **cutting-edge choices** are expected. Particularly, we may anticipate a rise in the use of **AR buyer experience** models and **virtual showrooms***
- It will be interesting to see how virtual solutions develop in reaction to the fact that many consumers still like the **in-store experience**. Automotive **eCommerce is unquestionably here to stay***
- A study found that **mobile devices** account for **61% of traffic to automotive eCommerce** websites, with desktop computers accounting for 37% and tablets for 2%*

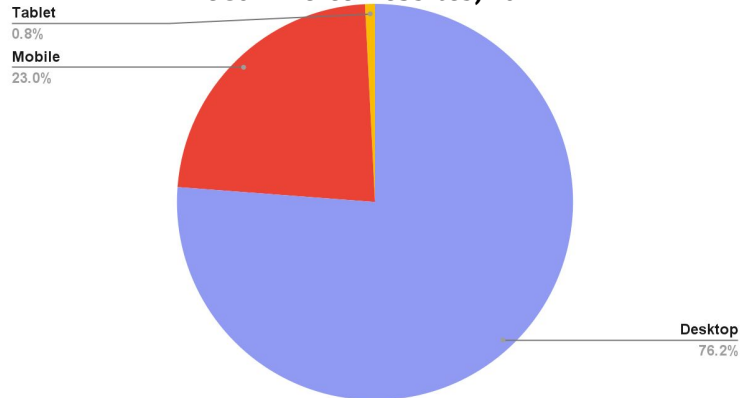
*Sources: [nopCommerce](#) [Go-Globe](#) [Cox Automotive](#)

Distribution of online traffic to automotive eCommerce websites, 2022



Source: Statista

Distribution of conversions on automotive eCommerce websites, 2022

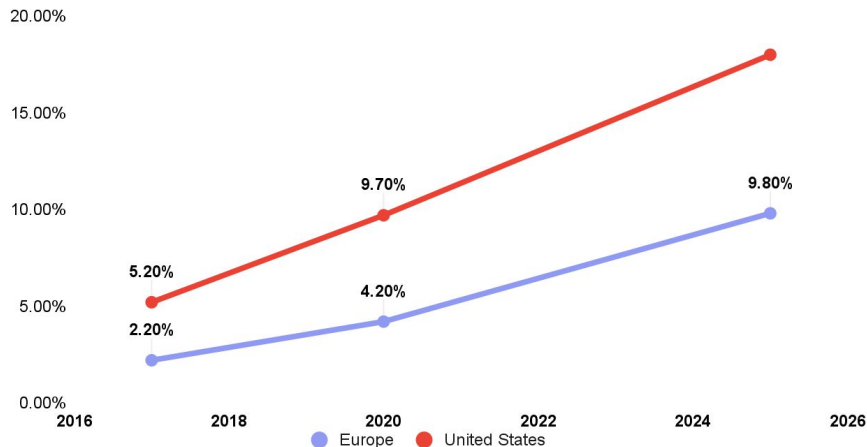


Source: Statista

eCommerce as percentage of used car retail

- By 2020, **4.2% of European used car retail sales** were conducted online. **The United States** had a much higher share of these sales—roughly **9.7%**
- Carvana, a US-based online used-car retailer, sold **244,000 used cars in the US in 2020**
- [Moller Auto](#) developed a **dependable used-car eCommerce platform** offering customers in the Baltics various cars that were pre-checked and recommended by the website
- [Toyota UK](#) also implemented a **used-car search** to help with used and **trade-in** searches
- **Auto1 Group** is one of the leading startups in the sector. The company went public in 2021, and in April of that same year, it was named **one of Europe's top unicorns**

eCommerce as a % of used car retail sales (2017–2025)



Source: [Statista](#)



Automotive aftermarket & parts

Automotive aftermarket & parts

Global automotive aftermarket

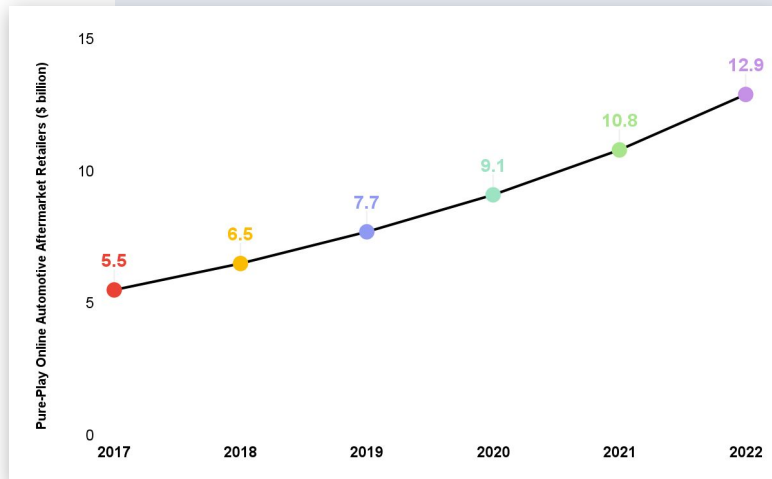
The global online automotive aftermarket reached \$56.68 billion in 2020. With a projected CAGR rate of 16% over 2021-2027, the market is expected to reach \$138.1 billion by 2027, especially if firms take action to raise consumer awareness and create aftermarket networks.

- The market size of **American automotive aftermarket** eRetailers has **consistently increased yearly** since 2017
- Online retailers who specialize in **just one industry** or service are referred to as **pure-play** eRetailers
- Additionally, it is forecasted that until 2022, when their industry is expected to be valued at around **\$12.9 billion**, their share of aftermarket sales in this market will **continue to increase**
- The continued trend of **pure-play retailers implementing eCommerce tactics** is anticipated to **drive the market's expansion**

*Sources: [GMI Insights](#) [Eco Motors](#)



Source: [Statista](#)



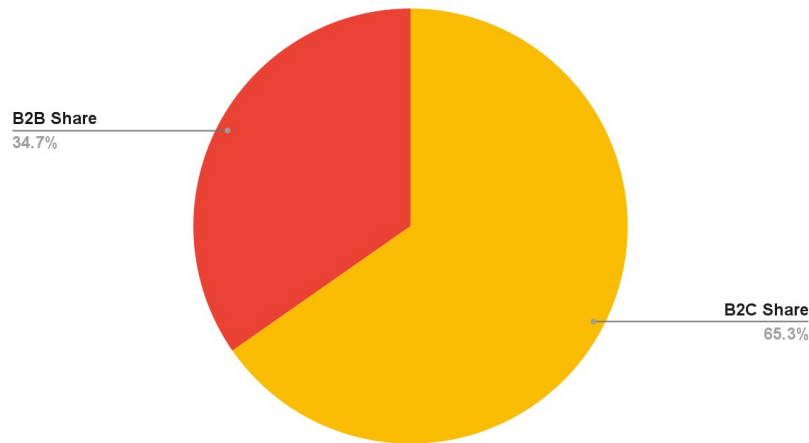
Source: [Statista](#)

Independent retailers for aftermarket parts

The market is being stimulated by the growing demand from consumers and independent retailers for access to more reasonably priced automotive aftermarket parts. Traditional auto merchants are also adopting eCommerce sales channels to boost income creation and improve customer service.

- With a revenue share of **22.7%** in 2020, the **transmission** and **steering** segment had the **most significant revenue share**. This can be due to the increase in motor vehicles and the ensuing need to swap out worn-out and outdated parts
- **The average age of cars has risen**, necessitating **maintenance** and the purchase of **new replacement parts**
- With a revenue share of **65.3%** in 2020, the **B2C** sector had the greatest revenue share
- This can be linked to several elements, including **convenience**, more **affordable prices**, and **simple access** to purchasing options
- The **importance of control over sales channels** and transaction pricing has **substantially increased** for automakers
- The **majority of transactions** made on **eCommerce** platforms at the moment are **in the B2C segment** of the automotive aftermarket industry

Revenue share of aftermarket parts, 2020



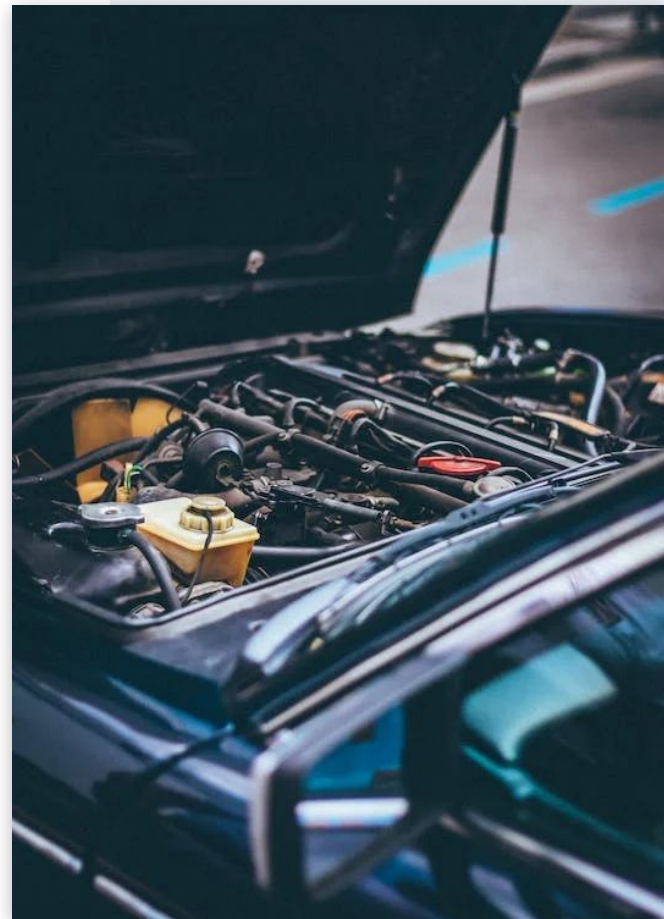
Source: [Grand View Research](#)

Automotive aftermarket & parts B2B2C sales channel

The importance of aftermarket components in B2B applications may even be greater. Many manufacturers of fleet cars or heavy machinery now give third-party distributors access to genuine parts at scale or the ability to manage all of their parts through a distributor network.

- Many distributors and dealers **lack the digital expertise** required to build their eCommerce website
- By efficiently **white-labeling** the commerce engine for **B2B2C**, the distributor or dealer may **develop a branded commerce experience** and access **real-time inventory data** through a connected portal*
- In 2021, the Automotive Parts market revenue surpassed **\$40 billion** because consumers are becoming **more interested in high-performance automobiles** and next-generation mobility systems
- Consumer predisposition toward customized vehicles and parts for luxury & sports cars will be fueled by **growing consumer awareness, high discretionary money**, and the need for **greater power and acceleration** in automobiles

*Sources: [Digital Commerce 360](#) [GM Insights](#) [DigiCommerce Group](#)





Configurators and VR showrooms

Configurators and VR showrooms

Car Configurators market

Simon-Kucher research: an important case study*

- According to a study conducted by Simon-Kucher, the test of online configurators yielded the **best results for German luxury manufacturers**, but exotics like Land Rover and newbies like Tesla are also well ahead
- It was observed through the study that **64%** of new car customers from Germany **gather their resources and research through online channels** before placing their orders or visiting the dealerships. For automakers, an **online configurator is necessary**
- The study observed 36 car makers, each graded according to 68 criteria. The final result gave **Audi, BMW, and Mercedes** the respective **podium places**
- The greatest score is 51 out of a possible 68 points for Audi. Particularly **advantageous features are the integrated suggestion display**, broad configuration support functionality, and built-in link to search for existing vehicles
- BMW comes in second, partly because of its **broad pre-filter feature**, which is especially **helpful to buyers who aren't as knowledgeable about cars**. The **costs of the various package components** are also displayed here in a very **transparent** way
- Additionally, there are **wide variations** in how the configured car is displayed. Particular attention should be paid to these elements: **thorough representations are crucial**, especially for increasingly sophisticated equipment

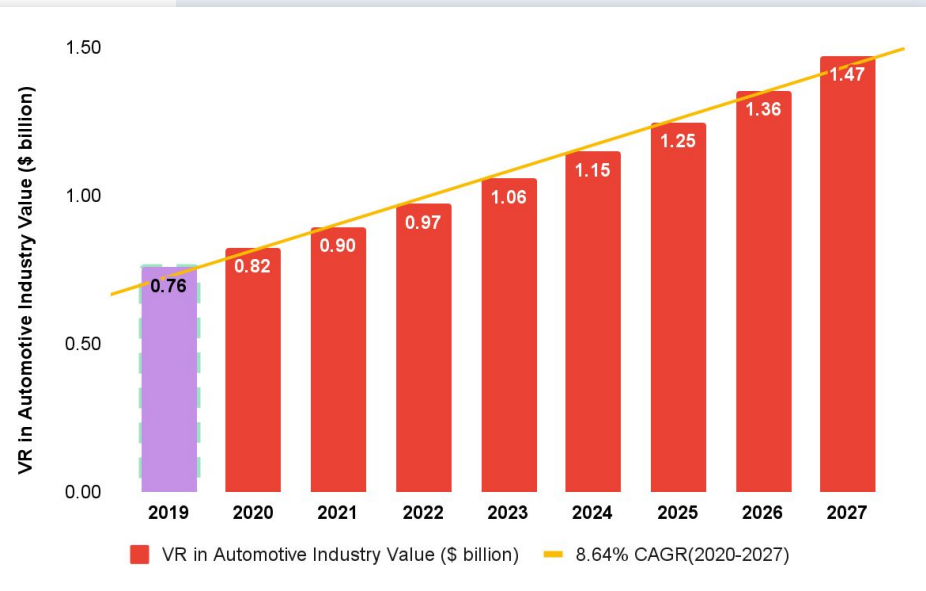


*Sources: [Simon-Kucher](#)

VR in the Automotive industry

Virtual reality in the Automotive industry was valued at \$760 billion in 2019. With a projected CAGR rate of 8.64% over the period (2020-2027), the market value is expected to reach over \$1.47 billion in 2027

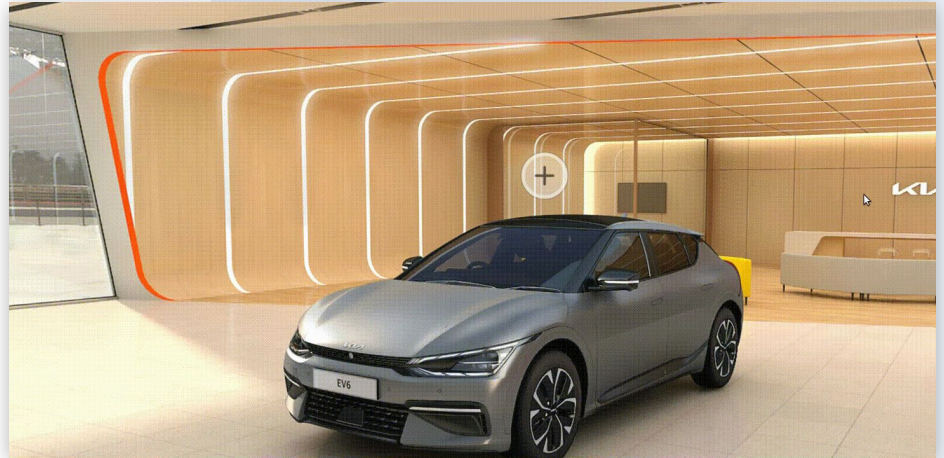
- Automotive eCommerce market value: **\$0.76 billion** in 2019
- Projected CAGR: **8.64%** over 2020-2027
- Market growth influences: **VR experiences, 3D configurators, AR showrooms**
- eCommerce advantages: **customer experience, immersive platforms, price transparency**
- Key industry players in configurators: **Audi, BMW, Mercedes**
- All the best configurators feature AR immersive experiences, showing 3D models of the chosen products, be it interior or exterior



Source: [Wear Studio](#)

Kia showroom case study

- The brands use a **variety of strategies to market** their goods and increase their appeal to consumers, from **virtual showrooms** to virtual reality driving experiences
- The **environment** in car showrooms **encourages you to purchase a vehicle** since you can see it waiting for you, sit in it, and have a **test drive**
- However, not everyone is able to get to the vehicle showroom since it is too far away
- This issue is **resolved** by the **VR auto showroom**, which enables automobile buyers to **view the newest models** from the convenience of **their homes**

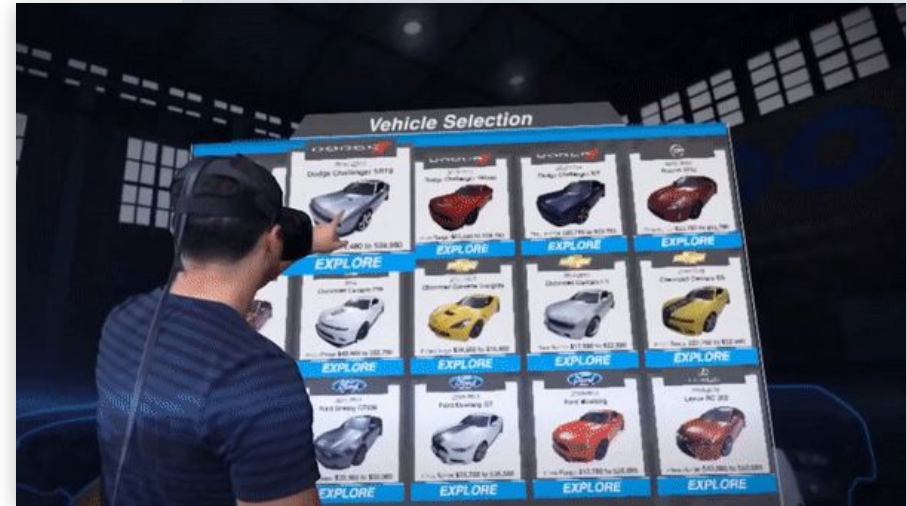


- The Kia AR showroom features all current models with full customization ability
- Check out the Kia Showroom **here**

Vroom VR case study*

Online used car company Vroom hopes to employ virtual reality to make customers happy while assisting in their hunt for the ideal vehicle. The version that debuted in 2022 has 30 different sports vehicle models.

- 300 models have been accessible for **in-home examination** since the end of 2022
- Vroom will set up **pop-ups in malls** so that consumers without access to expensive gear can **experience the virtual showroom**. Users can **view vehicles** and **learn about models** inside the showroom
- Users can **see crucial parts** like blind spots and inspection mirrors, in addition to features like hearing the precise **corresponding engine noises of each model**
- To improve the design and engineering of automobiles, professionals can **learn in a variety of ways using virtual reality**
- BMW provides **VR training for staff members** as they get ready to interact with customers



Vroom lets customers view, test and pick out any of the vehicles they have in stock

*Sources:
[Wear Studio](#)

Complement markets

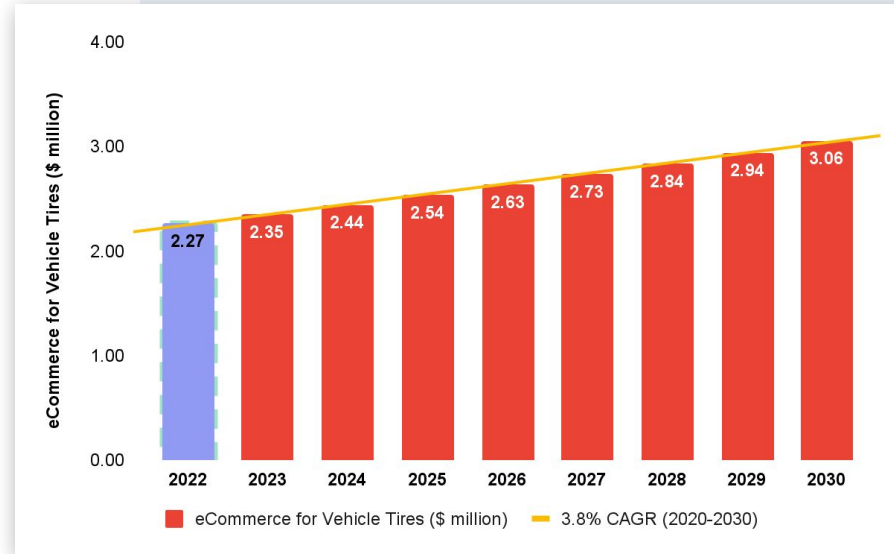


Tire eCommerce market

Every market has unique growth drivers and difficulties. The increase in vehicle production and sales during the forecast period has been one of the key factors driving the market's growth.

- The growing market for **electric vehicles** is anticipated to **drive the Tire industry** throughout the forecast period (2023-2030)
- The increase in vehicle production and sales is a result of the **advancement of the sector** brought about **by the sales of commercial vehicles**, including trucks, tractors, and trailers
- Environmental problems like poor air quality, noise pollution, and the depletion of non-renewable natural resources are becoming increasingly familiar to consumers. This is why **manufacturers** have been **compelled to create and build environmentally friendly alternatives** in cars as a result of the introduction of strict regulations to stop excessive emissions
- Regional segmentation: North America, Europe APAC, South America, Middle East & Africa

*Sources: [TechSci Research](#) [Smithers](#)

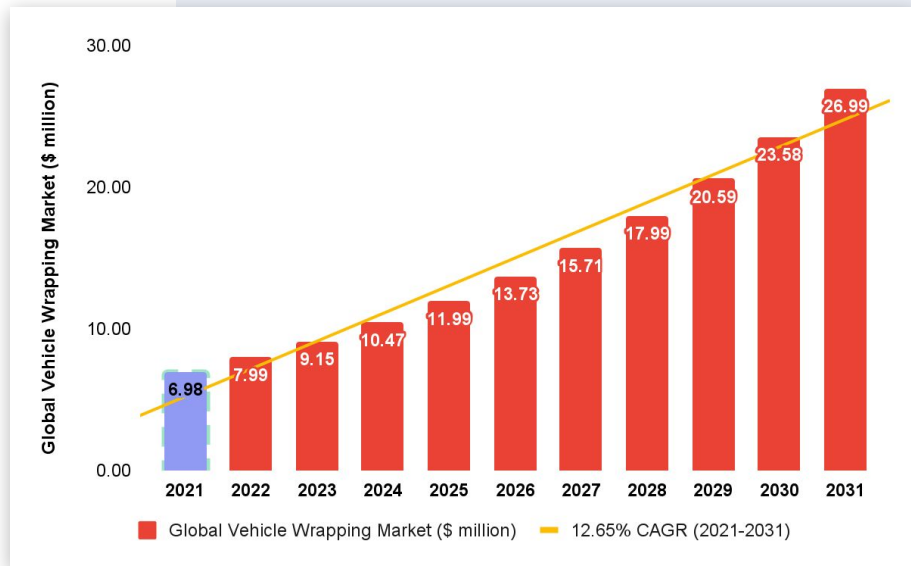


Source: [NewsTrail](#)

Vehicle Wrapping market

In 2020, the market for vehicle wrapping saw a volume of 7.181 million units. From 2021 to 2031, it is anticipated to grow at a CAGR of 12.65%. By the end of 2031, the market for vehicle wrapping is expected to reach a value of \$26.992 million.

- The global vehicle wrapping market is **being driven by** a variety of factors, including **shifting customer preferences for using personalized automobiles**, modernization, rising disposable income, and growth in the sign and graphic industry
- Due to **increased consumer awareness** and acceptance of vehicle wrapping, top players in the global market for vehicle wrapping are **investing in and enhancing their manufacturing capacities** to provide high-quality products
- Vehicle wrapping industry operators may benefit from the growing popularity of **personalizing automobiles**. A vehicle wrap is an outside billboard that has been digitally printed



Source: [Transparency Market Research](#)

*Sources: [Quick Books Wrapmate Blog](#)



Market trends and factors

PESTE analysis

Political

- **Safety regulations**—governments worldwide impose stringent safety standards on the vehicle sector. These laws not only set down particular standards for the construction of motor vehicles, such as seatbelts to guarantee passenger safety, but they also have an impact on those who operate them: **more complex barriers to entry, meaning customer retention, increased COGS**

Economic

- **Growing disposable incomes**—globally speaking, people make more money each year. This implies they have more money to spend on expensive products like electronics and cars. Therefore, it is not surprising that demand for automobiles is steadily rising: **increased sales**

Social

- **The popularity of driving**—the number of people who drive is rising. Families all over the world are increasingly likely to own one or more cars; in fact, this is already the standard in industrialized nations like the United States, Canada, and a large portion of the European Union: **increased customer bases, customer retention (due to family ties), increased sales**

Technological

- **24-hour access through eCommerce**—implementation of eCommerce shops for companies helps grow customer base as well as reach existing ones; this is especially true for smaller brands offering new and niche products: **increases sales as well as interaction with nearby regions, reach new customer bases**
- **Improved safety**—wearing seat belts wasn't made mandatory until the 1980s, and lower-end automakers didn't start installing airbags in all of their vehicles until the early 2000s. Industry-wide standards are rising, and the underlying technology is as well. Most recently, automakers started equipping their automobiles with emergency braking assist devices: **reaching younger customers through parent safety assurance**

Environmental

- **Carbon emissions**—the problem of carbon emissions has become more widely known in recent years. We continue to use motor cars daily, but it's uncertain if governments will be compelled to adopt more drastic measures to halt global warming, which may include a total ban on the manufacturing or usage of motor vehicles or, at the very least, a shift toward electric vehicles: **loss of customers to public transportation, increased COGS to lower emissions**

Key players



*Try the [Audi Car Configurator](#)

Audi is one of the businesses that made an inventive step after realizing that virtual reality may benefit travelers. The business unveiled Holoride, a VR system that enables customers to amuse themselves during lengthy commutes.

The VR experience is tailored to the car's motion, whether you're accelerating or braking. Even the pickiest passenger will find something to enjoy in this motion-synchronized and location-aware VR gaming experience's many different themes.



*Try the [Volkswagen Car Configurator](#)

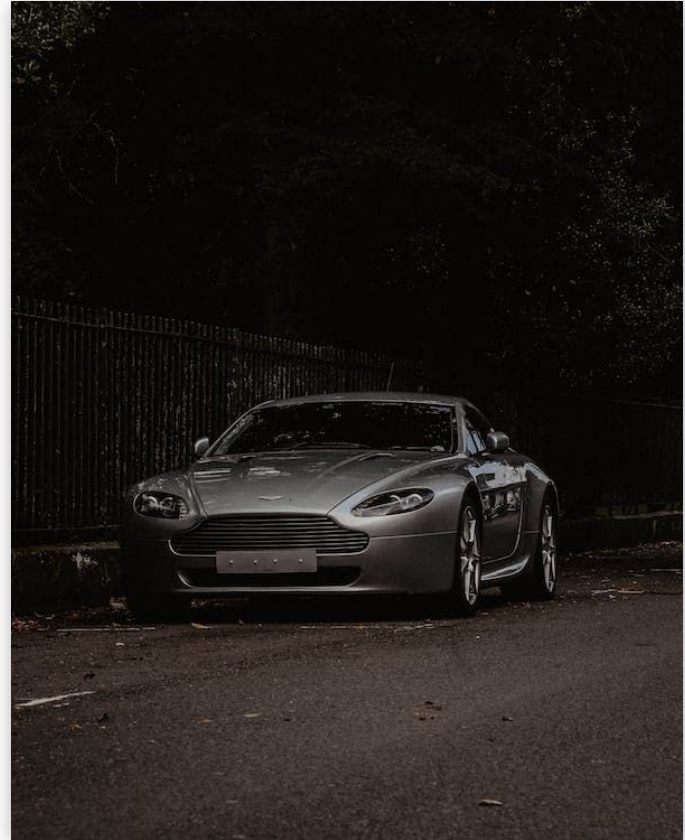
Volkswagen collaborated with Innoactive and HTC VIVE to develop cutting-edge Virtual Reality transportation and auto assembly solutions.

With a focus on employee collaboration, the company created a virtual reality workspace where everyone working on the project could come together and coordinate their activities, even if they were spread out across the globe.



*Try the [BMW Car Configurator](#)

BMW has demonstrated that the gaming and automobile industries can coexist. The well-known automaker has decided to depart from the conventional approaches to vehicle engineering and has begun utilizing gaming ideas. They teamed up with Epic Games to help the car-making process as result.





Threats and opportunities

Threats and opportunities

Threats

- **Intense competition**

Because there are so many participants in the automotive business, there is intense competition, with few opportunities for new players to enter the market

- **Lack of multichannel distribution**

Even fewer original equipment manufacturers (OEMs) presently integrate their online and offline businesses, and only a small percentage of OEMs provide an end-to-end online retail solution. Although no definite technical obstacles are preventing the transition to an integrated B2C model, OEMs and their partners must overcome specific operational difficulties

- **High IT costs**

In addition to a significant financial commitment, a successful B2C business strategy necessitates extensive IT integration. Alternatively, an OEM could appeal to national sales businesses to pool their resources and finance the initiative



Threats and opportunities

Opportunities

- **eCommerce & AR**

As the world and the Automotive industry shift towards online channels and car configurators, eCommerce plays a vital role. Major manufacturers are implementing AR/VR showrooms for online window shoppers and 3D immersive configurators to boost customer interactions and experience. Opportunity also presents itself in the form of marketing and sales notifications, be it email, ad, or other campaigns

- **Omni-channel presence**

Influences between online and offline channels that are interdependent have been recognized and handled. Connected consumers engage in simultaneous physical and digital interactions. Channel distinctions erode, and customer preference governs dynamics. As internet tools replace the need to barter, price transparency becomes crucial. Financing options are being increasingly incorporated into the internet sales processes

- **Innovation**

Tesla introduced various hybrid and electric vehicles. Additionally, they have introduced self-driving automobiles considerably more quickly than any rival. R&D is strong at other companies as well. Brands must be aware of this and have a strong R&D staff on hand so they can respond with innovation and creation





Thank you!

Any questions?

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