



How to create value from in-car data



Mobility offers huge opportunities for automakers, but only if they can capture and sell in-car user data. According to Frost & Sullivan, a research firm, connected cars already represent a \$7 billion market, with predictions reaching \$30 billion over the next few years.

Much of this value comes from existing mobility solutions, such as in-car connections to music and



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messaging apps, while the rise of autonomous vehicles could help eliminate the “black hole” that occurs when drivers put down mobile devices.

Monetising connected services, however, comes with unique challenges. These include communicating the value proposition to users, reshaping organisational models to support mobility data gathering and establishing partnerships that facilitate data ecosystems. OEMs recognise the value of connected car data, but they have to develop ways to effectively monetise this resource.

Traditional data marketing follows a predictable pattern: CMOs and marketing teams buy information on a cost-per-thousand model to help drive increased web pages views or create mobile ads. For automakers, however, the road from in-car data to mobility isn't quite so smooth.

Car manufacturers have access to hundreds of data streams: battery levels, average speed, fuel consumption and more. Add in data collected from user mobile devices while they drive, and it's no surprise that OEMs struggle to monetise their data effectively: What's worth selling? At what cost? How should it be packaged and delivered to buyers?

Here, car companies have two options: Partner with third-party firms that specialise in bridging the gap between OEMs and organisations looking to buy in-car data, or build out a data-handling plan in-house, which requires packaging vehicle data so that it's valuable to potential buyers and can be sold like traditional marketing data.

With autonomous cars on the horizon and consumers demanding more in-car functionality, automakers have to go beyond traditional data collection and reselling. They must develop ways to monetise the “last mile” of vehicle data: relevant data that's only available after consumers leave their cars.

Each year, Americans spend the equivalent of seven 40-hour work weeks behind the wheel. As vehicle autonomy grows, the amount of data generated during vehicle trips will increase exponentially. Automakers must design a car environment that encourages users to keep phones in their pockets and use in-vehicle systems instead — think voice-activated lighting and sound controls and touchscreen access to email and gaming apps.

It also means creating a technology ecosystem capable of supporting best-in-breed offerings, from wireless carriers to app developers. Automakers must focus on “turning the faucet down,” designing a vehicle environment that funnels data through OEM-controlled channels and lets companies sell specific telematics data back to interested parties at a profit.

Automakers must also be prepared to adapt to new types of services. For example, Volvo's in-car



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delivery offering which enables packages to be delivered directly to the trunk of customers' vehicles. Armed with a mobile app, consumers can leverage Volvo's third-party relationships and tap into next-level convenience. The result? OEMs must be prepared for increasingly granular privacy and access requests for users, who may want location data shared with one shipping company but no other value-added services.

Specificity and prediction are also key factors. In a world of experience-driven advertising, general data isn't sufficient. Advertisers and marketers want bulk data about specific user subsets — for example, GMC Yukon owners within a defined geographic area. They also want big data sources capable of predicting what these users might do next.

Do most go for coffee every morning? Where? How much do they spend? Organisations that provide the tools but aren't looking to own this vehicle data will become key partners, especially as companies look to go beyond current behaviour to predict future trends.

Consumers want connected services that streamline and enhance their in-car experience. Advertisers and developers want access to valuable, targeted data generated from multiple vehicle streams.

For OEMs, the future of automotive ROI means establishing data-driven partnerships to support last-mile data collection and producing superior in-car environments for consumers.

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