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Long-term rental in the automotive industry: digital tools and strategies to create a Lead generation campaign. Varius Project case study

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Table of content

Introduction	3
Chapter 1: The automotive sector in Italy	5
The historical evolution	5
The main crisis	9
How the Automotive sector is organized	10
The end user of the automotive value chain	14
SWOT analysis.....	15
The figures of the automotive sector	17
The Italian context.....	18
The trend	21
Chapter 2: The Long-term car rental world.....	27
The alternative mobility solution	29
The benefits	31
When the service is unsuitable	33
Target: Private and VAT holders	33
Tax breaks in Italy: Superammortamento	34
Sector analysis.....	34
Best practices.....	36
The main actors within the sector	37
The indirect sales channel: commercial agents and brokers.....	41
New frontiers	42
Chapter 3 The marketing dynamics in long term car rental.....	45
Product-oriented business model and Service-oriented business model.....	47
The innovation of marketing approach by digital channels.....	50
The Emotional Marketing.....	51
The new consumers: careful and specialized	54
Digital Marketing Strategies.....	57
Chapter 4: Varius Project Case Study.....	75
Varius Project	76
Noleggio Auto Facile a Varius project brand.....	76
Communication channels	79
The online channels of our competitors	83
Lead Generation Campaign	83
Lead Generation Funnel.....	89
Investigation and discussion of the results	93
Final suggestions	97
Conclusion.....	99
Acronyms	102
References:	103
Web-list:.....	108

List of figures	111
Acknowledgements.....	112

Introduction

From its inception till today, the automotive industry has always been in constant evolution: economic recession and recovery, conflict and peace, energy crisis and demographic shifts, the space race and start-up culture. All have had a role in the way this industry thinks about and has approached to design, production, distribution, partnerships, and customer interaction. Today, the industry is facing a powerful new shaping force that is moving nearly every aspect of modern business from analog to digital.

The starting point of this work is the car industry: the industrial sector par excellence. The analysis begins with an in-depth look at the context, which examines: the evolution, the organizational structure, the main players and the trends of the industry. My work will focus on long-term rental service: vehicles owned by a rental company that are maintained, serviced and insured by them; and underlines the differences with the property, the benefits and trends. The long-term rental is a very powerful sector that has developed in recent years both in companies where managers entrust the fleet to specialized companies, as well as private individuals who still represent an unexplored target.

The Automotive sector, consumers and the digital world represent the leitmotif that guides this exploration. The thesis deepens the dynamics of traditional marketing spread in the industry and shows how the marketing levers have changed over time in relation to the crises of the sector that have led to a marked change in the consumer's buying behaviour: today increasingly careful and informed.

The work emphasises the potentialities of the online world and of the social media, by introducing the lead generation technique: is a set of marketing actions (online and offline) aimed at acquiring and generating interested contacts. Once the contact acquisition phase has been reached, it is necessary to move on to the relationship established with one-to-one communications. The ultimate goal of the lead generation, in fact, should not be understood as the simple sale: the nurturing of contacts collected (through email marketing, Facebook) will help build relationships and gain trust over time, to ensure that these people choose our products so that from simple leads we get loyal costumer. This strategy is to be considered in a medium / long period perspective. Starting from this assumption and thanks to the Case study: Varius project srl, the thesis will seek to understand how the lead generation campaign on social network works, and

in particular, gives me the opportunity to understand how to organize an online lead generation campaign on Facebook with the strategic goal of finding new and peculiar mode of growth in the sector over the web. The collected data has allowed understanding: the impact on the consumer buying decision and how the role of the dealer change. By 2022, cars will be purchased through several channels and it is estimated that over 75% of potential buyers will consult a dealer only after collecting information about models, possible configurations and prices online¹.

Finally, it will be explained how the leads have been organized into a Customer Relationship Management (CRM): key element for set-up the leads: the process of data collection, selection, contact and management in order to create and enhance relationships with consumers from a consumer-oriented perspective.

¹ A. Salerno, 2017

Chapter 1: The automotive sector in Italy

This chapter presents the automotive sector in Italy through a context analysis that highlights the historical evolution of the industry, revealing criticality and potentiality. In addition, car registrations in Italy will be presented, segmented according to the type of fuel and according to the type of buyer of vehicles. Finally, the latest trends in the sector will be shown. Any major economy in the modern world has come up without a cutting-edge automotive industry and no product in history has had such a profound impact on lifestyles, environment, workplaces, and cities at the same time. As the industry recognized, the automobile is but one element of a mobility system an element governed by extensive regulations, constrained by a need for fuel, and dependent on a network of roadways and parking spaces (P. Gao, 2014). In a sector such as the car one: characterized by being of capital-intensive, therefore with a considerable need for capital and a large amount of fixed costs, many actors have faced the need to increase productivity by trying to reduce fixed costs by acting on the development of economies of scale. To do this, at the market level, we have witnessed more and more mergers and acquisitions that allow to cover with the positioning of individual brands, different market segments, and, at a technological level, the use of shared platforms.

As well, the thesis analyzes the strategic-operational trends in order to identify the path taken by the leading companies in the industry to keep up with technological evolution. The aim is to provide a general overview of the industry by combining technical aspects indispensable to present the case study.

The historical evolution

The car industry still plays a major role in Western economies: with 89 million cars sold in 2015² worldwide.

The automotive industry is an extremely diverse field: the supply chain is deep, technological challenges extend from aerodynamics, mechanical engineering and civil engineering, also the demands of consumers, especially in recent years, become more and more differentiated in terms of performance and aesthetics. Moreover, the car has

²http://www.anfia.it/allegati_contenuti/2015_INDUSTRIA%20AUTOMOTIVE%20MONDIALE%202015%20E%20TREND%202016def.pdf

become the symbol of modern society of mass production and consumption, bringing the population to an irreversible change in the mobility concept (S. Rolfo, 2001).

An industry that over time has experienced a number of technological changes and operating strategies to keep pace with innovation while has significantly affected the world economies as well as the society itself.

Let's see in more depth what has been the historical evolution in Italy.

The years from the last decade of the nineteenth century until the First World War mark the end of the international equilibrium that came out of the Vienna Congress of far away in 1815. The outbreak of the First World War coincides, in fact, with the beginning of the disintegration of the empires, after the Napoleonic defeat. Looking especially at Italy, in the last decade of the nineteenth century the country has witnessed the conclusion of the "crispina" era and the advent in 1901 of the Giolittiana age: therefore a change views from a loud authoritarianism and a protectionist economic policy to moderate reformism, greater tolerance for political opposition and acceleration of industrialization.

It is in this historical setting that in 1894, Professor Enrico Bernardi, built the first Italian car: a tricycle equipped with four-stroke engine that could travel at 35 km/h. Recall, however, that, historically, the first automobile is traced to 1886 by Karl Benz. Although acclaimed loudly, the car has a timid outsed: the first car circulated on Italian roads was a Peugeot delivered in 1893, only a year later, arrives in Italy the second, a Panhard Levassor acquired by the Ginori family of Florence (S. Milani, 2008). In 1899 there were only 11 vehicles that went up to 2174 in 1905 and 7762 in 1910, tripling to 24,880 in 1915. This slow rise was partly due to the uncompetitive price of the first cars and also to the scarcity of roads accessible by wheeled vehicles: 102,000 km of roads against 220,000 in Great Britain and 556,000 in France (A. Bruni, 2014).

At this early stage, the production of motor vehicles has a crafty nature. The first Italian builder is Bernardi, then the number growing steadily in the first decade of the new century to 96 small factories, including Florentia in Florence, STAR in Torino and Marchand in Piacenza. The first factory was founded in 1899 with the establishment of FIAT, subsequently is the time of Isotta Franceschini in 1900, Itala in 1904, Bianchi and Lancia in 1907 and ALFA in 1910. During the twentieth century, there is a fiery research and development work for the technological and stylistic avant-garde, rather than real inventions in the field. The first Italian cars produced in series follow the technical guidelines in Europe: the four-stroke petrol engine with lateral valve distribution. The

car's roots in the collective imagination take place between the 20 and the 30's. It is the time that cars are manufactured in series thanks to giant steps in engineering technology, while craftsmen disappear quickly from the scene. The car remains a good for a few due to the high prices of utility vehicles as well.

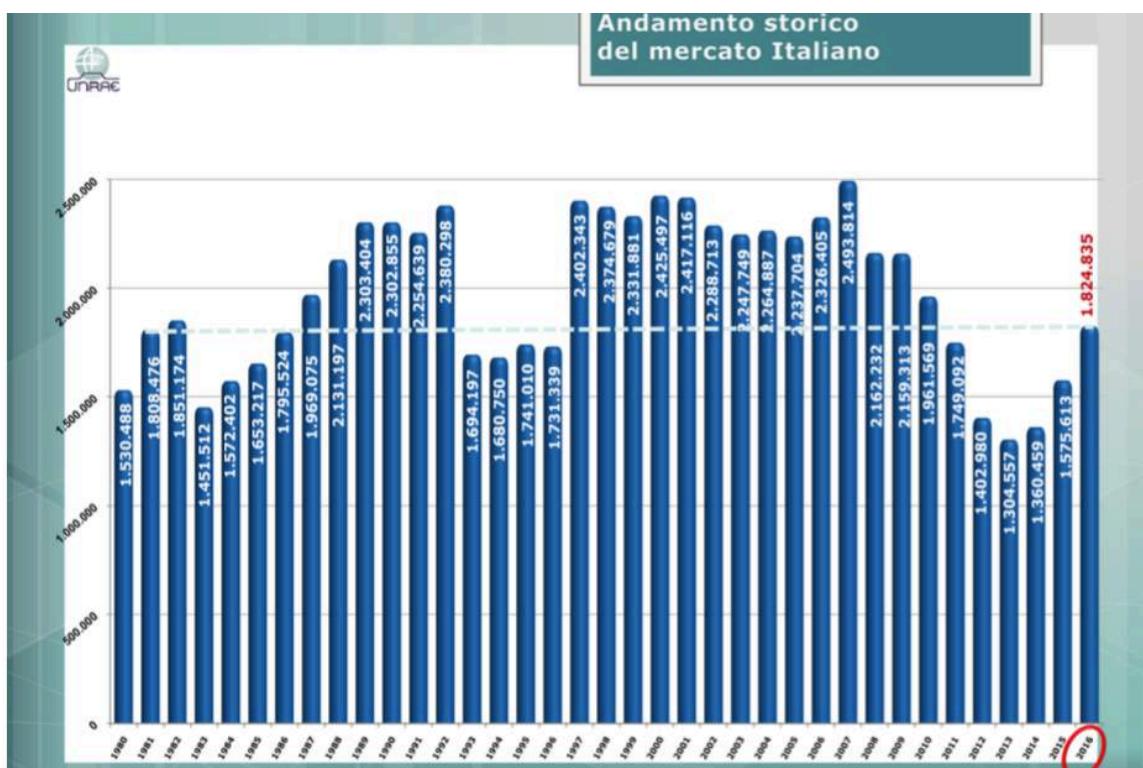
What was the factor that caused the diffusion of this product? The spread of the car as the protagonist of Italian social life is driven by three factors: the production of a vast literature of exaltation of cars and speed (futurism), the construction of motorways seen as technological progress and the advent of car races, Il giro d'Italia, the targa Florio, the Mille Miglia, which determine a motor mania also powered by the sports press.

The 1950s and 1960s were the golden age of capitalism - unprecedented economic growth characterized by a rapid expansion of durable goods consumption and the fast modernization process. From the second half of the fifties to the period of the economic miracle, the increase in the motorization rate exceeded all expectations: from 1958 to 1974 an average growth rate of 14.4% was recorded (F. Russolillo, 2015). In this period the car becomes a status symbol for all walks of life: it holds the key to success makes getting around on your own and independently. Following the end of World War II, there has been an increase in size of the components industry: small and medium Italian companies achieve high levels of specialization and acquire highly advanced technologies: valves, wheels, trees ... they are developed by external suppliers. At the same time, the internal specifications of the manufacturers are becoming increasingly rigorous and complex.

In the next two decades, Italy became one of the most motorized countries in the world, and car characteristics tend to be consistent with the rest of Europe, with an increase of registrations of medium-sized vehicles. Moreover, a new target imposes: young people who consider the car as a demonstration of progress, a tool of technology and social prestige. Although in recent years the automotive industry has taken a prominent position worldwide, the increase in the number of vehicles entails a paralysis of traffic caused by both the lack of a regulatory plan that organizes urban mobility and the presence of much of the business, administrative and economic activities in city centers. Many engineering measures have been taken over in time, but their fragmentary character has not filled this deficit, which, in fact, still affects most Italian cities today (findomestic, 2015).

The end of the twentieth century marks a change in the tastes of Italian consumers who prefer foreign cars to Italian brands. Instead continues the trend for medium and large cars. Unchanged remains the obsolescence of vehicles in 2003 28.85% has been on the road for at least 10 years. In addition, the Turin group: FIAT, purchasing Lancia, Abarth, Ferrari, Alfa romeo, holds the monopoly in Italy.

Figure 1 The trend of car registrations in the Italian market



(source: Unrae, 2016)

As you can see in the chart, despite the small recovery that is taking place in registrations since 2014, the situation appears at the same levels as in 1986, now more than 30 years ago. Future forecasts are positive and there is a growing trend in car registrations, but unfortunately the chances of returning to pre-crisis volumes are quite low. This will undoubtedly affect the structure of the distribution network, which can no longer rely on the sale of new cars as the main source of profit. For this reason, the distribution network will have to adapt to new market levels and reorganize other activities in order to produce satisfactory returns.

The main crisis

After an uninterrupted period of growth, the end of World War I gave rise to the first automotive crisis. In 1921, due to overproduction following post-war reconstruction, a wave of unemployment struck Europe. Despite some signs of recovery, in 1929 the collapse of the New York Stock Exchange, start an economic depression of magnitude never experienced before. The consequences were: the sharp drop in industrial production, the drastic decline in trade and a high unemployment rate: 5 million unemployed in Germany, 3 in Great Britain and 700,000 in Italy. In this dark period, many factories have to drastically downsize. Instead, FIAT, Lancia and Alfa romeo acquired an important position in the Italian scenario.

From the seventies, the European scenario is becoming more and more complex, giving rise to the second crisis in the sector. The Arab-Israeli kippur war caused a sharp rise in the price of petroleum, resulting in strong inflation. The 1973 oil crisis has a strong impact on the world, forcing us to think seriously about energy conservation and waste containment. (E. Candelo, 2010). For the first time, international prizes are awarded to projects that use energy-saving techniques. Just in this decade, Japan started an expansion that led to win the title of major automotive manufacturer in 1980. Think that in 1953 only 114,700 cars were driving on Japan's roads and new registrations were just 21,300 of which only 8800 national cars. New sources of energy, new types of engine and new materials seem to be destined, after the oil shock, to radically change the car industry. (M. Clarke, 2014)

In the eighties, the competition becomes increasingly fierce following the expansion of global markets. In 1993, a further crisis hit Italy, coinciding with the devaluation of the lira and the forced withdrawal of current accounts. Only through the 1996 scraping incentives Italy has managed to cope with the crisis: for 10 years have led the market to keep on average 2.3 million car registrations.

The advent of the 2000s has contributed to the creation of heavy obstacles to overtake: the worldwide energy deficit now irreversible, the economic crisis that started at the end of 2008 seems to have no end and intense technological change promises to revolutionize industrial processes. After the 2008 economic downturn, the Italian car market was affected by progressive downturns that led to the record low in 2013. In 2014 there was a trend reversal followed by a more robust recovery in 2016, year that reached 1,825,000

total registrations, closing almost up to 16 % (UNRAE, 2016).

How the Automotive sector is organized

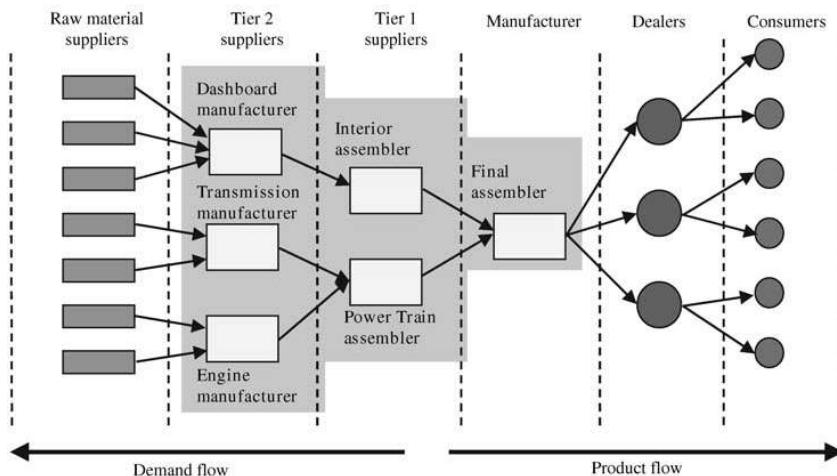
It was briefly presented, the evolution and the historical trend of the automotive industry, we now see how this highly specialized industry is composed and works. The automotive industry, in its broader sense, includes:

- Manufacturers of vehicles traditionally referred to as OEM (Original Equipment Manufacturer), which are conventionally divided into car and commercial vehicle manufacturers. Are basically those companies that produce and / or assemble the final product.
- Manufacturers of component parts for cars, so-called CS (Component Suppliers). Depending on the economic importance of the goods supplied is further divided into: first-tier supplier (transmission, braking system, injection system) and second tier supplier.
- A significant array of upstream activities, i.e. all the companies that produce both end-users and component manufacturers; and downstream by marketing the goods produced.

For example, a car built under a given "brand name" by an enterprise can contain various components, such as tires, brakes or seats products from different suppliers, but the organization that arranges the assembly process and production is the OEM. As regard the OEM structure, deserves a mention the distinction between "cost reduction" and "cost recovery". The head is based on economy of scale: the more economies grow, the more the unit costs of production are reduced. The "cost recovery" strategy focuses on product differentiation and offset the high costs with higher prices. We recall that the number of supply levels is usually 4-5. The set of activities represented by component suppliers, end-producers, and marketing and assistance networks is referred to as a "car supply chain" (G. Volpato, F. Zirpoli, 2011). Therefore, the automotive sector can be represented in its narrow sense that coincides with the final producers or in an enlarged version that includes both final producers (OEM) and final assemblers (CS). Recall that suppliers are a vital element in the automotive sector. It is estimated that on average a vehicle is made up of 10,000 parts or components organized in sub-systems or systems. The importance of the

relationship with the suppliers is indicated by the fact that around 60-70% of the total cost of the vehicle is represented by the costs of materials and components, while the remainder 30-40% is the builder's cost. (E. Candeló, 2009).

Figure 2 The Automotive supply chain



(source: Journal of Intelligent Manufacturing, 2004)

As you can observe from the graph, the sector identifies different levels of tiers:

- **Tier 1:** are the companies that directly provide the OEM ad to which they are lined by collaboration in r&d and development of products. They are responsible for technological innovation
- **Tier 2:** they produced parts in the sub-assembly phase. They buy components from Tier 3 to provide Tier 1.
- **Tier 3:** are suppliers of raw materials and services.

Within this structure, in the last few years has emerged the **Tier 0.5:** ie large companies with multiple establishments able to supply large volumes anywhere in the world (examples are Bosch, Lear, Denso). Car manufacturer therefore require: to reduce the costs, to provide innovative products and to managed the suppliers.

The vehicle manufacturers must match supplies with demands from the first chain, raw material suppliers, to the last chain, consumers. The variation or uncertainty of demand due to forecasting is produced from chain to chain causing bullwhip effect. The new direction for automotive supply chain is still based in part, on the forecast and, in part, on the capable and responsive supply chain with a greater strategic emphasis, and

subsequently, on the logistics operations (N. Suthikarnnarunai, 2008). In terms of component suppliers' various pressures were exercised³: the sourcing strategies of the OEM, the pressure for the reduction of costs, weight and dimensions, the globalization, the pressure to build satellites systems close to the manufacturers' plants, the request for a modular production to put together sub-assembled complexes. The effect is a continuous restructuring and consolidation of the component industry.

The automotive supply chain is changed over time and it went to evolve, on the basis of technological and managerial thrust. It has been move from rigid mass production based on Ford's typical "push" logic to lean production, which is geared to reducing time, cost and waste. Until today, where connectivity, sharing and big data are the masters in this area as well. Traditionally, three builders are distinguished:

- High volumes and wide range: They are the main part of the market and produce the most important volumes of cars (Fiat, Toyota e Ford for example). Through a wide variety of models, for performance and size, are designed to attract the mass of consumers. Compete on cost reduction
- Specialized production (Mercedes, Audi e Bmw for example) They offer cars with higher performance and even higher prices. Compete principally on the part of differentiation.
- Niche producers (Ferrari, Aston martin e Porsche) They are part of automakers and are not independent. Offer extreme performance. They are vulnerable to the economic cycle. (E. Candelo, 2009)

³ P. Nieuwenhuis, P. Wells, 2003

Figure 3 The world's leading automakers

Tabella 2.1. – Principali costruttori di autoveicoli

<i>Gruppi</i>	<i>Brands</i>
General Motors	Buick, Cadillac, Chevrolet, GMC, Holden
Ford Motor	Ford, Lincoln, Mercury
Toyota Motor corp.	Toyota, Lexus, Daihatsu
Renault-Nissan	Renault, Dacia, Samsung, Nissan, Infiniti
Volkswagen AG (AutoUnion dal 2011)	VW, Audi, SEAT, Skoda, Bentley, Bugatti, Lamborghini, Porsche
Daimler	Mercedes, Smart
PSA	Peugeot, Citroen, Talbot
Honda Motor co.	Honda, Acura
Hyundai	Hyundai, Kia, Asia Motors
Fiat Group Automobiles	Fiat, Alfa Romeo, Lancia, Abarth, Fiat Professional, Ferrari, Maserati, Chrysler
Mitsubishi Motors corp.	Mitsubishi
Suzuki	Suzuki
BMW	BMW, Rolls Royce, Mini
Mazda	Mazda
Tata	Tata, Jaguar, Land Rover

Fonte: Adattato da P. NIEUWENHUIS, P. WELLS, *The automotive industry and the environment*, Woodhead Publishing, New York, 2003. Aggiornato da *Automotive News*, vari numeri.

(source: Il marketing nel settore automotive, 2009)

Competitive pressure has led to review the relations between car manufacturers and suppliers. The classic way to buy from many suppliers has been replaced by the purchase by few suppliers organized in complex often prefabricated system. This form of acquisition has generated both sides' advantages over costs and development times, and at the same time has required new skills for the leadership and new forms of cooperation between the parties. As requirements for the automotive industry continue to expand, supply chains will require systemic transformational change to address new complexity. Today, the supply chain is increasingly efficient and connected, aimed at creating a more personalized and agile production. Across a complex set of competing priorities and across an evolving automotive marketplace, there is a need to coordinate supply chain activities in a multi-party, dynamic fashion. Central to successful supplier collaboration is the need to automate and institute a closed-loop management process: To achieve a balance, and optimize cost and service, it becomes increasingly important to: first, synchronize and collaborate with Tier 1 and 2 suppliers, carriers, and trading partners.

Second, pair end-to-end production and logistics costs together in a single closed-loop process. Third, for supplier logistics and transport synchronization, utilize the closed-loop management process (B. Heaney, 2015).

The end user of the automotive value chain

Final part of the *automotive value chain* is, as can be imagined, the consumer. As already mentioned, dealers are now called to adapt to changes in demand, trying to understand customer behavior more profoundly, adjusting their bid to the new buying process. In order to understand the change in the clientele, however, we must start from the macro, social and technological changes of the last few years.

The first and greatest trend that has impacted consumer behavior is technological evolution: the pervasiveness of the Internet, social media, mobile and the so-called "big data era" has led to a twist in the way people relate decision-making process of consumers and thus offer companies. Above all, the spread of social media has revolutionized not only the traditional way of communicating between people but especially between people and business: B2C, creating a two-way dialogue and interactivity that was unimaginable before. The ease with which it is possible to interact and the ability to gather more and more detailed information about customers has led to an ever-increasing personalization of the offer as well as to a growing end-user collaboration in developing it, sometimes reaching co-creation and collaboration, think for example to bloggers very popular in the food and fashion industries. These instruments have created massive databases of information, owned mostly by companies. Information are becoming more and more crucial, and if used properly they offer interesting opportunities, with the possibility of offering literally one-to-one solutions to end users.

On the *customer side*, the ever-pervasive use of the Internet: online reviews, online shop windows, ecommerce low-prices, and comparison with other users, has led to a new way of buying much more knowledgeable. This has had a significant impact on the automotive industry and in particular on its distribution network, which has now to deal with ever more and more demanding customers, born in the "all-around" era and the low-cost boom they want the maximum of service at the lowest price. Another important aspect is the one related to the *environment*: issues connected to global warming and the growing decrease in environmental resources brought to the attention of all, by the media, has led

to increasing interest in such issues by consumer, which increasingly favor the purchase of eco-friendly products, in line with these concerns. This has created a great market opportunity for organic and ecological products, which saw the entry of a multitude of new players in every sector, as well as forced adaptation of existing competitors. This is easily visible in the car industry: you just need to take part in any of the Car Salons that are held annually in Europe to see how every car maker almost is now offering more ecological alternatives such as electric cars, hybrids or fueled by fuels other than petroleum.

The dealers are not exempt from this trend: consumers prefer to buy from socially responsible companies that share their values and engage in sustainable development. OEMs that rely on their dealer network for service may have trouble making sure that service is delivered with real passion. Dealers are under increasing pressure, particularly in established markets, with sales margins for new vehicles slim to non-existent. So, there's not much room to design a premium service experience.

Other aspects that affect consumer behavior and therefore the market in general are of a social nature: the aging of the population and the rise of female buyers, including in the auto industry, are significant. Woman, as a car buyer, tends to be a pragmatic customer, more driven by utilitarian motivations and concerned by aspects such as security and protection compared to the motivation of men, which instead push for self-esteem and social status

SWOT analysis

Continue the investigation let's present the SWOT analysis of the automotive sector in Europe.

Regarding the strengths, UE, together with USA is a very powerful market for the car industry, European customers are loyal to their brands and they consider the car not only for the practical use that derives from it but for the symbolic state of owning a car. On the manufacturers side, they have achieved excellence in managing the modular value chain and the quality control system. The production plants have evolved, they are small and flexible to better answer the demand and allow a high level of innovation. The personnel are increasingly qualified and specialized.

Lastly, from the legislative side, Europe can count on a strong stability given by the regulations of the member states. In general, Europe has a strong position in international exchange (E. Candelo, 2009).

Weakness: the first factor negatively affecting the competitiveness of European manufacturing companies is the cost of labor and, as it is easy to think, the cost of labor is a decisive element in the choice of location of production facilities: the less the cost of labor is, the more the final price will be competitive.

Added to this is the need for a highly skilled labor that has a greater cost which, however, all automotive companies must be able to draw. Since there are productive localizations with specialized labor force at a lower cost and with a less oppressive regulation, the European manufacturers becomes more vulnerable. Another aspect to keep in mind is the increase in prices of raw materials over the years. European OEMs cannot offset the higher costs by reducing their labor costs this leads to higher prices for customers or a reduction in profit margins.

As we have already seen, the rate of growth of the sector demand is low, therefore the advantages deriving from a flourishing auto market decrease. Finally, political decisions have a strong influence on the sector value chain and limit the deep restructuring that the markets need.

To get a complete view of the sectors consider the opportunities that this sector offers. The position of European manufacturers is very strong in international markets thanks to the experience which led to an adjustment according to the different consumer attitudes and the cultural or local contrast.

This propensity has allowed the penetration of emerging markets such as: Brazil, Russia, India and China and the strong growth related to an increase in the demand for cars of these countries. The future aims at a global free market, canceling import duties and allowing OEMs to take advantage of international trade. Finally, Europe holds a leadership position in terms of new technologies that represent the future of the industry.

To complete the examination, the Threats that the sector must face must not be missing: road infrastructure deficits leading to a dissuasion of demand and problems in terms of production slowdown emerge too. The European market is saturated, demand slows, emerging markets become accessible but the competition is fierce and local governments restrain imports. European OEMs must consider the strong competition in the field of innovation especially by new entrants who do not necessarily have to be car manufacturers but can be players in other sectors with a strong technological drive.

In short, although for years European OEMs have held a position of relevance and success, the industry crises have contracted the demand and the growth in the established markets, probing and investing in new horizons can be essential to remain competitive. Looking to the future, builders have to reap benefits from opportunities especially in technology and innovation, perhaps through partnerships with players of other sector (Apple, Google, etc.) so as to compete with those highly specialized countries such as Korea or Japan. Investing in R&D is one of the keys of success and competitiveness. At the same time, governments should push towards a complete predisposition towards an international trading market by reducing or eliminating the limits imposed on imports (O. Heneric, 2005).

The figures of the automotive sector

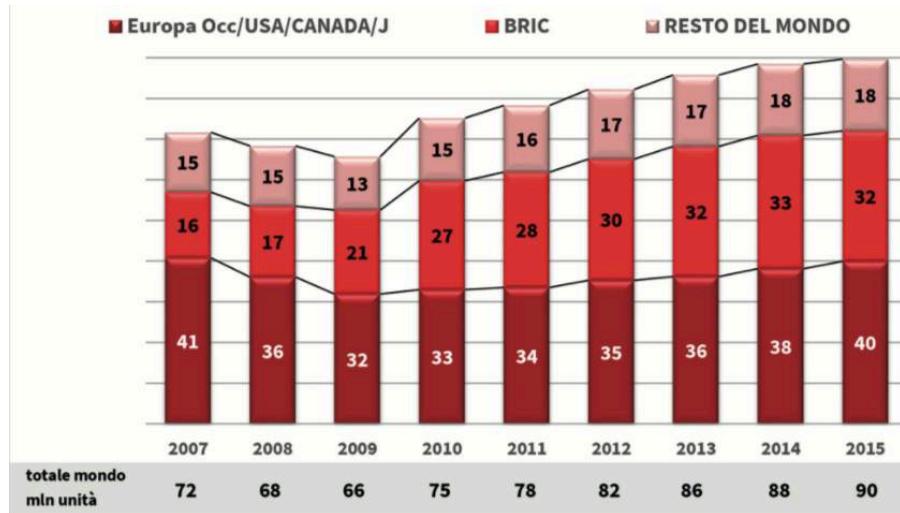
The performance of the car industry at the end of 2015 has achieved positive results: vehicle demand totaled 89.7 million units, up 1.4% on 2014 and 9% on 2012.

The demand for light vehicles (cars and light commercial vehicles) instead is estimated 88mln units, up 2% on 2014. The growth of the automotive market in 2015 was supported by sales in Western Europe (+ 9.3%), United States (+ 5.9%), Mexico (+ 19%), India (+7.8 %) and China (+ 4.7%). The demand for vehicles in the EU and EFTA, after years of negative signs, is growing since 2014. The market in Turkey rising by 25% in 2015. In the rest of Europe, demand for vehicles is declining sharply over 2014, especially in Russia (- 44.5%) and in Ukraine (-50.6%).

In the countries of Central and South America, the market suffered a contraction of 19.8%, mainly due to Brazil (-26.6%). Between 2007 and 2015, world automotive demand has changed enormously: industrialized countries, historically production areas, have seen reduce the weight of their markets, going by the share of 57% to 45%, while the BRIC countries (Brazil, Russia, India and China), has grown by 98% compared to 2007, they reached 36% of world sales (in 2007 it was 23%⁴) (M. Saglietto, 2016).

⁴ Osservatorio sulla componentistica automotive italiana 2016, pp. 31-48

Figure 4 Global Automotive demand



(source: Osservatorio sulla componentistica automotive italiana 2016)

As we can see from the graph, the demand for vehicles in industrialized countries (Western Europe, USA, Canada and Japan) has grown from 41mln in 2007 to 40mln of cars in 2015 (-2%), after the collapse in 2009-2011 around 33m of the units sold. While the BRIC countries saw the demand grow up to 2014, thanks mainly to the Chinese and Indian markets, while Russia and Brazil declined from 2013. In the rest of the world, demand for vehicles is halted in 2009, then grow moderately until 2015.

The Italian context

Considering both the industrial phase (from the first to the final processing) and the distributive one, the entire production chain generates almost 5% of GDP in Italy: a share comparable to that of other advanced economies, with the exception of Germany, the only country that has, however, managed to extend the relevance of the car industry over the last fifteen years. According to the most recent data of ANFIA (the National Association of Automotive Industries), in Europe the total (direct and indirect) employees of the automotive supply chain would reach more than 1.2 million units (500 thousands of which only engaged in production phases), with significant effects on the ability to create well-being in the territories. (Unioncamere, 2015). In addition, the Italian industry is strongly characterized by the presence of a single large carmaker: FCA. As we have introduced previously, the car sector in Italy has seen 1,850,000 vehicles registered

in 2016 with a growth rate of 6% compared to 2015. This positive growth trend continues from 2013, year of the historic minimum of registration. Unrae provides us a clear scenario of Italian registrations, based on the type of fuel, let us see:

Figure 5 Diesel-powered cars



(source: Unrae, 2016)

The highest ranking of registrations is held by diesel: the market share of diesel cars rising to pre-crisis levels reaching 57% of the total, thanks in particular to the push of purchases by long-term-company.

Figure 6 Petrol-powered cars



(source: Unrae, 2016)

Gasoline car registrations are up 20% and conquer 33% of the market due to the low cost of traditional fuels.

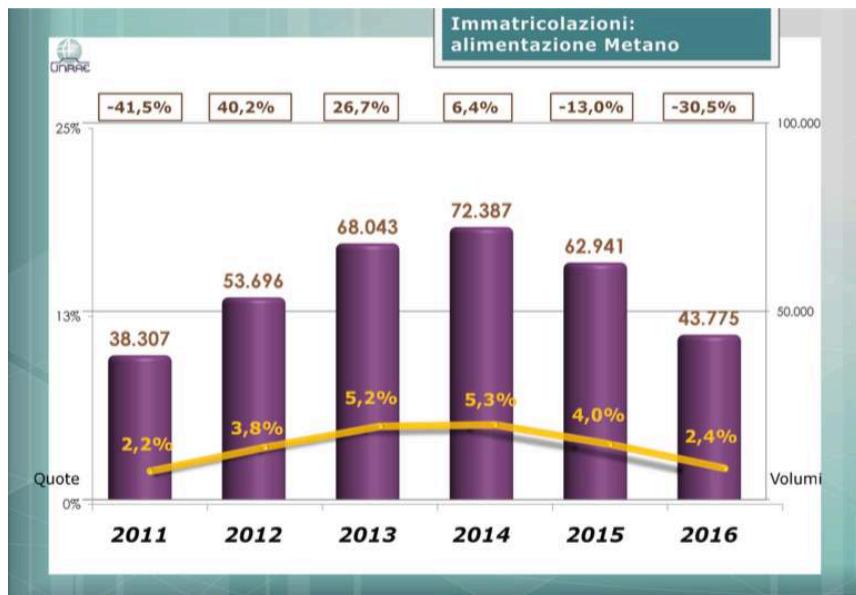
Figure 7 GPL-powered cars



(source: Unrae, 2016)

Low fuel costs have reduced the need of economic saving, leading the GPL to surrender another 2 points to halt to 5.6% of the total. Same motivation for methane fueled vehicles that in 2016 lose more than 30% of the volumes.

Figure 8 Methane fueled cars



(source: Unrae 2016)

Lastly, the hybrid cars continued to rise, thanks to the continued expansion of the supply, which led them to exceed the 2% threshold.

Another important element that helps us to segment the registrations in the Italian context is the “type of new car buyers” that Unrae has determined: private, long-term rental company and firm.

	Private	Long term rental company	Firm
2013	832.795	233.561	238.096
2014	851.466	264.352	243.969
2015	1.007.528	312.479	255.606
2016	1.136.418	364.688	323.729

(source: Unrae, 2016)

Looking at the table: private remain the top buyers with the highest market share, followed by long-term rental and firms. Similar are the trends for the three segments: the decline in the years of the crisis with a return to a positive sign in 2014 maintained till these days. Rental sales marked an increase of 16.7% over the entire 2016, representing 1/5 of the total car market. The largest contribution comes from the long term, which grows by more than 18%, but also the short term (+ 13.8%). Recall that the long-term is also affected by the rent-to-rent phenomenon (cars registered by long-term rental companies but used for short term). (Unrae, 2016)

The last segmentation presented is relevant because of the next chapter in which we would decline the concept of long-term rental and these data will underline the importance of the service nowadays.

The trend

Big transformations are affecting this industry. Partly due to the technological evolution that in the last decade has changed the way man relates to technology and the very life of each of us, has influenced the automotive sector as well. The technological changes have a strong impact on the way of designing, producing and selling cars. Industry leaders are answering the call by integrating supply chain processes and activities across the supply network. With more control and visibility into production delivery events and logistics

cost, they can embark on changes that move beyond just reporting and develop a framework for optimization, leading to superior cost, service, and collaborative alignment with partners. (B. Heaney , 2015). But there is more: Digital is also affecting the way customers interact with the vehicle and the very conception of mobility (M. Bertoncello 2016). The customer's point of contact with the car is no longer just the dealer, but large space has been taken over by the web: searches, promotions, advertising campaigns, to stay connected. The consumer in the automotive dealer's choice process increasingly pays attention to the accuracy, the variety of services offered, and the frequency of website content updates, and then chooses to visit a dealer. In fact, the explosive growth of digital technology and its pervasive use by consumers around the world in their daily lives is having a profound impact on OEMs and dealers. According to a new Accenture global survey of 10,000 consumers an overwhelming 93 % of all surveyed drivers seeking to purchase a new vehicle are using some form of digital process to research their buying preferences, while nearly two-thirds (62 %) of them are initiating the process online, including consulting social media, before entering a dealer showroom. With the increasing use of social media and mobile technology, consumers also are much more in touch with each other, brand owners and retailers. As a result, such ubiquitous communication is making it necessary for OEMs and dealers to react faster to car buying needs to remain competitive (Accenture, 2015). Three major changes emerged from the Google Consumer surveys⁵ and the latest survey data:

- People who use car sharing services also buy a car: The forecast of industry observers and analysts of future trends has been unanimous: the concept of private ownership of the car is destined to disappear. According to the analysis of trends related to queries on Google, searches for car sharing services have increased by 59% compared to the previous year. The 22% of respondents who have used this service during the previous month plan to buy or rent a vehicle next year 3, while 80% said they have a car. This result allows us to understand how the way in which users consider cars has changed, like other technologies, increasingly resemble services that can guarantee experience and less to simple status symbols.

⁵ J. Reutershan, G. McBroom, "Tre tendenze del settore automobilistico e il loro impatto sui brand", think with google, Nov 2016

- The change in consumer behavior and the leading role of videos: Thanks to Y the search network, consumers can tap into a huge range of digital content before making purchases. Nothing can replace the experience of sitting in the driver's seat, but consumers are increasingly going to YouTube before one test drive. These trends highlight the opportunity to attract viewers to the official channels of brands.
- The daring brands prefer digital: it is not enough to prefer the digital world, brands must also know it. To exceed expectations, a well-considered digital strategy is sufficient to meet the needs of buyers at any time when they make an intention. Furthermore, as consumers view dealers as simple point of sales, it is even more important to reach them during their research (think with google, 2016).

Moreover, close attention is pay to alternative fuel vehicles; mainly thanks to public investment in infrastructure, the support of the electric vehicle market and incentive policies aimed at the containment of harmful emissions and the renewal of the working fleet. A great competition arose between the traditional large automotive groups and the hi-tech giants around the production of a self-guided car. This latest theme has seen the entry into the market of completely new players like Google, Apple and Uber. The autonomous driving car can be the turning point for mobility in our cities: it can be programmed for more travels throughout the day, allowing you to carry any person (young or old, with or without a license, skilled or disabled), reduce traffic accidents, traffic jams and delays due to congestion, harmful emissions, will liberate the people from the commitment of the guide and leave them a chance to do anything else⁶.

One of the most impactful industry trends is represented by shared mobility, in particular car sharing: a service that provides members with access to an automobile for short-term use: the shared cars are distributed across a metropolitan area. Over the past three decades, car sharing has grown from a collection of local grassroots organizations into a worldwide industry. This trend mainly capturing young, urban consumers and industry experts are certain that the shared mobility market will continue to grow in the foreseeable future (R. Berger, 2015).

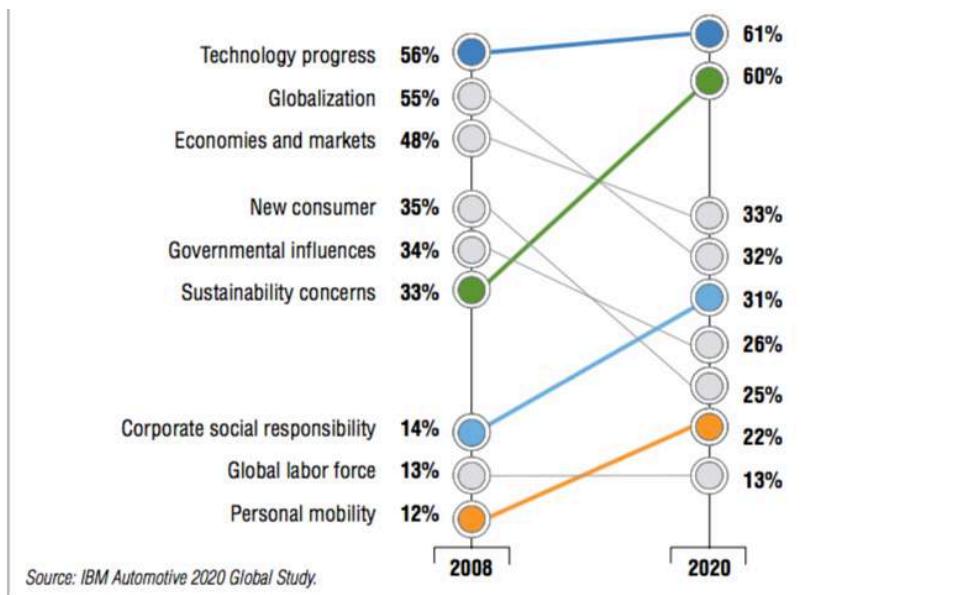
Lastly, long-term rental as an alternative to vehicle ownership is gaining ground, partly

⁶ Osservatorio sulla componentistica automotive italiana 2016, pp. 31-48

because the underwriter with this type of contract is more free, he will not be responsible for all the property duties handled by the rental company. Partly because it's changing the way we perceive the vehicle and use it: from durable goods to a service.

For an accurate overview, the figure 1.8 introduced how the priorities are changing and will affect the future of the industry.

Figure 9 Industry priorities shift



(source: IBM)

Technological progress will continue to lead the priorities in 2020. Sustainability will remain a strong issue of importance. Corporate social responsibility will impact the industry's strategy. the most unusual data is the drop down of globalization: new markets continuous to emerged in the future, but industries have already established strategies, processes, operational roadmaps and experiences. Therefore, they will not need to learn, experiment and re-create the approach for new markets, they simply will exploit the experience and skills acquired. (IBM, 2008)

What will be some of the keys to success in this fast-moving environment? A Pwc report of 2014⁷ presents some guidelines that players can follow to get the best results in the sector:

⁷ Pwc, "How to be No. 1. Facing future challenges in the automotive industry", 2014

1. Know your market: Automotive executives should pay close attention to market dynamics as accurately as possible, and then positioning your company to take advantage of them. Many OEMs are following a “build where you sell strategy” and moving additional production and development investments to markets where sales are growing. In addition, a factor of success is variety: expanding and updating the product portfolio will allow you to reach an ever-increasing number of customers, create vehicles in line with the market you are referring to. Automakers looking to succeed with a broad product portfolio should tailor their approaches to find just the right customers for each niche, rather than overwhelming consumers with too many different options. New models don’t just offer customers new choices – they also emphasize the attractiveness of existing series and highlight the company’s innovativeness, enhancing the overall brand image.
2. Establish a strong brand: For consumers, the decision to buy a car is made at both a rational and an emotional level. For manufacturers, developing a powerful product is the starting point. But amplify service is important too: every contact with the customer is a chance to build a relationship. And brands need to resonate with car-buyers who choose with their heart as well as their mind (Pwc, 2014).
3. Create a flexible and networked production process: supply chain flexibility is a key element to compete in the market. One strategy involves using temporary workers as part of the workforce. To maintain flexibility, it’s important to foresee and know which costs are variable and can be scaled and how different utilization levels will impact profitability. For example, give the opportunity to your consumers to customize the vehicle so as to give the feeling of a unique and unrepeatable vehicle. Obviously, the personalization varies depending on the level of product: a premium vehicle has a wider range of customization rather than mass car.
4. Set the right priorities: tomorrow’s market leaders will need to manage complexity well. Flexible structures and new production paradigms are showing the way to a networked future. Some suppliers are becoming important partners in innovation;

others are making big strides in efficiency. Do not forget, therefore, to set priorities to reduce the turmoil.

5. Take a long-term view: An important aspect, that interests consumers and above all governments, is the sustainable performance of products. Try to orientate your future strategy towards developing a truly sustainable business, create your own environmental performance and be coherent with your target, in fact, be transparent across the whole supply network will help automotive producers understand their true impact on the environment, economy and society. Corporate sustainability isn't just 'nice to have' it's a prerequisite for future success.

Companies that are able to master the complex web of products, innovation, production, location and sales, stay flexible in the face of volatility, and understand and control costs, without losing sight of customer expectations, will be tomorrow's winners.

Chapter 2: The Long-term car rental world

Long-term rental management is a fully-fledged sector in both the USA and the most important European countries, considering that it has acquired an important market share on the total of registered vehicles. It is not yet in Italy where, due to tax disadvantages and a slower pace in transposing and introducing new organizational forms, has taken the road of outsourcing company fleets with delays.

In fact, when Italy began to take its first steps, fleets of cars available with long-term rental contracts in countries such as Germany - where the first car rental company in 1912 was founded - Sweden and Norway this service was already very popular, and was a consolidated alternative to the private property of the vehicle, with all associated management costs (Finrent). Only in recent years in Italy, the sector has grown considerably thanks to fiscal facilitations and a new approach to internal marketing that puts customer satisfaction first and regards it as a co-creator.

This service has spread initially in medium and large companies where management of the fleet is an important task that involves commitment of evaluation and economic feasibility, "non-existent" if the company decides to rely on long-term rental companies that will organize all the activities connected to the management of the fleet, freeing the company from this burden. We also recall that the corporate car is no longer just a simple work tool but it is characterized by recognition status, professional success, incentive to career improvement and career advancement. And ever more frequently one of the levers on which companies are strong in corporate loyalty processes. In the last few years, long-term rental has opened the door to the private world with ever-cheaper offers and more and more rewards.

Most new car buyers, at least in Western Europe, are replacing vehicles out of the existing parc which in some countries has reached the limits of traffic and parking infrastructure. Like the US and Japan, Western Europe already has a high motorisation density. Added to that are cultural factors that are encouraging younger consumers, particularly those living in cities, to forego purchasing a vehicle in favor of other mobility options. And demographic changes can be a factor too (Pwc, 2014).

As we have present in the previous chapter, the rental sector has seen an increase of

16.7% in 2016 with 364.688 registrations of which 226.060 were related to the long-term rental service. Extremely positive data confirm the potential growth of many companies in the industry, especially with regard to the private sector, unripe to the service.

In this scenario, in recent years, we have witnessed the emergence of a new promising market that seems to be able to guarantee broad margins of growth and earnings. In a similar context, customer satisfaction policies have been set up since the establishment of companies; the marketing office and customer relationship management become central to the company, the goal is to become an integral part of the organization to which the service is provided.

The rental world contributes to the renewal of transport policies and their distribution models, in a 360 ° integrated smart mobility logic and with increasingly evolving and environmentally friendly solutions (Aniasa, 2016). The aim of this chapter is to provide an analysis of the ecosystem level scenario, presenting this ever more central business segment in the car market and especially in Italy. This analysis takes into account the internal dynamics by offering a general overview of the main services offered, the positive and negative aspects that affect the long rental industry, the actors present and the trends of this area.

The alternative mobility solution

Long-term rental as the leasing agreement is an alternative contractual tool to cars sales and suitable to ensure the charterer with the availability of goods together with a range of services related to the enjoyment of the vehicle.

In practice is the beneficial owner of the good: a company, a private or a professional VAT owner, who chooses one or more cars or commercial vehicles, which are purchased directly by the manufacturer and are registered, insured and made fit for use by the long rental company.

The customer keeps the car and all the related services for the duration, contractually established, toward a fixed monthly fee (Bocchini R., 2011).

As a matter of fact, toward a fixed monthly fee, a new car or a new commercial vehicle is available, configured and set up as the customer wishes. Once delivered, is maintained by the rental company in a constant state of efficiency and security without the burdens and the risks associated to the property. The all-inclusive fixed fee is calculated based on the chosen car model, the agreed mileage, the rental length and the desired services.

What's new with respect to the property or leasing? Quite simply, in the long-term rental fee, any expense resulting from ordinary and extraordinary maintenance, is already included therefore the user of the service will not have to think about extra expense or handling car because everything is pre-ordered at the time of contract conclusion.

Indeed, in an increasingly chaotic world, immersed in our frenetic lives, not having to think about the car's handling, or to spend money not budgeted is an advantage to be assessed.

Let's see what are the services that long-term rental make available:

- **RCA:** is an insurance covering damage caused by the driver to third parties as a result of an accident.
- **Fire and theft policy:** it is an additional guarantee that can be included as a risk cover when subscribing the insurance
- **Replacement of tires:** with road tires for the summer season and snow tires for the winter season

- **Ordinary maintenance:** (includes the manufacturer's servicing as well as all the work on mechanical components subject to periodic wear such as candles, filters and bulbs)
- **Extraordinary maintenance:** (includes restoration work to solve mechanical malfunctions such as gear, clutch, engine parts replacement)
- **Road assistance**
- **Replacement vehicle**
- **Telematics services**

The services mentioned above, can be included in the rental contract, or not, it depends on customer requirements and the available budget. More services are required, the higher the monthly fee.

Sometimes rental companies may ask for an advance payment but it is not an imperative constant, it depends on the rental company and the economic evaluator of the renter. Long-term rental companies often deal with selling your used car before receiving the new one.

In order to understand the long-term rental service, we should focus on the variables that determine the contract fee. These decisive factors are: the mileage that is determined on the basis of the average kilometers traveled by the driver. If annual mileage is less than 12.000 kilometers per year, long-term rental is not advisable, since the cost spread would not be affordable both for the private or the company. The duration of the contract may vary from a minimum of 12 months to a maximum of 60 months.

Finally, the monthly fee is calculated based on the services that you want to include in the contract such as changing tires, roadside assistance and courtesy car.

Considering the above, we try to make things clear from this service, ownership and leasing.

The first difference between leasing and long-term rental is in *the nature of the contract*: in the case of long-term rental, the rental company agrees to rent a car for a period of time. In leasing, instead, the parties make a financing operation: the leasing company gives the car to the private by paying a monthly fee and, at the end of the leasing period, the customer can redeem the property of the vehicle by paying a final fee or return the car and start a new lease agreement.

In practice, in leasing instead of buying the car right away, you decide to pay it a little at a time, dividing the purchase cost into: an initial installment, monthly fees, and a final

installment. Ultimately in the leasing you become the owner of the vehicle when you pay the installment for the redemption; in the case of long-term rental service, the car ownership always remains at the rental company. The difference between the two contracts is also underlined by the fact that, by law, leasing companies are financial intermediaries who, in order to operate, have to obtain authorization from the Bank of Italy, while rental contracts are non-financial assets therefore do not require authorization from the Bank of Italy. Leasing is best suited to those who want to become car owner and want to postpone the cost of buying the vehicle. Conversely, long-term rental is ideal for those who want a car without being the owner. Although in both contracts you pay a monthly fee, the included services are different: Long-term rentals include all costs associated with the use of the vehicle: including maintenance and insurance. In the case of leasing the rent fee refers only to the price of the car. So, assuming a rental period of four years, the only cost for the entire term of the contract is the fee. If the same car is leased, it will be necessary to consider the initial installment, the monthly fees and the final installment for the redemption. These costs are then added to those for car insurance, taxes and ordinary and extraordinary maintenance. In the event of damage and accidents, then the cost of repair is fully paid by the private and at the end of the lease period you will have to deal with the natural depreciation of the car.

By relying on the property, however, the owner, in addition to paying the initial vehicle price, will have to consider the owner's tax, insurance, coupons, maintenance, and tire change, without forgetting unforeseen expenses. By looking at the car industry more broadly, we can understand how each character has different objectives. In fact, the automaker, the builder, has the goal of selling and therefore drives the customer to buy the good. Moreover, to sell the vehicle essentially uses the dealer channel. If you consider the long-term car rental, the renter, broker or top player, has the aim of informing the customer, explain and clarify doubts and provide best deals on the basis of individual needs. In this case, you will not aim to sell but to allow the customer to take advantage of the good.

The benefits

Long-term rental is mainly based on meeting the growing need for medium and large companies to focus on core business and to decentralize non-peculiar activities to specialized companies. This service has sought to respond effectively, thus, by offering

to fleet organizations the opportunity to have ad hoc vehicles tailored to the necessity of the company. This is in the face of a predetermined fee, which includes: both bureaucratic and management taxes relating to insurance, maintenance services, car replacement, and generally all the services needed to use the car. The resulting benefits are financial, economic, operational and fiscal.

Financial benefits: Long-term rental is based on a fixed, predetermined and customized monthly fee, which does not affect bank credit lines and is built on the basis of customer needs and expense.

Economic benefits: It is a useful operation because companies benefit from contractual power and economies of scale, whose access is reserved only to large operators in the industry.

In addition, the car's devaluation is no longer a problem, and unlike the leasing and ownership formulas, it does not require any maxi-rate or advance; therefore, it does not involve capital immobilization.

Operational benefits: allows customers to be free from all administrative, bureaucratic and management practices that generally accompany the life of each vehicle. The rental company directly coordinates dealerships, repairs, replacement vehicles, insurance services, accident management, theft management and vehicle audit.

Tax benefits for VAT owners: customization of tax treatment, in terms of deductibility (lower tax base) of VAT, is certainly another point in favour of the rental service.

In particular, as far as companies are concerned, the costs incurred by outsourcing the fleets are in fact lower than those that would have to support with self-owned cars. This is due to the reduction of fixed costs that specialized companies in the industry can manage because of handle thousands of cars and thanks to the discounts they can obtain in the purchase process. Essential are also the specific skills and the know-how acquired by operating in the industry.

In fact, managing a car fleet is outside the core business of a company and therefore only the most important activities and the most obvious costs are taken into consideration (typically the costs of vehicle acquisition, insurance and property tax). Also, the resale of used vehicles remains difficult to estimate in terms of costs and resource absorption, for this the most common solution is the exchange for the renewed.

When the service is unsuitable

Although Long-term rental is a good alternative to property and leasing and although it presents many advantages, it is not always an advisable option to stipulate. There are indeed cases in which this service is not convenient:

- If the annual number of kilometres is less than 12000, as the costs of the entire contract could not be spread
- If changing a vehicle often is not a prerogative
- If maintenance is not carried out at authorized garages
- If selling a used vehicle is not a problem

In such cases, deciding to sign a long-term rental contract is inappropriate.

Target: Private and VAT holders

From its first appearance, the long-term rental in Italy mainly concerned the sector of professionals and companies, or the holders of VAT. Why? Very simply for two reasons: first of all because they are those who can benefit from tax deductions. The ability to deduct expenses and the VAT are important benefits to professionals.

Secondly, because for large corporations, the management of the park is a time-consuming task that, if managed through ownership cars, entails increased costs compared to outsourcing the business park to companies specialized in long-term rental. Over the last few years, long-term rental companies have also opened up to private, not VAT owners, offering favorable solutions. The benefits in this case concern the certainty of the cost that allows the consumer to control always the budget management, the certainty of not having to pay an advance, the absence of unforeseen situation, accidents and increases in the cost of labor and spare parts, insurance not linked to the number of claims. Finally disappear the problem of devaluation of the vehicle and the resale of the car owned by the rental company. Thanks to this service, individuals will also be able to replace the car frequently (about every four years) and maintain it in excellent condition.

Tax breaks in Italy: Superammortamento

In terms of price, 2016 was affected from the tax advantage of superammortamento, which allowed operators to optimally manage customer relationships. Many argue that the strong growth of the sector in the two-year period 2016-2017 is partially justified by the expansion mobility policy for Italian business launched by the government: the tax benefit of the superammortamento (Il sole 24 ore).

This is a government-led maneuver to support and encourage companies investing in new equipment, tangible and intangible assets (software and IT systems) that are functional to the technological and digital transformation of production processes.

The superammortamento is the overvaluation of 140% of the investments in new assets purchased or leased. For those who benefit from the depreciation, they may also benefit from the aid for investments in intangible instrumental goods. More simply, through the super amortization, companies that invest in instrumental goods can amortize the asset tax at 140 percent instead of 100 percent⁸.

Furthermore, the benefit can be combined with the new Sabatini i.e. the facilitation made available by the Ministry of Economic Development with the aim of facilitating access to business credit and increasing the competitiveness of the country's productive system. Even the revenue of the tax office benefited from this maneuver: considering only cars registered in long-term rental, in 2016 this measure produced 35,000 more registrations with an additional 170 million euro for the treasury. (Pier Luigi Del Vescovo, 2017).

Likewise, decisive for the developments of the sector were: demand development, renewal and expansion of fleets, growth of clients belonging to the target of micro-enterprises and professionals and the affirmation of the rental " mid term ". Not forgetting the frontier of private, that now is becoming a reality (Aniasa, 2016).

Sector analysis

Long-term rental companies have generated a total turnover of 6.5 billion euros in the last year, registering 11% growth. In recent years, sales have been steadily increasing, with an average annual growth rate of 6% over the period 2012-2016, while 2016 was the industry's historic record (Aniasa, 2016)

⁸ <http://www.sviluppoeconomico.gov.it/index.php/it/incentivi/impresa/iper-e-super-ammortamento>

Figure 10 Turnover by type of business

Fatturato	2016	2015	2014	2013	2012	Cagr '12/'16
Vetture	3,9	3,5	3,3	3,3	3,2	5,4%
VCL	0,8	0,7	0,7	0,7	0,7	4,5%
Altro	0,0	0,0	0,0	0,0	0,0	-9,9%
Fatturato da contratti di noleggio	4,7	4,2	4,0	4,0	3,9	5,2%

(source Aniasa, 2016)

Growth was driven mainly by the rental contract and pre-leasing activities, which grew by 12% each. Such high growth rates indicate sustained fleet renewal rates as well as high rates of new customer acquisition. Mainly small fleets and professionals have driven the development, but it can count on two other high-potential targets: private and light commercial vehicles. The latter, in particular, increased the fleet by 21% last year, with 26,000 more vehicles run and a 64% increase in registrations. The car segment generated revenues of 3.9 billion euros in 2016, up 400 million more than in 2015, which is a percentage increase of 11.5%. Overall, the turnover is even wider. Taking into account also the resale of used vehicles (a by-product that places charterers as important operators of the used car market), last year's turnover reached 6.5 billion, with over 600 million growths in 2015. The performance of the vans, which, favored by the development of e-commerce that creates additional demand for means of delivering goods, grew in value by 13%, developing a turnover of 800 million euros (Aniasa, 2016). Although data confirm a strong growth in the industry, pragmatic is the graph below.

Figure 11 Average fleet age



(source: Unrae, 2016)

The vehicle fleet at the end of 2016 has reached 36.4 million vehicles. It continues to age, so much so that in 2015 the average age of vehicles has exceeded 10 years, which was also confirmed in 2016.

2017 was the golden year of the long-rental, which at the end of the year will break the barrier of 300,000 contracts. As a matter of fact, from January to October long-term rental has registered 253,283 vehicles (Passenger Cars plus Light Commercial Vehicles), with an increase compared to the same period of 11.1% (over 25,000 more units). The year 2017 was also the year in which ALD Automotive conquered the top of the rankings, surpassing both Leasys and Arval. This has been a period of important development for the players, constantly looking for new commercial strategies to offer increasingly innovative mobility to every type of customer.

Best practices

Confirm that the long rental industry has wide growth margins, that the fiscal advantages derive from the measures launched by the government are evident and that the private target is almost unexplored, let's see what are the "best practices" to follow in order to attract a higher number of consumers. The watchword is flexibility: flexibility of services, of packages and of options to choose from (Aniasa, 2016). To be successful

in the industry it is essential to offer services tailored to the needs of the client, for example if we consider a private consumer, suggest a not too high mileage and a contract duration of at least 48 months.

Another aspect is to offer the rental fee already inclusive of tax rates so as to make the client aware of the budget needed. Avoid asking for advances considering that the main convenience of rental is just not having to immobilize a large capital right away (il sole 24 ore). Customizing rental services on the basis of specific customer needs is a fundamental must have. In fact, some companies offer to the private the possibility of exchange and enhancement of the vehicle and consequent reduction of the monthly fees. In conclusion companies should focus on three directions: accessibility to services developed through physical and digital multichannel; modularity of products, thanks to innovative and flexible formulas and excellence in service with interactive and customer-oriented solutions.

The main actors within the sector

The long-term rental sector is based on the dichotomy: ***Player Top*** and ***Player Captive***: the first also called "generalists", are part of international banking groups and have no company relationship with any car manufacturer; the latter are otherwise involved in a construction company⁹.

⁹ Dataforce Italia

Figure 12 The Actors in the long-term rental

	Gen/Ago 2017	Var. % su stesso periodo 2016		Quota di mercato	Var. % su stesso periodo 2016	
		Var. % su stesso periodo 2016	Quota di mercato		Var. % su stesso periodo 2016	Quota di mercato
Leasys	42.957	+9,5	21,7%	-0,6		
Ald	41.716	+21,9	21,0%	+1,7		
Arval	33.608	-6,4	16,9%	-3,4		
Leaseplan	27.965	+15,1	14,1%	+0,3		
Volkswagen	11.076	+16,3	5,6%	+0,2		
Mercedes-Benz	7.979	-7,7	4,0%	-0,9		
Car server	7.274	+13,5	3,7%	0		
Alphabet	6.583	+18,4	3,3%	+0,2		
Athlon	5.937	+44,0	3,0%	+0,7		
Renault/Nissan	4.948	+71,3	2,5%	+0,9		
Psa	2.591	+268,0	1,3%	+0,9		
Sifa	2.366	+121,7	1,2%	+0,6		

(source: Dataforce Italia)

The Italian market is in the hands of four main "Fab 4" charterers: Leasys (FCA Bank), ALD (Société Générale Banking Group), Arval (Bnp Paribas) and Leaseplan (controlled by LP Group BV Consortium investors and Dutch prevailing funds).

Together the four divide the 73.7% of the Italian market.

Considering the growth in the first eight months of the year, Leasys grew slightly lower than the market average. Its market share dropped by 0.6% on 2016. Leasys, in addition to its consolidated presence on large companies and public administrations, has also focused on the artisan business segment: the partnership with Wurth, for the proposition of set up commercial vehicles. Also, active in the area of corporate car sharing with the i-share service. Ald Automotive is the most aggressive player of the time: he ripped his second position at Arval. It holds a market share of 21% or about one hundred and two thousand annual contracts less than Leasys. Ald also managed to tear up the race for the renewal of Enjoy's car sharing park, for years in Leasys. Ald has managed to gain an ever-increasing share of the market thanks to a commercial strategy at 360 degrees by focusing on the renewal of the parks of large companies but also paying the utmost attention to companies with medium and small parks, reached

through a very valid indirect network that is well distributed throughout the country. On the private side, it has built relationships with the dealer networks of many manufacturers, acting as an exclusive provider for the NLT, and has conveniently exploited the web channel, through the partnership with the e-commerce portal The Hurry. Finally, it launched its innovative "experience points" called Base ALD, which give access to the most innovative services and products for mobility offered by ALD Automotive¹⁰.

In decrease Arval which holds 16.9% with sales declining by 6.4%. It is ranked second in the long-term rental of light commercial vehicles after Ald. The decrease in registrations in 2017 is solely attributable to the fact that, to date, Arval is the only one not yet active in the private sector market. Arval focused on the growth of the small business sector, on the launch of an innovative form of Corporate Car Sharing, on the optimization of processes and on the quality of service. The big news of 2017 was also Arval Mid Term Rental. It is a formula that allows maximum flexibility: from one to 24 months, without penalties for early repayment, with excellent availability of cars and commercial vehicles ready for delivery, to allow responding within a maximum of 48 hours to a need for medium-term rental¹¹.

Finally, Leaseplan grew 15.1% with a market share of 14.1%. Diverse growth for car makers: fifth place for the Captive of Volkswagen with a growth rate of 16.3%, followed by Mercedes-Benz and Carsserver. With reference to the latter we note that it is the first company to open real "stores" for the sale of long-term rentals. Alphabet, controlled by Bmw, has started a generalist move, in fact, 50% of its concluded contracts come from other brands (Il sole 24 ore, 2017). Let's focus on the private target, which is a market segment that all players are curious about because it presents a very high potential for growth. To better understand, I suggest, as an example, the Leasys proposal: "Unlimited", concurrently with the launch of the new Jeep compass. Through this offer Leasys allows individuals to activate a long-term rental contract with Jeep Compass cars and, after one year from the stipulation, the private has the option of hold the same car, change the car or terminate the contract without payment of penalties. This offer makes us understand how attractive this segment is for the main players of the sector.

¹⁰ Dataforce, 2017

¹¹ Dataforce, 2017

Figure 13 The Leasys Unlimited offer

LEASYS UNLIMITED

OGNI 12 MESI SCEGLI
UNA NUOVA DIREZIONE

E' nato il primo abbonamento per la tua auto:
sali a bordo della nuova Jeep Compass e scopri come
viaggiare e lavorare in totale libertà, grazie ai 20 GB al mese
della rete Wi-fi di TIM.



Con l'abbonamento Unlimited
ogni 12 mesi, fino ad un massimo
di 36 mesi, puoi rinnovare la tua
direzione:



Confermare la scelta Jeep Compass
Limited 2.0 4WD 140CV AT9

Cambiare con Jeep Renegade
Trailhawk 4x4 alle stesse condizioni

Crescere scegliendo Compass
Limited Trailhawk 4x4

Restituire senza penali

(source: Leasys web-site)

Always Leasys to keep up with the innovations has proposed an offer for black friday: Four super deals for four car models among the most desired by the Italian public. On the 24th of November only for 24 hours there were, on the website, four offers for four different car models. The cars have been offered at a super-convenient rate that includes all the services that make long-term rental unbeatable when it comes to having a car always efficient available: ordinary and extraordinary maintenance, RCA, theft / fire cover and kasko, in addition to the technological applications that Leasys has brought on board his cars to make the rental easy and always within reach of smartphones.

But that is not all. Leasys has combined the worlds of long-term rental and e-commerce thanks to the collaboration between its product Leasys BE-FREE and Amazon.

From 2017, on the most well-known platform for online shopping, the offer launched by the company has arrived: initially aimed at private customers only, while subsequently extended with the PRO variant, reserved for professionals. The customer who will have joined the BE-FREE promotion through the Amazon channel will in fact enjoy a double benefit. First of all, be contacted directly by the Amazon Customer Service to find, within

the Fiat dealership network, the most convenient logistic one for the withdrawal of administrative documents, setting at the same time the terms for the delivery of the vehicle. Secondly, having a direct and exclusive line, which Leasys will activate to deal only with Amazon customers. All in order to offer a "customer experience" that fully meets their needs.

The indirect sales channel: commercial agents and brokers

In recent years, partly due to the rapid evolution of the sector, brokers have increasingly gained importance as intermediaries between specialized agencies and customers. What these figures are about? They are commercial agents and brokers located in the national territory who distribute, exclusively or with proxy, the long-term rental of the major players in the industry. Using indirect brokerage channels has been driven by the need to intercept the segment of private, small businesses and artisans, poorly informed and not up-to-date on these mobility services.

This type of operator allows reaching, in a capillary way, the individual and providing better knowledge of the market. In essence, the major long-term rental companies mentioned above focus sales networks at the corporate level as they entrust the private, crafts and small business segment to external business agents.

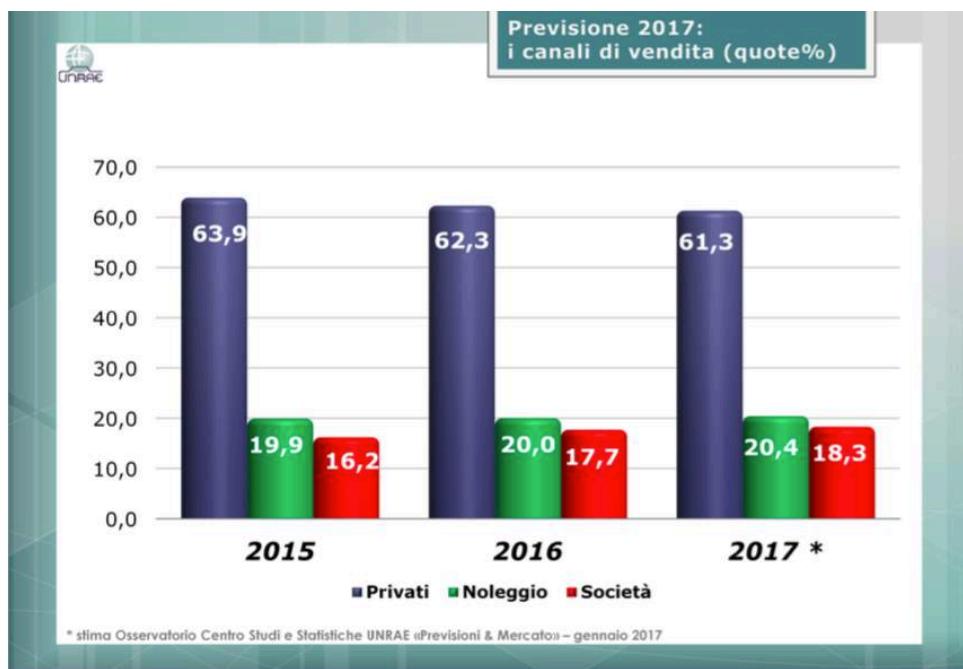
Opening to private, together with the spread of external brokers, has "upset" those who for years have been the protagonists of the automotive sector in Italy: the dealers. For a long time, the major automakers have focused on the large dealers and distributors, today; the long-term rental has shifted attention to the developments of external mandates to specialized agencies. External business intermediaries are gaining *unbelievable know-how* in customer management, so that some commercial agent companies have gained a broad range of customer and customer portfolios of all respect. Basically, today the market sees on one side the top players and on the other a fragmented reality of medium size industries attracted by the growth in demand that seems to be relentlessly (Il sole 24 ore). Perhaps in the future, agents and brokers will come to a consortium for critical mass in order to obtain adequate funding and increase their bargaining power.

New frontiers

In a non-dissimilar business environment of 2016, market growth in 2017 will be halved compared to the previous year, supported mainly by the need to renew the existing fleet and the confirmation of the Superammortamento tax concessions for rental and car company business.

The Unrae data speaks of 1.955.000 general registrations in 2017, otherwise a 7% growth in the entire industry, which will be: 61.3% of purchased cars, 20.4% long-term rental cars purchased by private individuals and a 18.3% of long-term rental cars rent to companies.

Figure 14 Forecast for 2017



(source Unrae 2016)

The negative factors that affected the 2017 were: political uncertainty, the advent of new youth targets that are attracted to new forms of mobility such as car sharing, the limited economic availability of families to invest in new cars, mature targets that open a little to long term rental as an alternative form of property. As for the favorable aspects, we identify: the renewal of the tax benefits of Superammortamento as an incentive for chartering, the need to change the old fleet, the dynamism of new rental contracts (such as the aforementioned Leasys: Jeep Unlimited), great investment in communications by the "Fab four" and ultimately green and environmental issues (Unrae, 2016).

Looking to the future, most of the companies in the industry point to new products and services as much as possible related especially to corporate fleets. The claim that companies follow is: minimizing risks, reducing costs, and improving service, which in terms of fleet management means managing the fleet with one eye on profit and one on the budget. It is precisely thanks to the IoT services that are increasingly spreading that fleet managers are able to calculate the total cost of ownership of a vehicle. For example, currently, thanks to the black boxes installed on company vehicles, fleet managers can access important information to prevent theft, handle accidents, and control fuel consumption. Almost 60% of large companies are considering increasing their auto fleet intelligence. But the future will be more and more connected, the new dimension, Internet of things: will give rise to widespread connectivity that will allow to manage vehicles, drivers, and workflow intelligently, interactively and above all in real time.

Interestingly, the figure of the Milan Polytechnic: in 2016, the internet of things grew by 40% compared to 2015 and in this context, the connected cars are worth 500 million euros and are at least 7.5 million vehicles, about one fifth of the total car park. The data and information generated by vehicles and shared on the network will allow you to manage appointments with mechanical workshops, to evaluate the wear of the vehicle and its components. Even data can be updated as today updates smartphone software.

An interesting fact is the optimization of the company car fleet. Often a property fleet or long-term rental fleet is not able to fully meet business needs: when the vehicles are used and are unavailable or when the whole park is unused for most of the time.

Two contrasting scenarios that underlie the fact that the company fleets cannot be thought of in a standard way. Flexible models are needed and for this reason an innovative approach will be increasingly important in the future: the corporate car sharing service that provides employees with access to an on-demand car. This service raises companies from the burden of property, leasing or long-term rentals (*il sole 24 ore*). Many long-term rental companies are looking at this opportunity with interest.

The tracking's of shipments in real time, risk management, choice of routes and logistics synchronization are just a few fields where companies, thanks to technology, may find important organizational and economic benefits (*Il sole 24 ore*).

An area that is heavily tied to ICT and mobility is the *insurance sector*. The question arises spontaneously: if every aspect related to accidents, fuel consumption, thefts and damage will depend on connectivity whereas everything will be managed by technology, will the insurance disappear? Kpmg has calculated that by 2050 the insurance sphere will

contract by 70% and accidents will be reduced by 90%. Consequently, traditional insured models will become obsolete, and estimation involves the disappearance of the industry. *The keyword is evolution, innovation.* Insurance companies are called upon to develop InsurTech expertise to respond more specifically and quickly and develop highly personalized products. With black boxes, companies can monitor various parameters so as to translate them into less expensive and more detailed rates. Voice Assistance, Instant Chat, Virtual Bodyguards are all services that shortly the insurance companies will have to propose to keep up with the "always-connect" world (il sole 24 ore). Lastly, the phenomenon that will change the face of car and rental is e-commerce: carry out the online purchase act, means to make the meeting between seller and buyer superfluous, renounces the comparison between the parties (efficiencies of time and displacements). Whatever the reason this tool continues to grow and prosper in various fields. We are currently witnessing the first online sales of durable consumer goods like the new car, I emphasize the new word because selling used cars on e-commerce platforms is a widespread activity. Basically, in the "used" field, many negotiations start and end online. According to AgitaLab, online car sales will have a decisive development over the next few years. It will be crucial to have a good back office organization that can handle customer and driver relationships as effectively as possible. Social connections will be critical, above all, on the customer care side: as for reporting and clarification.

In short, e commerce could lead to a sort of breakdown of long-term rental in its various services, purchase the car directly from the manufacturer and then buy the various services from the individual providers (il sole 24 ore). One thing to not underestimate for the future is the ecological footprint. One thing to not underestimate for the future is the ecological footprint. Many companies are moving their first steps in eco-sustainability: the idea is to reduce the environmental impact and fuel costs with the goal of modifying the corporate image by giving a decisive ecological footprint. The ecological revolution is far from being launched and the data in this regard are very low and derisory. Considering top player, captive player and brokerage companies, much could be done to make the fleets more ecological. In this sense, through: economic incentive (very important since the European Union is discussing possible incentives for smart mobility), campaigns to raise awareness of fleet managers and drivers, and more engagement in job training.

Chapter 3 The marketing dynamics in long term car rental

As we have introduced in the previous chapter, the Automotive sector represents the driving force of the main developed countries. The triad of United States, Europe, Japan, for a long time, has dominated the world scene, giving life to technologically advanced products, so as to represent 15% of the GDP of the industrialized countries.

The sector has experienced a constant and repetitive growth, which has given rise to the idea of never wavering and escaping the crisis.

Actually, in relation to the 21st century sector crisis, demand has undergone a profound slowdown, showing an important structural weakness. The population growth is stable, the saturation of demand in developed countries, the lack of investment in new and modern infrastructures and an increasingly aware consumer are some of the reasons that led to the reduction in the demand for the sector.

Although for a long time the product innovation and the differentiation have represented elements of uniqueness and distinction, today we cannot only rely on these two elements but it is important to have a clear and total vision of the market: from competitors, to products, to consumers. The first step in this investigation is the introduction of the business model innovation within the sector. The sectoral distinctions between the product-oriented and service-oriented businesses are analysed and we will see how radical innovations have concentrated around the service oriented business model such as car sharing and fleet concepts. We introduce how the concept of car's ownership has changed, and how this has influenced the evolution of the business model from the traditional ones to the sharing business models.

The chapter will present the case studies through which companies have been able to react and analyse what marketing strategies have been used and how they will evolve in the future.

Wide space is dedicated to the digital world: its characteristics and the potential that this sector has captured, becoming a real business tool for the automotive world. Some major car manufacturers such as Volvo, Tesla and Jaguard, in addition to producing some of the most desired vehicles in the world, have decided to take advantage of digital opportunities, following bold marketing strategies that favour digital format and have a major impact on the market (Google, 2016).

The concept of lead generation marketing will also be introduced, an essential tool nowadays to be known online and to attract new and potential customers interested in a specific product or service. The lead generation mechanism is presented in its entirety from the concept itself to the marketing funnel up to the management of the prospects through a Customer Relationship Management tool. No less important, the digital consumer that will allow us to understand how purchasing behaviour has turned in relation to the crisis and the evolutionary dynamics and how important it is nowadays to have a direct and personalized contact with the target. Consumers are becoming more empowered and sophisticated. Their wants and needs are evolving at an exponential pace. Basic transportation will no longer suffice, as consumers look at a comprehensive mobility experience (S. Rishi, 2008). The automotive industry is at a crossroads. The opportunities that consumers can seize to make a purchase have never been so many, although, at the same time, car sharing services question the very idea of owning a car. However, this period characterized by new uses and rapid technological innovations, consumers are still determining the most significant progress. In fact, it is fundamental to understand the consumer and the dynamics of his needs. Consequently, the impact of digital age on consumer behaviour and communications with cars across telematics give rise to new distribution business models based around different physical network structures and integration with advanced online channels (Buzzavo, 2012).

Product-oriented business model and Service-oriented business model

"In essence, a business model is a conceptual, rather than financial, model of a business¹²"

A key component to competitiveness is business model innovation. Business model is a driving force in certain strategic choice.

Business models tend to be rather complex and many conceptualizations have been suggested. On the one hand, scholars conceive of a business model in a broad sense, as a 'scale model' that describes a business as such as well as the general way in which firms create and capture value (Baden-Fuller and Morgan, 2010). On the other hand, scholars use a firm-specific conception of a business model to describe and design specific components and the interaction between them. A business model articulates the logic and provides data and other evidence that demonstrates how a business creates and delivers value to customers (D. Teece, 2009). In general, it is based on four elements: *Value proposition* that indicates how a specific customer segment perceive your range of products or services (how value is captured), *Value creation* that represent how the business produce value for the company (how the value is created) and *Value network* forms by roles and relationships actors. *Revenue model*: Fixes the type of payment the customer makes to the supplying shareholder as part of the offer. The revenue model has been designed so far along the lines that the customer pays the car producer for the vehicle in the form of a sales price or a leasing rate. Repairs or maintenance work on the vehicle and fueling are charged separately to the customer by the respective services provider (Kley F., 2011).

The strategic potential of business model innovation thus lies in identifying new sources of value creation based on innovations of the different components of a business model and/or the interactions between these components. (R. Bohnsack, 2013). Moreover, a business model presents these components: the target: to whom the product/service is address to, the offering: which elements compose our offer, the chain of processes involved and the profit model: how a company is extracting value from the target. As conditions change in a given industry, firms are required to adjust their business model accordingly (Buzzavo, 2012). This implies taking decisions that determine changes in one

¹² D. J. Teece, "Business Models, Business Strategy and Innovation", Elsevier, 2009

of the components or in more than one, determine a new combination. This leads to situations of business model innovation where a recombination takes place in order to achieve dynamic consistency with the new context (Buzzavo, 2012). Actually, business models are dynamic framework consider the fact that they change over time with regard to the emergence of a new technology or market. Usually, new entrants are the forerunners of business model innovation as a mean of competition, whereas they would not be able to compete with incumbents in terms of existing business model.

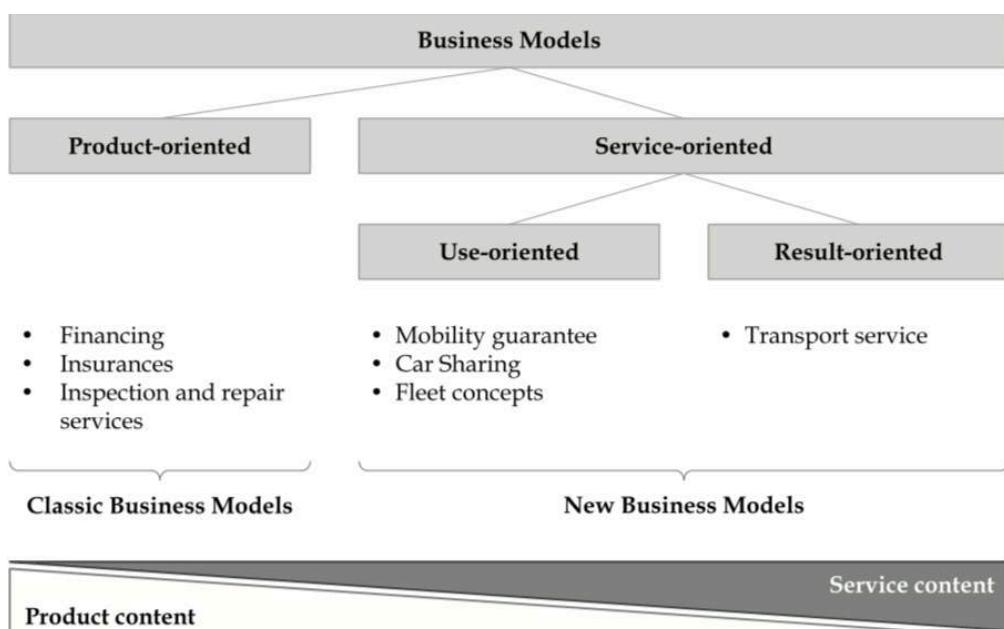
The business model clearly established in the automotive industry consider *Value proposition* as centred on all the vehicle bodies which are sold to customer together with service package, *Value creation* is represent by in house capabilities necessary for coordinate and manage supply chain finally the *value context* evolves because of the nation and local government (P. Wells, 2015).

The current business model derives from the historical evolution of the sector that has first seen its success in the highly integrated Ford approach, then attend a gradual process of vertical disintegration and to a continuous emergence of a flexible horizontal integration, complex and distinctive. The business model therefore evolves over time through “progressive refinements to create internal consistency and/or to adapt to its environment” (R. Bohnsack, 2013). In addition, it is important to emphasise that in order to achieve a radical evolution in the business model, the change should affect the key elements of the business model: value creation, value proposition, value network. To make things clear important developments such as Toyota production system and lean production are not considered radical changes instead they are refinement of the existing business model: as a matter of fact, they increase efficiency and productivity without affecting the entire structure. The classical business model described here, refers primarily to combustion engine vehicles and cannot be shift to mobility concepts based on electric drives because of technological constraints (F. Kley, 2011). On the side of electric cars, new business models try to utilize additional services to design the product in such a way that increases the benefits for the client and gives the supplier’s product the competitive edge (Matzen et al., 2005). Despite the enduring success of the generic business model, examines the pressures for change arising out from the accumulation of tensions within the three elements of the system.

Firstly, there is a contradiction between the demands of the production system and the demands of the market that emerged rapidly when markets do not expand, the competition grows and the market segmentation start to erode the structure of value

creation and value capture. Indeed, the value creation is oriented toward production in order to achieve break even volumes. If the market expands fast, the value creation leads to further expansion by volume growth, price reductions and profit increases. On the other side value capture is aligned with the characteristic of the market: selling vehicles alongside consumer credit. As a result, if the demand of the market decreased, the demand of the production process falls down and the two systems collide. The leitmotiv of the stress is over-capacity. Secondly, the stress can occur when a misalignment with the value context appeared. The last few years have been characterized by attention to issues such as air quality, congestion and noise, pollution and resource consumption but also the aspects related to the digital world, all these questions related to value context are in contrast with the way the industry operate. Thus, has involved many implications for the business: the search for alternative fuel, the construction of road networks designed to reduce traffic, the creation of the electric car, innovative safety systems that drastically reduce the possibility of accidents due to human errors, cars more connected. In this case, the stress depends on the decisions taken by the government.

Figure 15 Business model for mobility solutions



(source: F. Kley, 2011)

Despite widespread expectations that this is an industry that really has to change quite radically in order to be sustainable in the future (P. Wells, 2013), radical successful innovations are few.

The figure 3.1 describes a mix of tangible and intangible products, with an increasing share of services. Two possibilities result for the final customer. He can either buy the product in the form of a car or purely the service in the form of a taxi. Between these two extreme forms, however, there are numerous other ways to offer mobility services to the final customer. The first category describes the “product-oriented business model”, in other words the classical business model. The core of the business is focus on the manufacturers and services are seen only as a support which help to sell the product and confirm customer loyalty. The service-oriented business model instead, is centered on a contractually guaranteed performance even after delivery, which is provided with the help of the core product (F. Kley, 2011). It's the case of Long- term car rental company which guarantee the supply of vehicles or of without the customer having to actually own a car. To clarify, the concept of car sharing, widespread in recent years and topic of discussion in many countries, although it represents a radical innovation, it's a user-oriented service concerns purely the sharing economy and affected the mobility concept. An example of reinvention of the automotive business model is the Smart: a new brand, a new concept of car (only two seats urban car), a new system of boutique to sold the cars. The connected cars instead represent incremental innovations in the business model discourse: they have improved the efficiency of cars but do not undermine the three pillars of the business.

One of the most profound redesigns of the business model that fail came from Better Place start-up that started to commercialize “battery swap” for electric vehicles, creating a swapping station to enable vehicles owners to exchange battery pack. The new business model failed because of the inadequate preparation of manufacturers to design vehicles to suit swap system. In short, an appropriate business model can increase the market attractiveness of a technology, improve the full value capture of an innovation and lead to a competitive advantage (Björkdahl, 2009). The new business model can come out in parallel with the well-established traditional business model and they can be part of the same system except if there are some points of contrast.

The innovation of marketing approach by digital channels

In a market that is not growing and is saturated, in a market where the main manufacturers have historic plants with excess production capacity, in a market where global competition and competitive pressures are increasingly intense (E. Candelo, 2010),

players must implement competitive forms and marketing strategies focused on a precise "value proposition" and on one-to-one relationships with consumers.

Although for a long time the auto sector focused on a product oriented logic that taking into account the 'Consumer' variable in a marginal way (it was seen as an objective of marketing actions aimed at satisfying their desires and needs), the sector moved to a customer-oriented approach, where the relation with the customer is the focus of the company's decisions. The shift of business objectives from the product to the customer affects the marketing variables: the marketing objective is no longer the market share or the sales volume, but the customer satisfaction: his trust and loyalty that are a consequence of the quality of the involvement. For this reason, companies must be oriented towards a better management of the customer relationship and towards the implementation of varied marketing strategies, offering value-added shopping experiences tailored to today's needs. The progressive emergence of these trends will not lead to the disappearance of traditional marketing techniques, but it will necessarily have to be complemented by new strategies aimed at building relationships with customers.

The Emotional Marketing

"Linking global automotive demand with consumer sentiments and media habits is vital to developing marketing strategies that connect the right consumers with the right automotive brands¹³"

Vehicle owners have strong feelings and emotional attachments to their car. Emotions represent a form of language universally spoken and understood. An emotion is a mental and physiological state associated with a wide variety of feelings, thoughts, and internal (physical) or external (social) behaviors (D. Consoli, 2010). Taking into consideration the purchase of a car: consumers don't look for a product/service that meets both the needs and rational processes, but for an object that becomes a center of symbolic meanings, psychological and cultural, a source of feelings, relationships and emotions. The emotional marketing studies how to arouse emotions in people to induce them to buy a particular product/service. Recent studies have shown how purchasing choices and decisions are the result of a careful analysis of rational and emotional aspects (D. Consoli,

¹³ Pat Gardiner, 2014

2010). Most consumers create things like origins, heritage and authenticity in their interactions with brands.

This strategy is widely used by car manufacturer's brand which through empathic and emotional communication has captivated millions of customers. It's the case of Fiat that in 2007 to launch the new 500, created one of the most exciting and successful Italian commercials, focusing fifty years of Italian history in ninety seconds. The spot, strictly in black and white, was able in particular to leverage the sense of belonging and the pride of tricolor, trying in some way to impose on the more invasive sense of xenophilia. The phrase that closes the spot "The new Fiat belongs to all of us" is emblematic. Furthermore, in the automotive world, flagship stores and museums are booming. These give consumers the opportunity to interact with the brand above and beyond a vehicle purchase or service transaction. These experiences connect emotions, excitement, enthusiasm, curiosity, surprise, delight, with the brand at a visceral level (Pwc,2014).

"Emotional marketing answers questions like "What are the attitudes, behaviors, preferences and emotions of those who make purchases? ", "Can we measure their emotions before during and after the purchase? ", "How does the mind of consumers react when it is stimulated by advertising, promotion, while they are in a supermarket or navigate in an e-commerce site¹⁴".

The essential elements in emotional marketing are:

1. The message: surely it must be stimulating. It is important to define your own strategy and on the basis of that play on emotions that evoke feelings of familiarity and safety. (In the case of fiat, for example, emotions related to patriotism were used)
2. Channel: define an omni-channel strategy. It's important to combine traditional and digital channels together, to be present where the customer is present. Investing especially online, where consumers spend most of their time
3. Promotion: the promotional messages must have a high dose of clarity, simplicity and transparency, not only for those who buy the car but also for the dealers, who must communicate in turn with the final customers in a manner consistent with the brand identity¹⁵

¹⁴ D. Consoli, 2010

¹⁵ <https://www.tsw.it/digital-marketing/futuro-marketing-auto-automotive-marketing-forum-2016/>

Nowadays it isn't the product to be sold, since for each category there is a wide choice, but the focus is the relationship that the consumer establishes with the brand and with the emotions which the product communicates. It is important, in this context, to have a clear vision of the actors involved in the dissemination of these strategies and to understand what role they play. Considering the aim of this work, I identify: car manufacturers, dealers and long-term rental companies. The car manufacturer must take into account, above all, the need to generate experiences, contents and relationships with customers as it is precisely the brand to which they are loyal. The offline and digital media can give depth to the expression of the brand through the creation of an experiential platform that dialogues with the activities carried out by the company such as events organized in the territory thanks to partnerships.

The dealer, instead, must guarantee experience and service, to better manage the lead process at the point of sale, aligning itself with the most specific customer expectations. The sales network, in fact, should be differentiated by the range of services propose to customers, by the willingness, the clarity and the knowledge offered and by the authority acquired on the market. The car manufacturers are identified by the brands known all over the world, the dealers are their sales network, usually they are known locally or nationally and are aligned with the strategies of the car manufacturers, instead, which role the long-term car company play?

To better understand we must remember the distinction between: **Player Top** and **Player Captive**: the first also called "generalists", are part of international banking groups and have no company relationship with any car manufacturer; the latter are otherwise involved in a construction company¹⁶. Usually the Top Players (Arval, Leaseplan, Ald), being generalists, focus their attention on the services offered and on tailor a unique mobility solution based on the client's needs, proposing a wide range of brands. They rely heavily on digital channels, especially on cutting-edge websites, on large investments in remarketing, on the costumer care always available both online and offline, in some ways we can say that they have established themselves almost as real brands. On the other hand, the Captive Players (Volkswagen, Mercedes-Benz, Psa) maintain the marketing strategies in line with the car manufacturer. Are the same brands or the dealers who offer

¹⁶ Dataforce Italia

this mobility solution. Different discourse for Leasys and Alphabet respectively the companies of Fca Group and Bmw. Leasys offers cars exclusively of the brands of the parent company although for many it is considered as a brand for the authority that it has acquired over the years. Digital channels are a must for the offer: website, online consumer care and big investments in remarketing. It's a different matter for Alphabet, born as a provider of business mobility services of the BMW Group, it then opts for a generalist approach offering long term car rental solutions of all brands.

The long-term car rental has entered the future, the operators of the sector must work to optimize the marketing activities aimed at customer satisfaction on all touchpoints, starting from the online channel to the post-sales customer care.

The new consumers: careful and specialized

"The new communication and computing technology together with the institution of open global trading system have lead the consumer to have more choices, they have the opportunity to find the best expression for their needs and alternatives are easier to found. Business therefore need to be more consumer-oriented especially since ICT allow the lower consumer solutions¹⁷".

Enlightened consumers will expect their vehicles to provide information, entertainment, safety and convenience. They will demand economy, environmental responsibility and sustainability. To meet these demands, cars will become more intelligent, offer "greener" operation and be "customizable" to greater "self-expression" by buyers (IBM, 2008). To reach the intent, collaboration throughout the value net will be necessary. Automakers will need to develop alliances and partnership both within and beyond the boundaries of the car industry. Automotive consumers of the future will be highly informed, demanding, impatient and environmental conscious. They will compel a new different ownership experience (S. Rishi, B. Stanley, K. Gyimesi, 2008). They stimulate the industry to respond to their needs and demands by: *redefining mobility*: "The new definition of mobility will be represented with an innovative ownership profile, one in which the purchase or lease or long-term rental of a vehicle provides access to a further fleet¹⁸". Even the notion of "buying" is changing. The concept of personal mobility will prompt consumers to purchase "transportation service" in place of personal vehicles (IBM,2008). A key

¹⁷ D. Treece, 2009

¹⁸ IBM, 2008

example that, in part, meets this type of need is the Leasys "Unlimited" formula, expressed in the second chapter: a fixed fee, a 3-year guarantee and the main insurance services, roadside assistance and info mobility (Leasys App, Leasys I-Care) included in the price. The consumer can decide to keep the car for 12 or 24 months, but after the first year, he can opt for an upgrade by switching to a higher-level car under the same conditions. The offer also allows you to stay connected, thanks to a promotion that includes a portable modem with 20 GB of data traffic per month. *New financial mechanism:* to make affordable necessary elements resulting from technological evolution. Such as the batteries of electric machines. In fact, today, the high price of electric car batteries represents a barrier to rapid market penetration. Finally, by *creating new methods to connect with consumers and retain them:* Dealers and Oem's have to collaborate to develop a relationship with customers, perhaps exploiting the power of social media and, at the same time, which allows a high degree of personalization (IBM,2008).

The element, par excellence, that has marked the change in the consumer behavior is the advent of the digital world. A Pwc¹⁹ analysis in 2015 stated that digital behavior in consumers is now a mass phenomenon, covering over 60% of the population (beginning of 2015) and that the smartphone has decisively facilitated its growth. Also defined "pro sumer" is a different consumer, more aware, multitasking and interactive able to directly influence companies thanks to digital tools. It is a consumer more prepared at the ICT level, which has the ability to compare and choose. Technologies, information technology and digitalization have brought consumers to a higher level of awareness.

The consumer decision process in the digital age

Since 1968, models of the Consumer Decision Process have been very popular amongst marketers, like any good theory the consumer decision process has been scrutinized and modified since its inception, undergoing several revisions and updates over the years. Considering the Mckinsey model²⁰ of 2009 there are four steps consumers go through when purchasing a product: Initial consideration step, active evaluation, moment of purchase and post purchase experience (loyalty loop in case of a positive relation). The model presents the stages, not in a static and horizontal representation, but by a dynamic

¹⁹ <https://www.pwc.com/it/it/industries/retail-consumer/assets/docs/total-retail-2015.pdf>

²⁰ <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-consumer-decision-journey>

evolution through a circle evolving. Good automakers are intercepting consumers at each step, converting potential consumers into buyers. Problem recognition starts with a feeling of discomfort. This feeling can arise from almost anything, perhaps your neighbor telling you about their new vehicle, or having to do a series of expensive repairs on an old vehicle, or even a sort of coming of age feeling (N. Jung, 2014). An example, in 2002, the Mini Cooper latched their “Let’s Motor” campaign onto the popular consumer need to save money on fuel. Focused on U.S. market, where a longstanding history of larger, less fuel-efficient vehicles have dominated since the dawn of time, this campaign smartly accentuated the difference between the Mini Cooper and more popular alternatives: size and fuel consumption.

Figure 16 The mini case



(source: Mini)

Once consumers recognize the need for a new vehicle, they start looking for ways to ease the discomfort. Consumers begin to conduct extensive research. As high-involvement purchases carry hefty financial implications and long-term consequences, buyers do their homework. Consumer's research will be two-fold. Subconsciously, they'll be accessing their internal memory through their past experience and also are actively hunting for external information in every touchpoint they meet. For all the player in the auto-industry it's fundamental be present everywhere but especially when the consumer wants, social media presence is the turning point and the impact is strong. With social networking use through the roof, staying at the top of mind means staying active in this sphere. Now that “future auto owners” have scoured the Internet, interrogated their friends and family and perhaps even visited a few stores, they're ready to compare viable options in the active evaluation stage. Consumers will divide

their research into three sets of data – evoked (to be considered), inept (negative) and inert (indifferent). The trick is to somehow get your brand in the evoked set every time.

Reached the moment of choice, non-everything is completed. In the case of the automotive sector, the experience in the sales point by the dealer remains important. Availability, kindness, professionalism are decisive elements in the final choice. the interactions at the dealerships seem to be viewed positively by the customers. This may be an opportunity for dealers to build a way by which such a potential buyer becomes an active endorser of the product. Because you closed the deal, doesn't mean your customer's journey is over. "Engaged consumers buy 90% more frequently²¹" so post-purchase care requires just as much attention as the other stages. Recommending vehicles to others is a major activity as part of the purchasing process. Word-of-mouth is an important influencer in the buying process, the way of sharing ideas, beliefs and experiences among each other.

Digital Marketing Strategies

There are three groups of organizations in this sector, manufacturers, retailers and long-term company and all three contribute to this turnover. Many organizations in the sector are innovators in different areas and are trend setters too. However, when it comes to digital marketing, they are quite a way behind (O. Gill, 2017).

The Nielsen Global Survey of Automotive Demand analyzes the online industry demand, identifying where automotive demand is greatest in order to reveal the emotional as well as the financial reasons that are most influential in driving car purchase intent. The results of the research trace three strategies that support the needs of consumers and that players can pursue to differentiate and attract new users.

1. Create a fluid approach for marketing²²

The needs and aspirations related to the purchase of cars differ according to the target and the country analyzed. The approach to purchase can however be defined "fluid" whatever the segment analyzed, especially in mature markets where online purchases are part of daily consumption habits and where there are countless channels of information that the customer can use. This aspect has profoundly changed the approach being consumer-oriented and leading companies to take an active role in the communication processes, i.e. to intercept the customers in all of the "touchpoint", to adapt the message

²¹ Carter, 2016

²² Nielsen, 2014

to the language and the tools used. All the players in the sector must fully learn these processes, perceive and interpret them, to address the primary needs of potential buyers. Important is the ability to refine the message to intercept consumer confidence and change their choice of purchase.

2. Focus on the emotional connection as the “why to buy”, particularly for millennials²³

Connecting with how people feel and how they think can be a strong stimulator. The role of the car plays in the consumer’s life is one element to figure out the drivers of demand. Is it for utility or a representation of the success you’ve achieved in life, or you just love to drive: while each of these sentiments may play a role in the car-buying decision process, connecting with the emotions that pull at the heartstrings draws consumers more powerfully along the path to purchase (Nielsen, 2014). Understanding why consumers buy cars allows industry experts to create messages that resonate more strongly in the recipient’s mind: “If you know that consumers are driven by status, then sales efforts centered on the luxury car market should be a priority focus. Similarly, with utility-minded, finance-driven or driver-enthusiast consumers, a keen focus on their desires will ensure that your strategies are proactive and aligned with their wants²⁴”.

²³ Nielsen, 2014

²⁴ Gartner

Figure 17 "Why to buy"?

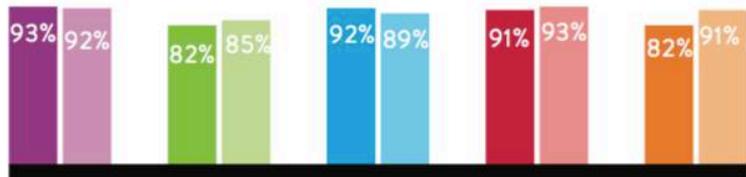
PERCENT WHO INTEND TO BUY A NEW OR USED CAR IN THE NEXT TWO YEARS

● ASIA-PACIFIC ● EUROPE ● LATIN AMERICA ● MIDDLE EAST/AFRICA ● NORTH AMERICA



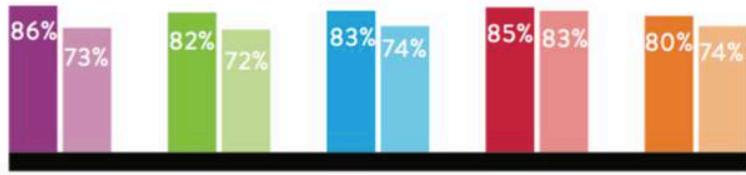
FINANCE MOTIVATORS

I INTEND TO UPGRADE WHEN I AM FINANCIALLY ABLE (EXISTING OWNERS)
I WOULD HAVE A CAR IF I COULD AFFORD ONE (FIRST-TIME BUYERS)



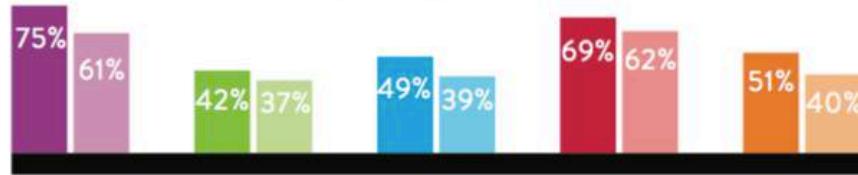
EMOTION MOTIVATORS

I LOVE DRIVING



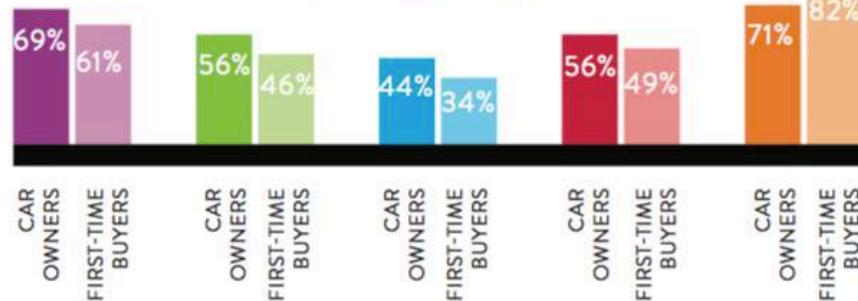
STATUS MOTIVATORS

A CAR IS A SYMBOL OF MY SUCCESS



UTILITY MOTIVATORS

ACCESS TO A CAR IS WHAT MATTERS MOST



Source: Nielsen Global Survey of Automotive Demand, Q3 2013

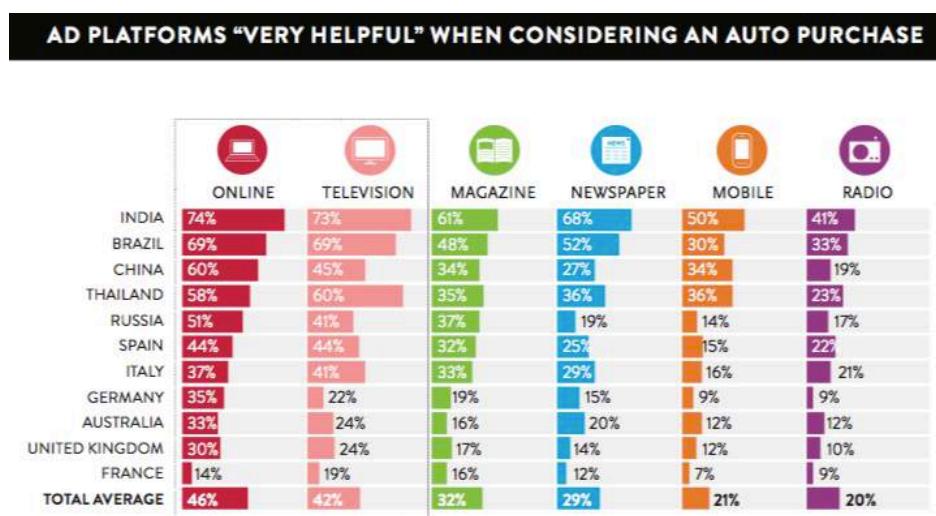
(source: Nielsen Global Survey of Automotive Demand, 2013)

The data shows that financial motivators are the strongest sentiment expressed globally among existing car owners (89%) and first-time car buyers (91%). Among existing car owners, 84 percent expressed a love of driving, which is significantly higher than the desire to fulfill a utilitarian purpose (63%) or to represent a symbol of success (62%). Considering the target: global millennial respondents (age 21–34) are particularly motivated by status. Compared to respondents who are over age 35, Millennial car owners are 68 percent more likely to say the car they drive is a symbol of their success. What emerges clearly is the importance of processing clear and reasoned messages, expressed through campaigns for the right audience.

3. Invest in your own online assets in order to achieve the maximum impact²⁵

The fragmented media landscape offers a dizzying array of ways to reach a consumer inundated by choice. It can be difficult to know which method offers the best way to reach your intended audience, developed a one-size-fits-all strategy is not the right choice, it is more efficient to adapt the messages following the differentiation on the basis of the reference target and the related media used

Figure 18 Usefulness of different channel for auto purchase



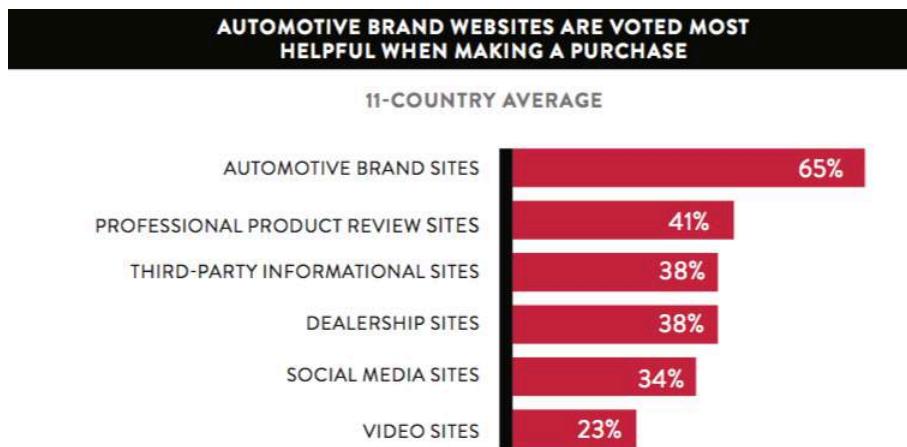
(source: Nielsen Global Survey of Automotive Demand, 2013)

Looking at the graph: about 46% of all respondents say that automotive online advertising is "very helpful" considering the purchase of a new car, compared with 42 percent who deem advertising on TV very helpful, followed by 32 percent for magazines, 29 percent

²⁵ Nielsen, 2014

for newspapers, 21 percent for mobile and 20 percent for radio ads.

Figure 19 Where to found helpful information



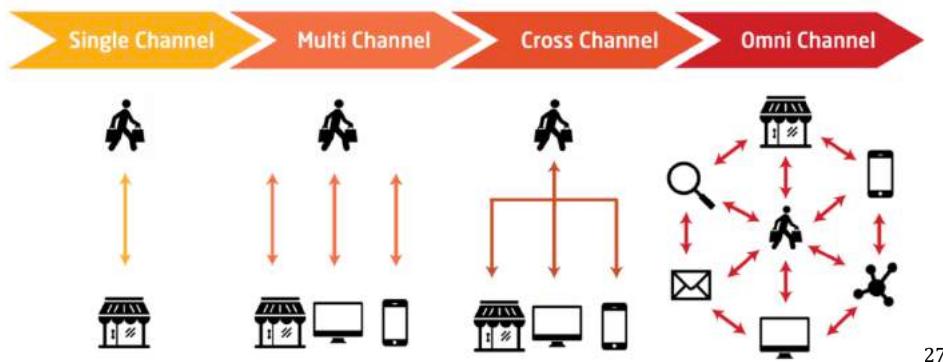
(source: Nielsen Global Survey of Automotive Demand, 2013)

"Among online consumers, Original Equipment Manufacturer (OEM) branded websites, in particular, are key touch points for buyers looking for emotional triggers to help decide which vehicle to buy. Tailoring content to these needs will help secure this demand²⁶". Emotional marketing isn't just a fad; it's an important trend that automotive producers should embrace.

The goal declared by many industry players is to create in real time a dialogue with customers and to create digital content using blogs, social networks, user-generated content, wiki logic in an omni-channel perspective. Although there are many sales channels, the best strategy to implement the coordination among them, is the omni-channel approach. Omni-channel marketing allows the customer to realize the purchasing process through various physical and digital channels, related to each other to offer a complete and dynamic experience. Therefore, it uses different sales channels, and different communication paths through PC, physical store, mobile, direct mail, social media. Thus, companies must be able to mix the physical and digital world, making them usable indiscriminately according to the needs of the target. Omni-channel marketing is about delivering a more interactive, personalized brand experience that goes beyond silos behavior and where the consumer is reached through all possible touch points or channels (Deloitte, 2015).

²⁶ Gardiner

Figure 20 Different type of channels



Establishing an omni-channel strategy means above all maintaining coherence on all channels: coordination between online and offline cannot be absent. Each channel thus finds its functional collocation within the communication strategy. An additional rule of this strategy is the use of a one-to-one conversation with the customer: the social and telemarketing channels are integrated and not only used in commercial terms but also for customer assistance. The optimal management of a disservice transforms the problem into an opportunity, changing the dissatisfied customer into a satisfied and enthusiastic one. In fact, many companies that implement this approach guarantee customer assistance online or even on social networks. Instantaneity is a plus to improve the user experience.

Social media marketing approach

In the automotive sector, the presence on social channels is essential. In fact, for 96% of those interested in buying a car do online research. The user then arrives at the dealership with an already in-depth knowledge of the product: responding to his needs and inspiring him in the moment of online research. By improving their knowledge of digital marketing, more automotive businesses can take advantage of the networks available, and reach their target market in new ways. The digital tools available to the players to create and monitor an online communication campaign are several.

In the last decade, we have witnessed the birth and diffusion of a new type of media that has revolutionized not only our way of living, of interacting with people and of spending time, but also the whole marketing and business communication: social media. The main feature of social media is their horizontal nature in the creation and dissemination of

²⁷ <https://manuelsalvi.com/2017/10/16/6-esempi-strategia-omnicanale-ispiranti/>

content: all users have the ability to create new content without any barrier. But not only: the content is no longer immutable and undirected, but anyone can modify and redistribute it. In this sense, social media is an egalitarian medium. Unlike traditional media, in social media all subjects are placed on the same level, at the same hierarchical level, and companies and brands have neither power nor control over other users and content produced, but simply constitute another node within the social network.

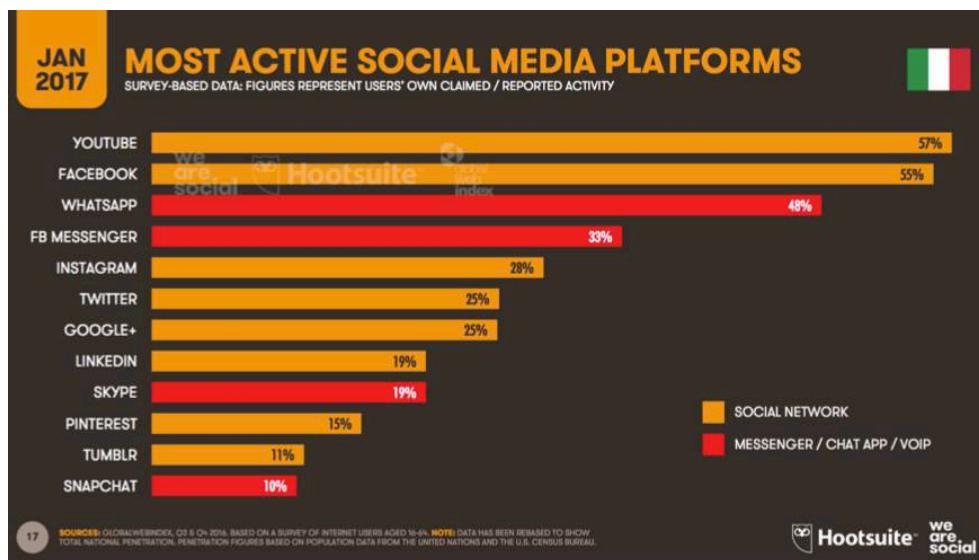
Figure 21 Digital statistical indicators



(source: we are social)

A research conducted by the We Are Social agency at the beginning of 2017 shows that worldwide, 50% of the population has access to the network and uses the Internet. The social networks instead totalize a penetration of 37%, in the world so there are 2 billion and 789 million active users on social networks. How predictable this data varies from region to region.

Figure 22 Social media platform used in Italy



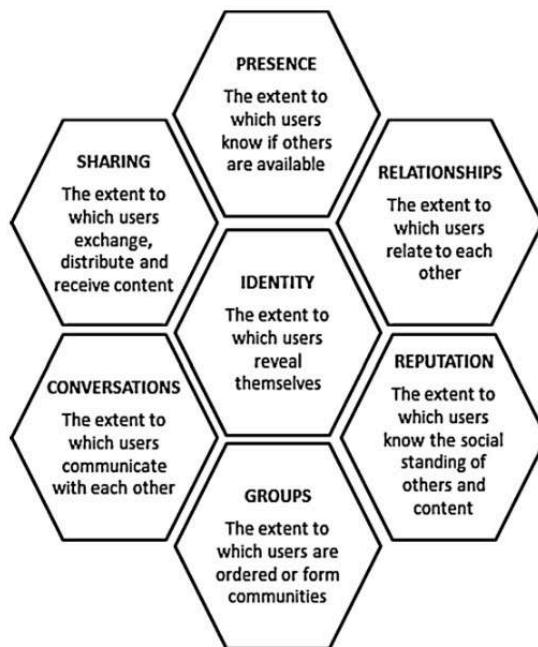
(source: we are social)

The main social networks for the number of active users are: YouTube and Facebook that hold the absolute record. Facebook also stands out as the most widespread and used social network in the world

The first thing to do is define the communication goal: why do you communicate? Then the next step considers the selection of the type of media to be used on the basis of the objectives previously defined. There are Paid media (advertising), Owned media (website, social media) and Earned media (content marketing, seo).

To select the social media to use it is good to understand what their specific features are. J. H. Kietzmann elaborated “a honeycomb of seven functional building blocks: identity, conversations, sharing, presence, relationships, reputation, and groups” (J. H. Kietzmann, 2011).

Figure 23 Social media functionality



(J. H. Kietzman, 2011)

“Each block allows us to unpack and examine a specific facet of social media user experience, and its implications for firms. These building blocks are neither mutually exclusive, nor do they all have to be present in a social media activity. They are constructs that allow us to make sense of how different levels of social media functionality can be configured” (J. H. Kietzman, 2011).

There are some tricks to consider implementing a winning strategy within social media:

- Identify the target to establish a correct mode of interaction. It is necessary to determine which market segment you are targeting, in order to choose the way of interaction and the social media to adopt: by defining the target, the company also recognizes the tone of communication, content and information to develop. Know your audience and how they behave online;
- Be present on the relevant social media.
- Building the brand identity and the image: the online image of the company must reflect the real image of the brand;
- Establish and measure the strategy. Initially it is necessary to define the figure that deals with the management of the activity on social media, considering however

that practically all the business areas are involved. Then we have to define the objectives of the strategy in the short, medium and long term: generally, the objectives are the increase of the engagement (comments, tweets) and the increase in traffic to the site;

- Update channels and listen to conversations. It is useful to constantly publish updates to keep the channel's attention alive and the contents published must be considered interesting by followers, so that they generate an effective word of mouth. We must also monitor the channels and listen to "what they say": the feedback generated must be used to improve the corporate image, the products or the customer care. Furthermore, it is important to respond to online conversations about the company, in order to make the user feel an integral part of the community;
- Encourage interaction and engage your audience. Use tools to engage people: surveys, contests, funny questionnaires, all things that on social networks can work because they are interactive, they allow the audience to interact;
- Cooperation between the various instruments. The company strategy must include an organization of all the social platforms used and must manage them in the most effective way to achieve the objectives, be consistent and maintain constant interactions with the target audience;
- Create content for increased organic visibility. Be present when consumers are searching information about your service or product on google. Your website is present and comes up. Countless intent-driven micro-moments occur when consumers turn to their devices to answer a question or to address a need. Whether it's a question about which car is the safest, which will fit a family of five with all their gear, or what the lowest monthly payment can be, these intent-driven moments are often Google Searches; and how auto brands respond in these micro-moments shape car buyers' decisions²⁸.

²⁸ <https://www.thinkwithgoogle.com/consumer-insights/consumer-car-buying-process-reveals-auto-marketing-opportunities/>

In the Automotive sector, the 38% of people consult the social media to evaluate the purchase of the next car and 23% of users, after purchase, use the social channels to share their purchase experience²⁹. Companies will therefore have to create excellent quality content: engaging content, launching promotions, organizing contests: it's a mix of large-scale actions carried on social networks to keep their fans as close as possible and interact with them, involving them in the world of the brand and responding to their need for inspiration and information. It is also important to give reliability to your customers: giving the possibility to release reviews and feedback, will be a guarantee of professionalism and seriousness. Through social media, the brand can adopt different communication methods, differentiating its tone of voice in order to reach different targets. For example, BMW and Mercedes in their social communications always maintain an authoritative tone and use visual content, clean and very impactful. The lower the spending capacity of the target, the more the communication will be ironic and friendly, stimulating the involvement of users through personalized graphics and textual content with a playful tone: it's the case of Fiat, Nissan and Toyota. The 84%³⁰ of those who buy a car are present on Facebook and the percentage is destined to grow, considering that 40% of the new cars will be purchased over the next 10 years by Millennials: this makes Facebook the channel through which the brand can reach the largest number of potential customers. The ability to activate several company pages and to be able to communicate in the same channel in multiple languages, allows you to adapt the contents to different markets. Furthermore, the use of the ADV offers the possibility of selecting the target to be addressed almost in a surgical way, thus optimizing the investment. Many other social networks are used to communicate online like Twitter or Instagram, but for this research we will not go to analyze the other tools.

Lead Generation marketing

Another online tool, widely used by small companies in the automotive sector, is the lead generation technique. Big companies have incredible budgets available to attract customers from all over the world, a different prospect for small local businesses that have to adapt to digital, to a dynamic and constantly changing world.

²⁹ TSW, 2016

³⁰ <https://wearesocial.com/it/blog/2014/03/social-media-automotive-ricerca>

As we have already presented previous, having a website, being present on multiple online communication channels such as social and blog, positioning on search engines is now an essential factor to be found by customers. But although a company owns all these tools, it does not always succeed in acquiring new customers and making itself known.

One of the biggest goal of a company is to find new customers. Now it has become increasingly difficult to attract the attention of a user who navigates among the many opportunities and information that the web offers. The main objective of a company is, therefore, to transform that user into a real contact and convert it into a potential customer.

Lead generation is the process of attracting and converting leads and prospects into someone who has indicated interest in your company's product or service. A lead is a person who has indicated interest in your company's product or service in some way, shape, or form. Lead generation is a part of the whole process of inbound marketing, in fact, the process of lead generation without a clear strategy and the right tools ends with a simple list of contacts. Through this model, it is users who express their interest in the products and services offered and who try to get in touch with the company, leaving their data to be contacted or to get benefits and specific communications in return. It is therefore a pull and not push strategy: interest in a service or product is triggered.

The consumer requests and obtains the information he wants; the company communicates directly with his target audience. The goal, however, is not the immediate sale: the purchasing process is now changed, users are used to receiving communications and are overwhelmed by promotions and sales requests. The strategy must adapt to the change taking place, aiming, in addition to obtaining contacts, to build continuous relationships with potential customers.

To generate a lead generation campaign, the necessary components are: *Call to action* is an image, button, or message that calls website visitors to take some sort of action, *Landing Page*: is a web page, a land made for a distinct purpose. *Forms*: consist of a series of fields (like name, surname and email) that collect information in exchange for a benefit, a coupon or simply receive more information. *Offer*: is the content or something of value that's being "offered" on the landing page. The offer must have enough value to a visitor to merit providing their personal information in exchange for access to it (M. Petrucci, 2016). Indicatively, the lead generation campaign is divided into 5 phases: contacts acquisition, attraction, conversion, loyalty and sales. First you need to identify and reach the ideal target of a company through the profiling of the personas: fictitious characters

built to represent the needs of a wide range of real users, created thanks to a combination of data and hypotheses, and represent your users. They allow you to define and understand the target and help you not only to meet your needs, but also to anticipate them. One of the most used tools in the contacts acquisition phase is represented by the Squeeze Page in which users are provided with valuable content (e.g. ebooks, video tutorials) in exchange for their personal data, to start setting up the own database profiled of potential customers. Alternatively, a list of targeted contacts can be obtained, through the use of promotional campaigns, Opt-in Page and contact forms. Once the contacts of potential customers have been obtained, we must implement a lead nurturing strategy that includes all those activities that allow us to establish a relationship with our own leads through the various channels that can "convert" them to potential customers. it is necessary to move on to the relationship established with one-to-one communications and to take care of the relationship with the customers. The purpose of the lead nurturing is to dialogue with the potential customer, providing useful information that will guide you to prefer your company, your products and your services. This phase is relevant for the strategy because it allows to communicate in a consistent and consistent way with users for the entire period from the first contact until the time of sale. For example, by trigger an automated mail system to take care of the relationship with the contacts found. To generate successful leads, it is necessary to use the most useful tools. In the digital world refers to:

- Content Marketing: Create content that is impactful to your audience and drives sharing. Through creating high quality content, you can begin to gain your buyer's trust and start breaking through the noise. Because search engines equate high-quality content with a high-quality website, creating content with value is very important.
- SEO, (activities of organic positioning on search engines); The more engagement you get, the more Google considers your content to be of high value, which in turn boosts your SEO rankings. Search engines look for natural links, so the more informative your content is, the more likely people will link to it naturally.
- Website: must always be accessible and updated

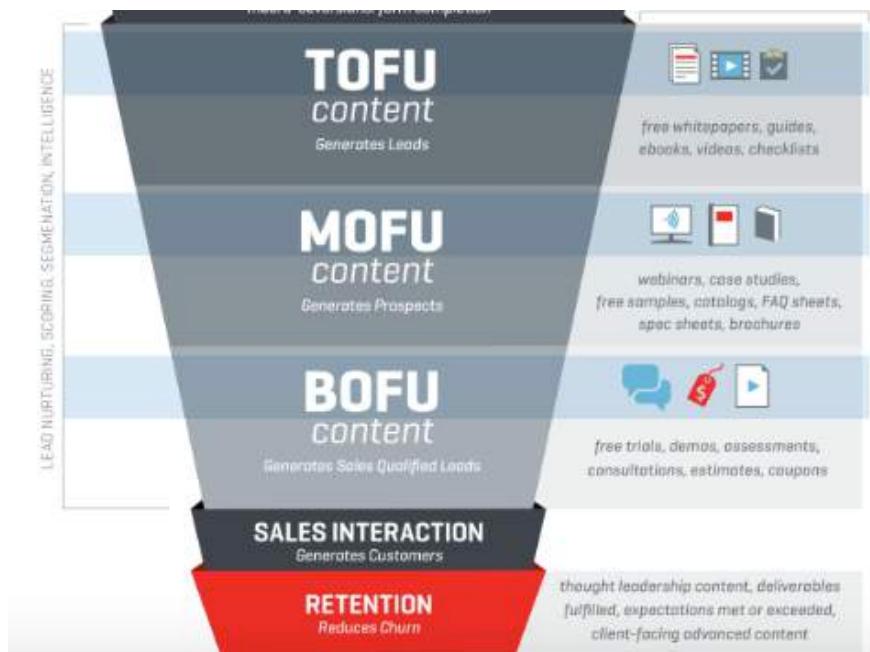
- Blog: is a fantastic place to create trust with your buyers. someone reading the blog may not want to immediately sign up for a demo, so highlight the Calls-to-Action that ask your reader to subscribe to the blog or to follow you on social channels.
- Social media: tapping into all the social media channels, from Facebook and Twitter to LinkedIn and Google+, you can be where your customers are and create that trust.

The advantage of the Lead Generation is to create a list of contacts already profiled, on which to apply marketing strategies useful to transform the user into a real customer. The probability of converting the obtained contact is higher than the promotional strategies used to reach the highest number of contacts without any or few segmentation criteria.

Lead generation funnel

Generating leads is one of the most critical steps in digital marketing for this is where businesses get their precious pool of prospects that can eventually become paying customers. Lead generation however involves a careful process and cannot neglect the ideation and creation of the funnel. Like a real funnel, the process involves sifting through a large number of names and prospects in the beginning, identify which of these names are viable as sales leads, then turning these leads into customers at the end of the funnel. Getting a clear understanding of the process can help to optimize a campaign to ensure these leads come out the end of the funnel as consumers.

Figure 24 Lead generation Funnel



(K. Lee, 2014)

The “Marketing funnel” term has not been totally unified with a single model during years. There are several models illustrating the marketing funnel with a different number of stages and names using for various types of businesses. The model to look at for this thesis is the one suggested by Kevan Lee (Lee, 2014). This model adapts to the use of digital communication in the marketing fields. Therefore, it is a beneficial source for marketing funnel visualization with the help of digital transmission for the study analysis.

The funnel is divided into five stages with the main funnel of tofu, mofu and bofu together with the sales interactions and retention afterward. Firstly, Tofu which stands for the top of the funnel are the contents that bring traffic to the website (articles, posts, press releases), without any barrier to entry. Next, there is mofu as known as middle of the funnel to gather prospects and drive people to the website which shares same characteristics as interest stage. In this stage invest in lead nurturing is essential to build relationships and trust—earning the lead’s business once he or she is finally ready to buy. Engage these leads through relevant content and make sure that you get your timing right: show yourself as an option to consider meeting their needs (videos, ebooks, case study). So, you have to be sure about the needs of your buyer personas to be able to accompany them in the funnel and prepare them for sale. Then, At the narrowest part of the funnel (BOFU) there are only the users who, after a visit, have considered you as an option and are already interested in your products or services. To turn them into customers, you

need to create customized content: a demonstration of the product, a free trial or a test. The businesses make effort to turn potential customers into buyers in this stage which means the bottom of the funnel. For example, offer a small free consultation service on the service you offer, a visit to the dealer to see the models of the cars you have selected. Leads make buying decisions in the Sales Interaction stage. Lastly, the Retention part of this marketing funnel shows how buying experiences have impacts on the whole funnel. Therefore, it is a question of creating different contents in each of the funnel phases (TOFU, MOFU and BOFU) to accompany the user as it detects a need to satisfy it by making a purchase or contracting a service. To realize an optimal lead generation process, structure the funnel in order to conquer your contacts and make them future consumers.

CRM: customer relationship management

Because of The customer is at the center of the strategies of any business, therefore it is good to dwell on the role of CRM: Customer Relationship Management.

CRM is a tool to get to know the customer and to establish a profitable long-term relationship with them. It may have different characteristics depending on the sector in which it operates. By this means every seller, whatever the context in which he operates and the product he is dealing with, must have a deep knowledge of the type of potential buyer he meets and, to this end, adapt any means of communication available not only to give, but also to gather information. The ideal process is to take advantage of the information available to collect other data, and to use data collection, analysis and management systems to obtain the maximum commercial result from the interaction with the customer.

The CRM system identifies the processes of customer management by companies, can be adopted by any type of industry, of any size or sector. A market that has always considered this aspect with great care is the automotive one, whose characteristics of development and customer approach require particular attention in the management of contacts.

There are three different types of Customer Relationship Management:

- Operational CRM: which includes all the activities related to the direct contact to the customer, such as events, telephone calls through call centers, meetings that take place in target environments. Each CRM activity is generally carried out in one of the three business processes: sales, marketing or services, since these are

affected by contact with the customer.

- Analytical CRM: provides all the components to analyze the characteristics and behavior of customers in order to implement ad hoc activities, following the needs of the buyers and their expectations. The ideal goal would be to collect and distribute to stakeholders all the information necessary to create a tailor-made dialogue with each customer, using multiple channels based on their real preferences.
- Collaborative CRM: it is given by new technologies able to ensure direct contact with the end customer, that is to say all the tools used to manage contact channels.

Through the lead generation campaign, you get the interested contacts, you activate a second phase of lead nurturing to make the user participate and make him interested in what he offers and finally, if the user chooses your products / services will become the final customer. At this point the process is not finished. As we know the users today are no longer loyal to the brand or a product so you will need to continue to establish a lasting relationship with your customers through the CRM.

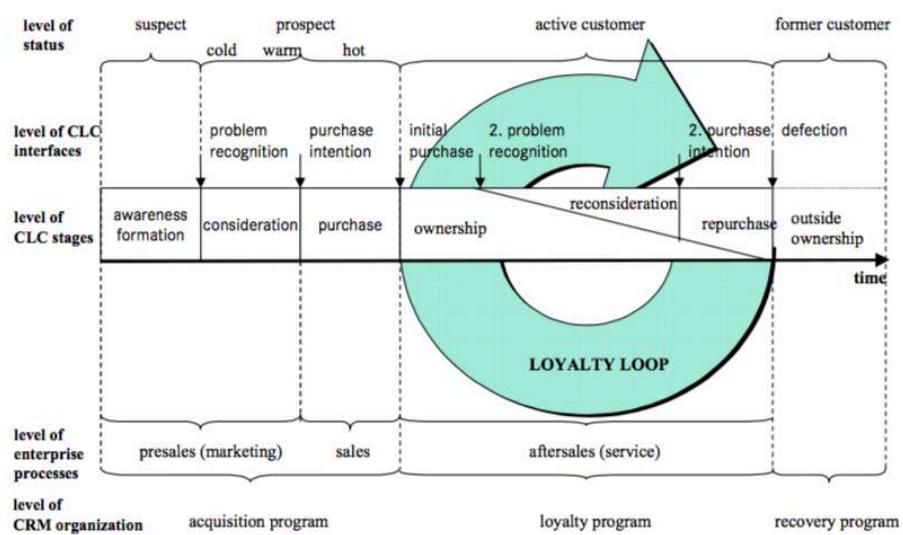
CRM – Costumer Life Cycle

CRM is a fundamental support for growth, to develop commercial strategies aimed at maximizing the advantages of customer loyalty. To achieve this goal, it is necessary to look at CRM as an integrated business process. There are several approaches that can be adopted to analyze the CRM process; among the methods most used by companies with mature and stable markets is the Customer Life Cycle (CLC). This is the management of the customer's life cycle and consists in detecting data that helps to define behavior, so that the activities of a company are entirely dedicated to the acquisition, sale and maintenance of long-term relationships with the customer. In this way, it could be possible to organize all sales and CRM activities, on the basis of the single phase of life of CLC. To achieve this goal, it is necessary to look at CRM as an integrated business process.

To understand the framework, the elaborate employ the model proposed by Arndt. The beginning of the relationship between the company and the potential customer starts with a 'physical contact', a first meeting that puts the subject in a phase of brand awareness in a given market. In this phase, in which the needs and desires are begun to

manifest, the subject is defined as 'suspect', and only when the process of considering the brand begins on the basis of individual criteria is called 'prospect'. At the same time that he demonstrates a concrete purchase intention, the person becomes 'hot prospect' (or 'hot lead') and enters the purchase phase. The monitoring of a specific subject by the company does not end with the purchase of the product. For example a car, but continues following the next steps, in particular when it comes time to consider a new purchase, a replacement that could involve the customer in a loyalty loop and make it a loyal customer that could then re-appear every time the product cycle runs out and feed business results (Arndt, 2001).

Figure 25 Costumer Life Cycle



(source: Arndt, 2001)

Data management is therefore the starting point for an effective CRM that will continue to grow in size and importance. Arndt takes into consideration three aspects of the collected data: quantity, quality and topicality to better understand the characteristics of the analyzed sample, so as to meet the needs of the target audience with the most suitable marketing strategies (Arndt, 2001). However, one should not think that CRM is a simple software, but rather a series of IT tools to implement management. It is a concept closely linked to the strategy, the communication, the integration between the business processes that however places the customer at the center of the system. Any application of the CRM, however, serves to keep in touch with consumers and to include their information in databases and to provide methods of interaction between the company and the consumer.

Chapter 4: Varius Project Case Study

In this chapter I present the work carry out at the Varius Project company, an intermediary company in the long-term rental service of cars and commercial vehicles. The project combines traditional communication elements together with digital marketing strategies, through the ideation and the creation of online lead generation campaigns. In addition, by adopting a customer-oriented approach, a customer relationship management system (still in the stabilization phase) has been introduced to manage the whole process of generating prospects: from the first contact to the after-sales report. In fact, the ability to establish stable, lasting and, if possible, exclusive relationships with customers becomes an imperative priority. The goal was to demonstrate how the growth opportunities for an intermediary company in long-term rentals depend strongly both on the knowledge of the digital world and of the innovative tools in order to build efficient strategies and on the ability to respond and support the demands of an increasingly digital and informed clientele. Implement synergistic relational processes such as to create stable and lasting relationships.

With this project I intend to show, moreover, how the internet and the new digital tools, if strategically coordinated, can lead to the acquisition of significant benefits based on the objectives to be achieved. Understanding the potential of these tools is a decisive step to get the most out of the web world, an increasingly disruptive world.

Varius Project

The company was founded in 2012 in Florence by Cristiano Paolini, the CEO of the company and the partner Andrea Colombetti. After a long career as Deputy Director and remarketing director of Arval, Cristiano Paolini decided to abandon the scenes of the multinational environment and to create his own company: an Innovation and Marketing agency. The core activities of the study focus on: *the creation of products* through the design and development of prototypes following the process in each of the design stages: from rendering drafts until the preparation for production. On *consulting*, following companies and seizing the unexpressed potential of the business, identify the strengths and opportunities for the development of define marketing strategies, communication and innovative growth projects. Finally, it is a *link between companies*, putting brands and suppliers in contact to create high-value synergies, focusing on experience, know-how and the most advanced technology to create superior products.

After following many marketing and product development projects in the most varied sectors, in 2015 he decided to get back into the automotive sector with his friend Andrea, a financial broker with a great experience in the leasing field. Together they decide to create a company division dedicated to long-term rentals, presenting themselves to the market as commercial intermediaries of the main rental companies. They take their first steps for knowledge, maintaining a traditional orientation but soon realize that the world of long-term rentals has great potential especially in the digital world. So, in 2016, after a careful analysis of market opportunities and needs, they decided to present themselves to the world of long-term rental with the “Noleggio Auto Facile” brand and to structure and develop online lead generation campaigns with the aim of making this mobility service known and gain credibility in a highly competitive market.

Noleggio Auto Facile a Varius project brand

Noleggio Auto Facile is a brand operating in the long-term rental sector of the Varius Project studio founded in 2016. The brand is not a rental company but presents itself on the car market as an intermediary between the most important Italian rental companies and the consumer. The decision to create a brand specifically dedicated to this service, stems from the need to separate the different activities of the company and clarify the consumer who will associate the dedicated service to the brand.

"What is a brand? It is a name (and its associated symbols) that has a lasting influence on purchasing behavior" (J.N. Kapferer, 2012).

Noleggio auto facile brand is a service-internet brand as it combines the two universes: it offers a service more than a product and it does so by mainly using the internet channel. Being a service brand means selling an intangible product, difficult to illustrate. In this sense, it is important that the whole organization "live the brand" by a process of brand alignment: "a process by which organizations think themselves as brands" (J.N. Kapferer, 2012). For a service brand the satisfaction resulting from the experience is to be understood in all contact points. It has also been defined Internet brand because it uses the web means to attract customers, is aimed primarily at users and non-customers, is a brand in continuous adaptation and updating. Like any internet brand it is experiential because each user forms their personal idea by visiting the website and the social channel, by living the experience. It's relational because it gives the opportunity to get in touch with other users and learn from the same experience (J.N. Kapferer, 2012).

Noleggio auto facile Positioning-Target

Noleggio auto facile is not a simple name of a brand, it embodies a precise culture, values, and objectives that fall within the identity of the brand. The vision of the brand is to make long-term rental an efficient service both on the company side and on the private side and to spread a culture of sustainable rental. The mission is to make all users aware of the mobility choice that they will decide to undertake, to give all the right means for an objective evaluation and to create lasting relationships with customers, making them an active part of the company's choices. The delineation of positioning is important from the point of view of competition, in fact every choice is comparable. Having a clear positioning will allow to be consistent with your identity, differentiate the product from the competition and eventually specialize in a niche market. As we have introduced previously, Noleggio Auto Facile is a brokerage agency in long-term rental. The partners that rely on, to propose solutions and offers, are two ALD and Leasys. Working with several companies is a guarantee for the customer because, for every car required, we are always able to choose the best rent among all the offers on the market.

This option allows us to be neutral in the advice and never force the client to a single long-term rental company. But there is more, to increase the services available to potential customers, Noleggio Auto Facile has become an official partner of two Florentine

dealers: to increase the reputation on the side of customers, who can visit the dealer and have a direct contact to our sales manager.

A further important aspect in the strategic choices related to Noleggio Auto Facile was determining the brand positioning, that is to underline the unique peculiarities that distinguish the brand from the competitors and make the brand attractive. The goal is to create a unique impression in the customer's mind so that the customer associates something specific and desirable with your brand that is distinct from rest of the marketplace. Therefore, to analyze the brand positioning we have based on the model proposed by J.N. Kapferer (2012) following these questions:

- *A brand for what benefit?* To give customers reliability and increase their security. The first step is to understand if the rental is the most suitable mobility solution for the customer. The goal is to inform the user with all the appropriate information.
- *A brand for whom?* We mainly address to individuals who often have inadequate knowledge about the mobility service. Even companies can conclude contracts with us as well as professionals.
- *Reason?* Because large multinational companies tend to turn to companies to form corporate fleets or professionals who are familiar with the service, while little space is given to individuals who need specific treatment with a very close communication relationship. Moreover, long-term rental is growing strongly in Italy, therefore it represents a possibility of growth for small intermediaries
- *A brand against whom³¹?* The brand is against other brokerage agencies as a noleggio semplice, auto noproblem: direct competitors but at the same time against the car manufacturers that propose the ownership of the car.

This scheme has allowed on the one hand to determine the "competitive set" through which it is possible to make a direct comparison with the competitors; on the other, to recognize the specific aspects of the brand.

As we presented in the previous chapters, long-term rental is a mobility service that can be subscribed by small-medium businesses, VAT owner and private professionals, in short anyone. Regarding Noleggio Auto Facile, the *brand's target* focuses primarily on individuals with little knowledge of the rental. In fact, they are those who need further

³¹ This scheme has taken from J. N. Kapferer 2012

news, information's, advices; they need the continuous support of highly specialized and competent supervisors who, sincerely, analyze together the best options. Our main offers and communications are focused on this target. This does not mean that the mobility service can also be signed by small businesses and professionals.

Another distinctive element of the brand is the name: Noleggio Auto Facile. A descriptive name has been chosen, although some scholars discourage this choice, because it wants to immediately intercept its target through a few simple words.

individuals are mostly unfamiliar with the characteristics of long-term rental services, they do not know the main aspects. In short, it wants to be a compromise: understand immediately from the name that even if you do not have knowledge, renting is easy. The language used is Italian because it is the market to which we address. Moreover, the idea would be in the future, when brand awareness has spread using the acronym NAF: simple, international and not generic.

Another important choice for brand positioning was the creation of the *logo*

Figure 26 Noleggio Auto Facile Logo



(source: internet document)

The colors used refer to the male universe: black and blue. The arrows in the final part of the logo have a double meaning, represent a steering wheel and underline the cyclic of the relationship with the customer. There is not a specific element that identifies the car because the idea is to differentiate ourselves and not to look like yet another brokerage company.

Communication channels

Marketing online communication helps to develop brand awareness, enhancing engagement, improve the sales support, stay in touch with customers etc., which means that consumers translate messages, product information and images into perceptions about the brand's attributes and its position within the larger market. Being present

online means being present and, therefore, being a possible alternative when customers look for information on the web about products, competitors' products or possible alternatives. The *objectives of the communication* of Noleggio Auto Facile aim to spread the knowledge of the brand online through the dissemination of relevant content and the sharing of authoritative content. Inform consumers of novelties in the automotive sector and long-term rental, give ongoing support to customers. All of these choices, knowing that the results (especially with regard to brand awareness) will be long term.

Once defined the brand's strategic choices just exposed, we considered the possible media to adopt between the earned, paid and owned. Based on the strategic choices and the budget to invest in communication, for this first phase *social media, the website and the seo* activities were chosen.

Social media

Social media gives a voice and a way to communicate with peers, customers, and potential consumers. It personalizes the brand and helps to spread the message in a relaxed and conversational way. The role of the social media is to provide an identity to who we are and the services that we offer. We have decided to use social media because it's easier to create relationships using this means and people who might not otherwise know about what our companies represent. Social media also allow to appear "real" to consumers. In order to convince users, we decided not to focus too much on promotions but rather to focus on ourselves and the characteristics that distinguish us. The idea is to create a link with users, provide the interaction that users look for.

The analysis of competitors, led us to choose Facebook as social networking because:

- all our direct competitors have a Facebook account
- in Italy, it is the second most used social media³²
- is a simple tool
- it is possible to program posts for the editorial plan
- is already pre-set to promote services or products
- users can leave direct reviews

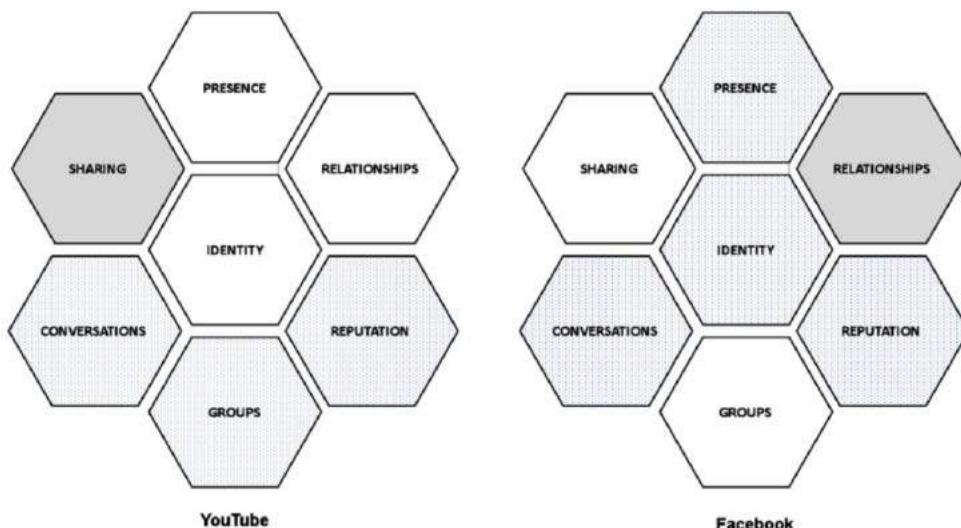
Moreover, the study conducted by J. H. Kietzmann³³ on the social media functionalities shows that the most significant feature of Facebook is to create relationships that is the

³²data of We are social, Hootsuite, 2017

³³ "Social media? Get serious! Understanding the functional building blocks of social media", Elsevier 2011

ability to relate to each other. "Social media firms seeking to engage with their users must understand how they can maintain or build relationships, or both" (J.H. Kietzmann, 2011).

Figure 27 Different social media functionalities



(source: J. H. Kietzmann, 2011)

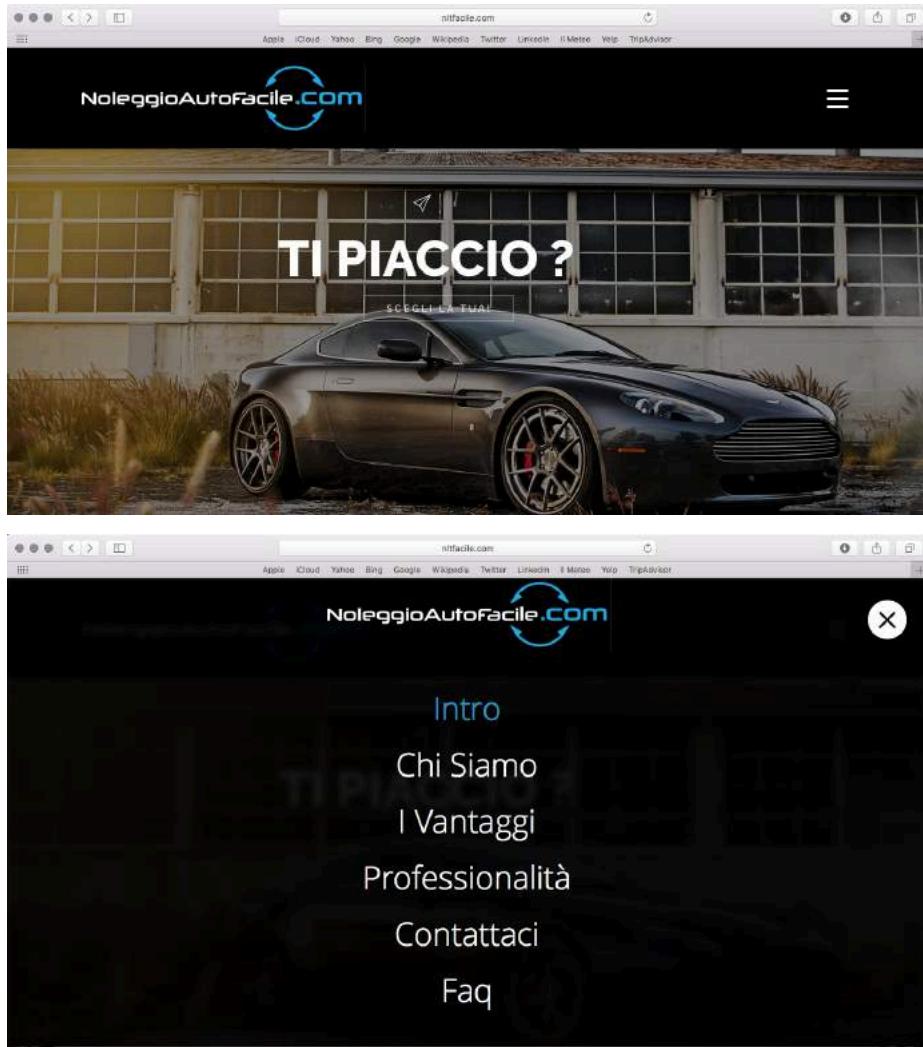
Therefore, considering our goal of creating lasting relationships with users-customers in order to create a loyal network, this fits perfectly with the functionality of Facebook. One more reason that prompted us to choose this social media.

For the future, the idea would be to increase our presence on social channels by creating a YouTube profile so as to disseminate video-illustrations to clarify the rental service with the aim of sharing and enhancing the credibility of our content as our online reputation.

Website

Regarding the *website*, a simple, clear and fresh model was chosen to facilitate the usability. It is responsive and is focused on the consumer. We have not intentionally included an offer section because, as we have underlined several times, our goal is to make the long-term rental consumer aware and to give the right tools to evaluate the alternatives available on the market according to needs. For this initial phase of running-in the section dedicated to the blog has not been inserted, but it will be implemented before the summer. The site is organized in parallax scrolling-one page to facilitate navigation, just scroll down the page to get all the information. Less distractions allow the user not to get lost in the site and facilitate the use

Figure 28 Noleggio Auto Facile Website



(source: internal document)

Critical issue of the website

In May 2017, following a first market analysis, the Varius team decided to develop a simple, usable and effective site focusing on the characteristics of long-term rental, with total absence of offers and related prices.

From the first contacts with online users in July 2017, emerged that about 25% of users were looking for prices and possible offers on the site to get a more precise indication of the Noleggio Auto Facile proposal. On this basis and trying to meet the requests of customers, we decided in September 2017 to implement the site with some of our most advantageous offers that we update at intervals of one month.

The online channels of our competitors

The decisions regarding the presence on digital channels and the selection of the media to be used were also dictated by a competition analysis. After a general overview of the main long-term rental companies, we considered the brokerage firms located in the city of Florence: Brandini spa, Auto no problem, Program autonoleggio and Rent & Drive a brokerage company located in Monza. The common points that emerged were the website and the carefully updated Facebook page.

The advantages of these companies are: the many years of experience, a clear and precise brand identity, the reviews and the blog section that allows you to share valuable content to customers. Furthermore, Brandini spa is an established dealer in Tuscany that identifies quality and safety values. The brokerage agencies in Florence focus their service and website exclusively on product offers, giving little relevance to the user's guide on the long-term rental service and there are no innovations in terms of online communication compared to Noleggio Auto Facile. Different speech for Rent & drive, which stands as a mobility consultant focuses on long-term rental communication, as it is also elected in the claim: "your long-term rental experts". The element of innovation that distinguishes this agency is the presence on YouTube: where it constantly updates information for online users and with clear and simple videos explains long-term rental, service benefits, curiosity and the latest tax news. 25 videos are available on YouTube and users have the opportunity to ask questions and find the video that explains the specific problem that arises. The channel is followed by 200 followers, the videos have a display average of 1000 and the contents transmitted are of value.

Lead Generation Campaign

In February 2017, the CEO, Cristiano Paolini, once understanding the potential of the digital world and acquired knowledge about the lead generation process decided to put in place a lead generation campaign for Noleggio Auto Facile. To do so, he started a collaboration with Autolead³⁴, a company specialized in lead generation for automotive dealers. The Lead Generation started in May 2017 and it is still in progress.

³⁴ Autolead is a company of Davide Bellomi: "Entrepreneur, Marketer, Author of Ebook, Blogger, Trainer and Digital Innovator" (<https://www.davidebellomi.com/autolead-marketing-concessionari/>)

To create the lead generation campaign, it is important firstly to decide how to generate traffic. Commonly, three sources are used to generate traffic: Owned media, Paid media and Earned media³⁵. For our Noleggio Auto facile brand it was decided to use the owned media: Facebook account. Furthermore, to make the campaign effective it is essential to create a funnel to understand the objectives and to implement the strategies. Each step of the funnel presents specific tools to be used in order to attract the user at first impression, convert it into a hot contact, close the path making the contact buy and becoming a customer and finally delight it in a continuous relationship so as to make it a promoter of our brand. The *generic goal* of the lead generation is to get contacts. In our case, the *goal* was to get more than 100 leads per month. Moreover, the funnel's goal was to convert at least 10% of the leads into completed contracts.

Main features of the campaign

The “Noleggio Auto Facile” lead generation started in May 2017 and is still ongoing. Every month a campaign with video content was conducted for a total of 6 different campaigns. The videos were created on the basis of the most convenient offers of ALD and Leasys, our partners. The copy varies as the campaigns vary, but they are very similar. The budget invested was € 300 a month so an average of € 10 per day. On Facebook the CPL (Cost per Lead) ranges between € 1 and € 4, the price varies based on the number of people who are doing similar campaigns on the same target and in the same geographic area.

Because our advertising appears instead of that of competitors, Facebook opens an auction to buy leads and we must offer more than the competitors. In this case, our advertising will appear. We have not invested in Google AdWords because the CPC in the long-term rental sector are very high. In fact, the main market players (Arval, Leasys, ALD, etc) have important budgets to invest, this increases the price of the CPC that currently for Noleggio Auto Facile are difficult to sustain and unprofitable.

The construction of the campaign

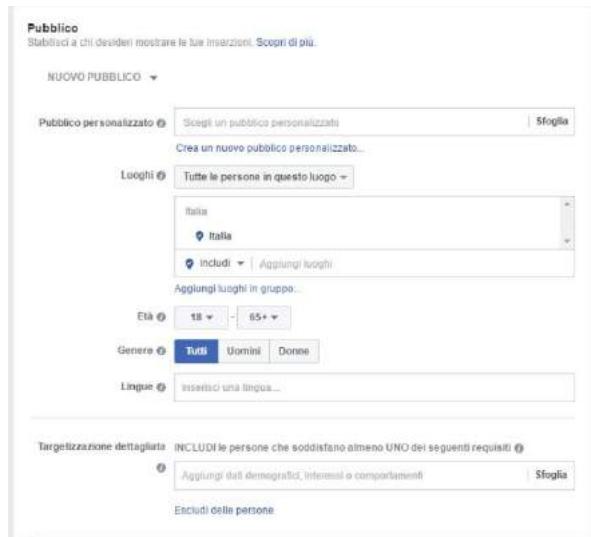
The first step to structure the campaign on Facebook through Leads ads (tool provided by the social network to generate leads), was targeting our audience:

- Gender: all

³⁵ Chapter 3, Pg. 22

- Age: 30-65 years old
- Region: Firenze
- Language: Italian
- Interests: Automotive sector, motors, motorbike, long term rental, car companies

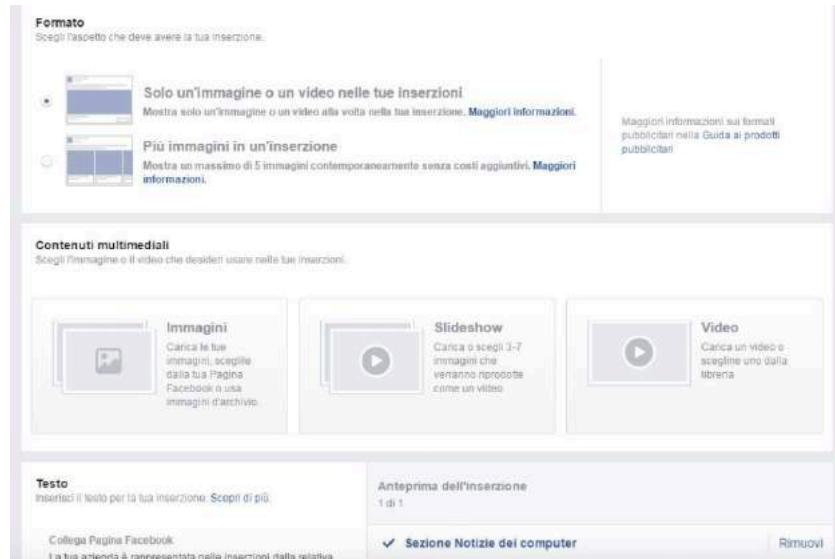
Figure 29 How to create an audience on Facebook



(source: internal document)

The second step was to choose the type of content to advertise: images, video, info graphics, slideshows. Considering that the digital world does not have fixed and static rules and techniques, to understand which content could bring the best results we have done two campaigns and we have measured the performances: a campaign with an image content and one with a video content with the same copy "the long-term car rental simplifies your life. 500 x for rent, find out how to get it, by filling out the form".

Figure 30 Type of advertisement on Facebook



(source: internal document)

Comparing the two tests: the campaign with the video content generated 100 Leads, while the campaign with the image content has generated 45. The motivation is to be found on the virality of the video content, in fact users can see how many people have viewed the video, more the content has been viewed, the more users are led to display it accordingly. The campaign with video content had better results and was chosen for the campaigns. This first campaign is a "mass campaign" created with the aim of understanding after the advertising how to change the target to make the campaign more performing. From the first advertising emerged that the female had interacted very little with the campaign, as well as users over the age of 60. Therefore, the target has been modified as follows:

- Gender: Male
- Age: 30-55 years old
- Region: Firenze
- Language: Italian
- Interests: Automotive sector, motors, motorbike, long term rental, car companies

In this way, we went to retargeted only users who had interacted with the first campaign. It is known that the lead generation campaigns on Facebook, usually give poor quality leads. To obtain always specific leads it is important to create a more and more defined audience.

The tool made available by Facebook is pixel: a means for collecting statistical data that allows you to measure the effectiveness of your advertising by understanding the actions that people perform on your website or page.

Figure 31 Pixel Facebook



(source: internal document)

The created pixel selects as an audience who has completed the contact acquisition form at the end of the video of the first mass campaign. In this way, we asked the data directly to an audience interested in the service we offer.

Figure 32 Noleggio Auto Facile Form

IL NOLEGGIO OGGI CONVIENE ANCORA DI PIÙ

Puoi scegliere la tua auto a noleggio sia come azienda che come privato.

Una rata costante tutti i mesi.
Assicurazione inclusa
Assistenza Stradale
Tassa di Proprietà

Puoi restituire l'auto dopo 24 mesi senza nessuna penale

Get a quote from Noleggio Auto Facile by providing your info below.

Tipo di contatto

Email

Full name

Phone number

By clicking Submit, you agree to send your info to Noleggio Auto Facile who agrees to use it according to their privacy policy. Facebook will also use it subject to our Data Policy, including to auto-fill forms for ads. [Visualizza la Normativa sui dati di Facebook, Privacy](#)

(source: internal document)

Figure 4.7 shows the form, at the end of the video, to acquire contact information.

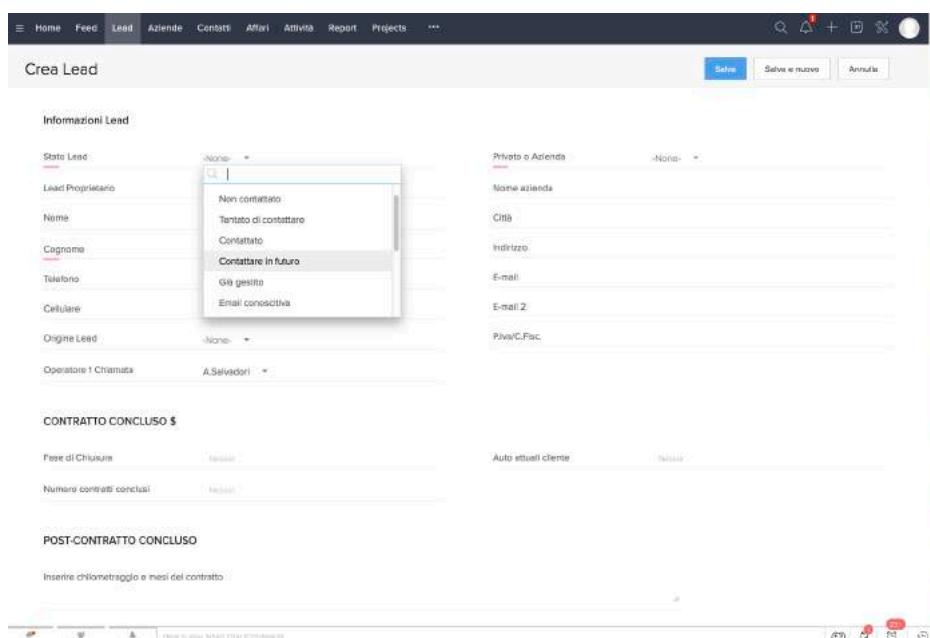
CRM

Once the leads are acquired, they are loaded via a plugin on the CRM. The CRM we have chosen is zoho, a cloud CRM available on desktop and mobile.

Why was it chosen to upload leads to a customer relationship management system? The motivations are mainly two, on one hand because the Noleggio Auto Facile mission sees the consumer at the center in all the choices, in fact one of the goal is to create lasting relationships with customers, making them an active part of the company's choices. On the other hand, because the number of leads is high and the daily management among the sales office is more efficient by communicating through this tool. This system allows to manage more effectively the relationship with the customers and the potential customers, companies or individuals. Respecting deadlines is much easier. Sharing information between colleagues is a breeze: just with the Excel sheets put in this and that folder, enough with the sending of useless emails or print copies of your work for colleagues, everything is available in the CRM.

Zoho CRM allows us to track the interactions that occur between the sales personnel and leads, map every phase of the negotiation: first contact, estimate, visit to the office, call, re-call by the customer) until it becomes a loyal customer.

Figure 33 Zoho CRM status lead



(source: internal document)

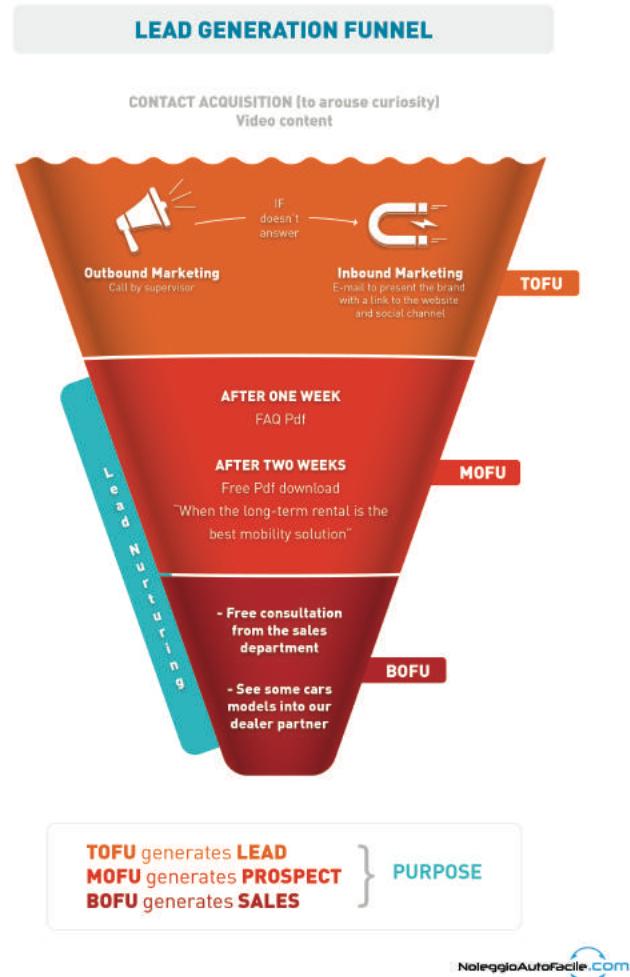
Even when that company, or the private is already your customer, the CRM allows us to create reminders: to remember services, to communicate offers, to remind customers of the salient dates of the contract, but above all it allows to set a memo, six months before the end of the rental agreement, and configure the best offers of the customer. Always be present in every part of the contract so as to keep alive the relationship with the customer, know the tastes, anticipate concerns.

In practice CRM has allowed us to focus on what is really important: the customer with the aim of maximizing their loyalty.

Noleggio Auto Facile Funnel

As we have already presented in the previous chapter, the sales and lead generation process is usually defined and described as a funnel. Like a real funnel, the process involves sifting through a large amount of names and prospects in the beginning, identify which of these names are viable as sales leads, then turning these leads into customers at the end of the funnel.

Figure 34 Lead Generation Funnel Noleggio Auto Facile



(source: internal document)

Noleggio Auto Facile team has thought, elaborated and created the funnel shown in figure 4.8. We have combined the sales funnel with the creation of specific content for each phase, it is a fact that 50% of qualified leads are not ready to make a purchase when it converts for the first time. So, on this basis we decided to combine the sales call together with the use of TOFU, MOFU and BOFU for the creation of content and the related promotional tactics. At each stage corresponds a purpose: in the TOFU phase the purpose is to generates leads, in the MOFU phase the purpose is to generates prospects and in the BOFU phase the purpose is to generates sales. The whole process was built by the Noleggio Auto Facile team and automated thanks to the use of the Click funnel software.

Contact acquisition – TOFU

For the first phase of contact acquisition, The TOFU content is the video. It is used because, for the long-term car rental, it is more performing and both mobile and desktop is easily usable. The video content, in fact, creates more curiosity and interest in users who can get to know some services within seconds. The video encourages leads to exchange their contact information for the chance that a specialist will deal with you and help you in the long-term rental service. This is to trigger a latent need in the user. The aim of the first phase is to convert the traffic on Facebook into leads.

Remaining in the TOFU phase, once the contact is obtained, the first step is: *call by a supervisor*. In fact, filling out the form, the contacts are "lukewarm" have made a request: get a quote for the offer we have sponsored with the video. Therefore, the speed with which it acts is fundamental. Our funnel provides the call within 24-48 hours and the commercial specialist answers the questions asked and executes the quotations requested. What happens if the contact does not answer the call? If the contact does not answer the call and does not call back, our process involves sending pdf material to the e-mail box (is the reason why we also ask for the mail contact). Through the email we present the "Noleggio Auto Facile" brand, our services, partner and location. We also refer to the website and social channels for further information and offers. Usually by mail reply or Facebook direct messenger asking to set up a call. In this first phase, about half of the leads are skimmed keeping those qualified and interested in the service.

Lead nurturing – MOFU

Once we have had the call with the lead and sent the quote requested, we move on to the lead nurturing phase. In fact, waiting for the customer to call back is not the best strategy. The lead can have a lot of distractions and choose another competitor just because we have not cultivated the relationship with our contact. Moreover, our offers are the offers that on average are already on the market, so our idea is to share important information of the long-term car rental, be authoritative in the field and do not leave the customer in front of his estimate without giving him due attention. In the MOFU stage, through new contents we continue to educate the leads and, at the same time, we start the process of positioning the company as the solution to the lead's needs and challenges.

After a week from the first contact, our funnel provides as a first content of nourishment a pdf that contains the most common questions on long-term rental with the answered

(such questions are also observable on the website). We decided to send this content because it is probably the questions that the contact also poses and that he will be able to read on his free time. At this point, there are three possible alternatives:

1. the lead contacts us again and asks us for a live appointment, in this case the specialist fixes the appointment by our partner dealer. In this case, the lead is usually transformed into a prospect and the automated funnel ends here. All is focused on the specialist, it will be the commercial who will establish an intense relationship with the prospect in order to make it a loyal customer. In case, after the appointment, the prospect was not yet convinced and takes some time, the funnel is reactivated with the next steps
2. call us or write us an email saying that it is no longer interested. For this second option, we avoid continuing the process of lead nurturing to prevent the insistence and the consequent negative wom.
3. The lead does not respond to stimuli, so the lead nurturing continues.

The second value content sent to the lead to feed it is a 5-page pdf entitled " when long-term rental is the best mobility solution". We send it by email, after two weekends from the FAQ sheet. Through this document, we want to make users aware of the term rental, in a resolved manner we explain in which cases this service is not recommended.

After a week, we call the lead to know wherever the contact has received our contents and what think about. Even in this case there are two possible alternatives:

1. the lead is no longer interested so he does not want to receive information for the moment.
2. The lead is interested but still is not convinced about long-term rental

Lead Nurturing – BOFU

In the BOFU phase the process of lead nurturing continues. The BOFU stage not consist of content at all. At this point the leads know "Noleggio Auto Facile" and are comfortable engaging one-on-one. Our objective in this stage is to start a dialogue, a relationship, in order to obtain qualified leads that convert into sales. For this reason, we propose a free

consultation and evaluation by the sales department and the possibility to see the machines ready for delivery to the dealer and a 10% discount on the first installment.

Therefore, at each stage of the funnel we created a specific content in order to accompany the lead as it reveals the need for a car, until the decision to purchase the long-term rental of Noleggio Auto Facile. In the TOFU stage our idea is to build awareness about our services, in the MOFU stage we try to teach people about the long-term rental and how to choose the best option. Finally, in the BOFU we give the prospects, benefits that allow to obtain a better offer compared to our competitors and a direct relationship between the client and the specialist who followed him throughout the path of choice. I would like to stress that this tool, like all those in the digital world, is not static and before it will become effective, have to be improved through trial and error method.

Investigation and discussion of the results

The lead generation process started in May 2017 and is still ongoing. For reasons of time, the thesis analyzed five campaigns: June, August, September, December and January, out of the eight totals. The budget invested for each campaign is always € 300 and the target used is that customized following the tests done in the month of May, moreover, the content of the lead campaign is always a video, adapted to the models of cars on offer. Finally, we fix two main objectives: from the lead side, generate at least 100 leads per month, from the funnel side convert at least 10% of the total leads.

Figure 35 Leads Results

Campaign Name	Delivery	Results	Reach	Impressions
Lead gennaio	Active	263 Leads (Form)	43,102	209,926
Lead dicembre	Inactive	200 Leads (Form)	26,894	84,100
Lead Agosto	Inactive	252 Leads (Form)	38,008	139,016
Lead settembre	Inactive	271 Leads (Form)	51,644	127,958
Lead giugno	Inactive	200 Leads (Form)	27,028	85,003
Lead maggio	Inactive	224 Leads (Form)	31,920	110,085
▶ Results from 6 campaigns ⓘ		1,410 Leads (Form)	122,613 People	756,088 Total

(source: internal document)

June campaign

I decided to analyze this campaign because it was the first we promoted following the tests concerning the content between image and video.

In June, the most attractive long-term rental offer from our partner Leasys was the new Jeep Compass. Therefore, the video we created to advertise in order to obtain leads concerned this car model. The budget invested was 300 € and the copy of the advertisement was: "Jeep Compass has arrived in town, discover it with long-term rental with a favored fee and forgets all the thoughts and costs arising from the purchase of a car".

As you can see in figure 4.10, in the month of June the leads deriving from this campaign were 200, therefore our lead goal has been widely met. On the other hand, the contracts concluded in this month were 10, representing only the 5% of the total leads, in this sense the goal of the funnel has not been reached. This was partly due to the call of the sales supervisor who in this month waited too long (even a week) before calling the contact and in part to the first mail of the funnel that was not displayed by all browsers because it was missing the HTML code. Considering what has emerged, the sales supervisor has accelerated the call process and the first mail of the funnel has been modified to be seen by all browsers and devices.

August Campaign

This campaign has been analyzed as it is a special period considering the holidays and the availability of people to have more information in their free time. The video used is the same as in June because our partners had no other interesting offers and because the video had already performed well in June.

For this month, the copy has been changed: "Choosing a car with long-term rentals reduces stress by 90%. Whatever happens we'll take care of it! All included in the monthly payment: RCA coverage, road assistance and property tax and you can also start with zero advance payment! Do not think about anything we do everything! Click and request an offer without obligation".

As you can see in Figure 4.8, the leads from advertising on Facebook in August were 252. The goal of lead generation for the month of August was met. Different discourse for contracts concluded, which were 15 or 6% of all total leads. Also in this case the contracts concluded were lower than those planned to be concluded. To further improve the results the sales specialists were better prepared on how to approach the customer at first call and from the funnel side in the first email some commercial offers were included.

September Campaign

Considering the success of the video and copy of the month of August, the same advertising was maintained for the following month. In September, Leasys promoted a new advantageous offer for private on the new Fiat 500x. For this reason, in September, two videos were published: one dedicated to the Jeep Compass and a new video dedicated to the Fiat 500x. The budget remained unchanged but divided for the two campaigns. The copy of the Fiat 500 x was "The new Fiat 500x for long term rental without any advance payment! Today it is possible with € 289 / month and you do not think about anything anymore".

Looking at figure 4.8, the leads resulting from this campaign were 271 of which 156 leads or 58% deriving from the promo Fiat 500x and 115 leads deriving from the promo Jeep compass. Also for the month of September the leads obtained were significantly higher than the initial objectives. The contracts concluded for the month of September were 21 that is the 8% of the total number of leads received. This month has also obtained positive results for the few investments in the sector made by competitors.

December Campaign

I decided to include this campaign in the analysis for two reasons: first because in this month people are more likely to change the car and then to evaluate offers, second because the competition is very high. In this month, the budget was invested for a single video related to the promotion of the Fiat 500x.

Figure 36 Video December



(source: internal document)

The copy was: "Around Christmas time everyone behaves, offer valid only for those who request it in these 3 days. New 500x rental, just € 289 / month without advance and after 24 months you can return the car! Only if you enter your data now by clicking on the button below ". Through this copy we wanted to focus on the principle of scarcity of the offer to increase curiosity in users. The leads resulting from the campaign were 200, a result that meets the set goals but is lower than all other campaigns. The reason is in the high competition that reduces the possibility that our video is displayed because the CPL on Facebook is influenced by the number of people who in the same period are conducting similar campaigns in the same geographical area and on the same target. The contracts

concluded in the month of December were 13 around 7% of del total leads acquired. The reason for the poor conversion is to be associated with high competitiveness.

January Campaign

In January, we decided to change the target of the lead going to enter the small businesses world. For this reason, the last campaign analyzed promotes two videos: a content concerns Fiat 500x that continues to get the desired results on the private side, and a new video with the Renault Capture. The video of the offer of Renault Capture is no longer aimed at individuals but rather at small entrepreneurs who need a motor vehicle set up. This is why the copy says: "car or truck? The choice is yours! CAPTUR unmistakable style for only € 346 a month with long term rental. Discover the rental and the advantageous savings!". In this month, the CPL has decreased compared to the previous month, going from € 2 to € 1. Consequently, the lead generation obtained 263 contacts and the concluded contracts were 26 or exactly 10% of the total received leads: both goals in January have been achieved.

Final suggestions

Figure 37 Noleggio Auto Facile achieved results

CAMPAIGN	LEAD OBTAINED	LEAD GOALS (100 leads per month)	CONTACTS CONCLUDED	CONVERSION RATE	CONVERSION RATE GOAL*
JUNE	200	✓	10	5%	✗
AUGUST	252	✓	15	6%	✗
SEPTEMBER	271	✓	21	8%	✗
DECEMBER	200	✓	13	7%	✗
JANUARY	263	✓	26	10%	✓

* Conversion rate of 10% of the total leads



(source: internal document)

Lastly, to conclude the lead generation campaigns conducted through Facebook for Noleggio Auto Facile have partly met the set objectives. The leads arrived every month have always been higher than 200 so the campaigns organized were very performing and efficient. Instead, separate discussion for the funnel and contracts concluded, in fact, with the exception of the month of January where 10% of the total of the leads were concluded, the other months have obtained lower estimates. These critical issues are to be attributed to both the lead funnel that presented errors that were improved during the period under consideration and both for the commercial figures that, at the first contact with the lead, was not sufficiently prepared and affected the poor result of contracts concluded. But that's not all, the best or worst success of lead generation also depends on the online competition present and the resulting CPL. To achieve good results, it is therefore important to set tangible objectives, to segment the target you want to capture, to take into account all the variables of the system, especially the competition and to understand the critical elements in order to be able to modify them quickly and efficiently. In fact, the digital world is constantly changing, the algorithms on which the tools are based are continuously updated and there is no magic formula that allows the perfect outcome of a campaign without errors.

In the future, Noleggio Auto Facile aims to acquire a greater presence on social networks and on the blog in order to disseminate relevant content on long-term rental and improve customer services. It aims to acquire a strong image and to spread awareness of the brand due to the added values guaranteed. The lead funnel will be improved with more targeted content and a more structured and complex organization.

Conclusion

The work done at the Varius Project allowed me to understand the potential of the digital world in the long-term rental sector. The long-term rental sector, although it has been present in Italy for decades, especially in medium/large business realities, is not widespread in the large target of private parties. Only in recent years, thanks to tax breaks and specialized brokers, this segment has been able to know this mobility service alternative to the property.

The first chapter of my thesis gave space to the historical description of the automotive sector in Italy, to the internal organization and to the main actors in the value chain, to the swot analysis and to the main trends in the sector. The decision to analyze the automotive sector was dictated by the need to understand the contextual level in which long-term rental is located.

The second chapter is entirely dedicated to the long-term rental service in all its parts in order to understand the capabilities of the sector. In this sense, the benefits deriving from the use of long-term rentals are *financial* because the rate is fixed, predetermined and does not affect bank credit lines; *economical* no substantial capital and management assets are required and *administrative* allows customers to be free from all administrative, bureaucratic and management practices that generally accompany the life of each vehicle. The main advantage of long-term rental is the benefit of an integrated system of services that guarantees the customer the availability of an always efficient vehicle at a fixed and planned cost thanks to: ordinary and extraordinary maintenance, insurance services, roadside assistance, tire service, etc. Basically, the customer can enjoy the pleasure of using the car, freeing himself from all the worries related to the management of the vehicle and without becoming its owner.

To facilitate the discussion of the case study, the third chapter introduced the marketing dynamics within the long-term rental sector. The overabundance of information and stimuli to which the online user is constantly subjected reduces his attention span, undermining the potential development of the business. In this sense, the ability of an

intermediary company in long-term rentals is to guarantee the full centrality of the user through a consumer oriented approach.

Varius Project has applied this approach by positioning itself as a mobility consultant through the Noleggio Auto Facile brand. It proposed to users' valuable content not focused on offers and products, but focusing on the dissemination of useful information on long-term rental so as to make the user aware of the strengths and weaknesses of this mobility service. In addition, we have developed a consumer relationship management platform to facilitate the entire consumer relationship with the customer: an information system that records, in an organized way, all contacts with customers and potential customers, stores information and uses it to tailor targeted offers based on their needs. It is clear the importance not only of acquiring customers, but also of maintaining them.

There are many digital tools available to brokerage companies: the website, the seo, social media, email marketing, content marketing, newsletters, explanatory videos and lead generation. Each tool has specific characteristics and different objectives, so if a company decides to exploit the potential of the digital universe it is essential to have clear objectives that are intended to achieve with an online communication strategy and based on this, select the most specific tools to achieve these goals. It is usually appropriate to choose various digital tools and to coordinate communication on all fronts.

Noleggio Auto Facile to become known and establish as a mobility consultant, has adopted a lead generation strategy by structuring a lead funnel aimed at offering "hot" leads quality content to select potential clients and real users of the long-term rental service. The objectives set in our initial phase were basically two: on the lead generation side, generate at least 100 leads a month with a fixed budget and constant over time. On the other hand, record a conversion rate of 10% of the total number of leads generated. The analyzed campaigns have achieved the objectives set, in terms of leads with at least 200 leads per month. A different result as regards the conversion rate which, out of the campaign, only one achieved a conversion rate of 10%.

The analysis of the results revealed two critical issues, not to be underestimated: the call of the leads must be structured and serious by presenting the brand, the service and the most advantageous offers. But above all, the call must be made within 24/48 hours from the request for information because passing too much time compromises the seriousness of the service and will result in the loss of contact that will be addressed to other agents.

In addition, the contents of the funnel must be catchy so as to capture the attention of potential customers: first of all, create content that educates to the service, then create interest around the service to engage and finally propose content that aims to convert, that in our case concerned the free consultation and the possibility of direct contact with the brand and the dealer.

This thesis project highlighted how a careful strategic analysis of the sector and an attention to the consumer are not sufficient to create an effective lead generation process. It is essential to have a good knowledge of the sector, of the objectives to be achieved, of the tools to be implemented and of the marketing policies suitable for selecting hot leads with a high conversion rate. Setting a priori objectives to be achieved is essential to monitor and evaluate the results obtained. If we consider that: what is measurable can be improved, the choice of indicators takes on even greater importance. By quantifying the trend of the activities, in fact, you can see what works and what does not, deciding where it is worth investing resources with greater consistency.

Finally, the online world is a universe in continuous expansion and innovation, what is considered today at the forefront, in a year will be to be abandoned in favor of new strategies and technologies. Therefore, every strategy applied to this context is dynamic. Proceeding through continuous trials and improvements will lead the strategy to refine and to achieve the desired goals.

Acronyms

CRM Customer Relationship Management

CLC Costumer Life Cycle

BOFU Bottom of the funnel

MOFU Middle of the funnel

TOFU Top of the funnel

OEM Original Equipment Manufacturer

CS Component Supplier

VAT Value Added Tax

CPC Cost Per Click

CPL Cost Per Lead

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List of figures

Figure 1 The trend of car registrations in the Italian market.....	8
Figure 2 The Automotive supply chain	11
Figure 3 The world's leading automakers	13
Figure 4 Global Automotive demand	18
Figure 5 Diesel-powered cars.....	19
Figure 6 Petrol-powered cars.....	19
Figure 7 GPL-powered cars.....	20
Figure 8 Methane fueled cars	20
Figure 9 Industry priorities shift	24
Figure 10 Turnover by type of business	35
Figure 11 Average fleet age.....	36
Figure 12 The Actors in the long-term rental.....	38
Figure 13 The Leasys Unlimited offer.....	40
Figure 14 Forecast for 2017.....	42
Figure 15 Business model for mobility solutions	49
Figure 16 The mini case	56
Figure 17 "Why to buy"?	59
Figure 18 Usefulness of different channel for auto purchase.....	60
Figure 19 Where to found helpful information	61
Figure 20 Different type of channels.....	62
Figure 21 Digital statistical indicators.....	63
Figure 22 Social media platform used in Italy	64
Figure 23 Social media functionality.....	65
Figure 24 Lead generation Funnel	71
Figure 25 Costumer Life Cycle	74
Figure 26 Noleggio Auto Facile Logo.....	79
Figure 27 Different social media functionalities	81
Figure 28 Noleggio Auto Facile Website.....	82
Figure 29 How to create an audience on Facebook.....	85
Figure 30 Type of advertisement on Facebook	86
Figure 31 Pixel Facebook	87
Figure 32 Noleggio Auto Facile Form	87
Figure 33 Zoho CRM status lead.....	88
Figure 34 Lead Generation Funnel Noleggio Auto Facile	90
Figure 35 Leads Results	94
Figure 36 Video December	96
Figure 37 Noleggio Auto Facile achieved results	97

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