

# Commerce Connected

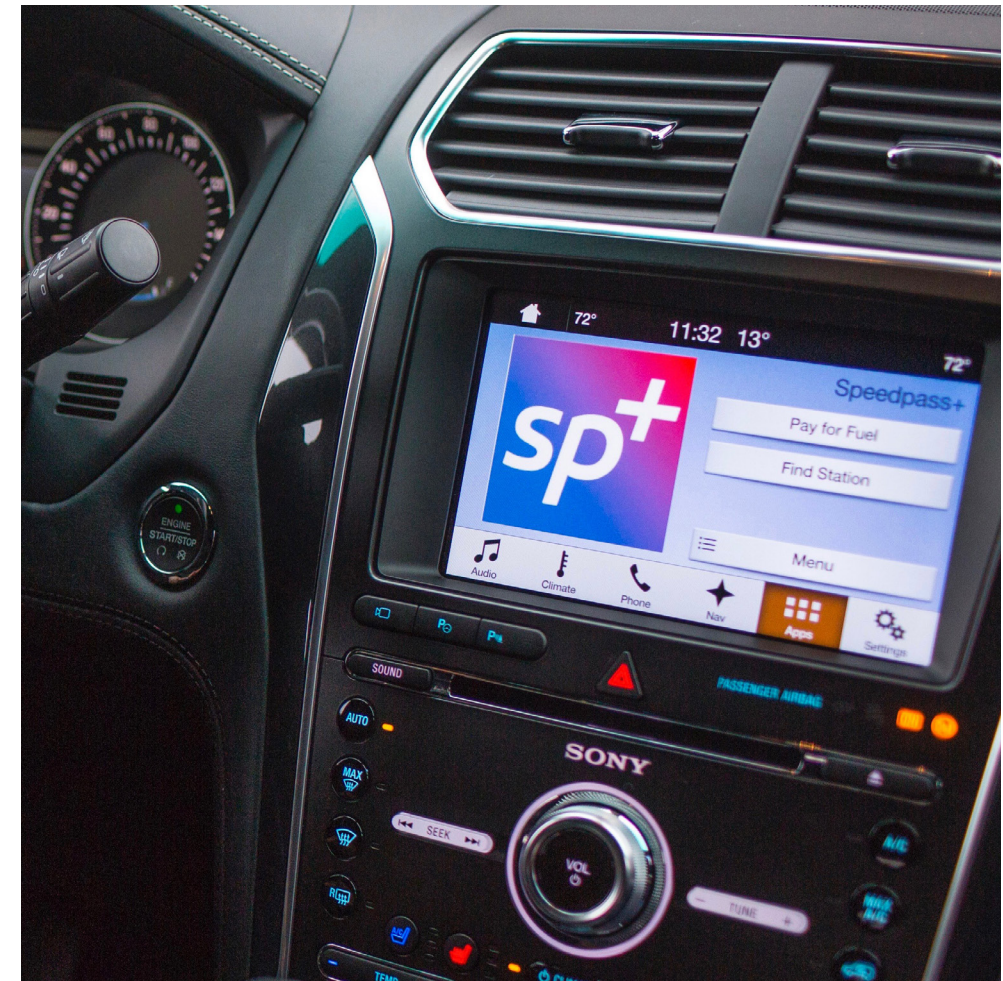
Playbook

## Connected Car Edition

MAY 2019



The PYMNTS Commerce Connected series, in partnership with First Data, now Fiserv, is designed to give readers an overview of the latest developments, data and trends from around the connected commerce space. The Playbook will follow along as new tools debut to connect retailers with consumers, gauge how they drive in-store and online conversions, cover the major news and trends from connected commerce players and present new data on shifting consumer behaviors and preferences. Each edition will also include a data-driven deep dive into various retail segments and industries.



PYMNTS.com

First Data  
is now **fiserv.**





# Commerce Connected



Executive summary .....	01
By the numbers.....	05
Headlines	
Engagement and retention .....	07
Regulation and compliance .....	11
Transact .....	13
Protect .....	15
Analyze .....	17
Deep dive .....	19

The Commerce Connected series was done in collaboration with First Data, now Fiserv, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](#) retains full editorial control over the following findings, methodology and data analysis.



# Executive Summary

American drivers spent an average of 51 minutes in their cars each day between 2016 and 2017, making approximately 183 billion trips during that time frame. These metrics [represent](#) increases over numbers reported between 2014 and 2015, showing that consumers are spending more time behind the wheel than ever before. They're demanding more from their automobiles as they do, too, making vehicles the next frontier for providers intent on conquering the connected commerce highway.

Automaker Tesla has been a leader in the connected vehicle field, but industry counterparts like Daimler, Ford and Volvo are now [rolling out](#) their own technologically equipped offerings. Sixty-four million cars featuring connected tech are [expected](#) to ship by the end of 2019. As such, auto companies are eager to explore the value that in-vehicle commerce capabilities provide to end customers, and many are already exploring mobile apps and tools to augment drivers' experiences via integrated infotainment systems.

Connected cars are also affecting customer engagement and inspiring innovation across other industries, including how quick-service restaurant (QSR) brands approach their customer relationships. Sonic is [adding](#) more mobile ordering capabilities for drivers, for example, and looking for new ways to engage with them through experiences built into dashboards or provided in targeted mobile app promotions.



Turning connected cars into mobile experiences allows QSRs to better connect with users who are almost always near or on their smartphones. These behavioral shifts could also motivate consumers to use car-enabled connected services, according to the latest edition of PYMNTS' Digital Drive Report, with more than 54 percent of American commuters who do not currently connect while driving [indicating](#) they would be open to using apps built into their dashboards to find gas stations. More than 40 percent said they would use these features to find parking spots, while approximately 36 percent would use do so to order food. Enabling such connected-vehicle technology experiences could boost QSRs' speed and efficiency, thereby cutting down on wait times for consumers who value fast service above all else.



Consumers' demands for speed and convenience also extend to ridesharing. Younger users are now taking advantage of such services, and providing retailers and QSRs opportunities to connect with passengers without distracting drivers.

Brands like Uber are [piloting](#) ordering experiences that offer products riders can purchase and consume during their trips, for example. These features could augment what have become habitual journeys for many users, es-

pecially as more of them rely on gig economy services for daily transportation. Approximately 48 million American adults used Uber for their rideshare needs in 2018, a recent [report](#) found. Ridesharing and carsharing are quintessential parts of the expanding gig economy, and will continue to play larger roles in the commerce connected car space as more consumers forgo owning vehicles in the future.

Other companies are providing customers with additional alternatives to owning



“Turning connected cars into **mobile experiences** allows QSRs to **better connect** with consumers who are almost always near or on their smartphones.”

their own automobiles. The car-as-a-service (CaaS) model is [becoming](#) more enticing for manufacturers like Ford, General Motors and Volvo, all of which are keen on offering drivers more options and features. Many are currently experimenting with electric cars as consumers grow increasingly environmentally conscious, and these new vehicles often provide digital capabilities aimed at boosting their appeal to both drivers and passengers.

Roughly 135 million electric cars are [expected](#) to be on the road by 2030, meaning larger supporting infrastructure changes like charging stations must be in place by then. Tesla and other automakers are [providing](#) these sites in the United States and abroad as eVehi-

cles become more popular and affordable. Such docking locations are currently scarce, but could allow automobile manufacturers to cultivate connected car experiences while enhancing traditional fueling station waits. They could provide lounges in which consumers could connect with others or conduct business, for example, or open up retail opportunities by enabling consumers to order food and make other purchases.

This edition of the Commerce Connected Playbook, a First Data collaboration, analyzes how connected vehicles are expanding as commerce tools, and explores the ways retailers and other companies in the space are providing roadmaps for future developments.



# By the Numbers

Click the  icon to read more.



## 63K

Number of **fast-charging EVA stations** currently available for public use in the U.S.



## 48%

Portion of millennial parents who **would rather not eat at all than wait** in long QSR lines



## Commerce Connected

## 30%

Share by which **Taco Bell's mobile order values** are higher than those made in stores



## 150%

Increase in the number of customers **using apps to order food and drinks** between 2016 and 2018



## 3

Number of post-launch days it took for **Chick-fil-A's app** to reach 1 million downloads





# Engagement & Retention



## Sonic upgrades its drive-through experience

QSR Sonic is [upgrading](#) its drive-through offerings in an attempt to engage with and entice increasingly connected drivers. Customers using the chain's mobile order-ahead app can pull into spaces at one of its approximately 3,500 U.S. locations, then reach out and press a button when they're ready to confirm and receive their orders. While these drive-through upgrades don't heavily rely on connected car technology, they do emphasize the importance of engaging with drivers who've come to expect speedy and efficient service without needing to leave their vehicles.

## Uber expands Cargo offerings

Ridesharing companies are also serving a growing number of users' transportation needs and searching for ways to lure them away from competitors' platforms. Uber aims to accomplish this by [partnering](#) with technology provider Cargo — which recently expanded its service to include New York City and Boston — to offer customers snack-ordering options during their rides.

Cargo's app allows users to order and pay for products that drivers can remove from locked boxes installed in center consoles while in transit, including protein bars, candy and even hangover cure tablets. Both Uber and competitor Lyft [use](#) the service, and hope to boost drivers' program participation by allowing them to earn \$1 and 25 percent commission per sale. Boosting participation is critical as rideshares increasingly compete to lure customers onto their platforms. Both firms are catering to drivers with new rewards offerings, enhanced incentives and payment experience innovations, enabling instant transactions and debit disbursements to help them get paid faster.



**CES event showcases new connected car commerce opportunities**

More automakers are experimenting with in-car technology as self-driving and connected vehicles continue to captivate consumers. Automated cars could free up drivers’ time and attention, and many companies at this year’s CES event [showed off](#) entertainment suite offerings designed to boost behind-the-wheel engagement.

Automakers are partnering with entertainment studios like Warner Bros. to make the most of these features and craft displays that provide new experiences for connected car consumers. These technologies could offer advertising and marketing opportunities by allowing customers to interact with various brands and services, in addition to making vehicles’ standard infotainment systems more immersive.





# Regulation & Compliance



## Driver distraction concerns could push voice ordering in connected cars

Distracted driving is becoming increasingly dangerous, according to a recent report, [causing](#) more than 3,000 deaths in the U.S. alone in 2017. Automakers and governments are now launching road safety campaigns to combat this issue as technology more commonly filters into cars. Legislators in Arizona have [proposed](#) a bill that would ban texting while driving, for example, and automakers are partnering with software companies to create connected car systems that [mitigate](#) road risks.

Many new developments rely on voice commands, and such features could prove essential to enabling drivers to safely interact and engage with merchants and QSRs. Companies like coffee chain Dunkin' are now [working](#) to make their menus available through cars' infotainment systems, allowing drivers to order by voice, and Chinese eCommerce giant Alibaba is [using](#) similar features to help drivers find restaurants and buy food.

## Automakers partner for self-driving car testing, safety standards

Carmakers are also experimenting with fully autonomous vehicles that require much less input from human drivers, and brands like Ford, GM and Toyota have [partnered](#) to develop safety and testing standards. This automaker alliance, dubbed the Automated Vehicle Safety Consortium, will work with engineering organization SAE International to craft rules to help safely and responsibly gauge the technology's operations.

Fully autonomous vehicles have yet to be made available to the public, though some offerings already use automated technology for steering, proximity alerts and parallel parking. Consortium members intend to ensure driverless cars are safe before roll out, and plan to turn over driverless test results to the SAE every three to six months to aid in development.



# Transact



## Exxon-Ford partnership allows users to pay via their car dashboards

Many automotive brands are looking to better integrate mobile components into their offerings as customers become more attached to their smartphones. Ford has partnered with ExxonMobil on an in-dashboard app that [allows](#) users to connect their mobile phones via its SYNC®3 infotainment system or use voice commands to pay for gas. The automaker has also steadily [added](#) new features to its Exxon-Mobil's Speedpass+ service, including support for mobile wallet payment methods like Apple Pay.

Mobile devices and payment capabilities are playing key roles for the motorists who've come to expect smartphone-enabled experiences. Ford's app was the first of its kind when it went live in 2017, but several car and gas companies have since followed suit with offerings of their own. Alibaba has worked to [integrate](#) payments into connected cars, too, adding new methods and features as such vehicles offer more commerce opportunities.

## Car manufacturers turn to mobile apps in the age of the connected car

Many industry players have released solutions to help drivers with everything from finding city parking spaces to more easily accessing roadside maintenance. Ford offers FordPass, an app [allowing](#) users to locate parking spots in crowded downtown areas while displaying prices. Hyundai has meanwhile [combined](#) two of its preexisting apps into one service for roadside assistance and other features, and Jaguar is [rethinking](#) the gas buying experience altogether. The latter automaker is currently partnering with Shell on an app that allows users to preselect fuel amounts and pay for them before stepping up to the pumps. Additionally, automakers are also experimenting with other new services in this area, including car parts, car washes, dealer services and remote fueling.



# Protect



## Security concerns up as connected cars grow more popular

Connected cars' rise also brings increased security concerns for both manufacturers and drivers, with many becoming warier of potential security weaknesses. A recent [survey](#) found that 63 percent of automotive professionals don't test their technologies for vulnerabilities — even as cars equipped with Wi-Fi, infotainment systems, cameras and other connected features continue to roll out — and 71 percent said meeting product deadlines kept them from ensuring devices were adequately protected.

Despite this lack of testing, 62 percent of surveyed professionals reported expecting a cyberattack against connected automobile technology within the next year. These issues could remain sticking points for consumers shopping for vehicles, especially as they continue to deal with cybersecurity concerns surrounding their personal information. Such problems have raised questions about how connected vehicles authenticate payments credentials, but industry players could address them by partnering with providers that thoroughly understand the ecosystem and offer proven security and fraud solutions.

## Studies find Tesla vehicles are storing unencrypted data

As drivers grow more concerned about who has access to their details, automakers like Tesla are being [scrutinized](#) over the data they collect at all. Recent examinations of crashed models or those sold at auction revealed the company's cars store a significant amount of unencrypted information, including video, locational and navigational data.

Other automakers are facing similar concerns, prompting many to reexamine how they protect their customers' information. Industry players are pushing for better security through tokenization, data encryption and biometric authentication, and many cars now come with fingerprint locks or other technologies to assuage consumers' fears and provide greater transparency. Such offerings are poised to grow in the auto industry, too, particularly as payment credentials become more common in the connected car ecosystem.



# Analyze



## Survey finds retail areas are the best places for eCharging stations

eVehicles are gaining popularity as users seek out environmentally conscious products. A recent study [revealed](#) that 85 percent of the drivers who switched from gas-powered to electric automobiles reported high levels of satisfaction, a trend that has led many manufacturers to experiment with related offerings of their own. eCars require charging stations, though, which could present friction for those who dislike waiting and want to hit the road as quickly as possible.

There could be a solution, however, as 56 percent of eCar drivers stated that placing these stations in retail areas offering food, lounge spaces and shopping opportunities would be the best bet. Such moves could temper consumers' impatience when charging their vehicles and benefit the merchants and QSRs operating at these spots, as consumers could shop for clothes, food or other products through their dashboards while they wait. Purchases could be delivered directly to their vehicles, offering vast potential to better connect consumers with retailers and enable new shopping experiences.

## Motorists want to order food through their car screens

Drivers are increasingly reluctant to wait, whether they're fueling up or completing meal orders, and a recent connected car [study](#) indicates 71 percent think it would be useful if their cars' entertainment systems allowed them to order food for pickup. Sixty-two percent place to-go orders at least once a week, according to its findings, and want to use technologies that will allow them to complete transactions as quickly as possible.

QSRs, car companies like Ford and Audi and other brands are thus turning to connected technology as competition for customers grows fiercer. The enhancements come as consumers demand more from their vehicles beyond legacy functions like temperature control, cameras and audio options.





# Deep Dive:

The **\$230B** Connected Car  
Commuter Opportunity

Many of the American drivers who [spend](#) an average of 51 minutes in their cars each day are looking for ways to take care of their errands while behind the wheel. Connected commuters now often spend their time grocery shopping, paying bills or making other purchases, and all while using their smartphones or in-dashboard apps to do so.

These 135 million workers spent approximately \$230 billion on connected shopping experiences in 2018, according to the most recent [PYMNTS Digital Drive Report](#), representing an 8 percent increase over the previous year. Twenty-seven percent of motorists do not connect to the web while driving, though, revealing that more can be done to encourage users to talk and even shop while they're on the road.

## Commerce, commuters and the connected car

Drivers keen on alleviating commute boredom are increasingly using their mobile devices during their trips. Approximately 73 percent were [using](#) smartphones, tablets or other devices to make purchases in 2018, up from the 66 percent who did so in 2017.

The Digital Drive Report shows that many of these drivers are actively using their connected devices to make purchases, too. Finding



and paying for gas were the most common use cases cited by these motorists, while 35.3 percent said they ordered food for pickup at drive-throughs. QSR- and grocery-purchasing activities were the next-most cited purchases, with commuters ordering coffee, groceries and other retail items for pickup while traveling to or from work. All told, approximately 55 million drivers ordered a retail, grocery or QSR food item for pickup while behind the wheel in 2018, PYMNTS [found](#).

Many consumers are now experimenting with voice-based ordering technologies as they grow more comfortable ordering and shopping from their cars. Such features have struggled to gain a foothold in other channels, but appear to be more popular for consumers who shop from their vehicles. A driver must keep his hands on the wheel and eyes on the road, after all. Consumers seem to agree, with approximately 16.5 million of them currently using voice assistants to connect while in their cars and increasingly [using](#) these solutions to pay for parking or preorder coffee, groceries and food items. In fact, more than 14 percent of users said they relied on their vehicles' voice assistants to make their orders in 2018.

It's important to note that 65 percent of the drivers who use voice assistants are doing so through offerings that come built into their cars' dashboards, which means automobiles are already well on their

way to becoming a main voice commerce channel. This has put the onus on car manufacturers to provide the technology that drivers crave as more of them explore connected car commerce.

Automakers are also looking to make the technology safer for drivers, and voice ordering could be crucial for the merchants interested in interacting with motorists and passengers. Whether they're ordering food or using built-in voice capabilities, motorists expect innovative entertainment systems that offer large and varied content collections. Manufacturers are now looking to satisfy customers' needs by partnering with companies that can draw from wide merchant pools and use their digital capabilities to bring those offerings into connected car designs.

There are ample opportunities for providers to change drivers' perspectives on how to use the 51 minutes they spend behind the wheel each day. Commuters who value speed and efficiency already want to get the most out of their driving experiences, whether they're buying gas, purchasing groceries or ordering ahead for takeout. As such, merchants and connected car providers must focus their efforts on enabling these activities without adding friction.





# About

PYMNTS.com

[PYMNTS.com](https://pymnts.com) is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

First Data  
is now **fiserv.**

Fiserv, Inc. aspires to move money and information in a way that moves the world. As a global leader in payments and financial technology, the company helps clients achieve best-in-class results through a commitment to innovation and excellence in areas including account processing and digital banking solutions, card issuer processing and network services, payments, eCommerce, merchant acquiring and processing and the Clover™ cloud-based point-of-sale solution. Fiserv is a member of the S&P 500® Index and the FORTUNE®500, and is among FORTUNE Magazine World’s Most Admired Companies®. Visit [www.fiserv.com](https://www.fiserv.com) and follow on social media for more information and the latest company news.

Disclaimer

The Commerce Connected Playbook, a First Data, now Fiserv, collaboration, may be updated periodically. While reasonable efforts are made to keep the content accurate and up-to-date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED “AS IS” AND ON AN “AS AVAILABLE” BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.