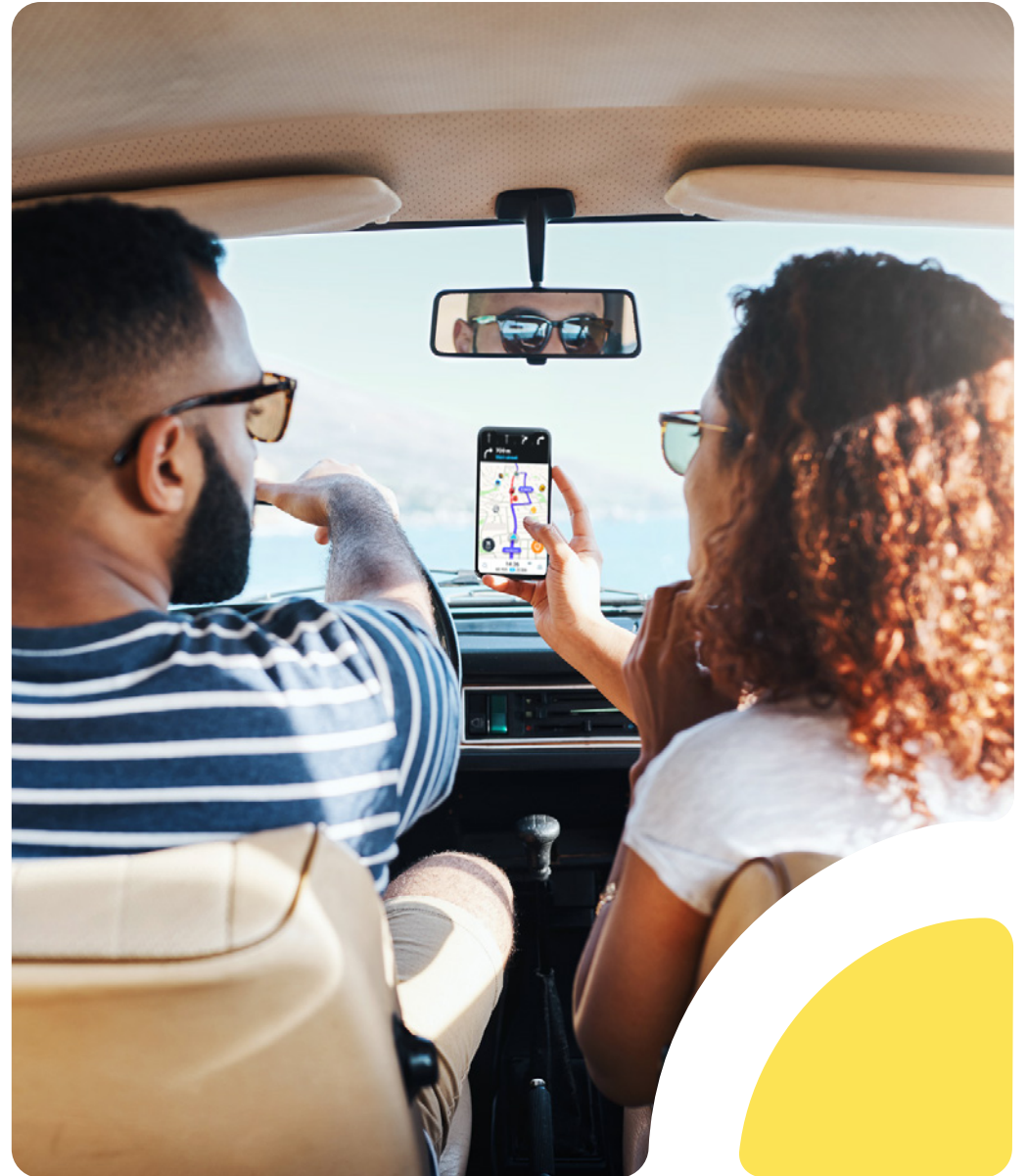


Industry Roadmap: Marketing
March 2023

Connected car commerce in 2023:

Three key must-know
takeaways for
visionary marketers



Despite the unsettling economic climate, the evolution of the connected car is continuing at an accelerated pace.¹

Cars that are connected to the internet, either directly or via a driver's smartphone, are creating new opportunities for marketers to reach consumers in their vehicles, where people are spending an increasing amount of time outside of their homes and workspaces.

This report highlights how marketers can capitalize on new driver behaviors as they plan out their strategies to reach on-the-go consumers in this critical time.



Part 1: The connected car market is growing in 2023



With all the uncertainty in today's world, there's one thing we can be sure of: Mobility is expanding and evolving. As cars become akin to smartphones on wheels, some of the dynamics that played out in the evolution of the mobile phone are playing out in the auto industry. Cars now have in-dash virtual assistants, navigation systems offering real-time traffic alerts and low-latency, in-vehicle Wi-Fi. It's no surprise, then, that the featured topic of this year's Consumer Electronics Showcase (CES) — the world's biggest technology expo — was vehicle technology, with prototypes highlighting new visions for the future of human-car interactions in both the digital and physical worlds.² With this advanced access to the internet, the connected car is being used to make more decisions — think: where to grab lunch, which stores to head to when running errands, the best spots to visit while on vacation and more — all from behind the wheel.

How quickly is this market emerging? The number of connected car drivers is on a growth trajectory expected to expand rapidly. By 2026, it is projected that **72%** of drivers — or almost 3 of every 4 drivers — will drive connected vehicles.³

Intelligence (and opportunity) on wheels

As connected cars become more prevalent, technology updates and strategic partnerships will increasingly work together to power native experiences, making drives smarter and safer. [Google's new Android Auto experience](#), rolled out in time for this year's CES, is one example of updates fueling this new driving experience. The technology includes design enhancements and feature improvements that will

provide more personalized, easy-to-use access to navigation, communication and entertainment experiences from behind the wheel.

Google's Waze app — which has long offered users turn-by-turn navigation capabilities and data to make drives both safer and more efficient — is also [now being offered natively](#) in select Renault vehicles with plans to integrate into future Android Auto-enabled vehicles.



Not only is the car evolving, but drivers are simultaneously spending more time on the road than ever before. This reflects trends Waze is seeing firsthand. For over a decade, Waze has been a leader in creating a connected driving experience by using crowdsourced information from its user community to provide real-time traffic updates, route planning and more. Waze now has more than 150 million monthly users, an increase from the 140 million at this time last year. The data shows those users are driving more often than they did last year — and this number is continuing to climb. In fact, the total number of drives for 2022 was up

9% over 2019's numbers.⁴ What's more, these drivers are spending more time on the app — an increase that's as large as **11%** when comparing 2022's time spent to the year before.⁵

With these advancements and more to come in mind, Andrew Kandel, CRO, Americas at Waze emphasizes that, “While still nascent and undefined, the connected car market should be considered a strategic priority as the connected car opportunity — and driving, in general — evolves and expands.”

On the road again

9% Yo3Y

increase in the number of drives

11% YoY

increase in time spent on Waze app

Source: Waze internal data, 2019-2022

“While still nascent and undefined, the connected car market should be considered a strategic priority as the connected car opportunity — and driving, in general — evolves and expands.”

Andrew Kandel, CRO, Americas at Waze

Part 2: The connected driver is a valuable audience



To fully grasp the significance of the connected car, it is crucial to recognize the importance of the connected driver. According to MRI-Simmons — a leading consumer research firm in the United States — the connected driver is an early adopter, a dynamic consumer with a household income that exceeds \$114,000 per year on average. These go-getter consumers are among the first to try out new products, technologies or innovations, and tend to spend more than the average American on items such as food, home appliances, personal care and wellness.⁶

“Marketing leaders who invest in in-car advertising can influence the valuable on-the-go consumer class,” says Kandel. “Many of them are six-figure earners who have the power to boost your brand’s revenue significantly.”

While early adopters are already behind connected car wheels, this market will soon open to the masses. Increased commoditization of these technologies is bringing connectivity to more vehicles than ever before. Almost all new vehicles coming off the lot now support some form of connectivity, either directly or through the driver’s smartphone.

Part 3: The connected car is a critical, open road for marketers

The growth and evolution of cars on the road and the new behaviors of drivers — particularly connected drivers — offers brands more opportunities to reach consumers in creative, contextually relevant ways. Drivers are increasingly turning to their cars to learn more about what's open and available to them and to optimize their days. For example, driver searches for “restaurants nearby” increased by **90%** year-over-year.⁷ And approximately **64%** of U.S. consumers use buy online, pick up in-store services for convenience, time savings, and to avoid shipping fees.⁸



With this in mind, marketers now have new opportunities to reach these valuable consumers in a place where they can effectively sway purchasing consideration and in-the-moment decisions in cars. Connected cars can help marketers solve their end-to-end business objectives, from deepening a user's relationship with a brand to actually driving store traffic.

Waze performance data makes this abundantly clear. When an advertiser goes off the Waze map, they see a **4%** decrease in store visits. Conversely, the average advertiser will experience a **5%** increase in store visits within just one week of going on the map with a new campaign.⁹

Early results show that contextually relevant ads yield high impact. Reaping the full benefits of this emerging opportunity will require creativity, a willingness to experiment and the ability to capitalize on first-mover advantage.

“Market-leading brands need to be thinking about the best ways to reach in-car consumers before the opportunity to do so becomes so widespread that there isn't room to maintain your transitional share,” says Kandel.

The average advertiser experiences a

5% increase

in in-store visits within one week of going on the map with a new campaign

Source: Waze internal data, 2022

“Market-leading brands need to be thinking about the best ways to reach in-car consumers before the opportunity to do so becomes so widespread that there isn't room to maintain your transitional share.”

Andrew Kandel, CRO, Americas at Waze

Summary:

Dive into the in-car opportunity and don't look back

In short, the connected car market is large and poised to continue growing. To reach this sizable audience, marketers should focus on how their brand plugs into the next three years of in-car digital integrations and beyond.

Marketers who develop a connected car strategy will have a direct line to reaching highly valuable consumers, can sway driver purchasing decisions with contextually relevant ads

and establish a market share advantage ahead of their competitors who don't make a move in this space.

As Kandel says, "While more innovations are on the horizon, marketers who start now, by testing and iterating their messaging to connected in-car consumers, will find themselves at the forefront of a movement that promises to revolutionize transportation's meaning, promise and potential."



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Waze is the world's largest community-based traffic and navigation app. Everyday, people are driving by or searching on Waze for businesses like yours, and Waze Ads helps you become a part of their journey.

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