

THE NEW DIGITAL CUSTOMER

How digital tools will change
the experience of car ownership

A trip to a repair shop for regular car maintenance has much potential for misery: This begins with the time taken up, and can end with an expensive repair that reminds the driver of the burden of car ownership.

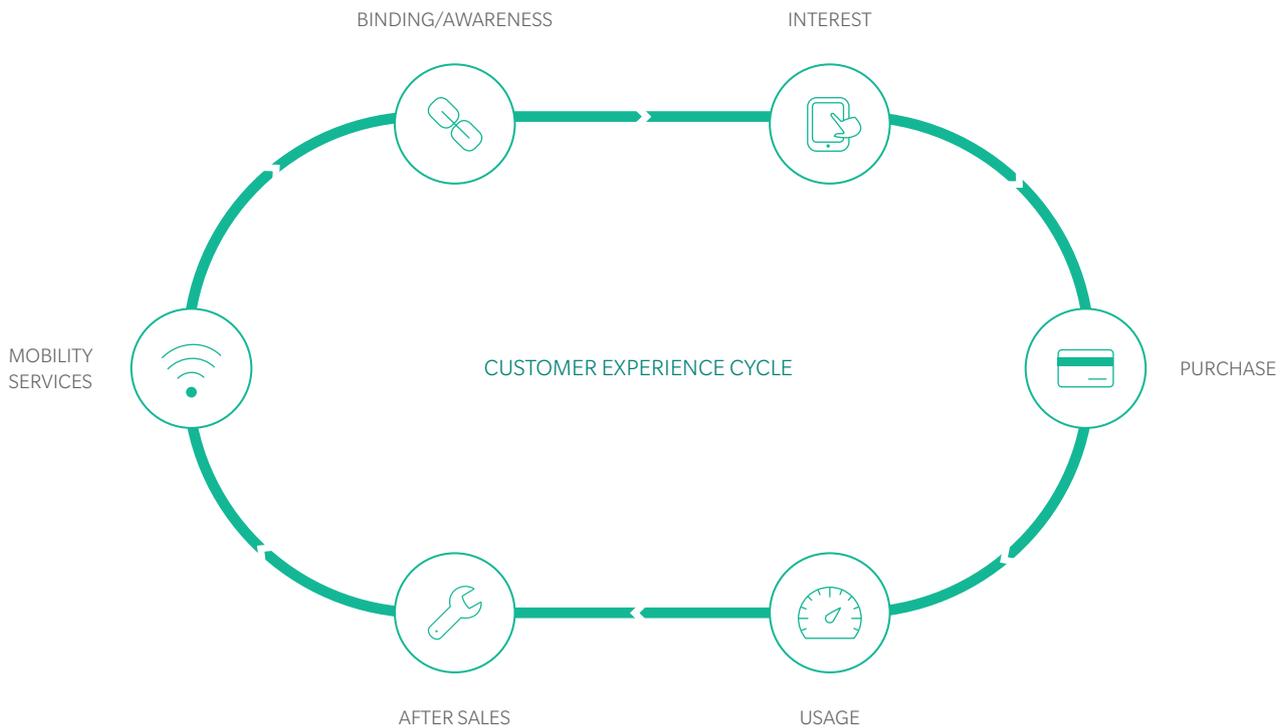
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EXHIBIT 1: CUSTOMER EXPERIENCE CYCLE

Customers are accompanied at all stages of the life cycle with continuous, recurring interaction



Source: Oliver Wyman

So smart automakers are making pit-stops more fun – and more lucrative – by offering additional products and services that fit the driver’s needs, such as customized vehicle insurance for an upcoming vacation. They do this by analyzing a mass of data on individual driving style, preferences, and the current state of the vehicle to assemble a detailed profile that will suggest cross-sales. These can potentially add 10 percent to service revenues – and make the customer feel they have gotten more from their visit than just a hefty invoice for damage repair.

Such offers form part of a radical new approach to customer interaction enabled by digital technology and big data. In the past, automakers offered a product with certain features. In future, they will have to sell the brand as a series of experiences: from pre-sales to aftersales, to an eventual upgrade. To do this, car manufacturers need to focus on how these interactions affect a customer and impact their feelings towards the brand and the entire breadth of offerings. These “touchpoints” also present opportunities to know a customer better, by gathering data to build a digital picture of their needs and preferences. Taking control of the entire customer experience can boost annual revenues by between 5 and 10 percent according to a study by Oliver Wyman.

The new thinking is inspired by the digital tech world, where the likes of Apple and Google have become experience innovators: They engage customers in a way that leaves traditional players behind, confronting traditional industries with a paradigm shift. Consumers

in the mobility and connectivity ecosystem now discover brands by new means, have different expectations, and experience products in fresh ways.

Traditional automakers will not be able to copy the digital disruptors in the exact same manner. But both premium manufacturers and volume producers can observe and learn, and offer a comprehensive, digital customer experience that enhances their overall business model.

PRINCIPLES FOR A DIGITAL CUSTOMER EXPERIENCE

Automakers need clear principles to make a success of the new world. First, they should swap an emphasis on product features for a focus on creating a primarily customer-centric experience, which emphasizes usability and the reduction of hassle. Second, they need to form a holistic, 360-degree view of the customer, by gathering all available data on individual customers and wider market trends, and linking and analyzing these to generate new insights. Third, they must engage customers through an omni-channel process, where all content – social media, in-car, dealership – is relevant to the customer and interconnected to ensure continuity. These principles should help guide the customer through a cyclical journey of car ownership and usage. (See Exhibit 1.)



The touchpoints on this journey will start when an automaker first creates a spark of interest in a potential customer, so that it can provide early, personalized guidance. They will continue into over 20 on- and offline touchpoints that Oliver Wyman has identified. Data from all touchpoints should be uploaded to an all-encompassing data cloud in order to help form a seamless experience that generates maximum emotional connection.

Touchpoints such as usage and maintenance records can help persuade a customer to trade in their current car for a new one. Data on the condition of a customer's vehicle is combined with used-car market information to generate an individual price quotation. A customer is notified when the optimal sell-on value for the car is reached or when other data indicate that they are considering buying a new car. The automaker can also feed the customer's current vehicle back into its own used-car business.

MOMENTS OF TRUTH

Some touchpoints are classified as "moments of truth" because they have a particularly strong impact on the customer experience and, therefore, the automaker's revenues. A test drive, for example, can lead to a sale and so represents a "cash point", which presents an opportunity to exceed customer expectations and create excitement around the brand. A cash point is also an occasion to make a specific, personalized offer that could boost revenues and margins.

Other moments of truth, such as repair shop visits, imply a high risk of disappointing – or even losing – the customer, with a severe financial downside if not managed correctly. That is why it is smart to combine a potentially negative experience like a pit-stop with an attractive, personalized offer that can convert a potentially unpleasant experience into something more upbeat. Another method is to dispatch a mobile pit-stop team to change a tire, saving the customer an annoying trip and instead boosting the relationship between customer, dealer, and brand.

Digital tools are essential to make the most of many moments of truth. When a customer brings a car in for repair or maintenance, they can be provided with a courtesy replacement vehicle. If this is chosen based on touchpoint data revealing the customer's personal preferences, a customer might think about upgrading to the new model. Even if this stealth test drive does not result in a sale, it will increase positive emotions towards the brand.

NEW ERA, NEW CHALLENGES

A digital customer experience strategy is all the more important now that digital disruptors are entering the car business. Though traditional automakers will likely manage to keep their lead in hardware, Google, Apple and others have been investing heavily in new areas strong on customer interaction, such as self-driving cars and alternative mobility services. That means automakers need to fight to maintain customers' attention and loyalty.

Indeed, these tactics could even convert new-era mobility customers into traditional car owners. By helping deliver car-sharing services, an automaker can track a customer's usage patterns. Then, next time they reserve a ride, the maker can route them towards a model they might consider purchasing, with a setup based on their configuration data – to be followed up by an individualized offer and customized financing plan. The mobility service will thus act as another form of stealth test drive. ●