

Automotive Customer Experience

Achieving Next Level Customer Service by Managing Customer Experiences Across All Touchpoints



Today we see the need for automotive OEMs to shift from being product-focused to customer-focused companies. As opportunities for product-wise differentiation for the average driver seem to diminish, customer treatment becomes the key differentiator for the future. As customer journeys become increasingly diverse, automotive players must focus on systematically bringing customer care to the next level.

Recently, Arthur D. Little has published several Viewpoints dealing with the relevance of customer service¹, how companies can advance in customer service² and how to create “Wow”-effects for customers³. Automotive clients frequently ask what exactly this means for their business and where specific areas of improvement exist. Therefore we are providing an adapted description for Customer Experience Management for the automotive industry.

Customer Experience (CEX) is the new differentiator

When looking for a car, customers identify three main elements: the vehicle as the product itself in all its tangible characteristics, the brand as an image people associate with that product, and the experience during the buying process and throughout ownership of the product.

The relevance of these elements however, is not stable over time. In fact, we have witnessed a shift in attention away from the product and towards the experience resulting from interaction with the manufacturer or its retail organization.

Models have become replaceable

Premium automobiles have reached a level of functionality and quality that goes beyond the need to satisfy individual mobility. Even in terms of comfort, safety and infotainment, cars today have reached a level that rarely leaves customer needs unaddressed. For the average driver, innovation is difficult to

spot. Independent product tests then reveal a scoring tie which suggests drivers’ individual personality or taste is more likely to affect the final decision. Therefore it is time for the historically engineering-driven OEMs to realize that the product as a differentiator is losing its power.

Customer behavior is changing – premium experience is key

On the other hand, customer behavior has changed significantly with the emergence of new media. The stationary sales outlet in its traditional form is losing relevance. New semi-stationary formats and web-based customer touchpoints are emerging.

Beyond that, younger customers are demanding a higher level of interaction with the manufacturer. They also expect the manufacturer to be available and responsive at all times.

Overall, the landscape of possible touchpoints is becoming more complex, creating new types of customer journeys. This means that OEMs can no longer fully outsource customer handling to their retailers. Instead they are required to be present whenever customers desire interaction: either via Facebook, telephone hotline, an online web shop chat application or whatever other means customers are using.

As a consequence of this complexity, the variety and risk of inconsistency of messages or behaviors is growing as there is a lack of direct customer contact along specific journeys. Therefore, a systematic management of these new customer journeys needs to be implemented.

1. Viewpoint WOWing Customer Service Strategies
 2. Viewpoint Managing the Customer Experience
 3. Viewpoint A Glint in the Eye of the Customer

Customer Experience Management (CEM) – How does it work?

Customer Experience Management does just that: It designs and manages all customer touchpoints in a consistent way to ensure customer needs are met or exceeded at all stages of the customer journey. As superior customer experience is a prerequisite for customer loyalty and market success, the positive business effect is directly apparent.

In the following sections, we highlight key pain points in today's automotive customer journey and the most important elements for executing superior customer experience management.

Understanding Customer Segments and Journeys

Putting the customer in the center of attention is the starting point. This requires an understanding of the particular characteristics of differing customer segments. Given current ever-present model offensives, new – mostly younger – customer segments are coming into play. Expectations of experience from these customers can differ greatly to that of traditional car buyers.

This also affects the process of how customers select their model of choice. A clear understanding of the touchpoints used is therefore necessary. For example, a club event introducing a new model, or a targeted Facebook-post might be a better choice than the use of traditional mass media which may have proved effective for targeting previous generations.

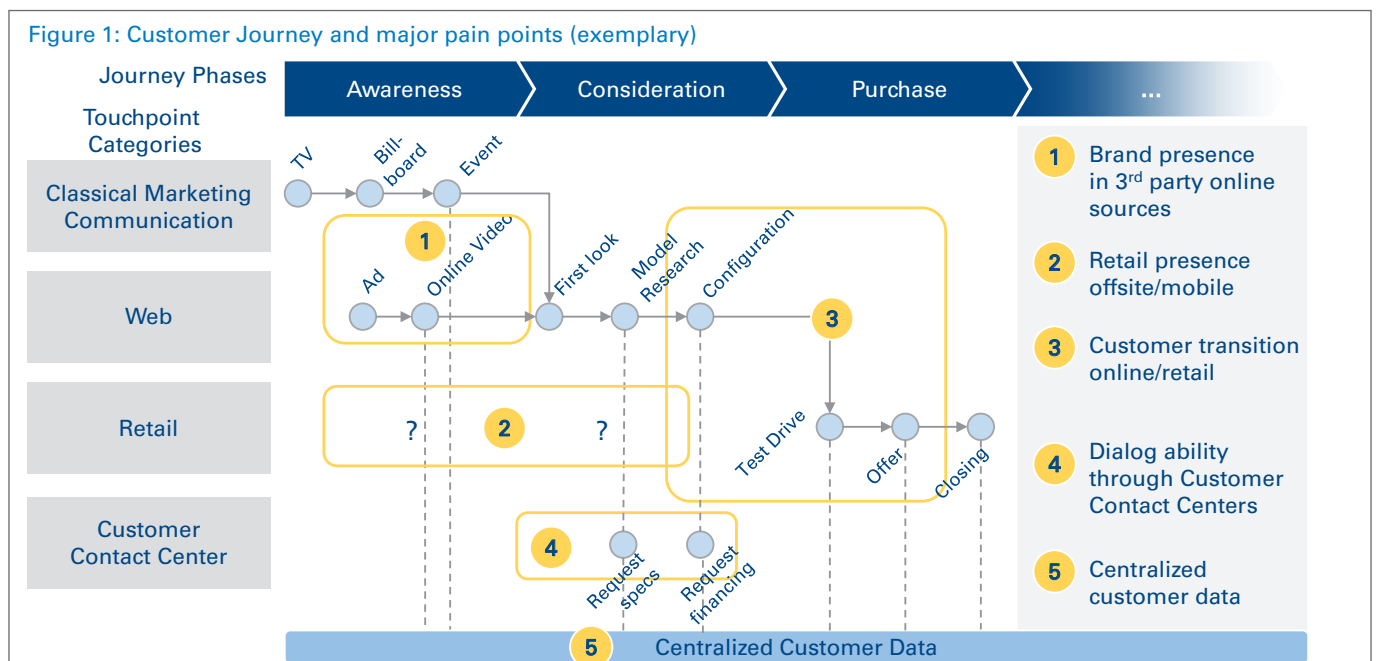
Major Pain Points

Overall, we see five main areas of improvement for OEMs customer experience management. When adequately addressed they can directly affect conversion rates in the pre-sales phase and therefore support ambitious unit growth (see Figure 1).

1) Brand presence in 3rd party online sources. As digital natives spend a significant amount of their time on the web they cannot be sufficiently reached by traditional means of communication such as TV spots, billboards or print ads. Rather, a brand must be present in the digital sphere to reach these customer groups and to generate product awareness. Touchpoints such as dedicated forums, blogs, video portals and the like are the media of choice for enriching the early sales funnel with younger customers.

2) Retail presence offsite and mobile. Retailers today are too reluctant to approach customers outside their outlet. Furthermore, customers don't approach retailers if they are not already highly interested in buying a vehicle. They may be wary of directly encountering a "hard" sales scenario. Also, outlet locations may be considered too far outside city centers. Therefore retailers have to go and meet customers in places they visit in their spare time. By providing a "soft" sales environment they can improve their visibility and meet customers without directly pushing them into a sales discussion.

3) Customer transition online/retail. A touchpoint used by most customers today is the online car configurator on OEMs websites. The logical next step would be to see, touch or drive the car; however this option is not directly linked to the event of a configuration. This means contact between the brand and customer is lost for some time until the customer decides to visit a dealership. Bridging these two events and maintaining close contact with customers is crucial in managing this phase. Customers should therefore be presented right away with the option of a visit, test drive, an offer or other answers to their questions to keep them moving forward within their journey. To create a real "wow-effect" such follow-ups could occur in



their home or office environment to make the point of contact convenient and enjoyable. A brand that can manage this critical phase truly generates a customer experience and directly improves their conversion rate by closely recognizing customers' needs.

4) Dialog ability through Customer Contact Centers.

Customers need to have a partner that is available for all potential concerns or queries, for example during configuration, for booking test drives or arranging retail appointments. For this to be a real "contact" instead of just a "call" center, a variety of channels must be provided such as voice, E-Mail, website contact form, letter, social networks or other widely used alternatives.

5) Centralized Customer Data. As a main enabler for the aforementioned issues, we see the need for centralized customer data, which is a veritable paradigm shift. The former 'Holy Grail' of customer data ownership for retailers is no model for the future and excellent customer service. To actively manage customer journeys and touchpoint transitions, it is necessary to establish a central customer database on National Sales Company (NSC)-level. In the next step it is possible to make a big leap forward towards an integrated CRM and big data analysis (see Figure 2).

Organizing CEM

To ensure the ethos of 'putting the customer first' is not only paid lip-service, a company needs to change the way it operates. Superior customer experience is not a result of co-incidence but can systematically be achieved. In the following sections, major elements that need to be addressed to anchor that principle within an automotive OEM business are presented.

CEX Top-level Strategy

As benchmark companies say (and do), a core element is making CEM a top-management topic and ensuring it is a solid pillar within a company's top level business strategy. The basic guidelines for CEM and the goals to be strived for must be clearly laid out. The majority of benchmark companies re-new this strategy every year with updated input and dedicated goals for the next year within a top management off-site workshop.

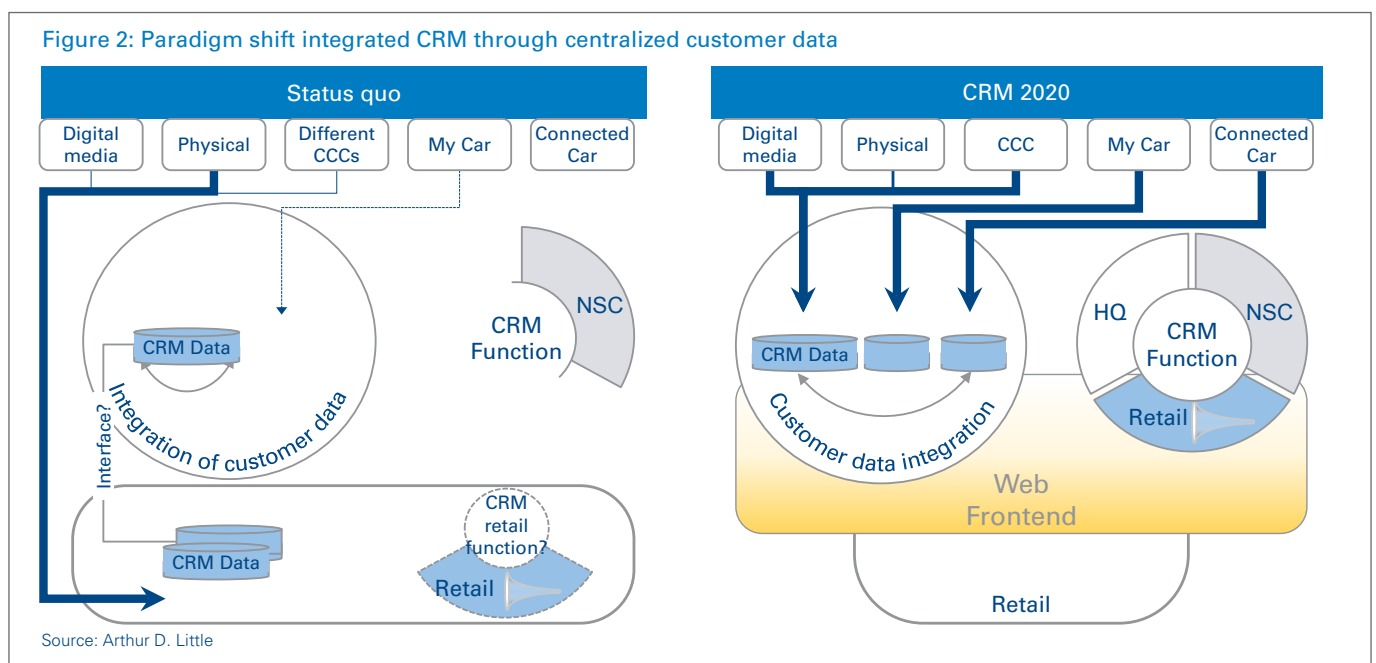
This top-level plan then needs to be broken down into all the operational units' strategies to be more specific; making sure every department clearly defines and follows customer specific targets.

CEM Organization and Resources

Executing CEM also means organizational changes. All core customer related functions such as market research, complaint management, customer segmentation, customer data and mapping the customer journey, should ideally be bundled within one dedicated department with a high level reporting line.

This unit needs to have a cross-functional set-up for gaining a truly holistic 360° customer view and avoiding department bias. This principle needs to be implemented not only on a HQ-level but also in NSCs and preferably to some extent within retailers.

Dedicated CEM resources should have the mandate for the total customer experience. Instead of relieving other organizational bodies from their responsibility of being customer oriented, they should be the partner in supporting them, realizing and constantly evolving the customer experience resulting from their touchpoints.



Holistic KPI-system

When designing the customer journey, the old Peter Drucker quote still holds: "You can't control what you can't measure." Therefore, a KPI-cockpit has to be set up covering the entire customer journey - from awareness to customer care (see exemplary on Figure 1).

By measuring against defined targets or by benchmarking, you have an aggregated overview on a customer's satisfaction along the journey and the interaction points with the brand.

Underperforming areas serve as the starting point for improving the customer experience. The added value of CEX is that it brings all the customer information together instead of operational units looking only at their KPIs and missing out on the whole picture that customers experience along their way.

Core Processes

As a core function, CEM should initiate and moderate the CEX strategy finding process and monitor customer relevant KPIs across the whole customer journey (only point-of-truth). On that basis, a pain point analysis can be conducted, generating measures for improving the customer experience.

Overall there is significant value added by a central CEM unit compared to a decentralized department-based solution. A cross-functional CEM means competition and prioritization of customer experience measures coming from different units, making sure the most efficient and effective ideas receive funding and are pushed forward.

Also, by acting in a cross-functional way and having the entire customer journey in focus, it can ensure measures are interlinked and a seamless transition from one touchpoint to the other is implemented. Operational units only focused on one part of the journey can only come up with inferior solutions in this regard as overcoming organizational barriers is always problematic.

Taking care of administration along the process of initiating and pushing customer experience measures, a central unit can ensure standardized proceedings and consistent management of new ideas. Operational partners can fully focus on content instead of worrying about tedious organizational issues.

Conclusion

Summing up, we see customer experience as the future differentiator for automotive OEMs. Therefore players have to re-think their way of managing the customers' experience across all touchpoints. A dedicated customer experience management department should be established, that will ensure the necessary focus is put on this critical element. In the end, only satisfied customers make a company successful in the market place and generate outstanding returns.

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Arthur D. Little

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