Driving the automotive customer experience towards the age of mobility

Automotive brands need to refine and digitize the customer experience they provide—otherwise they will not be ready to develop into the mobility providers of tomorrow.

by Harald Fanderl, Alexander Matthey, Stephanie Pratsch, Jakob Stöber

The convergence of the automotive and the mobility industries promises major changes. Powerful forces are driving this shift, including social, economic, and demographic disruptions enabled by technological innovations. But in this whirlwind of change, automotive incumbents ought not to forget the experience they deliver to their current customers—as those that do remain attentive to these customers will be the ones who will make it to the age of mobility providers.

Why customer experience is key

While autonomous vehicles, connectivity, electrification, and shared mobility (ACES) will ultimately compel fundamental changes across any OEM's business model, its **customer experience** performance must advance to reflect these changes as they occur. Extrapolating current numbers from various industry sources[1] suggests that millennials will represent more than 45 percent of the potential car-buying cohort in 2025. They will thereby form the largest new-car-purchasing demographic, making it paramount that OEMs **understand their preferences** and adapt to them. That is why, over the next five to ten years, automotive players need to look beyond the automotive industry to anticipate the needs of this first generation of integrated-mobility customers.

A good place to start looking for inspiration is the consumer-tech sector, where companies such as Airbnb, Amazon, and Uber keep raising the bar on what a best-in-class digital customer experience looks like. Today, it includes a seamless and reliable service, competent advisory functions, **personalized omnichannel communication**, 24/7 support, and relevant social-media marketing.

The automotive industry has adapted more slowly to these new customer experience- realities than other sectors due to the size of typical OEMs, their complex sales and service networks of independent dealers, and fear of cannibalization. As a result,

the automotive customer experience can often feel outdated and inferior, especially for younger customers, who seem to be losing interest in car ownership and prefer more convenient and flexible mobility options such as **ridesharing** which might lead to totally new mobility concepts.

From sober reality to imagining a contemporary experience

A good example for the current disconnect between what customers expect and what they get to experience is vehicle service: rather than a proactive, routine, and seamless experience with benefits such as feature updates, the car-service experience is often a hassle involving nebulously high cost and a serious time commitment that is difficult to plan. Consumers spend about 15 hours buying a new car but as much as 50 hours having it serviced during the time of ownership.[2] That makes the service-related process crucially important from a customer experience perspective, since selling the next car to a satisfied customer is far more cost effective (and easier) than selling one to someone new to the brand. For example, in our recent Future of Automotive Retail survey, customers considered the service experience even more influential than the last buying experience when purchasing their next car (Exhibit 1). This clearly drives the need for action—particularly in saturated markets.

It is likely that the next customer generation, accustomed to instant gratification in the digital space, will potentially opt out of car ownership altogether if it entails a time-intensive and inconvenient service experience. Our experience shows that common pain points in the current service process include appointment making (which can require numerous phone calls), vehicle drop-off and pickup (waiting times at arrival often exceed ten minutes), failure to proactively promote mobility offers, and a lack of transparency regarding service completion status, pickup availability, and expected cost.

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[1] For example, Experian, Forbes, and J.D. Power.
[2] 2018 Service Industry Study, Cox Automotive, January 2019, coxautoinc.com.

Exhibit 1

Among customer journeys, service experience is more influential than purchase experience.

Importance of customer experience by journey, %

Servicing my car ⟶ 53

22	31	
Very influential	**Influential**	**Not/less/somewhat influential**

Buying my car ⟶ 48

22	26	
Very influential	**Influential**	**Not/less/somewhat influential**
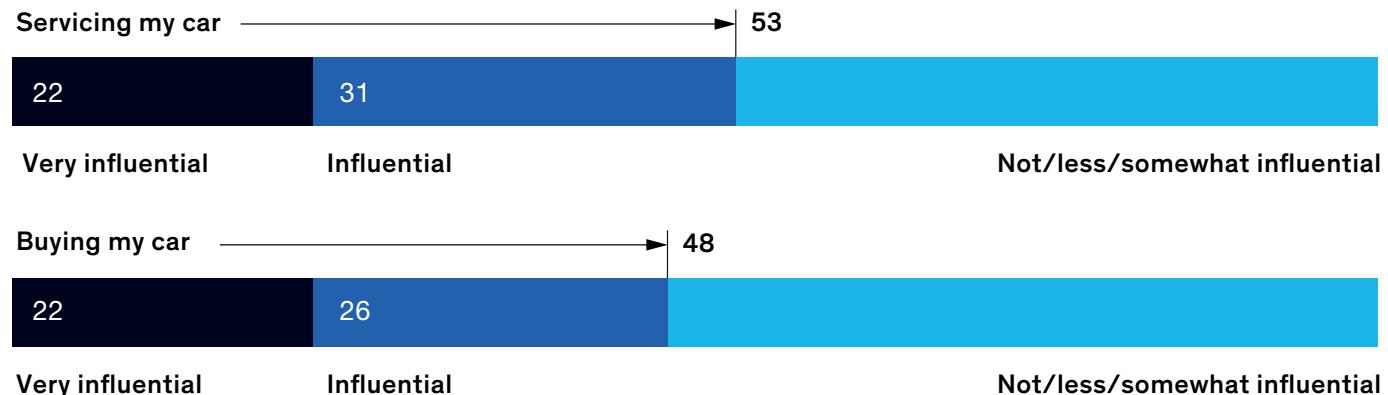
Source: **Future of Automotive Retail Survey, 2018**

Now, imagine an entirely different service experience (Exhibit 2). When the customer's **connected car** requires maintenance, it sends a service signal to the closest dealer. With permission granted, the driver receives a proposal for an appointment based on her calendar, along with three alternative mobility options. These might include either pickup and delivery by the dealership, or self-drop-off and waiting while having lunch or a short massage at the dealership, or a preordered car-sharing vehicle as a replacement. If the car needs additional repair—for instance, if a faulty brake suspension has been detected—digital solutions allow dealers to send videos and explanations to the customer's smartphone and give a recommendation without losing time or creating any friction. Likewise, a customer no longer has to wonder when her vehicle is ready for pickup. She receives automatic updates on her smartphone, along with mobility options to get to the dealer. Dealers might even bundle this service as part of a "carefree" package, where the customer pays a monthly fee to cover the vehicle's lease rate, insurance, and service.

Exhibit 2

An entirely different service experience is possible.

What an entirely different service experience might look like

Automated scheduling

The vehicle detects when service is due and checks availability at the preferred dealer. With consent provided, the vehicle suggests time slots based on the customer's and dealer's calendars. The customer can select the best slot with one click on "schedule service" and is all set

Exhibit 3

An entirely different service experience is possible.

What an entirely different service experience might look like
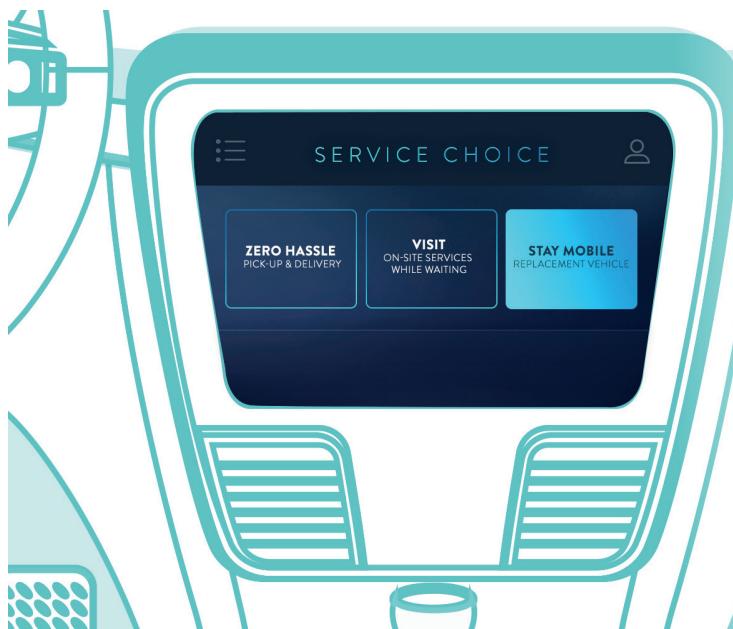
Easy choice of mobility option

After booking, the customer can choose a mobility option, e.g., "zero hassle," where the dealer picks up and returns the vehicle, "visit" enhanced by free onsite services such as a massage, or "stay mobile," where a replacement vehicle is reserved

Exhibit 4

An entirely different service experience is possible.

What an entirely different service experience might look like
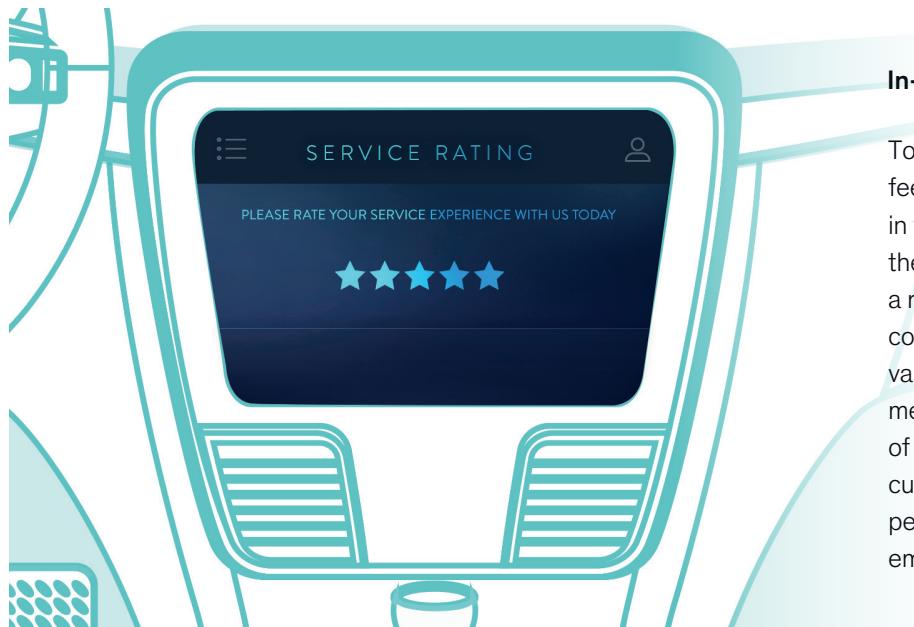
In-vehicle service rating

To enable convenient feedback, a pop-up message in the vehicle at the end of the service process asks for a rating and allows optional comments. This is a highly valuable source of improvement ideas and an indication of the dealer's/OEM's customer experience performance, conveniently embedded for the customer

And while one day, **self-driving vehicles** could further increase customer convenience, utility, and experience all at once, it would be a grave mistake to wait until then.

Five ways to achieve immediate improvements

The good news is that some tactical changes can have a sizable effect when it comes to improving customer experience. Automotive brands should consider the following levers to achieve short-term improvements and build the foundation for future success:

— Define a common purpose and a customer-centric behavioral framework

— Build capabilities via forum training events and digital tools

— Identify and digitize key customer touchpoints

— Establish a closed-loop customer-feedback management process

— Establish test-and-learn experiments to validate radical new customer experience ideas

Improve service quality and employee engagement by defining a common purpose and a customer-centric behavioral framework

A common purpose is the essential foundation on which a company develops all other service decisions. A good example is Disney's "We create happiness by providing the finest in entertainment for people of all ages everywhere." Everyone from the front line to management has a role in delivering this common purpose with role-specific, defined behaviors that detail important quality standards or principles linked to the purpose. This provides a "dance floor" or behavioral guideline for each role, enabling each employee to take the right decision outside of their standard tasks and without formal approval.

Build capabilities to prepare customer-facing employees for the next generation via forum training events and digital tools

OEMs can quickly train employees via forum training events, which are multiday workshops focused on the core elements and tools of customer experience. They should complement these with online tutorials, performance-management reviews, certifications, digital surveys, and digital-marketing elements.

Typical core elements and tools of customer experience include collecting and processing instant customer feedback at key touchpoints beyond formal surveys or measurement systems, and empowering employees to provide "surprise and delight" customer moments or "regret" activities in case of shortcomings. Companies can establish daily "huddles" every morning for ten minutes to discuss operations, customer feedback, and how to avoid dissatisfaction. Another core element is recognizing positive employee behavior through handwritten cards and displaying them on a highly visible "wall of fame."

One automaker used this approach to reduce its share of dissatisfied customers by one third.

Identify and digitize relevant touchpoints along your customers' most important journeys with your brand, and make them more convenient

Companies can collect and connect millions of touchpoints to visualize **customer journeys** using data from call centers, online and telephone surveys, dealer-management systems, and communications. They should evaluate customer satisfaction levels as well as journey and touchpoint importance to select critical customer journeys. Also, they can identify touchpoints for focused interventions to improve the experience.

Next, they can implement state-of-the-art technology solutions to **redesign customer journeys via digitization**, advanced analytics, automation, **design thinking**, and outsourcing. They can draw inspiration from best-in-class customer experience providers such as Apple Stores, Ritz-Carlton hotels, American Express customer support, and Amazon e-commerce sites. Reflecting these customer experience benchmarks, one premium OEM introduced product experts who greet customers, make them feel welcome, and demonstrate car features to them, before a salesperson has time to attend to the customer.

As a further short-term measure, automakers can deploy existing third-party or in-house digital tools that facilitate appointment making or check-in processes to provide even greater convenience for customers. These types of apps enable employees to devote more attention to customers instead of having to complete administrative tasks at their touchpoints. Most end-to-end cloud solutions can handle wide varieties of apps, including mobile appointments, vehicle data transfer, customer-relationship-management systems, workshop-planning tools, and feedback-management apps. Other useful tools include repair updates, progress tracking, and additional work-approval interfaces with video documentation through third-party software solutions.

Reinforce customer feedback via a closed-loop customer feedback-management process

After prioritizing its focus on customer journeys, an automaker or its dealers can appoint "journey owners" to customer experience monitoring and action planning. The journey owner is responsible for refining the journey, associated performance metrics, and the drivers behind a strong customer experience.

Another effective method involves setting up dashboards that deliver insights on the satisfaction of specific customer journeys, overall performance and the importance of touchpoints, as well as break points and improvement opportunities.

Systematically measuring customer-satisfaction levels is a proactive way to trigger action in the organization through a closed-loop customer experience management cycle:

— Monitoring performance indicators and fielding customer surveys can inform automakers about current customer experience and generate "hot alerts" for dissatisfied customers, thus allowing proactive customer care.

— Ongoing performance dialogues inform continuous action planning and improvement work on the dealer level, underscored by full transparency and accompanying incentive schemes.

— This transparency also allows the OEM field force to have informed discussions with dealers and to assist them with targeted interventions.

For a leading OEM, this type of customer experience program moved the company from stagnating around fourth place in customer experience to the best position in the industry.

Establish test-and-learn experiments to validate radical new customer experience ideas

Inspired by consumer tech companies such as Amazon, Facebook, LinkedIn, and Netflix, automakers can experiment with new customer experience-enhancing ideas without long lead times or high levels of uncertainty. This approach identifies winning ideas using A/B or multivariate testing in the form of randomized controlled experiments.

Automakers can also use existing data and selected dealerships to run this testing for selected vehicles. Doing so can validate ideas for new customer experience features that emerge from employee ideas or customer feedback, such as a simplified configurator and order experience, one-click service-appointment making, or 24/7 vehicle drop-off or pickup at dealerships.

In one case, a global premium OEM analyzed real-time customer feedback data and identified a strong customer desire for express appointments with short booking horizons for routine maintenance. Within a few months, an "express service" pilot validated this idea and the company rolled it out across the entire region.

Tackling the automotive customer experience to-do list

Becoming a mobility player has major short- and **long-term implications** for automakers from a customer experience perspective. The best way to start involves taking stock of the organization's current strengths and weaknesses.

To begin, conduct a customer experience diagnostic. This includes talking to key-account customers and employees, running mystery-shopping exercises, and analyzing survey data. The goal is to obtain a holistic view considering both customers and employees, along with a quantitative perspective on how customer centric the organization really is.

Additionally, identify possible quick wins and key action areas to prioritize among the short-term improvement measures discussed in this article and decide where to start.

The automotive industry's mobility transformation promises big changes for automakers worldwide. To win in this new, more extensive playing field, industry incumbents need to stretch beyond their current comfort zones to participate in new value opportunities. Understanding the customer experience demands of the new generation of mobility customers can provide the foundation incumbents need to capture this value.

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