

## View Point



### Automotive Customer Engagement: Putting the Digital Consumer in the Driver's Seat

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#### Abstract

In the post-recessionary U.S. automotive landscape defined by a “new normal” of over 6 million fewer annual sales and a slew of new eco-friendly alternatives, every sale matters. An emerging complication for OEMs, captive finance firms and dealers is meeting the expectations of the “Digital Consumer”.

The Digital Consumer is armed with many more brand and product choices, infinite pieces of data, social recommendations or words of caution—all of which is delivered via various devices, interfaces and “experiences.” While varied industries have adapted their customer engagement strategies to address the reality of engaging the Digital Consumer, the automotive customer journey remains a path of multiple years, players and disjointed interactions, all creating obstacles to vehicle sales and service loyalty.

This Infosys viewpoint — the first in a series — aims at identifying and proposing customer-centric strategies for reducing “interaction friction” during Digital Consumer interactions. By striving to better orchestrate and socially-enable the automotive customer experience, automotive enterprises will increase Digital Consumer delight and advocacy while realizing greater economic returns from their marketing, sales and service interactions.

## Impact of “Great Recession” and the Digital Consumer on the U.S. Auto Industry

The post-recessionary U.S. automotive sector has witnessed a loss of nearly 6 million annual sales in the space of three years. This has resulted in unprecedented and unsettling changes in the automotive world.

Historic brands have disappeared or changed ownership. Dealer showrooms by the thousands have shut their doors. New clean energy start-ups like Tesla, Fisker and Coda Automotive— along with existing players like Nissan, GM, and Toyota — are finally creating viable new green products.

These tremors in the U.S. automotive industry have been mirrored by the emergence of the Digital Consumer. The unrelenting rise of the Internet is transforming consumers from passive information gatherers to engaged, interactive and self-directed participants with brands, brand enthusiasts and detractors. Digital Consumers are tapping into increased, personalized, online “social” conversations and making more informed purchase decisions.

Consumers armed with digital devices, applications and data demand unfettered access to critical, customizable and sharable information— e.g., there are an estimated 142 million Facebook users in the U.S. alone. This means consumers are pushed towards (or away from) automotive transactions by real-time recommendations from social network “friends”. This influence can be felt all the way to the point at a dealer’s lot or even while awaiting the final paperwork to be printed in the dealer’s F & I office.

It is evident that the “push model” of products, communications and interactions through traditional media and distribution channels targeted at the consumer no longer resonates.

## The Move from “Self-Centered” to “Customer-centric “Engagement

Across industries, brands have tried to adopt measures to cope with the rapid changes in consumer behavior and enabling technologies. The brands that have been successful have built better relationships with consumers through investment in customer-centric practices and corporate cultures. For example:

1. [Starbucks](#) focuses its marketing efforts on giving texture to the brand with fun, engaging formats. With Starbucks Mobile App, customers can transform their iPhone into their Starbucks card and can check their balance, enjoy rewards and two hours of free Wi-Fi per day etc.
2. [Zappos](#) treats every opportunity and every customer touch-point to make the customer think “Wow, that was the best service I’ve ever had.” Small but important practices like featuring a toll-free 800 number on top of every web page allow customers to engage better and get a great customer experience.
3. [Harley Davidson](#) uses customer interactions to gain valuable feedback to strengthen their brand, their products and loyalty of their customers. They survey them, talk to them, ride with them and, most importantly, create many memorable experiences for them. The hallmark of the success of these brands is their ability to segment customers, accommodate varied customer behaviors and preferences and align their brand promises throughout their customer interactions. For the U.S. automotive sector, the lessons of “customer-centric” engagement in the era of the Digital Consumer are highly instructive and the path to customer-centricity starts along the Automotive Customer Lifecycle.

## Putting the Digital Consumer in the Driver’s Seat

### *Infosys Automotive Customer Lifecycle*

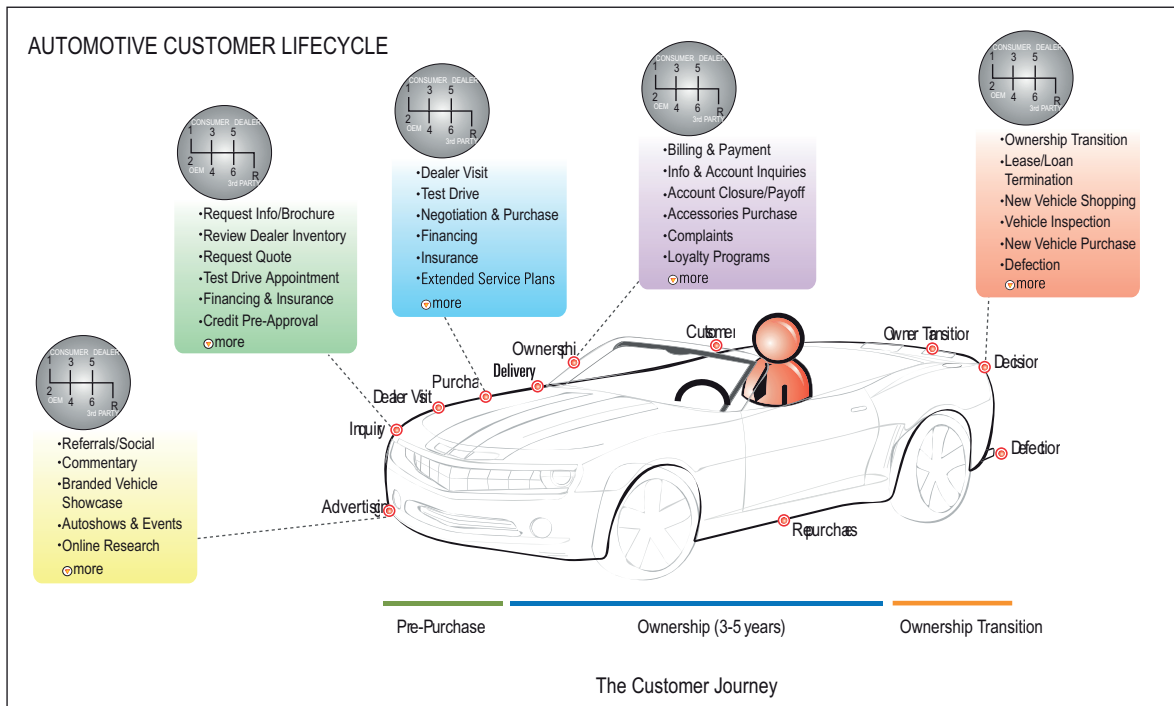
For decades, the automotive purchase funnel has been the exclusive “icon” of choice for describing the perceptual and behavioral changes consumers experience in shopping for a car. This funnel fails to address the complexity of the series of prospect and owner interactions that occur before and after a vehicle purchase.

An appropriate metaphor to represent the “gauntlet” of customer interactions experienced before, during, and after purchasing or leasing a vehicle is the [Automotive Customer Lifecycle](#). It depicts critical interactions, experiences and touch-points that can strongly influence consumer decisions, interaction conversions and even brand or service loyalty.

## The Automotive Customer Lifecycle – Moments of Truth

The critical interactions that a consumer has across the lifecycle with various players who act as extensions of the OEM, captive or dealer are called “Moments of Truth”. While consumer expectations have changed and the interaction channels

have exploded and become sophisticated over time, the most important interactions that make up the major interaction phases remain the same. the OEM, captive or dealer are called “Moments of Truth”. While consumer expectations have



**Figure 1: Infosys Automotive Customer Lifecycle**

changed and the interaction channels have exploded and become sophisticated over time, the most important interactions that make up the major interaction phases remain the same.

## Role of Interaction Friction in the Automotive Customer Lifecycle

Automotive consumers have crossed the boundaries of interaction with traditional players and are now interacting on an increased frequency with players in their own network of friends, family, advisors etc. The platforms supporting interactions have grown with the evolution of interactive channels, devices, communications, applications and environments. For OEMs, dealers and captives, there is tremendous logistical complexity in seamlessly delivering these interactions, often leading to unfulfilling individual consumer interactions. These fail to take into account prior interactions, business relationships or relevant data and these are termed as “interaction friction.”

“Interaction Friction” is defined as any aspect of the automotive customer experience where the quality and nature of customer interactions (and the stakeholder collaboration to support these interactions) decreases the probability of a consumer demonstrating preference or advocacy. This friction also prevents the consumer from advancing through the Automotive Customer Lifecycle towards transaction.

Friction is created by the inability of the automotive consumer to:

- Experience an automotive brand on their own terms
- Seek or receive the most relevant information in the most relevant format at the most opportune time
- Receive timely, appropriate and “informed” responses to inquiries based on any prior interactions
- Engage in positive vehicle sale, financing, service or support interactions that meet their goals and expectations regardless of the player (OEM, captive or dealer) or interaction channel
- Allow valued family, friends or colleagues to participate in their automotive experiences

Interaction friction – as illustrated in Figure 2 — causes consumers to disengage from automotive brands and dealers. This translates into lost brand preference, advocacy and associated revenues for OEMs.

While some OEMs have adopted and deployed a host of individual digital engagement capabilities the “individual features arms race” is expensive and does not allow the OEMs to stay ahead of the capabilities curve. Hence, proactively eliminating friction from the automotive customer experience is imperative and has a significant influence on the quality, perception and commercial success of the customer journey. As much of friction is a byproduct of a lack of coordination and experience design, an area which still remains relatively unexplored is the focus on customer experience orchestration.

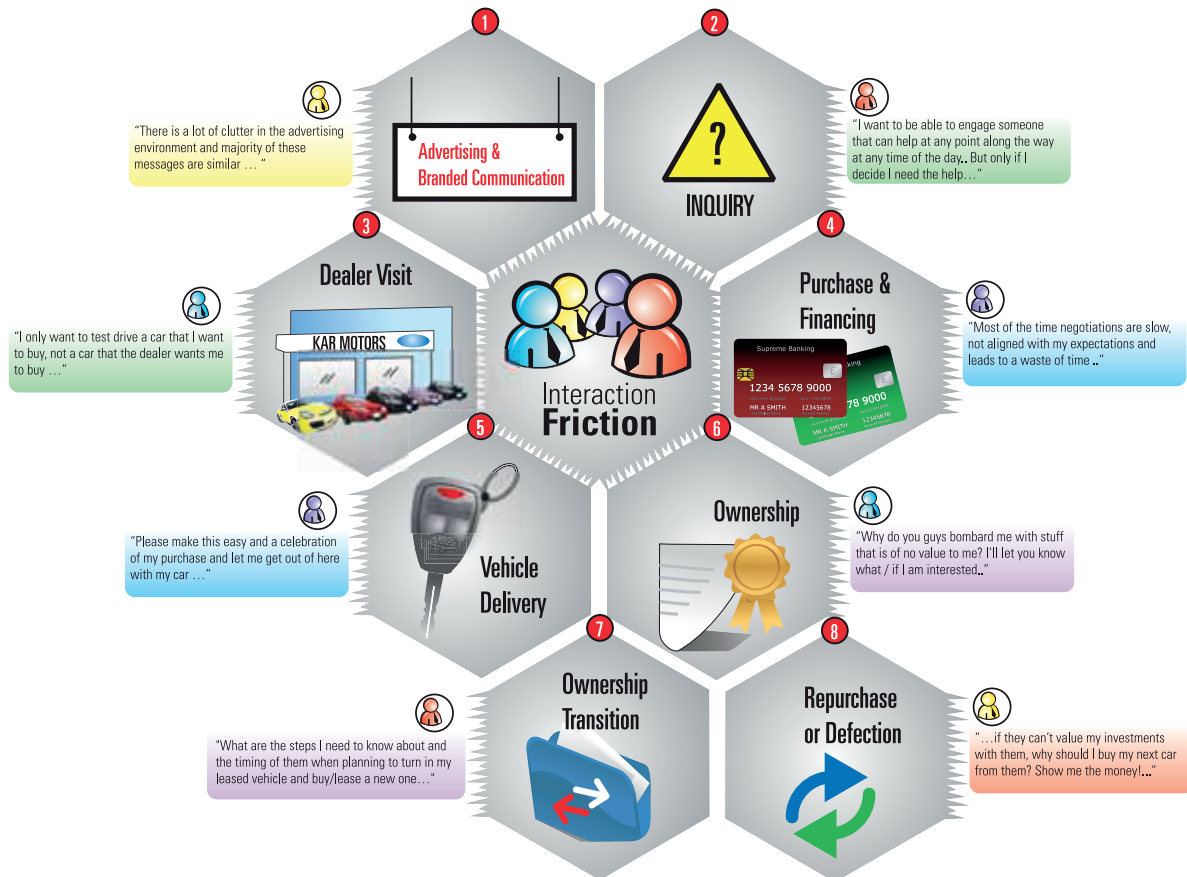


Figure 2: Interaction Friction

## Eliminating Interaction Friction: Orchestrating the Automotive Customer Experience

“Orchestration” is defined as the act of planning or arranging a complex undertaking to achieve a desired or maximum effect. It is also the method by which new business processes and composite applications are built from existing services.

Orchestration assumes that there is no “accidental interaction,” rather all interactions are planned and part of a larger master plan. Orchestration dives deep into the unique attributes of different prospect and owner types. It understands customer values, behaviours, goals, frustrations and sensitivity to interaction friction, and then designs a cross-channel, cross-application and crosslifecycle set of experiences. This helps maximize customer delight, lifecycle conversions and transactional opportunities amongst members of various customer segments.

Developing and deploying an orchestration strategy is about creating value by more effectively connecting people, processes, applications, data, infrastructure, business operations, and organizational policies. This facilitates easier progress for consumers along the automotive journey, not just at individual interaction points. In effect, the sum of orchestrated interactions is greater than all of the individual parts.

## Orchestrating the Automotive Customer Experience: What should OEMs and Captives Do?

Today, OEMs and their captive finance lenders are using proven tools, applications and processes to hand-hold and orchestrate efforts around supporting consumer and owner inquiries, resolving issues and handling goodwill requests. Captives spend a great deal of effort in supporting billing, account management and vehicle grounding tasks. These efforts touch only a small piece of the overall customer lifecycle. They are reactive in nature and often disconnected - leaving “hand-holding” gaps in various upstream and downstream interactions. These efforts fail to take into account the emerging Digital Consumer behaviours and preferences.

In order to prioritize and address interaction friction in a holistic way, OEMs should focus on:

1. [Engaging in a robust, structured and regular voice of customer program](#) to understand the breadth, depth and business impact of customer interaction friction.
2. [Collecting customer behavioural data and service usage behavior](#) to access economic value and interaction behaviors / preferences around various interaction points.
3. [Identifying and segmenting prospects and owners](#) by their interaction preferences, behaviours, response rates within and across channels/devices, etc. and sensitivity to interaction friction.
4. [Mapping the customer journey of each customer segment across channels, touch-points and lifecycle phases](#) producing the highest and lowest conversions and associated financial returns.
5. Understanding the root causes, implications and then identifying and prioritizing potential solutions for segments that feature the greatest interaction friction, the lowest degree of co-ordination and the lowest conversion rates.
6. [Developing a strategic “orchestration” plan for each segment](#) to steer customers through “successful” paths and channels.

## Value all along the Journey

In an industry where product differentiation is expensive and often temporary, the role of the automotive customer experience innovation has reached priority status. The confluence of economic turmoil, consumer behavior changes and rapid innovations in media and technology landscape has created even greater urgency for automotive enterprises to get their customer engagement strategies in order.

It is imperative that automotive enterprises take a proactive, design-oriented approach in ensuring that all customer interactions are purposeful, co-ordinated and customer-centric using principles of “digital experience design.” Infosys believes that proactive investment towards meaningful orchestration across the myriad of customer interactions and “moments of truth” will deliver unique value to consumers by removing the predominant source of interaction friction. Most importantly, this will further result in delivering enhanced economic value to demanding stakeholders.

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