VIEW POINT

BOOSTING ROI AND CUSTOMER SATISFACTION: THE AI ADVANTAGE IN AUTOMOTIVE SALES

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Synopsis:

The European automotive sector has long been a leader in industrial innovation. In 2019, the European Union was a powerhouse in the global automotive market, home to ten of the top twenty suppliers and four of the top ten Original Equipment Manufacturers (OEMs) by revenue. However, this dominant position is now being challenged by significant disruptions, including transformative shifts in powertrain technology, evolving consumer demands for specialized in-vehicle features, and the industry's pivot from hardware-to software-defined vehicles.

This evolving landscape raises a crucial question: Can artificial intelligence (AI) improve the state of automotive sales in Europe? This POV aims to explore and answer that very question.

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Selling an automobile is a difficult business. Alongside tough competition and demanding consumers automotive marketers are grappling with challenges, such as supply chain disruptions, shifting market trends, managing and integrating vast data from diverse sources, and measuring marketing metrics across channels and complex customer journeys.

The good news is that Artificial Intelligence (AI) can resolve some of these problems and also enables automotive sales and marketing professionals to unlock business value. AI today is able to offer a solid value proposition for some use cases across automotive marketing operations, which are briefly described below:

Making and refining demand forecasts

AI tools integrate and analyze huge quantities of structured and unstructured data from a variety of sources – past sales, seasonal trends, local preferences, consumer opinion, etc., – to predict demand for automotive products and parts, and refine projections based on shifting market conditions. The projections are not only accurate but also granular, enabling automakers to plan production by model, accessories and trims and thereby improve inventory management efficiencies. Downstream, these insights translate into optimized stocking in dealerships, online sales and ready availability of desired models to improve delivery timelines and customer satisfaction. Last but not least, marketers can use AI-powered forecasts to design their product campaigns.

Contextualizing customer interactions

By using AI to ingest data, such as online search patterns and social media behavior, automotive companies can improve customer understanding, including preferred messaging, and tailor their campaigns accordingly. They can use generative AI to create personalized advertising copy and layouts (in the customer's language) to boost click-through, engagement, and conversion rates. Further, they can use AI-generated insights to make continuous changes and improvements while the campaigns are still running.

AI-enabled marketing tools can support sales and service staff by "listening" to customer interactions on online channels and suggesting the right products or up-sell/cross-sell opportunities during the conversation.

Improving lead scoring and reducing churn

Armed with AI-enabled market insights, automotive salespeople can pursue the right leads, discover ways to cross-sell and up-sell, improve conversion rates, and increase customer lifetime value to grow their business. For example, dealerships can use anonymized consumer data about preferences, habits, vehicle ownership, etc. to suggest the right options to customers. Volkswagen is using AI-driven analytics and machine learning to build and analyze customer profiles and suggest appropriate models and configurations through various channels, including their website and digital kiosks inside showrooms.

AI's predictive insights also surface underlying customer behaviors – such as frustration or disengagement – alerting automotive sellers to respond with proactive measures to retain customers and mitigate churn.

Providing sales support

By predicting when someone is likely to buy a new vehicle and what they are looking for, AI-powered virtual assistants help sales staff close the sale in a shorter time. It is also reported that using AI in customer relationship management systems for monitoring calls, resolving common queries, highlighting opportunities and generating sales insights not only increases response speeds but could also improve lead conversion rates by as much as 25 percent. Last year, Mercedes-Benz and Google Cloud collaborated to introduce a gen AI-powered smart sales assistant and advanced search and recommendation capabilities on their online storefront.

Customer research is another area where AI supports sales. Instead of spending months in the field to discover trends and opportunities, sales teams can use generative AI to extract those insights from customer interactions at a fraction of the time and cost of traditional market research.

Case Study:

Luxury carmaker trusts Infosys for AI-powered sales transformation

A leading European automaker partnered with Infosys to develop an AI-driven virtual sales assistant chatbot.

Business Challenges

In the fiercely competitive automotive sector, sales have traditionally been the domain of company dealerships. These dealerships and their agents are crucial to a company's growth, serving as the primary point of contact for potential customers. They provide vital information on vehicle models, highlighting their value and benefits, and ultimately converting prospects into loyal, repeat customers.

However, the rapid pace of new model launches and relaunches has presented significant challenges for these traditional dealerships:

Knowledge Gap	Poor Customer Service	Increased Investment
		
Dealership agents often struggle to keep up with the latest offerings and features of newly launched vehicles. With an expanding array of models and diverse functionalities, potential customers require detailed, personalized guidance to make informed purchasing decisions.	When potential customers can't get complete information about vehicle models, it directly hinders their decision-making process. This negative pre-sale experience can unfortunately lead to a loss of both customers and business.	Each new vehicle launch demands significant agent training, which consumes valuable time and adds costs for dealerships. This increased expenditure, coupled with ongoing retention challenges, ultimately negatively impacts the dealerships' Return on Investment (ROI).

Our Solution

To address these challenges, Infosys developed an AI-powered Virtual Sales Assistant Chatbot. This innovative solution leverages Retrieval Augmented Generation (RAG), a framework that masterfully combines information retrieval with text generation. RAG enhances Large Language Models (LLMs) by seamlessly integrating them with external knowledge sources, like internal documentation. This means the chatbot can accurately retrieve and synthesize up-to-date, contextually relevant information, delivering precise responses without the need for costly and time-consuming retraining of the entire AI model. This targeted approach ensures that sales teams and customers always have access to relevant product details.

Setting the right price

AI is also revolutionizing automotive pricing by analyzing data, such as market trends and consumer sentiment, to suggest an appropriate price for a particular model at that time. This is a far cry from how automobiles were priced in the past – mostly based on market prices and the company's hunch about what customers might be willing to pay. But now, AI can not only come up with data-driven pricing suggestions but also dynamically adapt pricing strategies based on market variables. For example, if there's a sudden demand for a particular model, the algorithm recommends adjusting the price in a way so as to maximize revenue. By improving transparency, accuracy and speed of price determination, AI algorithms enable automakers to set the best price for their vehicles.

Providing insights to improve sales performance

AI analyzes sales performance data across channels to identify areas of improvement as well as corrective measures. Next, generative AI sharpens selling skills by creating personalized training content for each executive based on their individual strengths and limitations.

Intelligent analytical tools offer deep insights to help the sales force identify good leads, and improve revenues by cross-selling, up-selling, and driving repeat purchases among existing customers. By anticipating market trends and competitive moves, AI models enable sales teams to take timely action, such as modifying prices, launching loyalty programs, and initiating other sales and marketing efforts to grow the business.

Optimizing marketing operations

Correlation engines powered by AI extract key market insights from sales and after sales data that can inform future marketing activities. Performance metrics from ongoing campaigns, including click-through rates or channel profitability help automotive companies understand what's working and what needs to be fixed, complete with actionable insights – for example, which customers to target, best time to email, and so on.

Enabling after sales and remarketing

- **Predictive Maintenance** – AI monitors vehicle health and alerts owners before a potential issue blows up, thus enhancing end-customer experience and satisfaction
- **Automated Condition Assessments** – AI-driven imaging assesses vehicle damage for resale
- **Dynamic Pricing** – AI optimizes resale pricing based on real-time data, inventory situation and turnover

Scale responsibly to succeed

Automobile sellers are seeing the benefits of AI adoption. But the full value of AI emanates only when deployment is at scale. Unfortunately, many companies are stuck at the pilot stage, owing to a disjointed strategy, oversimplification of business problems, lack of scalable infrastructure and other limitations. That being said, data-readiness is usually the biggest challenge in AI implementations: since an AI model is only as good as the data it is fed, it is imperative for automotive companies to put a robust data foundation in place. Apart from providing clean, accurate, complete and unbiased training datasets, they should establish a Responsible AI framework to ensure artificial intelligence technologies are used according to regulatory, governance and ethical principles.

About the Author

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Siddhartha Das serves as Vice President within the Manufacturing & Automotive Industry vertical at Infosys. As a Market Leader, he has spearheaded change strategies and digital transformation initiatives for leading players in the German Manufacturing & Automotive sectors. An AI evangelist, his efforts have bolstered Infosys' reputation as a preferred Enterprise AI partner for German manufacturers working towards driving innovation and pioneering new engagement models. His extensive industry experience has empowered his teams to drive business transformations and leverage digital innovations that meet the ever evolving needs of enterprise customers. Through a consultative approach, Siddhartha's team has established trust-based relationships with client executives, ensuring that Infosys' solutions align with their business objectives.

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