Shifting Auto CX into high gear

Shifting Indian Consumer experience into high gear

The global auto industry is preparing itself for massive changes, fuelled by technology innovations and emerging business models that are likely to shift how consumers buy, own, use, and drive cars. From alternative powertrains and fully self-driving vehicles to new ownership models and alternative mobility solutions, the competitive landscape is evolving rapidly; incumbents and new entrants alike are seeking to gain an edge. Yet while autonomous vehicles and new mobility models are critical concerns, as per a recent Deloitte study[1] the more pressing matter for original equipment manufacturers (OEMs) and their dealer networks may be how to gain deeper insights into today's customers and provide them with the rewarding experiences they seek.

Today's car buyers in most markets appear to be spending less time researching their vehicle purchases, the study finds—a shift that points to the importance of getting customer experience (CX) right and providing buyers with the content, shopping tools, and insights they need to make decisions.

In Indian market, for example, consumers are spending considerable amount of time researching a vehicle purchase, and the manufacturer website is generally seen to be a very important influencer in their final decision.

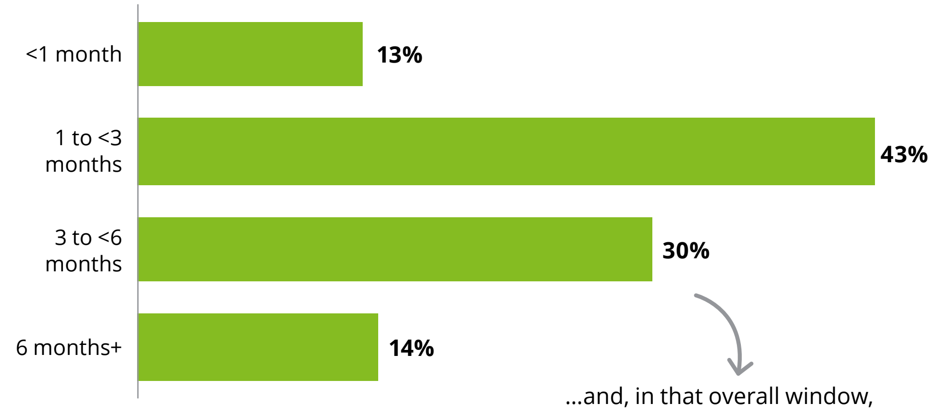
The 2018 Global Automotive Consumer study by Deloitte reveals other insights into Indian car buyers' expectations and preferences. For example, brand and dealer websites are among the most relied-upon information sources and have significant impact on the vehicle purchase decision, with only family and friends ranking higher as influencers. Yet despite websites' importance in the shopping journey, there remains a significant gap between what customers expect and what they experience.

Focusing on maximizing the experience consumers have on the vehicle manufacturers website represents a critical opportunity to differentiate the brand through a highly influential information channel that consumers rely on as they deliberate a vehicle purchase.

Consumers in India have been generally seen to shop around quite a bit relative to other global markets, so establishing an effective communication conduit is very important in terms of not only making the sale, but also setting the foundation for long-term loyalty and advocacy.

Fig.1 – Time taken by Indian consumers to purchase a vehicle

Over half of consumers spend **up to three months** researching a vehicle before buying...



...and, in that overall window, 43% of consumers spend up to 10 hours accessing information...

...and, there is relatively little age difference in the time taken to research a vehicle purchase

38% Gen Y/Z	**36%** Gen X	**33%** Pre/ Boomers

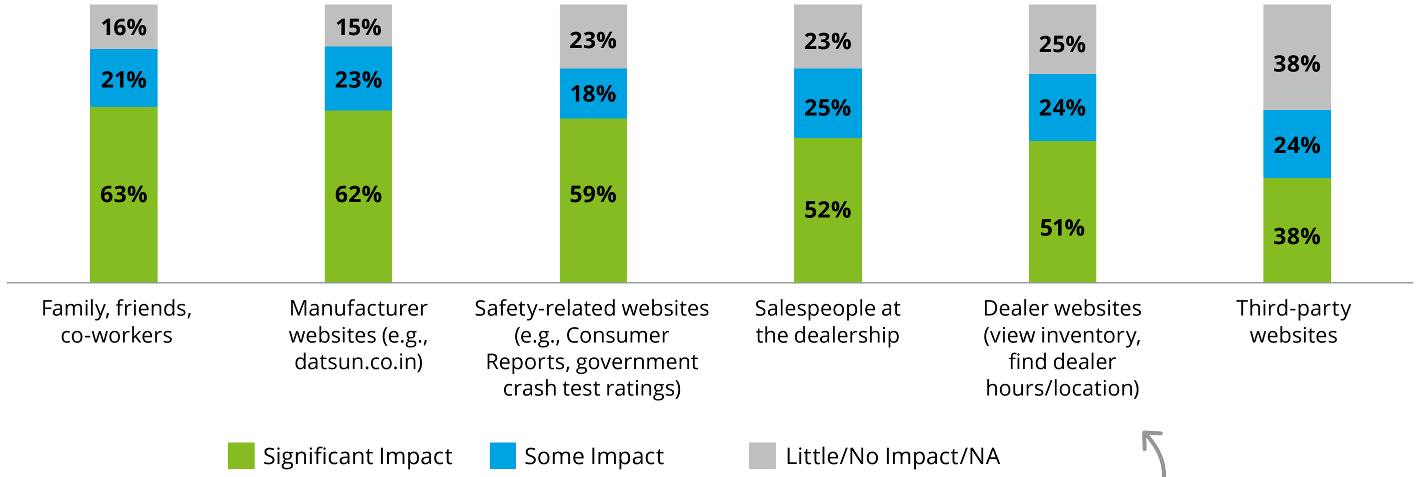
In fact, a greater number of younger consumers spend more than 15 hours researching a vehicle purchase

Source: 2018 Deloitte Global Automotive Consumer study.

[1]2018 Deloitte Global Automotive Consumer Study, Module 2 – Advanced technology update and Customer experience.

Shifting Auto CX into high gear

Friends and family are the most important influencers for a purchase decision...



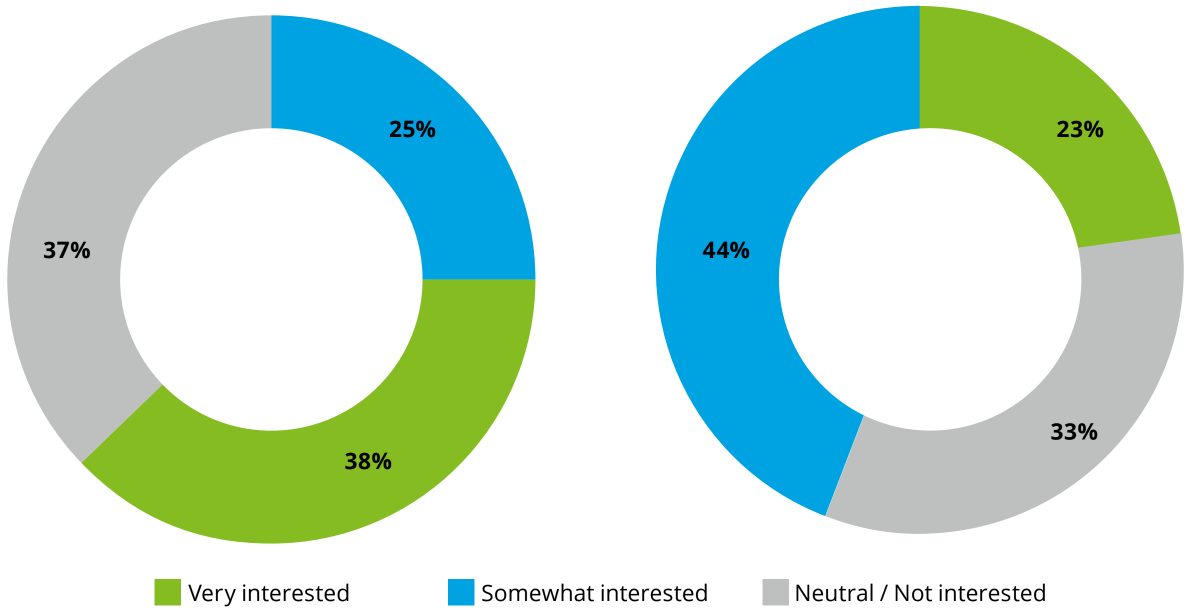
...but, OE websites are also considered as having a very significant impact on what vehicle people purchase

Source: 2018 Deloitte Global Automotive Consumer study.
Note: the term "significant impact" denotes a rating of 4 or 5 on a 5-pt scale.

Creating advantage with effective communication and digital touchpoints could be a critical differentiator as not many companies seem to be doing it very well right now. Majority of consumers that have experienced digital touchpoints along their automotive journey say they are **merely meeting expectations.** Focusing on maximizing the experience consumers have on the OE website represents a critical opportunity to differentiate the brand through a highly influential information channel that consumers rely on as they deliberate a vehicle purchase.

Fig. 2 – Percentage of Indian customers who favour fully digital transaction when buying a vehicle

A majority of people are either **somewhat or very interested when it comes to buying direct** from either an OEM or retail website...

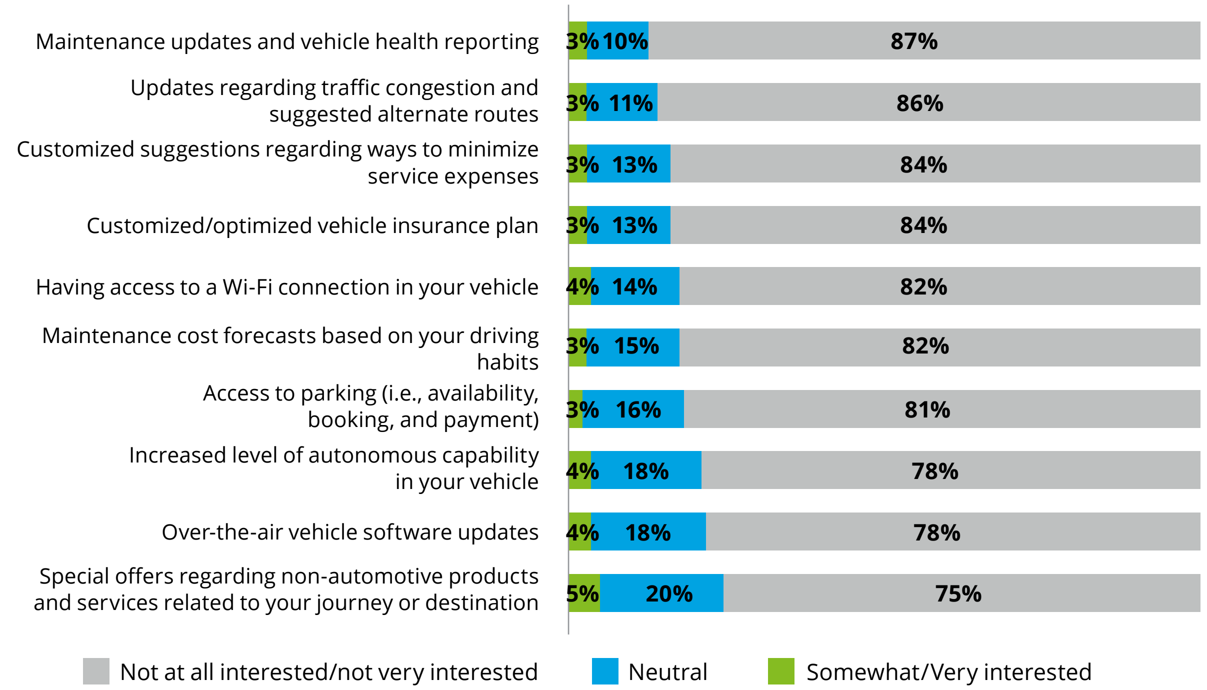


Source: 2018 Deloitte Global Automotive Consumer study.

Indian consumers also lead the way in the number of respondents interested in buying their next vehicle online, at 85 percent. These numbers reflect Indian consumers' higher level of comfort with digital technologies (the country is a leader in mobile penetration) and willingness to share personal data if doing so provides a benefit (87 percent of respondents in India compared with 83 percent in China and 71 percent in the U.S.)[2]. Indian Consumers are seen wanting increased connectivity to enable better vehicle management and new digital services, preferably built into the vehicle.

Fig.3 - Customers preference for vehicle management and new digital services

In fact, 8 out of 10 consumers would be **willing to provide the information being captured** by their vehicle to the OE and third-parties if they could realize on the following tangible benefits

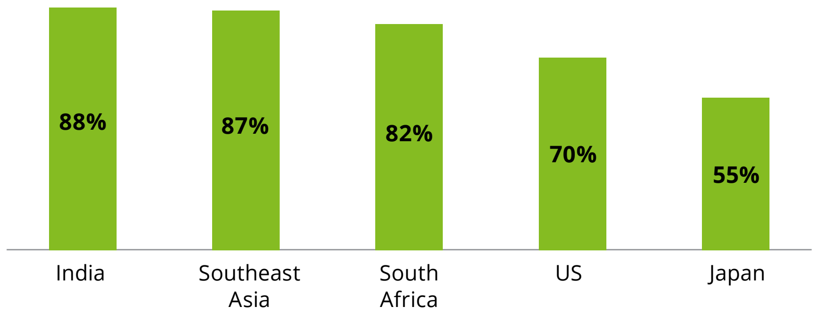


Source: 2018 Deloitte Global Automotive Consumer study.

Fig.4 – Percentage of Customers who prefer built-in-technologies over smartphone / apps

Over 80% of consumers are interested in having services embedded in the vehicle

Percentage of consumers that prefer built-in technologies over smartphone/apps, or a want a combination of both options



84%
Percentage of Consumers who are somewhat/very interested in maintenance, traffic updates, lower service expenses, and customized insurance plans

Note: Russia was not included in the Deloitte Global Automotive Consumer Study.
Source: Deloitte Global Automotive Consumer Study.

[2]Source: 2018 Deloitte Global Automotive Consumer study.

Overall, online and offline experiences clearly could be improved and coordinated more closely across the purchase journey. Many of the customer channels supporting today's automotive consumer are seen to be still siloed, and experiences are generally fragmented. Often, data generated throughout the customer journey is not aggregated from OEM to dealer, from online to offline, and between sales, service, and captive finance organizations.

Some of the more modern thinking and customer-savvy OEMs still manage customer data around the Vehicle Identification Number (VIN) and do not take a broader view of the customer as a driver, user, and payer. Ultimately, a disconnected view of the customer is likely to hamper automakers' ability to drive repurchase loyalty and service retention—and could impede delivery of more direct-to-customer, context-based digital services in the future.

To provide a more rewarding CX today and lay the foundation for new direct-to-customer service models in the coming years, OEMs and their networks could consider focusing on:

Managing the experience

From research and purchase to delivery and use, all steps in the customer journey can be better orchestrated into a consistent experience that builds a lifetime view of the customer. Data collected across channels can drive insights to continually improve customer interactions, brand engagement, and customer satisfaction. Developing a data strategy that enables a single view of a customer and a unique customer ID is an important foundation. OEMs and dealers can think beyond the sales transaction, and beyond the VIN, to consider all behaviors by all potential users in the buying and usage journey. This could improve marketing effectiveness and efficiency by making communications more relevant and enabling customers to control their preferences and "mobility life"—critical capabilities as the industry moves into the provision, selling, and delivery of digital services.

Evaluating organizational structure.

OEM organizational structures and dealer operating methods play a significant role in creating a fragmented and inconsistent approach to the customer. Multiple, uncoordinated initiatives and duplicative projects, agencies, databases, and tech investments are commonplace. OEMs can consider creating a cross-capability customer organization that identifies and fills talent gaps, instills governance, and tracks engagement, progress, and value created over time.

Improving and aligning digital platforms.

Lacking a single view of the customer across brands, services, captive finance organizations, and dealers can lead to inefficient customer contact and inconsistent messaging. The need for an integrated experience platform becomes even more critical if OEMs move away from the product-centric, single-transaction focus of today's industry toward managing lifetime value and delivering customer value via services. Digital platforms could include, for example, direct e-commerce capabilities not just for car buying but also to support integrated payments for connected services or on-the-go payments for parking, for example. Smart orchestration of partnerships to create more engaging customer experiences—for example, incorporating entertainment, education, information, or retail products and services— is likely to be one of the key differentiators going forward.

The road ahead

The future is likely to hold significant changes for the auto industry, with a potential shift from selling cars to providing mobility services. For OEMs and their dealer networks, however, there may be a more critical near-term concern: building customer relationships and meeting customer expectations. Transforming for the future likely requires incumbents not just to digitize and automate parts of the traditional automotive business and value chain, but also to get closer to the customer through data, insights, and continual improvement of CX across channels.

Automakers willing to invest in creating an integrated, digital, and smarter approach to the customer journey will likely be well positioned to create a competitive advantage and reap the benefits—today and down the road.

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