

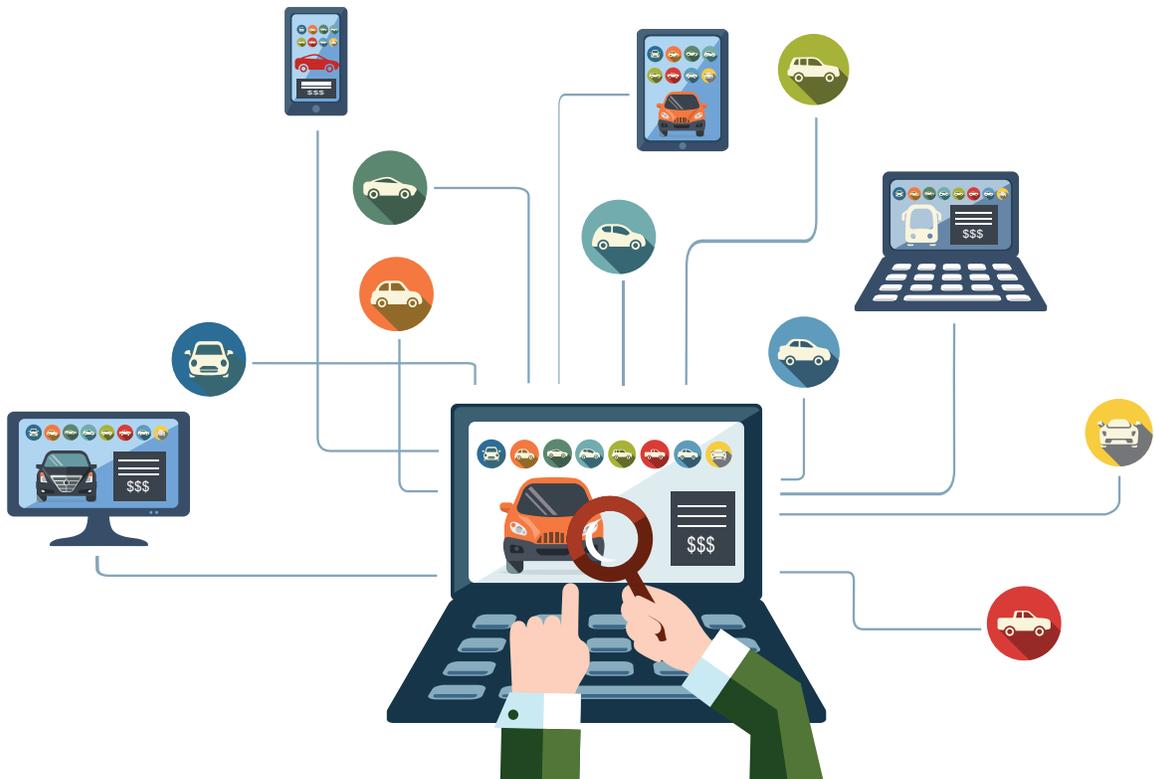
## Placing Customer Centricity in the Driver's Seat of the Automotive Industry

A look at how customer experience has become a driving force for the success of automotive dealers and manufacturers

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## Protecting Customers' Interests

The bank uses customer data and predictive analytics to be more relevant to customers and prospects, leading to improved satisfaction, revenue, and loyalty.

Today's customers are interacting with companies in various ways. However, they expect the same great service at every single touchpoint with an organization. Delivering this seamless experience is a necessity for a great customer experience.

For Hyundai, this means making sure that dealers, which are many times the first point of contact, are effectively communicating with customers. In doing so, they should be supported by the company's website, the smartphone app, and the contact center, notes Barry Ratzlaff, the company's Executive Director of Customer Connect Service and Business Development for Hyundai Motor America. This requires close collaboration between different teams, including HMA marketing, Customer Connect, the Blue Link team, and Hyundai dealers. Ratzlaff makes sure of this by having two people from the customer connect team responsible for all content, including FAQs on the owner website, information in the Owner Car Care App, and details given by the contact center. They also work with other groups to develop "how to" videos.

Close collaboration across the organization helps simplify and enhance customer relationships, an essential element in delivering a great experience that is at the core of what Ratzlaff does. Information is shared through meeting forums with the marketing and quality departments while Seibel CRM allows Hyundai to route specific customer needs to case agents or dealers. For example, conversations with customers revealed that some admitted confusion pertaining to the maintenance schedules of their vehicles. This insight led to the launch earlier this year of the Hyundai Assurance Connected Care powered by Hyundai's Blue Link Telematics Platform, which proactively sends customers alerts to let them know their vehicles are due for service. "They don't need to worry about it," Ratzlaff notes. Customers can also contact Hyundai directly from their vehicles, even automatically alerting the call center when the airbags deploy if the car has been in an accident through Hyundai's Blue Link system that is connected to the contact center, sending key information like the vehicle's location. Separately, drivers can get emergency assistance at any time by pressing the SOS button on the inside mirror, for example when needing roadside assistance or if they need help seeking an emergency authority or if they're lost. The project, which started rolling out in 2011, was Ratzlaff's brain child and a point of pride for the executive as part of his goal to simplify interactions with customers and make them transparent.

Since Ratzlaff joined Hyundai in 2006, he has contributed regularly to enhancing the auto manufacturer's customer experience, solidifying its reputation to be a customer-centric organization, leveraging its focus on customer experience and product quality as a differentiator. As the person who oversees multiple customer-facing units within Hyundai, Ratzlaff's job revolves around interacting with customers and learning from what they're saying. One innovative way is through the Hyundai Think Tank, an invitation-based forum where customers can share feedback. The automaker has just launched Hyundai Reviews, an online tool that allows customers to rate interactions with individual dealers, which are then shared on the review site SureCritic and which dealers can also share on their own websites. This resonates with Hyundai's promise to be transparent with customers and to protect their best interests.

Earning customer trust is not an easy task, but it starts with a simple process. "Be transparent," Ratzlaff stresses. In order to deliver on this promise, Ratzlaff makes sure his team treats customers as partners, having human conversations that steer clear of fancy or complicated language.

In order to deliver on Hyundai's brand promise, Ratzlaff works closely with the Customer Connect, the Blue Link team, service satisfaction, marketing, quality planning, and the 823 Hyundai dealers to deliver



**"Delivering this seamless experience is a necessity for a great customer experience."**

*– Barry Ratzlaff, Executive Director of Customer Connect Service and Business Development for Hyundai Motor America*



a positive customer experience. “We are a lean organization and this leads to collaboration,” he says. Different teams are currently working hand-in-hand to enhance the company’s new website, set for launch at the beginning of 2014.

Part of Ratzlaff’s success results from conversing directly with all customer-facing staff members across North America. In fact, he delivers inspirational training and coaching to these employees and travels across the country helping them understand the Hyundai way, culture, values, and customer experience goals. He also makes sure that dealers are well trained to help customers with any issues that arise. Following a recent recall, the company embarked on an additional round of training to make sure dealers were well equipped to manage customers’ inquiries about the recall. These efforts lead to improved customer satisfaction scores despite the recall.



**“We are a lean organization and this leads to collaboration.”**

*– Barry Ratzlaff, Executive Director of Customer Connect Service and Business Development for Hyundai Motor America*



## Revving Up Relationships in the Automotive Market

Dealers and manufacturers understand that, to generate sales and revenue, today's automotive marketers must establish an integrated, omnichannel approach that fosters strong, loyal customer relationships.

Since the economic recession, automotive sales have drastically declined. Even as other areas of the retail sector begin to gain momentum, auto dealers continue to struggle. According to Reuters' recent study, economists report that Americans cut back on automobile purchases once again this year, with sales falling 2.2 percent in just the last month—the biggest drop since October 2012. Dealers and manufacturers have also come to realize that the average consumer spends more time researching and exploring the market, with 48 percent spending one to three months shopping around before making a decision, according to Lab42. But, while these purchase habits demonstrate the dramatic shift in how consumers interact with the auto industry, these trends also serve as a precursor for the wave of change sweeping over automotive marketers in the space today.

Marketing and sales professionals recognize that, to appeal to consumers, they must adjust their tactics to address multiple channels, engaging the educated shopper where and when they are most open to relevant messaging. Because consumers have grown accustomed to engaging across channels, automotive marketers understand that they must develop their brand's omnichannel presence in order to capture the attention of potential buyers, as shoppers are fewer and farther between. According to Polk, Americans are buying fewer new cars within their lifetime, with the average consumer buying four fewer new cars by the time they're 76 years old, meaning marketers have limited opportunities to spark relationships and cultivate loyalty in the industry.

In many instances, automotive marketers have begun to tap into online behavioral data so they may better target in-market buyers with relevant communications to encourage them to visit the physical dealership. Dan Smith, vice president, product at Outsell, emphasizes that the new reality of shopper behaviors indicates that the purchase process begins long before the consumer steps foot on the dealer lot. With vast amounts of information available on the Web, marketers understand that they must now use digital media to drive interest in the first place. By doing so, auto dealers and manufacturers can easily surmise the consumer's interests and psychographic data, for they can track clicks and searches down to the brand and model.

"When the downturn hit, the first thing dealers did was pull back on their print advertising," says Craig Fitzgerald, editorial director at IMN. "What they learned was that there were no metrics they could rely upon from that advertising. The economic downturn has forced dealers and manufacturers to pay close attention to each marketing initiative. Measuring the ROI received from each of their marketing programs has become extremely critical. They need to know how their marketing campaigns affect the bottom line."

Instead, marketers are working to hone their omnichannel tactics, bringing in the element of personalization to strengthen loyalty in this competitive landscape. Smith notes that many marketing teams are moving beyond the one-to-many broadcast of generalized TV commercials, to targeted email and social media messaging that serves consumers on a one-to-one level. In doing so, marketers emphasize the importance of relationships over the selling of products, for this level of personalization starts conversations and encourages brand advocacy that inevitably serves as its own form of word-of-mouth marketing down the line.

### Castle Automotive Group Grows Its Facebook Following

Though consumers are no longer limited to one or two channels, many can be found poking around social networks, such as Facebook and Twitter, rather regularly. For Castle Automotive Group, the family-owned



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– Craig Fitzgerald, Editorial Director at IMN



dealerships in Chicago, Facebook became an ideal way to contact current customers and target prospects. Using Facebook for Business, Castle Automotive Group worked to grow its following for both its Chevrolet and Buick GMC dealerships. Facebook enabled the dealer to reach out to potential customers by cultivating relationships via targeted advertisements dedicated to generating brand awareness and acquiring fans. The Customer Audiences tool also allowed Castle Automotive Group to securely match its email list with Facebook users to offer content specifically designed to pique their interests and incentivize them to purchase new vehicles or come in for service.

By focusing on its Facebook presence, Castle Automotive Group successfully matched 8,000 Facebook users to its 14,000-customer email list, resulting in a 57 percent match rate. Castle Chevrolet also grew its following to 21,000 fans in 2012, with current fan totals amounting to nearly 35,000 followers. Castle Automotive Group also noted increased customer engagement and a 24x return on advertising after running a “Buy One, Get One” oil change offer, for Facebook advertising costs 75 percent less than direct mail marketing. The dealer successfully employed the popular network to cut costs and increase engagement, achieving its goals to boost brand awareness simply by understanding where and when its customer base truly wants to be contacted.

### **Honda “Starts Something Special” via Social Media**

Because automotive brands are eager to cultivate a new level of customer loyalty, many now embrace social media to engage consumers and spark dialogue. For Honda, the company’s “Start Something Special” campaign was designed to incite conversation and encourage customers to share personal stories that demonstrate their love for the brand. The concept builds off the idea that owning a Honda is not just about the car—it’s about the relationship. The theme, which reaches across all brand and retail advertising, including print, broadcast, and digital media, aims to tap into the minds of Honda’s vocal customers, allowing them to celebrate special memories and moments involving their Honda vehicles using the #StartSomething hashtag across Honda’s social networks. All stories shared will then be collected at hondastories.com. The goal is to highlight the meaning behind these loyal relationships in order to strengthen advocacy and trigger interest in prospective customers.

This campaign spawned Honda’s latest national brand TV spot, which highlights photos and videos of families and fans expressing their appreciation for the brand. These commercials also feature a voiceover that perpetuates the overall message: “Thank you all for making your Honda more than a car. Thanks for making them something special.” Honda also tapped into the viral video market by kicking off the campaign with the story of Mairead and Kevin, a soon-to-be-married couple with a long history of loyalty to the Honda name. By surprising the couple on their wedding day with free car rentals, the band from their first date, and family members flown in from Ireland, both Honda and the couple’s local dealership worked to emphasize that, to Honda, brand advocates and loyal supporters are much more than customers—they’re family.

## Four Innovations Driving the Automotive Customer Experience

The automotive industry has always depended on innovation to develop today's super advanced vehicles. These four innovations are revolutionizing the automotive customers' experience.

"If I had asked people what they wanted, they would have said faster horses." This much-repeated quote, attributed to Henry Ford, epitomizes the meaning of innovation, which is defined as the introduction of new ideas, devices, or methods.

Instead of faster horses, the world got automobiles, and today it's almost impossible to imagine life without this game-changing invention. And while today's cars have come a long way from the first horseless carriage that Ford built in the late 19th century or the early vehicles that came before it, the automotive industry is still banking on innovation in order to gain a competitive advantage.

More than ever, today's vehicle industry is looking beyond the creation of faster and more efficient cars. While these characteristics remain important, automotive companies are trying to find ways to improve the customer experience, making sure that their clients remain loyal to their brands, coming back when it's time to change their cars with newer models.

As Sandra Smith, senior vice president for TeleTech's automotive vertical, notes, the need for customer centricity in the automotive industry has never been greater. Not only are today's customers more informed and are using this knowledge to power their decisions, but they're no longer comparing a company just with competitors in the same industry. Instead, customers expect the best-ever experience from each and every brand with which they do business. Research carried out by TeleTech in 2013 found that more than half of customers consider a good customer experience as highly important in their decision-making. Further, 68 percent note that they would consider doing business with an automotive company based on positive word-of-mouth.

As Jamey Power IV, former senior vice president and strategic advisor at J.D. Power and Associates, notes in this interview, "Powering the Automotive Customer Experience," customer expectations are on the rise, due, in part, to exposure to higher quality of service. "What was acceptable in the past is no longer acceptable today, and furthermore won't be acceptable in the future if the providers don't continuously adapt to those rising expectations," he says.

Some of the most advanced automotive organizations—both manufacturers and dealers—are well aware of the need to differentiate by improving customer experience and aligning their delivery with customer expectations. Experts list the following four innovations as the main ones that are disrupting automotive customers' experience:

### 1. Connectivity revolutionizes vehicles

Today, almost everything can be connected to the Web, allowing customers to be themselves connected through these devices. As Forbes writer Joann Muller notes in this article, "Connected Cars: 10 Tough Problems Automakers Must Solve," there is little doubt that the cars of the future will also be connected to the Internet. "Web-linked cars are the next digital frontier and key to the auto industry's efforts to attract younger, tech-savvy car buyers." But Muller notes that connected vehicles aren't only about providing email access or the ability for drivers to use social media through their vehicles. "Connected cars will be able to help drivers navigate the best route home at rush hour, automatically schedule maintenance appointments, and even order and pay for takeout food."

In a recent study, "Emerging Technologies: Big Data in the Connected Car," IHS Automotive forecasts that by 2020 there will be about 152 million actively connected cars on the roads around the globe, leading



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*– Jamey Power IV, former senior vice president and strategic advisor at J.D. Power and Associates*



to \$14.5 billion of value from Big Data assets like diagnostics, location, user experience and feature tracking, and adaptive driver assistance systems. “Significantly, the technology growth will drive sales, value added services and customer experience in the sector for years to come,” IHS Automotive notes.

The report estimates that in 2013 there were more than 26 million connected cars on the roads. General Motors and AT&T recently announced an agreement that will see 4G LTE-connected cars on the market in late 2014.

The benefits of connected vehicles are substantial. Not only does this technology provide information to the driver, for example allowing him to take an alternate route to avoid traffic, but as Smith notes, it can even proactively alert both the owner or the vehicle manufacturer or dealer about an issue with the car. For example, if the vehicle requires an oil change, the owner can be alerted and invited to make an appointment, instead of the dealer sending a reminder by mail. This will have a major impact on customer experience, allowing vehicle owners to remain on top of their car’s needs and helping to keep their cars in top shape for longer.

However, in order to make the most of this technology, manufacturers and dealers will have to proactively reach out to customers and alert them about actions they can take to maintain their cars, and then deliver on the experience. One example is making it easy for owners to make an appointment to take their cars in for a service, and connecting the different touchpoints to create a true omnichannel experience.

## 2. Telematics puts more power in customers’ hands

Having a GPS system embedded in the vehicle is not only not a new technology, but one that is actually expected. Today’s vehicles have gone beyond just having a stereo and GPS embedded in their dashboard, and instead are providing a wholly connected experience, with backseat television and devices that allow drivers to connect with someone who can help them and answer questions.

But vehicle connectivity goes beyond entertainment. Today automakers are embedding safety features that can even send the necessary alerts when a vehicle is involved in an accident. As 2013 Customer Champion Barry Ratzlaff, Hyundai’s executive director of customer support, notes in this article, “Protecting Customers’ Interests,” the Blue Link system in Hyundai vehicles is able to contact the call center if the car’s air bags deploy indicating that the vehicle was involved in a traffic accident. The system is even able to send key information like the vehicle’s location in case the driver is unable to provide that data. Drivers can also get emergency assistance by pressing the SOS button on their mirror. Further, the Blue Link Telematics platform led to the creation of Hyundai Assurance Connected Care, a system which proactively sends customers alerts to let them know they’re due to take their vehicles in for a service.

The constant advances in technology are also allowing drivers to tap into the functions of their smartphones while driving. In March 2014 Apple announced that a number of automakers are rolling out its CarPlay, a system that connects a driver’s iPhone to the vehicle’s built-in display, allowing him to make calls, send text messages, get directions, and listen to music without having to look at his phone’s screen. As Greg Joswiak, Apple’s vice president of iPhone and iOS product marketing, notes in a press release, “iPhone users always want their content at their fingertips and CarPlay lets drivers use their iPhones in the car with minimized distraction.”

The technology based functions in today’s vehicles tend to need to be updated before an owner is on the market for a new car. Dan Smith, Outsell’s vice president of product, notes that on average people are taking longer to change their vehicles, which is also due to dramatic improvements in vehicles that require less servicing. This makes it essential to keep the technology up to date. As Paul Mascarenas, Ford’s chief technical officer, notes in this interview, the automaker launched Ford SYNC in partnership with Microsoft in 2007, allowing for the car’s technology to be updated regularly. For example, the automaker mailed USB flash drives to owners of SYNC-equipped cars allowing them to install the software updates themselves rather than going to a dealer, providing a more convenient customer experience.

As Power notes in the above-mentioned interview, automakers need to make sure that the technological



“Significantly, the technology growth will drive sales, value added services and customer experience in the sector for years to come.”

–IHS Automotive



interfaces in their vehicles aren't too complicated for consumers. "We've seen time and again that some automakers release sophisticated technology that isn't ready for prime time," he notes. "When it's not ready, car companies frequently pay the price. Car makers can underestimate the need to have the features, the product, and the system ready for the customer, and not assume that a salesperson at the dealership can educate the customer on how to make it work."

### 3. Data improves dealers' efficiency

Information is essential to help dealers provide an optimal experience to their customers and be top-of-mind when the same clients are back in the market for another vehicle. First, this data needs to be used to proactively reach out to customers and let them know when their vehicles require a service, which, as mentioned earlier, can be done automatically using the vehicle's connectivity functions. This proactive outreach is essential to make sure that owners maintain their vehicles in tiptop condition and also maintain an ongoing relationship between the dealer and the customer.

Outsell's Smith explains that dealers have a lot of information about their customers, including purchase history and also their service needs and habits. "Dealers can harvest this data and send very targeted messages based on both lifecycle and customer behavior," he notes. Without these regular interactions it would be very difficult to retain a warm relationship since there are years-long lags between purchases. While today's purchasing journey is very fragmented and customers tend to do a lot of research before their first contact with a sales person, Smith notes that dealers can use predictive analytics to identify the moment an individual customer might be on the market for a new vehicle, and reach out with the most suitable offer. Messages need to be relevant to both the client's finances and his life stage, for example does he have young children and need a family car or is he recently retired and might be on the market for a sports car.

Jenna Lotter, business development manager at Patsy Lou Automotive Group, notes that most buyers enter the sales funnel when they're still a few months or even a year away from making a purchase. She notes that it's imperative to be able to provide them with all the information they need to answer their questions. Further, Lotter notes the importance of using data to follow up with individual clients, providing them with relevant information and keeping top-of-mind. For example, the dealership monitors shoppers who visit its website and uses banner ads to invite them back to the site.

### 4. Social and customized websites change the buying journey

With information at their fingertips, today's customers are able to do ample research before they need to speak to a sales person. The availability of information makes it much easier for prospects to compare different companies and narrow down their choice. In fact, automakers and dealers are leveraging the Web to make it easier for customers to get information about vehicles they're interested in, and even purchase online. Patsy Lou Automotive Group launched the Shop, Click, Drive function for its Chevrolet, Buick, and GMC brands, allowing customers to buy a car online without even visiting a dealership. "We want to embrace the fact that our lives are extremely hightech," Lotter says. She notes that more than 100 customers have made an online vehicle purchase since the pilot was launched in 2012.

The advent of social media has brought another shift to the decision-making process, allowing customers to communicate with each other and share their experiences. Customers no longer need to know someone who has already done business with a particular company in order to get information about that brand, but can simply go online and read reviews or even ask another customer about their experience, both before and after money exchanges hands.

Apart from using social media to communicate with customers, automakers can leverage these channels to better understand what customers need. As Mascarenas notes, Ford is leveraging social channels to gather and evaluate potential new feature ideas and technologies for the company's cars.

Because they have access to so much information and are able to make a more informed decision,



**"We want to embrace the fact that our lives are extremely high tech."**

*-Jenna Lotter, Business Development Manager, Patsy Lou Automotive Group*



prospective buyers are willing to drive further to get the vehicle they want, notes Outsell's Smith. "While some years ago most were only willing to go up to 20 miles away from their homes, now they're going up to 100 miles to get the vehicle they want," he explains.

Additionally, advances in web technology is allowing customers to customize their own vehicles online and know what they will look like, giving them time to play with the different choices before going to the dealership. Ford has this online customization function for its Mustang cars and Porsche also allows customers to build their own vehicle.

Even when it comes to asking for support, customers are using different touchpoints. Lotter notes that more customers are leaning towards live chat and texts, preferring these modes of communication even over email. "We see customers want instant gratification, which is offered by live chat and texts," she notes.

Finally, in order to improve the customer experience, automakers and dealers need to work together to help inform customers on ways to make the most of their vehicles. As TeleTech's Smith notes, vehicles are becoming more complex, and it's imperative for automakers and dealers to make sure customers know how to operate complex vehicles and make the most out of their functions. "Give them the tools, like online videos, helpdesk access, or share materials over social media, to understand how to get the best use out of their cars," she says.



**"Give them the tools, like online videos, help desk access, or share materials over social media, to understand how to get the best use out of their cars."**

*-Sandra Smith, Senior Vice President for TeleTech's automotive vertical*

## Automotive's Continuous Delivery Revolution

By getting commitment from everyone in their organizations to adhere to customer experience principles throughout the product pipeline, automotive companies aim to accelerate time-to-market while meeting the collective needs of customers.

With today's fast-paced lifestyle in mind, the automotive industry's need for speed now encompasses both process and product, as constant technological advancement drives consumer demand. But, to consistently meet and exceed customer expectations, automakers must embrace continuous delivery to maintain the level of service and selection necessary to sustain loyalty and retain clients.

Mark Warren, marketing director, Europe for Perforce Software, defines continuous delivery as the process by which manufacturers are able to automate and improve the development process throughout the product lifecycle to achieve production as quickly and reliably as possible. Companies now aim to accelerate the time-to-market process by working to remain competitive in today's economically unstable environment. Software allows makers to automate and carry out processes without the risk of manual error, enabling brands to test and integrate the latest technologies with speed and insight.

Yet, while each brand seeks to quickly and frequently bring service improvements to market, implementation can often be tricky to roll out across the enterprise. Thus, to successfully enable continuous delivery, automotive companies have begun to align their entire organizations around one single focus: the customer experience.

Dan Smith, vice president, product at Outsell notes that, 10 years ago, the average automotive shopper still explored four or more dealerships, collecting information directly from salespeople to influence their decisions. However, as product data began to move online, so did customers, for they discovered they no longer needed to visit the brand's physical location to explore their purchase options. From online research and consumer reviews, to pricing information and video demonstrations, shoppers can access everything they need to know about every vehicle on the lot, with most knowing precisely what they want before they ever arrive at the dealership.

With so many tools at the consumers' fingertips, automakers can no longer depend upon brand loyalty to outshine the latest features and technologies another brand may have to offer. Thus, automotive companies must understand what their customers are looking for and deliver these options in order to retain loyalty and business. Because today's shoppers are increasingly tech-savvy and impatient, automakers are also tasked with the added burden of integrating these features with speed and agility.

Customer experience must also extend beyond the initial "wow" and keep interest alive throughout the entire buyer journey. Just as product data exists ad infinitum, so does customer feedback and behavioral insights. Continuous delivery may primarily focus upon the manufacturing process, but tapping into said consumer data post-purchase allows automotive dealers to perpetuate the relationship by proactively alerting customers to the need for an oil change, or targeting them with relevant content about financing and upgrade options as their current vehicle begins to age. By doing so, automotive companies work to sustain the trust and loyalty necessary to continue the customer relationship and retain business in today's lagging economy.

Overall, continuous delivery introduces three major improvements to the automotive industry that, in turn, allow automakers and car dealers to bring value to the consumer while gaining the competitive advantage:

- 1. Time-to-market:** By automating various processes throughout the production cycle, companies can quickly test and integrate in-demand technologies, thereby introducing such features to the general public faster than manual processes would allow.
- 2. Risk reduction:** Automation also reduces the risk for manual error, as the appropriate software



system enables manufacturers to carry out tasks and maintain compliance standards without jeopardizing the integrity of the operation itself.

**3. Employee engagement:** Because the entire enterprise must buy into continuous delivery, every department must comprehend the overall business objectives and their particular responsibility to the customer, ultimately breaking down silos to sustain communication.

By introducing technological innovations with speed and diligence, automotive companies can then quickly gather customer feedback so they may apply this insight to the design process in an effort to deliver increased value in the shortest time span possible. Customer centricity remains at the heart of continuous delivery, and by generating this two-way dialogue, automakers can ensure that they integrate the features consumers want most, allowing the business to become the primary focus, not the technology driving these industry-wide changes.

### Audi Drives Continuous Delivery via Digital Engagement

Known as one of the leading luxury automotive brands in the world, Audi stands at the forefront of innovation by incorporating continuous delivery and digital technologies into its revolutionary, competitive customer strategy. Because Audi recognizes that the company's digital experience offers an opportunity to differentiate the brand, the automaker introduced an interactive, virtual showroom that allows consumers to engage and influence the manufacturing process. Audi City, as it's called, enables consumers to work with a high-resolution digital interface on very large screens in the showroom. Through this digital initiative, Audi empowers its customers to build the car of their dreams on a larger than life scale directly within the dealership itself.

Jeff Titus, general manager of digital technology solutions and strategies at Audi USA, understands that, as technology becomes an integral element within the daily lives of consumers across the globe, the automotive industry must also adapt, putting these revolutionary advances directly in the consumers' hands in order to satisfy, acquire, and retain clients at all stages of the buying cycle. By implementing the technology necessary to meet the demand and deliver superior service, Audi also reaps the benefits of customer insight, as each interaction allows executive to process feedback and determine which features receive the greatest response.

"It comes down to shaping the requirements that you have for your business that can be actionable," Titus said at the Adobe Summit in March. "Continuous delivery is a matter of putting something into place that everyone can get involved in. It's a revolution and we're at the forefront of that revolution. At Audi, we practice it on a daily basis. If your system's set up so you have a series of automated frameworks, and you're ready for those changes—if you have that capability, you can make that reactive change."

From Google Maps navigation to plug-in hybrids, Audi now offers an array of advanced features that entice prospects and satisfy advocates. Millennials, for instance, are of particular interest as automotive companies throughout the industry look for fresh, innovative ways to win over the demographic famous for its waning interest in car ownership. Understanding this generation's tech-savvy, environmentally conscious mindset enables automakers to adopt features and strategies necessary to attract the future car buyers of tomorrow. By tapping into where the public's interests lie, automakers can begin to revive the industry and rebuild the stability once handicapped by the economic recession.



"It comes down to shaping the requirements that you have for your business that can be actionable."

—Jeff Titus, General Manager,  
Digital Technology Solutions,  
Audi USA



# The Top Forces Shaping the Automotive Customer Experience

J.D. Power III, who pioneered customer satisfaction measurement in the automotive industry, looks ahead with his son J.D. Power IV about how they see the industry's relationship with customers evolving. —Adapted from *Customer Strategist Journal*

Customer experience in the automotive industry has certainly evolved since J.D. “Dave” Power III founded J.D. Power and Associates with his wife at his kitchen table in 1968 and built it into a household brand. When Power and the company first began evaluating customer satisfaction within the automotive experience, the top issues many customers cited at that time centered around vehicle performance. Customers then turned their attention to more nuanced, experiential attributes. Today’s customers are most satisfied with vehicles that are safe, reliable, and provide a superior experience for drivers and passengers.

Power has had an extraordinary impact in helping the automotive industry recognize the importance of listening to the voice of the customer, which is captured in a new book entitled *Power: How J.D. Power III Became the Auto Industry’s Adviser, Confessor, and Eyewitness to History*. Power’s 50 years in the business gives him a unique perspective on the auto industry’s relationship with customers. Here, he and his son J.D. Power IV (Jamey) speak about the history of the automotive customer experience and how it continues to evolve.

**Customer Strategist:** What are the most dramatic ways that the automotive customer experience is changing around the world?

**Jamey Power:** The number one maxim that continues to hold true is that customer expectations keep rising every day. And it’s not just in the U.S.—it’s all over the world. As customers are increasingly exposed to a higher quality of service, their expectations get reset. What was acceptable in the past is no longer acceptable today, and furthermore won’t be acceptable in the future if the providers don’t continuously adapt to those rising expectations.

**CS:** Can you point to automakers that are making great strides with customer centricity?

**JP:** Across the board, we’ve noticed that car manufacturers have become more focused on the customer. Everybody is doing it now. It’s now more a matter of to what degree they are doing it. It’s hard to point out one car company that’s doing a stellar job.

One of the stories highlighted in our book is Hyundai as a worst-to-first type of story. They were doing so poorly in the late 1980s and 1990s in terms of quality. But the new chairman at the time provided the strong leadership they needed to succeed in the U.S. market. The first thing they focused on was the [quality] problems. As they got a handle on that, they focused more attention on design and adding features and being more in tune with what customers were asking for in the U.S.

Companies such as Toyota and Honda have been doing this since the early 1970s. So it’s hard to neglect them since they’ve been doing such a great job for so long.

**CS:** What are some of the top considerations that automotive executives overlook when it comes to customer preferences and interests?

**JP:** One of the things that has been troublesome in the U.S. is that the technical sophistication of some of the computer interfaces [in vehicles] have been problematic and well documented. You can’t let the



“As customers are increasingly exposed to a higher quality of service, their expectations get reset. What was acceptable in the past is no longer acceptable today, and furthermore won’t be acceptable in the future if the providers don’t continuously adapt to those rising expectations.”

—Jamey Power, former senior vice president and strategic advisor at J.D. Power and Associate

technology get too far ahead of the customer. We've seen time and again that some automakers release sophisticated technology that isn't ready for prime time. When it's not ready, car companies frequently pay the price. Car makers can underestimate the need to have the features, the product, and the system ready for the customer, and not assume that a salesperson at the dealership can educate the customer on how to make it work.

**Dave Power:** For example, Ford's Lincoln vehicles have gone back to using knobs [instead of a touch-screen for its in-vehicle command system]. You have to look at the age group you're dealing with. You can lose customers if you come in with too fancy a layout of the interior of the vehicle.

**CS:** Why is it so important for automotive leaders to listen to the voice of the customer?

**DP:** Because the consumer is so much better educated and knows more than the executives in the car companies. They won't recommend or re-purchase cars if even small issues don't get resolved. Germans introduced the first disc brakes, for instance, and they squeaked. Americans didn't like pulling up to a stop sign or a light and have the brakes squeak. It was difficult to get German car makers to understand why this was important to American consumers.

And when Peugeot introduced the first fuel injection system in the U.S., company executives couldn't understand why people were so upset with it. It turns out that in the Northeast, people were accustomed to pumping the gas pedal to get gas into the carburetor start their car in cold weather. When they used a Peugeot, it flooded the engine and the car wouldn't start. That was a big inconvenience to them. Yet the head of engineering at Peugeot said that it was the consumers in the U.S. that had the problem, and they have to learn how to start the car.

**JP:** To our knowledge Peugeot never modified the fuel injection system. The company felt that it was better to try and get the sales people to "train" the customer. Peugeot was never able to gain substantial market share [in the U.S.].

**CS:** These are great examples of how customer experience preferences differ between Europe and the U.S. What about elsewhere in the world?

**JP:** In developing markets, customer expectations are not as advanced. In many cases, they haven't been as exposed to things that consumers in developed markets have experienced. [In emerging markets] a lot more education is required to help the customer understand what to expect with owning a vehicle. In markets like India, China, and Vietnam the educational process is important, such as why you should change your oil regularly. In developed markets like the U.S., Europe, and Canada, the education process is centered more around features and sophisticated controls.

**CS:** How has customer data evolved as an executive tool for automakers?

**DP:** In the early days, auto executives would deny that they had any problems. And when they did start doing research, the information wasn't always accurate. By the time an [internal] market research project was done and filtered through the organization, it was nothing like what the original report looked like. It was massaged to make it report on what top management wanted to hear, so the negatives were never brought to the forefront.

But that has changed. [Auto company] leadership and the press now relay a mix of internal and independent findings, such as our customer satisfaction study, to deliver the real message to top management.



**"In the early days, auto executives would deny that they had any problems. And when they did start doing research, the information wasn't always accurate."**

*-Dave Power, founder of J.D. Power and Associates*



**CS:** What customer-centric metrics should automotive executives use to measure success and identify problems?

**DP:** Customer satisfaction and Net Promoter Score (NPS) are measured and acted on by virtually all [auto-makers] now. Everyone has religion now. It's way different than it was even 25 years ago.

**JP:** It's not that executives aren't looking at all the right information. But it might be confused and cluttered because there are so many different metrics out there. Senior management and the board have tried to reduce it down to a simple number. The risk of that is that it gets dumbed down so much it doesn't really tell them anything or it doesn't really inform them if performance is getting worse or it's a false indicator of their company's financial health. For instance, they might be looking at customer satisfaction on a four point scale and they may combine three of the data points and to give a false sense of performance.

**CS:** What are some best practices in customer centricity that automotive executives can apply from companies in other industries?

**JP:** As a society and as a culture, we used to look at things in a very isolated way. If you bought a car it was an automotive industry experience. But as consumers have become more aware and smarter with their expectations rising, the different types of experiences influence all the services and products you interact with. If I stay at a Ritz-Carlton or Four Seasons hotel, I get accustomed to the way I'm treated there, especially the personalization. Why shouldn't I expect the same from my Lexus or Mercedes dealer and automaker?



**"It's not that executives aren't looking at all the right information. But it might be confused and cluttered because there are so many different metrics out there."**

*–Jamey Power, former senior vice president and strategic advisor at J.D. Power and Associate*

## Looking Under the Hood of Automotive's Corporate Culture

Carmakers are strengthening the ties between corporate culture and customer experience.

Corporate culture permeates everything about a company from its policies, procedures, and employee behavior to the customer experience. In the automotive industry, corporate culture plays a crucial role in how companies respond to auto recalls, data breaches, and other issues. And sometimes cultures can falter. Here's how some of the largest carmakers are retuning their cultures in a rapidly changing industry.

Last year marked a recall crisis for General Motors that continues to weigh the company down. The crisis started in February 2014 when several people died because of accidents involving faulty ignition switches in G.M. compact cars. G.M. recalled nearly 780,000 of its 2005-2007 Chevrolet Cobalt and 2007 Pontiac G5 compact cars to fix faulty ignition switches that could unexpectedly shut down the engine and disable air bags. Two weeks later, the auto manufacturer added 588,000 more cars to the list.

The issue quickly escalated when it was reported that G.M. had waited more than a decade to recall 2.6 million Chevrolet Cobalts and other models that had defective ignition switches. G.M. scrambled to respond to the crisis. G.M.'s leaders were called to testify before Congress—including Chief Executive Officer Mary Barra, a longtime employee who had been at the helm for only several weeks. The automaker launched a companywide safety review, named a new global safety chief, and pledged to recall any cars that had safety issues. In addition, G.M. established a fund to pay claims related to the defective ignition switches. The automaker has said it expects to spend \$400 million on claims, but said it could reach \$600 million.

Other problems occurred. The NHTSA reported in August that G.M.'s website for determining if you own one of the defective cars was also malfunctioning. Drivers who used the vehicle identification number (VIN) look-up site were told their cars weren't involved in the recall if the repair parts weren't yet available, even when the cars were actually being recalled. After fixing the errors on the site, G.M. offered owners of the recalled vehicles \$25 gift cards if they brought their cars in to be serviced.

By December, the defective ignition switches had been associated with at least 42 deaths and more than 50 injuries. G.M. recalled nearly 30 million cars in 2014 (including cars that had other mechanical problems). Critics blame the automaker's corporate culture for failing to identify and fix the defective ignition switches earlier.

"The question I ask here is not how and why did this dangerous defect occur, but rather what kind of company culture allows passenger safety to be so badly compromised?" writes Amy C. Edmondson, a Harvard Business School professor, in the Harvard Business Review. Companies should promote a strong safety culture that rewards employees for reporting problems and works collectively to solve them.

"If you have consistency of purpose across your entire organization and you have nurtured an environment in which people want to help each other succeed, the problem will be fixed quickly," Edmondson maintains. "So it is important to create a safe environment for people to have an honest dialogue, especially when things go wrong."

Even before the recall debacle occurred, G.M. was on shaky ground. When Barra was appointed CEO in December 2013, the company was just emerging from near-collapse and had been bailed out with government cash. Barra's new role was announced a day after the U.S. government said it had sold its final shares of G.M. Part of G.M.'s problems stems from losing sight of the customer, remarks Fred Hubacker, executive director at Conway MacKenzie, a consulting firm that specializes in turnaround and crisis management.

"G.M. and every other company needs to keep a laser focus on the customer and the product," Hubacker says. "And clearly they [G.M.] did not have the customers' best interests in mind when this recall issue started." It's easy for organizations, Hubacker adds, to lose sight of customers' needs when



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employees become complacent or managers are more involved in fighting for prestige than making the company better. The best companies “put the customer in the center” of decisions on operations, products, and services, he notes.

The former United States attorney Anton R. Valukas led an internal investigation of G.M. and released a report of the findings in June. The investigation found that “a number of G.M. employees reported they did not take notes at all at critical safety meetings because they believed G.M. lawyers did not want notes taken,” Valukas writes. The report also notes that the Cobalt ignition switch “passed through an astonishing number of committees but determining the identity of any actual decision-maker was impenetrable.”

Barra responded to the report in a video message, noting that the Valukas investigation uncovered “a pattern of incompetence and neglect” and that “this recall issue isn’t merely an engineering or manufacturing or legal problem, it represents a fundamental failure to meet the basic needs of these customers.”

The company is taking actions to strengthen safety measures and the customer experience, according to G.M. spokeswoman Susan Waun. “At G.M., taking the customer experience to new levels is a company-wide job,” she says. Senior leaders, for example, have become more engaged with customers by making weekly calls to those who recently purchased a vehicle or had their vehicle serviced.

The company has also instituted a “Speak Up for Safety” program that encourages employees to report potential safety issues; added a new Global Product Integrity organization as well as 35 safety investigators, and restructured its safety decision-making process, making senior management more involved in the decisions.

G.M. still has a long way to go in rebuilding customer trust, but the company is “doing what they need to do,” says Jason Vines, an independent consultant specializing in automotive issues and former communications executive at Ford and Chrysler. “You can’t change a corporation’s culture overnight but in general, I’m a fan of their CEO,” Vines says. “She’s been very clear that they need to be transparent and continue focusing on customer satisfaction.”

Additionally, G.M. could learn from other automakers like Mercedes-Benz and BMW, which both have strong customer and employee-focused cultures. “We’re in the process of rebranding and focusing our company around delight,” said Stephen Cannon, president and CEO of Mercedes-Benz USA, at Forrester Research’s Forum for Customer Experience Professionals in June last year.

As vehicles become increasingly sophisticated, the main differentiating factor for carmakers will be the customer experience, Cannon maintained. Mercedes-Benz is betting that improving the employee culture will in turn create a better customer experience. When a survey revealed that nearly 40 percent of employees felt disengaged throughout the work day, the company launched multiple development and immersion programs to connect employees to the brand mission. The automaker and its dealerships have embarked on a huge project to send 26,000 employees over the next few years to a two-day program called the Brand Immersion Experience at the Mercedes-Benz factory in Vance, Ala. Additionally, Mercedes-Benz invited leaders from its franchisees to a leadership academy that further instills brand values.

At BMW, the company promotes communication between different divisions, writes Mike Steep, a Forbes contributor and senior vice president of global business operations at R&D services provider PARC. BMW’s headquarters in Munich uses a “hub-and-spoke model with a central core connected to each of the floors that house the product groups,” he writes. Therefore, everyone in the building is within walking distance of any of the expertise centers. “BMW’s leaders put as much thought into designing how people work as into their cars,” Steep maintains. “Their culture is an exemplar of formulaic innovation management.”

Paul Hagen, senior principal with consulting firm West Monroe Partners, agrees that Mercedes-Benz as well as Audi have done of a good job of focusing on the customer experience and employee culture. “These companies have invested in understanding what the customer experience is like in the dealership and they’ve mapped out all the interaction points on the customer journey,” he says. “Too often companies think of the customer experience as just the contact center, when it’s actually everyone’s business.”

A strong customer focus should be embedded in a company’s culture from the beginning, but it’s not impossible to do so even late in the game, adds Mark Holthoff, Edmunds.com’s director of community and customer support. “The first step is to start listening to your customers,” he says. “Measure how often people are complaining about things and then devote resources to fixing each issue at its root cause. The goal should be to eliminate complaints, not just to ameliorate them. It’s tough, though, because this approach requires everyone from the senior leadership team on down work together.”



## GM's Road to Recovery Is Via Social Media

Phil Colley, social media strategist at GM, discusses how the company's social media strategy helps to put the customer in the middle of everything it does.

In the wake of 30 million vehicle recalls, GM has had a rough year. Social media, however, will play a pivotal role in repairing the company's image and restoring trust among consumers.

From GM's social media command center in Detroit, which launched in 2013, team members engage with prospects and customers and deal with crisis management on a daily basis. This social team does more than just chat with customers; these employees identify product issues, establish feedback channels, and pinpoint sales opportunities.

Recently, GM partnered with Oracle to deploy its Social Cloud to help simplify and streamline its global efforts. Here Phil Colley, social media strategist at GM, discusses moving to the cloud, GM's social business strategy, and the growing importance of being a social business.



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### When did you deploy Oracle Social cloud? What was your goal in doing so?

We went through a very extensive process. Oracle was one of the vendors that could do most of what we needed. Before there were 125 different tools that the various social media teams across the globe were using and none of them were talking with each other. With Oracle you have one tool to rule them all like The Lord of the Rings. That data and information [from social] is also tied back into our CRM tool. It was a year and a half process to get to the point where we implemented the tool, and we're still in the process of rolling it out across the enterprise. Most of North America is online. We have a whole team of people and tools for the enterprise as well as best practices and governance for sharing across the enterprise. We're also ensuring we're not creating channels that aren't sustainable. It's particularly important to Chevrolet. We want to make sure people are getting the same look and feel and making sure the Chevrolet brand is uniform across the globe.

### Before this rollout, you had 125 different tools across the enterprise. What problems did this create?

Number one was everyone was using their own tool and no one was talking to each other. We needed one foundational tool that forced people to talk to each other. When it comes to tailoring content and driving engagement, having one tool is great. From a budget standpoint it's also a win because we had 125 different tools out there so that means we were also paying for 125 different tools.

### How did this fragmentation affect the customer experience?

If the right hand is saying one thing, the left hand is saying another. You have a customer experience that may not be the best. What's being driven down through our organization is our goal to earn customers for life. Now we have a tool where something comes in through a social channel and we can easily hand it off to customer care....Those types of things are invaluable and make it easy to do it across the enterprise.

Can you explain who all from your organization is tasked with engaging customers via social?

I manage our corporate social media team. I oversee the community management of those channels. Each brand oversees itself. We have a customer care team with more than 25 advisors who are out there in forums and online and looking on our own social channels for customers having issues. We're starting to get into different regions.... We have a relatively large footprint in the social channels.

### What's marketing's involvement?

We carved out swim lanes—public relations, marketing, and customer care—and we work with legal. Marketing takes the lead on the brand. Each brand has a social media team that reports up through the



marketing team to create branded content to use on the social channels. For corporate, we take the lead on the communications side. GM is the holding company for five different brands including OnStar so we end up having to deal with a lot of stuff that may not necessarily be brand building. We take the lead with crisis situations too.

### How did you educate employees on your enterprise social strategy?

We have tools in place. We want employees to help our customers whenever they can. And we have an intranet that we put information on. We're focused on communicating to employees the different ways they can help our customers. They know where to point customers who are having an issue with their vehicles. We also have social media training. The only people who are empowered to speak on behalf of the company are on the communications team and we feed messaging to the brands when it goes beyond what [the communications team] can respond to. We also have an internal social network where employees can discuss issues or raise issues that are happening or connect with other employees in other regions. We have an elaborate setup on getting customers what they need. The people empowered to be on record or speak on behalf of the company are communications folks.

### Are you measuring ROI? What's the incremental business value?

It's tough. The easiest way to measure ROI in the current state of affairs is by vehicle sales. It's very tough because of the way people use social media. It's very hard to measure and track where we are in the process. We can't go from 'hey, we posted about this and bought this...there's no real way to measure that.' We have friends and family discounts we can give. If you give someone a discount on the vehicle you can prove that you have a role in that sale. Since we've been working with sales, we know we sold more than 60 vehicles over the past five years as part of our involvement in the "Manic Mommies" community. Another example is on the customer care team they did a pilot where using the Oracle tool, they looked at people on Twitter who appeared to be interested in purchasing a vehicle. Out of 2,700 that they deemed showed the greatest potential for vehicle sale, they whittled it down and 331 of those people discussed setting up a test drive with the customer care sales team, 45 took a test drive, and 13 bought vehicles.

### Are you measuring engagement and sentiment?

Of course. What we've done is each brand's social media team has its own KPIs that they're looking at. We got into a room and hammered out the top 10 KPIs and engagement is clearly one of those top 10. Sentiment is one of those, as well as intent.

### How do your social efforts help to put the customer in the middle of everything you do?

We're looking at social very holistically. It's not siloed out into PR, marketing, or customer care. We all came together and decided here are the swim lanes and the place where we play. One of the things the social media center of excellence has done is everyone has a seat at the table and governance across the organization so we can put our customers first and to make sure we're reaching them in a way that they prefer. You take a look at what we do across our social channels and every social channel is different for each brand. Each brand has its fan base and what might resonate well with a Chevrolet Facebook fan may not resonate with a Cadillac Facebook fan. Every brand must need to differentiate what they're doing across channels to make sure our future and current customers are getting what they need in the way that they want. Social is huge in helping to tailor messaging to the right audience.

### What's next?

It's not new but we'll engage in real-time engagement. Having a tool like Oracle as well as bringing in other tools on top of that, will help from a real-time engagement standpoint. You'll see more of that. It's really another way of talking about making sure you're interacting on their terms when they want to versus on your terms. You're also going to see an evolution of data. You'll see us refine that process more to make sure we're reaching the right audience at the right time. There's so much going on with social and we are so far ahead of other companies out there. We have to keep everybody focused and make sure we have the right tools to use and that we're integrating on a regular basis. That will bring huge benefits going forward. We also have the leadership support to continue on the path that we're on.



## A Glimpse at the Future Automotive Experience

Here are the key trends to watch in the rapidly evolving car industry.

The automotive space, along with other industries, is undergoing rapid changes due to customer behaviors and innovative technology. Consumers today have a bevy of information at their fingertips, allowing them to research products and services at their convenience while often bypassing sales associates.

Startups like Uber and Lyft are also redefining the car services industry, leading huge auto companies like General Motors and Toyota to partner with some of these young companies. As the automotive experience continues to evolve, here are the trends to watch.

This year was the first time Millennials surpassed Gen Xers in new-car purchases, reported J.D. Power and Associates. Consumers born between 1977 and 1994 accounted for 26 percent of new-vehicle sales, while those born between 1965 and 1976 accounted for 24 percent in the first half of 2014, according to the research firm. Millennial sales volume is expected to increase 17 percent by the end of the year while Gen X sales volume is estimated to grow by only 6 percent.

As the Millennial customer base grows, businesses need to be attuned to their preferences. J.D. Power's research shows that when it comes to sales and service, convenience is important for Gen Y customers. In a survey, more than half of the respondents said they would prefer to purchase a vehicle without negotiating, and 44 percent would pay for a dealer to pick up their car for repairs. Additionally, Millennials were 16 percent more comfortable with the idea of self-driving vehicles than Gen Xers or Boomers.

"As new-vehicle demand among Gen Y consumers increases, it will be important for automakers to respond to the needs of these consumers, not only in terms of the vehicle design, but also the marketing, sales, and service experience," comments Thomas King, vice president of J.D. Power's Power Information Network, in a press release.

Dealerships are adapting to the shift toward digital-first consumers by providing interactive digital showrooms and hybrid services that let customers research vehicles at their leisure and speak with a salesperson when they need more information. Lexus, for example, lets customers "build" their ideal car by selecting exterior and interior features online, find the nearest dealer that carries that car, as well as watch car documentaries and a series of branded TV shows on the L/Studio page of its website.

Audi is experimenting with digital showrooms within 16 dealerships in several countries like Germany, the U.K., and China. The digital showroom or "Audi City" lets visitors customize their automobiles and view the concepts on ceiling-high video screens. From there, customers can schedule a test drive or place an order for the car while they are in the showroom. Eventually, all Audi dealers will be able to add modules into their dealerships such as touch-sensitive kiosks for model configuration, a digital wall, and a private lounge for consultations.

Videos and interactive showrooms can get customers excited about a car and prompt them to visit a dealership, notes Kerri Wise, director of dealer insights at car-shopping site Edmunds.com. "Looking at a car online versus actually sitting in one is still a different experience but we encourage salespeople to use digital technology to connect with their customers," she says. "For example, we recommend that salespeople send a video or photos showcasing the vehicle after customers make an appointment as a reminder of what they can look forward to."

Raj Gill, vice president of automotive for the marketing firm Amobee, agrees that digital content has become the bridge between consumers and dealerships. "We know people are spending more time on different mobile devices," Gill notes, "so cross-device campaigns are a huge trend."

As an example, Gill pointed to a campaign Amobee worked on with digital ad agency Team Detroit to



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promote the 2014 Ford F-150 pickup truck. The goal of the campaign was to drive user engagement with the vehicle. Amobee created a mobile ad unit featuring a motion-sensitive banner that expands into a full-screen 3D creative model of the truck.

The ad, which appeared on tablets and smartphones, gave consumers 14 color options for changing the truck's exterior, a 360-degree view of the truck in four different work settings, as well as the ability to "load" the truck bed with heavy items to showcase its heavy-duty capacity. Consumers could also watch two videos in the ad that further showcase the truck's performance in work environments.

The ad was displayed for several weeks in November 2013 and it garnered more than 20 million impressions as well as a 40.4 percent increase in the purchase consideration rate. Campaigns that leverage location data and analytics to communicate with consumers at relevant times are also growing, Gill adds. "All brands, not just automotives, want to understand their audience's interests and how to create relevant experiences, so brand intelligence is the key," he says.

Additionally, the sharing economy—where consumers are being matched with providers while eliminating traditional middlemen—is upending entrenched markets, including the automotive industry. At \$13 billion, the 6-year-old startup Airbnb has snagged a higher valuation than some hotel chains and Uber is valued at about \$41 billion, making it worth more than Hertz and Avis combined.

But rather than miss out on new business opportunities, some firms are looking for ways to collaborate. General Motors and Toyota, for example, have struck deals with Uber to offer discounts to Uber drivers, and Lyft has partnered with MetLife Auto & Home to develop insurance policies for drivers and passengers. Mark Jenney, chief executive officer of RVShare.com, saw an opportunity to create a peer-to-peer recreational vehicle rental marketplace and partner with traditional dealerships.

On RVShare.com, owners create a profile of their vehicle by selecting their RV model, year and length, in addition to adding photos and a description of the vehicle. Renters can search RVs by location and model. Annual earnings of owners vary based on the duration of the rental periods, location, and type of RV, but estimated earnings range from \$19,200 to \$48,400, according to the company.

"We have leveled the playing field allowing any average Joe who owns an RV to put that RV to use and start making money with it by renting it out," says Jenney. "We've also been able to increase the inventory in the market which is great for consumers."

Founded last year, RVShare.com's marketplace includes approximately 4,000 RV listings from owners across the U.S. VC firms have reached out to the company, but Jenney says he is not accepting outside funding for now.

The company is focused on engaging and growing its user base. In addition to having company representatives contact owners to verify information about the vehicles, RVShare.com will be launching a feature that allows customers to add reviews of their rental experience, according to Jenney.

Jenney also knew it would be more beneficial to work with the RV dealers instead of competing against them. However, collaborating with traditional RV dealerships was a challenge. "In the beginning RV dealerships did not like the idea [of a peer-to-peer marketplace]," Jenney notes. "Some dealerships were scared that private owners would take away business from them."

Dealerships eventually warmed up to RVShare.com when it positioned itself as a way to close more sales. As prospective customers look over the RVs in a dealer's lot, dealers can tell them that RV owners earn revenue by renting their vehicles on RVShare.com. "This has allowed us to work in partnership with dealers so that everyone wins," Jenney notes. "Private owners can generate extra money renting their RVs when they aren't using them and dealers can sell more RVs."



## Driving Auto Sales with Digital Tools

Car experts share their best tips for bringing customers to the lot.

Connecting with customers is both an art and a science and dealerships are under pressure to balance both while adapting to a rapidly changing marketplace. The days when TV commercials, radio, and print ads were enough to bring customers to a dealership are effectively over. To connect with customers, car dealers have a bevy of channels to choose from, such as websites with live chat, mobile marketing, pay-per-click advertising, and ratings and review sites.

No single channel provides a silver bullet solution though. The key for finding success in the online world isn't only finding the right platforms; it's also delivering the right messages at the right time, according to dealers and auto experts who shared lessons from their experiences.

MN-based Friendly Chevrolet is one such dealership that is pouring most of its marketing budget into multiple digital platforms to advertise its new and pre-owned vehicles. "So much of what people do is digital these days, and so the majority of our budget goes toward SEO and SEM and only about 10 percent of it is spent on traditional advertising," says Internet Sales Manager Margie Martin. "We'll often run a TV commercial in the last two weeks of the month, but we haven't been on the radio for months."

In addition to speaking with customers at the dealership, salespeople engage customers through live chat and SMS messaging and its website is mobile responsive. On the backend, the company analyzes the behavior of website visitors via digital analytics company Outsell to keep track of which vehicles are driving the most interest. And while she declined to share the specific rate, the company is also seeing growing engagement rates through pre-roll ads that it runs on YouTube, according to Martin.

But it's important not to get caught up in adopting the latest technology just for the sake of having it. "The biggest thing is the experience and whether customers can depend on us," Martin notes. "You might not have the lowest prices or the fanciest ads, but if you show that you know your product and give people the information they want, when they want it, that'll make a bigger impact."

Kerri Wise, director of dealer insights at car-shopping site Edmunds.com, agrees that dealerships must have a digital strategy for engaging customers. "The Internet is the new car lot and we encourage dealerships to use a variety of digital tools to engage their customers on it," Wise says.

Mobile websites are often the first place where a customer will learn about a dealership and other businesses, so it is imperative that companies have mobile-responsive sites that are easy for customers to navigate. "We've seen a 40 percent increase year-over-year in people visiting us through mobile sites," Wise notes. "And dealerships that don't have a mobile-responsive site risk losing customers who will quickly move on."

Additionally, customers are increasingly sending questions to salespeople via text rather than calling or sending emails, according to Wise. Edmunds.com invested in texting services by acquiring the startup CarCode last month, which offers a free texting service for car shoppers and dealers. CarCode enables car dealers to receive and respond to consumers' questions and comments through texts from their mobile devices. Dealers can attach clips of requested vehicles to the text messages and price certificates to let the consumer know they will honor the Edmunds.com pricing.

The text conversation between the dealer and customer is automatically sent to the dealership's CRM system, making it easier for the dealership to collect consumer data and generate leads. Delivering messages to customers based on their location is another useful tool, remarks Wise.

"We're seeing dealerships have success with sending special price offers to customers who are near a dealership who have downloaded the dealer's app and can buy the car at that rate if they come in now," Wise says. "If they've gone as far as downloading the app, chances are they're in the market for a car and just need that extra push."



**"So much of what people do is digital these days, and so the majority of our budget goes toward SEO and SEM and only about 10 percent of it is spent on traditional advertising."**

*– Margie Martin, Internet Sales Manager, Chevrolet*



## Placing Customer Centricity in the Driver's Seat of the Automotive Industry

Even when a company has a national brand presence, like car maintenance provider Jiffy Lube, it needs to ensure that the company is connecting with customers at a local level. Jiffy Lube's chain of more than 2,000 businesses across the U.S. offers oil changes and other automotive services. But when it came to reaching customers in local areas, the company realized that generic coupons were no longer effective.

"We had a basic digital strategy and we needed to upgrade it to better reach our customers and stand out from our competitors," explains Chief Marketing Officer Jeffrey Lack. Last year, Jiffy Lube turned to digital marketing agency Sq1 for help revamping its campaigns.

Sq1 created a digital coupon portal that enabled franchise owners to customize the messaging and value of the coupon offers and align them with the local competitive market. The digital agency also created segmented messages based on shopper data from Jiffy Lube's CRM database and a dynamic pricing structure for the brand's digital media, which enabled Jiffy Lube to bid higher on ad placements for customers identified as being more likely to convert. In addition, the agency made sure that the coupons were prominently displayed on mobile sites and easy to download.

Within a few weeks after launching the new campaign, Jiffy Lube saw a 557 percent increase in the number of coupon redemptions in local markets, a more than 24 percent increase in click-through rate, and a more than 15 percent increase in the number of vehicles serviced. "By customizing our offers and segmenting customer bases," Lack comments, "Sq1 and our franchises did an amazing job in adopting these new marketing strategies."

Looking ahead, Lack says Jiffy Lube will continue to focus on engaging with consumers through mobile devices, especially as mobile usage grows. The company sees more value in enhancing its mobile responsive site instead of developing a native app since apps are more useful when consumers use them on a regular basis such as for checking emails or the weather, according to Lack. "I'm lucky to see a consumer twice a year, so an app doesn't really make sense for us," he says. "What we're doing is building a mobile site that's as robust as an app, but easier to maintain, and provides our customers with all the information they need about our services."

Video is another way to entice customers. If someone makes an appointment to visit a dealership there's only a 50 to 60 percent chance that person will actually come in, according to Edmunds.com's Wise. Reminding customers of their appointment with a short video depicting the car they're interested in "can get them excited enough to come in," she says. "Consumers are bombarded with emails. We see video as a way to stand out."

Additionally, walking a customer through a virtual showroom or online store can determine whether the customer will take the next step to visit the actual showroom and purchase the car, says Andy Henshaw, founder and chief innovation officer of live video assistance provider Vee24. Companies like Audi, Lexus, and Jaguar Land Rover ask customers who are browsing their websites if they need assistance after the customer has clicked through various pages and is at risk of leaving the site.

Customers can see the agent speaking to them and have the option of being visible to the agent. The agent can also see the webpage that the customer is looking at and can guide him or her through the site. "Being able to actually see and speak to the salesperson in the contact center or dealership from the comfort of their own home or office, helps to build rapport and reassure customers that they're making the right buying decision," comments Henshaw. Video chat can also be a lead generator. Lexus Germany, for example, attributes 38 percent of its leads to Vee24's video service.

In addition, dealerships should extend their relationship with customers by meeting their car-related needs from routine servicing and financing questions to road trip and gas mileage tips, Henshaw adds. "After providing customers with an engaging experience during the sales cycle, that relationship can be built upon afterwards... through a client portal, mobile app, or email newsletter," he notes. "That can go a long way in ensuring that your business remains relevant to consumers long after they drive off of the lot."



**"We had a basic digital strategy and we needed to upgrade it to better reach our customers and stand out from our competitors."**

*– Jeffrey Lack, Chief Marketing Officer, Jiffy Lube*



## Auto Dealerships Take a Cue from Apple

As car makers introduce new in-vehicle technology, they're beefing up the customer experience with their own version of tech-savvy employees.

Spending time in the car typically means abandoning the Internet and apps for older technologies like satellite radio, CD players, and navigational screens attached to the windshield. But auto makers have been rolling out new features to bring the automobile up to speed with consumers used to touchscreens and on-demand entertainment.

Last week, Ferrari delivered its first fleet of Ferrari Four models equipped with Apple's new CarPlay functionality, which lets drivers make calls, use maps, listen to music, and access messages via voice commands or a touchscreen. General Motors introduced its 2015 Chevrolet Malibu in July, which includes a 4G LTE Wi-Fi hotspot capability.

Consumers expect new vehicles to include advanced features, according to a poll by the Consumer Electronics Association. From a 2013 survey of nearly 1,000 people of driving age in the U.S., 59 percent said in-vehicle technology was an important factor when purchasing a new car.

Two out of five respondents said they intend to purchase an in-vehicle technology device like remote vehicle starters and embedded navigation systems. Consumers also favor devices that allow them to use their mobile devices in the car, such as connectors for smartphones and MP3 players and mounts to hold portable devices.

But as car makers introduce new in-vehicle technology like touchscreens, rearview/backup cameras, and voice-activated entertainment and navigation systems, the stakes are high to make sure customers can use these features. Ford's MyFord Touch infotainment and control system was panned by Consumer Reports as too complicated for average drivers.

Ford was also slapped with a class action lawsuit last year from car owners who accused the company of "unfair, deceptive, and/or fraudulent business practices" in selling cars equipped with MyFord Touch and a failure to disclose defects in the technology system.

Inspired by the tech specialists who assist customers at Apple's Genius Bars, car makers are building their own teams of tech-savvy employees to guide customers through new in-vehicle technology.

General Motors began offering its own version of Apple's geniuses two years ago and named them "Connected Customer Specialists" (CCS). The company employs 50 people in these positions who educate the salespeople at GM dealerships about the latest features and functions in GM models. In addition, each dealership has a certified technology expert to provide additional expertise.

"As more things go into vehicles including personalization features and infotainment, there's more to know about how to get the best value out of your cars," notes John Konkel, Connected Customer Experience director at GM. "That's why we've added Connected Customer Specialists. We're looking at the dealership cultures and raising the level of the customer experience; we want people to understand what the cars are capable of doing."

It's important that salespeople understand the benefits of the technology so that they can better personalize their conversations with customers, adds Lead Connected Customer Specialist Sasha Taylor-Kregel.

As an example, Taylor-Kregel described a conversation between a salesperson and a customer who often worked from his car. After learning about the nature of the customer's job, the salesperson informed him about the car's Wi-Fi capability. "By asking probing questions and having the right info, he [the salesperson] was able to steer the conversation towards features that the customer was interested in," Taylor-Kregel says. "It's all about customizing the delivery to each customer depending on what they're looking for."



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- John Konkel, Connected Customer Experience director at GM



The dealerships decide whether every salesperson needs a high level of technology expertise or if a product expert will direct customers to a salesperson to close the sale. Some dealerships, Taylor-Kregel adds, are also hiring people from Best Buy's Geek Squad or Apple's Genius Bars since they "already have a good knowledge of technology and tend to learn on their own."

Other car companies are hiring tech specialists as well. Toyota added vehicle technology specialists to its Lexus dealerships when it launched the 2013 Lexus GS. And earlier this year, BMW launched its "BMW Genius Everywhere" program in which employees armed with iPads are trained to inform shoppers about new features, answer questions, and give free technical support at dealerships. As part of its initiative, BMW also offers an app and website with how-to videos about vehicle features and functionalities and model-specific information. In addition, car owners can call the BMW Genius hotline or program the phone number into the vehicle's control system.

Sometimes consumers want to speak with a salesperson in addition to conducting online research at the dealership. Just like in other retail industries, the path to purchase for car buyers is undergoing a major shift, with digital becoming an important domain for both discovery and decision-making.

More than half (63 percent) of shoppers conducted research on their phones while visiting a dealership, according to a survey of about 1,100 consumers, reported Cars.com. Before dealerships wring their hands over showrooming, the study also found that shoppers use their mobile devices as a consultant to help close the deal.

This trend in other words can speed the sales cycle, since shoppers may have previously left the dealership to complete their research at home. Eighteen percent of the respondents said they used their mobile devices to calculate payments, 7 percent conducted research on their financing options, and 19 percent evaluated their trade-in vehicle price. Dealerships can take advantage of this behavior by providing Wi-Fi access or apps with features that provide relevant information on the dealer lot.

Convenience and usability are critical factors for driving sales, whether it's an app, a car, or another product, observes Paul Nadjarian, founder and CEO of the online automotive marketplace Mojo Motors, which aggregates and delivers information about car models that interest specific users.

"You could offer a fantastic opportunity but if customers get frustrated or confused by the experience, they're gone," Nadjarian says. "That's part of what makes Apple so successful. They focus on design and experience and will walk you through any problems or questions that you might have."

For its part, Mojo Motors tries to save consumers time from researching cars and tracking prices when they're in the market for a used car. Users select the make and model of the car they're interested in and the site shows them nearby dealerships that carry the car and sends alerts when the price drops. Nadjarian declined to say how many users the company has, but noted that about 60 percent of its traffic comes from mobile users.

For companies that want to boost their customer experience, it's important to remember that "people want information, but they don't want to spend time searching for it," Nadjarian adds, "so make sure they can receive it however and whenever they want it."



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