

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

Excerpted Articles From:

1to1[®]
media
a division of Peppers & Rogers Group

Peppers & Rogers Group
A TeleTech Company

Executive Overview:



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Innovating the Customer Experience

The days when car shoppers simply wandered from dealership to dealership comparing makes, models, and prices are effectively over. To connect with customers, dealers are engaging customers across myriad online channels, from enhanced websites with live chat to social media and mobile marketing.

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. Today auto makers aren't just disrupting the conventional design of their vehicles; they're disrupting the entire customer experience.

From connected cars like Hyundai's 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, to Audi's virtual showroom that allow consumers to engage and influence the manufacturing process through a high-resolution digital interface in the showroom, auto manufacturers and dealers are innovating at increased rates, steering away from the linear shopping experience.

Today's auto industry are introducing consumers to advances in technology that are improving their overall experience with the brands and are fostering greater loyalty as a result. They're putting Big Data to work to engage with customers and prospects in targeted ways, they're training sales people to understand customers' needs and respond accordingly, they're introducing new brand standards, and ensuring the customer experience is at the heart of all they do.

In the pages that follow, 1to1 Media has compiled its articles focused on the automotive customer experience from the past year. My hope is that you will glean the necessary insights from these best practice examples and implement an innovation in your organization that will enhance the customer experience, increasing revenue and loyalty throughout the journey.

—Jeff Clapper, Senior Vice President, Diversified Industries

Adapted from *Customer Strategist Journal*

Hyundai Makes Smart Cars Smarter

Hyundai uses advanced technology to simplify and improve the customer experience.

Hyundai has solidified a reputation for being customer-centric in the auto industry. It differentiates itself from bigger automakers by focusing on the customer experience. Even though the company recently announced its best June and mid-year sales ever, it has slowed its expanding production in an intentional strategy to redouble its efforts to improve product quality and post-sale strategies. This is rare in an industry well-known for being product-centric and emphasizing sales volume. For Hyundai, the sale is just the beginning of the relationship with drivers.

“The real focus is on customer happiness,” says Barry Ratzlaff, executive director of Customer Connect service and business development for Hyundai Motor America. “We’re the brand that’s got your back.” During the recession, for example, it launched its Hyundai Assurance program, allowing owners to return a car if they lose their job. This is just one example of the company’s commitment to customers.

Hyundai’s goal is to be the “most loved car company in the world,” Ratzlaff says. And it’s his team’s job to keep the relationship strong once the sale is made. He oversees many customer-facing units of Hyundai—the Customer Connect group, consumer affairs, the service contact center group, and service business development. His entire job is focused on interacting with and learning from customers.

Most recently, Hyundai invested in new technology to support the customer experience. Its Hyundai Assurance Connected Care program uses Blue Link telematics so drivers can contact the Hyundai service organization directly from their vehicle, as they think of it, to schedule a maintenance appointment or request roadside assistance. It also automatically alerts the authorities if the car is in an accident, and emails a monthly diagnostic report to owners based on data about the car that’s continuously collected as they drive.

The telematics program also gives Hyundai a chance to be psychic with customers. The diagnostic report tells Hyundai exactly the right time to send an oil change coupon or a reminder for 30,000-mile service, Ratzlaff says. “Our interactions can be relevant, meaningful, and timed appropriately.” Going further, he explains that when a customer uses the Connected Care system to schedule an appointment with a contact center agent through the vehicle, the call is recorded and sent to the individual’s dealer, along with the most recent car diagnostic report from the vehicle. This allows the dealer’s service team to prepare for the visit before the customer arrives for the service appointment.

Ratzlaff admits that this type of multichannel experience looks simple to the customer, but requires alignment across a number of business units and technologies in order to work seamlessly. It’s a complicated

BlueLine by the Numbers

A look at how Hyundai drivers have embraced in-care telematics as a new customer interaction channel.





ecosystem in which Hyundai must coordinate and collaborate with 826 dealers, the contact center group, the IT organization, and others for the good of the consumers. “The back-end is complex, but the goal is to make it as simple and transparent as possible for the customer, in a preferred channel,” Ratzlaff says. “It’s a multifaceted relationship, so we must collaborate as a team to create a fulfilling customer experience. It’s not about a single transaction, it’s about the lifetime experience of the customer.”

Tying back to the goal of being the most loved car company, Hyundai offers its Connected Care service not just for high-end vehicles, but for more than 60 percent of its sales, free for the first three years of ownership. It dovetails with other components of the Hyundai Assurance program, as well as its overall philosophy of building relationships, not just making sales.

This expansion brings with it resource challenges to deliver its brand promise. Hyundai has partnered with TeleTech to enhance its multichannel contact center operations, technology infrastructure, and employee training resources to match the increased needs of the Customer Connect program and provide a consistent experience across multiple channels.

Success built on trust

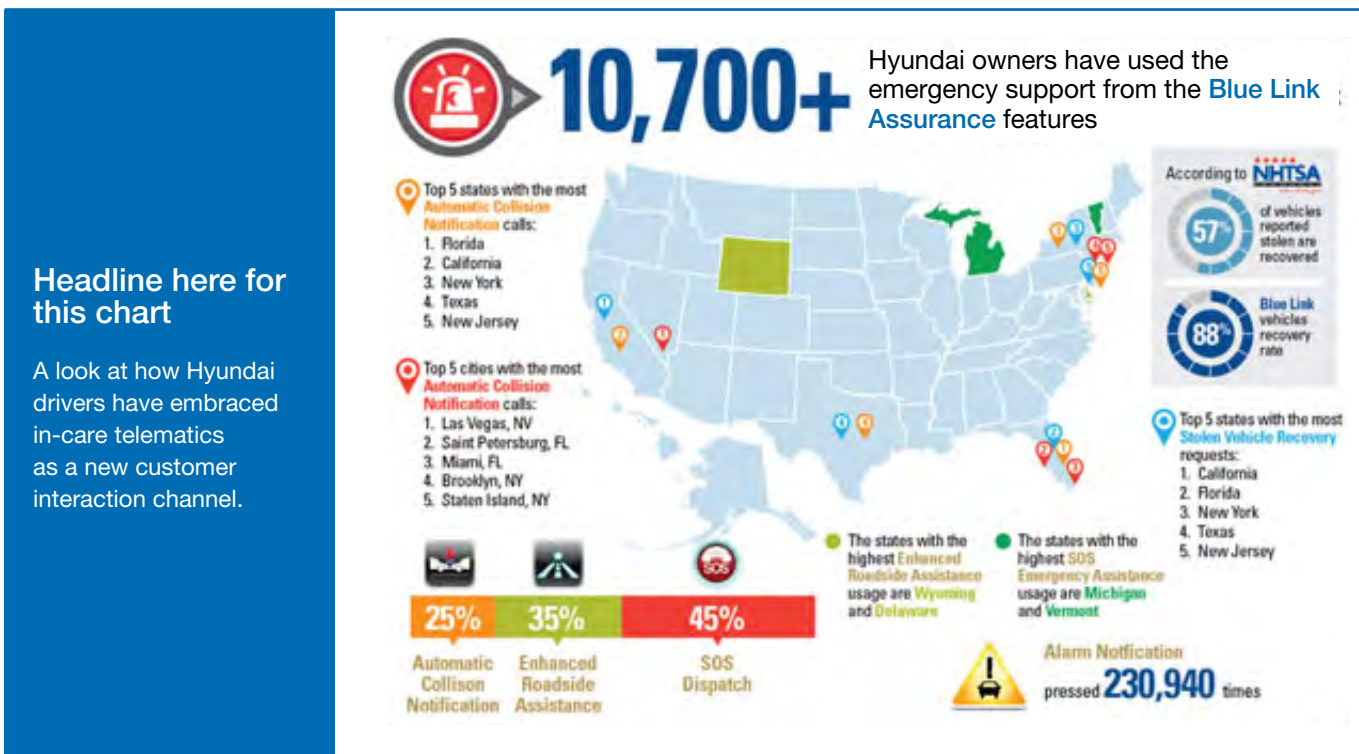
Looking beyond just improving the service organization, Hyundai’s marketing, finance, and dealer networks collaborate to create coordinated personalized direct mail and email campaigns to encourage current owners to trade in their vehicles for new ones. Instead of a mass-market message, owners receive personalized letters from their local dealer with their exact monthly payment, along with what their new monthly payment would be if they traded in their vehicle. They then receive a follow-up email with the same information, reinforcing the offer in multiple channels.

“As we’ve grown, we consider the lifecycle of the customer, taking a more holistic approach,” says Jill Merriam, owner of two Hyundai dealerships in Connecticut. Until the program began, “we had data at our fingertips that we weren’t using. This program takes customers’ data, puts in incentives, and determines the best offer for individual customers.” She adds that the promotion is only sent out if the new monthly payment swings in the driver’s favor.



“As we’ve grown, we consider the lifecycle of the customer, taking a more holistic approach”

– Jill Merriam, owner of two Hyundai dealerships in Connecticut



Headline here for this chart

A look at how Hyundai drivers have embraced in-care telematics as a new customer interaction channel.



The program works because it was created from the owner’s perspective, leading with the benefits for individual customers—a lower monthly payment for a new car—not with the flashiness of the new car’s features or the sale price. This type of endeavor is only possible when the customer already trusts the company and wants to continue the relationship. Therefore, trust is another pillar that Hyundai uses in its business strategy.

Ratzlaff, who has been with Hyundai since 2006, puts a lot of emphasis on the need to earn customer trust through transparency and credibility. In a crowded auto industry, only a trust-based relationship will sustain through economic ups and downs, new product launches, and price wars. “Be transparent,” he says. “In the long run, once you establish yourself as a brand that will work on mutual collaboration and respect, you’ll see some real dividends.”

Merriam agrees. “The quality has come so far and [Hyundai corporate] has done a great job with branding around the customer experience,” she says. “We can do what we’re doing because the brand stands behind it.”

Hyundai put its money where its mouth is, and is working on a new program where owners will soon be able to rate individual dealers based on their personal service experiences that will appear both on Hyundai’s website and a third-party ratings website, similar to TripAdvisor or Yelp. “Transparency and customer feedback are very important to us,” Ratzlaff says. The tool will allow consumers to post both good and bad ratings, and give dealers a chance to show they’ve solved problems after a bad review. Though it’s an opt-in program, Ratzlaff is encouraged by the number of dealers who have signed up for the initial launch. He admits this is uncharted territory, and that the auto industry has not historically been comfortable with such transparency. But customers expect this level of openness and feedback, and those doing the best job will rise to the top and raise the bar for all.

Ratzlaff advises other executives to focus on “truth, candor, and conversation” to enable a company’s customer-centric vision. Only then will real customer relationships blossom. While he doesn’t share specific figures, he emphasizes that Hyundai’s vision to support customers throughout their lifetime has helped strengthen its position in the marketplace. Hyundai overtook Honda as the #1 carmaker for brand loyalty in Kelly Blue Book’s 2010 survey, and, in 2012, the Hyundai Elantra won the prestigious North American Car of the Year award. Its American Customer Satisfaction Index and Temkin Customer Experience scores rank higher than the industry average, and continue to climb. Ratzlaff attributes success to Hyundai’s culture of putting customers first. “The world’s not perfect, but if you have an organization that will stand by you, it can be a great thing.”



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Adapted from *1to1media.com*

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.



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Adapted from *1to1media.com*

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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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.

Adapted from *1to1media.com*

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



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–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.



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Adapted from *1to1media.com*

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.



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



Adapted from *Customer Strategist Journal*

Innovation Drives Customer Experiences

Advances in technology are helping manufacturers and dealers dramatically impact automotive customers' experience.

It's next to impossible to imagine life without vehicles. Since the first horseless carriages in the late 19th century, the automotive industry has grown exponentially, fueled by customer demand and aided by advances in technology.

More than ever, today's vehicle industry is looking beyond the creation of faster and more efficient cars. Hybrid and electric vehicles are being covered by the industry press, and people are always looking for the next sleek sports car or fun SUV. While these characteristics remain important, some leading companies realize that innovation can happen beyond the engineering and design departments. There is plenty of opportunity to make major changes to the entire automotive customer experience, making sure that drivers remain loyal and return to the brand when it's time to switch to a newer model.

The need for customer centricity in the automotive industry has never been greater. Not only are today's customers more informed and using this knowledge to power their decisions, 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 they do business with. 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.

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. These are the four leading innovations that are disrupting automotive customers' experience:

1. Data improves manufacturers' and dealers' efficiency

Information is power and is essential in helping both dealers and manufacturers provide an optimal experience to their customers and remain top-of-mind when the same clients are back in the market for another vehicle.

One important aspect of a data strategy is to use this information to provide value to customers, for example proactively alerting them when it's time for a service or an oil change. This proactive outreach is essential to make sure that owners maintain their vehicles in tiptop condition and also foster an ongoing relationship with the brand.

A frequently faced problem is siloed data. Customers are often dealing with both the manufacturer and a dealer for their pre- and post-sales needs both online and offline, with disconnected data acting as a stumbling block to a seamless experience. One large Japanese automaker is addressing this problem by rolling out the same CRM system within its corporate operations as well as with dealers so that the two can share data. This way, regardless of where a customer interaction takes place, whether at the dealer or OEM level, the data is visible by both sides, allowing for a greater level of support. If, for example, a customer took his vehicle to a dealer for maintenance, the manufacturer is aware of this interaction and its outcome.

Further, since manufacturers tend to have greater resources than dealers, they can further leverage collective data to help acquire and retain customers. A number of dealers are recognizing the value of working closely and sharing data with manufacturers to improve the customer experience and retain their business. At TeleTech, we stress the need to aggregate data at all levels to drive a consistent customer experience.

2. Adapting to a changing buying journey

Today's customers have information at their fingertips and know how to use it. According to Polk & Co., 76



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percent of the car buyer's research is done online. The advent of easily accessible information on the Web is also contributing to fewer showroom visits before a customer decides to make a purchase.

The power of social media has brought another shift to the decision-making process, allowing customers to communicate with one another 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. They can simply go online and read reviews or even ask another customer about their experience.

Automakers need to go beyond using the Web and social media for simple broadcasts or one-way communications. They need to participate in conversations happening online, and leverage available data to provide more customized and individualized interactions. That may include asking site visitors golden questions related to their visits to trigger relevant content, or creating personas and differentiated customer purchase paths online.

3. The car becomes an interaction channel

Today, almost everything can be connected to the Web, allowing customers to be themselves connected through these devices. As Forbes writer Joann Muller noted recently, the cars of the future will also be connected to the Internet. These Web-linked cars will help drivers navigate their best route home and automatically schedule maintenance appointments, among other functions. It is expected that by 2017, 60 percent of vehicles across the globe will have a connected car system, up from today's 11 percent.

The benefits of connected vehicles are substantial. Not only does this technology provide information to the driver, such as suggesting an alternative route to avoid traffic, but it can also 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 invited to make an appointment through the car, 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. Future connected cars may also be sent proactive recall notices and individual warranty information. This additional interaction channel element is essential in maintaining the relationship among customers, dealers, and manufacturers throughout the car's life cycle in an omnichannel environment.



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4. Internet connectivity expands

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 CarPlay, a system that connects a driver's iPhone to the vehicle's built-in display to make calls, send text messages, get directions, and listen to music without having to look at their phone's screen.

And some cars may soon become wi-fi hotspots, taking the idea of connectivity to a whole new level. GM's OnStar division is planning to rollout 4G LTE technology on their vehicles this summer, literally turning the car into an Internet connection.

While technology-enabled vehicles are the order of the day, automakers need to make sure these functions are easily updatable during a car's life cycle, since advances in technology tend to happen much before a customer is ready to purchase a new vehicle. Further, automakers need to make sure that technological interfaces aren't too complicated for customers to use, and also provide the necessary support to help drivers make the most of the latest innovations.

"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. Automakers need to invest in continuous innovation that make their vehicles better and safer, and improve the overall customer experience.



Adapted from *1to1media.com*

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.

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.



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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?



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