



Let's Solve



Point of view

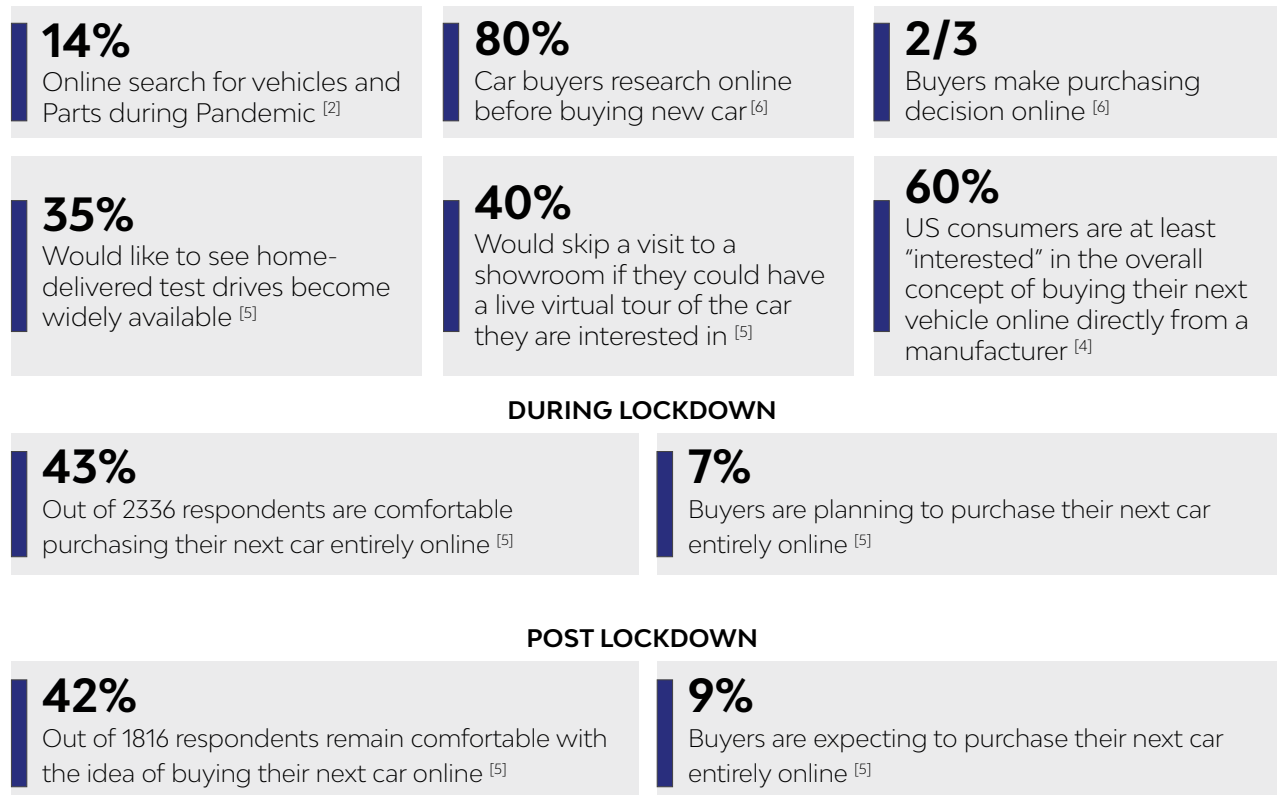
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# Elevating Vehicle Buying **Experience with Digitization**

Over the last few years, the automotive industry has seen several disruptions such as autonomous vehicles, connected cars, electric cars, and 3D-printed vehicles. The ongoing COVID-19 pandemic has accelerated these changes which were underway but not yet fully accepted. Large OEMs and complex sales and dealer networks are some of the reasons why the automotive industry is adapting to changes far slower than other industries. While the industry slowly shifts gears, automakers must ensure that the customer experience is responsive enough to reflect these changes.

Tech firms like Alphabet, Apple, and Amazon have invested heavily in R&D for cutting-edge automotive technology such as autonomous and electric vehicles. These companies have raised the bar for enhanced customer experiences with their smooth and reliable service, competent advisory functions, personalized omnichannel communication, 24\*7 support, and sharp social-media marketing. With the entry of these new hi-tech players and their ability to provide superior customer experience, automakers need to rework their strategy and focus it around customer experience.

### Shift in Customer Behavior





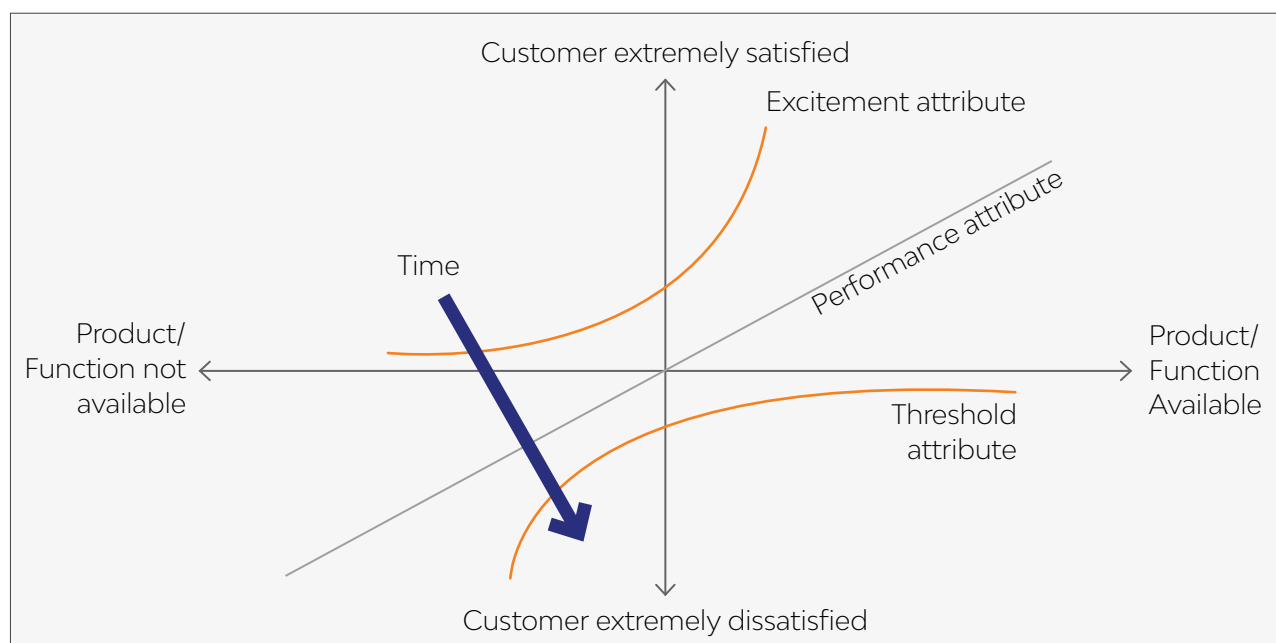
## Kano Model of Customer Satisfaction

With so many opportunities to engage and delight customers, it is very important to prioritize what to focus on. While OEMs/dealers are looking for new features to elevate customer experience, they must ensure availability of threshold features expected by clients. The Kano Model is one of the best tools to identify and prioritize your effort in order to maximize customer satisfaction.

OEMs should follow three basic rules:



With time, every attribute shifts from excitement (when it is launched in industry) to threshold (when it matures).



\*Kano Model

Let us examine leading trends in the automotive industry that are enriching customer experience, taking it to the next level. Most of these come under the excitement attributes right now. But gradually they will shift toward becoming threshold attributes in future.

### **Awareness and Research**

The entry of tech giants in the automotive field has set new benchmarks in customer experience, creating the need for shorter transaction time.

During the awareness phase, customers explore which car could be a right fit for them. Customers expect to get their queries answered within a few minutes else they will shift to alternative options. Artificial intelligence (AI)-based interactive chatbots are useful to address such queries promptly, providing 24\*7 support. They can also be used for after sales services, lead generation, test drives, alerting staff members, and voice support, reducing cost, time and increasing customer engagement.

Porsche, for example, has implemented AI-based interactive chatbots which support customer queries 24\*7 <sup>[11]</sup>.

Chatbots are considered to be the first level of support in enriching customer experience. The next level of support is visual engagement through videos, co-browsing, and screensharing. Clients feel as if someone is assisting them through online processes.

Social media such as YouTube play an important role in the discovery phase (Awareness and Research). As many as 92% of car buyers research videos online before they buy a vehicle <sup>[4]</sup>. Video test drives and vlogs provide customers opportunities to see themselves in any situation virtually. Analysis of the most viewed automotive videos showed that engagement rates in creator content are higher than commercial content, although individual commercials had high views <sup>[4]</sup>. Brands should collaborate with these independent content creators/influencers to produce content which drives customer interest.

## Evaluation

Virtual reality (VR) is not the future; it is already here. Audi offers next-level digital innovation with its launch of a VR-based, full-fledged sales tool for Audi dealers. With specially designed VR headsets, customers can get the feel of every combination of features and cabin experience out of thousands of combinations available, down to the smallest detail. This is certainly a wow factor for customers, driving decision-making with rich information. Audi dealers in Germany, Spain, and the United Kingdom have started installing these headsets <sup>[3]</sup>.

According to reports, new car sales increased by 60%-70% in one of the pilot locations in the United Kingdom <sup>[12]</sup>.



## After Sales Service

According to McKinsey's Future of Automotive Retail survey <sup>[8]</sup>, the customer experience of servicing a car is more influential than their experience of buying a car. Many OEMs are therefore adopting predictive maintenance for effectively pinpointing when vehicle maintenance is needed and communicating it to customers in advance. With advancements in IoT and machine learning techniques it is possible to optimize this further. In the long-term it offers customers great benefits by reducing vehicle downtime and repairs.

Nissan, for example, is providing features such as predictive maintenance, advanced navigation software, remote monitoring of features, and over-the-air updates by leveraging their capabilities in data-centric connected cars <sup>[13]</sup>.

Telematics integrates navigation, safety, security, and communication onto one convenient piece of technology. It offers automatic collision notifications, emergency assistance, roadside assistance, vehicle diagnostics, media streaming, and text message display. Though most OEMs already offer these services in their top end models, there is vast scope to introduce them in other models.

## Digitization can be a game changer

With the introduction of new players and technology, the automotive industry was already going through evolution. But a shift in customer behavior during the pandemic has forced the automotive industry to rethink its strategy around the selling experience. The pandemic has thrown open many opportunities at various customer touchpoints where digitization promises to be a game changer.

## About the Author



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Ajay has 5+ years of delivery and Consulting experience in the Automotive and Technology sectors. With a deep understanding of end-to-end product development lifecycle, he is currently engaged in driving LTI's Strategic initiatives for Automotive clients and is part of the business transformation team. He holds a master's in Industrial Engineering & Management from IIT Kharagpur and an MBA from IIM Calcutta.

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