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The Mindful IT Company

Born **Digital** . Born **Agile**

Innovative Digital Customer Engagement & Experience in Retail Automobile sector

Empowering Retail automobile sector with Digital transformation

Growing digitalization and technology advancements are reshaping the global automobile industry. Digital Transformation acts as an enabler of fundamental innovation and disruption in this sector by transforming it to a digitally driven solutions focussed industry accelerated by the expectations of the new generation customers. For the current generation of digitally empowered and well informed customers, automobiles are not any more products to buy. They view transportation as an experience, like the same way millennial customers view shopping as an experience spanning across omnichannel. The upcoming revolution of autonomous vehicles/ self driving cars, assisted driving cars in the retail automobile industry stems from these customer expectations. If we look at the numbers, we can see that at the peripheral, the performance looked sustained in 2016 as global automobile sales reached a record of 88 million, with 4.8% increase from 2015. The profit margins for OEMs were also at a 10-year high. In the last five years, the average total shareholder return was only 5.5% compared to annual rates of returns for S&P 500, 4.8% and Dow Jones Industrial Average achieved for investors (including dividends) 10.1 %. Moreover, the top 10 OEMs yielded a 4% return on invested capital which is about half of the industry's cost of capital, and the leading 100 suppliers were able to secure a tiny profit, after many years of negative net returns. On July 2017, the U.S. auto manufacturers reported a seventh consecutive month of year-over-year sales declines. In spite of good performance of Chevrolet Equinox, GMC Acadia, Buick Envision, and Cadillac XT5, new vehicle sales slide 7% in July, as sales declines in GM's, Fiat Chrysler. Across the industry, sales of larger vehicles offset declines as the consumer interest in smaller cars has increased. Overall, in this age of digital transformation, it looks like there will be relatively a few winners in the retail automobile industry and the players with innovative digital strategy will lead the pack and move forward in the game.

Why Digital Customer Engagement & Experience is becoming critical success factor for both OEM & auto Dealership?

Changes in customer behavior in purchase journey

Omni channel e-commerce with Virtualization, Artificial intelligence, and In-Proximity is fuelling the entire retail sector and automobile retail sector is also experiencing major shifts with it. With the onset of online revolution in the automobile sector, 80% of new-car, and almost 100% of used-car shoppers have started relying on online and as a result, the auto retailers are now losing their role as the primary source of information. More than 92% of all vehicle purchases originate online where on an average, customers visit ten automotive sites out of three of them dealers. As a result, consumers are visiting fewer dealerships around one and a half OR two sometimes three in their next phase of purchase journey. The good news is that the sales cycle has been reduced to four to six weeks between commencing an online research and buying a car. As competition rises across the brands & loyalty get declined; interest in 'the deal' appears to be paramount. Hence OEMs & dealers need to fight a fierce online battle to get the chance & focus on the digital savvy shopper to drive their sales.

Reduce cost of distribution by using more efficient channels to reach car buyers

Distribution typically accounts for 15% increase in a car's cost. The percentage is higher than it needs to be. Although OEMs are locked into dealer relationships in the U.S. and Europe, they have started exploring, experimenting and lobbying for approaches that will reduce their costs for distribution. This initiative of change in the distribution system should ultimately aim at cutting the costs by different means as proposed below:

- Minimizing the number and expense of retail outlets and using innovative technologies for better customer engagement, experience & inventory control.
- Online stores: A car dealer/manufacturers can now optimize cost by selling online through different crowdsourcing platforms, thereby getting better visibility and presence.
- By using analytics to assess customer data for demographic and location trends, auto makers hope to gain savings from inventory and dealer facilities management.



Customer Experience in Dealership

In an automobile dealership, customer experience is of paramount importance. A dealership may have the fanciest website or the most advanced digital marketing strategy and might be situated at the most lucrative location. However, if a customer encounters a problem in trying to do business at their store, it will negatively impact the sales. "The convenience of the customer to do business at the store is the ultimate factor for a successful sales strategy. New generation of customers expect perfection in each step during the entire customer journey, and they are ready to pay for the additional services. For instance, accelerated checkout option is something customers demand, and long queues might dissuade them to make the purchase. Customers also expect dealers to have in-depth knowledge on product technical features, models, benefits and related services and to have the ability to readily answer their diverse queries.

Many Dealers make the mistake to ignore customer reviews

Although 70% of car shoppers find customer reviews to be trustworthy, for many auto retailers & dealers, online reviews are a nightmare, which needs to be occasionally observed, perhaps managed passively, or ignored outright. Too often, dealers consider a favorable review strategy that consists of continuous gathering & monitoring of actionable Customer Social sentiment and respond to the car shoppers. While in most of the instances they understand reviews can help or hurt them, they just don't have enough focus and technological infrastructure to pay the required attention to them. The dealers need to be aware of the fact that in the current digital age, even individual customer views shape up collective opinions spontaneously and permanently through the viral impact of the internet.



How should Auto OEM & dealership handle the above challenges?

Identifying potential customers and driving the sales

Around 34% of new-vehicle buyers use social media to review updates on their new car on a social site where Facebook gets 88% of these posts, followed by Instagram at 21%. More than 13% of the shoppers indicates that these kind of information helps during their purchase cycle. Many car OEM, retailer, dealerships and dealer groups now have dedicated digital marketing teams or staff, or they work with third-party vendors. The digital marketing strategies for retail automobile industry are still evolving around multiple options including Facebook, Instagram, Google, SEO, CRM, In-Proximity, Geo-fencing and Geo-Targeting. Even though the options are endless, identifying and adhering to the correct choice at the moment of truth is a daunting challenge for auto retailers. To overcome this, they might need cognitive decision making with continuous monitoring, data driven forecast as well as predictability.

New Car Sales

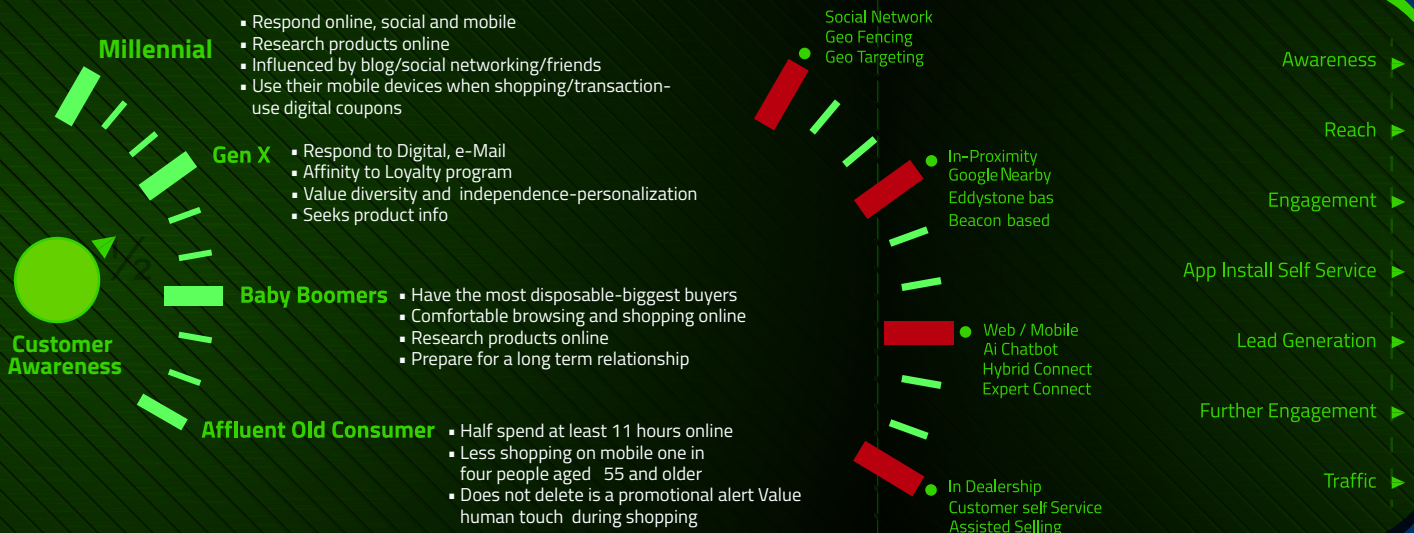
Get Awareness

Do Research

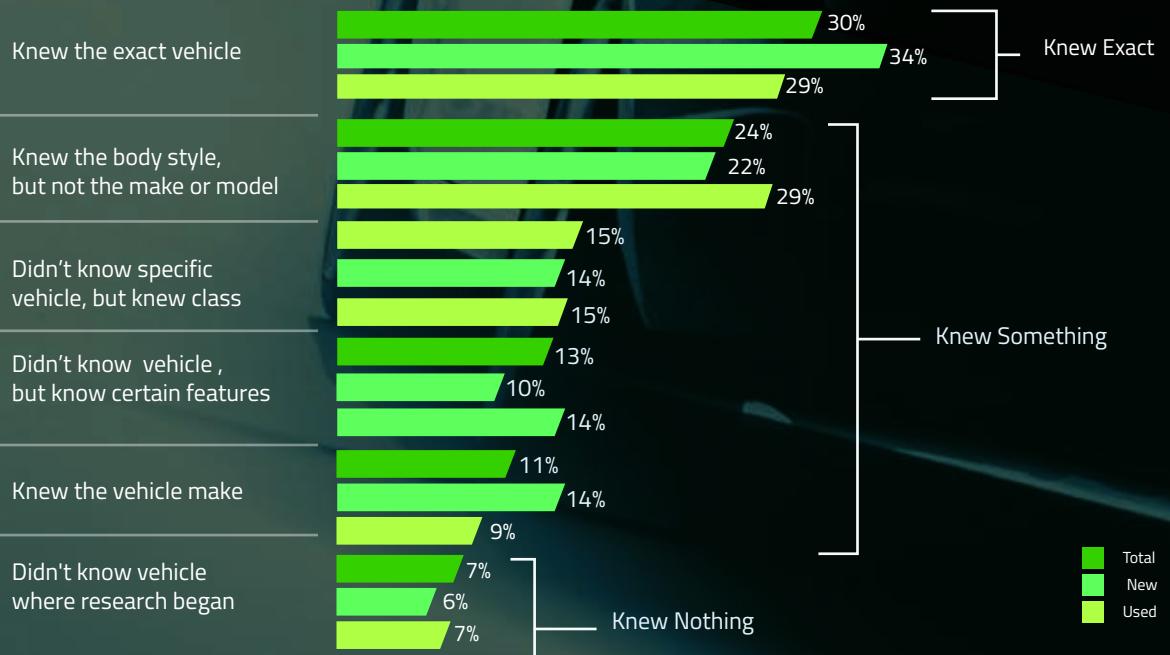
Visit Dealership

Make Purchase

Get Ownership



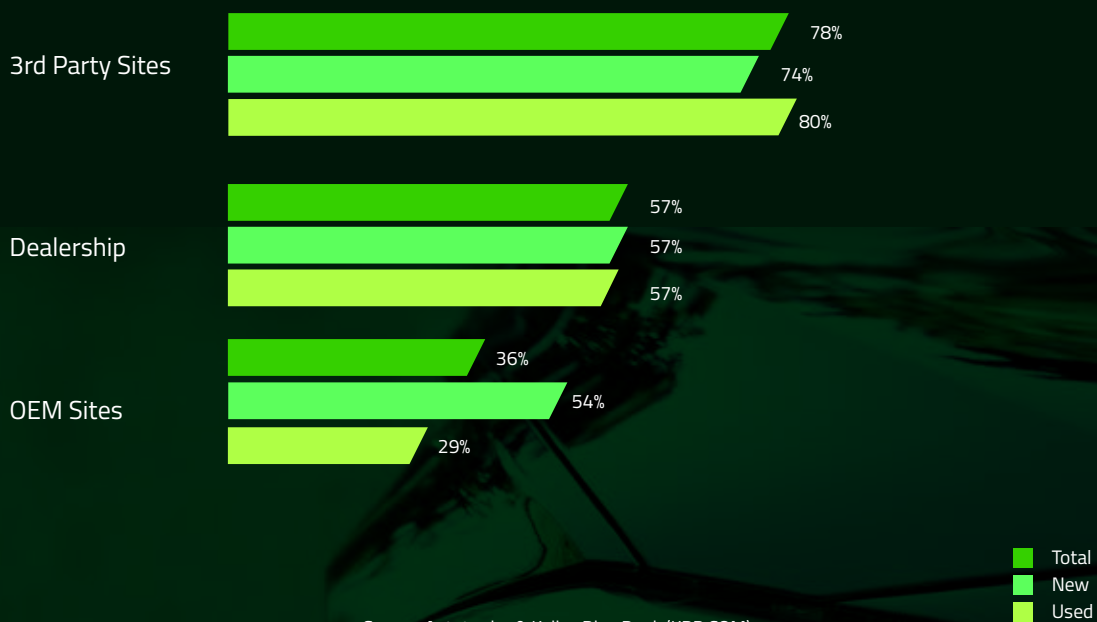
Initial Make/Model Purchase Intent



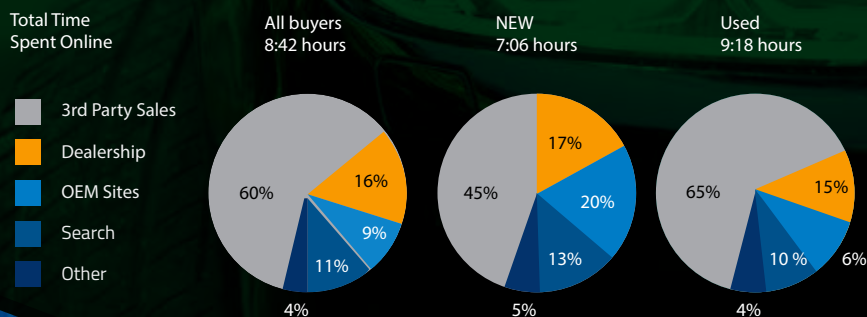
Incorporating omnichannel engagement & experience in dealerships

Be Interactive: Numerous potential buyers, surf dealership's website for pre-purchase research, and many of them leave the sites without sharing any information. Most of them review an average of four pages of content in of 51 seconds, while more than 1/3rd of visitor's bounce and might not return. Interestingly, digital marketing can play a significant role to bring these customers to the OEM or dealership's website or to make them install the customer App. The key to this problem can be an interactive cognitive hybrid connects that can minimise the problem by sharing information. Starting from appealing the prospects with relevant product updates, newly launched models, promotion and after that engaging them more with personalized content by capturing identity contact information, particular interest/weakness on brand /segments and finally moving to an appointment level for a test drive.

Sources Used to Shop



Time spent on various sites

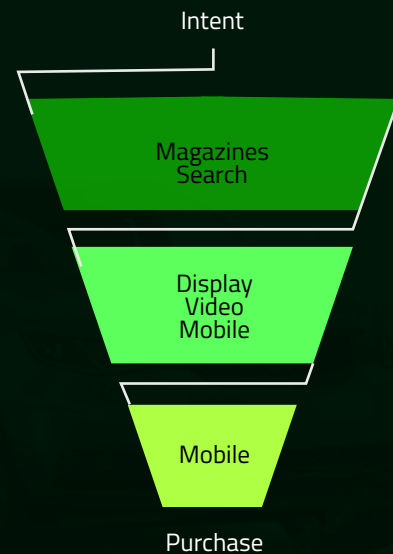


Source: Autotrader & Kelley Blue Book (KBB.COM)

52% find digital videos useful when researching their next car purchase

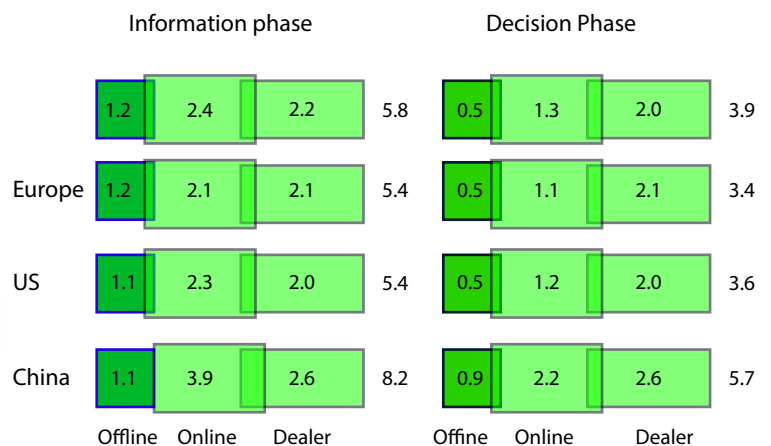
- Technology features, Comparisons, and expert reviews were among the most useful video content, perhaps indicating that during this phase of research consumers more interested in detailed information that will help them narrow down their choices"
- Auto review videos on YouTube have been watched for more than 3 million hours in the first nine months of 2015. of which more than 12M were on mobile. more than twice as many as the previous year"

Source: MNItargetedmedia



Source: MNItargetedmedia

A Cross - touch- point retail strategy is needed as customers are effectively maneuvering multiple touch point categories



Source: <https://www.mckinsey.de>



Be Omnipresent: Being omnipresent creates a possibility of attracting customers on virtual platforms for an initial interface. This approach not only helps to shorten the sales cycle but also creates a personalized experience for the shoppers. Virtual reality, meanwhile, is an excellent way to bring products to life digitally and can gel well with Hybrid Connect where the customer can connect live with the sales associates.

Be Reliable & Integrated: Dealership needs to ensure transparency in their offering's. It can be store inventory visibility, high-quality photos of actual cars, reviews-compare-contrast from authentic and reliable source, available offer-promotion with detail validity and conditions as applicable, test drive options, loyalty & rewards programs with benefits, ship-to-store options. Close to 90 percent online customers use an extensive variety of online sources – OEM and dealer Web sites, social media, blogs, and forums – to gather information, compare offers and move to the purchasing decision. This requires optimizing their Web presence, but also integrating traffic from third-party Web sites, such as Kelley Blue Book, Consumer Reports, or JD Power in the US.

Be Seamless: The customer expects seamless and continuous experience across multiple touchpoints in and across the purchasing journey. For instance, if a prospective customer surfs online website and gets engaged with one or more car model. When he goes through various research and reviews and he might, get distracted with other activities for next couple of minutes. There is a high probability that the time they spent might not result in any tangible outcome. It might be extremely beneficial if that person can resume the journey next time from a point where they left from other device or channel at home/office or even at dealership space, post purchase servicing or even with OEM Apps. However, seamless & intelligent switching of channels or apps remains a challenge which might still need a potential improvement.

Be Empathetic: Every dealership needs to understand and analyze the sentiment and emotion of their customers, across multiple touch points starting from identification, engagement, experience to conversion. Auto dealers who, endeavours to understand human psychology should look at the key question – 'what's happening in consumers' minds at a micro level. Given that, channels are the new paradigm based upon location, personalization, and purpose in the journey from ZMOT to UMOT. An example for this is , Disney recently came up with an AI based solution that can assess reactions from facial expressions as the customers' watch movies. The auto dealerships are in no way an exception here; they need to "know moments," "go moments," "do moments" & "buy moments" for each customer as a continuous journey.

Dealership's Customer Experience is the ultimate factor for sales conversion

First Moment of tTruth is mostly the touch point between customer and auto dealers. Traditionally, customer experience was all about making the customer enjoying a test drive and managing them through providing vehicle financing assistance and delivery. The paradigm has shifted to completely new dimensions & KPIs. Now, for most of the customers, especially the Gen X or Baby boomers, Dealers and Automakers need to transform customer experience of the driving vehicle, to experiencing the brand offerings to be on top of their priority. Interestingly automakers and dDealers need a critical collaboration to ensure a seamlessly integrated customer experience strategy with OEM.

An informed welcome! A seamless information flow is required between different channels.

For instance, in certain situations, customers might have already shared information on an online portal about the car they are looking for and might have filled out forms. Recognizing and remembering a customer is one of the most efficient ways, a dealership canof heighten ing the customer experience and score at a first impressionin a dealership. The data already available can help in delivering a personalized experience.

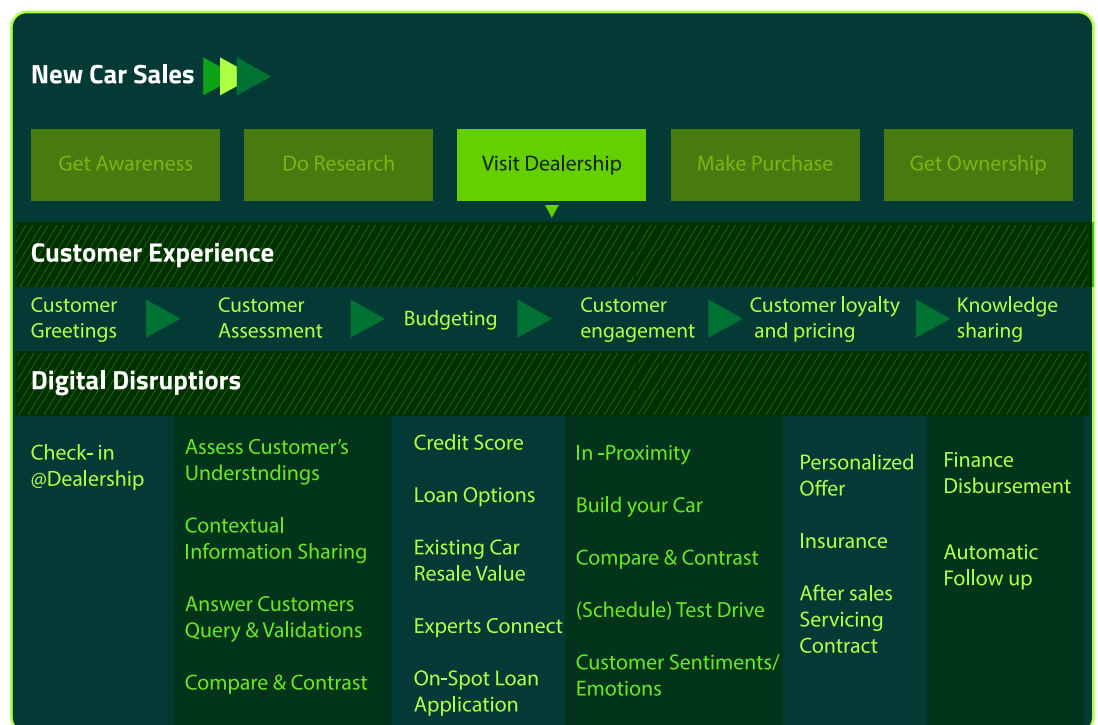


Figure 2: Customer journey at Auto-Dealership

Initial contact with dealership

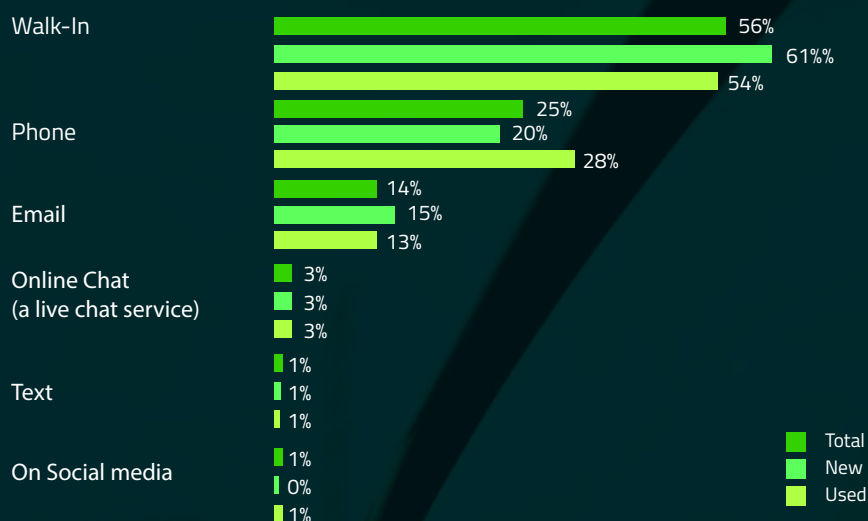


Figure 3: Source: Autotrader & Kelley Blue Book (KBB.COM)

Dealership needs to acknowledge and appreciate the past customer analysis: The cohesive mindshare between the customer and the dealership acts as a starting point. Most customers look for validating their existing understandings, ask for additional information, clarify doubts on post purchase expenses or look for an overall contract for maintenance, insurance, and financing which the dealerships are offering in today's era. At dealerships, 61% of visitors use their mobiles and tablets for gathering information around pricing, model variant information, inventory, locating vehicles for sale, offers, and incentives. With voracious hunger for information, the dealership might face a challenge to retrieve the most contextual information about customer's understanding, his/her recent activities, any pretended impression, the level of interest at the moment of the conversation. This also holds true regarding sharing of data with dealers/OEMs- 84% of customers expect monetary benefits, around 74% want incentive schemes and around 74% want personalized customer experience over the entire car sales and service lifecycle.

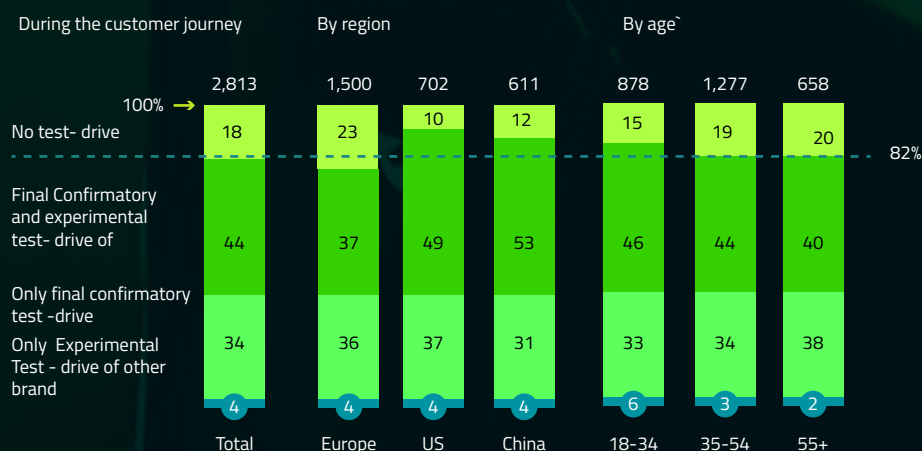


Figure 4: Dealers will remain essential for organizing test-drives

Source: McKinsey 2013 Retail Innovation consumer Survey

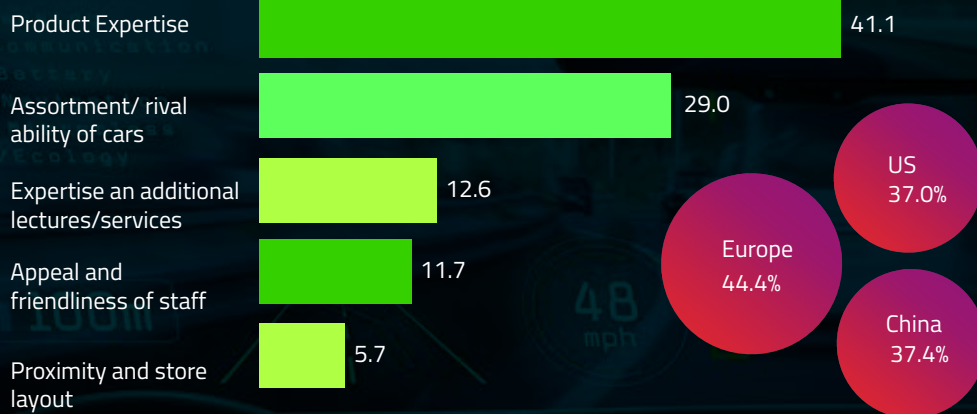
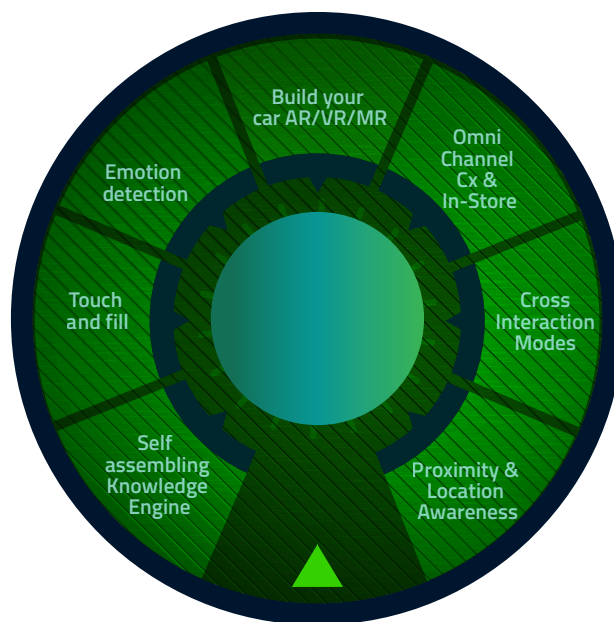


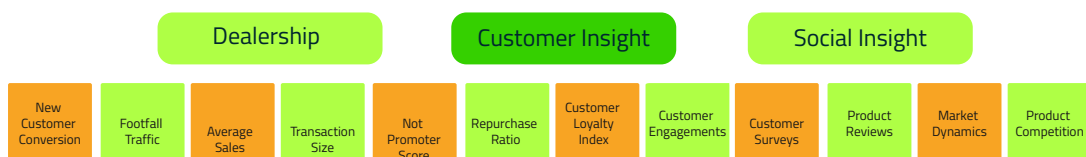
Figure 5: customers expect the dealer visit to yield additional information not easily found online

Customer needs to feel engaged at the dealership. Sharing contextual information about the car, a consumer is interested in and offering self-service tools for that helps to get the customer engaged at the more fundamental level. By doing this, they will feel empowered to be able to "build your car" using the digital tools and platforms by selecting the Brand & Models, Colours, Interiors to Wheel & (other) accessories. Also, assisted selling with in-showroom clienteling helps the associate in understanding the customer better. The Clienteling solution provides relevant insights on customer behavior, product and market dynamics and this bridges the gap between customer demand and the business offerings. While the dealerships are leveraging technologies including AR, VR, MR, in-Proximity for the client virtually experience the products; the Manufacturer should also collaborate to encourage customers to use these OEM apps. Various studies suggest the priority wise preference of what customer expects at a dealership as follows:

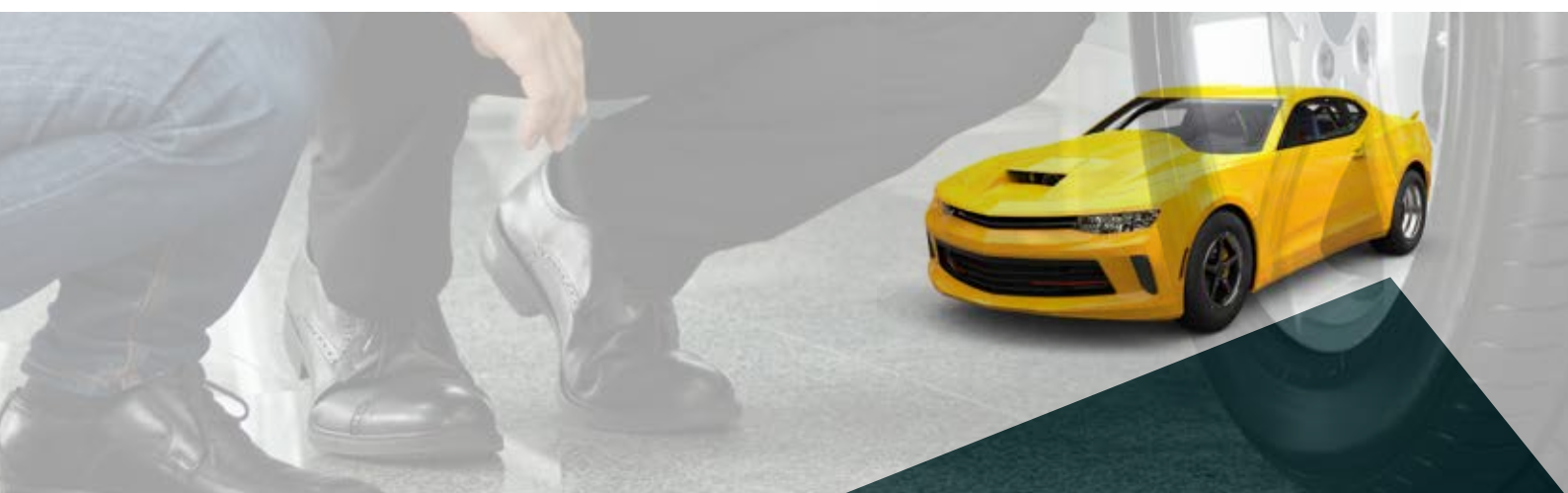
- Around 40% of customers expect excellent product expertise/information
- Inventory/ assortment and availability of cars for immediate purchase comes at 30%
- Around 12% expect expertise on additional features and services
- Around 12% on aesthetics and friendliness of staff
- Around 6% on the proximity of the dealership to their homes



Insight Data



Financing, a critical element impacting the purchasing decision. The customer might expect support regarding services to be offered at the dealership. For instance, getting the credit rating, understanding car financing options, interest rates, the loan period, etc. Most of the dealerships offer financing options to the buyers including loan, insurance, and other financial services in association with the Bank, Insurance companies, and financial institution. However, the seamless experience from credit evaluation, budgeting, selecting the model, "build your car" to loan application followed by, in the moment approval is what a new generation customer wishes and anticipates .



Customer Loyalty

Just like any other industry, customer loyalty and retention is as important as getting new customers for sales success. As we understand, selling to a known and loyal customer is easier than selling to a new person. Hence customer loyalty becomes a 'de facto' consideration for customer retention and incremental revenue. Unlike a retail store dealing with apparels and accessories, the relationship that a customer has in a dealership is much lesser regarding the frequency of visits and engagement. Hence, maintaining regular communication with customers right from the point of buying a car to service reminders, taking feedback, reward programs, discount on annual maintenance charge, communicating about new models, etc., not just increase the customer stickiness with the dealership but also provides a channel for cross/up-selling. According to a survey, customers associated with a loyalty scheme are most likely to visit the same dealer for their consecutive visits post purchase of a car than non-loyalty scheme customers.

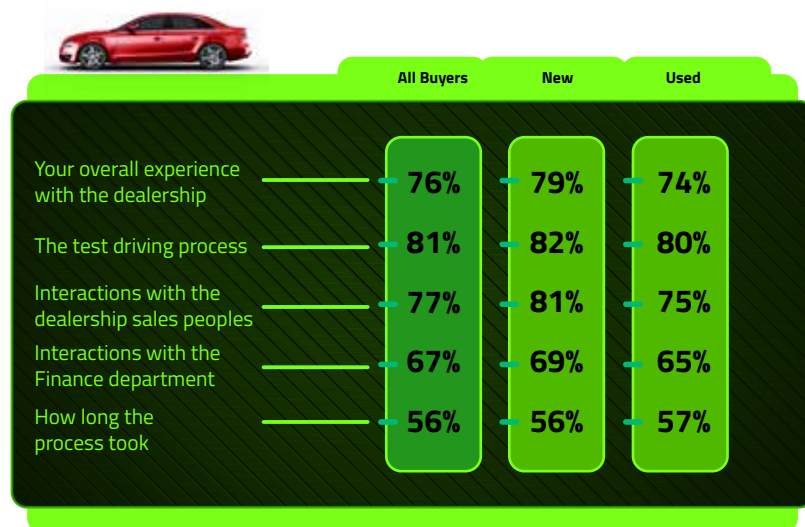


Figure 7:Source: Autotrader & Kelley Blue Book (KBB.COM)

Satisfaction With Purchase Process

Maintaining the Customer Relationship

The OEMs need to decide who will manage the direct Customer relationship and from where. As OEMs are exploring and experimenting with direct sale to the car buyers, it might be wise to manage the Customer Relationship as an initial step forward. It will help them in building further Customer centric data that they can leverage during marketing initiatives. OEMs in today's era are considered the most trustworthy; it is still important for OEMs to collaborate with dealerships on sharing customer data for a win-win negotiation. However, more than 40% of executives believe that OEMs will take over the direct customer relationship, where as only 28% consumer opine retailer /car dealers as their favorite. However, car retailers have gained considerable significance in the opinion of the customers through the value chain.



Executive opinion

OEM/ vehicle manufacturer
(e.g. BMW, Ford, Toyota)

2016 33% → 2017 41%

System Suppliers
(e.g. Bosch, Continental, Delphi)

2016 21% → 2017 21%

Retailer/ Car dealer

2017 9% ← 2017 11%

Mobility service providers
(e.g. Uber, Lyft, Get Ta)

2016 9% → 2017 11%

ICT company
(e.g. Google)

2017 16% ← 2016 22%

0% 5% 10% 15% 20% 25% 30% 35% 40% 45%

Customer Interface

Consumer opinion

OEM/ vehicle manufacturer
(e.g. BMW, Ford, Toyota)

2017 26% ← 2016 27%

System Suppliers
(e.g. Bosch, Continental, Delphi)

2016 9% → 2017 14%

Retailer/ Car dealer

2016 14% → 2017 28%

Mobility service providers
(e.g. Uber, Lyft, Get Ta)

2016 8% → 2017 13%

ICT company
(e.g. Google)

2016 18% → 2017 19%

0% 5% 10% 15% 20% 25% 30% 35% 40% 45%

● Increasing number of respondents
(compared to last year) seeing a player
at the customer interface

● Decreasing number of respondents
(Compared to last year) Seeing a player
at the customer interface

Figure 8: KPMG Global Automotive Executive Survey 2017 – Direct Customer Relationship future business model

As the saying goes, customers often make decisions based intuition and experience vs. pure logic and facts. Therefore, it is the key responsibility for dealers to keep innovating and creating great digital and visual experience all the time. The latest trends in this sector includes:

- Venturing into the area of Virtual Reality, Augmented Reality to bring the showroom to the customers.
- Equipping the staff on-grounds/ at-stores with tablets to provide a quick and convenient way to attend to the customer queries, booking test drives, scanning a document or ID card, etc., without leaving the customer's side.
- Testing and experimenting with other wireless communication devices that enable the sales person to interact with service center team or getting the additional resources to help in sales or service.
- Leveraging the inbuilt technology of the car to get alerts whenever a customer is in the defined proximity. This enables them to be ready with the required information and history of the customer's, their preference and previous transactions or discussions. A perfect example of ' Don't let me repeat myself'.
- Not to be left behind, the OEMs like Mercedes, Audi, BMW, and Tesla, etc., are also gearing up with new innovative ideas like having boutique stores and cyber stores in prime locations of the city with AR/VR powered, life size 3D interactive video screens.
- BMW has recruited dedicated non-sales oriented experts called "product genius" for educating customers about the various sophisticated models and its features and has become the first manufacturer to unveil a unique augmented reality experience at their dealerships this year (2017). The AR experience provides a 3D experience of any car, in case it is unavailable at the dealership.
- Auto dealerships in the US like Feldman Automotive Group and Edmonds is driving sales through a cognitive chatbot.
- Self-service experience at dealerships enables customers to engage with rich content on interactive displays, personalized for the customers as they navigate the store, at the same time getting comprehensive information about the car and relevant offers right on their phones.
- With phone manufacturer's implementing Google's Tango- the AR/VR platform, auto dealers, and manufacturers are using the technology to their advantage and embracing it in their i in-showroom experience.
- Two Elizabeth City car dealerships have joined forces with All state insurance company to provide one-stop shop-ping for both car and insurance customers.
- Leveraging AI in any form- chatbot, Emotion detection, as embedded software in cars, or implemented in dealer management systems for mining and deriving actionable social data. AI powered Chatbots are slowly gaining their significance in the dealership's customer engagement strategy creating opportunities for Self Service, personalized engagement, and better customer experience.
- Bots go way beyond just doing a Q&A. Both Manufacturer & Dealerships are leveraging AI to help customers find the right car, locate dealers having the inventory or to even transfer the conversation to a live associate in a seamless manner- all without leaving the chat.

Happiest Minds Play in the field of Auto Retail: oDASP

The oDASP for AutoRetails powered by AI, Hybrid Connect, AR/VR provides a comprehensive solution for the Digital Customers in the Auto Retail sector. The solution focuses on both transactional and nontransactional customers for Engagement and Experience across multiple touch points during customer purchase journey especially at the auto showrooms. It has several unique and focused offerings that our customers are leveraging to achieve the below KPIs : -

- 37% increase in customer satisfaction with In-Dealership Engagement and Experience powered by In-Proximity, AI & Assisted Selling
- 13% Increase in sales volume from existing customers – 8.5% Increase in converting more prospects/nontransactional visitors into customers
- 11% Increase ability to close transactions over digital channels with proper business negotiations, Experts Connects - 10% more opportunities for up-sell
- 11.5% Increase in footfall to Store with Social Gamification & Campaign
- 85% of customer relationships through Artificial Intelligence Chatbot - 2880 hours of saved in Customer Service Associate utilization

Hybrid Connect powered by Self-learning Cognitive Chatbot specialized for Customer Engagement+ Dealership Connect

feature includes providing intuitive and contextualized product/ service info (market trends, recommendations), book a Test Drive Appointment with Dealership

Seamless Onmi channel customer self service experience

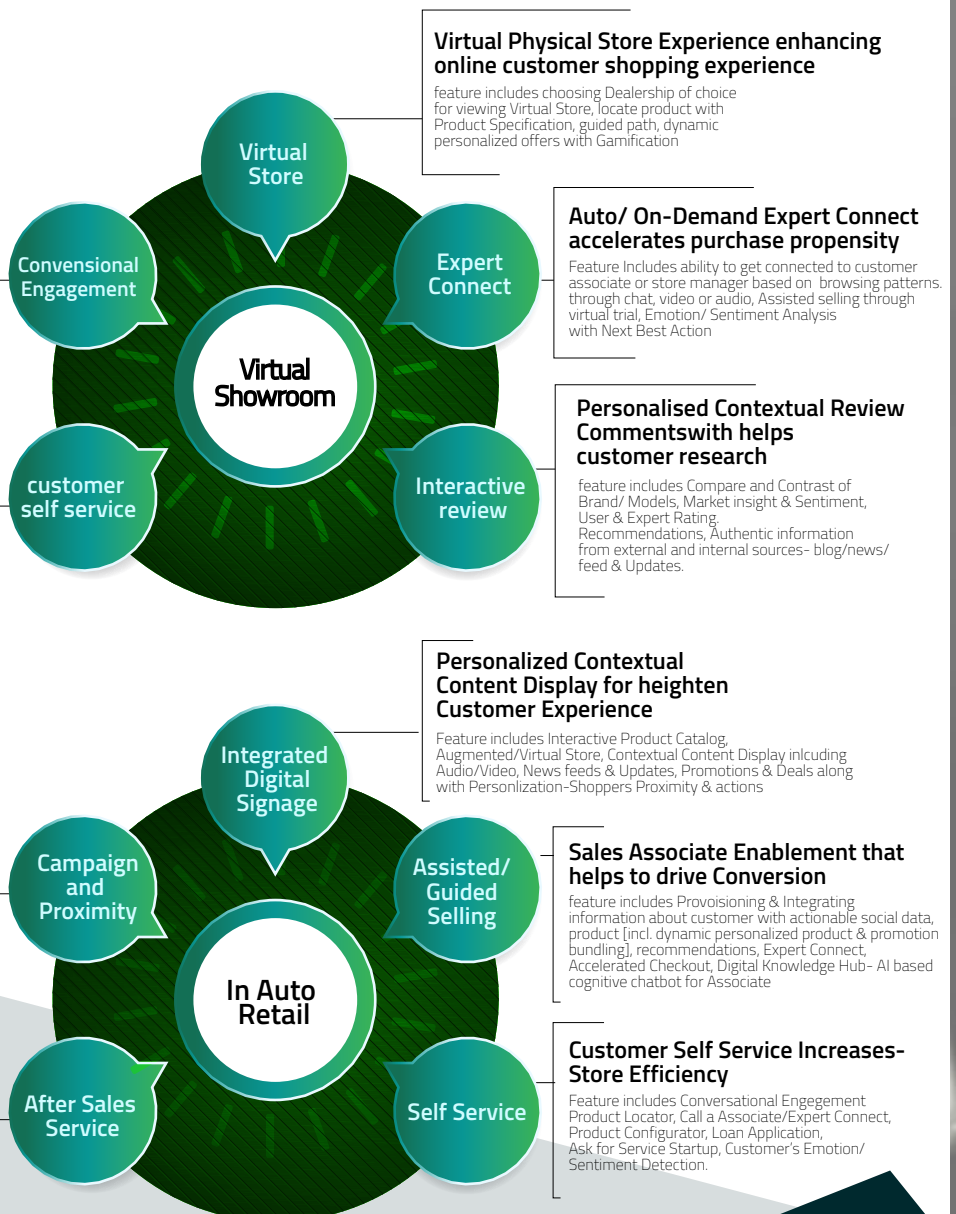
feature includes ability to book appointment with Dealership/Workshop, Car Servicing, Purchase & Install Accessories, Log a Service request/complain

Entice and Engage Potential Shoppers(nearby) primarily to Drive Foot Traffic

Feature includes Social Geo-financing, Geo- targeting, Vendor Agnostic, Beacon based Campaign Management, Identity Customer, Path-To-Purchase, Product Dwell time, Gamification

Customer Service Associate Enablement that helps to Increase Service Efficiency

feature includes, Customer Service history, add and track, repair orders, / Cost Estimation, Check Market Valuation, Warranty status, Expert Connect, Digital Knowledge Hub- AI based cognitive chatbee, Capture Customer's Emotion/ Sentiment Detection.



The Future

Automobile retail is witnessing dramatic makeover due to digital transformation and the next generation services unfolding from it. In the digitally empowered automobile retail world, the future of customer engagement and experience will transcend the technological barriers and it will leverage the benefits offered by Artificial Intelligence, Machine Learning, Augmented Reality, IoT, and Analytics. To embrace this new world, the auto retail players need to pick and choose the appropriate enablers rather than treading in the paths of isolated attempts. They need to follow a consolidated approach with well-defined business objectives. Considering the need for accelerated Goto Market, Auto retailers are exploring, and experimenting different platforms that offer a flexible consumption based model with an opportunity for experimentation & co-creation of new features & capabilities.

As the industry embarks on the digital transformation journey and leverages the larger benefits of disruptive technologies, we can expect a massive transformation in customer experience and engagement in the retail automobile sector. Let us watch the space.



About Happiest Minds Technologies:

Happiest Minds, the Mindful IT Company, applies agile methodologies to enable digital transformation for enterprises and technology providers by delivering seamless customer experience, business efficiency and actionable insights. We leverage a spectrum of disruptive technologies such as: Big Data Analytics, AI & Cognitive Computing, [Internet of Things](#), Cloud, Security, [SDN-NFV](#), [RPA](#), Blockchain, etc. Positioned as "Born Digital . Born Agile", our capabilities spans across product engineering, digital business solutions, infrastructure management and security services. We deliver these services across industry sectors such as retail, consumer packaged goods, edutech, e-commerce, banking, insurance, hi-tech, engineering R&D, manufacturing, automotive and travel/transportation/hospitality.

Headquartered in Bangalore, India; Happiest Minds has operations in USA, UK, The Netherlands, Australia and Middle East.

To know more about our offerings. Please write to us at

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