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Why choose NTT DATA?



### Difficult times, but dealers have adapted

Dealers are on the front line of the automotive industry, facing the Coronavirus onslaught. Many have been quick to respond to the new environment, adopting new digital tools to help them achieve more effective online customer interactions and contactless sales experiences in the retail space.

While the health crisis has not created fundamental change, it has accelerated the trend towards digital channels and superior customer experiences in the digital space. A recent survey reveals how dealers have adapted their social media strategy, with 43% building their online presence to attract more customers to their websites. Some 89% of dealers are positive about their business outlook in the next six months.<sup>1</sup>

#### Digital coming to the fore

Many dealers have ramped up their adoption of digital technology to enable them to offer more personalised experiences over different channels. They track consumer interactions on their websites and run nurturing processes to bring potential customers to the point at which they can be handed off to a salesperson. Automation is being used to answer chat queries from customers, with more complex interactions being passed to human sales teams.

There is rapidly growing recognition of new opportunities to sell online. Customers can choose their car, view it online supported by video from a salesperson, order and pay for it with all documents being signed online. The only time the customer needs to come face to face with a dealer employee is when they visit the showroom to collect the car or when it is delivered to them. However, most customers still dip in and out of the physical and the digital, reflecting the need for a smooth, efficient and integrated omni-channel purchase experience.

Third party online players are making contactless selling a key feature of their websites. CarGurus, for example, promotes features ranging from virtual appointments, to free test drives at home, all fulfilled by dealers using the CarGurus site, illustrating both the appetite from the consumer and dealers' willingness to engage in different approaches. The company reports swift uptake, with 43% of paying dealers offering one or more of the features on vehicles they sell through its platform.

#### A sharp focus on contactless

Surveys on consumer willingness to proceed with online car purchases is also optimistic with Parkers finding 95% intend to complete despite the closure of the physical showroom<sup>2</sup> and classified sites like AutoTrader continuing to report healthy online traffic with a 25% rise in demand.<sup>3</sup>

With the renewed focus on digital channels, it is now more important than ever for dealers to find new ways to drive up retail sales and revenue with increased reliance on remote or contactless selling, particularly in the light of ongoing lockdowns. Such approaches need to be seen not as temporary measures to get dealers through the pandemic, but a permanent change in their ways of doing business that requires further investment.

#### Dealer targets half of sales online by 2023

It has been reported that dealer group
Peter Vardy is gearing up to complete half
of its car sales online by 2023. It is making
heavy investment into e-commerce in sales
and aftersales, and its online retail platform
integrates car search, part-exchange, finance
and purchase fulfilment. Its chief executive
Peter Vardy said the system, which can also be
used on-site, is freeing up salespeople's time
to deal with potential and existing customers.<sup>4</sup>



### The market was already changing, it's just speeded up

A car is one of the biggest purchases consumers make. It involves complexities not found when buying other products like white goods. It is also an emotive decision and often brand driven.

While some customers like to visit a physical showroom and be treated well by a salesperson, many others have been looking for a different way. The Coronavirus issue has resulted in some people not wishing to visit showrooms, even postlockdown. Others may feel they will be pressured by salespeople when visiting showrooms and would prefer to use digital channels.

NTT DATA believes the changing market threatens to overtake traditional dealers that do not evolve. The manufacturer-dealer relationship has been changing over several years and is becoming outdated thanks to trends such as electrification, autonomous driving, shared mobility, connected cars and the direct sales ambitions of manufacturers. Indeed, the idea of moving to an agency model has been welcomed by many in the sector. In Germany all of Volkswagen's retail partners have agreed to an agency model for vehicles in the all-electric ID family. Customers can switch seamlessly between online and offline channels and order direct from Volkswagen, while their preferred dealer remains their local contact.<sup>5</sup>

Such an agency model could also address the challenge of existing players and entrants like Cazoo, Cinch and Carwow which offer a smooth, easy and fast process that fills the digital customer experience gap left by dealers. As well as forcing dealers to be more transparent, they disrupt established processes.

While many dealers have embraced such disrupters as a route to market, friction still exists, leading to uncomfortable issues arising, such as fees and commission. For example, if an existing customer makes an enquiry via Carwow, the dealer's sales team may feel they are unfairly paying the 'finder's fee' when in fact the customer was already on their database but just happened to use the platform as part of the purchase journey.

#### Better data adds value for dealers

According to Accenture, 85% of dealers agree that the sales model needs to adapt quickly for them to survive. Moving to an agency model for retail sales in which dealers are paid a set handling fee per new car by manufacturers has been welcomed by some UK dealers, a potential outcome that could be accelerated by the Coronavirus crisis.

However, the fragmentation of their existing technology landscape, with customer data being held in multiple, separate systems, may weaken the value of some dealers when entering agency deals. Those dealers that can provide a more indepth picture of customers will be better placed to exchange insights with manufacturers.

NTT DATA believes dealers and manufacturers will need to devise more effective ways of integrating their data and sharing it. By combining data held by dealers from their customer interactions and purchasing history with the data collected by manufacturers, especially with the rise of the connected car, both parties will be better able to jointly build best-in-class customer experiences.

Improved customer datasets will also make dealers more valuable within the context of widespread mergers and acquisition activity, which was already occurring before the Coronavirus pandemic.<sup>8</sup> Data is critical in determining the value of companies in all industries. By 2022, companies will routinely be valued according to their information portfolios. Already, companies that show data-savvy behaviour, such as hiring a Chief Information Officer or implementing data science teams, have higher than average market-to-book ratios.<sup>9</sup>

### The journey is underway, but there's a long way to go yet

Although many customers favour an omni-channel approach, preferring to dip in and out of the physical and the digital to suit them whilst expecting a seamless journey, this is not true for everyone. Dealers are grappling with how to deliver according to individual requirements while maintaining a smooth car buying process; some do it better than others and there are systems that help to meet this need.

While there have clearly been significant improvements in dealers' online capabilities, the customer experience can still fall short of the best in other sectors. Limited or even a lack of personalisation of dealer interactions with customers results in the sending of irrelevant content that wastes resources, causes customer frustration and results in high communication opt-outs.

#### Being more customer centric

Some dealers can also be car centric when they need to be customer centric. Many dealer systems focus individually on the car and the customer, rather than providing an holistic picture. Customers can receive messages reminding them to service or MOT cars they sold long ago. Or customers receive the same service reminders for their cars from different branches of the same dealership group.

Another major issue that lingers is the need to keep websites up to date to avoid offering vehicles for sale that are no longer available. Most dealers now have an automated upload from their stock feed to their website and to third-party sites like AutoTrader for uploading vehicle assets (video, images, 360 views). However, the speed of updates remains an issue for some dealers.

Some dealers have also been notoriously bad at lead leakage in that a potential buyer will enquire about a used car but doesn't take the next step. The lead is treated as dead when in fact, the buyers are often in-market.

#### Creating a better employee experience

As dealers have recognised the needs of the changing market and customer demand for more digitally focussed approaches, they have invested in multiple specialist systems. Siloed systems such as digital documentation management, or video messaging, have been implemented and run alongside the traditional dealer management platform.

It is not uncommon for a salesperson to be using 10-15 separate systems, logging in and out frequently. As well as creating a fragmented customer experience, employees can find this time consuming and frustrating, especially the ambitious digitally aware younger generation of employee entering the industry. The so-called Gen Z age group that grew up after the tech boom is the most connected, tech-savvy, and accessible generation to date.<sup>10</sup>

There are also problems of double-keying, leading to duplicate records, just one example of poor data quality. Disparate systems that require the same customer information to be inputted inevitably leads to mistakes. While this issue is being addressed by increased integration between suppliers, the full solution requires more than just technology integration, it also must involve standardisation and proper governance of data.

Moving more of the customer buying journey online could also mitigate the issue of ensuring staff are able to deal with the growing technical sophistication and variety of vehicle technologies and developments including



autonomous driving, connectivity, electrification and shared mobility. Preparing for the 2030 UK ban on sales of pure petrol or diesel fuelled cars has moved up the priority list for dealers.

As well as upskilling sales staff, more rigorous control of the sales process will help ensure salespeople are provided with the information they need. This helps to establish the dealer as a credible advisor at scale, but also provides the support and information needed to create a well-defined customer journey.

#### The urgent need for data integration

One of the most important causes of poor personalisation of customer interactions and frustrating employee experiences is the fragmented systems common among dealers. It's a situation made worse by the rapid adoption by dealers of individual tools to support their move towards contactless sales. Typically, these have been implemented alongside the dealer management systems without any integration, resulting in siloes of customer data that are difficult to combine.

One of the first steps NTT DATA recommends for dealers is to explore ways to integrate their various customer data repositories, starting with a few high-value data sources that will deliver some quick-wins in customer experience. Whilst this is being addressed by various suppliers working together to enable integration, we believe dealers that take the lead and implement their own integration strategy could find themselves streets ahead of the competition.

In parallel, employees will need coaching to help them adopt best practice customer experience. Deploying the right tools is not enough, employees also need to be educated in their use and trained to trust the insights they deliver.

### Is a new generation getting into car ownership?

Young adults in recent years have shown a lower willingness to own and use cars than previous generations and it was considered unlikely the levels of car use of older age groups would be re-established.<sup>11</sup>

However, the Coronavirus crisis has created some reluctance to use public transport and encouraged 18-34-year olds to consider the advantages of private transport. According to a recent study: "A third of consumers value constant access to a private vehicle more than before COVID-19, especially among younger consumers." 12

Young people have little experience of the dealer sales process, leaving them open to novel car purchasing processes. Fewer than one-third of younger consumers prefer conducting car sales and aftersales in person at a dealership, with approximately half of a recent survey's respondents willing to pay extra for contactless services.<sup>13</sup>

Right now, dealers have an opportunity to build relationships and establish brand loyalty with these potential new customers. As well as automating their existing process, this will call for a radical rethinking of the sales process with the range of tools and technology now available.

# Four ways dealers can transform the customer experience

### 1. Make data work harder by unifying it, simplifying it and analysing it

Dealers already know much about their customers. Yet the most valuable information is often fractured across separate systems. Dealers can power up their customer experience by eliminating data fragmentation, filling in gaps such as missing email addresses and creating accurate insights.

With a higher quality customer profile assembled from interactions across even just a few touchpoints, dealers can begin to segment customer groups in real time by taking advantage of machine learning analytics to apply dynamic profiling.

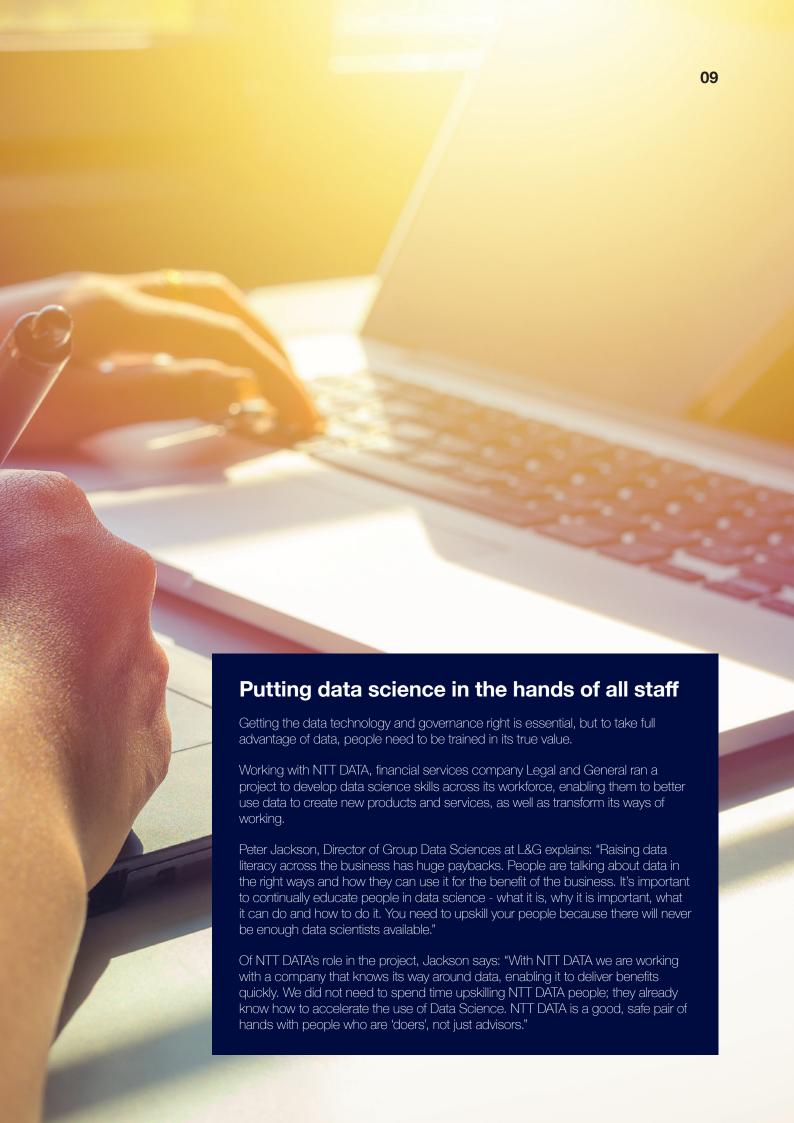
#### How NTT DATA can help

Simply cleansing, enhancing and consolidating customer data records through a solution like the NTT DATA Digital Customer Twin Platform can save 30% in marketing costs and boost customer satisfaction by targeting customers only with topics and through channels they like.

NTT DATA also helps to assess and improve data quality according to three key factors – correctness, completeness and consistency. This also helps ensure regulatory compliance with the General Data Protection Regulations (GDPR).

More comprehensively, we can help a dealer to achieve personalised experiences at scale with our Intelligent Experience offer. This is delivered by a menu of solutions with Adobe Experience Platform at its core. The Adobe Experience Platform provides fundamental capabilities from building and managing a central data lake, to the creation and enrichment of real-time customer profiles, to privacy, governance and security of data.





### 2. Enable digital customer experiences by involving the wider organisation in digital marketing

Lacking an holistic view of customers prevents dealers deploying highly personalised marketing that consumers are used to in other sectors.

In its '2020 Digital Trends – Automotive Focus report', Adobe found that optimising the customer experience is recognised by the sector as its most exciting opportunity for the coming year, closely followed by data-driven marketing focused on the individual. However, Adobe's report also reveals that 47% of automotive companies still operate a decentralised approach to customer experience, spreading responsibility across marketing and other departments. Overcoming such fragmentation is essential for a joined-up, personalised experience as customers move along their purchasing journey.

Furthermore, customers expect speedy responses to their enquiries across channels. Some 65% of potential car buyers want dealers to respond more quickly to their email enquiries, while 44% expect faster response to enquiries made via social media. If they don't get it, more than half of consumers would take their enquiry to another dealer. Automated communications can help dealers to respond quickly with personalised messages.<sup>14</sup>

Creating personalised, real-time customer experiences calls for close management of channels and touchpoints. Using the right metrics and analytics is vital to show how to maintain the satisfaction of customers and enhance customer satisfaction.

#### **How NTT DATA can help**

The customer experience is not created by marketing alone, but must encompass the entire engagement process from pre-sales, to sales, to after-sales service. Furthermore, every customer touchpoint counts, and will vary from one customer to another, so it is vital to ensure all channels contribute to the customer experience.

NTT DATA offers a quick customer experience health check that can assess the current state of existing dealer initiatives and identify ways of improving them through increased volume and quality of data.

We also offer comprehensive customer journey mapping and channel strategy planning, as well as individual apps or a fully integrated marketing platform. We tailor our approach and portfolio of proven services to a dealer's organisational structure and culture to help create winning, data-driven customer experiences.

Furthermore, tight integration between Content Management Systems (CMS), Marketing Automation systems and Customer Relationship Management (CRM) is essential to make it all happen. NTT DATA's long integration experience will ensure it happens.

#### Kia Mia - the intelligent chatbot

Online chatbots offer wait-free customer support at scale. But despite their convenience, generic chatbot interactions can feel impersonal. Working with Kia Motors, we brought the chatbot from the internet to a live, retail environment and added a human touch. It's an engaging, personalised, lifelike approach to automated customer service that bridges the gap between artificial intelligence and humans.



## 3. Revitalise sales processes to create a customer experience that is more personalised, more effective and more successful

The traditional model of funnelling all customers into the showroom where they sit face-to-face with a salesperson is becoming less effective as customers demand more over digital channels. While most people like the idea of a test drive, many are increasingly happy to make a purchase without one, particularly if remaining loyal to a brand.

All this means not simply replicating the showroom experience digitally, but taking more innovative approaches that deliver new, more compelling online customer experiences.

Advanced analytics can help dealers to rethink their management of key touchpoints and build on their existing successes in contactless selling. For example, rather than requiring a customer to visit their local dealer showroom, they could be contacted by a dealer from within the group further

away, but more likely to have rapport with the customer, to manage the initial conversations via web chat.

However, the fragmentation of the sales organisation across dealer branches can cause issues. For example, a customer may select the car they want at a local dealer branch after a test drive. Then finding a better price, perhaps through a route such as Carwow, at another, more distant, branch they purchase the vehicle there. The first dealer loses the sales commission despite having expending time and resources making the sale.

#### How NTT DATA can help

NTT DATA offers a step-by-step process for building a winning customer experience. Through practical workshops this helps a dealer define its engagement and sales process at every touchpoint along the entire customer journey, helping to resolve issues such as rigid commission structures.

We can then help implement a series of Intelligent Experience solutions to generate value from the most important touchpoints, leading to connected business scenarios that ultimately span the customer journey across marketing, sales and service.



### 4. Transform business models for the new digital world and become customercentric not car-centric

The dealer landscape is changing, with ongoing consolidation, new sales and communication channels, new forms of mobility and rising customer expectations for more innovative products and flexible offers from dealers such as subscription-based services.

Senior management faces the need to transform systems and business models affecting all the major sources of profitable growth: new car sales, used car sales, after sales, service and mobility services. Furthermore, the dealer's data strategy needs to be aligned and linked to the manufacturer's multichannel sales strategy and their increasing focus on direct sales.

NTT DATA believes dealers enjoy significant entrepreneurial opportunity to develop a compelling data-driven business in all car sales processes. Legacy thinking within the dealer organisation needs to be challenged.

#### How NTT DATA can help

NTT DATA has long experience of helping organisations to transform their cultures and fundamental ways of working to become more innovative, more responsive and more adaptive. At NTT DATA we believe any business function can be made agile, whether marketing, supply chain management, human resources or any other.

Staying competitive depends on being able to move fast and improve continuously. That's why many organisations are shifting to agile processes, which are proven to transform business operations and rapidly deliver new capabilities. Think faster responses to market demands, boosted productivity, enhanced service quality, improved customer satisfaction, reduced costs and more engaged staff.

The successful adoption of agile methods can transform a dealer's ability to compete. Companies using agile techniques have a 62% higher likelihood of success compared to those using conventional, sequential delivery methods<sup>15</sup>. Furthermore, companies that have embraced agile have a 70% chance of being in the top quartile of organisational health<sup>16</sup> which itself is a predictor of long-term performance.

#### Rapidly delivering innovation through agility

Part of the Vodafone group, ho mobile in Italy wanted to develop offers that are simple, free of surprises and have no hidden costs. NTT DATA helped to transfer all these values into a fully digital user experience across all channels.

NTT DATA helped design and create the entire service infrastructure, placing people at the centre of every stage of the process. Design thinking, together with a lean startup and agile development approach were right at the centre of all the activity, thus rapidly producing a prototype and being able to carry out tests with users. Eight months of work for the new mobile operator has improved customers' and operators' lives thanks to the high-quality digital experience.

The project achieved he success, winning one million customers within six months and achieving a Net Promoter Score (NPS) of 65 – the best in the market.

# Turning theory into practice: use cases to build intelligent experiences

NTT DATA can help dealers gain a true understanding of what individual customers want and respond effectively by engaging with them personally across all channels to increase sales success.

Examples of practical use cases that dealers can deploy include:

- Increase engagement with dynamic offers and content: Creating dynamic and customised content sent to specific customer groupings based on their profiles, needs and interests typically achieves 13% higher click-through rates and 30% reduction in marketing costs.
- Build customer loyalty through increased engagement over more channels: Whether offline or online, tailoring the customer interaction is an effective way of reaching new potential customers and gaining their trust, as well as boosting existing customer loyalty.
- Improve sales and margins with automation:
   Identifying customers with a specific vehicle enables
   dealerships to personalise offers for similar cars,
   focusing on the benefits that matter to the customer,
   such as value, performance or style. As well as
   helping dealers engage with existing customers,
   this approach can generate new sales and higher
   margins.





- Use service appointments to support sales:
  Analysing data on service appointments can help identify new sales opportunities. For example, vehicle mileage and service and repair costs, whether under warranty or not, could reveal cost benefits for the customer in trading in their existing car for a new vehicle.
- Win lost business with personalised promotion of new models: The launch of a new or updated model is a great opportunity to boost sales with ready-made offers personalised for known customers or prospects. Using their existing data, dealers can devise personalised finance quotes before a customer has enquired, incorporating a part-exchange offer and available offers. Meanwhile, the engagement of consumers who have enquired or even taken a test drive but have not taken the next step can be maintained by adopting an automated and personalised communications strategy boosting the likelihood of an eventual sale.
- Boost upselling with personalised landing pages: Delivering a customer experience which exceeds expectations will increase the likelihood of a customer returning for aftersales services, recommending friends and family and writing customer reviews. Once a customer has ordered their new car, they can be automatically sent a welcome email with a link to a customised landing page with a countdown timer to the delivery day. As well as improving the customer experience, this gives the dealer upselling opportunities such as offering accessories based on the customer's profile, for example a dog guard or sports car accessories and introduce them to other products such as a service plan.
- Agent matching: Intelligently routing enquiries to match customers with the best available agent to drive the desired business outcome. This can help dealers to rethink their management of key touchpoints. For example, rather than requiring a customer to visit their local dealer showroom, they could be contacted by a dealer from within the group further away to manage the initial enquiry.
- Identifying quick wins: The NTT DATA Machine Learning Accelerator focuses on identifying 'quick win' opportunities arising from the exploitation of data by advanced analytics, machine learning and Artificial Intelligence. We can run a short 6-8-week consultancy project to identify the realistic opportunities to enhance a dealer's customer experience to deliver rapid results.

#### Deploy a Digital Engagement Centre to bring it all together

While some digital transformation programmes call for wholesale replacement of existing infrastructure and processes, NTT DATA's Digital Engagement Centre solution can be deployed on top of existing systems, integrating with sales functions to gain the capabilities and benefits described. As well as transforming the car-buying experience, the Digital Engagement Centre can support closer customer interactions post-sales.

#### **DEC - Digital Engagement Center**



#### **Customer Profile**

- 360 Customer profile all channels
- In-depth and real-time segmentation
- Dynamic Profiling & Analytics



#### **Intelligent Marketing**

- Cross-channel campaigns
- Automated Interactions
- Personalized Offers
- New Service Offerings

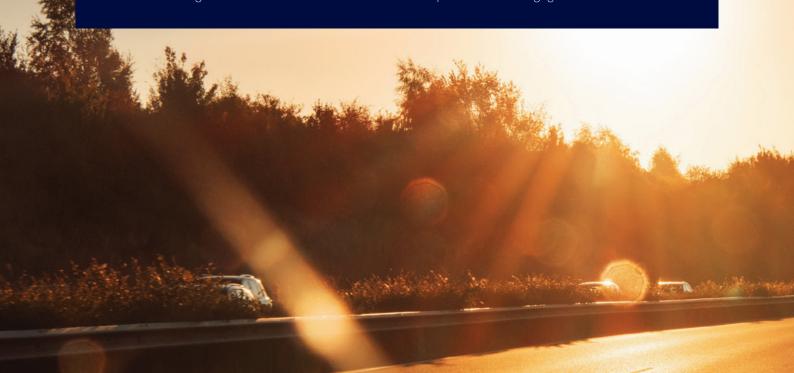


#### My Car Dealer App

- Customer Self-Service
- Digital Alerts & Offers
- Loyalty Program
- Partner Value Services

The solution stores all relevant data for digital business success in a single customer profile. Deep insights gained through data analytics enables dealers to engage more personally with prospects and existing customers across all digital channels, ultimately creating a superior customer experience that generates additional revenue.

NTT DATA will work with a dealer to build a Digital Engagement Centre matched to the needs of the business and its growth ambitions. Through workshops and the assessment of multiple business scenarios, NTT DATA consultants will create a tailored solution including the development of chosen use cases and digital channels in line with a business roadmap for customer engagement.



#### Why choose NTT DATA?

One of the world's leading business and digital consultancies, NTT DATA has long experience of helping organisations in many different sectors navigate today's world of fast-growing technological complexity, ever-rising customer expectations and rapidly changing business environments.

NTT DATA offers expert guidance dealers can trust. We strive to understand your business, your needs and your vision, to enable us to work with you - guiding you, not dictating to you - to find the best solutions that can realise your business ambitions.

### A final thought: banks transformed themselves, now dealers must too

In the wake of the 2008 global financial crisis, business levels crashed, hitting banks and other institutions hard. The deep disruption catalysed financial organisations into action, adopting new digital ways of working and creating exciting new customer experiences. Today, the financial sector is strong and well placed to meet any future disruption.

Fast forward to 2020, with the Coronavirus pandemic battering the automotive industry, the similarities are there for all to see. Now it is the turn of car dealerships to take action and adopt new digital ways of interacting with their customers.

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