Rethinking customer experience

Reframing customer intimacy during the metamorphosis of the agency model and beyond

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changemaker

Creating an **engaging customer** experience

Buying a car should be a joyful experience. Unfortunately, too often it's not. At a time when other sectors including retail, travel and hospitality have invested heavily in creating outstanding customer experiences, the process of acquiring the second most expensive thing most of us will ever buy can be time consuming, frustrating and overly complex.

The industry has undoubtedly made huge improvements in recent years, but there's still a way to go and the bar for customer experience is constantly being raised by the tech giants, like Apple and Amazon. The agency model presents a golden opportunity to gather data and insights from which to develop products, services and experiences which customers will find more engaging and satisfying.

The challenge of creating greater customer intimacy in the context of the agency model is complex and daunting, which is why **change**maker and ArvatoConnect chose it as the topic for our second annual mobility forum. As with our previous event at Bletchley Park, we were privileged to have attendees from across the automotive sector - from OEMs, retailers, and platform providers to insurance and compliance experts, industry bodies, security experts and designers - each with their own unique perspective.

Over three conversations, we explored the question "How can we revolutionise customer intimacy within the commercial automotive sector?" We weren't expecting to come up with a simple solution but wanted to harness the assembled diversity of experience and knowledge to identify key challenges and discuss possible ways of addressing them.

The three aspects we focused on were:

- **Why** is it important?
- **What** does "reframing customer intimacy" actually mean?
- **How** do we make it happen?

This paper summarises the insights we created at the start of our journey together. We hope you find it thought-provoking.

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Summary: key takeaways

During the day, we debated the *why, what* and *how* of this opportunity as a group and concluded the following:

1. The customer's buying journey isn't linear

We need to understand our customers' behaviours and preferences to design seamless omni-channel experiences which support individuals.
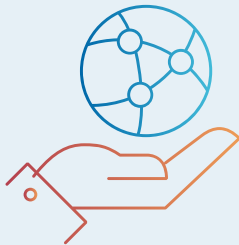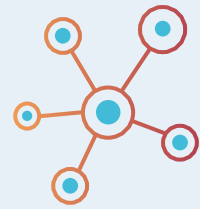
2. We didn't get here by design

We need a complete and accurate picture of our current state to understand what works well and what causes friction and frustration.

3. Wall-to-wall digital isn't the answer

People buy from people. The ideal solution is an optimised blend of technology and human interaction.

4. What's in it for me?

Customers won't care about the agency model unless it delivers a better experience than today.

5. We need a compelling value exchange

We must explain the benefits customers will receive from sharing data because they are reluctant to engage with organisations they don't know or trust.
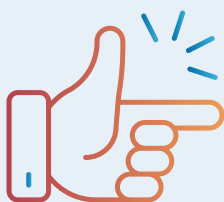
6. Simplify

We have too many disjointed legacy systems. Our processes have numerous gaps and redundancies which frustrate customers. We must identify and remove these sources of friction.

7. Use data effectively

Data is only useful when it becomes actionable insight. Products, services, and experiences created from incorrect assumptions will alienate customers.

8. Value employees

Employee experience is as important as customer experience. They are the front line and key to building lasting relationships. We must create an environment in which the right behaviours are reinforced.

9. Reframe our perspective

We are creatures of habit, our view of the world is coloured by biases and preconceptions. It's time to put these aside and look at things afresh.

10. Be comfortable with the uncomfortable

In a world that's constantly accelerating and in-motion, we must adopt a growth mindset and live in the moment.

The need for change

Why does the automotive industry need greater customer intimacy? Arguably because OEMs want to change their relationship with their customers, from sporadic and transactional (usually single purchases, often years apart), to long-term engagement and continuous revenue streams.

To achieve this, they must acknowledge and then address the fact that buying a car can be a complex, overwhelming experience when customers want something simple, easy, and - well - more fun. The agency model is an opportunity

> "Companies who don't think there's a problem won't be around in a few years' time."

David Mitchell, Commercial Director at Futurice

to square this circle. Owning the customer relationship will allow OEMs to create insights they can use to design not only more tailored products and services but also a seamless omni-channel sales experience. Together these products, services and experiences could help develop the long-term relationships OEMs seek.

Non-linear journeys

This transformation is challenging because a number of interlinked problems must be addressed. Becoming customer-centric is a pre-requisite for a successful service-orientated business, but companies can only develop compelling products, services and experiences if they truly understand their customers wants and needs. To gain this understanding, they must gather data scattered across an individual's digital profile. To do that, they must gain customers' trust so they're willing to share their data in exchange for value.

The diversity of potential routes through the sales ecosystem only adds complexity to the challenge. Stephen Ryden-Lloyd, Global head of Ecommerce at Nissan, pointed out the customer's buying journey is rarely linear. He likens it to a map of Manhattan – "there are a dozen different ways of getting to that coffee shop you like in SoHo depending on where you're starting from."

By circumstance rather than design

The automotive industry's current sales and customer engagement processes have grown organically over many years. Unsurprisingly, there are data gaps and complexities which can derail and frustrate customers. There is also little continuity (or similarity) between their online and offline experiences.

> "Ten years ago a buyer visited a dealership seven or eight times. It went down to one or two in the intervening years but it's going back up again because Gen Z likes to physically experience things."

Stephen Ryden-Lloyd, Global head of Ecommerce at Nissan

These processes, and their supporting technology, urgently need simplifying but most in the industry lack a clear picture of how things work today.

In the words of Jason Cranswick, MD of Norton Way Motors, "The biggest challenge we face in maintaining human engagement in a digital world is codifying our businesses." An accurate picture of the current state is essential for designing something better. Without it, how do we know where the friction is? Vendela Brannstrom, New Business Models Strategy Manager at JLR, pointed out that one reason new entrants are making such an impact is they started with a clean slate, unburdened by legacy.

Achieving greater customer intimacy is like a Rubik's Cube – a complex problem where success means solving all the issues, not just a few. However, it's also one which other industries have successfully overcome, setting customers' expectations of what the sales experience should be.

Some see digitisation as a panacea but the truth might be counter intuitive. Stephen Ryden-Lloyd pointed out that "Ten years ago a buyer visited a dealership seven or eight times. It went down to one or two in the intervening years but it's going back up again because Gen Z likes to physically experience things." Removing human interaction entirely might actually be counter-productive.

One sobering question to consider is "Whose problem are we trying to solve?" Has anyone asked the customer what they find frustrating about buying a car? Do we know what "good" looks like in their eyes? We must avoid creating a new Rubik's Cube, just as scrambled as the current one but with a different pattern.

Despite the challenges we discussed, everyone acknowledged the need for change. One attendee quoted a study which suggested American car buyers would rather visit the dentist than a dealership! Customers' experience of personalised, frictionless services in other sectors has set a bar the automotive industry needs to meet – and it's constantly being raised. This is not an insurmountable problem but success will depend on viewing it holistically and coming up with solutions that address everyone's needs, rather than just one stakeholder group's interests.

What does good look like?

Every customer contact leaves a trace, a piece of digital confetti. By gathering these pieces together, we can form a rich picture of the individual - a portrait uncovering their wants and needs. While our attendees agreed it is a struggle to build these detailed profiles today, what might the world look like if we could?

We're only starting to explore what's possible – especially with technologies like AI and automation – but to design the right customer experience, it's essential we understand what the good- and the bad- looks like. We must not be blinkered by our current ways of doing things. As **change**maker's Jason Craker challenged us in his introduction, "Should we digitise the current customer journey or design something better? What does the customer want?"

Mutually beneficial

Interestingly (and perhaps surprisingly), the dealers represented in the room embraced the agency model – as long as it's a true agency model, not cherry-picked elements which favour one party over another. They are happy for OEMs to manage the customer relationship if they also take responsibility for setting pricing, balancing supply and demand, and carrying the inventory and financial risk because this allows dealers to focus on providing support and services to customers. Everyone agreed there must be greater collaboration between OEMs and dealers while designing and implementing the agency model , rather than today's master/servant relationship.

Value exchange

Nissan's Stephen Ryden-Lloyd stressed that customers must see clear advantages too - "What benefits does the agency model bring to the customer? They don't care unless it's better from their point of view than what exists already." Another attendee commented that agency model discussions sometimes start out asking what the customer wants but end up discussing how much OEMs can profit.

"It should be a joyful journey – not like pulling teeth!"

Nicola Murphy, Lead CX Manager at Metro Bank

We must explain the benefits customers will receive from sharing data. Companies like Apple, Amazon and Spotify have shown how customer data can be used to develop better, more personalised products and services. Our value exchange must be clear and tangible because there's a growing reluctance to share data with organisations customers don't know or trust.

Data and insight

Attendees agreed that if we don't know enough about what works well and badly with the current sales process, early implementations of the agency model might fall short of expectations, and everyone involved could become disillusioned and disengage. However, we mustn't confuse data with insight - they're very different things. Arron Bedward, Founder of Bsktpay said, "The human has been forgotten in the name of analytics and obtaining data." We must gather data but we also need the skill and experience to turn it into actionable insight, otherwise we'll make incorrect assumptions about customers' wants, needs and preferences.

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Arron Bedward, Founder of Bsktpay

Human touch

"Reframing customer intimacy" means having a clear, shared understanding. For a phrase used so often, it's in danger of meaning too many things to too many people. As Colin Gittens, Director of Operations at ArvatoConnect put it, we "need to understand customer preferences and how they want to interact in order to create a seamless journey. Technology needs to enable more effective, personalised experiences but taking humans out of the process has risk." We must find the optimal balance between technology and human interaction to create the most effective customer journey, to create "Wow!" moments which help build customer loyalty.

We need a clear vision, built on data-driven insight, which delivers tangible benefits for everyone. Our various internal functions (currently measured and rewarded on different things) must work together to create a consistent, seamless customer experience. We must retain what works today (improving upon it whenever possible) and fix what's broken. We need leadership with the strength to align disparate stakeholder groups and the commitment to stick to the plan. Most of all we must avoid reverting to old ways when problems arise, as they undoubtedly will.

Our ultimate goal must be to create something the customer considers better than what exists today. Andrew Pilkington, Deputy CEO of Vinfast UK and ex-UK Managing Director of Genesis and Polestar summed it up nicely - "We must develop a roadmap, an understanding of how we can communicate effectively with customers on their terms and putting them at the centre." The biggest consideration is championing the most important stakeholder of all – the customer.

Making it happen

At the start of the session, **change**maker's Paul Major made a statement which became a key theme – "Revolution is a mindset, not a technology." His words mirrored the growing feeling in the room that the human aspect of transformation is fundamental.

Earlier, we agreed that success depends on us working collaboratively, breaking out of our organisational silos and viewing the problem holistically. It's equally important we design with the customer in mind (or better still with their input). We must focus on individuals, not brand personas or demographics.

Ultimately, we must understand how customers define value and ensure whatever value propositions we develop meet their expectations. The automotive industry covets data but doesn't necessarily know how to extract the greatest value from it. We must rapidly develop (or acquire) the capability to refine data into actionable insight because products, services, and experiences built from bad assumptions will push customers away.

> "We need to feel comfortable in an uncomfortable world."

Paul Major, Director at changemaker

Simplify!

We agreed that we have too many disjointed legacy systems and our processes have numerous gaps and redundancies which can cause inefficiency and confusion. Eddy Abi-Elias, Global Journey Manager at Nissan put it bluntly – "Remove complexity! Simplify. Simplify. Simplify" This means identifying the sources of friction and removing them, including the gaps between digital and real-world experience. Jason Cranswick described current reality when he said, "The industry suffers from vertical progression. It's given us an overabundance of people whose experience is an inch wide and a mile deep. We need people who are a mile wide and a few inches deep."
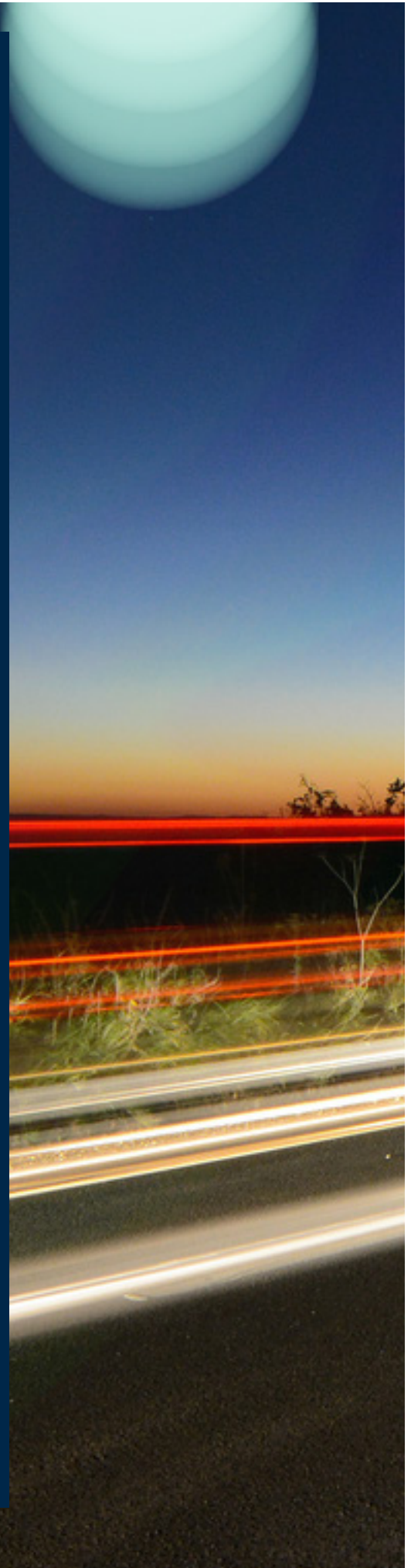
Value employees

Several attendees stressed the important role employees play in creating customer intimacy. They're the front line and hold valuable information about customers which can enhance data garnered by other means. Employee experience is as important as customer experience. Andrew Pilkington commented, "We must treat our sales staff in the right way to invest in the longer term and 'own & build' the relationship with the customer." Employee continuity is important too, not only to avoid losing valuable insights about customers but also because high turnover isn't conducive to building lasting interpersonal relationships.

Reward the right behaviours

Echoing Paul Major's comments that mindset is critical to achieving successful sustainable change, Trevor Weller, Ex Global Retail Development Director at Group Lotus suggested we must "shift the mindset from asset value to customer service value", then added, "that's the real challenge." Values and culture are critical success factors because they define how decisions are made.

We need our organisations to be aligned, from top to bottom and across our ecosystems, and we need to do it as quickly as possible. This means our measures and metrics, starting in the boardroom, must reward the right behaviours and reinforce the right mindset. The phrase "Tell me how I'm measured and I'll tell you how I'll behave" might be a cliché but that doesn't make it any less true. Stephen Ryden-Lloyd wondered how decision making would change if customer satisfaction and lifetime customer value, rather than revenue, profit, and EBITDA, were the KPIs driving executive bonuses.

The consensus in the room was that adopting a culture of experimentation (disrupting the status quo and seeing failure as both a learning experience and a design tool) might be another important change. Traditional OEMs tend to be the antithesis of start-ups, viewing an unexpected result as cause for recrimination rather than an opportunity to learn.

Structures must be set up in which we can experiment and test hypotheses, and where failure is not fatal. Perhaps more than any of the other changes we discussed, this might be the most difficult for OEMs to achieve because it runs so contrary to their DNA and current volume driven targets. We believe it will require a fundamental shift at board level.

> "Shift the mindset from asset value to customer service value, that's the real challenge."
>
> **Trevor Weller, Ex Global Retail Development Director at Group Lotus**

Craig Wills, MD of Hi Mum! Said Dad, was in no doubt about the biggest challenge facing the automotive industry regarding customer intimacy and the agency model, "It's the cultural shift that's the hardest thing to do." We must never forget this is a human problem, not a technology one.

Building a more customer-centric future

Customer intimacy is vital to OEMs' realising their ambition of creating long-term relationships and ongoing revenue streams.

Insight from customer data will shape not only compelling products and services, but also sales channels which will deliver outstanding customer experience through an optimised combination of technology and human interaction.

> "Today we're not an e-commerce business but, if we could be, having a close, personal relationship with customers is completely achievable."

Jason Cranswick, MD of Norton Way Motors

From today's discussions, it's clear there's no silver bullet. However, we can start defining design principles which maximise our chances of success. In recognition that the world is perpetually changing, two of these must be resilience and adaptability. Our future state must be able to constantly react to change because this isn't a one-off transformation, it's a process of continual evolution. We must focus on creating outcomes, not just delivering things. Technology is a means, not an end. Most of all, we must set aside the baggage we carry - our preconceived ideas, judgements, and history – otherwise it has the potential to hinder or even derail us.

The agency model represents an unprecedented opportunity to reframe customer intimacy. The rewards for success are potentially huge. The consequences of failure could be equally great. It's a daunting, fragmented, complex challenge but we're hopeful. Jason Cranswick summed it up when he said, "Today we're not an e-commerce business but, if we could be, having a close, personal relationship with customers is completely achievable."

Our attendees agreed that success demands the following:

1. **A clear vision** based on insight built from customer data.

2. **A plan for incremental change** and an understanding of what delivers the biggest beneficial impact at each stage.

3. **Clearly defined value exchanges** to persuade customers to share data.

4. **A clear picture** of what works today and what causes friction.

5. **A realistic assessment** of our capabilities, skills and experience, and where to acquire what we lack.

If this report, or the idea of the event itself, has made you more inquisitive about your future opportunities and new business models, please contact:

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As the automotive sector transitions into a more sustainable mobility sector, we are seeing change that is perpetual, pervasive and exponential. At **change**maker, our first-hand deep sector experience, trusted delivery models and leading edge insights are bringing predictability and success to our clients even in these ambiguous and changing circumstances.

Visit www.**change**maker.org.uk for more information.

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