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**The Digital Customer Journey in the Automobile Industry**  
- A Quick-Check for the Retail Environment

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## **Thesis Abstract**

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The digitalization is one of the biggest trends in almost every industry right now. Digital technologies become more and more important in modern society and influence individuals as well as companies around the world. Buzzwords like Industry 4.0, the Internet of Things or Web 2.0 are everywhere in today's business world. The new opportunities for consumers result in a new demand for products and services. At the same time, consumer behaviour is driven by extraordinary customer experiences throughout the buying process. In the automotive industry, for example, it is essential to continuously boost innovation in order to be competitive on the market. Therefore, the strategies and business models of car manufacturers shift towards more digital and customer-centric approaches. But digitalization will also influence the entire retail environment and after sales process of the automobile industry. Dealerships can no longer rely on their traditional role in the car buying process, as digital customer touchpoints are becoming more important and convenient. Hence, the modern customer journey needs to include digital touchpoints and offer a multi-channel approach in order to meet consumer expectations and gain their loyalty.

Keywords: Digitalization, Customer Experience Management, Customer Journey, Digital Touchpoints, Automotive Industry, Car Buying Process, Retail, Change

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## Abbreviations

<b>AR</b>	Augmented Reality
<b>CEM</b>	Customer Experience Management
<b>CRM</b>	Customer Relationship Management
<b>IOT</b>	Internet of Things
<b>IT</b>	Information Technology
<b>OEM</b>	Original Equipment Manufacturer
<b>PC</b>	Personal Computer
<b>POS</b>	Point of Sale
<b>SEO</b>	Search Engine Optimization
<b>VR</b>	Virtual Reality

# 1 Introduction

“At least 40% of all businesses will die in the next 10 years... if they don't figure out how to change their entire company to accommodate new technologies.” (Statista 2017)

This quote by John Chambers, the chairman of Cisco System, indicates the impact modern technologies can have on companies around the world. Digitalization is one of the biggest trends across all industries right now and digital technologies are changing consumer behavior and the modern society. New digital possibilities and opportunities on the market result in new demands for products and services. The modern and digital consumer has changed expectations on product experiences and follows different paths to buy a product. This thesis tries to explain the topics almost every company is challenged with: Digitalization, Customer Experience Management and Customer Journeys.

## 1.1 Objective 1: Theoretical Overview

The first objective of this master thesis is to provide a theoretical overview of the relevant literature on the topics digitalization, customer experience management and the customer journey. Each topic should include a classic definition as well as recent developments and trends in the automotive industry.

## 1.2 Objective 2: Development of a consulting concept for the STAR COOPERATION GmbH

This thesis is written in cooperation with the consulting company STAR COOPERATION GmbH from Böblingen, Germany. Besides gaining insights into the theoretical background of digitalization and customer journeys, the second objective of this thesis is to develop a consulting concept or tool for the STAR COOPERATION GmbH. The concept should be about the customer journey in the automotive industry and how the process is influenced by the digitalization.

### **1.3 Profile: the STAR COOPERATION GmbH**

Since the STAR COOPERATION was founded back in 1997 as a 100% subsidiary of the Daimler-Benz AG (100% independent since 2005), they have been accompanying their customers in numerous projects in after sales, automotive electronics as well as sales and offer consulting and implementation services in technology, logistics and digital business. This enables them to bundle their know-how in a way that their customers profit from their interdisciplinary teams and group-wide synergies. In addition to professional expertise and years of experience in projects for well-known clients, they are united by some special values: responsibility, competence and passion. For business processes in an increasingly complex world, continuous innovation is like renewable energy. But it does demand a dedicated eco-system within the organization. The STAR COOPERATION builds that system together with their customers as well as working closely with higher education and research institutions. They offer know-how in innovative technologies and design specific relevant solutions (STAR COOPERATION 2017).

The expertise of the STAR COOPERATION lies in: Marketing & Sales, After Sales and Automotive Electronics. Some of the portfolio solutions offered by the consulting part of the company are: Marketing Consulting, Market Research, Media Management, New Mobility, Pricing, Retail Consulting, Strategy Consulting and Business Process Outsourcing (STAR COOPERATION 2017).



## **2 Research Methods and Methodology**

For the theoretical overview of this thesis, different database are used to get access to high quality scientific literature which is needed to explain the topics digitalization, customer experience management and customer journey. Examples of the used databases are Emerald, SpringerLink and Statista. These sources are mostly scientific journal articles and books. Additionally, a variation of different studies and reports by global consulting companies and representative institutes is used to complement the theoretical part with trends from different industries and further explanations. Other sources might include selected websites for further information. Each topic is first explained on a general basis followed by a view into the developments in the automobile industry.

For the insights into the automotive industry, especially the retail environment and the digital developments, one of the core sources in this thesis is a study by the German Institut für Automobilwirtschaft (IFA) on behalf of the DEKRA Automobil GmbH which reflects on the future of automotive retail and how it may change until 2025. I decided on not creating an own empirical survey, because on the one hand the collected data would be outdated sooner than later in this fast-moving industry and on the other hand it would not have provided a more detailed collection of data than the DEKRA/IFA study.

For the development of a consulting concept for the STAR COOPERATION, five different experts from different fields in the company were interviewed. The goal of the interviews was to find out, what kind of consulting tool the customer needs, what should be the target group of the concept and what requirements do consultants have on a consulting tool. The interviewed persons were Frank Teppe (Retail Consultant), Reiko Papendick (Retail Consultant), Nuray Kous-Giousouf (General Manager Sales), Alexander Fuchs (After Sales Expert) and Dominik Dussling (Marketing Consultant). After collecting the data and considering the insights from the DEKRA/IFA study, the concept was developed.

### 3 Theoretical Background

#### 3.1 Digitalization

Over the last decade, digital technologies have affected individual life, society and businesses. Today, nearly every industry has been influenced by digitalization (Kessler and Buck 2017, 107). To understand the concept of digitalization and its importance on modern day buying behavior, this chapter will concentrate on an overview of the current developments and a detailed look into the digital transformation of the automotive industry.

##### 3.1.1 Digitalization vs. Digitization: Disambiguation of Terms

Researching the topic digitalization can lead to confusion when it comes to the term itself. In the literature both *digitalization* and *digitization* are used to write about the subject. The meaning behind the two terms however can vary according to different definitions. When looking it up on Wikipedia, both terms simply have the same definition of a “process of converting information into a digital format, in which the information is organized into bits” (Wikipedia ref. 27 September 2017). According to the online Business Dictionary digitization is the “conversion of analog information in any form (text, photographs, voice, etc.) to digital form with suitable electronic devices so that the information can be processed, stored and transmitted through digital circuits, equipment and networks” (BusinessDictionary ref. 27 September 2017). The Gartner IT Glossary also defines digitization as the “process of changing from analog to digital form” (Gartner ref. 27 September 2017). Digitalization on the contrary has a different meaning according to the two dictionaries. It is on the one hand defined as the “integration of digital technologies into everyday life by the digitization of everything that can be digitized” (BusinessDictionary ref. 27 September 2017) and on the other hand as the “use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to a digital business” (Gartner ref. 27 September 2017). To sum it up, the term digitalization goes beyond the technical conversion of analog

information into a digital form and refers to an impact of digital technologies in the personal as well as the business life. The term used in this master thesis will be *digitalization* because it relates to changes in the society as well as businesses and especially the change of business models.

### 3.1.2 Digitalization: An Overview

The reason digitalization is perceived as a megatrend in the world, is because it affects all industries and branches. The economy is influenced by an increasing number of companies using business models and processes based on digital and computer technologies. *Industry 4.0*, the *Internet of Things* and *Web 2.0* are some of the concepts resulting from that development and are at the center of public attention. Triggered by the advantages and possibilities of digital technologies, customers are developing new demands for enhanced products and services (Kessler and Buck 2017, 107-108).

This change of consumer preferences disrupts existing business rules and business environments: Uber, one of the world's largest transportation provider, owns no vehicles; Facebook, the world's most popular media owner, creates no content; Alibaba, one of the world's most valuable retailer, has no inventory and Airbnb, the world's largest accommodation provider, owns no real estate. These examples show the disruptive force of digitalization and the necessity of a reassessment of existing processes and business models or else they will be outworn in the future economy (Gimpel and Röglinger 2015, 5). One example of the failure to adapt to the new customer demands and technologies is the case of Kodak. Kodak was a worldwide leading company in the photography market, which almost had a total monopoly at its peak of success. However, they could not reinvent themselves and held on to their business with analogue films leading to the company's fall. These impacts on the economy are difficult to foresee and are mostly underestimated, but they do happen (Wedeniowski 2015, 3). So, what are the reasons for these changes?

One approach to describe it is to look at the drivers of digitalization: Breakthroughs in digital technology, changes in people's expectations, attitudes and behavior, low barriers to entry the market as well as great amounts of venture capital available

from investors. These forces act co-dependently and strengthen each other heavily (Schreckling and Steiger 2017, 5). The main drivers and enablers of digitalization are technology innovations like social media, mobile computing, big data, cloud computing, the Internet of Things or cyber security, which have a high reach and are spreading at an increasing pace. In addition to that, they are developing at an exponential, rather than linear, rate due to, for instance, network effects. Resulting from these new technology opportunities, the behavior, attitudes and expectations of people are changing, especially how fast they are adopting digital technologies. Other changes can be seen in questions like what type of environment we want to live in, how we communicate with each other, how we plan our activities, prepare our decisions, share our impressions, buy or sell and the way we want to set up our work environment. Today, the technology enables people to expect having access to everything at every moment from anywhere, with any device and for all purposes (Schreckling and Steiger 2017, 5-6).

According to the 2017 Digital Economy Compass by Statista, 2.570.792 e-mails are sent every second, more than 50 billion messages are sent through WhatsApp every day and 59.141 search requests are received by Google every second (Statista 2017).

The importance of being connected is transforming society and the willingness to share anything is challenging established positions on privacy. Customers are “always on”, which means they are looking for information and advice on digital devices or social media platforms before considering a purchase. That means companies can contact them everywhere and at every moment to place their product content. Because of companies like Apple and Amazon, consumers expect every other enterprise to offer a user experience with intuitive interfaces, seamless availability, individual treatment, real-time fulfillment, worldwide consistency and non-existent errors while having a quick and working delivery process (Markovitch and Willmott 2014). Changes like these also demand a new type of employee management, especially how a company must attract, treat and retain them. For Generation Y members it is important to have transparency, personal engagement and authenticity as well as up to date political and corporate models at their workplace (Schreckling and Steiger 2017, 7).

Another driver of the digitalization comes with low barriers to entry the entrepreneurial world. With a good idea and an internet connection it is comparatively easy to become an entrepreneur, even with limited capital. Consequently, innovation can emerge from unknown places and overcome established players on the market by using digital platforms for global research, marketing, development, sales and distribution. This can significantly enhance the speed, price and quality at which new innovative companies can deliver value (Schreckling and Steiger 2017, 7). The fourth driver of digitalization is the needed capital for a start-up company to develop an idea to a finished product or service on the market. Vast amounts of venture capital are available from investors searching for an opportunity to make profit in the new economy. In 2015 for example, more than \$32 billion were invested in the digital economy worldwide - \$23 billion for e-commerce, \$7.3 billion for financial technologies, \$1.3 billion for the field Internet of Things, \$492 million in Virtual Reality and \$418 million in drones (Raconteur 2016).

Another way to describe the logic of digitalization can be found in a Roland Berger study from 2015. The enablers of the digital transformation are technologies like the Internet of Things, a high quality broadband infrastructure or the automation and autonomy of the production line in combination with new value propositions like smart fabrics or fourth-party logistics. The added value often consists of the integration of formerly independent systems and the combination of networks. Consequently, digitalization can be seen as an evolution accelerator (Roland Berger 2015).

Roland Berger identified four levers effecting digital transformation: Digital Data, Automation, Networking and Digital Customer Access. By gathering, processing and evaluating digital mass data it is possible to make better future predictions and decisions. Automation results from the combination of established technologies with artificial intelligence applications to get autonomous, self-organized systems which can increase the production speed and at the same time lower the error ratio and reduce operating costs. With networks, the whole value chain can be linked by high quality broadband telecommunication to synchronize supply chains and achieve faster production and innovation cycles. Lastly it is possible to have direct access to the customers through the (mobile) internet and offer them full transparency and

new kinds of services. These four levers cause a transformation of business models and a restructuring of entire industries. How deeply it can affect businesses can be seen in industry sectors like the media, where printed content and infrastructure provider become less and less important. Other examples are the music industry with fully digital sales channels and products or the retail with online-stores (Roland Berger 2015).

With a continuous networking system, it is possible for disruptors to disassemble the value chain into its separate fragments and put them back together in a new fashion. But this fragmentation also leads to disappearing entry barriers on the market and it is no longer necessary to invest fixed capital in production and logistic assets. Industry leaders who have built up a high amount of capital and an understanding of the complex processes can no longer depend on their advantage. New external players can adopt substantial parts of the value chain with innovative business models and the competition is no longer won by the most compelling concept but who builds up a connected basis the fastest (Roland Berger 2015).

According to Metcalfe's law, "the total value of a network to its users grows as the square of the total number of its users" (Business Dictionary 2017). The resulting snowball effect builds the foundation of platform-based business models: The "Winner takes all" logic of digital markets implies that even the second biggest player with better technology can be the first loser. Thus, it is important to entry developing markets at an early stage to be able to establish the own standards. Internet companies from the Silicon Valley recognized this logic early on, for example Google is developing business models for several other industries now. They are mostly customer focused and at a very early stage, but it shows that Google identified the manufacturing industry as a possible growth sector for them. Examples are the development and tests of autonomous vehicles or the investment in several robotic businesses for the test of automated production lines. Based on their core competence data management and their access to customers they can define new disrupting models. Innovative enterprises shift from their established business sector into another as it happened with Amazon. Within only a few years, they managed to shift their business from an online bookstore to a complex online store with all kinds of products, logistic services, cloud services and media platforms. The

key to success lies in the understanding of digital markets and the speed of establishing control over them. Right now, it is hard to foresee, which industry sector will be changed next. (Roland Berger 2015)

### **3.1.3 Digitalization in the Automotive Industry**

Digitalization also affects the automotive industry and takes it into a new era, in which the business focus is shifting from the production of vehicles towards the offering of mobility services (Wedeniwski 2015, 5). Therefore, this chapter will look at different studies by IBM, McKinsey and others to describe the current and upcoming developments in the industry.

In 2011, IBM looked into the digital transformation developments in the automotive industry. According to IBM, the new expectations of customers force automakers to rethink their strategies and the way they manage their organizations. The inclusion of information and interactivity into their business models quickly leads to higher costs and complexity. Simultaneously, car manufacturers need to find a way to win the customer's attention and their willingness to spend money for transportation. For a long time now, automotive enterprises have used information technology to reach new markets, optimize supply chains and improve efficiency and productivity. However, consumers have extended expectations now and are using social networks to find almost everything from a restaurant to a new job. For this reason, the car industry is challenged by the fact that the customer's expectation and experience with a vehicle quickly changes from physical to digital. Only a company with a suitable strategy for connecting physical and digital elements can successfully transform their business model and show a new direction for the industry. (IBM 2011)

According to the study by IBM, companies should focus on two strategies to move forward and stay successful: reshaping the customer value proposition and reshaping the operating model. Information and customer engagement as well as products and services can be redesigned using new methods for information access, mobility and interactivity. The difficulty of these new value propositions is how to monetize them. The operating model on the other hand can be reshaped so

that customer requests and preferences are directly reported to every step in the purchase or selling chain. This process requires an integration of all business activities and an optimized use of the relevant data. To keep up with the digitalization, car manufacturers across all segments are introducing new offerings, developing new strategies and building innovative solutions. Two emerging possibilities to offer digital solutions in the industry are mobility services and connected vehicles. Although there are already services available relating to service diagnostics, multimedia, security or navigation, soon every aspect of cars will be controlled by information technology. Because the mentioned services do not only affect the personal life and are expanding to the home and office, car companies need to consider how to interact with consumers and guarantee an integrated transportation experience for them. With connected vehicles, they can offer new digital opportunities for the customers to interact with their car and how to use it (IBM 2011).

Critical is the question how to generate revenue out of these services as consumers expect reasonable or even low prices for them. Vehicle connectivity requires technological investments for which automakers need to collaborate with partners and suppliers. Many of these partners come from outside the automotive industry and include telecommunications, software providers and other electronics producers with much faster innovation cycles. The management of several alliances with businesses which do not have their core business in the same industry can be very complex and challenging. Furthermore, the automotive development and IT development timelines are very unequal. In order to deploy connectivity solutions in a shorter timeframe will be a critical success factor for automakers. Another digital solution offered in the industry are mobility services. Car manufacturers are determined to claim a share of the mobility market as customers consider limitations of vehicles. Since automakers try to combine cars and other transportation modes into integrated platform offerings, digital solutions are needed both in the vehicle and outside of it. Inside the vehicle, the most important development task is to offer personalization possibilities like vehicle adjustments, dashboard modifications or individualized media content. As this development progresses, the goal of car companies should be to move this personalized digital environment from vehicle to vehicle enabling the customer to switch vehicles within the automakers' product



portfolio. In addition to that, digital solutions should advise the customer how to best move around, considering other transportation modes and traffic situations. (IBM 2011)

While the IBM study was written in 2011 with a more holistic view on the industry, another study was conducted by McKinsey in 2016 giving implications towards more realistic trends and developments that are coming. They identified four forces with potential for disruption: diverse mobility, autonomous driving, electrification and connectivity. Although the belief that a disruption of the automotive section will happen in the near future is shared by most experts and industry players, it is still not entirely clear how the car industry will look like in 10 to 15 years. McKinsey formulated several perspectives for the future to show OEMs (Original Equipment Manufacturer) what will change and how it will affect them. (McKinsey 2016)

The first of these trends are shifting markets and revenue pools. Influenced by connectivity services and shared mobility, new business models are likely to push revenues by approximately 30 percent. But although shared mobility becomes more important, vehicle sales will continue to grow, but probably at a lower level. Secondly, the mobility behavior of consumers will change, leading to a ratio of one out of ten vehicles sold end up being shared cars in 2030. The speed and scope of the changing mobility behavior will be determined by the segmentation of different types of cities rather than regions or countries. The next factor will be the diffusion of advanced technology. 15 percent of new cars could be fully autonomous in 2030 as soon as regulatory and technological issues have been solved. At the same time, electric vehicles will be reliable and established on the market although their distribution will vary strongly at the regional and local level. Lastly, the traditional industry players will have to face new competition and cooperations. In a complex and diversified mobility landscape, multiple running business models will force companies to cooperate with others, including the competition. Additionally, completely new companies will enter the market and target specific, attractive segments of the value chain first before expanding to larger segments of the industry. The mentioned perspectives and developments presented by McKinsey show many challenges for the future, but also a lot of new opportunities. The study

states that the biggest moments in the automotive industry are yet to come if the necessary strategic decisions are being made today. (McKinsey 2016)

As mentioned above, one of the core developments in the industry right now is connectivity. The main principle is the synchronization and communication of technological devices with the different ecosystems we live in. An example would be the integration of digital devices such as Smart TVs or tablets into the home environment. Four areas in particular offer a high potential for connectivity applications: Connect to Mobile, Connect to Home, Connect to Infrastructure and, most relevant for this thesis, Connect to Car (Hamidian and Kraijo 2013, 9).

Apart from home and work, a substantial part of our time is spent in cars, which makes them very attractive for connectivity solutions with the objective on a combination of vehicles, smartphones and the internet. There are already existing applications to monitor the condition of a vehicle, for example its location, mileage, tire pressures, the average speed or the remaining range. Other connectivity features include the car control via app (lock/unlock, heating control, locating), the implementation of a new in-car sales channel for services or equipment products and the connection of vehicles with workshops or the dealership. Remote software updates for navigation systems or control units can be installed without having to be physically present at the dealership. Moreover, the relevant data for service appointments can be transmitted to the service employees beforehand in order to diagnose upcoming damages early and reduce the repair time. For this to work, the vehicle sensors send their data to the smartphone of the owner or a built in SIM-card from where it is transmitted directly to the workshop. For example, if the car senses that the brake discs are in need of repair, the data is transmitted to the dealership and after an online appointment by the owner of the vehicle, an automated process already orders the new brake discs for the workshop. The potential result in the industry could be a parts and service value chain network of several dealerships and workshops (Hamidian and Kraijo 2013).

Such an ecosystem needs a digital platform for its products and services. The platform provider is strategically in the most important position because he controls the platform itself (technology and processes) as well as the interface to users, suppliers and complementary products and services. In the mobility sector, such a

platform with a direct customer interface could be the car itself. Because of the strategically important position of a platform provider, the question arises who will end up claiming that role. Technology companies like Google or Apple, new players like Tesla and established car manufacturers want to take control as developments like these can lead to disruptive changes in the value chain and the competitor field (Picot, Hopf and Sedlmeir 2017).

### **3.2 The Importance of Customer Experience Management**

“If you make customers unhappy in the physical world, they might each tell 6 friends. If you make customers unhappy on the internet, they can each tell 6,000 friends” (Statista 2017) – the statement by the founder and CEO of Amazon, Jeff Bezos, indicates how important the opinions of customers in today’s economy are.

Creating a convincing customer experience is a major issue in current management objectives (Lemon and Verhoef 2016). The Customer Experience Management (CEM) is defined as the process of strategically managing all experiences a customer has with the company or product through all available touchpoints. Hence, CEM is a concept for the management with focus on the customer to develop customer-centric strategies and implementations (Schmitt 2003). Already in 1998, Pine and Gilmore refer to an emerging experience economy and point out the importance of customer experiences. They understand the idea of an experience as different from goods and services, stating that the consumer buys an experience to have a memorable event staged by the company (Pine and Gilmore 1998). Companies are investing huge amounts of capital into marketing efforts like brand communication to gain the acceptance of consumers and differentiate themselves from the competition. By now, the interaction with already existing and potential new customers is done with the aid of multiple channels like the classic advertising, customer service, at the POS (Point of Sale) or via social media. Because of the constant user feedback, companies are forced to adapt and change their behavior (van de Sand 2017, 1). As customers expect high quality and constant in-person and digital experiences, it empowers them to shape the strategies of businesses. They want immediate value and will not hesitate to go somewhere else if companies

cannot deliver it (Forrester 2016). This condition is also referred to as the crisis of immediacy, which is defined as the need for consumers to receive content, expertise and personalized solutions in real time during their shopping experience (Parise, Guinan and Kafka 2016). Before going into detail with the customer journey and the buying process, this chapter will explain the main changes in consumer behavior worldwide and the current trends of CEM practices globally as well as specifically in the automotive industry.

### 3.2.1 Changes in Consumer Behavior

Companies recognize that a better understanding of customer behavior can lead to an improvement of customer satisfaction and ultimately the retail performance (Puccinelli, et al. 2009). The global consumer of today is quite different from the consumers about three decades ago. Seven changed consumer characteristics in the 21<sup>st</sup> century can be specified (Samli 2013, 5-6):

The seven changed consumer characteristics stated by Samli are:

- *More aware*: the modern consumer can choose from many alternatives and he is aware of the availability of several products and services they can buy. All around the globe, the enhanced wireless communication technologies improved the awareness of quality-of-life details, products and services.
- *Well informed*: linked to the enhanced awareness, the modern consumer is much better informed about brands and their products including the companies and countries that produce them. For example, brands like Coca-Cola, Nike or Starbucks are recognized globally along hundreds of other brands that are available all over the world.
- *Quality conscious*: an aware and well-informed consumer usually understands the quality features of a product and becomes more quality conscious. They make comparisons of the products they like and process the information leading to better choices and a greater satisfaction of their needs.

- *Recognizing global brands*: as already mentioned, global brands in a globalized world can reach consumers even in remote places of the world and list as the best-known ones. The modern consumer knows which brand will satisfy his needs and he prioritizes them accordingly.
- *Informed about international currencies*: another development of the modern world is the fact that products are globally available in different currencies. Therefore, the international consumer can choose the product that is cheapest and easiest in a specific currency. At any time, the differences between international currencies can add up to beneficial savings for the buyer.
- *Have access to products globally*: one of the biggest opportunity for a globalized consumer is the possibility to buy a product produced anywhere in the world if it is listed in a global network. Those products can be bought in several ways and from different sources.
- *Have swift delivery*: with a global logistics system it is possible to receive a product that was purchased internationally in a reasonable amount of time. A generation ago, the consumer could not tell when an international delivery would arrive. Today, it is possible for the consumer to estimate the date an ordered product will be delivered.

Apart from these seven consumer characteristics, the modern customer also expects an accessibility of information around the clock without any closing hours. Additionally, it is expected to have requests answered and problems solved in a very short reaction time. In a lot of areas it is even expected to get real-time consultation. Above all, consumers expect a high degree of digital competence in the active as well as the passive customer contact (DEKRA/IFA 2017). Another influencing development of modern consumer behavior is the so called ATAWAD concept. The concept shows how the way we work and technology itself is evolving. Right now, being connected constantly is almost as important as the delivered work itself. In a meeting, at home or whilst commuting, the need to collaborate and get in touch with people is met by using any device available: smartphones, tablets or computers. This is what the ATAWAD concept is about – to access information anytime (AT), from anywhere (AW) and on any device (AD) (wisembly 2015).

A study by Accenture from 2013 also identified several changed consumer behavior trends today and in the future. They divide their identified behaviors into three dimensions: the networked consumer, the independent consumer and the co-operative consumer (Accenture 2013):

- *The networked consumer*: the society of today has created a connected consumer with continuous access to goods and services as he uses the internet to purchase them. Another aspect of the networked consumer is the increasing use of social media where they interact with friends and family to use their recommendations and the opinions of others on the platform to inform their purchasing decisions. There are also chat rooms, forums and consumption blogs to discuss various products with the online society. The third aspect of the networked consumer is the fact, that he wants to actively participate in the production process of a product. This is called co-productive consumption, which can be seen in designing a personalized greeting card for example or a fundong for a start-up. All these aspects empowers the networked consumer to tailor products to his wishes and specifications.
- *The independent consumer*: consumers expect individual offerings that match their own preferences and help express their own personalities. In addition to that, they are very experiential in seeking unique experiences. The independent consumer is also resourceful in a way that they work hard to get ahead and are shrewd with money. Another aspect of the independence is the attempt to disconnect and break with traditions.
- *The co-operative consumer*: This dimension describes the fact that consumer choices today are lead by the wish to do good for oneself and for others. It is important for consumers to have a responsible consumption and production. They are communal and participate in their society. Furthermore, they are conscientious how they consume. The environmental impact of a company and their product is considered by a co-operative consumer as well as the possibility to rent a product or buy a used one – which is also called minimalist consumption.

The mentioned changes and trends in consumer behavior show the importance of the customer in today's economy. He knows what is happening on the market and what he can expect from companies. With help of the internet and mobile devices, the modern customer has access to information and the possibility of interaction from almost everywhere and at any time.

### 3.2.2 Global Trends and Examples in Customer Experience Management

What are the customer experience and customer relationship management trends resulting from the presented consumer behavior trends? This chapter will show some current developments and examples stated in the last two years.

Ten trends for 2017 were formulated by the author Shep Hyken, who is also the Chief Amazement Officer at Shepard Presentations (Hyken 2017):

- *Customer service is getting better*: the best companies on the market set very high standards for customer service and create higher expectations of the customer. Some companies cannot keep up with these, which is the reason why on the customers point of view the service is getting worse. But the good news is that companies make the effort to try to improve themselves and ultimately meet the expectations.
- *Value and experience continue to trump price*: the value proposition of a good customer service can lead to the price being less important, unless the company positions itself as a low-cost provider. That way, even smaller and independent retailers can compete with big companies. This concept is true for all industries and businesses, not only for the retail.
- *Personalization creates a better customer experience*: with the help of modern technology it is easier today to track the history and preferences of consumers. With the insights provided by the collected data, it is relatively easy to consider the needs of an individual and offer a personalized experience.
- *AI and IA assist those who assist the customer*: how a business can improve customer experiences is more and more supported by Artificial Intelligence. It will help humans to make better business decisions and

are likely to assist customer support employees by becoming an Intelligent Assistant (IA).

- *Chatbots are getting better*: linked to AI, the online text conversations with a company's support center can be with a computer. Good chatbots can answer questions and requests, but also refer the customer to a real-life support employee when the customer is confused. If a chatbot machine can provide a positive experience with the customer, both consumer and company win.
- *There is more focus on "customer success"*: some products seem to have a bigger need for customer support. Customer success programs try to make sure, the customer is successful with the bought product, for example by providing coaching resources beforehand to minimize the need of support afterwards.
- *Proactive customer service is gaining in popularity*: businesses are becoming better in recognizing and fixing problems before the consumer even notices them. This creates trust and confidence in the company.
- *The phone is being used less and less*: although the phone will probably not disappear as a possibility to get in touch with a company, alternative support channels like chatbots, social media or self-service are becoming more popular. For a quick first line of support, the alternative channels are establishing themselves as the norm. Only difficult problems require a human interaction.
- *Fast, faster, fastest! Customers want a response*: the response times of different support channels can vary strongly. For example, an e-mail response time averaged more than seven hours. But overall, the response times are speeding up.
- *Convenience wins the day*: it is important how easy and convenient it is to do business with a company. A good example for that is Amazon, where you can buy products with only one click and no check-out process. To be successful in business, a company has to be more convenient in their processes than the competition.

Examples for good customer experiences can be seen in companies like Apple, Amazon or Zappos. Apple provides a memorable experience in the buying process



of an iPhone. It starts with a clean and professional website while researching the product, continues with the communication via e-mail or SMS with delivery updates and ends in the excitement and joy of sliding off the lid of an iPhone box. All together form a consequent experience (Namdarian 2017).

The next example is the online shop Zappos, who focuses on the creation of lifelong customers. For Zappos, the customers are the most valuable asset and they try to build up a loyal customer base. If a product is currently out of stock on their website, they direct you to a competitor website. When a customer makes a second purchase, they are surprised with shipping upgrades to the extent that orders made before midnight can be delivered at the following morning. In contrary to other websites, where the phone number is often hidden in subpages of the website, Zappos places their phone number prominently at the top left-hand corner as they use the contact to customers as a method to learn about them and improve themselves. These features show the intent of building up a relationship to their customers and profit from a remarkable marketing through the resulting word of mouth (Namdarian 2017).

As mentioned earlier, the consumers of today expect quick responses and do not like to wait. A company who meets these needs is Amazon by offering a fast and easy way to purchase products and with Amazon Prime providing a method to no longer have delivery fees in exchange for an annual membership fee. For Amazon customers it makes their life easier, delivers a consistent experience and is available whenever they need it (Namdarian 2017).

There are also some offline examples for a good brand experience worth mentioning. The Guinness Storehouse in Dublin, Ireland is one of them. Although it is located at the factory buildings of the brewery, it is a museum for the Irish culture rather than a factory tour and was selected as Europe's leading tourist attraction in 2015. In the seven-story building the visitor is guided through several experiences to the top of the building. First, the visitor can see and feel the raw ingredients of the beer with their hands and look at antique beer bottles. The next floor concentrates on the history of the company and its connection with Dublin and the Irish culture. After learning about the international logistic processes of the company and the possibility to educate oneself about responsible drinking, one area of the building

concentrates on the smell. Special urns stimulate the aromas of the main ingredients like malt roasted barley and hops. Another floor shows the visitor the history of Guinness' advertising campaigns in a 360° cinema and the possibility to make photos that will be projected on a social media wall which can be shared with friends. The next levels offer different restaurants and finally the so-called "Gravity Bar" at the top, where the visitor can enjoy a pint of Guinness while having a 360° view over Dublin. The Guinness Storehouse offers the visitor an innovative, imaginative, interactive, multi-dimensional, multi-sensorial, engaging experience full of information, culture and technology one will memorize (Greenwald 2016).

The jewelry designer Van Cleef & Arpels launched a program in 2012 to spread knowledge and information about jewelry and watchmaking. They offered four-hour classes for the topics "Art History", "Know-How" and the "Universe of Gemstones". The participants can learn about history, how to analyze quality differences, design and the process of production. With the programs in different cities of the world it makes the luxury brand more accessible and strengthens the quality perception. Customers understand the quality of the work and are likely to better understand and accept the value of high-end jewelry. Through these programs and the experiences of customers, Van Cleef & Arpels can reach new audiences (Greenwald 2016).

The last example of a good customer experience is the Samsung 837 flagship store in New York City. The goal of the store is to bring in visitors and familiarize them with the brand Samsung and show them their features. Once they can identify themselves with the brand they are likely to become a customer. No products can be bought in the store, but the goal is to explain and show them to the visitors, for example several IOT (Internet of Things) products like TVs, entertainment systems, connected kitchens or a connected laundry room. Special areas in the store include the "Social Galaxy", where each visitor can provide their Instagram data which is projected all around him in a tunnel, and virtual reality performances. In the second floor, the visitor can experience a home environment with Samsung products or a demonstration of Samsung's phone picture quality. The interactive exhibits of Samsung 837 offer a sense of discovery, entertainment, fun and an interesting way

to promote the brand. Because all of it is free visitors are likely to try it out, share it with others and consider purchasing a product in the future (Greenwald 2016).

### **3.2.3 Best Practice Example: Disney**

Successful customer experience concepts are not only based on raw, collected data, but include the human factor and ask the right questions (McKinsey 2016). Who are the customers as individuals? What do they want to achieve? What motivates and what satisfies them? One possible tool to understand customers was developed by Disney and is called the “compass approach”. The tool identifies and lists a comprehensive overview of touchpoints from the basic needs of a customer to the way he feels in a specific situation with the objective to design an experience that constantly exceeds the expectations (Jones 2013).

In reference to the cardinal points of a compass, the tool has four dimensions: needs (north), wants (west), stereotypes (south) and emotions (east). In the Disney case, the customer could be a potential guest in one of their theme parks. Planning the basic needs of that guest could include the supply of food and water but also the installation of restrooms near the exits of the theme park's theater. The wants of a customer represent the expectations of the customer towards the visit. It should be the goal to exceed these expectations. Every consumer has typically some stereotypes in mind when thinking about a special company or brand. To identify and dissolve potential misconceptions is the third dimension of this tool. For Walt Disney, such a stereotype was an ordinary theme park employee and he created the Disney Cast Members which are using costumes and name tags, are trained in service and follow appearance guidelines. Less concrete than the other three, the last dimension is about the emotions a customer or guest feels during the visit. During the entire service experience, it is recommended to consider the emotional state and surprise it with exceeding experiences. (Jones 2013)

A concrete example of a great customer experience is the omni-channel experience provided by Disney when a customer goes to Disney World. Having purchased the tickets, visitors receive the so-called Magic Bands before going to Disney World. In a family for example, every member of the family has an own personal Magic Band

with special functions. With the bands it is possible to access the booked hotel room, reserve rides in the theme park or make payments. The pictures taken with Disney characters are getting stored on the band and can be downloaded later. This way, Disney offers visitors a memorable end to end experience (Namdarian 2017).

### **3.2.4 Customer Experience in the Automotive Industry**

The demand for highly individualized products and services that can be researched and compared online with the help of multiple technologies is also affecting the automotive industry. Car manufacturers must abandon their century old traditions and consider innovative new retail models. The retail model in the automotive industry is nearly the same as a whole century ago. To meet the expectations of today's generation of customers, the industry must become more creative in how it engages with its customers, develops services and introduces new products. In the retail industry for example it is already tried to customize the shopping experiences by adding new digital distribution channels and providing a connection between online searches and in-store purchases. The most important factor to developing new retail models is a new mindset in customer management (Gyimesi and Stanley 2012).

Car Manufacturers are building modern brand experience centers and city stores to make their brand and products touchable and to interact with existing and potential new customers. In the following, examples by Audi, BMW and Porsche will be explained. All over the world, Porsche has built so called Porsche Experience Centers to give visitors the opportunity to experience the performance, sportiness and safety of their vehicle portfolio. Visitors can participate in different driving programs and trainings to learn more about the sports cars and how they drive in real life. With the help of an instructor they can experience the car on local test tracks in sessions of 90 minutes. Exhibitions of historic race cars, a restaurant and insights into the workshop complete the Porsche experience. It is very important for the Porsche company to make their brand touchable in real life, especially in times of the digital transformation. Right now, Experience Centers like that exist in Leipzig (Germany), Silverstone (England), Le Mans (France), Atlanta and Los Angeles

(USA). Over 100.000 visitors in 2016 demonstrate the confirmation and acceptance of that concept (Porsche 2016). Another innovative sales approach by Porsche is the new Porsche Studio in the Chinese megacity Guangzhou where they try to interact with new target groups and promote the brand with the help of digital technologies. The store is located in a luxury shopping mall in the center of the city and provides potential customers an insight into the brands entire portfolio – live and virtual. Apart from a sales showroom for new cars, the visitors can customize their own Porsche with the help of an iPad and several design models, which are similar to the typical clay models from the development process, to visualize their own individual car. In addition to the Porsche Studio in Guangzhou, Porsche will open another Experience Center in Shanghai in the spring of 2018 as the Chinese market becomes more and more important (Porsche 2017).

Another example is the BMW Group Brand Experience Center near Zurich in Switzerland. The Center is a presentation and information platform for all vehicles of the brands BMW and MINI including motorbikes and therefore a showcase of premium mobility. With around 100 demonstration cars at the location, the visitor can compare a variety of different engine types, interiors and security features. So called Product Geniuses help the customers with their configurations and explain them the available features and options. In addition, the center can be booked as an event platform. A display of high end sportscars of the brands BMW M and John Cooper Works as well as an exhibition of historic classic cars and the central refreshment lounge increases the experience of visitors. Has a customer finished his configuration, he can go on a test drive with a comparable car and see for himself whether it is the right choice for him. To be able to have questions answered during the test drive, a Product Genius or sales person will accompany the customer and give him advice. After the test drive, individual preferences and special orders of colors and materials can be included in the BMW Individual Lounge with the help of the specialized Liaison Management Team. This approach of a concentrated presentation of products and services under one roof is an innovative way to push customer attention, support and retention (BMW 2016).

The last example is the CEM approach of Audi. Instead of having big Experience Centers like Porsche and BMW, Audi concentrates on digital solutions in currently

five city centers around the world – Berlin, London, Paris, Istanbul and Moscow. The Audi City is an innovative space to interact with the brand and its products through state-of-the-art technology by getting digital access to all models. It offers visitors the experience of a next generation showroom (AUDI AG 2017). The first Audi City Flagship-Store was opened in 2014 in the city center of Berlin. The brand experience offers digital, virtual and real possibilities to learn about Audi and their vehicles. Via touchscreen it is possible to configure a personalized Audi, which then will be presented on room-high digital walls. On these walls, the vehicle's exterior and interior can be looked at from different angles and even in a simulated driving scene with different backgrounds. The details of the configured car are then given as a handout to the visitor. Different configurations and options can also be experienced virtually with virtual reality glasses. In a space of 5 x 5 meters, the visitor can move around and even sit inside his individualized three-dimensional vehicle and also see it moving in the city or even on the Le Mans racetrack. The experience in an Audi City is completed by real exclusive exhibition vehicles that are constantly changing (AUDI AG 2017). Another CEM practice by Audi can be experienced in the Audi dealership in Stuttgart, Germany. In cooperation with T-Systems they offer an own CEM App for the customers in order to provide vehicle and dealership information straight to the phone. If visitors come near a car they are interested in, they can interact with it and either get information about it like pictures, videos and descriptions or even place their interest in a test drive. This dialogue is also possible from outside during closing times of the dealership or when there is no sales person around at the moment. As a result, the customer gets a whole new experience in the car buying process and the dealership gets information about their consumer (T-Systems 2017).

The mentioned examples of Customer Experience Management demonstrate new kinds of touchpoints in the car buying process and a change in the Customer Journey.

### 3.3 The Customer Journey

The importance of customer experience originates from the increasing possibilities to interact with a company through multiple channels, media and a huge number of touchpoints, resulting in a highly complex customer journey (Lemon and Verhoef 2016). The explosion of digital technologies and potential customer touchpoints lead to a decrease in control over the experience a consumer might get. Therefore, companies are trying to integrate multiple business functions such as IT, service operations, marketing, logistics, human resources and external partners to create, control and manage the experiences of each consumer themselves. As a result, managing the customer journey has become as important as the company's product itself (Edelman and Singer 2015). This chapter will explain the concept of the customer journey, current developments and the implications on retail and after sales models in the automotive industry.

#### 3.3.1 Disambiguation of the Term "Customer Journey"

Researching the topic customer journey, or also buying journey, can lead to different definitions of the term as companies have different understandings of the process. An online marketing glossary defines the customer journey as "the journey of a potential customer through different touchpoints with a product, brand or company until he reaches a result. Possible results are acquisitions, orders or requests" (Onlinemarketing-Praxis 2017). This definition focuses on the customer's point of view and ends with the purchase of a product. For another definition the customer journey simply "represents different touchpoints that characterize a person's interaction with a brand, product or service of interest" (Clark 2013). According to this understanding of the term, it is all about the interaction with company on different levels without clarifying a definitive end to the process. The next definition from a study by IBM states "a customer journey (or buyer journey) encompasses all the steps users, prospects or customers go through in engaging with a company as they consider a product or service and then become users of these products and services" (IBM 2016, 9). Here, the purpose of a customer journey is again the consumer's process of becoming a buyer of a company's product or service. IBM

goes a step further by saying an ideal result of the journey would be the offer of a unique and helpful experience for the buyer to stand out in comparison to your competitors (IBM 2016, 9). A more specific definition can be found for online customer journeys which is defined as the inclusion of “all touchpoints over all online marketing channels preceding a potential purchase decision that lead to a visit of an advertiser’s website” (Anderl, et al. 2014). So far, the definitions all end with purchasing a product or service. The marketing and sales practice teams of McKinsey have studied consumer decision journeys for years now and came up with another definition. For them, the customer journey is “the complete end-to-end experience customers have with a company *from their perspective*. That journey has a clearly defined beginning and end spanning the progression of touchpoints”. Customers do not know and care about the company’s processes behind the journey, as for them all touchpoints, billings and service calls are part the same journey (McKinsey 2016, 6). The definition by McKinsey does not only focus on the interests of the customer but also includes the processes coming after the purchase and is therefore a more complete view of the journey. For this thesis and with regard to the automotive industry, the customer journey describes the complete buying cycle of a customer including the ownership phase and the repurchase or the start of a new journey.

### **3.3.2 The Traditional Customer Journey Concept**

After learning about the meaning of customer journeys, this chapter will provide information about the functionality and the components of the concept and how it works. The basis of a process-oriented model like this is the presumption that the purchase decision can be divided into separable stages or phases (Pescher, Reichhart and Spann 2014, 45). In the most generic form, it can be distinguished between the pre-purchase, purchase and post-purchase phase (Foscht and Swoboda 2011).

The first stage, the pre-purchase phase, covers all types of interactions a customer has with the brand, category and environment of a company before making the actual buying decision and transaction. Characteristic behaviors for this stage are



recognition, search and consideration including all experiences from the beginning of a need recognition to the consideration of satisfying the need with a buying decision (Hoyer 1984).

The second stage, the purchase phase, encompasses all interactions during the purchase itself with typical behaviors like choice, ordering and payment (Lemon and Verhoef 2016). Even though it is the most compressed stage, there is a lot of marketing literature on how the buying decision is affected by marketing activities (Kotler und Keller 2015), the environment plus atmospherics (Bitner 1992), the service environment (Berry, Carbone and Haeckel 2002) and by the shopping experience (Ofir and Simonson 2007). Because of a large number of touchpoints and the resulting information overflow it is also possible to have decision satisfaction as well as too many choices, which will ultimately affect the buying process (Lemon and Verhoef 2016).

The third and final stage, the post-purchase stage, covers the interactions with the brand and company after the actual purchase. Behaviors such as service requests, post-purchase engagements and usage and consumption. In this phase, all customer experiences relating to the product or service itself after the purchase are becoming relevant. At this point, the product itself is seen as a critical touchpoint. Recent research added the “loyalty loop” (Court, et al. 2009) (Edelman and Singer 2015) as part of this phase and the overall customer journey. The loyalty loop concept suggests that during the post-purchase stage further engagements and repurchases can trigger either the customer loyalty or the begin of a whole new process, in which the customer reenters the pre-purchase phase and considers other alternatives (Lemon and Verhoef 2016).

The touchpoints of a customer journey can furthermore be categorized in different types (Lemon and Verhoef 2016):

- *Brand-owned touchpoints*: designed, managed and controlled by the company, for example advertising, websites, product attributes, packaging, service or price.
- *Partner-owned touchpoints*: designed, managed or controlled by partners of the company, for example marketing agencies or distribution partners.

- *Customer-owned touchpoints*: part of the overall customer experience, that is not controlled by the company or its partners, for example a consumer's needs or desires and the choice of payment method.
- *Social/external touchpoints*: the important role of others in the customer experience which influence the process, for example other customers, peer influencers or the environment.

A popular understanding and visualization of a customer journey and its touchpoints for a long time was the purchase “funnel” metaphor. At the wide end of the funnel, the consumers begin with a large number of possible brands in mind and marketing efforts guide them systematically through the funnel and reduce that number until the consumer chooses one brand to purchase. Marketers have been taught to address the customer at each stage to influence the ultimate decision (Court, et al. 2009). Figure 1 shows a visualization of that concept made by McKinsey.

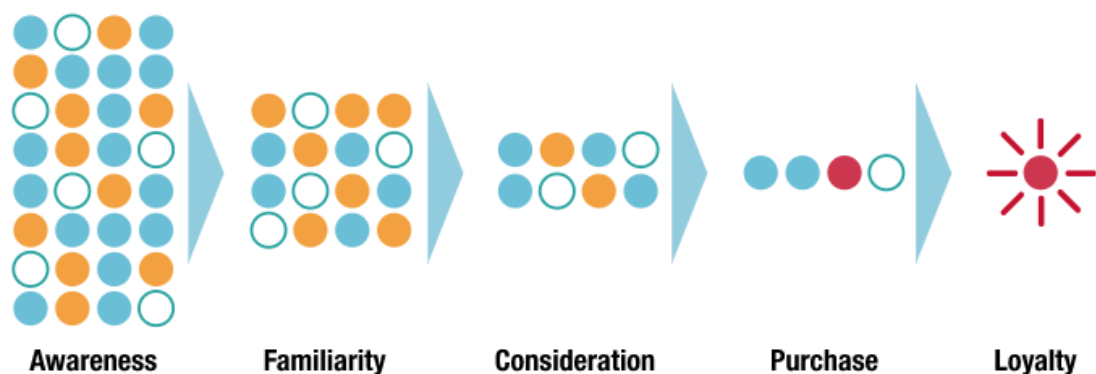


Figure 1. Traditional purchase funnel metaphor adopted from McKinsey (Court, et al. 2009).

Based on this logic, many definitions for the different stages of the traditional funnel model were introduced, all following the underlying concept. One of those possibilities of dividing the buying process into sub-stages is based on comprehensive models from the 1960s and 1970s (Simonson, et al. 2001, 251) and can be found in many textbooks today, differentiating the process into five stages: need recognition, information search, alternative evaluation, purchase and post-purchase evaluation (Kotler and Keller 2012, 188-195). Similar to this approach, Roland Berger identified five stages in a study from 2017 – awareness, interest,

evaluation, purchase and retention. In the awareness stage it is most important to communicate a company's brand name to the customers worldwide. In order to push awareness, the study found out that most companies use search engine optimization (SEO) followed by a social media presence as their favorite tools. The ultimate goal of these tools is to guide more people to the company's website and make them to potential customers. Although companies are already using these tools, for example Twitter or Facebook, there is a gap between current activities and the desired status, indicating an area for improvement (Roland Berger 2017).

The second stage is about raising the interest of customers and their curiosity to get more information, once they are aware of the company. They want to get additional information on the functionality of the products, how they can satisfy their personal needs and what services are offered along them. The favored tools for the interest phase are videos and webcasts on the company's homepage which are very useful in giving people detailed and visual information about products and also services. Future technologies like virtual reality (VR) are currently not that common but offer a significant potential for the marketing with possibilities such as digital showrooms with product experiences directly brought to the customer. Another important tool for the future are personalized websites (Roland Berger 2017). Having drawn the customer's interest, it is then important to convince him actually buying the product in the evaluation stage. The main goal is to show the customer the unique selling point and the superiority of the product compared to all others. A good example for this stage is the company Hilti. Their website promises that the customer is never more than two clicks away from finding the nearest product distributor. With a combination of online and offline channels, customers can have detailed information online as well as a referral to the next local dealer for further guidance and comprehensive consultation by using the online dealer finder function. Online product catalogues are the most used tool in this phase as they are almost taken for granted nowadays, but another tool of the evaluation stage is the possibility of online and mobile appointments (Roland Berger 2017).

After convincing the customer of a product, the fourth stage is the actual purchase stage. The objectives of the phase are not letting the customer change their mind, wanting him to feel good about his decision and finally completing the deal. It

happens quite often that the process will be stopped right at the end due to the level of complexity or the lack of transparency. The biggest tool of this stage is the online shop or webshop as it has become almost a standard, especially for low-complex, standardized products (Roland Berger 2017). The final stop on the customer journey is the retention phase. A lot of companies think all interactions with a customer are done by the time the purchase was made. However, it is critical to find a way to keep customers interested in the brand and its products in order to guarantee future sales. One possibility to keep in touch with customers are electronic newsletters, which are very popular and an easy way of communicating relevant content and promotions to existing as well as future customers. Other retention tools are online feedback questionnaires and customer loyalty programs, for example a digital customer loyalty card (Roland Berger 2017).

This study and the definition of above mentioned stages show the similarity to the purchase funnel as it can be seen in Figure 1, but it also includes new elements like retention and the advantage of technology in the evaluation phase, which is already part of a more modern understanding of the customer journey.

### **3.3.3 The modern Customer Journey and Customer Journey Mapping**

In 2009, an article written by McKinsey employees introduced the consumer decision journey, a decision-making process which differentiates itself from the traditional purchase funnel. The concept is less linear and more complex than the funnel because it describes the decision-making process as a circular journey with four primary phases: initial consideration, active evaluation or the process of researching potential purchases, closure, when purchasing it and post-purchase, when consumers are experiencing the product. The journey model involved consumers that take advantage of technology to evaluate products and services more actively by adding and removing some choices during the process. It also included a feedback loop to keep customers evaluating the product and engaging with the company after the purchase. This forces companies to constantly deliver good experiences and performances (Court, et al. 2009). Since then, some things have changed. Many companies have become able to understand the journey of

their customers and optimize the experience with the help of individual touchpoints. But they have largely stayed reactive towards the customer journey by improving the efficiency or identifying problems in it (Edelman and Singer 2015).

In 2015 a change in the strategy could be observed and companies started to become aggressively proactive. Across industries, firms are designing and refining journeys to attract and keep consumers, they are creating experiences and manage to get customers permanently engaged. This is a successful approach because up-to-date customer journeys create a new value for them and consumers will stay as they benefit from that value. The new journey shortens or even eliminates the evaluation phase because customers are directly drawn into the loyalty loop (see Figure 2) (Edelman and Singer 2015). Additionally, in order to have effective journeys, four interconnected factors should be considered: the automation of processes with the help of digital technology, proactive personalization by customizing the shopping experience, for example with recommendation engines (like Amazon), contextual interactions with the customer by knowing exactly where in the journey he is physically and virtually and finally journey innovations to figure out new sources of value for both the customer as well as the company (Edelman and Singer 2015).

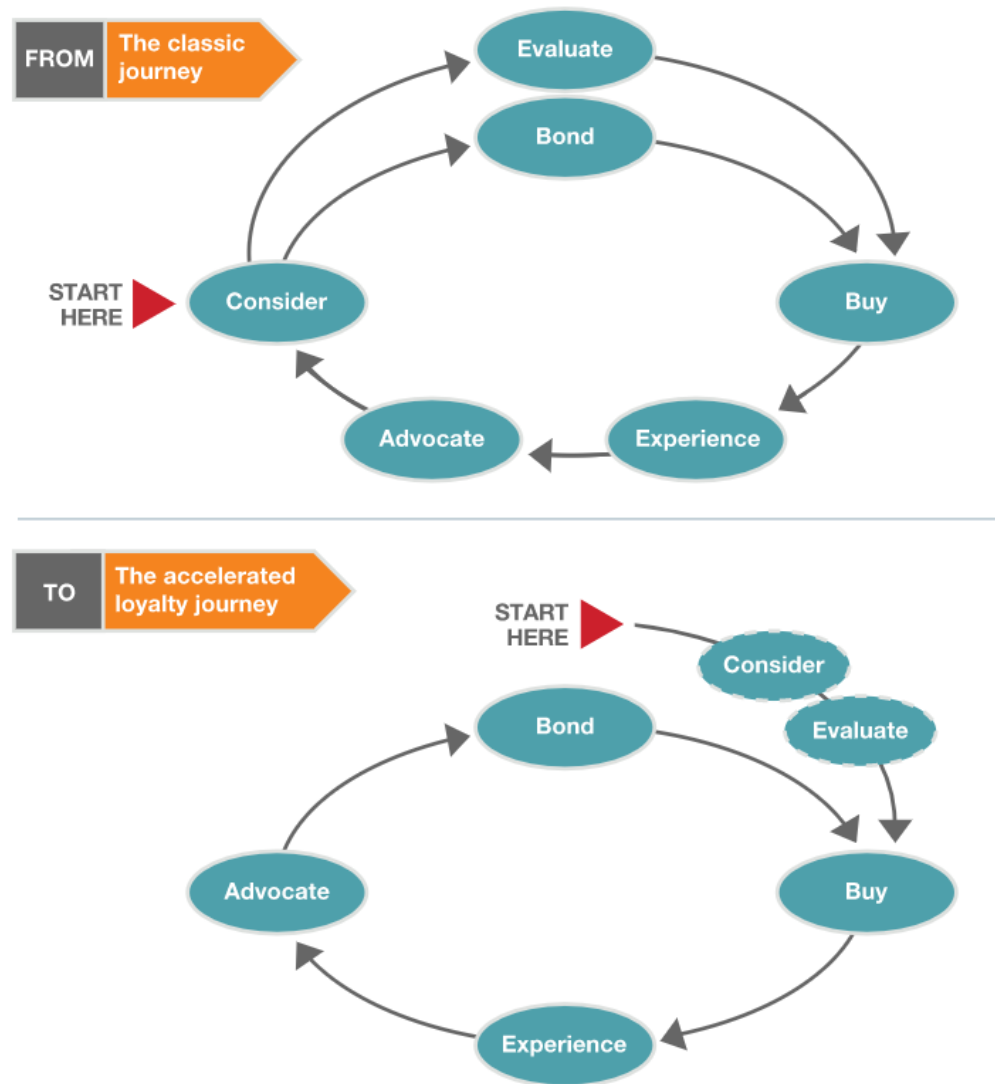


Figure 2. Visualisation of the classic customer decision journey and the evolved loyalty journey adopted from McKinsey (McKinsey & Company 2015).

Because each customer is building his own individual journey it is often difficult for companies to notice and understand the different steps and stages customers go through. In order to figure out and analyze the customer journey, a common tool is the customer journey map (IBM 2016).

The customer journey map is a visual representation of all events through which customers interact with an organization along the whole buying process. From a company's perspective, this map lists all possible organizational touchpoints during the service exchange process. The objective of mapping the touchpoints and processes is to enhance the customer experience at every single touchpoint and therefore improve the customer service (Rosenbaum, Otalora & Ramírez 2017).

Usually, the touchpoints are linked together into a horizontal timeline representing the whole process. Following that, the timeline can be divided into three periods, for example pre-service, service and post-service to structure it. After the horizontal axis is identified it is important to also create a vertical dimension where relevant strategic channels, categories or initiatives linked to the process above are depicted. The strength and effectiveness of a customer journey map as an innovation tool depends on this vertical dimension (Rosenbaum, Otolara and Ramírez 2017). Figure 3 shows a similar approach, where all steps of a planned train travel with Rail Europe are clustered in different stages, from researching it until the time after the travel, and are then linked to the possible touchpoints through all available channels.

Rail Europe Touchpoints by Channel

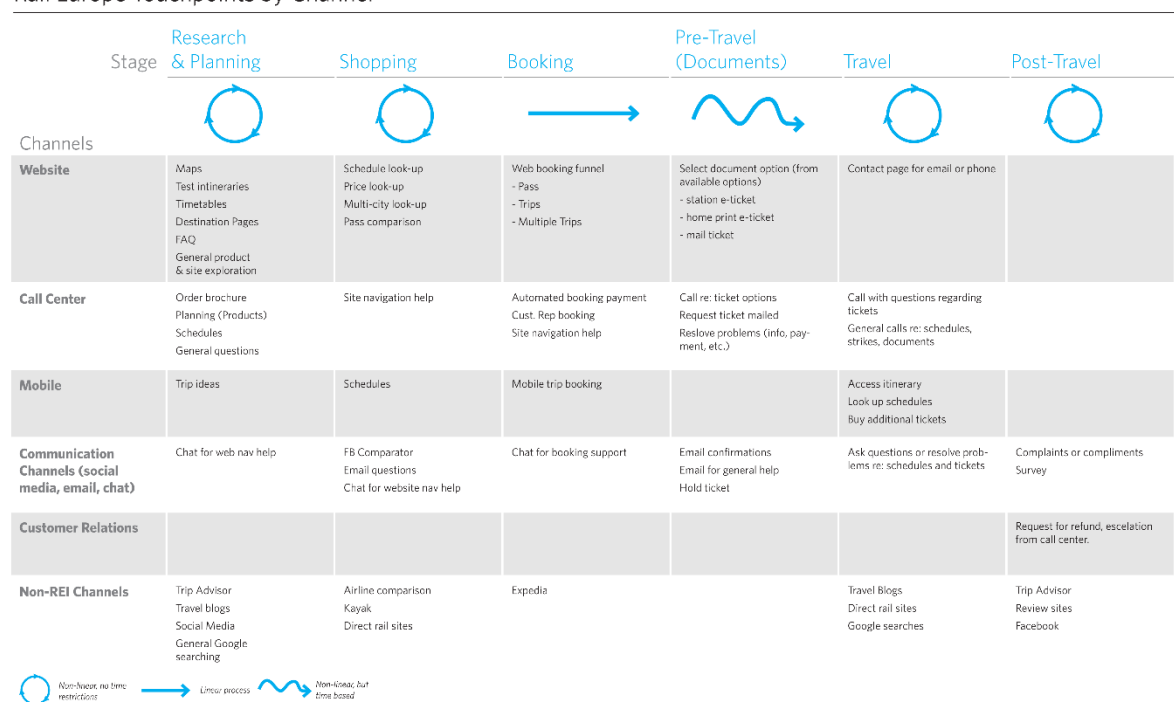


Figure 3. Example of a customer journey map by Rail Europe with all multi-channel touchpoints throughout the travel process (Davey 2016).

This is only one possibility to create a customer journey map. Because every consumer and every company or brand acts differently, many approaches and designs can be found. Whereas Figure 3 shows an example where the company concentrates on their communication channels and the involved touchpoints, others concentrate on the experiences a customer can have during a specific process. LEGO for instance created a tool they call the "experience wheel" in order to visualize an extraordinary experience for a flight to New York, as can be seen in

Figure 4. The example has a specific customer in mind as it builds the process around him.

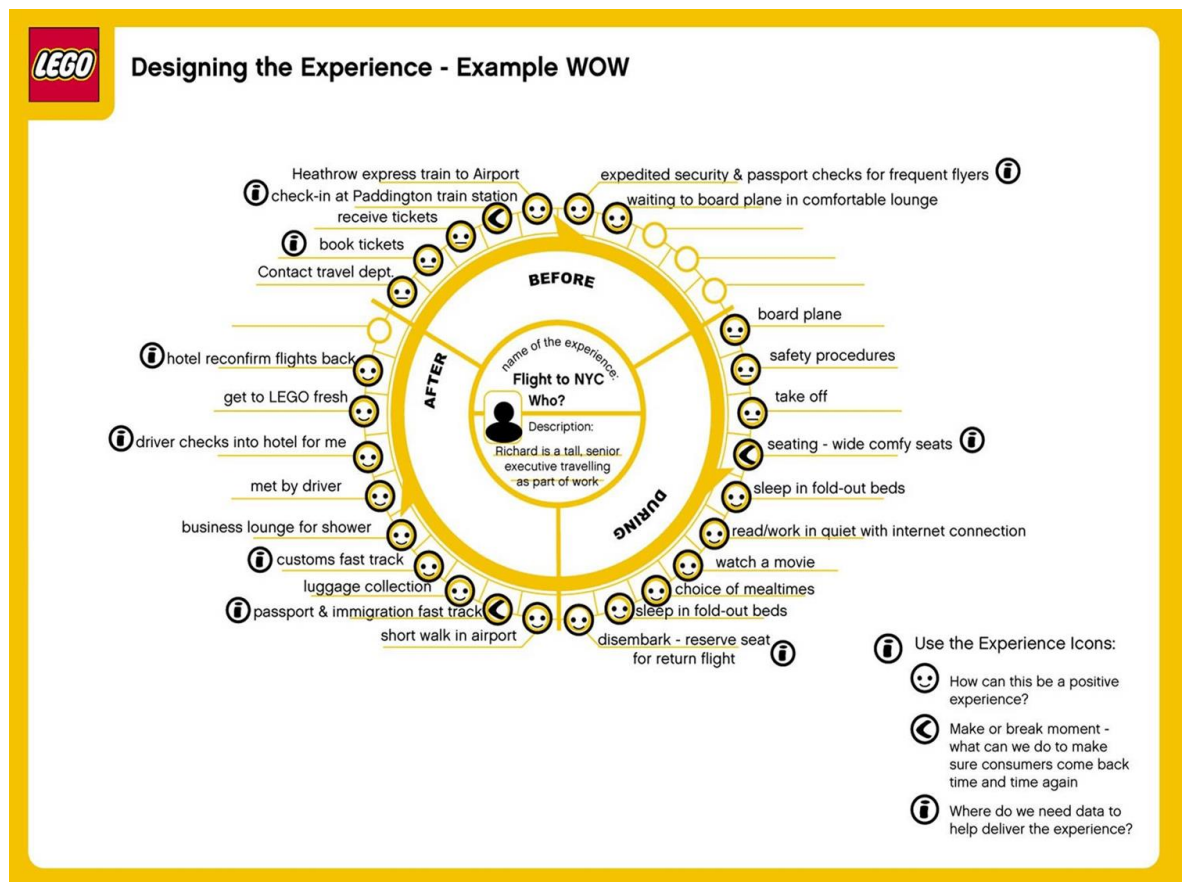


Figure 4. LEGO's experience wheel for a flight to New York City (Temkin 2009).

After dividing the whole trip into three stages (before, during and after), every experience linked to the flight is shown around the wheel including an indication how important or even critical it is to the customer. This approach is easy to understand and also recognizes the life cycle characterisitic of experiences (Temkin 2009).

### 3.3.4 The Customer Journey in the Automotive Retail Environment considering Digital Influences

Having described the concept of customer journeys and how to visualize them, it is now time to look at the automobile industry. The automotive customer journey is one of the more complex ones, because although cars are sold at local dealerships, the biggest part of the consideration and decision-making phase is done via online



touchpoints (MillwardBrown Digital 2013, 9). By now, 97% of people use the internet to research vehicles (Hasenberg and Kleimann 2015, 33). Car buyers have access to a great amount of information online, not only the facts and numbers about all cars on the market, but more importantly to customer ratings, rankings and personal opinions through social media, blogs and online media. Especially social media is becoming the new standard for exchanging opinions and additional information. In addition to that, consumers are very interested in modern alternative ways of information channels, for example Virtual Reality (Capgemini 2017, 8-9). Moreover, 42% of car buyers would be willing to buy a car online in 2017 compared to 35% in 2015 (DEKRA/IFA 2017, 18).

Digitalization is slowly becoming the main driver of customer journeys as digital touchpoints are increasing by 20% annually by 2015. This is because younger, digitally oriented consumers enter the buying world and offline consumers are using more and more digital tools (Bughin 2015). Due to these developments, car buyers are much better informed than in the past and do not need the dealership as their primary source of information. Therefore, the expectations for a visit to a dealership have changed. If the customer visits the dealership he is no longer in need of a sales person but of a technical expert who can explain the possible options. Instead of a traditional dealer experience, the modern customer wants to have fun and individual experiences when researching and configuring a new car, for example via features like virtual reality, live and/or video chats and video blogs (Capgemini 2017, 8-11).

Besides the increasing effect of digitalization on the industry, other trends like the electrification of vehicles and new types of mobility solutions will influence and change the dealership environment. In order to stay competitive, dealerships have to ask the question if they will be necessary in the future. Only with an omni-channel approach of stationary and digital, off- and online customer touchpoints, the retail concept with dealerships can survive. Reacting to that development, car manufacturers have extended their efforts in creating customer touchpoints along the entire customer journey, especially in their online activities (DEKRA/IFA 2017, 27-29, 52).

So how does a customer journey in the automobile industry look like? The pre-sales phase lost its place largely to online channels, but the sales phase with the personal

contact and test drive as well as the ownership phase with service and maintenance options are still significant contact points for retailers (DEKRA/IFA 2017, 52). The inspiration for the journey used later in this thesis comes from an illustration created by Roland Berger. In an article of the Automotive Megatrends Magazine the authors showed different customer journeys along the stationary, mobile and virtual channels over the complete end-to-end process of a car purchase including the ownership phase (Hasenberg and Kleimann 2015, 25). My own illustration of that journey can be seen in Figure 5. The journey shows the complete timeline of a car buying process following every step a customer takes whilst interacting with a dealership.

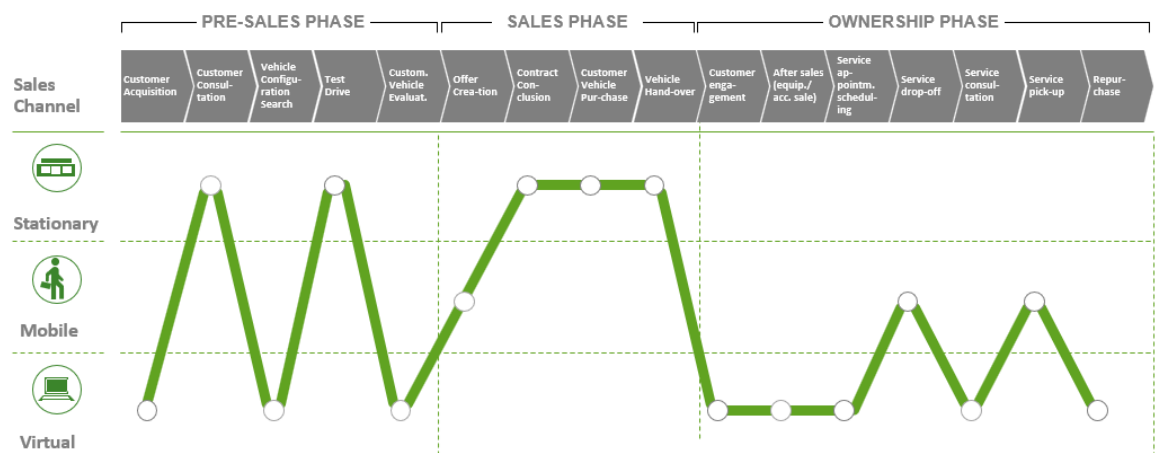


Figure 5. Own illustration of the automotive customer journey.

Here are all the processes mentioned in the journey:

- *Pre-Sales Phase*: customer acquisition, customer consultation, vehicle configuration search, test drive, customer vehicle evaluation
- *Sales Phase*: offer creation, contract conclusion, customer vehicle purchase, vehicle handover
- *Ownership Phase*: customer engagement, after sales (equipment/accessory sale), service appointment scheduling, service drop-off, service consultation, service pick-up, repurchase

On the vertical axis it is then differentiated what kind of sales channel is used by the customers for every step they take. That way, different types of customers can be identified and mapped throughout the journey by drawing their individual path through all available channels. Traditional customers will mainly use the dealership as a stationary source of all information they need whereas a digital oriented customer will mainly use virtual contact points and visit the dealership only to do a test drive for example. In times of the digital transformation, dealerships can no longer count on being essential to the customer and therefore to the OEM. They need to become essential by enhancing the performance of their sales channel, which is a change process a lot of dealership owners or retail managers still do not recognize. Only by generating new value propositions for both customer and car manufacturer, the survival of stationary retail forms can be guaranteed. Added values for the customer could include an improved convenience throughout the buying process by offering individualized consultations, the real-life experience of the look and feel of a car or the protection of the car's value with a high-quality service package. OEMs on the other hand could benefit from an increasing product demand, the reduction of purchase barriers and the creation of confidence in the brand in order to gain long-term loyalty. The critical question is how to meet these requirements in a digitalized world (DEKRA/IFA 2017, 54).

## 4 Status Quo: Digital Retail Solutions in the Automobile Industry

How digital are car dealerships today? This chapter tries to answer that exact question. Furthermore, this chapter provides possible scenarios for the automotive retail environment and how a consulting company like the STAR Cooperation GmbH can help dealerships in the future.

The German Institut für Automobilwirtschaft (IFA) developed a study on behalf of the DEKRA Automobil GmbH to reflect on the future of automotive retail and how it may change until 2025. To find out how intensively digital media is being used in today's retail landscape, a survey was sent out to owners and managers of car dealerships between the 29<sup>th</sup> of May and the 30<sup>th</sup> of June in 2017. The standardized online survey was answered by 175 industry members and is accepted as being representative for the authorized dealer structures in Germany. To measure the use of digital devices, the survey was divided into four areas: digital technologies in the showroom, digital technologies in marketing, digital technologies in after sales and digitalization strategies (DEKRA/IFA 2017, 30-31). The following statements and numbers are all taken from the results of the study.

First, the showroom was clustered into twelve stationary and seven mobile applications (see Figure 6). Out of the twelve stationary technologies the most used with 55,3 percent were static screens for videos and pictures followed by the interactive counterpart, the multi-touchtables, with 29,6 percent. Additionally, 25,4 percent of the others are planning to use them in the future. The possibilities of a touchscreen over an ordinary screen for the customer consultation and the visualization seems to already convince dealers. The survey shows that augmented reality will be one of the highest anticipated technologies in the future. Whereas only 13,1 percent are already using it, 27,5 percent are planning to include it in the future. Similar to augmented reality, virtual reality is considered to be an application worth buying. Right now, only 1,9 percent already use it, but 24,7 percent are planning it. Seven out of the twelve possible applications have only single-digit usage percentages and only three of them (digital signature, digital price tags and virtual reality) are planned by more than 20 percent of all participants. Futuristic technologies like holograms or robots are practically non-existent.

## DIGITAL TECHNOLOGIES IN THE SHOWROOM:

Digital Technologies	Market Usage in %
<b>Mobile:</b>	
• Free WiFi	71,7
• Employee Tablet	63,2
• QR-Codes for Additional Information	59,2
• NFC (Near Field Communication)	14,7
• Virtual Dealership Tour	13,4
• Own Dealership App	16,3
• Localization in the Showroom	1,9
<b>Stationary:</b>	
• Static Screen	55,3
• Interactive Touchscreen/Multi-Touchtable	29,6
• Interactive Powerwall	8,3
• Digital Showcase	26,2
• Interactive Showcase	14,1
• AR Applications	13,1
• VR Applications	1,9
• Digital Pricetag	4,3
• Kinect Technology	1,3
• Digital Signature	7,4
• Hologram Technology	0,6
• Humanoid Robots	0,0

Figure 6. Digital technologies in the showroom, own visualization based on the DEKRA/IFA study.

Looking at the mobile applications in the showroom, the results show that only three of them are widely used: Free Wi-Fi (71,7 percent), employee tablets (63,2 percent) and QR-Codes (59,2 percent). Other than with stationary technologies, the mobile applications shall almost all be implemented in the future, the mentioned three being standard.

The second area analysed in the study was the digitalization of marketing efforts (see Figure 7). A substantial part of digital marketing tools are social media channels and messaging services. The survey showed, that already 77,5 percent of the dealerships use Facebook to reach customers and 30,9 percent use Youtube. For messaging services, the oldest technology (SMS) is still used by most of the participants (73,6 percent). Instant messaging services like WhatsApp are used by

37 percent with 28,5 percent planning to use it in the future. Chat-functions on the other hand are currently not used by many dealerships.

### DIGITAL TECHNOLOGIES IN MARKETING:

Digital Technologies	Market Usage in %
<b>Social Media:</b>	
• Facebook	77,5
• Youtube	30,9
• Twitter	14,2
• Instagram and/or Snapchat	11,1
<b>Messenger Services:</b>	
• Short Messages (SMS)	73,6
• Mobile Instant Messages (WhatsApp)	37,0
• Chat-Function on the Website	11,0
• Video-Chat	6,1
<b>Big Data:</b>	
• SEO	73,3
• Geotargeting/-marketing	35,8
• Professional Data Management	19,1
<b>Other:</b>	
• E-Mail Newsletter	68,8
• Banner Ads on other Websites	56,0
• Dealership Marketplace	58,3
• Dealership Configurator	23,0
• Product Presentation Videos on Website	45,9
• Virtual Dealership Tour	13,4
• Dealership App	16,3
• Location-Based-Services	18,4
• Virtual Reality at home	1,9

Figure 7. Digital technologies in marketing, own visualization based on the DEKRA/IFA study.

Dealers have recognized the importance of being findable in the internet. 73,3 percent use SEO to position themselves in search engines. In contrast, only 19,1 percent use a professional data management tool. Other most-used tools in marketing are the e-mail newsletter (68,8 percent), banner ads (56,0 percent) and an own dealership marketplace (58,3 percent) whereas dealership apps (16,3 percent), virtual dealership tours (13,4 percent) and virtual reality (1,9 percent) are mostly seen as not important right now.

The last area for digital technology potential is the automotive aftersales (see Figure 8). Currently, the only digital tool used to communicate with customers are push-

notifications with 44,9 percent. Video chats (3 percent) and live chats (2,5 percent) are almost non-existent but are planned by around 20 percent for the future.

### DIGITAL TECHNOLOGIES IN AFTERSALES:

Digital Technologies	Market Usage in %
<b>Messenger Services:</b>	
• Push-Notifications	44,9
• Video Chat	3,0
• Live Chat	2,5
<b>Other:</b>	
• Online Appointment Booking	65,1
• Virtual Workshop Tour	7,8
• Tablet-PC for Service Staff	49,1
• Online-Feedback Tool	21,0
• Online-Shop for Parts and Accessories	20,8
• Mobile Payment	11,7
• Service App	13,7
• Remote Services	14,1
• Augmented Reality	6,8

Figure 8. Digital technologies in aftersales, own visualization based on the DEKRA/IFA study.

65,1 percent of the dealerships offer their customers to book a service appointment online and 49,1 percent use tablet PC's in the service process. Augmented reality (6,8 percent) and mobile payments (11,7 percent) are currently not used by many, but will be implemented by more than 30 percent in the future.

The survey shows a poor indication on the digital maturity of German car dealerships. Although the industry recognized the advantages of, for example, a digitalized service process, search engine optimizations, social media and digital sales tools, the average level of digital maturity is 26,4 percent. Only 3,5 of 17 relevant options are used in the showroom, three out of 13 in the service process and even in marketing only 7,5 of 21 possible tools are used. Reasons for the low numbers are on the one hand the different sizes of dealerships and the resulting discrepancy in financial possibilities and on the other hand the lack of support through the OEM. Only 4,1 percent of the surveyed dealerships are satisfied with the support on digital innovations. Having said that, over 20 percent mention an

existing digital strategy communicated by the OEM. All these numbers and statements show a noticeable lack of digital technologies in the automotive retail environment but also indicate great changes in the upcoming years. In order to determine whether the whole industry is missing the digital turnaround, an analysis of the entire retail structure would be necessary (DEKRA/IFA 2017, 30-43).

#### **4.1 Possible Future Scenarios**

Having explained the relevant aspects of digitalization, customer experience, the concept of customer journeys and the status quo of the digital retail environment, I now want to mention possible scenarios for the digital customer journey in the automobile industry and the retail environment in the future. These are based on my own thoughts and research findings and have the only purpose to describe possible future developments.

##### **4.1.1 Disruptive Scenario**

Companies like Google or Amazon have effectively changed whole industries in the way consumers buy their desired products online. There is already a high volume of new technologies influencing customers decisions and purchase patterns. A disruptive scenario for the car buying process would be the complete disappearance of local dealerships and the implementation of several online sales channels. By allowing online sales channels it is imaginable that players like Amazon or Alibaba will join the automotive retail environment and sell cars through platforms like Amazon Cars. Test drives could become a service provided by the sales platform and the car will be delivered to your doorstep for one day. Dealerships would no longer be necessary and only the service process could be done locally in a workshop.



#### **4.1.2 Realistic Scenario**

A more realistic scenario for the near future is the increasing importance of omni-channel customer interactions and the complete exchange of data to provide a seamless end-to-end experience. When a customer is researching a car online, his intentions are automatically transferred to the nearest dealership and he gets an invite to a video chat with a dealership employee. After the first questions are answered, the customer gets an invite to the dealership to experience his dream car in person and configure his individual vehicle. When arriving at the dealership, his smartphone automatically connects with the displayed cars and he can learn more about them. A product genius will then talk to the customer and together they configure the personalized car on an interactive powerwall. Is the configuration completed, the customer can experience his “own” vehicle in a virtual reality presentation from different angles, from inside and in front of different scenarios, for example in the city, on the racetrack or in the mountains. By the time the customer finished the virtual reality experience, a comparable vehicle is ready for a test drive. Through previous interactions with the smartphone of the customer and its GPS data, a personalized route is sent to the navigation display and the test drive becomes even more individual. After the test drive, the product genius can recommend missing security packages based on the usual commute route to work and the vehicle can be ordered and bought.

A customer journey like this is possible, but because of existing data regulations very hard to imagine now.

#### **4.2 Recommendations for Action**

The both scenarios, especially the second one, can become reality in the future. In order to not getting surprised by sudden developments, OEM's and dealerships should think about how they can shape the customer journey today. Especially the integration of online channels into the process and the exchange of data at every single interaction with the customer should be priorities. Only then it is possible to understand the customer and his needs. This knowledge is needed to create a shopping experience that will trigger positive emotions and a long-term memory for

the consumer. By doing this, customer loyalty and engagement will be guaranteed. Before there is a change of regulations regarding data use and private information, my recommendation is to look at the already existing digital technologies in the retail environment and how they can help dealerships to create experiences.

## **5 Development of a consulting concept for the STAR COOPERATION GmbH**

One objective of this thesis was to develop a concept of a possible consulting tool about the digital customer journey in the automobile industry. I researched various approaches on how to measure the digital status of a company or a process and decided on doing a digital maturity assessment. In order to figure out which part of the automobile customer journey I should concentrate on and from which point of view, customer or company, I interviewed five experts from different backgrounds. They are all consultants of the STAR COOPERATION GmbH with a lot of experience in their field. Two of them are retail consultants, who go into dealerships and help the management optimize their processes. One is a General Manager and responsible for sales and development tasks and the other two are senior consultants for after sales and marketing solutions. The key findings were, that when it comes to digitalization and the implementation of digital processes or structures, the dealerships are far behind. Especially small, family owned dealerships can often not identify with the current digital trends and lack the competence to change their organization (Teppe 2017). A similar problem is the age gap in many dealerships where the older management is simply not aware of the digital transformation (Papendick 2017). Thinking about a possible consulting tool, it should aim at the orientation and research phase of a customer to be able to address them individually or at the ownership phase, because the biggest profit of a dealership is made in the aftersales (Dussling 2017).

Often, the wishes of a customer in the pre-sales phase are not met by the dealer, for example the online configurator is not working properly. This could already be enough to cause customers to change the dealership. In order to gain brand sympathy in the first place it is critical to touch the emotions of each customer. Looking at the customer journey, the STAR COOPERATION can offer help and solutions in every phase, starting with a customer analysis and process optimization over marketing automation to an extensive retail consulting over all business areas (Kous-Giousouf 2017). But there is no specific tool to measure the digital performance of a customer journey.

## 5.1 Idea and Description

After the interviews I then started to develop a possible concept. The idea I came up with was to create a “Quick-Check” for the target group dealerships in order to determine how digital their customer journey processes are and what types of digital tools or applications they are currently using. These are then compared to the average market usage percentage of other dealers. To show the dealership management their performance, the results are mapped as a graph throughout the whole horizontal customer journey and are defined on a vertical axis by the analog or digital degree of each journey phase. For that purpose, I customized the customer journey shown in Figure 5 by reducing the pre-sales, sales and ownership phases to the most relevant steps and I changed the sales channels on the left into a scale from zero to 100, representing the digital (100 percent) and analog (0 percent) level. The result can be seen in Figure 9:

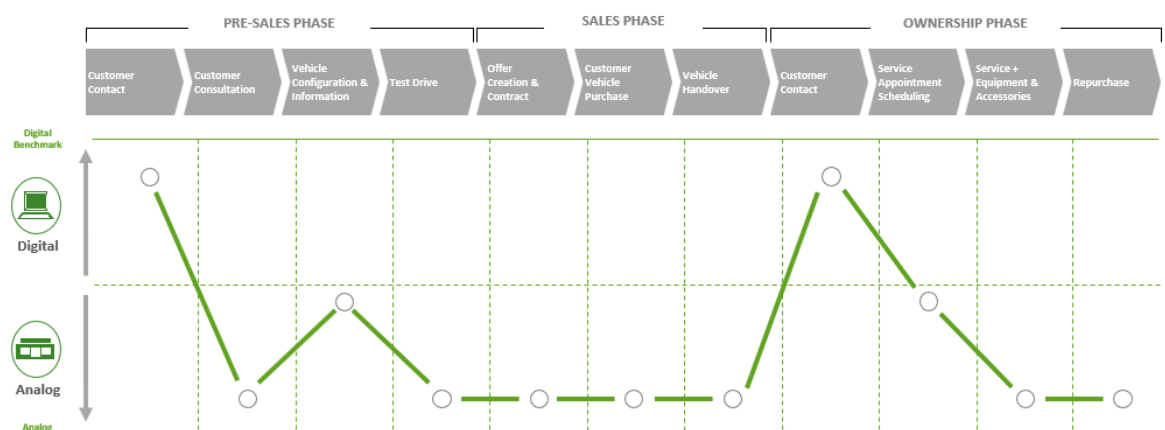


Figure 9. The customer journey of a dealership with indications on its digital performance.

In order to classify the digital level of each step, every single process of the customer journey is analyzed. For the first step in the pre-sales phase, the customer contact phase, the status quo of digital communication and marketing tools is checked. Listing all the different tools on the one side, the dealership is then given benefits of those tools and the comparison to the average market usage (drawn from the DEKRA/IFA study). In the last step, it is noted whether the dealership uses the tools or not. The example of the customer contact phase (see Figure 10) contains twelve

different tools of which seven are currently used. Hence, the digital level of the contact phase in this example is at 58,3 percent, which is later recorded in the graph.

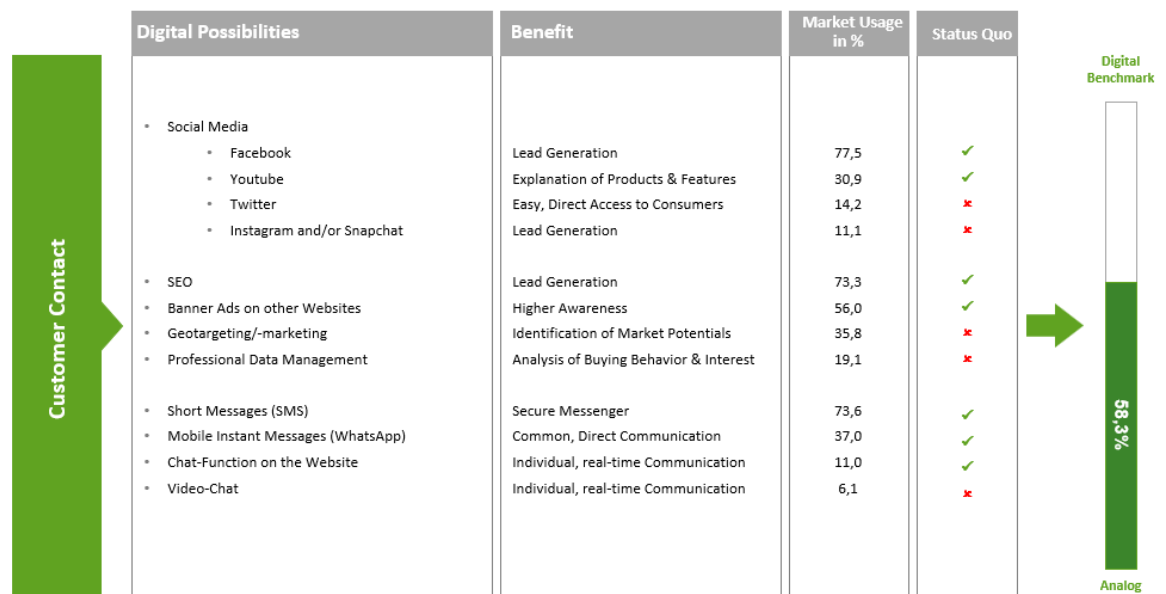


Figure 10. Status Quo of the customer contact phase.

For other steps in the journey it makes sense to evaluate two processes at once. For example, the digital tools of the showroom are used for the customer consultation as well as for the vehicle configuration & information phase (see Figure 11). Having that in mind, the digital check now follows the same pattern.

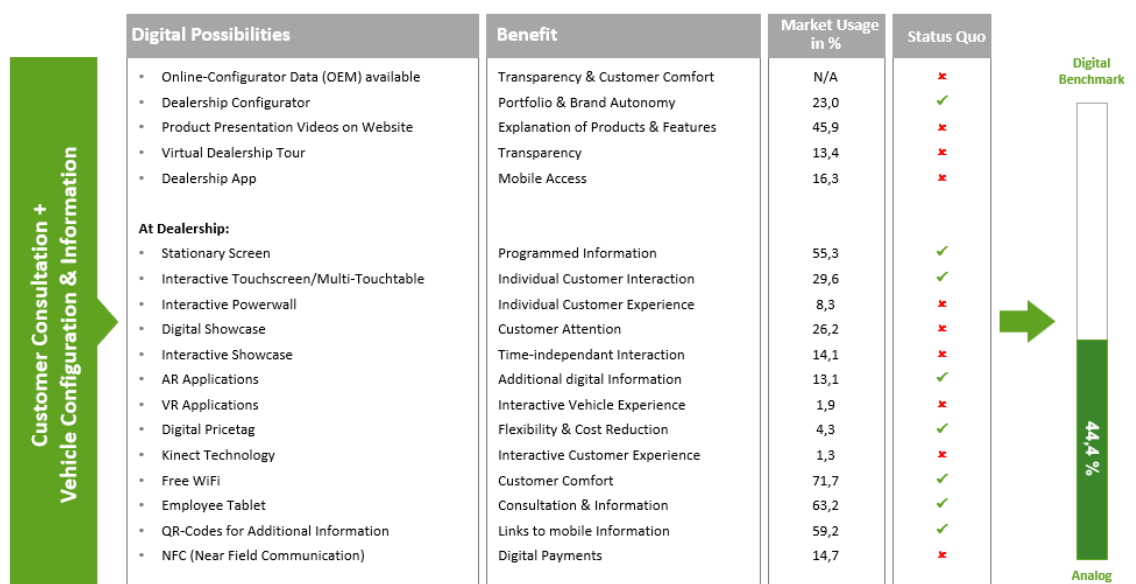


Figure 11. Status Quo of the customer consultation and vehicle configuration phases.

In this example, the digital performance would be at 44,4 percent. A last example (see Figure 12) shows the check of digital tools used in the service process and therefore in the ownership phase. As the different phases of a customer journey relate to different customer touchpoints, the amount of possible digital tools can vary. For the service process for example, I identified only nine tools compared to 18 in the example before.

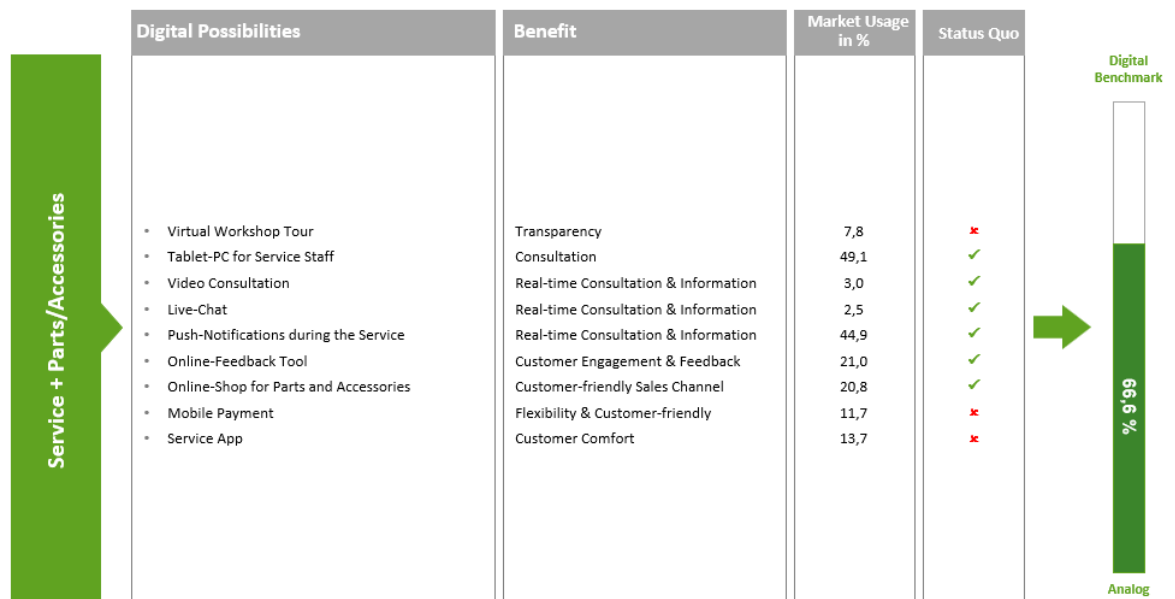


Figure 12. Status Quo of the service + parts/accessories phase.

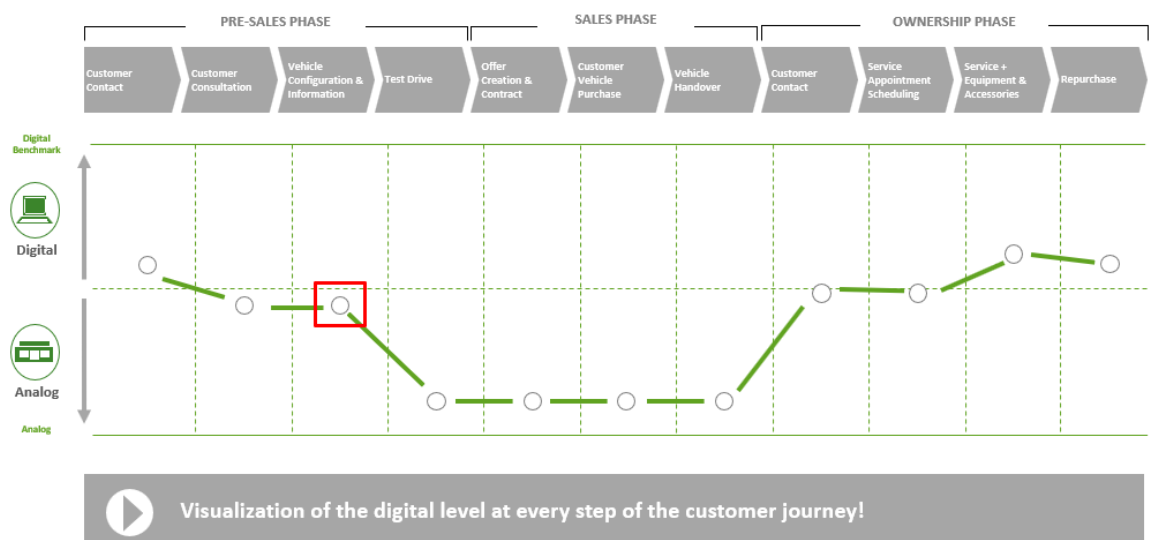


Figure 13. Visualization of the check results along the customer journey.

Lastly, all results are transferred to the summary and the individual performance of the dealership is visualized in a graph (see Figure 13). With the help of this Quick-Check, it is possible to easily identify digital opportunities in every step of the customer journey and make the owner or manager of a dealership aware of current technology developments and how many competitors are already using them.

## **5.2 Adaptations of the Concept for Used Cars and Service**

Car dealerships do not only sell new cars to customers, they offer regular service and sell parts and accessories, too. Often, they also sell used cars in addition to their new car business, which enables them to get access to an entire different group of customers. The customer journey steps will differ in these areas of the dealership. For used cars, an important touchpoint is the dealership website where customers can find the current portfolio of available cars and detailed information about them. All the digital devices used to configure a brand-new car, are no longer necessary for already existing cars. Powerwalls for example can only be used to look at the current portfolio. Furthermore, the sales phase is much more important, because buyers will negotiate more about the price of a used car and the physical car is needed to get an impression of its condition. The whole process of selling a used car is more dependable on product itself than on digital sales tools. Looking at the possible digital tools in the service stage (see Figure 12), less options can be seen than for example in the configuration stage (see Figure 11). Yet the service is an essential part of a dealership and is the main profit source of them (Teppe 2017). Nevertheless, there are several possibilities to implement digital technologies and devices into the service stage which can be especially helpful to interact and communicate with the customer.

The concept of a consulting tool is aimed at the new car business of a dealership and the mentioned steps of the customer journey are defined accordingly. Nevertheless, it could also be used for the important business areas of used cars and service if some changes were made to the design of the customer journey as some processes are different.

### 5.3 Use Cases and Threats

The Quick-Check described above is meant to be an easy possibility to raise awareness of the digital touchpoints and tools a customer might want to use and experience whilst buying a new car. But not every dealership is able to provide the full range of digital possibilities, though. After all, they need considerable investments smaller dealerships can simply not handle. Another important factor are the dealership standards driven by the manufacturers. Not all tools can be installed without having it approved by the contract manufacturer. On the other hand, the OEM may have his own digitalization strategies in mind and wants to implement them into the retail environment. Moreover, it is not enough to simply use new digital tools and expect customers to have a new, better experience. In order to make that happen, the whole organization and structure of a dealership has to be aligned with a digital mindset. Employees need to know how to use new devices and should be aware of current digitalization trends. Furthermore, the organization needs to have clearly defined responsibilities and job roles, for example a digital specialist.

Apart from the organizational changes, digital technologies and applications require the needed digital infrastructure. An interactive powerwall, like the ones found in the Audi City Berlin (see 3.2.4) for example, needs a lot of server capacity to render the needed pictures quickly and in high quality. Using multiple tablet PC's in the showroom plus the installation of free Wi-Fi needs a high quality broadband infrastructure. It might even be advisable to do a stress test to find out how many devices can run at the same time without influencing the speed and quality. Above all, digital touchpoints can only be managed with a professional data management system that is linked to all customer interactions and information.

Nevertheless, the developed Quick-Check for the digital customer journey can be used as a consulting tool. The first use case could be to offer the tool to an OEM in order to show him a possible approach on controlling the implementation of the company's digitalization strategy. The check shows quickly which tools are already implemented and which are not. The second use case, and my recommendation, is the integration of the Quick-Check into the existing retail consulting efforts done by the STAR COOPERATION. The check offers the possibility to start a consulting project at the dealership by pointing out the current digital performance. After



making the management aware of possible opportunities and existing problems, the retail consultant can then offer support in optimizing the dealer's processes, implementing a data management system or conducting a 360° check of the showroom's digitalization potential. In this case the Quick-Check can open the door to a much bigger development task at the dealership.

## **6 Conclusion and Outlook**

### **6.1 Reflection of the underlying Thesis**

The underlying thesis was written in the attempt to show the complexity of the digital transformation and its effects on the automotive industry worldwide. Because digitalization is driven by the change of consumer behavior due to new technologies and expectations, the focus was always on the customer and his experiences. When talking about digitalization in the automobile industry, buzzwords like new mobility solutions, connected cars or autonomous driving are often the first topics discussed. These are of course big developments in the industry, but because this thesis is about the customer journey and how the car buying process might change in the future, they are only mentioned briefly. Writing a comprehensive analysis of the digitalization would require another type of framework. Customer experience management is getting more and more attention and is directly linked to modern consumer behaviors. These behaviors significantly influence the buying process of customers in a digital world. Stationary, analog touchpoints are becoming less important overall and new, customer-oriented business models need to be developed to survive in a competitive market and strengthen the own brand.

The customer journey is a very complex process of interactions between a customer and a company, brand or product. Although there are almost unlimited ways to create a customer journey and visualize them in customer journey maps, it can always be differentiated between a pre-purchase phase, the purchase phase and the post-purchase or ownership phase. All customer processes can be somehow linked to one of these three categories. For the example of an automotive customer journey I chose a simple, yet comprehensive journey model which can demonstrate different paths through the same stages.

The study conducted by the IFA and DEKRA was very helpful to get an insight into the automotive retail industry. I decided on not creating an own survey, because on the one hand the collected data would be outdated sooner than later in this industry and on the other hand it would not have provided a more detailed collection of data. Because the study is accepted as being representative, the extensive use of the

source is justified, especially as other studies from the same year come to the same conclusion.

The Quick-Check of the digital performance of car dealerships is an attempt to raise awareness of digital technologies in the retail environment. Although only a concept now, the importance of digital touchpoints and virtual interactions with the customer will increase in the future and the Quick-Check is a simple way of identifying opportunities or processes in a dealership which are in need of a modernization.

## **6.2 Outlook: Market and STAR COOPERATION Tomorrow**

How will the future retail concept in the automobile industry look like? What can be said for sure, is that it will change. OEMs are already building more and more brand experience centers around the world to create an experience of their brand and products visitors will not forget. Technologies like augmented and virtual reality will become more and more important and common in the everyday life. Artificial Intelligence might also become an important source of information when researching a car. It will also be interesting to see how autonomous cars will change the role of the vehicle and mobility services. Manufacturers and dealerships must think about the future and how they can guarantee their existence. Especially dealerships need to embrace the digital world, as some manufacturers actively try to support direct sales. They need to give customers long lasting, positive experiences to earn their loyalty. And although 42% of people would think about buying a car online, I think the real-life touch and feeling of a car will still be an important step of the buying journey.

The STAR COOPERATION already offers a wide spectrum of digital solutions. With partners for almost every topic, they can do a wide range of projects. This will continue to be important in the future, as more digital technologies will influence the automotive industry. Examples are virtual reality applications and potentially the use of blockchain technology. Retail projects like the customer journey approach will also continue to be important, as electric vehicles or autonomous vehicles are likely to influence the journey again. At the end of the day, it is all about the customer and how he chooses his path through the buying process!

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