



**The connected automotive purchase experience
under a new digital paradigm**

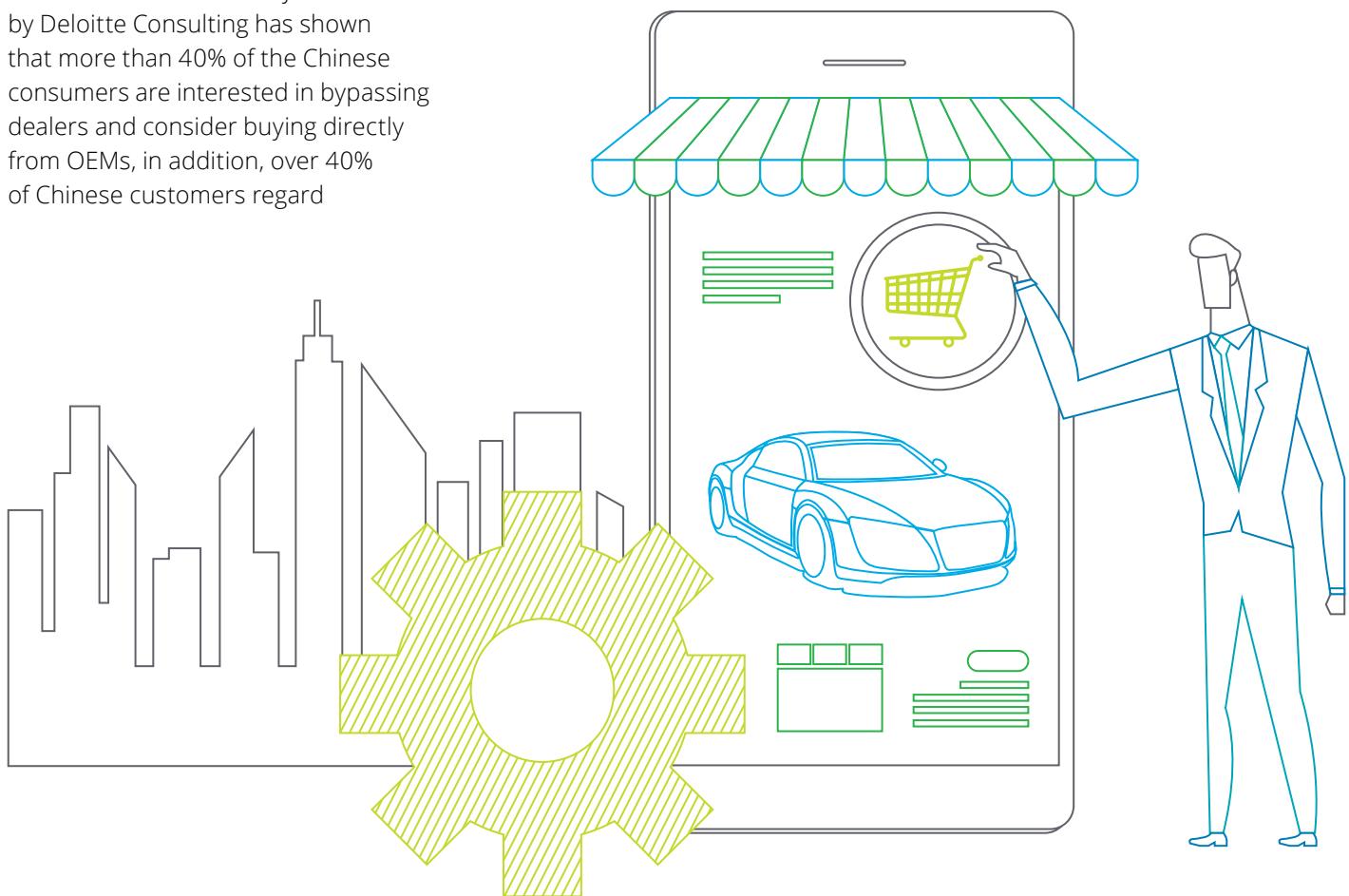
Changing customer expectations towards automotive purchase

With internet penetration in China reaching a historical high of 60% and mobile-native millennials gradually becoming a dominant force in the automotive market, the automotive purchase expectation has started to shift from a functional and rational journey towards a more experience-oriented one. The emergence of social media communities, especially popular online KOLs, have played an influential role in this shift.

A recent consumer survey conducted by Deloitte Consulting has shown that more than 40% of the Chinese consumers are interested in bypassing dealers and consider buying directly from OEMs, in addition, over 40% of Chinese customers regard

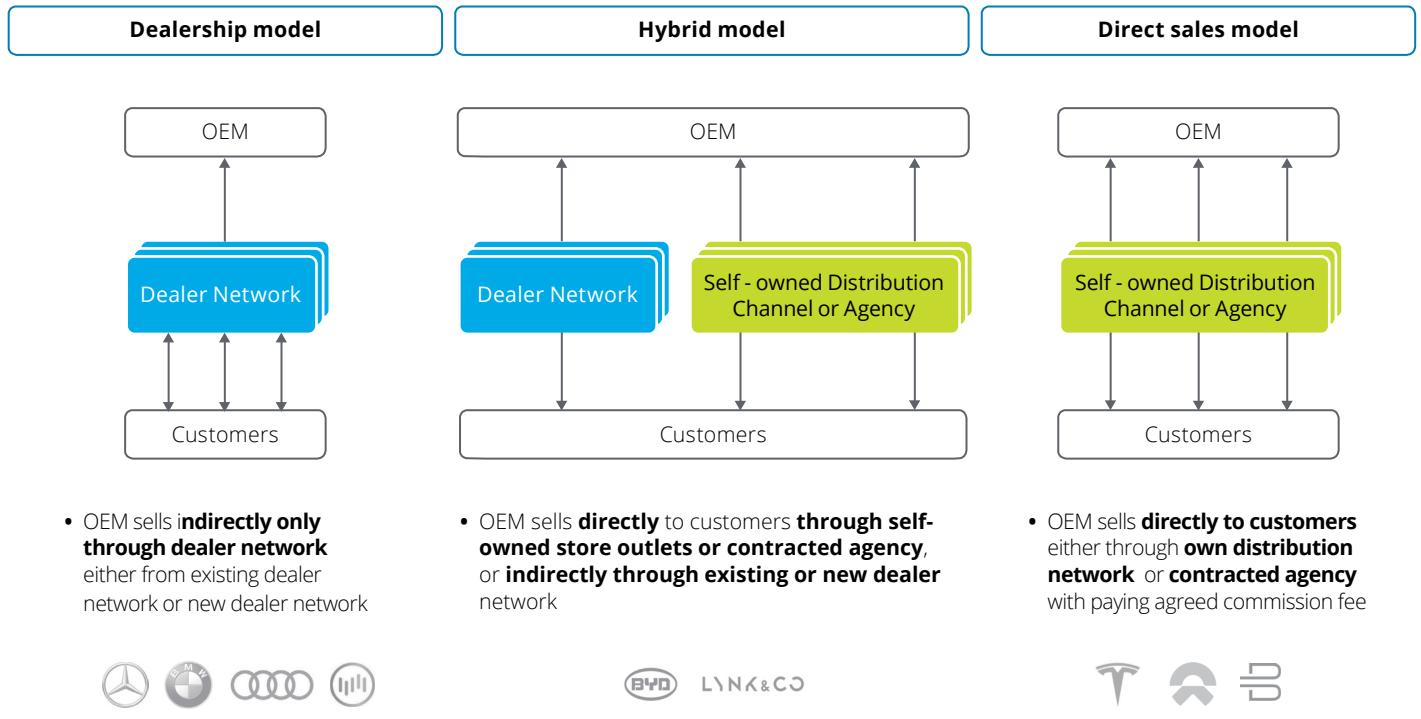
the seamless integration of O2O touchpoints an important decision factor¹, since they prefer the freedom to jump between online and offline at any touchpoint to create a personally customized journey experience — a "only me" journey.

Given such trends, auto makers have started to address these new "challenges" and change the way they design their sales models.



¹Global Automotive Consumer Study 2018, Deloitte

Figure 1: "Three Sales Model with Representative OEMs"



Source: Deloitte Consulting

Compared to traditional OEMs with heavy legacy processes and systems in place, new start-ups like NIO and BYTON have a natural advantage to adjust to the dramatic change right from the very beginning. They set up direct sales as the fundament for their business model design leveraging stronger governance and/or commission models, to avoid the traditional dealership system to rely on and balance out. What's more important, an integrated IT infrastructure is planned from the beginning in such a way to avoid the fragmentation in customer dataflow due to lack of interfaces between complicated back-end systems.

Some rely on a direct sales model with a hybrid sales format, meaning that OEMs will own inventories until invoicing to customer, while directly

controlling as well as collaborating with franchisees as their sales channel to improve customer communication and design transparent and consistent brand experiences. A smarter way of collecting abundant and accurate customer data via each touchpoint has become unprecedentedly important for OEMs to understand customers' behavior better and, more importantly, be in a position to directly reach out and personalize the engagement.

To ensure the success, OEMs need to reconsider their overall sales model and their entire data collection approach at each touchpoint and its enablers, as well as who should be put into the role to holistically manage the journey for a seamless O2O customer experience.

The game on technology along customer journey

Technology-embedded digital tools

To differentiate and appeal to technology-savvy customers, NEV players have been utilizing digital tools in their physical stores to create a unique shopping experience for customers while collecting valuable data. The market shows a broad range of "gadgets" deployed such as facial recognition, VR/AR, APPs which are designed to offer a refreshing experience when customers set foot in a store.

Now imagine you are visiting a newly opened brand store located in the CBD area in Beijing. As you approach the entrance, the big screen next to the reception recognizes you and automatically informs the assigned specialist to welcome you and take you to the information wall where all interesting introductions of the brand and products are embedded in a fun video game. Furthermore, you can configure your dream car with the interactive screen on the wall to customize its exterior and interior. While putting on the VR glasses, you will see the newly configured car just appear to be all ready for a ride! Nothing can limit your driving experience, you can freely choose certain scenario settings that excite you most, like a desert safari or a boulevard underneath the stars. If you came with your friend, let him or her put on another pair of VR glasses as well to join your ride and immerse yourselves in the driving for a moment. The new shopping

experience will diverge from the traditional dealership routine "sell the product", to a "sell memorable moments provided by the product", which will linger in customers' mind much longer.

From an OEM point of view, these in-store digital tools combining hardware sensors and software algorithms are able to collect unique customer data and translate them into indicators of customer preferences which could serve as meaningful input for R&D and marketing teams. Reflecting back to the scenario described above, when you interact with the knowledge wall, how much time you stay on a specific car color or interior configuration will be saved automatically under your profile as preference indications; and when you move around, the sensors in store could be tracking the movement and detect where is the most visited spot that attracts your interest. After you leave the store, your download of the brand APP will be shown as a sign of continuous interests. In the best case where OEMs achieve a smooth integration between in-store digital tools with out-of-store ones, you will keep receiving via your App exclusive updates of your preferred vehicle and interested topics based on the previous offline activities for a customized seamless O2O experience.



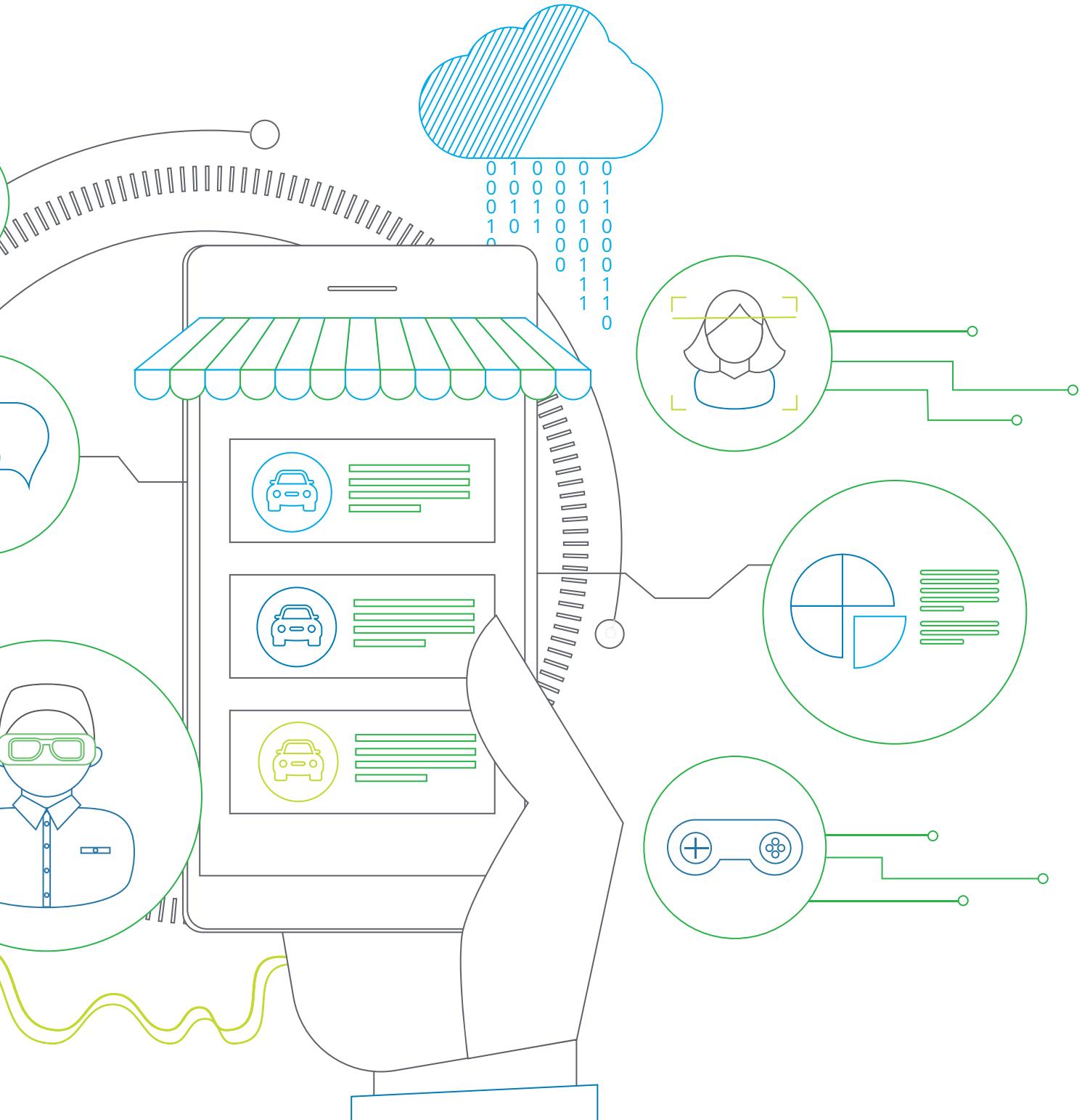
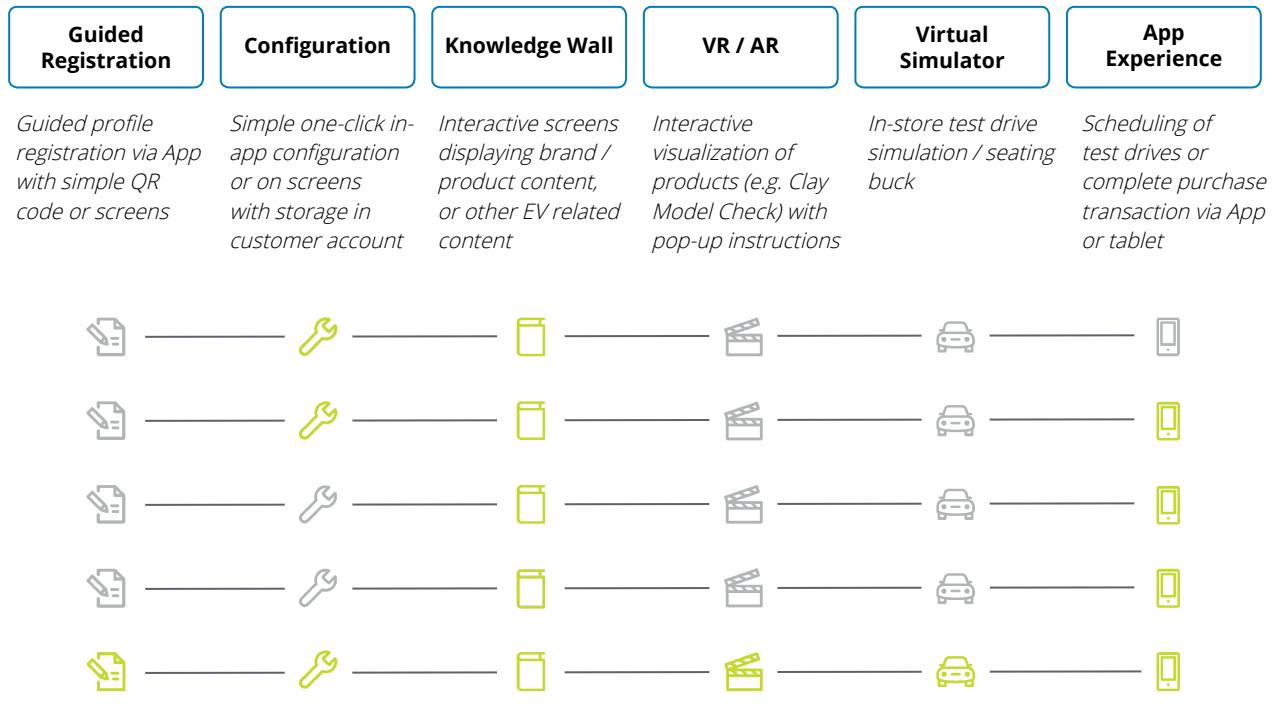


Figure 2: "Selective digital tools application of NEVs"



Source: Deloitte Consulting

Besides serving as a "one - stop platform" to facilitate the entire sales process and vehicle usage, the app is becoming the "ultimate tool" to engage customers beyond the store and constantly collect feedback on products, experience and brand. Ideally, the app should have the same integrated back-end IT system connecting all the digital tools mentioned above with a single customer ID: All activities and data generated through different channels are saved under a single roof. This would allow OEMs to gain a holistic view of the customer's persona to customize interactions and service offerings.

By realizing this technology, customer interactions will never be limited by time or physical location and touchpoints can be complemented with an immersive digital experience. However, it is often observed that

customers will not frequently use a brand app merely created for car purchase purposes. Some NEV players such as NIO have done an impressive job to overcome this hurdle by adopting user-friendly UI/UX design and adding variable social aspects on top of a purely functional tool. By leveraging membership, social engagement and the community effect, NIO's app has achieved a much stronger customer stickiness and higher utilization, allowing them to collect more data along the O2O journey.

The irreplaceable role of central customer interaction center

The ideas of leveraging digital tools not as single island solutions in a connected way to enable memorable moments have previously existed. However, these are only half what it takes to succeed in the changing digital world. How to orchestrate moments beyond the physical experience alone has become critical more-than-ever, especially under a direct sales model. OEMs need to consider a Central Customer Interaction Center (CCIC) which can take the role as a central brain behind all touchpoints and enrich the customer experience on a large scale.

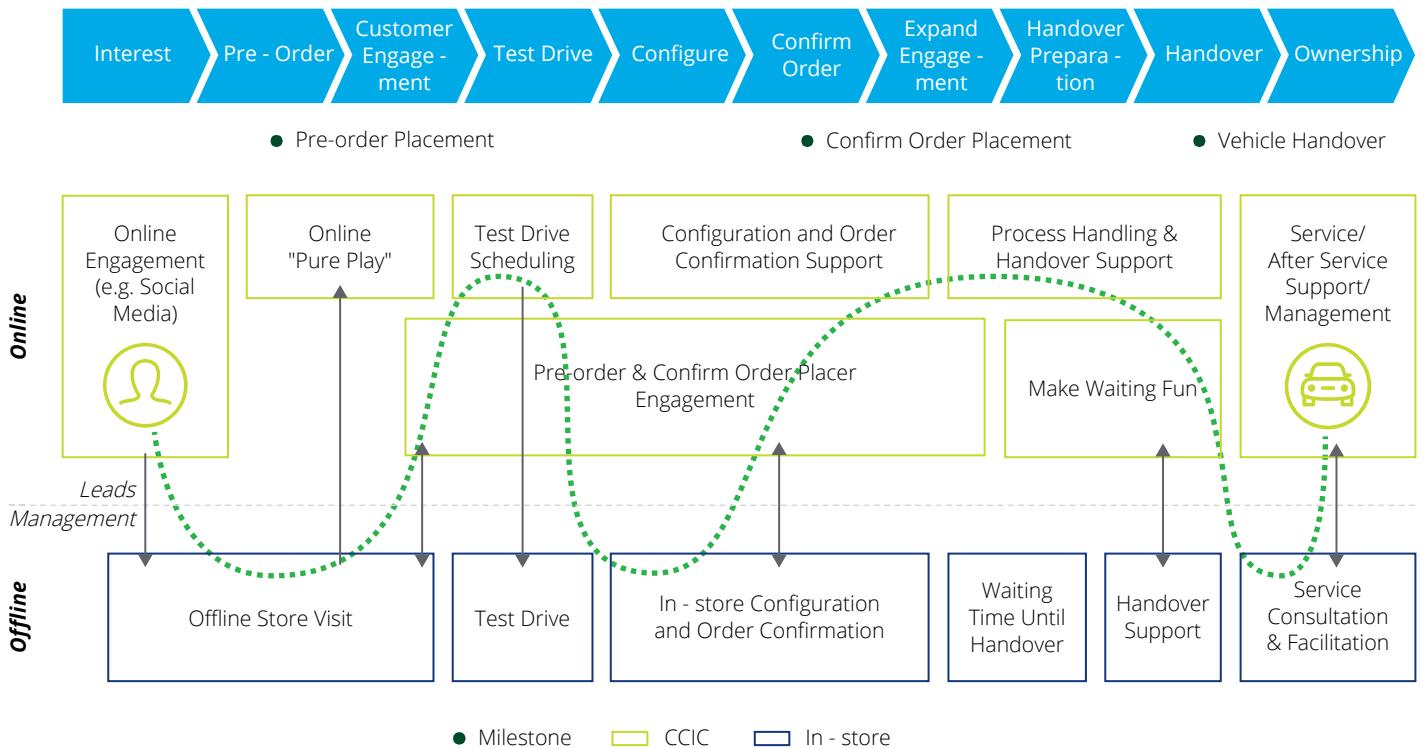
Evolved from the idea of a traditional customer call center, CCIC covers a broader range of functionalities, touchpoints, and customer groups to enable a truly seamless sales journey. Existing CCICs in the market can facilitate a potential customer through the purchasing journey without visiting any offline store. From the cultivation of leads to online campaigns, contract signing to handover preparation, every interaction is not only digitized but also recorded in an integrated system owned by OEMs. With aggregated customer data, the CCIC can individualize its contact strategy to a segment of one, design specific campaigns and events, or serve as the baseline for future interaction.

Nevertheless, the CCIC is not an isolated online function but adds value to every step along the entire journey by centrally managing leads cultivation and distribution, being able to identify high potential customers forwarded to physical stores and increase offline conversion rate. In addition, any administrative work, such as document handling or

charging installation, can be handled by the CCIC to relieve in-store workload and improve efficiency. Take one example where a sales consultant hasn't replied to a customer inquiry timely due to hosting in-store visitors; the CCIC will be automatically alerted and can proactively intervene to handle customer requests while providing sufficient transparency to the sales consultant because the interaction has been recorded in a single CRM system. From a customer stand point, whether any request is answered from a "400" customer service hotline, the live-chat on the app or in the offline store, customers expect a consistent service quality and frictionless interaction. The key to making customers happy is if you can give them a feeling of "they know me".

When franchisees are involved to build the offline network, CCIC becomes even more irreplaceable as it ensures offline customer experience and data collection quality. The CCIC has full transparency on every store's key information such as daily traffic, leads generation, customer satisfaction over test drive, etc. to monitor proper implementation of the operating standards and provide guidance on any improvement area. For example, customers will receive a satisfaction survey after their visit to a franchise store for which the CCIC can monitor the outcome and take initiative to follow up if low scores are achieved. The franchisees performance can be evaluated by the CCIC which might be directly tied to store commissions. This means the more satisfaction you can provide to customers, the higher commission and bonuses a franchisee can get.

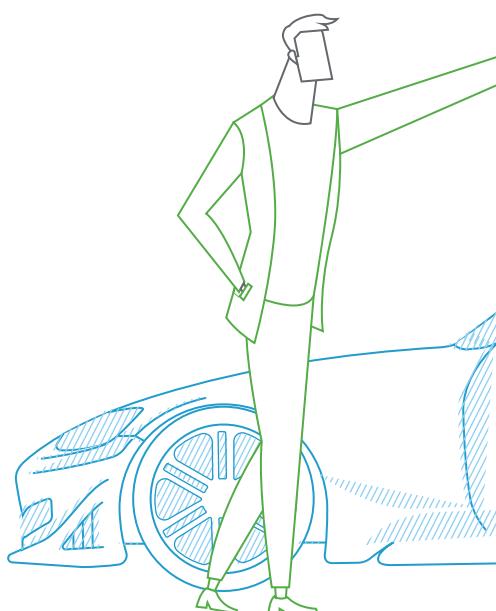
Figure 3: "Online & offline interplay along customer journey"

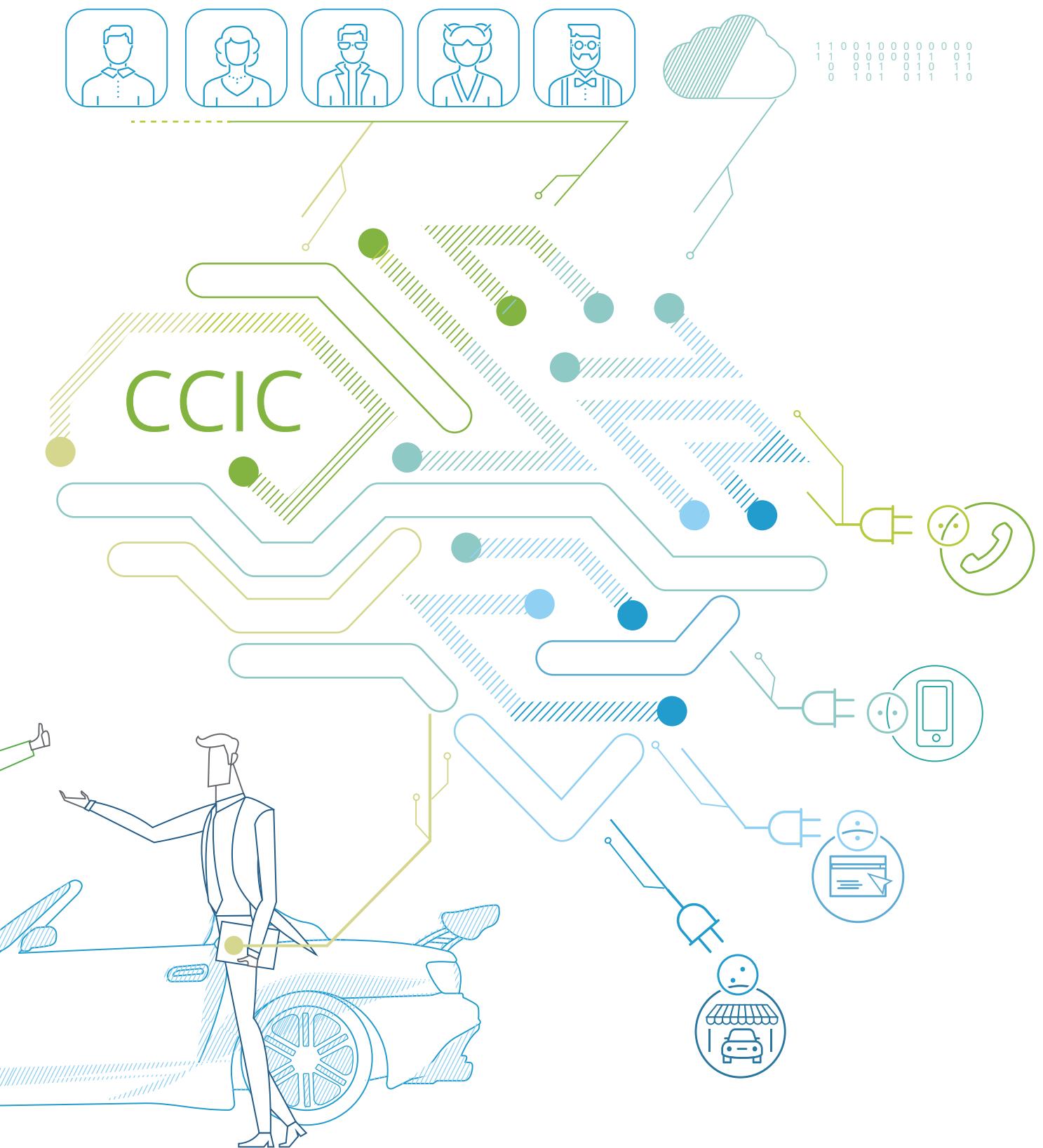


Source: Deloitte Consulting

In summary, what's common to all OEMs in China is that they are changing interaction models with changing customer expectations to deliver a seamless integration of online and offline channels. The proper orchestration of digital tools and the CCIC are playing a central part in this transition. Technology solutions with integrated backend systems both in and outside the store along

the customer journey are capturing valuable behavioral data to enable a highly customized experience. At the same time, the CCIC function centrally orchestrates all customer interactions, ensuring the experience is not only seamless but of consistent quality across online and offline channels.



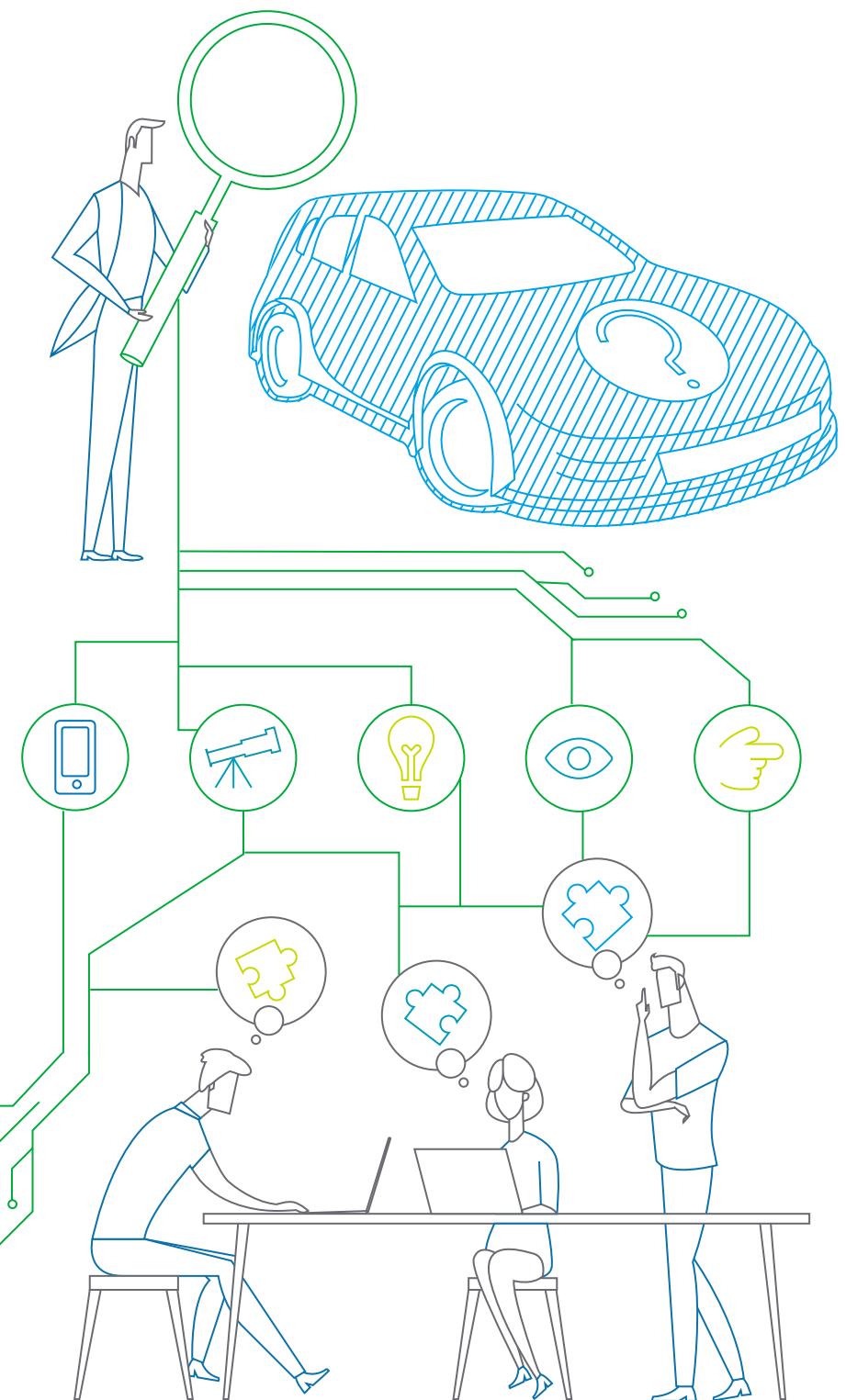


Key takeaways

There are three main topics that OEMs nowadays have to keep in mind when trying to provide a differentiated brand experience to high - demanding customers:

Digitizing the entire O2O customer journey

— Digital tools such as AR/VR and apps should not end up being island solutions but need to be "connected". Every customer interaction with the brand should support the collection of more data and insights for every single customer.



Connecting customer single view

— Customer data collected from each touchpoint regardless of the channel including offline stores and online tools should be aggregated under a single traceable customer ID to create a comprehensive customer persona and facilitate an individualized O2O journey.

Orchestrating behind the scene

— The concept of a CCIC should be leveraged as the "central brain" to orchestrate every customer interaction along the journey.

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