

# THE NEW AUTOMOTIVE DEALER: DESIGNED FOR ME

**Where digital and  
physical experiences  
meet future customer  
expectations**



# DEALERSHIPS DEAD? THINK AGAIN!

**Dealerships will remain the lynchpin of the automotive distribution chain and customer interaction—but not in their current form. The automotive dealerships of the future will be networked mobility hubs that engage, entertain and delight customers, and now is the time to start creating them.**



# For today's car buyers, accustomed to segueing seamlessly from online to offline and being recognized as individuals throughout their shopping journeys, the often impersonal, sales-target-driven atmosphere of many traditional, physical automotive dealerships can be frustrating (See Figure 1).

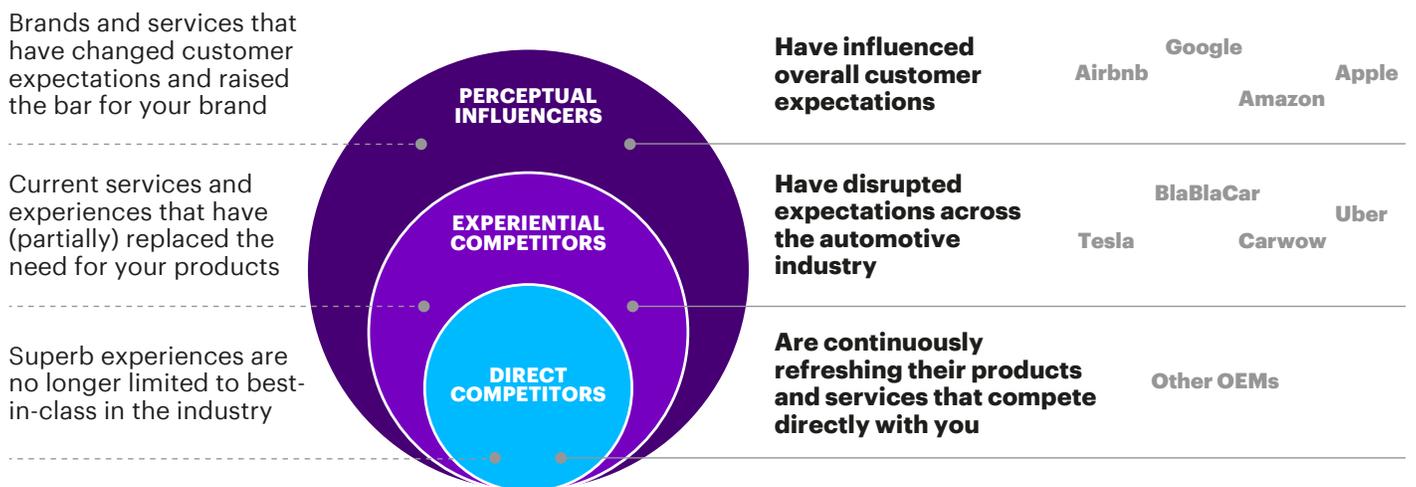
Most people who bought new cars from a standard dealership in the past would not do so again in the future. Sixty-three percent of respondents in an eBay survey said they would likely buy online instead.<sup>1</sup> Growing numbers are actually leaving vehicle ownership behind, preferring instead to hail or share a vehicle for specific periods and purposes—mostly, moreover, online.

And customers' after-sales expectations are moving in the same direction. According to our research, nearly half of all drivers (45 percent) want service to be integrated

seamlessly into their daily life: they don't want to have to go in person to a workshop or dealer service location.<sup>2</sup>

Yet, people also still want the human touch: a place where they can get to physical grips with the vehicle they covet and receive expert advice about what it can do for them before they buy, hire or share it. The dealership experience, however, must be a frictionless, and digitally enhanced extension of the customer experience online. And because customers won't wait, OEMs and dealers need to start enabling it now.

**FIGURE 1:  
AS CONSUMERS ENGAGE WITH A BRAND, THEY COMPARE THEIR EXPERIENCE WITH THE BEST OFFERINGS ACROSS ALL INDUSTRIES**



Source: Accenture

# DISRUPTORS, DRIVERS AND “ME”

**Today’s automotive customers are channel-agnostic. They expect meaningful, personalized treatment when they visit an OEM’s website and a physical dealer. In fact, they don’t differentiate between dealer and OEM. And their expectations are being shaped by their experiences as customers of other, digitally disrupted industries.**

Take, for example, the rise of products-as-a-service, which has been impacting the automotive industry for some time. Uber, which fuses car, driver and app to deliver a ride has been one of the leaders in this space; while constant advances in vehicle technology, especially electric and autonomous capabilities, are reinforcing the trend to mobility-as-a-service. Accenture research suggests that by 2030, automotive industry profits from vehicle hiring, sharing and similar mobility services are likely to surpass those from vehicle sales<sup>3</sup>.

Consider too the influence of the “me” economy, which leverages data on individual customers to deliver personally relevant content and unique experiences, regardless of touchpoint. The France-based beauty business Sephora has become a global brand thanks to its successful, digitally enabled blending of both online and in-store customer “communities”<sup>4</sup>.

Leading OEMs recognize, of course, that customers’ expectations are escalating—and that digitally disruptive competitors pose

a threat to their traditional business model. What’s more, they’ve responded in kind to the digital challenge, investing in digital media, car configurators and their online presence. Case in point: the data-driven in-car digital assistants now being incorporated into models built by BMW, Ford, Nissan, Hyundai, Daimler and others<sup>5</sup>.

For the most part, however, the car makers’ digital efforts remain partial and piecemeal. They still tend to see digital as an end in itself, rather than as an “invisible” enabler of the seamless, personalized and engaging experience across all touchpoints that today’s customers expect (see Technology: the “invisible” enabler).

While incumbents in many other industries accelerate the shift to both smart marketplaces (which disrupt traditional business models to serve increasingly connected customers), and the digital enterprise (which uses digital to boost operations and sales)—the automotive industry lags behind. Neither OEMs nor dealers are currently doing enough to maintain a competitive advantage.

# TECHNOLOGY: THE “INVISIBLE” ENABLER

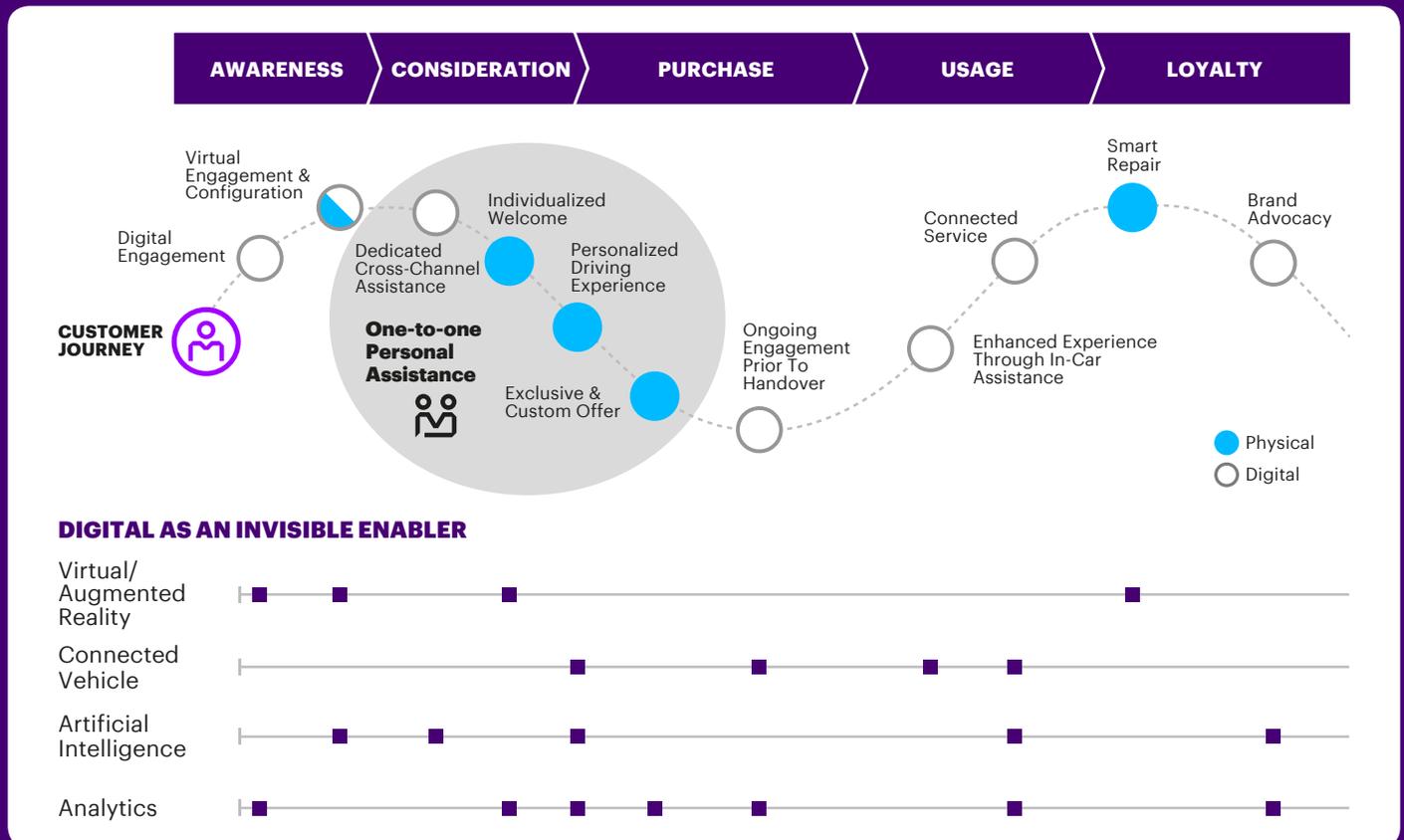
OEMs have certainly dabbled in digital, and not only to enhance the product. While their showrooms (and sales staff) use Virtual Reality (VR) and Augmented Reality (AR) tools and capabilities, smart goggles and interactive touch screens are no substitute for frictionless shopping.

Instead of seeing digital as an end in itself, OEMs and dealers need to start leveraging it as a behind-the-scenes tool, facilitating the optimal customer experiences they seek to deliver, but not defining them.

Digital is no longer the centrepiece of the brand experience in any industry. As interactions with users evolve from periodic on-screen engagements to connected customer experiences, companies need to create new services that are deeply integrated in the physical world. The time has come to blend the digital with the physical<sup>6</sup> (See Figure 2).

Consider, for instance, Amazon GO, the online retailer’s venture into physical convenience stores, where largely invisible technology does away with the need for lines and checkouts, but where customers can also touch and feel what they’re buying<sup>7</sup>.

**FIGURE 2:  
ENHANCING THE CUSTOMER EXPERIENCE BY BLENDING  
THE DIGITAL WITH THE PHYSICAL**



# THE IMPERATIVES OF CHANGE

**There is a lot at stake for both parties in this brave new digitally disrupted world. Dealers are already grappling with fewer visitors, high staff turnover and slumping profitability. The average annual turnover of sales people in the US automotive business is 67 percent<sup>8</sup>, and between 2016 and 2017 the profitability of the average US dealership was cut in half<sup>9</sup>.**

**Furthermore, with third-party aggregators and online marketplaces encouraging automotive customers to demand more for less, or go elsewhere, OEMs urgently need to start building a consistent, cross-channel perception of their brands. Our research and experience suggest that four immediate actions will support the necessary transformation:**



## 1. DIVERSIFY FORMATS

Different customers like to interact in different ways. And there are now a variety of formats to choose from, including traditional dealerships, pop-up stores, service outlets, experience centers, mega-stores and flagship retail showrooms. Nevertheless, the data shows that car buyers spend 60 percent of their time researching online<sup>10</sup>, and nearly half (45 percent) want aftersales service “with a swipe”. In view of the critical importance of personal data to the delivery of seamless customer experiences, 92 percent of customers surveyed would give their vehicle data to workshops, and 47 percent of those would do so for free<sup>11</sup>.

By establishing new formats, OEMs can attract more customers, but they also need to make customers’ preferred formats more accessible to them. Some have diversified with new retail formats that co-exist with traditional dealerships: Hyundai and Jaguar Land Rover in the UK have enabled showrooms where customers take control, and can buy a vehicle either in store or online, and where staff don’t have to meet sales targets. Similarly, in the used-car market, Sonic Automotive has established sensory environments in so-called EchoParks that tie the brand’s digital and physical assets into a seamless, flexible and compelling shopping experience<sup>12</sup>. There is no reason why OEMs and dealers can’t deliver a similar brand boost in a harmonized way.



## 2. ABANDON OLD ATTITUDES

A number of established beliefs and preconceptions are stopping OEMs and dealers from working effectively together. These range from “only the dealer knows the customers’ needs” to “customers focus only on price”, and from “siloed organizations never change” to “new retail formats are unprofitable”—and just about all of them are myths.

With its own hybrid store and dealer network, Tesla has led the abandonment of old attitudes in the industry. The electric vehicle pioneer has also stuck to a fixed price, no discount strategy<sup>13</sup>.



## 3. LEVERAGE NEW DISRUPTIVE TECHNOLOGIES

Five are especially critical. Big Data and Analytics, which are the key to really knowing the individual customer; Blockchain, which gives controlled data access to all relevant parties; Artificial Intelligence (AI), which allows machines to sense, comprehend, act and learn; Voice Control, which enables customers to engage seamlessly with providers; and Immersive Reality, which superimposes computer-generated content on real-world environments.

Mackevision, part of Accenture Interactive and a market leader in Computer Generated Imagery (CGI), has elevated the connected retail experience to another level by using a Single Source Publishing Principle (SSP) to develop complete and integrated systems in which computer-generated content is created once, maintained in a central location, and can be utilized as often as desired. As a result, automotive customers always receive content where and when they need it, based on their personal interaction history<sup>14</sup>.



## 4. EMBRACE AN EXPANDED ECOSYSTEM

From digital marketplaces and digital dealerships to online financing and vehicle rental services, disruptors and start-ups are piling into the automotive retail space—and poaching customers. By embracing these newcomers as ecosystem partners, OEMs and dealers would not only mitigate the threat they pose, but also complement their own capabilities, and drive more business.

Consider, for example, Carwow, which consolidates the best offers from local and national dealers in the UK<sup>15</sup>; or the Fair.com app, which analyzes users’ personal finances to assess which cars they can afford, and then presents them with a range of options<sup>16</sup>.

# COLLABORATE TO SUCCEED

If OEMs and dealers don't start working closer together, they risk being replaced by digital disruptors—and potentially becoming obsolete. If, however, they can enable a more collaborative relationship then they will secure a leading role in the automotive retail landscape of the future (See Figure 3). Here's how.

**FIGURE 3:**  
**THE NEW AUTOMOTIVE DEALER: DESIGNED FOR ME. CALL TO ACTION**



## **ENGAGE EVERYWHERE, ANYHOW**

- Living marketing
- New retail format integration
- Speak with one voice

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Drive customer engagements through a single voice, using living marketing and new retail formats—besides traditional ones.



## **INVISIBLE ENABLERS TO ENHANCE PHYSICAL EXPERIENCE**

- Digitize the backbone of the business
- Recognize, personalize and empower
- Incentivize “customer geniuses”

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Create physical and sensory experiences that are “invisibly” enabled by digital.



## **DATA-DRIVEN RETAIL**

- Share data
- Measure the business impact of every interaction
- Enable a data-driven workforce

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Build a data-driven culture where sharing data is seen as valuable, not a risk.



## ENGAGE EVERYWHERE, ANYHOW

**Living marketing:** Proactively develop an integrated customer-lifecycle contact and engagement plan that drives conversion, loyalty, service retention and re-purchase by responding to the customer needs “of the moment”.

**New retail format integration:** Provide a personalized customer experience across all formats and channels, wherever the customer chooses to engage. A conversation started on webchat, for example, should continue seamlessly at the dealership.

**Speak with one voice:** Integrate all channels (including direct sales and e-commerce) as the digital revolution steadily streamlines the chain. For example, a customer should be able to configure the car they personally want online, while at home and seamlessly be able to negotiate the price at the dealership.



## INVISIBLE ENABLERS TO ENHANCE PHYSICAL EXPERIENCE

**Digitize the backbone of the business:** Enable frictionless interactions between customers and staff. Guided sales tools that integrate all relevant information could include a web-based CRM system enabled by digital tools and devices and integrated with aftersales.

**Recognize, personalize and empower:** Leverage data to get to know each customer personally and understand when to engage with them and how. Employ digital tools that automatically recognize the customer when they enter the showroom or workshop.

**Incentivize “customer geniuses”:** Empower all customer-facing staff to be product and experience experts with a bonus incentive that encourages them to strive toward a common goal: delighting the customer.



## DATA-DRIVEN RETAIL

**Share data:** Share data across all siloes and structures so everyone has a “single view of the customer”, including their wants and needs. Leverage collected data to benefit the customer first—providing a better experience based on what is known about the customer, and driving growth at dealers and OEMs.

**Measure the business impact of every interaction:** Not only analyze customer feedback data (e.g. from test drives) to predict and improve experience and boost performance, but also define KPIs that monitor the impact on the business of every aspect of the customer journey.

**Enable a data-driven workforce:** Equip customer-facing employees and technicians with connected tools and technologies that improve their skills, and provide field staff (OEMs’ area/regional managers) with KPIs and metrics that will enhance their performance.

# THE ROAD AHEAD

**The future of automotive retail will be defined by human interactions, both physical and virtual. It will also be driven by data in a strategic, end-to-end process of continuous customer engagement. And it will be enabled by digital technologies, but in a supporting role.**

The role of the dealership, by contrast, will be highly visible—and increasingly critical. Indeed, the dealership of the future will be a networked mobility hub that not only embraces new vehicle technologies such as autonomous driving and connected cars, but also profits from the new business models enabled by the “me” economy.

By taking a radically new strategic approach—holistic, integrated and collaborative—OEMs and dealers could reshape the future automotive

retail landscape to their mutual advantage (See Figure 4).

The Accenture Customer Innovation Network provides a global ecosystem of physical spaces where clients can leverage customer-centric design thinking to launch and test real-world solutions and prototypes<sup>17</sup>.

Join us there to start forging the future of automotive retail, today!

**FIGURE 4:  
OEMs AND DEALERS CAN RESHAPE THE FUTURE OF AUTOMOTIVE RETAIL BY TAKING A RADICALLY NEW STRATEGIC APPROACH**



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