Informatica

White Paper

Improved Automotive Brand Loyalty

Relationships, Brand Loyalty and Data

About Informatica

Digital transformation changes expectations: better service, faster delivery, with less cost. Businesses must transform to stay relevant and data holds the answers.

As the world's leader in Enterprise Cloud Data Management, we're prepared to help you intelligently lead—in any sector, category or niche. Informatica provides you with the foresight to become more agile, realize new growth opportunities or create new inventions. With 100% focus on everything data, we offer the versatility needed to succeed.

We invite you to explore all that Informatica has to offer—and unleash the power of data to drive your next intelligent disruption.

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Relationships, Brand Loyalty and Data

Automotive manufacturers have traditionally struggled with customer retention. Research by Bochmann Consulting estimated that commitment to repurchase falls from 90 percent directly after a purchase to 70 percent when the time comes to replace a vehicle. In scenarios when no financial relationship with the auto manufacturer exists, less than half of owners repurchase within the same brand. In effect, automotive companies lose out on up to 40 percent of intended repurchases during the period of vehicle ownership. The incentive and desire to improve this figure should be strong within the industry; NADA estimates a new customer acquisition cost of $617 per new vehicle sold.

But brand loyalty is difficult to build in the automotive industry, where loose point-to -point relationships have been created: auto manufacturer to dealer; dealer to owner; owner to driver; owner or driver to the auto manufacturer's customer service department. Compounding the complexity of the industry is the current business model and the dynamic nature of these relationships.

A 2017 Global Automotive Executive Survey conducted by KPMG revealed that 83 percent of executives surveyed think it is extremely or somewhat likely that there will be a major business model disruption in the industry over the next five years. It is believed that there will be changes in how cars are bought and sold, and new ownership models for vehicles will be introduced. While disruption brings uncertainty, it also brings opportunity.

Specifically, auto manufacturers will have more opportunities and better communication channels to build lasting relationships with end consumers. Data gathered during the purchase process, and sourced from financing contracts, during vehicle use, and insights from ownership, can generate clearer pictures of individuals' behaviors and preferences.

Armed with new insight, auto manufacturers can work closely with dealer networks to personalize experiences beyond the sales cycle, and to include owner experiences during use, service and ownership. Crucially, they can anticipate customer experience moments; those times when consumers are willing to engage with the brand, including post-sale surveys, dealer service visits, warranty events, and ultimately, during the next buying cycle. Knowledge about consumers can guide them through the repurchase process towards the vehicle models within their brand, with the features that suit their lifestyle, preferences, and needs.

Auto manufacturers have been collecting data for many years through multiple channels—websites, dealers, direct contact, financial subsidiaries—as well as through services and through telematics data. While the focus has been on collecting and storing customer and vehicle data across functions and silos, this data provides potential for new opportunities beyond how it's used today. The challenge for automotive companies is not the quantity of consumer and vehicle data they have available; it is how well that data is integrated, complete, trustworthy, and usable.

Accurately attributing all data to individual owners, drivers, or households can fuel efforts to build and optimize loyalty and repurchase activities, which are currently compromised due to gaps in data accuracy and shortcomings with context and relevance. Although the number one priority

60% of buyers have decided the make and model of a car before entering a showroom.

for dealerships is sales lead conversion, the vast majority of sales calls in 2017 were made with the sales person not knowing anything about the customer, apart from contact details, according to 9 Clouds, a digital marketing agency for the automotive sector based in the United States. More can be done if the data is clean, standardized, integrated, related and easily accessible.

At a time when expectations of personalized interactions are increasing, outbound sales and marketing calls should be supported with known customer interests and preferences. Otherwise, these activities will lead to ineffective calls to owners (where the vehicle is no longer owned), poorly timed calls (following a recent vehicle purchase), annoyed customers, inflated sales costs, and frustrated employees. Consumers increasingly turn to companies who understand their needs and earn their trust, and automotive sales is no exception.

Auto manufacturers should also engage with dealers in their customer outreach strategies, as the perception is that dealers tend to only contact customers for a hard sell of services or new vehicles.

Research from Bain & Company in 2017 highlights the increasingly omni-channel nature of a vehicle purchase. The vast quantity of data and media available online facilitates the decisions of 60 percent of customers who have already selected the make and model of a car before they enter a showroom. While half of all purchase journeys originate online, each of these journeys alternate between online and offline channels an average of four times. This trend should encourage automakers to assist dealerships in winning new customers and retaining old ones.

Currently, auto manufacturers rely too much on dealers to be the high-touch component in their customer engagement strategy. Dealers, in turn, tend to invest in sales over marketing, leaving many (especially the smaller dealers) to under-invest in maintaining high-quality owner data, to create complex marketing campaigns that run the duration of vehicle ownership. Dealers' marketing typically approach clients with offers which appear as hidden or openly hard sells for services or vehicle upgrades. An investment in high-quality consumer data, including vehicle and dealer relationships, would allow auto manufacturers to work with dealer networks to ensure the relevant customer care that builds and retains loyalty through personalized information, offers, and services.

A prerequisite for anticipating when the selection and purchase process is initiated and the moments when a customer is open to engagement necessitates the ability to identify and collate individual journeys across all channels. This is turn, requires that individual consumers can be uniquely identified across all channels. And, since individual purchase journeys take nine weeks from research to selection to purchase, time is of the essence.

Driving Value From a 360-Degree View

Connected vehicles provide the opportunity to integrate relationships. They enable closed-loop communication centered on the owner and driver, and includes the vehicle, the dealer, and crucially, multiple departments within the auto manufacturer.

In 2017, KPMG found that an auto manufacturer's data privacy and security capabilities are more important to consumers than the total cost of ownership, driving pleasure, and environmental factors.

The future leaders in connected vehicle have already realized that long-term success depends upon how data is managed across these stakeholders. These leaders realize tomorrow's owners and drivers will require personalization delivered not only throughout the sales cycle, but also during ongoing services associated with the vehicle.

Because the dealer is the face of the auto manufacturer to owners, the dealer network remains important in delivering these services. In order to provide the right amount of personalization, a centralized 360-degree view of the owner, driver, and vehicle is crucial to offering relevant products, services, and experiences.

This 360-degree view is built from three primary sources of data:

- Internal to the auto manufacturer: telematics, vehicle financing and insurance, call center, warranty, web browsing, configuration and social media data, and connected vehicle services
- Dealers: sales and service data
- Service providers: breakdown services, and the newer mobility service provider who offers short-term car hire.

Investing in data management allows auto manufacturers to build and manage the 360-degree view of customers and associated VINs to ensure high quality, trusted data is available to the business processes—and customer engagement touch points—that need it.

When combined, this data will help increase product quality (vehicles and services) and better anticipate customers' needs. Finance data can indicate an intention to buy a new vehicle, and telematics, service, and web browsing data can guide conversations to specific models and features that individual consumers have been researching.

Personal Data Management is Key in Brand Choice

Fueled by increasingly common news reports of data breaches, consumers are more aware of, and concerned about, the quantity and use of personal data companies keep. With auto manufacturers, the data includes physical tracking through telematics.

The increased awareness is being supported by data privacy regulations globally, notably the European Union's General Data Protection Regulation (GDPR). This regulation gives individual EU data subjects ownership of their own data in an important automotive market.

In its study, KPMG found a huge mismatch of perception of data ownership: only 19 percent of automotive executives consider consumers as data owners, versus 49 percent of consumers who believe that the vehicle's owner or driver owns the data.

While data ownership is an ongoing debate, responsible data management is crucial, especially data security. As of 2017, data security and privacy was identified as the top purchasing criteria of both automotive executives and consumers, also reported by KPMG. An auto manufacturer's data privacy and security capabilities are more important to consumers than the total cost of ownership, driving pleasure, and environmental factors.

Every new idea, service, marketing campaign, or product associated with the connected vehicle requires data. This data needs to be collected, cleaned, integrated, reconciled, analyzed, and distributed. Data traceability and protection are foundational to developing trust, which is vital for both customer loyalty and participation in services and marketing initiatives. Consumers will trade their data for relevant services that add value, leading to a strong sense of brand commitment.

Automakers that excel in end-to-end data management will have an advantage in accelerated delivery of new services, be able to prioritize investments based on consumer behaviors, and be more successful with marketing campaigns. These capabilities will allow the leaders to win new customers and build the loyalty of existing customers by becoming a key part of their digital identities.

A rapidly evolving digital environment that includes changes in data sources and types, analysis techniques and tools, consumer technology, and channels, is concurrent with consumers' expectations of continual innovation at a pace more closely associated with mobile technology than with the traditional pace of vehicle innovation. Despite the rapidly changing and complex data environments within auto manufacturers', transparency in the use of personal data is also crucial to developing the end consumer's trust.

Informatica: Connecting the Connected Vehicle

Informatica's® Intelligent Data Platform™ (IDP) ensures automotive companies can move from the world of transactions and linear relationships into the expanded and networked world of interactions and network relationships. The Intelligent Data Platform is fueled by metadata-driven artificial intelligence capabilities known as the CLAIRE™ engine.

Using machine learning and other AI techniques, CLAIRE can accelerate and automate core data management and governance processes within automotive companies. With Informatica, automakers gain enterprise agility in a time of disruption—with access to the data they need to enable quick response to changing markets and consumer preferences.

The IDP offers industry-leading capabilities to enable consumer engagement processes, including:

360-Degree Views: The ability to build a complete picture of consumers, owners, and drivers across all channels and capture relationships such as house-holding, dealer and location preferences, and drivers with fleet or rental vehicles. Relationships between consumers, vehicle preferences, and driving styles can also be made visible. A complete and accurate picture of consumers and vehicles is a necessary foundation for all engagement, marketing campaigns, and loyalty programs.

Connectivity: As vehicles become more autonomous and connected to the transportation ecosystem through internet access, the amount of data generated and consumed by this ecosystem increases in volume, velocity, and variety. Informatica speeds data-driven insights through engaging the business and enables integrations across multi-cloud and on premises. This includes vehicles, databases, operational data stores, web portals, applications, middleware, or on a Hadoop cluster; in batch, request/response, or in real time.

Data Discovery: Increasing quantity and variety of data should not lead to excessive time spent on data gathering. The bulk of analysts' and citizen scientists' time should be spent using the data to drive value. Informatica further accelerates the delivery of data to and from rapid prototyping and fail-fast environments required for developing new services. Informatica IDP then scales to enterprise-grade integration for daily business processes, making agility your competitive weapon.

Data Protection and Privacy: The connected vehicle inhabits the world of big data, which implies that many developers will be scanning through, and integrating volumes of personal data generated by the vehicle, including physical tracking data. Informatica can identify personal data, track data lineage, monitor for unauthorized access, and assess the risk of individual data stores based on the contents of the data store and corporate data protection policies. High risk stores can be anonymized to protect individuals without slowing the pace of innovation or unnecessarily restricting access to the data by the development community.

Informatica's Intelligent Data Platform is a modular, but complete solution, to ensure that the data generated by connected vehicles is securely, rapidly, and appropriately connected to the stakeholders across the entire community. We provide robust data management, so you can build consumer trust not only in your vehicles and services, but also in the responsible management of personal data. Coupled with the data agility Informatica provides, our clients are able to build individual relationships with consumers, and adapt to the rapid digital transformation that is happening within the automotive industry.

Informatica

Worldwide Headquarters 2100 Seaport Blvd., Redwood City, CA 94063, USA Phone: 650.385.5000, Toll-free in the US: 1.800.653.3871

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