

Preventing Automotive Customer Defections with Analytics and Expert Customer Care

Finding which customers are at risk for defection can save millions of dollars

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Finding a new customer can be seven times more expensive than keeping an existing customer. But earning customer loyalty can be challenging for automobile makers—original equipment manufacturers (OEMs)—who rely on dealerships and third-party sources to help the customers who buy, lease and service their vehicles. While the manufacturer's brand name is on the grill, many customer touchpoints are beyond the automaker's control.

OEMs can build meaningful relationships with customers by collecting and analyzing data available through a myriad of sources. They also need to be proactive in monitoring social media to safeguard the brand's reputation. Through the use of sophisticated data analytics, OEMs can develop an intimate understanding of buyers that take into account their experiences with dealers, part suppliers, and lenders. Knowing the customer better enables OEMs to strengthen brand loyalty and earn repeat business.

In addition to strong analytics and data, OEMs need fast, expert teams with the soft skills to deal with delicate or stressful customer interactions. Whether rolling out a high-profile new product, dealing with a recall, or attending to customers at risk for defection, customer care experts can be the emergency crew that saves the day.

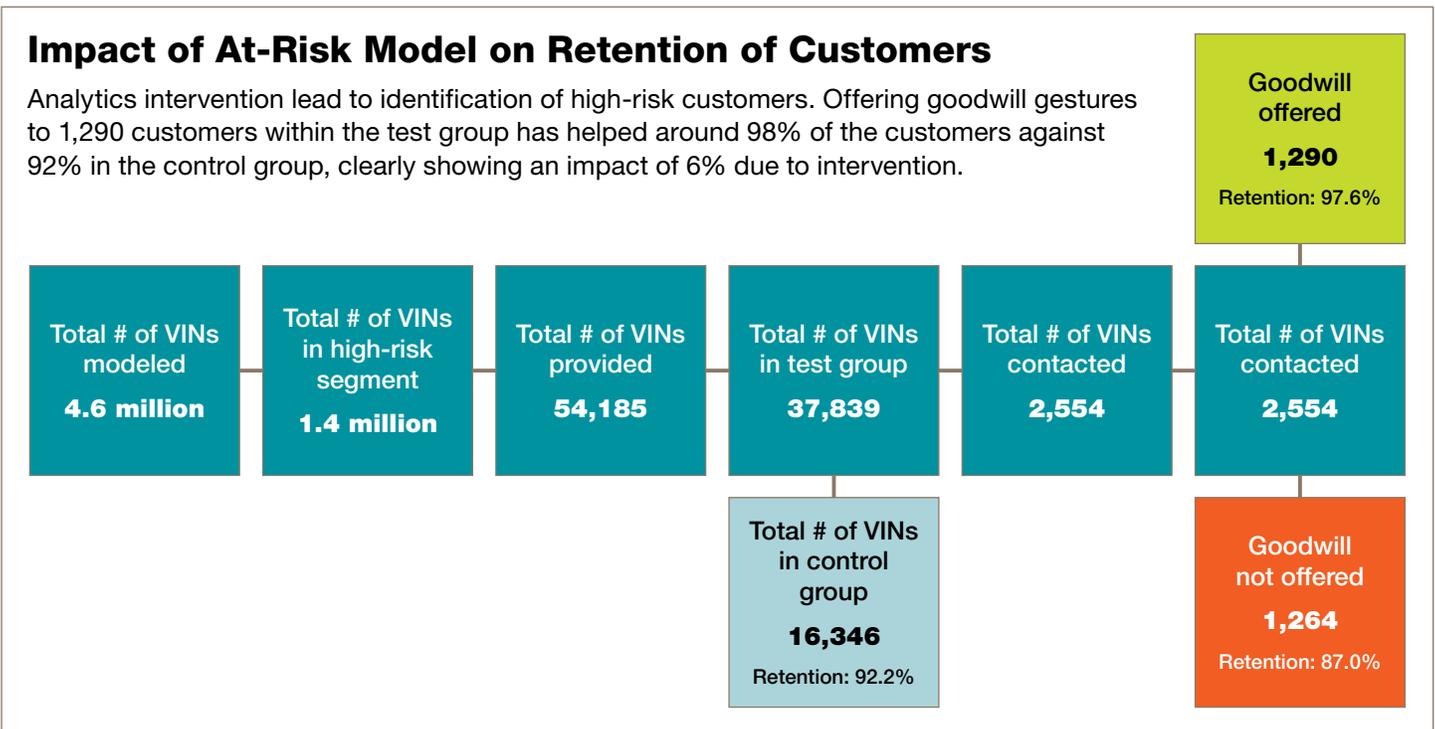


Data collection and assimilation: Build customer profiles

The first step in building a profile for each customer is collecting all the available data from internal and secondary sources. An automaker has multiple databases where customer information is stored, which may include household information, demographic detail, vehicle ownership records, vehicle make and model, dealership choice, repair orders and added service subscriptions. A dealership's dealer management system can provide information on claims, claim process repairs and net item information on each repair. The contact center Customer Relationship Management (CRM) system holds the interactions through traditional channels. It collates service request IDs, activity IDs and conversations recorded between call center agents and customers.

With all of this information in hand, the automaker can now track which vehicles have been repaired and how often through the use of vehicle identification numbers (VINs). Automakers can find vehicles that have had multiple repairs for the same concern and are close to qualifying for lemon laws. A company can tell how many vehicles of a specific make and model were sold in a given area. They know which models are most popular and which have the highest repair rating. Analytics can tell you who is driving which models with the ability to provide intricate details such as which vehicles are most often purchased by single men ages 25-35.

Analytics can provide OEMs more than hindsight, however. Analytics can be used to improve customer satisfaction, reinforce brand loyalty and reduce the risk the next car your customer buys is built by someone else.



Customer ecosystem: What do customers think of the brand?

Most customers have a firm impression of your brand long before they walk into a dealership for a test drive. Social media provides a rich vein of customer sentiment for OEMs to analyze and act upon. Are customers complaining about specific dealerships? Repair issues with specific models? What do they think about a recent model's styling?

Customers are far more honest online than they are when talking to an agent on the telephone or even through email. Promptly reaching out to customers who express problems on social media can foster good customer relations and help calm customers who are publically negative.

Applying analytics to email and telephone contacts provides opportunities to better know customers and strengthen brand loyalty. Let's say a customer calls your customer care center to ask about a recall, or to schedule service. The agent needs the customer's information to know how to refer them to the correct service department. But what if the customer had emailed about the problem one time, posted about it another time and called about it? Only with well-integrated omni-channel engagement can you know if this customer has a one-time issue or if they are so frustrated they're close to taking their business elsewhere. Knowing the background of the customer can provide an opportunity for increasing loyalty by offering coupons or other discounts.



Such deep customer knowledge is the product of commonly-used analytic tools. Speech analytics—also known as voice of the customer analytics or VOCA—pulls information from recorded calls. Text mining pulls information from emails and chat logs. Hard demographic information, combined with expert analysis, can also inform whether or not a customer is at high risk for defection. For OEMs who don't feel they have the resources and technology to adequately handle these aspects of customer integration, high-value business services providers have the expertise to give their partners the tools they need to succeed.

Most **customers** have a firm impression of **your brand** long before they walk into a **dealership** for a test drive.

Actionable results: Predict defections with greater than 80% accuracy

The OEM can also improve its awareness of a customer's loyalty by combining the customers' demographic and activity data. Even if the customer doesn't express an opinion, expert analysts can take the vast information drawn from myriad databases and draw meaningful conclusions. With a large enough data pool, expert data analysis, and an in-depth understanding of market dynamics, our model has allowed a client to predict which customers are at high-risk for defection with greater than 80% accuracy.

Follow up with customer care: Keep customers coming back

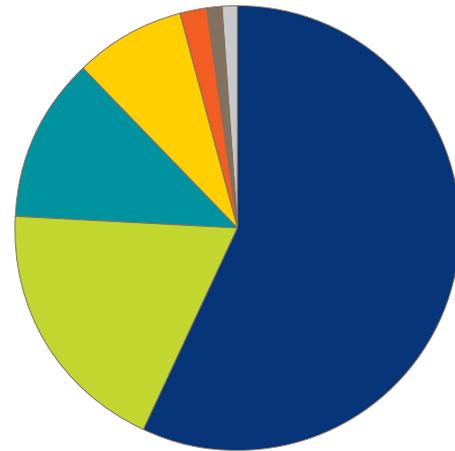
After determining which customers fall into high, middle and low-risk buckets, the next step is to develop outreach campaigns to reinforce customer loyalty. This is done with customer care strategies, such as follow-up calls to customers who have had their vehicle recently repaired and asking how they felt about their customer service. It is easier to turn an unhappy customer into a happy one if the company takes action before a negative view is cemented. The silent unhappy customer, the one who doesn't call or voice concerns through social media, is the retention killer. Our analytics buckets provides the OEM with the ability to dive into the data and find the silent customer. This gives the OEM an opportunity to gauge the customers' frustration or issues and resolve their concerns to restore confidence in the brand.

For one of our clients, we provided a white-glove concierge service for each of the high-profile or celebrity clients who purchased their flagship electric vehicle. This vehicle had cutting edge technology that required specialized equipment for maximum efficiency and convenience. We assigned each buyer a customer service expert, to act as a concierge. These welcome agents called the customer the day after delivery to introduce themselves and cover any introductory terms that were not handled at the dealership. The welcome agents also explained the program to the customer and shared their contact information. Welcome agents touched base with each customer every two weeks for the first six weeks to make sure their experience went as smoothly as possible. In some cases, they helped customers find charging stations or worked with local electricians to install charging stations in the customer's garage. This concierge service extended through the crucial first six months after the new vehicle was released, to smooth the inevitable hiccups that result from any new launch.

For this client we also helped them with an emergency recall. They needed to reach 100,000 customers within a very short timeframe and we managed to pull together enough staff to get a customer outreach program up and running within two weeks. With our efficiency honed from many years of experience, we managed to complete the recall alert project two months early.

From this experience, we knew we had the tools to successfully reach out to even the highest at-risk customers to keep them from turning in their vehicle to buy another from a competitor. First, our agents used some basic detective work, leveraging the call lists derived from our analytics platform to find out each customer's story, so that the customer didn't have to repeat it again. This made the customers feel understood and listened to. In many cases, simply reaching out to high-risk customers to talk to them about their experiences was enough to maintain customer loyalty. In other cases, these customers had been involved with litigation or arbitration under lemon laws and our agents were able to negotiate trade-out vehicles or other amicable settlements to bring closure to the case. In easier cases, the customer complaints could be assuaged by small incentives such as reduced rates on parts or labor.

Goodwill Gestures Offered to At-Risk Customers



- Maintenance Letter (57%)
- Extended Warranty (19%)
- Specialty Add-on Service (12%)
- Owner Loyalty Certificate (8%)
- Component Letter (2%)
- Accessories Certificate (1%)
- No Goodwill Offered (1%)

Calling the customers proactively has the added bonus in that many customers mention problems which they had not earlier identified. For example, when calling to ask a customer about their recent service call, the customer may mention a technical issue about another feature. Or, they may express an interest in another model, making them a prime target for upselling. One OEM improved lead generations tenfold through expert omni-channel management. Basic maintenance and customer TLC has proven to reduce defections by 6% in high-risk customers.

Calling the potentially unhappy customers, listening to their problems, and offering them solutions has the potential to translate to millions of dollars in savings. As mentioned earlier, the silent customers are the ones that won't give the OEM a chance to fix the problem, they'll just go down the road and buy their next vehicle from a competitor. The two-prong approach of data analytics and customer care experts is the key to finding those lost or silent customers and bringing them back before it's too late.



The **silent unhappy customer**, the one who doesn't call or voice concerns through social media, **is the retention killer.**

Conclusion

Automakers using sophisticated analytics to learn about their customers and to anticipate their needs build brand loyalty. A happy customer is the best salesperson available. This strategy can solve specific problems, such as knowing why some dealerships are outperforming others in terms of sales and customer satisfaction.

Concentrix has the in-depth expertise to help your automotive company better understand and engage with customers. Whether your company needs consulting expertise to optimize your customers' experience or if your needs include the full range of end-to-end customer support, including training and facilities, we can help.

About the author

Dan Holbrook has been engaged in a large scale multi-site contact center environment for one of the world's largest automobile manufacturer and most successful consumer electronics companies for over 11 years. Through this experience he has managed complex transition plans, led Client Interface Project teams, acted as the single point of contact for Marketing/Pre-Sales and Dealer/B2 Customer projects and activities, managed an customer experience focused analytic team, and lead an entire account as a delivery project executive. Currently he is a program manager within the Concentrix Consulting Group.

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