# Changing Gears 2020

## How digital is transforming the face of the automotive industry

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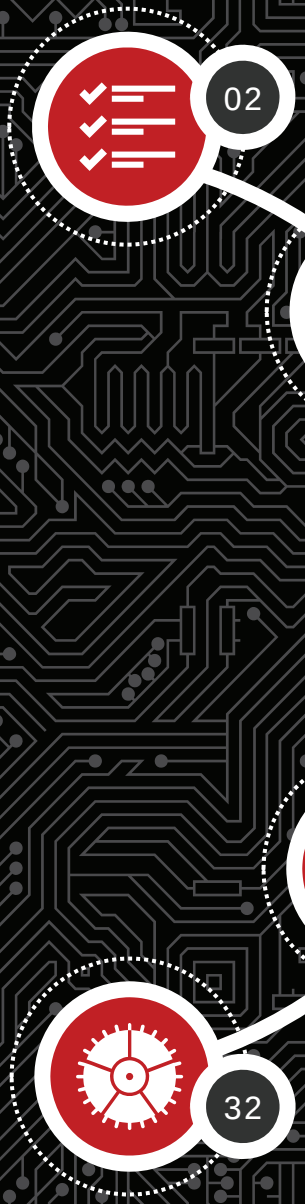

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# Executive Summary

Digital technologies are causing disruption across the global automotive industry. From digital engineering and 3D printing to smart sensors and the Internet of Things (IoT), digital is poised to disrupt automotive R&D, manufacturing, sales, marketing and post-purchase services.

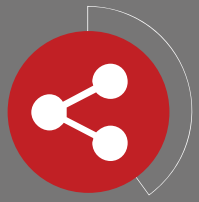
The sector will witness the emergence of new players, such as software and mobility platform providers with nontraditional advantages, who will gain an increasing share of sector profits. Bain estimates that profits from automotive original equipment manufacturers' (OEMs) traditionally core activities like vehicle engineering, manufacturing and sales could drop by about 8% from 2015 to 2025, even though industry profits are projected to grow about 35% in that same time frame.

While the implications of digital span every part of the automotive value chain, this report will focus mainly on its effect on the automobile customer. We surveyed 1,551 Indian customers to understand the digital influence on the purchase journey. We also surveyed 87 dealers and had conversations with top management teams from various automakers. Additionally, we drew insights from Bain's Global Automotive Consumer Survey that included respondents from the US, the UK, Germany, China and India.

Our research reveals that the nature of the game is changing. Technology and new players in the industry are redrawing battle lines in the fight for the customer's mindshare and, in the long term, the fight for relevance in the mobility space.

# The fight for the customer

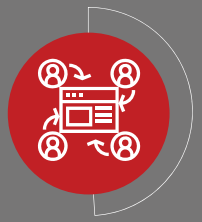
Almost **70%** of annual auto sales (about 19 million units or $40 billion) will be digitally influenced by 2020, a ~2.3x increase from today's $18 billion



Social media will influence about **40%** of sales (11 million units, $23 billion in revenue) by 2020, up from about 20% today.

Mobile will continue to dominate the device mix: Almost **80%** of online research is currently conducted on mobile phones. This is expected to rise further with the growth of smartphones and mobile internet.

High digital influence is shaping brand consideration: Digital will influence consideration in **60%** of consumers by 2020, up from about 45% today.



Younger consumers will lead the digital charge: **49%** of consumers younger than 35 report digital influence on the consideration set compared with **40%** of those older than 35.

The role of the dealer is evolving: Almost **50%** of auto buyers have made a decision on both brand and model before visiting a dealer.

Post-purchase activities are the next digital frontier: By 2020, over **40%** of consumers are expected to book services online and about 30% will go online to purchase accessories, up from 14% and 8%, respectively, today.

Most Indian automotive OEMs are behind the curve in digital investments. They must redefine their marketing and customer engagement efforts to reflect the current behaviour and usage patterns of automobile buyers.

# The fight for relevance

As mobility mindsets evolve, disruptive mobility models and new competitors create threats—and opportunities—for OEMs.

New mobility models are gaining acceptance. More than 40% of lead consumers report using app-based taxi services like Ola and Uber more than three or four times per week. Experiences in other markets indicate significant room for growth: India's annual rides per capita (adjusted for cities where these operators are present) is 3.3, compared with 17.1 in China.

Other models that affect different aspects of the mobility landscape, such as route optimisation (for example, Zophop) and public transportation (such as Cityflo and RedBus), are also likely to experience growth.

While the demand for automobile ownership in India will likely remain robust, we will continue to see the proliferation of alternative mobility models. OEMs must begin to think of themselves as mobility providers rather than vehicle manufacturers.

We anticipate five critical imperatives for automotive OEMs to consider in this new competitive landscape:

Explore partnerships and targeted investments both forward and backward in the value chain to participate in profitable future businesses.

1 **FOLLOW THE PROFIT:** Evolve business models to tap into shifting profit pools

2 **FOLLOW THE CUSTOMER:** Radically change the investment mix to follow the customer online

Increase the proportion of digital marketing investments with a disproportionate focus on discovery and consideration.

Convert dealerships into brand experience centres by developing differentiated retail formats with innovative virtual-physical layouts.

3 **BUILD THE DEALERSHIP OF THE FUTURE:** Differentiate the retail format

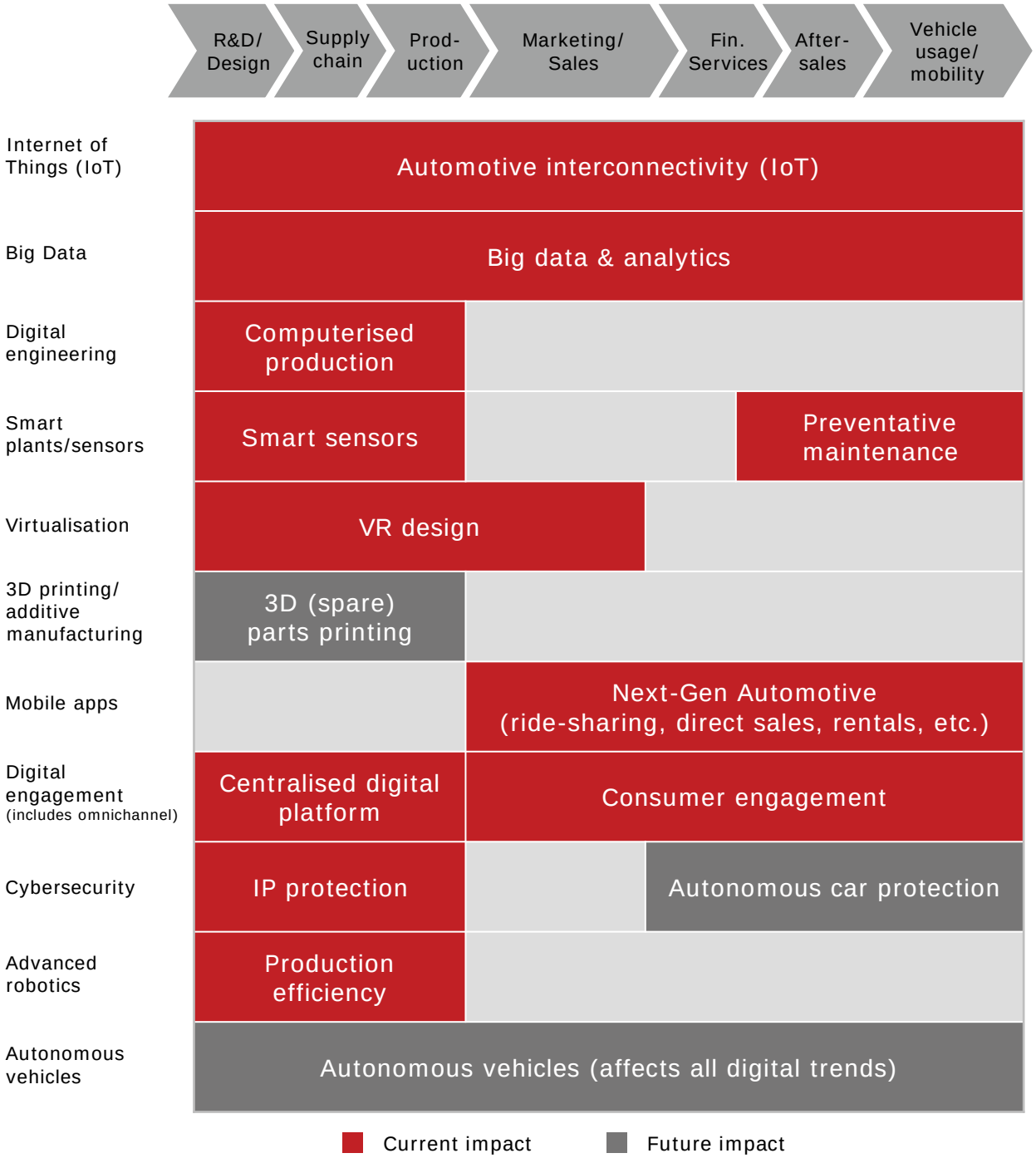
4 **CHANGE THE GAME:** Use product digitisation to create deeper ongoing customer relationships

Move from one-time engagement to ongoing relationships by offering services like pay-per-use insurance and smart maintenance.

Build the capability to integrate data from multiple sources and perform the right analytics.

5 **INVEST IN THE BACKBONE:** Build data and analytics capabilities

# EVOLUTION TO REVOLUTION




Source: Bain analysis

# The auto industry today is witnessing several disruptions across the value chain

The global automotive industry has witnessed mostly incremental “evolutionary” innovations in the course of its 130-year history. Disruptive changes in production techniques, business models and categories have been few and far between.

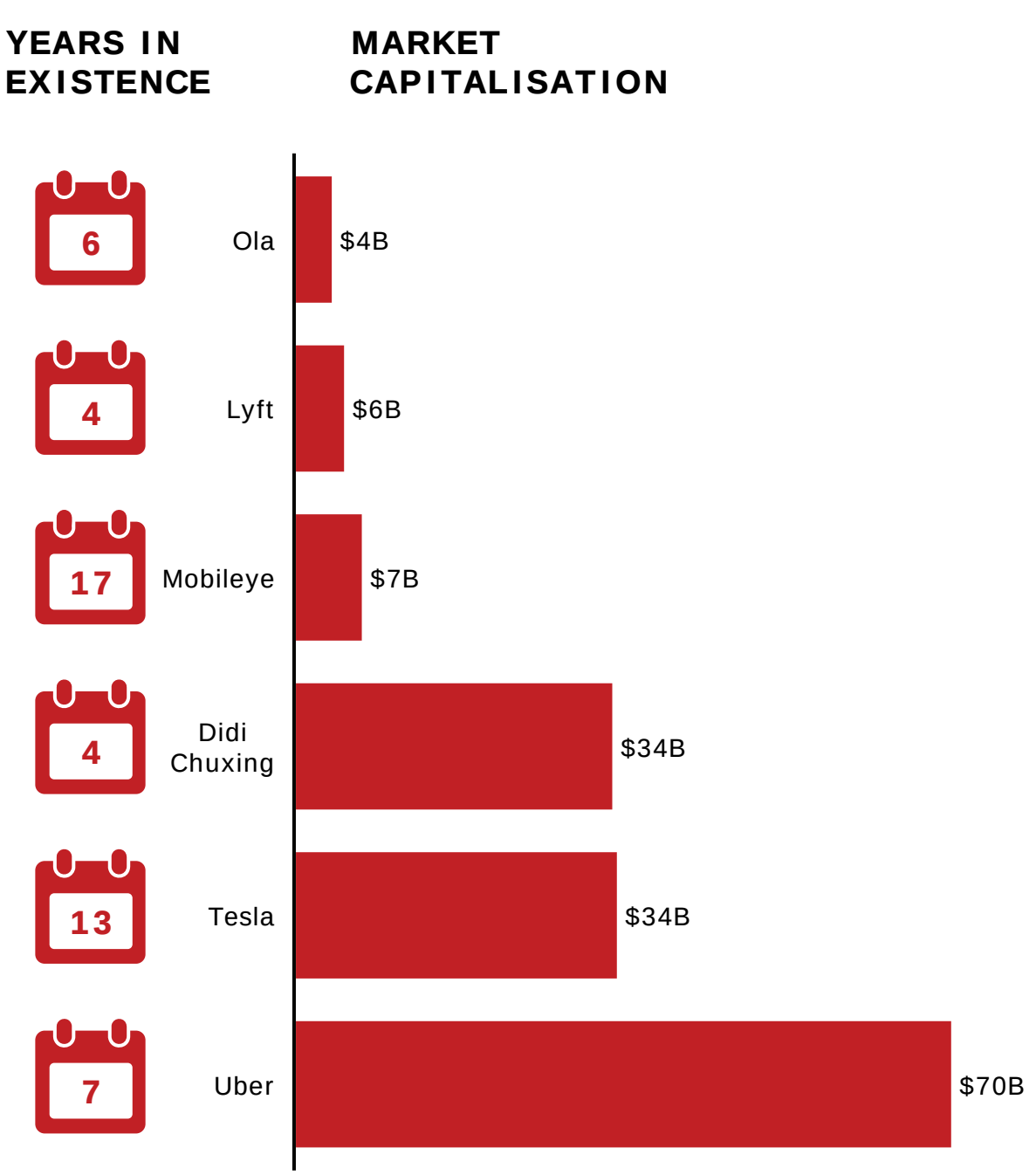
This traditional paradigm is rapidly changing with the advent of digital disruptions across the value chain. Digital engineering and 3D printing are shrinking product development timelines and costs, while smart sensors combined with complex computational capabilities are enabling advanced driver assistance systems (ADAS).

Digital channels are also redefining customer engagement. Customers research, buy and share their experiences online. They also remain connected after the purchase via their infotainment systems for content, to OEMs for real-time design feedback and to dealers for service alerts.

# New kids on the block: Players from outside the traditional auto industry are upending the competitive landscape

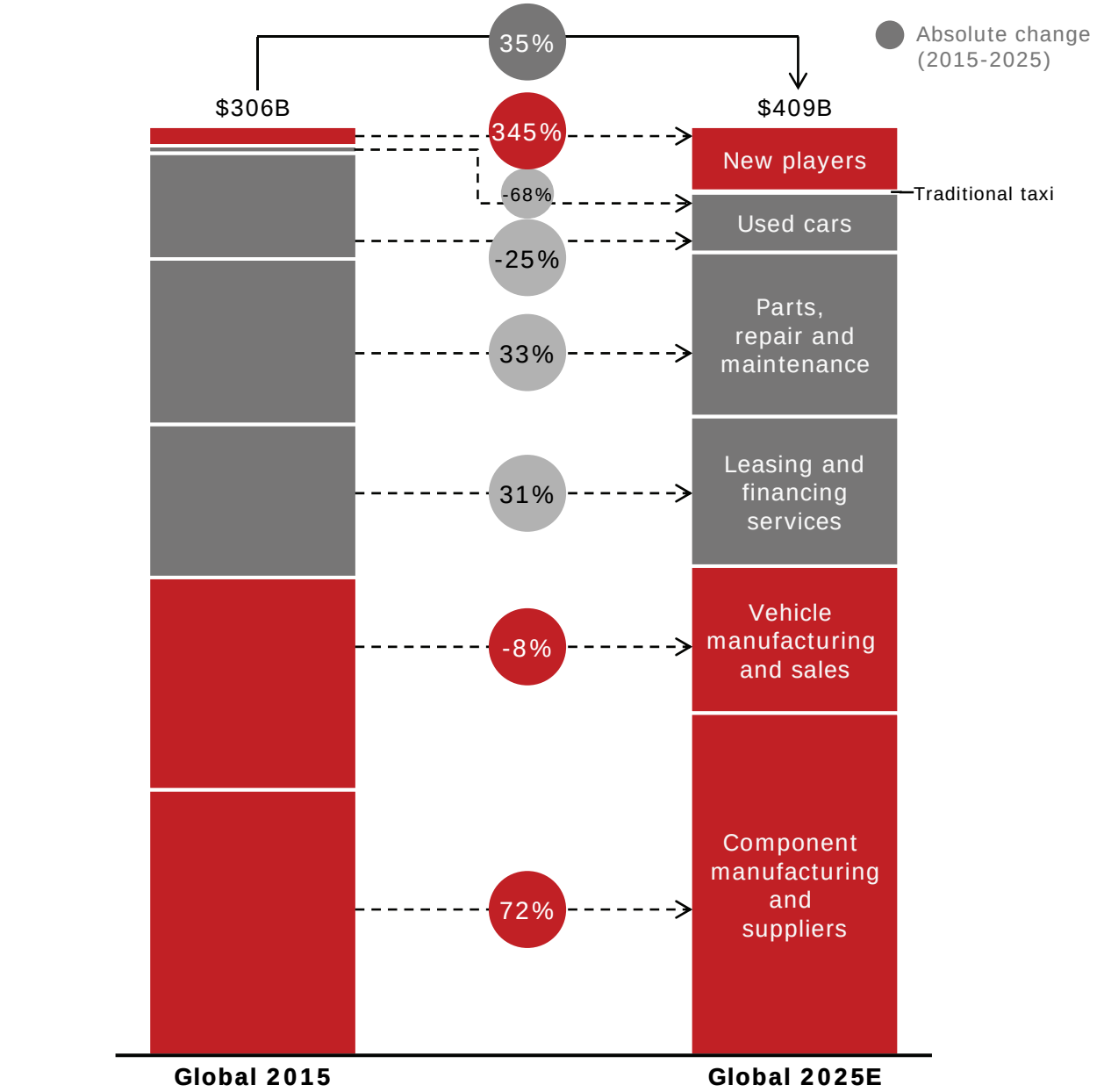
One of the most profound implications of these disruptions is the rapid growth of new mobility players from outside the traditional automotive industry. For example, app-based cab aggregators have become an integral part of the mobility ecosystem and have attained large customer bases and multibillion dollar valuations in very short periods of time.

In its 7-year existence, Uber has reached a market capitalisation of about $70 billion while recent investments in 4-year old Didi Chuxing, a Chinese cab aggregator, indicate a valuation of $34 billion. Similarly, Quanergy, a producer of LiDAR sensors that enable deployment of autonomous driving systems, has reached a valuation of $1.6 billion in only four years. The growth of these players is transforming the traditional automotive landscape.




Notes: Valuations as of December 2016; 1 USD=67.8 INR; 1 EUR=1.05 USD; 1 USD=1,201 KRW
Source: Bain analysis

## AUTOMOTIVE PROFIT POOLS (2015-2025)




Notes: Revenues cannot be summed up to calculate consolidated European automotive revenues as some elements of value chain have overlapping revenues which are deliberately double counted; figures shown reflect light vehicles market only; L&FS is leasing and financing services; new players include data connectivity services, autonomous vehicles, commercial car sharing, new taxi (Uber, etc.); component mfg. and suppliers include supplier parts & components in new vehicles (e.g., driving assistance solutions), xEV battery packs, etc.
Sources: Profound; Euromonitor; LMC (2015); IHS Automotive; Polk; Worldbank; Kraftfahrtbundesamt (KBA); DAT; Bain analysis

# The next decade will witness a redistribution of profits as a result of these value chain shifts

Over time, this shift in business models and sources of competitive advantage will cause the auto industry's profit pools to shift.

According to Bain estimates, global profits from vehicle engineering, manufacturing and sales will be redistributed by about 8% through 2025 despite overall industry profit growth of about 35% in the same period. Industry profits are being redistributed to players like components and systems suppliers, which provide increasingly sophisticated solutions, as well as to nontraditional competitors like mobility platform providers.

# DIGITAL INFLUENCE ON THE AUTO CUSTOMER JOURNEY

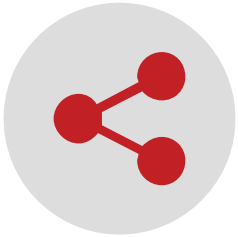
**As of December 2016**

**1B+**
mobile phones
China: 1.3B+
US: 327M+

**220M+**
smartphone users
China: 550M+
US: 200M+

**m-Commerce revenue projected to hit $38 billion**
in 2020
2015-20 CAGR 45%

**Second largest**
smartphone market globally



**184M**
monthly active Facebook users[1]
US: 209M

**400M+**
Internet users
China: 720M+
US: 285M+

**97%**
of monthly active Facebook users use mobile[1]
US: 93%

[1] From Facebook, Inc. used with permission
Source: eMarketer, Internet and Mobile Association of India

# India is witnessing the rise of a large mobile-first digital population

The Indian consumer is evolving into a digitally savvy and largely mobile-first user. India has more than 400 million Internet users—more than the US and second only to China.

People mainly use their mobile devices to access the Internet, and this is no longer restricted to “metro” India. The number of rural mobile Internet users has grown by about a 130% compound annual growth rate (CAGR) over the past four years and it now accounts for nearly 30% of total mobile Internet users.

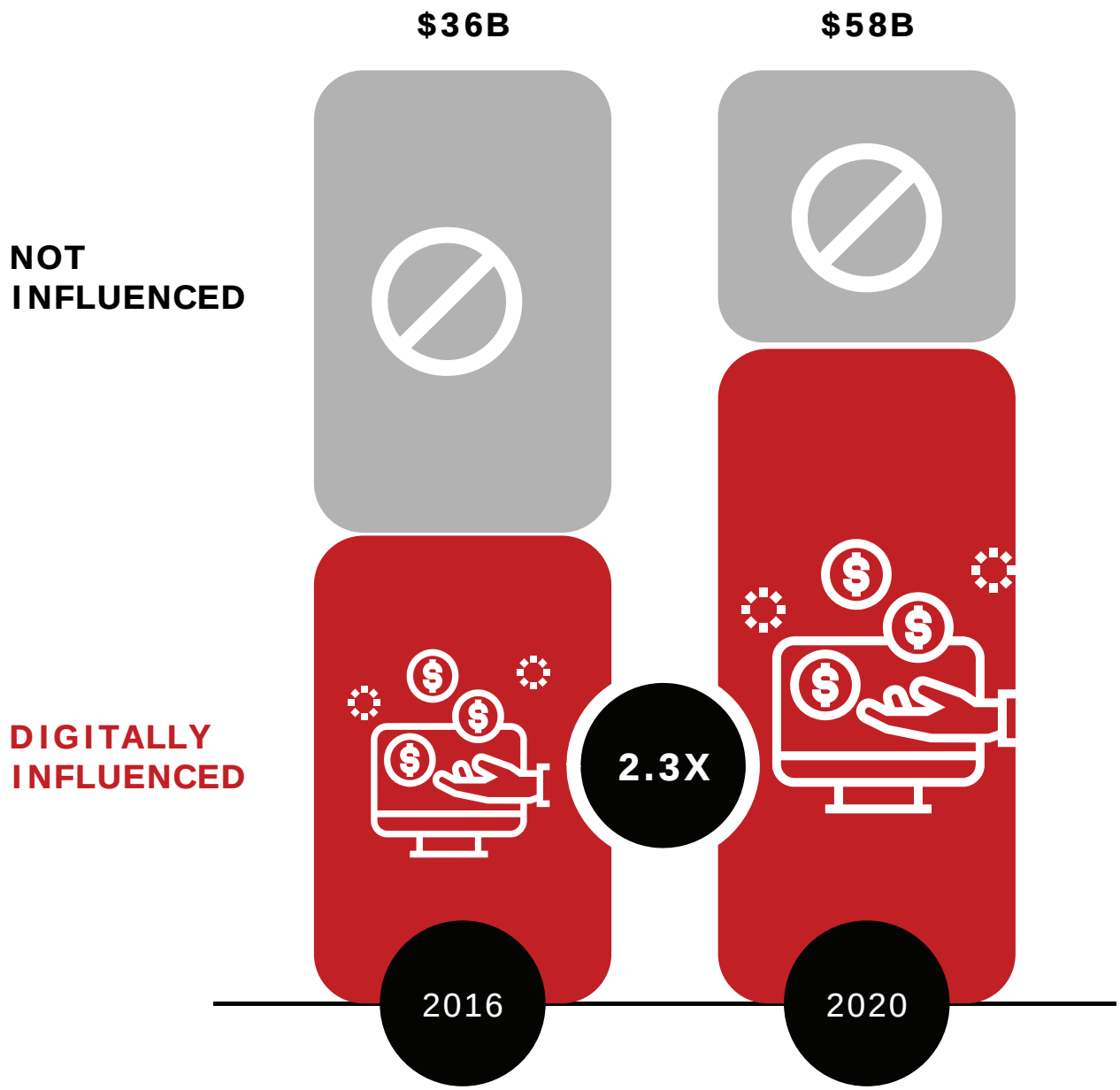
These trends will only accelerate. A recent NASSCOM (National Association of Software and Services Companies) study projected that India would have 730 million Internet users by 2020 and 75% of new Internet user growth would come from rural areas. These changes will have a profound effect on the automotive consumer’s journey.

# 70% of auto sales, or $40 billion, will be digitally-influenced by 2020, up from ~$18 billion today

Digital technologies are changing the manner in which customers engage with automotive OEMs across the purchase journey—from product discovery and consideration to research, purchase and post-purchase transactions.

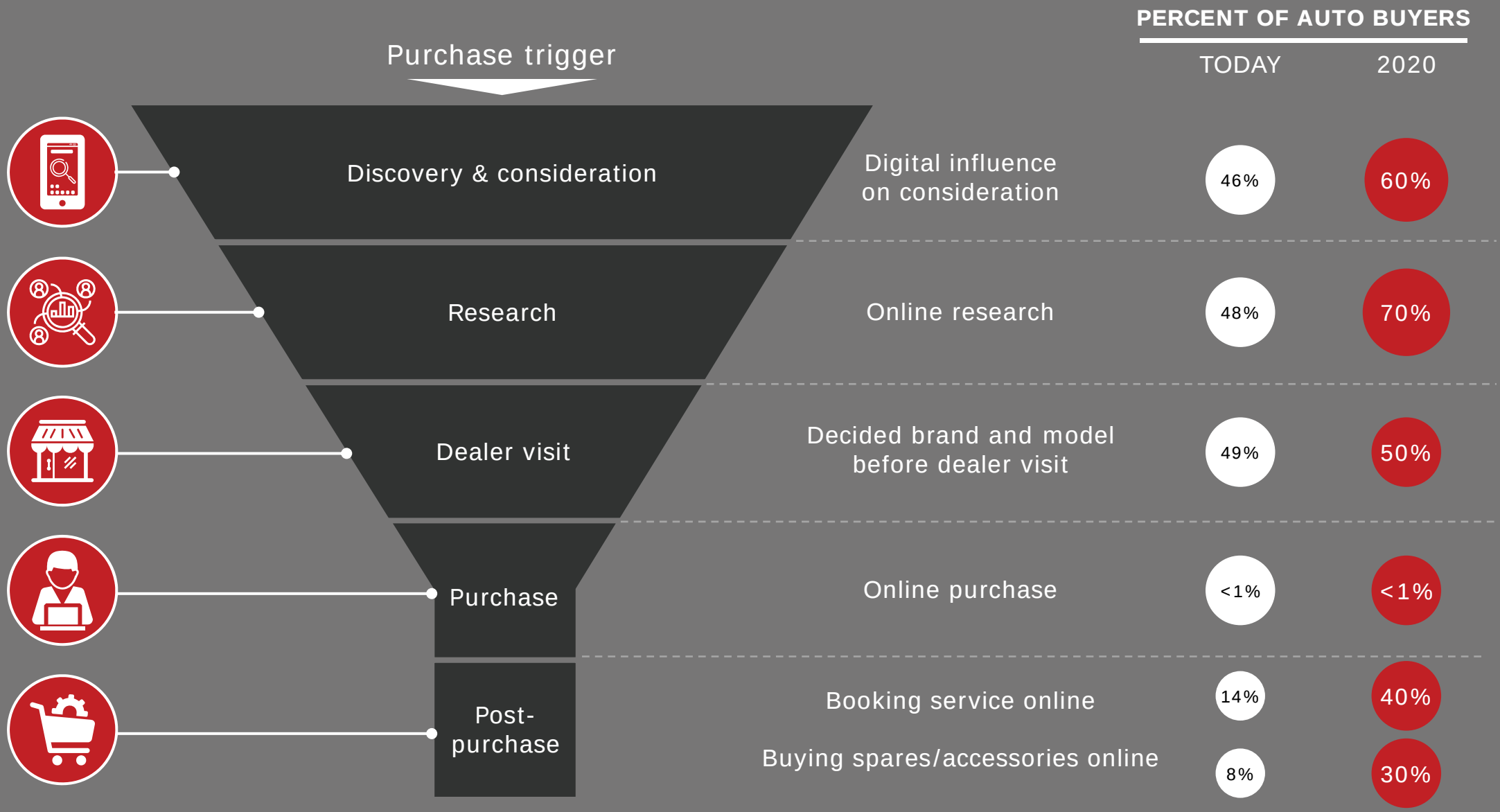
According to Bain estimates, about 70% of total automobile sales—or $40 billion—will be digitally influenced by 2020. This represents over a doubling of digitally-influenced sales from today.

## INDIA AUTO SALES: 2016 AND 2020




Notes: Digital influence percentage for 2016 is based on 'market representative' consumers n=736; digital influence percentage for 2020 is based on 'lead' consumers n=815
Source: Bain India Automobile Customer Survey, December 2016–January 2017 (n=1551)

# Digital influence is set to increase significantly in the early part of purchase journey and post-purchase

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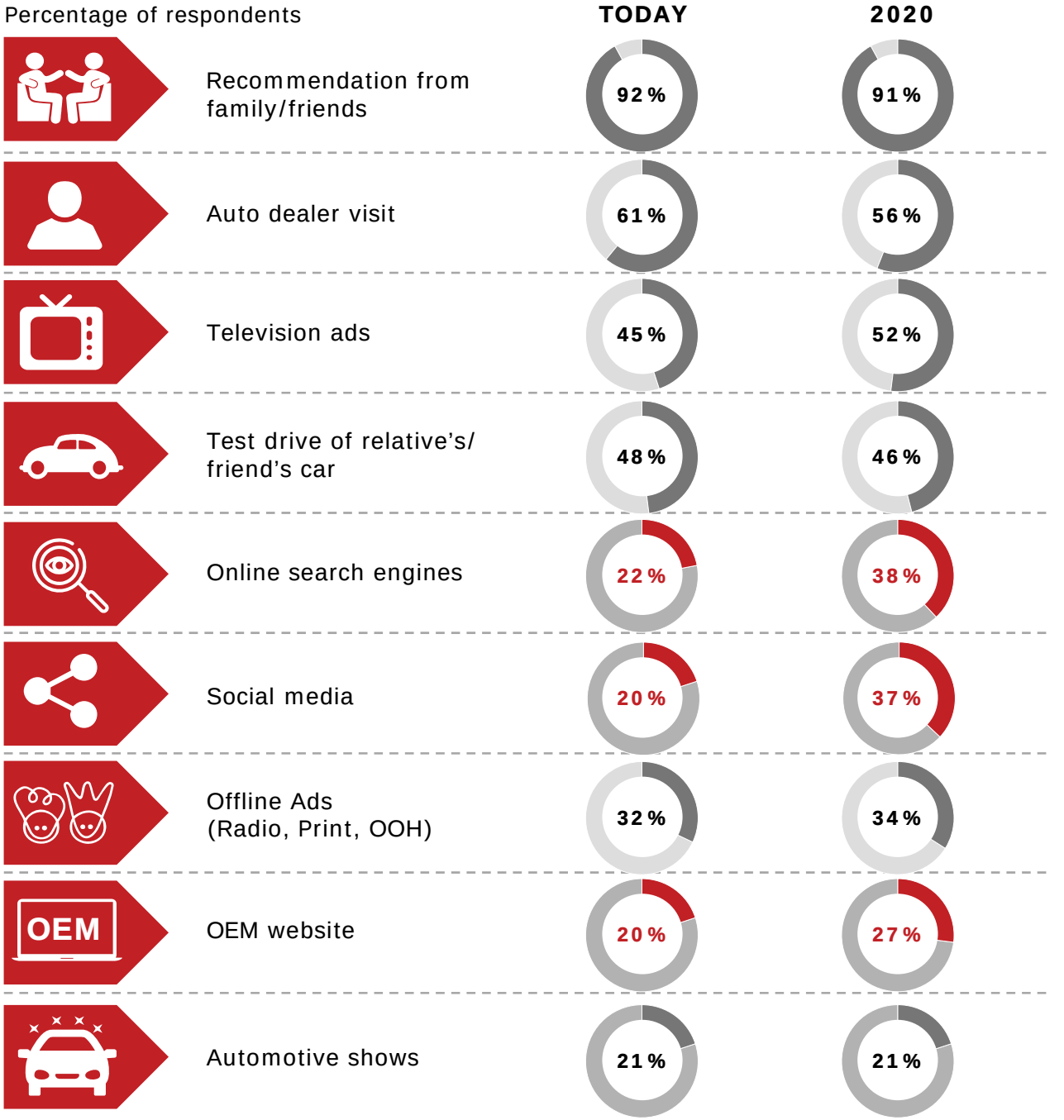
Source: Bain India Automobile Customer Survey, December 2016–January 2017 (n=1551)

# Social media and search will each influence ~40% of sales ($23 billion) by 2020, 3.3x more than today

Digital influence is currently highest in early stages of the purchase journey. Forty six percent of consumers say that digital channels influenced their consideration set while 48% used online research sources.

Of those digital sources, online search, OEM websites and social media have the biggest influence today. That picture is likely to change by 2020 as search and social media evolve into the dominant digital influencers, each influencing almost 40% of sales or about $23 billion in revenue.

## DIGITAL INFLUENCE ON CONSIDERATION

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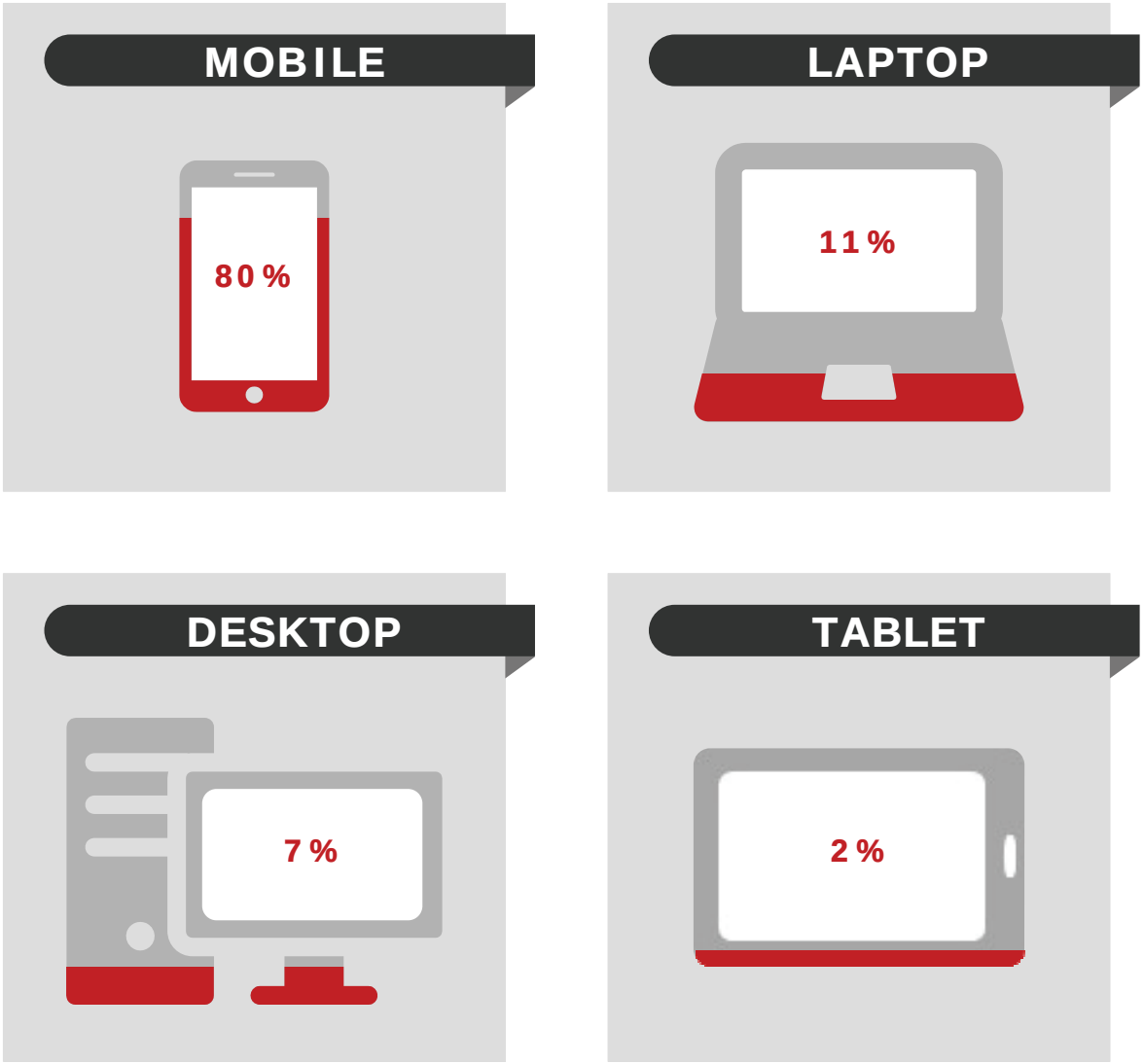
Source: Bain India Automobile Customer Survey, December 2016–January 2017 (n=1551)

# DOMINANT DEVICE USAGE FOR ONLINE RESEARCH

Proportion of online research time spent on each device




Notes: Respondents comprise of market-representative customers n=736
Source: Bain India Automobile Customer Survey, December 2016–January 2017 (n=1551)

## Mobiles are the most important part of the device mix

The digital advent will be largely mobile based: Almost 80% of online research is currently conducted on mobile phones. This is expected to further increase in the coming years as market factors cause a rise in the penetration of smartphones and mobile data.

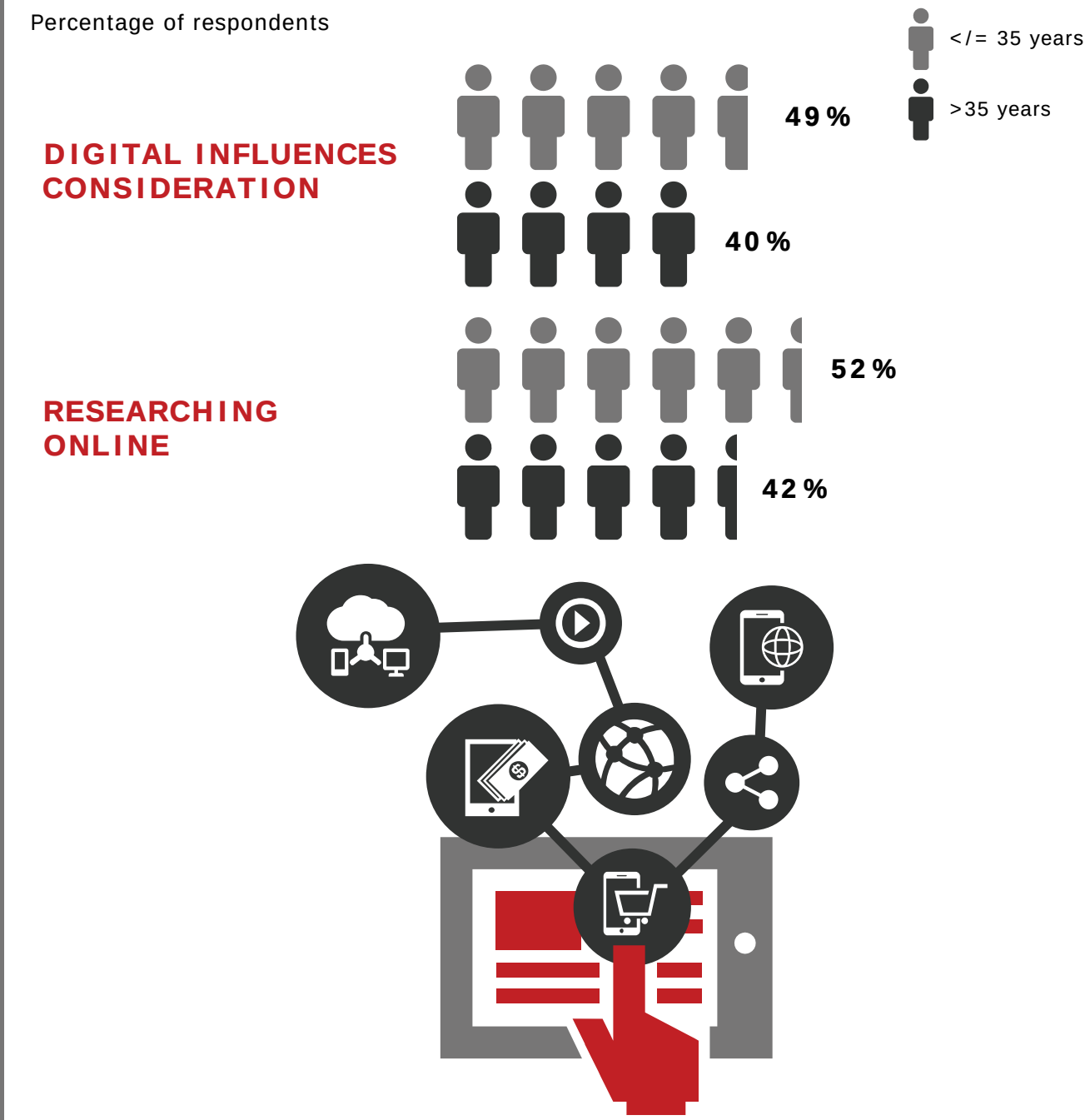
# Younger buyers will lead the digital shift

Digital channels influenced the consideration set of 49% of consumers younger than 35 years compared with 40% of those older than 35. Similarly, 52% of consumers younger than 35 years conducted online research during their purchase journey compared with 42% of those over the age of 35 years.

As more young buyers enter the market in the coming years, we are likely to see an acceleration of digital influence. Brands targeted towards these younger consumer groups have the greatest imperative to increase the scale and scope of their digital marketing efforts.

## AGE-BASED DIFFERENCES IN DIGITAL INFLUENCE

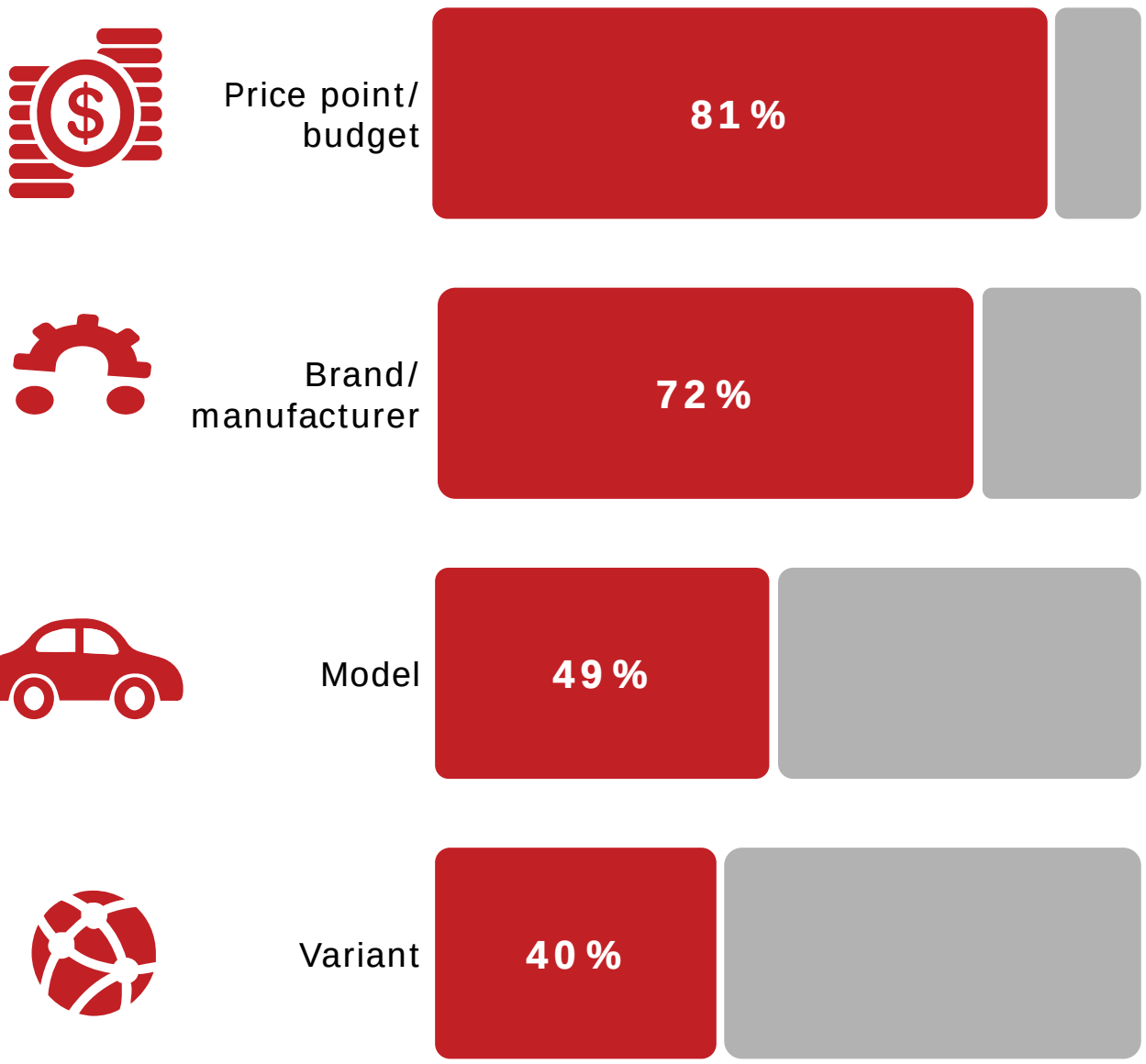
Percentage of respondents




Notes: Respondents comprise of 'market representative' consumers n=736
Source: Bain India Automobile Customer Survey, December 2016-January 2017 (n=1551)

## DECISIONS MADE PRIOR TO VISITING A DEALERSHIP

Percentage of respondents




Notes: Respondents comprise of market representative customers n=736
Source: Bain India Automobile Customer Survey, December 2016-January 2017 (n=1551)

# Digital will force a rethink of dealer role: 50% of consumers have made brand and model choice before dealer visit

The role of the dealer is also significantly changing as a result of shifts in digitally-influenced customer behaviour.

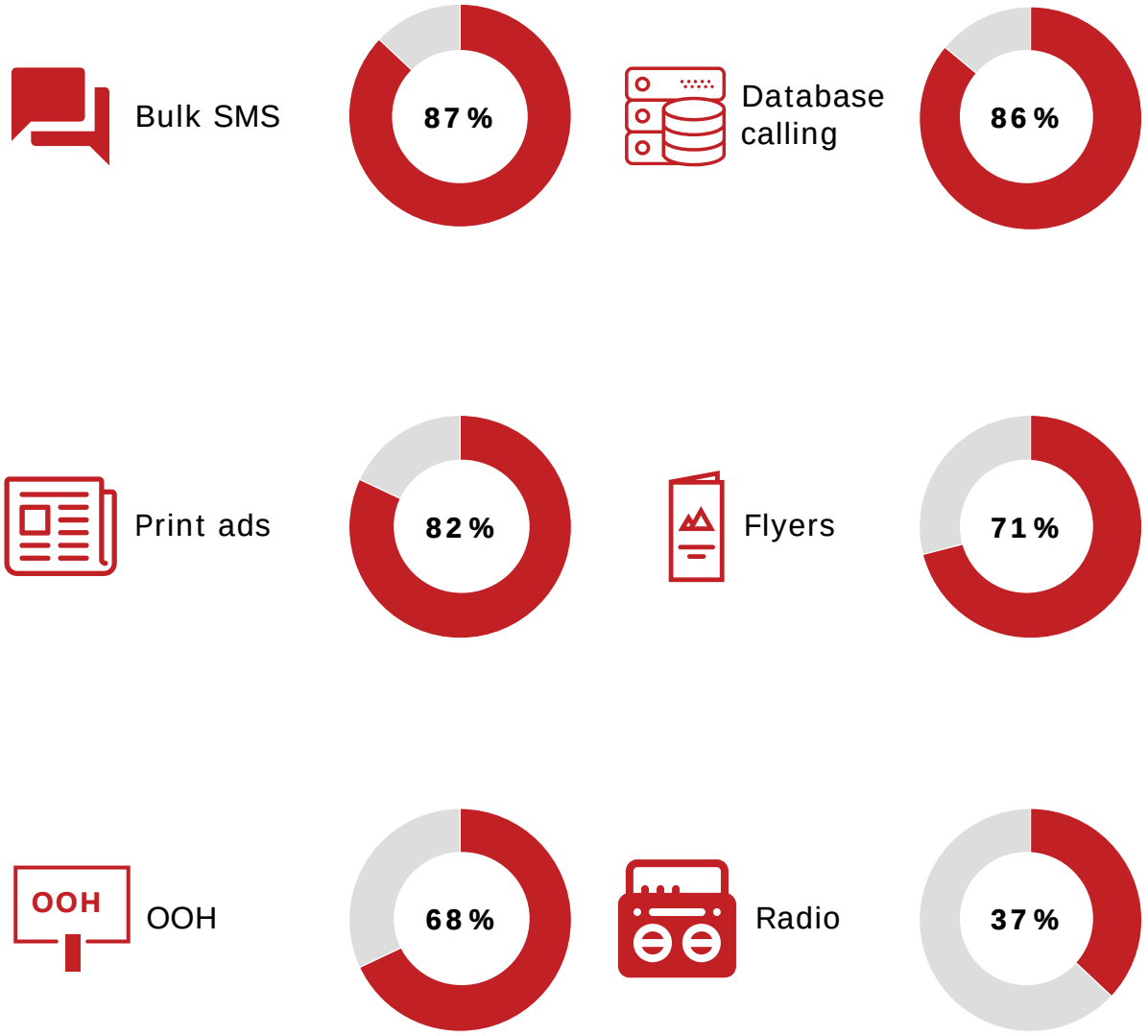
Dealers have traditionally played an important role as an information source and an influencer in customers' purchase decisions. This is changing: 72% of customers have selected a vehicle brand and 49% have chosen the vehicle model before stepping into a dealership. As a result, the dealer's contribution is often limited to influencing the variant of the vehicle purchased.

# Dealers are still not using digital media to their full potential—SMS, calling and print are still dominant

Dealers have started to shift towards better digital engagement with their customers. However, they need to do more to enhance the sophistication and targeting of their digital outreach. For instance, more than 85% of the dealers surveyed use bulk SMS and database calling as a core part of their customer-targeting process. This ignores the depth and accuracy of targeting that is possible with digital tools.

## MOST POPULAR FORMS OF DEALER OUTREACH

Percentage of respondents

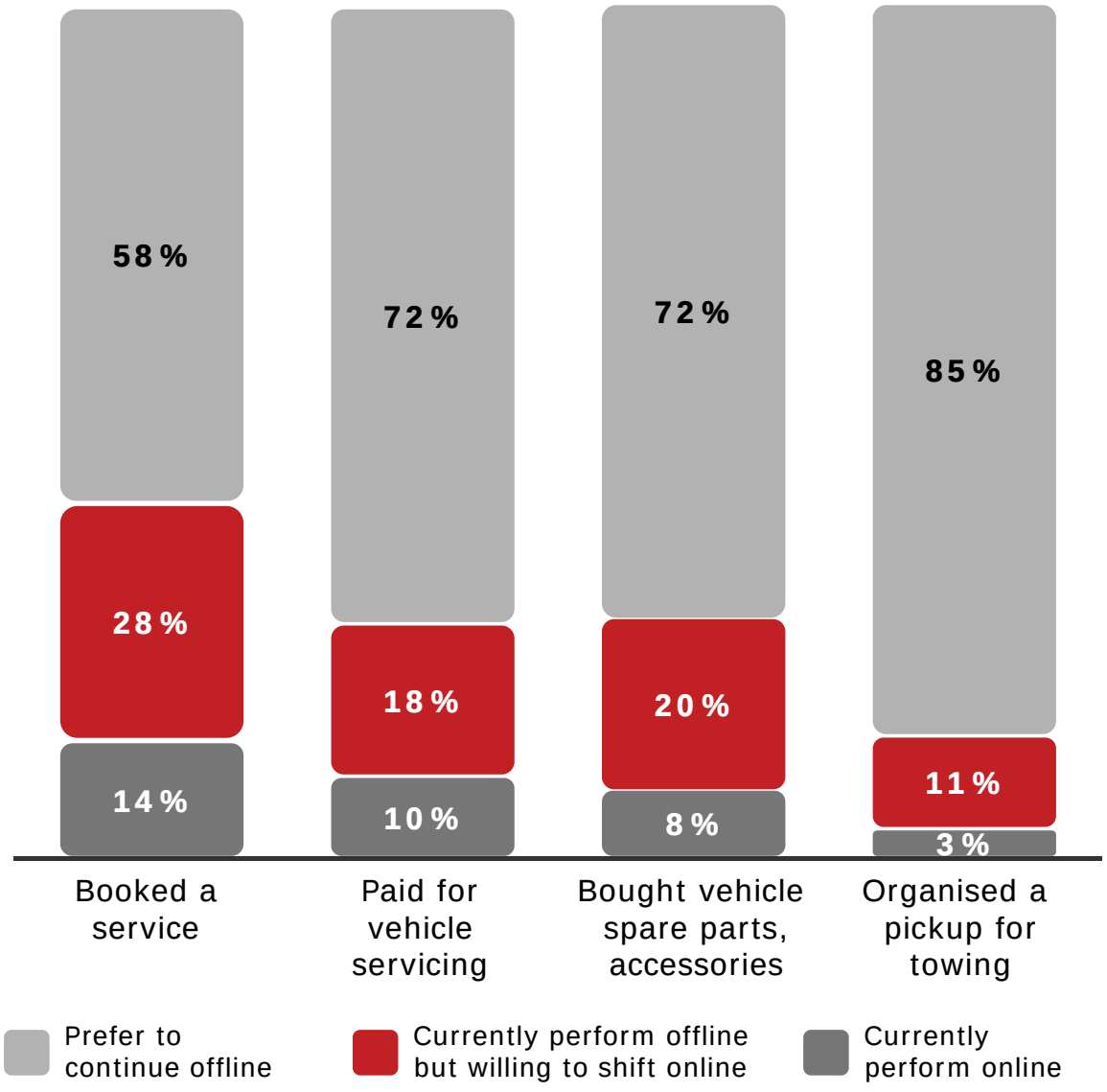



Source: Bain India dealer survey December 2016-January 2017 (n=87)

# POST-PURCHASE PREFERENCES

**Which of the following would you consider doing online?**

Percentage of respondents




Notes: Respondents comprise of 'market representative' consumers n=736
Source: Bain India Automobile Customer Survey, December 2016-January 2017 (n=1551)

## Post-purchase is the next digital frontier: We expect to see a 2-3x digital uptick over today

Indian consumers have started moving online for various post-purchase transactions such as booking a service (14% of consumers), paying for vehicle service (10%), buying spare parts and accessories (8%) and organising a pickup or tow (3%). While these numbers lag those of pre-purchase activities, it is clear that the digital shift has begun.

While the pre-purchase journey already shows a high digital influence, the next big shift will happen in post-purchase activities. Up to 42% of consumers indicate a willingness to move service booking online and about 28% indicate willingness to move service payment and purchase of accessories online.

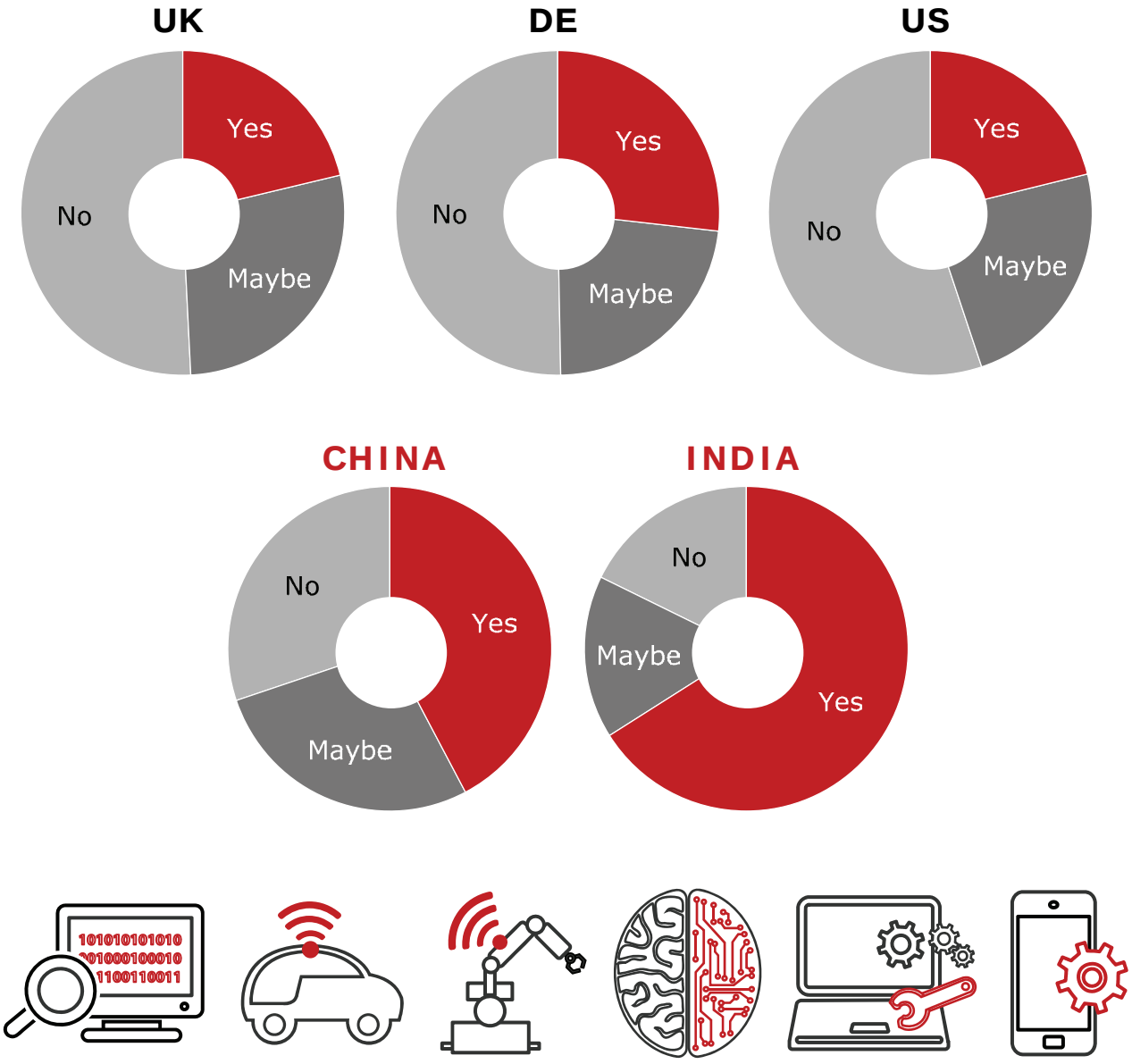
# India is likely to witness digital leapfrogging given consumers' openness to new technologies

The Bain Global Automotive Survey shows that Indian and Chinese consumers have a greater willingness to shift multiple parts of the purchase online compared with their peers in the US, the UK and Germany. This indicates the possibility of some digital "leapfrogging" in markets like India and China with more rapid digital movement than expected given other economic and social factors.

For instance, 66% of Indian automotive customers are willing to try devices that use virtual reality (VR) or augmented reality (AR) to test drive vehicles. That is significantly higher than in developed markets—21% in both the US and UK and 26% in Germany.

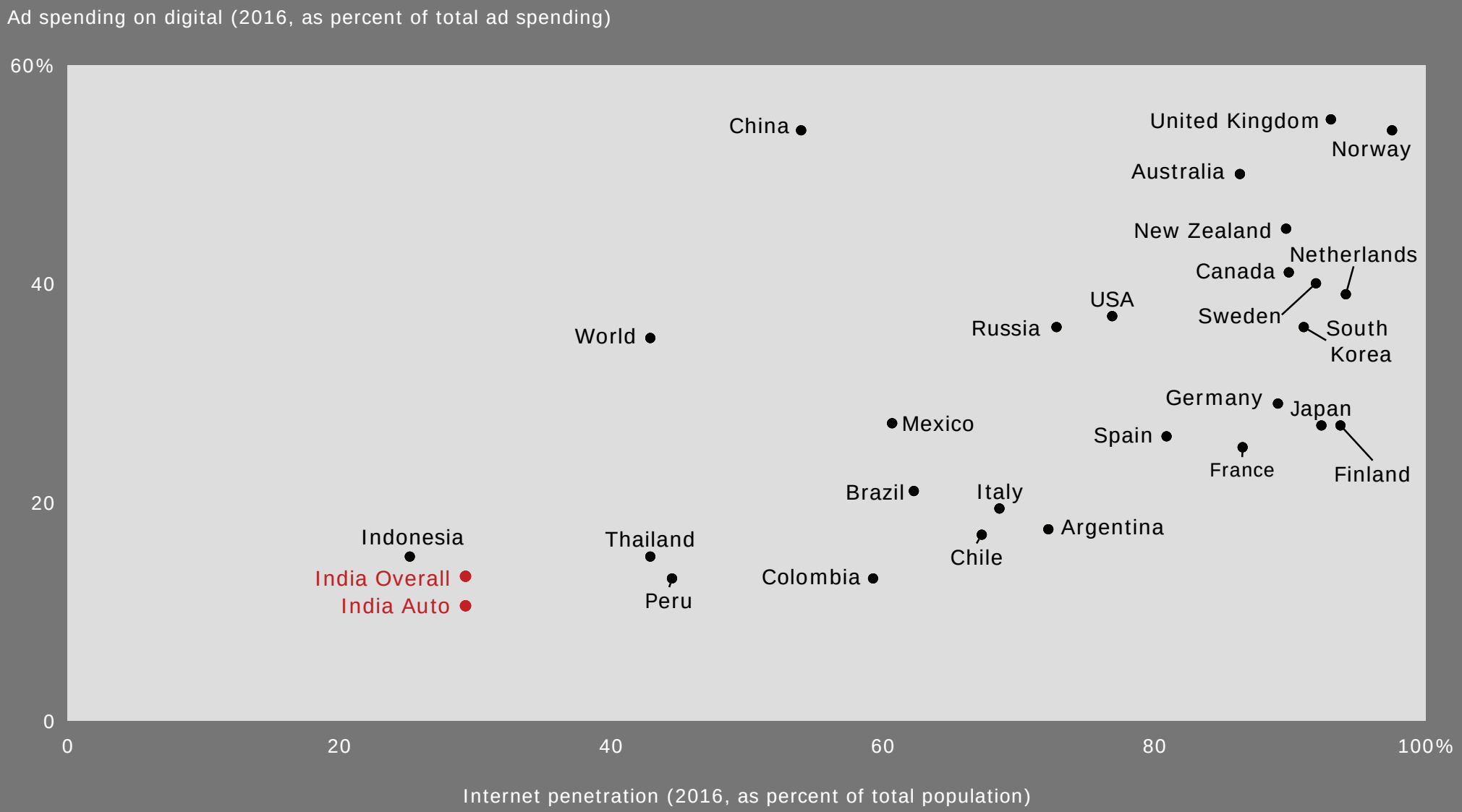
## OPENNESS TO VIRTUAL REALITY-ENABLED TEST DRIVES

Percentage of respondents



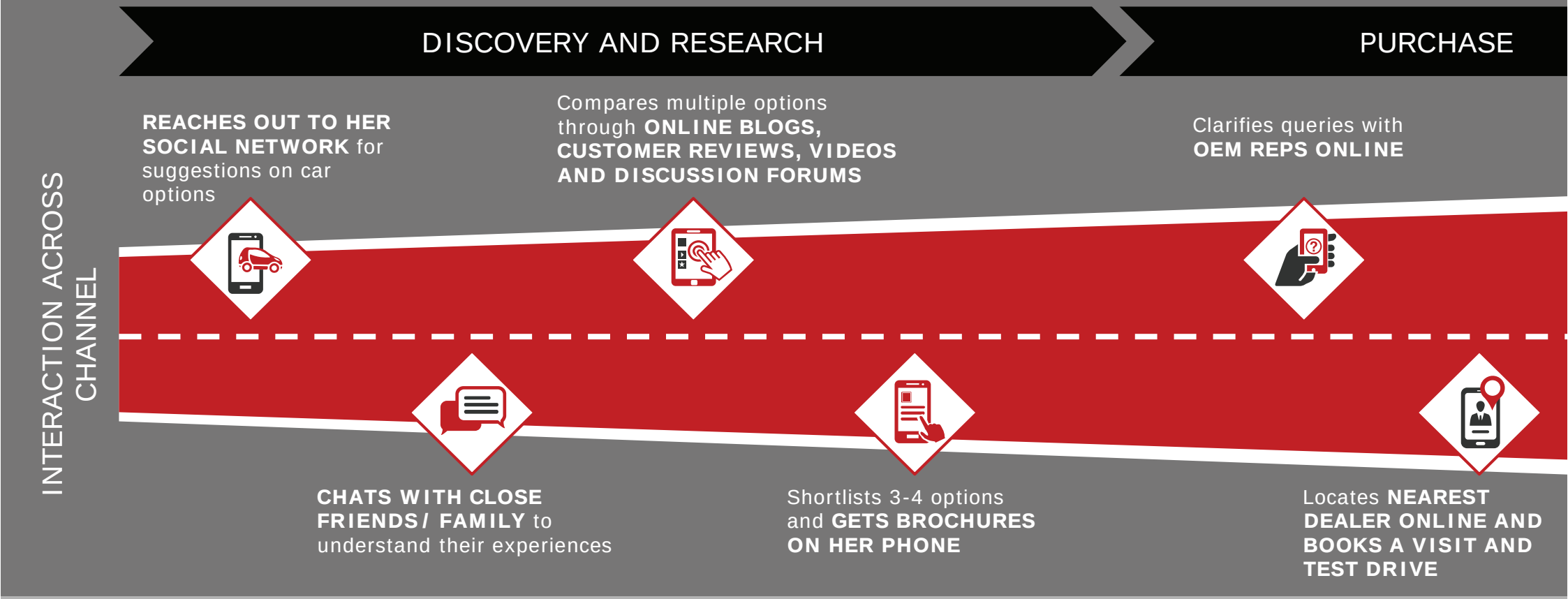

Source: Bain Global Automobile consumer survey 2017 (n=1,000 per country [UK, US, DE, CN, IN])

# Despite these significant digital shifts, auto OEMs lag consumers spending just 10% to 11% of total ad budgets on digital media




Sources: Global Digital Ad Spending 2016, eMarketer; Euromonitor; Group M; Bain analysis

# Customer Journey: Prerna, 26 year old tech-savvy working professional (recent promotion, fulfilling her dream of buying a car)




## OPPORTUNITIES

"Segment of one" targeting of prospective buyers by placement of relevant content in social media and other digital feeds

Digital-enabled advocacy marketing to enable user-generated content to influence prospective buyers

Identification of detractors through online behaviour and appropriate management

One-stop app with features like live chat, dealer contacts and online payments for a seamless user experience

## POST PURCHASE

Completes **VEHICLE CONFIGURATION AT DEALER**

**DROPS OFF** and **PICKS UP** vehicle from dealership after calling to confirm schedules with the dealer

Purchase confirmed and **FINANCING APPROVED THROUGH PHONE BANKING**

Gets **SERVICE REMINDERS** from dealer through text messages and calls

**SHOPS ONLINE** for vehicle accessories

3D projections of model variants in the dealership to provide customers actual look and feel across variants while reducing inventory

Options for online vehicle configuration and customization

Mobile app that enables service reminders, scheduling and payment, online purchase of accessories and spares, and ongoing vehicle health monitoring

Online community of lifelong promoters connected through a common program

# Customer Journey: Mukesh, 50 year old businessman (seeking to upgrade to a high-end German luxury car)

DISCOVERY AND RESEARCH | PURCHASE

INTERACTION ACROSS CHANNEL

**CALLS FRIENDS/ FAMILY,** who own high-end cars for options

**RELIES ON KIDS/ YOUNGER FAMILY MEMBERS** for online research

**SENDS OFFICE HELP TO DEALERS** to collect info. brochures

Also **INFLUENCED BY OUTDOOR AND PRINT ADVERTISING**

Shortlists 2-3 options and **SEEKS OPINIONS FROM EXISTING USERS**

**CALLS DEALERS AND BOOKS HOME TEST DRIVES**

OPPORTUNITIES

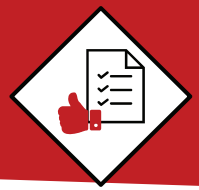
Predictive placement of targeted content on digital feeds of both prospective buyer and his younger family members who are key decision influencers

On-demand dealer visit at home or in office with VR-enabled visualization of different models and variants

## POST PURCHASE

Visits nearest dealer for **IN-PERSON INSPECTION OF CAR AND CONFIGURATION**

Checks and chooses available **FINANCING PLANS AT THE DEALER AND CONFIRMS PURCHASE**



**CHECKS AVAILABILITY OF NEAREST SERVICE CENTER** and places service request

**RECEIVES CALLS PERIODICALLY** regarding service needs

**SENDS OFFICE ASSISTANT TO SERVICE CENTER** with car for service and payment

**NO CONTACT / RELATIONSHIP** with dealer until next car purchase

App supplemented with offline channel to provide holistic maintenance, service and mobility solutions

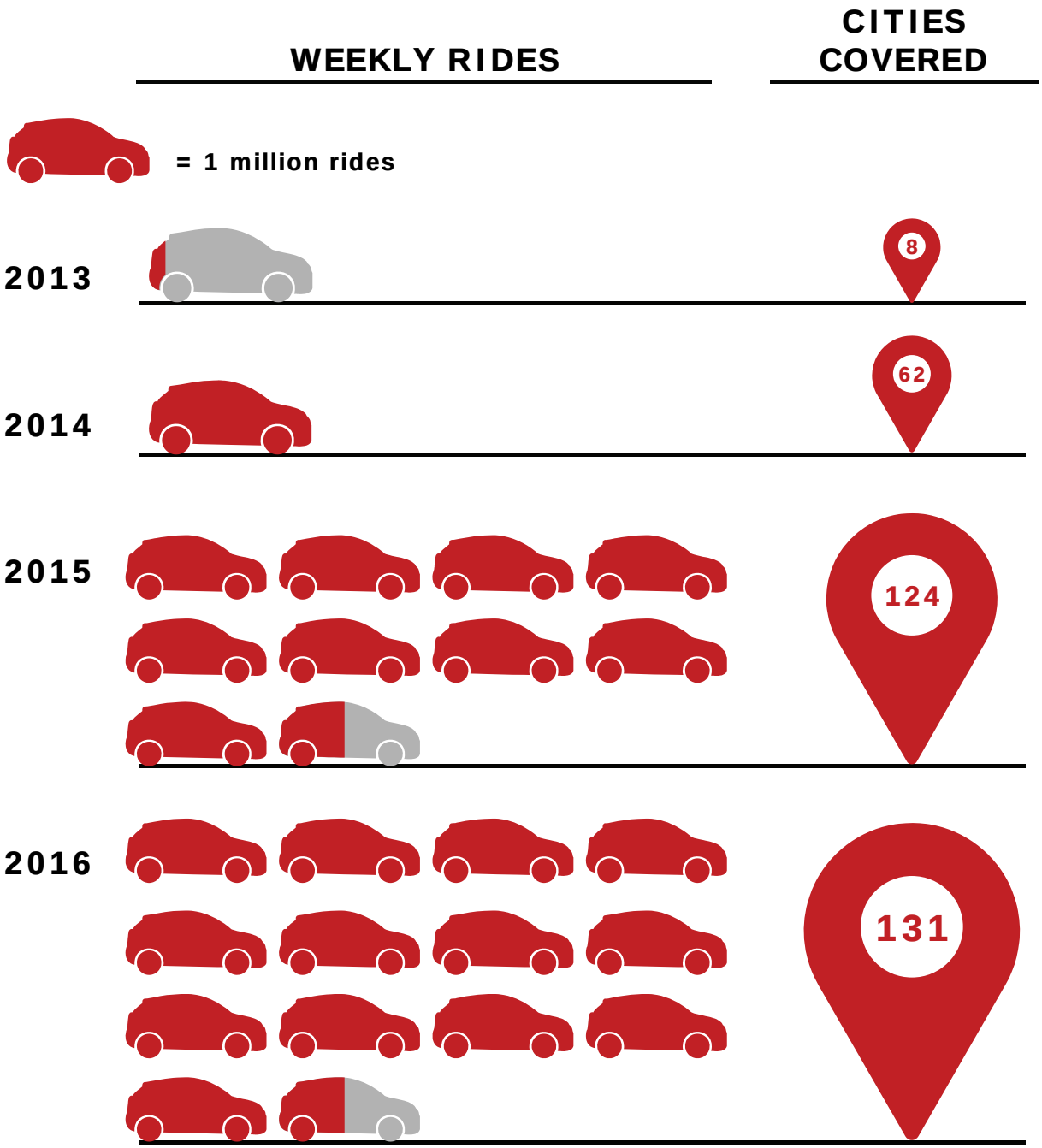
On-demand pick up and delivery for vehicle servicing

Instant feedback to improve design process and send personalized messages on changes incorporated

Community of owners engaged with unique and luxury experiences

# THE EVOLUTION OF MOBILITY MINDSETS

## App-based cab aggregators: India presence




Sources: Bain analysis

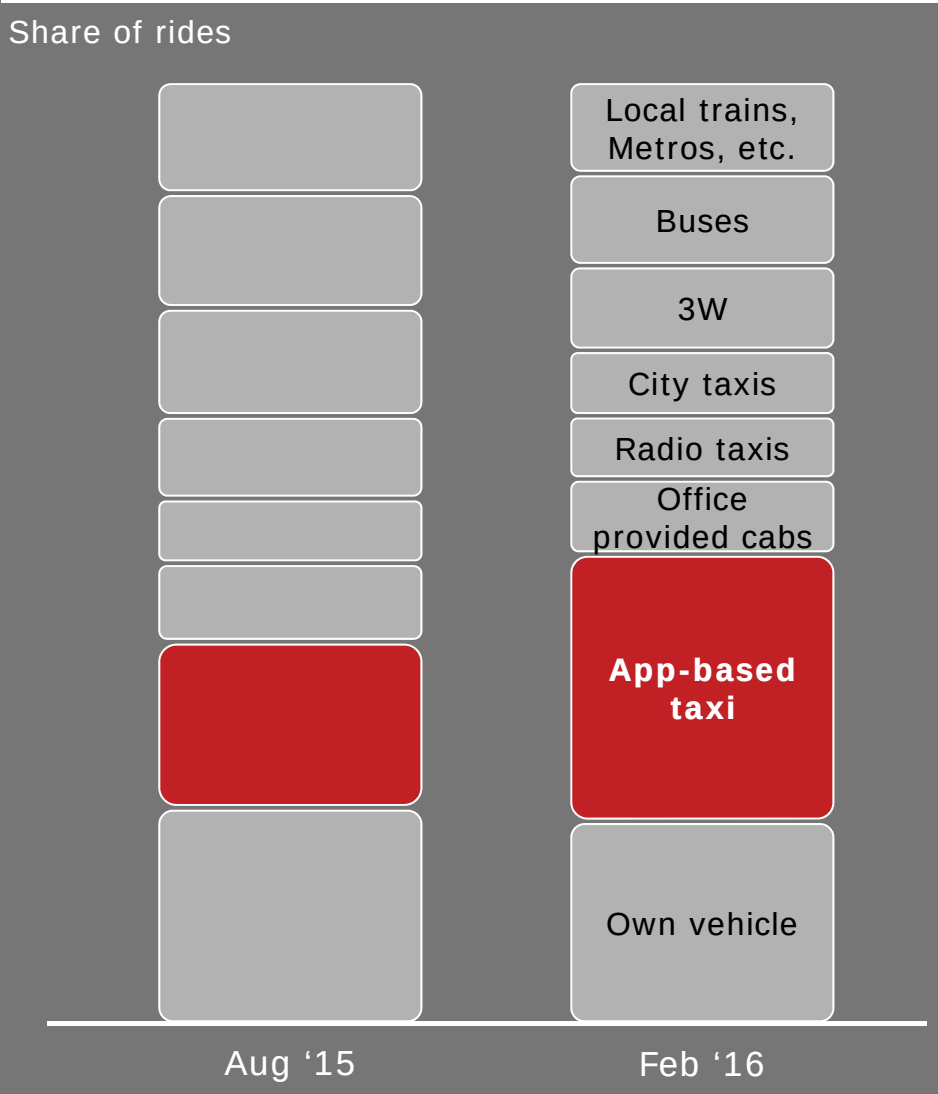
# New mobility models like ride hailing have witnessed rapid growth

The adoption of digital technologies is extending beyond the purchase process and in-car experience. Structural changes such as urban congestion combined with technology enablers are leading to the emergence of new types of mobility solutions and shifts in the mobility mindsets of customers.

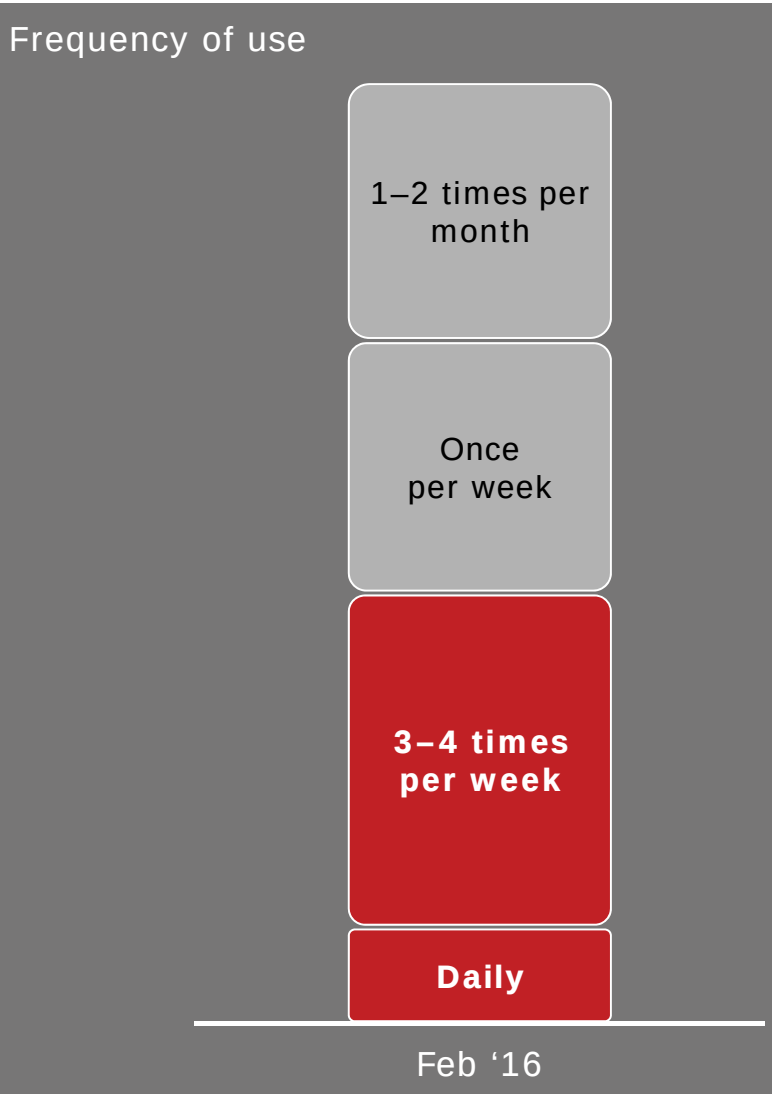
Consider app-based cab aggregators like Ola and Uber. Virtually nonexistent in 2013, they collectively grew to account for an estimated 13 million weekly rides by the end of 2016.

# Among lead consumers, these new mobility models are overtaking own vehicle use for certain occasions

## APP-BASED TAXIS OVERTAKING OWN VEHICLE COMMUTE IN LEAD CONSUMERS



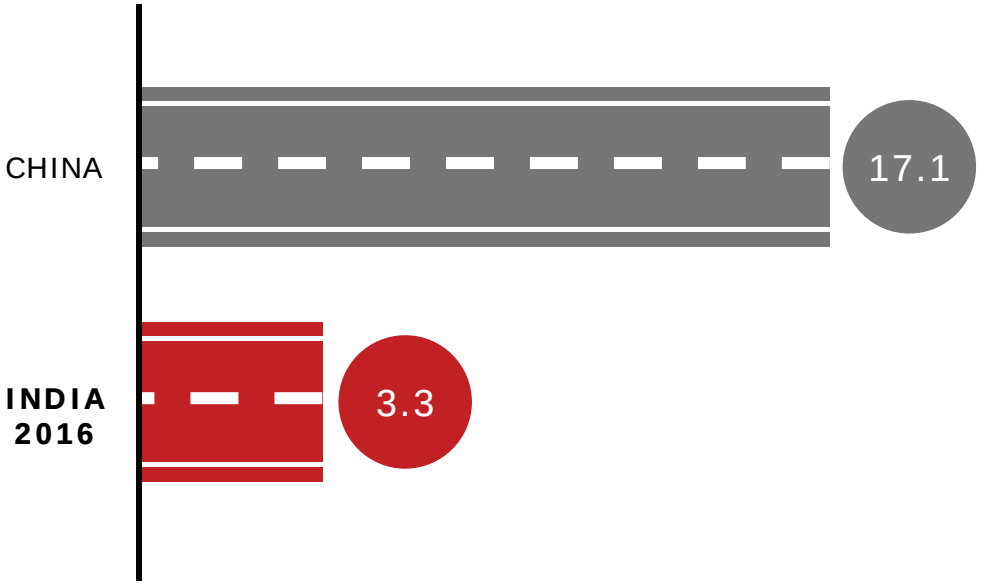

## HIGH FREQUENCY OF USE IN APP-BASED TAXI SERVICES



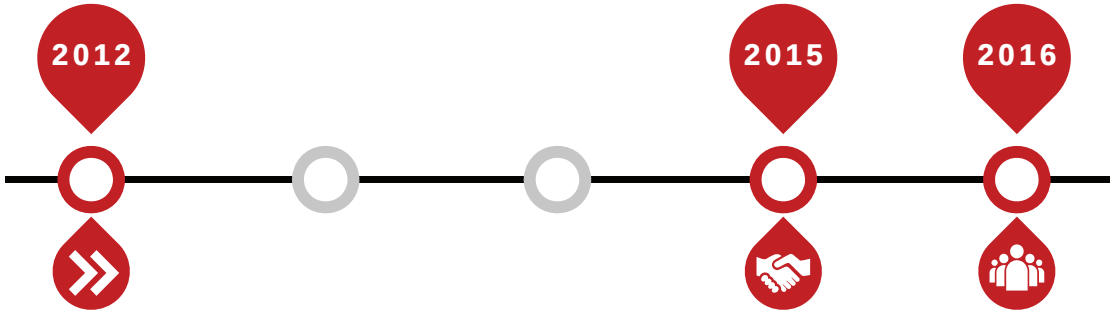



Source: Bain analysis

## RIDE-HAILING PENETRATION: ANNUAL RIDES PER CAPITA* (2016)




## DIDI'S SUCCESS IN CHINA PROVIDES A POSSIBLE INDICATOR OF THE FUTURE




- **Kuaidi Dache** and **Didi Dache** were established as independent entities

- The two entities merged to form **Didi Chuxing** (formerly known as Didi Kuaidi)
- More than 150 million users spread across 300-plus cities

- More than 300 million users spread across 400-plus cities in China
- More than 11 million daily rides

Note: *Adjusted for population of cities where ride-hailing services such as Uber, Ola are available
Sources: Euromonitor; Bain analysis

# International examples indicate that India is likely to see increasing adoption of these models

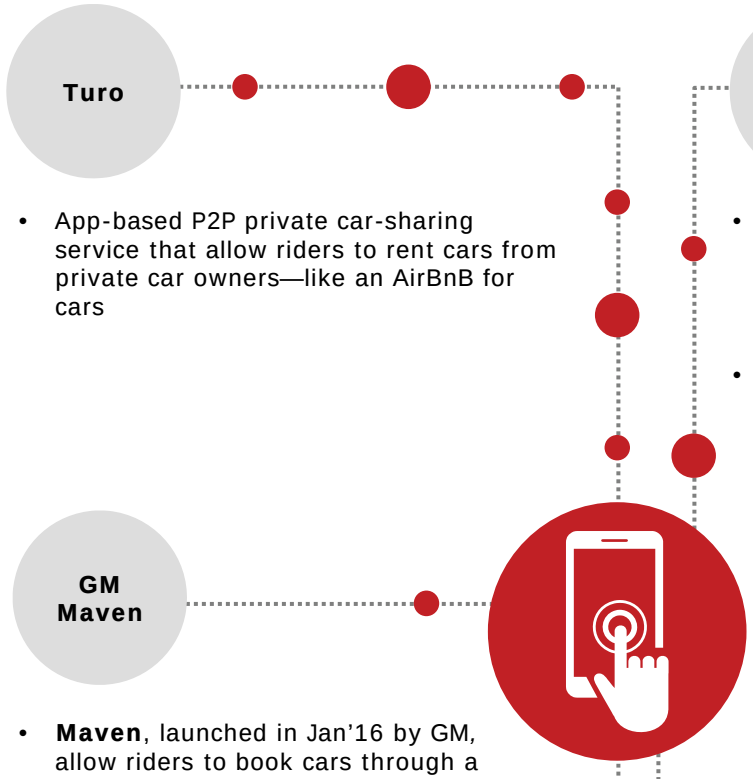
Global analogs indicate significant potential for further growth. Average annual rides per capita in India (adjusted for cities where these operators are present) was an estimated 3.3 in 2016. This is significantly lower than China's 17.1.

India shares several structural causes of car-sharing with these markets: mega cities, traffic congestion and parking shortages. All these factors indicate that we are likely to witness a significant increase in car sharing there in the coming years.

# Other models are also emerging to gradually shape a seamless multimodal ecosystem

Multiple players have also emerged to meet specific needs in the increasingly multimodal mobility ecosystem. Bike taxi apps such as Rapido, Baxi, M-Taxi and, more recently, UberMOTO, offer last-mile transportation and delivery services. Other offerings help commuters choose the most efficient route across different modes of transportation and enable making easy reservations from a unified platform.

Zophop is one such start-up that does route optimisation across buses, passenger trains, metro rail, auto rickshaws and taxis with live ETA updates and smart ticketing. Cityflo and RedBus tap into the demand for convenience within the public transportation system by offering apps that enable bus pooling and seat reservation.



**Turo**

- App-based P2P private car-sharing service that allow riders to rent cars from private car owners—like an AirBnB for cars

**Cityflo** **Redbus**

- Tap into the demand for convenience within the public transportation system by offering apps which enable bus pooling and seat reservation
- Primarily operate as private bus service aggregators, and offer intra as well as inter-city bus ticketing services

**GM Maven**

- **Maven**, launched in Jan'16 by GM, allow riders to book cars through a mobile app in select US cities
- Rider can visit the designated car-park, unlock the car using their smartphone and self-drive the vehicle

**Zophop**

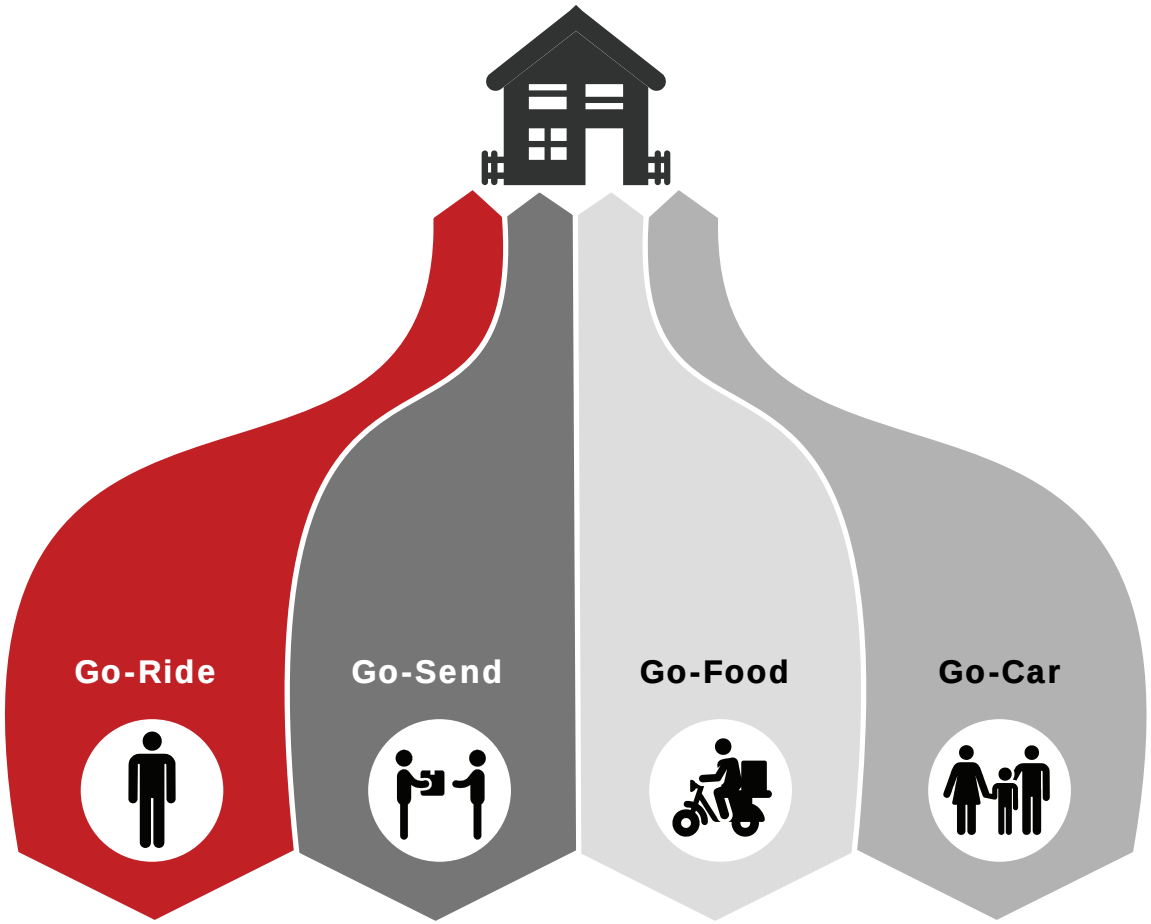
- Does route optimisation across buses, passenger trains, metro rail, auto rickshaws and taxis with live ETA updates and smart ticketing

**BMW Reach-Now** **Zoom-car**

- **ReachNow:** a self-drive car-sharing service launched in April 2016 with a fleet of 370 cars allow riders to book a BMW car using their mobile app
- **Zoomcar:** one of the first self-drive car rental service in India

Sources: Company websites

## GO-JEK HAS EVOLVED INTO A ONE-STOP MOBILITY SERVICE PROVIDER IN INDONESIA




- **Go-Ride** is the motorcycle transportation service of Go-Jek
- **Go-Jek** has partnered with 200k-plus bike riders across 15 cities

- **Go-Send** is an instant messenger service that lets users send mails and goods within 60 minutes

- **Go-Food** provides food delivery at home
- Over 37k partner restaurants across Indonesia

- **Go-Car** is the car transportation service of Go-Jek
- Users can book a cab ride using the Go-Jek app

**Users can choose to pay via cash or Go-Pay**

Sources: Company websites

## Some of the new players in this mobility ecosystem could evolve into comprehensive mobility service providers

Examples from other markets indicate that some of these models are likely to evolve into more comprehensive mobility solutions.

Go-Jek, a digital platform for aggregating informal motorcycle taxis in Indonesia *(ojeks in Indonesian)*, started out as an on-demand provider of ojek driver services to commuters. Over time, the perception of ojeks evolved from mere bike taxis to providers of mobility solutions. This shift has resulted in Go-Jek branching into many transport-related areas, including food delivery, on-demand groceries and supplies, logistics, medicine delivery and more.

# CRITICAL IMPERATIVES TO WIN: THE FIVE GEAR SHIFTS

# Five critical imperatives—"gearshifts"—for Indian auto OEMs to thrive in this changing landscape

| | | |
|---|---|---|
| Follow the profit: Evolve business models to tap into shifting profit pools | | • Explore partnerships and targeted investments both forward and backward in the value chain to participate in profitable future businesses |
| Follow the customer: Radically change investment mix to follow the customer online | | • Increase proportion of digital marketing investments<br>• Invest disproportionately in discovery and consideration where brand choices are made |
| Build the dealership of the future: Differentiate the retail format | | • Convert dealerships into brand experience centers by developing differentiated retail formats with innovative virtual physical layouts |
| Change the game: Use product digitisation to enable deeper ongoing customer relationships | | • Use product digitisation to move from one-time engagement to deeper on-going customer relationships<br>• Offer value-added services like pay-per-use insurance and smart maintenance |
| Invest in the backbone: Build data and analytics capabilities | | • Build capabilities to use multisource data and perform the right analytics<br>• Integrate the data layer and invest in a seamless view of external and internal data sources |

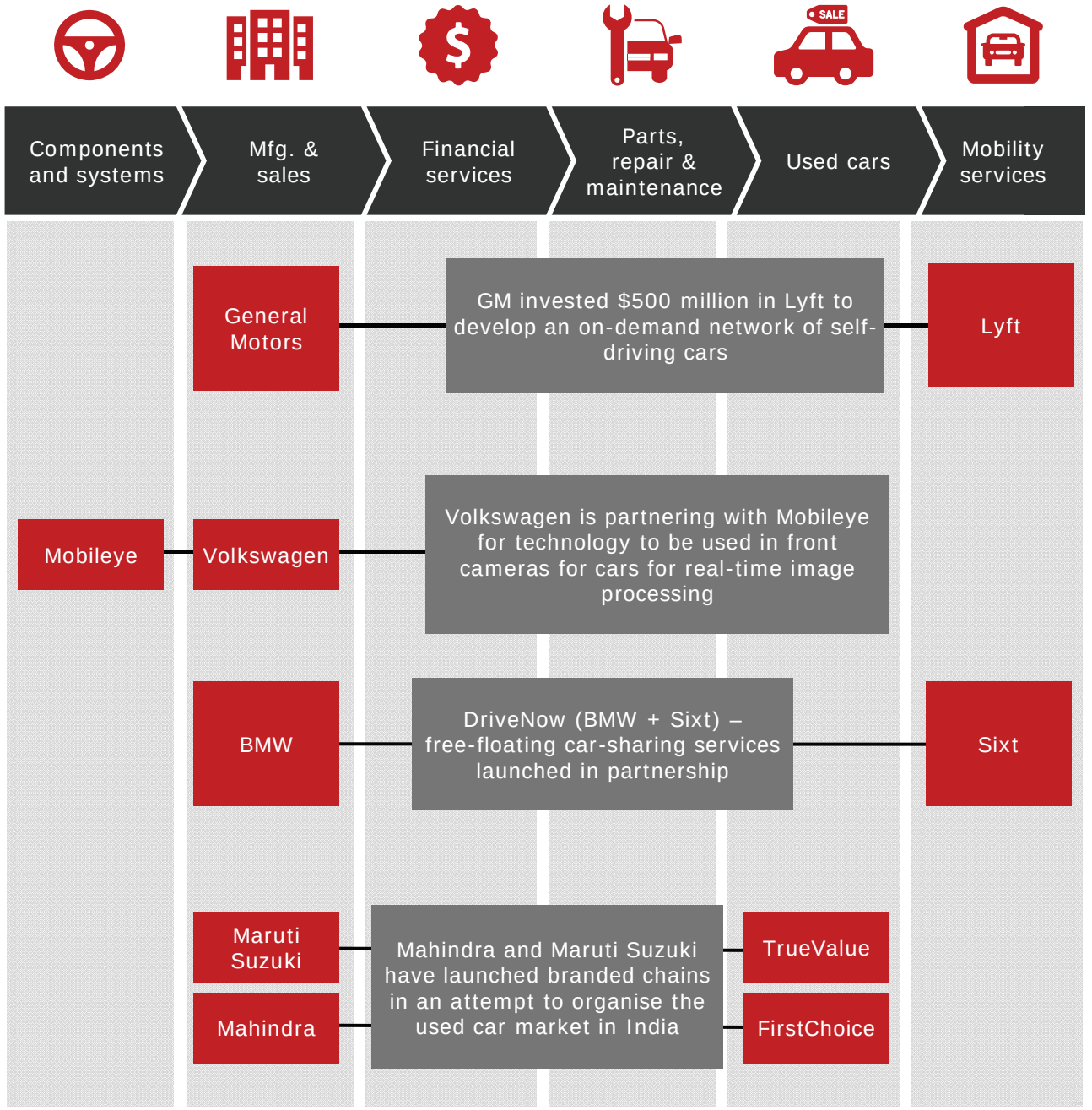
# Follow the profit: Evolve business models to tap into shifting profit pools

The auto industry's profit pools are being redistributed to new types of players that have distinct strengths which are usually far removed from the core automotive OEM capability of engineering. The greatest profit shifts are towards manufacturers of components and software solutions, as well as newer mobility services.

Globally, auto OEMs have started responding to these changes by investing in new business models – such as General Motors' (GM's) $500 million investment in point-to-point service provider Lyft. They are also experimenting with partnerships. For example, DriveNow is a car sharing joint venture between BMW and Sixt SE, with operations mainly in Europe today.

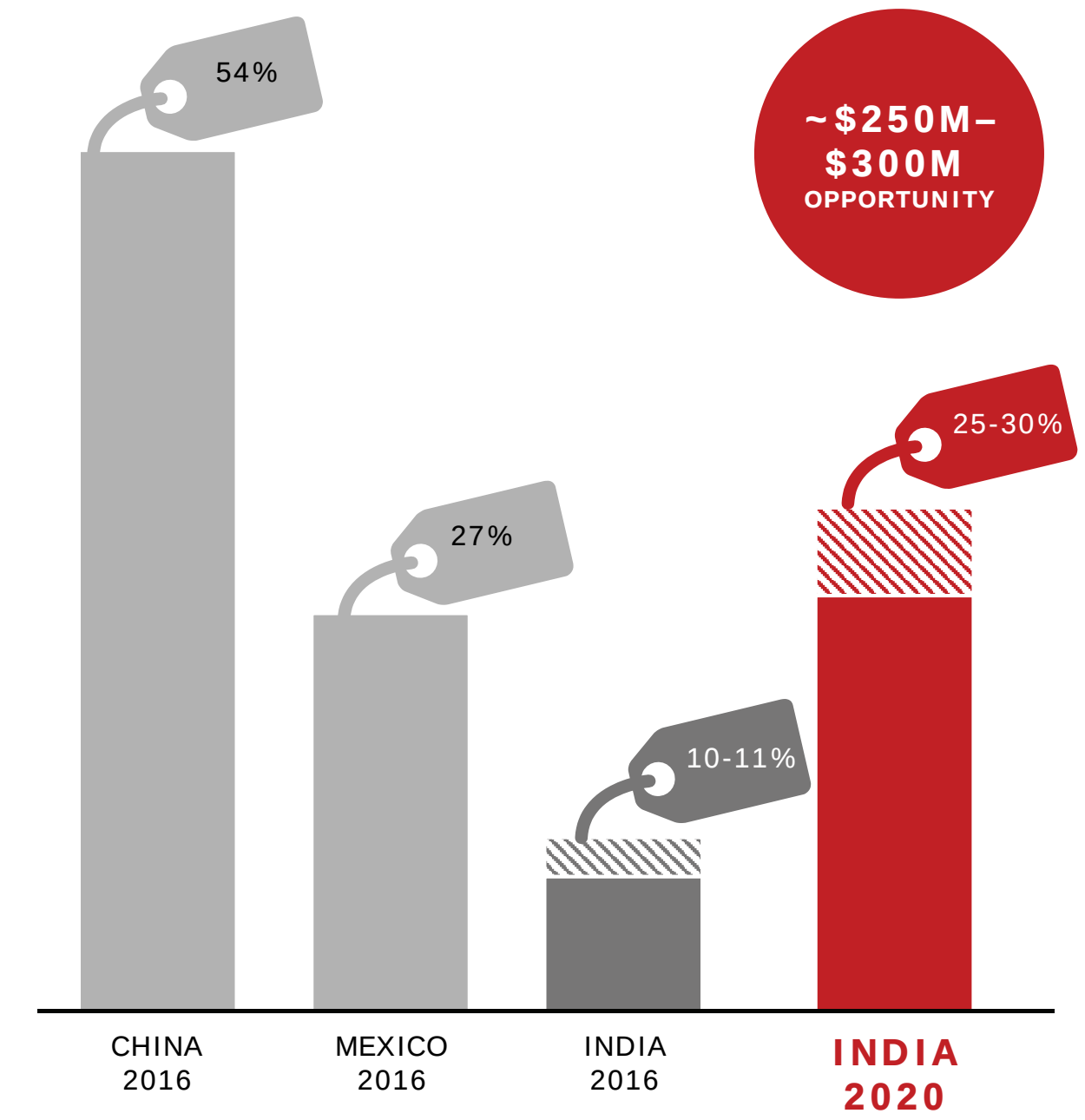
The business models for these new areas are still evolving in India. It is critical for automotive OEMs to be selective about the opportunities where they invest, create an internal culture of experimentation and focus on developing a credible business model in the medium to long term.

## OEMS are attempting to increase reach across the value chain




Sources: Company websites; Bain analysis

## DIGITAL AD SPENDING
(AS A PERCENTAGE OF TOTAL AD SPENDING)




Sources: eMarketer; Euromonitor; Facebook internal research; Bain analysis

# Follow the customer: Radically change investment mix to follow the customer online

Automotive OEMs in India currently allocate 10% to 11% of their total marketing budgets to digital media, compared with 37% in the US, 54% in China and 27% in Mexico.

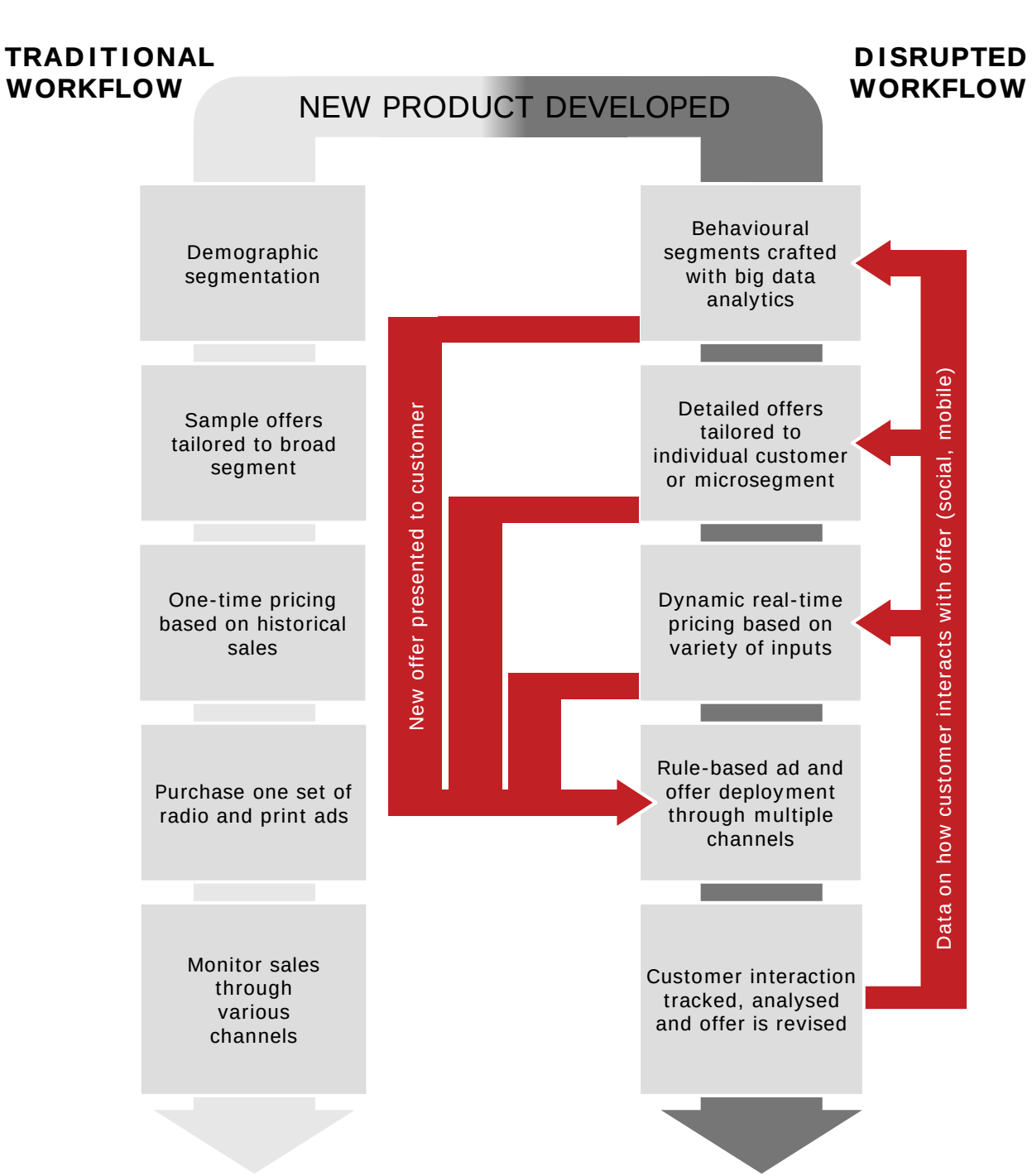
Internet penetration in India is projected to increase from 29% in 2016 to 42% by 2020. Consumers are already shifting multiple parts of the purchase journey online. Automotive OEMs need to take decisive action to increase the allocation of marketing investments to digital channels.

Bain estimates indicate that companies should increase the proportion of their budget for digital marketing to about 25% to 30% of their total marketing spending by 2020. This will result in a digital marketing opportunity of $250 million to $300 million by 2020.

# Follow the customer: Invest disproportionately in discovery and consideration using digital technologies

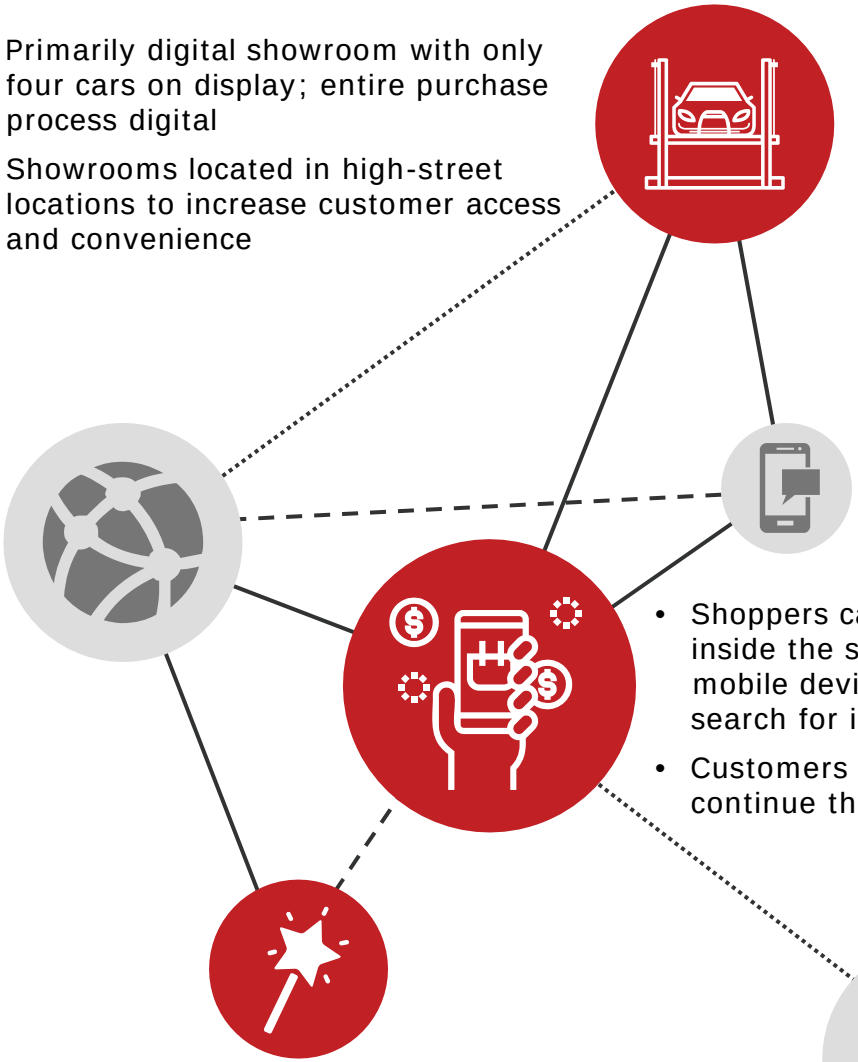
Discovery and consideration are important areas in which to focus digital spending. Most customers today have made a brand choice long before they visit a dealer. This highlights the importance of investing in the early part of the purchase journey.

Digital channels allow for accurate and predictive content targeting to influence consideration. Given the vast amounts of data that customers generate online, digital channels provide automotive OEMs the ability to target "segments of one" with the right marketing content relevant to the stage of the purchase process.




Source: Bain analysis

## **Case Study:** Hyundai's success with Rockar store in London



- Primarily digital showroom with only four cars on display; entire purchase process digital
- Showrooms located in high-street locations to increase customer access and convenience

- Shoppers can use tablets provided inside the store or use their own mobile devices to explore and search for information on cars
- Customers have the option to continue the process at home

- Store associates, called "Angels", do not work for commission
- Share relevant info and educate customers

Sources: Company website; Bain analysis

# Build the dealership of the future: Differentiate the retail format

OEMs must think about how to differentiate the offline brand experience.

Globally, OEMs are already running experiments with "exciting" retail formats such as creative stores in high-street locations run by product experts with interactive virtual-physical layouts. The idea is to convert a dealership from a simple outlet to a brand experience centre.

Many design options are possible: a combination of innovative store layouts, point-of-sale digital tools (handheld devices, tablets and VR/AR devices) and product touch-and-feel options such as colours, leather and metals.

# Change the game: Use product digitisation to enable deeper post-purchase relationships

Connected automobiles are a powerful way to remain connected with customers post-purchase. It is increasingly possible for companies and consumers to communicate in real time, taking customer engagement to a higher different level.

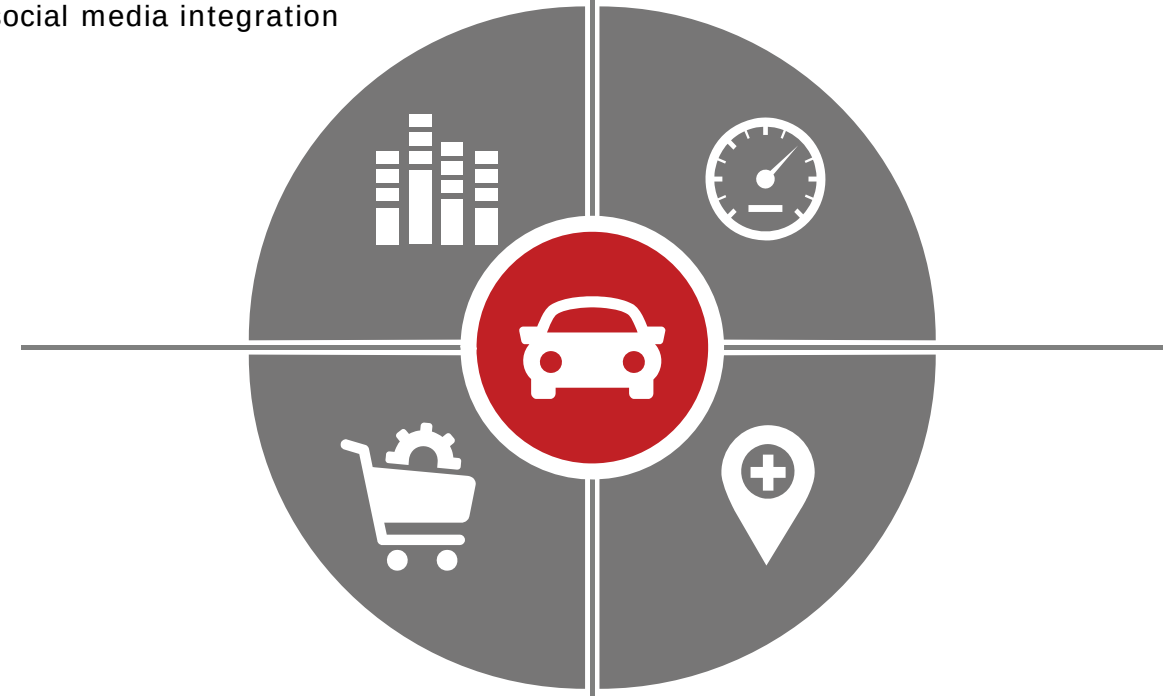
We believe that India's auto OEMs have traditionally been conservative in terms of providing access to their core technologies beyond Tier-1 suppliers and in encouraging partnerships beyond vendor relationships. A move towards providing more access to their platforms will allow them to better develop software and systems to connect to their customers.

## INFOTAINMENT SERVICES

In-car delivery of music and television shows, downloadable applications, smartphone integration, voice and communication services and social media integration

## USAGE-BASED SERVICES

Customised insurance programmes based on mileage and vehicle health, driving style support and fuel optimisation tips



## SMART SERVICE & MAINTENANCE

Predictive and dynamic maintenance of vehicles, automated service reminders, vehicle health monitoring and pre-ordering parts online

## LOCATION-BASED & EMERGENCY SERVICES

Navigation and traffic alerts, fleet operations, breakdown support, security service and facility searching (petrol pumps and restaurants)

Source: Bain analysis

# Change the game: Go bold with a 360˚digital approach to ensure a truly differentiating customer experience

**Targeted marketing activates customer and incites interest**

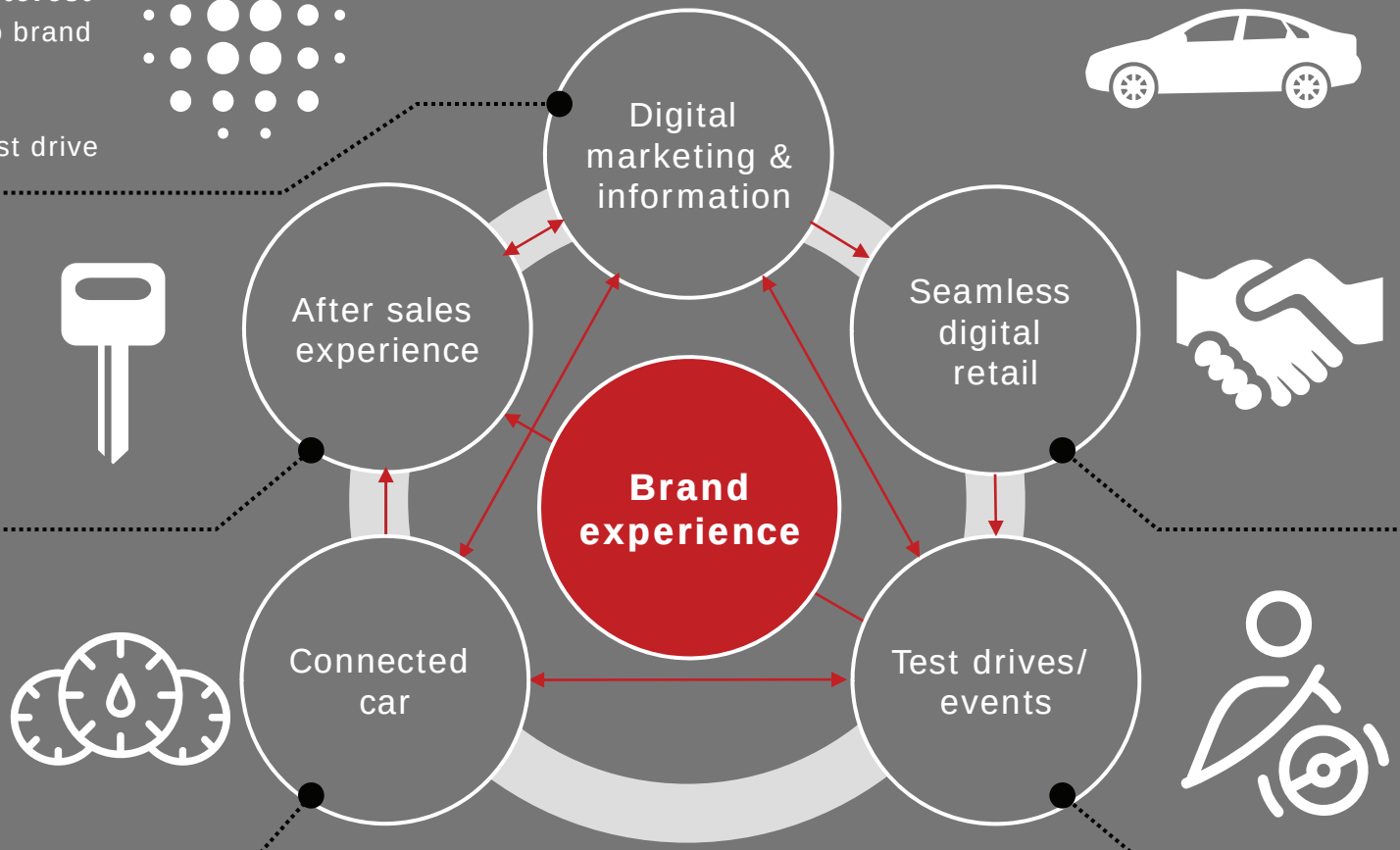
- Introduces customer to brand
- Invites customer to store or event
- Allows scheduling of test drive

**Hassle-free, carefree premium experience**

- Pickup and delivery service with courtesy car
- Exclusive offers

**Constant connection to car**

- Automated scheduling of maintenance services via telematics
- Online connectivity and in-vehicle info and entertainment




**High-street store intrigues customers to enter**

- Greeted by “Genius” providing guidance
- Customer experiences physical product and personalised configuration in virtual reality showrooms
- “Genius” directs customer to online channel

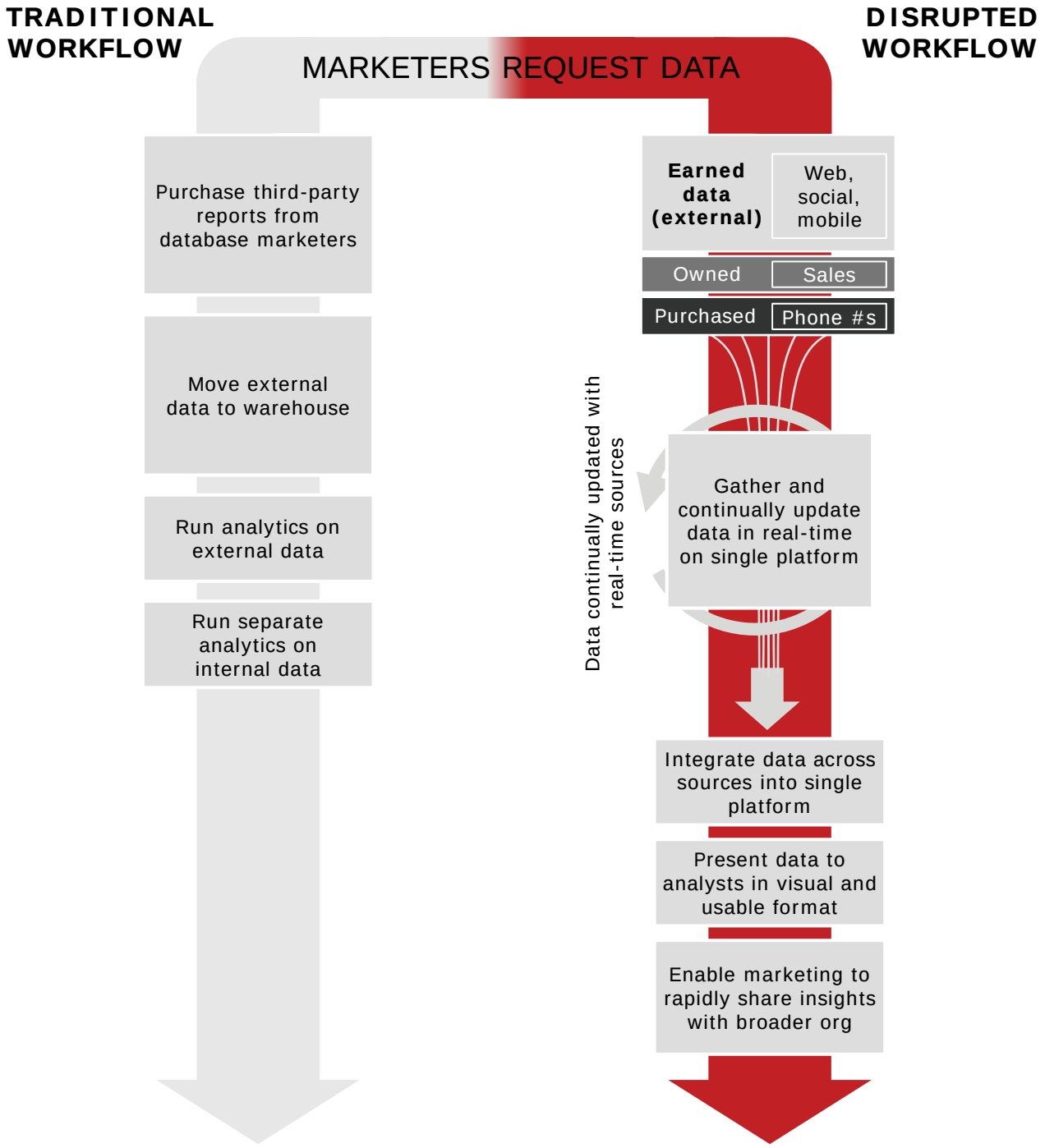
- Test drive brought to customer
- Invitation to customer to event with direct test drives

Source: Bain analysis

# Invest in the backbone: Build data and analytics capabilities to enable the digital transformation

The power of analytics that use internal data from various sales and marketing touchpoints, along with external data available through social media and search, is well understood.

While it is critical to develop the business case and applications for analytics solutions, the true complexity is in the data layer. With the growing amount of data from disparate sources, it is critical to invest in a well-designed data and meta-data layer with clearly defined objectives of the system, along with the right technology solution. Doing so will help automotive OEMs fully harness the power of digital technologies.




Source: Bain analysis

## About Bain & Company, India

Bain's consulting practice in India has worked with clients in sectors including consumer products, retail, apparel, industrial goods and services, infrastructure, healthcare, technology, telecom, financial services, automotive, agriculture and private equity. Its project experience includes growth strategy, mergers and acquisitions/due diligence, post-merger integration, organisational redesign, full potential, market entry, performance improvement and change management. Bain's robust analytic toolkit and fact-based approach enables it to deliver innovative and pragmatic strategies that create value.

Consulting Magazine has rated Bain & Company the best consulting firm to work for 11 times since 2003. In India, Bain has served clients since 1995 and formally opened its consulting office in 2006 in Gurugram near New Delhi, in 2009 in Mumbai and in 2015 in Bengaluru.

For more information, visit www.bain.com and www.bain.in.

## About Facebook

Founded in 2004, Facebook's mission is to give people the power to share and make the world more open and connected. Over 1.86 billion people globally and 180 million people in India use Facebook to connect and share the things they care about and to discover what's going on in the world. Facebook for Business' Marketing Tools help businesses find new customers and build lasting relationships with them. Whether you're just getting started with Facebook for your business, or you're ready to optimize your Facebook presence to meet specific goals, Facebook for business is here to help. Facebook IQ is a team of world-leading experts on data analysis and storytelling, who provide marketers a true understanding of people, and what drives them to stop, look, feel, share, do and buy. We then translate what these insights mean for brands.

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