Do vehicles reincarnate?

Automotive lifecycle redefined

wipro

Consumers today have multiple options for every purchase that they plan, each with their positives and negatives. It comes as no surprise that the average consumer today is a very well informed decision maker, even if it is just to buy groceries. Making an educated choice about a product that is suitable for a consumer's personal requirements has become a very vital step of any purchase cycle.

As with other markets, similar process is followed when it comes to investing in property or an automobile. We say investing, because these are retained for long period of time and a considerable amount of money and effort is spent in acquiring them. In these cases, the touchpoints of a consumer with other stakeholders are very sparsely placed across the retention timeline[1]. The goal of this white paper is to redefine the interactions of a consumer during the research phase, which leads up to the purchase and introduce personalization to this part of the purchase life cycle. We aim to redefine how the experience of owning an automotive asset is looked upon.

The research phase

The research phase of a purchase cycle is the first part, and therefore the focus of our analysis of the automotive purchase and resell lifecycle. Subsequently, we shall try to explain how a connected ecosystem can be the solution to bringing all the stakeholders in a vehicle's lifecycle together, seamlessly.

But before we go into the redefinition of the lifecycle, let us have a look at how the consumer today has evolved. The average consumer today is well equipped with information online and reaching out to the internet is the first response to find answers to any query that they might have. Before walking into a dealership to buy a car, 86%[2] prospective buyers do their research online with the help of various review websites, brand websites and social media. This research period is typically 2-4 months long and presents multiple opportunities for auto marketers to shape the decision of the prospective vehicle buyer. The biggest question a buyer will ask before making that decision is: "Is this car right for me?"

But at this point, due to the absence of personalization, the question is based on factors that are largely generic.

Is this car right for me?

What we can leverage here is the connected ecosystem that Internet of Things has made possible today. With every gadget getting connected to make a consumer's life digitally seamless, every regular consumer is turning into a connected consumer.

The best way to address this question and shape their decision is to provide a direct comparison with the similar connected drivers and vehicles on the road, which is completely personalized for the prospective buyer. This helps them assess the market and further thin down the number of options and adds a touch of personalization to the process. Various factors such as the style of driving, type of vehicle, driving pattern of other city drivers and even weather can be assessed to provide the best match for the potential driver instead of a generic view on the vehicle's performance.

Typically, after this research period and about a month before the purchase, test drives are carried out for the shortlisted vehicles. Unfortunately, most of walk-ins do not perform a proper test drive, and this hampers the final decision often. Most of the walk-ins, buy the first car they test-drive, and no comparative metric is present for them to make a better decision.

[1]https://www.cnbc.com/2017/05/28/car-owners-are-holding-their-vehicles-for-longer-which-is-both-good-and-bad.html

[2]https://geomarketing.com/86-percent-of-car-shoppers-do-research-online-before-visiting-a-dealership

Our vision is to revisit the way a typical test drive happens. At this point, the test drives conducted across every automotive brand across the globe is almost the same, including luxury brands. We also understand that not everyone needs to test every feature of a car.

This is where the need for personalization arises.

Smart test drives

A typical test drive lasts for around 15–20 minutes. With the help of IoT and voice interfaces, a guided test-drive can be carried out to get most out of the small window of time that the dealership has to impress the potential buyer. A checklist is tailored to every individual, based on contextual data so that every relevant feature is tested and personalization of a test drive and the steps thereafter is in effect, based on the same checklist.

This level of personalization has its impact on various touch points in the purchase lifecycle. Recommendations can be made to the driver as well as the sales person, so that the outcome from this interaction can be maximized. This can also be leveraged when the customer comes in for a repurchase later. The average consumer retains a vehicle for 11 years and it is essential that the right vehicle is chosen. A good decision will have further impact down the line, with spares, added services as well as resale coming to the dealer. This redefined environment of the dealer being periodically touch with the consumers benefits both parties. Once the decision is made, the insurance, finance and other phases of the lifecycle kicks in.

As the life cycle progresses

It is illegal in most countries to drive without an insurance policy. The generic insurance policy that is offered by most providers might not be suitable for the driver. The automotive insurance providers take into consideration several factors like age, location and the type of car to decide the premium. The one size fits all approach we

take unfortunately leads to "One Price Fits All". A connected ecosystem provides a smart usage behavior based insurance for the consumer and many insights for the insurance providers to prevent fraudulent claims and smoothly process the legitimate ones.

Most buyers hold on to their cars at least for a few years. The outliers may not, but most of us do. In a connected ecosystem, the amount of data generated in this time is massive, enabling us to provide the owner with various important features for safety, security, utility, home integration and fault diagnosis. The owner may find value in various services such as real-time update of vehicle health issues, alerting in case there is a security breach or simply guiding the owner to the car on an everyday basis.

The light at the end of the tunnel

At some point, whether they like it or not, an owner will have to part with their automobile. The first and foremost concern of the owner would be to get a good price at the end of the lifecycle. An owner who is proud of the history and usage of the vehicle can leverage the connected ecosystem to send an unbiased usage report to any buyer in question and get the best price they can.

The cycle begins anew for both the man and machine. The man may go in for a new car, starting the lifecycle again. The machine may go into the used car market. The connected ecosystem is as relevant for a used car as it is for a new car. The difference is, the connected car is a known friend, rather than an unknown devil.

What we have discussed until now, was keeping in mind the end consumer. Every stage has many stakeholders within the overall automotive ecosystem. With every stakeholder playing a role in the whole lifecycle and with the advent of IoT, analytics and alternative controls in play, there is a sea of opportunity in personalization, acquisition, usage and resale of a vehicle.

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Jayasree has over 20 years of experience in IT and has been deeply involved in complex digital transformation projects for various industries such as banking, consumer and automotive. She has been driving this initiative since the last two years, with a passion of making a differentiation in the connected car IoT space.

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