

A man with a beard and glasses, wearing a dark blue suit jacket over a light blue shirt and a patterned tie, is smiling and looking at a smartphone in his left hand. He is standing next to a dark-colored car, with his right hand resting on the roof. The background is a blurred car dealership or showroom with large windows.

Medallia

# Driving Customer Loyalty Through The Total Experience Value Chain

## Introduction

You've heard the saying: Change is the only constant. While many can attest to the truth and validity of this sage observation, some people - and industries - experience change in different ways and cadences. The automotive industry is one that is steeped in manufacturing and for many decades followed a well-established business model. However, within the past three years, the industry encountered widespread disruption that challenged tradition. To survive and thrive, OEMs and dealers have had to innovate, not only in terms of how they conduct business but how they serve customers and engage employees, two vital and mission-critical constituencies.

In this guide, we'll explore the concept of the **total experience value chain**, and encourage OEMs and dealers to listen, understand and act on customer and employee feedback in new ways. This in turn can help OEMs and dealers to *Do Something Different Tomorrow Than You're Doing Today* to drive loyalty, repurchase and profitability.

When a brand actively listens to their customers and employees - with curiosity and an open mind - they will uncover powerful insights that can lead to transformative action. The knitting together of employee and customer feedback into a holistic approach can help you truly understand how customers feel about interacting with your brand.

This heightened focus on people (your customers and employees) is essential, as you can have the product (a vehicle in this case), but you can't sell or service it (without dealer employees) or have it purchased and serviced (without your customers).



**The Total Experience Value Chain is centered on listening to, understanding and taking action on customer and employee feedback to drive customer loyalty and fuel your bottom line.**

## Why Does Brand Loyalty Matter

- ✓ Up to **50%** of annual revenue comes from repeat customers
- ✓ Brand loyalists spend **67%** more than new, first-time customers

*6 Reasons Why Repeat Customers Are Better Than New Customers*



# Experience as a Differentiator

“Most customers don’t see a distinction between OEMs and dealers - they view dealers as extensions of OEMs. Thus a united partnership between the two will enable a seamless customer journey and integrated brand experience.”

**Jodi Searl**

Vice President of Industry Solutions and Client Value at Medallia

Consumers purchase vehicles for various reasons from basic everyday necessity to performance and prestige. While purchase criteria differ, one aspect of the shop,

buy, own journey is constant: customers want to feel seen and heard, cared for and valued. In fact, in today’s ever-changing world, how customers feel about their experience with a brand is as critical as how they feel about the product.



**Experience is a Differentiator:**  
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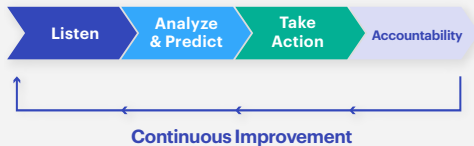
Consumers expect convenient, effortless and personalized customer experiences, both in person and digitally. You are meeting them on their terms, not yours. Customer loyalty is no longer a guarantee, even well-established customers are more likely to shop around and experiment with new brands.

That’s why focusing on customer experience is such a wise investment, as great experiences lead to great business outcomes. A PwC study uncovered that consumers are willing to pay up to a 16% premium for a better experience. Conversely, double that amount - a full 32% - will walk away from a brand they love after just one bad experience. In terms of revenue growth, Forrester research found that organizations that are customer experience *leaders* have more than 5x the revenue growth compared to customer experience *laggards*.

## Great Experiences Lead to Great Business Results



Comprehensive customer feedback capture and analysis across all physical and digital touchpoints eliminates organizational data silos between OEMs and dealers. This allows OEMs and dealers to prioritize high-impact opportunities, achieve a seamless brand experience, and compete with emerging business models, like D2C.



Within the automotive industry, many experiences begin in the digital universe, as consumers visit websites, social channels and review sites to learn more, and to contrast and compare. Their experiences on OEM and dealer sites must be engaging and informative, as well as hassle- and friction-free, in order to entice them to physically visit a dealer. And the experiences your brand creates for other customers carries a lot of weight - if your online reputation suggests that a majority of customers felt ignored, slighted or underappreciated, that could be a turnoff to a prospective customer.

In addition, the digital OEM-to-dealer experience should be fully integrated to ensure a real-time information flow and exchange. For example, if a customer is researching or building a vehicle (that's in inventory) on an OEM site and is then directed to a dealer's website, that same vehicle should be available at the dealer. If not, it creates a significant disconnect that erodes trust.

When it comes to dealer experiences, qualitative research also shows many consumers had a negative experience when buying or leasing a vehicle, with poor or slow in-person service at dealers, and delays with financial processes. In addition, customer expectations are heightened when making large, long-term purchases, like a vehicle. They gravitate to brands that place a premium on customer experience throughout their relationship with the brand.

It's also important to fully comprehend the following:

**How well do your customers know all that you have to offer?** There's nothing worse than hearing - "I didn't know you offered that" or "I wish I had known; it would have made things so much easier."

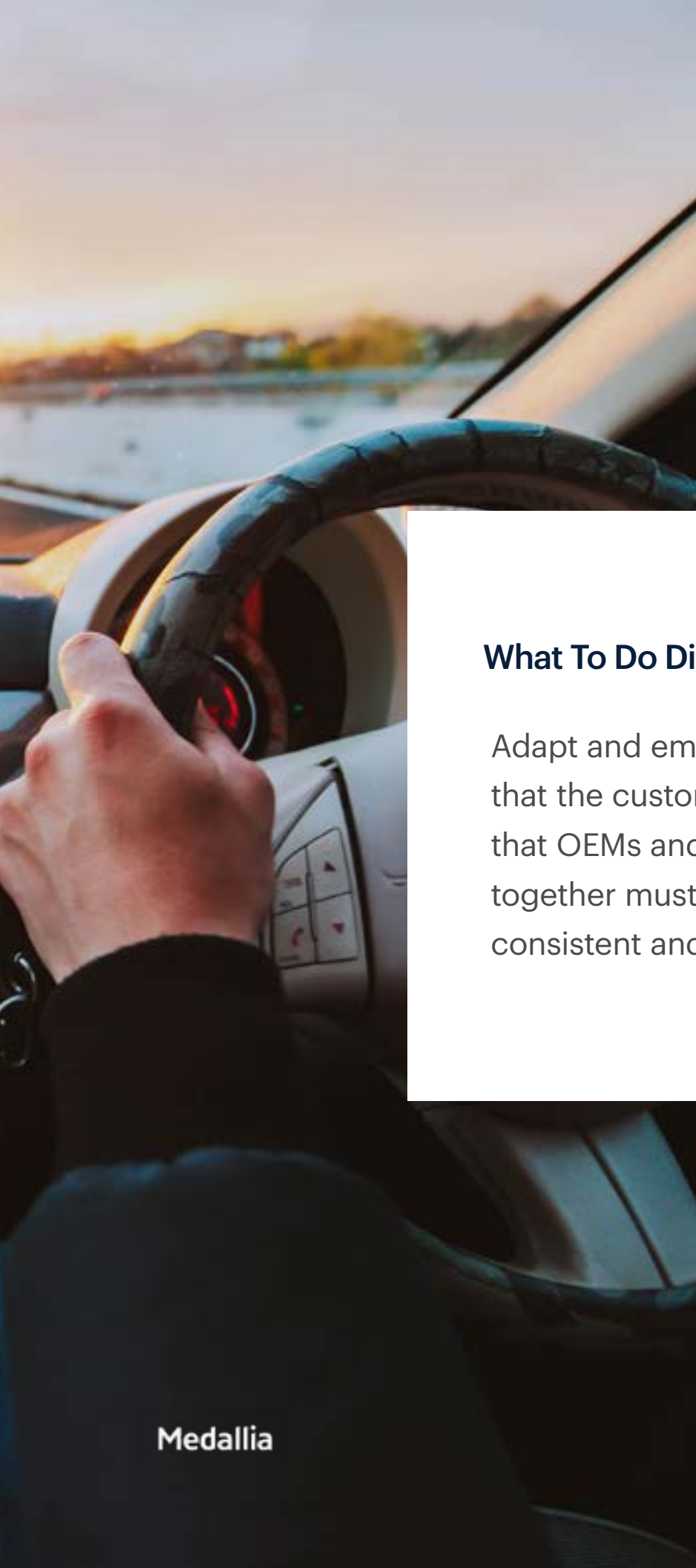
Enlightened customers can contribute to your success, in terms of increasing engagement, reducing churn risk, creating upsell or ancillary revenue opportunities, as well as being loyal customers and vocal brand advocates.

## Meet Your Digital Experience Score (DXS®): You Have One, Do You Know What It Is?

Digital experiences on websites and apps matter ... especially when you consider that two in every three customers are lost due to poor experiences. To stay relevant, brands are pressured to continuously improve their digital properties. Yet many face a common problem: how to accurately measure the digital experiences they offer.

Fortunately, a new metric - the digital experience score - can quantify at scale the online customer experience on a brand's websites and apps. It can automatically analyze every user's journey, behavior, interactions - and even digital body language - on a website or app. It then prioritizes the most urgent experience issues causing user frustration or confusion, which is detrimental to both conversion and engagement. Finally, it scores the digital experiences of a website or app, and helps brands identify poor experiences and swiftly course correct.

For example, the Digital Experience Score (DXS®), a part of Medallia Digital Suite, uses five pillars of digital experience: engagement, frustration, navigation, technical and forms. The DXS® then measures the overall digital experience of a website or app on a scale of 0-10. A score of 10 reflects a seamless, friction-free experience, while lower scores reveal problematic experiences in need of repair.



## What To Do Different Tomorrow

Adapt and embrace the mindset that the customer experiences that OEMs and dealers deliver together must be seamless, consistent and personalized.

## Actively & Openly Listen with Curiosity

There is a real-time, ongoing dialogue about your brand and vehicles. While you can directly control some of it, much of it is organically created and cultivated by your customers (and even your own employees). OEMs and dealers, however, can take action to shape the dialogue or narrative of tomorrow. How? **By actively and curiously listening in new ways to solicit feedback.**

Just as your customers will use their vehicles across numerous roads, streets and highways, their experience with your brand spans multiple channels - which is why deploying an omnichannel approach to experience management and cultivation is crucial.

What does this mean exactly? It means actively and openly listening everywhere your customers interact with or discuss your brand. This includes listening to and gathering feedback as customers engage on your digital channels, with your contact centers, with dealer employees, as well as on external review sites and social media.

Some brands are quick to say that they regularly survey their customers. This, however, is only one slice of the overall feedback pie. While company-initiated surveys can cast a wide net, they traditionally yield a lower response rate. They also usually are deployed after a transaction has concluded, offering no opportunity to influence it as it unfolds in real time. Innovative leaders, like Medallia, can help you listen everywhere, at any time, to gather mission-critical insights and feedback.

## Quality is Key

Today's consumer wants to do business with brands that offer effortless, accommodating and top-notch interactions each and every time. Experiences must be seamless - there can be no breakdowns between digital channels, contact centers and brick-and-mortar sites. Speaking of "breakdowns," quality is also prized by your customers as an important component of the shop, buy, own experience. In fact, the customer's perception of quality is a key indicator of their repurchase intent.

In this regard, Medallia can help OEMs and dealers increase brand value and loyalty by identifying quality issues and customer quality concerns. This can be achieved by identifying product issues *earlier* by leveraging customer experience data across all of the channels customers use to communicate ... rather than solely relying on traditional channels, which are typically transaction points.












Your brand can gain a deeper understanding of your customers' perception of quality that can influence the ownership experience through powerful insight tools. Our solutions also can help eliminate organizational data silos within manufacturing to prioritize high-impact opportunities that drive quality improvements.

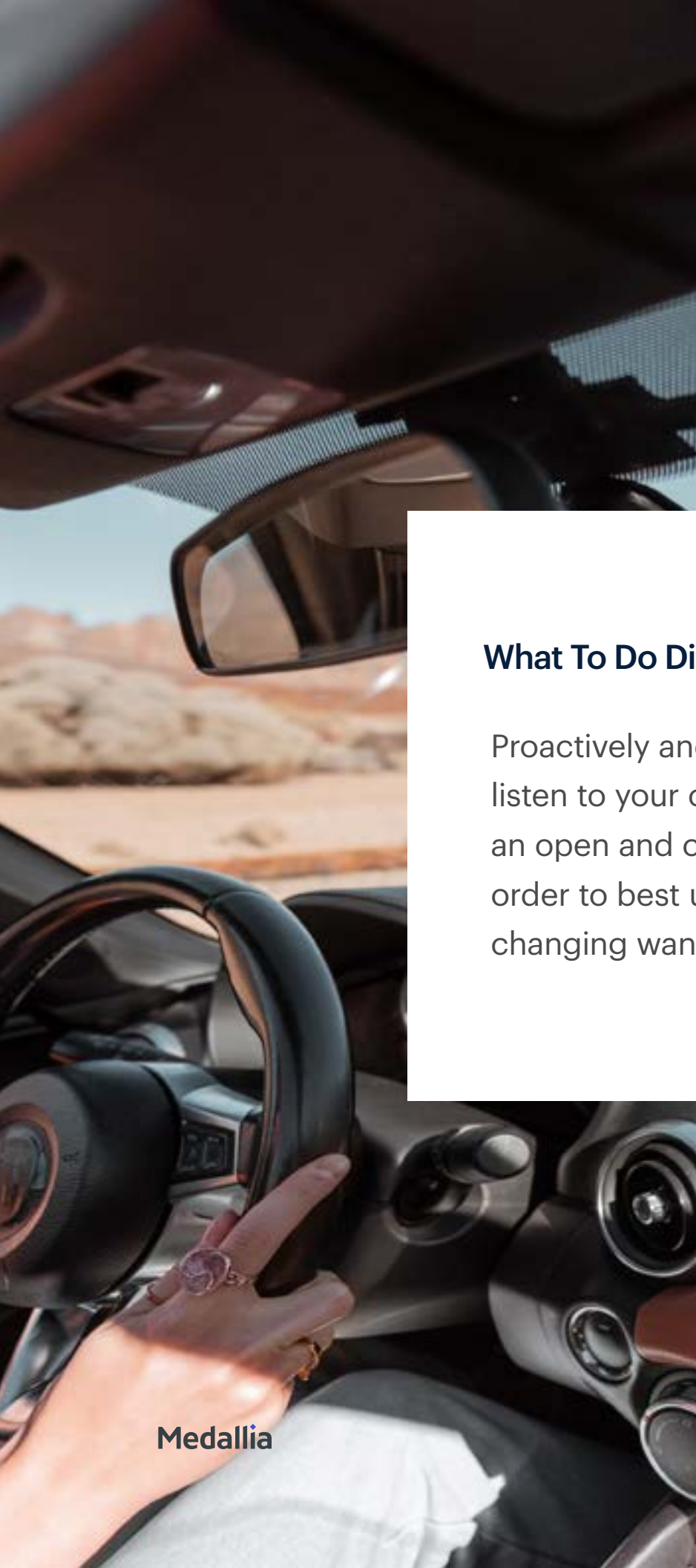


Additionally, Medallia uses predictive and prescriptive AI models to further what manual analysis can not do alone. This allows for the identification of customers in need of attention and prescribes the next best action to take in order to improve loyalty, increase sales, and reduce churn. Our ability to mix quantitative and qualitative data - through unstructured data analytics which is at the core of our platform - can help clients flag issues across their business, and drive alerts and workflows.

**Interestingly, 80% of the experience signals Medallia analyzed in 2021 came from non-survey (or unsolicited) data.** Active listening yields feedback, which can then be used and deployed as actionable business intelligence. Additionally, this intel can help OEMs and dealers identify unmet, untapped or emerging customer needs, which can fuel additional revenue streams. Clearly, the brands that intuitively listen to, understand - and change and evolve - with their customers are the ones that will prevail, in terms of loyalty and profitability.

**Medallia captures the most feedback signals for a comprehensive, holistic view of every customer and employee**

 Survey	 Speech	 Digital Behavior
 Video	 SMS/Chat/Messaging	 Benchmarking Data
 Point of Sale	 Operational Data	 Employee Feedback
 Social and 3rd Party Reviews	 IoT	



## What To Do Different Tomorrow

Proactively and authentically listen to your customers with an open and curious mind, in order to best understand their changing wants and needs.

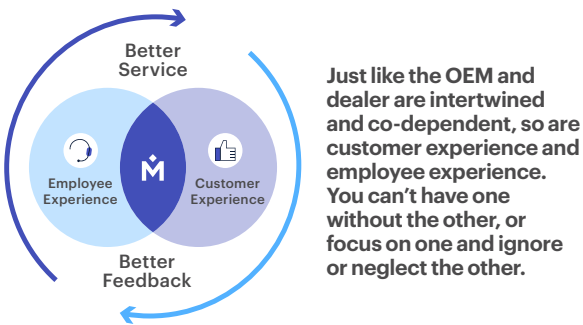


# Feedback Fuels Success

You've climbed into the driver's seat and embarked upon an active listening journey. You now have a much deeper understanding of what your customers are thinking, feeling and saying about your brand. To continue in the lane to future success, you have to take what you're hearing and aggregate and analyze the wealth of feedback you now have at your disposal.

The true magic occurs when brands take action on this invaluable feedback, using it to stay relevant and desired ... or to identify any friction or pain points and take swift action to course correct. In addition, feedback can be strategically utilized to not only better understand the customer, but to identify the root cause of costly experience detractors.

To engender customer loyalty and a healthy bottom line, OEMs and dealers also must solicit feedback from their own employees. Whether in an OEM contact center or on the dealers' sales and service front line, your employees interact with customers on a daily basis. They are a wealth of information on what's working and what's not, and through their eyes and ears, you can better understand your customers.



Also make sure to focus on your employees, who are equally important in their own right. How are your people feeling? What is it like to work in your organization? Are you making them feel valued and appreciated? Are you motivating and inspiring them to bring their best selves and ideas to work?

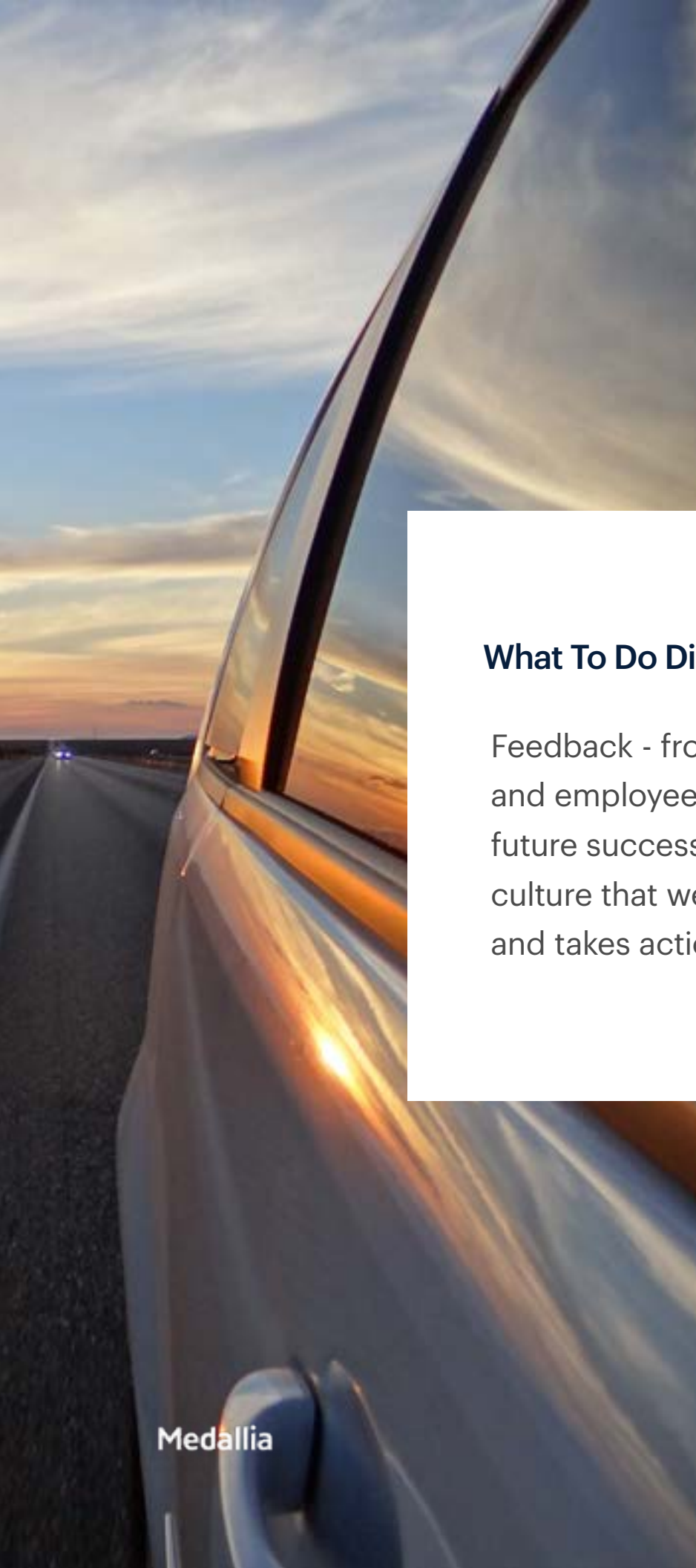
When you get specific feedback, take steps to understand the root cause of it. Ask yourself the following:

Where is it coming from? How can it help your brand? What can you take from it to rebuild or go in a different direction? How can it help your brand meet your customers' and employees' needs? How can it help your brand build a strong, united and cohesive team?

How connected do they feel to the vision and the mission of an OEM or dealer? Medallia research shows that employee experience leaders - those who continuously listen, ask meaningful questions and empower teams - are **12 x more likely to indicate revenue growth of more than 20%**.

This is where organizational culture takes precedence and may require an internal shift. Contemporary leaders know they must build a foundation of trust and a culture that has empathy and compassion not only for customers, but for employees, too. While it can be difficult to detour from traditional ways of conducting business, the organizations that travel new roads - constructed upon employee and customer feedback - will fuel innovation, loyalty and success.

One way to ensure this occurs is by identifying an executive champion or advocate for a listening-based, feedback-driven, and holistically delivered experience strategy. This person can help other people leaders minimize internal silos, encourage different teams to come together, build momentum, and share actionable insights throughout the organization, especially with those in customer-facing, frontline roles.



## **What To Do Different Tomorrow**

Feedback - from your customers and employees - will fuel your future success. Create an internal culture that welcomes, embraces and takes action upon it.

## Summary

As an OEM or dealer, your customers' journeys will continue to rapidly evolve due to new product categories, like electric vehicles; evolving buying experiences, which include purchasing vehicles digitally and remote delivery; and modernized ownership, such as subscription models that allow customers to switch out vehicles as often as they want. To survive and thrive, OEMs and dealers must deliver differentiated brand experiences that drive customer loyalty and repurchase.

OEMs and dealers must successfully engage with, listen to, and take action on both customer and employee insights and feedback. By implementing a holistic approach that involves listening, understanding, and acting upon employee and customer feedback, OEMs and dealers can unite and create a total experience value chain.

To learn more and how Medallia can help OEMs and dealers drive loyalty, repurchase and profitability, visit <http://www.medallia.com/solutions/automotive/>.

### About Medallia

Medallia is the pioneer and market leader in customer, employee, citizen, and patient experience. As the leading enterprise experience platform, Medallia Experience Cloud is the mission-critical system of record that makes all other applications customer and employee aware. The platform captures billions of experience signals across interactions including all voice, video, digital, IoT, social media, and corporate-messaging tools. Medallia uses proprietary artificial intelligence and machine learning technology to automatically reveal predictive insights that drive powerful business actions and outcomes. Medallia customers reduce churn, turn detractors into promoters and buyers, create in-the-moment cross-sell and up-sell opportunities, and drive revenue-impacting business decisions, providing clear and potent returns on investment. For more information visit [www.medallia.com](http://www.medallia.com).

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