

# Digital Shift Support Service for Automotive Sales

Total service, from planning the digital shift in automotive sales to business process planning and implementation

An aging population with low fertility, as well as a decline in youth car culture, have sent domestic automotive sales into structural decline. CASE innovations exemplify the major once-in-a-century changes that threaten to transform the market environment. The vortex of the digital shift also impacts the automotive sales field, necessitating adaptive changes of a magnitude never seen before. ABeam Consulting helps clients achieve the digital shift in automotive sales necessitated by these changes based on our cumulative knowledge of the business, and of the digital shift as understood empathetically from the standpoint of the customer journey.

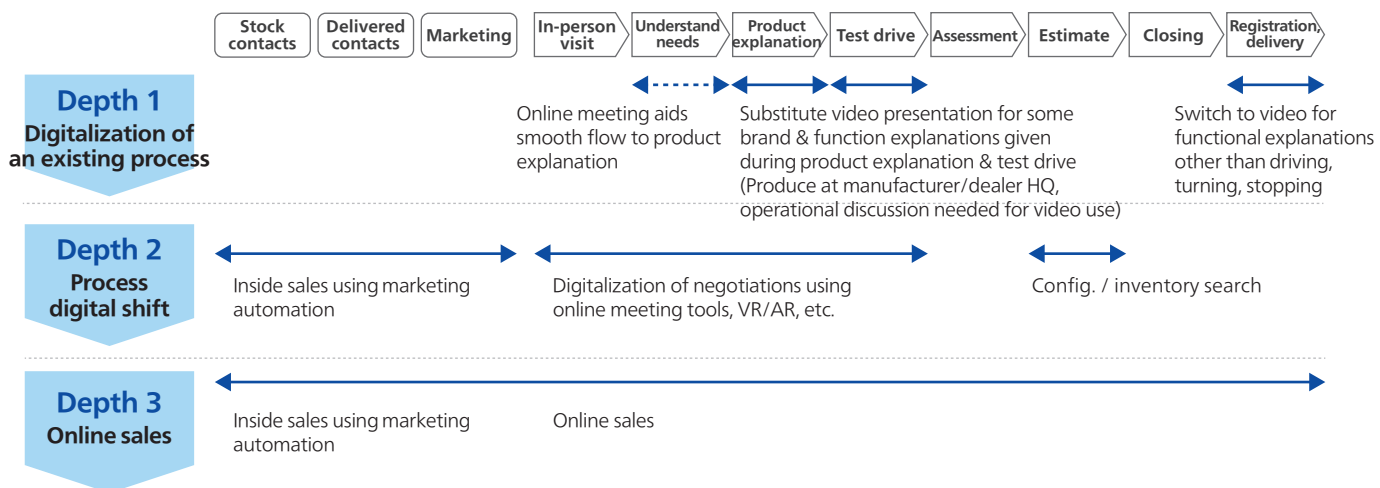
## The unprecedented vortex facing the automotive sales field

Past changes in automotive sales have originated in supply-side logic. Vehicles have grown more sophisticated and complex, new customer care styles have required adaptation, and dealership personnel shortages have become chronic. But the transformation now confronting the industry involves unprecedented environmental changes wrought by the demand-side digital shift. Use of digital marketing to attract new customers and approach stock customers has become the general practice. And by the time they come into the showroom, it is not unusual for customers to be better informed than the sales staff, if we consider information about competing vehicles. While the value of face-to-face personal conversation is being reconsidered, there are customers who feel that a more customized response is a matter of course. In responding to them, dealers are faced with the need to undergo the digital shift.

## The digital shift in automotive sales

### [Depth of the digital shift]

The digital shift in automotive sales can be divided into three categories representing degrees of depth to which digital technology is used for transformation. At Depth 1, digital technology is applied to streamline an existing process. At Depth 2, the processes within a specified scope are put through the digital shift. At Depth 3, the shift is completed in its ultimate format, online sales. Rather than committing exclusively to one of these depths, it is crucial from a network strategy perspective to decide on the right mix of depths.



## [Business model transformation brought on by the digital shift]

All elements are currently optimized for the pre-digital-shift auto sales model, from incentive structure to management methods and design of showrooms, including dealer networks and facilities, as well as sales staff compensation systems, skills, etc. As the automotive digital shift is taken deeper, it extends beyond modification of business processes to business model transformation.

For example, when a manufacturer with an existing dealer network fully changes course toward online sales, it faces numerous business model challenges, so online sales are positioned as a sub-channel for the time being. Retailers, mainly premium importers, have begun to phase in online sales, but few manufacturers make this a primary channel.

Factors behind this include the assumption that this merchandise entails after-sale services like handling of vehicle inspections. And since this business targets alternative demand, the general practice is for “managed shops” to handle business and sales management. There is also a need for stakeholders to agree on and arrange a division of inventory and test-drive location responsibilities and incentive structures. It's fair to say that the digital shift in the automotive sales field will be a long journey involving the transformation of all the elements optimized for the current situation of mutual dependency.

ABeam Consulting believes that business model transformation starting with a revised understanding of customer contact points from the customer journey perspective is critical to the digital shift in automotive sales.

## Key points of the digital shift

### Point ① A digital shift mix based on the customer experience concept

Although the digital shift is impending, online sales as the final format remains relegated to provisional sub-channel status. This makes finding a state of coexistence between online and showroom sales a realistic solution. The customer experience must therefore be envisioned comprehensively from the perspectives of network, marketing and sales strategies. This clarifies the status of online sales (Depth 3 on the previous page) in light of online and showroom sales as a whole system.

A company must conceive of its digital shift as a multidimensional undertaking that incorporates area strategy in creating customer experience. That is, within the total dealership business of new and used vehicle sales, service, parts, etc., it is necessary to make multidimensional decisions considering area, process and depth: Which individual existing processes should stop at digitalized streamlining (Depth 1), and where should the digital shift be applied to entire process arrays (Depth 2)?

### Point ② Basic actions to build trusting relationships with customers, in tandem with the digital shift

No immediate change is expected in the business model of serving alternative demand based on relationships of trust with customers. It would therefore be mistaking the means for the end if one focused so intently on the digital shift as to deprioritize cultivation of trusting relationships with customers. In tandem with the digital shift, it is therefore necessary to conduct dealership sales unchanged, regularly contacting customers, sending out information, attracting customers, and moving vehicle inspections forward.

### Point ③ The digital shift roadmap

In the field of business negotiations, the digital shift is assumed to be linked to the domain of infrastructure processes such as vehicle orders, inventory management and vehicle registration. But if drastic operational changes are made in the daily sales work of a busy sales workplace, the concern is that this would throw operations into disarray, impeding sales. An order of implementation must therefore be determined for domains and technologies subject to the digital shift in light of their necessity, feasibility and interdependency, and a roadmap formulated to clarify milestones of accomplishment.

## Automotive sales-related services

ABeam Consulting provides support services for the digital shift in automotive sales, and for strengthening the necessary sales infrastructure.

Digital shift support	DX visioning & strategy formulation support	We assist in backcasting to conceptualize the client's aspirational to-be state in keeping with their future world outlook, their intentions and capabilities, and in formulating DX strategies and roadmaps to get them there.
	Online channel strategy formulation & implementation support	Based on a consistent online and offline customer experience, we provide uniform support from online channel conceptualization to agreement among stakeholders on allocation of each function.
	Digital marketing strategy formulation & implementation support	Upon defining the role that digital marketing plays in the customer journey, we provide support from strategy formulation to execution.
	Using VR to transform the sales process	We help transform the sales process by providing a Virtual Showroom Solution that focuses on the experience delivered by VR technology to create a new buying experience and a new sales method.
Strengthening sales infrastructure	Dealer business process standardization	Upon clarifying differences in how dealers, showrooms and staff execute business, we help identify business rules, role allocation and processes for standardization to achieve the desired to-be state, and support workplace implementation.
	Hands-on strengthening of sales capabilities	To help transformation & improvements take root, we come to showrooms with a hands-on approach, identify system bottlenecks, and provide ongoing implementation support
	Dealer performance evaluations	From the dealer network standpoint, we support evaluations of each dealer from the operational, finance and governance perspectives