In The Driving Seat

Putting the customer at
the heart of a connected
mobility ecosystem

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The challenge we face

We live large parts of our lives online – from shopping to dating. We receive recommendations on what to wear, who to listen to and where to stay, based on data harvested by search engines, websites and apps. An ecosystem of companies, large and small, turn this data into services designed to build long-term relationships by providing a value exchange.

The mobility sector is rapidly evolving away from its automotive parent but, still in its infancy, it's yet to master the challenge of using data to feed customer-centric service ecosystems. Simply put, it lacks the vital capability to create value exchanges that build strong customer bonds.

changemaker and Arvato see this as an opportunity. On 17th November 2022, we invited thought leaders from across the sector to Bletchley Park to explore how best to build that capability. Because it's a multi-faceted challenge, our forum of experts included people from across the industry – from car makers and providers of services such as leasing, insurance, roadside assistance and parking, to pioneers in ground-breaking technologies, behavioural scientists, social and environmental experts, and representatives from government agencies and academia.

We built the day around a simple premise – that the mobility sector can, and must, move from a transactional-based model with typically a single value exchange at the point of purchase, to one of lasting relationships maintained by multiple value exchanges. We weren't expecting to come up with a silver bullet solution, but wanted to establish an active community and kick start an ongoing conversation to accelerate change.

The day focused on three key areas:

- Why should we do this? Can we better serve the customer, society, and the planet?

- What might such an ecosystem look like and what services might it provide?

- How do we make it happen?

This paper summarises our rich and varied answers to these questions and details the insights we created together. We hope you find it valuable food for thought.

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Transformation Director (Automotive),
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Summary: key takeaways

During the day, we debated the *why, what,* and *how* of this opportunity as a group and concluded the following:

1. Better customer relationships

Our current transactional model, usually with a single value exchange at purchase, must become one of lasting relationships supported by multiple value exchanges.
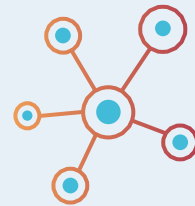
2. Putting people first

We're too technology-led and don't adequately understand our customers' wants, needs and expectations. This limits our ability to create services that connect emotionally and create the 'Wow!' moments which build enduring relationships.

3. Build trust

Our sector has yet to master the challenge of using data to feed a customer-centric services ecosystem. We must win our customers' trust by explaining why we need their data and what value they'll receive in return.

4. Simple, safe & sustainable

Users will only adopt services that are easy to use, deliver convenience, reduce cost, increase safety and enhance personal experience. Moreover, these services must be delivered sustainably and address environmental change.

5. Collaboration is key

We must collaborate. No one company can independently develop and deliver the services we envisage. Our ecosystem must have a shared mission, aligned outcomes and work for everyone's mutual benefit.

6. Don't fight

We must aggregate our data, not fight over who owns it. It's what we do with this data that matters.

7. New tech, new opportunity

Technologies like autonomous vehicles, digital personal assistants, and hyper-localisation (global services tailored to a user's individual situation in a dynamic and timely fashion) offer great potential for new mobility services.

8. Inaction isn't an option

This isn't just an opportunity for the sector, it's an imperative – if we don't do this, an external player will.
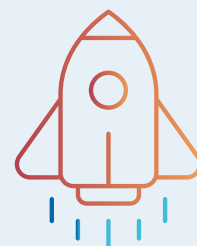
Why?

Always start by asking "Why?" It often reveals as much about you as it does about the challenge you're facing. This was certainly our experience. Our experts agreed that given the scale and speed of change the mobility sector is experiencing, building a better ecosystem isn't just an opportunity – it's an imperative. If we don't do it, someone will do it to us.

Our experts don't believe the sector understands its customers' evolving wants, needs and expectations well enough. As one participant put it: "There's no shortage of ideas, the missing piece is understanding the value. Success comes down to providing value to the people using our products and services." How can we develop value exchanges if we don't understand what's valuable? Everyone agreed that, while surveys are useful, it's behaviours, not opinions, that matter. The mobility sector must turn its wealth of data into actionable insights through collaboration and aggregation.

"One of the greatest challenges for the customer experience is how we're not working with the ecoystem."

Anya Ernest
Principal Engineer - Innovation, Polestar

Listen, learn, improve. Repeat.

The good news is customers will happily share their data. In a survey of 1,000 UK drivers, commissioned before this event, 69% said they'd share in-car data with a third-party provider. However, the sector needs a pull strategy that explains why it needs that data and describes what customers will receive in return. It must articulate a compelling vision of how data-based services will enhance customers' busy lives, making their journey less of a chore and enabling them to use travel time more productively.

One thing came through loud and clear – we're not just talking about cars and smartphones. If that's our sole focus, we'll fail. Customers want the cheapest, most convenient, most sustainable way of getting from A to B, and they want something more creative than car ownership.

We believe mobility will be multi-modal and integrated by a web of value-adding services. It'll be consumed, not owned; flexible, not constraining; constantly evolving, not static. Participants talked about Steve Jobs and his ability to think like a consumer living ten years from now. We must be equally visionary if we're to develop services that'll grab customers' attention in the same way the iPod and the iPhone did when launched.

Tom Fawcett, CEO of AA-X observed: "Many of the problems we're trying to solve have been solved before." For example, smartphones taught us that tribes congregate around platforms (like Instagram, Twitter, and TikTok), not hardware manufacturers. Original equipment manufacturers (OEMs) must support the platforms tribes use by ensuring their products offer superb connectivity and a seamless, intuitive user experience. Unfortunately, most OEMs currently believe they own the customer, their data and their in-car experience. This must change because no single company can develop the kind of ecosystem we envisage.

Future mobility ecosystems will be self-defining and constantly evolving, with each member providing propositions, data, products and services that address different aspects of the opportunity.

The more members share, the better the ecosystem understands its customers and is able to create services that fulfil their desires. Unfortunately, we're starting out as a collection of individual players. As Anya Ernest, Polestar's principal engineer for innovation said: "One of the greatest challenges for the customer experience is how we're not working with the ecosystem. We always think that, as individual brands, everything is circling around us, but very little is."

Finally, while everything the sector does must address sustainability, it's not as simple as telling people "This is good for the planet". Services must also reduce the cost of living, offer greater convenience and enhance quality of life, as well as creating a smaller environmental footprint. For example, a hyper-personalised service prompting customers to attend periodical maintenance could prevent avoidable breakdowns and improve environmental performance.

"Many of the problems we're trying to solve have been solved before."

Tom Fawcett
CEO of AA-X

An Arvato survey of 1,000 drivers* found

69%
of drivers (94% of 18-24-year-olds) would be happy to share in-car data with one or more of their service providers.

38%
of respondents would share data with a vehicle manufacturer compared to a dealership (37%), an MOT provider (24%) or leasing provider (10%).

31%
of drivers would be more likely to buy, lease or hire a vehicle if it could share data that would improve the service they receive. This rises to 72% for 18–24-year-olds.

What?

Next, we discussed what mobility ecosystem services might look like. Firstly, we agreed that brand loyalty is built around 'Wow!' moments, connecting with the heart even more than the head and delivered consistently throughout the customer lifecycle and across all customer touchpoints.

Context will become increasingly important to delivering value. Solutions must be personalised – understanding users' specific journeys and taking into account their personal circumstances to deliver the right mode of transport and service for any given occasion. In the words of one participant: "It makes no sense for me to drive in London but perfect sense to drive to the coast. I'd pay to use a big car for a long family journey but don't need one to go to the supermarket." We discussed the concept of digital mobility passports – a personal ID that could be used across multiple modes of transport and, for example, could customise a standard car with the user's preferences and services.

Consumers want timeliness, simplicity and, above all, convenience from mobility services. If the in-car experience isn't equal to or better than that which they get from other devices, uptake will be limited.

Consumers also want an integrated experience, rather than being overloaded by a multiplicity of mismatched apps. As previously discussed, services like this will require not only understanding of our customers but also collaboration between multiple providers, each driven by different agendas and viewpoints.

Solutions must be personalised – understanding users' specific journeys and taking into account their personal circumstances.

Our forum acknowledged how much these ideas challenge current business models and ways of working. As Prashant Gupta, senior director – connected solutions advisory at DMI, noted: "Automakers are in a rat race; they're trying to get to the customer first. But personalisation, safety and security, and reliability are all going to be really important. It used to be OEM first, customer second – now it's customer first, OEM second."

Understand the opportunity. Navigate the risks.

Our experts believe technologies like autonomous vehicles and digital personal assistants offer great potential. They also think hyper-localisation and hyper-personalisation (global services tailored to a user's individual context and requirements) in what drivers receive – for example, from customer service providers – will play an important role because they create greater perceived value than a generic solution. Our survey supports this, with 42% of drivers indicating that they'd change brand if they didn't receive a personalised experience.

Finally, our experts sounded two notes of caution. The mobility sector:

- Mustn't forget its new mobility services will be competing with other customer priorities, such as cost of living. They must deliver tangible value or be free to consume and generate revenue in other ways.

- Must be careful not to overreach. Experience suggests customers won't buy services they think are too dissociated from a provider's core competencies. For example, while they might accept services from an OEM that tell them where to park or charge cars, they're less likely to accept services offering to book a hotel or telling them where to buy coffee. Trust must be earned, not assumed.

  The sector must patiently build out from adjacent services and bridge any credibility gap by selecting partners who customers trust as it demonstrates it understands their preferences and can provide suitable recommendations.

Pieces of the future we envisage exist today in isolated prototypes, skunk works, or localised islands of innovation.

The mobility sector's challenge is to bring them together as a coherent, integrated whole. Change won't be a Big Bang but rather a gradual series of incremental steps.

"Automakers are trying to get to the customer first. Personalisation, safety and security, and reliability are all going to be really important."

Prashant Gupta
Senior Director – Connected Solutions Advisory at DMI

How?

Our discussion about what the mobility sector must do to be successful quickly became introspective. Yes, there are numerous external challenges – from local authority restrictions on access, to regulations constraining some of our use cases and limitations around infrastructure such as EV charging points – but some of the most fundamental barriers to success relate to our current mindsets and business models.

Firstly, organisations need to stop fighting over who owns the customer and the data. Ownership of the data matters less than what providers do with it. There are important questions about privacy and policy.

"Protectionism of walled gardens needs to come down in the interests of better user experiences."

Lee Colman
Chief Production Officer at SBD

Collaborate for success

Next, the sector must work together more effectively (a topic that surfaced throughout the day). Normally, this kind of sector-wide collaboration requires an external trigger. In the absence of an obvious compelling event, our experts wondered what might force the shift away from short-term results and towards longer-term success metrics. They speculated that fresh perspectives in leadership positions might be required to better align the sector with emerging trends in consumer behaviour. They also wondered whether our existing business models need to be broken before we'll see real change, as happened with the launch of the digital camera, the smartphone, and content streaming. Lee Colman, chief production officer at SBD noted: "There are walled gardens that have been set up specifically to grow business and loyalty. Protectionism of those walled gardens needs to come down in the interests of making better user experiences."

A shift towards collaborative working will be especially hard for traditional OEMs. They'll need to move from measuring performance in terms of unit sales to considering lifetime customer value; from thinking every transaction must generate revenue to understanding that lasting relationships created by 'sticky' services are more lucrative. They also run the greatest potential risk – disintermediation by a technology giant, such as Apple or Google, which may relegate them to the role of hardware provider and lock them out of these new revenue streams.

Whatever strategy and tactics we adopt, 'Job One' is to change the way we currently think and act.

Become obsessively customer-focused

The group agreed that success depends on being less technology-led and more focused on customer needs and experience. As one forum member put it: "Ideas are ten a penny. The hard bit is the commitment to continuous discovery and building insight of user needs, coupled with the ability to rapidly prototype and test."

The sector must actively involve customers in the design process. Providing them with greater clarity about how data can add value to their mobility experience – through greater personalisation, predictive modelling, or allowing them to make better use of otherwise unproductive travel time – might increase their willingness to engage and share more fully.

Having a purpose around a shared, core belief might also help. Sustainability could be a powerful driver, making consumers feel like they're helping the sector accelerate environmentally beneficial changes. Many sectors use customer data in more effective and sophisticated ways than ours. We need to learn from them – and from companies that excel in this area, such as customer experience providers.

The mobility sector is a long way from open standards and platforms – the current state of play is best described as a fragmented set of players, services, and approaches – but this should be its direction of travel. Focus is crucial. The sector must work on small, clearly defined problems and prototype solutions in a limited geographical area, perhaps even in dedicated zones like Ford's MCity.

A mantra of 'think big, start small, scale fast' might deliver speedier, more tangible progress, and more valuable learning, than overly ambitious moonshot projects.

Whatever strategy and tactics we adopt, 'Job One' is to change the way we currently think and act.

The opportunity to grasp

Creating a customer-centric ecosystem to deliver mobility services offers enormous opportunity. It also represents a threat because if the mobility sector doesn't do it, someone from outside the industry almost certainly will.

The prerequisites for success are:

- A better understanding of customers' wants, needs and expectations.

- A shift from being technology-led to being customer focused.

- The adoption of a more collaborative mindset and ways of working together more effectively. The type of mobility services our experts discussed are multi-faceted and no one company can control all the various types of data, assets and expertise required to deliver them.

As a sector, we must develop services that engage our customers emotionally (the power of 'Wow!') and build enduring relationships throughout the customer lifecycle, and across touchpoints. These services must be easy to use and deliver some combination of convenience, reduced cost, increased safety and enhanced personal experience. Moreover, they must be delivered sustainably and address environmental change.

The most important conclusion is that technology is not the barrier but rather how well the sector can adopt new ideas. That's what will enhance or inhibit its ability to innovate and turn change from threat to opportunity.

Building a customer-centric ecosystem won't be easy. There are challenges in terms of data security and sensitivity, and regulatory constraints at both a local and national level. But we believe the critical success factor is the ability to think and act differently – and that's completely within each organisation's control.

Eighty years ago, Bletchley Park's code breakers showed us that human ingenuity can overcome apparently unsolvable problems. The mobility sector must apply the same kind of creativity and drive to the challenge of creating a customer-centric ecosystem.

If this report, or the idea of the event itself, has made you more inquisitive about your future opportunities and new business models, please contact:

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*Survey of 1,000 UK drivers, conducted in November 2022 by 3Gem.