DIGITAL LEADERSHIP

An interview with

Andy Palmer
Chief Planning Officer and Member of the Executive Committee of Nissan Motor Co., Ltd.

Nissan: Steering a Path to the Digital Customer
The Changing Digital Customer Relationship

Capgemini Consulting: How do you think digital technology is changing the traditional manufacturer-customer relationship in the automotive sector?

Andy Palmer: I think we are on the cusp of one of the most radical changes in the way that you buy cars in 125 years. Historically, it took customers around 7 trips amongst various dealers before they finalized a car purchase. In recent years, post the advent of digital technologies, that number is down to 1.5. That means, by the time the customer comes to the dealer, they are coming down to the selection of two competitors. They are either coming for a test drive or they are coming to make a transaction. They have already looked at reviews, peer group comparison sites, and consumer reports, all online. So, they come highly empowered. And in markets such as the US, they also know the typical transaction price, leaving little room for negotiation either.

Capgemini Consulting: How does such an evolving customer relationship impact the traditional role of a dealer?

Andy Palmer: Historically, visiting the dealership is not always the most enjoyable experience and therein lies where we, as an industry, have to change. The role of the dealer obviously becomes different when the traffic is basically coming down for deal closure. The dealer needs to very much be the brand ambassador in the digital age; the dealer needs to carry the brand. Remember that when your customers come to your dealer, you basically have one shot at impressing them and impressing upon them the meaning of the brand. If you mess it up then that’s basically going to be the lasting impression. You don’t get a second bite of the cherry. So, I would say that the dealer becomes more of a brand ambassador going forward. They also become much more important in terms of the ongoing relationship that you have with the customer. So, through CRM systems, you need to know who your customer is. You need to be able to communicate with them not only through flyers, but using digital channels.

Capgemini Consulting: You talked about your willingness to continue the relationship with the customer after the purchase of the car. Can you give us some examples on how you are doing that?

Andy Palmer: Let’s look at a couple of our products, the Leaf and the Infiniti Q50, which are both permanently connected to the Internet. With the Leaf, we are continuously monitoring the state of the battery and, if there is a problem, we can immediately contact the customer to highlight the concern. With the Infiniti Q50, we have two categories of applications. One is embedded apps and the other is downloadable apps. With one set of applications, you can download information and update them directly. So, bugs in software can be updated remotely, as opposed to recalling the car as you would have done in the past. In this case, we are using digital communication to ease the experience that the customer has after a purchase.
Looking forward, I would say that making the deal is less significant. However, attracting the customer into the dealership using digital channels is what gains in importance. The brand attribute and the behavior of the dealership become extraordinarily important. And then, in after-sales, there needs to be a more proactive relationship that is based on the data that we now have access to.

**Dealers need to turn into brand ambassadors in the digital age.**

Our customers today come highly empowered, armed with significant information.

**Driving Around with Data**

**Capgemini Consulting:** The growing number of sensors inside cars is giving rise to a lot of data. How do you intend to use this data going forward?

**Andy Palmer:** I think it was around ten years ago when the value of electronics in the car exceeded the value of the engine. That’s evermore true today. Electronics in the vehicle informatics, in particular, will become a greater proportion of the value of the car as we go forward. Every time a customer presses “OK” on their Leaf vehicle, the vehicle will basically transmit the journey that the vehicle has done, the state of the battery, and various other pieces of information. We discard all of the owner experiences and use the essential data. That gives us, for example, traffic patterns. So, we can go and look at a particular city. We can then deep dive and look at the usage of our vehicles there and see data over a period of time. This helps us understand typically what type of journey has been undertaken, what kind of charging patterns have been used, and when people are charging the car. We can use this information to work with city planners to identify where traffic jams are and where we can put additional charging stations to make the customer’s life easier.

**The biggest commercial opportunity we have around Big Data right now is in marketing.**

Within the company, we try to focus our data crunching efforts on where the biggest-business opportunities exist. In the first instance, we were using data to largely monitor the health of the car. I would say that the biggest commercial opportunity we have around Big Data right now is probably in marketing — how to market to our customers and how to improve retention through enhanced user experience.

**The challenge with Big Data is that we have too much data.**

**Capgemini Consulting:** How easy or challenging is it to encourage a data-driven culture in the organization?

**Andy Palmer:** Typically, Japanese companies are data-driven. Therefore, the idea of having more data resonates reasonably well within this company. However, the challenge is that there is too much data. Basically, we have to make difficult decisions on what analysis to do with the huge amount of data that we have in front of us. If we took everybody’s requests, we would be cutting the data a million different ways.

**Capgemini Consulting:** Where should an organization like Nissan draw the line when it comes to data privacy?

**Andy Palmer:** The trust that your customers have in you entirely drives the brand reputation of organizations. Privacy needs to be as defined by the customer, not the company. And it has to be protected at all costs. And this protection comes at two levels. One is to ensure we separate all customer data specifics from the data we collect so, we only have patterns to analyze. The other is to protect this data from cyber-attacks. We have to be, I think, more guarded particularly in terms of cyber theft at the levels of the server, the smartphone and the car.

**Privacy needs to be as defined by the customer, not the company.**
The Advent of the Digital Marketing Officer

Capgemini Consulting: Do you see the traditional boundaries of marketing being redefined?

Andy Palmer: In Nissan, I am responsible for product planning, product marketing, and sales. So, my own responsibilities reflect the changing scope of the modern-day marketing professional. There is a huge blurring of roles between what is the traditionally engineering-led product planning type of activity, and marketing. And more importantly, they need to talk to each other and not sit in separate buckets. Our organization brings marketing and sales four to five years upstream from where a typical marketing organization lies today. By doing so, we have a greater control over all of the attributes that typically make up an internal contract. For instance, for a new car, our marketing department has already made the mood video in a way that we are going to advertise the car; the PR department has already written the press release, and our assessment engineers have already analyzed what the road test and group reports will say about the car.

We’ve already started planning out the digital interfaces. The sales department is already thinking about how you sell that car, both online and offline. So, that blurring is most definitely happening. You very much have to work out of your functional chimneys.

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Capgemini Consulting: How do you manage to create internal governance structures in such a scenario?

Andy Palmer: Traditionally, automotive companies such as Nissan have program directors for each physical platform on which car models are built. These program directors typically manage the different models from start to finish. However, at Nissan we realized that beyond the platform approach there are new megatrends driven by digital technologies that we need to address across the company. The three megatrends we identified were connected cars, autonomous cars and zero emissions. Now, each of these megatrends, which are inherently interconnected, has its own program director.

Capgemini Consulting: What kind of an impact does this have on CMOs, and their traditional role?

Andy Palmer: I think it’s very important that the CMO is first and foremost mathematically driven. It’s not the only question of having great creative ideas or thinking of the next creative ad. Because the data is there, you are no longer mass marketing. In fact, what big data allows you to do is move from mass marketing to personal marketing. Today, the CMO can reach their target customer with pinpoint accuracy and could start talking to individuals, rather than clusters. So, I think it’s a prerequisite of CMOs looking to the future that they have to have a grasp of mathematics, statistics, data technology as well as digital technology. Otherwise, you just can’t keep up.

“CMOs need to have a grasp of mathematics, statistics, data technology as well as digital technology.”

The Future of Technology and Automotive

Capgemini Consulting: What are the biggest challenges that you foresee in greater adoption of digital technologies?

Andy Palmer: There are numerous examples of putting digital technology into cars that just make the lives of customers harder. I think the key is to strip out complexity from our customers’ lives. We already have extremely complicated lives. This is all the more true when we look at Gen Y and Gen Z consumers, particularly, the millennials. They’re looking forward to finding more time to experience social media and interact with their friends online. They’re looking for the machine to take the problem away from them rather than give them more problems.

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Andy Palmer
The Changing Digital Customer Relationship

Number of trips for a car purchase

- Earlier: 7
- Now: 1.5

6-12 MONTHS: 73% “more likely” to buy a specific model or brand if they find positive comments on social media

44% - willing to buy a car online

6/hyphen.cap12 MONTHS: before purchase intent marks the beginning of the customer journey

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– Andy Pallmer

Building an Organization for Crafting a Compelling Digital Customer Experience

Product planning needs to talk to marketing

Move away from mass marketing to personal marketing and lifetime engagement

Shift in spend towards experiential and sponsorship marketing

Mathematics, statistics, data and digital technology – key requisites of tomorrow’s CMO

Source: Capgemini Consulting, “Cars Online”, 2014
Capgemini Consulting: What is your vision of the future customer journey?

Andy Palmer: A lot of the focus is going to be on the pre-purchase experience. I think the marketing job has moved from advertise on a Tuesday and transact on a Saturday, to a much longer journey. A journey where the brand is much more important and where the customer, when they finally come to the dealer, is much more empowered. In such a scenario, what automotive companies need to do is to create a mental model of what the brand stands for in the mind of the potential customer.

So, we are seeing a lot more use of long-term marketing assets, be they online or offline. Nissan has transformed its spend on experiential and sponsorship type of marketing. For instance, sponsoring the Olympics — which is in 2016 — doesn’t necessarily bring customers to the dealer the next day. What it does do is it starts to show potential customers what Nissan stands for. We are talking about a lifetime engagement involving personalized marketing. And, I think that transforms the way the marketers have to think about doing business.

Visualizing the Car of the Future

Nissan has pledged to bring the autonomous car to market by 2020. Here, we talk to Andy Palmer about the exciting possibilities for the car of the future.

A part of my job is also to imagine the car of the future. Let’s do that. The car of the future will have no engine as it will run on battery power. If we no longer put the engine in the front of the car, what can we do with that space. If the electric motors are going within the wheels, effectively anything above platform height of, say, 12 inches is free for the designer to play with.

Once you start thinking without traditional constraints, it can lead to interesting outcomes. For instance, where do you seat the driver? You no longer have to seat the driver on the left or the right. You no longer need to put them in the front. They can be in the rear. They can be in the middle. We can think about the whole configuration of how you use the car. We have not yet reached the true driverless car but we are certainly very deeply into the path of autonomous. So, the driver no longer needs to have their eyes permanently fixed on the road. This means that we could imagine younger customers coming to buy cars and indeed older people driving cars so much later in their lives. “Eyes-off” cars mean that we can transform what people do in the car. And that’s where the connected elements start to work.

For example, we can imagine having head-up displays that basically observe things going on around you much more quickly than you can. Since the computer can work much more rapidly than the brain, it can override in dangerous situations. The passengers though can focus on their social media newsfeeds and other entertainment. The windscreen can become a display for video streaming. The possibilities are virtually unlimited.

About Nissan Motor Co. Ltd.

Nissan Motor Co., Ltd., Japan’s second-largest automotive company, is headquartered in Yokohama, Japan, and is part of the Renault-Nissan Alliance. Operating with more than 244,500 employees globally, Nissan sold almost 5.2 million vehicles and generated revenue of 10.5 trillion Yen (USD 105 billion) in fiscal 2013. Nissan delivers a comprehensive range of more than 60 models under the Nissan, Infiniti and Datsun brands. In 2010, Nissan introduced the Nissan LEAF, and continues to lead in zero-emission mobility. The LEAF, the first mass-market, pure-electric vehicle launched globally, is now the best-selling EV in history with almost 50% share of the zero-emission vehicle segment.
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Chief Planning Officer and Member of the Executive Committee of Nissan Motor Co., Ltd.

Nissan Motor Co., Ltd. is one of the leading global automotive manufacturers. The company is based in Yokohama, Japan and offers products and services in approx. 170 markets worldwide. In 2013, Nissan sold nearly 5.2 million vehicles, generating net revenue of $105 billion. Capgemini Consulting spoke with Andy Palmer — Chief Planning Officer and Member of the Executive Committee of Nissan — to understand Nissan’s view on the digital customer and how it affects traditional marketing. Andy also handles Global Marketing Communications for Nissan.