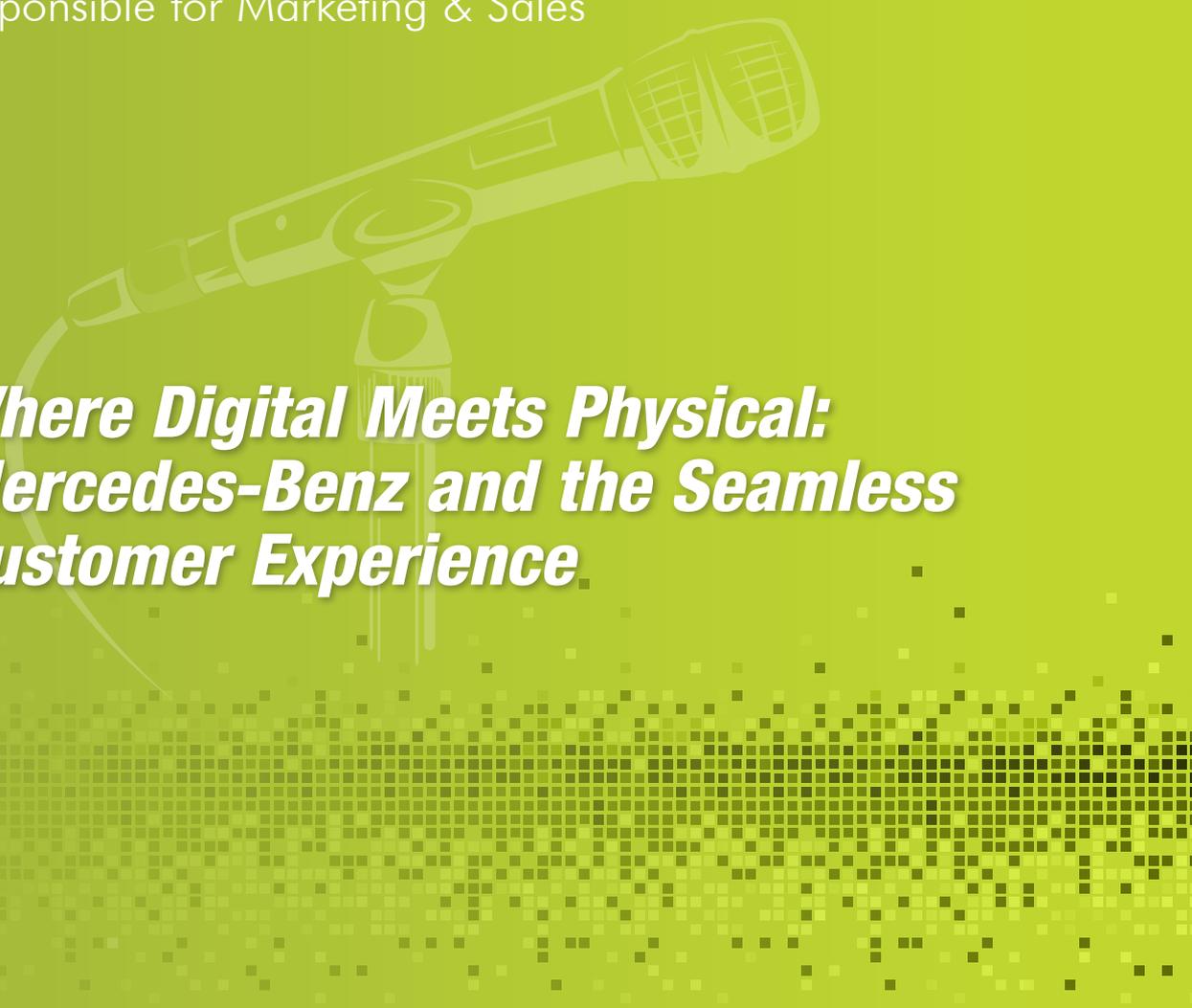


# DIGITAL LEADERSHIP

An interview with

**Ola Källenius**

Member of the Divisional Board Mercedes-Benz Cars,  
responsible for Marketing & Sales



***Where Digital Meets Physical:  
Mercedes-Benz and the Seamless  
Customer Experience***



## Ola Källenius

Member of the Divisional Board Mercedes-Benz Cars, responsible for Marketing & Sales

## Driving Customer Experience to New Levels

**Capgemini Consulting:** How do you see the role of customer experience in Mercedes-Benz Cars?

**Ola Källenius:** Customer experience is one of the three key pillars of our long-term growth strategy — along with brand and product. We launched the “Mercedes-Benz 2020 — Best Customer Experience” initiative in 2013 with the aim of providing our customers with a consistent premium brand experience across all touch points — physical as well as digital. With “Best Customer Experience”, we want to raise the relationship with the customer to a new level. Our goal is twofold — to create special moments for the customer at every step in the customer journey, and to connect the dots across all customer touch points. From our perspective, one thing is absolutely clear — the integration between the digital and the physical world has to be and will be a seamless one.

**Capgemini Consulting:** What are some of the key initiatives that you have taken to provide a seamless customer experience?

**Ola Källenius:** One key initiative that we launched is a new service brand called “Mercedes me” as part of our “Best Customer Experience” initiative (see insert for details). Through “Mercedes me”, we intend to comprehensively address our customers’ product purchasing, financing, and servicing needs both in the digital and physical worlds. All of the “Mercedes me” services are available via a unified digital platform. To ensure a seamless experience, we have also introduced a new city store format — the “Mercedes me” store — that offers an interactive brand and product experience in a relaxed atmosphere. Touch screens, configuration tools or a talk with our product experts help customers and persons interested to get to know our brand, products and services better. In essence, our objective in introducing all of these different formats is to ensure that our customers have access to us anytime, anywhere.

“  
*Our customer experience strategy centers around providing our customers with a consistent premium brand experience across all touch points, digital and physical.*  
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**Capgemini Consulting:** What do you think is the role of the dealer in the digital age?

**Ola Källenius:** The dealer relationship continues to be extremely important to us. In our business, digital can complement and enhance the physical experience, but not replace it. Customers value the human element involved in the purchase process. This is true for most luxury product categories. Customers want to be able to speak with a person about the product before they purchase it. Whether the customer ultimately buys it online, in one of our new city stores, or in the dealership itself doesn’t matter, because even the online sale at the very end is processed by our own retail dealerships or our distribution partners.

“  
*In our business, digital can complement and enhance the physical experience, but not replace it.*  
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It holds true in case of service as well. Customers need a physical place to service their cars. They don’t want to pick it up in some random place. They want to have a relationship with a person that they can speak to about the features of the car. For us, it is always physical and digital, rather than digital instead of physical.



**Capgemini Consulting:** How do you manage the expectations of a generation of customers that are digitally native?

**Ola Källenius:** Indeed, Gen-Y customers have a greater bias towards a digital experience. They are more likely to search for information online than visit a dealership. We have learnt that relationships with Gen-Y customers need to be nurtured for longer in the digital world. We focus on ensuring that we don't lose them after the online experience. We make sure that we offer them a variety of options online. For instance, they can have a chat with somebody to understand more about the car, book a test drive, or set up a meeting with the sales person. We are currently running pilots in Hamburg and Warsaw to sell our cars online. In most cases, the online experience acts as a catalyst for customers to visit dealerships.

“

*Customers value the human element involved in the purchase process.*

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## Customer Experience in a Connected Environment: The Rise of Connected Cars

**Capgemini Consulting:** How do you see the rise of connected cars impacting the customer experience?

**Ola Källenius:** Connected cars are an opportunity for us to create a seamless world of services for our customers. We see connectivity at two levels. One is the

## 'Mercedes me': Accelerating Mercedes-Benz Services

Mercedes-Benz Cars launched its “Mercedes me” brand of services in early 2014. “Mercedes me” is the umbrella brand for all of the company’s current and future services. It covers five service areas under the sub-brands “Move me”, “Connect me”, “Assist me”, “Finance me” and “Inspire me”. The services are offered via an online portal and include a range of solutions to help customers with their purchase, financing and service requirements.

“Move me” comprises intelligent mobility solutions such as the car2go car sharing service and the Park2gether peer-to-peer parking service.

“Connect me” offers remote monitoring, remote diagnostics, accident, maintenance, and breakdown management services.

“Assist me” enables online access to customer service functions such as automated appointment booking.

“Finance me” offers personalized financing, leasing and insurance solutions to customers.

“Inspire me” allows customers to contribute their own ideas and suggestions towards the development of new technologies and services.

*Source: Daimler, “Mercedes me” – a new benchmark for service, March 2014*

standard bought-in category where the customers bring in their smartphones and use all of the apps that they are already used to having inside the car. We are at the forefront of such services, and other car makers are also pushing towards that. “Mercedes me”, though, brings connectivity to a whole new level through the “Connect me” service. “Connect me” lets customers remotely view and control various vehicle parameters. For instance, customers can view fuel levels or tire pressure, turn on the preheat function, or even locate a car remotely. With the “Assist me” service, which is again a part of our “Mercedes me” portfolio, the car can automatically detect and prompt the owner when it is due for a service. So, connectivity certainly opens up new opportunities for us to provide more value to our customers.

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*We look at connected cars as an opportunity to create a seamless world of services for our customers.*

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**Capgemini Consulting:**

Beyond enhancing customer experience, how do you think connected cars can help large automobile companies such as Mercedes-Benz?

**Ola Källenius:** One of the big opportunities created through connected cars is using data generated by the car itself. Our mobility services generate a lot of data on vehicle location, customer profiles, and other parameters. We have used Big Data analytics to improve our mobility services. Take car2go for instance — our car rental service — that lets users locate and pick up cars on hire through a smartphone app. We need to ensure that our vehicles run as many trips as possible through the day. As such, we analyze real-time vehicle location data to optimize vehicle availability. There is a wealth of such opportunities opening up as we gather more data. Tech companies such as Amazon and Google have focused their entire business model around the use of data. I think we are at the beginning of using data from connected cars in the auto industry. At the same time, data protection and information security are of central importance to Daimler, and this also applies to the increasing networking of vehicles. For us it is a matter of course that the customer always has full transparency and self-determination over the data — either by contract, consent or the touch of a button.

*“I think we are at the beginning of using data from connected cars in the auto industry.”*



## Creating an Organization Geared to Delivering Seamless Experiences



*“We created a customer experience function with a project and organizational leadership model that is based entirely around the customer journey.”*



**Capgemini Consulting:** How did you adapt your organization to deliver a superior and seamless customer experience?

**Ola Källenius:** We created a customer experience function with a project and organizational leadership model that is based entirely around the customer journey. So, we took departments dealing with different aspects of the customer journey, which were spread across the company, and brought them under a single leadership. The customer experience function is tasked with creating the blueprint for a consistent global Mercedes-Benz brand experience. For instance, the customer experience function set the standards, developed the digital platform, and defined processes for the launch of the “Mercedes me” service brand. While there may be some market-specific differences in service rollout, the customer experience function ensures that the overall experience is the same across geographies.

**Capgemini Consulting:** How do you ensure that local units are aligned with the global vision for customer experience?

**Ola Källenius:** In order to develop a stronger customer focus, the Daimler Group launched an organizational restructuring initiative last year under the banner of “Customer Dedication”. The objective of the initiative was to build a leaner and more flexible organization, so that each division within the Group could focus its activities more sharply around customer needs. Under the initiative, the responsibility for the main sales functions was anchored directly in each of the Group’s five divisions, of which Mercedes-Benz Cars is one. Within Mercedes-Benz Cars, we then developed a regionally-focused marketing and sales organization. We address six major regions and each of these is represented directly in my management team. In each of the management team meetings in sales and marketing, we ensure that we have regional as well as central Group level functions for sales, marketing, services and other areas represented. During these meetings, we discuss and arrive at an agreement on various strategic issues. This ensures that while the execution is handled by the regional units, we are aligned with the overall Group vision on customer experience.



*“We believe that it is critical to look beyond our own industry as we seek to create the most compelling experiences for our customers.”*



# Where Digital Meets Physical

## Mercedes-Benz Cars - key figures

  
**€64 Bn**  
Revenues from  
passenger cars



**96,000+**  
Employees in  
passenger  
cars division

  
**1.5 Mn**  
Number of cars sold

## Innovating on the Digital Customer Experience

**Connect me**  
remote monitoring,  
diagnostics



**Inspire me**  
idea generation  
platform



**Move me**  
intelligent  
mobility solutions



**Assist me**  
automated  
appointment  
booking



**“Mercedes me”**  
Unified digital platform



**Finance me**  
personalized  
financing



## And a leader already in some areas



Car sharing **pay-as-you-go service** with smartphone app as front-end

**700,000**  
customers



**1 Mn**  
rentals every  
month



**25** locations  
in **seven**  
European countries  
and North America



**10,000**  
cars on road



**Capgemini Consulting:** How are you developing the talent required to deliver integrated customer experiences?

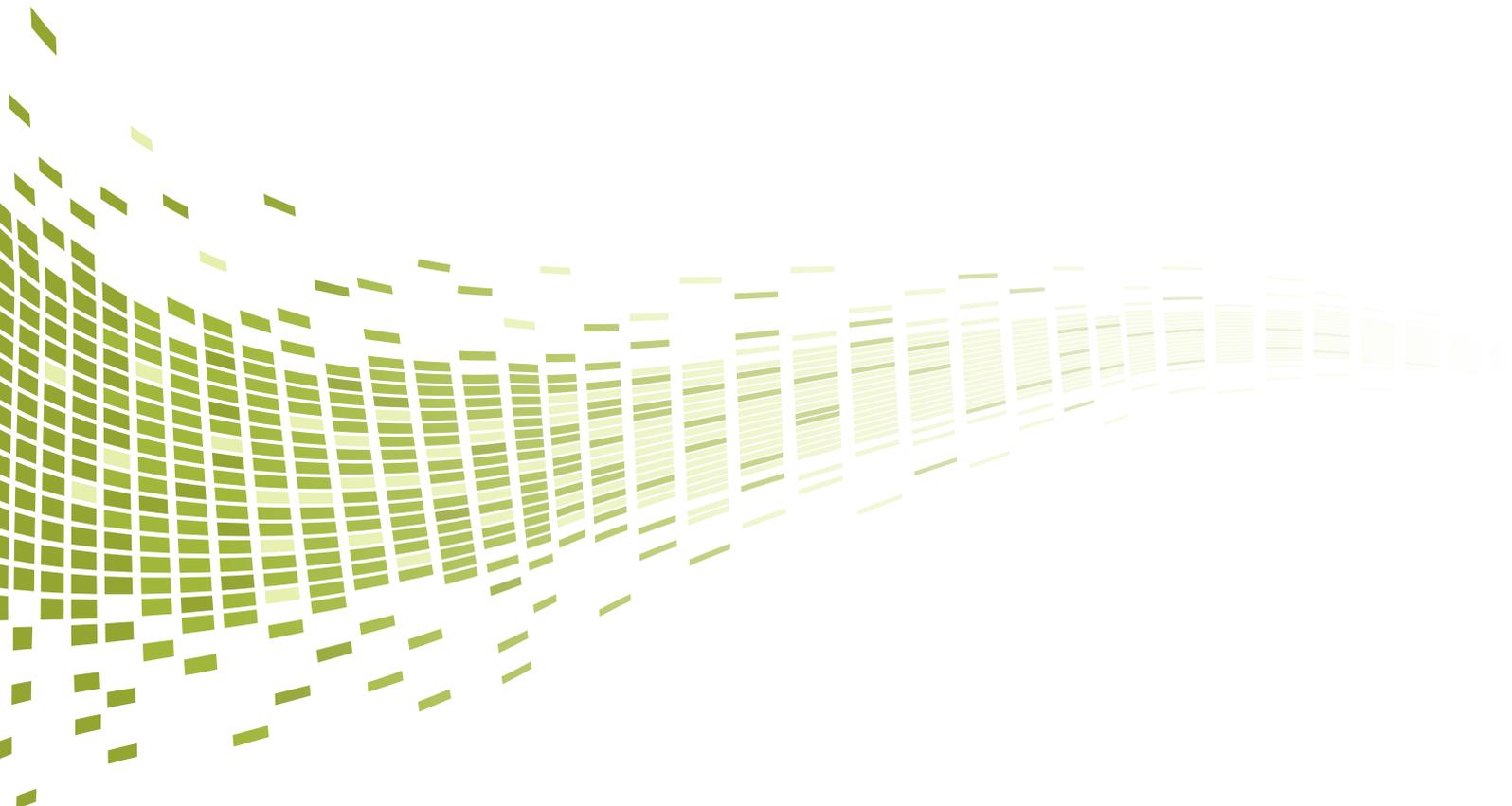
**Ola Källenius:** I often say that the ability to meet the challenges of a digital world is not a function of biological age, but a function of mindset. Consequently, we have built a diverse talent pool with people from different backgrounds who have embraced digital very quickly. We have focused skill-set development around ramping up our services expertise, and also on making our in-car experience intuitive and easy-to-use. In

addition to growing our own talent pool, we also leverage external agencies. We try to use the best that the market has to offer.

**Capgemini Consulting:** Finally, are there companies that you look up to for inspiration as you seek to enhance customer experience?

In the last few years, we have started to look outside of the automotive industry for inspiration. We look at high-end hotels, fashion retailers and restaurants. For instance, we benchmarked ourselves

against the Mandarin Oriental Hotel. We looked at their concierge service and I remember a quote from one of their head concierges, which reflects the hotel's attitude towards customer experience. He said, "Our motto is simple. The answer is yes, but what's the question?" We also benchmarked ourselves against a three-star Michelin restaurant in the US. So, we believe that it is critical to look beyond the automotive industry as we seek to create the most compelling experiences for our customers.





## Ola Källenius

Member of the Divisional Board Mercedes-Benz Cars,  
responsible for Marketing & Sales

Mercedes-Benz Cars is the passenger cars' division of Daimler AG and manufactures products ranging from the premium automobiles of the Mercedes-Benz brand to the small cars of the smart brand. In 2013, Mercedes-Benz and "smart" sold more than 1.5 million vehicles and recorded revenues of more than €64 billion. Mercedes-Benz is ranked at number 16 on Forbes' list of the most valuable brands in the world. Capgemini Consulting spoke with Ola Källenius, Member of the Divisional Board Mercedes-Benz Cars, responsible for Marketing & Sales, to understand the company's approach to customer experience in the wake of digital disruptions.

## Capgemini Consulting

**Capgemini Consulting** is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, our global team of over 3,600 talented individuals work with leading companies and governments to master Digital Transformation, drawing on our understanding of the digital economy and our leadership in business transformation and organizational change.

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