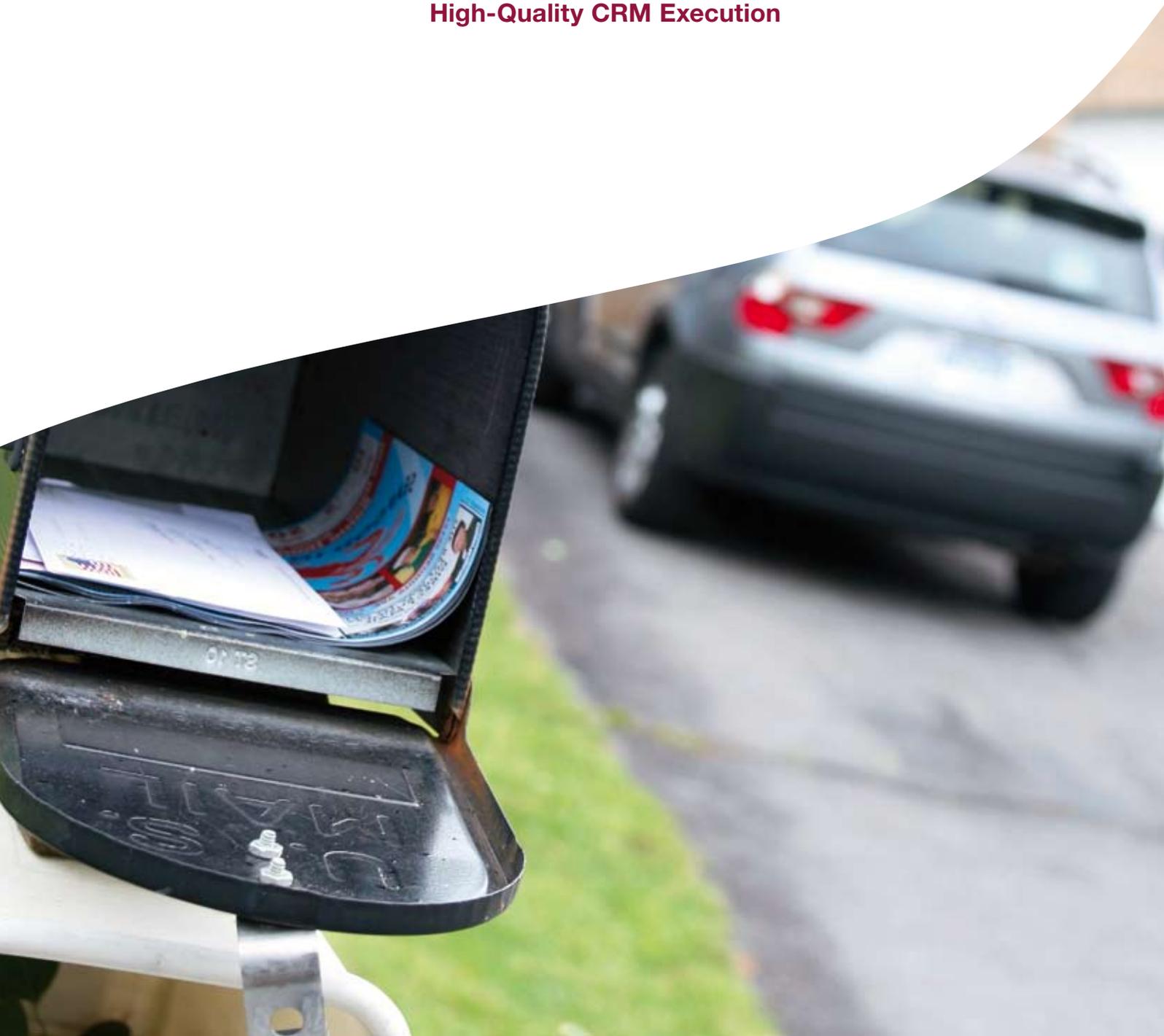


Automotive CRM Shared-Service Centres: Enabling Customer Dialogue

**A Smart Approach to Fast, Efficient and
High-Quality CRM Execution**



Under the guiding principle of profitable growth, the automotive industry has long identified Customer Relationship Management (CRM) as an indispensable practice. Original Equipment Manufacturers (OEMs) have discovered the CRM potential and have designed strategies to seize the expected benefits of customer loyalty.

On the long road between the OEM and the customer, however, the CRM vision fades and the maxim to grow profitably with the help of CRM is prone to fail on both dimensions. Often customers are approached with long overdue service reminders, three issues of the same customer magazine or financing offers just after having signed the leasing contract. While customer satisfaction and loyalty rates suffer, related CRM expenditure is getting out of hand.

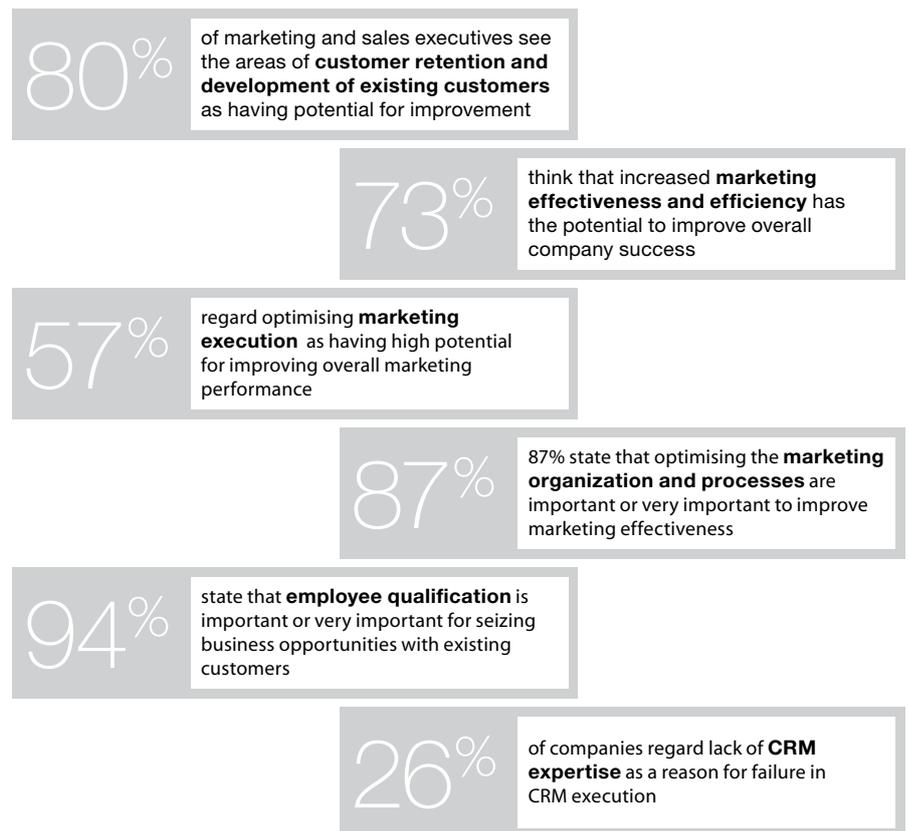
Clearly the task of sending the right message to the right customer at the right time remains a challenging one. One that requires clear structure, profound expertise and endless agility. It is essential to look for innovative and cost-effective solutions, especially with an international scope of operations and a constant attention to the CRM budget.

Challenges for Efficient and Effective CRM Execution

During our extensive work with clients in the automotive industry as well as our CRM research, we have identified and helped companies overcome a number of key challenges in the area of CRM execution.

Cost pressure: Increasingly the automotive industry is experiencing significant pressure for cost-effective solutions for smart consumer communication at the OEM, wholesale and retail levels.

Identified CRM Challenges



Sources: Capgemini Marketing and Sales Executive Survey; CRM Barometer

Although the efficiency in terms of customer impact is disputed, large investments into above-the-line brand communication are made to the disadvantage of CRM budgets and related activities. With a tight control on CRM costs many small National Sales Companies (NSCs) and dealers are not able to support large investments in CRM communications.

In addition, many CRM initiatives are scattered and unco-ordinated among different countries and dealer groups. As a result, potential cost synergies remain unexploited.

Limited resources: The successful execution of the CRM strategy requires significant effort, investment and expertise on all organisational levels. For creative concept development, customer database management, CRM logistics and other related activities, technical and qualified human resources need to be made available.

However, at the dealer level and within the NSCs there is not always the critical mass and expertise to accomplish these CRM strategies in a professional way. Often CRM-related tasks are assigned to existing sales

or marketing resources with limited CRM expertise and other conflicting responsibilities. CRM becomes a side task and doesn't receive the necessary attention and priority.

Data quality: Comprehensive customer data availability and quality is the prerequisite for any successful CRM execution. The consolidation of customer data throughout the customer lifecycle, however, is a major challenge as relevant data is often scattered among different systems on different organisational levels. This prevents targeted customer communication and effective customisation of offers.

In addition, OEMs often encounter poor quality of available data. Incorrect data input and the lack of systematic data maintenance within the database are not uncommon. Due to incomplete, invalid, duplicate or outdated customer data the executed CRM activities often result in a major waste of resources.

Dealer alignment: When it comes to customer interaction the alignment with dealers can be challenging. Customers are often confronted with the same piece of information more than once, possibly through different channels. Or customers receive different and partly contradictory messages in terms of the product offering and brand appearance. Unaligned customer interaction is harmful, particularly because customers perceive the OEM and the dealer as one company. The outcome is often confused or frustrated customers, determined to switch both the brand and the dealer at their next purchase.

Multi-brand dealers: The increasing number of multi-brand dealers brings greater professionalism into retailer processes. Dealers' progressiveness with regard to dealer-own CRM, however, can be a risk to the customer relationship and loyalty to the OEM brand. Large dealer groups

have discovered the power of the retail brand and attempt to build up and strengthen their brands through their own visual identity, Internet presence, direct mailings and CRM activities, using the retail brand as an umbrella. The OEM brand is then not only outshone by the retail brand, but its appearance is diluted alongside the manifold brand portfolio of multi-brand dealers.

Centrally developed and managed CRM initiatives therefore become increasingly important to counterbalance the retail brand building and strengthen the relationship and loyalty to the OEM brand.

CRM Shared-Service Centres Address the Challenges

To cope with these challenges OEMs not only need to invent ingenious CRM strategies. Increasingly the implementation and operational execution itself requires special attention and involvement on the part of the OEMs.

By bundling and transforming processes, technology and human resources into a CRM Shared-Service Centre, the OEM can take the lead in the implementation and execution of the CRM strategy and become a major enabler of a successful CRM programme.

So, for example, customers receive a regular personalised service reminder triggered within the CRM

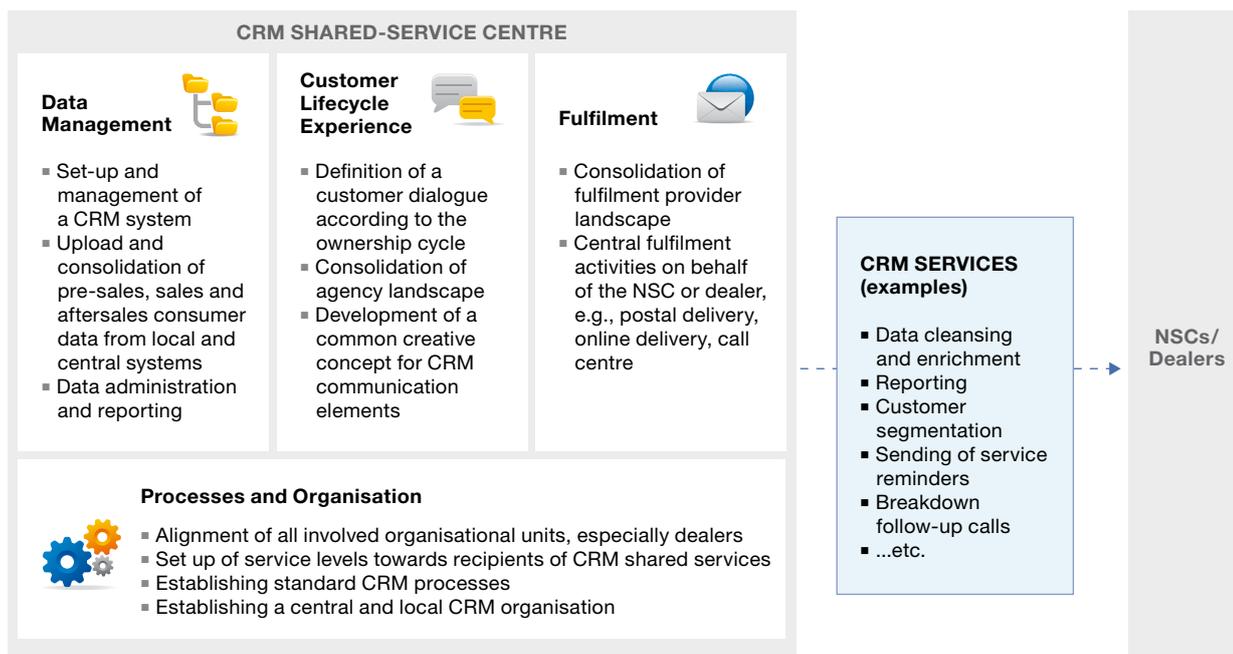
Shared-Service Centre without the NSC or the dealer having to plan, design, print or send out a single letter. To accomplish this, CRM shared services consists of three main building blocks – data management, customer lifecycle experience and fulfilment – and demands organisational and process-related alignment on all levels.

Data management: As accurate customer data forms the foundation of any customer interaction, highly skilled customer data management has become an indispensable part of CRM. A solid customer database is essential to gain a full picture of current and potential customers and to monitor customer interaction accordingly through segmentation and targeting.

For this purpose CRM shared services enables the consolidation of pre-sales, sales and aftersales customer information in one central database, integrating the complete set of dealer, partner and customer-facing systems. In addition, comprehensive data-cleansing routines can be run according to country-specific requirements to enhance data quality. Further services to the NSCs and dealers are the automated or on-demand reporting and provision of customer data for direct customer communication.

Customer lifecycle experience: To ensure a consistent appearance and communication throughout the customer lifecycle, the CRM strategy must be transformed into a tangible and feasible CRM programme.

The Building Blocks of Successful CRM Execution



A CRM Shared-Service Centre not only determines the relevant customer touchpoints, the timing of CRM communication and respective KPIs. In cooperation with a limited number of selected agencies, standard communication elements such as welcome packages, newsletters or service reminders are developed in terms of creative concept and desired customer message. Translation and production of communication elements are further potential service offerings.

In addition to this CRM standardisation for the purpose of synergies and consistent brand imaging, it is also important to maintain the necessary flexibility for local or dealer-specific amendments. Alignment at market level is critical in order to ensure market-specific requirements and enclosure of local offers.

Fulfilment: The third major building block for successful CRM execution is the smart design of CRM fulfilment. CRM fulfilment must be set up in a way that allows reliable, fast and cost-effective delivery of customer interaction, be it online or offline, inbound or outbound communication.

Within CRM shared services the existing fulfilment partner landscape is consolidated to one or only a few partners, operating nationally and internationally and monitored by a standard service level agreement. Activities such as material warehousing, personalised printing, packaging, postage, e-mailing, inbound and outbound calls as well as response capturing can thus be co-ordinated and conducted centrally for and on behalf of the NSCs and dealers.

Organisation and process alignment:

Centralised CRM execution requires aligned processes along the different levels of the organisation. The OEM, NSCs and retail organisations need to establish a consistent routine for processes and communication. Synergies will be harvested through a standard organisational set-up and standardised processes, supported through a strong central governance model. Hence best-practice sharing as well as capacity management is enabled along all processes and across organisational layers.

One main organisational layer is represented by the dealers. They are in the forefront when it comes to personal customer interaction. It is therefore crucial to integrate this

important customer touchpoint into the overall customer relationship management. Not only is the dealer the gatekeeper of essential customer data, the dealer carries significant weight when it comes to reinforcing the OEM's message to the customer, be it through a well-scheduled follow-up call or the accurate alignment of dealer promotion material.

OEMs are well advised to ensure the dealers' understanding of and buy-in for the CRM programme as dealer co-operation represents a critical element in the execution of CRM strategies. Dealers should be supported in this task using integrated applications. The organisational layout of powerful CRM organisations is defined and executed down to the dealer level.

Case Study: European CRM Shared-Service Centre

As an example of our work in the area of CRM shared services, Capgemini has supported the design and set-up of a European CRM Shared-Service Centre for an OEM, which had faced limited local CRM resources and increased CRM cost pressure.

Following a careful analysis of the existing CRM landscape and the design of a suitable organisational structure, Capgemini successfully rolled out the CRM shared services in several European markets. This included the implementation of a central CRM system, the definition of CRM processes and the selection of a central fulfilment provider, among other tasks.

The client's CRM organisation, processes and systems have thus been transformed to deliver high-quality CRM services to the national sales companies monitored by a central service level agreement. With the CRM Shared-Service Centre, a cost-efficient CRM solution has been accomplished leveraging synergies and CRM expertise across markets.

Benefits of CRM Shared Services

Our work supporting clients in implementing CRM Shared-Service Centres has identified a number of key benefits, including better targeted communication, increased professionalism and speed of implementation, and cost effectiveness.

Targeted communication: The 360-degree view of current and potential customers through one central customer database enables OEMs to target their communication in a more effective and precise way. Customers can be segmented more easily into different groups that are addressed according to their specific preferences. Moreover, customer communication takes place in an event-driven way corresponding to each customer's specific lifecycle. Appreciating an individual approach and customised offerings, customers' satisfaction increases, thereby improving brand loyalty and the likelihood of repurchase. As an example, 68% of customers said they are more likely to purchase their next vehicle from the same dealer or manufacturer when receiving a personalised repurchase offer via e-mail.¹

Professionalism and speed of implementation: The OEM's involvement and management beyond pure CRM strategy increases the level of professionalism in CRM execution. By setting up a CRM organisation and infrastructure, standardising

CRM processes and enabling best-practice sharing, the OEM ensures personalised and customised customer interaction regardless of the size or maturity of the NSCs or dealerships. Whether the vehicle has been purchased in a flagship store or from a small family dealership, each customer will experience the brand in the same way throughout the customer lifecycle.

Central execution and monitoring of processes and partner relationships (creative content and fulfilment) speeds up implementation of professional CRM even for organisations that usually could not easily set up capabilities and reduce costs.

Cost effectiveness: The central set-up of a CRM organisation, processes and infrastructure brings about significant synergy and therefore savings potential. Efficient capacity management for CRM shared-service organisations enables cost savings and productivity increases, while at the same time providing potential cost and quality improvements.

The consolidation of CRM fulfilment to a small number of partners promises cost savings as it allows for a significant volume discount on the offered services like printing, dispatching or postage. Taking the high fixed costs connected to the development of creative material and appointing one central agency leads to considerable savings.

One central CRM IT solution can replace numerous local databases and interim IT solutions with their respective support structures. It also enables a higher level of automation, thereby reducing time-consuming manual data administration and interchange.

Consolidating CRM execution within a CRM Shared-Service Centre will reduce CRM costs per customer and considerably unburden dealers with regard to their CRM effort.

Benefits of CRM Shared Services



Sending the **right message** to the **right customer** at the **right time** through the **right channel**



Same customer experience regardless of whether vehicle has been purchased in a **flagship store** or a small **family dealership**



Lean and thus **cost-effective** CRM execution

¹ Capgemini's "Cars Online 07/08: Responding to Changing Consumer Trends and Buying Behaviour."

How Capgemini Can Help

Capgemini is an acknowledged and trusted partner to the global automotive industry with strong experience in the marketing and sales area. Through our broad and proven experience in automotive strategy, processes, organisation and infrastructure we are well positioned to help deliver an effective set-up and execution of CRM shared services to support manufacturers, importers or dealer groups.

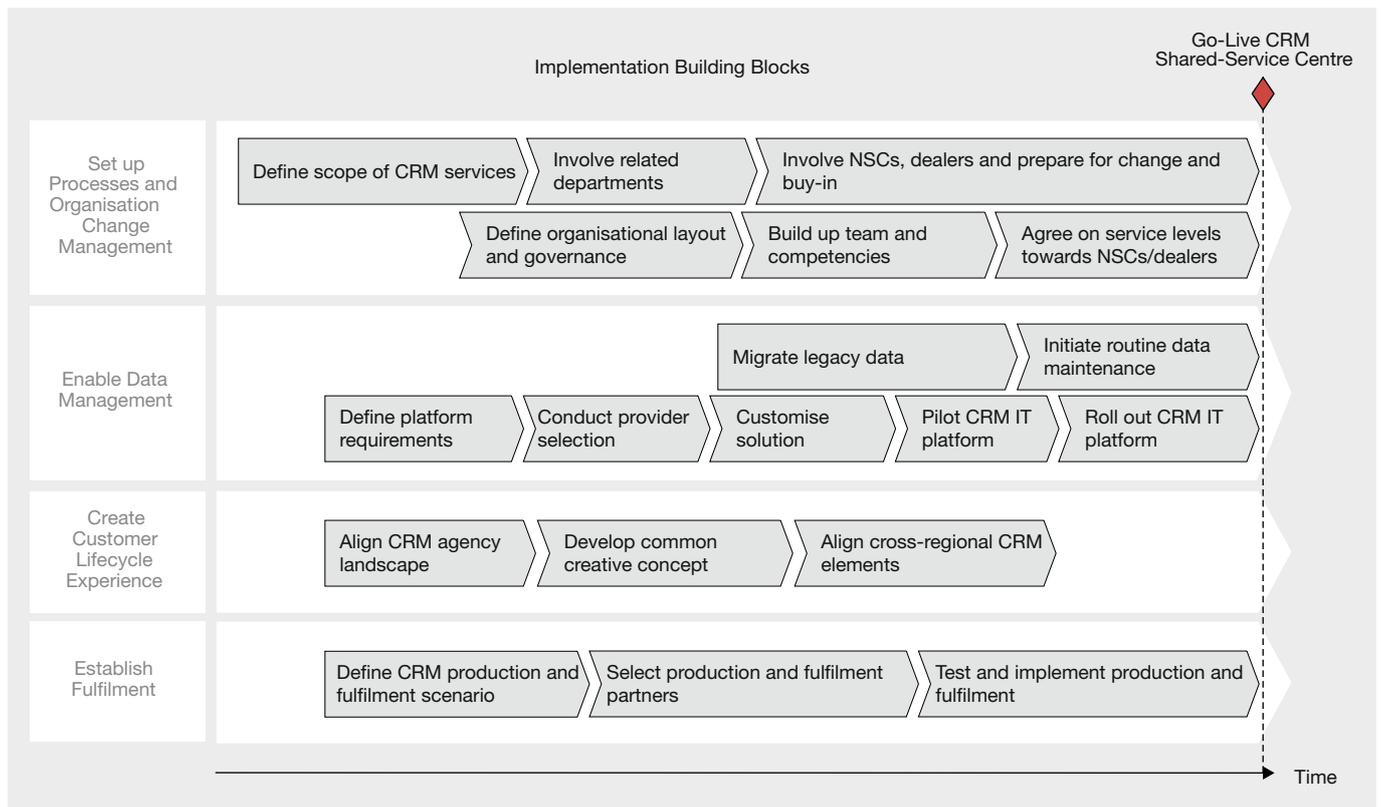
Capgemini has developed a tested and proven approach and methodology to implement CRM Shared-Service Centres (see accompanying illustration). This

approach and methodology can be customised according to customer specifics and enables companies to achieve quick and reliable results.

Our extensive automotive practice delivers tools and methods to assess CRM strategies as well as process, organisation and IT set-ups. Our proven approach to business transformation provides all relevant parties with the techniques for successful implementation and helps create lasting success. Capgemini's ability to run these CRM Shared-Service Centres as an outsourcing option can add significant cost and quality benefits.

As one of the world's leading providers of consulting, technology and outsourcing services, Capgemini has over 30 years of hands-on industry and service experience. Capgemini is a leading systems integrator across the entire automotive value chain, generating value for companies through automotive-specific service offerings and global delivery capabilities. Our automotive practice serves 14 of the world's 15 largest vehicle manufacturers and 14 of the 15 largest automotive suppliers.

Capgemini's Approach to CRM Shared-Service Centres





About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, called the Collaborative Business Experience.

The Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and collaboration-focused methods and tools. Through commitment to mutual success

and the achievement of tangible value, we help businesses implement growth strategies, leverage technology, and thrive through the power of collaboration.

Present in 36 countries, Capgemini employs over 80,000 people worldwide and reported 2007 global revenues of 8.7 billion euros.

More information about our services, offices and research is available at www.capgemini.com.

About Capgemini Consulting

Capgemini Consulting is the Strategy and Management Consulting division of the Capgemini Group, employing 5,000 consultants in 36 countries. We advise and support you in transforming your organisation, from strategy through to execution. We can help you manage complex challenges by providing innovative solutions and ideas, supported by our investments in deep sector and functional expertise. We deliver successful outcomes through working hand in hand with you to find the best solution. We call this way of working together the Collaborative Business Experience®, our trademark. It brings greater flexibility, reactivity and creativity, qualities that increase your freedom of action.

For more information about how we can help your organisation implement a CRM Shared-Service Centre, please contact:

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