

Understanding customers' mobility requirements in a digital world



People matter, results count.

Consumers' evolving expectations are a major driver of disruptive change in the automotive industry. In emerging markets, and increasingly in mature ones as well, many consumers – especially younger ones – no longer aspire to own a car. Urbanization, congestion and pollution encourage people to prefer mobility services such as carsharing, ridesharing or multimodal transport packages.

OEMs need to position themselves to meet these expectations. To date, lack of knowledge of exactly what customers want has been a barrier, but recently Capgemini has embarked on a research project to supply that knowledge. Based on the results, we recommend several actions the industry should be taking now regarding mobility services and solutions. Essentially, OEMs need to focus on the “big picture”, finding ways to integrate access to different means of transport, using a range of channels, to create additional value for consumers.



A move towards mobility solutions is inevitable

Three trends – digitalization, connectivity and customer centricity – suggest that the industry should be thinking in terms of providing mobility solutions rather than selling vehicles.

In fact many OEMs in certain countries, notably Germany, are already starting to do this. Third parties are also getting interested: Germany's providers of mobility services include tamyca, stadtmobil CarSharing, Citroen Multicity Carsharing, car2go (Daimler), DriveNow (BMW and Sixt), Quicar (Volkswagen), and Flinkster.

OEMs need to build business solutions that capitalize on these trends and meet customer expectations. Some of these solutions can be provided by OEMs themselves, while others will require collaboration with partners – for example, providers of other forms of transport such as railways and taxis.

When creating the enabling IT solutions, OEMs need to address certain challenges around architecture and project management. In terms of architecture, it's necessary to develop a platform that supports multiple channels and international availability, for example. In terms of project management, rapid innovation and delivery are vital, so OEMs need to adopt agile approaches in place of the traditional waterfall methodologies. For both architecture and project management, OEMs need the flexibility to switch rapidly between services and between providers, along with maximum cost efficiency.

Strategy needs to be based on an understanding of the customer

Before embarking on the large-scale provision of mobility solutions, the auto industry as a whole needs a better understanding of the mobility requirements of the **connected customer**, so that it can successfully put that customer at the center of what it does. Until now, however, there has been a lack of hard information about what customers really want.

To help clients overcome the barrier of lack of knowledge, we decided to conduct some research into customer behavior by asking what they themselves wanted.

We started by interviewing mobility experts to discover the range of possible use cases. We then commissioned an online survey from a professional research team who gathered data from 1,100 respondents in Germany. (We hope to extend our enquiries to other countries in future.)

We have been combining the results that we have obtained so far with other Capgemini research to create preliminary recommendations for the industry as to how companies should best approach mobility services.

Six research-based recommendations for OEMs

The recommendations that emerged from our research fall into six main groups.

1. Segment customers appropriately and develop targeted offers for each segment

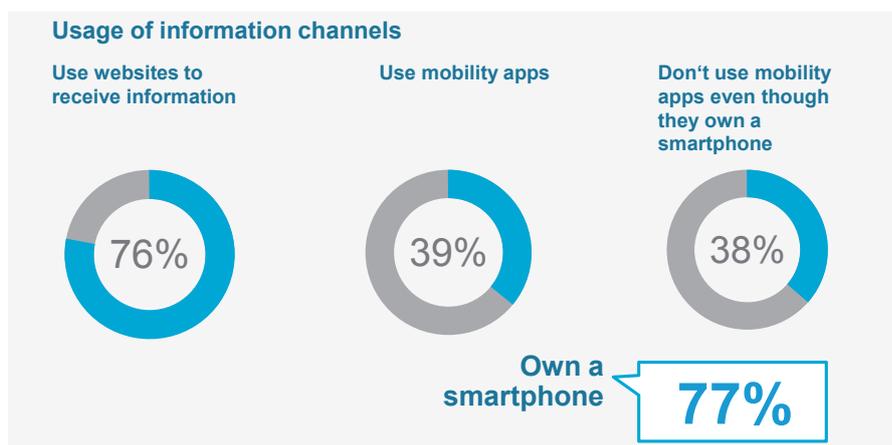
In investigating this area we decided to focus on carsharing. Following Experian Mosaic's segmentation principles, we identified three distinct groups who use carsharing more than average (at least 20% of the people in each of these groups use it):

- Suburban achievers: Successful middle-aged or older couples living in their own comfortable homes in the green belt of big cities.
- Successful urbanites: Young couples, singles and students starting their promising professional careers in the trendy districts of big cities.
- Challenged small-town renters: A mix of younger and older people living at or below the poverty level, rising to the challenge of daily life.¹

Carsharing providers can gain competitive advantage by developing specific offers based on the needs of groups like these. They could for example develop a range of services matching different customer needs (e.g. premium versus low budget). They also could identify and fill gaps in their offers – for example, the carsharing offers of German OEMs are often not available in the green belt where the first group, suburban achievers, lives.

2. Use multiple channels to get in touch with mobility customers

People do not always make the choices we would expect. We found that 76% of respondents still use websites to get information, and only 39% use mobility apps, despite the fact that 77% own smartphones. That leaves 38% of respondents who don't use apps even though they own a smartphone.



¹ Experian, Mosaic Germany, Group and Type Descriptions (English), 2009

Therefore, putting functionality into the latest channels, such as mobile apps, may not be enough. Websites are important too, and there must be consistency of interaction across multiple channels.

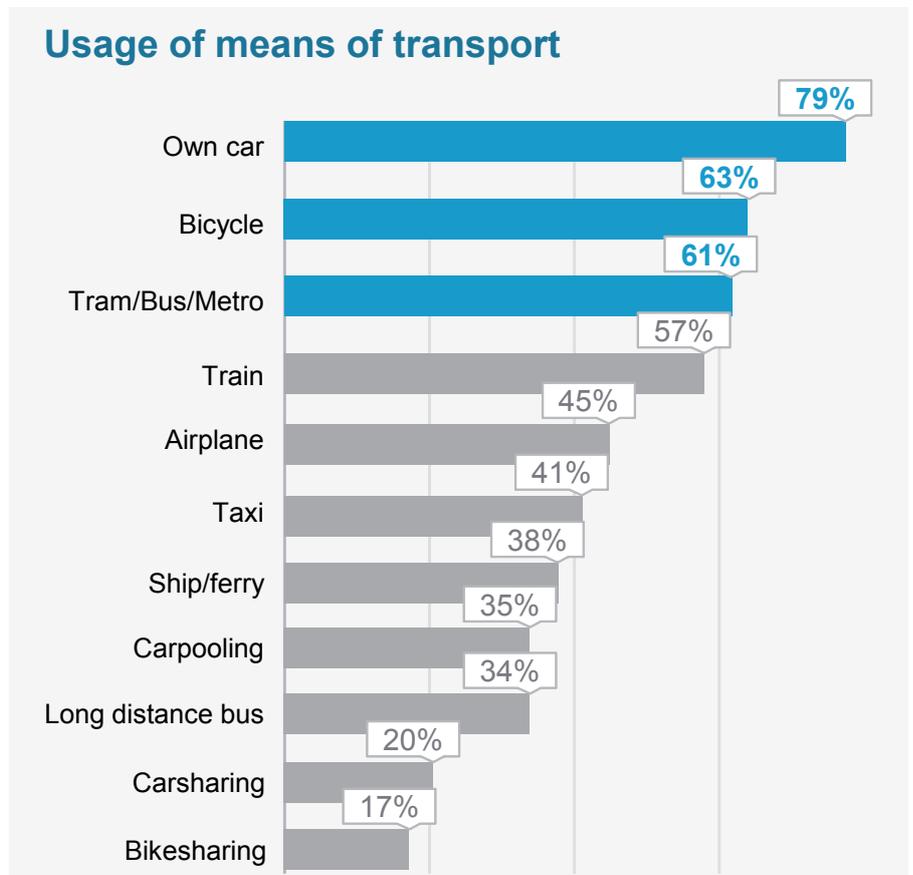
3. Integrate multiple means of transport to add value for mobility customers

In conducting research for our survey, we described to respondents a mobility platform that would integrate multiple means of transport, including own car, bike sharing, and public transport.

We asked respondents if they would use it if it were available next week. Around 73% said they would. Assuming such an app were available, 64% of respondents said they would want it to integrate multiple means of transport (rather than having to use a separate app for each). Around 85% wanted the app to enable them to plan a whole route from A to B without interruption, taking in multiple means of transport.

We also asked customers about their preferred means of transport. While 79% chose their own car, bicycle and train/bus/metro were also very popular (chosen by 63% and 61%). This implies that consumers want to use multiple means of transport alongside, or in some cases instead of, car ownership.

In view of these findings, we recommend that mobility service providers should try to extend their service into a multimodal mobility service.



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4. Make carsharing part of a comprehensive service with complementary offers

In our study, 20% of respondents were current carsharing users. About 51% of these current carsharing users, and 41% of non-users, said they would be more likely to use the service if they could pre-book a parking space at their destination before setting out.

We see this as part of a more general trend to want a complete, very high quality, and reliable service, not just the chance to drive a car. This in turn is part of the transformation of the industry from a value chain to a value network where the OEM participates rather than controls.

We recommend that OEMs work with other players to provide a holistic solution for integrated transportation, including complementary offers such as parking spot reservation.

5. Lower the entry barriers to increase acceptance of carsharing

At the moment becoming a customer of a carsharing service is tedious, typically involving getting a sticker or RFID chip put on the customer's driving license to show that the validity of the license and other customer details have been checked. Worse, the process has to be repeated for each company the customer wants to use and often involves visiting a different office each time. This constitutes a significant barrier to acceptance.

Customers want to register once for all carsharing services, and for the process to be simplified. They want usage to be simple (for example, to be able to open the vehicle by smartphone rather than an RFID chip). And, like car ownership, they want carsharing to be an integrated means of transport, comparable with taking the bus. A standard method of ensuring that individuals have a valid driving license is needed: This could perhaps be done via an API to a shared service, but it requires business alignment as well as technical integration.

Despite some technical challenges, we recommend that OEMs consider integration with other carsharing providers (as well as other transport types) to reduce entry barriers. This is likely to involve a single standardized and simplified registration process. OEMs should also look at ways to integrate carsharing with other means of transport to make it part of everyday life.

6. Look for cross-selling and other opportunities opened up by carsharing

Carsharing can make people receptive to offers and ideas that they might not have considered before. Just 17% of our respondents said they preferred an electric vehicle when carsharing, but of those, 52% said they'd prefer to buy a car with an electric engine – a striking result given that fewer than 1% of German car purchases are currently of electric or hybrid vehicles ².

This indicates that carsharing could be used as a pre-sales channel for familiarizing people with new products so as to gain traction. Once people have had a positive experience of a new technology like the electric vehicle, they may go on to buy a product of the same type and brand.

² http://www.theicct.org/sites/default/files/publications/EU_pocketbook_2014.pdf

OEMs need to collaborate with partners to build a total solution

The main theme emerging from our research is that consumers no longer see cars as a separate area – they want them to be an integral part of their lives. The challenge this sets for OEMs is to create a service that is complete, as well as highly reliable. Solving this problem is likely to entail collaboration and alliances with others in the supply network.

We carried out the research described above in Germany, where OEMs are already fairly advanced with mobility solutions. However, the indications from our other research are that the appetite for these solutions is global. In our research for Cars Online 2014, “Forty-seven percent [of respondents] said they would be interested in a mobility package... enthusiasm is higher in growth markets, with more than half of consumers in South Korea (53%), Brazil (57%), Indonesia (61%), India (67%), and China (68%) saying they would consider this alternative.”³

Clearly, OEMs that focus on producing the complete, end-to-end solutions that customers want will gain competitive advantage.



³ Capgemini, Cars Online 2014 – Generation Connected, 2014, page 30

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