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Article

Conversational Sales for OEM Apps

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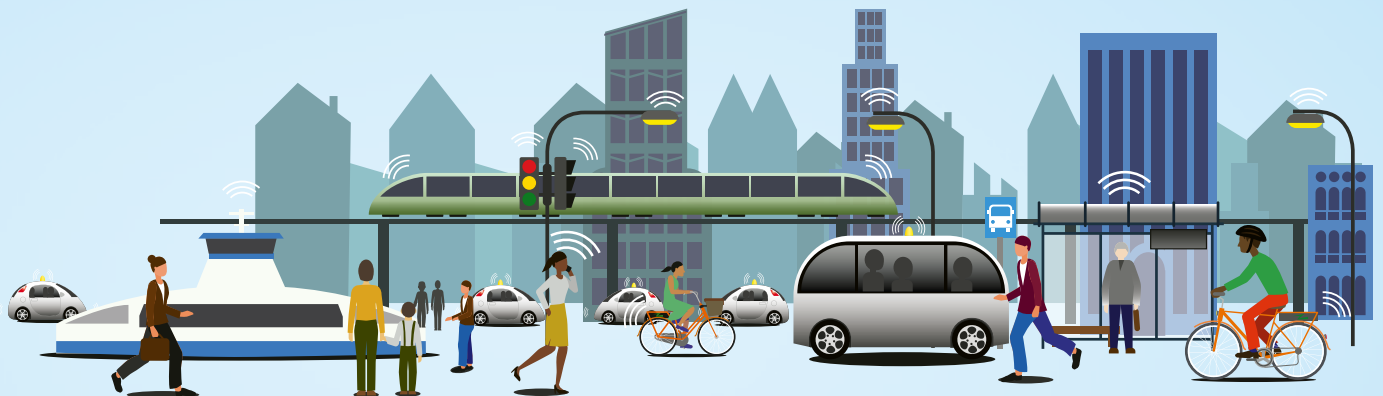
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Smart Mobility Marketing



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Conversational Sales for OEM Apps

Carmakers should leverage conversational sales to turn their apps into two-way sales and marketing channels. They can learn from retailers and social media whose apps are effective conversational sales tools that enhance customer loyalty.

Felix Kuhnert, Dr. Stefan Pühl

Digital sales are becoming increasingly important for selling cars, augmenting direct engagement with customers in car dealerships and laying the ground for potential buyers to visit a dealer with a model already in mind. A new digital sales channel can combine new and existing products with digital or analogue assets and is usually limited to social media and email exchanges (Fuchs, 2022). Automotive apps of original equipment manufacturers (OEMs) – for mobile phones and in the vehicle – link the digital and analogue features of motorbikes, cars and even buses and trains which consumers may or may not own. Telemetry readings and app usage data are leveraged to improve the OEM's understanding of the owners' behaviour before, during and after they are driving the vehicle. Apps organise services based on this data, such as optimal charging duration or car maintenance appointments.

Vehicles and related services such as electric charging and parking become digital via subscriptions, transaction fees, rental and leasing agreements, or other ways of contracting online. The challenge for OEMs is to increase digital interaction with new and existing users to encourage them to renew service contracts and potentially subscribe to other ones.

However, many traditional OEM apps fail to engage customers in digital conversations to sell or recommend products and services around their vehicles directly. These apps often do not include a digital information feed with automated chatbots that could increase meaningful exchanges to assist the potential customer during the purchasing process.

OEM apps and their associated websites should instead increasingly become one-stop shops for the manufacturer's services and products. The possibility also exists for so-called "super-apps" (PYMNTS, 2022) which cover related areas of life spanning different industries such as automotive, health and mobility. In general, OEMs need to include more offerings in their existing apps which differentiate the customer's experience compared with competitors' vehicles (Krings et al., 2023), thereby creating an ecosystem for the OEM which is defined by the app user's activities.

Improving the quality and breadth of OEM apps in this way would be in line with automotive industry trends, where manufacturers' sales models are moving towards more direct consumer communication. A prominent example is the agency model that was introduced first by some OEMs for selling battery-electric vehicles and is now extended rapidly. In this distribution model manufacturers take all risks of producing a set volume of models but have access to all the dealer's sales data and full control over pricing and discounts.



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Digital Interaction for Engagement and Reach

So, what specific new features could be added to OEM apps to sustain and increase vehicle sales and purchases of related services? Here are some examples.

Messenger services on general-purpose platform apps and chat groups are at the core of digital communication and have the potential to become super-apps with specific application programming interfaces (APIs) for business interactions such as sales. At the same time, web search engines are becoming increasingly powerful (Gurdeniz & Hosanagar, 2023), while large language models created by generative AI technology and used in bots such as ChatGPT (Mollick, 2022) can efficiently automate even more complex conversations.

The constantly increasing ability of apps to speak to users is opening up new ways of interacting with customers more conveniently. Chatbots can automate routine tasks such as dealing with pop-up messages which demand one-off attention, text-based searches within the app, and responses to marketing emails which require consent. In addition, chatbots can route users to a human contact to resolve the task where needed, either online or in person (Zoltners, 2022). The quality of the customer and OEM employee experience is in part defined by the convenience of the interaction, which is rapidly improving as the technology advances, enabling more sophisticated automated dialogues with richer, more complex content.

Most OEM apps, especially those connected to vehicles, do not yet have these interactive user elements and the potential to capture valuable data to improve services. App functionalities

such as “mobile key” allowing to open the car with the user’s phone or “one-click” maintenance appointment scheduling are still the exception (J.D. Powers, 2022). As any good retailer knows, higher customer engagement increases the opportunities for upselling of other products and services. This is what marketers call “conversational sales” – engaging with the customers on their terms and at their convenience, rather than making intrusive sales pitches.

The latest chatbots can be online channels for conversational sales because they are now capable of conversations which come close to replicating person-to-person dialogues – close enough that the customer is willing to engage, even though they know they are talking to a bot. This creates zero-party data (Lui, 2020), meaning data that is transmitted directly from the user to the OEM, without an intermediate external digital platform, as is typically the case for email and text exchanges. The OEM cannot, of course, use the data without the users’ permission and needs to protect their data privacy – a key reason why it is critical for chatbot interactions to build trust between the OEM and the users.

The Potential of Digital Sales Conversations

The potential benefit for the OEM is that chatbot data is proprietary and the dialogue can be instantly analysed, based on the user’s questions, allowing more complex customer interactions

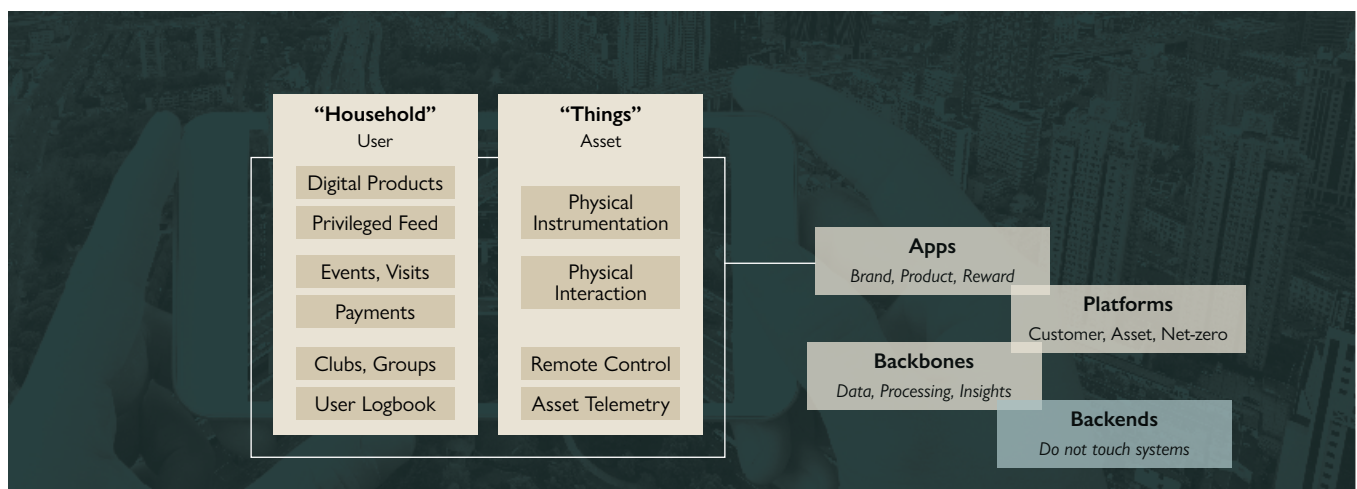
in the future. Sales promotions and recommendations can be customised to take account of the users’ needs, location, current activities, and whether it is a convenient time for them. In addition, the user insights can be shared with OEM partners to create seamless, extended experiences beyond the vehicle – provided the user has given data sharing consent.

However, there are currently only few OEM apps – except those of some Chinese players – that have a social feed or command line to initiate a conversation between the user and the vehicle or OEM. At present, most OEMs still display a virtual simulation of the vehicle itself or a navigation map at the centre of their car dashboard screen. The focus in these cases is mostly on the vehicle status or location, not on the driver’s own needs.

Western OEMs, in particular, have to think less like engineers when they design their apps, and more like retailers or media companies with exclusive customer access while the person is in the vehicle – as driver or passenger. At a minimum, an OEM’s app should have the following digital features (see figure 1) to enable conversational sales, e.g., via a chatbot:

- individual and family sign-ins, with special rates on different product and service offers, depending on who is driving the car;
- direct access to the OEM’s online community or club, and associated deals, discounts and invitations to events;
- offers by third parties, which can range from the OEM’s own suppliers and dealers to companies in other sectors;

Fig. 1: The OEM App Should Combine Digital Capabilities for Asset and User Touchpoints



Source: Own illustration / © iStockphoto.

- easy-to-use record of sales and customer activities using the chatbot interaction history;
- seamless integration and synchronization between the OEM app in the vehicle and on the phone.

These conversational sales feeds can then be manually or automatically monitored and curated to measure the effectiveness of each dialogue, e.g., in terms of the cost per action and customer churn.

Purposeful Conversational Sales

In recent years, all the major OEMs have strived to build communities of loyal customers who will buy more products and services and ideally recommend the brand to friends and family. These clubs and communities exchange expertise and offer a sense of belonging. In this context, OEMs should regard the latest AI-driven human-machine interaction technologies as an opportunity to extend and reinforce their communities, which represent an audience already open to purposeful sales conversations.

OEMs also need to learn from other industries such as media, health or retail and appreciate that it is the joyful, fun, or informative interaction which keeps users engaged, and not just the attractiveness of the product or service being sold. For example, a purposeful conversation might end with the sale of a digital update to fix a problem with the vehicle such as

faulty air conditioning. Such sales can also have a wider social purpose, such as when a digital “companion” to monitor fuel consumption is marketed via the chatbot, helping to reduce the vehicle’s carbon footprint.

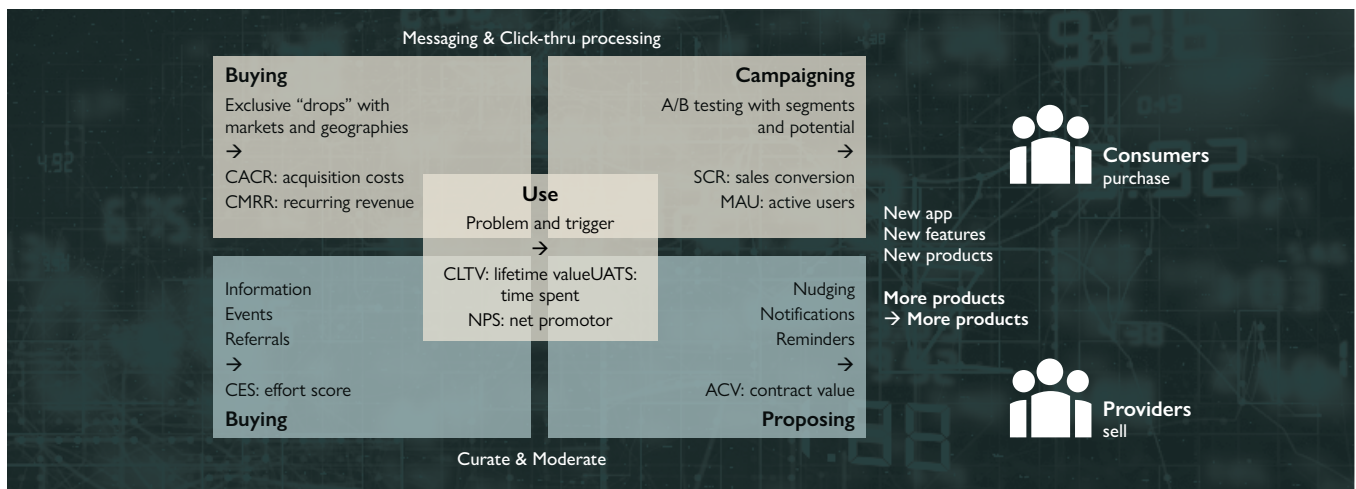
Digital conversational sales as a two-way communication with almost instant feedback loops (figure 2) are therefore not just about using chatbot technology to react instantly to the drivers’ needs and solve technical problems while they are on the road. It is also about creating long-term “lifetime” customer value with purposeful solutions that increase the users’ loyalty (Jenneboer et al., 2022). In the context of sales, lifetime value is the customers’ total expenditure on the OEM’s products and services during their relationship with the OEM (CX Today, 2022).

In this context, an OEM with an actively engaged community or club can help drive conversational sales by inducing customers to share information about a good product or service with other members. The reverse, of course, is also true: news about an inferior or defective offering will spread like wildfire around the community’s online network.

Overall, OEMs should learn from the most successful conversational sales models in other sectors, focusing on the following two aspects:

A defined digital product portfolio. Multiple users and products are combined in digital ecosystems. In this context, digital sales conversations by OEMs need a defined digital product

Fig. 2: The OEM App Should Combine Digital Experiences for Conversational Sales



Source: Own illustration / © iStockphoto.

portfolio because the app is not just about getting the driver from point A to point B. The portfolio should cover usage of the vehicle, including whether it is rented, leased or owned; ongoing maintenance, servicing and electric charging; and the customer's digital activity inside the vehicle – everything from streaming a music playlist to ordering a drive-through burger online – and ideally outside the vehicle via a connected mobile app.

The increasing ability of apps with bots to speak to users is opening up new ways for conversational sales.

The digital products that can be purchased through the app are the content for the digital sales conversations. It is therefore critical to have accurate and complete digital descriptions for all products. However, it is often a practical challenge for OEMs and partners selling complementary products to standardize these digital content formats for chatbot conversations and keep them up to date. Generative AI tools can help to fix this in the future.

Digital sales conversion triggers. To move to more personal interactions in the OEM app, the OEM may need an open-access public feed to package information and conduct exchanges in the same form as a person-to-person conversation. From this starting point, OEMs need to use events such as a tachometer reading or a change in the engine's temperature as digital sales

conversion triggers that initiate sales conversations in the OEM app. Finding these triggers in the digital or physical world and transferring them to the OEM app for a conversation can be a practical challenge.

In one everyday scenario, the vehicle's charging power may be running low. The app might merely alert the driver and inform him or her about the distance and route to the nearest charging station. Yet a well-designed OEM chatbot with sufficient data can conduct far more complex sales conversations, provided the OEM is willing to devote the necessary resources to identify the right trigger to interact with the user about a relevant product or offer. For example, if the vehicle is leased, an approaching date for a contract renewal could trigger a recommendation for a different model, depending on the current car's usage.

Coherent Conversational Sales

Conversational sales needs to be coherent to keep dialogues going in a flexible, responsive manner. The style and structure of exchanges must be in line with the overall purpose to create value in the form of sales and increased customer loyalty, while avoiding the risk of annoying the user with intrusive demands for money or commitments. Users stop interacting when they feel they are on the receiving end of sales and marketing pitches with no relation to their original request.

OEM chatbots – like any successful chatbots in other industries – therefore need to be able to answer in natural, colloquial

Management Summary

Leading carmakers have been slow to translate latest technology advancements in AI-driven human machine interaction into better user experiences and deeper customer understanding. Next generation chatbots can transform OEM's mobile and in-vehicle apps from basic sales and driver assistance devices into two-way communication channels for both potential and existing customers. The industry should learn from media and other retail sectors where apps with chatbots that mimic complex human dialogues are increasingly powerful conversational sales and loyalty tools. Manufacturers should move towards a more dialog-centric app design encouraging users to engage via chatbot or voice command and then start to discover more about the drivers' individual needs and preferences.

Main Propositions

- 1 OEM apps with advanced text and audio chatbots may be used to create long-term conversational sales opportunities and build customer loyalty.
- 2 The OEM app may be positioned as a one-stop shop for all sales, service, and marketing activities, including offerings from selected ecosystem partners, e.g., for onboard entertainment, charging or maintenance.
- 3 The OEM app can be the leading touchpoint to provide the same level of responsiveness as the company's other touchpoints for prospective and existing customers.

language and process the received data to answer certain standard requests – for example, a customer ordering a service or product. The latest generation of artificial intelligence (AI)-based chatbots deploy what is called a “large language model” to maintain the right conversational tone and reduce the range of answers. Other chatbots may use pre-recorded question-and-answer sequences and search for keywords from the sales triggers to provide the requested automated customer assistance.

The easiest way to assess a chatbot’s conversational ability is to measure the average time spent by the user with the app, especially in conversational mode, and the resulting revenue generated. The goal should be for conversational chatbots to become the voice of your brand, guiding the user, who is a potential customer, through the complexity of their problems and offering solutions in a rewarding textual dialogue. The sales conversion rate per product and per conversation will show the success of the conversational design for sales, compared with other conversations that the chatbots may support – for instance, requests for technical information by the driver. The user’s willingness to engage in a conversational sales dialog is the essential starting point in chatbot design. The challenge is to ensure that the conversations are as natural as exchanges between two people, while preserving essential OEM app features such as electric charging monitors and location tools in the screen display.

Efficient Conversational Sales

Efficient digital sales conversations by OEMs should cover all the retail basics – encouraging the prospective purchaser to talk to a dealer or service partner, getting him or her inspired by the vehicle or service, negotiating the price, and making clear the contract options. The goal should be to guide the customer through these stages with fewer but more meaningful interactions than in the physical world.

Efficient text and audio sales and marketing chatbots all have the following hallmarks, regardless of the sector:

A simple, one-stop shop digital feed. App users appreciate simplicity. The OEM’s feed should be a one-stop shop to start and finish a conversation with all the media channels required by the user, including a person-to-person conversation with the OEM’s customer service centre. Where needed, the app should also be able to attach a relevant contract or payment invoice. OEMs should ensure the app incorporates the latest graphical and audio user experience technology which can provide images and videos linked to textual dialogues in the centre of the notification and messaging area.

Lessons Learned

The way forward for OEMs is to establish the right software strategy for conversational sales via app feeds with chatbots and smart voice assistants, based on the following key success factors:

- 1 Define the brand’s conversational sales language and digital product portfolio within the app in line with the OEM’s overall brand.
- 2 Analyse the app usage to find trigger events for brand-defining digital experiences that create sales opportunities and moments that truly matter for the customer.
- 3 Motivate app users to share their data in a trusted digital setting to enable customised sales recommendations and better vehicle experience.
- 4 Identify the digital products or actions which are relevant to propose in conversational sales to maximize engagement and reach via the app.
- 5 Control the flexibility of the language model to steer the app user’s interactions.
- 6 Ensure full connectivity and responsiveness with the OEM app based on the respective internal and external platform ecosystems.
- 7 Create an app design with the digital feed for sales and marketing interactions at the center.

A focus on the combination of sales and marketing. Users ignore or opt out of online adverts and unsolicited email promotions which they do not think are offering them obvious value. The OEM’s app should be just one – and arguably the most important one – of multiple digital touch points and channels with an increasing range of digital capabilities to connect to the company’s products and services and those of selected sales partners, such as parts suppliers. Ideally, the OEM’s app should be a channel to offer multiple products or mobility-related services to many consumers at the same time, creating network effects. Leveraging digital experiences as part and parcel of conversational sales will allow both sales and marketing activities to boost sales of the brand’s products and services in the OEM app.

Frictionless interaction. A positive buying experience without unwanted interruptions from marketing campaigns increases the chances of sales success. OEM apps should follow best practices in other sectors and imitate social media interaction patterns. In addition, as noted above, two-way text and voice communication should be at the

Purposeful, coherent,
and efficient digital conversations
with a promoted OEM app
increase reach and
opportunities for sales.

center of the app, to engage directly with the user. A frictionless OEM app should only include recommendations that are based on the user's profile and known preferences. These proposals should not simply be reactions to user requests; they need to anticipate what the user might want from his or her activity with the app and more generally from driving the vehicle.

Standardised touchpoints. The app's touchpoints with the OEM navigate to all the other possible online communication channels that are available to the user, starting with the company's website. These touchpoints should also have the same level of connectivity between the vehicle and the OEM's online sales, marketing and customer service divisions, in order to resolve customer requests rapidly and initiate conversational sales. The overall experience should make the app user feel as if he or she is engaging with an efficient, engaging expert.

Stronger customer trust. The OEM app must establish trust between the potential buyer and the seller to initiate a conversation that will lead to an ongoing relationship throughout the customer's lifecycle with the company. Trust is especially important if the relationship is based on both human and automated conversations; the two channels have to be as similar as possible in content and style.

It is technically challenging to create software controls for trust and ethics to monitor the creation and usage of digital content for conversational sales – in particular when using the latest AI models. These controls need to be transparent for both the potential buyer and the seller. They should include validation and training data for the AI models used for the dialogue and for the predictive engines to ensure that the interaction is correct and complete while eliminating bias.

The Way Forward for OEM Apps

In the pre-digital age, drivers interacted with vehicle manufacturers via a smooth-talking dealer when they bought the car; a dog-eared owner's manual in the vehicle's glove pocket when the vehicle broke down; and the rest of the time, a garage mechanic in oil-stained overalls who fixed problems. Yet it is worth remembering as well that they were interacting with OEMs which had repeatedly demonstrated a superb ability to innovate and keep pace with a rapidly evolving mass market.

OEMs need the same inventive, imaginative spirit to promote apps with the latest chatbots as the right place for today's digitally sophisticated consumers to engage in conversational sales. Quite simply, what works for banks, media players, healthcare providers and many other sectors has to work for mass market carmakers if they want to capture all the sales growth that digital business models can deliver. ■

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