Automotive Service Churn

Prompted by declining profits from their automotive service centres caused by lower than expected utilization, this client called upon CYBAEA to reduce service churn and at the same time look for other commercial opportunities from data and a better understanding of their customers, markets, and competitors.

The client, which is part of a large retail giant, has about €750m revenues from importing, selling, and servicing four automotive brands. For this phase of the project we looked at two of the car brands, high- and mid-tier, in a single Nordic country, and the client's own service centres only (excluding their dealers).

Initially sceptical that they would not have enough quality data, the client was astounded by the level of insights and commercial actions that even this first phase delivered in only four weeks.

Project approach

First phase was an accelerated effort to deliver quick commercial value on the problem at hand and to identify additional opportunities.

The project was divided into two parts: investigation, to understand the data, the processes, and the commercial drivers, and analysis to deliver the models, identify the commercial opportunities, and propose the next steps.

Regular workshops ensured constant alignment with the business and ultimately rapid implementation of the changes to deliver on the commercial opportunities.

Business results

Churn is very predictable from service data, and this gives deep insights into why customers are not coming back. Based on these insights a clear list of immediate action was developed in three broad areas: Commercial changes, data opportunities, and improvements in execution capabilities. Selected examples of these quick wins are included below.

Commercial action examples:

• Trial a BTL communication to at-risk customers around the time of the next service, using the prediction model to select the targets and the descriptive model to select the messages.

Industry
Automotive:
Sales and Service

Geography
Nordic country

Duration
4 weeks for Phase 1

Team
Allan Engelhardt
with team of four
(3 FTE)

Year completed
2014

Technologies used
R, Microsoft SQL Server

Contact us at:
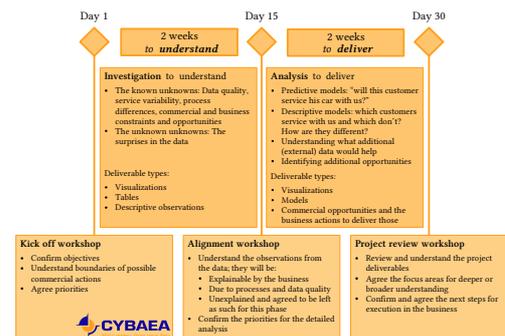W: www.cybaea.net
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Churn is very predictable from service data, and this gives deep insights into why customers are not coming back.

Insights include **predictive models** (when or *how likely* something will happen) and **descriptive models** (*why* something will happen). This project used both to ensure clear, relevant, and timely messages to the customers.

The project clearly made **the economic case for the Net Promoter System**™ (NPS) and even with a world-class score there was commercial value to be had from expanding the programme.

Testing and measuring the outcomes is the only way to learn what really works. Insights from data can only really give you ideas and correlations; for causation you need to try and learn.

• Trial service programmes focusing on paid-for convenience options such as express service, collect and return service, courtesy car, Sunday openings, and more. The options depend on the capabilities and spare capacity of each service centre and they target specific pain points in the customer experience as identified by the analysis.

Data action examples:

• Instigate qualitative and quantitative research to understand churn reasons and customer experience for (only) one very specific group, namely the customers who churn after the first visit and for whom the data available from the systems is therefore limited.

• Deep dive into the Net Promoter programme and ways of increasing responses. It turned out that the Net Promoter Score was an important predictor of churn and while the client overall had a world-class score there were gaps in the programme and the data was under-utilized.

Execution action examples:

• Put in place robust campaign management with consistent use of test and control groups and rigorous capture of campaign outcomes to ensure future learnings. This was primarily a process and training change and thus easily implemented.

• Ensure customer-facing staff capture accurate data. This project clearly demonstrated the commercial value of data but the challenge is to ensure that the front line staff sees it as their job to capture accurate information. This would be done by incentives, education, or cultural change, or, more likely, a combination of these. While it may not be a quick change, it is one with no particular constraints on execution and so can be readily started.

All of these actions could be implemented immediately to deliver quick commercial value to the organisation and an improved experience for the customers.

Initially sceptical that they would not have enough quality data, the client was astounded by the insights and commercial actions from this rapid first phase. All the actions could be implemented quickly to deliver immediate commercial value to the company and improved experience to its customers.

About us

At CYBAEA, we are passionate about value creation and delivering commercial results. We help organizations identify and act upon opportunities in the areas of Customer Value Management (CVM), Customer Experience and Advocacy, and Innovation and Growth. We are commercially-driven scientists, data scientists, customer experience experts, strategic thinkers, and practical hands-on doers. We can help you discover your opportunities, paint your vision, align your organization, and deliver the bottom-line results.

CYBAEA is based in London with an international network of associates and partners.

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