Cognizant

BUSINESS SPOTLIGHT: AUTOMOTIVE MANUFACTURING

Bringing Software for the Digital Economy to the Automotive Industry

Between autonomous, connected vehicles, ride-hailing services and car-averse millennials, the foundations of the global motor vehicle industry are shifting.

It is far too early to predict how these fundamental changes will affect, for example, vehicle ownership rates or which technical features will drive revenue and profits in the new age of transportation. To best focus its development efforts, a global vehicle manufacturer turned to Cognizant Digital Engineering to understand the human needs of buyers of its most profitable products – sport utility vehicles.

The result is field tests of a digital service that makes the manufacturer's SUVs more useful and enjoyable than those from its competitors. This not only increases the value of the vehicle to the owner and the likelihood they will recommend its products and to buy again from this manufacturer. It also creates new revenue opportunities, ranging from in-app advertising to a share of purchases made through the service to the sale of customer data generated by it.

CUSTOMER INSIGHTS

Through our Insight to Code offering, researchers from ReD Associates, a Cognizant company, conducted on-site observation of how more than 100 SUV owners live, work and play. They found, among other things, that they bought

AT A GLANCE

Faced with self-driving connected vehicles, ride hailing apps and declining enthusiasm for vehicle ownership among millennials, motor vehicle manufacturers must find new ways to ensure their products solve real human needs. Working with one global manufacturer, we found that owners of SUVs want outdoor experiences with loved ones but are frustrated by the complexity of coordinating schedules, finding activities, and getting and using the required equipment. Within six weeks we developed a production-ready app that brings all these functions together in one place.

OUTCOMES

Customers report the application greatly reduces the barriers to outdoor adventures. This significantly increases the perceived value of their SUVs and opens potential new revenue streams for the manufacturer. The manufacturer is now testing the app and exploring potential revenue-sharing partnerships.

SUVs because they crave outdoor experiences with the people they love. However, the owners were repeatedly blocked by obstacles ranging from juggling schedules with friends and family to finding new activities, making reservations, acquiring the right equipment and learning how to use it.

Conventional thinking would regard none of these problems has having anything to with the design of an SUV, nor being anything within the realm of a vehicle manufacturer to solve. But by taking a wider view of the customers' human needs and the potential of digital solutions to meet those needs, we devised an exclusive mobile application that allows SUV owners to easily:

- Schedule outdoor adventures with family and friends.
- Find new outdoor activities in their area.
- Get directions to the area or activity, as well as driving times based on current traffic.
- Learn what equipment they will need, rent or purchase the gear, and have it delivered to their home, and
- Get detailed directions for how to use the equipment (such as setting up tents).

INSIGHT TO CODE

Working with the ReD researchers in iterative agile sprints, Cognizant developed a minimum viable product (MVP) within six weeks and rolled it out for testing with customers. Based on their feedback, the developers quickly made changes to ensure this service met all their needs. These include adding more "how to" information about chores such as campsite set up, the ability to choose destinations for a couple vs. for a family outing, and "insider" tips for locations users hadn't yet visited.

Customers who tested the application are highly enthusiastic. They report it helped them overcome every one of the obstacles our research uncovered, making it more than 90 percent easier to acquire the equipment needed for their adventures, to coordinate schedules and to make arrangements.

Along with our unique in-depth research into customer needs, we identified a target market for the app that includes as many as 1.4 million SUV owners. We also evaluated and quantified potential revenue streams ranging from a share of sales made through the app to location-based advertising or sponsorship, fees for use of the application and the sale of data about customer needs and behaviors.

One of the most important findings is that millennials, who have a reputation for having less interest in vehicle ownership than older drivers, have a particularly high interest in outdoor activities, struggle with the logistics of outdoor adventures and are particularly willing to pay for the services provided by such an app.

This manufacturer is field-testing and refining the application and exploring possible revenue-generating partnerships for it.

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