Valtech

The Voice of Experience Innovators

Mobility

Contents

An era of unprecedented **disruption**

The automotive industry is entering an era of unprecedented disruption in which customer experience (CX) is vital to success.

Driven by evolving customer expectations, technologies and mobility solutions, OEMs are adapting through research and strategies aimed at enhancing the experiences they deliver to differentiate themselves in a competitive market.

We interviewed and surveyed 136 automotive executives across various roles and markets to gain insight into the industry's perspectives on experience innovation — from the challenges it creates to the opportunities it presents — and the strategies OEMs may employ to enhance customer experience and drive growth.

Information on the respondents' qualifications and experience is shown here. We only interviewed experts and executives who were familiar with their companies' CX initiatives and actively involved or influential in their companies' or clients' digital innovation projects.

Company type*

● Vehicle OEM mass market ● Vehicle OEM premium brands ● Supplier ● Industry/expert consultant ● Other

*16% are working for EV brands

Time in industry

● > 10 years ● 8-10 years ● 4-7 years ● 1-3 years ● < 1 year

Business unit

● Marketing, brand and product management ● Project management ● Sales, aftersales and BD ● Engineering and technology ● Digital solutions ● Customer experience and strategy ● Other

Brand regional breakdown

● North America ● China ● Europe ● Asia

Represented brands

Mass market

KIA, STELLANTIS, HYUNDAI, NISSAN, gm general motors, VW, HONDA, ŠKODA, MARUTI SUZUKI, Ford, mahindra, MINI, OPEL, TATA MOTORS

Premium

VOLVO, ZF, Maserati, BMW, Mercedes-Benz, Alfa Romeo, Jaguar, Land Rover

EV

LYNK & CO, TESLA, GEELY, NIO, ZEEKR, AITO, CANOO, Li Auto, NETA

Suppliers / Vendors

Merchants FLEET, FORVIA, BOSCH, Continental, tomtom, moveXM, CATL

Our research delves into critical aspects of experience innovation in automotive and explores the following:

01
The evolving customer

It is imperative to understand the modern automotive consumer, their expectations and how these expectations are shaped by their experiences with retail tech giants like Apple and Amazon.

02
The role of AI

AI is identified as a disruptor and a key perceived trend essential to enhancing the customer experience, personalizing the driving journey and optimizing design and development.

03
Organizational readiness

The industry's preparedness for innovation hinges on integrating new technologies, breaking down silos and building customer-centric organizational structures.

04
The future of automotive commerce

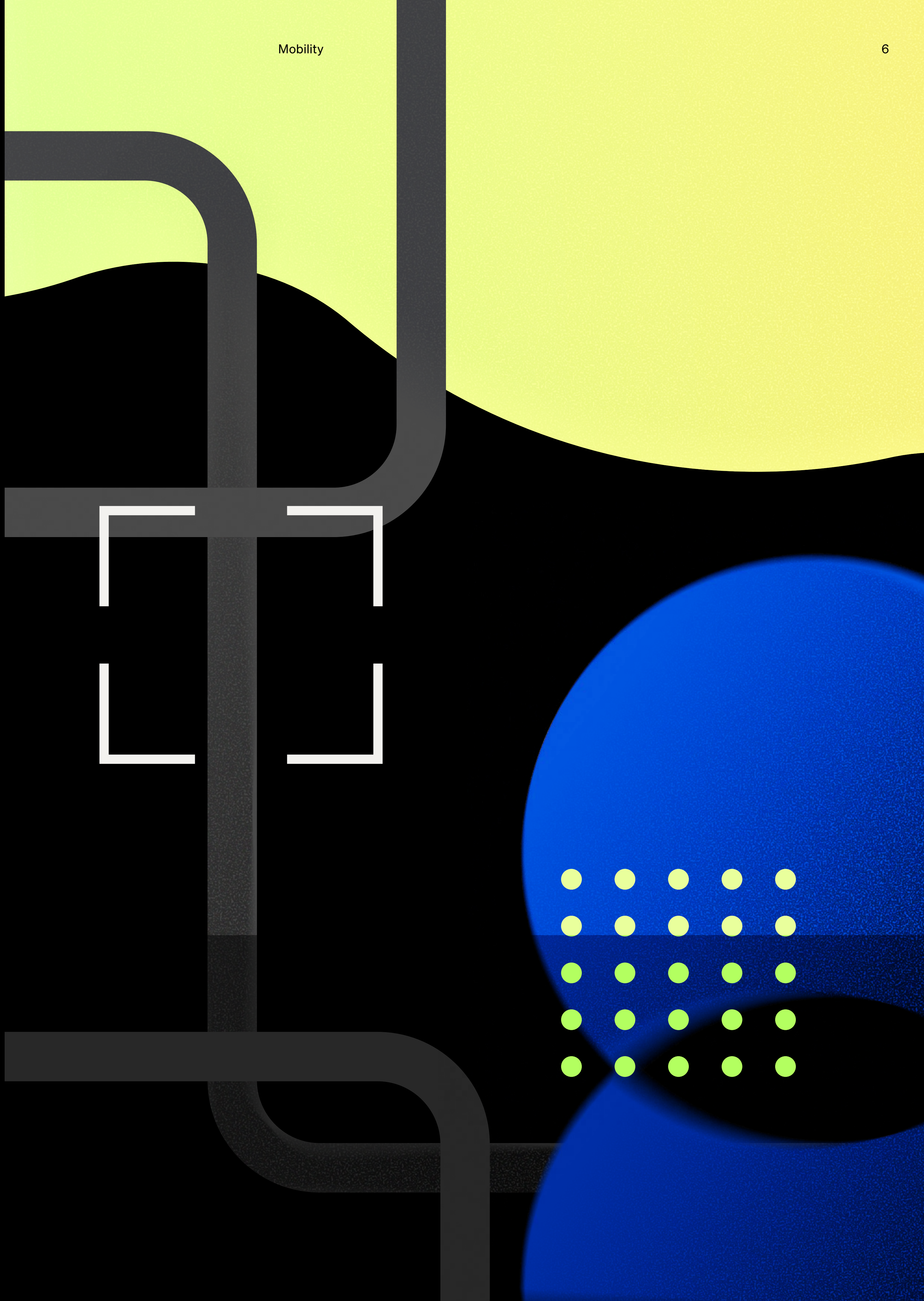
Examining the shift toward direct-to-consumer (D2C) and agency models, the changing role of dealerships, and the importance of building robust commerce capabilities and coherent omnichannel messaging.

05
The rise of digital services

Discussing the opportunities presented by connected, autonomous, shared and electric (CASE) vehicle technologies to create new digital services, offerings, customer experiences and revenue streams.

06
The China factor

By analyzing China's growing influence in automotive innovation, OEMs elsewhere can better position themselves for long-term success.



01
The customer

Understanding customer expectations, concerns and motivations in the age of DISRUPTION

70%

of car buyers would switch brands for a better digital experience[1]

87%

of car buyers want a clear and simple pricing process[2]

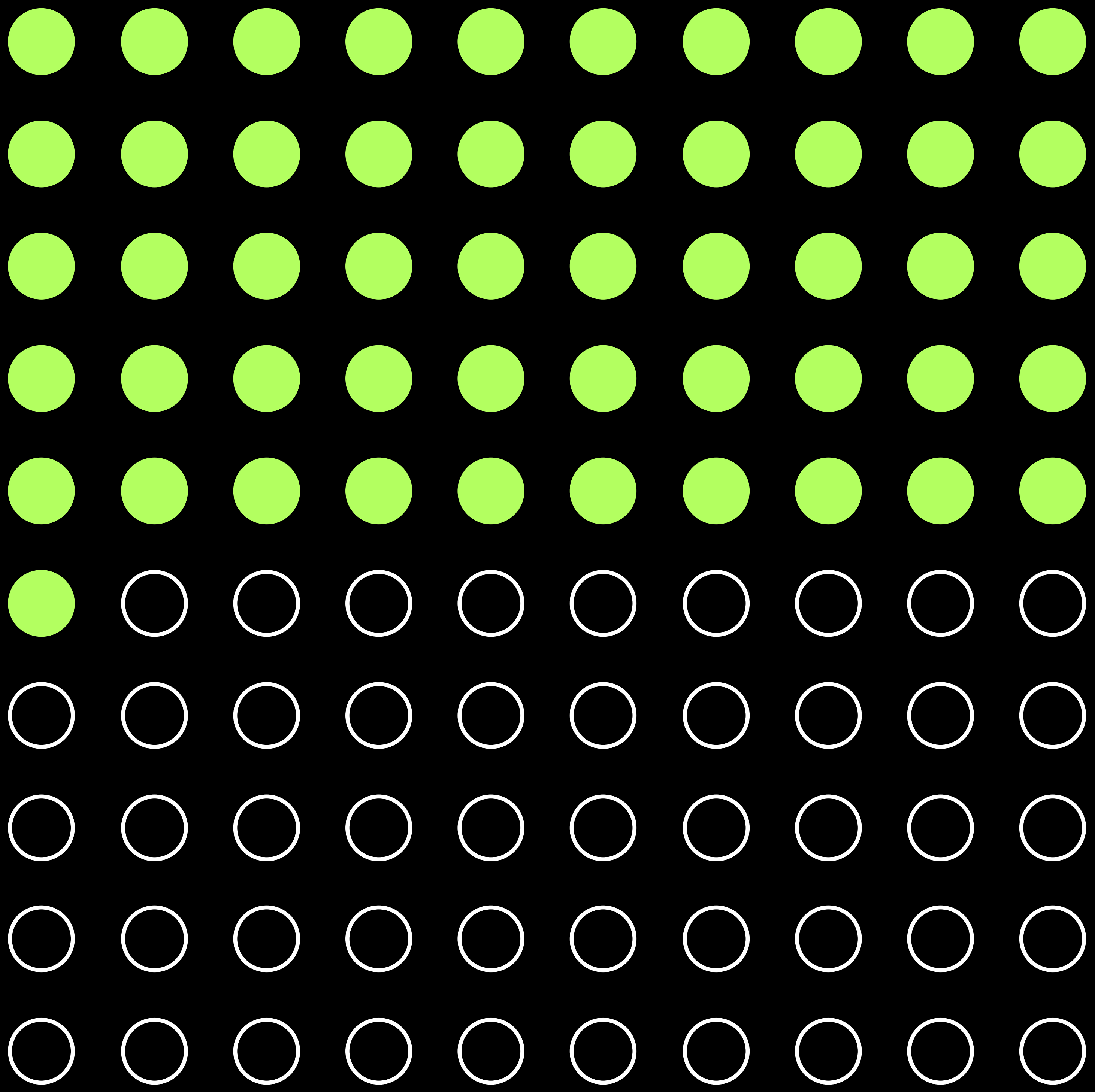
5.7x

Brands that do best with CX bring in 5.7 times more revenue than their counterparts who lag in this area[3]

Mobility customers today are more sophisticated and knowledgeable than ever. In the face of rising economic pressures, they are demanding when it comes to large purchases. They cannot afford not to be.

These customers are driving massive changes in the automotive industry, which must react accordingly to win their business in the short and long term. This is testing the capacities and capabilities of OEMs — and all but forcing them to transform.

Insights that informed our research



Customer-obsessed organizations reported 51% better customer retention.

The influence of tech giants

Car buyers expect seamless, intuitive customer experiences like those offered by Apple and Amazon.

They value convenience and consistency across channels and expect a connected, delightful journey across all touchpoints. They reward user-friendly systems designed to enrich their digital experience with brand loyalty.

Friction, incongruity and inconsistency across the purchase journey do not work for them.

Better experiences translate to faster business growth, customer retention and higher customer lifetime values. However, several recent studies have shown that the automotive industry lags behind others in delivering a high-quality customer journey — from pre-purchase through to aftersales service.

Notably, Mobility as a Service (MaaS) companies are outperforming traditional automotive manufacturers in this area.

Leading consumer brands have shown automakers what the path toward better customer experiences should look like. Some are further along that path than others. Later in this report, we will examine what's holding brands back.

How mobility brands win customers

Ideally, in-car connectivity and digital experiences would seamlessly integrate with customers' smartphones, wearables and other devices.

The overarching goal for automakers is to provide a personalized, connected experience for their customers. Personalized brand interactions make customers feel recognized as individuals, ensuring that they feel seen and understood.

This is where value-added services come in. Research by J.D. Power[4] shows how customer satisfaction rises significantly among car owners who use value-adds like maintenance packages and connected digital services. To enhance both the perceived and actual value proposition, automotive brands should offer these services to provide a more comprehensive ownership experience.

These kinds of offerings represent a massive opportunity for automakers to develop new revenue streams, so long as those offerings genuinely enhance the customer experience.

Consumers want their vehicles to be extensions of their digital lives and lifestyles.

Engaged customers buy 90% more frequently compared to non-engaged customers.

Engaged customers spend 60% more per interaction compared to non-engaged customers.

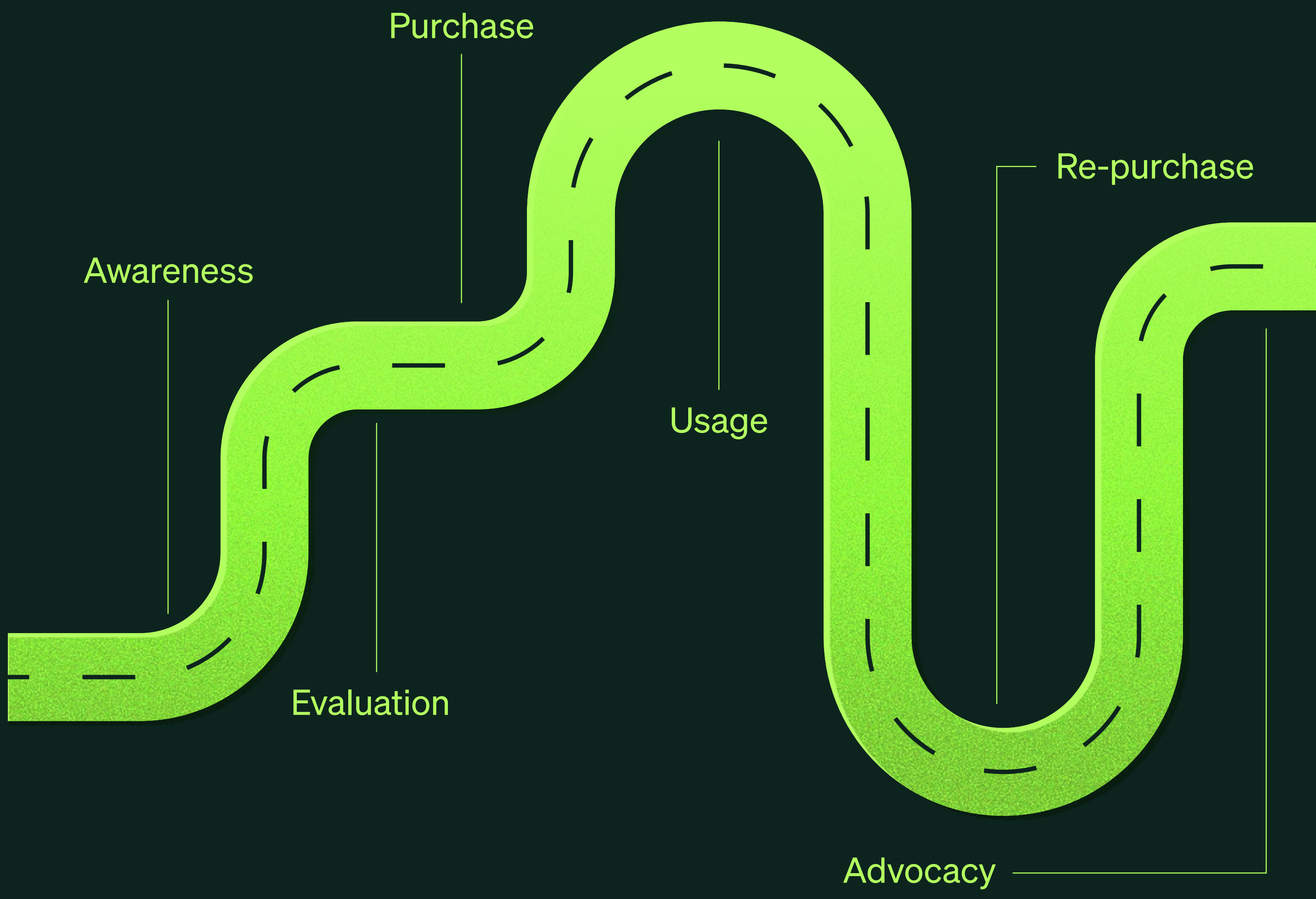
Question

How does customer engagement impact sales?

How experience-first customer journeys are taking shape

Purchase journeys are evolving around the goal of delivering lifetime value to the customer.

This means the way cars are bought and sold is changing, and will continue to change. As customers move across brand touchpoints on their way from pre-purchase to aftersales, a consistent and frictionless omnichannel experience is necessary.



Readying the business for commerce and the future of retail

New players, led by Tesla, have disrupted traditional business models. But for many incumbent OEMs, the switch is not a clear-cut, easy situation. Even several younger brands are struggling with a pure D2C approach. While the industry looks to gradually transition, many OEMs have had to adjust their plans. Revised expectations for a full shift are at least 10 to 15 years out.

1–5 years

Either already in full D2C (e.g., Tesla) or in initial rollouts (e.g., BMW MINI)

Short-term

5–10 years

Gradual reduction in traditional dealership models and agency models (e.g., Mercedes' planned transition by 2030)

Medium-term

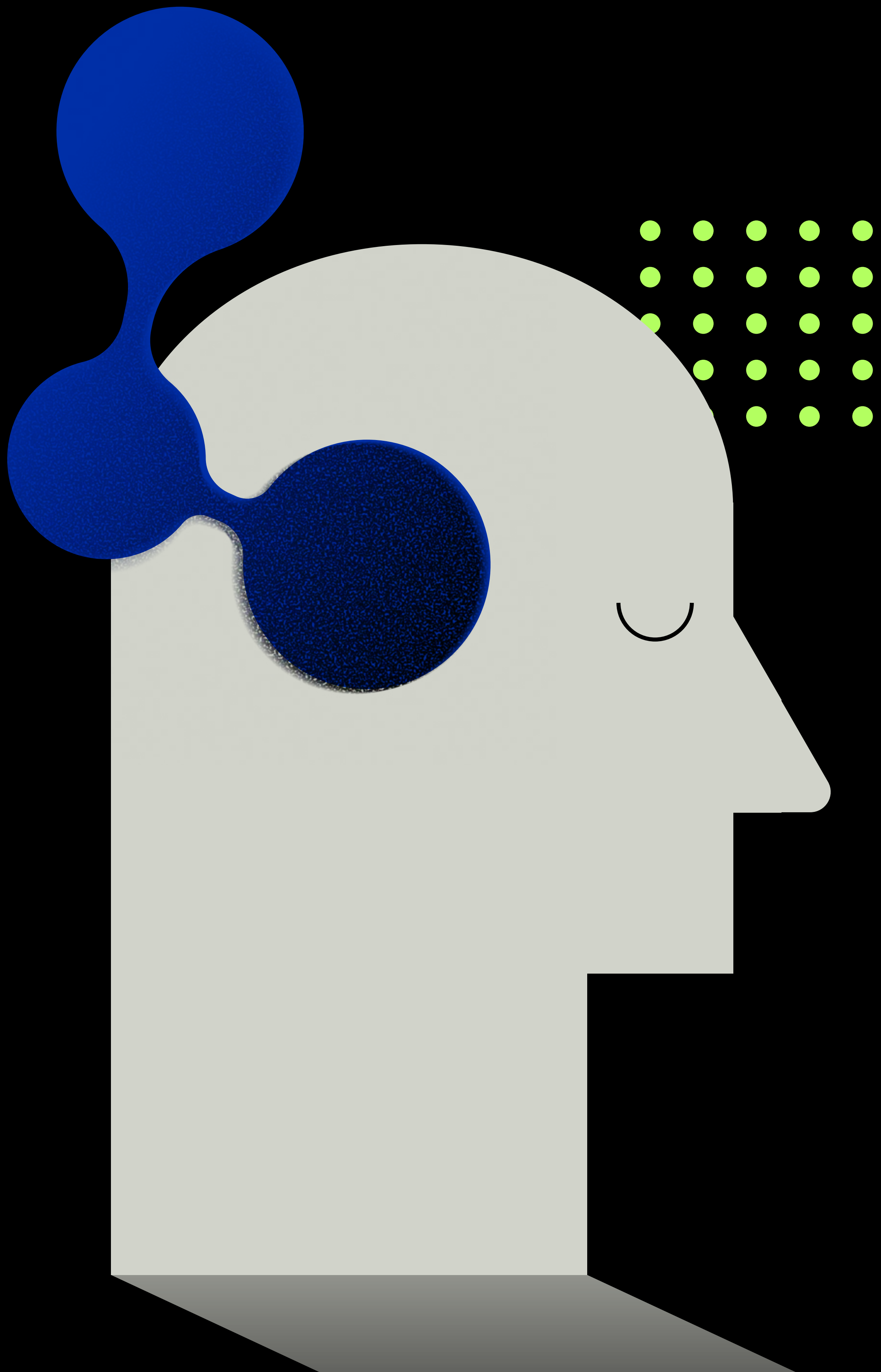
10–15 years

Eventual shift to D2C sales models across most OEMs after overcoming logistical barriers in key markets (e.g., Kia)

Long-term

Catering to today's automotive customer requires a level of thoughtfulness and commitment that only customer-obsessed organizations will be able to achieve.

Key takeaways



01
Modern car buyers

Modern car buyers wield significant influence, expecting enhanced experiences and seamless purchase and ownership journeys, which are prompting widespread industry shifts.

02
Experience over brand loyalty

Brand loyalty is increasingly dependent on the quality of experience and added values that demonstrate a long-term commitment to customer satisfaction.

03
Third spaces

As cars become integral third spaces in customers' lives, leading features in productivity, entertainment and social domains must leverage the distinctive contexts and functionalities that vehicles offer.

04
Prioritizing CX

Prioritizing CX and securing internal alignment is necessary to enable growth and maintain a competitive edge over competitors.

02
The industry

Why OEMs are struggling to meet customer expectations and changes they must make

Falling behind

Automotive companies are behind other industries in using technologies like AI and machine learning to enhance CX[5]

65%

of companies say collaboration between departments is essential for delivering great customer experiences, but in many organizations teams are still siloed[6]

Only 25%

of companies believe they are investing enough in CX[7]

Customer expectations have evolved faster than the industry could respond. Today, many automakers find themselves with customer journeys that are out of step with the experiences their teams want to create for customers.

Resolving this is high stakes. A lifetime of customer loyalty is on the line.

Advancements in experience technology and an articulated, top-down CX vision, won't be enough. Automakers must realign their organizations to achieve the customer-centricity needed to thrive in the coming years.

Insights that informed our research

Where automakers are focusing innovation efforts today

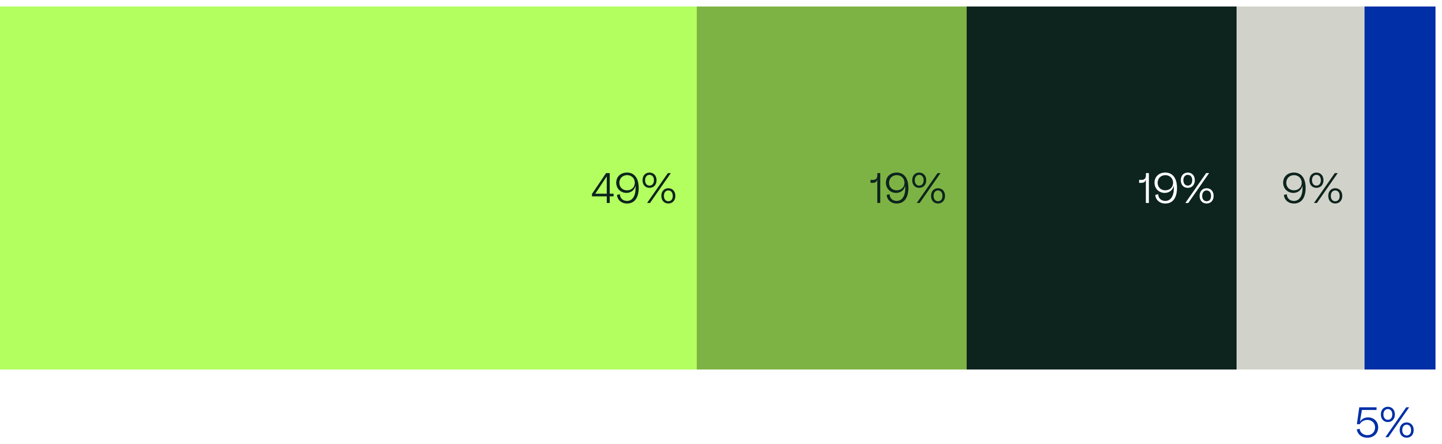
More than 70% of professionals across commercial roles identified improving customer experience as their company's top priority. In contrast, only 24% of respondents in technical roles cited it as a key focus, highlighting a notable divide in priorities across functions.

There are also stark regional differences. In China, 80% of respondents emphasized customer experience as a primary focus, compared to just 30% in North America and 50% in Europe, placing European respondents in the middle.

Chinese brands present a slight outlier, though. While enhancing customer experience ranks highly, the top priority for these companies is improving operational efficiency — largely driven by intense domestic competition.

Question

What is the primary focus of digital and CX innovation projects?

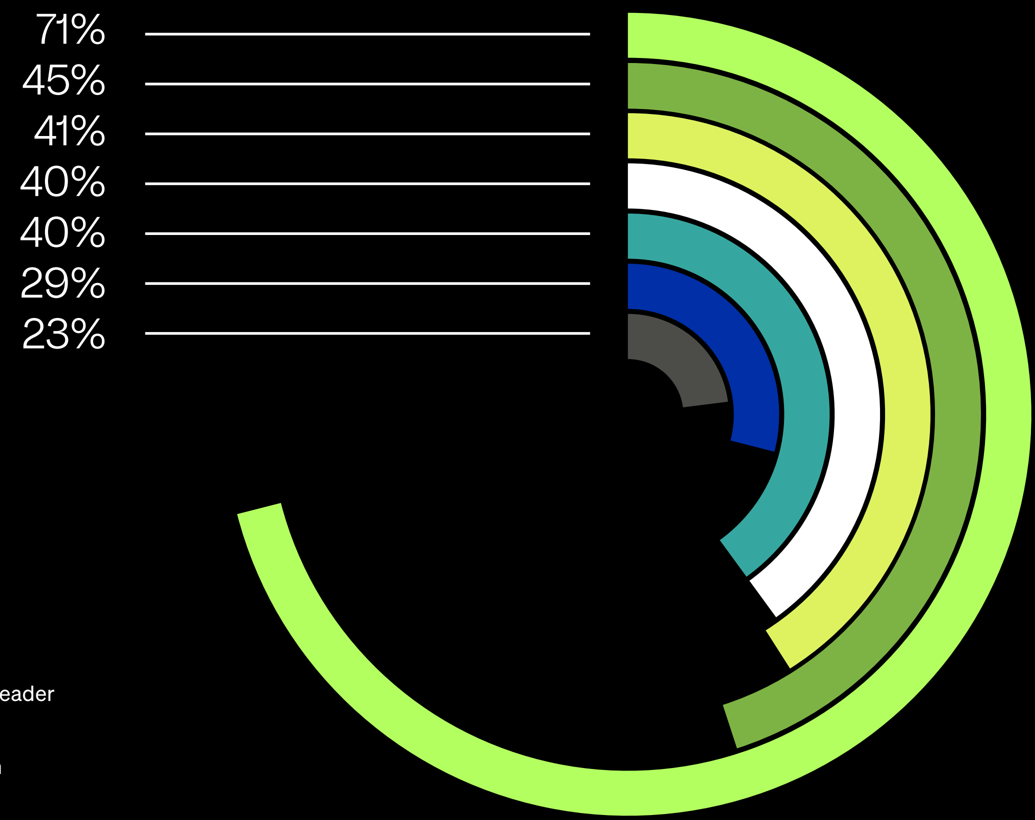


Improving customer experience · Enhancing in-car digital features · Developing new mobility services · Integrating advanced manufacturing technologies · Other

Enhancing customer experience is the leading driver of innovation projects globally.

Question

What are your top 3 drivers for digital and experience innovation projects?



- Enhancing customer experience
- Operational efficiency
- Cost reduction
- Building revenues and sales
- Maintaining our position as a category leader
- Keeping up with the competition
- New entrants that have raised the bar in customer experience, product, etc.

“

Our company is focused on digital innovation, steadily progressing internally to enhance customer-centricity. Despite some timing and accuracy inconsistencies in our learning phase, we’re transitioning from dealerships to agencies to improve the customer experience. Expect further innovations driven by customer feedback in the next 5-10 years.

Mercedes

“

Not only now but fixed in Lynk & Co’s DNA we focus a lot on our customer’s experience. What we also focus on a lot is creating the necessary background logistic processes to enable this. It’s not a contradiction because if we focus on customer experience without having a well-oiled efficient back-office, the CX will not be good. It is also key in expanding to new market without rebuilding from ground zero.

Lynk & Co

“

One of the most thrilling aspects is enhancing the digital customer experience, where we empower our customers to seamlessly navigate between physical and digital journeys, allowing them to choose when and how they engage with us.

BMW

What holds automakers back

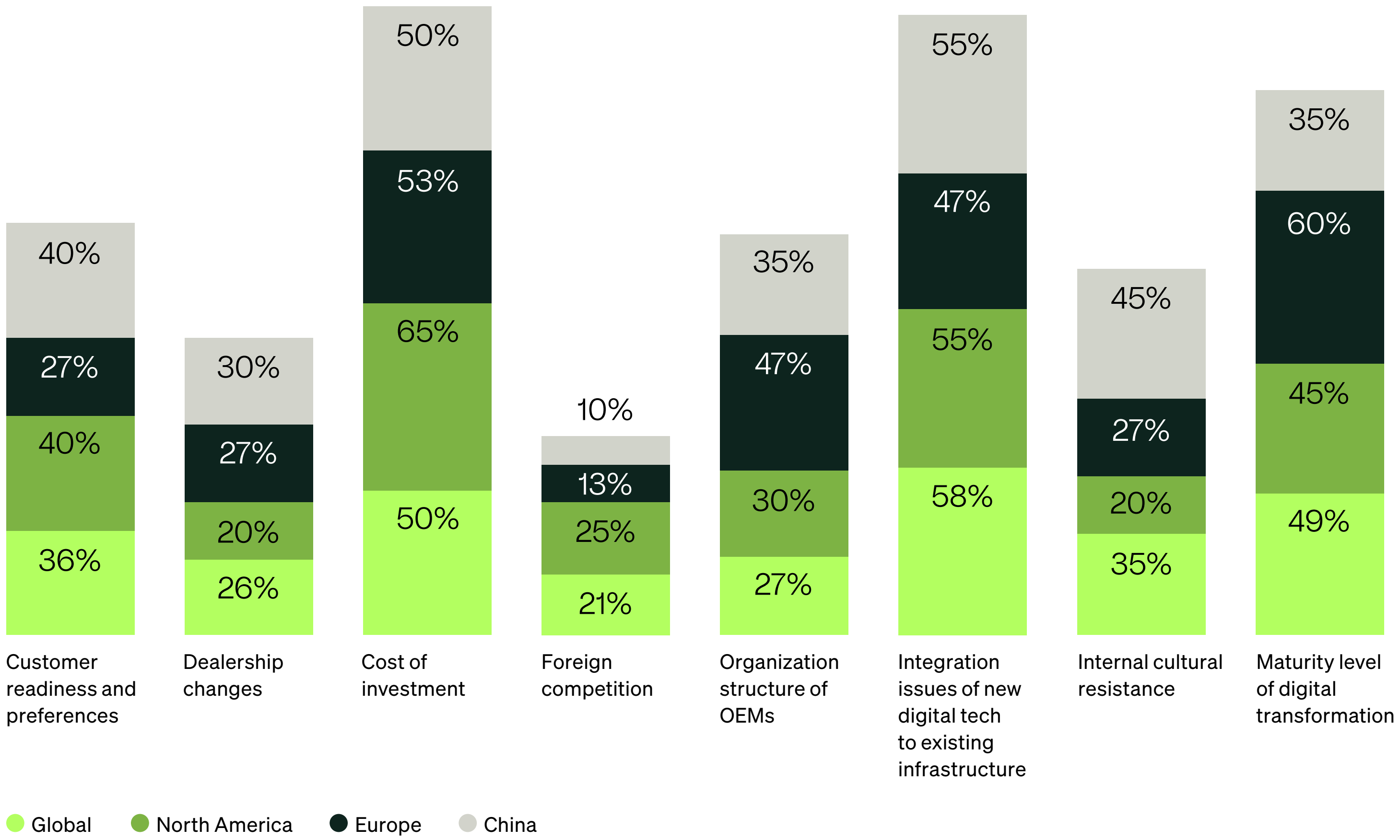
Automotive companies and OEMs are clearly committed to improving CX, but they are often structured in a way that is incompatible with that goal.

Complicating this are questions about the costs of investing in digital technologies, and concerns that those technologies will not integrate with existing infrastructures. Those concerns are prevalent globally.

Additionally, our research finds there is still doubt as to whether digital innovation as an extension of CX is even relevant to customers. We believe this is the result of an honest misunderstanding of digital transformation and how to achieve it.

Question

What are the top 3 challenges that your company is encountering in its journey to digital and customer experience innovation in order of priority?



> Bringing in new digital technologies isn't just about adding new tools; it's about integrating them with legacy systems that weren't designed with these innovations in mind. This integration process creates complexities that can delay progress and complicate our digital transformation efforts.
>
> BMW

> The biggest hurdle for traditional automotive companies is the integration of digital technologies into legacy systems. Without a seamless connection, innovation can stall, leaving organizations vulnerable to disruption.
>
> Li Auto

> The biggest challenge lies in the substantial initial investment required for digital innovations, as organizations hesitate without a clear business case guaranteeing profitable returns, prolonging the journey to gaining confidence and approvals.
>
> Volvo

> Bringing in any major change in the product portfolio, offerings, or service processes, where pre-set processes are running and any new changes demand large investments which may not make a positive business case in immediate future (1–2 years), is a tough sell.
>
> Stellantis

The future is arriving, and many organizations aren't ready

Globally, only 25% of respondents consider their organization's digital transformation to be extremely advanced.

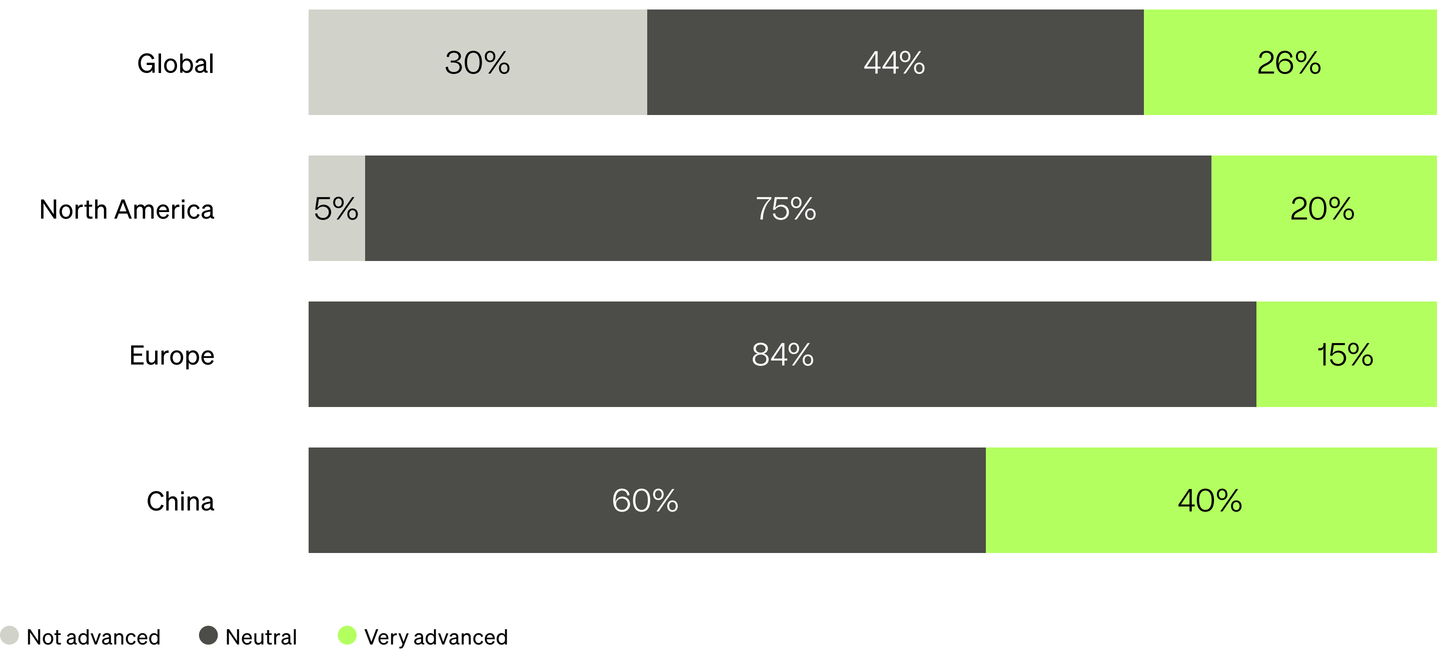
China stands out with the highest self-assessed maturity — 40% of Chinese respondents selected "very advanced," compared to 20% in North America and 15% in Europe.

When it comes to digital resource capabilities, a similar trend emerges. Around 30% of participants in each region believe their region's digital resources are advanced. However, Chinese respondents rated their teams' capabilities 15% higher than their European and North American counterparts.

Notably, 15% of US respondents said their digital resources are not advanced at all.

Question

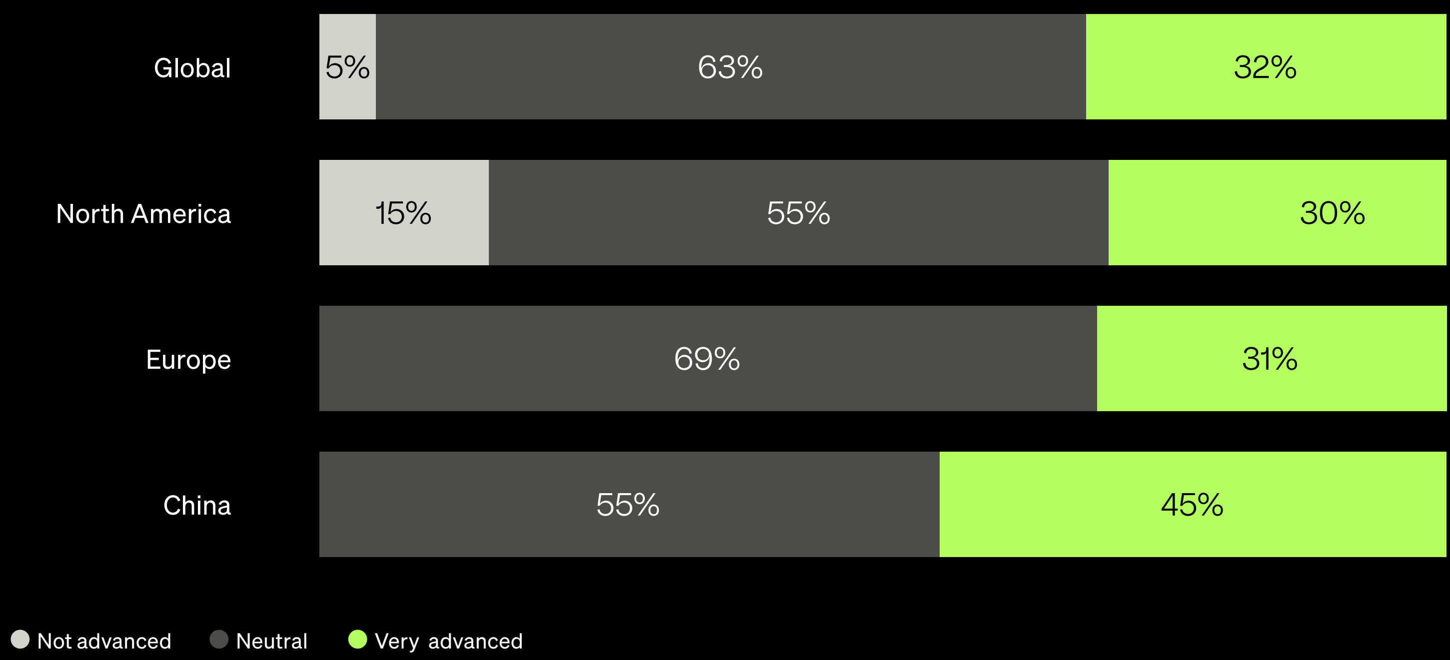
How advanced is your organization's digital transformation maturity?



45% of respondents from Chinese companies rated their organization's level of retail evolution as "very advanced" or "extremely advanced." None of the European respondents rated their organizations this highly.

Question

How advanced is your organization's digital resource capabilities?



Disconnected teams, disjointed strategies

In many automotive organizations, teams still operate in silos.

Siloed operations limit collaboration between tech and customer-facing teams, slowing the adoption of new technologies.

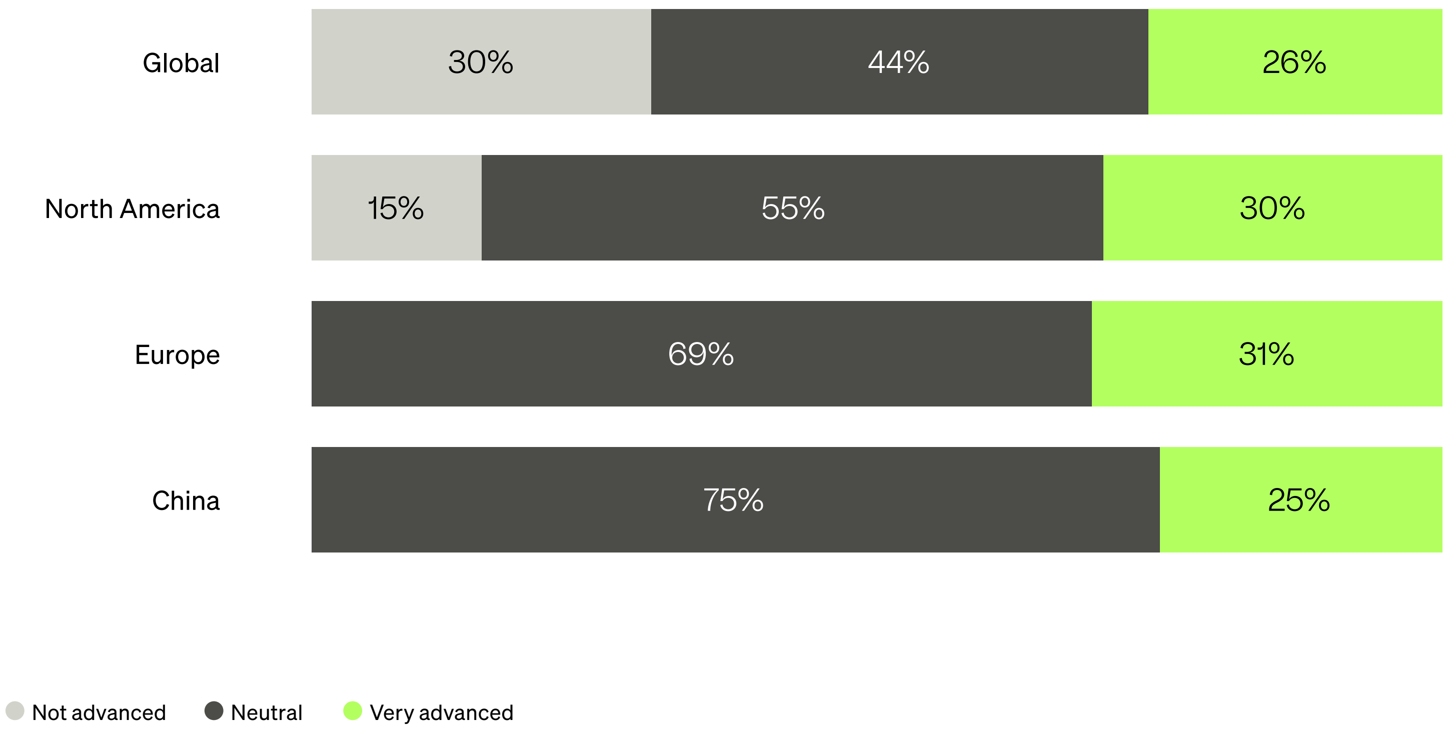
At the same time, most OEMs find themselves having to retrofit their digital and experience strategies into their existing constructs, leading to fragmentation, confusion and a lack of results.

That misalignment can lead OEMs to misinterpret underperformance of new offerings as a lack of customer interest, when in fact it stems from internal fragmentation and a weak CX vision.

Having executive ownership of customer lifetime value and customer experience can help align efforts, but this remains a challenge for automakers globally. It's worth noting that about 40% of premium-brand OEMs reported executive ownership of CLV and CX as "very advanced" in their organizations.

Question

How advanced is your organization's executive ownership of CLV/CX?



> Digital transformation is a mix of global and regional decisions. Headquarters determine 'if' and budget for significant implementations, while regional offices influence 'when' and specific actions. Major decisions rarely happen at the local level.

Volvo

> If you ask the headquarters, they will say this is the right approach. But if you ask the markets, they'll say it's the wrong approach because the markets know more about the customers and should have a higher say in how to deal with this. So, it depends on who you are asking.

Industry expert

> Multiple product owners collaborate with customer teams for input, data scientists for analytics and machine learning, and leadership for infrastructure and budget oversight. Team leads from CX, data science, machine learning, infrastructure, and operations participate in meetings.

Toyota

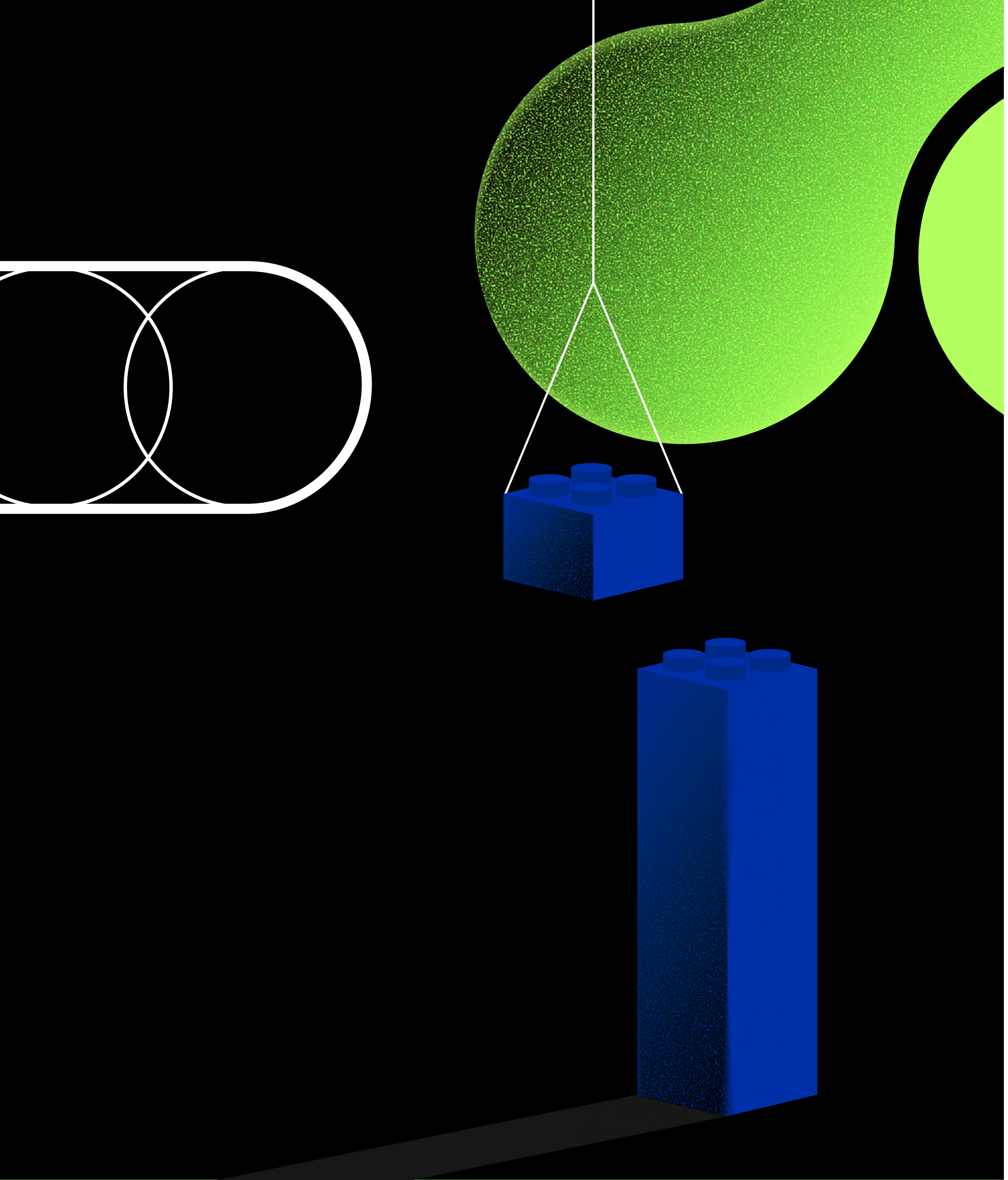
> We're currently focused on getting our closest stakeholders on board. Aligning the markets with the company is essential, as all decisions are currently centralized at headquarters.

Mercedes

> Inside the car is all done at HQ (in Korea). While the customer experience, the selling process, is controlled and decided here in the US.

Kia

Key takeaways



01
Customer strategy gaps

Organizational structures are struggling to keep pace with evolving customer expectations, prompting OEMs to clarify ownership of their digital and experience strategies.

02
Misalignment among internal teams

Commercial and technical teams aren't quite aligned on the importance of customer experience.

03
China is leading in digital maturity

Chinese brands rate their digital maturity much higher than others.

04
Common global hurdles

The biggest hurdles to innovation globally are concerns about cost, integration and digital maturity levels.

03 Defining the future winners

Drawing on consumer trends, industry insights and our own research, we've identified four key areas that will define success in the evolving automotive landscape.

01

Embracing emerging technologies

02

Adopting customer-centric models

03

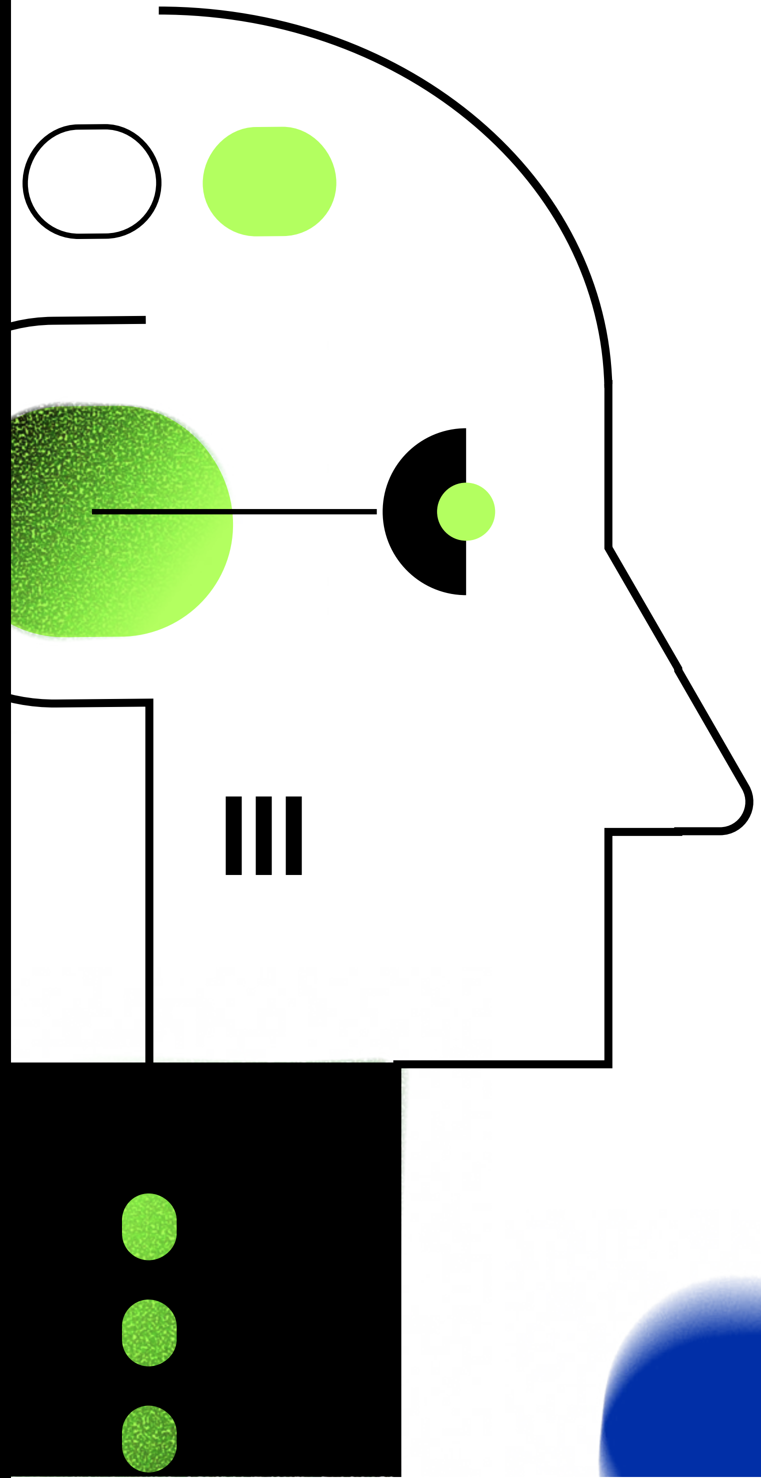
Investing strategically in CX innovation

04

Learning from global best practices

By embracing emerging technologies, adopting customer-centric models, investing strategically in CX innovation and learning from global best practices, OEMs can position themselves for long-term growth.

Embrace AI

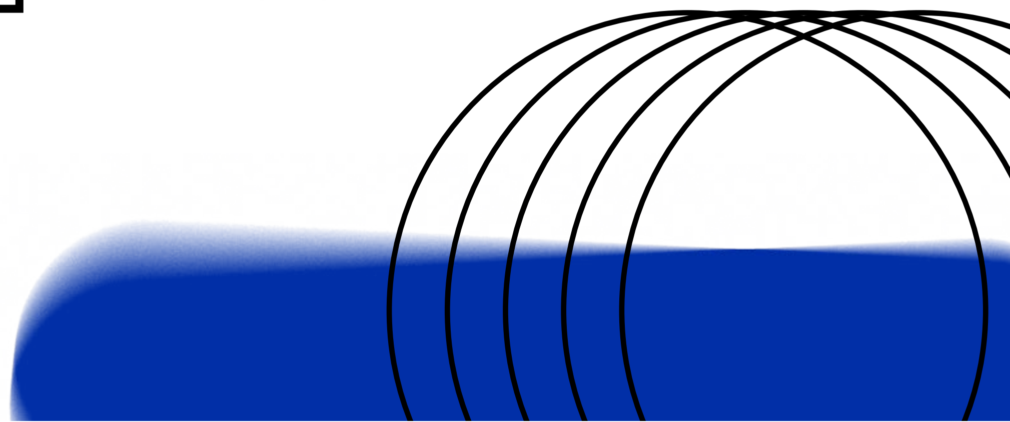


Most respondents identified AI as the primary disruptor shaping customer experience and innovation in the automotive sector.

Despite AI's clear potential, many OEMs have been slow to embrace it. Accelerating digital and data readiness will be essential to unlocking AI's value — especially as CASE technologies evolve and AI's ability to enhance them grows.

AI enables OEMs to harness customer data to anticipate needs and deliver personalized experiences throughout the customer journey. Think personalized pre-purchase recommendations and financing options, in-car AI assistants, and optimized post-purchase service scheduling. This is how AI can enhance every stage of vehicle ownership while driving customer loyalty and extending vehicle lifespan.

Leading brands like Tesla, Mercedes and Genesis are already leveraging AI for self-driving features, natural-language virtual assistants and over-the-air updates, demonstrating the value of AI-driven services in both enhancing the customer experience and generating new revenue streams.



Experiment with new approaches to doing business

By investing in CX innovation and adopting customer-centric business models, OEMs can build brand loyalty, generate recurring revenue streams, and create sustainable, diversified growth.

The risk-takers will likely outshine traditionalist competitors. OEMs that are willing to experiment with new technologies, business models and customer engagement strategies will be better equipped to adapt to changing market dynamics and capture emerging opportunities.

But this experimentation likely cannot be retrofitted into current structures and bureaucracies. They demand operational flexibility.

"There is a growing trend towards 'Amazonification' of automotive aftersales, with large dealership groups and companies like Ford offering programs that guarantee service convenience, such as vehicle pickup and remote servicing, often subsidized by the OEMs.

Industry expert

"German automotive brands are generating significant revenue through pre-booked maintenance plans that are integrated into customer financing for 3–5 years. OEMs are increasingly focused on these plans, ensuring customers have them when booking maintenance, and sharing a portion of the proceeds with dealers.

Industry expert

Play the long game of CX investment

Investing in digital and experience innovation will be essential for automotive OEMs to stay competitive and drive long-term growth.

While many OEMs face hurdles in their transformation efforts, those challenges often stem from a lack of a clear top-down vision and the absence of an empowered executive accountable for customer lifetime value and experience. While many companies have created CX roles, few have assigned this responsibility at the highest leadership levels.

Overcoming these barriers requires a long-term commitment to customer-centric innovation. OEMs must invest in future capabilities that prioritize customer needs and focus on sustainable value over short-term sales gains. Those that embed CX as a core driver of innovation will be better positioned for future success and will make themselves more resilient in the face of future disruption.

"The Chinese, with their electrified vehicles, are innovating very rapidly, very much like Tesla did. We see that innovation in other parts of the globe, and it is scary. We look at that and try to adopt some of those models and technologies for what we do here in the US. The competition isn't here in the US, but we see what's happening externally.

Hyundai

Learn from China

Chinese OEMs have excelled at creating seamless digital experiences, leveraging technologies like AI, mobile payments, effective social media integration and lifestyle immersion to engage customers across all touchpoints.

They have also been quick to adopt new business models such as subscriptions, car-sharing and membership services.

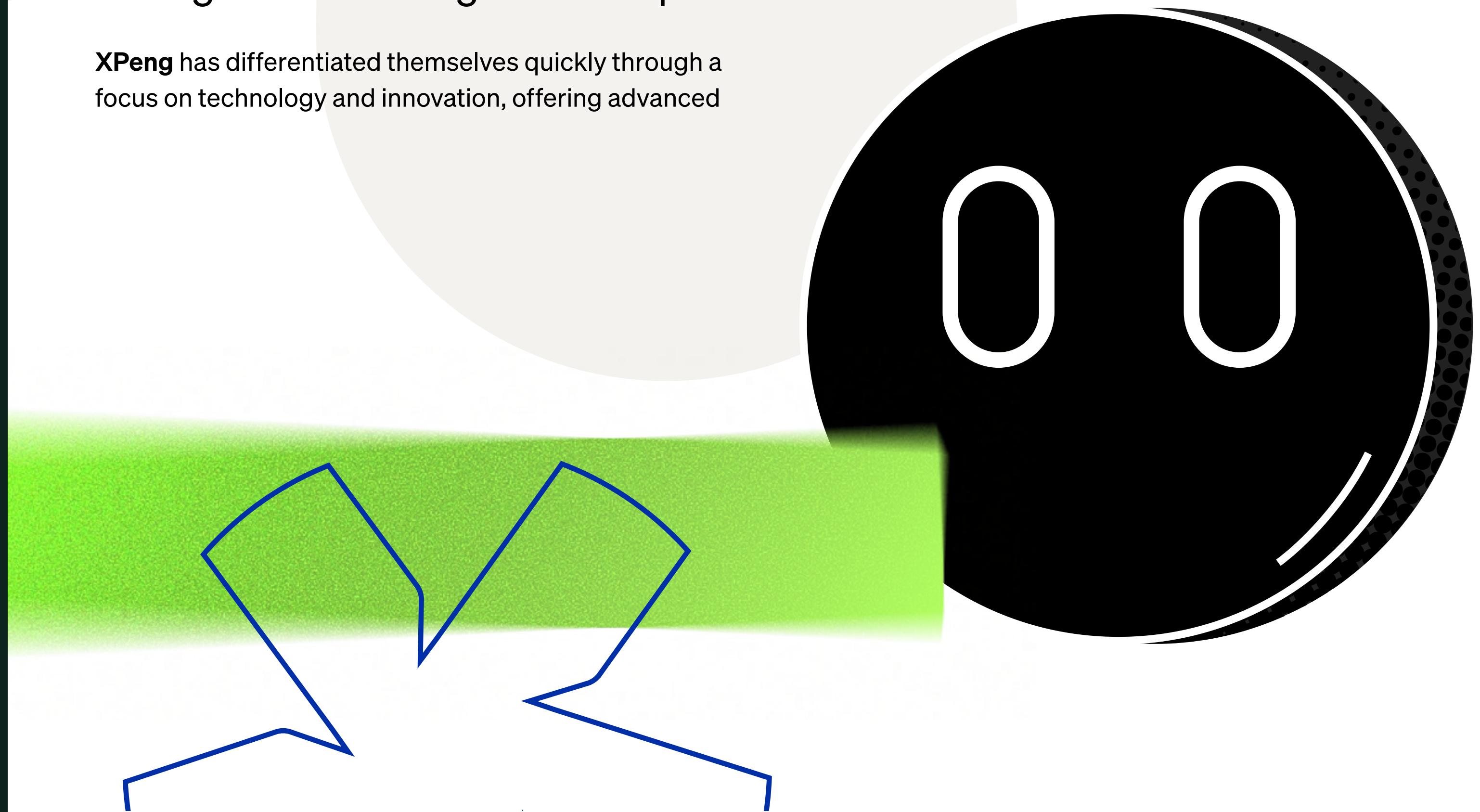
A key differentiator for many Chinese OEMs is their long-term vision for CX. They understand that building strong customer relationships requires sustained investment and a commitment to exceeding expectations at every interaction. These companies are willing to play the long game.

XPeng and BYD are great examples:

XPeng has differentiated themselves quickly through a focus on technology and innovation, offering advanced driver-assistance systems, in-car entertainment and other systems powered by AI, plus a seamless digital customer experience.

BYD has rapidly grown their market share by focusing on customer needs and preferences while also offering a wide range of electric and hybrid vehicles with advanced technology and competitive pricing.
They have invested heavily in building a strong brand anchored in providing excellent customer service across the entire lifecycle, inside and outside of their vehicles.

OEMs elsewhere can learn valuable lessons from their Chinese counterparts. By embracing a fast-follower mentality and adopting a customer-obsessed approach, they can accelerate their CX transformation and compete effectively in the global market.



04 Seizing the opportunities ahead

Digital services and AI are extending CASE technologies to unlock powerful ways for automakers to deliver value, differentiate their offerings and drive sustainable growth through exceptional experiences.

The booming digital services market

MarketsandMarkets[8] estimates revenue from digital services offerings will reach $568 billion by 2035.

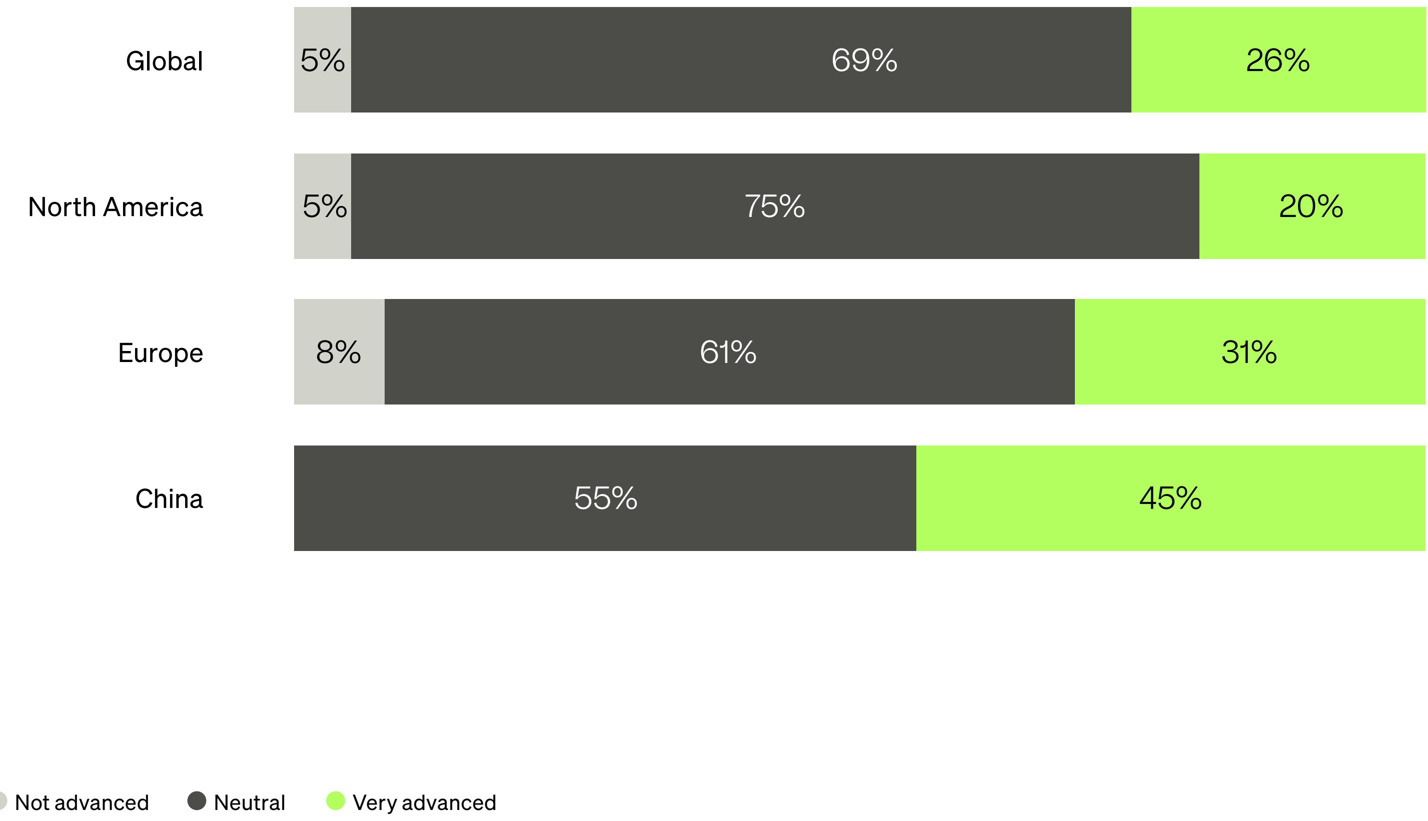
This translates to around $1,600 per vehicle per year.

Automakers have an immense opportunity to leverage the capabilities of CASE vehicles to innovate service offerings that better serve customers and create new revenue streams.

Already, we see automakers seizing these opportunities. Nearly half of our respondents from China say their organizations are "very advanced" at integrating digital services into their total offerings.

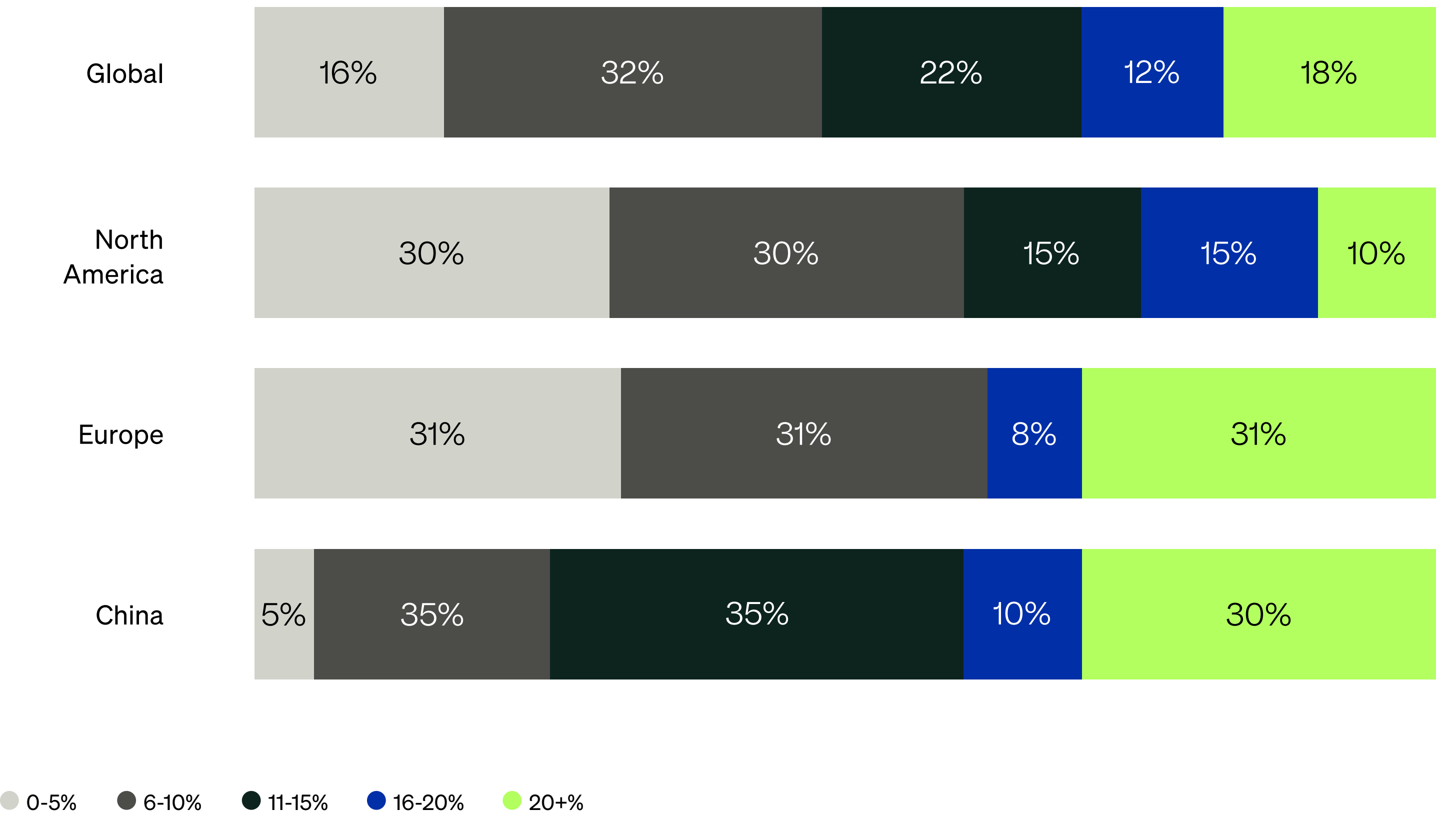
Question

How advanced is your organization at integrating digital services as part of your total offerings mix?



Question

What percentage of revenues do you anticipate will come from digital services in the near future (next 3 years)?



Interestingly, respondents across all regions are only somewhat confident that digital offerings will translate to a near-term increase in net revenue.

It is worth noting that confidence is higher among premium brands (31%) than mass market brands (18%).

While automakers are excited by the possibilities that digital services present, that excitement is tempered. There are still hurdles like organizational alignment and data maturity for automakers to clear.

> Today, it's like 90% of our sales are physical products and 10% or so are digital. We want that to be much more like a 50-50 split in the next 6–10 years.
>
> Volvo

> I'm thrilled about the rapid advancements in technology that are reshaping customer expectations, turning cars into extensions of our digital lives, much like our phones and homes. This creates exciting opportunities to enhance the total ownership experience and make interactions more seamless.
>
> Stellantis

> My primary concern is maintaining our speed and sustaining the necessary investments for success, even when immediate business isn't evident. It's crucial to remain consistent and persevere in our development, but I believe we can manage this challenge.
>
> BMW

AI as an innovation accelerator

Our respondents identified AI as the trend they expect to have the most significant impact on the automotive industry going forward.

AI is poised to improve and accelerate design processes while serving as the beating heart of CX innovation.

The widespread adoption of generative AI across industries highlights the technology's ability to capture people's imaginations and drive real business outcomes. AI holds the potential to accelerate digital innovation and redefine communication among dealerships, OEMs and consumers. This would empower automakers to be more responsive to nascent trends and evolving expectations.

AI is already impacting customer journeys. As the technology evolves, it will shape how customers interact with brands across channels and touchpoints while also powering the personalization features and value-adds that underpin customer-centric business models.

Look for AI-powered interventions to be key drivers of brand loyalty and customer lifetime value.

> AI is revolutionizing our customer experience, from personalized website interactions to guiding customers through their options in a conversational manner. It's not just about providing information; it's about curating choices and expediting decision-making, potentially reshaping the game for us.
>
> Hyundai

> By leveraging AI, we can accelerate the synthesis of new materials, simulate experiments, and conduct production line testing. These digital innovations help reduce costs and shorten development timelines, streamlining processes and boosting efficiency.
>
> CATL

> AI will accelerate software development and feature integration, reducing time to market and boosting customer satisfaction, but OEMs must focus on what customers actually want rather than just the latest AI capabilities.
>
> Stellantis

Our research makes one thing clear: Experience-led transformation is no longer optional.

The automotive industry is at a pivotal moment.

As customer expectations continue to evolve at pace — reflective of the seamless, digital-first experiences they enjoy across other industries — OEMs are under mounting pressure to transform. Those that recognize customer experience as a core driver of innovation and value creation position themselves to lead in this era of disruption.

Our research makes one thing clear: Experience-led transformation is no longer optional. To grow, automakers must embrace AI, reimagine business models and break down organizational silos.

The next generation of mobility customers will demand more personalization, greater convenience and more meaningful engagement throughout the ownership lifecycle. Meeting these expectations requires new tooling and new thinking.

From headquarters to the showroom floor, that means:

Committing to long-term structural change

Prioritizing experience innovation and data maturity

Empowering leaders with CX ownership

Designing organizations around customer journeys

Innovation must be embedded at every level and supported by aligned investments, agile governance and cultural buy-in.

The road ahead is both challenging and full of potential. OEMs that act boldly, stay customer-obsessed and view experience innovation as a growth engine will emerge as the industry's future winners. Those that hesitate may find themselves outpaced by faster, more focused competitors.

The future of mobility belongs to those who are ready to build it, one exceptional customer experience at a time.

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Endnotes

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Valtech is the experience innovation company.

We exist to change the way people experience the world through advanced digital technologies, data and design.

We do this by bringing together a network of experience strategists, engineers, designers, analysts and CX professionals with a proven ability to accelerate business growth by transforming our clients' products, services and systems.

Our global footprint allows us to deliver impact at scale. Our teams bring the agility and adaptability that allow us to create breakthrough innovation and speed to market.

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