

The desirability of our brands, the delivery of innovative value-added products and services (VAPS) and mobility service offerings and our ability to consistently meet customer expectations are key factors that help us defend market share, deepen customer loyalty and grow the sales and customer base.

A customer that is satisfied at point-of-sale is more likely to service their vehicle with one of our dealerships and purchase spare parts and financial products from our businesses, generating income from sources other than the vehicle sale. To enhance customer experience at each stage of the vehicle ownership lifecycle, we are working towards a collaborative customer engagement strategy across the importer, retailer and financial services pillars. This requires that these divisions manage, analyse and share data within strict data management rules to drive strategic conversations with customers based on an understanding of their individual needs.

The pace of change in the motor industry requires us to embrace digital capabilities to remain competitive. Telematics are being applied to influence driver behaviour, drive proactive customer interaction and inform research and development. Our operations in the United Kingdom and Australia give us first-hand exposure to the disruptive trends in advanced markets, enabling us to assess the rate at which these trends are likely to take hold in South Africa and the changes we need to make to our operating models.

Innovation is driven in all divisions with Financial Services operating as Motus' innovation hub to support business agility across all divisions. For the importer and retailer businesses our focus is to differentiate customer experience and provide convenient and compelling access to our offerings using digital platforms. For Financial Services, we are shifting away from traditional VAPS and finance offerings towards innovative mobility solutions that respond to changing customer needs and behaviour for sale in dealerships and call centres.

For more information on product responsibility and IT, see [high-quality products and services](#) and [driving IT optimisation](#).

Link to material issues

- › Deliver exceptional value to customers.
- › Remain the strategic partner of choice.
- › Apply a pragmatic and proactive approach to innovation.

Opportunity

Enhanced ability to maximise Motus' share of the customers' vehicle expenditure.

Risks and challenges

- › Compliance with original equipment manufacturer (OEM) agreements on sales volumes and customer experience to retain our status as an exclusive distributor and retailer.
- › Dependence on OEM's ability to innovate new vehicle products.
- › New entrants to the market, including non-franchise disruptors and financial service providers that offer VAPS.
- › The ability to adapt the business model to respond to broader technology-driven disruption that is changing the nature of the industry and current dealership model.

Boundary

All Motus entities.

Differentiated customer experience

– continued

Areas of focus

Deliver service excellence at all touch points

Priorities

- › Conduct customer surveys on vehicle sales, vehicle servicing and, in certain instances, the sale of used cars. Feedback is used to improve customer interactions and stay abreast of changing preferences.
- › Monthly reporting to OEMs on performance against customer service targets, which are part of our performance contracts.
- › Provide face-to-face sales and online representatives with product training and upskilling on how to effectively engage with customers (see *building capabilities that drive our competitiveness*).
- › Dedicated customer care lines for all distributor brands.
- › Monthly reporting on complaints to aftersales executives and distributor boards.
- › Access to the Motor Industry Ombudsman for customers in South Africa who feel that their complaints have not been dealt with satisfactorily.

Performance measure

Most customer-facing businesses monitor and measure customer satisfaction and the handling of complaints, however the methodology used differs across brands and, at times, individual franchises. This means that there is no one key performance indicator for customer satisfaction across Motus.

Provide relevant and innovative products and mobility service offerings

Priorities

- › Keep prices competitive based on strong and longstanding OEM relationships and the ability to leverage our proprietary data to develop and accurately price VAPS.
- › Work with OEM's to deliver innovative solutions and ensure their relevance in the markets in which we operate.
- › Ensure adequate resources (data warehouses and data analytics expertise) and investment in innovation to deliver new digital platforms and personalised services and to identify new ways to monetise data.
- › Ongoing monitoring of and adaption to market trends in digitisation, mobilisation and automation and reciprocal exchange of capabilities between divisions.
- › An open-innovation approach and developing the right technology partnerships to access the latest thinking and highly specialised skills required to change the way we do things. Partnerships are in place with various financial technology (fintech) and software start-ups and we are collaborating with other financial service providers on artificial intelligence, virtual reality and big data projects.

Highlight

In total

11 executives
were sent to Silicon Valley

to learn about new technologies during the year.

Differentiated customer experience

– continued

Adapting to a changing dealership model

Hyundai SA

Around the world, changes in consumer-buying patterns have resulted in dealership traffic declining, requiring a fresh approach to the traditional model. In November 2017, Hyundai opened a new showroom in Pretoria's Menlyn Park Shopping Centre to increase its exposure to consumers in a more convenient location and enable them to engage with the Hyundai product. The showroom is fitted with exciting features like touch screens where consumers can configure and price a vehicle and the digital wall which displays videos. Consumers also have access to wifi and can interact with customer relations managers and the Hyundai call centre.

The showroom increases our exposure to consumers who have no experience of the brand or who may never have considered Hyundai as a vehicle of interest. Feedback is positive and requests to take a test drive are followed up by a dealership that is convenient for the consumer. Pleasingly, the Hyundai dealership in the Menlyn area has experienced an increase in sales of around 15% since the launch of the showroom in November.

While the concept is innovative some challenges were encountered, including:

- › Employee training and recruitment as the engagement approach differs to a traditional dealership, with less focus on selling a vehicle and more on promoting the Hyundai brand and products.
- › High set-up costs and measuring return on investment – dealerships may not link a customer's visit to the showroom as the lead to a sale.

Hyundai SA

Around 600 consumers visit the showroom in a month.

16% lead-to-sale conversion ratio on instances where a customer's visit to the showroom can be linked to a sale.

Going forward

Hyundai will investigate the feasibility of introducing virtual reality and augmented reality experiences in the showroom and potentially open another store in KwaZulu-Natal.

Understanding our customers better

Kia SA

During the year, Kia SA held focus groups in Johannesburg to profile its customer base, understand the brands it competes against and gain a better understanding of how to communicate with target consumers. The focus groups were conducted by an external service provider and attended by existing customers that had purchased a Kia and people who had considered a Kia and opted to purchase another brand. The market intelligence gained is being used to inform Kia's marketing strategy and product planning.

Findings from the Kia Picanto focus group

Most respondents used online platforms to find a vehicle.

Of the 15 Kia owners, six did not test drive the vehicle before buying it.

Design, fuel consumption and price were the leading considerations when buying a vehicle.

Email and social media were the most effective ways to communicate marketing information.

Using online platforms to engage with customers

Digital platforms are increasingly being used by buyers to investigate product options. A number of initiatives are being undertaken across Motus to deliver an engaging online customer experience and increase positive brand sentiment, while gathering customer insights and data. In the online environment we focus on first understanding what the customers' needs are and then forwarding the lead to the relevant dealership for follow up through a comprehensive lead allocation and follow-up process. The more focused approach is positively impacting the rate of conversion from an online enquiry, which currently is averaging between 14% and 16%.

Ford and Mazda

An example of such an initiative are projects at Ford and Mazda to optimise their online presence. All individual dealership websites are being moved onto umbrella websites for each brand to support credibility and consistent messaging. Websites and social media platforms are being redesigned to be more customer relevant and mobile friendly. Both brands are implementing search engine optimisation strategies and analytics will be used to monitor customer interactions, enable faster responses to a website search or query and identify new trends.

Motor-Related Financial Services

Projects to enhance the customer experience

Business benefits:

- › Better customer awareness of financial products and services.
- › Faster time to assist customers and resolve their queries.
- › Decrease in the number of plan cancellations.
- › More efficient systems and processes.
- › Fewer calls to the customer care department.
- › Enhanced data integrity and analysis.
- › In-depth reporting.
- › Better communication between business segments.

Customer self-service portal

Launched: mid-2018

Financial Services' new 360Plus self-service portal allows customers to view and manage their motor plans online and access related information. A chat facility is available on the portal so that customers can easily receive any additional assistance they may need in real time. Feedback and suggestions received to date will be implemented in the second phase of the project, including the ability to download motor plan documentation and access account statements.

Ensuring we sell the right products

Will be fully operational in September 2018

To guide our sales agents and help them to sell the right motor plan to a customer, we have updated Financial Services' sales script and streamlined the front-end application, enabling our sales agents to work with a customer's information on a single screen. The updated sales script ensures that a motor plan's benefits and features are clear and easy to understand for the customer, and that the sales agent asks the right questions to understand a customer's needs. The single screen view helps the sales agent to easily navigate the system, negating the need to enter text and use other systems to access information.

Over the next two months, the updated script and a needs analysis tool, which prompts engagement with the customer on their driving style, will be incorporated into the single view screen.

Enhancing how we communicate with customers

Completion of phase 1 development: October 2018

As a result of our acquisition history, individual businesses use a number of ways, including manual processes, to communicate with customers. A project is underway to integrate and automate these processes into a formalised approach, covering Financial Services as well as Hyundai, Kia and Renault. The new system will provide a single view of all engagements with a customer from a central point, giving us better control over communication and campaign management.

For example, to support the customer onboarding process the system will trigger specific information discussed during the sales call and send it to the customer together with the motor plan's documentation. To keep customers up-to-date, information relevant to their motor plans will be sent to them, when required, including information on roadside assistance, debit orders and the self-service portal. To ensure our engagements add value, we have used our research on the reasons for cancellation and the pain points identified in the customer journey to update what we communicate. Customers will receive SMS notifications whenever a communication has been emailed to them and the system will track whether emails have been read or not.

Meeting Treating Customers Fairly (TCF) requirements

Launched: July 2017

The new complaints management system for LiquidCapital and MotorHappy aligns to the requirements set by the TCF framework. The system is facilitating better complaint resolution, analysis and reporting; and trends highlighted in the complaints register are being used to investigate and improve processes.

The system aligns to the complaints management systems used in the remaining financial service provider businesses, and the feasibility of integrating these systems into a single platform over the longer term is being investigated. Of a more immediate concern, is to remedy the areas of improvement identified in the TCF gap analysis.