Paving the way for personalized digital retail

30/06/2020 President and CEO Klaus Zellmer shares his take on fast-tracking online vehicle sales for Porsche Cars North America, Inc. and U.S. dealerships at a time when nothing is "business as usual"

Porsche Cars North America, Inc. (PCNA) is an importer and distributor with sales at the core of the business. How did the company react when the pandemic forced dealerships to close?

The safety and wellbeing of our customers and staff has been our top priority from the moment the COVID-19 pandemic became a reality. Our own caution along with guidelines from the authorities meant that some of our dealerships had to shut down temporarily. But while the doors were closed, the business remained open.

We quickly accelerated our digital retail program, which was first announced as a pilot in October 2019, and allows a customer to buy the Porsche of their dreams online. We started the year with 26 dealerships live in the program. By June 1, the number close to tripled to 77 using the IT system that we provide – which we also made more affordable and easier to install during the pandemic. If you include those that have opted to source their own IT solutions, 116 out of our 192 independently owned and operated dealerships are now offering digital retail, or 60%.

With that kind of growth, is there not a risk of rushing ahead and jeopardizing the level of service Porsche customers expect?

We have had to pave the road ahead of us during the past months, just like many other companies, but prioritizing digital retail was not a rash decision caused by the pandemic. Did it make us speed things up? Absolutely. But the course was already set in advance. While we are still in the early stages and have a long way to go, we have learned a lot in a short amount of time.I believe this is a step in the right direction, and our customers seem to agree since our internal tracking of the sales experience hit its best results ever this spring.

Selling a car online is very different from the in-person customer interaction. How are dealerships responding to digital retail?

2020 has been anything but "business as usual", but thankfully, agility is what Porsche does best. Our dealerships have welcomed the opportunity to sell sports cars online, and customers have responded positively as well. So far, digital retail has facilitated around 1,300 sales. And that is only the tip of the iceberg. Many more customers have used the features of online retail to find a price, value their trade-in, review the financing and lease options, and otherwise prepare for a final visit to their dealer to close the deal. These are all steps that used to require more time away from home and that can now be done

comfortably from the couch. Even without a complete sale, the online tool makes the brand more accessible in a seamless and personalized way

Is digital retail competing with the brick and mortar dealerships?

Not at all. Digital retail is offered by individual dealer partners who choose to participate in the program, and all sales are finalized through that single dealer – just as if a customer walked through the door. It's a complementary service to their state-of-the-art facilities.

The customer contact is not lost either. For example, 1-on-1 video consultations have become popular. At the beginning of April, around a dozen of our dealer partners were doing live video consultations. Now, 93 of our dealers, almost half of our network, offer this service.

So what does it all mean for the customer?

Imagine finding a car you like online. You might live far way, so instead of driving to the dealer, you have a live video consultation where you see all the details of the vehicle. The door to the showroom is open if you want to experience it in person and get behind the wheel, but if you're already convinced this is the car for you, everything can be finalized online and it will be delivered in your driveway.

This scenario offers a highly personalized experience, in my opinion. Dealers are adopting these services at different rates, and the rollout of each offer is a fast-moving target. But Porsche customers expect to have every option at hand, and we're all pulling in the same direction to give them that.

What does the future hold for Porsche digital retail?

We will keep expanding our digital retail program where we offer our dealer partners coaching as well as collaboration with select vendors at negotiated rates. We will also make it even easier for customers to find just the car they're looking for. In May, we launched Porsche Finder, an online search platform that lets you browse pre-owned cars nationwide across all dealers. At a later point , we will add new car search to Porsche Finder as well so you will be able to see the entire U.S. inventory in one place. Ultimately, we will have a seamless e-commerce ecosystem for everything Porsche. It will tie back to our dealerships, because our dealer partners are the key to our customer relationships.

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Subline: Digital retail options have become increasingly important to Porsche customers

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