

The Car as a "Mobile Device" - What Does the Customer Actually Say?

By Kai-Ingo Voigt

The worm, so they say, should taste to the fish and not to the fisherman. But does one act according to this maxim?

The automotive industry is currently experiencing fundamental changes - in more than one way. One of the trends, which are more than just incremental changes to known developments, is the transformation of the automobile into a "mobile device" - a mobile Internet connection that delivers and receives data and enables the use of numerous digital offers and services. VW CEO Diess has already emphasized this in his "brand speech" on January 16, 2020. Based on the idea of "digitalization, which is fundamentally changing the automobile as a product", he made it clear: "In the future, the automobile will be the most complex, most valuable Internet device suitable for the masses. ... In the car we will be continuously online, delivering far more data than smartphones, but also getting information, services, security and convenience from the Internet. The car will be the most important mobile device. "¹

In his speech, remarkable in every respect, Diess openly expresses what other CEOs in the industry think at best: "The car is no longer just a means of transport. This also means that the time of classic car manufacturers is over. ... Transforming VW from an automobile group into a digital Tech group - that is a huge challenge. It seems almost impossible to master it. Nevertheless, I believe we can master it."² The problems associated with the strategic and cultural ninety degree turn have now become clear - and have almost cost VW CEO Diess his job. In spite of everything that he and other CEOs of well-known car manufacturers have said about this, one central question remains largely unanswered: What does the customer actually say?

Technology-push, market-pull or cross-industry?

One thing seems clear at first glance: Car buyers or users are not the drivers of development here, but rather those who have yet to be convinced by the new offerings. In contrast to the eagerly awaited Covid 19 vaccine, this is not a market- or demand-driven innovation ("problem seeks solution"), but a technology-driven development. Therefore, the question of whether the customer/user also wants to buy and use the new digital options in connection with the automobile is still to be answered at present and is little discussed in public - Herbert Diess also does not mention this at all in his "brand speech". Gladly and often somewhat hastily, reference is made to the smartphone, which has developed out of the telephone and the mobile phone and which, as the "computer for everyone and everything" opened the door to the digital world for many. The assumption that this success story can be repeated in a (digitalized) car, albeit with considerable time lag, corresponds to an attempt to imitate a business model from one industry to another - with an uncertain outcome.

¹ Manager Magazin, 01/18/2020: <https://www.manager-magazin.de/unternehmen/autoindustrie/volkswagen-wortlaut-rede-herbert-diess-16-01-2020-radikal-umsteuern-a-1304169.html>

² Ibid.

Faster horses

What do the customers actually say to this? A quote from Henry Ford is often used as an argument against the obvious idea of asking them: "If I had asked people what they wanted, they would have said: faster horses."³ Radical innovations, so the story goes, are something many customers could not even imagine and would have to be "thought out" by clever minds inside and outside companies. If the solution is just brilliant enough, customers will soon be convinced. However, this deeply pessimistic view of passive and incompetent customers is been considered out of date - it has been understood how valuable the contribution of "lead users" is especially in the early phases of innovation projects. With concepts such as "Open Innovation" and "User Innovation", companies have begun to appreciate and use the knowledge and creativity of customers, users and third parties in innovation management right from the start. In the case of the car as a "mobile device", the question is which known and new benefit categories the product "automobile" will serve in the future and to what extent - the necessary measuring methods (e.g. conjoint analyses) have also long been available for this. How will the basic benefit (mobility from A to B) and additional benefits (i.e. the car as a means of social differentiation, which is also not unimportant for a Tesla) develop when many more digital functionalities are added? Care should be taken when orienting too quickly to the telephone/mobile/smartphone case - this has always been about communication and social interaction as central benefit categories, which digital technologies have only differentiated and supplemented by functionalities that are adjacent from a benefit perspective. It is already apparent today that the "digital car of the future" will have different user groups: Some want to be autonomous not necessarily in their own cars and would like to use the time for other digital services, while others want to continue to literally "have the steering wheel in their hands" and enjoy self-determined "driving pleasure". What value which digital offers will have for which customer or user group in the future can be determined with modern methods of (innovation) marketing - but yet little or nothing is heard or read about it in the current discussion. And finally: The smartphone is already on board, the relationship to the vehicle operating system - competition or division of labor - remains to be clarified. It can neither be a question of digitizing the car "at any means", nor of copying Tesla, smartphone manufacturers or whoever - but rather of finding an innovative and adequate answer to the changing and differentiating customer wishes in the field of individual mobility. Even the pioneers of the automotive industry, for all their technical inventiveness, thought of their customers early on - a virtue that should be remembered in the current shift towards digital and data-driven business models.

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06.07.2020