



OEMs and Partners Need To Learn To Share Ownership of Their Customer

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When it comes to implementing CRM in an original equipment manufacturer, the main question is: Who has customer ownership? Who will be the master of customer data—the OEM, because the customer buys the product? Or the distributing partner, which is the customer touch-point at the point of sale?

This answer holds significant and strategic importance for the OEM, because it influences all the CRM processes and business rules that encompass the relationship.

Before you can answer it, you must understand the existing customer relationship. Who is the customer? And for whom? Are there different levels of customer relations?

Traditionally, the OEM's main customer is its network of distribution partners—not the final consumer of the product. If the distribution partner is not willing to list the OEM's products in its portfolio, the product has no presence and will hardly be sold (unless the OEM applies a strong marketing pull strategy, where consumer demand forces the distribution partner to list the product, as is the case in the consumer goods industry).

Three scenarios

This means that the OEM's main focus in defining a CRM strategy is in "loyalizing" its network of distribution partners in the long term, to reach a wide customer base. In the business world, you can see British American Tobacco, Procter & Gamble and Danone doing this. That's because they understand that CRM means involving their retail network in delivering premium customer service, without addressing their consumers directly with targeted, personalized customer communication.

The OEM can also go for another scenario: establishing a CRM strategy that directly addresses the final consumer with targeted, personalized marketing activities, independent of its distribution network. This is how Toshiba, Nestlé and LG operate. They invest in CRM activities that increment the level of customer information available to them by, for example, attaching customer data coupons to the product and providing service phone numbers to capture customer information. In this way, they can get to know the end customer better. Here it is important to define the role of the distribution network within the CRM strategy: Is it involved in CRM, or is CRM being delivered in a separate way by the OEM?

The third, and most complicated, scenario in terms of defining roles and responsibilities is a CRM strategy that fully integrates the distribution partners in delivering CRM to the final consumer. It's in this scenario that the OEM and the distributing partner need to settle who has customer ownership and is the master of customer data.

In a client project in the automotive industry, we were faced with answering precisely this question. The OEM was convinced that customer ownership is linked to the vehicle and brand being purchased and used by the customer, not the relationship to the dealer selling the vehicle. The dealer, nevertheless, was convinced that the customer buys those vehicles recommended by the dealer, independent of the brand. After various long discussions and workshops, they agreed to the following strategy: The OEM has customer ownership and is responsible for defining CRM processes and business rules, as well as implementing the appropriate CRM technology to store and qualify customer data. The dealer is the main customer touch-point and fulfills the CRM



processes and business rules defined by the OEM, supported by the CRM infrastructure delivered by the OEM.

In practice, this means that the OEM receives customer data after each vehicle purchase by its dealer network; a common customer communication strategy is prepared and fulfilled by the OEM; and the dealer has the benefit of reduced communication costs—because the OEM makes all the investments in the CRM infrastructure. The most important point is that the OEM fully supports its dealer network in CRM delivery toward the final customer and, by this, maintains a common customer communication—and high standards and customer data management.

They agreed to similar roles and responsibilities regarding lead management: The OEM is responsible for capturing and qualifying the leads that come in through such avenues as road shows, automotive fairs and the Internet. Then leads are forwarded to the dealer network for commercial follow-up, without any lead acquisition costs for the dealers.

Both parties are satisfied now, because they can contribute to an integrated CRM methodology with each one's clear strengths: The OEM sets the rules for CRM delivery; the dealer respects them and feels the OEM gives him valuable support for his daily business—and provides him with additional business without major acquisition costs.

The clear and fair definition of CRM roles and responsibilities between the OEM and its distribution network is the key for successful CRM delivery. Each one knows its strengths and focuses on optimizing the available know-how. CRM can be jointly lived and delivered to the end customer, who in the long term appreciates the coordinated approach between OEM and dealer and understands this as a professional way of doing business. This, in turn, increases customers' trust in the chosen partners and drives their loyalty to both parties.