Exploring the relationship between customer experience and brand image via case studies at German Dealerships.

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ABSTRACT,
There has been an increase of attention on the term customer experience and it became a buzzword in marketing. However, marketing science has been slow in developing new literature insights on customer experience. To address this gap, this paper explores how car companies are successfully establishing their brands with the help of customer experience management techniques. A series of case studies examining three German luxury car brands - namely Mercedes, BMW and Audi - has been conducted in a rural to midsized urban setting in West-Germany. The studies include the analysis of customers, employees and physical elements of the dealerships.
Main findings include that dealerships who provide vehicles in rural to midsized populated areas have challenges to attract customers because of their remote locations. Practises that offer experience to customers are promotions and events. Overall, there is plenty of experience offered, not only the cars provide experience but also the service offerings like inspections or a friendly but professional atmosphere provided by the sales people. The dealerships itself are having smart designs and layouts that help amplifying the customer experience. All these measurements can help establish and facilitate brand images that is set by the extensive histories of the brands.

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1. INTRODUCTION

In today’s consumer world, there is a lot of experience a customer can have in a company’s offering. From the features of a product to customer care and advertising (Schwager & Meyer, 2018). Concentrating solely on traditional elements such as price, product and quality may not be enough to sustain competitive advantage (Gentile, Spiller, Noci, 2007). Therefore, there has been an increase of attention on customer experience and the term became a major buzzword in marketing (Lemon & Verhoef, 2016). Different scholars have tried to define customer experience, and overall, the concept is defined as a multi-level construct, which include cognition, feeling and emotions (Lemon & Verhoef, 2016). Physical elements are also included in those levels as well as the external contact and experience to and from a company.

Customers experience the service a company offers every time they interact with a given firm, and the companies therefore influence how the customers perceive the brand. That is why it is important to make sure that the customer can experience the company in the best way. Moreover, if customer service is executed in good manners, the customers should be able to appreciate the provided services (Seybold, 2010). Customer experience has been discussed in literature since the 1960’s and has shifted in focus on various aspects and attributes on what is considered important to tackle to perform successfully in marketing. However, what are important aspects in the 21st Century and how is customer experience managed today in a much-changed environment. Lemon & Verhoef (2016) states that the importance lays within customer engagement and the recognized role of that party. People always had the desire to express themselves based on what they own and that means today the brand can tell what they value and appreciate (Smith & Wheeler, 2002).

“Freude am Fahren”, “Vorsprung durch Technik”, and “Das Beste oder Nichts”. These are well known brand slogans from German automotive makers that have a rich company history containing well defined premium attributes. BMW, Audi and Mercedes managed to produce not just cars but also so much more. They provide a whole world of experience and a status symbol that show success and wealth. This experience that customers go through with the products is why they can attract a huge fan base and bind them as loyal customers. Brands that can connect with the customers’ emotions are those that can reflect the customers core values (Berry, 2000).

One of the major purchases an individual can do is buying a car and for many people a car delivers plenty of experience. But how are those perceptions managed at the sales level where the customer comes into touch with the products provided? And how do those dealerships make themselves visible in a local setting they operate in? Dealerships have several ways of providing customers with customer experience. It includes service packages and advertising campaigns and much more. In this paper, there will be a focus on how customers experience a car brand in the cases of Mercedes, Audi and BMW and how those manufacturers manage the customer experience to increase their Brand Image.

This paper will first focus on given processes in the business world that manage customer experience in the way that it enhances brand equity. Then a look into the Customer Experience Centric Perspective will be made to grip and understand the given processes in the Automotive industry. Namely the Servicescape Model, the Seven Pillars of Customer Centricity and the concept of Service Clues will be used to analyse how they can contribute to Service Centricity and Customer Experience.

The dealerships of Mercedes, BMW and Audi will be analysed through case studies to see what practises they have that provide customer experience. It will be explained why the three brands have been chosen and how these car manufacturers manage brands through service offerings and what effects it has on the customer perceptions.

1.2 Knowledge Gap and Relevance

Customer experience is of increasing importance and applying and analysing the Customer Experience Centric Perspective on current practices may give helpful insights for brand equity management. The car industry is a big market and the academic literature would benefit from the insights on current practices made, as it would be applied and connected to current theories that are held in the academic world.

Buil, Martinez and de Chernatony (2013, p.62) noticed that “the value of a brand is derived in the market through the actions of consumers”. They note that most scholars acknowledge that brand equity possesses positive effects on customer response, however there is a scarcity of empirical research that investigates the relationship between customer-based brand equity and customer response especially regarding especially at the car dealerships. Marketing science has been slow in developing new literature insights on customer experience (Lemon & Verhoef, 2016).

Addressing this gap, there is the need to explain how car companies are successfully adapting their brands, with the help of customer experience management techniques, to show how important the overall involvement of customers can be. Especially through the eyes of the customers and of companies and the two different perspectives that result.

Furthermore, it is interesting to see how companies manage the challenge on how to manage customer experience from a brand management perspective as it is of importance too. In just a few decades the average customer base has become more complex and harder to grasp (Kahn & Rahman, 2016).

2. RESEARCH QUESTION

This research should tackle the objective of explaining the current practices that are at car dealerships of BMW, Mercedes and Audi that are managing the brand images and to connect them to the Customer Centric Perspective. Therefore, the question is:

“How do franchised Car Dealerships manage Brand Images from a Customer Experience Centric Perspective in Germany?”

To answer the research question there will be additional three sub questions. Sub Questions:

“What does customer experience mean for car brands at car dealerships?”

“What are the brand experience practises at car dealerships?”

“How do car manufacturers use perceptions from customers to increase brand value at dealerships?”

To answer the questions just provided, it will be useful to look at current practices of other companies that exist that help establishing and dealing with customer experience.

3. LITERATURE

3.1 Managing the Brand through Customer Experience

Brand Management is defined as a process that creates relationships between a company’s product and emotional perception to differ among competition and establishing loyalty among customers (Hislop, 2001). Customer experience is about
perceptions, and many of those perceptions are related to a brand and the expectations they can generate. Therefore, it is crucial for a company and entails a lot of importance for business planning. There has been a focus on the importance of building strong emotional connections between a brand and the customers (Morison and Crane, 2007). Research is acknowledging the fact that modern customers are no longer buying only the products but also the emotional experience that is provided. However, companies are forced to rethink their offerings and must shift to selling a whole experience (Morison & Crane, 2007) to stay competitive. Urde (1999) argues that the brand should form the basis of a company’s interaction with its customers which forms a company that deliberately and actively attempts to manage the processes (e.g. customer experience) that give the brand value and meaning. The brand establishes itself as a symbol in an ongoing interaction between the customers and the firm, it is important that it satisfies the needs and wants of the customers within the framework of the brand. What he stresses is that brands should not be formed dominantly and only by its customers’ desires, but rather brands should be used as a future orientated resource and strategic platform. Especially when considering that the brand should be seen as an asset that plays part in the long-term success of a company (Davis, 2002) A strategy focusing on creating the whole experience that includes awareness rising, establishing associations and loyalty can help building up brand strength (Urde, 1999) and long-term success.

It is worthwhile to see what kind of practices in companies exist that tackle customer experience. Creating a customer experience that becomes synonymous with the brand is increasingly recognised as an essential driver of corporate performance, companies like Disney, Southwest Airlines or Amazon are creating already a loyal customer base by delivering branded customer experience that establishes value for customers to a much further extend than only selling products (Smith & Wheeler, 2002). A report from IBM acknowledges that customer experience is crucial for firms when building devotion to brands, channels and services (Badgett, Boyce, & Kleinberger, 2007). The authors believe that the customer needs to be turned from shoppers into advocates in order to “create a sustainable, differentiated [competitive] advantage” (ibid., p.1). However, having a deeper understanding of customer needs is just the first step. The goal should be that customers are recommending the services to others, spend more money on the services and make them more loyal to the company.

3.2 Customer-centricity

Extraordinary experience is established when a company manages to provide high levels of emotional intensity (Arnould & Price, 1993) and once an emotional connection is created a customer is willing to recommend the product/services and is willing to return (Pine & Gilmore, 1999). That means that Badgett et al. (2007) advise that a firm needs to become more of a customer-focused enterprise that can mix the customer perspective with the traditional product-centric approach; for the authors, four characteristics need to be tackled in order to improve customer experience: The first one is that they understand the needs of the customer and the touchpoints between the customer and the firm. The second is that the firm puts a high priority on transforming the needs into relevant decisions. The third point is to understand how the customer feels about using the services and how he/she uses it. At last, the investment decisions made need to reflect what is best for the customers and their experience (Badgett, Boyce, & Kleinberger 2007). Companies who focus on customer satisfaction and customer loyalty have been shown to have the best performance, according to marketing research (Rust, Moorman, & Dickson 2002) and having the previously mentioned focus can even help to outperform other companies (Mittal et al., 2005).

Furthermore, it is important to get to know what customer base a company should form and to target. Rover Cars faced a period in the 1990s where they try to manifest themselves as a niche player and therefore they felt the need to adapt to the needs of the target groups. They discovered eight customer profile groups and targeted three of them based on that research Rover could please a distinctive customer group (Jones, 1997). The segmentation of potentially profitable customers becomes increasingly important for companies. That tells us that the development of effective and successful competitive positioning should start with research that helps to define the target market (Kim & Chung, 1997, Darling, 2001). Automakers know that customers are their priority and therefore it is important to clarify and to understand what the customers need and want (Jones, 1997) and a defined target market will help to achieve the objective of enabling a customer centric focus. Keep in mind that the value of brands is originating in the market through the actions of customers (Buil, Martinez, de Chernenoy, 2013). It is important to put the customer at the very centre where he/she is the co-creator of value (Vargo & Lusch, 2004), where the brand becomes the experience (Prahallad & Ramaswamy, 2004) and therefore this establishes a competitive position.

3.3 Managing Employees

Companies need to make sure that the customer experience is ensured at sales level, the employees need to be able to identify with the brand culture (Mosley, 2007) and they need to understand that they are the ambassadors of a brand (Smith & Wheeler, 2002). A brand that is strong provide internal focus and clarity within a company (Davis, 2002). To execute the role as an ambassador successfully employees must have appropriate knowledge about the brand to deliver the expected brand promise (Ermken, 2018). It must be acknowledged that employees have a significant contribution on the service experience (Mosley, 2007) and attention needs to be taken that the management of employees enriches the outcomes that benefit the customer (Smith & Wheeler, 2002). That includes the experience that they manage and therefore the concepts of customer experience must be understood (Humburg, Jozić & Kuehnl, 2015). “Strong brands embody a clear, valued, and sustainable point of difference” (Davis, 2002, p.352). Apple has established its retail stores and is known to provide people with great experience. Apple has greatly concentrated on training its employees which is considered a major competitive advantage. Relationship building is also of an important matter and the employees are taught to establish a connection to the customer. The big brand has identified that customers want to feel special and therefore they try to meet that criterion. Apple avoids the usual sales language, employees even lack traditional job titles such as cashier. Instead, Apple uses the word “geniuses” (Gallo, 2015). Gallo (2015) states as soon the employees and the company itself understand the difference between selling products and building relationships, the sooner a company is build that people talk about and buy their products.

This means for car dealerships that they should give great attention to their sales people. Customers want attention when they walk inside the store as the car buying process needs much more assistance compared to a shopping spree at the supermarket. It is a complex process which includes negotiations, paperwork and after-care, therefore it is beneficial when the dealerships employees understand and identify with the brand to ultimately deliver the best customer experience.
4. THEORETICAL FRAMEWORK
An improved Customer Experience should boost the reputation of the brand including the Brand experience and Brand Imagery. To meet the objective of improving customer experience it is worthwhile to consider a Customer-Centric perspective. Three established models and theories are going to be discussed in the following section that will explore customer centricity. Customer Experience Centric Perspective describes a close relationship between customers and the company where the customer has been put at the focus point.

One theory that tackles the objective of customer centricity is the Seven Pillars of the Customer Centric Business Model (Dunnhumby, 2017). The Dunnhumby organisation established seven pillars of a customer centric business model. This model prioritises customer values and tries to create understanding of the customer. It defines price, range and service, promotions, affinity, rewards, ease and communications as areas that can be subject to provide improved customer experience and branding and therefore have a positive impact on business. The organisation has found that brand affinity is build up through a personal connection, these pillars try to help establish this personal connection. The first pillar discusses affinity, creating the emotional connection to customers to they see their own values reflected in the communicated values from the brand.

The next pillar describes that a good amount of choices must be made available by a wide range of quality products which are also presented in an appealing way. Service practises need to be provided in an equally good manner. Products and Services need to be developed with the customer in mind. Innovation should contribute to the customer and should influence the customer positively. “Pride of Ownership is real” and therefore something that needs to be realized accordingly (Kelly, 2018).

Promotions are defined as another pillar. These promotions need to be clear and easily understandable which also provide good options for the customers. The offering of promotions can help boost customers’ interaction and can lead to new customers as well. Sometimes profit can come short, however it will benefit in the long term.

The fourth pillar is about price, the pricing of products and services need to be set fairly, providing the feeling that the purchase is worth the money.

Communication defines the fifth pillar. Positioning and management of a brand towards the customer happens through the actions of communication which includes how advertisements are visualised in tone and in style (Urde, 1999) through new (social media, internet) and traditional media (radio, print). The communication should be relevant and personal with inspiring content and relevancy for the customers. The communication should focus on personalization providing tailored experiences to customers (Kelly, 2018).

Ease describes the six pillar and it means providing an easy shopping experience for the customer, without complicated procedures that hinder a positive customer experience.

The last pillar is about rewarding the customer. A practise that helps building customer loyalty and to successfully obtain that objective several measurements need to be undertaken. Such as recognizing and rewarding long-term customers and communicating the appreciation that customers are using the provided products and services (Kelly, 2018).

The appearance of the facility where the products and services are presented and provided also play a crucial role in providing customer experience. The ability of influencing behaviours based on atmospheric elements can shape the brand image. Hooper & Coughlan (2012) noted that there is no second chance when making the first impression and especially on the sales level it is the first impression a customer can make that makes a difference. Bitner (1992) has therefore developed the Servicescape model. The model is and a so called stimulus-organism-response model (SOR model) that treats the physical elements from the environment as the stimulus and the response is the behaviour from the customer. Considered are the facilities exterior (e.g. of a dealership) and the looks of the building. And on the other hand, the interior, such as choice of furniture, equipment and layout. The elements can be categorised into categories. These environmental inputs are of sensory, spatial and symbolic nature. The sensory aspect includes the ambient conditions such as the ambient noise, lighting and odour. The spatial aspect specifies the space and the function of the facility (e.g. layout) including the equipment used (e.g. cash registers and furniture). But also signs and symbols form a category. The whole formation interplay with each other that ends ideally into synergy. The customers will react at the end to what they are using and seeing and will provide an adequate response. The model shows that there are different types of response: individual response (approach and avoid) and interaction responses (e.g. social interactions).

When doing right, the Servicescape model can promise to enhance the customer experience at a given firm. The Servicescape model has a positive effect on emotions and customer satisfaction (Johnsen et. al., 2004) and image of the store and brand (Baker et al., 1994).

The last concept that is going to be discussed is the Service Clues. Customers generate general and overall perceptions from given performances of a firm. The whole package of these experiences can be divided into three types of categories, or in this case clues. Mechanical Clues deal with tangible objects that are used to provide a service but also smells, sounds and tastes are regarded as tangible. Then there are the humanic clues, which describes the behaviour of the employees that help enabling the service experience. It includes their choice of words, their attitude, and body language. At last, there are the functional clues which address the technical quality of an offering (Berry, Wall, & Carbone, 2006).

Customer experience and Brand management can be build up through various aspects inside the firm, if it is about visual elements that represent the brand or from the quality of service offerings performed by employees all these three models and theories have a different scope of focus.

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7 Pillars of Customer Centric Business Model

- Servicescape Model
- Service Clues

Customer-Centric Experience → Brand

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4.1 Brand Identity Model
The second part of the thesis is to have a look between the alignment of customer experience and brand proposition. Establishing Branded Customer Experience evolves from aligning the whole organisation behind the customer proposition (Smith & Wheeler, 2002). One model that deals with the topic is...
the Brand Identity Prism (Kapferer, 1996). The model will be used to analyse the propositions made by BMW, Mercedes and Audi. Brand Identity is an important aspect when dealing with brand management and it is about how to ensure identification of the brand with customers and the association of the brand to products or services (Keller, 2013). That is why from a brand management view the Brand Identity Prism (Kapferer, 1996) helps to understand how these customer practices can enhance brand identity and brand manifestation.

The model has six elements playing a role in Brand Identity. The first element is about the physical attributes of a brand. It includes how the physiques of a brand can turn abstract and tangible elements into crucial qualities. This part of the model is discussed as being the “brand’s backbone” (Kapferer, 2012, p.182) as it is very important to concentrate on the products main elements for branding. Physical elements, like the classic Coca-Cola bottle help the product to be unique and to stand out, it enables to establish a competitive advantage, something that other companies are not able to imitate.

The second element is personality. Personality is something that needs to be communicated and it supports to grow character of a brand. A way to provide personality is to include famous celebrities as spokes people, such as Fiat using Michael Schumacher to promote their car models in the past.

Culture, the third element, should be part of every brand, and indeed there is rarely a cult brand without an appropriate culture. It contains a set of values that are deeply integrated into the foundation of a brand. Samsung for example has a deep and strong connected community of tech-savvy people that value the company, they perceive Samsung not only as a brand that provides consumer products but more of experience of the latest technology. Brand culture “indicates the whole ethos whose values are embodied in the products and services” (Kapferer, 2012, p.185) it provides.

The fourth element discusses Self-image and it refers to how customers are seeing themselves in a given brand. Using a self-image is of advantage as it can be used to incorporate it into the brand itself. Customers see themselves in certain ways when connecting to a brand. Attributes such as confidence or classiness, or elegance enable the customer to feel in such ways when deciding for the brand.

Reflection makes up the fifth element of this model. A brand will end up building a reflection or an image of the customer. Reflection includes stereotypical beliefs or attributes of a target market and how a customer is seen as a result when using a product or a service.

Finally, a brand forms a relationship. The facets of a relationship that a brand tries to deliver to the customer (e.g. friendliness or sportiness) have an impact on how a company is acting and relating towards its customers.

Figure 5.1. Brand Identity Prism (Kapferer, 1996, 2012).

5. METHODOLOGY

5.1 Case Selection

This section will elaborate why Mercedes, BMW and Audi has been chosen. As previously mentioned they have a rich automotive history and have a lot of heritage that includes various attributes. They entail luxury, sportiness and refinedness etc., attributes that define a premium image and that help to tackle a similar customer base. But only similar, as BMW for example follows to be more sporty compared to Mercedes. These customers are more affluent and educated with mid to higher job positions. That is why to narrow down the research it will be feasible to concentrate on similar attributes. It is important to link the automotive practices that focus around services to customers to be able to link it to the theory of Customer Experience Centric Perspective.

5.2 Data Collection and Analyses

This paper will answer to the research question via qualitative research in order to understand the meaning that individuals have built up about their environment and their experiences (Merriam, 2002) and therefore, three case studies will be conducted. The case studies will follow the principle of triangulation to get multiple viewpoints on the processes that provide customer experience at car dealerships. As the there are multiple studies, the paper will contain a cross-case analysis (Yin, 2009). The three case studies will all be presented separately and follow the same objectives, however the analysis of all the results get presented in a separate section. Each of the case studies will concentrate on one German luxury brand (Table 1), the structure of the research follows similarities in executions to Yu & Sangiorgi (2018) as it also an exploratory case research. The case studies include observations of the sales rooms and customers. Also, semi-structured interviews with customers were held as well as sales employees. Obtaining primary data from interviews from people working at car dealerships may be beneficial as they experience first-hand contact to customers. Furthermore, an interview can give insights on what major points are important to consider and to get to know what the brand already does to attract and involve customers and about strategy choices from car brands that tackle customer experience, but also what problems they face and that have been identified by car sellers when trying to attract customers. In social research, the interview method is used universally the most (Dooley & Vos, 2008). Also, literature such as leaflets and advertisements will be analysed in a semiotic approach. A semiotic approach will be used when analysing the media provided by the car dealerships to see how the appearance and characteristics influence the brand prepositions. The advertisements can tell what car manufactures
are trying to resemble to customers and how their imagery realises it.

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<th>Key Archival Data</th>
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<td>Service-brochures, Web-presentation (Website, Social-Media) Showroom presentation</td>
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<td>Audi</td>
<td>Salesperson, Münster, Germany Customer, Aged 64,</td>
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<tr>
<td>BMW</td>
<td>Sales consultant and business customer consultant, Versmold, Germany Customer, Aged 43</td>
<td>Sales-brochures, Web-presentation (Website, Social-Media), Showroom presentation</td>
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Table 6.2. Case Studies with descriptions

6. CASE STUDIES
The following section will describe the outcomes from the case studies. That includes an overall summary of the impressions made at the car dealerships from the location, the employees and the customers. Impressions of media are also listed as they also provide customer experience. Additionally, an analysis of the brand is done through Kapferer’s Prism for each of the brands in order to provide insights about their brand identity, this creates the basis of thought for the analysis of each of the brands presented.

6.1 Case study 1: Mercedes
6.1.1 The Prism Model

![Figure 7.1. Prism Chart of Mercedes.](image)

Figure 7.1 displays the major characteristics of the Mercedes brand. Mercedes’s brand identity backbone is formed from the beautiful vehicles offered, that have a high level of luxurious refinement and styling, as well as providing maximum of comfort. This is also displayed in the personality the brand has which is represented by the three-pointed star as a brand logo. When considering the brand as a person it would wear a glamorous suit with a classy attitude, but also with refined behaviour because the vehicles are very well engineered and are known to last forever. Mercedes is very confident in its ability of engineering cars that this brand adopted the slogan: “Das beste oder nichts” (The best or nothing). Therefore, it reflects being posh and the perceived client type would be some middle-aged man that is having a successful career, a rather old clientele the brand is representing. The relationship that Mercedes has is to establish an exclusive environment, where the customer is the priority.

6.1.2 Overall Impressions from the Dealership
There have been two Mercedes Dealerships visited. They both featured contemporary design and a modern structure from the outside as well from the inside. Both interiors had a lot of space and airy feeling where grey colours dominate. There where black carpets in the sales area. Coffee bar given in a warm wooden atmosphere.

6.1.3 Methods Establishing Customer Experience
The interview gave important lessons on how they try to interact with customers and what they offer to customers. An important aspect that needs to be dealt with is how the dealerships reach out to other customers and how they get noticed. The Mercedes dealerships are representing themselves in a local setting. The two Mercedes dealerships that have been dealt with use traditional means of advertising such as radio advertisement and local newspaper and other print-media. Social media channels such as Facebook are also used to get attention from customers. Physical events are of importance too and opportunities are being used at local festivities. These events are called “Out of Showroom” Events and include participation in local markets. At those events, they send sales employees with up to five representative cars and a tent. However, those events and the creation of advertisement are following a strict guideline policy that must fit to the marketing image that Mercedes pursues.

Advertising methods include also special offers and campaigns such as reaching out at local driving schools. The intention is that when e.g. young drivers make their first experience driving a Mercedes they will automatically generate a positive connotation to the brand. Another campaign includes the renting of an electric car to the local community. The strategy enables customers like the driving school case to gain first experiences of alternative powertrains and that helps to establish a connection between electric cars and Mercedes, but also to provide ways that customers can experience the brand.

Experience is not only made via the previously mentioned methods but also because of service offerings. Mercedes offers complete service packaging that includes from registration of the car to a specialised number plates to even pick up services. The Service offerings are categorised into different packages that vary in offerings and the size of the offerings depend on how much a customer is willing to spend.

To keep customers loyal Mercedes has developed a comprehensive after-sale service. It includes experiences such as aftersales customer care, where people get invited via letter to get to know their cars more. As necessary as the cars infotainment and safety features are getting more and more complex. After-sales service also includes change of tires and oil or a general check of the car. The dealerships seek to make the whole-aftersales service an experience that lasts at least as long as the customers owns their car. That includes also enhancing the car.
with additional retrofitted equipment and the lending of tire chains for the winter months or a travel box that can be fitted on the rooftop for longer journeys.

The overall experience should include establishing a warm atmosphere with some degree of colloquial, friendly attitude. That includes memorizing the customers’ names and small talk about the customers’ life.

6.1.4 Impressions from Customers
The customers at the Mercedes dealerships are very pleased with the overall experience that Mercedes provides. They like the quality and looks of the products as well as the image from the brand. Local customers also value the relationships to the sales people and feel welcomed. The models are considered pricey; however, they value the offerings they can obtain.

6.1.5 Impressions from Media
The representation of Mercedes is mostly concentrated on the internet these days. That means that model brochures are not available anymore at stores and leaflets are limited to a small amount. The social media and web presentation are very modern looking, depending on which model is shown the representation of it is fitted to the customer base it tries to target. An A-class or a CLA, with their sleek style are more targeted towards young urban professionals, whereas a B-class is approaching young families, based on the B-classes more practical attributes. An S-class, the flagship model of Mercedes has a classy representation, highlighting its refinedness and luxury capabilities. Each model, however, is having similar sophisticated photographic representation and advertises the technological features and safety features.

6.2 Case Study 2: BMW
6.2.1 The Prism Model

Figure 7.2. Prism Chart of BMW.

The overall physical appearance of BMW is that it offers sporty looking and sporty performing cars. It has a long history of being the ultimate driving machine and burst self-confidence. Also, here the BMW brand lives from its German heritage and make it to its advantage and provides pure driving pleasure. Often the customers or BMW drivers are perceived as being superior, which also goes into the direction as being perceived as arrogant by some. However, the relationship that is built up at BMW follow a more playful but importantly an adequate serious manner.

6.2.2 Overall Impressions from the Dealership
A modern structure from the outside with lots of contemporary design cues. The interior is also very modern and sleek looking. Flooring consist of Carpets and tiles with different shades of grey. The tile colour follows a function such as dark grey indicates the area for the service area. The carpet was used in the sales rooms, together with comfortable wooden furniture. The sales room also consist of a desk and a computer and two armchairs in front of a TV. The TV includes an online configurator for cars called “Mobile Customizer” that is used to choose new models for cars for potential customers. Young and old timers are on display as well.

6.2.3 Methods Establishing Customer Experience
The BMW dealership does have similar techniques reaching out for customers such as with the use of radio ads, however the use of advertisements in local newspapers and magazines is less frequently used. They also use Facebook for their social media representation, other than that they reach out to business customers as well as there are several medium sized and big companies located in the area. The dealership is set in a relatively remote location and the dealer knows that when customers approach the store customers come because of a reason. That means that there are usually no customers that simply wander around. Therefore, they make events that bring customers into the store. One example is an event where they invite loyal affluent customers to test and experience the new expensive line-up of cars. The customers are kindly requested to invite a friend who is not driving a BMW. Through this event the loyal customer and the new potential customer experience the BMW product world and the benefit for the dealership is that new customers get created in a very lucrative market. Loyalty gets created through such events as well. They also sponsor events such as golf tournaments to establish a connection between the brand and the sport event. Loyalty also gets created through service offerings, they are very like the ones offered at Mercedes and the goal is to offer great experience. Also at BMW they offer several different packages for different levels of prices that cover various needs of the customer.

The BMW dealerships has a strong orientation and willingness of the usage of future technology to help amplify customer experience. The offices of the sales managers are equipped with monitors that can display real time prices of the cars as well as virtual 360° imagery. Any request that the customer has can be visualised on the system. The system is called “Mobile Customizer”. Additionally, to boost the technology experience and help customers getting used to the technologies equipped in modern cars BMW offers a so called “product genius”. The “product genius” knows everything about the safety features up to the multimedia features.

The overall experience should include a warm atmosphere with the customers that includes some degree of colloquial, friendly attitude. The manager explained that is important to show to be down to earth and serious, with no signs of uncertainty. Otherwise the customer can notice that, which is considered unprofessional by the dealership’s opinion.

6.2.4 Impressions from the Customers
BMW customers value the offerings that are provided. They like the sporty and luxurious attributes that BMW has and they believe that BMW is sportier then its competitors. They like the digitalised package that is provided by the dealership and the professionality from the sales people.

6.2.5 Impressions from the Media
BMW also used similar approaches to Mercedes, where the presentation of the models got adapted to the target groups. They offer a wide range of products which are also still available in brochures. The brochures are made of thick paper and high quality images giving the impression of luxury. The images of the brochures concentrate on the attributes of the vehicles. For example, the X7 focuses on the handcrafted interior pieces,
whereas the BMW i8 highlights the avant-garde styling with its butterfly wing doors. But all of those have a concentration on performance, whether it is a big luxurious saloon or a MPV. Those measurements invite the customer to experience the brand on different levels which fit to the needs and expectations of the customers. The advertisements on the TV often follow a humourous approach that show the sportiness of the cars in a playful way.

6.3 Case Study 3: Audi

6.3.1 The Prism Model

Audi has enjoyed appraisal for its modern contemporary design in its vehicles. The overall advancement of technology in its cars are a clear sign that it tries to take technology as a key factor in developing its reputation and to enable luxury through the strategy taken. People that chose for this brand perceive themselves as different and innovative. Someone who has decided to buy a car from Audi shows that he has archived recent success and is on its way up. The relationship is being trustworthy and reliable with a hint of exclusiveness.

6.3.2 Overall Impressions from the Dealership

As well as the other dealerships that have been visited, the Audi dealership also features contemporary design with a lot of windows. The interior had a lot of white furniture and white tiles. The dealership features a lot of cars and it was pretty densely packed. A separate waiting area with small kitchen bay was also available. The interior space was more minimalistic designed.

6.3.3 Methods Establishing Customer Experience

Also at this section similarities can be drawn from the Audi dealership and the others that have been analysed. As the BMW dealership, the Audi dealership is sponsoring golf tournaments to get attention from potential customers. To provide customer experience the dealership uses social media such as Facebook or Instagram. The dealership is aware that especially the younger demographics are reached by modern means of communications. However, the car seller is additionally concentrating on traditional ways of communication such as radio, local cinema or print-ads to bring customers into the experience Audi has to offer.

The dealership has realised that competition is hard in the area where it is active in and enabling superior customer experience is key to establish competitive advantage. Especially when working at a competitive environment such as the luxury car market. They believe if they provide exceptional service people are willing to talk about it. The world of mouth is seen very beneficial gaining new customers as people talk about the experiences they make and if they are good people are happy to share it to others.

Regarding the After-Service they see it and compared it as a mobile phone tariff that they offer to customers. Especially when considering that most of the cars (85%) are leased and the leasing scheme requires to have inspections of the car in intervals. Just like the other brands, Audi offers many different Services (e.g. petrol coupons, Insurances, inspections, etc.) and the perceived perceptions from customers are positive regarding those services offered which they indicate as beneficial for the customer experience.

6.3.4 Impressions from the Customers

Customers are in general happy with the services and experiences Audi provides. They value the sleek modern design of the vehicles and the advancement of technologies the cars have. Many Customers value the reliability and quality of the Audi products and therefore made a positive experience in their ownership. People are willing to spend a considerable amount on the Service packages that Audi provides as it makes the car ownership experience “complete”. Customers notice that the sellers give them a good and warm atmosphere.

6.3.5 Impressions from the Media

Just like Mercedes Audi does not offer any brochures anymore, therefore they start referring more to their internet representation. That means that nowadays the customer can download brochures digitally. Doing so is very easy, as the website itself is built up in a very simplistic manner with easy navigation. Big pictures of the car models are on the website on display and it provides a lot of information. It shows what service packages are available to customers and it provides information on every single car model that has been produced from the marque. This whole webpresentation offers a welcoming atmosphere from the desk at home contributing to an exciting experience.

The social media platform as mentioned before tackles the younger generation and provides an outlook on all the models that are available by Audi. The younger customers like the halo vehicles from Audi, such as the Audi R8. The younger generation makes therefore the first experience with a brand and they generate the first feelings of having the desire to own a car from Audi.

6.4 Analysis of the Case Studies

Overall the dealerships have plentiful of methods at their hand on how to enable and amplify customer experience. The Events for example are an important aspect of the establishment of the car dealership at the local setting and to gain prominence. It provides an essential part of the customer experience as it enables customers first-hand experience on the cars. The dealerships have all similar ways of attracting people and bringing them customer experience, such as being at fairs or local markets. At this setting people can feel and touch and can sit down into the car. This can trigger the approach responds from the Servicescape model as well as the interaction responds because of the inviting atmosphere provided from the spatial aspects (e.g. coffee corner).

The rural setting that has been investigated brings also challenges to the car dealerships, especially as the population is further spread and it takes longer commuting times to get to the dealerships. Location is a very important aspect, the BMW dealer knows that is in a remote location, relatively far away from a town centre or a major road and therefore needs to find other ways to gain customers. The Audi dealership recognised that competition is hard and knows that there is a surplus of offers in the area they are active in. Differentiation is key to enable competitive advantage and one way to do so is to offer exceptional customer experience. These challenges provide the opportunity to offer customer experience on better performing
levels. The employees from the dealerships are very friendly and confident which is a crucial aspect from the service clue concept. The humanic clues referred to the people providing the service and in the cases presented here it can be said that the employees are showing contributing behaviour towards great customer experience. The other clue presented was the mechanical clue, the cars presented are known to be of high quality and very innovative and the use of technology in their cars is quite extensive. However, the involvement of technology shows to be of a challenge as well. Most of the customers of the luxury brand have an older age average compared to other manufacturers. That means that getting used to the technology offered can be quite challenging for non-digital natives. One of the Mercedes dealership faced the problem that when handing out a brand-new car and showing all the technology that is equipment with sometimes the customer loses focus after a while. That can lead to a negative impact of customer experience. BMW acknowledge the problem as well and therefore has an in-house technology expert, the “product genius” as mentioned above to tackle the problem. The customers are welcomed to come again if question arise or remain when using the systems. The use of brochures especially for the older generation is missed by many. One customer has put it in that way: “I actually still like to go around take a brochure of the next car that I am going to buy and show it to my friends at the local bar”. Those elements such as the brochures are enhancing the customer experience. In contrast the younger generation is following the social media representation of the brand and even though this enhances the experience as well, it is still questionable if the younger customer is going to buy the Audi A6, BMW 5 Series or even a and Audi R8, as they are expansive. There is a shift in the market on how the offerings are presented and therefore it is important not to lose focus on the target groups. The car makers in general try to attract a younger customer base in the recent years and to provide them with suitable customer experience. Before that the brands such as Mercedes where considered to be only bought by older people. However, the older customer base is the group that can afford those cars. It is challenging to provide both target groups with a fitting marketing strategy.

In rural areas, sometimes less customers are found that can afford the expansive products that BMW, Audi and Mercedes offer. Mercedes knows that people in the area are still practical orientated and know that a non-luxury brand such as a car from Volkswagen can do the same job. Therefore, it is crucial for them to gain competitive advantage through superior customer experience, the practises that they do can be linked to the customer centricity model. They need to make sure that customers feel that the Mercedes is a better choice compared to Volkswagen and that it would be worth it to spend more to get the luxury experience which is supported by pillar two and four.

The range and service pillar (pillar one) is tackled because the customers can be sure that they receive quality products and a great service offering. The money that they pay is pricey but for the experience that the customers gets it can be considered as fair which is an important aspect of the price pillar. Other pillars are also successfully approached, although for the ease pillar it can be argued if this is satisfactory tackled based on the remote location of the dealerships, however they have found mechanisms to cope with it such as making events. The dealerships use media like the internet, radio and print to be able to communicate towards the customers about the products and services they offer (communication pillar). When using the products and services they offer a customer can notice he will be able to go through a supportive customer experience (reward pillar).

6.4.1 Drawing a Connection to Brand Management

To finalise the analysis of the case studies conducted it is important to discuss the topic of brand management. Regarding the reflected insights from the case study it will be worthwhile to connect it to the Brand Image Model by Kapferer (Figure 5.1). That will help to be able to define common practises of customer experience provided in the automotive industry and their dealerships to the insights that have been made in literature.

Overall all the marques have similar yet distinct characteristics, which helps to understand the brands. The dealership should know that with the values given, they are able to tailor the customer experience. The tailored customer experience can amplify the distinction between the brands and it can help to further built a competitive position for their advantage. To date they have very similar practises at the car dealerships but they offer enough personalised and brand connected techniques that enable customer experienced.

Beginning with the marque that is placed upon the bonnet of the cars, all of them have one but they all manage to use it to their advantage. Especially Mercedes with its three-pointed star already connects to a strong brand identity. All of three brands have a contemporary sporty or luxurious design but what sets them apart from the competition is that they are solid and well built, even when the door is being closed people know it oozes quality.

Thanks to the communications that the firms do they are able to grow personality to their brand. Mercedes even has used its former CEO as a spokesperson in advertisements and the brand was shown as not only being serious but also witty.

All the brands have an extensive cultural background, with a rich automotive history with multiple celebrities of the past driving an exotic European car. The elegance that is perceived with the cars is established thanks to many years. The set of values of the manufacturers are deeply integrated into the foundation of the brand. People are willing to drive these cars based on the feelings they receive, it puts a smile on their face as the research confirms. The smile on their face is also established because people can identify with the cars and the brand. Customers see themselves in certain ways and the brand can reflect these attributes. The three car manufacturers have brands that reflect elegance and classiness. The customers that are driving cars are therefore reflecting the images that other people think of when thinking about BMW, Audi and Mercedes.

The experience with the brand shapes a relationship. The whole experience practices that BMW, Audi and Mercedes provide helps establishing and maintaining the relationship, not only towards the dealership but also the towards the brand.

7. DISCUSSION

This section will interpret the results, will tell the implications and limitations of the research conducted. Then at last the recommendations will be listed for further research.

Lemon & Verhoef (2016) noted that marketing science has been slow in developing new literature insights on customer experience. Addressing this gap, there is the necessity to explain on how companies are realising the prioritisation of the customer. The focus has been mainly on the practises on the car industry and to be more precise at the sales level. The dealerships are the part of the process where the cars are sold and where the main interaction with the customer gets established. Badgett, Boyce, & Kleinberger (2007) are advising to maintain superior customer experience through a mix between customer perspectives and the traditional product-centric approach which result into a deeper understanding of the customer for the company. In turn
costumers are willing to spend more money on the offerings and become more loyal to the firm. Customer experience is a lot about creating perceptions, and many of those perceptions are related to a brand and the generated expectations. The Development of effective and successful competitive positioning must be supported with research that helps to define and clarify the target market (Kim & Chung, 1997, Darling, 2001). The segmentation of potentially profitable customers becomes increasingly important for companies.

The theories provided in the Theory section can help to understand and grasp customer experience. Service clues can help to unpack the processes given at the car dealership in the categories of mechanical clues, functional clues and humanic clues (author, year). Functional clues address the technical quality of an offering and humanic clues addresses mainly the employees and their behaviour. Mechanical clues refer to the tangibility of the services such as the objects used to enable the service but also smell and visuals. All those perceptions that are generated at the showrooms or at the internet represent the brand images the firms try to resemble and communicate. At the dealerships given it is visible that they have all those clues in house and they perform very well.

But also, the seven pillars of customer centrivity are addressed at the car dealerships. This includes their clever way of their service offerings and clever promotions. Dealerships can make use of it to establish and define a brand management strategy that helps to define and crystallise further competitive positioning. Nonetheless, with the processes given in the automotive sector that tackle customer experience, it can be said that the dealerships are trying to satisfy the brand identities given by the company headquarters. Customers that are going to shop for one of the brands have already their brand identity in mind which also lays the foundation on their expectations. The dealerships can utilise these expectations to offer them the fitting experience.

In the given atmosphere that the dealerships provide it is arguable that the employees are just sellers. The employees from the dealerships provide a whole world of experience to customers and assist them during the life of ownership of the product. Apple, as previously mentioned, has labelled common job positions with alternative names to give a differentiated experience to customers and to visualise the difference.

The luxury car market offers unique attributes. The customers are on average older, and often have trouble to comprehend the technology advancements that are taking place. But for car makers to maintain competitive positioning it is crucial to be as modern as possible with the technology available. However, the dealerships are in the process of adapting to the giving situation, such as BMW with its use of the "product genius".

To better understand the implications of these results, future studies could address the analysis of more rural dealerships in various locations in Germany to get a clearer picture and to get a better understanding. What also would be beneficial is to understand the processes and challenges at urban dealership. In what way, customized processes can be developed that can help delivering superb customer experience.

8. CONCLUSION

The interpretation of the results should include a clear clarification of the research questions provided. The first sub-question that was raised dealt with the customer experience and what it means for car dealerships. It turns out that customer experience is highly regarded as important. They acknowledge based on the rural setting they operate in that customer experience is crucial to gain competitive advantage and to sell cars. The customer needs to feel welcomed and special, especially when considering what major purchase that a car can be for an individual. Most of the actions are out of control of the firm and therefore it is important to deal with the touchpoints a customer has with a firm.

The second sub-research question has dealt with the practises that are being made at car dealerships. BMW, Audi and Mercedes can attract customers with their methods. These methods include customer care with service schemes, the involvement of technologies and the establishment of hospitality. The dealerships operate under the CI (Corporate Identity) rules, however it enables plenty of opportunities to amplify customer experience. The experience that customers make is also based on the perceptions on the brand identities given. Most of the establishment of brand identity is out of the hand of the dealerships, however the given perception and CI’s can be used to deliver an ultimate customer experience and to also further built upon the brand image.

The third sub-research question has tackled on how customer perceptions are being used to increase the brand value at dealerships. The actions that the dealerships do help to increase the image of the brand. They are representing the brand on the actual sales level and therefore they play are a crucial part within the companies’ structure. The dealership take deep care that processes and representation are done right, and unsatisfied customers get the necessary attention they deserve. If something goes wrong the dealerships are keen on resolving the issue. They do this via letter, e-mail or telephone. The overall feedback while doing the case studies was overall positive. They were happy with the experience that they could make; however, they do feel that there is a lack of brand link at times. Especially as the values of the three companies are becoming more similar in recent times. The distinction between the brands is getting smaller as many offerings providing customer experience are similar, but is not a distinctively branded-experience.

These elements which have been provided with an answer are able to answer the main research question that has dealt with franchised car dealerships and how they manage brand images from a Customer Experience Centric Perspective in Germany. All those perceptions that are created at the showrooms or at the websites represent the brand images a company tries to resemble and communicate. The dealerships follow similar methods to convey and amplify these images. If it is with the service offerings and packages or the participation and creation of events. The case studies gave superb insights on these practises.

There are multiple scholars (mention some of these) that address the topic of customer experience however this research analysed on how those customer experiences are established at the sales level at car dealerships. Progress of technology difficult to handle for older customers, however they are still the majority. It is beneficial that car dealerships consider other brands and their practises regarding customer experience and brand management techniques that have been listed in this paper.

The theories that are provided in this paper can help to understand and realise improved customer experience. The expectation of this research was to understand the practises at a rural setting that dealerships operate in and the realisation of customer experience. Interesting findings include that the rural setting is a challenge to attract customers i.e. as to bring them into the store to convince them to experience the brand. Also, the price of the models is a challenge because many of the models offered from BMW, Audi and Mercedes are expansive. People fear that the increased price will not benefit the experience of the car. However, the dealerships are aware of that issue and they try to tackle the problem via convincing service packages and interesting promotions. Additionally, the technology is
considered a challenge as well. Especially older buyers are not able to comprehend the advancements of the cars and it is feared that the complex technology spoils the experience. Still, the dealerships are prepared and have found measurements to give a pleasant experience to customers. Overall there is an increased use of technology when being in the buying process and when being involved in the world of experience that the brands offer. Social media and the representation on the World Wide Web give new opportunities to involve customers into new experiences. The automakers are adjusting to the new environment they operate in and therefore discontinue the non-digital brochures for example. Which may be not welcomed by the older customers, but the automakers are still required to adapt to the future and for potential customers and their needs.

It is noteworthy to say that these results give a connection between theory and practices. Nevertheless, it is questionable if the insights can be transferred to other tangible offerings. The car market is very cost-intensive and it may be not much of use to compare it to less capital intensive product categories such as the offerings at supermarkets. Customer experience and the journey that customers go through differ alongside different product categories.

A critique point of the study is the limited number of dealerships asked as well as the limited number of customers observed. There were not all too many people around shopping for cars and therefore it became quite difficult in the time frame provided to get the amount of data that has been presented here. Another limitation was the limited time that sales managers where able to give me. Often the time for interviewing was restricted to 10 minutes. In some cases, however, some interviews went nearly as long as one hour.

The selection of locations of the car dealerships were restricted to local rural areas and mid-sized cities in North Rhine-Westphalia and the Lower Saxony, Germany due to feasibility reasons such as cost and timing constraints. However, it has been considered that it can be worthwhile to conduct analyses on the given factors as it can give insights on how the processes are in rural areas. Resulting from the insights of the research it is recommended to further consider the perspective on how car dealerships are establishing and amplifying customer experience. Based on the small scale of the case study it would be interesting to see that the rural locations of the dealerships get further analysed. But also, the analysis of urban areas is recommended too see if there are crucial differences in establishing customer experiences compared to the rural settings. Big cities and metropolitan areas with bigger stores may behave differently, as they have a more representative function, such as a flagship store of Mercedes in Berlin.

9. REFERENCES