



Welcome to another edition of Driving Force! A lot has happened since the last issue and we have some exciting news to share.

We recently acquired Nidasu, a leading provider of data insights to OEMs and dealerships throughout Australia and Asia Pacific.

With the automotive industry facing disruption on many fronts, the acquisition offers significantly more value to our customers. The combination of Infomedia's rich data assets and Nidasu's leading data analytics platform will provide OEMs and dealerships with deep insights that can measurably improve productivity, customer retention and sales performance.

Here at Infomedia, data is the foundation of all our parts and service software.

We believe 'data insights' are the new currency that will empower OEMs and dealerships to stay ahead of aftermarket competitors and keep customers happy.

As the industry moves everything "to the cloud" and connected cars transform vehicle ownership, dealerships need to evolve into a "brand experience hub" that brings value to customers.

In this issue, I cover the main disruptive trends impacting the global parts and service space. Whilst some disruptive trends like augmented driving are some way off, there are other trends like the digitization of the customer journey that are having a real impact in your business today.

Have a read and let me know what you think!

Jonathan Rubinsztein
CEO of Infomedia Ltd

What we've been up to



Expanding the Family

Acquired Nidasu, a data analytics company that helps OEMs and dealerships improve customer retention and sales



Piloting Microcat CRM

Pilots across the Americas show that Microcat CRM is empowering dealerships to drive wholesale parts growth



Building Next-Gen Microcat

A faster, more powerful and intuitive Microcat Electronic Parts Catalog to boost productivity and sales

The New Technology Frontier: Parts and Service

by Jonathan Rubinsztein

“ The parts and service segments of dealerships will be among the most profoundly impacted by new technologies and industry trends. ”

Let there be no doubt, automotive retail is undergoing rapid and seismic transformation that will permanently change how OEMs, NSCs and dealers retain profits and engage customers. Drawing upon my years of experience in the technology industry, it's become evident to me that digital transformation is a certainty and will drastically disrupt how automotive retail businesses are run. The parts and service segments of dealerships will be among the most profoundly impacted by new technologies and industry trends.

It's up to OEMs and dealerships on whether they want to surf the technological wave, keep ahead of it or get left behind. Savvy dealerships see opportunity in change and will choose to invest in technology as a pathway to ensure successful aftersales operations into the future.

With the parts and service business supplying over 50% of a dealership's profit, it's a no-brainer that investment in

technology is where OEMs, NSCs and Dealerships should be spending their time and money to retain their earnings.

Over the past few months, I've spent time speaking to some of our valuable OEM partners and Dealerships to discuss both the challenges and benefits of disruption, and how new technology is impacting the way they run their businesses and serve their customers.

What became apparent is that a number of technological trends have emerged. Here's my take on the four areas that we anticipate will have the most significant impact:

- **Evolution of the dealership**
- **Digitization of the customer journey**
- **Connected and more complex cars**
- **Vehicle ownership structures**
- **Electric vehicles and autonomous driving**

Evolution of the dealership

Thriving dealerships succeed for a reason – they're responding to change and evolving. The dealership model is expanding and developing into larger, multi-brand dealerships that exploit the advantages of larger volume, economies of scale and greater processes and system efficiency.

These larger, more successful dealerships around the world are discovering more efficient and integrated software products that are specific to the automotive industry. Technology developers and software providers have realized this and are gathering data from OEMs, dealerships and customer sources to improve demand forecasting, boost productivity, drive better sales processes and create a more personalized customer experience, right across parts and service.

However, there are new challenges on the horizon. With cars becoming more sophisticated and customers seeking new technology, vehicles and components are becoming more complex. The need for more high-tech workshops and skilled technicians is at an all time high. Complicating this further is a skills shortage, with too few new technicians entering the industry – especially in the USA.

As I travel, I see that larger dealerships are placing a greater focus on keeping talent, with faster career pathways and more training. As vehicle technology continues to explode, customers will place greater value



in 'genuine servicing', making great technicians even more vital. The little local garage around the corner might be in trouble.

Inside larger dealerships (and hopefully yours too), Parts and Service departments work hand-in-hand to boost workplace efficiency and create a good experience for

customers. Having both Parts and Service departments accessing the same genuine data from a single source streamlines workflow and removes expenses, such as storing parts and the cost of financing. Shared technology also reduces cycle times for trade customers and gives a more consistent customer experience for retail customers.

“ The transformative impact of technology adoption and changing customer expectations now means all departments seamlessly serve the customer. Everyone at the dealership who has contact with a customer is now a salesperson. ”



Digitization of the Customer Journey

In today's fast paced and digital world, modern consumers expect new technology, both in their cars and in the parts and service sales process. In this new world, the flexibility of online engagement and self-service are expected by your customers, who enjoy it in all areas of their life.

According to Forbes, by 2025, roughly 75% of the global workforce will be Millennials. They've been brought up on a diet of Instagram and Snapchat, so an environment that doesn't have modern tools, technology and resources is "unimaginable". Automation, transparency and trust are crucial to retaining Millennial customers for future service and repairs. They want a personalized, digital process and they want to buy on their own terms.

For example, during a vehicle service, these customers want to feel like a priority at every step of the process – including before, during and after the dealership visit. We are gradually seeing a trend of more targeted individual service and engagement with customers.

Solutions such as online service bookings, self-serve quoting and electronic vehicle health check systems are

playing a key role to improve the customer experience, but there is much more to do.

So, what's next? How do today's OEMs and their franchised dealerships continue to grab the attention of customers, improve communications and develop brand loyal vehicle owners?

We are seeing OEMs investing more in data analytics and insights to gather accurate customer information from multiple channels. Detailed and timely evidence that can reveal anything from lapsed service customers to the success of wholesale parts campaigns, as well as valuable insight to determine customer behavior and buying patterns. Information that is rich in detail and allows for more targeted offers across multiple digital channels.

The transformative impact of technology adoption and changing customer expectations now means all departments seamlessly serve the customer. Everyone at the dealership who has contact with a customer is now a salesperson.

Connected and More Complex Cars

Connected vehicles provide exciting potential to redefine the customer aftersales experience and drive better sales and retention strategies. OEMs and dealerships will have access to more customer and vehicle data than ever before. However, leveraging this data into information that is easily understood and actionable will be challenging.

Why the challenge? Well, we see dealerships struggle to fully leverage the data they already have in their back-end systems and the availability of more data will only compound this issue.

Data silos between departments and aftersales software that don't work seamlessly together are two areas that present an opportunity for improvement. Capturing and converting the connected data into actionable insights will require better cooperation inside the dealership. New technologies will also be needed to normalize disparate data in real-time to empower a timelier, more efficient and customer friendly process.

The benefits of customer friendly processes are evident. When you engage and involve a customer in

the service process, they're more like to have a positive experience and you're more likely to retain them as a customer. Better alignment and shared open data integration processes between OEMs, dealerships and technology providers are critical to fully capture the value of connected data, and create positive customer experiences.

Here at Infomedia, we are excited about the opportunities that lie ahead. Our products are integrating with new vehicle technology that communicates with the workshop and customers – even before customers arrive for their service appointment! Soon, onboard vehicle technologies will help customers plan their service visits using their smart phones and devices. Before customers arrive, they will know exactly what parts are required and when their cars are available to enter and leave the workshop.

Not only that, dealership staff will be able to do more pre-planning, as the detailed information that they receive tells them the faults the vehicle has before it even arrives. Parts departments will be able to use just-in-time (JIT) parts ordering with better inventory control – saving valuable time and money!



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Changing Vehicle Ownership Structures

But this is just the beginning. Technology will fundamentally change the way people get from one place to another. Cars-as-a-service (CaaS), ridesharing and car subscriptions are gathering momentum. The basic concept of mass vehicle ownership will no longer be the norm.

Technology changes, along with social and environmental pressures, will also impact the way people drive and what they choose to drive. For

example, while travelling in Europe, I noticed the popularity of smaller and smarter vehicles, and that larger vehicles weren't as common.

Naturally, smaller vehicles are less profitable than larger vehicles. However, consumer electronics – particularly smartphones – have changed consumers' perceptions. Size doesn't matter. Consumers no longer believe that smaller is cheaper or less valuable. In fact, they expect smaller cars to be just as smart and technologically

advanced as larger cars. Automakers will face a challenge in meeting this shift in perception.

A recent report by McKinsey said: "The automobile, mechanical to its soul, will need to compete in a digital world, and that will demand new expertise and attract new competitors from outside the industry. As value chains shift and data eclipses horsepower, the industry's basic business model could be transformed. Indeed, the very concept of cars as autonomous freedom machines may shift markedly over the next 50 years."

Based on our customers' feedback and our own research, new technology will impact a consumer's relationship

with their vehicle. It'll change how vehicles are sold, owned, serviced and repaired. IOT (Internet of Things) technology will give real-time data, throughout the value chain, empowering OEMs and dealerships with a better understanding of customer behavior and preferences.

There's another benefit of this brave new world of data-driven and connected cars. You'll be happy to know it will lead to more demand for genuine OEM parts. With integrated systems, specialized labor forces and complex safety software, it will be difficult for aftermarket suppliers to replicate proprietary technology used in connected vehicles.

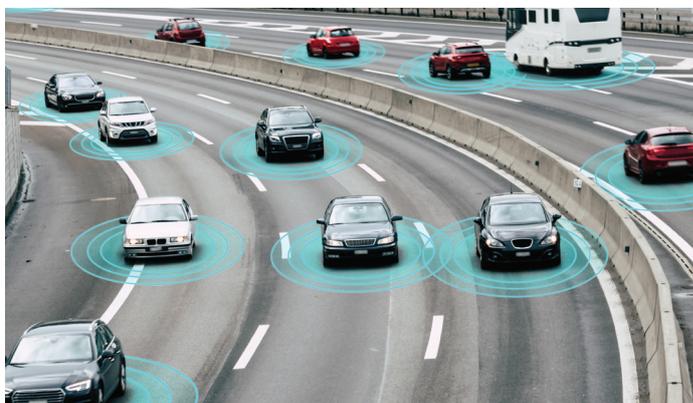
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Electric Vehicles and Autonomous Driving

With more electric and autonomous vehicles on the road, dealerships are bracing for impact. But don't panic, adoption will take time. McKinsey also predicts that by 2030, fully electric and autonomous vehicles will comprise up to 15% of new car sales and 10% penetration in the car parc.

The shift to electric vehicles brings with it a few small problems. Electric vehicles have more electronic components, requiring more specialized servicing than traditional internal combustion engines. Dealerships will need to invest in additional equipment and training. In addition, the cost of maintenance over the first five years of ownership for electric vehicles will be significantly lower than pure combustion engine vehicles leading to a reduction in parts and service revenues. Also, advancements in vehicle manufacturing quality and techniques will result in less frequent service schedules and longer replacement times for parts.

If you're seeing your customers less often, you better make it count. Customer retention will be even more important. Dealerships will still be "brand experience creators" as customers see more value in taking their new shiny connected vehicle to a dealership for genuine servicing.



Embrace Change: The Key to Evolving & Driving Profitability

If there is one take away as we approach the new frontier in parts and service, it's that the key to growing the aftersales bottom line is to use new technology that centers around improving the customer experience, both inside and outside of the dealership.

To do this, OEMs and dealerships will need to harness and implement means to capture vehicle and customer insights. They need to adopt new products that draw upon those insights, as a critical path in raising dealership efficiency and improving customer service.

I hope this article shows you that the future is full of opportunities. While there will be inevitable challenges, the benefits are genuinely powerful.

I'll continue to explore each trend in future editions of Driving Force, providing further insights into how OEMs, NSCs and Dealerships can embrace new technologies to drive parts and service profits and build brand loyalty with delighted customers.

Customer Retention: Let Your Service Soar

by Peter Petrovski

The rise of digitization and rapid change in the competitive landscape is driving dealerships to look for cost-effective ways to invest in customer retention.

Improving customer retention is a proven strategy propelling higher profits. Bain & Company's "Prescription for cutting cost" research shows that a 5% increase in customer retention boosts a company's profitability by over 25%. How is this boost achieved? Simple. Loyal customers will trust your service and will buy repeatedly over time.

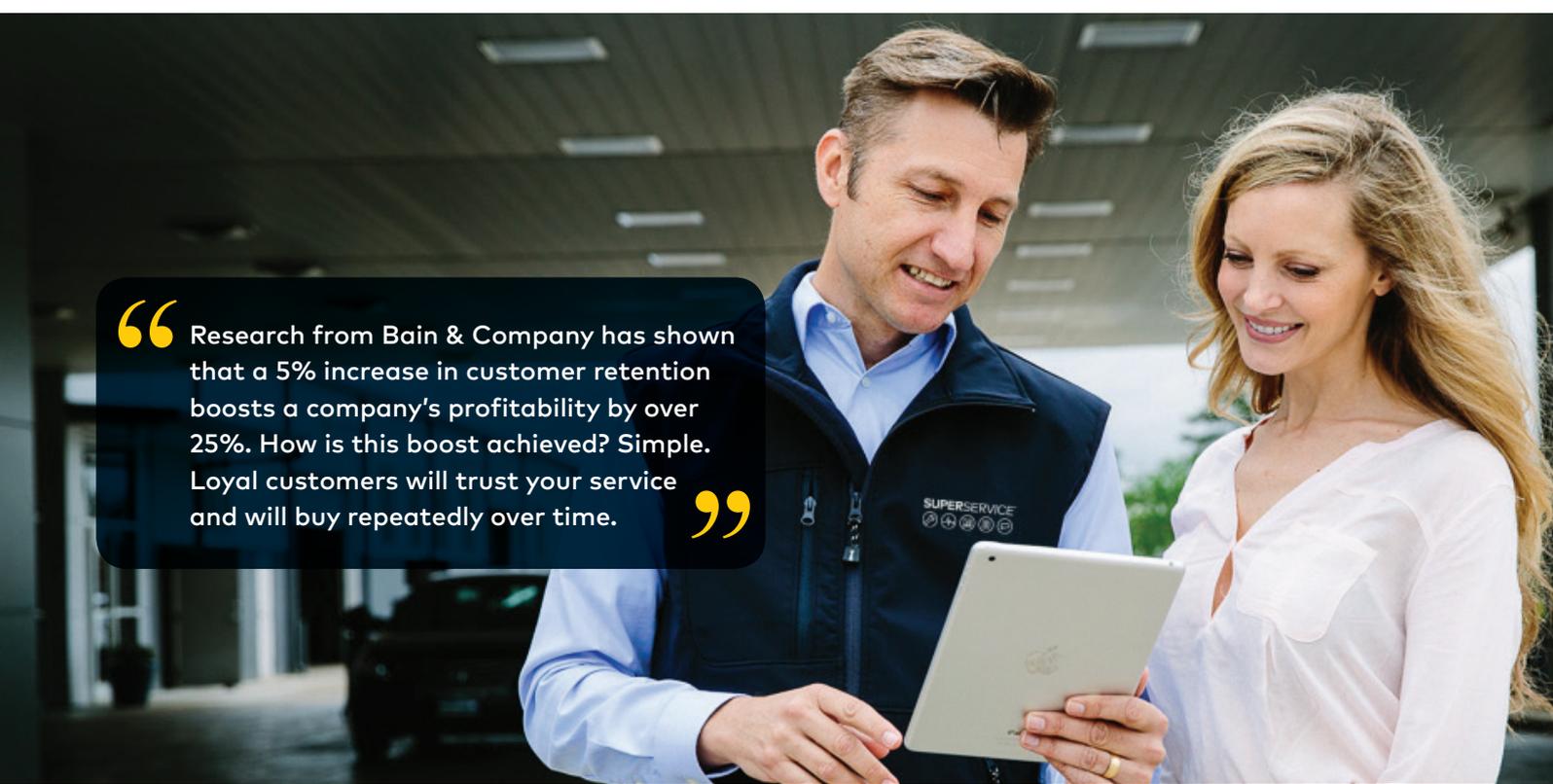
As new vehicle technology advances and frequency of repairs is reduced, dealerships need to create memorable service experiences to drive long-term customer relationships and loyalty. This requires dealership staff to transition from being product-centric to being customer-centric.

However, the challenge to retain customers is significant. According to NewVoiceMedia's 2018 "Serial

Switchers" report, 67% of customers have become serial switchers because of a poor customer experience. For these customers, brand loyalty is more than just owning a great product – they want to be inspired, educated and leave feeling positive.

Reports from JD Power consistently highlight *trust* and *price* as leading reasons why customers leave franchised dealerships for aftermarket service providers. In reality though, it's the failure to justify the value of genuine service, in a way a customer can understand. Unfamiliar technical jargon and vague repair estimates leave customers feeling vulnerable and less trusting of dealership staff, leading them to switch to aftermarket repairers.

To innovate and improve the customer experience, top performing dealerships are adopting technology aided processes. Creating a transparent and customer friendly service process helps build a stronger customer relationship and increases the probability of retention.



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Knowing your customers

Collecting and managing meaningful customer data is critical in setting up an effective retention strategy. Converting the data into actionable insights, helps your staff execute more personalized and timely engagements.

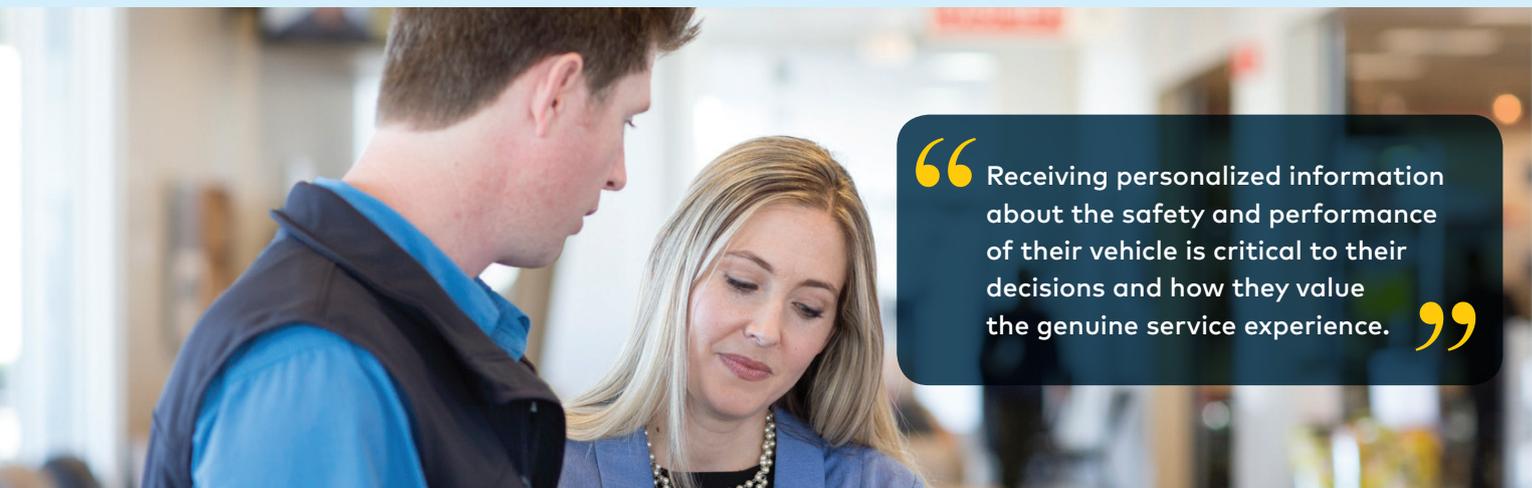
Imagine if you had the insights to answer the following questions:

What proportion of your local area's car parc is retained by your dealership? Do you have real-time reporting of lapsed customers?

Can you easily schedule automated service reminders at an optimum time for each customer? Can you see what safety related repairs were previously declined? What offer would they be open to?

Did you survey the customer's satisfaction during their last visit? What did they reveal? What do you have to improve to keep their business?

Empowering dealership staff with technology that harnesses these customer insights is critical.



“Receiving personalized information about the safety and performance of their vehicle is critical to their decisions and how they value the genuine service experience.”

Deliver an experience that meets your customers' needs

Answers to these questions are insights that help your staff create a better service experience by anticipating what customers need without them asking. Customers have a myriad of choices. Receiving personalized information about the safety and performance of their vehicle is critical to their decisions and how they value the genuine service experience.

Merging trust with your genuine service process shows customers they are valued, that you care for their wants and that you have created a service experience that exceeds their needs.

Here are some focus areas to consider in reviewing your customer retention strategy.

1. Be engaging and transparent

Personalized services build relationships and emotional connections with your customers that make them feel valued. Trusted relationships differentiate your brand. Timely communication before the visit is just the start. Greeting the customer in the drive, explaining the work required, asking if they have any concerns, and displaying their vehicle information on the Greeter Board, all contribute to a memorable experience. Walk your customer through the service process and

communicate in a way they can understand. Showing photos and video of repair recommendations and replaced parts, creates transparency and trust. Make a promise to your customers on delivery times and exceed it.

2. Customer loyalty programs

Genuine parts and specialized factory knowledge and equipment are great reasons for customers to stay with you, but effective loyalty programs have real impact, as we've seen in other industries. Loyalty programs that add value make customers feel appreciated. If they have been a long-term customer, a timely special customer loyalty offer reinforces the reasons why they keep returning.

3. Voice of the customer surveys

How did we perform today? How else can we help you? Showing customers that you care about their opinion and that you are listening is the first step to creating a genuine connection. Regular feedback from surveys is a gauge of customer experience and helps cultivate positive brand advocacy. Capturing this feedback before a customer leaves also improves chances of resolving customer concerns, turning an unsatisfied customer into an advocate.

4. Invest in your people – the experience creators

The dealership service and parts staff are the experience creators – they are the face of your brand. Empowering them with data-driven technology allows them to shine during the sales process. Fast, accurate and transparent customer service positions your Technicians, Service Advisors and Parts Counter as problem solvers. Your staff don't have to worry about model codes, part numbers, engine codes, transmission codes, supersessions and the other data that causes friction during the sales process. The right technology helps your dealership transition to being customer-centric, and have a lasting impact on customer opinion, to drive differentiated experiences and long-term loyalty.

5. Keep innovating

Being customer-centric and adopting the right technology prepares for continuous innovation. Evolving customer experience is critical as vehicle technology and lifestyle factors keep converging and Millennials become the dominant buying group. Expectations will continue to change as connected vehicle technology grows, also resulting in more automated communication between the car and the driver. Customers expect that you know everything about their servicing needs and their buying preferences, requiring your people, processes and technology to be totally in sync.



Customer experience is the future

Invite your customers to be part of the experience. Make it enjoyable and make it seamless. With so much technology to call upon, implement strategies that you think will enhance connectivity with your customers. Stay relevant, update your services and make changes when competitors emerge. If there is anything to be digitized or simplified, be the first to make the changes.

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Growing Wholesale Parts with CRM Technology

by Andrew Selim

In today's competitive market, a dealership's Parts Department must discover how to set themselves apart in a crowded marketplace. Why will customers buy from you and not from your competitors? It comes down to great products, excellent service and the deep relationships that you build with customers – that's why having a powerful, wholesale parts CRM system is vital to driving parts sales.

Here are seven key ways an automotive-specific CRM system can help your Parts Department deliver better customer service, improve sales rep performance and grow parts sales.

1. Centralized customer information

When your field sales reps are out on the road, are they centrally logging critical customer feedback and updating customer information? If they are, where is this information stored? Is it available in a reliable and secure location? Or stored on personal laptops and handwritten in notebooks? Most importantly, do you and the rest of the dealership have access to all this vital information and is it accessible in real-time?

A centralized CRM system in the cloud is the safest, most accessible location to store information and should be the main source of all critical customer

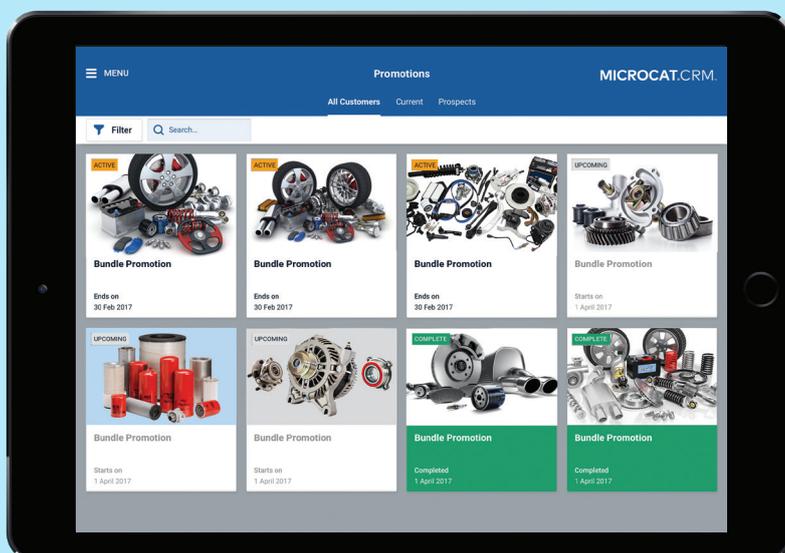
details, insights and interactions. Everything you need to know about each wholesale customer in one central location that can be shared easily throughout the dealership.

Additionally, this allows for better succession planning for your parts team. If staff are unavailable or sales reps move on, no customer information is lost. Your new parts sales reps will have all the available information they need to start selling immediately and continue building on the relationship between the dealership and your customers from day one.

2. See all your opportunities

Your dealership has a multitude of wholesale customers, so how do your sales reps know which to contact? Do they know which customers present the biggest opportunities? Do they know who the key decision makers are?

A dedicated wholesale parts CRM system can give your team a complete and holistic view of all leads, prospects and customers. It will help your reps segment your wholesale customers, find the biggest opportunities, prioritize sales leads and guide your reps to see the right customers that are more likely to buy.



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“ A CRM system is more than a customer relationship tool – it’s also a revenue generator. ”



3. Drive parts sales

A CRM system is more than a customer relationship tool – it’s also a revenue generator. Actively managing customer relationships can lead to increased parts sales. A Forbes article, “Gartner Predicts CRM Will Be A \$36B Market By 2017”, found that businesses can achieve a compound annual growth rate of over 15% by implementing CRM technology.

One of the best ways to drive parts sales is to use accurate sales insights. A CRM with true business intelligence, can help identify opportunities and threats across your entire wholesale customer base. It helps sales reps set sales targets, view sales forecasts and observe parts purchasing trends.

4. Personalized customer service

The key to good customer service is building a close relationship and providing a personalized service. Listen to your customers, learn everything you can about them and record the valuable information in your CRM system.

With a cloud-based CRM, your reps can look up customer information prior to each visit and have all the information they need to pick up exactly where they left off. They’ll also be able to recommend the right parts and access relevant resources, such as

offers and promotions, news and bulletins – even when out on the road.

5. Efficiency and cost savings

Want to connect with your wholesale customers in a quicker, more efficient manner? Wish your reps could see more customers in a day? Our research shows that a CRM helps a dealership improve daily call rates by 50% and helps solve customer issues 63% faster.

A good CRM system can create task reminders, raise issues, add notes, place parts orders and take phone calls – so that your reps can respond to your wholesale customers quickly. Internally, a CRM system connects everyone in the parts sales funnel. From your field reps to your phone room, from the parts warehouse to management, everyone in the dealership is connected. Your entire workflow is streamlined, saving time and driving operational efficiency.

6. Productivity gains

A CRM system in your Parts Department may sound like extra work for your reps, but the right system frees your reps from administrative and process-heavy tasks. Our research shows that a parts sales rep saves ten hours per week across scheduling, administration and workflow tasks.



Additionally, Parts Managers save five hours per week across tracking, data analysis, rep and customer management. Sales reports are no longer a slow and arduous task. A CRM can automatically generate sales reports and analytics, measure your sales team's performance and productivity, and evaluate their performance against set KPIs.

7. Better sales rep management

Field sales reps are the frontline of your dealership's Parts Department and can make or break your parts business. It's vital that you get the best out of them.

A CRM provides transparency and visibility over your sales reps, with tools such as real-time user tracking and time stamping. It instantly provides you with insights such as their sales opportunities and totals, calls and interactions, and territory

management. Keep your team accountable and productive – know what your sales reps are doing and encourage them to work to the best of their abilities.

You need a CRM for your Parts Department

Here's the bottom line. If you're serious about growing wholesale parts sales, building strong customer relationships and boosting efficiency, you need a Wholesale Parts focused CRM in your Parts Department.

Get in touch with us today to find out how you can implement a CRM strategy that's specific to the automotive industry.



Celebrating Client Success

Microcat CRM Measures Up for Jack Demmer Ford

Jack Demmer Ford has been selling and servicing Ford vehicles in Michigan for 60 years and are proud recipients of the President's Award from Ford Motor Company. "Our goal here at Jack Demmer Ford is to provide superior service to our customers, while at the same, rolling our business to be as profitable as possible as we can," said Mark Hatfield, the Parts Manager.

To achieve those goals for their wholesale parts business, Jack Demmer Ford implemented Microcat CRM. Before Microcat CRM, Jack Demmer Ford were doing things the slow, old-fashioned way. "We were using the old-fashioned pen and paper to keep track of our calls and information, which is time consuming and cumbersome. Microcat CRM rolled all of the administrative, statistical and advertising into one seamless package, which works fantastically for us," says Hatfield.

Growing Sales and Profits

"We've been using Microcat CRM for 3 months now and we couldn't be happier. Since we've been using it, it's actually become an invaluable tool in our business. We've noticed 12-15% growth in just the 3 months that we've been using the application," says Hatfield. "On top of that, the phone traffic coming in has grown exponentially, as well as online ordering, which we direct people to while we're making our sales calls. This has just grown leaps and bounds – it's huge."

Efficiency on the Road

Microcat CRM has helped their Outside Sales Representative, Bill Atwood, be more efficient and productive. "It probably saves me a couple of hours a day, to not have to fumble through papers, writing things down by hand, printing and handing out flyers. All I have to do is open up my calendar, click on the visits that I have scheduled, open the session, review any notes from previous visits and I can then send out the appropriate promotions via email."

It also allows Hatfield to have full visibility over his Outside Sales Rep, making it easier for him to manage and track them. "Microcat CRM provides up-to-the-minute and real-time information and statistics for our Outside Sales Representative, even on the road," said Hatfield.

Intuitive and Easy-to-use

Unlike other CRM systems, Microcat CRM is designed specifically for wholesale parts dealers. According to Atwood: "Microcat CRM is definitely way easier and user friendly than any other software program that I've used before on the field."

"We chose Microcat CRM because it's an application that is built for the automotive industry and exactly what we do – we love it," says Hatfield.



We've noticed...

12 – 15% growth
...in just three months!

Mark Hatfield, Parts Manager
Jack Demmer Ford, Michigan, USA