



DRIVINGFORCE

The authoritative news source for the global
automotive parts and service industry



Like so much in our lives, the automotive industry has been transformed by the disruptive force that is the COVID-19 pandemic. With an increase in older cars on the road, delayed vehicle production, lean inventory and stiff aftermarket competition, aftersales is proving more essential than ever for the automotive retail business.

With face-to-face interactions limited in the past year, there's been an irreversible shift towards digital experiences. Instead of doing things in person or on the phone, customers now expect quick and convenient online self-service.

Customer expectations have evolved in such a way that they will have a significant impact on how automotive retail businesses are run. Customers have made the transition to buying much of what they need online and the aftersales market needs to make sure it reflects that – and quickly.

Here at Infomedia, we understand that technology and data are key to improving the digital customer experience and growing aftersales – both inside and outside of the dealership. To help our automotive partners achieve their aftersales goals, we've invested heavily in e-commerce and data analytics innovation.

Online sales boomed during the pandemic, and dealers need to be where customers are. To leverage this trend, we're helping OEMs and dealers expand their parts

business by opening a new online sales channel. Check out our article ***How e-commerce can help grow parts and accessory sales*** for a deeper dive.

It's also clear that dealers and OEMs need to utilise new data sources and predictive analytics as the foundation of a set of unique, personalised aftersales experiences. We've helped BMW Australia leverage the valuable data being captured from their connected car fleet to improve the timing and relevance of communication with individual vehicle owners during the service lifecycle.

To find out more about the power of connected car data – how it can be a disrupting force in how vehicles are sold, owned, serviced and repaired in the future – look at our article ***New horizons: connected car technology is changing the aftersales experience forever***. It looks to answer many of your questions on a topic high on the list for everyone in the automotive business.

If you would like to grow sales and get closer to your customers – and which businesses don't? – then the solution is clear. You need effective ways to deploy technology and harness data to provide a great digital aftersales experience.

Get in touch if you would like help with this!

The Infomedia Team

What we've been up to

SimplePart 
an INFOMEDIA company

Investing in our online offer

Our e-commerce platform SimplePart helps OEMs and dealers sell more parts.



Mazda Europe partnership

Mazda Europe selects Infodrive to grow aftersales and improve customer retention.

SUPERSERVICE
Connect 

Next-Gen booking system

Superservice Connect provides customers with an exceptional and convenient booking experience.

How e-commerce can help grow parts and accessory sales



The automotive aftersales industry is adapting to the online boom

E-commerce has revolutionised how customers research and buy products online, but it has particularly proven its worth during the pandemic. Here, sales rocketed to such levels that experts say that for consumers there is now no turning back, whether that be in the grocery sector or the automotive aftersales industry. In fact, sales of online parts and accessories in the U.S. alone reached over US\$16bn in 2020 and are projected to grow to US\$22bn by 2023 (Hedges & Company).

Besides a general shift towards online shopping by all of us – a move driven by ease, choice and convenience – there are a range of factors that have led to the rise in automotive aftersales online sales in particular. These include:

- An increase in average vehicle age. People are keeping their cars for longer and opting to replace parts instead of replacing their entire vehicle.
- An increase in vehicle use. This creates more wear and tear on a vehicle, increasing the demand for aftersales products.
- A booming used car market. More people are buying used vehicles than ever before, which increases the need for aftersales products sooner than with new vehicles.

The bottom line? With the demand for online shopping growing, now's the time to tap into this market if your brand or store hasn't already done so.

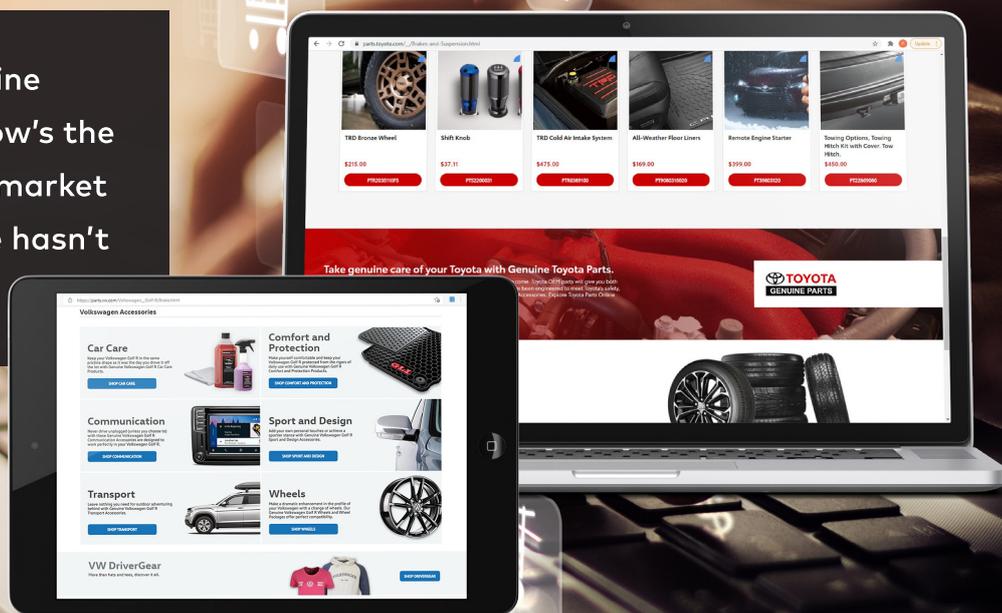
Online retail is helping OEMs and dealerships win back market share from the aftermarket

When the aftermarket sector started to take proper advantage of the early e-commerce boom, OEMs and dealers began losing market share to them. Over the past 10 years, however, more OEMs have begun to realise that they can offer their customers a high-quality shopping experience that will help increase brand engagement, while also taking advantage of the ease that shopping online affords customers. As well as winning back lost market share and reconnecting owners with the brand, it also helps local dealers re-engage with vehicle owners, even if that is just digitally.

The e-commerce market continues to grow globally

According to [this survey](#) backed by the United Nations, there was a marked increase in general retail sales via e-commerce – from 16% to 19% – in 2020, with the most notable rises occurring in Australia, Canada, China and Korea. But e-commerce is on the rise everywhere, not just in isolated territories. It is vital that brands tap into the global e-commerce market and take advantage of its growth.

“ With demand for online shopping growing, now’s the time to tap into this market if your brand or store hasn’t already done so. ”



Online shopping platforms are influencing customer expectations, taking market share from brick-and-mortar shops

As a result of the global pandemic, people have increasingly begun using online marketplaces in new ways. Purchasing groceries online has been a feature of many consumers’ lives for years, but inevitably, more people began buying new vehicles and parts online over lockdown. E-commerce usage in the U.S. surged a whopping 44% in 2020. This trend was even more pronounced in the automotive aftersales space, which, according to a Carlisle & Company Custom Study, produced an average of 131% growth year-over-year on OEM platforms. Such results are encouraging, but a recent survey showed that customers still buy parts online more frequently from other retailers – companies such as AutoZone, Amazon, Supercheap Auto and Bursons – than they do from the OEM websites.

Amazon

No one benefitted from e-commerce’s growth over the past year more than Amazon. According to Hedges & Company, Amazon’s auto parts market share is the largest in the world. In 2020 alone, Amazon sold US\$8.3bn worth of parts and accessories, plus US\$1.9bn in OEM replacement parts sales. Orders directly fulfilled by Amazon (FBA) represented US\$4.6bn.

eBay

It’s estimated that eBay Motors’ revenue was about US\$11bn in 2020, making it a huge player in the parts and accessories sales market. Of that revenue, about US\$8bn came from resellers exclusive to eBay, while about US\$3bn was from resellers that also sell on their own websites and/or Amazon.

While e-commerce accounts for a relatively small slice of parts and accessories sales for OEMs, consumers are increasingly expecting an “endless aisle experience”, low prices and the convenience of online shopping, often on mobile. This, coupled with the instant gratification that you get from same-day delivery by Amazon, makes it increasingly important for OEMs to invest in e-commerce and “hybrid” solutions (online plus brick-and-mortar) to meet the needs of modern vehicle owners.



Why should OEMs and dealers have an online presence?

There is a huge opportunity for OEMs and their networks of dealerships to grow their online business. When it comes to e-commerce, the automotive industry is still extremely under-represented (5% of sales are online), compared with other industries like furniture (19%) and apparel (30%).

Even if you aren't online yet, your customers almost certainly are. Nine out of ten customers research their online options before they purchase an automotive part or accessory (Hedges & Company). And SimplePart has found that of online customers who enter a vehicle identification number (VIN), 46% are second and third owners who have yet to go to a dealership for a service, and so are new to the OEM's vehicle owner database.

What does this all mean? That customers are likely to know about your dealership's products even before they set foot in your dealership. It also means that your online presence is often the first impression that your dealership gives to customers. What's more, it can play a significant role in winning back owners that have been lost, not just to the aftermarket sector but to the service and vehicle sales markets as well.

If your goal is to increase sales by getting closer to your customers, the answer is clear. Whether it be in parts, service or vehicle sales, you need to get your store online.

Contact us to get started: start@infomedia.com.au

New horizons: Connected car technology is changing the aftersales experience forever

Making connections to improve the brand experience

One of the primary goals of any company is synergy: connected thinking that links their business areas effectively and efficiently. For OEMs and dealerships, significant advances in vehicle technology are disrupting how vehicles are sold, owned, serviced and repaired. And at the heart of that is an explosion in the levels of connected car data – driven by a boom in EV sales – that is causing a sizeable shift in the aftersales market for OEMs. It is giving them access to information that will be truly transformative as they transition from selling a product and service to selling a brand experience.

Ford, for example, has just announced a collaboration with NXP Semiconductors that has the potential to reinvent how it interacts with customers and their vehicles, creating valuable data that will drive improvements across the business. NXP makes vehicle network processors that can rapidly send out OTA software updates and services and send the kind of deep data to the cloud that will prove

vital in driving product improvements and supporting vehicle condition management.

In 2020, global sales of EVs increased by a huge 40% compared to 2019. Even more recently, the global rental company Hertz has reached an agreement with Tesla to provide it with 100,000 vehicles. It's indicative of the disruptive forces now in play in the automotive industry and how technology, and how we harness its power, is at the forefront of the new era of vehicles. It's technology that enables 'conversations' between a car and OEMs/dealerships, as well as between customers and OEMs/dealerships.

Ready access to connected car data will change the aftersales experience for vehicle owners and users by creating a set of analytics that will predict when cars require servicing or when parts are deteriorating or need replacing. This is valuable data that will help boost brand loyalty across these sectors.

“Connected car data can predict when cars require servicing or when parts need replacing.”



An opportunity that comes with plenty of challenges

The true value of any data, of course, is not just how it's harvested, but also how it is interpreted and analysed. Get it right, and it opens up new avenues to customer interaction like never before – interaction that is comprehensive, targeted and immediate. But there are multiple challenges associated with this:

- Connected vehicles will generate terabytes of data each day. Companies will need to refine their 'Big Data' strategy to take best advantage of this data in order to add value to the aftersales lifecycle, like optimising parts planning, improving customer retention and reducing operating costs.
- Real-time analysis of data is crucial, along with ensuring that security and privacy frameworks allow for the scalable delivery of "Information as a Service". It means that OEMs and dealerships will need to invest in new data management plans to support increased volumes and guarantee that it remains accessible.
- One of the biggest and most important challenges facing OEMs in this sector is making the right choice of technology partners. They will need to be data analytic leaders that also wield expertise in the aftersales field.
- As well as choosing the right external partners, gathering the right expertise within the business – particularly when it comes to managing change – will be vital. Timely and widescale investment will be needed in new staff or in creating new roles for existing staff across the aftersales functions.
- Connected car solutions need to fit in with a customer's connected lifestyle throughout their ownership of a vehicle. The customer experience will undergo a significant sea change, evolving from transaction-based engagement to always-on customer care.
- Finally, not only do customers expect a joined-up experience, but dealership staff also desire full integration of connected car data across the aftersales ecosystem. That means finding ways to ensure that existing parts, service, DMS and CRM solutions work together seamlessly.

It's estimated that within ten years, around 95% of new cars sold will be connected. And even as soon as 2025, it's expected that there will be two billion connected cars on the world's roads – cars that will 'talk' to OEMs and dealerships, creating data that will literally change everything for the automotive industry.

For an in-depth study into how connected cars will revolutionise the aftersales market, download and read Infomedia's white paper: [Connected cars: how technology is driving new aftersales opportunities for OEMs and dealers.](#)





Celebrating Customer Success

“ Infomedia’s Connected Car solution empowers our dealer network with valuable insights and predictive marketing capability. We can reach customers with automated, personalised and timely offers that grow sales and drive customer retention with digital-first experiences. ”

Reiner Meierbeck, Aftersales Director,
BMW Group Australia

Our knowledge and experience in the field can help OEMs assess how prepared their connected car aftersales strategy actually is. It includes the analysis of data management processes, analytics capabilities, growth opportunities and the development of a business case that’s realistic and effective.

Beyond the strategy, Infomedia can help OEMs with a technology roadmap that’s achievable, ensuring that maximum benefit is gained from connected car data with cloud solutions that are already integrated to the aftersales ecosystem across parts, service, warranty and showroom.



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