

WHY AUTOMOTIVE NEEDS TO RE-HAUL AFTERSALES. **NOW.**



When it comes to service expectations, buyers have been groomed by the best in digital, with brands like Amazon®, Apple® and Spotify®. Where what's desired is a swipe away. Comfortable. Fast. Invisible. Car drivers want the same in their aftersales experience—service with a swipe—making the inconvenient, convenient.

Technology exists now to make the discomfort of aftersales service experience disappear, rendering it invisible to the driver. Why not optimize the experience? After all, it generates **20 percent of revenue**, and roughly **50 percent of profits** for OEMs¹ in a sector valued at **479,371 million USD**² by the end of 2017.

Yet dealers spend significantly more on the lower margin end of the customer spectrum: car sales. In a study by Accenture, it's clear that invisible service is something drivers are willing to pay for. **OEMs and aftermarket players need to get into the driver's seat to overhaul aftersales, or risk being left behind.**



SWITCH TO SERVICE WITH A SWIPE

The future of automotive lies in experience. It's something we've found again and again in research on what drivers want with digital. What we confirmed: great customer service will play an even more critical role in separating the winners, focused on delighting drivers, from the losers, focused on the nuts and bolts of car service.

According to our research, nearly half of all drivers surveyed (45 percent)⁴ do not want to physically go to a workshop or dealer service location (service locations referred to as "workshops" throughout this piece). Instead they want service to be integrated seamlessly into their daily life. The younger the driver, the more that's true.⁵ (See Figure 1.)

Here's how it works: customers receive a notification through the vehicle, an app, or by a call that their car needs service. They choose a time and location for pick-up on their smart phone. Keys are either physically handed over or the workshop (with permission) can unlock the car remotely. A replacement car is deposited at a location

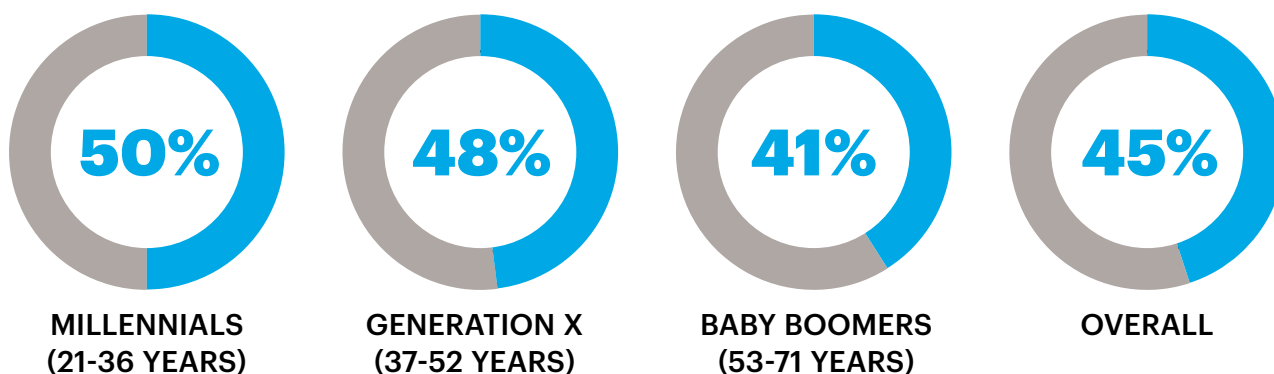
convenient to the car owner. When the issue is addressed, the car is delivered in the same "frictionless", invisible, manner.

What else disappears through invisible service? Expensive storefronts in premium locations. Workshops can be located out of town and run more like a factory instead of a retail outlet.

What Digital Drivers Want – Aftersales Study

Since 2012, Accenture has gauged the changing wants and needs of drivers in the global auto market. This year we zeroed in on aftersales. Surveying drivers online from around the world with 1,000 respondents in the United States, Germany, France, Italy and the United Kingdom and 2,000 respondents in China.³ The result: 7,000 people voicing, "What digital drivers want from aftersales."

Figure 1: The younger the respondents, the less willing they are to go to a workshop.



Percentage of respondents who chose either "drop car off at convenient location (e.g. mall or airport)" or "pick up from and return to home/work" as preferred option to get their car serviced.

LOWERING BARRIERS

What's perhaps most critical to note for the industry: drivers are willing to pay for invisibility. In fact, 72 percent said they are open to paying a monthly flat fee for service and maintenance. More than half⁶ said they would part with around 45 dollars per visit to not have to deal with the hassle of going to a workshop.

Beyond inconvenience, there's also anxiety around how long service will take and uncertainty about what exactly is being done in the case of a repair, not to mention how much it will cost. Invisible service creates transparency, mitigating the unknown, as information is delivered real-time through online and app channels.

Figure 2: Millennials prefer flat fees from automotive services.

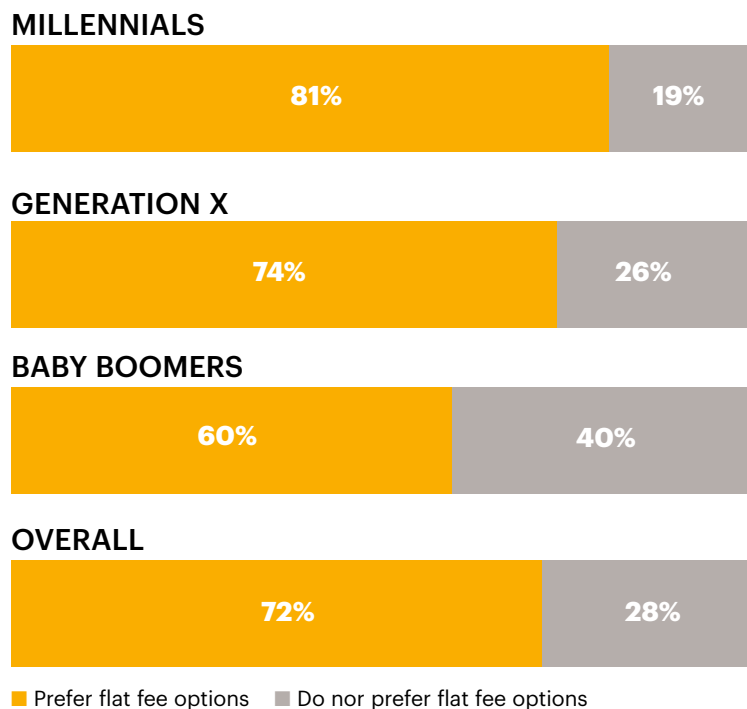
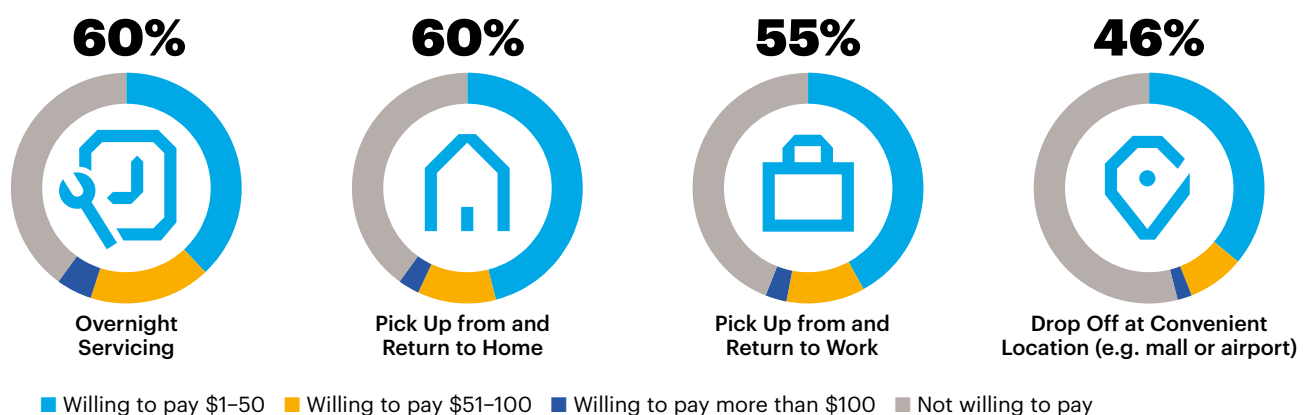


Figure 3: 60% of respondents are willing to pay for convenience services such as “overnight servicing” and “pick up from and return to home.”



“Once you experience the smartness that you have in your vehicle, there’s no way you’ll look back.”⁷

– Jim Hackett, Ford CEO

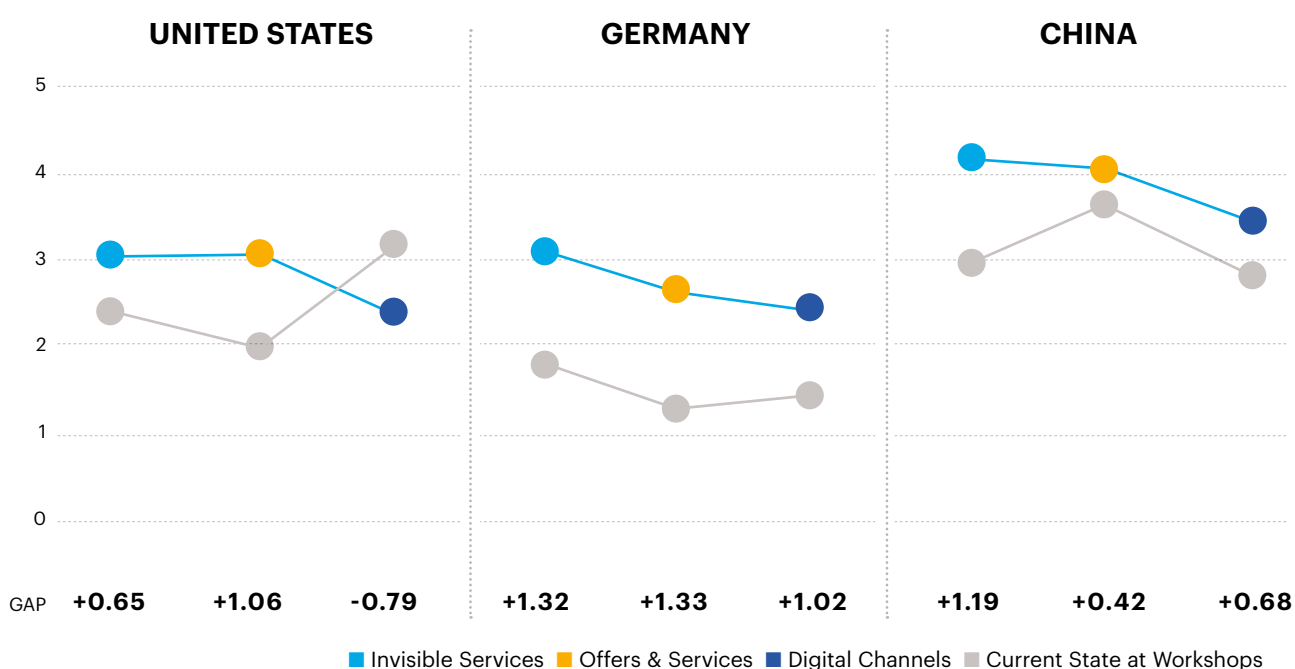
As for one of the greatest barriers to realizing invisible service—data privacy—our study showed that 92 percent of respondents are willing to provide vehicle data to workshops. Nearly half (47 percent)⁸ are willing to do so for free. While 45 percent⁹ would do so in exchange for incentives like discounted car service or discounts on things like fuel. But there are still local regulations that automotive players need to reconcile.

Clearly, aftersales is an area that’s ripe for an overhaul through a new, more sophisticated level of service. And those who get on the invisibility bandwagon stand to pull ahead of competitors.

Spotlight China: Aftersales Clearly “Yinxing”—Invisible

While the rest of the world struggles to catch up, China is ahead when it comes to making aftersales “yinxing” or invisible. In comparison, powerhouse automotive markets like the US and Germany lag. Given the global nature of the industry, it’s something OEMs can’t afford. They need to step up their aftersales game locally. Some, like Easy Auto¹⁰, a German aftersales player, are catching up. The company enables invisible service through online booking and seamless drop off and pick up of vehicles.

Figure 4: China is ahead of the maturity curve when it comes to invisible aftersales service.



DRIVING TOWARD DIGITAL NOW

Customers are ready. The technology is in place. Automotive players can gain real competitive advantage over rivals by grabbing the reigns on invisible service. Here are some of the winning moves needed to drive toward invisibility:

FOR OEMs



Look to Netflix® for inspiration. What do video content streaming and car services have in common? Not much. But they could and should share a lot more in the future. Borrowing from the Netflix® playbook, OEMs could create flat-rate offers in aftersales. The approach represents a win-win: drivers don't have to worry about variable costs and OEMs can ensure regular revenue streams. OEMs can work with dealers, offering them discounts on parts for customers subscribed to the service.



Take data out of the dark. Today, vehicle usage and maintenance-related data is stored with their manufacturer. Sales can't access data for cross- or up-selling. Technical issues aren't fed back to engineering. Data resides in an organizational black box. OEMs need to bring it into the light, breaking silos and sharing data across all areas of the business from sales to marketing to aftermarket. With data in hand, opportunities open for predictive maintenance, just-in-time repair and a more satisfied driver.

FOR WORKSHOPS



Look to food delivery apps for inspiration. While OEMs can learn from Netflix®, they should help their dealer workshops by encouraging them to copy food delivery apps. How? By partnering with logistics companies that can pick up and drop off vehicles, effectively connecting drivers to workshops seamlessly and invisibly. Like online food delivery, workshops need to feature a clear menu of services aligned with what customers want and that are priced competitively.



Boost online presence. Workshops are known for having "passive" online sites that offer surface information on opening hours—and don't accommodate online booking. What's more, aftersales should not be afterthoughts for customers looking for service. They need to be top of mind: present on online comparison portals like whocanfixmycar.com (UK) and caroobi.com (Germany) and pulled first in Google searches with the help of search engine optimization or paid adverts. Net-net: the amount of spend for digital marketing overall is too low, and doesn't leverage the range of tactics available.

NEED FOR ACTION AT OEMS AND WORKSHOPS

FOR OEMs



Create customer data strategy across departments.

Provide real-time health data of vehicle via app.

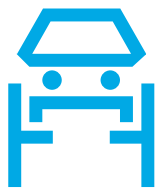
Align digital customer journey in aftersales with new dealer concepts.

Create market-ready and localized concepts for invisible service.

Co-fund flat fee offers to secure customer retention.

Leverage cross- and up-selling via digital channels.

FOR WORKSHOPS



Price it—charge additional fee for invisible services.

Develop and sell flat fee subscription offers for aftersales.

Be present in online comparison portals to generate online leads.

Partner with logistics providers for invisible service.

Offer overnight servicing to increase customer convenience and charge for it.

Improve existing digital channels for search and booking.

INVISIBLE SERVICE

NEW OFFERS & SERVICES

DIGITAL CHANNELS

CLEARLY PROFITABLE

Invisible service in aftersales, where service comes with a swipe, is gaining traction. Customers, especially those used to seamless digital service, want it and are willing to pay for it and share their data to get it. The technology supports it. Now OEMs in traditional markets need to catch up and focus marketing on an area that does, after all, generate more profit than sales. In doing

so, not only will profits grow stronger, so will customer loyalty.

Winners will be those that create an aftersales experience that is as sophisticated and as transparent as the most advanced digital ones. Losers may face another form of invisibility: they could disappear, while winners will deliver new levels of value to customers, retailers and OEMs.

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SOURCES

¹ <https://www.forbes.com/sites/jimhenry/2012/02/29/the-surprising-ways-car-dealers-make-the-most-money-off-of-you/2/#5dd04be11a21> and https://www.accenture.com/t20160607T225655_w_/cn-en/_acnmedia/PDF-8/Accenture-insight-china-auto-aftersale-market.pdf

² <https://www.futuremarketinsights.com/press-release/automotive-repair-and-maintenance-services-market-102017>

³ Accenture’s “What digital drivers want from aftersales study,” took place in June 2017 and featured interviews of 1,000 respondents in the United States, Germany, France, Italy and the United Kingdom and 2,000 interviews in China for a total of 7,000 interviews.

⁴ From Accenture’s “What digital drivers want from aftersales” study

⁵ IBID

⁶ IBID

⁷ <https://www.fastcompany.com/40483279/ford-ceo-jim-hackett-dumb-cars-are-dying-but-car-ownership-is-safe-for-now>

⁸ From Accenture’s “What digital drivers want from aftersales” study

⁹ IBID

¹⁰ <https://easyautoservice.de>

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