

# Fellowes Research

Aftersales Solutions - February 2020 - News & Articles



## Founder's Notes

*Aftersales Solutions* aims to boost discussion & collaboration on aftersales and digital solutions that automate and improve parts sales and operations. Spread the word: forward this newsletter. To collaborate on an article, please contact us.

If you are reading a forwarded copy of this newsletter, get your own subscription. We also recommend visiting the Fellowes Research website.

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## Feature Articles

Our February edition has three Feature Articles: (1) OEM Parts eCommerce Best Practices (2) Megatrends & SPM solutions and (3) Update of Parts eCommerce Transactions Volume Study. Enjoy!

# Best Practice

## OEM Parts eCommerce Best Practices for OEMs & Solution Developers.

Guidelines and recommendations – a set of best practices – for OEMs and dealer solution providers (DSPs) when developing parts eCommerce platforms. Our focus is eCommerce parts sales by franchised dealers and distributors to: (1) independent repairers and (2) fleets. (Sales between dealers, including OEM-initiated parts order referrals, and sales via retail channels have their own best practices – and are not covered here.) This article was written as a guest blog post for Mize with the goal of preparing readers for the Mize webinar “Parts eCommerce and Megatrends” at which I was the guest presenter.

Parts eCommerce is the fastest growing segment of fixed operations – it’s projected to reach nearly \$7 billion in revenue – for U.S. car dealers in 2020. The article covers: (1) buyer preferences, (2) continuous improvements to online parts catalogs (EPCs), disruptive innovations to dramatically aid buyers who are not experts in OEM parts, (3) mistakes made – and to avoid.

[Read more.](#)

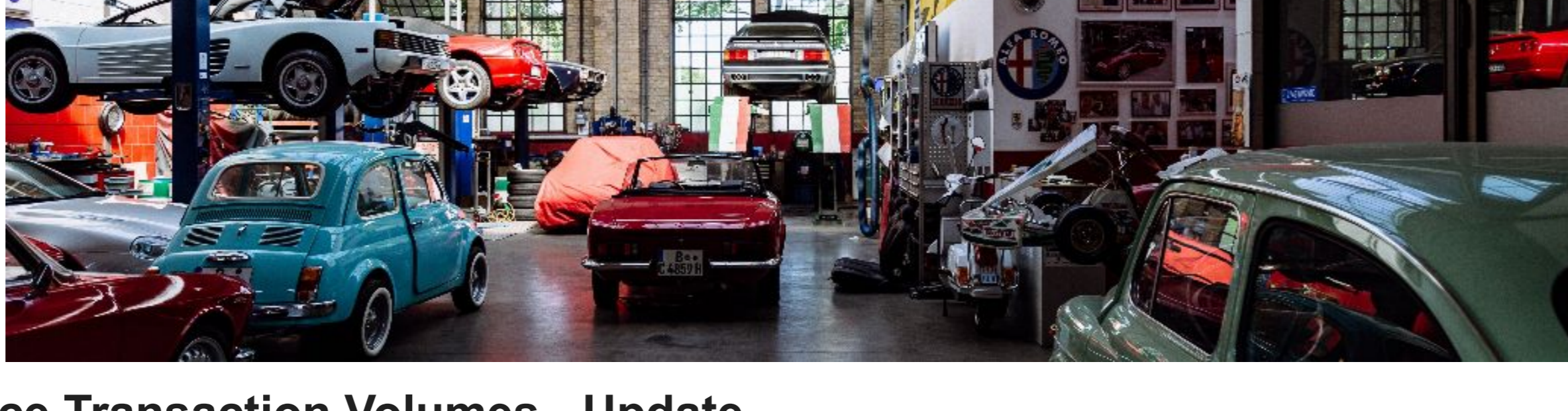


## Megatrends & Service Parts

This article identifies megatrends pivotal to parts and service operations for vehicles and equipment – and thus are driving SPM (Service Parts Management) advancements. Megatrends are shifts in behavior or attitude that are large, transformative, global and cross-industry in impact. Megatrends addressed include Digital Commerce, Connected Vehicle, R2R, Electrification, and Collision Avoidance.

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[Read more.](#)



## Parts eCommerce Transaction Volumes - Update

In the January *Aftersales Solutions* newsletter, we reported the preliminary results of our study of parts eCommerce transaction volumes. In the intervening four weeks, additional platform providers provided aggregated results that were slightly larger than expected, raising the preliminary sizing by \$0.2 billion to \$6.7 billion in annual parts eCommerce sales by U.S. new car dealerships. We are now working with additional eCommerce platform providers and in the coming months will provide updates and then a final report. The current summary chart is available immediately below

Annual U.S. New Car-Dealer Replacement Total Parts Sales (\$ B)						
<small>(nearly all OEM parts – limited AM and used/salvage)</small>						
		Parts Category Totals	Parts Segment Totals	Parts eCommerce	Service Labor	Comments
Wholesale	Collision-Repair		11.0 (est.)	4.5		Body shops
	Mechanical-Repair	21.0	9.5 (est.)	0.5		IRF/IMT, Fleet
	Dealer-to-Dealer		0.5 (est.)	0.3		Locator, Idle, OEM-Referral
Retail		3.2		1.4		Consumer, Shade-Tree Mechanic
Customer Mechanical		19.0			21.6	
Customer Body (Collision)		4.0			4.4	
Warranty		13.3			11.5	
Sublet					4.1	
Internal (used car reconditioning...)		6.6			9.3	
Other		7.3			4.5	
Total		73.9		6.7	55.4	

Data Sources:  
 ♦ Total: NADA Data (extrapolated) for totals; segments based on industry sources and AAIA Data  
 ♦ eCommerce volumes: Communications with eCommerce platform providers plus limited dealer research validation

## News

### OPS Implements BMW Conquest Pricing in Collision Repair eCommerce Suite.

BMW of North America recently added Overall Parts Solutions (OPS) to its collision-parts price promotion and marketing program – covering parts for U.S. collision repairs of BMW and Mini vehicles with genuine parts from BMW’s nearly 350 U.S. dealers – enabling parts eCommerce platforms (eProcurement from the shop perspective) to price and promote parts to thousands of collision repair facilities.

OPS differentiates itself as providing the most complete end-to-end solution: “The OPS Technology Suite tackles three key areas of concern facing the collision parts industry: parts procurement, competitive pricing, and parts delivery,” said Sib Bahjat, COO and co-founder of OPS. He also noted that OPS supports all parts types – including new OEM parts.

Sib Bahjat added that “We have 15 manufacturers on our program now.” Sib claimed in a call that nearly all of these include OEM promotional pricing via its ValuTrax conquering-type solution for OEM part-specific promotional price-matching.

[Read more.](#)

### OEConnection Reveals Parts eCommerce 2020 Roadmap.

OEConnection announced its “Collision Vision” – a product roadmap advancing its OEM parts eCommerce for collision repair. First, collision repairers will have direct access to applicable OEM promotional part prices while generating parts orders (no longer needing to wait for dealer parts staff to alert them to these opportunities in a phone call after the order was submitted). Then, later this year, OEC will extend its “Parts Scrubbing Technology” to parts buyers – an extension of EPC (Electronic Parts Catalog) capabilities enabling users ‘scrub’ part numbers against a VIN. Conceptually, a VIN/part-number fitment function can display three potential outcomes: (1) unique fit – that is, the entered part number is the only one of that ‘part-type’ (think water pump, spark plug, rear brake rotor) that fits the vehicle with that VIN, (2) non-unique fit – that is, the part number is one of several for that part-type that fit the vehicle, (3) non-fit – the part number does not represent a part that fits the vehicle – in many cases the correct unique fit part number can be identified by the ‘scrubbing’ process. Scrubbing enables collision repairers to revise estimates with correct part numbers (and perhaps different prices) before parts are ordered.

OEC also revealed that later in the year, CollisionLink will also display dealership parts inventory and alert shops of parts not in stock (at the repairer’s preferred dealerships). OEC announced that it will also provide collision repairers with complete OEM illustrated parts catalog access.

[Watch video.](#)

[Read more.](#)

## Megatrends.

According to the J.D. Power 2020 U.S. Vehicle Dependability Study, overall vehicle dependability has improved a further 1.5 percent from 2019. 2020 marks automakers’ best performance in the history of the study. While vehicle dependability continues to improve – it is doing so at a slowing rate.

This is important to Service and Parts because: Improving vehicle design continues to slowly drive down needed repairs. [Read more.](#)

From the New York Times: though electric vehicles get showered with attention, their actual unit count remains very small. EVs made up just 1.9 percent of overall sales in 2019, according to the Times. Tesla accounted for half of those sales. Though automakers are going in big on EVs – like the EV Hummer or the Ford Mustang Mach E – some are selling EVs at a loss, according to the article. Despite absorbing losses from low prices, sales volumes have yet to respond sufficiently.

This is important as EVs will require perhaps half the parts and service as ICE (internal combustion engine) vehicles. And note that hybrids result in no such impact on dealer fixed operations. [Read more.](#)

## Events

Parts eCommerce & Megatrend Impacts on Aftermarket Parts Sales. On February 25 Ted Fellowes of Fellowes Research was the guest presenter. According to Mize executives, the webinar drew a very large audience. The archived webinar and slides will be available shortly. If you did not previously register, [register now](#) and you will be provided with access.

## Answers

**Question:** One of the great questions asked at the end of the February 25th Parts eCommerce webinar was: “Specifying parts is hard to do accurately every time – why should OEMs and Dealers trust parts eCommerce?”

**Answers:** First, *don’t* blindly trust inbound OEM parts orders (whether by fax, phone, email or eCommerce) – other than dealer-to-dealer parts trade, OEM part numbers should be validated by dealer staff against the VIN or serial number of the vehicle/equipment being repaired. To manually check validity, enter the VIN and then using your EPC either navigate to the part (and confirm it has the same part number) or run a search for that part number. Increasingly this process can be completely automated with a parts fitment validation widget/function – enter the VIN (or serial number) and part number – the tool uses the parts catalog and vehicle option data to confirm the degree of fitment: unique fit, non-unique fit, does not fit (without human intervention). With some parts eCommerce platforms this auditing of parts orders is built in – is it in your eCommerce?

Next, take the opportunity to identify parts ‘missing’ from the order. Are there parts on the order that if replaced require – for safety or warranty reasons – that other parts also be replaced? Or, are there parts that best practices suggest should also be replaced with other parts? (Increasingly, EPC and parts eCommerce catalogs are alerting users of these scenarios.) Does the order imply a service operation – and if so, are all of the potentially needed parts on the order? Experienced parts counter staff are able to do this quickly, intuitively – and processing eCommerce orders, without the pressure of being on the phone with the buyer will facilitate a what’s-missing mindset. With AI, predictive analytics and machine learning, the day will soon be here when eCommerce applications automatically flag these additional parts sales opportunities.

Having said that, the quality of parts catalog authoring, the service BoMs with options data and EPC logic has reached a point with some OEMs that following the best-practices above is not essential in a rush: the eCommerce solution will ever-more frequently prevent buyers from ordering the wrong parts or leaving parts off the order.

Readers, please [submit questions](#) – for our version of FAQs.

## About Our Newsletter

Fellowes Research publishes the *Aftersales Solutions* newsletter monthly (plus special editions). Monthly editions include a ‘Feature Article’ section with one – or more – articles on industry topics. Newsletters contain a summary of each ‘Feature’ – with a link to the full story.

Each edition includes a ‘News’ section - and an ‘Events’ section. *Aftersales Solutions* closes with an ‘Answers’ section – responding to questions that subscribers ask.

## Fellowes Research Links

- [Fellowes Research Website](#)
- [Fellowes Research Blog](#)
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