

Fellowes Research

Aftersales Solutions - January 2020 - News & Articles



Founder's Notes

Our newsletter is meant to boost discussion & collaboration on aftersales and the solutions that automate and improve parts sales and operations. Spread the word: forward this newsletter. To collaborate on an article, please [contact us](#). Thanks.

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

For our February newsletter, we have two Feature Articles: (1) first-ever forecast of dealer parts eCommerce by segment and (2) an assessment of how R2R (Right to Repair) is likely to impact wholesale service-parts eCommerce for vehicle and equipment industries.



Parts eCommerce Soars - \$6.5 Billion in U.S. for 2020

Introduction. In 2020, U.S. automotive dealerships are expected to consume or sell nearly \$75 B in replacement parts – of which \$24 B will be sold to external buyers. This first-ever forecast of dealer parts eCommerce volumes by segment, predicts that over 27% – \$ 6.5 B – of these automotive U.S. dealer parts sales will be via eCommerce. The migration of OEM parts sales to online channels is creating winners and losers – with valuations for winning platform providers exceeding \$ 1 B (as this newsletter covered earlier - OEConnection's \$1.3 B valuation) .

The study by Fellowes Research of parts eCommerce transaction volumes is based on information from the dozen-plus firms that provide parts eCommerce to U.S. automotive dealerships, industry studies and data sets - augmented by assessments from industry experts.

The eCommerce share of parts sales varies widely across four market segments. The Collision-repair segment leads with the highest share of parts sales that are eCommerce (40%) – followed by retail (consumer).

Surprisingly, this is the first initiative to publicly reveal dealer/OEM parts eCommerce volumes by segment.

To read more, [continue on to the full article](#).

R2R Drives Parts eCommerce

Introduction. R2R (Right-to-Repair) is likely to drive parts eCommerce - particularly in industries that have not supported maintenance and repair outside of OEM authorized repairers such as dealerships.

R2R expansion across industries - at least in North America and Europe - is inevitable. The impact of expanded R2R regulations/requirements on parts and service revenues will be huge – shifting billions (\$) from some firms to others. Additionally, R2R will impact SPM solutions: experienced, multi-OEM solution providers will prevail as R2R will drive OEMs to solutions that are resource-intensive with high economies of scope and scale.

In addition to being an informative read, this article is one of a series that provides the context to get the most from the Parts eCommerce & Megatrends webinar on February 25. Register (free) in the webinar - [click here](#).

This article was written as a guest blog for [Mize](#) (www.m-ize.com).

To read more, [continue to the full article](#).

News

Collision-repair Industry Growth. Annual white paper analyzing the North American collision repair marketplace for 2018 released by [Romans Group](#). Key metrics cited:

- "In 2018, the U.S. collision repair market grew 1.65 percent, year over year."
- "2018 marked in an increase in acquisitions from major consolidators like Caliber, Boyd-Gerber, Service King and ABRA. The year 2019 was rather busy for multiple-location operators, as revenue transferred via MLO acquisitions above \$1.8 billion."

OEConnection. OEC adds 24th and 25th automotive dealer networks to its collision-repair parts marketing eCommerce solutions. Lexus and GST (Gulf States Toyota) will use OEC's CollisionLink to facilitate their parts marketing program – adding OEM-controlled parts pricing promotions to parts eCommerce.

RevolutionParts. \$1B in eCommerce transactions and \$ 880k of parts sold daily via eCommerce facilitated by a mix of dealer websites, eBay Motors and Amazon – for U.S. automotive dealers – revealed in early 2020 RevolutionParts announcements.

CCC Information Services. Honda is the first OEM to integrate its diagnostics scanning cloud technology into the "CCC X" data exchange – simplifying post-collision scanning of Honda and Acura vehicles. Honda diagnostics data will be passed into CCC's estimating platform (used by repairers to write collision-repair estimates). Repair facilities will be able to run diagnostics for Honda or Acura vehicles via a Honda-approved J2534 device.

This deal expands the two firms' special relationship – including Honda's exclusive support of CCC for its eCommerce-based parts pricing parts promotions.

Why this could be important. CCC's diagnostics data exchange is likely to strengthen its relationships with automakers – perhaps aiding its efforts in OEM parts eCommerce programs. And, in the future could OEM diagnostics access be leveraged by CCC to anticipate possible additional service operations and parts to return vehicles to full pre-collision status – or even find pre-existing problems? (I have previously written about this relative to Infomedia and Xtime.)

Acquisitions. DealerSocket is acquiring Auto/Mate – the combined company would have more than 9,000 dealership customers. Auto/Mate is estimated to be fourth in U.S. DMS market share behind CDK Global, Reynolds and Reynolds, and Dealertrack (Cox Automotive). This may have added significance as DealerSocket is in the orbit of VistaEquity (Solera owner).

DealerTire is acquiring Dent Wizard – further expanding DealerTire's presence in automotive dealers' fixed operations.

Events

Webinar - February 25 - from 1 p.m. to 2 p.m. *"Parts eCommerce & Megatrend Impacts on Aftermarket Parts Sales"*

Ted Fellowes will be making the guest presentation. [Register now \(free\)](#). You won't want to miss this.

Answers

Question: Your February 25th presentation is titled "Parts eCommerce and Megatrend Impacts" - what are megatrends?

Answers: Megatrends are shifts in behavior or attitude that are large, transformative, global and cross-industry in impact and apparently unstoppable. Megatrends mostly likely to impact parts and service operations include:

Digital Commerce – from pre-sale digital communications and marketing to the relentless shift to eCommerce to digital aftersales communications. For parts and service, the impact will be: increasing online parts ordering, service scheduling, access to service procedures and vehicle/equipment health – as well as repair approval and status updates. Fixed Operations will, over time, be transformed.

The Internet of Things (IoT) – for parts and service this translates to "Smart Vehicles" and provides advantages to OEMs and their dealer networks in terms of improved CX, just-in-time opportunity to promote dealer service appointments and fixing vehicles/equipment before it fails. Also, OEMs will know sooner when parts' redesign is called for.

R2R (Right to Repair) – will open maintenance and repair option of owners – likely aiding independent service providers and offsetting the shifts of dealer service share of recent decades due to the increasing computing capacity of vehicle/equipment components and assemblies.

Electrification – the elimination of ICE (internal combustion engines), replacement parts are expected to – in the very long run – drop by as much as 50%.

ADAS / Autonomous Vehicles – the hope and opportunity is that collisions and the consequent loss of life and health as well as vehicle/equipment damage (and subsequent replacement of parts) will fall by stages over the long term by 90% or more. The impact is greatest for on-road vehicles and minor for off-road and zero for stationary equipment. Risk compensation – that is, the tendency for people to adjust their behavior in response to perceived risk levels, becoming less careful if they feel more protected – may slow or limit these gains.

Sharing Economy – the use of technology to facilitate the exchanged access of goods or services between two or more parties – will have widely varying impacts by industry. In some industries, it will lower the quantity of products purchased by may have little impact on net wear-and-tear. The increased concentration of ownership may impact competition for vehicle/equipment service business.

Marketplaces – the tremendous growth of marketplaces such as Amazon & eBay is one specific facet of 'Digital Commerce' described above that warrants its own discussion. While largely limited to small and mid-sized hard parts not needed to be shipped and deliverable by UPS or FedEx for a reasonable fee – not needed same-day or even next-day, marketplaces are greatly impacting service-parts eCommerce particularly for DIYers and shade-tree mechanics. This impact may expand in several dimensions.

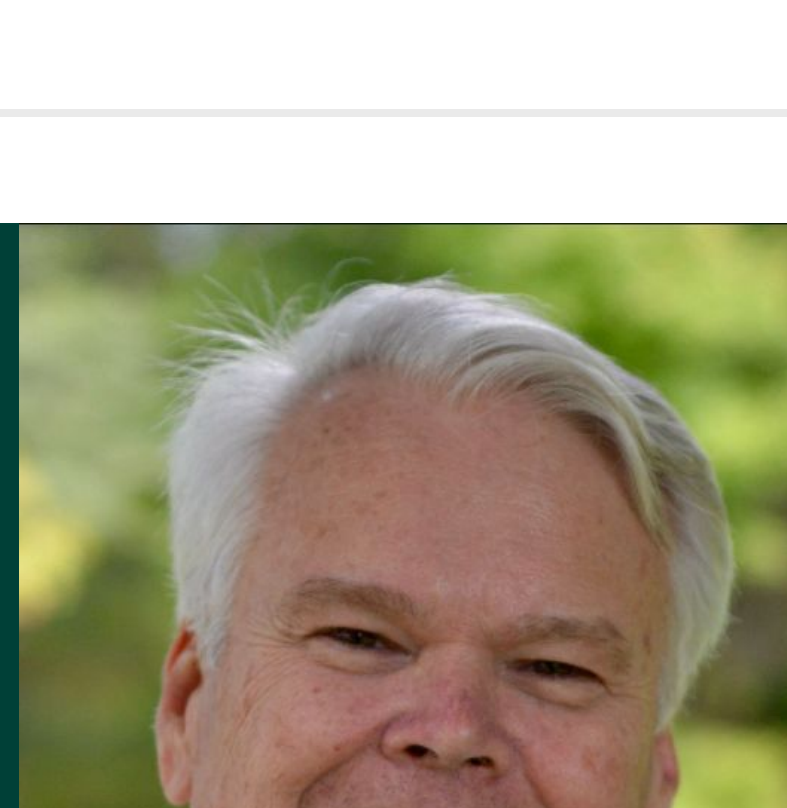
3D Printing – setting aside the unresolved legal issues having to do with repairing and reconstructing, the economics only justify 3D printing for parts that are high value and low volume and will have the same reliability and safety attributes as the original part. The impact to date has been very limited will expand over time.

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

About Our Newsletter

Fellowes Research publishes a 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 & Events' section 'Coming Soon' identifies projects under way and being planned. Our newsletter closes with an 'Answers' section – responding to questions that subscribers ask.



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