

Vol. 12, No. 6 - November / December 2015

Fixed ops



**BUILDING A
BETTER BUSINESS**

The Case For a Rental Department

When Close Isn't Good Enough

Shift Your Parts and Accessories Listings Into High Gear

Tech Shortage? Don't Panic!

THE CONNECTED CAR AND VEHICLE REPAIR

BY TED FELLOWES

This article examines Connected Car (CC) benefits to dealer Fixed Operations.

Predictions: (1) Service loyalty to dealers (and CSI) will climb as the population of connected vehicles grows; (2) System improvements will accelerate these gains and automate CC-related processes; (3) CC will disrupt Service processes and systems, changing everything.

Marketing. OEMs' campaigns touting vehicle self-diagnostics with dealer access drives consumer perception that dealers are more prepared, achieve shorter cycle-times and will fix vehicles right the first time. Hyundai reports an 80% take rate for Blue Link. This success is crucial as CC programs boost Service loyalty largely by enabling dealers to call the vehicle owner in concert with the vehicle identifying a Service need to the owner.

Trust. Connected Car owners expect Service Advisors to demonstrate knowledge of their vehicle's health and history as well as the Service procedures to address those health messages. Savvy customers also expect a quicker process.

Carlisle & Company notes that: "Customers currently trust the information that their vehicles provide them, which is a strong foundation for the increasingly important customer-vehicle-dealer relationship." As a consequence, dealers should tread carefully in how they upsell Service – particularly when a procedure could be seen as inconsistent with the connected vehicle's guidance – or risk customer trust.

The Service Advisor's role will change dramatically, from problem identifier to resolution facilitator. With inter-connected systems, most of an Advisor's time will be spent building trust and the customer relationship (like Apple Genius staff).

Systems. "OEMs will use connected car interfaces to increase dealer network loyalty and Parts sales" enabled by "remote diagnostics using sensor data from the car, diagnostic codes then linked to labor operation codes which then link to workshop manuals/TSBs and Parts catalog data (already underway at several OEMs) ... which can be integrated in a single dealer workshop communication channel including vehicle recall and warranty ..." notes Richard Barber of automotive data company Clifford Thames.

Hyundai shares vehicle DTCs (Diagnostic Trouble Codes) with dealers via web-DCS. Hyundai vehicle-owners also press their BlueLink button to schedule Service (via the call center) or use the app – otherwise (accounting for 2/3 of cases), the dealer calls to schedule an appointment – an essential new behavior for dealers. DTCs meanings are keyed into dealers' systems – and a pre-printed check-in is ready for the vehicle's arrival. Service procedures are identified, then labor operations and part types are identified. Next, part numbers that fit that vehicle are specified and Parts availability can be checked and Parts ordered. Some of this is automated now and much requires human intervention, "... all of this will be fully automated as the tools and integration becomes available"

according to Michael Deitz Senior Connected-Car Manager for Hyundai.

Service CRM solutions will evolve as CC changes consumer expectations. Experts emphasize that DMS integration will be key to enabling this future.

Efficiency. The potential is huge: the day of Service my car reminds me and then confirms the Service appointment; as I approach, my car signals the dealership to ready the Service lane and pull parts – check-in, wait and pickup times are slashed.

Chris Ice, VP of Product Marketing for Xtime: "The opportunity for dealers to reduce cycle times is to ensure they have the right parts on hand. Having visibility into vehicle data before the vehicle arrives at the dealer enables Advisors to better plan for parts. It's also an opportunity to ensure that the right skillset is available to address the vehicle when it arrives." Carlisle adds: "Dealers can also boost shop loading and capacity management as Service Advisors and Technicians can better plan their time, thereby improving efficiency. Not only will this speed up the repair process and reduce customer wait time, this can also improve the accuracy of dealer Service timing."

Predictive Analytics. Vehicle sensor readings are being mapped to repair data to identify part-failure predictors. This can lead to replacing a part before it fails. Big-data analysis can also lead to both improved Parts demand forecasting (plus



higher PDC fill-rates and better ASR Parts stocking guidance) as well as re-engineering parts for a longer lifetime. (And OEMs will get ahead of warranty and recall issues and identify bugs much earlier into a new-model launch).

Appointments give a leading indicator of where Parts are likely needed and, therefore, is something new for the OEM supply chain to work with in planning logistics.

These expected Service improvements will also help dealers sell more cars: Carlisle reports in its 2014 Consumer Sentiment Survey that customers who are “Very Satisfied” with their Service experience are 21% more likely to repurchase a vehicle from that brand than customers who are just “Satisfied”.

Wholesale Parts. Could CC programs aid wholesale Parts eCommerce? Some eCommerce platforms now enable shop access to OEM Parts catalogs, vehicle-build elements and other proprietary information when ordering OE Parts from dealers. Could this collaborative approach be extended – securing a full repair summary for OEMs and wholesale Parts orders for dealers – in return for providing additional CC-related information to shops?

Aftermarket. Non-OEM CC (using vehicles’ ODB port) is now available. Some focus on aftermarket vehicle Service. Other

solutions – such as Automatic (in which CDK Global has invested) and Vinli (in which Cox Automotive is invested) – support a range of uses including UBI (usage-based insurance) as well as locating and communicating with a repairer. Speculation suggests either Cox or CDK will be the conduit for dealers to add OBD CC capabilities to used vehicles or to sell to Service customers.

“AS I APPROACH,
MY CAR SIGNALS
THE DEALERSHIP
TO READY
THE SERVICE LANE
AND PULL PARTS – CHECK-IN,
WAIT AND PICKUP
TIMES ARE SLASHED.”

Parker Smith, CEO of MechanicAdvisor says: “Telematics is going to change the way drivers take care of their cars, but most owners of out-of-warranty vehicles will still look to independent shops as more affordable or convenient. Either way, preventative maintenance from real-time insight will be available to everyone.”

Insurers. Progressive and General Motors have announced plans to provide access to driver behavior data – Progressive pioneered UBI (with SnapShot). Recently, CCC – the dominant Body Shop systems provider – acquired DriveFactor to add CC capabilities to services provided to insurers.

David Cook VP, Connected Car Solutions of Minacs Group (supporting OnStar & BlueLink), identifies an opportunity for fees to access data from OEM CC devices: “Vehicle-owners opt-in to share their CC data with insurers, leasing companies and others willing to pay.” Cook adds that the “Minacs platform manages registration of insurers and incentivized consumer opt-in as well as the collection, transformation, delivery, and billing for the data shared while protecting consumer privacy.” A hurdle: collision repair is regulated at the state level and the many different rules slow opportunities for OEMs and insurers to collaborate.

Wrap-Up. The popular economics ‘nudge’ concept suggests dealerships will gain vehicle Service share as CC makes scheduling appointments more convenient. Predictive analytics will lead to fewer on-the-road breakdowns and improved Parts demand forecasting and Parts re-engineering, yielding better consumer experiences with the OEM and dealer. Dealer processes and systems that reinforce this cycle and don’t introduce dissonance are the future.

Connected Car may greatly disrupt dealer Service processes and systems. Dealers will change the way they handle customers before, during and after vehicle Service.



During 30 years focused on Service Parts systems and information services from the dealership, vehicle-maker and buyer perspective, Ted Fellowes has been a leader in dealer systems innovation – first EPC, first dealer Parts e-commerce and first web Parts locator. He has served in executive roles with Bell & Howell (now, Snap-on) and OEConnection. Five years ago he launched Fellowes Research which now has clients in North America, Asia and Europe, including vehicle manufacturers, consulting / investment firms, DMIS providers and Fixed Ops solutions providers. Fellowes is the leading expert on automotive Service Parts e-commerce.