

# Tendency of Customizing Aftersales Services to Support Agility in Automotive Business

Andrea Lešková  
Technical University of Košice

## Abstract

Presented article discusses the importance of the customized after-market and aftersales services in automotive business. It is focused on the characteristic of the selected trends in the information society associated with changes of business model in automotive sales. The article looks for the answers to how new social and technological trends will change the automobile industry value chain because new conditions are providing new opportunities for the automotive business. The introductory part of this paper describes selected trends that change the automotive business environment from the global point of view. In this ever-changing world, automobile manufacturers and dealers are constantly confronted with new and unexpected challenges. The next section of the article presents that to growth automotive business, the key will be to transform today's dealer network into a profitable, modern, multi-format sales channel that combines the opportunities of the online world with the strengths of the traditional dealership channel.

**Keywords:** automotive business, online marketing, after-sales activities, car-related services

## Introduction

Today, a number of global trends are shaping the automotive industry and business. The customer across all vehicle segments still wants innovation in traditional automotive areas such as fuel efficiency and safety, and the customer wants to receive a high-quality vehicle with functions he deems as important, useful and affordable. The technology revolution of the Internet and mobile devices has also had an impact on automotive sector. Automotive development has never been as challenging as it is today. Innovation cycles are becoming shorter. At the same time, the share of electronics and software in vehicles is increasing just as significantly as the number of variants. More vehicle variations are offered today as automakers try to meet increasing customer requirements and technical possibilities. In the 21<sup>st</sup> century, certain

mega trends have changed the automotive industry in such a way that the future is less predictable than ever before. As a result, automakers now need to develop products in shorter cycles and focus on functions to better meet quickly changing customer needs. These short release cycles demand a high level of flexibility and the automobile industry must infiltrate the aspects of agility into its business process. Agility, in general, is defined as the ability to thrive in a competitive environment of continuous and unanticipated change and to respond quickly to rapidly changing markets driven by customer-based valuing of products and services. The competition in automotive business is very strong and the market turbulence is unpredictable. In addition, the structure of the value chain is changing continually. For example, the trend toward e-mobility means that more and more new players, such as information technology, telecommunications, and mobility providers are participating in the value chain in automotive.

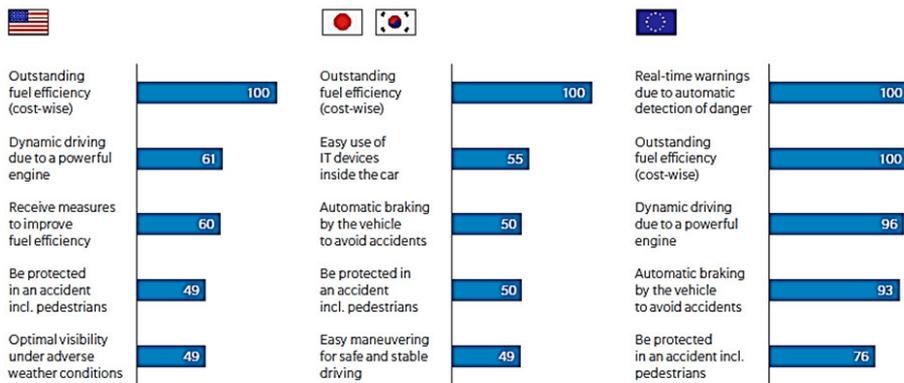
The article characterizes the description of key influences that are identified within the framework of analysis of the published studies about the acceleration of business in automotive sector. The interpretations of information presented in this article are based on the combined data set of many published papers, the data was obtained through mapping of different reports and analyses of studies in the field of automobile industry, that were published from reputable institutions, mainly carried in online version.

## **Preferred customer's purchase criteria**

Many vehicle manufacturers in particular are under pressure to act because they face a growing number of model variants with smaller sales volumes and higher costs. They need to quickly address the new trends if they want to secure their market position over the long term (Roland Berger, 2013). As a starting point, all automakers will need to develop more detailed information about their customers and then use this data to determine the extent to which they can differentiate themselves in categories such as comfort, infotainment, safety and efficiency. Automakers must look at technical innovation through the eyes of their customers and decide whether their functions need to be simplified or redesigned to be more user-friendly (KPMG, 2013a).

According to published survey (Reiner, Cornubert, 2014) the top priority for today's car buyers is a longer lasting vehicle with low gasoline consumption. Fuel efficiency remains by some way the number one purchase criteria, as customers vote in the face of fast-increasing prices at the gas pump. Enhanced vehicle lifespan has risen in importance – respondents citing this factor as influential. Another aspects present fig. 1.

Fig.1: Top 5 customer's preferences per region – ranked on regional importance (in %)



Source: Oliver Wyman report (Reiner, Cornubert, 2013)

In the context of the focus on future vision of autonomous driving car, the automakers' fascination with what is technically feasible will need to give way to making customer value and customer experience the priorities. In the coming years, vehicle innovation will be characterized by four global trends (Reiner, Cornubert, 2013):

- The first trend is to provide a stress-free and relaxed journey for all of the car's passengers.
- The second trend is to offer features and services that integrate the car into the user's everyday intermodal because going beyond mere vehicle usage is gaining in importance.
- The third trend is: long-term complexity reduction, which ranges from the models on offer, to the configuration tools, to the installation and use of features.
- And, finally, the next factor – pricing is becoming more important as well.

In line with adapting features to the customer, the entire marketing and sales process will need to be adjusted as well. In the future, the sales person will need to start by asking customers what they want, what they don't want, and then help them "build" the car that meets their desires (KPMG, 2013b). Furthermore, marketing the customer experience will need to begin from the moment a customer starts thinking about buying a new car, through the sales process, and right up until the customer actually uses a particular vehicle function (Reiner, 2013).

## Internet – source of information in automobile retail

The Internet applications are becoming more important tools to support automotive retail. In the past, the only way to draw up a shortlist was to collect catalogues of cars by visiting retailers. Now customers are doing more and more of pre-purchase research online and the first place a buyer is likely to find “my car” is on the Internet (Bütterlin et al., 2012).

Other consumers, influential websites/blogs, news articles (and these sources automotive companies cannot control or restrict) are influencing buyers’ decisions. Another used sources of information influencing customers’ choice within the vehicle selection are summarized below in tab. 1.

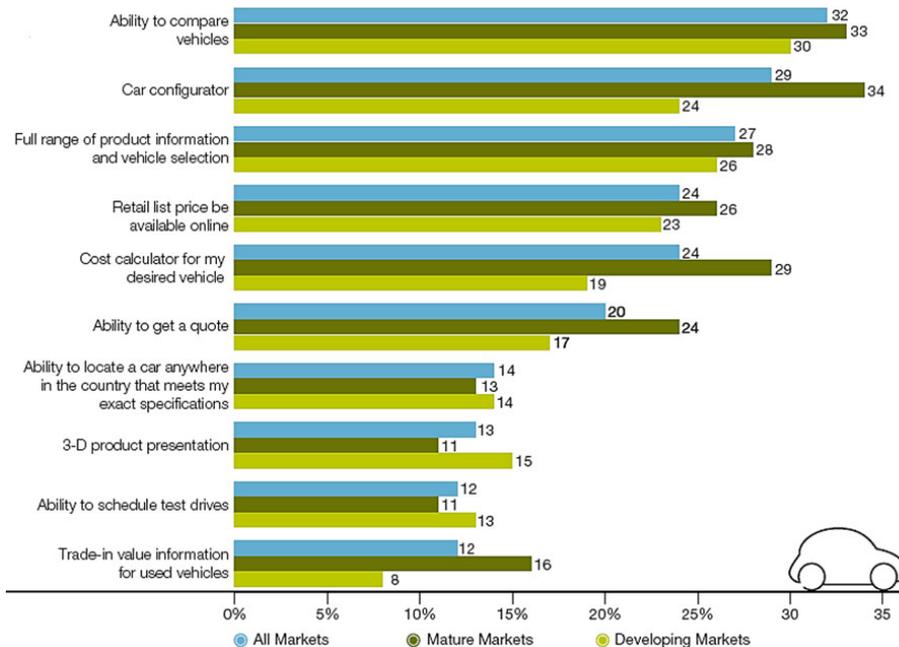
Tab. 1: Use of information sources to research vehicle (% saying)

Information Sources	All Markets	Mature Markets	U.S.	U.K.	France	Germany	Developing Markets	Russia	Brazil	India	China
Car dealer (both new and used cars)	56	63	64	64	61	64	49	39	57	52	47
Vehicle manufacturer websites	47	49	56	55	35	49	46	45	42	51	46
Information websites/independent car valuation services	39	43	54	43	35	39	35	39	19	38	44
Search engine	39	32	32	36	27	35	46	52	34	48	51
Dealer websites	38	37	44	44	29	32	38	41	39	37	37
Family and friends	36	30	29	32	26	33	43	36	38	52	47
Specialist motoring/automotive press	35	34	17	37	42	39	37	35	32	34	49
Web forums, blogs or internet discussion groups	23	15	13	19	17	13	30	35	17	26	43
TV advertising	22	14	16	13	12	13	31	18	27	45	35
Print advertising	22	15	18	18	10	15	28	19	27	39	25
Auto shows	22	13	10	09	19	14	32	24	21	38	44
Independent e-tailer sites	19	18	11	13	14	34	19	21	11	20	24
Manufacturer or dealer social media page	16	07	07	08	07	06	24	22	19	29	28
Car dealer (used cars only)	14	14	10	17	11	17	14	09	15	17	15
Non-specialist motoring/automotive press	13	8	05	11	06	09	17	21	9	15	24

Source: Capgemini review (Capgemini, 2013)

OEM (Original Equipment Manufacturer – motor car company) and dealer websites are top sources of information for buyers. The social media influences consumers – positive and negative comments have an increasingly higher influence on what product people buy and where they buy it. The Internet gives consumers the power to compare, configure, calculate, and communicate (Arena et al., 2014). New technologies have taken the customer much closer to a buying decision point before visiting the retailer. Before purchasing a car, the customers check OEMs and dealers websites, probe social media sites, as well as third-party automotive blogs and forums, looking for vehicle features and rating, reputations for fairness and customer care, drivers’ satisfaction levels, and other types of information (see fig. 2). With car configurators, customers can specify their vehicles and have a good knowledge of the list price. Today’s car shopper starts on the web, the customer has often made product choice before entering the showroom (McKinsey, 2014).

Fig. 2: Most important website options (% saying important/very important)



Source: Capgemini survey (Capgemini, 2013)

The Internet and online applications are growing at a rapid pace. The online channel has changed “the rules of the game” and marketing goes online, also in automotive business. First contact can make or break a sale – and that first contact is probably online. Most automotive manufacturers have initiated transformation programs, often using an experimental approach to new marketing tools or new ways of managing different customer touch points. Online channels are rapidly taking the lead in marketer’s preferences for brand promotion and customer relationship management initiatives at the expense of traditional media (Bütterlin et al., 2012). Online channels need to provide a more realistic and enhanced product experience – the customers repute the configurator to be a key factor in making a new car purchase decision. OEMs are aware of the importance of this tool and that it is considered to be a high impact conversion trigger in the pre-purchase phase. Therefore the majority of OEMs provide a configurator seamlessly across the online website, social media and mobile applications (Tonko, Nagashima, 2014). OEMs seem to focus on elements like technical stability and ease of configuration while customers also value a more tangible experience such as a 360° exterior and interior view. The industry does not have an answer on how to cope with the fact that a major motivation for customers to purchase online is the expectation to achieve a price advantage compared to the purchase at a dealer site. Automotive players still consider other factors, like anytime availability, to be the key. OEMs are

still hesitating to launch online sales initiatives as it requires a review of overall retail agreements (Arena et al, 2014).

Despite the digital transformation that is occurring in the automobile and other industries, the dealer is still an integral part of car buying. Actual online sales of new vehicles are rare because the car purchasing process is complicated and because almost all jurisdictions require the involvement of a dealer, and also because the online sales models do not offer the “feel” of a “real” purchasing experience for customers. The emotional aspect accompanying the process of choosing and buying a car represents a clear barrier to the acceleration towards ‘online’ (Capgemini, 2013). The main reasons to buy a car online are for a better price and a distant, for an easier and faster transaction. While actually buying a car online is still relatively rare, consumers do purchase accessories and parts. On the other hand the purchasing of parts (such as batteries, spark plugs, seat covers and tires) and accessories online is strong (McKinsey, 2014).

Although social media plays a secondary role in influencing the actual sales conversion, it represents a very important and cost effective way to increase loyalty and actively manage the brand image (Gissler, Muller, 2008).

The on-line information tools managed by wholesale should focus on (Tonko, Nagashima, 2014):

- product pre-selection, e.g. via virtual world vehicle model exploration and test driving,
- pre-selection of shops which have the model of interest actually on display
- test drive reservation
- trade-in pre-evaluation.

OEMs develop mobile applications for two main reasons (Arena et al., 2014):

- to generate leads when launching a new product (especially young people who are more inclined to convert on mobile devices), and
- to keep the customers engaged after sales. In general, customers most value the post-purchase mobile apps (from navigation to reminders for car check, safety & security, remote diagnostics).

The growing penetration of smartphones has educated the consumer to access information on demand wherever he is – the car is just another logical place where this information is created, used and stored. Specification of smartphone features by category to car user can be summarized (Capgemini, 2013):

- Care information:
  - service reminders when maintenance is due
  - service scheduling support (e.g. to easily schedule required maintenance with preferred dealership)

- special offers and promotions from manufacturer or dealer
- manufacturer vehicle notifications (e.g. vehicle or accessory recalls and warranty changes)
- Vehicle information
  - vehicle owner's manual with easy navigation
  - explanation of vehicle features (e.g. the most requested information by new owners)
  - video instruction (e.g. for more complex vehicle operations such as changing a flat tire or jump starting another vehicle etc.)
  - instrument panel and driver information console supplemental information (e.g. explaining lights, indicators, messages etc.)
  - car care tips
- Driving support
  - vehicle "health" information (e.g. status of vehicle operations)
  - diagnostic trouble code (e.g. dynamically provide supplemental information when specific instructions is important such as contacting dealership immediately or stop driving vehicle)
  - remedial action support (e.g. identify most likely causes of a specific situation with prompts as necessary to identify driving conditions, packaging of information with analysis for service technician, sending to servicer via e-mail etc.)
  - live vehicle data display (e.g. dynamically changing display of vehicle metrics such as driving efficiency for fuel economy and performance-related information)
- Remote support:
  - remotely sound horn and turn on lights to find car
  - remotely start and stop vehicle
  - remotely lock and unlock vehicle doors
  - parked car locator (using GPS)
  - locate stolen vehicle
- Communications:
  - call roadside assistance
  - single click to call dealership (e.g. about questions)
- New vehicle purchase:
  - vehicle configurator

- vehicle locator with configurator
- schedule a test drive
- vehicle showroom (e.g. explore vehicles using touch-screen, pictures and videos to understand features, see vehicle “in action”).

Web-based applications and services specifically designed to enhance the driving and ownership experience represent in automotive business a significant chance to generate consumer interest.

### **After-sales services to automobile customers**

For the car buyer, “service” means customer care – in the showroom, during the sales process, and through pre- and post-sales communication. In this larger context, service begets trust, and trust grows loyalty. The OEMs and dealers want to communicate with the buyer after a sale for many reasons, e.g.: to provide vehicle specifications through owner’s manuals and quick reference guides; to inform the owner about recalls or service schedules; to build brand awareness through newsletters and magazines; and to develop a relationship with the customer through offers, promotions, events, and other activities (Kliemann et al., 2013).

The after-sales business in automotive industry is very profitable. The new technologies open up the market and make it possible for new players to enter the automotive after-sales business – especially companies from the IT and communications sector, except OEM and automotive suppliers. The market player (manufacturers, suppliers, parts wholesalers, authorized and independent repair shops, repair shop chains, insurance companies, automotive banks, mobility services providers and Internet platforms) that best knows its potential customers can put together optimal product packages and accurately design its communication (KPMG, 2013b). A model of networking of car services providers in after-sales market and their activities related to generate revenues is presented at fig. 3.

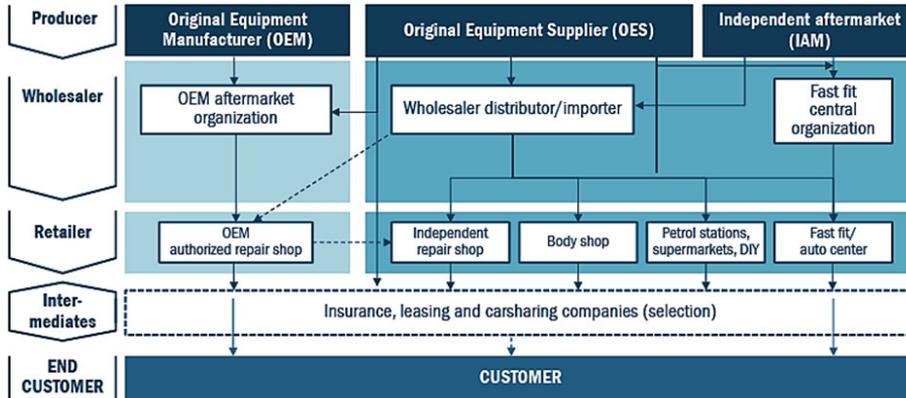
Customers are changing their telematics and infotainment preferences more or less monthly. These short release cycles demand a high level of agility and a fast pace of business process development (Reiner, 2013). The management of new systems, e.g. in terms of cars networking and connectivity solutions, involves partnerships and collaborations with various interested players, such as (Roland Berger, 2014):

- Automotive manufacturers and suppliers
- Telecom carriers, operators, software and service providers
- Industry associations and research institutions
- Legislators, etc.

Established and new players in automotive industry can also use new technologies to create innovative business models. One example could be a lucrative

retrofitting business for manufacturers, dealers and repair shops: incorporating smartphones (and connecting them to the car's peripheral devices), car-to-car and car-to-infrastructure communication (such as for innovative navigation systems) or complete entertainment systems (Tonko, Nagashima, 2014).

Fig. 3: Distribution flow in the after-sales automotive market



Source: Roland Berger study (Kleimann, 2013)

It is essential that OEMs understand which services are relevant to which group and develop an adequate portfolio of services that build on a common infrastructure and can be seamlessly integrated into the according ecosystem requirements. Depending on the OEM's strategic goals these players can become competitors or partners to the OEM. Some players such as telematics service providers can cover all stages of the value chain, others such as content or connectivity providers focus on selected services (Roland Berger, 2014).

The growing number of cars on the road coupled with their higher average age confirms the importance of the aftersales business. In the future, users' loyalty to the car brands will be gradually turned to the service providers, such as dealers and the independent aftermarket (Gissler, Muller, 2008).

## Conclusion

Customers, dealers, suppliers, and prospects are discovering, connecting, and sharing their experiences with automotive brands through social media and digital platforms. Brand advocates and detractors now share their purchase and ownership experiences through text, photo, and video postings on their personal networks. That's having an impact on the cars consumers buy - and driving the need for more innovation. Consumers want a seamless buying experience, in which online and offline channels are fully integrated, and this requires:

1. The showroom experience should be enhanced with new, digital technology that enriches the shopper's access to information and enables dealers

to take full advantage of the limited time available to engage with consumers.

2. OEMs and dealers need to capture their customers' channel preferences and then use this information to personalize post-sale communications. Short of doing this, OEMs should use predictive analytics to build customer segment profiles, which would make possible successful, targeted messaging.
3. OEMs should continue to improve the “mobility” experience, since smart-phone consumers want to use apps for such services as online reminders and scheduling. Mobile solutions provide a competitive differentiation and establish a one-to-one connection with the customer. The rise in mobile technologies and social media is redefining interaction and communication patterns, digitization is revolutionizing the sales and service process.

## Acknowledgements

This contribution is the result of the project “VEGA 1/0879/13: Agile, to market adaptable business systems with highly flexible structure in enterprise” – supported by the scientific grant agency of the Ministry of Education of the Slovak Republic (ME SR) and of Slovak Academy of Sciences (SAS).

## Reference

- ARENA, F. et al., 2014. *Spinning the Wheel Online – Online Transformation in the Automobile Industry* [online]. Arthur D. Little [cit. 22.03.2015]. Available from: [http://www.adlittle.com/downloads/tx\\_adlreports/ADL\\_AMG\\_2014\\_Spinning\\_the\\_Wheel\\_Online.pdf](http://www.adlittle.com/downloads/tx_adlreports/ADL_AMG_2014_Spinning_the_Wheel_Online.pdf)
- BÜTTERLIN, V. et al., 2012. *Online Sales in the Automotive Industry* [online]. Arthur D. Little [cit. 08.03.2015]. Available from: [http://www.adlittle.com/downloads/tx\\_adlreports/AMG\\_2012\\_Online\\_Sales.pdf](http://www.adlittle.com/downloads/tx_adlreports/AMG_2012_Online_Sales.pdf)
- CAPGEMINI, 2013. *My Car, My Way – Cars Online 12/13* [online]. [cit. 20.03.2015]. Available from: [https://www.capgemini.com/resource-file-access/resource/pdf/carsonline\\_12-13\\_final\\_web\\_1.pdf](https://www.capgemini.com/resource-file-access/resource/pdf/carsonline_12-13_final_web_1.pdf)
- GISSLER, A. and J. MULLER, 2008. *Automotive After Sales 2015* [online]. Arthur D. Little. [cit. 28.03.2015]. Available from: [http://www.adlittle.com/downloads/tx\\_adlreports/AMG\\_Automotive\\_after\\_sales\\_2015\\_01.pdf](http://www.adlittle.com/downloads/tx_adlreports/AMG_Automotive_after_sales_2015_01.pdf)
- KLEIMANN, P. G. et al., 2013. *Customizing aftersales – Delivering the service that customers really want* [online]. Roland Berger Strategy Consultants [cit. 27.03.2015]. Available from: [http://www.rolandberger.com/media/pdf/Roland\\_Berger\\_Customizing\\_aftersales\\_20131120.pdf](http://www.rolandberger.com/media/pdf/Roland_Berger_Customizing_aftersales_20131120.pdf)

- KPMG, 2013a. *Global Automotive Retail Market – Part I*. [online]. [cit. 24.03.2015]. Available from: <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/global-automotive-retail-market-study-part1.pdf>
- KPMG, 2013b. *Global Automotive Retail Market – Part II*. [online]. [cit. 20.03.2015]. Available from: <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/global-automotive-retail-market-study-part2-v2.pdf>
- MC KINSEY, 2014. *Innovating automotive retail* [online]. [cit. 29.03.2015]. Available from: [www.mckinsey.com/~media/McKinsey/dotcom/client\\_service/Automotive%20and%20Assembly/PDFs/Innovating\\_automotive\\_retail.ashx](http://www.mckinsey.com/~media/McKinsey/dotcom/client_service/Automotive%20and%20Assembly/PDFs/Innovating_automotive_retail.ashx)
- REINER, J., 2013. What auto makers can learn from Silicon Valley. In *The Oliver Wyman Risk Journal. Vol. 3*. [online]. [cit. 20.03.2015]. Available from: <http://www.oliverwyman.com/insights/publications/2013/oct/what-automakers-can-learn-from-silicon-valley.html>
- REINER, J. and R. CORNUBERT, 2014. *Moving from innovation to customer experience* [online]. Oliver Wyman [cit. 12.03.2015]. Available from: <http://www.oliverwyman.com/insights/publications/2014/jul/moving-from-innovation-to-customer-experience.html>
- ROLAND BERGR STRATEGY CONSULTANTS, 2013. *Think act study – What the customer really wants* [online]. [cit. 22.03.2015]. Available from: [http://www.rolandberger.com/media/pdf/Roland\\_Berger\\_What\\_the\\_customer\\_really\\_wants\\_rev\\_20130301.pdf](http://www.rolandberger.com/media/pdf/Roland_Berger_What_the_customer_really_wants_rev_20130301.pdf)
- ROLAND BERGR STRATEGY CONSULTANTS, 2014. *Think act study – Automotive E-Commerce 3.0: A Great Era for OEMs* [online]. [cit. 27.03.2015]. Available from: [http://www.rolandberger.com/media/pdf/Roland\\_Berger\\_TAB\\_Automotive\\_e-commerce\\_EN\\_20141201.pdf](http://www.rolandberger.com/media/pdf/Roland_Berger_TAB_Automotive_e-commerce_EN_20141201.pdf)
- TONKO, M. and S. NAGASHIMA, 2014. *Automotive Japan – Broader Line-ups Call for New Sales Channel Concepts* [online]. Roland Berger Strategy Consultants [cit. 24.03.2015]. Available from: [http://www.rolandberger.com/media/publications/2014-06-04-rbsc-pub-Automotive\\_study\\_Japan.html](http://www.rolandberger.com/media/publications/2014-06-04-rbsc-pub-Automotive_study_Japan.html)

## Tendence adresného přizpůsobení po-prodejních služeb pro podporu agility automobilového průmyslu

Příspěvek prezentuje důležitost zákaznického přizpůsobení služeb doprovázejících prodej a užívání vozidel. Je zaměřen na charakteristiku vybraných trendů vztahovaných na rozvoj informační společnosti, které jsou spojené se změnami obchodního modelu v prodeji automobilů. Článek je reakcí na skutečnost, že nové sociální a technologické trendy mění v automobilovém průmyslu hodnotový řetězec, protože nové podmínky poskytují nové příležitosti pro zintenzivnění automobilového marketingu. Úvodní část této práce popisuje vybrané impulsy, které ovlivňují automobilové podnikatelské prostředí z globálního hlediska. Na neustále se měnícím trhu jsou výrobci a prodejci automobilů neustále konfrontováni s novými a nečekanými výzvami. V další sekci článku se uvádí, že pro růst odbytu v automobilovém průmyslu bude klíčové transformovat dnešní dealerskou síť na ziskový, moderní prodejní multi-formát, který skombinuje možnosti on-line služeb s na automobilovém trhu silně tradičním způsobem autorizovaného distribučního kanálu.

**Klíčová slova:** automobilové odvětví, online marketing, po-prodejní aktivity, služby vztahované na automobily

### Contact address:

Ing. Andrea Lešková, Ph.D., Technical University of Košice, Faculty of Mechanical Engineering, Department of Automobile Production, Slovakia, e-mail: [andrea.leskova@tuke.sk](mailto:andrea.leskova@tuke.sk)

---

LEŠKOVÁ, A. Tendency of Customizing Aftersales Services to Support Agility in Automotive Business. *Littera Scripta*. 2015, 8(1), 28–39. ISSN 1805-9112.

---