

White Paper - Part II

Digital Commerce Solutions for the Automotive and Heavy-Duty Industry



Spryker

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Introduction

The automotive and heavy-duty industry is changing faster than ever. Advancements in technology and shifting consumer preferences are shaping the future of mobility and impacting the industry in unforetold ways. Vehicles are changing, customer needs are evolving, and the industry is shifting with the influence of new business models and technologies.

In Reimagining Consumer Experience in the Automotive and Heavy-Duty Industry, the first of this two-part white paper series, we suggested that the journey of acquiring, owning, and utilizing a car should flow seamlessly, facilitated by a comprehensive range of products and services. Achieving this seamless experience requires embracing digital solutions fully. To thrive in the digital landscape, automotive companies must invest in new capabilities and adapt their operating models to this new era. By embracing increased digitization, your business can forge stronger connections with customers, operate with greater speed and efficiency, and deliver an unparalleled customer experience.

In this paper, the second part of the series, we outline five digital commerce solutions with significant benefits that address the most compelling market challenges the automotive and heavy-duty industry is facing.

- 01 Platform Consolidation**
- 02 Customer Portals**
- 03 In-vehicle Commerce**
- 04 Aftermarket Solutions**
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01

PLATFORM CONSOLIDATION

The automotive landscape is fiercely competitive, and industry leaders often expand through strategic acquisitions. For automotive conglomerates managing multiple brands, disparate ERPs, internal systems, and business models, centralizing operations onto a unified platform enhances efficiency, enriches the customer journey, reduces expenditures, and optimizes processes. This transformative solution addresses the challenge of fragmented user experiences, empowering swift market launches of new models — a critical edge for leading players in today's fast-paced environment where agility reigns supreme.



Solution

A digital commerce provider can enable automotive companies to create one interface or platform with which the end customer interacts. Within the single platform, processes are standardized for increased efficiency, while still allowing multiple brands to be customized. Different brands can share resources, such as products, warehouses, and processes, etc.



Key Benefits

- **Gain faster time-to-market** with one tech stack; allow new features to be developed more quickly and effectively.
- **Enable a high level of individualization** where each brand has the option to utilize certain building blocks in the platform.
- **Economize and reduce development and production costs** as well as make larger part purchases when all brands are consolidated onto one platform.
- **Achieve greater flexibility** with the ability to add or remove components for different brands.



02

SERVICE INTEGRATION THROUGH CUSTOMER PORTALS AND MARKETPLACES

Automotive companies are solving the issue of a fragmented customer journey by launching their own customer portals, which act as the single touchpoint for both end consumers and brands.

Within these portals, it's possible to create data-driven service marketplaces that allow customers to connect seamlessly to industry partners like dealerships, certified distributors, and service providers. These marketplaces augment personalization and customer engagement by enabling customers to connect to additional services whenever they engage with your ecosystem, you provide enhanced convenience for your end users and full integration of your network of partners.



Solution

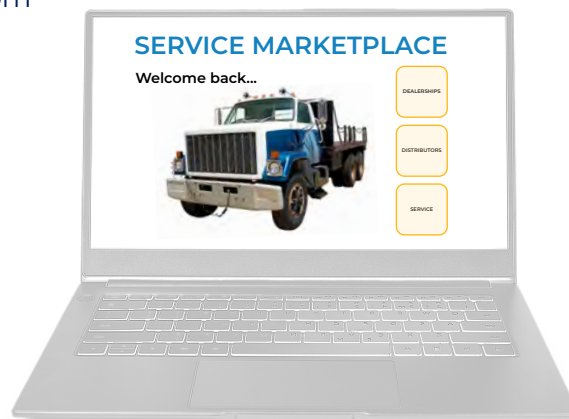
A customer portal, or marketplace, revolutionizes the consumer journey by seamlessly integrating partners or resellers and their services into a single unified platform. This synergy enables a myriad of services and experiences, such as:

- Precision service planning informed by contractual agreements or telemetrics
- Streamlined service scheduling facilitated by certified partners
- In-vehicle commerce made effortless through a dedicated app
- Geo-tracked offers, seamlessly integrating offerings from local vendors



Key Benefits

- **Improve customer experience** and satisfaction by offering services and information at every step of the value chain from one portal.
- **Increase revenue potential** with personalized, quick offers to end consumers.
- **Strengthen the relationship with your network** of partners and resellers by integrating them into your marketplace.
- **Marketplaces give the operator access** to first-party consumer data, inventory visibility, price visibility, etc.



03

IN-VEHICLE COMMERCE

This solution falls under the intelligent vehicles trend, with tremendous opportunities for automotive companies. Part of the next generation of commerce revolving around customer experiences, in-vehicle commerce allows drivers and passengers to buy goods and services from the comfort of their seats. Integrating both in-house and external offers, it increases customer satisfaction and experience while generating new revenue streams. From ordering a cup of coffee and paying for parking to booking hotels and requesting recommendations, in-vehicle commerce allows the mobility provider to stay with the customer along their entire vehicle journey, giving them access to all the valuable data and insights that come with it.



Solution

In-vehicle commerce integrates a vehicle's infotainment system with external apps, payment gateways, and delivery services. This allows drivers to benefit from the seamless experience of receiving quick and relevant offers while on the road. These offers can be directly from the company or a partner provider, which can all be pre-customized and pre-approved. They are geo-tracked to suggest the most relevant recommendation to the driver. All steps of the process are executed via the in-vehicle system, allowing the driver to set up payment methods, track the progress of a transaction, and see when their order is ready.



Key Benefits

Enhanced customer experience and the increased revenue potential from staying connected to customers after the initial vehicle purchase are at the heart of in-vehicle commerce.

- **Add new revenue streams** from partnering with businesses to offer new products and services to drivers.
- **Build brand loyalty and increase customer satisfaction** by contributing to a more personalized and engaging customer experience with the data and insights from in-vehicle commerce.
- **Inform future R&D and marketing strategies** with consumer behavior and preferences insights.



04

AFTERMARKET SOLUTIONS

Connecting the OEM with the Aftermarket opens doors to the entire vehicle lifecycle, extending far beyond the confines of the dealership. Introducing a cohesive platform enables companies to engage throughout the complete journey of their products, catering to customers beyond dealership reach or those keen on supporting local businesses. As manufacturing challenges result in a decrease in new car availability, the demand for pre-owned vehicles and aftermarket products is skyrocketing. Through providing a secure and regulated environment, brand loyalty and trust soar for customers, while companies unlock new avenues for business models.



Solution

To bridge the gap between the OEM and the Aftermarket, the key lies in establishing a single unified platform that seamlessly integrates various stakeholders, including manufacturers, aftermarket suppliers, dealerships, and customers. This entails developing a digital marketplace or platform where these entities can connect and conduct transactions efficiently. Standardized processes and protocols must be implemented to facilitate the exchange of product information, order fulfillment, and customer support. Moreover, incentivizing customer engagement through loyalty programs or exclusive discounts can encourage participation. Collaborating with local businesses can also extend the reach of aftermarket services and support, catering to customers who prefer to support their local community. Finally, robust security measures must be in place to protect customer data and transactions, fostering trust and confidence in the platform. Through these concerted efforts, companies can effectively bridge the gap between the OEM and the Aftermarket, providing customers with convenient access to products and services throughout the vehicle lifecycle.



Key Benefits

- **Enhanced accessibility**
A unified platform gives customers access to a wide range of products and services beyond the dealership.
- **Increased customer satisfaction**
The convenience of accessing aftermarket products and services through a single platform, reduces the hassle of searching elsewhere.
- **Expanded market reach**
Easily tap into new customers who may not have easy access to dealerships or OEM channels.
- **Improved brand loyalty**
The convenience and reliability of one platform will enhance customer satisfaction and foster stronger brand loyalty.
- **Potential for new revenue streams**
Through the sale of spare parts, accessories, and aftermarket services, complementing their traditional OEM sales channels.

05

RIGHT PART, RIGHT PLACE, AHEAD OF TIME

In the intricate dance of the automotive parts industry, the mantra "Right Part, Right Place, Right Time" has long served as the guiding principle for ensuring operational efficiency and customer satisfaction. However, with the advent of advanced technologies, particularly artificial intelligence (AI), this paradigm is evolving into a proactive strategy: "Right Part, Right Place, Ahead of Time." This shift signifies a fundamental transformation in how businesses approach the supply chain, leveraging predictive analytics and real-time data to anticipate customer needs before they arise. AI enables automotive parts suppliers to preemptively address maintenance requirements and optimize inventory management, ultimately delivering superior service experiences while streamlining operations.



Solution

At the heart of this transformation lies the capability of AI to harness the vast reservoir of data generated by modern vehicles. Through onboard sensors, interconnected systems, and telematics, vehicles continuously transmit a wealth of information regarding their performance, health, and usage patterns. AI algorithms sift through this data, identifying patterns, detecting anomalies, and predicting potential maintenance issues with unprecedented accuracy. By leveraging these insights, automotive parts suppliers can anticipate the specific needs of vehicle owners, from routine maintenance tasks to unexpected component failures, and take proactive measures to address them.



Key Benefits

The adoption of AI-driven predictive maintenance yields a multitude of benefits for automotive parts suppliers and their customers alike.

- **Minimize downtime and disruptions** by preemptively replacing parts before they fail. This proactive approach not only enhances customer satisfaction but also fosters a sense of reliability and trust in the brand.
- **By optimizing inventory** levels and distribution networks based on anticipated demand, suppliers can reduce carrying costs, mitigate the risk of stockouts, and streamline supply chain operations.
- **Proactive maintenance** alleviates the burden on service centers, allowing them to operate more efficiently and effectively.

Conclusion

To achieve the pinnacle of customer loyalty, OEMs and Aftermarket entities must orchestrate holistic experiences that span from internal realms, such as employee and brand interactions, to the ultimate external touchpoint—the final customer experience. However, executing this paradigm shift demands a strategic restructuring of backend systems and a nuanced differentiation of front-end interfaces—an undertaking fraught with complexities.

Moreover, OEMs and Aftermarket players must reimagine their roles within the automotive supply chain. Merely selling vehicles and associated products is no longer sufficient. Every entity within the industry must redefine its market positioning and adopt a customer-centric approach, while also exploring innovative collaborations with both vertical and horizontal partners to tap into new profit streams and diversify business models.

Ultimately, those with the foresight to discern the emerging trends in the automotive sector and proactively adapt their strategies will emerge as the resilient survivors in this transformative landscape.

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