



# Telematics' Future Impact on Aftermarket Suppliers

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## AASA Special Report

# **AASA Thought Leadership: Telematics' Future Impact on Aftermarket Suppliers**

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The future growth of telematics has the potential of being one of the most disruptive trends facing the aftermarket in the upcoming decade. The growth of telematics has long been anticipated and discussed in the aftermarket – but we are now on the cusp of the trend exploding given our always-connected world.

Telematics-enabled diagnostics and vehicle monitoring will soon create a whole new dialogue between service providers and end customers. This has enormous potential impact on how motorists are informed about what their vehicles maintenance and repair needs are as well as how consumers will select service providers and even parts.

As a result, AASA is kicking off a series of analyses on the telematics trend and what it will mean for aftermarket suppliers. As a first step, we are providing you with this overview of telematics, what it is and where it is heading, and we are initiating a brief “hot topic” survey of members to determine your views on the trend and what it will mean for the aftermarket and aftermarket suppliers.

## **What Is ‘Telematics’**

Telematics, in its broadest definition, is wireless communications supporting a remote application. Telematics can include many things including crisis assistance, traffic information, infotainment, car-to-car communications, and – perhaps most impactful for the aftermarket – vehicle diagnostics and dealer service contact.

## **The Future Is Now**

Telematics advances are not simply proposed or something to expect in the next decade. Six years ago Ford introduced Sync®, which, as “Telematics Update” has noted, “gave the world notice that the car was becoming a piece of consumer electronics as well as a mode of transportation”.

Many telematics features are increasingly becoming standard on new vehicles. These technologies are already embedded in a large portion of the vehicle parc today or, increasingly, on mobile devices that can access data through the vehicle’s On-Board Diagnostic port known as OBDII.

We can expect motorists to want their car – and their service, repair, and maintenance experience – to be up-to-date, delivering the connectivity and convenience they expect in the rest of their lives. These changes are happening now. A more connected driver has arrived, and these trends will grow over the next decade.



## **Vehicle Diagnostics: A Telematics “Killer App”?**

To many, mobile applications or “apps” are already a part of our daily life. Telematics connectivity has already brought several compelling automotive apps, including two-way voice connectivity for emergency services, enhanced roadside assistance and hands-free calling as well as vehicle diagnostics.

Aftermarket telematics devices (i.e. Delphi’s AutoIQ) now can monitor vehicle health, identify the need for preventative maintenance, send remote vehicle diagnostic reports when something goes wrong, and even schedule service appointments. OEs offer similar capabilities. These telematics services have the ability to direct the electronic dialogue from the vehicle to motorists’ preferred service provider. As technology advances, vehicle “repairs” may be accomplished by remote download.

By communicating directly with motorists through their vehicle, this technology shift fundamentally changes aftermarket relationships with consumers. It creates a new dialogue between the end customer and service provider, which is a potential seismic shift that impacts everyone in the industry.

### **Is Telematics A Threat To The Independent Aftermarket?**

The fear from many in the aftermarket is that telematics will be used to entice and direct motorists back to the OE dealer, even long after the warranty expires, impacting virtually every aftermarket supplier who serves the independent repair community.

OEMs are also looking to retain customers through telematics-enabled vehicle upgrades. As Ford CEO Alan Mulally recently noted, the “ongoing relationship of continuously increasing the capability of your vehicle” will be critical to Ford’s future success. “The people who do that really well are going to take customer loyalty to another level.”

Also, as vehicles become technologically more advanced, there is a concern that motorists may believe they “need” to go to the dealer in order to have their technologically-complex vehicles serviced. Therefore, the future market share of the independent aftermarket in some product categories could be at risk

### **Benefits and Challenges for Independent Service Technicians**

That said, telematics can bring multiple challenges – and opportunities – for independent shops. For example, telematics will allow a repair technician to receive vehicle diagnostic information in advance of the appointment and have the parts on hand for the repair, thus reducing time in the service bay. Shorter turnaround time means happy customers and increased capacity for repair shops.

Furthermore, independents have the same opportunity to form stronger relationships with customers through telematics that dealers and OEMs do. Looking at a parallel case, the vast majority of the apps downloaded for Apple and Google smartphones don’t come from Apple or Google. Just because someone has made a product doesn’t mean that they control all consumer interactions. With technology there are many outlets to connect to the end consumer or, in this case, motorist.

These technologies will also challenge service providers in future years as it may require significant investment dollars in equipment and training in order to meet the demand for telematics.



## **In Conclusion**

Telematics technologies offer a HUGE appeal and benefit to the end consumer and therefore have the power to change maintenance and repair as we move further into the 21st century.

The shift can also be a potential source of advantage to aftermarket suppliers and their customers. If leveraged wisely, telematics can strengthen relationships and steer motorists into shops and channels that buy your products.

## **AASA Telematics Quick Survey: Please Participate**

AASA invites you to participate in a brief new “hot topic” survey regarding increased telematics in the aftermarket. By participating in the survey you will have access to the results, which will gauge how suppliers are planning for and reacting to the inevitable increasing use of telematics in the aftermarket.

This survey will provide a foundation for AASA to explore the telematics topic further for aftermarket suppliers. This ultimately will help identify successful supplier business strategies given this future trend:

- Identifying to whom the supplier should be marketing given the connectivity of the vehicle owner.
- Mapping what your company could and should do as we move forward into a more connected industry.

Contact Bailey Watson at [bwatson@aasa.mema.org](mailto:bwatson@aasa.mema.org) if you are interested in participating in the Telematics Hot Topic Survey.

