

## Focus: Platforms in the automotive aftermarket

Digital trading platforms and networked systems  
securing future access to the customer

# Contents



- 03 Editorial
- 04 The race has begun  
The platform economy extends its reach to automobile garages
- 07 Focus: Platforms  
Three use cases for the future
- 12 Report:  
Parts shop without a data connection  
There is no way to do without solid 'access routes'
- 15 The customer wants it all  
From tyres to matching rims – plus installation
- 17 Checklist: The most important keys to success  
Tyre & rim configurators
- 18 News & best of  
Recipes for success and news channels

## Editorial

### Second issue of the Trend Report for the automobile parts market: Platform-ready

Here you have the second issue of the Trend Report for the automobile parts market. Judging by the reaction from our readers, it seems that we really hit the nail on the head with our first Trend Report: We were overwhelmed by your positive feedback and the media echo. The digital edition was accessed hundreds of times and the print edition was in great demand at our exhibition stands at THE TIRE COLOGNE and Automechanika.

The aim of this new edition of the Trend Report is also to provide you with an overview of the developments currently taking place within the automobile parts and tyre market, and of how dealers and manufacturers can respond to these developments. Many of you also took part in our survey, and we used the results to continue tweaking the contents of the Trend Report to meet your needs. Thank you for your contribution!

As I write these words, a McKinsey study is causing a stir with statements such as: "For many years, the aftersales business has been a reliable source of revenue and profits for manufacturers, suppliers and garages. This time is coming to an end." A controversial hypothesis. But it does reflect what we see happening around: The reliability

of the aftersales market is diminishing further, while consolidation, digitisation and new players are out to claim part of the market for themselves. But we also recognise many opportunities for you as market participants, which we will present in detail throughout this issue. The McKinsey study is addressed in both the specialist article written by my esteemed colleague Wolfgang Vogl on page 04, and as part of our main topic "Platforms", from page 07 onwards, as well as in other parts of this issue.

What was once 'just' an online shop can now be so much more than that: A parts and garage portal, a marketplace for an entire collective of garages, stores or dealers and manufacturers. True to the motto 'with unity comes strength', in this instance, strength is to be



found by sticking together. On that note, I hope that strong alliances and the findings presented in this Trend Report will provide you with inspiration for your own business.

I wish you all the best for your business and hope you find this issue to be a rewarding read.

Sandro Kunz  
CEO of Speed4Trade

## The race for the garage customers of the future has begun

### The platform economy extends its reach to automobile garages

Ready, steady, go! The race has begun. Who will come out on top in the battle for the garage customers of the future?

A current McKinsey study<sup>1</sup> predicts that around 100 million euros of profit will have been redistributed within the automotive aftermarket by 2030. In addition to the ongoing wave of consolidation among automobile parts wholesalers, there are, more importantly, new players looking to make their move.

#### These upheavals have long been observed in other branches of industry:

- ➔ The largest taxi company does not own any taxis: Uber
- ➔ The largest accommodation provider does not own any hotels: Airbnb
- ➔ The largest media company does not produce any content: Facebook

And within the automotive aftermarket, the contender occupying the position of 'largest provider of garage services' does not own any garages: There is talk of Carobi.

New competitors such as these from outside the industry are out to acquire garage customers for themselves. Armed with millions in investment capital ("Automobile garage portal Carobi receives 20 million dollars"<sup>2</sup>), they are muscling their way in as intermediaries between the customers and the garage. The garage portal then controls direct access to the customer (a central aim of the platform economy).

Alongside the newcomers, who show no consideration for existing and historical trade relations, there are also established contenders waiting on the starting line. Insurance providers, automobile clubs, leasing companies, fleet providers and, last but not least, the automakers themselves: They are also looking to secure their slice of the automotive aftermarket of the future by means of the 'connected car'. They direct the customer to the garage of their choosing, according to their rules.



#### About the author:

Wolfgang Vogl, is an expert in eCommerce and the Director of Business Development at Speed4Trade. He has over 25 years of experience in working for and with software companies and specialises in digital business models and commerce platforms. As an expert contributor, he writes for Computerwoche, ChannelPartner and others.

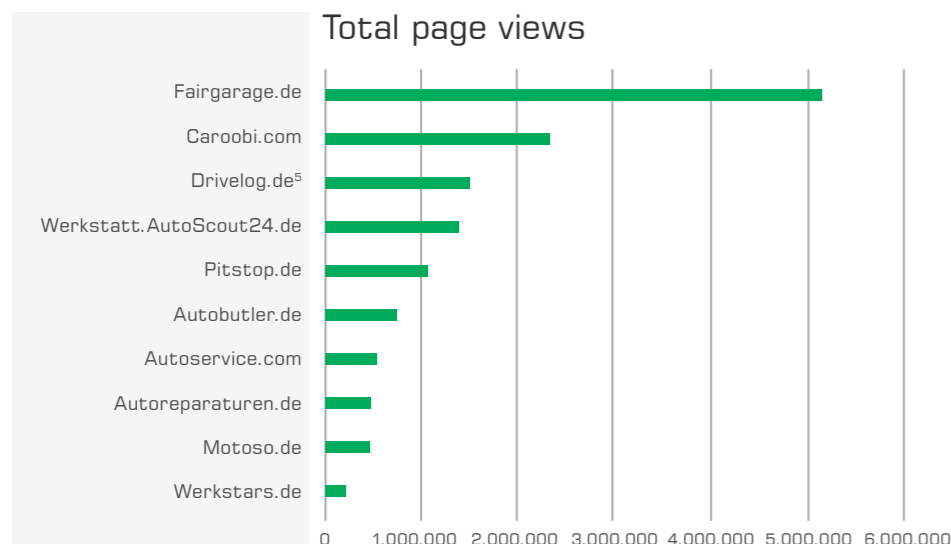


Wolfgang Vogl on Xing:

[https://www.xing.com/profile/Wolfgang\\_Vogl4/](https://www.xing.com/profile/Wolfgang_Vogl4/)

"The long-standing relationship of trust between the garage and the end customer no longer applies. In future, others will decide what garage the vehicle will be sent to for repairs."

Wolfgang Vogl, Director of Business Development at Speed4Trade



Number of page views during the first 6 months of 2018 for the platforms Fairgarage, Caroobi, Drivelog etc. Source: Data collected using SimilarWeb

Many automobile garages and their system providers have yet to truly pick up on this. The long-standing relationship of trust between the garage and the end customer no longer applies. In future, others will decide what garage the vehicle will be sent to for repairs. It is often no longer the driver making the decision, but a platform operated by the intermediary (see the study by Roland Berger: "Kfz-Aftermarket-Newcomer setzen neue Spielregeln"<sup>3</sup>).

The trusted trade structure between automobile parts wholesalers and garages is also under threat. The portals have also set their sights on the parts business as an additional source of revenue ("Caroobi: Teileportal ergänzt Reparaturgeschäft"<sup>4</sup>). These independent platforms generally source their replacement parts directly from the manufacturer and deliver them to the garage where the repairs will be carried out. This means that wholesalers and garages are losing out on a significant portion of the margins obtained by trading in spare parts.

It is not too late, but it is high time for established players to take action and build their own joint platform as part of a consortium. Garage systems provider CARAT has announced the market launch of its MECANTO platform. We await its arrival with anticipation.

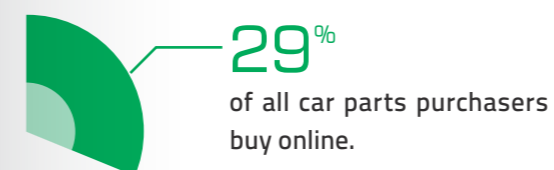
Sources and comments::

- <sup>1</sup> "Aftersales-Geschäft in der Autobranche: 100 Milliarden Euro Gewinn vor Neuverteilung", McKinsey & Company Deutschland: <https://bit.ly/2RZvYM9>
- <sup>2</sup> "Autowerkstatt-Portal Caroobi erhält 20 Millionen Dollar von BMW und Nokia", t3n: <https://bit.ly/2PEsvG8>
- <sup>3</sup> "Konsolidierungswelle im Markt für Autoersatzteile – neue Chancen für Unternehmen und Investoren", Roland Berger: <https://bit.ly/2OPPadj>
- <sup>4</sup> "Caroobi: Teileportal ergänzt Reparaturgeschäft", kfz-betrieb: <https://bit.ly/2KeDK24>
- <sup>5</sup> The online garage portal Drivelog.de closed down on 31/11/2018.

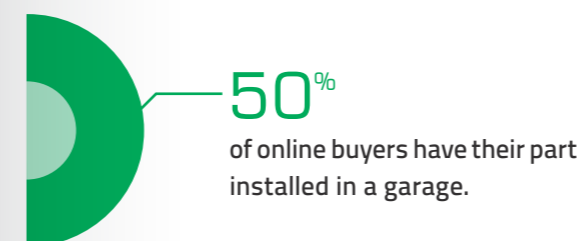
## Focus: Platforms

### Three use cases for the future – parts/garage portals, automobile parts shops & access to online marketplaces

It is the megatrends of the automobile industry such as mobility and digitisation that are shaping changes within the automotive aftermarket. Consolidation is also transforming the competitive landscape. 29% of all car parts purchasers already buy online, and this percentage is rapidly growing.



Almost 50 percent of online buyers have their item installed in a garage.<sup>1</sup> New rules now apply to the value chain and an increasing number of actors are pushing to place themselves between the customer and the garage. These intermediaries such as insurance providers, leasing companies and new players from the world of eCommerce, are making their presence in the market felt. Market participants must therefore come to an arrangement whereby intermediaries decide for their customers where they will go to have repairs carried out. Vehicle owners are no longer necessarily approaching the garage directly.



What is the best way to respond to the diminishing regional strength of automobile businesses? A rapid sales launch enables access to well-known online marketplaces. Technical platforms, known as commerce platforms, represent another option available to automobile businesses and traditional parts wholesalers. They serve as the basis for the development of digital trading platforms such as parts and garage portals or new automotive parts shops. Their component-based structure means that they can be tailored to the requirements of the provider and can again direct customers to the garage online. The following describes in greater detail what this kind of solution may look like.



Operating on the basis of a so-called commerce platform, the feasible strategic options are as follows:

### 1. Creation of a parts and garage portal or marketplace

Wholesaler's cooperatives, associations or store networks can operate a portal or marketplace. In this scenario, customers would be able to select replacement parts, tyres or rims from among the offers of many different suppliers. However, the special feature that makes all the difference here is the fact that the automobile parts and/or garage portal provides more than purely the sale of parts, as on-site services and garage services are also offered. This could be tyre storage, car rental, a routing function, online product configuration or fleet management – including via app if desired. For example, the customer would search for the appropriate spare part, select an installation partner close to home and book an appointment with the garage, all at the same time.

Benefits of a modern parts and garage portal or marketplace:

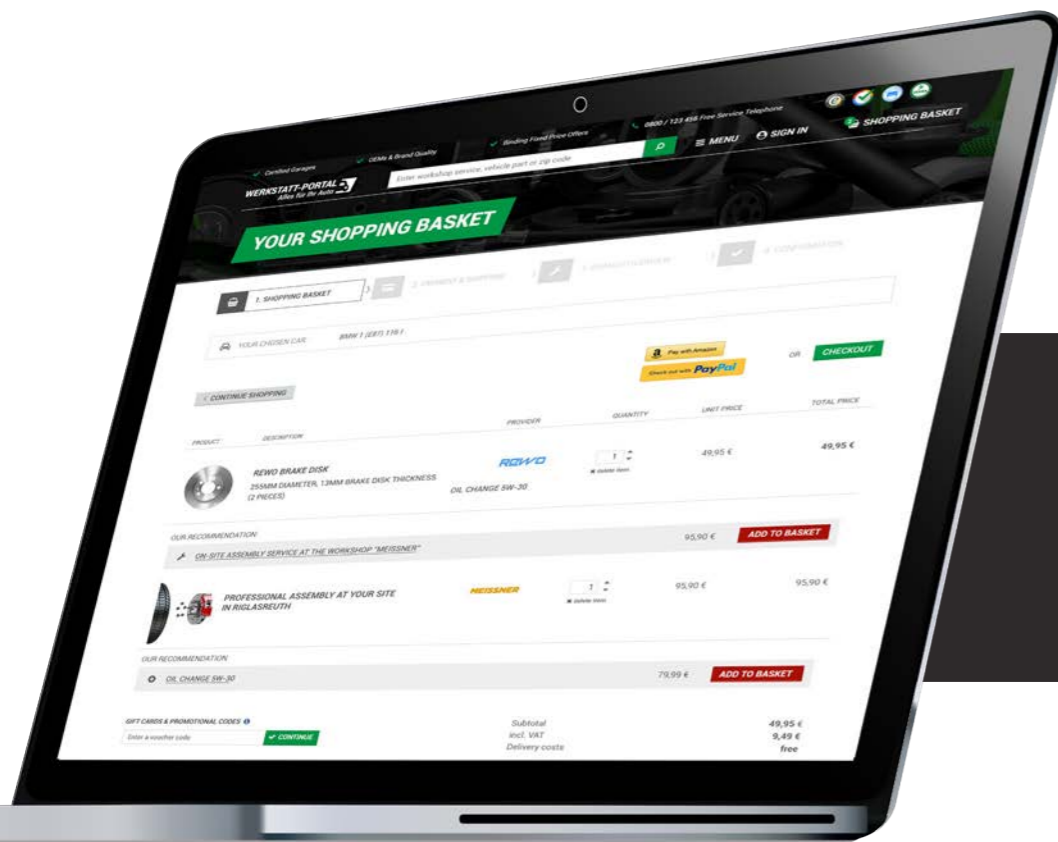
- ➔ Customer-friendly grouping of individual garages and stores
- ➔ Extensive portfolio thanks to the number of different suppliers
- ➔ Strong alliances mean a more economic approach for the individual suppliers
- ➔ Suppliers do not need to operate their own online shop, so less expenditure on advertising
- ➔ Garage services and individual additional services (booking appointments, fleet management, tyre storage ...) can be offered
- ➔ Any on-site services are visible online
- ➔ User-specific service functions can be booked at any time

### 2. Creation of a competitive online shop for automobile parts

An online shop is suitable for parts dealers, parts manufacturers, wholesalers, car dealership groups and store networks. An online shop based on a technological commerce platform can be tailored to the needs and requirements of the automotive aftersales market in much greater detail. The possibilities offered by an approach such as this range from the inclusion of special parts catalogues and the listing of countless vehicle compatibilities for spare parts, to a 3D tyre and rim configurator, all of which ensure a convenient purchasing and consultation experience for customers. Functions like online appointment booking and integrated routing to the garage are among the other highlights. The need for the shop to be designed to cope with large volumes of data and to be displayed in an optimal way on all end devices and at all customer touchpoints should not be overlooked.

These are the features that a competitive online automobile parts shop must offer:

- ➔ Professional integration of parts catalogues and compatibility logics, e.g. TecDoc
- ➔ Extended search and filter functions for automobile parts and tyre product ranges
- ➔ Service functions such as installation, car rental or tyre storage
- ➔ Additional functions in the online portal, e.g. store search, routing, tyre and rim configurator
- ➔ Optimised display on all end devices
- ➔ Designed to cope with large volumes of data



An online shop based on a commerce platform can be tailored to the requirements of the automotive aftersales market in much greater detail.

### 3. Benefits of integration in existing online marketplaces

Dealers who wish to quickly commence sales can capitalise on the strengths of well-known online marketplaces. Those who wish to expand their existing business model by selling through distribution channels such as eBay, Amazon or Check24 do not require their own shop or marketplace. Making strategic decisions with regard to technology is essential in order to reduce the manual maintenance associated with the introduction of these channels. Here, connectivity is required in all directions, i.e. integration of the existing process infrastructure (e.g. ERP system, logistics system) with the interfaces of the online marketplaces. Once items have been compiled in a centralised system, they can be automatically listed on several distribution channels simultaneously, even, for example, product ranges with several tens of thousands of items and variants.

The benefits of integrating into existing online marketplaces:

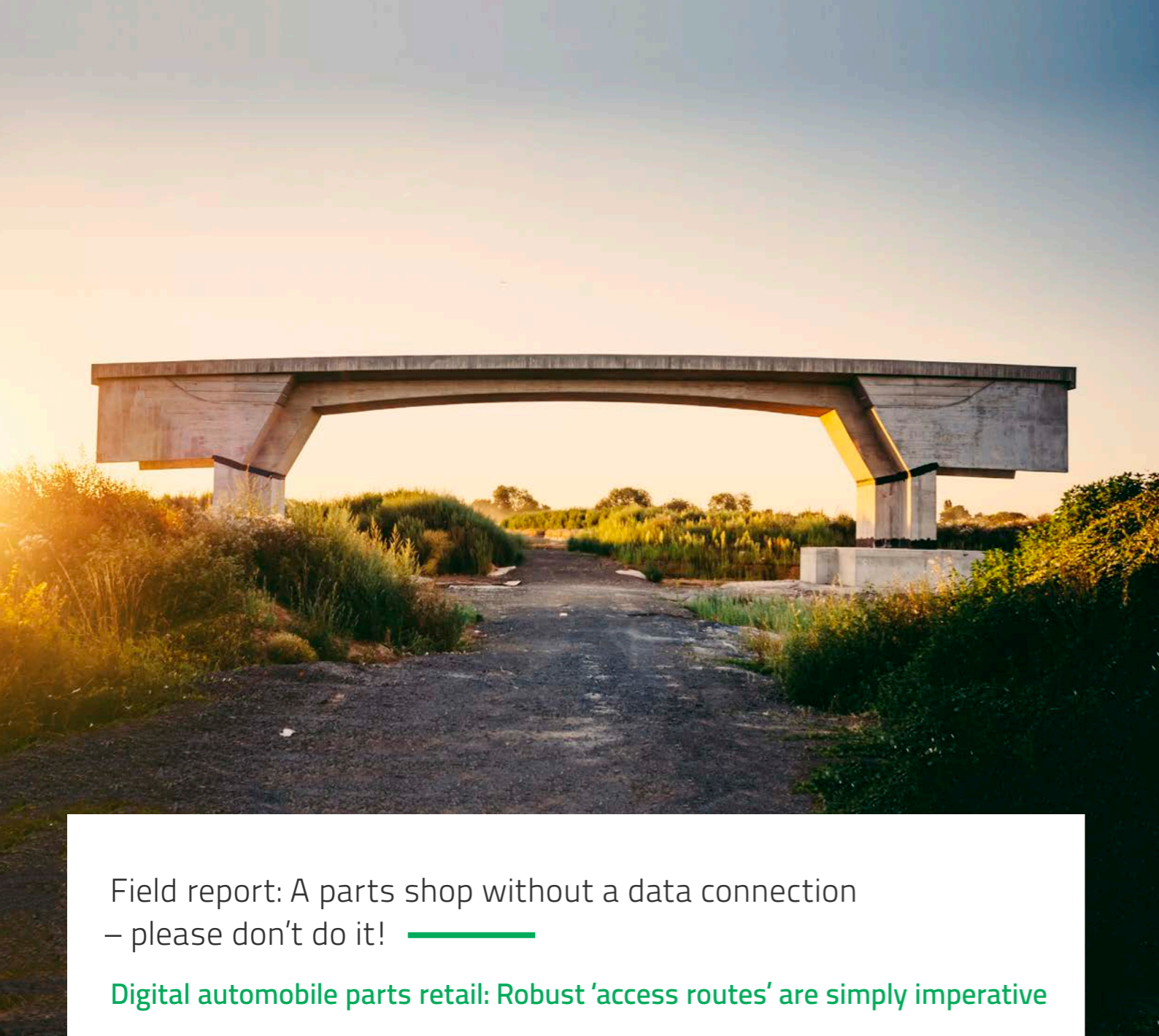
- ➔ New customers can be quickly obtained
- ➔ No outlay required in order to create one's own portal or online shop
- ➔ New sales potential
- ➔ The reach of well-known marketplaces
- ➔ Simultaneous selling across several platforms
- ➔ Automatic posting of sales listings

Making strategic decisions with regard to technology is essential in order to reduce the manual maintenance associated with the introduction of marketplaces.

A technological platform serving as the basis for these applications should possess at least the following characteristics:

- ➔ High level of reliability
- ➔ High-performance PDM or PIM module
- ➔ Seamless data exchange between systems
- ➔ Flexible interfaces and flexible connection and disconnection of third-party systems
- ➔ Future-proof enterprise technologies like Java and microservices
- ➔ Core technology that can withstand high volumes of traffic and order peaks
- ➔ High-performance output of vehicle compatibilities
- ➔ Extended search and filter functions for parts portfolios
- ➔ Efficient integration of shop add-on solutions
- ➔ Professional integration of product data catalogues, e.g. TecDoc
- ➔ Service components that are fully integrated into the platform (e.g. installation services or tyre/rim configurators)
- ➔ Component-based high-end platform architecture

<sup>1</sup> Source: Study by KANTAR TNS: "Die Online-Nachfrage nach Autoteilen steigt" <https://bit.ly/2zybSSv>



## Field report: A parts shop without a data connection – please don't do it!

### Digital automobile parts retail: Robust 'access routes' are simply imperative

When it comes to shop projects, one must define interfaces and processes in advance and create the basis for the necessary level of integration and automation right from the start wherever possible. In doing so, the shop will be able to go live with its full range of products and will be well-equipped to deal with growing order volumes. This report outlines how an online shop project, which was destined to fail, was able to achieve success.

So many online shops resemble a bridge to nowhere.<sup>1</sup> A bridge to nowhere is, simply put, a bridge that is just standing around. It looks great and is in good condition, but fails to fulfill a function and cannot be used for lack of access. When an online shop finds itself cut off, in a state of just standing around, it too is only partially fit for use. Isolated, without a data connection to middleware, an ERP system or data providers, a shop can only be launched with a great deal of effort and inefficiency. The planned commencement of sales or seasonal business quickly become jeopardised. Sales drivers are nowhere to be found. However, practice shows that this is exactly what is happening to many large shop and portal projects.

#### An ambitious schedule

It is not uncommon for Speed4Trade employees to encounter cases like this among prestigious automobile parts wholesalers. In this case, the wholesalers were looking to tap into a new customer segment in order to preserve their competitiveness. The plan is to establish an online shop in order to reach tech-savvy end customers. A meeting with management and business development is due to take place. The local Internet agency, which specialises in the Magento shop system, and the external consultant who is to lead the project are also on board.

At the kick-off meeting, project manager F. Stark had this to say: "The new shop is set to go live just in time for the Essen Motor Show in twelve weeks' time. This schedule is exceptionally tight and will require all the manpower available." No time to lose then: Initial designs for the shop's homepage and details pages are drawn up and the template is programmed. Ultimately, the shop needs to be customer-friendly, visually appealing and perform well. From a functional perspective, Magento has everything covered. **Ten weeks of work on the project has produced a good-looking, yet empty automobile parts shop.**

#### Completely isolated

A previously unnoticed obstacle slowly approaches. There is not much time left before the trade fair and the scheduled go-live date. The range of brake discs,

exhaust systems etc. comprises well over 120,000 items, which now need to be made available in the shop. But what is the fastest way to get the item data from the wholesaler's and suppliers' portfolios of parts into the shop?

The automobile parts shop resembles a bridge to nowhere. It lacks a reliable, robust connection to data sources like parts catalogues or the ERP system, which are necessary for the automatic transfer of item data and for handling future order volumes. But the start date is drawing inexorably closer. The shop's only listings are a few test items that were created manually. Rudimentary data import options are not providing the desired ready-for-sale range of parts that the shop needs. The project is on the brink of failure.

#### Everything hinges on the range of functions and interface definition

Project manager Stark does some research online and stumbles across Speed4Trade. He reaches for the phone, gives them a call and frantically describes his problem to a consultant: "We're not making any progress with data import to the shop! On your homepage you mention a kind of middleware that drives shops and marketplaces."



They meet and discuss potential solutions. Within a short space of time, the eCommerce software and middleware Speed4Trade CONNECT are introduced. Simultaneously, a connection to the existing SAP system is also developed. In addition, the middleware is supplied with item numbers, prices and inventories. In Speed4Trade CONNECT, the trusted TecDoc parts

What is the fastest way to get the item data from the wholesaler's and suppliers' portfolios of parts into the shop?

catalogue is accessed in order to automatically add product details and vehicle information to shop listings. Mr. Stark must accept that the "Essen Motor Show" deadline is no longer feasible. But: Four weeks after the trade fair, the shop goes live as planned, offering its full range of products. Order volumes grow steadily. The 1,000 orders per day which have already been achieved are automatically transferred to the SAP system and then dispatched and invoiced. Plans are also being made to use the marketplaces eBay and Amazon in the near future, for which the middleware already has fully developed connections.

#### In short:

When working on digitisation projects, it is advisable to avoid creating bridges to nowhere and to plan for solid 'access routes' right from the get-go. The starting point should always be a functional catalogue of requirements. The interaction between the shop and the involved systems must be defined, even before the design has been created. It is crucial to clarify which interfaces are required in order to achieve the desired level of automation. How exactly will the data and processes be mapped? Which shop system is suitable? What will item details pages, the search function, purchase procedure, checkout, shipping and specials like click & collect etc. look like and how should they function? Achieving synergies in these approaches reduces the amount of development work required and the need for communication for all parties involved in the project.

#### Recommendation:

When creating a shop or a B2C/B2B portal, it is essential to begin tackling the issues of product data management and order processes right from the start, besides taking the associated system interfaces into consideration.

#### Sources:

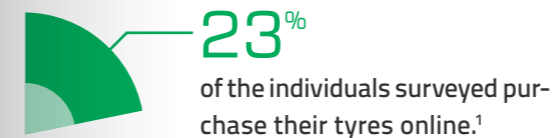
<sup>1</sup>Wikipedia definition of bridge to no-where or ghost bridge <https://bit.ly/2qytRmJ>



The customer wants it all: From tyres to matching rims – plus installation

**Complete wheel configurators reduce consultation costs and shorten the search process.**

Online demand for tyres and rims is very substantial. This is confirmed by the DAT Report 2018: 23% of the individuals surveyed already buy their tyres online (compared to 21% the previous year).<sup>1</sup> A reliable complete wheel configuration tool helps to boost sales, enabling people to purchase the matching rims for their tyres, increasing sales and generating higher margins.

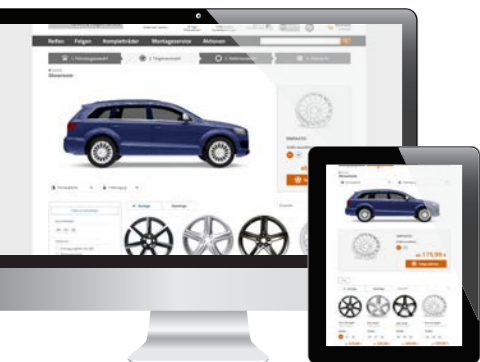


Many suppliers of tyres and wheels are already investing heavily in these tools. They need to make it as easy as possible for online customers to find the rims that match their tyre size and the TPMS (tyre pressure monitoring system) that suits their vehicle and tyres. We recommend offering complete wheel configurators to ensure successful online trade in tyres and rims, as this shows that you are committed to customer service.

The customers can use the product configurators to digitally combine different elements to their hearts' content. They pick their vehicle, select the desired combination of rims and tyres and place their order.

Tyres, rims and complete wheels in particular are purchased online.





## Complete wheel configurators must guarantee the correct allocation of vehicle, tyres, rims and TPMS.

Customers are delighted by quick and easy configuration tools, as they significantly reduce the complexity of the countless combinations. The advantage for the dealer is that the appeal of online, mobile or local distribution channels is increased – at relatively low cost.

On the other hand, the customers would like to see a link between a garage or store's online and offline services. According to "AutoTeileOnlineMonitor" (ATOM) from KANTAR TNS, around 75% of online shoppers have the tyres that they purchased online installed in a garage.<sup>2</sup> Ideally, as part of a subsequent step following completion of the order, customers would be given the option to arrange a time to have the tyres changed on the hydraulic ramp of their nearest garage or local installation partner. This ensures on-site business (from new customers).

From a technical point of view, tyre and rim configurators are clever

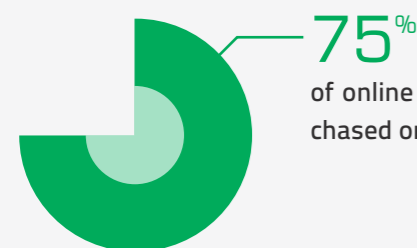
solution components for B2C web shops, B2B tyre portals, market-places or POS consulting systems. Good solutions are characterised by a sophisticated technological infrastructure created by these components, in addition to secure data interfaces for the connection of different data sources and data providers. Furthermore, advanced solutions offer an intelligently organised infrastructure for connecting internal or external product catalogues and product data management systems (PIM/PDM). The configurators must guarantee the correct allocation of vehicle, tyres, rims and TPMS and should be displayed in the familiar design used by the dealer. Enabling this are data interfaces which merge with the process infrastructure of the company software.

For the wheel configuration process, two additional highly dynamic factors also need to be presented online: Price and available stocks.

Dynamic price and inventory management requires interaction with the systems that store this information. However, this is where many popular shop systems reach their limits. For this reason, it is important that the tyre and rim configurators selected for this specific application fulfil these technical requirements. Dealers then subsequently benefit from a digital tyre/rim configuration tool that will ensure valuable additional business in the long term.

Sources:  
<sup>1</sup> kfz-betrieb "DAT-Report 2018: Leiser Abschied vom Diesel": <https://bit.ly/2Ot1IY6>

<sup>2</sup> Studie von KANTAR TNS "Die Online-Nachfrage nach Autoteilen steigt": <https://bit.ly/2Jl7bt5>



## Checklist: Tyre & rim configurators

### The most important keys to success for developing a future-proof, complete wheel configurator:

#### A WIDE RANGE OF USE CASES

- Flexible integration options
- A wide range of potential uses, e.g. in online shops, tyre portals or at car dealerships
- Services in garages and stores are also offered

#### SPEED

- Short loading times and optimal load distribution
- Rapid, variable integration into existing platforms
- High availability and quick response time

#### EXCELLENT VISUALISATION

- Option for individual front-end modification
- Consistent and uniform tyre/rim dealer design
- Many options for further development, e.g. for shop agencies.

#### HIGHLY RESPONSIVE DESIGN

- Responsive design for attractive mobile displays
- Future-proof configurator also for coming platforms and end devices
- Mobile, tablet, Internet of Things

#### FUTURE-PROOFING

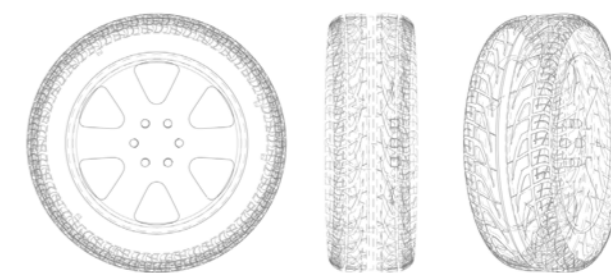
- Durable and unlimited updateability
- Continuously expandable
- Operation as SaaS solution, in the cloud, or in a custom data centre

#### DATA HANDLING & INTEGRATION

- Flexible, high-performance data adapter
- Connection of external data sources and involved systems
- Secure, stable integration and technology infrastructure

### Examples of possible use cases: Complete wheel configurator in a tyre dealer's online shop

The configurator was given the right corporate design and then integrated into a matching a tyre dealer's B2C portal. Customers can now come here to order their desired combination of tyres, rims and TPMS and book a time slot for installation at one of the stores. This has led to an increase in appointment bookings at the stores. Furthermore, high reliability and load balancing were achieved for the system, which was important to the dealer, especially during tyre-changing season.



You can find further information in "8 Keys to success for the digital tyre & rim business with a wheel configurator", available at [goto.speed4trade.com/8-keys-to-success-complete-configurator](https://goto.speed4trade.com/8-keys-to-success-complete-configurator)

## Recipes for success from Speed4Trade



### White paper: Digital Platforms

#### Who will have direct access to customers in the future?

Twelve factors contribute to the successful establishment and expansion of digital trading platforms. For example, a product configurator cannot manage without a central data management. A new white paper shows what you need to consider when deciding on digitalisation projects.



[speed4trade.com/trading-platforms](http://speed4trade.com/trading-platforms)



### 8 Keys to success

#### Future-proof process integration in the digital automotive aftermarket

The aim must be to pick up customers precisely where they are, whether online, mobile or at the point of sale. It's all about customer centricity.

A middleware does this by connecting your ERP system to the most important trading platforms such as eBay or Amazon. In our brochure you can read which requirements a middleware must meet for the successful trading in the automotive aftermarket.



[goto.speed4trade.com/8-keys-to-success-digital-automotive-aftermarket](http://goto.speed4trade.com/8-keys-to-success-digital-automotive-aftermarket)

### Speed4Trade blog:

[goto.speed4trade.com/blog](http://goto.speed4trade.com/blog)

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We hope to see you again – for the next Trend Report!



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