CRM designer

Innovative solutions
to marketing challenges

Automotive Aftermarket

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1▸ Abstract

Keeping your car in perfect condition requires both - good technical state in the beginning and ongoing comprehensive care. It is possible to achieve it by providing maintenance with the best-quality parts. Such parts should be easily accessible. They should also have an appropriate price and match the car model perfectly. Considering the fact that the average car age increases consistently, and the standard vehicle owner keeps the machine 60% longer than he did ten years ago (V12data.com), the automotive aftermarket has a bright future ahead. But keeping the position in the market, building a good reputation, and growing as an auto parts dealer is becoming more and more demanding.

Tools that can help any automotive company to face such problems are integrated CRMs and e-commerce supported by marketing automation.

The following document raises the subject of existing and upcoming challenges in the automotive spare parts market and suggests solutions aimed at improving the quality of marketing activities for companies already involved in the business.

2 ▶ Background

The car industry, like every large industry, suffers from specific issues, fights challenges, and has to be ready for constant changes. One of the main segments of the industry - the distribution of aftermarket auto parts - must be provided with a continually growing number of customers. Who are they? People willing to take care of the excellent condition of their cars. Currently, there are plenty of them, and there will be plenty of them for sure. According to Hedges and Company, the annual forecast for car parts online sales predicts retail sales of 12 billion USD in 2019, which is a 16% increase in just one year. And this is only for the U.S. market! What's more, the digital activity in the U.S. will supply the auto parts and accessory sales with over 148 billion USD in 2019. This "digital influence" means goods purchased online and those researched or discovered online before being bought in a traditional store. The analysts from Hedges & Co state that by 2022, U.S. online sales of auto parts and accessories are going to reach 19 billion USD, and digitally influenced sales will grow to an overwhelming 162.4 billion USD. It is even more impressive when you realize that the entire eCommerce will extend to 1.2 trillion USD in B2B sales in 2021, with a growth of 7.4% year-to-year. It illustrates the vast scale of the market. And yet these numbers apply only to the U.S. Obviously, the growing demand is a good thing, but there is one essential challenge - how can YOU distinguish your business among hundreds of other companies?

Automotive aftermarket
e-commerce sales growth
projection:

2018 - 17,7%
2019 - 18,5%
2020 - 19,0%
2021 - 19,6%
2022 - 20,0%
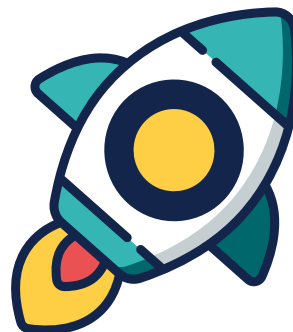
According to various sources, the automotive industry was not as affected by plenty of types of disruptions as other branches, such as telecommunications or healthcare, until the digital transformation appeared. In this new era of "buying habits", many customers have almost completely switched to online shopping. The industry adapted to that by extending the virtual store offer. They needed to follow the trends, also in marketing and advertising. And there has been a lot going on lately. Many digital advancements and opportunities to make businesses grow seem to shout that every serious player in the market should be open to Online Marketing!

Referring to Hedges & Co, as many as 93% of customers looking for auto parts rely on research before buying online. The company's presence online has become necessary. If you want to achieve the progress, you need to find your way to drive online traffic to your website. Many companies have understood and adapted this perfectly. As a result, they generated a huge market for selling auto parts online.

It is crucial to understand that the role of IT in the automotive aftermarket has changed over time. In the beginning, its purpose was to support transactions and then to cover planning and execution as well. Now it has become a strategic part of the business that should enable digitization and new technologies that continuously change the market.

The need to take care of online presence is not the only challenge the market is facing. Advanced technologies, parts proliferation, an increasing number of brands and models - all of it makes the situation even more complicated.
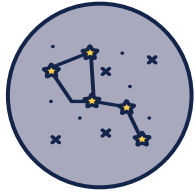
Challenge 1:
Product variety and complexity

The automotive market has been growing for many years. Sale of new cars and maintenance of old ones used to be, and still are the main sectors of the industry. The prices of new models are currently higher than ever. Same as the average age of a used car, which reaches record levels in the U.S. Now it is around 11.8 years (inboundlogistics.com). As expected by IHS Markit, the number of vehicles aged 11 and more in America will increase by 2023, even by 27%. That will result in a higher demand for spare parts. Therefore, every automotive aftermarket player should be ready for continually growing competition and prepared for the investments in e-commerce, as well as marketing automation activities.

With no doubt, the car industry evolves and becomes more advanced every day. Just have a look at electric cars, which are no longer an exemption (in many countries, fully-electric vehicles are even free of taxes!). What's more, probably in this particular second, autonomous cars are programmed to be implemented. Nevertheless, both the newest and even the oldest machines with combustion engines are highly complicated constructions with many sophisticated solutions and parts.

To meet market requirements, the current trend is to present to the customer a highly personalized offer with many models. The clue is to let everyone, even the most fastidious individualist, find an appropriate product. And this is why the level of complexity of the car's construction and the number of parts used by one manufacturer have never been so high.

BMW model range as an example in the year:

1999

3 series	5 series	7 series	8 series	X5	Z3

...and in the year:

2019

i3	i8	1 series	2 series	3 series	4 series
5 series	6 series	7 series	8 series	X1	X2
X3	X4	X5	X6	X7	Z4

3x more
car models

The complexity of the parts has massively increased and so did the technical sophistication of vehicles. Thus, ensuring adequate supply chain, dealing with inventory issues (constantly growing number of SKUs), effective marketing, efficient sales, as well as reverse logistics, require huge amounts of work and financial expenses for modern solutions, automation, comprehensive operations. Everything in order to satisfy a highly demanding customer.

Challenge 2: Order workflow

Order processing is closely related to parts complexity. Many tools available on the market may help to struggle with particular issues on every step of the workflow mechanism:

▸ Price management

Price competition exists in every industry. Due to the unusually large number of entities operating in the automotive (manufacturers, wholesalers, retailers, etc.), as well as the characteristics of the market, differences in the prices of the same SKU are often unnoticeable. That is why purchasing decisions are dictated by other factors, such as effective marketing.

The uniqueness of this market lies in the issue that each specific spare part (e.g., suspension or brake part) for a car model is produced by several (or a dozen) manufacturers, and then it is offered by tens or hundreds of distributors. Price optimization is a real challenge if the goal is to ensure the financial liquidity of the company and yet to sustain a high level of market competitiveness.

▸ Order complexity

Each industry must be ready for customization and so the car business is not an exception. Not every order is made on a regular basis, and so there is no physical possibility to have all parts ready for pickup in the store. As we already know, the demand is variable. Anyone who has ever had a vintage, hybrid, sports, or just rare car knows that sometimes it is necessary to order parts from a different continent.

Handling orders like this requires making many contacts, integrating systems and using automation tools. Each order for a single part causes logistical problems and is more demanding than a bulk order. On the other hand, it would be difficult for bulk orders to satisfy all custom needs as it is impossible to predict every future need.

▸ Payment issues

Payment problems are a direct consequence of a huge number of orders. The entire sales process used to be fragmented and affect a large number of products - the more orders, the higher the risk of errors or human mistakes. To control the process over, it is worth to provide system support.

▸ Millennials' attitude

Treating the subject with a grain of salt, you can say that finally, Millennials save the situation for the market. According to NPD Group research, young people use their cars twice as often as people around the age of 60. This is a kind of guarantee that the vehicles will often be in use and therefore there will be a demand for spare parts. On the other hand, there comes another challenge: customers from new generations are usually undecided about what exact product they are looking for. This also applies to car repairs. Millennials want to deal with problems quickly and with the least amount of work. Therefore they require professional advice.

Challenge 3: Marketing efficiency

In a regular, offline store, there are very limited possibilities of displaying a product, so the customer has limited choice. Meanwhile, during his online-shopping experience, there are many possibilities to present other, complementary items that he might also like. Here is an excellent place for playing with marketing automation tools.

Professional advice may also help the company to find cost-effective ways to reach more customers. Well-targeted landing pages, adjusted lead converting mechanism, and finding a way to direct the traffic through the funnel right to your websites - those are the main factors that can provide effective online marketing. Nevertheless, it is essential to ensure proper integration with price management, inventory system, after-sales service, and, last but not least - to make it as easy as possible so that the staff would be able to use all the mechanisms and generate more and more sales.

Within this topic, it is also important to take up-selling and cross-selling processes to a higher level. According to Forrester's research, product recommendations generate 10-30% of the overall e-commerce revenue. Those numbers mean that your systems can bring as much additional income! You need to support it with real-time information on inventory status, available price discounts, compatibility with products in the cart, etc. to adjust the clients' needs as much as possible. Given the multitude of modern solutions that help in marketing activities, as well as the extremely dynamic development of marketing automation, this challenge can be most comprehensively met with the appropriate support of automation tools.

Challenge 4: Lack of data and knowledge

This is the part strongly associated with Challenge 1 - Product variety and complexity. The complexity of components for modern cars results in an incredible level of ampleness of catalogs, inventory systems, and difficulties with fitting the right parts. This problem

affects both customers and sellers. It hinders orientation in the available assortment and forces to constitute a kind of a personal assistant who takes responsibility for ensuring the right parts to the client.

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But since we can meet almost any of our shopping needs online, shouldn't the buying process be a piece of cake? Not really. With the massive number of available products, the customer may feel frustrated by the lack of access to unambiguous, easily accessible information. The same customer may also be afraid of being (brutally speaking) ripped off. He can feel the gap between the competences of the assistant (seller) and himself, blindly looking for undefined. However, it is still not physically possible to have complete knowledge - even for salespeople. That is why automation is the key. With advanced searching tools, the purchasing process can become a pleasure. Competent advice and professional approach supported by solid knowledge are undoubtedly desirable, but nowadays, it is not only the educated staff that can create value for a customer. Also, marketing automation tools can make him feel safe and well taken care of, so he decides to purchase online.
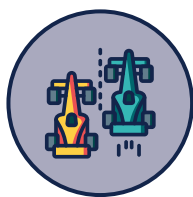
Challenge 5:
Uneven competition tournament

The economy has changed in recent years. Like other industries, the automotive aftermarket is also struggling with the omnipresence of imitations. In other words, fakes. Large low-wage workforce combined with the new-tech, allowed countries like China or India to become a powerful force in production and services. So-called low-cost countries are a mixture of great opportunities and certain threats to the industry. Imitations can be dangerous to people. In many countries, there are many law loopholes and insufficient legal regulations regarding the import and quality control of car parts, as well as many other goods.

3 ▸ Solution

Many of the above threats may be reduced using already existing solutions provided by IT. Companies can rely on automation in terms of:

▸ planning and inventory processes improvement,

▸ better systems integration connecting marketing, inventory, sales, ordering systems, etc.,

▸ integration within CRM systems, enabling a new quality of stakeholders cooperation,

▸ customer journeys and workflows development,

▸ after-sales service quality and speed improvement,

▸ using the knowledge base to provide customers with better support in decision-making process,

▸ artificial intelligence generating the content perfectly adjusted to client needs,

▸ cuts of company operating costs minimizing human interventions.

These days online existence is as obvious as breathing. CRMs like Salesforce® allow you to unify your inventory, sales, and service in a single system. Consider the size of the industry resulting in hundreds of thousands of SKUs in the product catalogs. Digital solutions enable using different sophisticated tools. However, currently, not only sales or service require automation but also - marketing.

With a comprehensive CRM system that automates purchasing and sales processes, you need to go further to beat the competition and become the market leader.

Customers expect trouble-free access to information and purchase options, both online and offline. Do not hesitate to give it to them. A system that combines sales and marketing allows reaching multiple markets at a relatively very small price. But most importantly, you have practically no limits here. The possibilities of marketing automation activities are endless. It is really difficult to come up with a marketing task for which there is no tool to make it automated!

Marketing automation might be an answer to all needs and doubts. Have you noticed how many repetitive actions your employees perform? Those that do not require talent, just time. Now you can automate repetitive tasks with minimal human support and allow your employees to focus on complicated, demanding duties.

Remember! Marketing automation is not a SPAM system that will send hundreds or thousands of identical emails or automatically reply with the same content to your potential customers. Automation also means personalization - dedicated emails, recipients segmentation, scheduling, tracking the movements and behavior of the visitors on your website, and matching the appropriate actions. Marketing automation tools, such as Salesforce® Pardot, allow you to create highly advanced and engaging customer journeys to prepare the potential client, warm him up and close the deal!

Salesforce® Marketing Cloud will let you collect comprehensive data and use them to optimize advertising campaigns, their channels, and sources.

4 ▸ Go easy, but not too easy!

Marketing automation tools are extremely useful, but one of the crucial implementation stages is choosing the right tools for your specific business. Your Salesforce® partner should be able to recognize your needs perfectly and formulate appropriate marketing goals. It is the best way to use all of your available resources and carry out proper implementation. Onside cooperation with an external marketing automation team - a group of professionals who will take care of the implementation and face all your doubts - may be the best solution for you.

Stand out from the crowd of similar companies by improving brand awareness, building consumer loyalty, and implementing various incentives. Imagine that your integrated, advanced marketing automation system is already working and functioning. As a result, a potential customer who is looking for parts for his car is like an open book. You can see where, when, and what he is looking for, your ads are already visible on his screen. With customer journeys, you can be sure that it does not end there as a whole series of activities that will be automatically

carried out to encourage him to buy nowhere else but... in your store.

Thanks to system integration, he will find out details about the car parts he needs, dispel his doubts via online chat with your employee, order the shipment, and pay in any convenient way. Then the whole journey of making him your loyal customer begins.

Let's get back to the employee who provides the chat service. With the Salesforce® Knowledge tool, you can create a complex knowledge base that will benefit your visitors, partners, clients, and sales or service agents. It will contain as much information as you want and you can easily assign permissions to a specific group of people so they can see the content that's intended directly for them.

You may also create a virtual agent that will assist every visitor on your website. Imagine that from the very beginning of your customer's visit, he meets an online advisor, who guides him through the purchasing process, and advises him. Such an advisor does not suffer from a lack of competence, does not need a vacation, and is available 24/7/365. Is there anything more convenient for the client than quick, smart shopping?

In your online store, you can organize highly customizable offers automatically assigned to customers. Use it to enable shopping that suits your client's needs e.g., by providing kits and bundling options. Your marketing automation partner may implement flexible product data variants, which will expand your customer's possible shopping options. Obviously, all your online content will be mobile-friendly, and it will be responsive. You can also create an extensive knowledge base, so the customers will be able to look at FAQs and resolve the most common problems. Such a flexible and regularly updated database increases trust and gives options to people who prefer to discover things on their own. For regular customers, you can organize a newsletter, automatic discounts, special campaigns for holidays, or Black Friday deals. You set them up manually only once and do not have to deal with it anymore. Artificial intelligence will help you select the right group of recipients for a given special offer or thematic newsletter.

Thanks to your social media presence integrated with marketing automation tools, you can easily control everything that happens on Facebook, Twitter, Instagram, or Pinterest. With such an extensive view, you can boost your website traffic, and what is most important, your customers can discover and buy products in all these sources. It is possible to fully integrate your system with online marketplaces like Amazon. A whole palette of customer journeys created for your customers will delight them on every single stage of their contact with your

brand. A welcome campaign will automatically greet everyone that visits your landing page and leaves contact details.

With such a welcome pack, they can learn more about your company and be encouraged to take the next step. A carefully prepared correspondence will be sent to them as part of the onboarding campaign, and after some time, they will receive product-focused campaigns with exclusive offers. If your prospect does not interact with you, your marketing automation tools will run re-engagement or renewal campaigns. Regardless of the circumstances, you will be able to plan special top-of-mind campaigns, so your company becomes an obvious choice for the customer. All this can be automated and independent of employee holidays, public holidays, or the time of the day.

Effective selling is possible using artificial intelligence. If your customer is looking for a set of tires and you have enough information about his actions, you will be able to remind him to buy winter tires just before the first snow, and summer tires in spring, or advice him about which workshop is the best in his neighborhood! All such types of communication and interaction with the customer create your brand awareness as a competent partner and bridge the competency gap.

One of the basic but also the most powerful functionalities of modern marketing automation systems is the already mentioned ability to track activities that the customer performs online. The benefits are enormous - the amount of data that can be collected this way is huge and it gives the possibility of comprehensive analysis and adaptation of future advertising campaigns with more relevant and personalized content.

It is no longer just suggesting complementary products based on key phrases searched. Thanks to marketing automation, you can achieve much more advanced interactions. We are all looking for opinions, comparisons, tests, better prices on the Internet. Every search generates tons of data allowing the marketing automation tools to run a highly effective selection of ads + landing pages, detailed customer journeys, gentle reminders, and exciting newsletters that lead to smart purchases and sales.

The smooth exchange of information is what you need to have your systems highly automated. In the automotive aftermarket, there is no space for individual orders to be handled separately by an advisor, salesman, warehouseman, shipping department, accounting department, etc.

A modern customer expects a seamless process that leads him from easy access to every information to quick purchase, immediate payment and many delivery options.

A modern company then needs improvements, clever solutions, smart processes, and useful simplifications. Automation can handle it all.

5 ▸ Conclusion

Nowadays, existing in the market with only brick-and-mortar stores is not effective anymore. According to Hedges and Company, such traditional sales grew only by 1% in 2014-2015. At the same time, e-commerce sales increased by 12-16% every single year between 2015 and 2019.

There are 70 million aftermarket car parts searches in Google every month (Pixel Productions Inc.)! It seems obvious that these numbers are good drivers to take care of your online existence and to get interested in internet marketing tools that use personalization and artificial intelligence tools (such as Salesforce® Pardot). Even though it might seem very complex and intimidating in the beginning, it brings many benefits and leads to simplifications in the future. Especially when an experienced partner is involved in implementing the new mechanisms in your company and maintaining them.

You can still sell in a traditional way. Opening up to new activities is only increasing the number of sales channels.

How could this improve your business?

Automotive spare parts companies should focus on the proper and efficient utilization of online sales, marketing in general, and marketing automation. Establishing new communication channels this way and using comprehensive systems, such as Salesforce® Marketing Cloud, allows you to achieve such goals, reduce costs, and significantly increase competitiveness. At the same time, it also substantially decreases any disruptions in supply chains by improving information management and collaboration between different links in the chain.

As reported by Deloitte, spare parts are the main driver to raise customer satisfaction and generate opportunities for repurchase. Future market leaders should shift from traditional internet marketing to marketing automation and let artificial intelligence win the market. Omnichannel strategy developers will build brand awareness and maintain a base of loyal customers.

According to Salesforce®, about 55% of B2B companies are currently using marketing automation. What's more, 85% of B2B marketers claim they are not using the full potential of their tools. It gives food for thought, doesn't it? If they see the source of success, but they didn't reach full efficiency, it means that there is still a long way to go, and significant development here is highly possible.

Here at CRM Designer, we specialize in marketing automation technologies. If this is new to you, we will gladly introduce you to the automated universe!

We are more than happy to implement as many improvements in your business as you need. If your company already has implemented solutions that we work with, we can analyze their correctness and effectiveness, advise you on possible enhancements, and discuss any problems that occur, as a third party consulting partner.

We have the most important thing you should expect from your marketing automation partner - experience. We are aware that the first steps with the Salesforce® tools are not a piece of cake, and we won't let you carry out this small revolution alone!

Investment in modern automated marketing is a project that requires a skilled partner and extensive knowledge. But at the end of the day, the automation makes the most profit.

Let us be your everyday support and help you achieve every single goal using the latest available technology.

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Marketing Automation efficiency:
How automation improves sales productivity and lead conversion?

increases sales
productivity by
14,5%

reduces marketing
overhead by
12,2%
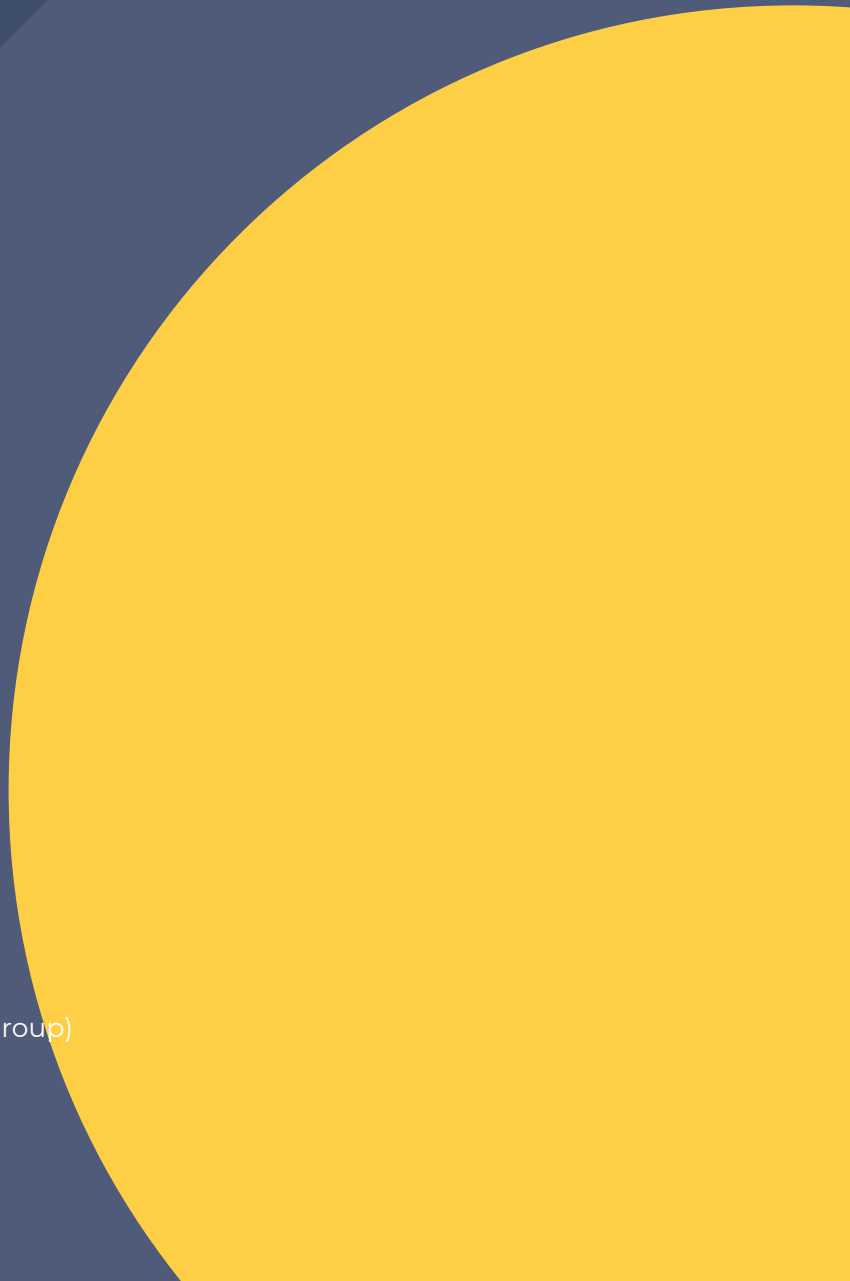
increases the number
of qualified leads by
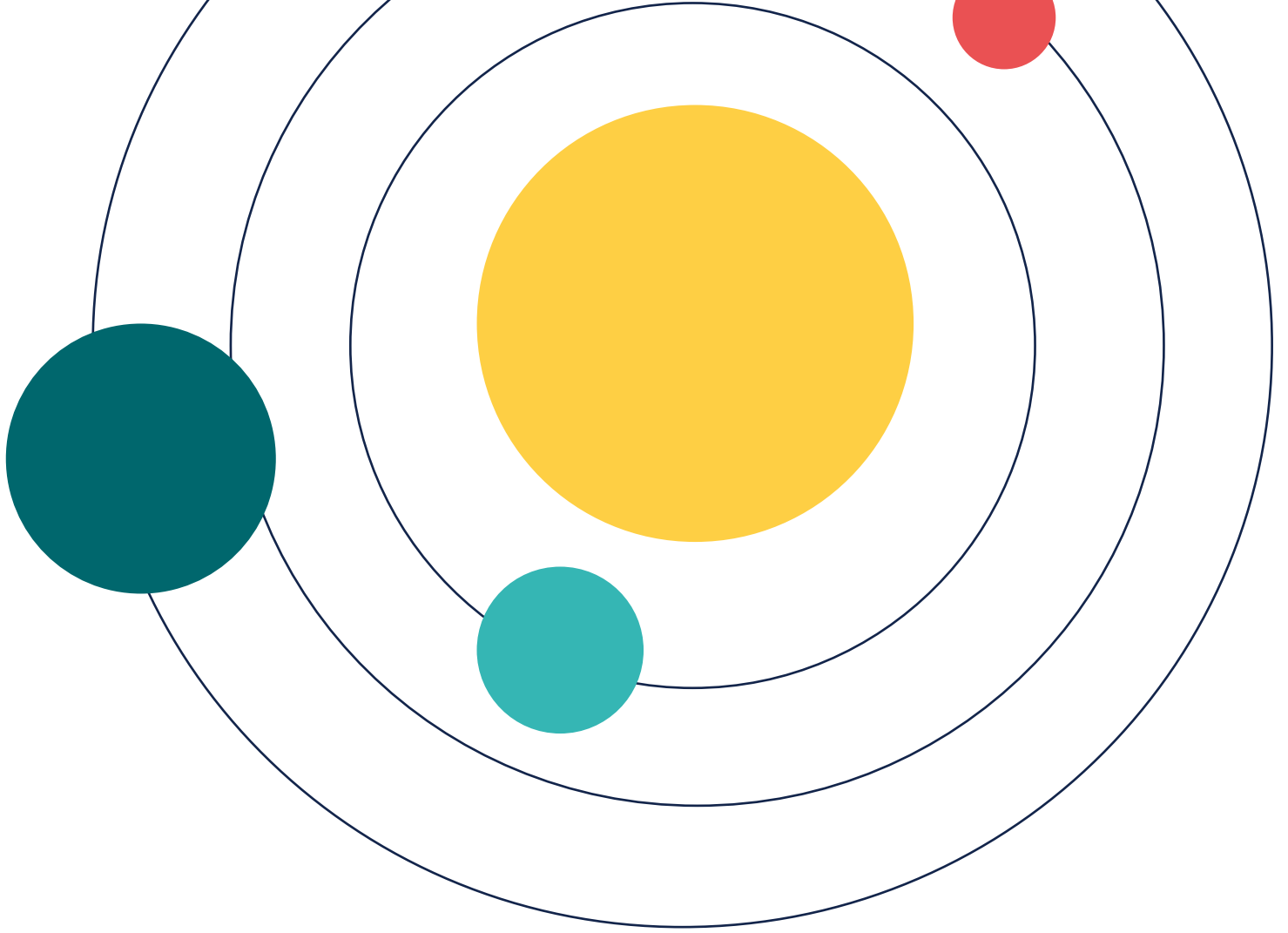**451%**

makes the leads'
purchases
47% larger

(source: Nucleus Research, Annuitas Group)

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