

eBook

An Open Road Ahead: A Guide for Going Digital in the Automotive Aftermarket



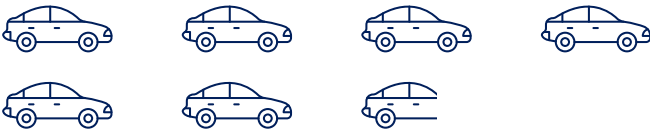
Introduction

The automotive industry predates the digital age of consumerism, and though the industry has thrived on the legacy of paper catalogs, the race towards digital is on. The digital automotive aftermarket size reached \$69 billion USD in 2022 and is projected to grow by a further 13.8% by 2032. This rapid growth is fueled by the surge in online research and purchasing across developed and emerging markets.

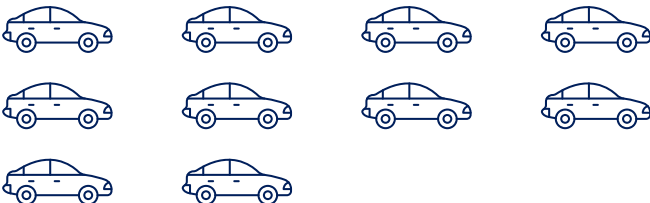
Online sales channels give customers quick and easy access to everything they need to know about the products and parts they want and need. The “self-serve” nature of digital channels puts customers in the driver's seat, allowing them to make informed decisions and gather peer perspective on the quality and value of products – all from the digital device of their choosing.

THE GLOBAL AUTOMOTIVE AFTERMARKET INDUSTRY WILL CONTINUE TO GROW AT AN ANNUAL GROWTH RATE (CAGR) OF 5.8%

\$667 billion USD in 2023 to...



\$1002.5 billion USD in 2030



Source: <https://www.globaldata.com/store/report/automotive-aftermarket-analysis/>

Key Considerations for Going Digital



OPTIMIZE SUPPLY CHAIN FLEXIBILITY

Achieve warehouse-to-delivery excellence with flexible and fast WMS and OMS systems

Enhance supply chain visibility to reduce operational costs and boost productivity

Achieve order fulfillment accuracy



MANAGE AND GOVERN YOUR DATA

Deploy data automation (for onboarding, cleansing, normalization, modeling, and distribution) to accelerate time-to-market and SKU onboarding costs

Create a culture of data stewardship and governance

Access expertise in ACES, PIES, NAPA, TecDoc, and other industry formats



CHOOSE THE RIGHT COMMERCE PLATFORM

Seek tailor-made composable eCommerce solutions to drive better customer experience

Tell your brand story with UX-driven commerce and marketplace design

Leverage strategic guidance on commerce and marketplace platform selection

Use an expert team to implement your new platform

Start strong with the right data

There's no room for second-guessing in the automotive aftermarket industry, and possessing data alone doesn't guarantee success in the digital landscape. Depending on the geography, industry players must follow defined standards to ensure suppliers, manufacturers, and retailers can exchange product information in a quick, efficient, and standardized manner. In North America and LATAM, the Auto Care Association ACES and PIES standards are widely recognized, while Europe relies more on TecDoc standards. Aligning your data as closely as possible with these standards helps optimize your data and ensure faster time-to-market – all integral in driving better customer experiences.



North America/LATAM: ACES & PIES
Europe: TecDoc standards

GROWTH IN THE AUTOMOTIVE INDUSTRY HAS CREATED A BOOM IN DATA MANAGEMENT ELEMENTS SUCH AS:



**If you're not managing this data, you're not meeting your customer needs -
and you're missing revenue opportunities**

Navigating the intricacies of these standards can pose a significant challenge. Data silos, while seemingly a convenient solution, ultimately hinder data management and alignment with evolving industry standards. Instead, it is essential to maintain data that is both well-structured and adaptable, allowing for effortless adjustments and growth in tandem with evolving industry requirements. Such an approach ensures that your data remains at the forefront of industry standards, empowering you to make informed decisions and deliver superior customer experiences.

PRODUCT DATA TO CONSIDER

- 1) Fitment/vehicle data
 - 2) SEO-enriched product titles
 - 3) Product categories
 - 4) Images (product images, installation diagrams, videos)
 - 5) Enriched marketing text
 - 6) Volumetric data that drives supply chain
 - 7) Regulatory data
 - 8) ESG/sustainability data
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The importance of fitment for frictionless commerce

Accurate fitment data ensures your customer gets the right product they need for their vehicle and contributes to a smoother experience for both industry professionals and end-users. It builds that all important TRUST your customers will place in you.

Fitment data drives search results and accuracy, leading customers to the right products and increasing the likelihood of them making a purchase. Comprehensive fitment data drastically reduces the chance of returns and further builds buyer confidence. If you provide the right information on your product pages, the less you'll need to deal with returns, increased customer service costs, and lost sales.

WHO BENEFITS FROM QUALITY FITMENT DATA

RETAILERS AND DISTRIBUTORS

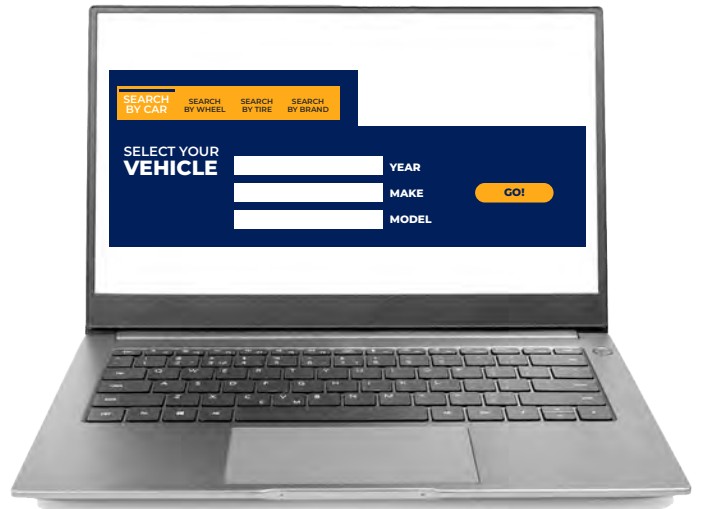
Helps them accurately list and recommend parts to customers based on their vehicle specifications.

REPAIR SHOPS AND TECHNICIANS

Ensures they select and install the right parts during repairs and maintenance, reducing errors and improving efficiency.

CONSUMERS

Enables them to find, buy and get compatible parts for their vehicles, ensuring proper fit and performance.



Build customer TRUST with our end-to-end solutions



Key elements of fitment data

VEHICLE AND PRODUCT COMPATIBILITY

Fitment data provides specific details about which vehicles — based on their year, make, and model — a particular part or accessory is made for, like tires, brake pads, filters, and more. It helps customers find the right components that work perfectly with their vehicles, ensuring everything fits and functions as intended.

TRIM LEVELS AND VARIANTS

Fitment data is complex and includes different trim levels or variants of a vehicle model. Different trims may have variations in size, features, or specifications driving product compatibility.

ENGINE TYPES

Encapsulate essential information regarding the diverse engine configurations found in vehicles. For instance, a car might have options like a V6, a turbocharged four-cylinder, or a hybrid powertrain. Recognizing these distinctions becomes pivotal as these various engines often necessitate specific parts and come with distinct compatibility requirements.

DRIVE TYPES

Refer to the categorization specifying the compatibility of a part with vehicles that possess distinct drive configurations, such as front-wheel drive (FWD), rear-wheel drive (RWD), or all-wheel drive (AWD).

CHASSIS INFORMATION

This encompasses specific insights into the foundational structure or platform of a vehicle. Given that variations in chassis design can significantly influence the compatibility of various parts, understanding this information is pivotal for ensuring precise fitment and optimal performance.

Pave the way with a data management platform

If you are working with multiple suppliers, manufacturers, and other data sources, chances are you're dealing with a large volume of raw data that is inconsistent, duplicated, erroneous, and disparate. Add in the complexity of acquisitions, and many are faced with multiple legacy systems carrying out similar functions. These systems can be outdated and unable to scale to meet the demands of modern technology, leaving your internal IT and business teams with manual processes and multiple points of entry that hamper efficiency.

Adding a data management platform to your toolset, such as a product information management (PIM) or master data management (MDM) solution, is invaluable in helping to create a true golden record. As a single source of truth, the platform enables you to create a centralized repository for data to control data ingestion, normalization, validation, and more. With appropriate data governance mechanisms, the system becomes the driver of data enablement for your organization. This golden record serves as a foundation for reliable, accurate, and efficient data management, which, in turn, supports better decision-making, operational efficiency, and innovation within an organization. This also leads to personalized and more effective customer interactions, a better understanding of customer needs, and the ability to deliver relevant and timely services or products, ultimately enhancing overall customer satisfaction and loyalty.

MDM CAN HELP



Optimize
Data
Management



Reduce
Product
Returns



Decrease
Time to
Market



Comply with
Industry
Standards



Identify
New
Products



Improve
Reaction
Time

Leverage AI to go above and beyond

Over a decade ago, the business landscape buzzed with the advent of "big data," compelling organizations to amass extensive datasets. However, the euphoria surrounding these massive datasets often collided with the harsh reality of dark and dirty data, presenting challenges like incorrect information, duplication, and inconsistent product data. To tackle these issues, businesses traditionally turned to cumbersome coding solutions.

Enter Artificial Intelligence (AI) and Machine Learning (ML), offering a more efficient and streamlined solution. By integrating basic AI and ML techniques into the management of vast datasets, the arduous task of data cleaning and standardization, which once spanned months, can now be significantly condensed to a matter of weeks. This transformative approach automates processes such as classification, normalization, and searchability for both inbound and outbound data processes.

The automotive industry, in particular, is experiencing a paradigm shift with the rising use of generative AI. However, it's imperative to underscore the crucial role of domain expertise in this sector. Expert technicians well-versed in the intricacies of the automotive realm play a pivotal role in fine-tuning generative AI models, ensuring the accuracy and relevance of the content they generate.

Beyond the confines of automotive data, generative AI has already demonstrated remarkable value in elevating marketing content. Its ability to infuse materials with engaging and personalized touches not only captivates audiences but also enhances Search Engine Optimization (SEO) efficacy. In an era where the automotive industry places a premium on customer experience, the judicious use of generative AI becomes integral. It facilitates the delivery of personalized touches and expedited services that align with the evolving expectations of customers, prioritizing experience over price competitiveness.

Follow data governance rules of the road

Data governance is the cornerstone of data precision, dependability, and fortification driven by unwavering protocols and processes. Within the intensely competitive automotive aftermarket industry, teeming with myriad players, there emerges an insatiable hunger for excellence. In this transformed arena, customers demand not only the expedited procurement of the correct automotive components but also a seamless experience.

To ascend the ranks and seize the vanguard, you must be armed with pristine data, unswervingly uniform, and consistently reliable – requirements now more pressing than ever to foster enduring customer loyalty. As a foundational driver of these outcomes, data governance itself is built on three integral pillars – people, processes, and tools. The “people” pillar is fortified through clear role definitions and a governance committee that leads the way. Defining processes involves a clear flow diagram outlining the necessary steps to govern your data, accompanied by well-defined policy documents. Finally, an overarching tool interconnects all systems, enabling a holistic view of data rather than focusing solely on individual systems that store the data.

Under the aegis of data governance, errors are eradicated, redundancy vanishes, and overall data quality is significantly enhanced. Moreover, in a contemporary milieu permeated with stringent data protection regulations like CCPA and GDPR compliance takes on

The Aftermarket Catalog Exchange Standard (ACES) and Product Information Exchange Standard (PIES) use a standardized method of communication to create a seamless data exchange that is exclusive to the automotive industry. These best practices standards enable businesses to speak the same technical language as customers — getting the right part, to the right place, at the right time.

ACES: The Aftermarket Catalog Exchange Standard (ACES) is the aftermarket industry data standard for the management and communication of product fitment data.

PIES: The Product Information Exchange Standard (PIES) is the aftermarket industry data standard for the management and communication of product information.



paramount significance. On one hand, data governance enhances the broader spectrum of customer interactions; on the other, it ensures adherence to the labyrinth of regulations and helps enhance industry-standard formats such as ACES and PIES.



Selecting the right chassis

Selecting the right eCommerce platform is an integral decision that significantly shapes your business dynamics and profoundly impacts customer interaction. It serves as the gateway providing round-the-clock accessibility to an expansive array of automotive products. This enables customers to seamlessly explore, compare, and purchase items at their leisure, without the constraints of conventional store hours.

There are many benefits and opportunities including:

- ✓ Enhanced accessibility, convenience, and global outreach
- ✓ Digital catalogs and fitment information for informed decision making
- ✓ Customer reviews and recommendations
- ✓ Efficient order processing
- ✓ Personalization and customer experience
- ✓ Mobile commerce integration
- ✓ Data-driven insights
- ✓ Aftermarket services to enhance experience

Integrate systems to enable a smooth ride

When systems are siloed, data and the teams needing access to it are also divided. This division can result in data being mastered in multiple places, leading to duplication, inconsistencies, and unreliable data. Leveraging an integration platform can enable your organization to build a unified bridge to facilitate seamless data flow between systems, applications, and channels. By breaking down these silos, you gain a holistic view of information, enabling your business to have enhanced insights and create better data-driven decision-making. From the business point of view, integration platforms improve operational agility, enabling more effective strategic planning, and increased productivity.

How does this work? Integration through an enterprise data warehouse or query database gives organizational-level access to data, driving data-driven decision-making and operational interoperability. Furthermore, consolidating data from multiple systems gives greater visibility through consolidated dashboards, allowing for more data-driven insights.

Measure and improve performance

In today's fast-paced digital landscape, the significance of real-time visibility and connectivity cannot be overstated. These elements are not just about data and connections; they form the bedrock of informed decision-making and operational efficiency. Real-time visibility is as vital as real-time connectivity, and this is where analytics emerges as a game-changing tool. With the appropriate analytics solutions, organizations can achieve comprehensive oversight and complete control over their data across various systems.

Analytics tools give a clear picture of data integrity, roadblocks, progress status, comparative analysis, and lots more. You integrate all this into a single view to get a more holistic view of the data value chain. This knowledge drives proactive adjustments and optimizations, drives error mitigation, improving efficiencies, cost savings, and competitive advantages. Moreover, analytics facilitates identifying opportunities and potential risks, helping businesses stay agile in a rapidly evolving landscape.



Put your supply chain into overdrive

Data is the driving force for efficiency, innovation, and strategic decision-making in the automotive aftermarket supply chain. It enables businesses to gain deeper insights into customer preferences, purchasing behaviors, and market trends. Access to comprehensive data allows aftermarket companies to optimize inventory management, ensuring that the right parts are available at the right time in the right location, thus minimizing downtime for vehicle owners.

Moreover, data-driven observability and analytics empower these businesses to anticipate demand, streamline supply chains, and enhance overall operational performance. As vehicles become more technologically advanced, data becomes essential for the development and integration of aftermarket products and services, such as diagnostic tools, performance upgrades, and connected car solutions.

Ultimately, embracing and harnessing data in the automotive aftermarket supply chain is not just a competitive advantage; it is a fundamental necessity for sustainable growth, additional streams of predictable revenue, and customer satisfaction. Staying responsive with data-driven processes and insights in an ever-evolving market landscape is the secret to a supply chain in overdrive.

Stay ahead of the curve

In the era of digital transformation within the automotive aftermarket industry, it's evident that the landscape is rapidly evolving. As the industry embraces digital channels and undergoes remarkable growth, the need for efficient data management, the power of AI-driven automation, rigorous data governance, and seamless system integration becomes increasingly imperative. By integrating these essential elements, organizations can gain a competitive edge, drive operational excellence, and meet the growing expectations of their customers. With comprehensive analytics and real-time insights, businesses can unlock new opportunities and navigate potential risks.

In this dynamic and fiercely competitive environment, Pivotree's customized automotive solutions backed by a community of strong partnerships, can provide the strategic advantage you need to succeed and stay ahead of the curve. Pivotree empowers businesses to position themselves strategically in an industry that is continuously adapting to meet the evolving needs of modern consumers.



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