

Global automotive customer expectations for aftermarket services:

Research findings from Pega



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Executive foreword

Gone are the days when simply manufacturing high-quality vehicles and genuine branded parts was where the bar was set for automakers. (This was reflected in that famous tagline, “Quality is Job 1!”) In the current climate of slower vehicle sales and shrinking margins, the key to profitability and winning on customer experience now also lies in the quality of the experiences that come after the sale – which we refer to collectively as **aftermarket services**.

For anyone in the automotive industry, talk of the importance of getting aftermarket services right is old news. But, understanding what consumers truly expect – and the challenges that come with trying to meet those expectations – is ongoing. That’s why we recently conducted a survey of 4,000 vehicle owners from around the world. The survey found several noteworthy global trends as well as regional nuances.

For instance, within the United States alone, 54% of drivers must proactively remember when their vehicle is due for service, compared to a global average of 43%. This means that aftermarket providers in the U.S. will need to step up their game to compete with their counterparts in Germany and Japan.

But proactive reminders for service merely scratches the surface of what original equipment manufacturers (OEMs) truly need to deliver for vehicle owners and users. To match the level of service that consumers expect, vehicle manufacturers must overcome many barriers currently holding them back. From the available touchpoints for communication to the responsibility of the players in the aftermarket ecosystem, consumers want more choice and more effortless experiences across the board. They expect high-quality customer care, service available in a convenient location, and a contextually relevant, consistent experience, no matter where they go.

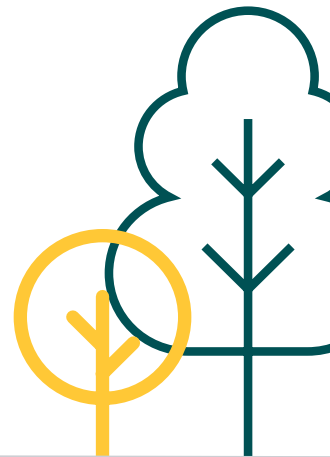
If your organization continues to lag behind consumer expectations and competitor capabilities, we hope the pragmatic insights enclosed in this eBook will help you accelerate your efforts to provide exceptional aftermarket experiences, one journey at a time.

Sincerely,



Steven P. Silver

Vice President, Global Industry Market Leader –
Manufacturing, Automotive & High Tech
Pega



Meet unrelenting expectations for automakers

For automakers, aftermarket services are not only a crucial driver of profits¹, but also a catalyst to transform the vehicle ownership and overall automotive customer experience. For consumers who expect the same types of experiences they receive from their favorite brands like Amazon, Google, and Apple, current automotive experiences often fall short. And that's why automakers are working to make a shift. But the shift from best-in-class product manufacturer and vehicle distributor to extraordinary service and experience provider remains filled with obstacles for most automotive OEMs.

Despite best efforts, most automakers' aftersales teams struggle to keep up with the demands to provide consistently effortless and personalized vehicle and customer service experiences to owners, dealers, and technicians. In an environment filled with disparate legacy systems, disconnected, siloed processes, complex dealer management practices and systems, and boundaries between manufacturer and dealer, there are many obstacles that continue to hinder meaningful change.

To better understand where automakers should focus, we surveyed more than 4,000 vehicle owners from the United States, France, Germany, and Japan to learn:

- **Vehicle owners' current experiences with aftermarket services**
- **Frustrations owners currently experience**
- **Owner preference for advanced service features**

The research suggests that vehicle owners really do expect a lot from automotive companies. They want ease, convenience, and positive experiences. They want to be able to contact providers – dealers or manufacturers (owners don't clearly differentiate between the two) – through the channel of their choice. And that means that aftermarket services providers and the OEM aftersales organizations that support them must strive to provide easy, convenient experiences across all channels, throughout the entire automotive ownership lifecycle.

¹Moody's Investor Service, "Automotive manufacturers and parts suppliers - Global: 2019 Outlook", December 2018 & Ambadipudi, Aditya, Alexander Brotschi, Markus Forsgren, Florent Kervazo, Hugues Lavandier, and James Xing, "Industrial aftermarket services: Growing the core."

Make it easy

What makes for a positive aftermarket services experience?

From the moment that a consumer drives off with their newly acquired vehicle to the moment they resell, trade, return, or otherwise dispose of it, aftermarket services are a critical driver of a consumer's product and brand experience. While brand reputation is a major factor in determining vehicle purchasing decisions, brand is less important than other factors when it comes to choosing a provider for aftermarket services. One in three (33%) consumers chooses a service provider that is the same brand as the vehicle.

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(33%)**

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So, what matters more than the brand when choosing a company for service?

49%

customer service

45%

convenient location

41%

ease of making an appointment



When servicing a vehicle, customer service (49%), location (45%), and ease of making an appointment (41%) proved more important than a service provider sharing the same brand as the vehicle manufacturer (33%), the dealer being the place of vehicle acquisition (30%), or even cost (30%). **When it comes to vehicle service loyalty, rather than sticking with a brand or choosing based on cost, vehicle owners are more likely to choose a service provider that is convenient, easy, and reliable.**

How can automakers make vehicle ownership effortless?

While it's gotten easier over time, owning a vehicle comes with its challenges – from routine vehicle maintenance to warranty and recall issues to dealing with unexpected repairs or roadside events. But just because these issues may pose challenges for the owner or driver, resolving them should not. Automakers, along with dealer fixed operations and vehicle service specialists, should work to ease any disruption, confusion, effort, or economic impact associated with these kinds of challenging ownership events.

For those who encountered an issue while driving, 40% said it was not easy to know what to do to resolve it. Regarding warranty, 39% of owners did not find it easy to determine whether the repair was covered by the warranty, and 60% of drivers had some trouble reclaiming money that was paid out of pocket but should have been actually covered by the warranty.

To simplify vehicle ownership, automakers and dealers must work together to ensure that consumers and dealers can effortlessly solve any issue they encounter. Consumers should have “push-button ease” when encountering and attempting to resolve any challenges. For dealers and independent repair shops, there should be no confusion around how to execute a repair quickly and correctly the first time, every time, anywhere. And in instances where a repair is covered by warranty, consumers should not have to pay for repairs out of pocket, and when they do, it should be easy to quickly recover associated costs.

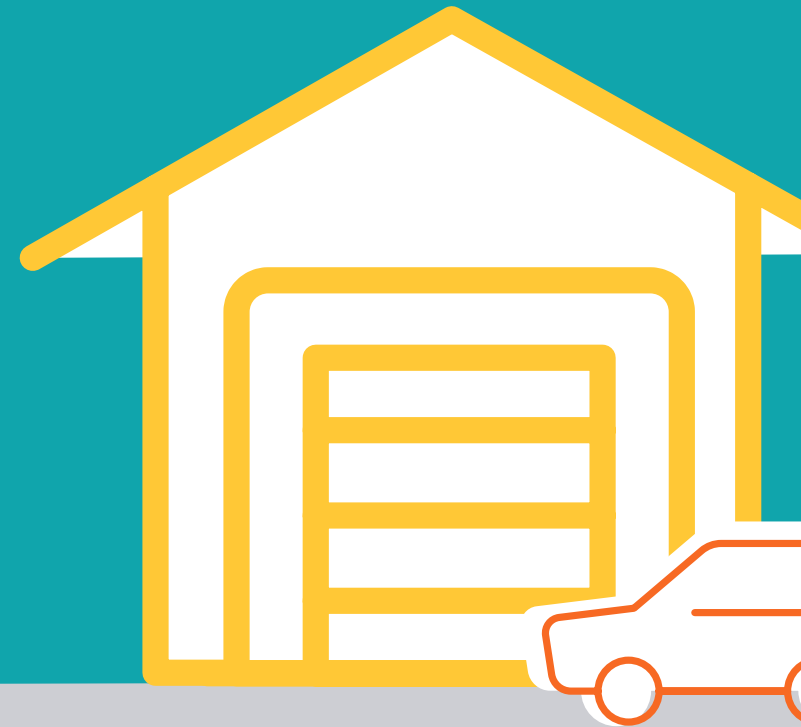
For those who encountered an issue while driving,

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said it was not easy to know what to do to resolve it.

That means automakers must own and organize the data, processes, and experiences across the full ecosystem of aftersales functions and aftermarket stakeholders. By consolidating the data from a vehicle's lifespan across the various stakeholders involved in its upkeep, automakers can provide vehicle owners with instant access to the information and service outcomes they need – whether via mobile app, an in-vehicle system, or any other touchpoint.

When experiencing issues on the road or seeking personal assistance, about half of drivers would like to be able to request help through a mobile app or an in-vehicle system. The other half (46%) of drivers would choose to call the vehicle manufacturer or their representative when experiencing a significant issue on the road. The interest that drivers express in utilizing mobile apps and in-vehicle systems, along with the phone, demonstrates why automakers must ensure that drivers can easily receive the help they need – no matter what channel they use. **And for many automakers, that means that enhancing their digital capabilities for owners and their connected vehicles is a must to keep up with minimum expectations.**



Be proactive

One of the best ways to ease vehicle ownership disruption is to reduce the amount of effort the owner must put into the maintenance of their vehicle. Any effort must shift from busy and often distracted vehicle owners to automakers and dealers – or be eliminated altogether through automation. Rather than expecting owners to remember to schedule their own appointments or to take the initiative to learn about the features of their vehicle, automakers and dealers should be more proactive in communicating with owners.

Since 43% of respondents had to proactively remember to schedule their last recommended service, aftersales organizations, dealers, and service providers are missing out on an opportunity to reduce the burden on the owner (and increase revenue opportunities for themselves). In fact, most owners would prefer not to have to think about service intervals and scheduling at all – 65% of drivers would rather the vehicle manufacturer or dealer contact them, or they receive an in-vehicle alert to remind them it's time for service.



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Owners also expressed interest in receiving proactive messages on how to get more value out of their vehicle. Sixty-nine percent of owners are interested in having manufacturers and dealers reach out to share information with them. The top areas of interest for proactive communication include:

- 1 Software updates and new features available
- 2 How to arrange vehicle maintenance appointments
- 3 How to connect your vehicle to devices and use these features
- 4 How to use “infotainment” features

To proactively engage with owners more effectively, manufacturers and dealers must have the right processes and technology in place to be able to anticipate owners’ needs and interests – and then communicate with them via their preferred channels. This means that the whole ecosystem of aftermarket services stakeholders must be connected, ensuring that no matter how the customer manages, maintains, or services their vehicle, all players and providers have access to a full vehicle history and any relevant insights about the customer or vehicle.





What do owners expect from technology?

As consumer applications in all contexts continue to provide new services and conveniences, vehicle owners demand similar capabilities, information, and value from automakers and aftermarket services providers. While many owners continue to reluctantly rely on traditional means of communication, their increasing interest in digital-first interactions poses a unique challenge. Aftermarket services providers must find a way to make it easy for owners to receive the information they want via any channel or device they choose, and regardless of whether they contact the dealer or the automaker directly.

With expanded channel options, aftermarket services providers must also continue to provide exceptional convenience and access through traditional channels like the phone, while still providing effortless and personalized service levels on newer mobile, social, and other connected touchpoints.

When asked about how they last scheduled a recommended service for their vehicle (think a service appointment triggered by hitting a mileage threshold), 73% of owners called by phone to set up the appointment. When it comes to scheduling a non-urgent repair not covered by a warranty, 65% of owners would still prefer to call to make the appointment. The fact that nearly three out of four customers relied on the phone to book recommended service and more than two in three prefer to call for a non-urgent repair demonstrates that the phone is as critical as ever in conjunction with newer consumer-demanded digital channels.

73%

of owners called by phone to set up the appointment.

When it comes to scheduling a non-urgent repair not covered by a warranty,

65%

of owners would still prefer to call to make the appointment.

In fact, new channels do not eliminate the need for old ones – e.g., it's not an “either-or” choice for aftermarket services providers. It's a “yes, and” requirement for a wider range of touchpoints with consumers demanding access via text messages/push notifications, mobile apps, and in-vehicle systems for various purposes. Specifically, consumers demand:



Text/push notifications

78%

when their vehicle is ready

77%

when a vehicle needs additional repairs



Mobile app

75%

to view vehicle service in a mobile app

74%

to track progress of their vehicle's service via a mobile app



In-vehicle system

74%

booking service appointments

65%

recommendations and availability of local service providers



Ownership goes mobile

As the digital native generation becomes a dominant segment of vehicle drivers and owners, adapting to mobile lifestyles and preferences is a necessity. Even generations of drivers who didn't grow up with mobile devices demonstrate strong interest in being able to connect their devices to their vehicles and use their devices to schedule appointments. And this poses a fundamental modern vehicle ownership challenge – pairing a mobile phone to a vehicle and enrolling in digital ownership services after sale. The majority of drivers (87%) would be

annoyed if they had trouble connecting their mobile devices to their vehicles, demonstrating how important mobile connectivity is to most drivers these days. Additionally, 69% of owners said they would like to use a mobile app to arrange and manage service appointments.

Younger owners, between the ages of 18-34, express even more interest in using mobile apps than drivers 35 and above. More than one in four (27%) younger owners would prefer to arrange a non-urgent repair via a mobile app. This compares to 20% of drivers from 35 to 54, and only 6% of drivers 55 and older.

As the gap closes between drivers who'd prefer to make an appointment by phone and those who'd prefer to book through a mobile app, automakers and dealers must be prepared to provide the same quality of service through mobile channels as they do through the telephone.

This means that automakers must explore ways to augment and extend their traditional customer and dealer touchpoints with speed and agility, without scrapping existing but brittle legacy systems. For some, this may mean adding in an agility layer of capabilities to support constantly changing requirements. For others, it may mean transitioning over time and eventually sunsetting legacy systems in favor of new capabilities that are better architected for modern experiences and operations.

How would you prefer to arrange a non-urgent repair not covered by warranty?

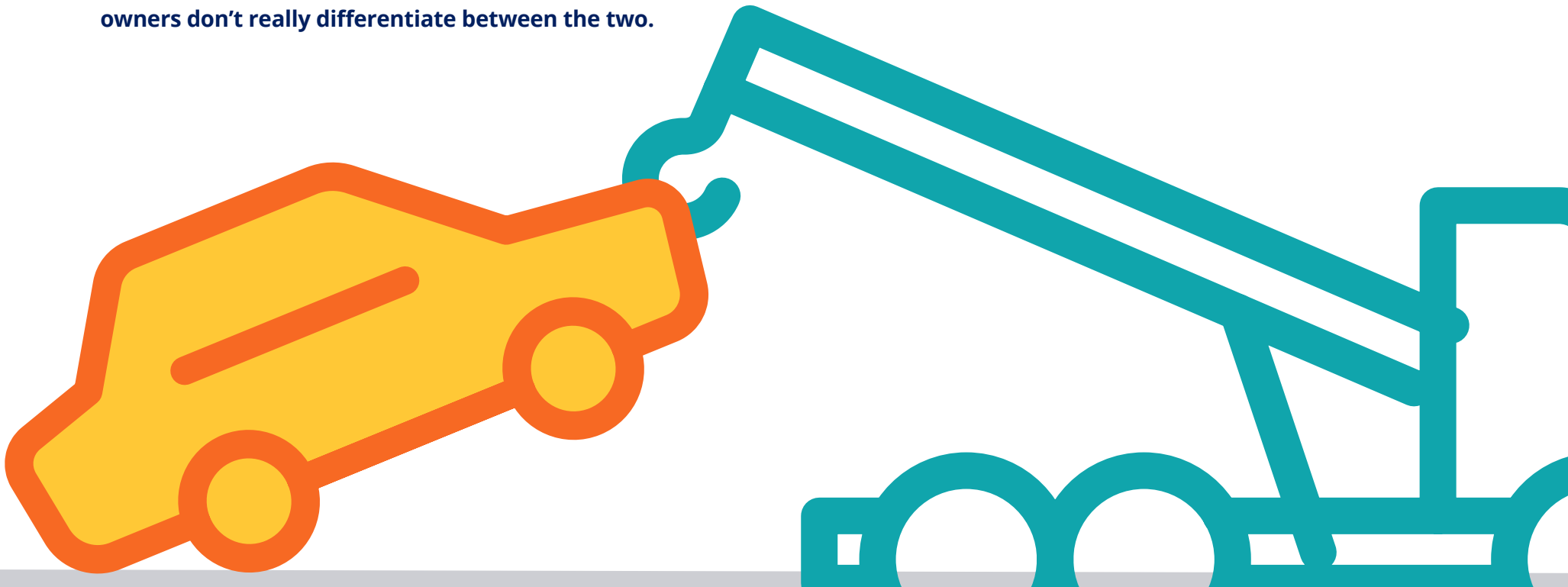
 Make appointment by phone  Make appointment via mobile app



Who's responsible for ownership experiences?

Owners are divided on who from the aftermarket ecosystem – manufacturer or dealer – is the primary provider responsible for the maintenance of their vehicles. When asked about who is responsible for repairs under warranty, 46% of owners said the dealer and 35% said the manufacturer. When asked about who is the primary provider responsible for the vehicle recall process, the divide was even narrower, with 51% saying the manufacturer and 44% saying the dealer. Though owners slightly favor the dealer to handle warranty claims and slightly favor the manufacturer to handle the recall process, the small margins that separate the respondents in both areas make it clear that **owners don't really differentiate between the two.**

More importantly, owners expect consistent, high-quality service no matter where they go. Since owners don't distinguish between manufacturers or dealers, it's critical **to orchestrate the touchpoints, processes, systems, and players across the vehicle ownership and aftermarket services ecosystem. No single player is better positioned than the OEM to fill this role.** With so much at stake – their reputation, the value of their brand, their customers' loyalty, and their dealers' profitability – **OEMs must adopt the right capabilities to ensure great customer outcomes, anytime, anywhere.**



Be the driving force in aftermarket services

With the increasing popularity of rideshare apps and other alternatives, as well as the costs associated with vehicle ownership, automakers and dealers are facing greater pressure and urgency than ever to get their aftersales operations and aftermarket capabilities in order. And OEMs are uniquely positioned to step up into the role of orchestrator to ensure that dealers, technicians, and the other players in the aftermarket ecosystem can consistently provide the level of service customers have come to expect from other consumer brands like Apple, Google, Amazon, and a number of well-known and emerging disrupters in the automotive sector. According to the vehicle owners we surveyed, the biggest takeaways for OEMs are:

High-quality customer service matters most – Nearly half (49%) of owners choose their aftermarket services provider based on the quality of customer service it provides.

Owners want more service touchpoints on the road – Around half of owners would like to be able to request help through a mobile app and an in-vehicle system when encountering an issue or seeking personal assistance while on the road.

Owners prefer proactive engagement – Sixty-five percent of drivers would prefer to receive a reminder from the automaker or dealer when it's time for service.

Owners expect reliable communication across touchpoints – While 73% of owners called to set up their last appointment, more than half of drivers express interest in more advanced communication touchpoints, like text, mobile apps, and in-vehicle systems.

Mobile connectivity is a must – Eighty-seven percent of owners would be annoyed if they had trouble connecting their mobile devices to their vehicles.

OEMs are the driving force in the aftermarket – Since vehicle owners do not differentiate between dealers and manufacturers, OEMs need to play the orchestration role in streamlining aftermarket services to ensure owners consistently receive effortless, high-quality service no matter the service provider.



Looking to learn more about how to meet customer demands in the aftermarket?

Check out these additional resources:

GM delivers exceptional connected experiences everywhere...One decision at a time

Pega for Automotive

How agile are your aftersales?

Connected aftermarket services

Using machine data to build connected aftermarket services that drive revenue

Methodology

All figures, unless otherwise stated, are from Savanta Group Limited, a global intelligence business. The research was conducted using an online survey method, and the 4,130 surveys were conducted across the United States, France, Germany, and Japan. Those herein referred to as “owners” or “drivers” refer to all respondents who are drivers responsible for the maintenance of their vehicles.



About Pegasystems

Pega delivers innovative software that crushes business complexity. From maximizing customer lifetime value to streamlining service to boosting efficiency, we help the world's leading brands solve problems fast and transform for tomorrow. Pega clients make better decisions and get work done with real-time AI and intelligent automation. And, since 1983, we've built our scalable architecture and low-code platform to stay ahead of rapid change. Our solutions save people time, so our clients' employees and customers can get back to what matters most.

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