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# NEWS

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- National Right to Repair Agreement Reached
- Aftermarket Telematics Solutions Protect Consumer Choice

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## AFTERMARKET TELEMATICS SOLUTIONS PROTECT CONSUMER CHOICE

Each year, thousands of cars roll off manufacturing lines. Today, most include embedded telematics systems (like OnStar) standard or as an option. Over time, this will enable original equipment manufacturers (OEMs) to “own” consumers. This presents a significant threat to automotive aftermarket companies.

A car’s brake light goes on. The onboard computer sends notice to the local dealership’s service department. An email is triggered, reminding the consumer to get their brakes checked. No response? A discount goes out, incentivizing the consumer to come in. All automated. All locking the aftermarket out from interacting with the consumer at the moment of choice.

The vehicle service market is estimated to be worth about \$1.8 trillion annually. This sum will become increasingly difficult for aftermarket service providers to tap into as OEMs gain control of vehicle data.

“The growth of embedded vehicle connectivity systems by auto manufacturers is a tangible threat to the aftermarket automotive service and parts industry,” says Scott Lockett, Chief Information Officer for the Automotive Aftermarket Industry Association (AAIA) based in Bethesda, MD. He adds, “the aftermarket industry must develop effective ‘connected car’ alternatives to assure that drivers have a real choice when it comes to auto repairs, maintenance and parts.”

Luckily for the aftermarket, most OEM systems bear a three-part price to the consumer: *cash*, as many systems have monthly or annual fees; *control*, as consumers’ rights to their data gradually erode; and *choice*, as consumers may get a better deal by going elsewhere for service.

The key to the aftermarket’s future is to tap into the consumer’s desire for *choice* – people like options and Americans hate the thought of being manipulated. If it can tap into consumers’ desire for *choice* while also saving them *cash*, then the automotive aftermarket will have a winning solution.

There are several solutions available today. They fall into two camps mostly: Hardware-based systems and smartphone-based solutions.



Hardware-based systems include the Progressive “Snapshot” dongle. The hardware device plugs into the vehicle diagnostic port and keeps track of mileage, and how often the driver slams the brakes. Verizon Telematics also has a hardware-based system called In-Drive for driving data, vehicle diagnostics, incident alerts, roadside assistance and stolen vehicle location.

The aftermarket could partner with these existing hardware options, or create their own version of a dongle to access consumer data. However, hardware-based systems can be costly to operate because they involve manufacturing, distribution and connectivity charges.

Smartphone-based solutions are less costly to initiate and maintain, and enable immediate two-way communication with consumers. One example is Vehcon Inc.’s smartphone application. Vehcon is able to provide accurate odometer readings and where a car operates, critical components for routine maintenance and parts replacement, features that hardware plug-ins can’t provide reliably or affordably.

Vehcon’s app has no hardware costs, provides real-time car and consumer data, enables location-based offers and works on every car. This enables the right offer, at the right time, in the right place. At a lower cost.

Three areas of concern for aftermarket providers to consider are implementation, transparency and privacy.

For consumers to use a hardware-based product, implementation must be easy. Plug-in systems are reliant on consumers to in-

stall. With smartphone solutions, however, after a consumer downloads a smartphone application, they are enrolled in data collection almost immediately.

In terms of transparency, if the aftermarket partners with an existing hardware-based solution, both companies need to alert consumers that their data is now going to an additional party. The smartphone app, by very nature of requiring a download, is assured consumer approval.

Consumers are also wary of overt invasions of privacy. Plug-ins capture driver behavior like speed and hard stops and starts, which can be seen as invasive “tracking devices.” Smartphone solutions like Vehcon’s do not chronicle the driver’s every move. They offer all the data that aftermarket service providers need to make smart business decisions and target customers without overly invading the privacy of the driver.

There’s no need to fear the potential OEM lockout of the aftermarket if automotive aftermarket service providers proactively address the issue today. Whether you are considering a hardware-based system or a smartphone-based solution, building a consumer base and behavior takes time. Each auto services provider should be exploring its options today to better prepare for tomorrow.

### ABOUT VEHCN, INC.

Vehcon Inc. extracts data from vehicles using smartphone technologies, enabling consumers to lower the total cost of vehicle ownership. The company’s patent-pending solutions capture predictive data, such as odometer readings

and area of operation, and provide a platform for communicating offers from its marketing partners back to the consumer. Founded in 2012 by innovators in vehicle telematics, mobile data analytics and mobile applications, Vehcon Inc. is headquartered in Atlanta, GA. For more information, visit [www.vehcon.com](http://www.vehcon.com).



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**To learn more about telematics, attend Scott Lockett’s seminar at the 2014 AASP-MN Annual Meeting & Convention.**

