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Audatex

An Extra Hour in the Day

A Focus on Future Proofing Sources of Repair Work

How can tech fix inefficiencies that are slowing down the vehicle repair industry?



It was said by American Business Executive, Jack Welch that *“The leaders job is to look into the future and see the organisation not as it is but as it should be.”* This outlook is now

particularly important as we operate in the midst one of the biggest periods of transformation for businesses across all sectors, driven by technology and the shift from product-centric to service-centric business models.

As well as advancing vehicle technology, car insurance customers are largely driving this move to service-centric business models. Today, service expectations are rising due to the vastly evolved retail experiences we have all come to expect as standard. For example, PWC found that in 2018 over 40%¹ of online shoppers said they would pay an extra charge for same day delivery and a quarter of respondents said they would dip into their wallets to be sure of getting their packages within a one- or two-hour window of their choosing.

Similarly, lengthy delays, a lack of transparency and phone-only communication does not cut it for today’s drivers during the vehicle repair process. Audatex’s recent research into customers perceptions of making a motor insurance claim found that **61% of respondents would like to be continuously up to date at every stage of the claims process**².



Following this, Audatex next set out to analyse how inefficiencies in the vehicle repair sector can be resolved through technology and ultimately improve customer service. The *An Extra Hour in the Day* research explores how tech can drive efficiency by automating processes, enabling employees, retaining and better sourcing repair work and building better supplier relationships. In this report, future proofing sources of repair work will be highlighted and analysed.

1. <https://www.pwc.com/gx/en/industries/consumer-markets/consumer-insights-survey/delivery-expectation.html>
2. <http://www.audatex-insight.co.uk/portal>

How are vehicle repair businesses currently sourcing work?

In the research, a panel of bodyshop owners were questioned on their current main source of business. The results show that the most common sources of repair work are from insurance companies (70%) and off the street (58%). 30% also came from other work providers.



Now that it is clear where work is currently sourced from, it is important to next analyse how this may change going forward and the key considerations which should be made by vehicle repair businesses, in order to meet end-customers needs and remain competitive.



It will come as no surprise to bodyshops and vehicle repair businesses across the country that the main source of work is through Insurers and off the street.

However, industry leaders predict this business stream is likely to shift towards fleet and work providers such as accident management businesses over the next few years and businesses need to futureproof and be ready to manage this. Fleet is expected to increase rapidly as car ownership declines and drivers opt for cheap and convenient alternatives, such as pay-per-mile car rental services like Zipcar and GoCarShare.

The shift in car ownership is also being altered by car hailing services and apps. Toyota has reacted to this and recently announced a £500m investment³ into self-driving cars for Uber's car-sharing network.

Work providers as a source of business is also expected to increase as businesses across the UK lease more cars than ever before to both executives and non-executive employees.

Nearly 300,000 cars and vans were leased to UK companies at the end of 2017⁴. One of the main benefits of business leasing is flexible contracts, as well as tax incentives, making it a convenient and affordable option.

As well as the increase in fleet and work providers, creating jobs, small accident repairs or 'off-the-street repairs' are expected to decline. This is due to the new technology making driving much safer, e.g. advanced driver-assistance systems (ADAS). By 2020 it has been predicted that 40% of all vehicles on UK roads will be fitted with ADAS⁵. It is also expected that this will impact sources of work that are either non-fault or from insurance companies.

Additionally, a final consideration in preparing for changing sources of repair work is that manufacturers are becoming increasingly more particular in who repairs their cars, with new technology requiring specialist skill sets and tools to carry out the work. This highlights how it is more important than ever to ensure that both staff are given the necessary training and systems are future proofed.

3. <https://www.bbc.co.uk/news/business-45324753>

4. <https://www.fleetnews.co.uk/blog/is-vehicle-leasing-the-right-option-for-your-business>

5. <https://www.nationalwindscreens.co.uk/news/post/2016/12/07/ADAS-means-improved-safety-but-only-if-the-systems-can-be-maintained-correctly.aspx>

Ensuring vehicle repair businesses futureproof for changing sources of work

Given that the sources of repair work are likely to change soon, it is fundamental for bodyshops to think more strategically in terms of their service offering, as well as ensuring that their systems are up-to-date and operating efficiently.

One way to ensure a steady flow of work is through building strong customer relationships, with the businesses which are going to be vital in providing work in the future – such as, fleet owners and leasing providers. At the moment, most communication is done over the phone, but a successful customer relationship management (CRM) strategy ensures engagement with both end-customers and the work providers via a multi-channel approach of digital and traditional formats, such as email, social media and telephone.

How do you engage and follow up with customers?



Investing in a high-quality CRM system can take quality levels and customer satisfaction to new levels because:

- Every interaction with every customer is recorded and stored for future reference
- Customer updates can be automated – Ensuring that the status of each vehicle is automatically shared with customers via their preferred method such as text or email
- The reporting of complaints or problems can be streamlined and the system can even prompt action
- Daily tasks are automated through allocation of jobs to technicians

A strategic move in this direction, away from the sole reliance on telephone, should see greater customer engagement, loyalty and satisfaction – all of which are crucial factors in profitability and growth.

With so much uncertainty in the market, from changing vehicle technology to shifting work sources, it is important to remain focused on the most important output vehicle repair businesses provide – quality. This attribute runs through repairs, customer service, staff and it is also important to ensure that the systems being used meet up to this vital attribute, in order to maximise customer retention and optimise sourcing new business.

Audatex's *An Extra Hour in the Day* research was conducted by Coleman Parkes in 2018 with 250 independent and franchised bodyshops across the UK. The research delves into the changing nature of the vehicle repair industry and the impact technology is having on businesses achieving their goals.



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