FROST & SULLIVAN

50 Years of Growth, Innovation and Leadership

Key Considerations for Self-Service Portals Driving Success for Automotive Aftermarket Suppliers

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INTRODUCTION

Self-service portals are widely used for a number of business-to-consumer (B2C) and business-to-business (B2B) applications, ranging from customer service, to e-commerce, to supplier and partner support applications. These portals allow businesses to automate routine customer interactions such as online ordering, delivery tracking, invoice payment, technical support, and other account management functions. They also allow businesses to automate routine supplier and customer transactions such as invoicing, payments, shipping and delivery, product information, and other business transactions.

Automating these interactions as opposed to manual processes helps achieve substantial efficiency gains and cost savings. It also helps drive greater customer and supplier satisfaction, business agility, and revenue growth. However, poorly implemented automation can be worse than no automation. It may not just increase manual intervention to resolve the issue and defeat the purpose of automation, but may also lead to customer dissatisfaction from the entire experience, resulting in customer churn and lost revenue. Therefore, service organizations must focus on effective automation, not just any automation for the sake of it.

The nature of customer and supplier interactions for a company varies based on a number of factors, such as company business, type of interaction, customer preferences, location, time of day, contact access, complexity of the interaction, etc. Service organizations generally support various contact channels such as retail locations, phone, fax, e-mail, chat, and Web self-service. The principal business imperative for service organizations continues to be delivering superior service while reducing costs. To that end, they try to optimize contact channel usage to help achieve the stated business goals and objectives.
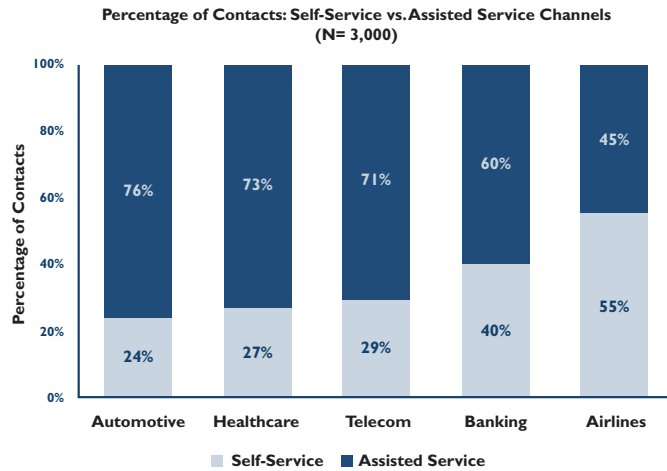
AUTOMOTIVE AFTERMARKET INDUSTRY CHALLENGES

With shrinking margins on products and ever-increasing competition from global suppliers, automotive aftermarket suppliers are challenged with differentiating on superior customer service, while reducing operational costs, to remain competitive in the marketplace. For most suppliers, service delivery costs continue to remain high due to high manual intervention in processing supplier orders, customer orders, and related inquiries and support.

Companies in this industry should prioritize implementing effective self-service solutions that help reduce service costs while improving service levels and customer and partner satisfaction.

When benchmarked against other industries, Frost & Sullivan research shows that the automotive industry lags behind a number of other industries in its adoption of self-service. As shown in Figure 1 below, its usage of self-service ranks the lowest in comparison to select other industries, notably banking, telecom, and airlines, some of the early adopters of self-service.

Figure 1: Self-Service vs. Assisted Service Usage by Industry

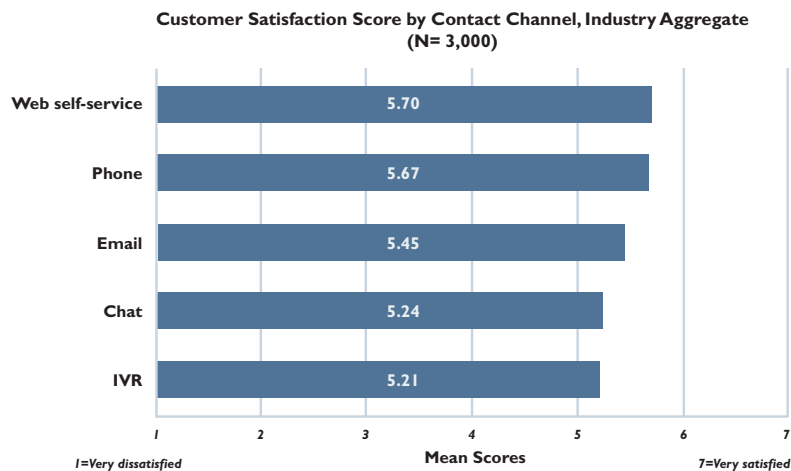Percentage of Contacts: Self-Service vs. Assisted Service Channels (N= 3,000)

Source: Frost & Sullivan analysis

Companies in the automotive aftermarket industry segment are weighed down with inefficient customer service processes and stand to gain significant cost savings and other business benefits by driving more interactions through self-service channels.

Among the following customer contact channels—telephone (live agent), e-mail, chat, IVR, and Web self-service—the average cost per interaction is highest for telephone (live agent) and lowest for Web self-service. Companies in a number of industries have therefore tried to increase automation rates and drive their customers to use Web self-service channels as much as possible. Some industries have been particularly successful in not just increasing Web self-service usage, but also making it the most effective channel in terms of customer satisfaction.

Figure 2 shows customer satisfaction scores for various contact channels aggregated across the industries benchmarked in the referenced Frost & Sullivan study. The survey findings indicate that Web self-service delivers the highest customer satisfaction among all contact channels. Implementing effective Web self-service solutions should therefore be a high priority for service organizations.

Figure 2: Customer Satisfaction by Contact Channel

**Customer Satisfaction Score by Contact Channel, Industry Aggregate
(N= 3,000)**

Contact Channel	Mean Score
Web self-service	5.70
Phone	5.67
Email	5.45
Chat	5.24
IVR	5.21

1=Very dissatisfied   **Mean Scores**   7=Very satisfied
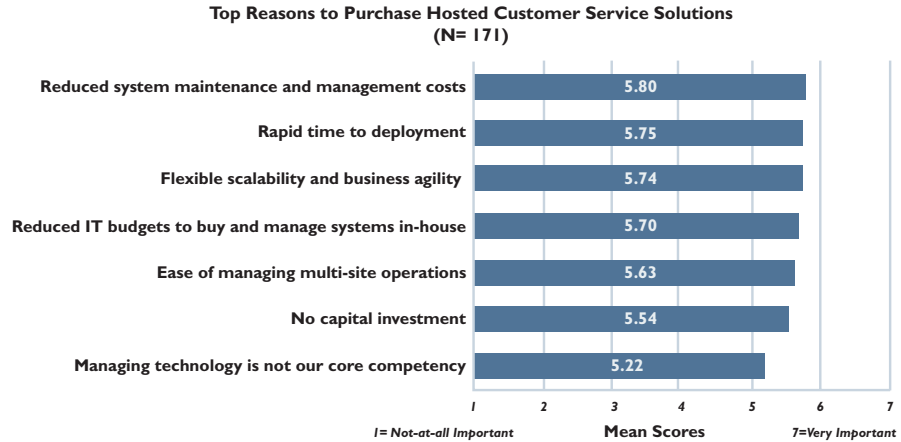
Source: Frost & Sullivan analysis

BUSINESS DRIVERS FOR THE HOSTED MODEL

Companies use various systems and applications to manage their business relationships and interactions with customers, suppliers, and partners. These systems can either be owned and managed in-house or owned and managed by a service provider and delivered as a hosted service.

The hosted delivery model offers customer service organizations a number of benefits over owning and operating the technology infrastructure in-house. Routine system maintenance and management activities that add little value to your organization, but can consume a significant proportion of IT staff time, are now handled by the service provider. Especially in cases where your customer service organization is distributed across multiple sites and locations, this helps realize substantial cost savings. At the same time, it also helps achieve greater flexibility, scalability, agility, and responsiveness for your service organization, delivering increased customer satisfaction and competitive advantage.

Figure 3 below shows the top reasons customer service organizations choose the hosted delivery model over premise-based deployment. Note that the top business drivers are not just related to shifting the costs from capex to opex as commonly perceived, rather, they are tied to overall cost reduction, faster deployment, ease of use, increased flexibility, and business responsiveness to changing customer needs.

Figure 3: Top Reasons to Buy Hosted Customer Service Solutions

Top Reasons to Purchase Hosted Customer Service Solutions
(N= 171)

Reason	Mean Score
Reduced system maintenance and management costs	5.80
Rapid time to deployment	5.75
Flexible scalability and business agility	5.74
Reduced IT budgets to buy and manage systems in-house	5.70
Ease of managing multi-site operations	5.63
No capital investment	5.54
Managing technology is not our core competency	5.22

1= Not-at-all Important   **Mean Scores**   7=Very Important

Source: Frost & Sullivan analysis

CONCLUSION

Self-service presents a significant opportunity for service organizations to reduce operational costs while achieving higher customer satisfaction, business agility, and revenue growth. Its usage in the automotive aftermarket industry segment is relatively low when compared to many other industries that have successfully leveraged the model. Therein lies the opportunity for automotive suppliers to drive more customer and supplier interactions through self-service channels. Among various contact channels benchmarked, Frost & Sullivan research finds Web self-service to have the highest customer satisfaction. Implementing effective Web self-service solutions should therefore be a high priority for service organizations.

However, developing, integrating, and maintaining these solutions may not be a core competency for many companies. Moreover, with competing priorities for IT spend, this effort may take much longer to develop and deploy in-house and add considerable maintenance overheads for an organization. The opportunity at hand for service organizations is to deploy a hosted and fully managed Web self-service solution, reducing costs while enabling greater flexibility, agility, and responsiveness for your customer-, supplier-, and partner-facing organizations, thereby driving greater customer satisfaction and revenue growth.

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