Automotive distribution research, insight, implementation

ICDP Spring Meeting 2019

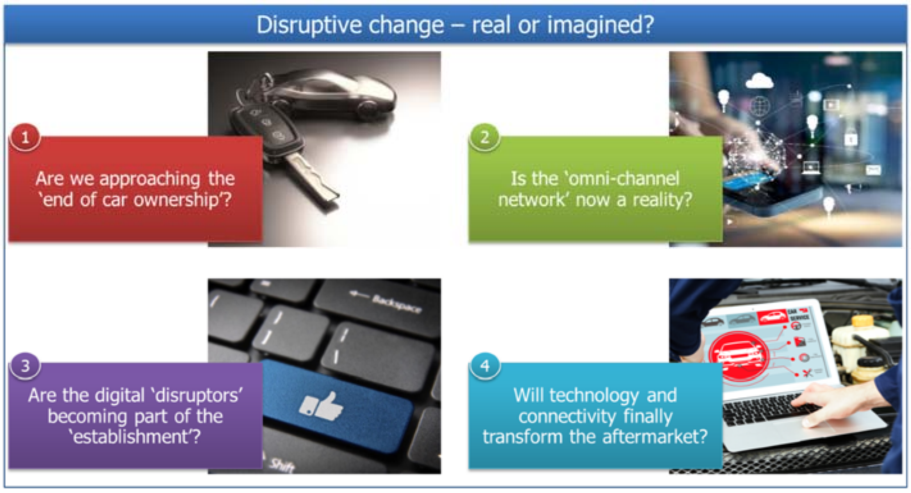
# Disruptive change: real or imagined?

## Tuesday 19th and Wednesday 20th March 2019
## Radisson Blu Hotel, Berlin, Germany

- Presentation, debate, and case studies will bring to life some of the key elements of the future distribution environment
- Guest speakers will challenge our thinking, and share their visions for the future
- The opportunity to review the range of topics from ICDP's current research year

ICDP's Spring Meeting brings together the full range of topics we have been covering during the current programme year, alongside guest speakers, ample networking opportunities during the day and at dinner, and case studies of solutions we believe are relevant to the future of distribution. It is the highlight of our year, and offers insights and value to all players. We strongly encourage broad participation from programme members to get the best value from the meeting, and the connections we will make between the different topics.

Our 2018-2019 programme has focused on the theme of 'disruptive change: real or imagined?' We have been looking back at some of the predictions made over the past few years by the industry and its commentators about the ongoing transformation of the traditional car ownership model, of the roles of the different players involved, and of the supporting retail and aftersales channels; can we conclude that the sector has indeed been irrevocably 'disrupted'? And we have been combining this with our regular, forward-looking research to build our updated, uniquely grounded vision of the industry's future, and of what it should do to prepare for the challenges ahead. The Spring Meeting will summarise our findings from throughout the year, but will also update them with the latest developments, and will address and debate challenges and questions that have been raised with us by members and others. Key themes that will be covered include:




We are structuring the two days to provide multiple opportunities for discussion and debate around the issues raised, with scheduled break-outs, plus the opportunity to hear from, and question, our guest speakers who are challenging the sector's status quo.

We are pleased to be returning to the wonderful city of Berlin, and to the Radisson Blu Hotel in Karl-Liebknecht-Strasse. The hotel is situated between Alexanderplatz and Museum Island, with many of the sights of the historic city within easy walking distance. We look forward to seeing you in Berlin in March!

## Programme

The meeting programme will involve a mixture of presentation, debate, case studies and multimedia, in order to summarise, bring to life, update, and challenge our research findings around the future distribution environment. Throughout both days, there will be opportunities for discussion.

## Day 1: Tuesday 19th March

1.30 p.m. Coffee on arrival and registration

2.00 p.m. Welcome and introduction

**For most customers, the 'end of car ownership' is not on the agenda**

As a buzzword, 'mobility' is now ubiquitous, but it is not new. Predictions of the growth of alternatives to individual car ownership have extended from car-sharing to MaaS (mobility as a service). Finance products too have evolved from traditional leasing and rental towards fractional ownership and subscription models. We have examined these trends and surveyed consumers across Europe, and found industry 'hype' still running some way ahead of market readiness

- Over the next decade, the most significant effect of autonomy (other than in the crash repair business) may be to encourage drivers to drive more than they would do without that support
- The growing range of mobility services will not see individual cars removed from customers' driveways, but more flexible forms of finance could become the norm
- Aiming subscription models at a super-premium customer demographic maybe missing the main opportunity; the one third of buyers who are unengaged and treat the car as a domestic appliance

**News from ICDP**

5.30 p.m. Close

6.30 p.m. Meet for cocktails

7.15 p.m. Dinner

**Throughout the meeting: optional 'build your own' sessions**

If you would like to review recent workshop and webinar outputs on any particular in more detail, please let the research team know, and we will do our best to arrange a 'mini-session' for you

## Day 2: Wednesday 20th March

8.30 a.m. Welcome and introduction

**True 'omni-channel' remains elusive, at least for new cars**

As customer usage of online resources as part of their car or aftersales buying journey has grown over recent years, so has the need for resources, processes, systems, and data to be joined-up across online and offline channels and operators to deliver a 'seamless' customer experience from a more tightly-integrated network. We have been looking at the progress (or lack of it) towards the 'omni-channel' goal, against the backdrop of how networks continue to evolve. We have seen scale growing more critical for players of all types, and have suggested that a more multi-facetted approach to future networks might help to achieve it

- 'Omni-channel' is being developed as islands; the joined-up thinking required to deliver truly 'seamless' customer journeys is not yet in evidence
- Many networks still feature too many investors with overlapping areas of influence, and so intra-brand competition that increases pricing pressure and sensitivity around data sharing
- Continued over-investment in current retail-level facilities is clouding the view of what future network roles, rewards, and returns should be
- A renewed focus on central stocking and ordering process discipline is needed for effective fulfilment in an 'omni-channel' approach

**The digital 'disruptors' are dependent on today's business model, and are not trying to replace it**

Across sales and aftersales, the growth of third party digital channels and platforms has been a major feature of recent years, bringing information transparency, creating innovative services around their ability to leverage data, and changing the balance of power within existing channels. We have been looking at some of the successes and failures, both within and outside the automotive sector, and have concluded that, at least within Europe, the full extent of the predicted disruption from third party platforms has yet truly to materialise

- The 'disruptors' will continue to meet a real customer need for information and an easier process; even if individual companies fail, others will fill the need
- For as long as the retail model remains margin-based, there will be a role for 'disruptors' in providing price transparency, and so a risk of price erosion
- Because they still control the business model, OEMs would be better served by trying to meet the needs of customers directly, rather than trying to defend against the 'disruptors'

12.30 p.m. Lunch

**Pressures on the aftermarket are increasing due to technology and connectivity**

Against a backdrop of declining repair and maintenance volumes, competition between the OEM-franchised and independent sectors has been growing ever-fiercer as electrification, connectivity and eventually autonomy are added into the mix. We have been looking at what will the coming changes to the aftermarket mean for customers, both individual and fleet, and for the providers of service and spare parts; core themes are emerging around the growth of 'managed' aftersales, the need for greater format diversity in OEM-franchised networks, and significant consolidation in the spare parts distribution sector

- More cars under active 'management' will result in more decisions for aftersales work being taken by well-informed professionals rather than individual drivers; does this mean the end of the 'up-sell', and a reduction in parts choice?
- As EV penetration grows, will any brands break rank and align their aftersales network and offer around the true service needs of the vehicles?
- Connectivity will take on more significance as a channel for delivery of service actions such as over-the-air updates (OTA), than as a means of prompting service through a physical channel

**The crash repair market faces dramatic changes, beyond the reduction in market size**

The crash repair business faces a 'perfect storm' of declining demand as accident rates continue to fall, and rising costs as a result of new materials, technologies, and skills requirements. Our research has predicted a 17% real terms decline in market value by 2030 in the 4 largest European markets alone, driving the relationships between different players, and a further shake-out of repairers

- More technology in all parts of the vehicle will raise commercial, safety and regulatory challenges around the 'right to repair' for different types of player
- This will drive a 'rolling segmentation' of repairers as smaller, generalist bodyshops find it harder and harder to repair younger cars
- The growing risk of incorrectly-repaired cars could mean that the societal benefits of ADAS technologies are either not achieved, or prove much more expensive to achieve than anticipated

3.35 p.m. **Conclusions**

3.45 p.m. Close

The meeting will conclude in time for you to catch early-evening flights from either of Berlin's airports, or trains from the nearby mainline stations

# Booking

The package price for attending this event is €625 excluding VAT. Bookings can be made via Jane Trace in the Project Office – janetrace@icdp.net – or online via the event page on our website

Accommodation should be booked directly with the Radisson Blu Hotel (or another hotel of your choice) and is not included in the ICDP package. The hotel is pleased to offer ICDP delegates a special rate of €169 B&B plus city tax for the night of Tuesday 19th March – this will be available (subject to availability) up until 18th February. Please quote ICDPMARCH19 when making your booking, and email reservations.berlin@radissonblu.com



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