

Retail aftermarket



Deliver an exceptional (and profitable)
customer experience





Retail aftermarket

Retailers of all sizes rely on the aftermarket to help drive a profitable business model. Focused on providing customer service after a sale, the retail aftermarket involves the management of warranties, returns, repairs, and replacing goods purchased by consumers in a retail store or online.

Since every consumer could be a recipient, the potential customer base accessing aftermarket service is vast. From initial contact with the consumer to the resolution of the work—be it a repair or a replacement—you must manage the issue as quickly and cost-effectively as possible while delivering a consistently positive customer experience.

This paper examines the astounding scope and complexity of the retail aftermarket, the challenges you face as a retailer to deliver an exceptional customer experience while remaining profitable, and the vital role technology plays in helping you achieve these outcomes.

A growing industry

Retail sales are an essential part of the world economy. In 2021, total retail sales in the US grew to \$6.6 trillion, the highest recorded calendar year, representing a 52.6% increase in less than a decade and an 18% increase year-over-year.

In the UK, we see a similar upward trend, with £422.5 billion in retail sales value in 2021, up from £402.9 billion in 2020.

The advent of retail aftermarket service is best reflected in the business model of North American retailer Sears. Founded in 1886 as the R.W. Sears Watch Company in Minneapolis, MN, the company sold watches by mail-order, an early example of remote, "online" sales. In 1887, the business relocated to Chicago, adding a new partner, Alva C. Roebuck, to provide watch repair services.

From here, the Sears product line and related services expanded rapidly beyond watches, with the ubiquitous Sears catalog growing to 322 pages in its heyday.

Although the retailer has had many ups and downs, it remains in business, with its aftermarket model an integral part of the company. Sears continues to sell warranties on its merchandise, providing repair services and parts for automobiles and household items such as appliances, electronic equipment, and home heating and cooling systems.



\$6.6^{tn}

2021 retail sales in the US

The upside of aftermarket services


By selling extended warranties on goods and providing repair and replacement services, retailers achieve higher profit margins while extending and strengthening customer relationships beyond a single transaction.

In a recent retail consumer study, customers reported they were 47% more likely to choose a brand that offers extended warranty product protection. Additionally, 32% said they would not make a purchase if the brand didn't provide a plan.

Aftermarket services benefit retailers from healthy profit margins, increased average order size, and greater customer loyalty.

The business model

Aftermarket services are as varied as the retail businesses that utilize the model. The general sequence of events is relatively simple, with a customer interaction kicking things off, followed by reverse logistics and other activities on the back end to carry out the work.



47%

Consumers are more likely to choose brands that offer product protection plans

Reverse logistics	Financials	Spare part logistics
Configuration	Claim management	Operational monitoring
Contact center	Contract & warranty management	
Repair center	Installed base manaegment	Field service
	Integration	

Example of a standard aftermarket model

There are multiple workflows to follow, depending upon the contract or warranty and the goods. For example, a consumer's smartphone isn't working, so the customer reaches out to the contact center. A remote service technician may walk them through some basic fixes. If this doesn't work, they will need to ship or bring the phone to you for repair.

Depending upon the agreement, the consumer may pay for the repair themselves. Perhaps the work is covered (with or without a loaner device). Or they may be entitled to a brand-new replacement. You must be able to support all of these scenarios. And this is just the front end.

Authorization is required, determining where the phone will be sent, who will repair it, what is covered by the OEM warranty versus an extended warranty versus no warranty, and numerous other considerations.

A different service model is required to manage larger goods, for example, kitchen appliances. In these instances, if remote triage does not resolve the issue, you must dispatch a technician to perform the service onsite.

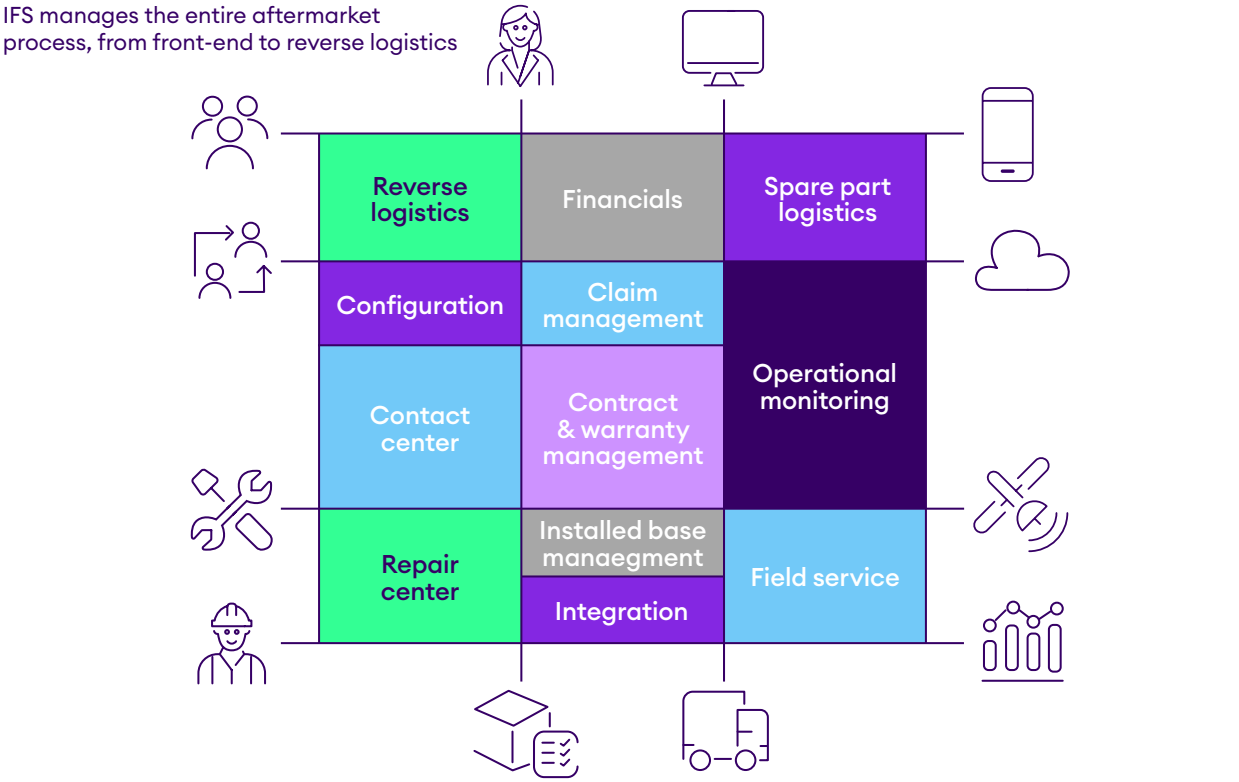
Tracking all these moving pieces while protecting your profit margin and ensuring your customers are satisfied is a significant challenge.

Technology-enabled practices

To keep your business profitable, you must continually examine and adjust your infrastructure and workflows to optimize efficiency. Most retailers are shifting away from multiple legacy software solutions, instead standardizing on a single platform capable of supporting such a complex model.

Many technology vendors focus on front-end requirements such as customer interactions and ticket logging. IFS Service Management helps you manage the entire spectrum, providing an incredibly agile rules engine and decision matrix to automate each step of the process, connecting front-end activities with complicated reverse logistics on the backend.

IFS manages the entire aftermarket process, from front-end to reverse logistics



The retail aftermarket workforce

Retailers must manage returns, repairs, and upgrades for various physical and digital products. A similarly diverse base of employees is needed to carry out the work.

For example, in the US, there are over 20 refrigerator and freezer manufacturers. A retailer could carry any or all of these. And this is just one product type. Factor in all the other types of appliances, electronics, automotive, and other consumer goods, and the service options are endless.

Finding specialists with broad knowledge and experience to support all of these scenarios, especially during a global skills shortage, is a challenge.

It's no surprise that many retailers manage workforces in the thousands. Organizing such a vast group with insight into individual skill sets and credentials is challenging to scale.

Optimizing the workforce

The biggest cost center within the retail aftermarket is the people. Like all service organizations, how you manage these valuable resources is critical to the business's success. IFS simplifies the coordination of these many moving pieces. Here's how we help:

Administration

Using the comprehensive IFS Service Management platform, your workers avoid repetitive and time-consuming administrative work. Instead of a human, the technology manages these processes. For example, authorizations, financial and warranty check logic and chargebacks, contract management, confirming service terms, coordinating field service technicians, shipping, repair and return workflows, parts management, recycling, and so on. IFS also helps with direct-to-consumer agreements, entitlements, and SLAs.

By offloading these complicated administrative tasks from your workforce, you can dedicate these resources to higher-value work.

With the right technology managing all variables, the business also avoids leakage. This occurs when the retailer absorbs repair costs simply because they could not track the work and charge it back to the OEM under warranty.

With IFS, associated data and outcomes are retained and integrated with relevant backend systems, including warranty reimbursements, updated parts inventories, proper material recycling and disposal management, logging/charging technician time, and other information.



Achieving efficiency savings

A global designer and manufacturer of retail fixtures within the display industry chose IFS to replace their in-house solution. After implementing IFS Field Service Management (FSM), Customer and Repair Portals, and FSM mobile, the company achieved £900K in targeted efficiency savings in year two, well ahead of their three-year goal of £1M. Today, IFS technology provides critical support across the entire business, including for projects, installs, decommissioning, maintenance, reactive calls, return to base, repair, as well as a full logistics fulfillment process for customers.

Scheduling, planning, and routing for onsite visits

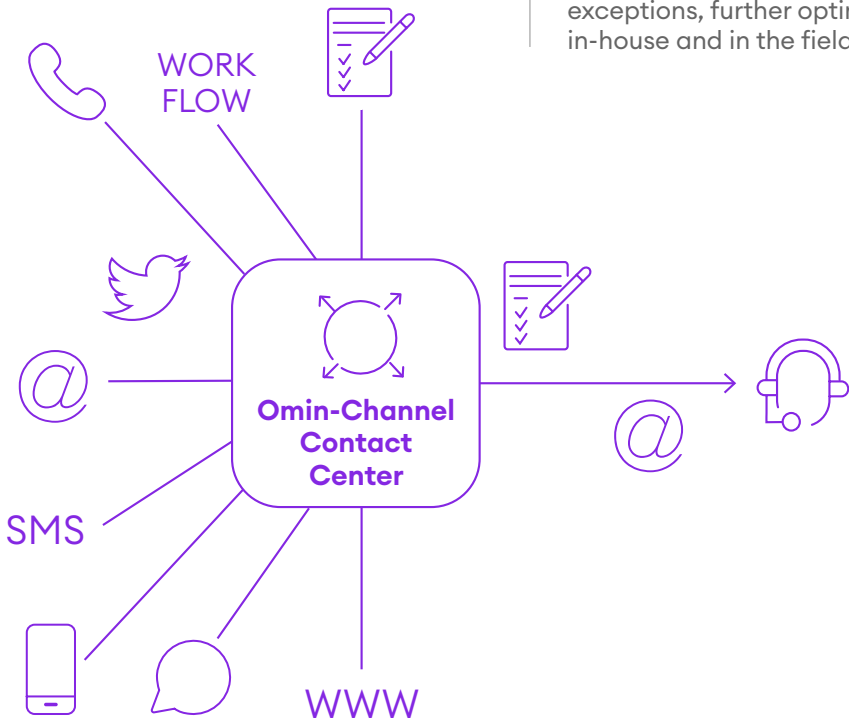
The retail aftermarket focuses almost exclusively on break/fix scenarios, with onsite visits required for larger goods such as home appliances.

This reactive model is triggered by the consumer who makes contact in person or remotely.

With heightened consumer expectations for a flexible and personalized interaction, IFS Customer Engagement technology provides an omnichannel engagement model.

Once a service ticket is created, a technician is assigned. IFS Service Management utilizes powerful artificial intelligence (AI), machine learning (ML), real-time data, and automation to help drive valuable efficiencies in planning, scheduling, and routing. Proprietary algorithms are executed in milliseconds to identify the best-fit technician, the fastest routes, and other critical factors.

Of particular value is the ability of the IFS technology to adjust the schedule based on real-time activities. For example, if a technician completes a job sooner than anticipated, the scheduling engine dynamically shifts the timeline, incorporating additional jobs if possible. Given the unknown nature of each service call, this automated approach to scheduling allows your planners to focus on exceptions, further optimizing productivity in-house and in the field.



Event

The customer makes contact to request service



Order

A work order is generated with all related information, as well as optimized scheduling if a tech is to attend onsite.



Technician

The best technician is assigned based on skills, experience, and other factors.

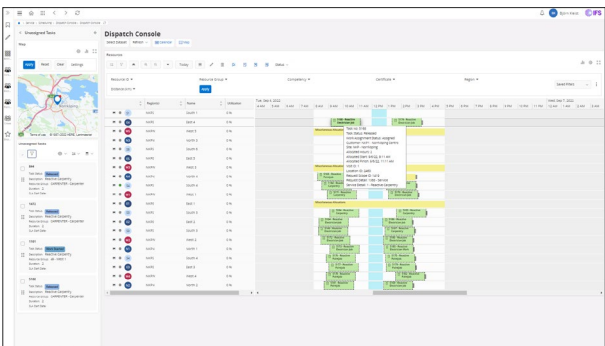


Event

Diagnoses and additional details integrate with existing systems in real-time to update warranty information, parts, and other data.

For onsite service calls, planners and dispatchers leverage the dynamic IFS Lobbies and Dispatch Console to visualize and manage the workforce in the field.

Achieving efficiency savings



Integrated service models

Although the global skills shortage impacts most industries, the retail aftermarket must adequately staff teams capable of supporting a wide range of goods and brands. This dependency on such a specialized workforce shrinks an already tiny talent pool, often requiring engagement with subcontractors and other third parties.

IFS Service Management simplifies the integration of third-party service providers into an existing operation, providing you with a singular view of your worker and subcontractor base. Information (capabilities, cost, experience, skills, certifications, degrees, etc.) is maintained in the IFS system to help drive the scheduling process, considering all available resources and constraints. The system makes it easy to find a subcontractor capable of repairing a specific type of product or brand.

With permissions set by administrators, subcontractors in the field can easily access IFS Service Management for historical and other information they may need in the moment. Once completed, job status and other details automatically update your back-office systems in real-time.

“IFS enables us to process 700,000 repair orders per year much more efficiently compared to our former, manual processes.”

Mark Evans, European Service Manager, Nikon

Mobile workforces

The locations and conditions for repairs carried out on site vary with every call. Worker health and safety, as well as increased productivity, are essential. The IFS Service Management mobile app maintains a connection with your workers regardless of location. Even in intermittent coverage areas, worker activities are tracked and recorded.

Most workers will use a mobile device while onsite. These mobile devices allow the technician to connect with backend systems to access and share real-time data and other records. For example, photographs and video may be taken to record the diagnosis or any malfunctioning parts to support a warranty claim. Photos and videos also prove the installation or repair was carried out successfully without damaging the customer's site.

The IFS platform works on iOS, Android, and Windows devices, in both online and offline modes to support every potential use case and environment.



Data-drive workflows

Underpinning the entire operation is the data. Information is collected, examined, and recorded from the first point of contact with the customer to the final resolution. Without high-quality data, retailers cannot accurately report on KPIs, SLAs, and other business benchmarks.

Data integration

IFS manages the data flow across the entire retail aftermarket model. Data moves to the back office, seamlessly integrating with critical enterprise systems such as ERP, CRM, and others. It automatically updates these systems based on all aftermarket service activities, providing real-time information for invoicing, inventory, scheduling, and warranty management.

Employees quickly access historical information about the consumer, the goods, OEMs, warranty coverage, and other details to help inform new issues as they arise.

Reports, forms, and other records

Most aftermarket service providers generate forms and reports requiring reliable and specialized technology. For example, warranty claims require specific forms be filled and submitted to the manufacturer, including supporting photographs and other material.

The IFS document management application is dedicated to these administrative aspects of the work. Rather than relying on one-off attachments, the application serves as a comprehensive third-party document management system. The application handles documents in native format, with approval routing, revision, and document distribution capabilities.

The system integrates seamlessly with IFS technology, storing documents with call tickets, OEM, dealer, and customer accounts.

The future of the industry

Aftermarket services represent the first step towards a full servitization model for many retailers. With hardware sales offering minuscule profit margins, retailers are turning to consumer warranties and contracts to make money.

As the shift to online sales continues to increase, your service technician may be the only human face your customer sees, placing greater emphasis on delivering an exceptional Moment of Service every time. These interactions support additional opportunities to increase customer loyalty while generating new business (warranty sales, product upselling, etc.).

Some IFS retail customers are considering a new service model: the extension of product warranties to cover other components the customer may already own. In this scenario, a warranty purchased for a new refrigerator is extended to include existing appliances such as a stove, microwave, etc. Even if these units were not purchased from the retailer. With this model, the retailer supports and manages everything in a customer's home. Looking further out, we may even see a return to renting appliances, with services included in the rental agreement.

With the increased focus on sustainability, the extended service model provides additional efficiencies, including the recycling and disposal of goods. Instead of the consumer tossing a dead appliance into the landfill, the retailer will pick it up, replace it, break down the components for salvage, and ensure a much smaller percentage of material ends up as waste.



Zebra Technologies

New technologies

Remote assistance for onsite repairs: With advances in mobile and augmented reality (AR) technologies, a technician with direct product experience may no longer be required to conduct a site visit. For example, the early adoption of merged and augmented reality tools supports a more efficient model where an expert guides a less experienced worker through the steps of the diagnosis and repair remotely.

Remote assistance extends your finite expert resources so you can do more with your existing workforce. Each session is recorded from start to finish, proving that warranty protocols and other requirements were followed correctly for a traceable and auditable workflow.

IFS technology is certified to run on head-mounted displays that field technicians use to query external information sources and receive guidance from experts hands-free.

Working closely with hardware designers, IFS has helped develop head-mounted displays that field technicians use to query external information sources and receive guidance from experts hands-free.

Predictive maintenance: Although the retail aftermarket model is predominantly reactive, some scenarios support a predictive planning model. For example, when a manufacturer initiates a recall.

IFS technology allows you to automatically flag each customer impacted by a recall, including creating work orders for every service instance. Based on the scope of the recall, you can predict the necessary resources and time required to carry out the work before taking any action.

Customer experiences: As we see with all service organizations, a positive customer experience is imperative. Happy customers are essential to the bottom line, especially for retailers, attracting new customers via referrals and high-scoring online reviews. To achieve these outcomes, many retailers are expanding support models to incorporate self-service, email, chat, social messaging, and other engagement options including customer call automation where appropriate.

IFS helps elevate customer engagement, integrating this critical deliverable into our service management platform. Along with providing a unified experience across every channel for customers, IFS increases the efficiency of service agents for improved—and more cost-effective—outcomes.

Summary

IFS Service Management aligns with all of the requirements of the retail aftermarket. From customer portals and interactions through to reverse logistics and all of the moving pieces needed on the backend, helping you deliver consistently outstanding moments of service to your customers. As a composable platform, our solution is designed to easily grow with the changing needs of your organization.

Visit our website or contact us for more information.



About IFS

IFS develops and delivers enterprise software for companies around the world who manufacture and distribute goods, build and maintain assets, and manage service-focused operations. Within our single platform, our industry specific products are innately connected to a single data model and use embedded digital innovation so that our customers can be their best when it really matters to their customers—at the Moment of Service™.

The industry expertise of our people and of our growing ecosystem, together with a commitment to deliver value at every single step, has made IFS a recognized leader and the most recommended supplier in our sector. Our team of 4,500 employees every day live our values of agility, trustworthiness and collaboration in how we support our 10,000+ customers.

Learn more about how our enterprise software solutions can help your business today at ifs.com.

#MomentOfService