

# Keys to Fixed Ops Success in 2024

Hint – it starts with parts!



We all know by now that the automotive industry is continuously and rapidly evolving, and fixed ops departments are at the forefront of dealership profitability. In 2024, dealerships must focus on key strategies to succeed in fixed ops, with a particular emphasis on parts departments. The recent NADA 2024 conference confirmed this theory, providing valuable insights into these trends, highlighting the importance of optimizing inventory, embracing online sales, and marketing parts departments.

Parts departments are often the unsung heroes of dealership profitability, responsible for over half of a dealership's gross profits. With the parts and service industry booming at \$125 billion, and online parts sales set to hit \$25 billion by 2024, dealerships have a significant opportunity to capitalize on this revenue stream.

Here are some key areas of focus for your dealership's fixed operations department:

## Parts Department Marketing & Shop Retention

One trend that consistently pops up is the growing need for marketing the parts department. While much attention is given to promoting car sales, dealers often overlook the parts department. This is a missed opportunity when you consider the current revenue generated by parts departments (and potential growth) as well as the size of the aftersales marketplace.

With the parts eCommerce segment expected to reach an estimated \$25 Billion by 2024, implementing a serious marketing strategy for your parts business can generate real results. Data indicates that loyal repair shops are significant contributors to parts purchases annually, underscoring the importance of retention marketing efforts. This is why dealers are now focusing resources on promoting their part department. In fact, parts marketing solutions are now available to produce marketing campaigns that help increase part sales and promote shop retention, without requiring additional staff.

## Efficient Parts Inventory Management

Optimizing and maintaining a healthy parts inventory is crucial for dealerships' success. Experts emphasize that the parts and service department significantly contributes to a dealership's revenue and profitability. Therefore, many fixed ops departments are seeking to optimize their inventory to improve accuracy and increase parts sales.

The goal for dealerships is to find solutions that:



- Minimize waste
- Reduce obsolete parts
- Prevent excess ordering
- Streamline stock orders

One of the best ways to decrease customer wait times is by ensuring locally available parts and reducing excess inventory. With these practices, dealers can expect a significant boost in parts sales and customer loyalty. Customers are more likely to have a positive experience at your dealership if the parts they need are already in stock.

EstimateIQ has also impacted the estimators' evaluations, increased their repair hours and improving performance grades. From the time this organization implemented EstimateIQ, their overall grades climbed up – as did the performance and grades across the whole organization.

## Embracing Online Parts Sales

While parts eCommerce presents a lot of opportunity, it's also extremely complex. Dealerships need solutions that streamline parts sales processes and efficiently manage online sales to grow their online parts business. Adapting fixed ops strategies to meet the demands of the evolving dealership aftersales landscape is crucial.

By maximizing parts department marketing opportunities, optimizing the parts inventory, and embracing online sales channels, dealerships can position themselves for sustained success in 2024 and beyond.

## Questions about navigating the parts eCommerce landscape in 2024?

Would you like more insights into the best solutions for your parts team? Click [here](#), complete the form, and an OEC representative will get in touch to discuss.

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