



The Automotive Aftermarket in Canada - Right to Repair (R2R)

The Canadian Automotive Industry: Manufacturing and the Aftermarket

The Canadian automotive industry consists of two parts: vehicle manufacturing and the aftermarket. Vehicle manufacturing employs 125,000 people and contributes \$19 billion a year to the Canadian economy. The aftermarket, which includes the local repair shops found in each of your ridings, and the manufacturers, distributors and retailers of vehicle replacement parts and supplies, employs 398,900 Canadians and contributes \$21.6 billion a year to the Canadian economy. Vehicle manufacturers and their networks are competitors in the aftermarket industry in areas such as vehicle servicing and repair and parts and supply sales.

The Automotive Digital Revolution

Canada markets itself as a leader in advanced vehicle technologies with the expertise to manage the digital revolution sweeping the auto industry. **Connected vehicles**, vehicles that are connected to the Internet, and **in-vehicle telematics systems** are key drivers of that digital revolution. By 2020, nearly 100% of all new vehicles sold will be Internet equipped. There is no self-driving vehicle without the connected vehicle. Internet connectivity is the communication framework upon which self-driving vehicles will talk to networks, infrastructure, each other and pedestrians.

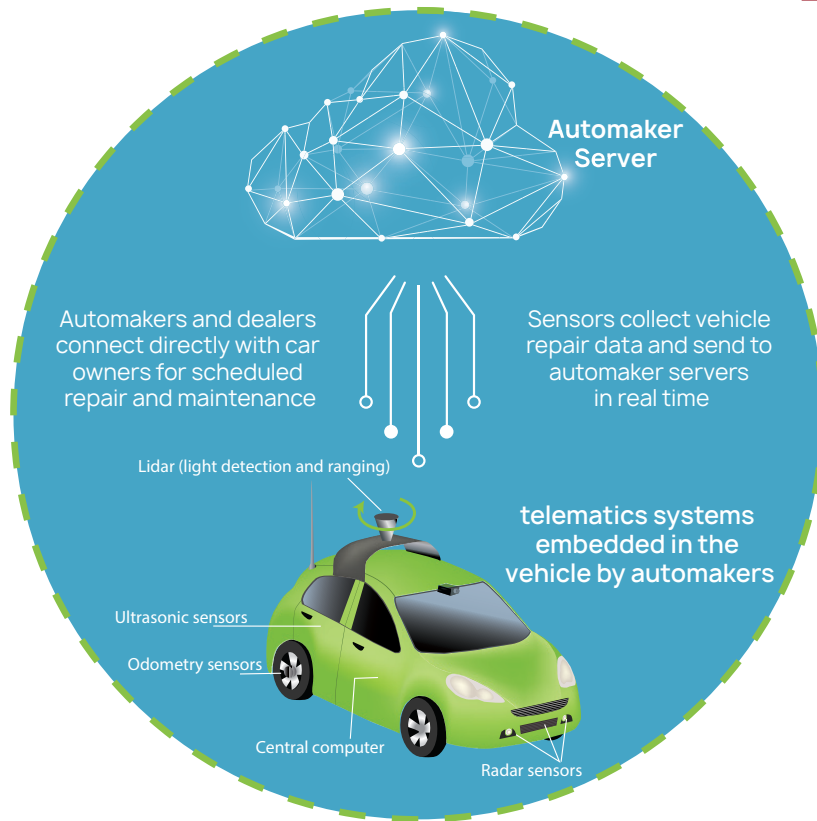
In-vehicle telematics systems that can be thought of as a black box are embedded into a vehicle. They use a vehicle's Internet connectivity to establish a remote bi-directional portal into a vehicle and its data. The vehicle can send real-time information that is collected from the numerous sensors outfitted on today's modern cars. The vehicle can also remotely receive vehicle and software updates and direct communications.

Telematics – The Game Changer

In-vehicle telematics systems will fundamentally change the aftermarket industry - creating new market opportunities and changing how existing services are delivered.

- The traditional way that independent shops access vehicle data that is needed to service vehicles (the onboard diagnostic port), is becoming outdated as this data increasingly becomes wireless.
- Access to real-time vehicle data and the ability to communicate with the vehicle will create new business opportunities including remote diagnostics, preventative maintenance and over-the-air updates.
- The ability to directly communicate with the consumer through the in-vehicle smart display will alter the relationship.

In-vehicle telematics systems -
a **game changer** for the aftermarket industry.
But in what way?



The
aftermarket
is **left out**
of this
ecosystem

Will the aftermarket industry be collateral damage
and lead to a **domino effect**?

Aftermarket is
bypassed in favour
of dealerships and
OE certified shops

Loss of \$50.2 billion
in GDP and about
453,000 jobs in the
aftermarket by 2051*

Limited
consumer
choice

Suppression of
new & innovative
aftermarket products

*Source: "A CASE of Disruption:
Economic Impacts to the Canadian Automotive Aftermarket"



The aftermarket industry requires **direct, equal and fair**
access to in-vehicle telematics systems.

Stifle the Growth OR Unleash the Growth Potential of the Digital Economy?

Automakers sell vehicles with their proprietary telematics systems embedded in them. Therefore the benefactors of telematics systems are automakers, their networks and third parties that the automaker chooses to enter into contracts with.

From the point of purchase of a vehicle, innovation and competitiveness in the new digital era of the aftermarket industry are severely restricted.

- Automakers cannot be the controller and the competitor at the same time; they will always be in a better position to offer their services and be better able to regulate competition.
- The vehicle owner will be increasingly dependent on the maintenance and service offers and prices of automakers and their networks.
- Automakers will have a competitive advantage over the aftermarket as they will decide on the aftermarket's access, waiting times, nature, quality and extent of access to in-vehicle telematics systems vehicle information and functionalities.

Without direct, equal, and fair access to in-vehicle telematics systems, vehicle information and functionalities, along with competitive markets will be hindered.

The domino effect will be:

- the loss of aftermarket businesses throughout the entire supply chain and the jobs that come with it;
- limited consumer choice;
- restricted consumer access to essential vehicle servicing and repairs; and,
- the suppression of the emergence of new, innovative markets as the aftermarket will lack access to the data needed to develop or improve new products or services and will lack the ability to create or collect the data themselves.

Everyone *Can* Benefit

The European Union has extensively studied the issue of vehicle connectivity and telematics systems to develop policies that protect fair and undistorted market competition and create a climate that supports the growth potential of the digital economy.

These studies have concluded that competition neutrality – and data protection and cybersecurity – can be achieved through technical design. An in-vehicle, interoperable, standardised, secure and open-access platform – a fully integrated vehicle network interface, allowing aftermarket access to the in-vehicle functionalities and real time vehicle generated data – will ensure a competitive market (and all that a competitive market supports) is protected.

Canadian automakers and the aftermarket industry signed the Canadian Automotive Service Information Standard (CASIS) in 2009 to level the playing field. This was a result of the introduction of new technology that threatened the aftermarket's access to vehicle information needed to repair "modern" vehicles.

Ten years after the CASIS agreement was signed – vehicles are being revolutionized. AIA Canada is taking the lead on bringing automakers and aftermarket signatories to the table to reexamine the Canadian Automotive Service Information Standard (CASIS) agreement to ensure all stakeholders benefit from advanced vehicle technology.



Automotive Industries Association of Canada

180 Elgin Street, Suite 1400 | Ottawa, Ontario K2P 2K3 | Ph: (800) 808-2920 | Fax: (613) 728-6021 | info@aiacanada.com