

FROST & SULLIVAN

VALEO

2022 NEW PRODUCT INNOVATION

*EUROPEAN COMMERCIAL VEHICLE
CLUTCHES AFTERMARKET INDUSTRY*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Valeo excels in many of the criteria in the commercial vehicle clutches aftermarket space.

AWARD CRITERIA	
<i>New Product Attributes</i>	<i>Customer Impact</i>
Match to Needs	Price/Performance Value
Reliability	Customer Purchase Experience
Quality	Customer Ownership Experience
Positioning	Customer Service Experience
Design	Brand Equity

Match to Needs

Frost & Sullivan’s 2022 research findings on Europe’s commercial vehicle (weighing 6 tons or more) clutches aftermarket indicate that more than 80% of clutch volumes are sold as clutch kits, and less than 20% are sold as individual clutch components. Clutch kits are clusters of individual components, such as cover assembly or pressure plate, driven or friction disc, and release bearing, packaged and sold as a single unit.

Clutch kits dominate the aftermarket because replacing the entire clutch kit instead of individual components is cheaper and faster for fleet owners and operators. A clutch kit costs less than buying

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multiple components separately, and replacing the kit minimizes truck downtime and delivers a fair repair cost. Because individual components could fail at various times, fleet owners perceive replacing an entire clutch kit as a more prudent strategy.

Commercial vehicle original equipment manufacturers (OEMs) do not always introduce clutch kits for every vehicle application. MAN and Scania, for example, only offer individual components as part of their aftermarket strategy. In

this instance, distributors need to identify the right kit from single component original equipment service (OES) reference or part numbers to meet the demand of fleet owners or operators that prefer clutch kits.

Valeo Service is the aftermarket activity of Valeo Group, the automotive supplier headquartered in Paris, France. Recognizing the challenge of locating clutch kits, it launched the Valeo Truck Clutch Kit Finder in March 2022. The kit finder helps customers quickly identify the right Valeo clutch kit sometimes using a single OES or independent aftermarket (IAM) competitor's component reference or part number.

The first-to-market Valeo Truck Clutch Kit Finder is a unique tool that identifies the right clutch kit in seconds using only component reference or part numbers (OES or IAM) in digits as input data points. This quickness is Valeo's most significant competitive advantage because other kit finders available in the industry take 30 to 45 minutes to locate a kit and require inputting other details, such as vehicle make, model, variant, and part number. The Valeo Truck Clutch Kit Finder offers users access to all technical information, including fitting instructions, component images, and technical bulletins. Frost & Sullivan commends Valeo for differentiating itself in the market by addressing the unmet customer need for speed in identifying clutch kits.

Reliability and Quality

The Valeo Truck Clutch Kit Finder is a spreadsheet-based database tool available on the Valeo website and accessible in Germany, France, Italy, the United Kingdom, Benelux (Belgium, the Netherlands, and Luxembourg), and Eastern Europe. These countries are where Valeo has launched the tool.

Frost & Sullivan's research revealed the Valeo Truck Clutch Kit Finder's coverage to be the most expansive in the industry, covering approximately 92% to 95% of all medium or heavy commercial vehicle (M/HCV) applications. Clutch kits not available in the database are those with a power takeoff method, kits for old vehicle applications, and kits only available within the OEM or OES network because of the limited number of vehicles fitted with such kits.

The Valeo Truck Clutch Kit Finder is designed to deliver the correct part number of the kit, or it will indicate 'not found.' The output is shown as 'no match' only when the component reference number entered is incorrect. This situation happens if the component reference number entered is not for an M/HCV that weighs 6 tons or more because the kit finder is only designed for M/HCVs. A 'no match' result is also possible if the vehicle application or model name is entered instead of component reference in digits.

If neither scenario is the reason for the 'no match' output, Valeo's expert team will investigate the case and offer a solution. The team will also investigate cases where the correct reference or part numbers are entered, but the corresponding kit is unavailable in the database. The team is dedicated to ensuring the database is reliable and up to date. The database is updated daily with new OES and IAM component references to increase vehicle application coverage. The changes are reflected within 24 hours. Updating is a constant process so customers can identify kits even for niche applications.

The kit finder only works if users know the component reference or part number. Otherwise, users can visit the part number identification page within the Valeo website and search for the vehicle model or application name to locate the relevant reference or part number. Valeo provides all the necessary information to ensure its kit finder is user-friendly.

Design

Customers can locate a kit in the Valeo Truck Clutch Kit Finder using the reference or part number of Valeo, OES, or an IAM competitor. Valeo's three biggest IAM competitors with a substantial presence in Europe are included in the kit finder database.

If the OES or IAM competitor's reference or part number is entered, the Valeo Truck Clutch Kit Finder will generate the corresponding Valeo kit reference or part number that is compatible with the commercial vehicle model. To find a suitable kit, customers can enter the reference or part number of any of the three components: cover assembly, driven disc, or release bearing. If the customer does not know one of the three component reference numbers, the kit finder will propose the third component to complete the kit. It will suggest a two-piece kit option (without the release bearing) if the reference or part number of either the cover assembly or driven disc is entered.

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The kit finder will provide new kit and remanufactured kit options corresponding to the customer's component reference number. According to Frost & Sullivan's research, remanufactured kits are better priced than new kits. Based on a sharp industrial process, remanufactured kits are as good as new, this is why, they carry the warranty coverage: 2 year and unlimited mileage everywhere in Europe. Remanufactured kits dominate the commercial vehicle clutches aftermarket, particularly in Germany and France. Stronger customer awareness about the environmental benefits of remanufactured products

and the promotion of remanufactured kits by well-established brands, including Valeo, to boost the circular economy drive the positive perception of remanufactured kits in Europe.

Valeo aims to install the kit finder on customers' websites to enhance ease of use and design. It intends to create an automatic web link for customers to access from their own websites instead of visiting its website. This facility is expected to be available by the beginning of 2023.

Customer Service Experience

The Valeo Truck Clutch Kit Finder is an innovative, easily accessible, fast, and stress-free customer service solution that always delivers the right output. It is mainly designed for fleet customers with an integrated workshop, truck owners or operators requiring kits for replacement, and garages and distributors that need to identify a suitable kit for their customers.

The availability of parts is the most critical brand selection criterion in the commercial vehicle aftermarket. The Valeo Truck Clutch Kit Finder offers a seamless search process that helps customers locate and purchase a Valeo kit quickly and conveniently. Valeo also ensures the availability of kits in its distributor's warehouse so that they can be installed within the shortest time possible. These factors will improve Valeo's clutch kit sales in the aftermarket, thereby increasing the company's market share.

Brand Equity

Valeo positions itself as a premium commercial vehicle clutches supplier with a comprehensive portfolio of aftermarket solutions. It is part of the prestigious Valeo Group that has been operating for nearly a century, and the Valeo brand is synonymous with high quality and reliability. The Valeo Truck Clutch Kit Finder revolutionizes the automotive aftermarket with unparalleled efficiency and user-centric solutions, addressing unmet customer needs.

Valeo has developed videos in multiple European languages to promote the kit finder, highlighting the product's functionality with clear demonstrations of how it works. Valeo intends to share these videos over email to all customers (distributors and garages) and their respective customer bases (garages and fleets) and on social media platforms, such as LinkedIn, by the end October 2022.

With a robust product complemented by effective marketing and communication practices, Valeo is poised to strengthen its market standing and brand equity.

Conclusion

Valeo is recognized in the European automotive and commercial vehicle parts aftermarket for its premium brand, comprehensive aftermarket portfolio, and strong in-house production capabilities for new and remanufactured parts, including clutches. It is the first aftermarket parts manufacturer to recognize the demand for a streamlined and easy-to-use clutch kit finder. The innovative Valeo Truck Clutch Kit Finder is an efficient customer-focused database that can identify a clutch kit using a reference or part number within seconds. This product ensures customers can find the right kit quickly, even for applications that do not have an OEM kit.

With outstanding commitment to customer-centric innovation and thought leadership, Valeo earns Frost & Sullivan's 2022 European New Product Innovation Award in the commercial vehicle clutches aftermarket industry.

What You Need to Know about the New Product Innovation Recognition

Frost & Sullivan's New Product Innovation Award recognizes the company that offers a new product or solution that uniquely addresses key customer challenges.

Best Practices Award Analysis

For the New Product Innovation Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

New Product Attributes

Match to Needs: Customer needs directly influence and inspire product design and positioning

Reliability: Product consistently meets or exceeds customer performance expectations

Quality: Product offers best-in-class quality with a full complement of features and functionality

Positioning: Product serves a unique, unmet need that competitors cannot easily replicate

Design: Product features an innovative design that enhances both visual appeal and ease of use

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

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Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

