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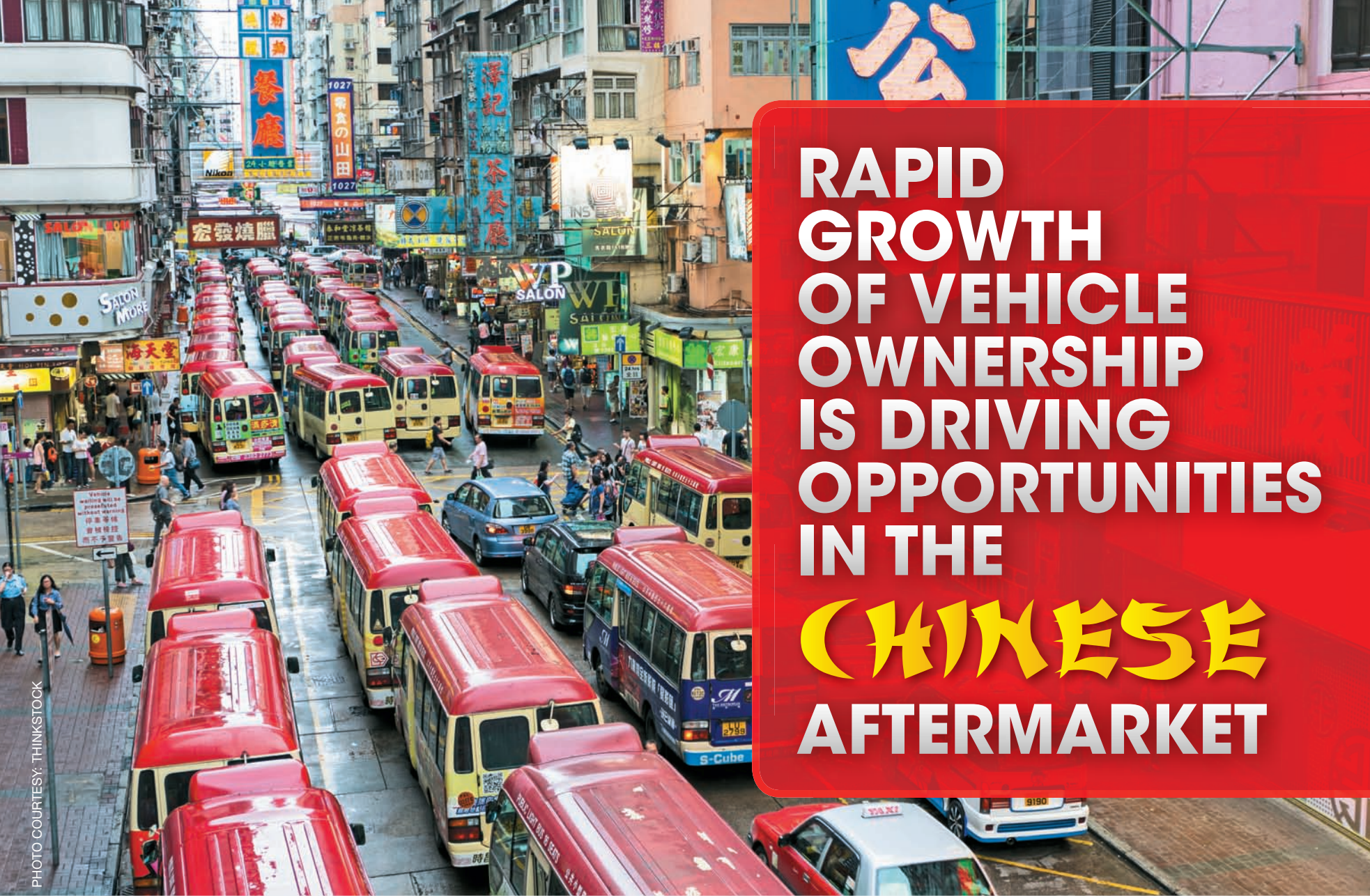
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RAPID GROWTH OF VEHICLE OWNERSHIP IS DRIVING OPPORTUNITIES IN THE CHINESE AFTERMARKET

BY WILL WONG | Contributing Editor

More than 150 million more passenger cars and light trucks will be in use across China within five to seven years, driving exponential growth for vehicle parts and service in the world's second-largest economy.

Frost & Sullivan's latest research, Strategic Analysis of the Chinese Automotive Aftermarket, confirms the predictions of rapid industry development. By 2021, China will be home to more light vehicles than the United States.

Total Chinese light vehicles in operation will

grow from approximately 135.6 million in 2014 to 282.0 million in 2021. By comparison, Frost & Sullivan forecasts 271.7 million U.S. cars and light trucks in 2021.

Urbanization – China's new growth engine – will increase the incomes of rural-to-urban migrants and their consumption levels, allowing tens of millions of people to become vehicle owners for the first time.

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Analysis by market

REPLACEMENT

Vendors: Mobility Awareness Month highlights aftermarket conversions.

EMERGING

Technology: The category management challenge.

INTERNATIONAL

Vendors: Russian auto industry struggling with challenges in volatile market.

CUSTOMERS

Dealers: Mishandling phone calls costs dealer service departments.

Research

Top 25 Auto Chain Report: Who has the most company-owned stores? In the U.S. it is Advance Auto Parts. In North America it is AutoZone, thanks to 400+ stores in Mexico.

Online Special Reports

FROST & SULLIVAN

Tire pressure monitoring systems: Frost and Sullivan expects the TPMS market to grow from \$121.1 million last year to \$365.5 million in 2020, a growth rate of 17 percent.

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Opinion



Donny Seyfer
The case for, against service repair licensing



AASA's OAC
Aftermarket has growing opportunities in China



Scott Luckett
Five investments pave way for online commerce



Mark Smith
Retail, wholesale and service nonsense



Stephen Barlas
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AUTHOR bio

Chinese aftermarket

“Manufacturer-level parts revenue will grow by about 15 percent annually from 2013 to 2021.”

Manufacturer-level parts revenue will grow by approximately 15 percent annually, from an estimated \$27 billion in 2013 to \$82 billion over the 2013-2021 period. The average vehicle age is only about three years, generating high demand for routine maintenance parts such as tires, batteries and wiper blades, among other products.

Although there are more than 11,000 auto parts manufacturers and 360,000 accredited car service shops competing in China, traditional aftermarket distribution channels are not common.

Most independent garages source products from so-called “auto parts cities,” which are similar to bazaars featuring groups of small, specialized distributors clustered together.

Counterfeit parts are widely available, presenting competitive challenges for new entrants, as consumer awareness remains low. E-commerce platforms like Alibaba’s Taobao and Tmall.com will play an important role in providing product knowledge to vehicle owners as well as helping parts and service providers build brand recognition.

Automakers and their franchised dealers compete in the 4S – shorthand for “Sales, Spare Parts, Services, and Survey” – channel, which is the equivalent of OES in other regions. It is the main service channel in China, capturing an estimated 45 percent of retail service revenue.

In total, there are more than 100 vehicle brands in use across the country, with Volkswagen (10 percent) and Chinese OEM Wuling (7.6 percent) as the two largest.

Although doing business in China is never easy, the government has recently taken steps to make it more convenient for consumers to access the parts and service they need. New guidelines allow authorized dealers to sell OEM parts to independent garages and consumers, which should increase the overall quality of products available in the aftermarket. Bosch now operates 1,300 workshops in China, as well as an online flagship store on Alibaba’s Tmall.com.

Suppliers of branded aftermarket parts are poised to grow as an alternative to high-priced ...CONTINUE READING □

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VENDORS

Russian auto industry struggling with challenges in volatile market

BY JAMES E. GUYETTE
News Correspondent

EMs and suppliers are remaining cautiously optimistic that the Russian automotive marketplace will eventually recover despite being rocked by a plunging ruble and a “blood-bath” of plummeting vehicle sales. Its economy continues to be pummeled by a series of serious setbacks that include free-falling oil prices and tough sanctions from the U.S. and other Western nations over Russia’s incursion into Ukraine.

TRENDS & MARKET Analysis

Drastic production reductions and layoffs have been implemented amid January’s 24 percent drop in overall new car sales followed by a devastating 38 percent decline in February. Some manufacturers have upped vehicle pricing as they attempt to stay the course after years of routing heavy investments into Russia’s automotive sector.

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Q&A

GREG DUCHINSKY

Marketing Director,
Sharpline Converting



How do you assess the global potential of the paint protection films category? How big is your distributor/installer network?



What did Duchinsky say? Continue reading online.

[Read full interview](#)

“We believe the Russian market likely has significant potential in the longer term. In the short term, however, it remains an extremely volatile and challenging market,” says John Gardiner, director of news operations for Ford of Europe.



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Russia is the fifth largest vehicle sales market in Europe, down from No. 3 at the end of 2014.



“It’s important to remember that even today Russia is one of the largest markets in terms of vehicle sales in Europe – currently No. 5, down from No. 3 at the end of 2014 – with the potential to be the largest in Europe at some point in the future. So, it’s important to maintain a strong presence in the country,” he tells Aftermarket Business World.

“This is why we’ve continued to invest to expand the Ford portfolio in Russia to fill new segments and deliver vehicles tailored to meet the needs and wants of Russian customers,” says Gardiner.

“For example, last year Ford Sollers announced that it would launch six new vehicles in Russia over the following 18 months, and to-date out of the six – EcoSport, Transit, Focus, Mondeo, Mustang and Fiesta – we have launched the EcoSport and Transit. This positive product momentum will put us in a better position to thrive when the market recovers,” he says.

“Given this,” Gardiner elaborates, “we’ve been working intensively with our partners in the Ford Sollers Joint Venture in every area of

the business to reduce costs, match production to the real demand, manage the difficult pricing environment, and to limit the financial impact of the current crisis – and we’re continuing to work with them on a daily basis to manage the situation and take the necessary action to respond to circumstances.”

Russia’s dire monetary situation has been in crisis mode for months on end, prompting Renault Nissan CEO Carlos Ghosn to declare in an interview aired on the BBC that “when the ruble sinks it’s a bloodbath for everybody. It’s red ink, people are losing money – all car manufacturers are losing money.”

In March the Associated Press moved a dispatch under the headline of “Russian auto market collapsing, but luxury cars still a must.” As mid-level models were posting sales drops of in the neighborhood of 75 percent to 85 percent, the piece noted that more than a few Russians are still purchasing high-end vehicles as coveted status symbols.

Reflecting this mindset, the AP account ...CONTINUE READING □

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VENDORS

Mobility Awareness Month highlights aftermarket conversions

BY JAMES E. GUYETTE
News Correspondent

Returning GIs from World War II begat a baby boomer generation that is growing older and taking care of elderly parents. And thanks to modern medical technology, soldiers suffering wounds that were once fatal on the battlefield are surviving, thriving and eager to lead active and self-determined lives with the aid of automotive wheelchair accommodations, hand controls, left-foot accelerators and other adaptive add-ons.

TRENDS & MARKET Analysis

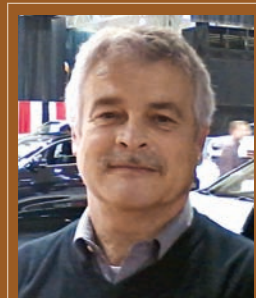
According to the National Mobility Equipment Dealers Association (NMEDA), 54 million Americans and nearly 4 million Canadians have disabilities. More than 18 million people in the U.S. and Canada report having transportation issues relating to physical challenges; 6 million of them are veterans, a figure that has jumped by 25 percent since 2001.

With May marking both Older Americans Month and NMEDA's National Mobility

Vendor Newsmaker

Q&A

KEN RAINEY
General Manager, Motorcars
Mobility Sales & Service



How did you have to alter your existing service center to accommodate the mobility conversions?



What did Rainey say? Continue reading online.

[Read full interview](#)

Awareness Month, attention is being drawn to the automakers and aftermarket businesses that are taking an increasing role in assisting disabled drivers with vehicle modifications engineered to meet their individual behind-the-wheel requirements.



There's a lot riding on the safety of your lift.

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Some 18 million people in the U.S. and Canada have physical challenges with transportation.



“The industry has certainly changed over the past few years,” observes Elizabeth Green, executive director of the Association for Driver Rehabilitation Specialists (ADED). “More and more Americans with disabilities are getting out beyond their homes, and the industry is there to meet their needs.”

In a category that was once dominated by stark utilitarian vehicles with limited style, mobility enhancements are now being applied to rugged pickups and SUVs, sporty sedans and luxury offerings.

In addition to a large population of aging baby boomers who show no signs of retiring to the rocking chair and giving up their car-based lifestyles, wounded warriors returning from Iraq and Afghanistan have been driving much of the trend toward attractive and functional rides that display the same sense of flair seen among other vehicles on the road – and off-road for those who are even more adventurous.

“A 23-year-old doesn’t want to be driving a car that his or her parents are driving,” Green points out. “They want vehicles that their peers are driving – not minivans.”

As you might expect, specialized training is necessary for shops and sales outlets interested in serving this segment. Augmented mechanical knowledge for installing and repairing the modifications along with appropriate customer relations skills are certified under the auspices of NMEDA’s Quality Assurance Program (QAP).

“QAP is based on the principle that in order to satisfy customers consistently, companies must have a systematic and documented approach to quality,” according to the organization. “The program elevates the level of dealer performance to reliably meet consumers’ transportation needs in the safest manner possible.” Adequate shop liability insurance is another critical requirement.

“We really want our consumers to choose a provider who has experience in the industry and is certified,” says Green. ADED’s membership assesses and prepares physically challenged clients for driving while matching them with the correct vehicle accommodations.

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DEALERSHIPS

Mishandling phone calls costs dealer service departments

BY BRIAN ALBRIGHT
Correspondent

Dealer service departments that let overflow or after hours phone calls slide into a voicemail black hole may be missing out on significant revenue and losing potential new customers. Research from DMEautomotive published in January indicates that dealerships are missing out on calls from customers who represent nearly one-third of their total service dollars.

TRENDS & MARKET Analysis

The study of 8,537 overflow and after-hours service calls at 172 dealerships identified nearly 70 percent of those callers as “swing loyalists.” These customers represent 31 percent of all dealership service dollars and have a high propensity to become loyal customers. The data also showed that one fifth of those potentially missed calls were from dealership “loyal-

ists” who represent 59 percent of dealership service dollars.

“The message of this data could not be clearer: dealers must have effective programs and processes for handling after hours and overflow calls or risk losing a large chunk of service revenue and critically valuable loyal customers,” says JoAnn Bedenbaugh, vice president and general manager of DMEautomotive’s Customer Interaction Center. “With the explosion of smartphone usage, the phone call has once again become an essential source of leads and communication with customers. In fact, phone leads are growing at a greater pace than Internet leads – and, as our data shows, represent some of a dealership’s highest value service opportunities. Unfortunately, those are the calls most likely to be missed.”

According to Mike Martinez, chief marketing officer at DMEautomotive, after-hours calls usually go unanswered, which drives those customers to seek out ser-

vice at other locations. “They go someplace else,” Martinez says. “The dealers are missing out on an opportunity to service a customer that is halfway in the can, but also halfway out of the can.”

When customers call after hours, they typically either get a generic message indicating the dealership is closed, or they go into a general voicemail system. In most cases, they never get a response if they leave a message. Overflow calls occur during business hours, but those calls also wind up in voicemail.

While many dealer service departments have extended their hours into the evening, this doesn’t necessarily help. “Our study suggests that the problem is more systemic than just the available hours,” Martinez says. “It’s a retail operation, they are busy working with customers, so the phones go unanswered. These calls are often coming from mobile phones.

“Strong CRM processes, call recording and routing are keys to cashing in on potential sales.”

Dealer Newsmaker

Q&A

SCOTT WASHLE
General Manager, Crown Point
Honda of Southpoint



How profitable has night service been? How late do technicians stay at the dealership to make this service work?



What did Washle say? Continue reading online.

[Read full interview](#)

The great untold story of mobile is that, while the customer is using a mobile app or website to search out the dealership, when they are ready to make a decision they make a call. Retailers need a way of handling these overflow and after hours calls.”
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TECHNOLOGY SOLUTIONS

The category management challenge

Walmart, Procter & Gamble offer tips for building better assortments

BRIAN ALBRIGHT
Correspondent

Category management is becoming both more complex and more critical to profitability. During a recent webinar hosted by the Category Management Association (CMA), representatives from Walmart and Procter & Gamble (P&G) outlined their own efforts at improving their assortments, reducing SKU counts to gain share, and how technology and training have helped reduce costs and improve margins.

TRENDS & MARKET Analysis

The webinar, “Discover the State-of-the-Art in Assortment Customization,” was held in February. While the companies involved targeted their conversation at the consumer packaged goods industry, there are some key lessons (and warnings) that are relevant for aftermarket suppliers and retailers as well.

According to The Theory and Practice of Optimizing Assortment and Space, a white paper on the topic written by the Category Management Association (CMA), manufacturers increasingly have to tailor their assortment on a store-by-store, retailer-by-retailer, and SKU-by-SKU basis, a complex endeavor that can quickly overwhelm available resources for both suppliers and retailers.

“If you are in 20 different geographic markets, but also have three to four clusters of stores, that means your external market has those markets times the clusters, giving you potentially hundreds of external markets to deal with,” says Gordon Wade, director of best practices at the Category Management Association.

The keys to succeeding at ensuring you have the right assortment at each location will be having trained staff with sophisticated skills in category management; a structured process for ordering/ranking the SKUs and markets; new software

capabilities that can create thousands of individualized, store-specific versions for assortments and planograms; and robust data and analytics tools that can help identify and classify “micro markets” unique to multiple retailers.

Preparation is critical, according to Michael McGuire, senior director of modular development at Walmart. Manufacturers and retailers have to know their market and their competition in that market, and understand regional dynamics and regional competitors. Companies also have to know the product, both the science/engineering behind it and how the customer views and experiences the product.

“And get out into the market and into the stores,” McGuire says. “I’m a huge advocate for data, but there is no replacement for talking to associates, and getting feedback from customers.”

“P&G found that downsizing SKU counts has driven sales and reduced inventory costs.”

Technology Newsmaker

Q&A

TOM MUCK
Principal Systems Analyst,
Timken



What was the biggest challenge you faced in launching Demand Insight? How successful has adoption been?



What did Muck say? Continue reading online.

[Read full interview](#)

It’s also important to know how your customers shop a given category. “You really want to understand how they make their decision on where to shop, and how they select an item,” McGuire says.

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The case for, against SERVICE REPAIR LICENSING

“ I don't know about you but in my shop a missed diagnosis is a pretty rare thing. ”

As automotive professionals it never ceases to amaze me how much everyone else second-guesses us. I don't know about you but in my shop a missed diagnosis is a pretty rare thing. Rare enough that when it does happen there is considerable discussion about the impending end of the world as we know it. The

facts are that humans work on cars, humans build cars and things are going to happen even in the very best environments.

But what about the truly bad environments? What is the percentage of missed diag-

nosis there? Do those shops have insurance? Do they even have a general license in their own city? Herein lies one of the key sources of the second-guessing.

Almost everyone has had a bad experience with a service provider that drove them to become an “expert” in the related field. Often that education comes from other “experts” like friends, family members, Internet bloggers or worse yet a repair shop or dealer who is not intimately familiar with the customer or vehicle.

Does this sound familiar? For those of us who work very hard on our craft these “experts” are a frustrating, counter-productive exercise that causes loss of sales, bad reviews or any number of other unwelcome problems. The worst part is that we are almost certainly doing the right thing by a customer but they are more willing to take the word of an invisible expert on an Internet blog who could very well be a 17-year-old kid who has absolutely no training but is qualified as an expert by virtue of owning the particular

model of vehicle.

So you know the scenario and I apologize if I dredged up some painful memory for you. The question is what can we do about this?

In many circles I travel through the idea of technician or shop licensing is the silver bullet. Before I start down that path I have to tell you that I have about a 70/30 split in my mind for licensing. Basically that means I am more for it

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DONNY SEYFER
Operations Manager
Seyfer Automotive, Inc.

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Retail, wholesale AND SERVICE NONSENSE

“ I quickly took her keys and showed her the darkest corner of the waiting room. ”

Lately I have reminisced about the days of old. Recounting our triumphs and failures over the course of almost three decades of working in the automotive aftermarket and service industry, and generally waxing melancholy. Some of those stories are in regards to major victories involving competition, and a lesser (thank goodness) number of failures.

But the ones that stick-out the most are the ridiculous and surreal happenings of everyday life in all things automotive. These are but three vignettes of life behind a parts counter and dealing with the public. I apologize in advance for the special characters used in place of the words that would appropriately represent the actual improper colorful language. Enjoy.

Your cheatin' heart

Had a lady pull in the parking lot, looked around sheepishly, and briskly walk through our doors and asked if we could look at her Dodge Caravan. When I asked what sort of problem she was having she explained with angst that the speedometer was not working, the van was shifting weird, the vents were not working at all settings and all the rear window wiper buttons were flashing on and off.

Being a savvy parts and service manager I explained what I anticipated was wrong, and she presented numerous receipts of things she had purchased from another repair shop that were in align with my hasty assessment of the situation. After looking over the receipts, I noticed the repair center had charged her absolutely no labor. She then whispered that her husband works there as a tech, and he doesn't know she's here!

I told her this was like cheating on her husband and quickly took her keys and showed her the darkest corner of the waiting room. She had spent several hundred dollars on parts and explained that she was sick and tired of the problems that had persisted for several months regardless of the attempted efforts of her husband and the other shop.

She said that someone where she works told her that we could fix anything. Forty-five minutes later after reprogramming the climate control module and repairing a wire going to the transmission control module, we had it all working properly. She was so happy, but then worried about what her husband would say when he found out everything was working. I told her to tell him that she hit a bump on the way home and it fixed itself. She brought us a dozen doughnuts the next morning and told us that

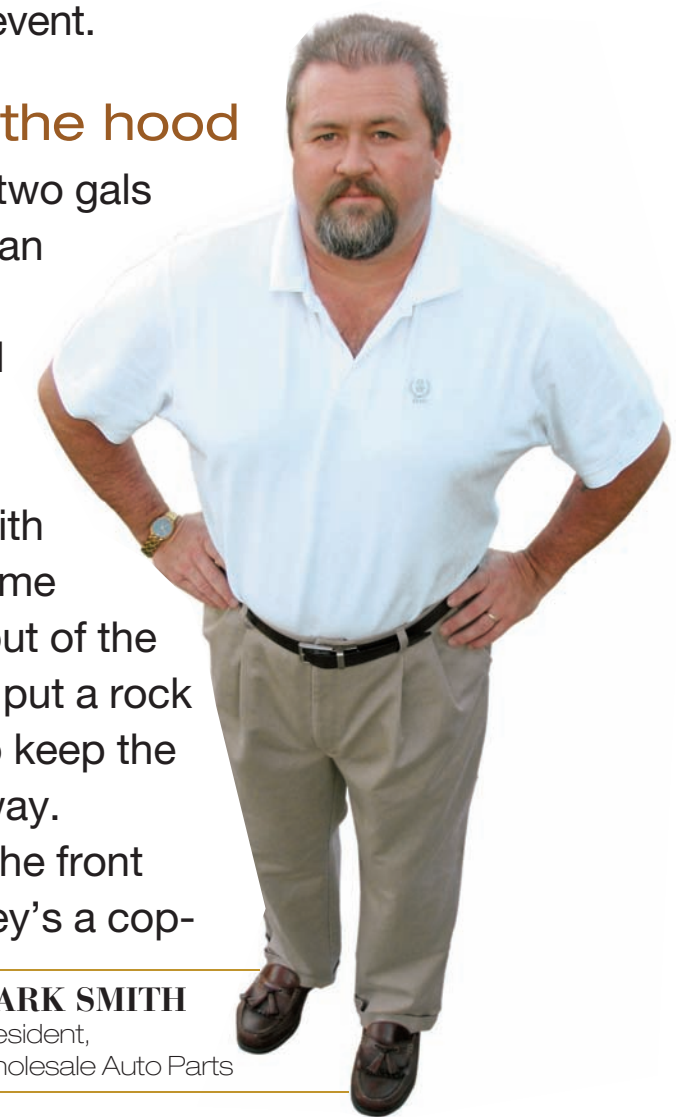
her husband said, "I knew it was a bad ground." I told her she should probably come clean because too many people witnessed the event.

A 'rattle' under the hood

One Friday afternoon two gals walked in from what can only be described as "the deep, deep, head of the holler." After their old Chevy S-10 quit spark knocking with a final backfire and came to rest, both jumped out of the truck in a scramble to put a rock behind the front tire to keep the vehicle from rolling away.

They burst through the front door, exclaiming, "They's a copperhead under the...CONTINUE

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MARK SMITH
President,
Wholesale Auto Parts

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Reman auto parts bill CLEARS SENATE COMMITTEE

A bill that encourages federal fleet managers to consider purchasing remanufactured auto parts got off to a quick start in this Congress. It's not often that a bill passes a committee a week after it is introduced.

But that's what happened with the Federal Vehicle Repair Cost Savings Act of 2015 (S. 565). It passed the Senate Homeland Security and Governmental Affairs Committee by a voice vote – meaning there was no opposition – on March 4.

The bill says the head of every federal agency “shall encourage the use of remanufactured vehicle components to maintain Federal vehicles, if using such components reduces the cost of maintaining the Federal vehicles while maintaining quality.”

It then explicitly goes on to add that remanufactured parts should not be used if they lower “the quality of vehicle performance, as determined by the employee of the Federal agency responsible for the repair decision; or delays the return to service of a vehicle.”

The bill was introduced in the Senate on February 25, 2015 by Sens. Gary Peters (D-MI) and James Lankford (R-OK). Both men are newly elected to the Senate, having served last year in the House, where they were

co-sponsors of the federal vehicle repair bill. Their bill never went anywhere last year.

But all of a sudden in 2015, as both men ascend to the Senate, the bill is suddenly accelerating. “It was a two-fer times two,” says Tom Lehner, Vice President, Public Policy at the Motor & Equipment Manufacturers Association, which supports the bill, referring to both promotions and both senators landing on the Senate committee with jurisdiction over the issue.

Senate sources say Peters is optimistic his bill will receive bipartisan support when it is considered by the full Senate. However, since the Senate is controlled by Republicans, Lankford is the key player here, since he, presumably, has more influence over Senate Majority Leader Mitch McConnell (R-KY), who decides which bills come to the Senate floor for a vote, and when. Lankford's office did not respond to an email query wondering whether Lankford has had any conversations with McConnell about the bill.

At this stage, there doesn't appear to be any opposition to the bill.

Lehner expects to have House co-sponsors to announce soon, and hopes they will have more luck this year in the House than Peters and Lankford did last year.

“The U.S. Postal Service and Department of Interior use remanufactured vehicle parts.”

Both the International Trade Commission and Governmental Accountability Office (GAO) have released reports in recent years laying out the potential for federal savings if federal fleets used remanufactured parts, which few do. The 2013 GAO report found that there are approximately 588,000 vehicles in the civilian federal fleet. Federal agencies spent approximately \$975 million on repair and maintenance of the federal fleet in 2011. Remanufactured vehicle components, such as engines, starters, alternators, steering racks, and clutches, tend to be less expensive than comparable new replacement parts.

Lehner says remanufactured parts, which are fully tested, and fully warranted, can cost as much as 25 percent less than a ...CONTINUE READING ▢



STEPHEN BARLAS
Washington
Correspondent

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Five investments pave way FOR ONLINE COMMERCE



Online purchase decisions are driven by the accuracy and completeness of the content.



In recent columns I've written about the growth opportunities represented by online commerce. Ecommerce is effectively a store that never closes filled with infinite product. But success is directly related to the quality, consistency and completeness of the product content found in your online store.

In the digital aftermarket, the customer is no longer guided by a knowledgeable parts professional. Their purchase decisions are driven by the accuracy and completeness of the content on the screen. Nothing will turn off a customer faster than a missing image or an ambiguous product description.

With this in mind, there are five areas where suppliers and their channel partners should focus their investments in data management to best position their products for success in online commerce.

1. If you haven't already done so, invest in a data gathering and management system. Content will inevitably be authored and "touched" by multiple departments within your organization. Some form of product information management (PIM) is needed to control who has access to what. PIM software will manage the process flow of gathering and publishing all of the

needed product content, ensuring that a SKU does not go "live" until its data elements are complete. In many cases, the software can enforce data standards and "rules" that ensure higher quality compliance.

2. It sounds intuitive to say that content should be uniform throughout a product line and an entire website for reasons of readability, if nothing else. Search engines like Google will actually knock down the score of a website that has an inconsistent number of product attributes or marketing bullets. Uniformity is golden on the Web. Do not confuse this with unimaginative product descriptions or classifications. Search engines prefer keyword-rich and product-specific product titles and descriptions. A lot of thought needs to go into data normalization and consistency of your product descriptions and marketing bullets if you are going to get the desired search engine results.

3. The industry standard product classification taxonomy is the PCdb table from the Auto Care Association, (www.autocare.org) which organizes more than 20,000 unique product types into 25 unique categories. This is one of the very few mandatory fields in a PIES file – suggesting, if you can't tell me what the product is,

don't bother going any further. Websites depend on taxonomy to filter product selection and category managers work with groups of related products defined by category and subcategory. Some resellers have developed their own hierarchy of terms, and that's OK. There are data buckets in PIES for multiple classification codes. Accurate and complete classification of all of your products is critical in helping customers navigate your site, filter their selections and quickly find what they are looking for.

4. A recent addition to industry standard best practices is the product attribute database (PAdb) from the Auto Care Association. The PAdb defines the relevant performance and physical attributes of each of more than 10,000 unique products. Suppliers must provide the values (size, color, finish, etc.) in keeping with the formats defined ...CONTINUE READING □



SCOTT LUCKETT
VP, Industry Strategy
GCommerce Inc.



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Aftermarket has growing **OPPORTUNITIES IN CHINA**



In the next 5 to 7 years, average passenger car age in China will go to more than 6 years.



China's growing passenger vehicle market holds opportunities for the automotive aftermarket, especially in the areas of fuel economy, reduced emissions and advanced technologies, according to Todd Campau, product manager, aftermarket, North America, IHS Automotive.

Campau shared IHS's insights into the Chinese marketplace at the 2015 Vision Conference presented by the Automotive Aftermarket Suppliers Association (AASA), the light vehicle aftermarket division of the Motor & Equipment Manufacturers Association (MEMA).

The Chinese passenger vehicle parc continues to grow, particularly in provinces with huge populations and the developed regions in the country's coastal areas. The top five provinces for vehicle parc growth are Shandong, Guangdong, Jiangsu, Zhejiang and Hebei.

The country's current parc is young, Campau noted – the average age at the end of 2013 was 4.8 years. However, in the next five to seven years, average passenger car age will go from 4.8 years to more than six years, he said. Also adding to vehicle parc growth is loosening credit in the country, which opens the door

for increased sales.

The challenge to China's new vehicle sales is the country's goal of carbon dioxide (CO2) reduction. Currently, potential solutions range from electric vehicles, lightweight vehicles and traditional emissions-reduction technology.

Campau noted that traditional technology will contribute most of the CO2 reduction before 2020. At that point, the switch will be made to electric or hybrid vehicles to have even more CO2 reduction as they replace traditional technology.

He noted that lightweighting is important to CO2 reduction, but it will not be the mainstream solution due to safety and cost. However, it will be important to the

adoption of electric vehicles and hybrid vehicles.

The 2015 AASA Vision Conference was held March 16-17. For more information about the conference, AASA and its global outreach services, visit www.aftermarket-suppliers.org or e-mail info@aftermarketsuppliers.org.

Editor's note: AASA exclusively serves manufacturers of aftermarket components, tools and equipment, and related products, which support 710,000 employees in the United States. MEMA represents more than 1,000 companies that manufacture components and systems for use in motor vehicles and equipment in the light vehicle and heavy-duty, on- and off-highway commercial vehicle markets for the original equipment and aftermarket industries. Motor vehicle component manufacturers are the nation's largest manufacturing sector with a total employment impact of 3.62 million employees – for every direct job in the motor vehicle supplier industry, another five jobs are created. For more information on the motor vehicle component supplier industry, visit www.mema.org.



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WHO'S IN FIRST?

GEOGRAPHY DEFINES THE COMPANY WITH THE MOST STORES

BY BRUCE ADAMS | MANAGING EDITOR

AutoZone and Advance Auto Parts can both make a claim for the number one spot in the Aftermarket Business World Top 25 Auto Chain Report, which ranks companies by their number of company-owned stores.

That's because Advance Auto Parts has the most company-owned stores in the U.S. and Canada (5,261) compared to AutoZone (4,982). But when all North American company-owned stores are counted, AutoZone is on top with 5,384 stores, due to their 402 company-owned stores in Mexico. Since

Advance Auto Parts does not have any company-owned stores in Mexico, AutoZone takes the No. 1 spot in North America this year.

O'Reilly Automotive came in third place this year with 4,366 company-owned stores and Genuine Parts Company was fourth with 1,326 North American company-owned stores.

Advance Auto Parts leapfrogged past AutoZone in the 2014 Top 25 Auto Chain Report after the company's acquisition Jan. 2, 2014 of General Parts International (GPI). The deal pushed Advance into the No. 1 spot, which was held in 2013 by AutoZone.

Interestingly, the number of company-owned stores owned by Advance Auto Parts actually decreased from 5,297 in 2014 to 5,261 in 2015, according to information provided by the company. The slight decrease of 36 stores is likely due to rationalization, as Advance Auto Parts digested the approximately 1,400 independently owned CARQUEST branded stores it acquired from GPI into their existing network of locations.

Despite AutoZone's slight store count advantage in North America, Advance Auto Parts had higher sales of \$9.84 billion in 2014, compared to AutoZone's 2014 sales of \$9.475 billion, according to information provided by both companies.

Other activity in the Top 10 this year saw Fisher Auto Parts move from No. 7 last year with 400 company-owned stores to No. 6 this year with "almost 500" company-owned stores. That was largely due to Fisher's April 1, 2014 acquisition of KOI Auto Parts, which ranked No. 11 in 2014 with 72 company-owned stores. Fisher reported that they added 91 company-owned stores from 2014 to 2015. ...CONTINUE READING □

1 AUTOZONE INC.

123 South Front Street
Memphis, TN 38103
Phone: (901) 495-6750
www.AutoZone.com

CEO:
William C. Rhodes III
Program Group
Affiliation:
None
Stores: 5,384

Employees: 76,000
Retail: 80%
Commercial: 20%
Sales: \$9.475 billion (2014)
Estimated Sales (2015): NA

AutoZone acquired Interamerican Motor Corporation in September 2014. AutoZone continues to focus on both improving inventory coverage and increasing the frequency of deliveries to their stores. An over-arching strategy is to continually improve customer service through ongoing training and systems enhancements. AutoZone is continually looking to improve on its retail and commercial business models.

2 ADVANCE AUTO PARTS

5008 Airport Road
Roanoke, VA 24012
Phone: (877) advance
www.advanceautoparts.com
CEO:
Darren R. Jackson

President:
George Sherman
Program Group
Affiliation:
None
Stores: 5,261

Employees: 73,000
Retail: 43%
Commercial: 57%
Sales: \$9.84 billion (2014)
Estimated Sales (2015): NA

Advance Auto Parts announced in 2014 corporate organizational design changes as part of its ongoing integration of General Parts International (GPI). The company will organize its corporate operations around two Store Support Centers in Roanoke, Va., and Raleigh, N.C., and reorganize several corporate functions between those locations. Advance also entered the Dallas market with its first store on July 17. GPI was a leading privately held distributor and supplier of original equipment and aftermarket replacement products for commercial markets operating under the CARQUEST and WORLDPAK brands.

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3 O'REILLY AUTOMOTIVE INC.

233 South Patterson Ave.
Springfield, MO 65802
Phone: (417) 862-6708
www.oreillyauto.com

CEO/President: Greg Henslee
Program Group Affiliation: None
Stores: 4,366

Employees: 67,926
Retail: 58%
Commercial: 42%
Sales: \$7.216 billion (2014)
Estimated Sales (2015): \$7.7 billion

O'Reilly opened three new distribution centers and entered the Pennsylvania market in 2014. The company's board of directors approved a resolution in August 2014 to increase the authorization amount under its share repurchase program by an additional \$500 million, raising the aggregate authorization under the program to \$4.5 billion. The additional \$500 million authorization is effective for a three-year period. Stock repurchases under the program may be made from time to time, through open market purchases effected through a broker dealer at prevailing market prices, based on a variety of factors.

4 GENUINE PARTS COMPANY

2999 Circle 75 Parkway
Atlanta, GA 30339
Phone: (770) 953-1700
www.genpt.com
CEO: Tom Gallagher

President: Paul Donahue
Program Group Affiliation: NAPA
Stores: 1,326 (North America only)

Employees: 39,000
Retail: 25%
Commercial: 75%
Sales: \$8.1 billion (2014, automotive group only)

Genuine Parts Company's automotive acquisitions in 2014 were in the Asia Pacific region. The company's automotive business experienced 7 percent sales comps in 2014, driven by solid do it for me (DIFM) and do it yourself (DIY) growth. DIFM programs, such as NAPA Auto Care and Major Accounts, performed especially well, the company said, and the progress with the company's DIY initiatives were encouraging.

5 PEP BOYS

3111 W. Allegheny Ave.
Philadelphia, PA 19132
Phone: (215) 430-9000
www.pepboys.com

Interim CEO: John Sweetwood Odell
Program Group Affiliation: None

Stores: 800
Employees: 19,000
Retail: 100%
Commercial: 0
Sales: \$2.08 billion (2014)

Pep Boys launched "The Road Ahead," a new automotive service and retail experience that includes a redesigned store inside and out, along with dedicated customer service enhancements. The first market was Tampa, Fla., which hosted its grand re-opening in the latter part of 2013. In 2014, three additional markets were completed: San Francisco Bay Area; Greater Boston and southern New Hampshire; and Charlotte, N.C. Markets scheduled to open in 2015 for the "Road Ahead" include Denver, Cincinnati and Baltimore.

6 FISHER AUTO PARTS

512 Greenville Ave.
Staunton, VA 24402
Phone: (540) 885-8901
www.Fisherautoparts.com

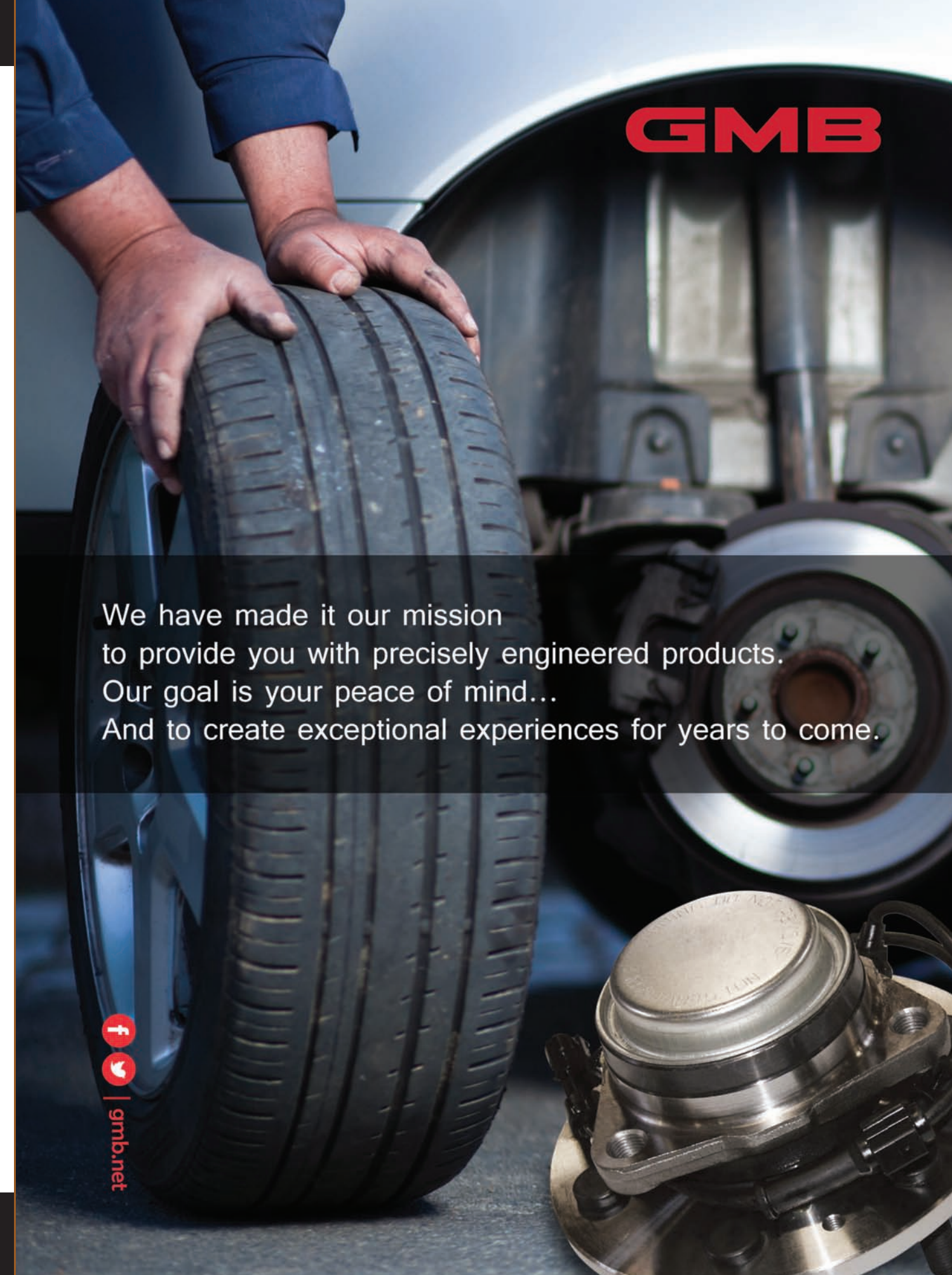
CEO: Bo Fisher
Program Group Affiliation: Federated (The Group)

Stores: almost 500
Employees: 5,000+
Retail: 25%
Commercial: 75%
Sales: NA

On April 1, 2014, Fisher Auto Parts acquired KOI Auto Parts, which ranked No. 11 with 72 company owned stores in the 2014 Aftermarket Business World Top 25 Auto Chain Report. Overall, Fisher Auto Parts added 11 independent jobbers and 91 company owned stores in 2014. Fisher Auto Parts grew by almost \$300 million in sales during 2014, including acquisitions, new greenfield stores and same-stores sales increases of 8.8 percent. Fisher Auto Parts also teamed up with Canadian Tire within Federated Auto Parts and formed "The Group" along with National Pronto Association.



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7 UNI-SELECT INC.

170 Industriel Blvd.
Boucherville, Quebec
J4B 2X3
Phone: (450) 641-2440
www.uniselect.com

CEO/President:
Richard G. Roy
Program Group
Affiliation:
None
Stores: 412

Employees: 5,300
Retail: 10%
Commercial: 90%
Sales: \$1.784 billion (2014).

In February 2015, Uni-Select agreed to sell substantially all of the assets of Uni-Select USA Inc. and Beck/Arnley Worldparts Inc. to an affiliate of Icahn Enterprises L.P. (39 warehouses and 240 corporate stores). The deal is expected to close in the first half of 2015. Uni-Select completed the acquisition of Auto Paint and Supply of Lakeland, Fla. (2 stores) in early 2014. In February 2014 it acquired Metro Paint Supplies, Midwest Refinishings Supply and Automotive Coatings & Equipment (3 stores, 1 warehouse). In April 2014 it acquired J.K. Distributors (9 stores, 1 warehouse). In January 2015 it acquired DB Rick's (1 store).

8 REPLACEMENT PARTS INC.

1901 E. Roosevelt Road
Little Rock, AR 72206
Phone: (501) 377-7201
www.BTBAutoParts.com

CEO/President:
Bill Schlatterer
Program Group
Affiliation:
The Alliance
Stores: 161

Employees: 1,200
Retail: 25%
Commercial: 75%
Sales: \$209 million (2014)
Estimated Sales (2015): \$225 million

In 2014 Replacement Parts Inc. bought six stores in Missouri, three stores in Arkansas; and changed over two stores in Arkansas, two in Louisiana and one in Texas. The company worked in 2014 to improve its IT development, inventory, store communications and planning. It is developing a complex inventory management tool for stores. Last year was spent refining and improving the tools and in the fourth quarter began using the tools, one product category at a time. By the end of 2015 it will have finished all inventory categories and will be able to manage inventories more on the fly based upon sales trends and/or store plans.

9 AUTOMOTIVE PARTS HEADQUARTERS

2959 Clearwater Road
Saint Cloud, MN 56301
Phone: (320) 252-5411
www.autopartshq.com
CEO:
John Bartlett Jr.

President:
Corey Bartlett
Program Group
Affiliation:
The Alliance
Stores: 99

Employees: 1,000
Retail: 30%
Commercial: 70%
Sales: \$103 million (2014)
Estimated Sales (2015): \$115 million

In September 2014 Automotive Parts Headquarters (APH) acquired United Auto Supply, a leading privately held distributor and store group, and its 13 stores in and around La Crosse, Wis. APH also acquired seven other stores throughout the year – two in January, four in May and one in June. The company also enhanced its internal training programs and methods; developed its Commercial Vehicle division; and explored additional growth opportunities.

10 HAHN AUTOMOTIVE WAREHOUSE

415 W. Main St.
Rochester, NY 14608
Phone: (585) 235-1595
www.hahnauto.com

co-CEO/President:
Eli Futerman
Dan Chessin
Program Group
Affiliation:
Alliance - Auto Value

Stores: 90
Employees: 1,100
Retail: 20%
Commercial: 80%
Sales: \$207 million (2014)
Estimated Sales (2015): \$210 million.

Hahn Automotive Warehouse continued to use the inventory optimization tool through the Alliance data warehouse to improve store inventories. Hahn also created and published sophisticated marketing materials to use with stores and service dealers in addition to supporting Alliance initiatives such as "The Big Game Sweepstakes" and "Harley Giveaway." Implementing marketing programs that strengthen relationships with its customer base continues to add growth, the company said.



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COMPANY	STORES	WHOLESALE/ RETAIL %	2014 SALES	CEO/PRESIDENT	LOCATION	PHONE	PROGRAM
11 XL Parts	63	95/5	\$220 million	Ali Attayi	Houston, TX	(713) 983-1100	Pronto
12 Arnold Motor Supply	58	75/25	Not available	Dennis Spooner	Spencer, IA	(712) 262-1141	The Alliance
13 SAE Warehouse Inc.	49	68/32	\$62 million	Tim Sturdevant	Sioux Falls, SD	(605) 362-6970	Pronto
14 Auto Tire & Parts NAPA	48	75/25	Not available	John Tlapek	Cape Girardeau, MO	(573) 334-9131	NAPA
15 Arnold Oil Company	45	70/30	\$100 million+	Jim Arnold	Austin, TX	(512) 476-2401	Federated
15 Bond Auto Parts	45	70/30	\$75 million	Scott Bond	Barre, VT	(802) 479-4026	The Alliance
17 The Parts House	42	95/5	\$100 million+	David Honig	Jacksonville, FL	(904) 731-3034	Parts Plus
18 Automotive Supply Associates	38	80/20	Not available	David T. Segal	Concord, NH	(603) 225-4000	The Network
19 Bennett Auto Supply	33	70/30	\$72 million	Harold Bennett	Pompano Beach, FL	(954) 335-8730	The Alliance
20 Walker Auto Parts	32	80/20	\$32 million	Don Walker	Raleigh, NC	(919) 833-8955	NAPA
21 Car Parts Warehouse	27	75/25	\$70 million	Tony Di Fiore	Brookpark, OH	(216) 676-9304	Parts Plus
22 ABC Auto Parts	26	70/30	\$61.6 million	Larry Pyle	Longview, TX	(903) 232-3060	The Alliance
23 Hedahls Auto Plus	26	80/20	\$39 million	Dick Hedahl	Bismarck, ND	(701) 223-8393	Uni-Select
24 Brooks Auto Parts	25	70/30	Not available	(Don) Elton D. Brooks Jr.	Douglas, GA	(912) 384-7818	NAPA
25 Knecht's Auto Parts	23	0/100	Not available	Kevin Sabbato	Springfield, OR	(541) 746-4446	Pronto
25 Smyth Automotive Parts Plus	23	85/15	\$40 million	Jim Smyth	Cincinnati, OH	(513) 843-2117	Parts Plus



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