AFTERMARKET BUSINESS WORLD™

AUGUST 2015

FOREIGN NAMEPLATES TO DRIVE GROWTH OF AUTO REPAIR SHOPS

CLICK TO ZOOM

- Click once to zoom in
- Click & hold to move page around

DOMESTIC:

Industry News
Products
Opinion/Commentary
Special Reports

INTERNATIONAL:

International News
Automechanika Events
Events Coverage
Import/Export Guide

SearchAutoParts.com

- Distribution
- Collision Repair
- Service Repair
- Technicians

Talk Shop Anytime

AUTOPRO WORKSHOP

FOREIGN NAMEPLATES TO DRIVE GROWTH OF AUTO REPAIR SHOPS

PHOTO COURTESY: THINKSTOCK

BY STEPHEN SPIVEY | Contributing Editor

Parts and service for Toyotas, Hondas, Hyundai/Kias and Mazdas will grow nearly five times faster than for domestic brands over the next few years.

That is one the main conclusions of Frost & Sullivan's latest analysis of U.S. repair shops and service bays. The research includes a breakdown of the number of service locations across the country, as well as analysis of vehicles in operation and survey results from a poll of 1,500 motorists about their maintenance habits.

It also highlights the emerging challenge of service bay capacity. The closure of more than 3,000 mostly General Motors and Chrysler dealerships from 2008-2010 shuttered at least 30,000 high-tech service bays across the country, while the total vehicle population grew by nearly 5 percent.

There were approximately 172,200 vehicle maintenance and repair centers in the United States last year, according to data from the

CLICK TO ZOOM

- Click once to zoom in
- Click & hold to move page around

More articles by STEPHEN SPIVEY

RELATED articles

AUTHOR bio

Analysis by market

REPLACEMENT

Vendors: New welding process to spur more aluminum content in vehicles.

EMERGING

Technology: Connected cars pose security risk.

INTERNATIONAL

Vendors: Overseas initiatives augmenting AutoZone's sourcing capabilities.

CUSTOMERS

Dealers: Making inroads in the vehicle accessories market.

Research

Collision Shop Study: See the latest *Aftermarket Business World* study examining the buying habits of collision repair shop owners.

Online Special Reports

EXPERIAN

Vehicle sales and aftermarket opportunities: The auto industry is improving, but best times are still ahead for the aftermarket.

AFTERMARKET BUSINESS WORLD (Digital ISSN 1938-0593) is published 12 times yearly by UBM Advanstar 131 W First St., Duluth MN 55802-2065. Subscription rates: digital only $65 for 1 year.

Opinion

Donny Seyfer
No place for gender bias in the industry

AASA's OAC
China's aftermarket set for growth

Brian Lindenmeyer
How distributors can capitalize on Big Data

Mark Smith
A history of bad aftermarket decisions

Stephen Barlas
NHTSA aims to speed up airbag recall

Auto Care Association
Facts about the industry factbook

Collision Shop Product Study

Auxiliary Lighting Philips

Brakes

Water Pumps GMB

Nameplates drive growth

> The number of general repair facilities will continue to decline by about 0.5 percent.

Auto Care Association as well as Frost & Sullivan analysis. This includes an estimated 76,200 general repair garages, 17,500 automobile dealerships and almost 20,000 tire shops, among other outlets.

These facilities are equipped with approximately 1,175,000 service bays, providing maintenance and repairs for approximately 250 million passenger cars and light trucks in use across the country. Nearly 140 million of these vehicles are from the pre-2006 model year, reflecting the increasing average age of the U.S. fleet.

The number of general repair facilities, which includes thousands of small, family-owned businesses, will continue to decline by about 0.5 percent every year. Increasing costs for tools, training and equipment are making it too difficult for some to survive.

Tire stores, mass merchants and oil change shops are expanding to fill the void created by the closure of dealerships and general repair facilities. Based on current sales trends, they will service a vehicle population that features more Asian (CAGR 3.5 percent) and European (3.2 percent) nameplates than domestics, which are disappearing from the roads at a rate of 0.2 percent annually.

Meanwhile, automobile dealerships in the OES channel will add more aftermarket parts to their service departments to offer lower priced maintenance to owners of post-warranty vehicles. Some, such as Ford and Volkswagen, also will expand the number of quick-lube lanes at their dealer sites.

The good news for the repair industry as a whole is that many people plan to keep their vehicles a while longer. One in three vehicle owners in Frost & Sullivan's latest survey said they would keep their primary vehicle for at least five more years.

And more expect to increase spending on parts and service in 2015 (26 percent) than to see their costs decrease (21 percent).

However, it will get increasingly competitive within aftermarket service channels, particularly for minor maintenance. Thanks to synthetic lubricants and premium filters, people seem to be changing their oil less frequently, so shops

...CONTINUE READING

CLICK TO ZOOM
• Click once to zoom in
• Click & hold to move page around

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

AUGUST 2015
Industry News | Products | 4 International Trends | 8 Dealership Market Trends | 11 Donny Seyfer
Market Trends & Analysis | Contact Us | 6 Vendor Market Trends | 10 Technology Solutions | 12 Mark Smith
Sign up for weekly Distribution e-newsletters SearchAutoParts.com

Overseas initiatives augmenting AutoZone's sourcing capabilities

BY JAMES E. GUYETTE
News Correspondent

AutoZone is accelerating its international purchasing processes by establishing an in-house product procurement center in Asia.

"We are in the early stages of expanding our direct import capabilities," says Bill Rhodes, chairman, president and CEO. "Although we currently have an active program, we believe that it can be significantly expanded by developing more internal capabilities.

TRENDS & MARKET Analysis

"We have completed significant research and have now developed a new global sourcing strategy, and that strategy – which includes us opening our first offshore sourcing office – is in the implementation phase."

AutoZone will have "people operating it this fall," reports Vice President and Treasurer Brian Campbell, elaborating on the company's announcement of the initiative at a May conference call with Wall Street analysts.

Vendor Newsmaker Q&A

GREG POTTER
Executive Manager
Equipment and Tool Institute

Q How does ETI benefit global parts manufacturers, distributors, retailers and repairers?

A What did Potter say? Continue reading online.

Read full interview

A site in an Asian office park has been selected, and an executive at AutoZone's Memphis headquarters has been assigned to oversee the efforts. "He's moving over there and will be building a staff," says Campbell, declining to identify the specific nation hosting the facility.

More articles by JAMES E. GUYETTE
RELATED articles

- Click once to zoom in
- Click & hold to move page around

CLICK TO ZOOM

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

> Another AutoZone initiative involves the recent purchase of Interamerican Motor Corp.

Initially the location will be office-like, relying on third-party distribution centers for merchandise storage and shipping. “We don’t need warehousing space at this point,” he says, noting that competing aftermarket businesses already have dedicated foreign sourcing centers in place.

An enhanced Asian hands-on presence “will allow us to be closer to the vendors and the manufacturers so that we can source with a broader net and improve our quality control, etc.,” says CFO Bill Giles, citing the long-term benefits of the plan. “It will have the opportunity to reduce pricing because we’ll be able to go direct in many circumstances.”

Giles says the real focus is going to be on the acquisition costs, getting closer to vendors and manufacturers, and improving the profitability of the company.

“The way to think about it is that we’ve started this journey a long time ago, and we do a fair amount of direct importing today. And so it’s not that we are starting from ground zero necessarily,” he says. The merchandising team has been working on this for a long time.

Giles notes that direct importing is being accomplished with the assistance of third-party providers. “We can probably more than double what we’re doing today – and probably a little better than that over the next three to five years. So we’re in the third or fourth inning and working our way through,” he says.

Unique vendors

Another initiative involves the recently completed purchase of Interamerican Motor Corp. (IMC) from Hamburg, Germany-based Wulf Gaertner Autoparts (WGA), which has operations in more than 120 nations.

Specializing in OE and do-it-for-me replacement parts for European and Asian models, “The IMC product is a whole new line of goods,” Campbell says, calling IMC “a unique set of vendors that we haven’t dealt with in the past. They’re tier one vendors; this will serve that niche that only wants to buy what was on the car originally.”

“With AutoZone we found an excellent new owner for IMC,” says...CONTINUE READING

• Click once to zoom in
• Click & hold to move page around
CLICK TO ZOOM

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

New welding process to spur more aluminum content in vehicles

BY JAMES E. GUYETTE
News Correspondent

Recent refinements to a manufacturing method engineered for attaching varying thicknesses of aluminum together with fewer rivets, fasteners and other components is expected to ultimately deliver much higher amounts of aluminum content throughout the automotive supply chain.

TRENDS & MARKET Analysis

"A technology has been found to actually make 'tailored blanks' for aluminum. You take a tailored blank and then you put it in your stamping process," says General Motors engineering spokesman Klaus-Peter Martin, adding that the new production development "is at the required speed to make it interesting for the industry."

In a partnership among GM, Alcoa, the TWB Co. and the U.S. Department of Energy's Pacific Northwest National Laboratory (PNNL), researchers report that they have made significant progress in perfecting a tailored blank-oriented aluminum joining technique known as FSW, or friction stir welding.

"Every new process of technology that makes our process more cost-efficient, faster and also contributes to our vehicle lightweighting is something we are interested in," Martin says.

Vendor Newsmaker Q&A

BOB O'GORMAN
President
Automotive Lift Institute

Q What are the certification and safety standards for lift vendors and shop owners?

A What did O'Gorman say? Continue reading online.

Read full interview

More articles by JAMES E. GUYETTE
RELATED articles

• Click once to zoom in
• Click & hold to move page around

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

> Four automakers are evaluating the latest improvements in FSW-produced parts.

This ability to join aluminum sheets of varying thicknesses is critical for making lighter-weight auto parts that still retain the necessary strength requirements. It is also less costly and 10 times faster than current FSW manufacturing strategies, presenting production speeds that meet OEM high-volume assembly line demands.

Four automakers are actively evaluating the latest improvements in FSW-produced parts and two others are "looking for applications" that can be adapted to their specific needs, says PNNL program manager Yuri Hovanski.

By using fewer steel parts and more aluminum, a car door can be created that is 62 percent lighter and 25 percent cheaper – which also reduces aftermarket shipping and replacement costs along the way.

"We looked at the barriers preventing the use of more lightweight alloys in cars, picked what we felt was a top challenge, and then formulated a team that represented the entire supply chain to tackle it," says Hovanski. "The result is a proven process that overcomes the speed, scale and quality limitations of FSW that previously were showstoppers for the auto industry."

Currently "they're putting in multiple parts and just riveting them together," Hovanski tells *Aftermarket Business World*. "There aren't pieces that wiggle and break in there" when FSW is utilized. "You put the material only where it's needed."

An aluminum-centric model such as the Ford F-150 could have fewer steel parts within the doors to lighten the curb weight with no drawbacks in performance or maintenance. "Installing a door aluminum-inner doesn't change how you would repair the door," he points out.

"You wouldn't use the FSW process in the repair facility because it would be one piece with the FSW already in it," explains TWB Product Development/Sales Director Mark Eisenmenger.

"It's a more integrated stamping – it's a single component," he adds. "There are less part numbers involved, which will be a benefit to the repair business."

Martin notes that vendors and installers will be brought fully up to....CONTINUE READING

• Click once to zoom in
• Click & hold to move page around
CLICK TO ZOOM

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

Dealers make inroads in vehicle accessories market

BY BRIAN ALBRIGHT
Correspondent

New car dealerships are expanding their accessories sales in an effort to further boost profits. Foresight Research released its 2015 Accessory Immersion Report this summer, which indicates more dealers are pushing accessories. The report is part of the company's annual Channel Immersion and Perspectives (CHIPS) study.

TRENDS & MARKET Analysis

Dealers would like to gain a bigger slice of a growing accessories market. In 2013, SEMA pegged the accessories sales at $33 billion, a 6.7 percent increase over 2012 and the fourth consecutive year of strong growth.

In its last report on accessories, Foresight Research found that nearly half of new car and truck buyers accessorize their vehicle, with average accessory expenditures increasing by one-third between 2011 and 2013. The aftermarket has snagged the biggest share of those sales, with dealers only recently targeting accessories as a potential revenue stream.

"Accessories offer large and lucrative profit potential for new car and truck dealers," says Nancy Walter, vice president of business development at Foresight. "Our research shows that

Dealer Newsmaker
Q&A

JIM LANG
President
Lang Marketing Resources

Q Can you explain some of the service station and garage population changes in context of all the dealership closings?

A What did Lang say? Continue reading online.

Read full interview

More articles by BRIAN ALBRIGHT
RELATED articles

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

AUGUST 2015
Industry News
Market Trends & Analysis
Products
Contact Us
4 International Trends
6 Vendor Market Trends
8 Dealership Market Trends
10 Technology Solutions
11 Donny Seyfer
12 Mark Smith

> Foresight Research found that nearly half of new car and truck buyers accessorize their vehicle.

buyers who do accessorize their vehicle will spend an average of almost $2,000, with certain demographics spending as high as $4,800. However, two-thirds of new car and truck buyers report that their dealer did not initiate an accessory conversation during the sales process and only 36 percent of accessory buyers obtain their necessary accessory information from dealership personnel. Given that total average accessory spend doubles when a sales effort actually takes place, this represents a lot of profit walking out the dealer's door."

For the current round of research, Foresight surveyed nearly 7,500 buyers who made 3,908 total accessory purchases. They evaluated sales of 72 different types of accessories.

While the number of vehicle owners that had already installed accessories was relatively flat from 2013 to 2014, the number of owners who intended to install accessories increased from 19 percent in the previous study to 26 percent in the current data.

"Part of that is because millennials have come back," Walter says. "They tend to plan ahead a bit more."

The number of older buyers has been growing for the past several years. This year, however, younger buyers have come back into the market. "The proportion of younger buyers has really jumped," says Chris Stommel, Foresight president. "That has major implications across the spectrum of the study in terms of behavior, motivations, and the action those buyers will take in the future."

Younger buyers tend to spend more – $1,216 versus $497 for buyers older than 55. Hispanic buyers likewise outspend Caucasians on accessories.

Sporty cars, pickups, and luxury vehicles tend to be the most accessorized. According to Stommel the biggest growth in vehicle sectors was among pickups and minivans.

In terms of accessory types, top sellers like Bluetooth technology, iPod/MP3 systems, and satellite radio have seen their share of the accessories market fall as OEMs make those features standard in more cars. Tinted windows now lead the pack with 56 percent of

...CONTINUE READING

CLICK TO ZOOM
• Click once to zoom in
• Click & hold to move page around

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

Connected cars pose security risk

Advanced connectivity exposes personal information, passwords to hackers

> The nodes in the vehicle are not authenticated or verified to secure the data in the vehicle.

BY BRIAN ALBRIGHT
Correspondent

Connected car technology is slowly increasing its presence in the market, but some experts now warn that network-enabled automobiles may pose a security and safety risk.

"Automotive manufacturers are increasingly providing more connectivity options to the consumer by allowing them to connect to their cars, smartphones, wearable devices, homes and more," says David Miller, chief security officer at Covisint.

TRENDS & MARKET Analysis

Miller spoke at TU-Automotive Detroit in June about connected vehicles.

"These options are providing increased value to vehicle owners and manufacturers alike, but what most of us don't fully understand are the security consequences of exposing all of our personal information, data and passwords with this advanced connectivity," he says. "Connected cars need to offer unified and interoperable user experiences to keep driver information secure, which will not be possible without collaboration across the automotive and technology industries."

Last year, Senator Edward Markey (D-Mass.) released a report entitled Tracking & Hacking: Security & Privacy Gaps Put American Drivers at Risk. The report outlined potential vulnerabilities posed by Bluetooth and wireless Internet connectivity in vehicles that could lead to the loss of driver and vehicle data to outside parties.

"Cars were never designed to be secure, network connected devices," says Nick Gill, chairman of the global automotive sector at Capgemini. "The typical car has 50 to 100 electronic control units (ECUs), plus a significant amount of sensors, and each of those represents a potential connection point. The risk is that someone, for whatever reason, could get into the vehicle's systems through one of those ECUs and then access all of the others. The weakest point of those 200 nodes will be the point of attack."

In addition to potentially stealing driver or vehicle information, hackers could conceivably take control of vehicle systems that operate the brakes, headlights, or speedometer readings, among other things. They could also access location or driving history information. Hackers could also steal information related to freight being carried by commercial vehicles.

The nodes in the vehicle (which come from a variety of different suppliers) don't have the type of authentication or verification necessary to secure the data in the vehicle. The OEMs will bear the ultimate responsibility if there are breaches, Gill says.

According to Frost & Sullivan, 90 percent of automakers in North America have deployed connected telematics solutions. Machina Research predicts that connected vehicles will cause a 97 percent increase in data traffic in certain regions. The European Union is in the process of mandating eCall connectivity in all vehicles by 2018, to enable automatic emergency communications for every car in the region.

...CONTINUE READING

Technology Newsmaker Q&A

BRENT BERMAN
Director of Training and Consumer Experience
Federal-Mogul Motorparts

Q How do you maintain support of the mobile operating systems as the mobile phone platforms are updated?

A What did Berman say? Continue reading online.

Read full interview

• Click once to zoom in
• Click & hold to move page around

CLICK TO ZOOM

More articles by BRIAN ALBRIGHT

RELATED articles

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

No place for gender bias IN THE AUTO REPAIR INDUSTRY

I don't suppose there is a way to cover this topic without getting in trouble, but I have never been one to avoid a touchy subject. I just read an article in one of those newspapers that likes to write provocative rather than balanced articles.

Why did I read it? Because the article was about a young woman who decided to leave her career as an engineer and become a "mechanic" because, "I was tired of getting scammed by the male-dominated auto-care industry."

DONNY SEYFER
Operations Manager
Seyfer Automotive, Inc.

Before I start my tirade, I want you to know how I feel about women in the industry. I am 100 percent in favor of women doing whatever they want to in auto repair, except for bashing all men who work in it. Those of you who know me are well aware that I really have no concern about the secondary chromosome you carry. The truth is the majority of the professionals in this industry don't either.

We may not be sure what the protocol is when you are working alongside a female technician and a cast iron cylinder head has to come off an engine — do we offer to help or allow her to struggle with a part that is half of her body weight? Is it wrong to, in turn, ask a female technician with small hands to help fish a cabin air filter out of a space clearly not designed for the size of most male hands? According to my friend Bogi Lateiner of 180 Auto in Phoenix, that is one of the beauties of men and women working side by side, our differences can benefit one another in the service bay.

Back to my story about this article. There seems to be this new norm that if a business is male-dominated it is somehow evil and if it is female-dominated it should be celebrated. I am sorry, but if the goal is revenge for years of backward thinking on the part of men then go ahead and celebrate. I know a lot of women in this industry who are held in high regard by both sexes, and I would think that for anybody that would be the goal.

When anyone attempts to gain notoriety or position by undermining an entire group of people it should be pretty obvious that this type of stereotyping is wrong, but it seems like the message is, "Good for you! You go girl!"

Speaking for all of the repair professionals who offer the exact same fair and detailed information and service, regardless of sex or any other excuse for being "scammed" by repair shops, it's time to stop being a victim and start doing your homework. An abundance ...CONTINUE READING

More articles by DONNY SEYFER
RELATED articles
AUTHOR bio

CLICK TO ZOOM
• Click once to zoom in
• Click & hold to move page around

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

AUGUST 2015
Industry News
Market Trends & Analysis
Products
Contact Us
4 International Trends
6 Vendor Market Trends
8 Dealership Market Trends
10 Technology Solutions
11 Donny Seyfer
12 Mark Smith
Sign up for weekly Distribution e-newsletters SearchAutoParts.com

A history of
BAD AFTERMARKET DECISIONS

Making a horrible decision can occur for several different reasons, and some of those decisions are based on a very complex set of unforeseen circumstances. Sometimes, there is the lack of action, which is also a decision of sorts, yet based on indifference. The independent automotive aftermarket has a history of such nonsense and 99.99 percent of what's happened to us is based on stupidity and a lack of foresight.

Over the last few decades, I have witnessed or been part of so many different trends or fads within our industry, I am probably qualified to host a late night infomercial regarding anything automotive, retail, management, motivational, insurance and "enhancement" related. Here are some very bad decisions made or ignored from the past, present and possible future.

MARK SMITH
President,
Wholesale Auto Parts

Independents will always rule (past)

Back in the late 70s and early 80s, there came a new kid to town that began usurping market share. His name was big box. Initially, this was seen as non-threatening to the traditional marketplace, and the independent jobbers and warehouses alike discounted the occurrence as a passing fad.

The smugness and lack of recognition by the independent automotive aftermarket to the emergence of the retailers started an avalanche of small jobbers closing their doors as a result of an ...CONTINUE READING

More articles by MARK SMITH   RELATED articles   AUTHOR bio

CLICK TO ZOOM
• Click once to zoom in
• Click & hold to move page around

Sign up for weekly Distribution e-newsletters
SearchAutoParts.com

NHTSA aims to speed up AIRBAG RECALL

There is likely to be a significant aftermarket aspect to the Department of Transportation's (DOT) expansion of the slow-moving Takata airbag inflator recall program. The DOT's National Highway Traffic Safety Administration (NHTSA) announced in early June that is was considering issuing administrative orders leading to coordination of the Takata remedy program. Those orders could touch on "coordination as to airbag inflator sourcing, production, allocation, delivery, installation, and adequacy of the remedy."

For example, NHTSA is wondering whether, and how, it should order additional authorized repair facilities, or any other regulated entity, to aid Takata and/or manufacturers in the timely completion of remedy programs.

NHTSA is under increasing pressure from Congress to step it up on the Takata recall, which is at 34 million vehicles and counting. Relatively few of those vehicles have received replacement airbags, and some of those that have received the same Takata bags that have proven problematic.

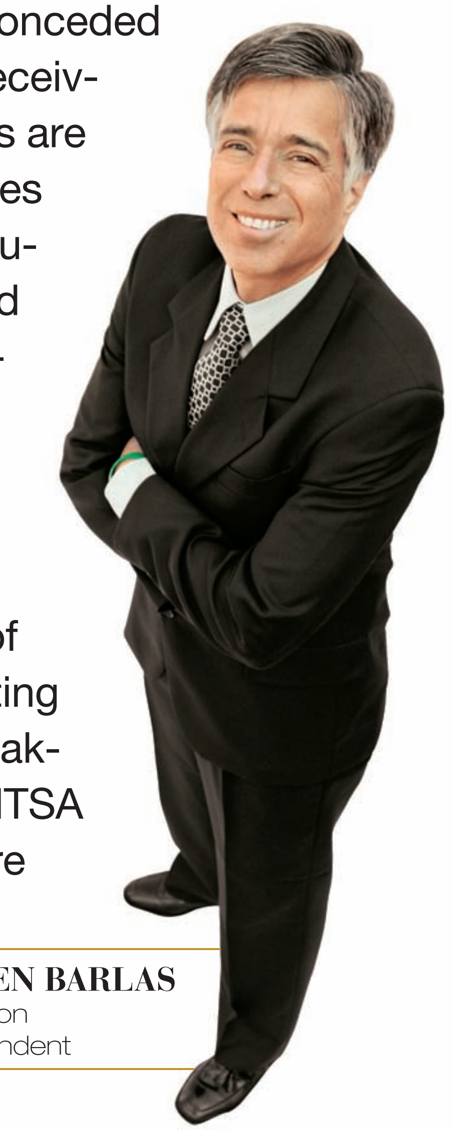
A hearing on the Takata recall in the House Energy & Commerce Committee on June 2 was the scene of exasperated comments from both Republicans and Democrats on the committee. Mark Rosekind, administrator of NHTSA for only six months, was essentially treated with kid gloves with most of the unhappiness from the dais directed at the Rosekind's predecessors, who were in place when the first Takata airbag exploded in 2004.

Not only have a majority of recalled cars not been fixed, but Takata still does not know what caused the airbag explosions, at least not with any precision. Kevin Kennedy, executive vice president at Takata, told the hearing that ammonium nitrate, a propellant, was a factor in the explosions, which sent pieces of metal flying around the vehicle, in some cases impaling occupants and causing deaths. None of the 34 million recalled airbags contained a desiccant in combination with the ammonium nitrate. A desiccant is used to absorb humidity. Airbag explosions seem more likely in humid climates.

Kennedy went on to tell a surprised Rep. Michael Burgess (R-TX), chairman of the commerce, manufacturing and trade subcommittee, that Takata was not installing replacement air bags with ammonia nitrate propellant without a desiccant.

Rosekind seemed to allude to that problematic situation when he conceded that some car owners receiving replacement inflators are getting "interim" remedies instead of long-term solutions. "The dealer should make it clear to the customer which one of those the customer is getting," Rosekind said.

Questionable replacements or not, very few of the 34 million and counting (only seven of 11 automakers have reported to NHTSA on which of their cars are subject to the recall) vehicles have received



STEPHEN BARLAS
Washington Correspondent

...CONTINUE READING

• Click once to zoom in
• Click & hold to move page around

More articles by STEPHEN BARLAS RELATED articles AUTHOR bio

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

AUGUST 2015
Industry News
Market Trends & Analysis
Products
Contact Us
4 International Trends
6 Vendor Market Trends
8 Dealership Market Trends
10 Technology Solutions
11 Donny Seyfer
12 Mark Smith
Sign up for weekly Distribution e-newsletters SearchAutoParts.com

How distributors can CAPITALIZE ON BIG DATA

> Distributors need to use analytics to maintain a keen eye on inter-relationships of orders.

The auto industry is experiencing a renaissance: recent news reports reveal the sector may realize growth in new vehicle sales not seen since 2001. As more cars are purchased by consumers, automakers plan to take advantage of their investments in Big Data and analytics to enhance their businesses for competitive advantage.

Focusing their efforts initially on customer experience and vehicle innovation, they plan to integrate richer data analysis for better decision-making. After all, that's been the promise of Big Data from the beginning. Supply chains, in particular, will benefit from this business development in the long term, once the data is available and can be incorporated into operational strategy.

But what does this push into Big Data mean for the expansive automotive aftermarket?

With small margins, productivity pressures and faster inventory turn requirements, wholesale distributors in the automotive aftermarket need greater insights into automotive research and development more than ever.

From changing part lifecycles to innovations on the horizon – like hybrid and electric cars – they will need a clearer vision on automotive trends for a true competitive advantage. Rather than seeing industry patterns in their rearview mirrors, savvy distributors can begin to plan their futures – selling innovative parts that transform the aftermarket arena.

Here's how they can capitalize on Big Data:

1) Leverage an integrated system capable of connecting data across all operations for richer analytics and improved visibility, affecting inventory outcomes for supply, sales and service networks.

To realize the promise of Big Data, distributors need to use analytics to maintain a keen eye on inter-relationships of orders, i.e. different products that are offered together. Knowing when items need to be replaced, even if from different vendors, is paramount. Furthermore, analytics help aftermarket companies assess which parts to prioritize and purchase to extend the lives of used cars, making them relevant and appealing when compared to newer models.

2) Enforce accurate warehouse routines and procurement.

While the automotive aftermarket has a history of being reactive, Big Data can change that. It can help them gain insights to reduce inventories and take a more proactive approach to the market. An electronic parts catalog and integrated electronic data interchange (EDI) can help automate and track orders through a supply chain to the customer level, improving customer satisfaction and helping buyers understand shifts in the market earlier in the process to adjust purchasing decisions accordingly.

3) Capture product-lifecycle information essential to achieving profitable re-manufacturing and post-sale service offerings.

Market realities require innovation beyond what major manufacturers will put into a given product. If distributors use Big Data to apply this principle across all products, then they will position themselves and their brands for strong growth. They will derive the return on investment on their research and profitability much

...CONTINUE READING

BRIAN LINDENMEYER
Principle Solutions Consultant
IBS

More articles by BRIAN LINDENMEYER | RELATED articles | AUTHOR bio

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

China's aftermarket SET FOR EXPLOSIVE GROWTH

The well-documented explosion of light vehicle sales in China will create a vast aftermarket and opportunities for aftermarket suppliers – and AASA is well positioned to assist its supplier members in advancing their business interests in this new and growing market.

The initial beneficiaries of China's growing aftermarket will be the OEMs, OE service and single-make channels, but the seeds are there for a surge in the independent aftermarket (IAM), according to AASA analysis. China's aftermarket growth will be driven by the diversity of makes and models in the market, its gradual aging fleet, its used car market and motorists' adoption of vehicle usage/maintenance routines.

However, the key driver will be the manufacturers that committed to China's aftermarket development. As part of its strategy in China, AASA has developed "China Vision – 2025," which includes:

- A robust, growing independent aftermarket where vehicle owners have local access to a variety of choices of quality products and convenient service outlets.
- Replacement products that are of consistent quality, are readily available, and are professionally installed.
- Motorists who have the confidence in the performance and safety of the replaced parts.

AASA strategy includes key pillars for a robust sustainable IAM. These must be

...CONTINUE READING

JAY BURKHART
AASA VP
China Aftermarket Office

• Click once to zoom in
• Click & hold to move page around
CLICK TO ZOOM

More articles by JAY BURKHART
RELATED articles
AUTHOR bio

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

Facts about the AUTO CARE INDUSTRY FACTBOOK

> The average age of vehicles, now up to 11.5 years, is the oldest ever.

It was 1991 when the first Automotive Aftermarket Factbook was introduced to our members and the industry by our association. It was a meager 13-page print-only publication, compared with this year's Digital Auto Care Factbook edition weighing in at a hefty 116 pages.

Today, the rebranded Digital Auto Care Factbook is the flagship resource publication for our association. The publication is central to our market intelligence process of systematic gathering, recording and analyzing data about the auto care industry. Market intelligence is consistently rated as one of the top benefits by members. Why?

Market intelligence helps members and others make strategic decisions about new product introductions, budgeting, competitive pricing, allocation of promotional resources, geographic distribution of product and more. It creates benchmarks to help companies measure progress, reduce risk, expand market share and enhance their competitive edge.

For any publication to remain valuable and viable for 25 years, it must evolve to meet business needs of its end users. As the technical sophistication of the industry and its vehicles has grown over the last quarter century, the presentation of the most relevant industry trends in our Factbook has followed suit. Vehicles have become more sophisticated in terms of computerization and software orientation, electrification, connectivity, telematics and hybrid power. To match those advancements, the Digital Factbook increasingly provides this information through new, interactive and enhanced online features.

Each year new robust data and analysis features and input from many well-known industry sources including data suppliers and professional expertise have been added to strengthen the factbook. While the additions are far too many to list, some key enhancements along the way should be noted. They include:

- The Channel Forecast Model and DIY – DIFM Segmentation.
- State of the Auto Care Industry Report.
- E-commerce and e-tailing report by IMR and MARTAC.
- U.S. Economic update by Dr. Timothy Nash, Northwood University.
- Key Issues and Business Confidence Index.
- Valuation metrics, operating results, mergers and acquisitions by BB&T.
- PBE and body shop profile.
- Age mix, vehicle analysis and extended industry forecast by IHS Automotive.
- North American and global registrations by IHS Automotive.
- U.S. Trade Data table for selected motor vehicle products.
- Chinese Automotive Aftermarket insights by Tehnomic Asia.

One of the most popular features of the Factbook is the Channel Forecast Model, first introduced in 2002. The market sizing and forecast is conducted by IHS Automotive, the renowned economic and market information firm. It is based on the U.S. Census Bureau's Economic Census, IMR and Polk data, and proprietary economic analysis and forecasting models from IHS Automotive. The 2015 Joint Channel Forecast Model is now produced jointly by the Automotive Aftermarket Suppliers Association (AASA) and the Auto Care Association, and reports that the

...CONTINUE READING

autocare ASSOCIATION™
Independence drives us.

• Click once to zoom in
• Click & hold to move page around
CLICK TO ZOOM

More articles by AUTO CARE ASSOCIATION RELATED articles AUTHOR bio

Collision Shop Product Study
Auxiliary Lighting Philips
Brakes
Water Pumps GMB

Industry News | Products | 4 International Trends | 8 Dealership Market Trends | 11 Donny Seyfer
Market Trends & Analysis | Contact Us | 6 Vendor Market Trends | 10 Technology Solutions | 12 Mark Smith
AUGUST 2015

BREAKING THE CHAIN

COLLISION REPAIRERS FEEL LESS INSURER PRESSURE THIS YEAR

BY BRUCE ADAMS | Managing Editor

More collision repairers report this year than last year that they do not feel any insurance company influence on their parts purchasing practices. However, 13 percent said they feel "major" pressure or "complete control" by the insurer.

According to the 2015 Collision Shop Study conducted by *Aftermarket Business World* magazine, 63 percent of respondents said they feel no insurer pressure when purchasing parts, compared to 58 percent who answered the same way in last year's study. Those who reported they feel "some" pressure decreased from 22 percent in 2014 to 16 percent this year.

Repairers who said they feel "moderate" pressure remained steady at 9 percent in both studies. Those who said they feel "major" pressure increased from 7 percent in 2014 to 9 percent, while those who felt the insurer had "complete control" was 4 percent in both studies.

Collision repairers said in this year's study they prefer to purchase auto parts from auto parts retailers (35 percent), jobbers (19 percent), dealerships (19 percent) and warehouse distributors (16 percent).

When asked the primary reason they prefer a certain supplier, repairers said it was due to good relationships (28 percent), fast delivery (20 percent), parts availability (17 percent), price (14 percent) and specific product brands (11 percent).

Methodology: The Collision Shop Study was fielded via email to readers of *ABRN*, a sister publication of *Aftermarket Business World*. The findings are intended to show general trends, not statistical certainties.

CONTENTS

Brakes

BREAKING THE CHAIN

76% have no plans to expand their brake offerings in the next 12 months.

Purchasing source

Auto parts retailer	64%
Dealership	37%
Jobber	24%
Direct from manufacturer	7%
Warehouse distributor	20%

Preferred purchasing channel

Auto parts retailer	50%
Dealership	20%
Jobber	13%
Warehouse distributor	13%

Main reason for using preferred supplier

Fast delivery	25%
Good relationship	23%
Price	14%
Specific product brands	15%

Margins

30% of respondents say they know how much over the jobber they pay for this.

What shops know they pay		What shops think they pay	
1-5%*	30%	1-5%*	25%
6-10%*	24%	6-10%*	23%
11-15%*	11%	11-15%*	19%
16-25%*	22%	16-25%*	25%
More than 25%	13%	More than 25%	8%

*Percent over jobber

Amount of this product that is returned

None	75%	5-9%	3%
1-2%	19%	10% +	1%
3-4%	2%	I don't know	0%

Frequency of supplier contact

Once a week	9%
Every two weeks	4%
Once a month	13%
Every three months	4%
Every six months	2%
Yearly	3%
No contact necessary	65%

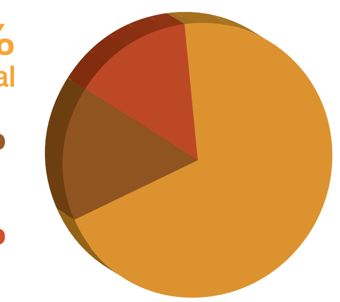
Brand vs. supplier loyalty

If a primary supplier of this product replaced a brand with another of like quality, a tech would:

Change suppliers to continue purchasing original brand	32%
Keep primary supplier and purchase new brand	68%

National brands vs. private label purchases

70% National
16% Private
14% Both



Reason for buying brakes

Brand	18%
Availability	19%
Quality	25%

Insurance company influence on brake service replacement work

None	76%
Some	14%
Moderate	4%
Major	4%
Complete control	2%

Internet ordering frequency

0-10% of the time	90%
11-25% of the time	4%
26-80% of the time	2%
81-100% of the time	4%

Auxiliary Lighting

BREAKING THE CHAIN

90% have no plans to expand their auxiliary lighting offerings in the next 12 months.

Purchasing source

Auto parts retailer	36%
Direct from manufacturer	18%
Jobber	39%
Dealership	30%
Warehouse distributor	36%

Preferred purchasing channel

Auto parts retailer	14%
Dealership	16%
Jobber	29%
Warehouse distributor	23%

Main reason for using preferred supplier

Fast delivery	15%
Good relationship	38%
Price	16%
Parts availability	21%

Margins

31% of respondents say they know how much over the jobber they pay for this.

What shops know they pay		What shops think they pay	
1-5%*	29%	1-5%*	33%
6-10%*	37%	6-10%*	17%
11-15%*	3%	11-15%*	19%
16-25%*	23%	16-25%*	19%
More than 25%	8%	More than 25%	12%

*Percent over jobber

Amount of this product that is returned

None	59%	5-9%	1%
1-2%	26%	10% +	8%
3-4%	3%	I don't know	3%

Frequency of supplier contact

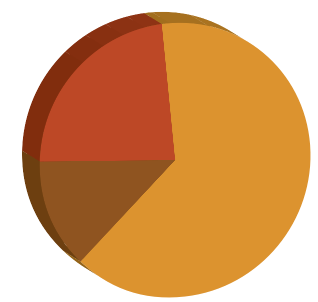
- Once a week 7%
- Every two weeks 5%
- Once a month 10%
- Every three months 7%
- Every six months 6%
- Yearly 8%
- No contact necessary 57%

Brand vs. supplier loyalty

If a primary supplier of this product replaced a brand with another of like quality, a tech would:

- Change suppliers to continue purchasing original brand 19%
- Keep primary supplier and purchase new brand 81%

National brands vs. private label purchases



Reason for buying auxiliary lighting

Quality	14%
Availability	11%
Price	11%

Insurance company influence on auxiliary lighting replacement work

None	45%
Some	16%
Moderate	16%
Major	18%
Complete control	5%

Internet ordering frequency

0-10% of the time	83%
11-25% of the time	2%
26-40% of the time	7%
41-60% of the time	3%

Water Pumps

BREAKING THE CHAIN

82% have no plans to expand their water pump offerings in the next 12 months.

Purchasing source

Auto parts retailer	63%
Dealership	49%
Jobber	26%
Direct from manufacturer	11%
Warehouse distributor	21%

Preferred purchasing channel

Auto parts retailer	42%
Dealership	23%
Jobber	16%
Warehouse distributor	12%

Main reason for using preferred supplier

Fast delivery	21%
Good relationship	22%
Specific product brands	13%
Parts availability	18%

Margins

28% of respondents say they know how much over the jobber they pay for this.

What shops know they pay		What shops think they pay	
1-5%*	29%	1-5%*	25%
6-10%*	29%	6-10%*	16%
11-15%*	9%	11-15%*	19%
16-25%*	19%	16-25%*	19%
More than 25%	14%	More than 25%	21%

*Percent over jobber

Amount of this product that is returned

None	83%	5-9%	0%
1-2%	13%	10% +	1%
3-4%	0%	I don't know	3%

Frequency of supplier contact

Once a week	4%
Every two weeks	3%
Once a month	16%
Every three months	6%
Every six months	4%
Yearly	4%
No contact necessary	63%

Brand vs. supplier loyalty

If a primary supplier of this product replaced a brand with another of like quality, a tech would:

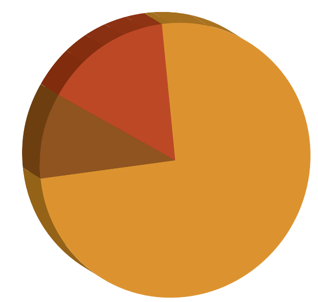
Change suppliers to continue purchasing original brand	32%
Keep primary supplier and purchase new brand	68%

National brands vs. private label purchases

75% National

10% Private

15% Both



Reason for buying water pumps

Quality	19%
Availability	16%
OEM	18%

Insurance company influence on water pump service replacement work

None	67%
Some	18%
Moderate	6%
Major	5%
Complete control	4%

Internet ordering frequency

0-10% of the time	90%
11-25% of the time	5%
26-80% of the time	1%
81-100% of the time	4%

For immediate assistance in placing your Marketplace ad, please call **Keith Havemann** at: **310-857-7634. Send a fax: 310-943-1465 or e-mail: khavemann@advanstar.com**

Manufacturers Representatives

SOUTH

SOUTH