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ARGENTINA IS A RE-EMERGING MARKET

BY RICHARD MEZADURIAN | Contributing Editor

If you consider politics a sport, then Argentina would perennially be in the World Cup. The world has watched for years in fascination at the goings on in this most southern country of South America.

Argentina has had a rather volatile political system dating back to when the country was formed. The country secured its independence from Spain in 1810, and proceeded into a period of civil war that lasted more than half a century. By the late 1800's, Argentina had

settled down as the country we know today. It's a nation with spectacular natural beauty, from the Andes to Tiera Del Fuego. It boasts a highly diverse population of 42 million people.

The people of Argentina are largely of Spanish, Italian and Native American descent. Asians, Middle Easterners and Africans all make up significant minorities with the country.

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Argentina's aftermarket

“ Import duties of 15 percent to 25 percent could make aftermarket products uncompetitive. ”

Buenos Aires, the capital, is often compared to cosmopolitan European cities like Paris and Rome. But in a land of such diverse peoples, landscapes and ideas, the one constant has always been tumultuous politics. And politics aren't always good for business.

Political discourse in Argentina has always had a direct, and often negative, impact on the economy. Shifting ideologies have lurched Argentina's economic policies from centrist right to centrist left stances on several occasions. This pattern has become a generational cycle. Understanding this cycle is important to develop selling strategies and to manage risk in this volatile market. Automotive aftermarket exporters have many opportunities in Argentina, but it would be wise to proceed with caution.

Argentina has a modest population of motor vehicles with roughly 17 million cars and trucks in use as of 2014. While this makes it the second largest automotive market in South America, it's still only about one fourth the size of the Brazilian market. Volkswagen currently commands the most market share, with approximately 19.7 percent, but Ford and General Motors trail it

closely with 15 percent and 14 percent, respectively. Toyota ranks seventh in market share with 10 percent, so it seems there is no particular brand that dominates the market.

The most popular vehicles tend to be smaller and fuel efficient. With gasoline approaching nearly \$8 a gallon, most vehicles use engines that are 2.0 liters or less in displacement, with most in the 1.0 to 1.3 liter range. Most vehicles sold in Argentina are either produced locally or in Brazil, which along with Argentina is part of Mercosur Free Trade area.

Economic conditions have made selling cars problematic. The new vehicle sales market has contracted slightly this year, and is expected to come in at roughly 550,000 new cars being sold in 2015. However, with an economy that is highly dependent upon commodities, there is a strong demand for aftermarket parts to help service vehicles and equipment used in agriculture and mining. In fact, it is this dependence on commodities that has resulted in making exports to Argentina a challenge.

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Training programs, product demos **DRAW TRADE SHOW TRAFFIC**

Establishing a successful presence at industry conventions and conferences often calls for mobilizing a significant number of employees and expertise to assist in preparing for the event.

In addition to performing their duties of sales, service, training, product development, administrative support and related day-to-day tasks, those tapped to staff the booth may require enhanced education to adequately answer attendee questions – especially when demonstrating new product releases – along with properly imparting the marketing messaging that your company aspires to present.

Advance-engineering the exhibit’s design and construction characteristics while meeting the logistics of erecting the display and ensuring that the booth’s content arrives onsite in a timely manner are other challenges that need to be addressed.

Shop equipment supplier Hunter Engineering dispatched more than 100 employees to Las Vegas to staff its 7,000-square-foot exhibit at the Specialty Equipment Market Association’s SEMA Show.

In keeping with the stated mission that it “leads the under-vehicle service equipment industry and accepts



the responsibility to train tomorrow’s technicians,” the company’s presence also included management educational offerings that augmented an ambitious array of product demonstrations and sales consultations.

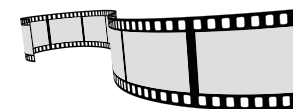
“Each year, our goal is to provide more benefits and value to booth visitors than we did the year before. By maintaining strong relationships with our customers, we are able to design a booth that fits their needs and highlights how our latest innovations can help grow their business,” said advertising manager Madeline Triplett. ...CONTINUE READING □

ASE GUIDES | **QUESTION OF THE MONTH**

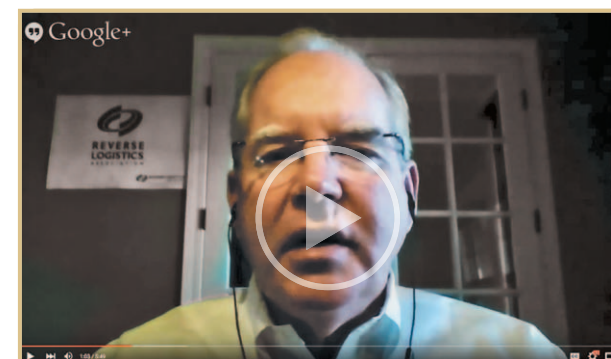
Parts Specialist A says merchandise should always be faced because it gives the store a neat and uniform appearance. Parts Specialist B says that facing the merchandise makes stock rotation easier. Who is right?:

- A. Parts Specialist A only
- B. Parts Specialist B only
- C. Both A and B
- D. Neither A or B

[Click here to see the answer.](#)



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VENDORS

3D printing viewed as viable strategy for global auto production

BY JAMES E. GUYETTE
News Correspondent

Local Motors in Arizona is going beyond the industry's existing boundaries by creating cars via a three dimensional computer printer and developing a series of cooperative community-based automotive microfactories aimed at putting into motion new technologies on a global scale.

TRENDS & MARKET Analysis

Based in Chandler, Ariz., with additional demonstration, sales and production facilities in Tempe, Ariz.; Las Vegas; Knoxville, Tenn.; National Harbor, Md.; Berlin; and Beijing, the company is inviting car buffs and automotive experts from throughout the world to collaborate on engineering "open source" vehicle designs. "At Local Motors, we are hellbent on revolutionizing manufacturing," says CEO and co-founder John B. "Jay" Rogers Jr. "Car manufacturers have been stamping parts the same

Vendor Newsmaker

Q&A

JOHN B. "JAY" ROGERS JR.

CEO and Co-founder
Local Motors



Q How much of the vehicle is created via 3D printing? How are designs of components incorporated into this process?

A What did Rogers say? Continue reading online.

Read full interview

way for more than 100 years. We now have the technology to make the process and products better and faster by linking the online to the offline through direct digital manufacturing (DDM). This process will create better and safer

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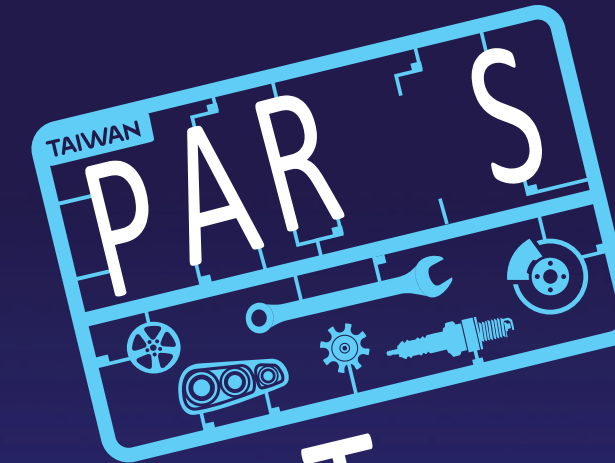
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The company is inviting others to collaborate on engineering “open source” designs.



products, and we are doing exactly that.”

DDM is highlighted by 3D printing of the components. At the 2014 Specialty Equipment Market Association (SEMA) Show the company introduced the world’s first 3D printed car. Called the Strati, attendees were able to witness the printing process unfold throughout the event and then view the completed vehicle as it triumphantly joined the SEMA Cruise en route to the official after party.

“When SEMA approached Local Motors and asked us to 3D print a car at their annual conference, we accepted the challenge with great excitement,” Rogers recounts. “The hot rod and aftermarket automotive community has always been on the cutting edge of vehicle innovation and we were thrilled to display the future of car making to this group.”

For the 2015 SEMA Show, Local Motors unveiled its DDM-produced LM3D Swim, which Rogers describes as being a “disruptive” auto manufacturing innovation that delivers “safe, smart and sustainable” transportation. LM plans to release several new models in the LM3D series throughout 2016 while pursuing federal

crash testing and highway certifications.

Presales of the cars are expected to begin in the spring of 2016 with a targeted MSRP of \$53,000; manufacturing and delivery of the vehicles is anticipated in early 2017. They will be built at a new microfactory now under construction in Knoxville, Tenn.

The LM3D Swim was designed by Kevin Lo, an LM community member who won the company’s Project Redacted challenge in July that was hosted on its Open IO co-creation platform. Lo’s winning entry was chosen by community votes and a judging panel that included former Tonight Show host Jay Leno and SEMA Vice President of Vehicle Technology John Waraniak.

“You need something that makes you go, ‘What’s that?’” remarked Leno as he reviewed the LM3D Swim, calling it “sporty, fun, and you can commute in it.”

“In the past few months our engineers have moved from only a rendering to the car you see in front of you today,” Rogers told the crowd at SEMA. “We are using the power of DDM to ...CONTINUE READING □

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DEALERSHIPS

Dealer service struggles with advisor communication, tech turnover

BY BRIAN ALBRIGHT
Correspondent

Dealer service departments struggle with many of the same personnel challenges as the aftermarket, chief among them difficulty in finding and retaining good technicians. In the case of dealers, though, several other trends are affecting employee satisfaction and retention, according to research and consulting firm Carlisle & Co.

TRENDS & MARKET Analysis

First, the growth of express lane offerings has shifted the hiring focus of many dealerships while providing a boost to their service profits.

“For many dealerships, express services have delivered on the promise of retaining customers through providing value, convenience, low cost, and faster service to them,” says Karin Klinger, partner at Carlisle. “Express service customers are the most satisfied, and have higher net promoter scores because they recommend the

Dealer Newsmaker

Q&A

BRIAN LINDENMEYER
Solutions Consultant
International Business Systems



How is the increased push for more data collection and analytics among the OEMs affecting the aftermarket?



What did Lindenmeyer say? Continue reading online.

[Read full interview](#)

dealer to someone else. They are also more likely to return to the dealership.”

There has been an accompanying uptick in retention of other types of non-express customers, but it’s unclear from Carlisle’s data how much



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of that has been driven by express service customers coming back for more complex repairs.

Express service offerings, however, have eroded technician satisfaction. “One thing we’ve learned through our surveys of service advisors and technicians at dealerships is that there is a one-to-one correlation between the length of time the technician has spent in the express service lane and dissatisfaction in general at their job,” Kliger says. “When those technicians are ready to leave, they aren’t just ready to leave that dealer. Many are ready to quit being a technician. It’s a formidable challenge.”

That’s likely because at many dealers there is no clear line of progression from the express lane to better paying jobs in the main shop. Eighty percent of technicians in Carlisle’s most recent survey indicated their dealers had no clear career progression plan for quick service technicians. In some instances, dealers are adding a second-tier express program for tires, brakes and services. Others are actively trying to help increase their skill sets by providing a path forward, but this has been the exception rather than the rule.

In some cases, dealers are even considering using the express lane as a way to retain older technicians who may not be able to physically do more demanding work.

“If you have fairly junior resources working on

“The growth of express lane offerings has shifted the hiring focus of many dealerships.”

lube/oil/filter jobs, that’s an opportunity to get a more qualified review of the condition of the vehicle,” says Carlisle partner Michael Sachs. “But the people typically in that role are not the most trained in identifying areas where the vehicle could need more work. In that case, senior technicians could play a role.”

Communication breakdown

There are continued challenges with hiring and retaining technicians and service advisors. “We have a good idea of why people leave, and it tends to be tied to challenging compensation schemes,” Kliger says. “A lot of service advisor pay is commission based. There are also poor working relationships and communication channels between the advisors and the technicians, as well as a lack of leadership at the dealership level.”

For luxury dealers, turnover rates are around 20 percent for technicians and 30 percent for advisors. In non-luxury, turnover is at 25 percent for technicians, 30 percent for service managers, and 42 percent for advisors.

Dealers have responded by partnering with vocational and trade schools, as well as establishing recruitment programs for returning military veterans. Others are taking a more holistic talent management approach that

supports training within the dealer workforce, often with OEM support.

“OEMs are seeing good results with supporting the dealers on the back end,” Kliger says. “Hiring is a dealer decision, but OEMs can provide support like putting together a profile of where you can find people that have the right skill set and personality. They may help in the background with testing and other things. Many OEMs also offer websites that can make it easier to match the applicant pool with the dealer’s needs.”

Dealers also struggle to find qualified technicians at the level they are seeking. In some cases, they need a different mix of technicians than they did in the past. “The complexity of the vehicles has changed, and express service has affected that as well,” Kliger says. “The challenge is more in the mix of technicians, rather than being able to find enough technicians.”

Another big contributor to technician job dissatisfaction is communication with service advisors. “The service advisor is driving work to the technician, and their productivity is the product of the service advisor’s process,” Sachs says. “Service advisors are not motivated by the same thing as the technician. They aren’t necessarily in conflict, but that relationship has a big influence on....”

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TECHNOLOGY SOLUTIONS

E-commerce auto sector expands

Nearly half of consumers have purchased auto parts online, eBay Motors says

BY BRIAN ALBRIGHT
Correspondent

In October, eBay Motors released its “Future of Automotive Shopping Survey.” According to the findings, consumers expect their car and parts buying experiences to be augmented with technology, and will use more mobile and online tools to purchase vehicles and parts.

TRENDS & MARKET Analysis

Roughly half of consumers have purchased auto parts online, and nearly one in five have purchased a vehicle online in the past five years. The overall interest in online vehicle buying is projected to grow, as nearly 20 percent of consumers said they are “likely” to purchase their next vehicle online as well. In fact, only 34 percent of consumers said they “don’t think” they would ever consider purchasing vehicles online.

“Growth in vehicle and auto parts sales online is much higher than for regular

e-commerce,” says Sree Menon, general manager of eBay Motors. “Retailers have to understand that they can’t ignore having a digital strategy in place. Many retailers in the automotive space are focused on foot traffic. They use their online presence to drive more foot traffic to the store. We’re in an era where online and offline really have to come together.”

Parts retailers have to adopt an organizational strategy to address these changes in consumer behavior so that their online shopping experience can include all of the elements necessary to secure a sale. “There has to be enough content there so that consumers can research and buy, or research and buy later,” Menon says. “You have to be relevant at all levels.”

Mobile technology is also playing a larger role in online vehicle purchases. According to the study, 67 percent of consumers have researched vehicles via mobile devices, and 70 percent have searched for dealership information on their mobile devices.

One in five consumers are likely to purchase vehicles via mobile devices, or leverage wearables to research or purchase vehicles. Of the consumers that bought vehicles online, 31 percent used their smartphone as part of that process, and 15 percent used a tablet computer.

“The use of mobile has become all encompassing,” says Menon. “More people are likely to purchase a vehicle using their mobile device, which is very interesting. So many people are willing to make a major purchase using their phones.”

That’s especially true of millennials, who are more open to using technology at all phases of the purchase process. Twenty-one percent of 18 to 29-year-olds are even interested in trying augmented reality technology to shop for vehicles, and 52 percent are interested in virtually test driving vehicles.

“There’s a generational element to this,

“Women account for 41 percent of all auto parts purchased online, according to eBay Motors.”

Technology Newsmaker

Q&A

TONY MINOCK
CEO
Cellacore



What are the primary challenges smaller companies face when trying to initiate a product information management project?



What did Minock say? Continue reading online.

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but consumers in general see online purchasing as more pervasive,” Menon says. “People have expectations that buying a vehicle or an auto part is going to be very much like buying shoes online. They expect free shipping, returns, warranty and all of those....**CONTINUE READING** □

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VENDORS

Costco seeking independent shops to join its repair provider network

BY JAMES E. GUYETTE
News Correspondent

Costco has quietly become a top car-buying destination. Offering no-haggle pricing plus stringent quality controls, discounts and other benefits, the Costco Auto Program network of more than 3,000 affiliated dealerships is second only to Auto Nation as the No. 1 American sales leader – selling close to 400,000 vehicles of all makes and models in 2014.

TRENDS & MARKET Analysis

The warehouse-styled membership chain, originating as Price Club in 1976 at a converted San Diego aircraft hangar, has grown to encompass 690 international locations, including 482 in the U.S. and Puerto Rico.

With 222 onsite Costco Tire Centers in 34 states offering minor installations and maintenance, the company is rapidly expanding its line-up of certified full-service independent mechanical repair shops.

“The upward trend in demand for the parts, service and accessories benefit reflects our members’ desire for a cost-saving and effective resource to address their vehicle maintenance needs,” says services manager John Conlon. “This benefit, combined with the multiple savings opportunities available through the Costco Auto Program, as well as the savings members receive on a variety of items and tire services at the warehouse, addresses virtually all our members’ automotive needs.”

“We take extraordinary care to ensure that any service we offer brings a great value for Costco members,” said Costco Auto Program Manager Lori Grone, who oversees the parts and service division. “When it comes to their automotive needs, we not only provide a value on their new and pre-owned vehicle purchases, but also solutions for maintenance. We understand the importance of minimizing the cost of keeping their current vehicles in great working condition.”

“The affiliation’s been great,” says Keith Atkinson, service manager at the Christian Brothers Automotive location in Knoxville, Tenn.

More customers are coming in for repairs, and the sign-up and inspection process went smoothly.

“I went into the local Costco here and I talked to their management team,” he reports. The deal was ultimately sealed upon referral to Auto Program executives and an onsite inspection. “I think it’s worth it.”

“We definitely feel the program has great potential, so we’re staying with it,” says Cynthia Varnell, marketing manager at the Gustafson Brothers repair shop in Huntington Beach, Calif.

Varnell tempers her endorsement somewhat due to the fact Costco’s membership-search algorithms gives preference to car dealer service centers in the local listings and a large amount of competing independents within the specified marketing radius.

“In our area there are ...CONTINUE READING □



LORI GRONE

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Cybersecurity is a growing **SHOP CONCERN**

“ Vehicles that are connected to the Internet can be attacked and manipulated in bad ways. ”

For the last couple of years I have taken a very active role in the world of Automated Driver Assistance Systems (ADAS). Call it telematics or connected cars and you would be right on both accounts.

In my view the single biggest issue in this area is the cybersecurity component. I recently had the pleasure of hosting a panel discussion on this topic for the National

Automotive Service Task Force meeting in Las Vegas. The two panelists I interviewed were from IBM and Mahle.

The resounding concern they had was with vehicles that are connected to the Internet being attacked and manipulated in bad ways. There are a number of ways this can happen, but I am going to limit my scope to the method or “attack surface” that hits closest to home for auto repair shops and

technicians – your shop’s network and scan tools.

The idea of having an Internet connection in the shop is not that old. It started out as a means to look up information and evolved into part ordering, customer communication and loss of technician productivity, but I digress. It is likely you have at least one PC in the shop that has a scan tool on it.

When we all began this whole new-fangled Internet in the shop idea our biggest worry was somebody using our connection over our wireless access point. Frankly most of our networks have not evolved much past that except to have some anti-virus software installed that we hope is adequate.

The risk that we have not yet embraced collectively is that open networks with fairly easy-to-break firewall protection are a great way for bad people – our panelists went so far as to suggest terrorists – could create malware that has no direct effect on your PC but would allow access to the vehicle network when you connect to the data link.

Another cybersecurity expert I talked with at an event in San Diego says, “The Jeep hack that was in the news is child’s play compared to the things we can

do.” With an issue this complex it is easy to get into a very long discussion, but let’s focus on what advice I have gathered from network experts who are working in the cybersecurity field.

First let’s focus on your shop. It’s very nice to offer connectivity to your customers but that area needs to be locked down from the technical functions network in your shop.

If you use wireless in your building consider that the SSID (network names) are not broadcast by your wireless routers, which also should be able to provide secure access to only the people who should have it.

You should consider the need to lock down what machines
...CONTINUE READING □



DONNY SEYFER
 Operations Manager
 Seyfer Automotive, Inc.

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Providing excellent service KEEPS EXCELLENT CUSTOMERS

A short time ago, I received a call from a telemarketer wishing to speak to the owner about a new product they were offering. I know telemarketers have a job to do and it's a tough job that is met with disdain from 99 percent of their potential clientele.

That particular day, I had about enough of the telemarketers and the robot callers and explained that the owner had died while on a mission trip to the jungles of Burma fighting pestilence. The telemarketer then replied, "I'm sorry to hear that! Is there anyone else I can talk to about a lucrative new product we are offering?"

After I hung up the phone in a Yosemite Sam fashion, I took a minute to say a silent prayer for the heartless hustler: "Lord, I know that telemarketers and green flies are necessary, but it seems to me green flies perform a much more important function, so, in Your divine wisdom, could you please turn all telemarketers into green flies. Amen."

Getting the sale is important to anyone wishing to remain in business, but at what price? If you say "at all cost" the price is too much. I'm about to tell you why being a good service advisor or counterperson will reap benefits that you never even thought possible.

In my business, I pride myself on providing excel-

lent customer support, service and advice. I insist that everyone who works for me does the same. By doing so, our customers know what to expect and my employees know what's expected of them. That being said, what happens when I'm not around to make sure the team is performing to standards I've set forth that customers have come to expect?

This just happened. I suddenly became very ill. Telemarketers didn't care that I could neither work nor barely function.

To say that I micro-manage is an understatement, so on top of being sick, I was also suffering from anxiety and believe it or not, guilt. I was physically and mentally ill. Who in the heck feels guilty about missing work? In a word, "me." I felt such a responsibility to my employees, my wife and my customers that I was overcome with guilt regarding my inability to provide instant advice and support. I feared that anything less would result in a loss of revenue and potentially customers. I fully expected everything to stop or at the very least crawl as I recovered from my pestilence.

My employees stepped up, my customers understood the situation, and much to my chagrin, business continued. In light of this revelation, I understood the

“Being a good service advisor or counterperson will reap benefits that you never imagined.”

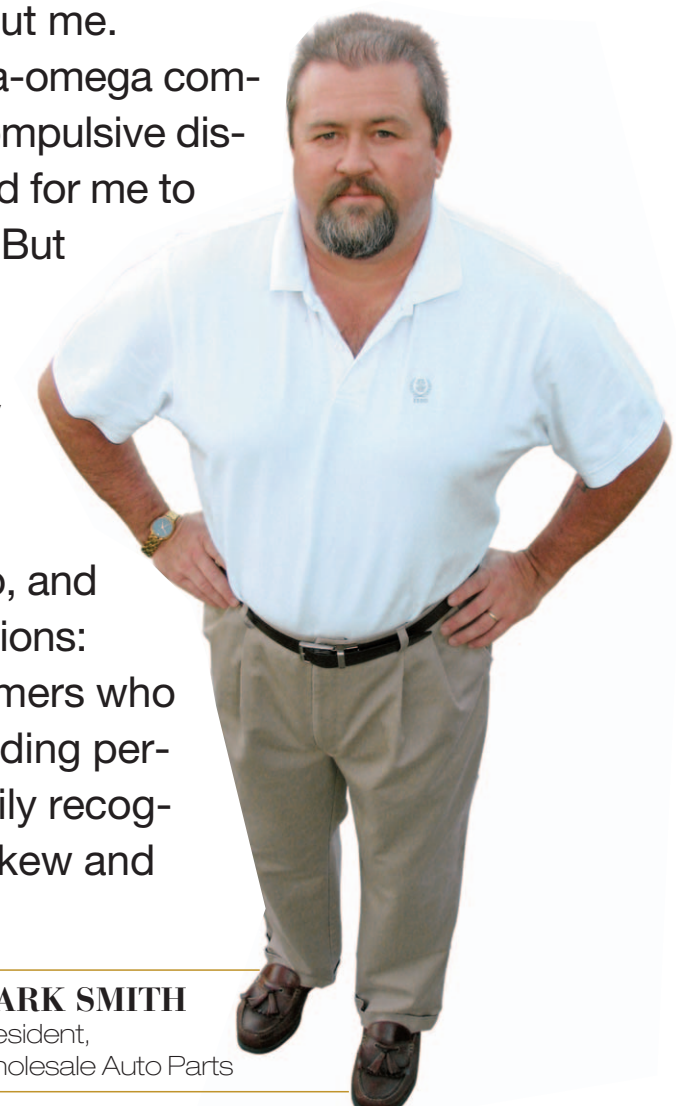
rationale of the telemarketer, even though I was insulted by the heartless retort, that business will indeed continue with or without me.

Since I have an alpha-omega complex and obsessive-compulsive disorder genetics, it's hard for me to just let things happen. But happen they did, and my staff performed very well in spite of my concern. So, I began to dwell on things as I sometimes (always) do, and came to a few conclusions:

1. Long-time customers who have received outstanding personal service will readily recognize things that are askew and adjust accordingly.

2. Sometimes, customers are ...CONTINUE

READING □



MARK SMITH
President,
Wholesale Auto Parts

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Potential winners, losers **FROM TPP**

The Trans Pacific Partnership (TPP) agreement President Obama negotiated with 11 countries has many potential ramifications on the auto distribution chain. Congress will vote on the TPP in an up-or-down vote, no amendments allowed; but that won't happen before March 2016 at the earliest, and may not happen at all while Obama is president.

The auto provisions, particularly those affecting imports from Japan, with regard both to automobiles and auto parts, have become a key, controversial issue which, along with pharmaceutical provisions, will in good part dictate whether this new, mega trade pact actually goes into effect.

The 11 signatories besides the U.S. are Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

Broadly, the auto provisions will determine the extent to which various auto sectors are able to better penetrate foreign markets, and the extent to which imports from the 11 countries are more attractive – read cheaper – to U.S. buyers. With regard to automotive aftermarket retailers, for example, the issue will be whether imported Japanese auto parts, benefitting from an elimination of a 2.5 percent tariff, replace Mexican and Canadian imported and U.S.-produced auto parts

now on retailer shelves. Mexican and Canadian auto parts already come in duty free as a result of the North American Free Trade Agreement (NAFTA).

U.S. auto parts imports from Japan last year totaled \$14.5 billion, down 2.3 percent, according to the U.S. Commerce Department. Parts imports from Mexico were up 11 percent, to \$46.6 billion, and imports from Canada up 6 percent, to \$17.4 billion.

Not only will Japanese imports be cheaper because of the immediate elimination of that 2.5 percent tariff, they will be able to lower their prices further as a result of generous “rules of origin” which determine how much of an imported product can be sourced outside the TPP country doing the importing.

Those rules of origin are set on a product-by-product (based on the Harmonized Tariff Schedule) basis, and the required TPP domestic content for auto parts ranges from 35 percent to 45 percent, according to Andres Castrillon, Senior Counsel, International Affairs, Auto Care Association. Castrillon points out that Mexico and Canada negotiated the higher 45 percent level for some categories that are particularly important to them.

To the extent Japanese auto parts can contain relatively high amounts of, say inexpensive Chinese metal, they will benefit even more compared to, for example,

“Parts imports last year from Mexico were up 11 percent and imports from Canada up 6 percent.”

Mexican auto parts. Japan obviously has a supply chain advantage because of its closeness to inexpensive Asian suppliers of metals such as China and Thailand.

However, Castrillon points out that Mexican and Canadian suppliers have an advantage over Japan given what has become a North American market for auto parts.

“Due to the close proximity, the markets are very much integrated and they enjoy shorter lead times,” he explains, referring to Mexican and Canadian companies.

While auto aftermarket retailers may be the lucky beneficiaries of an imported auto parts trade war, U.S.-based parts suppliers face a more balanced fate. Trade deals like NAFTA have hurt U.S.-based manufacturers who do not export. They come up against, and will ...CONTINUE READING ▢



STEPHEN BARLAS
Washington Correspondent



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Infinite aisles require real-time, **ON-DEMAND SUPPLY CHAIN**

Have you ever gone to a website and entered search parameters, for example, a destination city, a departure and return dates, and the maximum number of stops? Of course you have. In seconds that website returns dozens or hundreds of search results from all of the leading airlines – all on-demand in response to your search criteria. So, why don't more automotive suppliers and distributors make their products visible in this same fashion?

Web services have become so ubiquitous on the Internet that we aren't even aware that we use them several times a day. Think about how the pages build the next time you go to your preferred news service, or Facebook or LinkedIn or travel site in search of planes, trains and automobiles.

The resulting web pages are built dynamically in real-time in response to who you are, where you are and what you are searching for. The page results are almost infinite in scale. LinkedIn, for example, just keeps looking deeper into your contacts and the contacts of your contacts, in search of updates, likes and news that may be of interest to you. All made possible by machine-generated queries and responses based

on rules and programming logic.

In this space we've written about evolving customer-shopping behavior called omni-channel commerce. We've explained that consumers are bringing their online search and shopping habits to work – they are called B2B customers. And Amazon Business and their imitators are racing to meet and exceed buyers' expectations for a seamless shopping experience with "infinite aisles" of products.

Of course, we don't need to repeat how critical complete, accurate and graphical product content is in persuading the customer to click "buy." But all of this wisdom is pointless unless the product information, inventory availability and customer-specific pricing is available in seconds for all of the products available for sale. That's where the web services come in.

As with any IT decision, trading partners have the choice of developing a private method of asking for information and returning results. This may be more expedient in the beginning, but the burden of the private integration, testing and maintenance falls on the trading partners and grows with the number of unique connections.

The alternative is a standards-based method of

“Web services have become so ubiquitous that we aren't even aware that we use them daily.”

integration, such as industry-specific web services. Standards lower the cost of each integration and testing cycle dramatically, lead to predictable results and accelerate industry-wide implementation. Fortunately, the auto care industry has a suite of tailor-made web services for the inquiry, purchase and transaction of special orders and drop shipments – the Internet Parts Ordering specification (IPO).

Web services have the advantage of acting in real-time, on-demand. The IT implementation is more manageable because two business systems don't need to be "taught" how to talk to each other – they only need to understand how to communicate with the web service. This leads to one integration instead of one for each trading partner.

When properly implemented and tested a web service can reach out to a trading partner ...CONTINUE READING ▣



SCOTT LUCKETT
VP, Industry Strategy
GCommerce Inc.



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Vast aftermarket TO DEVELOP IN CHINA

“ Consumers are demanding replacement products that are of consistently high quality. ”

Year-end reports for 2015 in the media bemoaned the economic slump in China, especially concerning the drop in new car sales. However, Chinese consumers still have spending power and the explosion of vehicle sales in China will create a vast automotive aftermarket well into the future.

Currently in China, motorists have two choices for their personal vehicle's repair and maintenance – an overpriced dealership channel or “back alley” repairs using unreliable, counterfeited parts and untrained mechanics.

Clearly, Chinese motorists need a reliable, alternative source for automotive service and parts. The seeds are planted in China for a surge in the independent automotive aftermarket (IAM).

China is experiencing all the factors that a locally based IAM is best positioned to serve. Its car parc consists of a vast number of makes and models of widely varying ages. Its consumer base has discovered the freedom of individual transportation, and the government is responding with improvements to the highway and transportation systems beyond its highly populated coastal regions.

Clearly, China is ready for a strong, growing independent aftermarket where vehicle owners have local access

to variety of choices, quality products and convenient service. Consumers are demanding replacement products that are of consistently high quality, are easily available, and are professionally installed. Most importantly, its motorists want to have confidence in the performance and safety of the replaced parts and repair service.

The time is ripe for the development of a strong sustainable aftermarket in China. A successful Chinese aftermarket will be dependent on the establishment of a strong business model: one that provides high-quality products and accessible product information for fitment and installation.

Many members of the Automotive Aftermarket Suppliers Association (AASA) have huge investments in China with local operations that can support its emerging aftermarket. These members have established China sales and marketing structures to serve aftermarket along with local manufacturing/sourcing – along

with their expertise from successful North American and European aftermarkets in establishing a reliable aftermarket service channel in China. These suppliers have the proven quality products and innovation the Chinese consumer wants and the resources to develop successful business models in China's aftermarket.

The development of China's IAM will require the establishment of policies to ensure an open market for consumer choice, brand protection for suppliers and involvement with multi-national channel partners to develop an effective supply chain.

AASA has the connections to global industry leaders and is committed to bringing together all industry partners to develop a vibrant aftermarket in China. To view AASA's latest updates from China, visit www.aftermarketsuppliers.org.

Editor's note: Jay Burkhart is AASA vice president, chief strategy officer and executive ...CONTINUE READING □



JAY BURKHART
AASA VP
China Aftermarket Office



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PROGRAM GROUPS CONSOLIDATE, EXPAND OVERSEAS TO GROW

By **Bruce Adams** | Managing Editor

Industry consolidation and overseas growth were key elements affecting the 2016 *Aftermarket Business World* Program Distribution Group report.

Uni-Select Inc.'s sale of its U.S. auto parts distribution business to affiliates of Icahn Enterprises L.P. was the largest deal.

The transaction included these assets and employees: Uni-Select USA activities, Beck/Arnley Worldparts, 38 distribution centers and satellite locations; 240 corporate stores; and approximately 3,500 employees.

The deal, announced on Feb. 9, 2015 at a purchase price of approximately \$340 million, was completed in June. The program group previously known as AIM/Uni-Select now goes by AIM Automotive Group. Bill McConnell is the group's new general manager.

Several program groups expanded their distribution to include new regions outside of the United States in 2015. Growth is easier to achieve in some of the underserved and emerging economies, such as China.

The Aftermarket Auto Parts Alliance announced it expanded its distribution into China in December 2014 and created the China Aftermarket Auto Parts Alliance. CAAPA consists of five established, well-financed warehouse distributors operating in various regions of the country. The group goes to market there under the Auto Value brand.

Federated Auto Parts and National Pronto Association continued to develop and leverage their Automotive Parts Services Group, which was announced in December 2014. Federated announced in April 2015 that it joined 1Parts, joining Pronto. Pronto and Autodistribution International (ADI) entered into a joint venture called 1Parts on Sept. 17, 2014. □

AAM Group/AAM USA, Inc.

CEO/President: Tim Odom
Year established: 1988
WD members: 22
Member-owned warehouses: 34
Total jobber stores: 8,344
States covered: All 50 and Canada
Group structure: Shareholders elect a six-person board of directors to serve two-year terms.
Retail: 25%
Wholesale: 75%
Private label: 2%

Major brands: 98%
Programs: AAM operates three marketing programs: Parts Pro Performance Center targets U.S. and Canadian retailers serving performance and race markets. Performance Corner was added when Competition Specialties joined AAM and serves retailers and installers of truck accessory and performance parts on the West Coast. Total Truck Centers is a marketing program for the truck and SUV accessories market.

AAM's focus in 2016 will be to leverage data and technology to provide members and program participants with tools and resources they need to compete effectively and affordably in the marketplace.



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 FAX: (423) 282-6354
 WWW.THEAAMGROUP.COM

Aftermarket Auto Parts Alliance

CEO/President: John R. Washbish
Year established: 1999
WD members: 63
Member-owned warehouses: 118
Total jobber stores: 2,106
Total service centers: 3,106
States covered: All 50, Canada, Mexico, China
Major members: Auto-Wares, Hahn, Parts Warehouse Inc., Hanson Distributing, Vast Auto, Eastern Warehouse Distributors
Group structure: Ten

shareholder board of directors and five standing committees: Product, IT, Marketing, Finance, National Accounts.
Retail: 14%
Wholesale: 86%
Private label: 12%
Major brands: 88%
Programs: Alliance Technology Suite, consisting of Data Warehouse, eCommerce solution, optimization tools, inventory management. Category Management, Brand Development, Alliance Parts Warehouse.

The Alliance remains committed to building and enhancing IT capabilities and infrastructure to support sales across the supply chain, from vendor channel partners to warehouse, store and professional repair shops.



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 WWW.ALLIANCE1.COM

AIM Automotive Group

General Manager: Bill McConnell
Year established: 1990
WD members: 497
Total jobber stores: Not provided
Total service centers: Not provided
States covered: All 50
Group consists of: AIM, AIM Alliance, Auto Extra, Cygnus, DWC and SDI.
Group structure: The AIM Automotive Group consists of six integrated groups (AIM, AIM Alliance, Auto Extra, DWC,

Cygnus and SDI) representing more than 497 independent automotive parts distributors throughout the U.S. and Canada. The combined group also represents more than 200 suppliers.
Retail: Not provided
Wholesale: Not provided
Private label: 10%
Major brands: 90%
Programs: Information not provided.

Our focus in 2016 is to strengthen our relationship with our customers and vendor partners and developing the synergies afforded by our association with Auto Plus and all of its distribution locations and vendors.



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Automotive Distribution Network

CEO/President: David Prater
Year established: 1977
WD members: 195
Member-owned warehouses: 425
Total jobber stores: 1,000
Total service centers: 1,500
States covered: All 50 plus Canada, Mexico and Puerto Rico
Major members: Big City, Fast Undercar, The Parts House, Car Parts Warehouse, WM Automotive, ASA, Modern Sales.

Group consists of: Parts Plus, Auto Pride, IAPA, Parts Plus Mexico.
Group structure: Shareholder members elect a nine-person Executive Committee.
Retail: 10%
Wholesale: 90%
Private label: 10%
Major brands: 90%
Programs: Network Intel, including EOP and eCommerce, WebShop, Network Products Warehouse, complete pricing support, Shop CCC & ASE programs, Shop Business Training.

The Network's main focus for the next 12 months is accelerated integration as a significant Nexus member, developing strategic projects with global suppliers and bringing increased value to all our members.



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Automotive Parts Associates

CEO/President: Gary Martin
Year established: 1972
WD members: 88
Member-owned warehouses: 180
Total jobber stores: 3,325
Total service centers: Not provided.
States covered: All 50, Canada and Mexico.
Group structure: Shareholders elect a nine-member board of directors with staggered three-year terms. Various committees

are assigned at the discretion of the chairman of the board.
Retail: 15%
Wholesale: 85%
Private label: 15%
Major brands: 85%
Programs: Professionals' Choice Auto Service Center Banner Program; Information Technology Suite; Data Warehouse Solutions, EDI/VIC, Product Information Management (PIM), eCommerce, channel promotions.

For 2015, APA is dedicated to enhancing member services, such as a robust IT Suite, and a product promotion program that results in growing profitable sales through the distribution channel of shareholders.



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 WWW.PROFESSIONALSCHOICE.COM

CARQUEST Auto Parts

President CARQUEST North America: David McCartney
Year established: 1974
WD members: One.
Member-owned warehouses: 38.
Member-owned jobber stores: 1,100
Total jobber stores: 2,400.
Total Service Centers in the program group: 7,300+
States covered: 50
Major members: Advance Auto Parts Inc., AWI.

Group structure: Not provided.
Retail: Not provided
Wholesale: Not provided.
Private label: CARQUEST, CARQUEST WEAREVER, TOUGHONE DRIVEWORKS.
Major brands: Moog, Monroe, Fel-Pro, NGK, Dorman, Cardone, Wagner, Bosch, Denso, Walker, Trico, Akebono, BWD, Intermotor.
Programs: TECHNET, CARQUEST Technical Institute, MOTOSHOP Technology Tools, ProRewards.

Advance Auto Parts acquired General Parts International and the CARQUEST and WORLDPAK brands in January 2014. The deal created the largest automotive aftermarket parts supplier in North America.



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Engine Pro/Engine Parts Group Inc.

CEO/President: Don Weber
Year established: 1989
WD members: 9
Member-owned warehouses: 36
Member-owned jobber stores: 0
Non-member owned jobber stores: 9,000
Total jobber stores: 9,000
Total service centers in the program group: zero
States covered: All 50 plus Australia.
Major members: Not provided

Group structure: Equally owned by nine independent distributor members.
Retail: 0%
Wholesale: 100%
Private label: 15%
Major brands: 85%
Programs: National parts finder; motorsports affiliation; and other sales, marketing and promotional programs.

In 2016, Engine Pro aims to focus on continuing to work to increase shareholder sales and increase shareholder profit margins.



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Federated Auto Parts

CEO: Rusty Bishop
President: Larry Pavey
Year established: 1985
WD members: 60
Member-owned warehouses: 155
Total jobber stores: 4,200
States covered: 50 plus Puerto Rico, Canada, Mexico, Latin America.
Group structure: Board of directors are elected to serve one-year terms.
Retail: 20%
Wholesale: 80%
Private label: 15%
Major brands: 85%

Programs: Computerized parts ordering, proprietary catalog system, Telematics initiative, obsolete parts program, inventory management, Enhance Supply Chain initiative, Internet support, Federated Car Care Installer Program, credit card program, roadside assistance program, national warranty program, road hazard warranty program, shop layout/design, merchandising aids, signage, POP displays, Technician's Diagnostic Hotline, natl. advertising.

Federated's 2016 focus continues to be supporting member growth in sales and profitability. Federated also will work to reduce administrative costs and improve supply chain efficiency through collaboration with supplier partners.



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National Automotive Parts Association

CEO/President: Dan Askey
Year established: 1925
WD members: 1
Member-owned warehouses: 59
Total jobber stores: 6,000
Total service centers: 16,000
States covered: All 50
Major members: Genuine Parts Co.
Group structure: Board of directors
Retail: 25%
Wholesale: 75%
Private label: 90%

Major brands: 10%
Programs: In-store design and merchandising; counter personnel training/certification; technology services; dealer merchandising programs; advertising; inventory management; obsolescence protection; preferential billing terms; specialty items; employee uniforms; market research; seminars; extended product warranties; group insurance plans, financial assistance/loans; among others.

NAPA's main goal is to continue business growth on the retail and wholesale segments of the aftermarket. NAPA offers a complete suite of estimating, shop management and technical software tools to help installer customers be more efficient.



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 WWW.NAPAONLINE.COM

National Pronto Association

CEO/President: Bill Maggs
Year established: 1978
WD members: 93
Member-owned warehouses: 333
Member-owned jobber stores: 950
Non-member-owned jobber stores: 4,000
Total jobber stores: 4,950
Member-owned service centers: 0
Non-member-owned service centers: 78,000
Total service centers: 78,000.

States covered: 45 plus Canada, Mexico and Puerto Rico.
Major members: Visit www.pronto-net.com for membership roster.
Group structure: North American members elect an executive board of directors.
Retail: 15%
Wholesale: 85%
Private label: 10%
Major brands: 90%
Programs: Pronto Smart Choice Service Center Program.

Pronto's focus will continue to be on developing and leveraging its new Automotive Parts & Services Group program with Federated and on its global initiative, 1Parts, with AD International in Europe. These help members and their customers grow their business.



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 GRAPEVINE, TX 76051
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 FAX: (817) 430-9559
 WWW.PRONTO-NET.COM

TruStar Inc.

CEO/President: Steve Upton
Year established: 1987
WD members: 70
Member-owned warehouses: 130
Member-owned jobber stores: 40
Member-owned service centers: 1,000
Non-member owned service centers: 45,000
States covered: 48 plus Canada, Mexico and Puerto Rico.
Major members: AB&S Warehouse, American Undercar, Birmingham

Spring Service, Brake Warehouse, Frank Supply, among others
Group structure: Members located in U.S., Mexico, Canada and Puerto Rico that head steering and marketing committees.
Retail: 20%
Wholesale: 80%
Private label: 40%
Major brands: 60%
Programs: Installer's Choice Marketing Program; TruStar Promotion Calendar, Warehouse Distributor Trip Promotions; others.

TruStar's objectives for 2016 are to develop new manufacturer programs while creating support for the current, existing manufacturer programs and to add value. A main challenge will be battling the economy while growing WD membership.



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 PEARLAND, TX 77581
 (281) 485-9908
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Program Distribution Report

AAM Group

Aftermarket Auto Parts Alliance

AIM Automotive Group

Automotive Distribution Network

Automotive Parts Associates

CARQUEST Auto Parts

Engine Pro/Engine Parts Group

Federated Auto Parts

NAPA

National Pronto Association

TruStar



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Automotive Parts Associates, Inc.: Continues expansion of member services, products and education

The most well-rounded program group, Automotive Parts Associates, Inc. (APA) is a member-owned cooperative with 90 independent WDs throughout North America.

APA is a proud member of AWDA, AAIA and AIA.

Our members' distribution centers offer national brand product lines and the house brand, Professionals' Choice. Many are made by suppliers you and your customers already support. Our approach to member service is a mix of buying power, marketing support, customer loyalty programs and education. We negotiate favorable pricing with manufacturers and attain better deals and rebates than members could get on their own. We monitor the industry and our shareholders to ensure we're adding the right lines at the right price with the right terms.

The latest addition to our expanding box of tools is the new and improved Professionals Choice Auto Service Center Banner Program. This program features multiple packages that APA's shareholders can offer to their customers to help them grow their businesses. Features include Nationwide Warranty, Roadside Assistance and Road Hazard Warranty. It also includes an in shop labor program ASE Certification Reimbursement and a marketing kit for each shop.

APA also provides several IT tools including Data Warehouse Solutions, Pricing Portal, EDI/VIC and e-commerce. Additionally we offer customer loyalty



programs, two major sweepstakes and an incentive trip every other year. APA also brings its members education. Our annual meeting each March offers sessions on the hottest topics, as well as networking opportunities to talk strategy with your peers. We also have two annual regional meetings to discuss hot issues pertinent to specific market areas.

APA has active committees made up of its members that include a Board of Directors, a Product Committee, a Technology Committee and a Service Dealer/Banner Program Committee. By supporting these member committees, we are continually assuring we're headed in the right direction for the membership.

APA believes our buying group is strong because we put our members first, treat every member equally and we maintain a strong foundation for our members so they can build their businesses, while also building strong loyalty with their customers.



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YEARS



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