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FEBRUARY 2016

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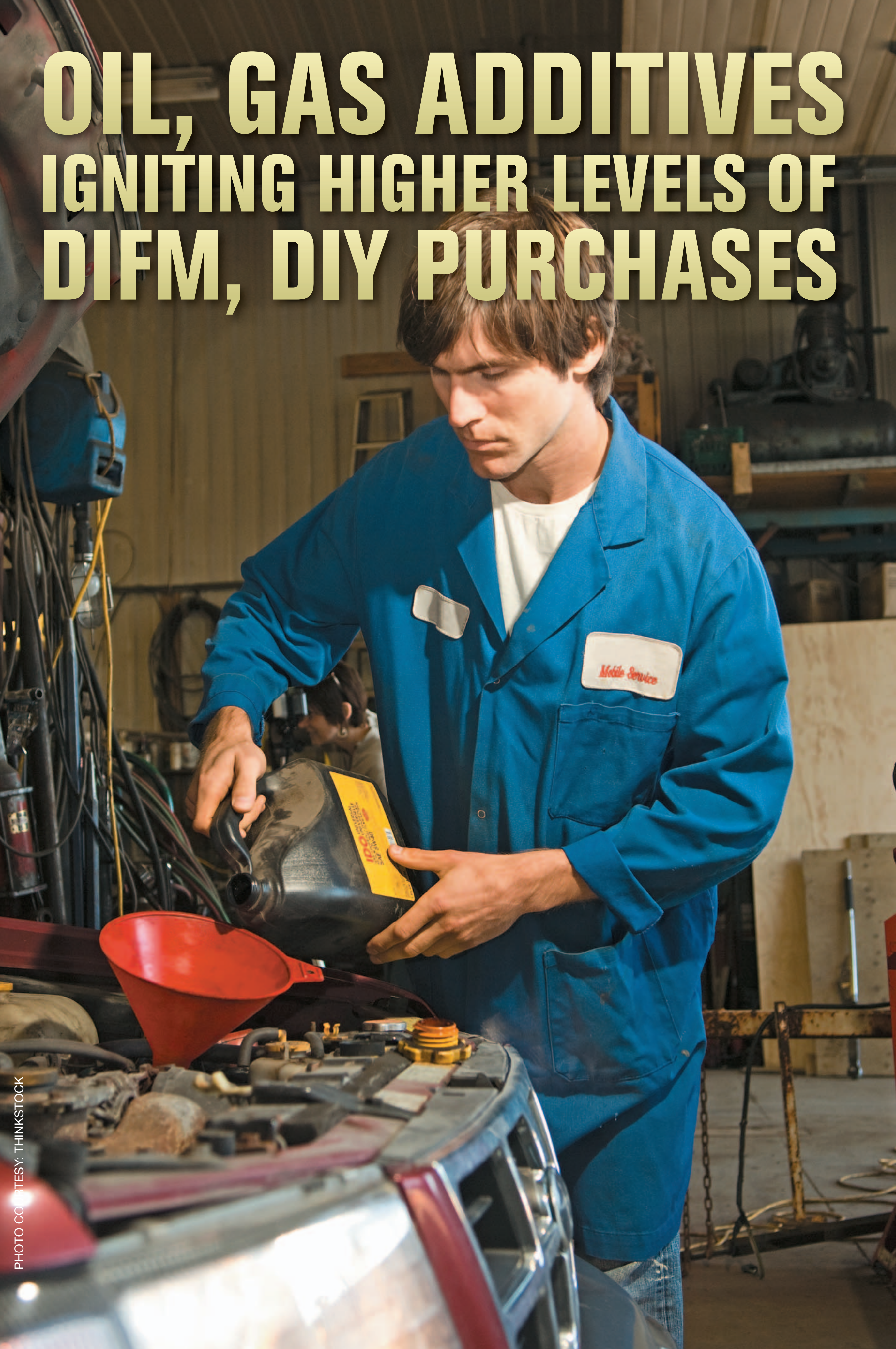
OIL, GAS ADDITIVES IGNITING HIGHER LEVELS OF DIFM, DIY PURCHASES



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BY JAMES E. GUYETTE
News Correspondent

Although some drivers still remain price-sensitive when approaching the cash register, pour-in engine oil additives and fuel-enhancement products for both gasoline and diesel continue to formulate greater acceptance among motorists the worldwide.

Global fuel additives posted revenues of $4.1 billion in 2014, and a recent study from Frost & Sullivan is forecasting that sales will top $4.5 billion by 2017. A report by Grand View Research is equally optimistic as it points to an annual growth rate of 46 percent through 2020, culminating in an $8.5 billion international marketplace.

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Highway bill tasks NHTSA with new auto regulations

Automotive chemicals

> The lubricant additives market is expected to reach revenues of $16.2 billion in 2020.

And according to a worldwide Frost & Sullivan analysis of lubricant additives, this market is expecting 2020 revenues to reach $16.2 billion; sales in 2013 amounted to $11.7 billion. Much available research into automotive chemical additives includes the aviation, marine and industrial segments.

"While more expensive and safer lubricant additives boost revenue growth in North America and Western Europe, Asia-Pacific markets will see high-volume growth of conventional additives," says F&S principal consultant Raghu Tantry.

The growing demand for engine oil additives, which account for the overall lubricant additive category's largest market share at 66 percent, is attributed mainly to an increasing vehicle population and more miles being driven.

"However, this growth will be tempered by the introduction of lubricants with extended drain intervals, since OEMs continuously seek lubricant solutions that decrease maintenance costs and the frequency of servicing," he notes.

"Further, the complex, technical nature of additives requires highly sophisticated, expensive testing and evaluation methods achievable only by investing in a well-equipped R&D facility and qualified scientists. This restricts the global market to a few integrated companies," says Tantry.

To address these challenges, additive vendors must create account managers in the base country, as well as in key global locations, to meet the needs of each major customer.

"This will be especially important in the near-future, considering the anticipated rise in the number of operational industrial machinery and driven vehicles," he continues. "Participants must upgrade their marketing and sales support systems to remain one step ahead in the intensely competitive market."

Stringent regulations aimed at reducing carbon footprints, toxic emissions and effluents -- particularly in North America and Western Europe – are also propelling demand for lubricant additives that are free of metals, halogens and phosphorous. Other growth factors on the two continents are linked to technological

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"A CERTAIN AMOUNT OF FRIENDLY OPENNESS WITH THE PATRONS IS A DESIRABLE COMPANY CULTURE TRAIT."
—GREG BYLER

COUNTDOWN TO AMC 2017 MONTHS 17 WEEKS 02

Engaging onsite training aids in ESTABLISHING A SOLID CULTURE

BY JAMES E. GUYETTE | News Correspondent

Whether you are a manufacturer, distributor, retailer or repairer, your aftermarket business can benefit by analyzing your company's culture. Does your workforce aim to go the extra mile or to cut corners? Or does it fall somewhere in between?

From the top down to the bottom up, your opportunities for success are greatly enhanced by cultivating a customer-centric company culture while developing standardized operational efficiencies.

"I'm a big believer in company culture," says Greg Byler, CEO of Pit Stop Consulting, highlighting the value of obtaining professional hands-on training for everyone at your facility – including ownership, managers, support staff, sales and counter personnel, and the production crews out on the shop or factory floor.

"At the end of the day it's going to save you money and make you money," according to Byler. "It's more than a good deal. It's required. You have to keep yourself prepared."

Utilizing an onsite assessment and engaging a training team to specifically instruct your entire staff is the most effective method.

"Make sure it's hands-on," he urges. "There's nothing wrong with web-based information, but to train someone on sales and production it just doesn't work to do it online. You need to walk them through it. We guarantee results by going toe-to-toe with your people" to ensure the proper procedures are implemented and adhered to on a routine basis.

These all-encompassing aspects are especially important in this era of Internet-posted customer reviews that potential patrons peruse prior to ever stepping foot in, or just driving by, your place of business.

"I've found over the years that giving people the 'wow factor' is a good thing because people can go online and find out if they like you or not before they even visit your shop," says Byler, who established his consultancy in 1999.

Quickly and effectively addressing customer service issues is a particularly key factor amid the immediacy of no-holds-barred cyber commentary.

"If there are enough negative comments about your shop people are going ...CONTINUE READING

ASE GUIDES QUESTION OF THE MONTH

A physical inventory means:

A. stock that is heavy to lift

B. counting all the store's inventory

C. the value of the store's stock in the bookkeeper's records

D. the value of service work in the store's shop

Click here to see the answer.

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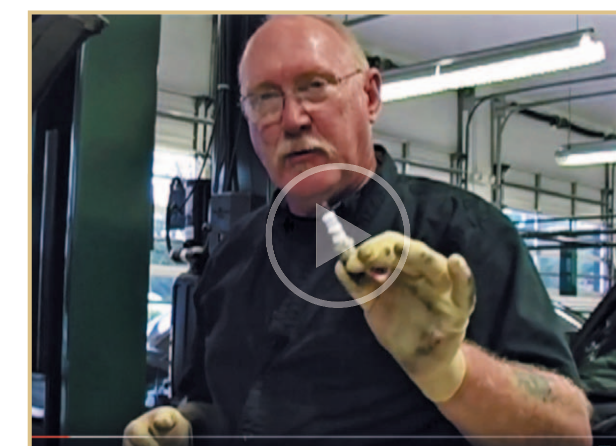
Charlie Covert of UPS discusses supply chain technologies.



Servicing spark plugs: Who's doing it wrong?

Automechanika Shanghai annually extols China's global presence

> Nearly 5,400 exhibitors from 39 nations marked a 10 percent increase in vendor participation.

BY JAMES E. GUYETTE
News Correspondent

The 11th edition of Automechanika Shanghai – Asia's largest trade show for automotive parts, accessories, equipment and services – has again shattered attendance records among exhibitors and visitors.

More than 100,000 industry professionals, up from the 89,000-plus who attended 2014's event, were walking the miles of aisles at the show's new and enlarged venue, the National Exhibition and Convention Center in Puxi, Shanghai.

TRENDS & MARKET Analysis

Covering 3 million square feet spread throughout 11 halls at the largest single block building and exhibition complex in the world, it offered a 27 percent increase in available space over the previously utilized Shanghai International Expo Centre.

Nearly 5,400 exhibitors from 39 nations and regions marked a 10 percent increase in vendor participation; some 4,700 of the booths were staffed by firms from outside China's borders, amounting to a 16 percent overseas growth rate, according to spokeswoman Erika Kirsch of show organizer Messe Frankfurt (Shanghai), working in conjunction with the China National Automotive Industry International Corp. (CNAICO).

"The partnership our two entities have enjoyed has proven to be fruitful for the industry and the widening emerging market," says general manager Han Xiaojun at CNAICO, an integrated government-owned enterprise specializing in promoting international trade relations. "The effort included attracting more domestic and overseas leading brands and pavilions to demonstrate the variety of the latest technology, product and service."

Initially presented in 2004, "Automechanika Shanghai has built its reputation as the acclaimed 'must-attend' industry event for information exchange, marketing, trading and education serving the scope of the automotive industry," says Jason Cao, chairman of the Messe Frankfurt (Shanghai) board of management.

"The influence of Automechanika Shanghai continues to expand annually with many newcomers coming from all over the world to participate and countless repeat exhibitors opting to increase the size of their booths," according to the show's organizers, who note that the event "is considered a global professional platform known worldwide in the industry for information exchange, social networking, education and training as well as business development."

International flair

Five new countries – Ecuador, Finland, Israel, Liechtenstein and Morocco – made their Automechanika Shanghai debut by sending exhibitors to showcase their respective industry offerings. There were 18 large-scale overseas pavilions at the December 2015 show, including two new entries from Israel and Russia. Returning pavilions represented firms from France, Germany, Hong Kong, India, Italy,

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Vendor Newsmaker
Q&A

BRIAN CRUICKSHANK
Director
University of the Aftermarket

Q What will be the impact on the aftermarket industry of the proposed merger between Dow and DuPont?

A What did Cruickshank say? Continue reading online.

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U.S., Canadian dealers receive service kudos in J.D. Power survey

BY BRIAN ALBRIGHT
Correspondent

Customer satisfaction with dealership service departments remains high in the U.S. and Canada, despite a record number of recalls, according to data from the J.D. Power 2015 U.S. and Canadian Customer Service Index studies.

Overall customer satisfaction with dealership service in Canada is at 731 on a 1,000-point scale, while aftermarket shops in that country scored 749. Satisfaction with dealers in the U.S. is at 800 (a slight dip from 2014, when the score reached 804). In the U.S., overall satisfaction with dealer service averages 852 for luxury brands, and 792 for mass-market brands.

TRENDS & MARKET Analysis

In the U.S., the CSI among customers with recall-related repairs improved from 777 in 2014 to 789 in 2015, reducing the satisfaction gap between recall and non-recall customers. The percentage of service visits related to recalls reached 16 percent in 2015, the highest it's been in recent history.

"Even though recalls can create a large influx of customers into the service department and really strain capacity, automakers are better prepared to handle recalls than they were a few years ago," says Chris Sutton, vice president,

Dealer Newsmaker Q&A

SREE MENON
General Manager
eBay Motors

Q Are dealerships adjusting to new consumer expectations about shopping for and ordering vehicles online?

A What did Menon say? Continue reading online.

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> When it comes to recalls, it's possible for dealers to turn a potential negative into a positive.

U.S. automotive retail practice at J.D. Power. "Manufacturers have shown that it is possible to turn a potential negative into a positive when it comes to recalls if they're done in a way that doesn't inconvenience the customer."

The Canadian study measures the service experience, satisfaction and intended loyalty among owners of vehicles that are 4 to 12 years old, and analyzes the customer experience from both warranty and non-warranty service occasions. Overall satisfaction is based on the combined index scores of five factors that comprise the overall service experience (in order of importance): service initiation (24 percent); service quality (23 percent); service advisor (20 percent); service facility (17 percent); and vehicle pick-up (16 percent). Scores for each factor are reflected in an index based on a 1,000-point scale.

The U.S. 2015 Customer Service Index (CSI) Study focuses on owners of 1 to 5-year-old vehicles that received service at franchised dealer facilities.

The Canadian study showed that the satisfaction gap between dealer and aftermarket service continues to shrink. "We've seen that gap closing, and that's true in terms of market share as well," says J.D. Ney, manager of the Canadian automotive practice at J.D. Power. "It wasn't that long ago that aftermarket players had 60 percent market share. Now that number is much closer to a 50/50 split."

Underused online scheduling

According to the data from the U.S., express service lanes were a wise investment for dealers, but online scheduling capabilities remain a bit of a non-starter. Dealers with express service lanes for walk-in customers outperform dealers without that option (819 to 764) in the satisfaction score. More customers that took their vehicles to a dealer with an express lane (52 percent) indicated they spoke to a service advisor immediately compared to 38 percent at non-express lane dealers.

Only 9 percent of customers in the U.S. schedule appointments over the Internet, compared to 73 percent via phone. Nearly half of owners said they were unaware of online scheduling being available.

Good service pays off for Canadian dealers

Nearly all Canadian vehicle owners (93 percent) with the highest satisfaction rating (10 out of 10) said they would definitely return to the service facility for paid repairs, compared to 61 percent among those who rated their service visit at an 8 or less on the 10-point scale.

According to J.D. Power, only 15 percent of all service occasions resulted in a score of 10 on the satisfaction scale, while 67 percent ranked at 8 or below among the 40 percent of customers who said they would definitely return to that repair shop.

The top three performance measures in the Canadian study with an impact on satisfaction scores were: being completely focused on the customer's needs (+63 points); providing an appointment on the day desired (+56); and providing helpful advice (+53).

"There has been a shift," Ney says. "The value of quality work is still important, but so too is being able to get the vehicle in for service, speaking to an advisor, and having convenient times available for service.

Potential areas of improvement include having the customer speak to a service advisor immediately, keeping customers informed on the status of their vehicle, and contacting customers after the service occasion. These processes were completed less than 80 percent of the time according to vehicle owners.

Nearly half (46 percent) of Canadian vehicle owners exclusively selected an

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Selling telematics

Service centers, resellers need new approach for telematics to succeed

> "Telematics solutions must offer more than diagnostics to gain traction in the market."

BY BRIAN ALBRIGHT
Correspondent

If the aftermarket hopes to successfully compete with OEM-based telematics solutions, they will need to up their sales game, says the CEO of Voyomotive.

The company is developing proprietary hardware, software and cloud services so that consumers can easily connect their vehicles. Voyomotive's solution combines an OBD-II port device and smartphone apps that allow drivers to monitor fuel use, fault codes, event alerts, and location tracking, and also provides remote start, lock/unlock, and immobilization functions. The company completed a successful Kickstarter campaign to fund its next round of prototyping and testing in November.

TRENDS & MARKET Analysis

According to the company, by directly sharing vehicle diagnostic information with mechanics, it can increase "efficiency for vehicle owners and productivity for service centers."

Voyomotive is already making its mark in aftermarket circles. In November, the Auto Care Association and Equipment and Tool Institute (ETI) announced that the company was selected as the 2015 Aftermarket Telematics Challenge winner at AAPEX. The company also received the 2015 SEMA Launch Pad Award, SEMA Global Media Award, and was a runner up for Best New Packaging Design at SEMA.

"What we've learned from interacting with the industry at SEMA and AAPEX and the Connected Car Expo, is that there is a lot of interest from potential resellers for having this technology for sale," says CEO and co-founder Peter Yorke. "A company providing aftermarket alarm or stereo systems would like to have this product. We are begging to set up our wholesale distribution network in advance of the product launch with Bluetooth in 2016."

Unlike tools that report generic codes, Yorke says that Voyomotive offers more comprehensive communication with the controllers in the vehicle as well as the ability to read proprietary manufacturer codes as well as generic ones.

"That's something you typically have to go to a service center for today," Yorke says. "We give you the DTC codes, and an explanation of what it means and the nature of the problem. That empowers the consumer. It's not always a definitive diagnosis, but it's an important piece of information to have in terms of who you are going to contact and the service costs involved."

Currently, Voyomotive customers have the option of e-mailing DTC codes and metadata about the car to the shop of their choice. "Eventually this will be worked into some type of integrated garage customer relationship management (CRM) system that can do automatic scheduling, or be published into something like Google AdWords so shops can bid to repair the car," Yorke says.

"Service centers want to use this for customer retention and be first on the list within the app," he adds. "We're having

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Technology Newsmaker

Q&A

JOACHIM TAIBER
CTO, International Transportation Innovation Center

Q What are the challenges in securing a connected vehicle compared to a traditional device, such as a server?

A What did Taiber say? Continue reading online.

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SEMA's educational programs steer staffers to rewarding careers

BY JAMES E. GUYETTE
News Correspondent

Offering industry instruction has long been an important service provided by the Specialty Equipment Market Association (SEMA).

Responding to questions posed by Aftermarket Business World, SEMA's education director, Zane Clark, recently discussed the organization's training opportunities:

TRENDS & MARKET Analysis

Q: How well did the Education Days Program go at the 2015 SEMA Show? How was attendance, and what was the reaction of the attendees?

A: The Education Program at the 2015 SEMA Show was well received, with participation up 40 percent over the previous year. Each year, dozens of seminars are held at the SEMA Show to provide the industry with a convenient, easy and affordable way to learn new skills and business strategies. We're pleased to see more showgoers taking the time to attend the seminars, as they feature hot topics and subject-matter experts to help professionals succeed and advance their careers. In addition to general industry topics, we collaborate with experts in key segments – such as the Society of Collision Repair Specialists (SCRS), Tire Industry Association (TIA) and I-CAR. With few exceptions, the education sessions are offered free of charge as an added benefit to those attending the SEMA Show.

Q: Do most business owners these days fully understand the value of providing their workers with professional training enhancements?

A: The answer rests somewhere in the middle. In as much as they recognize the value, it can be a difficult decision to approve the budget and time-off for employees to participate in professional development – especially for the small businesses that largely comprise the SEMA audience. That's the underlying reason behind the Education Program at the SEMA Show. As the premier gathering place for the industry, businesses are already attending the SEMA Show to see new products and discover new trends. Attendees are already investing in the travel and taking the time to attend the SEMA Show, so it's easy, convenient and affordable for them to participate in a seminar during the event. In fact, what many showgoers are doing is staying at the SEMA Show for more days and being more strategic with the time that they have at the Show.

Q: What does the 101 Course entail?

A: SEMA 101 consists of five learning modules, 15 minutes each, detailing the history of SEMA and the specialty equipment market. At the end of each module, there is a short quiz. Once a user completes the entire program, he/she earns a certificate of completion. It is great resource that we used internally for new employees to give them a solid base and sense for

ZANE CLARK

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Highway bill tasks NHTSA WITH NEW AUTO REGULATIONS

> The bill requires NHTSA to improve its collection of data on vehicle safety problems.

The Highway funding bill the Congress passed in early December contains a number of amendments affecting vehicle safety, some of them with aftermarket implications. The bill (H.R. 22) is nearly 1,300 pages, but only 40 of those deal with National Highway Traffic Safety Administration (NHTSA) programs.

But provisions focusing on recalls, rental car safety, whistleblowing, tire registration and other aspects may well affect retailers, service stations, distributors, parts suppliers and others in the supply chain. Of course, many of the provisions affect OEM manufacturers, too.

The first thing to note is what is not in the bill. A draft bill that had circulated in the House Energy & Commerce Committee had included language that would have made it "unlawful for any person to access, without authorization, an electronic control unit (ECU) or critical system of a motor vehicle, or other system containing driving data for such motor vehicle, either wirelessly or through a wired connection." The Auto Care Association had raised objections to that language. It was not included in the highway bill.

Otherwise, the bill's NHTSA amendments include a number of provisions that originated as separate bills, some of which have been mentioned before in this column. Tires receive a lot of attention. Probably the most significant provision is one the Tire Industry Association, the retailers group, has opposed. The bill attempts to remedy a barrier to tire recalls by requiring independent distributors not owned by a tire manufacturer to record the name and address of all buyers of tires, information about the tire purchased and anything else the NHTSA decides is relevant. Then the tire dealer has to transmit that information electronically and securely to the tire manufacturer or a third-party designated by the manufacturer. The tire dealer cannot add this information transmission cost to the cost of the tires.

The Tire Industry Association wanted Congress to require tire manufacturers to attach radio frequency identification (RFID) tags or some other electronic ID technology to tires so the recall process could be automated, a reform also supported by some safety groups. Roy Littlefield, executive vice president of the TIA, is counting on a study on electronic identification of tires required by the highway bill to serve as future leverage on Congress to undo the dealer notification provision.

The highway bill does not specify a deadline for NHTSA to publish that notification rule. So Littlefield said he is hopeful the rule won't take effect any time soon.

The other two tire provisions are directed at manufacturers. One requires NHTSA to publish a rule within two years that makes it impossible for tire monitoring systems installed in new vehicles to be overridden, reset or recalibrated. A second tire provision empowers the DOT in conjunction with the Environmental Protection Agency and Department of Energy to set minimum performance standards for tire fuel efficiency. These will be paired with standards for wet traction to ensure that passenger tire wet traction capability is not reduced ...CONTINUE READING

STEPHEN BARLAS
Washington Correspondent

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Shops need good relations WITH THEIR PARTS PROVIDERS

> Using a familiar parts provider will help you when you have concerns.

Early on in my career as a collision center manager I remember working with my local dealers to get discounts on parts, have them delivered when I needed them and use their expertise to ensure I received the correct part for the model vehicle I was repairing.

I have to tell you things have changed; now there are many options available to shops, some by choice and some not so much. OEConnection® can get shops parts through CollisionLink® using their connections with new car dealers. As advertised, they automate the process with a seamless integration with most estimating systems. This system is very effective in procuring parts and has proven to be virtually error free.

More recently Partstrader® arrived on the parts scene with their, "your suppliers-your parts-your choice" theme. Some might question the "your choice" statement because State Farm specified that Partstrader was their system of choice for parts procurement. This system is designed to provide shops a "real-time" competitive marketplace allowing purchasers to select from a variety of parts suppliers.

As reconditioning parts vendors' percentage of parts sales grew, OEMs took notice and began imposing core charges on headlamps and plastic bumpers as well as a variety of other highly competitive parts. Their hopes were that it would keep the parts out of re-manufacturers' hands and would reduce their supply. Some enterprising re-manufacturers began paying a small amount over the core charge to get the parts. This tactic also saved parts departments the hassle of processing the core for return, OEMs countered by making the core return policy easier.

Then along comes MyPriceLink, General Motors' foray into a unique part-pricing system aimed at reducing the benefit of purchasing aftermarket parts. This "Bump The Competition" program provides conquest pricing against actual aftermarket pricing. The good thing about this program is a shop will not notice much operational change. GM's claim is they will be offering real time pricing on collision parts via updates to the estimating platforms.

I am all for automated parts ordering. While parts people have some unique personalities and the phone calls are sometimes enlightening, often the interaction has little to do with ordering parts. So some of these changes are moving in the right direction, by guiding shops to use parts-ordering systems to simplify parts procurement. With MyPriceLink working through CollisionLink, it has augmented that system and not created a new parts-ordering platform. I have seen more and more shops use Partstrader to order all of their parts. This is interesting because the program's introduction was met with some negativity.

As all of these different parts-procurement platforms take hold I still believe it is important to maintain relationships with parts providers. Regardless of what platform you use, parts are coming from someone and I encourage that person to be someone in your market. Using

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Aftermarket consolidation LIKELY TO CONTINUE

> The three main stages of consolidation are fragmentation, acquisitions and expansion.

The industry is consolidating. That statement probably comes as little surprise. The entire automotive aftermarket is consolidating. New car dealers, tire vendors, parts distributors, paint distributors, software providers and collision repair shops are all consolidating. But were you aware that industries tend to follow a predictable path of consolidation, referred to as the consolidation curve?

Big companies are acquiring smaller companies using affordable capital to grow. This growth creates economies of scale. And economies of scale allow larger companies to provide goods and services relatively more efficiently and at a lower marginal cost than their smaller competitors.

Consolidation will continue because it is a virtuous cycle where success attracts additional investment that generates further business advantage. A growing consolidator will continue to acquire for two main reasons. First, each acquisition presents an opportunity to further build economies of scale to propel further competitive advantage. Second, disciplined acquisitions increase the value of a business in excess of the cost of the acquisition. This is generally referred to as accretive acquisitions or multiple arbitrage in the financial world.

What are the stages of consolidation?

There are three stages of consolidation. Well actually four, but the last stage represents stability rather than consolidation. The stages are:

Stage 1: Fragmentation
Stage 2: Acquisitions
Stage 3: Expansion
Stage 4: Maturity

Stage 1: Fragmentation

Industries begin in a highly fragmented stage. Depending on industry dynamics some industries move very rapidly through this stage. In the collision industry, this stage has lasted for decades, but is rapidly changing due to internal and external forces that I discussed previously.

Leading companies in the initial stages of industry fragmentation focus on building a footprint. They are focused on establishing a "first mover advantage" in size and brand. These companies begin to develop an acquisition based growth strategy. They focus on building revenues over profit growth. Growth comes in fits and starts. Acquisitions are often "one off" in nature and tend to be opportunistic. Companies are still perfecting their acquisition and growth strategies. Sometimes there are spectacular failures. At this stage acquisitions are focused on enhancing revenues and expanding footprints.

Stage 2: Acquisitions

This stage is about rapidly building scale. Consolidation takes place rapidly in this stage. Major players begin to emerge from the chaos of a highly fragmented industry. Consolidated business models have been validated and leaders are able to attract capital. The major players begin to form empires, buying up competitors. The pace and frequency of acquisitions increase significantly. At this stage the leading companies develop

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BRAD MEWES
Managing Partner, Supplement

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Motor vehicle world markets CONTINUE TO GROW

> Asia led passenger car production from 2004 to 2014 with 7.9 percent of the market.

Populations of passenger cars and heavy-duty vehicles continue to grow worldwide. In the 2016 World Motor Vehicle Market Report, the Automotive Aftermarket Suppliers Association (AASA) and the AASA Overseas Automotive Council identified the global "hot markets."

In tracking the 10-year global regional growth from 2004-2014 of passenger vehicles in operation (VIO), the Asia region took the top spot with growth of 9 percent from 2004 to 2014, according to the report. The Middle East region was second with growth of 7.2 percent, while Africa and Central/South America regions had a near tie with 5.9 percent and 5.7 percent respectively.

Asia also led passenger car production over the same decade, with 7.9 percent of the market. North America was a close second at 7.7 percent and Central Eastern Europe took the third spot at 6.4 percent.

In heavy-duty (HD) vehicle VIO, North America was the top region with 48 percent of the world's HD VIO. Asia was second with 22 percent, followed by Europe with 9 percent, Central Eastern Europe with 7 percent and Central & South America with 6 percent.

The AASA OAC World Vehicle Market Report group includes the following countries in the regional data:

- Africa: Algeria, Angola, Cameroon, Egypt, Ethiopia, Ghana, Ivory Coast, Kenya, Libya, Madagascar, Morocco, Mozambique, Nigeria, Reunion, South Africa, Sudan, Tanzania, Tunisia, Uganda, Democratic Republic of the Congo and Zambia.
- North American: Canada, Mexico and the U.S.
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LOW PRICE WINS

PRICE IS MOST IMPORTANT SELLING POINT IN DIY MARKET, RESELLERS SAY

BY BRUCE ADAMS | Managing Editor

When it comes to the do-it-yourself automotive aftermarket, price sells product far better than anything else, according to results of the latest *Aftermarket Business World* Reseller Product Study.

Some 56 percent of resellers responding to the study said price was the most important need of their DIY customers. When asked the most important need of their professional customers, 43 percent of the same group of resellers said quality topped the list.

Among professional customers, price came in second at 21 percent, followed closely by availability at 19 percent, while OEM form fit and function was in fourth place at 9 percent.

Among DIY customers, availability was the second most pressing need at 15 percent, and quality was in third place with 13 percent, resellers surveyed said.

More than half (53 percent) of respondents said their product sales increased in 2015 compared to 2014, while 42 percent said their sales were the same.

Resellers surveyed were optimistic in their outlook at 2016 as 58 percent said they expect their product sales to increase, while 40 percent said sales would be the same. Of the 58 percent who expect an increase in sales, 25 percent said the increase would be 1 percent to 5 percent and 16 percent said the increase would be 6 percent to 10 percent.

While 58 percent of resellers said they expect to sell more products in 2016, only 50 percent of the same respondents said they expect their gross margins to improve in 2016. Some 47 percent said their gross margins will stay the same in 2016.

More than half of resellers responding (54 percent) said the majority of their inventory is national brand products, while 49 percent said their inventory is evenly split between national brand and private label products.

Methodology: The Reseller Product Study was fielded to readers of *Aftermarket Business World* via email. Survey results are intended to show general market trends, not statistical certainties. ▫

CONTENTS

Battery Chargers

LOW PRICE WINS

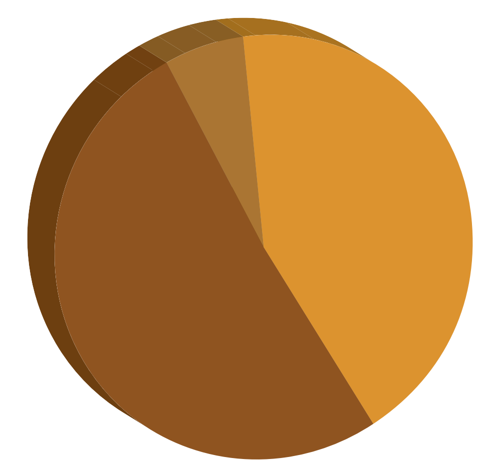
Needs of professional customers

Quality	57%
Price	25%
Availability	8%

Needs of DIY customers

Price	65%
Availability	8%
Quality	14%

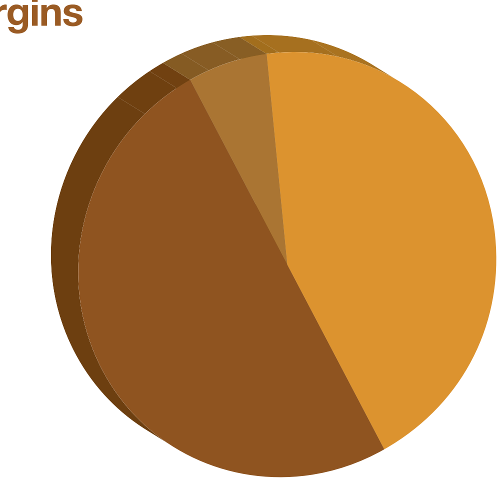
2015 battery charger sales



68% of resellers report they make none of their battery charger sales online.

58% report the majority of their battery charger inventory is national brand products.

Expected 2016 gross margins



2016 battery charger sales expectations

To increase 1-10%	31%
To increase 11-20%	12%
To hold steady	51%
To decrease	4%

Expected 2016 battery charger turns

1-2	57%
3-4	17%
5-6	15%
7-8	9%

71% turn to

INDUSTRY PUBLICATIONS

to get news and information on battery charger trends and developments

Auxiliary Lighting

LOW PRICE WINS

Needs of professional customers

Quality	33%
Price	22%
Availability	25%

Needs of DIY customers

Price	49%
Availability	19%
Quality	13%

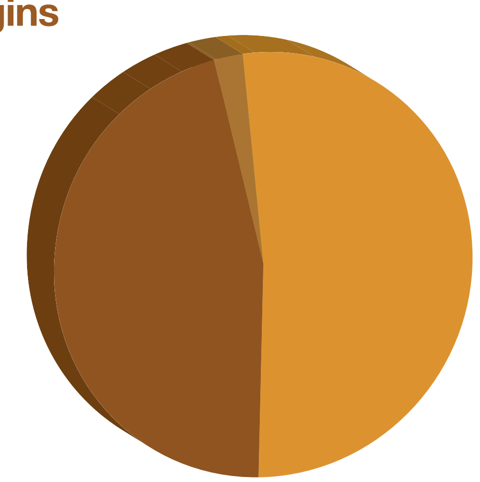
53% report that the majority of their auxiliary lighting inventory is national brand products.

Expected 2016 gross margins

52% To Increase

46% To Hold Steady

2% To Decrease

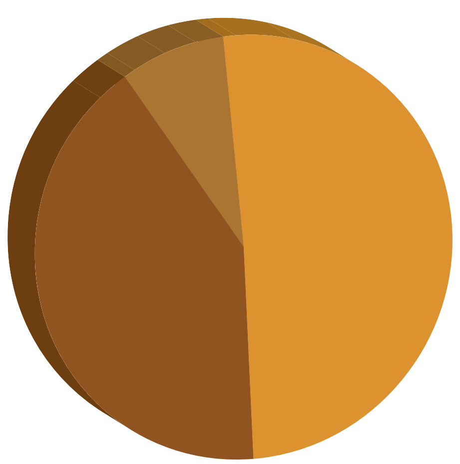


2015 auxiliary lighting sales

51% Increased

41% Held Steady

8% Decreased



70% of resellers report that they make no auxiliary lighting sales online.

2016 auxiliary lighting sales expectations

To increase 1-20%	52%
To increase over 20%	5%
To hold steady	40%
To decrease 1-20%	3%

Expected 2016 auxiliary lighting turns

1-4	71%
5-8	25%
9-10	3%
11-12	1%

78% turn to

INDUSTRY PUBLICATIONS

to get news and information on auxiliary lighting trends and developments

Brakes

LOW PRICE WINS

51% report the majority of their brake inventory is national brand products.

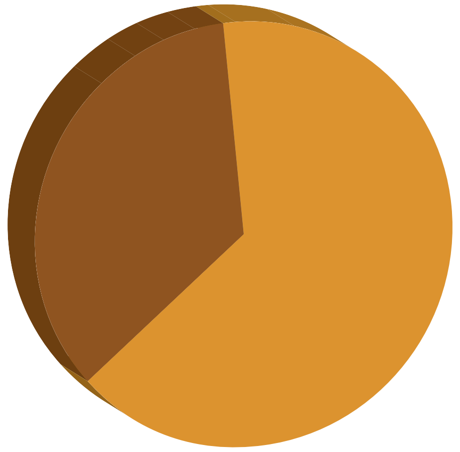
Needs of professional customers

Price	15%
Quality	46%
Availability	22%

Needs of DIY customers

Price	57%
Availability	17%
Quality	11%

2015 brake sales



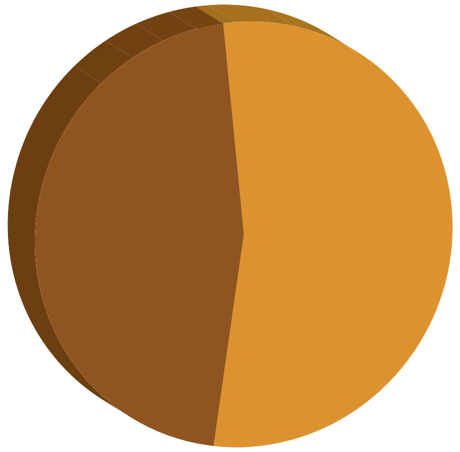
65% Increased

35% Held Steady

0% Decreased

63% of resellers report they make none of their brake sales online.

Expected 2016 gross margins



54% To Increase

46% To Hold Steady

0% To Decrease

2016 brake sales expectations

To increase 1-10%	52%
To increase 11-20%	20%
To hold steady	28%
To decrease	0%

Expected 2016 brake turns

1-2	31%
3-4	26%
5-6	26%
7-10	12%

78% turn to

INDUSTRY PUBLICATIONS

to get news and information on brake trends and developments.

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