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JUNE 2016

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POLAND:

DEFINING THE INDEFINABLE MARKET

BY RICHARD MEZADURIAN | Contributing Editor

Poland is a hard place to figure out for aftermarket manufacturing executives. That's because if you took many different strategies for selling in Poland and throw them against the wall, almost all of them would stick. So to define your company's market strategy in Poland, you need to understand where this market has been, where it is today and where people are expecting it to go in the future.

The country of Poland is often described as one of the biggest success stories in the former Eastern Bloc. During the past 25 years since the Soviet Union fell, Poland has aggressively modernized, building new infrastructure, developing industries and democratizing its politics. Poland was the only member of the European Union (EU) whose economy did not dip into a recession during the 2008-2009 downturn. Skillful manipulation of public policy and expansionary economic policies were credited for keeping the economy growing.

Having a population of nearly 39 million people, Poland is one of the three largest Eastern European nations. The makeup of the coun-

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How the aftermarket deals with returns: Manufacturers and resellers are at a loss when it comes to handling returns efficiently and seem resigned to the notion that they are part of doing business. They need to invest in a system to handle returns or turn to outside specialists.

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Polish aftermarket

> "There is an import duty in Poland ranging between 3 percent to 4.5 percent on auto parts."

try's population is very homogeneous, with 97 percent of the people identifying as ethnically Polish. With nearly 70 percent of its population under the age of 55, it is poised to remain a demographically viable and robust economy. There are several caveats to that, however.

Even though the economy has been robust and growing, it is still well below the per capita gross domestic product of fellow EU nations. As such, many of the best and the brightest have emigrated to other EU nations seeking better opportunities. Another concern that is consistent with many industrialized economies, fertility rates are below what would be considered a positive driver of population growth rates. These challenges aside, Poland's aftermarket is growing today as the numbers of motor vehicles keep growing.

Poland ranks approximately 17th in the world with a per capita motor vehicle population of 580 per 1,000 inhabitants, or roughly 24 million motor vehicles. This places Poland ahead of the United Kingdom and France, as well as other Western European counties in terms of motor vehicle density by population. There are no truly dominant brands or models in Poland.

During 2015, 49 different nameplates combined to sell 351 different models. Of the 410,000 new vehicles sold in 2015, the Skoda Octavia led the market with 14,200 units (3.5 percent), trailed closely by the Skoda Fabia with 12,390 units (3 percent). Many models near the bottom had only anecdotal sales. For example, the Cadillac Escalade tied with Aston Martin's DB8 for one unit sold each.

Statistically though, the top 10 brands that dominated Poland in 2015, and account for 68 percent of new car sales are: Skoda (11.2 percent), Volkswagen (9.8 percent), Toyota (8.9 percent), Opel (7.8 percent), Ford (7.5 percent), Renault (6.9 percent), Fiat (4.7 percent), Kia (4.3 percent), Hyundai (4.0 percent) and Peugeot (3.9 percent). The only truly dominant manufacturer group in Poland would be the Volkswagen group at 25 percent market share. The group also includes, Audi, Seat, Skoda and Porsche. The Renault Group (Renault, Dacia and Nissan) come in second at 13.7 percent. The Hyundai-Kia group ...CONTINUE READING

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THE 12-VOLT MARKET, WHICH WAS KNOWN AS AN ADD-ON MOBILE ELECTRONICS SPECIALTY SEGMENT, IS COMBINING MORE CLOSELY THAN EVER WITH TRADITIONAL "BOLT-ON" AUTO PARTS SUPPLIERS.

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Mobile electronics training can GROW AFTERMARKET REVENUE

BY JAMES E. GUYETTE | News Correspondent

It takes a high level of passion, desire and knowledge for warehouse distributors, retail managers, sales personnel and installers of aftermarket audio and infotainment equipment to adequately ensure that you and your often-sound-savvy customers are on the same frequency when making product selections. Thorough training is a must for hitting all the right notes within the increasingly complex and sophisticated $2-billion mobile electronics segment.

"It's a different world that you're in; with 'red wire/black wire' you can cause a fire if you do it backwards," reports industry consultant Ray Windsor, executive director of the Elite Distributor Alliance (EDA), a program group consisting of 12-volt product purveyors.

"You need to be able to speak intelligently to your retailer, installer and consumer customers," he points out. "The companies that the WD is selling to will call them up and ask, 'How do I do this?' If you can answer those questions you'll be more successful in that category as a source of that product and the source of correct information."

A sonic convergence of sorts is currently happening at a rapid clip as the 12-volt, red wire/black wire market that had previously been more of an add-on mobile electronics specialty segment – such as stand-alone Stereo Hut- and Audio House-type businesses – is combining more closely than in the past with traditional "bolt-on" auto component suppliers and installers of harder engine and other vehicle functionality parts. This emerging trend is being driven by vehicle owners seeking one-stop service for all their upfitting needs. The vehicle owners already have gone online to research their add-on desires – both audio and non-audio – and now they want to confirm the suitability of their choices in-person at a brick and mortar business and have their selections competently installed at a single location with a minimum of running around.

"The consumer says, 'Why do I have to go to two places to buy it, and why do I have to go to two places to have it installed?'" An example cited by Windsor is a customer who has purchased a new pickup truck and now wants it accessorized with a satellite radio, high-end speakers, a navigation unit, extra lighting, chrome steps, a bedliner, floor mats, custom bumpers,

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ASE GUIDES QUESTION OF THE MONTH

For security purposes, high-value items such as tools are often kept in locking display cases. As a rule, the display case can be left unlocked as long as:

A. needed to help the customer at the case
B. it takes to ring out another customer
C. the store is open
D. the tools aren't very small

Click here to see the answer.

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Announcing our Commitment to Training and Automechanika Chicago.

Pete Meier of Motor Age shows how to check an engine's volumetric efficiency.

Nexus expands in North America

International program group taps three new members, increases global network

BY BRIAN ALBRIGHT
Correspondent

Global aftermarket collective Nexus Automotive International has extended its reach into North America with the announcement of three new members, including the Automotive Distribution Network, truck parts network VIPAR Heavy Duty, and Automotive Parts Associates (APA).

TRENDS & MARKET Analysis

The three companies will be the exclusive partners for Nexus in the North American market. Nexus is a global aftermarket program group with headquarters in Geneva and offices in Paris, Dubai, Sao Paulo, and Johannesburg. The company is represented in 65 countries and includes 59 member organizations.

According to David Prater, president of the Automotive Distribution Network, the decision to partner with Nexus was driven by competitive considerations. Nexus offers relationships with suppliers that would otherwise be unavailable, and serves as a gateway to emerging markets around the globe.

"Like everyone else, we see the aftermarket shrinking," Prater says. "We are interacting

Vendor Newsmaker
Q&A

TODD RAMSEY
President
Ramsey Consulting Group

Q What are the levels of the Mobile Electronics Certified Professional and what are the benefits of certification?

A What did Ramsey say? Continue reading online.

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> The Nexus North American partners will help the organization work more closely with suppliers.

more with suppliers that are not based in the United States. We have had a few opportunities in the, past, but we could not place a true value on the relationship. Nexus has a different model. It is not strictly a European group looking to move to the states. It is a true international group, on many continents."

"There is wisdom in the multitude of counsel, and in a market that is changing as rapidly as we see now, it only makes good sense to take advantage of the many synergies available in a union such as this," says Gary Martin, president and CEO of APA. "The opportunity to focus on all facets of our businesses and bring critical mass together to help facilitate synergistic changes for the good of all is noteworthy. We expect to see benefits in all aspects of our goods and services for the automotive aftermarket partners we work with and serve."

Prater also says that joining Nexus will provide a unique perspective to help shape long-term product strategies. "Many of the trends here begin in Europe," Prater says. "Specifically, on our last visit to Geneva, we had an opportunity to see their views on the connected car and how they are working for legal solutions in the European Union. Other trends have their beginning here that we can share, such as Right to Repair."

"In a global marketplace, it is important to also be connected outside of North America so that we can understand changes in vehicle platforms, distribution trends, market shifts, business strategies, etc.," says Chris Baer, executive vice president of VIPAR. "The [Nexus] community helps to create that connection and allows us to collaborate with other aftermarket professionals from around the world, while remaining focused on our North American strategies."

In addition to gaining access to a broader base of international suppliers, the new Nexus North American partners will help the organization work more closely with suppliers in the region.

The Network was Nexus' initial partner in the region, announced in 2015. Prater says his company pursued additional partners, including APA and VIPAR, and others may join later.

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TELEMATICS/CONNECTIVITY

How close are 3D printed auto parts?

Alcoa, Airbus to put printed parts on aircraft. Are cars next?

BY BRIAN ALBRIGHT
Correspondent

In April, Alcoa announced that it would supply 3D-printed titanium fuselage and engine pylon components to aircraft manufacturer Airbus for use in commercial airplanes, with the first parts delivered in mid-2016.

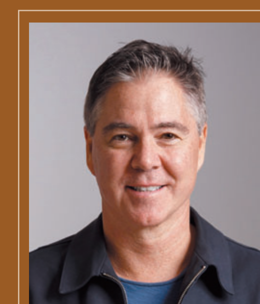
TRENDS & MARKET Analysis

While there have been some interior aircraft components created via 3D printing (also referred to as additive manufacturing), the use of printed metal parts in the engine and other areas of a plane is a relatively new development. Alcoa has invested heavily in 3D printing and metallic powder production capabilities at it technical center in Pittsburgh, and in 2015 the company acquired RTI International Metals (now known as Alcoa Titanium & Engineered Products, ATEP), which expanded its printed metal parts capabilities.

While an Alcoa spokesperson indicated that the company is targeting its additive manufacturing capabilities exclusively at aerospace applications right now, automotive manufacturers are also eyeing the technology. 3D printing allows manufacturers to create highly complex geometries that are often much lighter in weight, thanks to some of the design flexibility enabled by printing. For example, a part can

Technology Newsmaker Q&A

PETER YORKE
CEO
Voyomotive



Q What are the initial plans for the VOYO product launch and what are the opportunities in the aftermarket?

A What did Yorke say? Continue reading online.

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> The global market for 3D printing metals was valued at $156.2 million in 2014.

be constructed with a “honeycombed” interior that provides comparable durability with a lighter weight. Machining or casting processes generally can’t match those capabilities.

The global market for 3D printing metals was valued at $156.2 million in 2014, according to Research and Marks, and is expected to reach $776.8 million by 2020. Aerospace and defense are the fastest growing markets for printed metals. For automotive applications, the Asia-Pacific region has shown the most interest in metals.

While market research firm SmarTech estimates that 3D printing in automotive industry will grow to $1.25 billion by 2019, with a CAGR of nearly 25 percent, the bulk of that activity is around prototyping and creation of tooling and molds.

Capgemini, however, expects the industry will soon see the first design prototype of a car that has more than 50 percent of its parts 3D printed. Last year, design collective Local Motors printed an entire car on the floor of the SEMA conference, and earlier performed a similar feat when it produced its Strati prototype vehicle at a number of other conferences.

However, it’s unlikely that the auto industry will adopt 3D printing as a way to mass-produce metal parts. Printing metal is a more complex, time consuming and expensive process, which makes it impractical for the type of high volumes required by most OEMs. The reason that Airbus and Alcoa can move forward is that the number of total parts needed in any given production run is comparatively small, and the production time for each aircraft is very long.

That’s why there is more traction for printed production parts in aviation. GE Aviation, for example, will include 3D printed parts in its CFM LEAP engines, a first for the industry.

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Recall satisfaction rates drop

Overall dealer service CSI rising, but customers are less satisfied with recall repairs

BY BRIAN ALBRIGHT
Correspondent

While overall customer satisfaction with dealership service continues to rise, satisfaction rates for recall-related repairs declined for the first time in six years, according to the J.D. Power 2016 Customer Service Index (CSI) Study released in March. That drop has accompanied a record number of recalls, and could be the result of inattentive or overwhelmed dealer service departments.

TRENDS & MARKET Analysis

The annual study measures CSI with franchised dealer service for both maintenance and repair work among owners and lessees of one- to five-year-old vehicles.

The National Highway Traffic Safety Administration estimates there were 51 million vehicles recalled in 2015. Recall service CSI dropped from 789 to 781 on a 1,000-point scale compared to the prior year. The score for non-recall service averaged 809 for the current year.

According to the survey, recall customers reported they were less likely to have their vehicle returned to them cleaner and with the same settings as when it was dropped off, and were

Dealer Newsmaker

Q&A

JOE RICHARDS
Director of Research and Market Intelligence, Cox Automotive

Q The study says drivers are price sensitive and view dealerships as a costlier service alternative. How much of that is just perception?

A What did Richards say? Continue reading online.

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> Recall customers represent both an opportunity and a risk to the brand and dealer.

less likely to be contacted by the dealer after service was complete.

Chris Sutton, vice president of U.S. automotive retail at J.D. Power, says that 14 percent of service visits were recall related, and that the sheer number of recalls was affecting dealer service capacity and the service experience for all customers. "Overall CSI went up this year, but that increase has slowed a bit," Sutton says. "The recall experience, which had been contributing to that growth in CSI, didn't help as much this year."

The gap between recall and non-recall repair satisfaction was 28 points this year, compared to 13 points the prior year.

"We tried to isolate different factors, but this wasn't really attributable to any particular brand's handling of recalls," Sutton says. "We're left with some guesses. One of those is that, based on the amount of recalls over the last few years, if they are being treated more as 'business as usual,' the service departments aren't going that extra mile for those customers. While it may be tempting for dealers to focus more on repair or maintenance work, recall customers represent both an opportunity and a risk to the brand and dealer," he added.

Manage wait times

The study also highlighted some potential strategies for service departments to follow that can help boost satisfaction levels. The study found that 70 percent of customers are willing to wait between one and two hours for service. Another 17 percent were only willing to wait for less than an hour or not at all. Customer satisfaction averages 835 if the wait is less than one hour and 40 minutes, but falls to 756 for longer waits. Dealers should consider loaner vehicles, shuttle service, and waiting area improvements to help mitigate against the effect of wait times.

Satisfaction also improves by 44 points when service advisors greet customers within two minutes. However, 27 percent of respondents said they waited longer than that for a greeting.

Dealerships are doing a good job of achieving high first-time fix rates for vehicles. According

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Worldwide auto expertise comes together to create U.S.-made Elio

BY JAMES E. GUYETTE
News Correspondent

Arizona's Paul Elio has been searching the world over for the latest in global technological innovations to augment a long-standing tradition of "American ingenuity" aimed at engineering and bringing-to-market a domestically produced gas-sipping yet zippy runabout.

TRENDS & MARKET Analysis

Already more than 51,000 pre-orders have been reserved. An initial U.S. rollout of 100 pre-production Elios for fleet applications is scheduled to begin later this year, with the bulk of the consumer launch slated for 2017 as additional funding becomes available – an eventual international unveiling is also in the company's plans.

Tagged at an anticipated base price of $6,800, the three-wheeled Elio has front-to-back two-person seating and weighs 1,200 pounds, roughly half of the average 2,400-pound mass of the existing automotive car parc. It utilizes a combination of lightweight materials and aerodynamic body styling to reduce wind drag and attain a highway mileage rating of up to 84 mpg.

Elio's Safety Management System includes three airbags, a reinforced roll-cage frame,

Vendor Newsmaker Q&A

PAUL ELIO
Founder and CEO
Elio Motors

Q: What are some of the elements of your global research process that netted the technological developments for this vehicle?

A: What did Elio say? Continue reading online.

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> The Elio vehicle is on track to actually start rolling off the assembly line by the end of this year.

anti-lock brakes, and crush zones that are 50 percent larger than those on similar vehicles. Heating/air conditioning, power windows/power-door-locking and an AM-FM stereo radio are among the standard features.

In March, Michigan-based Roush, which has operations in 19 nations throughout North America, Europe and Asia, was named as the lead engineering partner to provide a quieter, smoother ride with refined driving characteristics by contributing engineering, testing, prototyping and assembly support.

"We've already assembled a great team of suppliers, but adding Roush's leadership and expertise is a home run for us," says Elio. "Suppliers of their caliber can pick and choose with whom they work. It is rare for a startup like us to attract a world-class supplier network like we have. Roush is a great addition to that team."

Japan's Aisin Seiki, owned by Toyota, is supplying a transmission matched to an engine designed from the ground up specifically for the Elio by Germany's IAV Automotive. Half owned by Volkswagen, with Continental Automotive and Schaeffler Technologies also having ownership shares, IAV has facilities in Michigan and California in addition to locations in 11 other countries.

The 0.9 liter, 3-cylinder, 55-horsepower, liquid-cooled powerplant attains a top speed of more than 100 mph and accelerates from 0-60 in 9.6 seconds. "Our new engine is a bridge to the future that relies on a traditional internal combustion engine, but delivers significantly higher fuel efficiency," Elio says.

Collective brainpower

"The Elio Motors design process is the new paradigm in automotive engineering and design," according to Frank Phillips Jr., president of Molded Plastic Industries of Holt, Mich.

"It allows participating suppliers to bring their best ideas to the table and to work together collaboratively with other product development teams for the good of the project. It's very different from the long-standing status quo in getting a vehicle to the commercial production stage. I've worked in the industry since 1982, and have never experienced this much revolutionary development process innovation," says Phillips, referencing the cooperation of fellow Michigan suppliers Excel Pattern Works and Schwab Industries in executing the Elio's external characteristics.

Established in 1941, Excel nets $4 million in annual global sales. In business since 1984, Schwab is a Tier 1 OEM supplier of tooling, stampings, gages and fixtures to major automotive and aerospace firms.

"Our Molded Plastic Development Team has done a remarkable job of bringing our Elio vehicle's exterior body panel system to a level of commercial manufacturability in a very short period of time," says Gino Raffin, Elio's vice president of manufacturing and product launch. "This feat, combined with our recently announced body framing and engine cradle design release, are important steps that show we are rapidly gaining momentum as we move toward production."

"We've organized our engineering teams and supplier partners to give them more freedom to provide ideas and decisions," says Elio. "Their collective brainpower is essential in meeting the aggressive cost and quality standards we've set and that our ...CONTINUE READING

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The actual cost of rework INCLUDES LOST OPPORTUNITY

> When a mistake is made or we have to put extra time in to fit a part, it costs in several ways.

If you have been in a collision center more than one day you likely have hear this at least once: "Hey can you guys dust a little color on the edge of this fender; I scratched it a little putting it on."

Most of those asking the paint shop to "dust a little color" on a part do not really know what it costs. They also are not aware of today's paint processes. You cannot just "dust a little color" on something, most times it must be completely refinished. Refinishing a part because it was scratched not only costs in materials but also the time it takes to rework that panel and the time lost on other repairs.

Some simple math will show the costs associated with reworking a panel as well as the costs of lost time on other repairs. Let's say the scratched part had 2.3 hours of refinish time on the original estimate and required .5 to repair the scratch. Taking the 2.3 hours times an average labor rate of $40 equals $92. Additionally, the .5 to repair the scratch would be $20 and the materials for refinishing calculate out to $69 using an average of $30 per paint hour. In total $181 was expensed to "dust a little color" on a scratched fender.

As we think this through a little further, the 2.8 hours expended repairing the scratched fender means 2.8 hours was not spent on another job. So, theoretically two repairs were stopped in production causing 5.6 hours of delay. Using the national average for touch time of 4.5 hours per day, 1.2 days were lost in production. One might say the proverbial snowball is rolling down a slippery slope.

The expense continues when you consider rental expense, missed deliveries resulting in lower CSI scores, reduced cycle time and insurance company penalties. While it would be difficult to put a dollar figure on the missed delivery, reduced cycle time and lower CSI, at a minimum, most insurance companies will ask for reimbursement for the car rental. With rentals averaging around $59.99 per day multiplied by two stopped repairs, our scratched fender expense has now increased to $300.98.

JOHN SHOEMAKER
Business Development Manager
BASF North America

Depending on how you expense the $300.98 determines on how it affects your bottom line. Some will charge it to a policy account that hits the bottom line directly, others will reduce the labor rate, which will affect your bottom

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Three synergies add value IN AFTERMARKET DEALS

When helping clients with mergers and acquisitions, we spend a lot of time identifying and quantifying synergies. Synergies are advantages that come about through the integration of two companies that, individually, the two companies would be unable to achieve.

If you are considering growth by acquisitions or evaluating a sale, understanding the role synergies play is important in evaluating the merits of a transaction. There are three common types of synergies we see add a lot of value to a deal: revenue, cost and financial.

Revenue synergies

A revenue synergy is when, as a result of an acquisition, the combined company is able to generate more sales than the two companies would be able to separately. For example, consider LKQ and Keystone in the collision parts distribution business. Prior to LKQ's acquisition of Keystone, LKQ sold primarily used parts. Keystone sold primarily aftermarket parts. However, in the combined company, LKQ could leverage its existing distribution network and sales force to sell more aftermarket parts into the industry than Keystone could sell as a stand-alone organization.

Generally, when a larger consolidator acquires a smaller competitor, the consolidator often is able to leverage existing client relations to drive more sales into the new location than the stand-alone operator was able to on its own.

Revenue synergies can create very attractive economics for both buyer and seller. A savvy seller can command a substantial premium when the revenue synergy that the selling company provides is unique to the buyer. Conversely, a savvy buyer can often easily justify paying a substantial premium confident that the increase in revenues post close will offset the additional consideration provided to the seller.

Cost synergies

Cost synergies refer to the opportunity, as a result of an acquisition, for the combined company to reduce costs more than the two companies would be able to do individually. Cost synergies are a driving force of continued consolidation throughout the automotive aftermarket. Carl Icahn's acquisition of Auto Parts (formerly of Uni-Select) was designed to take advantage of scale and cost synergies in distribution. The recent acquisition of Pep Boys plays into that strategy, providing potential revenue and cost synergies.

Take the LKQ Keystone deal as an example. When LKQ acquired Keystone, LKQ could distribute aftermarket parts through its existing distribution network. LKQ was able to eliminate significant costs associated with delivery trucks, fuel, insurance and delivery drivers. LKQ was also able combine warehouses and eliminate redundant storage expenses. Redundant management overhead was eliminated as well, further reducing expenses. As a result of the LKQ Keystone acquisition, LKQ's

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BRAD MEWES
Managing Partner, Supplement

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OSHA rule on silica could affect PARTS MANUFACTURERS

> "OSHA said NADA proved that exposures to silica in body shops were minimal."

The federal workplace safety agency denied a request from the auto body industry to exempt it from new rules limiting breathable silica in the workplace. Respirable crystalline silica can be created in a body shop as a result of the sanding of vehicles and vehicle body panel surfaces and also the removal of paint and/or rust from vehicles or vehicle body panels.

The Occupational Safety and Health Administration's (OSHA) new standard goes into effect on June 23, 2018 and establishes a new permissible exposure limit (PEL) for respirable crystalline silica of 50 micrograms per cubic meter of air (50 µg/m3), averaged over an eight-hour shift. The new PEL is half the old standard. In addition to the PEL, the rule includes requirements for exposure assessment, methods for controlling exposure, respiratory protection, medical surveillance, hazard communication and record keeping.

This new PEL will also affect a broad range of auto parts manufacturers, according to a chart of affected North American Industrial Classification System (NAICS) industry codes published by the OSHA. These start at 336310, motor vehicle gas engine & engine parts manufacturing and progress through other auto manufacturing sectors up to 336370, motor vehicle metal stamping.

Auto parts manufacturers had not been fighting the final rule; National Association of Automobile Dealers (NADA) had been doing just that, asking the OSHA to provide them with an exemption from the final rule. NADA presented data to OSHA showing levels of crystalline silica were below levels of concern for employee health at both dealership and independent body shops.

In February 2014, Douglas I. Greenhaus, chief regulatory counsel, Environment, Health, and Safety, NADA, wrote to the OSHA: "The likelihood of worker exposure to significant respirable crystalline silica in dealership auto body operations is de minimis, (which means too trivial or minor to merit consideration), largely due to product substitution, state-of-the-art work practices, and the use of respiratory protection. After a review of its non-public inspection data, OSHA should confirm this conclusion through a clear statement in the preamble of its final rule."

In the final rule issued at the end of March, OSHA declined to provide an exemption for body shops, or any other sector. Instead, it offered a general exemption for any employer who has objective data demonstrating that employee exposure to respirable crystalline silica will remain below 25 micrograms per cubic meter of air (25 µg/m3) as an eight-hour time-weighted average (TWA) under any foreseeable conditions. NADA did not respond to a request for comment on the final rule.

The agency included a definition for "objective data" in the rule. But the agency then goes on to qualify the exemption: "The exception does not apply where exposures below 25 µg/m3 as an 8-hour TWA are expected or achieved, but only because engineering or other controls are being used to limit exposures; in that circumstance, but for the controls, exposures above 25 µg/m3 as an 8-hour TWA would be foreseeable, and are foreseeable in the event of control failure or misuse."

The good news is the agency explicitly

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STEPHEN BARLAS
Washington Correspondent

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Husky Spring leverages tech TO BUILD E-COMMERCE SITE

> The system offers a website to order parts and a publishing system for catalogs.

When Husky Spring needed to move away from paper catalogs to an online presence, they decided to work with Vertical Development and its partners to create a complete, modular solution tailored to their needs. Today, they have a system that offers an easy, comprehensive website for ordering parts and a publishing system to get ACES format catalogs to retailers.

Husky Spring started as an aftermarket alternative to OEM springs with lower prices and clear specifications so that customers could find upgrade options for their cars. Once serving just a small part of Minnesota, they steadily grew to cover the Dakotas, Wisconsin, Iowa and Nebraska, and have extended their inventory to include suspension parts for cars, trailers and heavy-duty trucks.

Like many companies, Husky Spring's shift toward online access started with customer requests. A decade ago, they went to SEMA with paper catalogs in hand, only to have multiple customers ask if their catalog could be accessed electronically. That started the company to shift internally to the Legacy catalog system for better customer support.

Two years later, a chance contact from a sales postcard led to a new client that would do business with them on the condition that they offer industry standard cataloging. Husky worked with Vertical Development, first switching their internal catalog to ACES so that retailers could easily integrate it into their own catalogs, then bringing that catalog online for both B2B and B2C customers.

Here's how it works. Husky Spring's site uses a combination of Fuse5 and Weblink to handle inventory and POS services for B2B and B2C customers. Since both companies are partners with Vertical Development, their software easily integrates with the ShowMeTheParts database. The database includes information about applications and specification data as well as documents and images related to the part. While the results are limited to the suspension parts offered by Husky, their site still has the same powerful search features as ShowMeTheParts' public database.

While it sounds like there's a lot going on, the result is easy to use. End users can look for and order parts from a single site, accessible via login 24 hours a day, 365 days per year. They can search for a part, find out the price and availability, and even get installation information and photos to make sure what they are ordering matches the part that is being replaced. Since ShowMeTheParts, Fuse5 and Weblink work together, all that information can be presented together. There's no need to switch environments to go from product information to ordering. By having all this information on hand, customers can be assured they're getting what they need, when they need it and at a predictable price.

With ShowMeTheParts, Husky can push updates to their website database and ACES catalog at the same time. These updates can be pushed in days instead of months, so customers get up-to-date information.

By leveraging the compatible technology provided by ShowMeTheParts, Fuse5 and Weblink, Husky Spring pays only for the services they need instead of trying to turn a wide-market tech product into a niche service. The complete system has a lower overhead and eliminates the need for customers to pay a subscription fee for the site. ...CONTINUE READING

JAY WRIGHT
President,
Vertical Development

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Global market shifts create AFTERMARKET OPPORTUNITIES

> The fastest growing region is Asia. China registered the largest CAGR at 27.4 percent.

The global demand for quality automotive aftermarket products from North American suppliers has never been greater and the importance of international business is continually growing.

According to the "2016 World Automotive Market Report," published annually by the Automotive Aftermarket Suppliers Association (AASA), global growth markets are shifting and opening more opportunities for North American aftermarket suppliers to advance their business.

The report reveals that the industrialized regions of the world experienced a slower compound annual growth rate (CAGR) of vehicles in operation (VIO) during the 10-year period from 2005 to 2015. The Asian region recorded the biggest CAGR increase worldwide at 9.6 percent. The Middle East was second at 7.5 percent. Central/South America and Africa tied for third at 5.8 percent.

By contrast, the growth rate in Western Europe from 2005 to 2015 was 1.4 percent and North America grew just 1.2 percent. Mexico recorded the largest growth rate in North America at 6.7 percent; Canada grew 3 percent and the U.S. CAGR for the period was 0.6 percent.

Within the fastest growing region of Asia, China overwhelming registered the largest CAGR at 27.4 percent. In addition to China, Asian region countries included in the report are Burma (Myanmar), Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

Global business can provide companies with a larger and more diverse customer base, open doors for overseas manufacturing and distribution, market share gain in less competitive countries and give manufacturers a broader view of the industry. But access to reliable, accurate data is crucial to making the best possible decision.

The AASA World Motor Vehicle Market Report, celebrating its 80th edition this year and produced with IHS Automotive, has been revised to provide insightful analysis. It contains passenger car and truck information regarding vehicles in operation, production and density for regions throughout the world including Africa, Asia, Central and South America, Central Eastern Europe, Middle East, North America, Oceania and Western Europe. The report is available to AASA members at no cost by clicking **here**. Non-members can receive information about purchasing the report by e-mailing info@aftermarketsuppliers.org.

AASA also supports its supplier members' global business growth through the Overseas Automotive Council (OAC) and the China Aftermarket Forum (CAF).

Editor's note: *Ben Brucato is the director of membership and sponsorship of the AASA and executive director of the AASA OAC. The OAC promotes the sale in foreign markets of automotive and heavy-duty products manufactured in North America. The CAF is a peer group of AASA members with operations in the People's Republic of China.*


BEN BRUCATO
Executive Director AASA OAC

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Online Purchasing Habits Study
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SHOP OWNERS INCREASE USE OF TABLETS, SMART PHONES FOR BUSINESS USE

BY BRUCE ADAMS | Managing Editor

Auto service and repair shop owners and technicians are using their tablets and smart phones for work more this year than last year, according to the 2016 Aftermarket Business World Online Purchasing Habits study.

When asked if they use their tablet and/or their smart phone for work, 73 percent said they use one or both, compared to 65 percent who said they use one or both in last year's Online Purchasing Habits study. In the 2014 study, 56 percent said they use one or both for work.

The breakdowns this year show that 35 percent of respondents use their tablet and smart phone compared to 30 percent who said they use both last year; 31 percent said they use their smart phone this year compared to 29 percent who said they use their smart phone last year; and 7 percent said they use their tablet compared to 6 percent who said they use their tablet last year.

Respondents who said they use a smart phone app to make parts purchases increased from 6 percent in 2015 to 9 percent in 2016.

When asked why they purchase auto parts online 25 percent said it was due to ease of comparing prices and options, 18 percent cited convenience and 16 percent said it was because of wide product availability.

What shop owners and techs dislike most about buying products online is the potential to order the wrong part (39 percent) and shipping costs (17 percent). Only 10 percent cited lack of counterman assistance.

Online product reviews are more important to parts buyers this year than last year as 26 percent of respondents said they were "very important" (compared to 22 percent who said that last year); and 23 percent said they were important (compared to 20 percent who said that in last year's survey). Those who said online product reviews were "not important at all" dropped from 31 percent in 2015 to 26 percent in 2016.

Sixteen percent of respondents said they would be doing more online parts buying in 2016 than in 2015, compared to 12 percent who said last year that they would be doing more online buying in 2015 than in 2014. Methodology: The Aftermarket Business World Online Purchasing Habits Study was fielded to readers of Motor Age via email. Results are intended to show general market trends, not statistical certainties.□

PHOTO COURTESY: GETTYIMAGES / VECTORAART

CONTENTS

ONLINE PURCHASING HABITS

Wheel Bearings

43% of respondents say they dislike most the potential to order the wrong part when purchasing wheel bearings online.

Frequency of online wheel bearing purchases

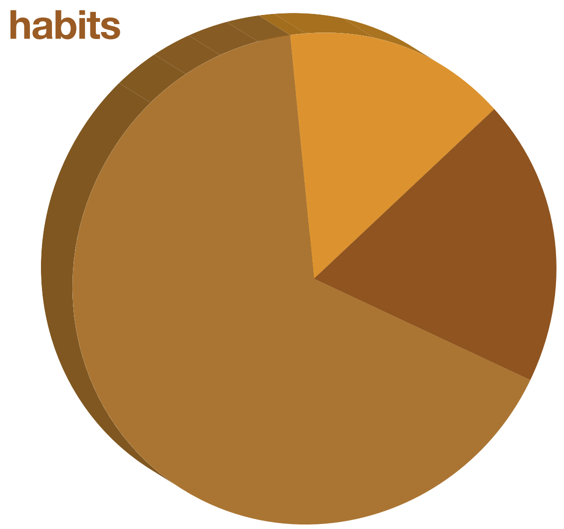
0-10% of the time	26%
11-25% of the time	7%
26-50% of the time	8%
51-99% of the time	12%
All the time	6%
Never	41%

2016 vs. 2015 online buying habits

15% Purchased more

19% Purchased the same

66% Purchased less

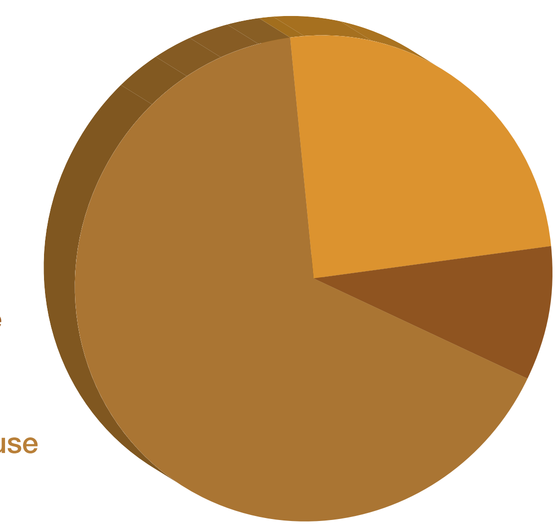


App usage for online buying

25% Would consider using

9% Already use

66% Would not use



39% find online retailers by going to the website of the retailer they normally use when looking to purchase wheel bearings online.

Reasons for buying wheel bearings online

Ease of price comparing	21%
Convenience	18%
Product availability	19%
Speed	5%

Importance of online product reviews

Very important	25%
Important	21%
Somewhat important	23%
Not important at all	31%

58% reported they

WOULD NOT BE ENTICED

by online coupons, rebates, QR codes or other incentives to purchase more wheel bearings online.

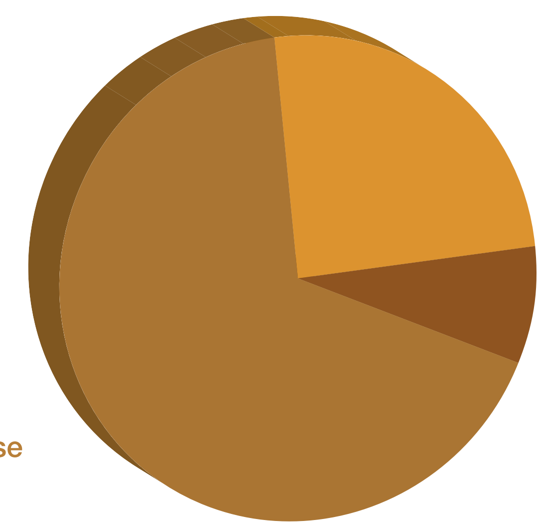
Some chart totals do not reach 100 percent because all answer options are not represented.

Auxiliary Lighting

Frequency of online auxiliary lighting purchases

0-10% of the time	42%
11-25% of the time	8%
26-50% of the time	3%
51-99% of the time	6%
All the time	3%
Never	38%

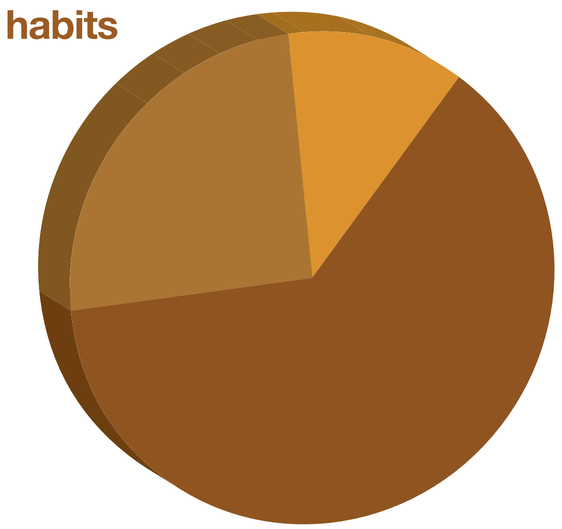
App usage for online buying



44% find online retailers through an online search when looking to purchase auxiliary lighting online.

34% of respondents say they dislike most the potential to order the wrong part when purchasing auxiliary lighting online.

2016 vs. 2015 online buying habits



Reasons for buying auxiliary lighting online

Ease of price comparing	28%
Convenience	19%
Product availability	16%
Avoid salespeople	5%

Importance of online product reviews

Very important	23%
Important	26%
Somewhat important	28%
Not important at all	23%

57% reported they

WOULD NOT BE ENTICED

by online coupons, rebates, QR codes or other incentives to purchase more auxiliary lighting online.

Some chart totals do not reach 100 percent because all answer options are not represented.

Online Purchasing Habits Study
Auxiliary Lighting Philips
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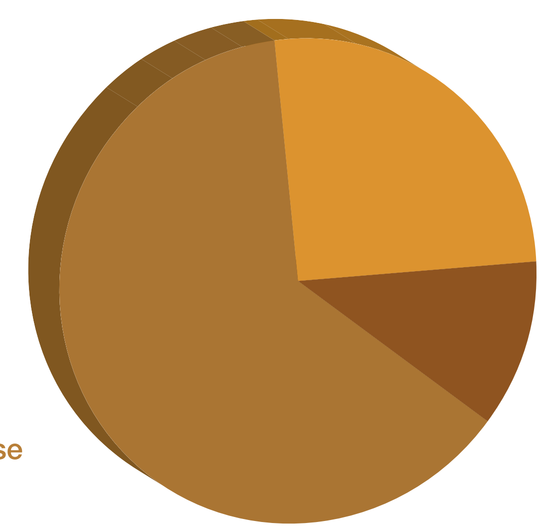
Brakes

Frequency of online brake purchases

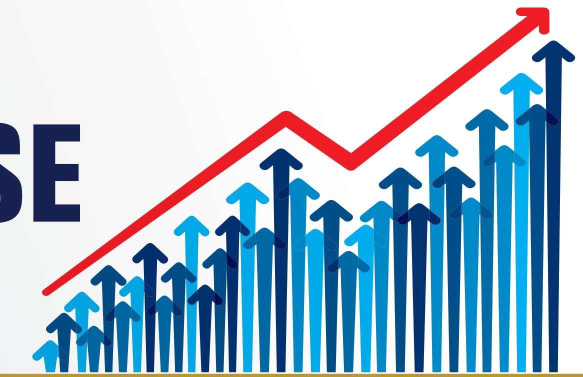
0-10% of the time	31%
11-25% of the time	6%
26-50% of the time	6%
51-99% of the time	15%
All the time	8%
Never	34%

App usage for online buying



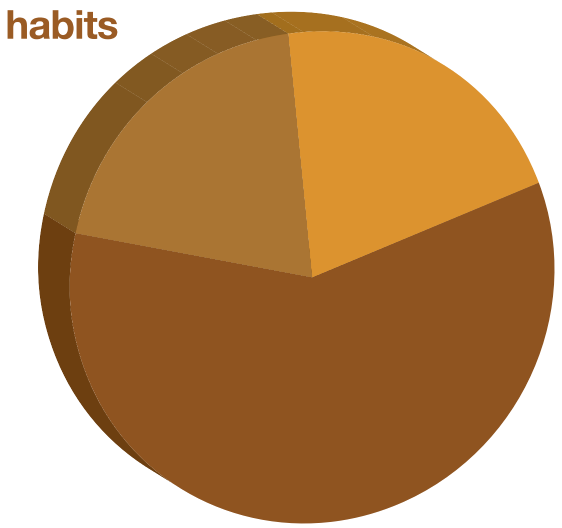
39% find online retailers by going to the website of retailers that they normally use when looking to purchase brakes online.

ON THE INCREASE



40% of respondents say they dislike most the potential to order the wrong part when purchasing brakes online.

2016 vs. 2015 online buying habits



Reasons for buying brakes online

Ease of price comparing	25%
Convenience	16%
Product availability	14%
Speed	6%

Importance of online product reviews

Very important	30%
Important	20%
Somewhat important	24%
Not important at all	26%

56% reported they WOULD NOT BE ENTICED by online coupons, rebates, QR codes or other incentives to purchase more brakes online.

Some chart totals do not reach 100 percent because all answer options are not represented.

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