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Opinion/Commentary
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Talk Shop Anytime



THE BUSINESS CASE FOR BARCODES IN THE AFTERMARKET

BY BRIAN ALBRIGHT | Correspondent

Barcode technology is a well-established way to improve inventory accuracy. Bar codes are used up and down the auto parts supply chain, from manufacturing applications to point of sale.

However, there are some smaller distributors and jobbers that have not yet leveraged bar codes to manage their internal inventories.

They are likely impeding their own efficiency. “The only way to achieve the type of accuracy that auto parts distributors require is through bar code scanning and verification,” says Mark Wheeler, director of warehouse solutions at Zebra Technologies, a leading manufacturer of bar code scanners and printers. “If you’ve

got 50 different types of brake discs on a shelf, the only way to accurately distinguish one SKU from the next is by using a bar code.”

Using bar code scanning can increase efficiency and accuracy. That can be particularly important, given that not every supplier sends 100 percent accurate shipment information. “Those are vendors that you have to double check physically using the bar code information,” says Tom Wood, senior product marketing manager for Epicor’s automotive division.

In 2016 Zebra released the results of its

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Analysis by market

TECHNOLOGY

Logistics: Sharing fleet visibility with customers via geofencing, text messaging.

INTERNATIONAL

Vendors: Aftermarket atwitter over unpredictability of Trump’s global trade policies.

TECHNOLOGY

Telematics: Ford, Toyota and other OEMs partner on smartphone connectivity.

REPLACEMENT

Vendors: Predii aims to improve margins by anticipating, identifying repair needs.

Research

Independent Repair Shop Study:

The *Aftermarket Business World* annual survey reviews business trends and buying preferences of independent repair shops.

NACE Automechanika Chicago

COMMITMENT TO TRAINING

Meineke University: Training prepares Meineke owners, techs for full-service success.

Auto design: Clay modeling training can lead to a lucrative auto career.

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Opinion



John Shoemaker
OEM certifications offer change to industry

Independent Repair Shops Product Study



Alan R. Segal
Breaking bad myths: Reconnecting price to profit

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Battery Chargers Wirthco



Scott Lockett
It’s still all about the data

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Ivan Seselj
Responding to process variations in the aftermarket



Stephen Barlas
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Business case for bar codes

“Cycle counting can be greatly improved using bar codes.”

Warehouse Vision Study, which found that executives expect an increase in inbound items that will be bar coded in the next five years, from 66 percent of respondents in 2015 to 82 percent in 2020.

By 2020, 68 percent of respondents also planned to make investments in bar code scanning technology. Half of surveyed IT and operations managers planned to move to a more modern warehouse management system (WMS) in 2015, while 75 percent planned to do so in 2020.

Those technology investments are being driven by the need to reduce delivery times (40 percent of respondents said shorter delivery times were a key measure requiring warehouse investment).

According to Wood, having bar coding in the receiving area is the fastest way to gain such efficiency benefits. Previously, distributors or jobbers might get multiple paper invoices with a shipment, which complicated put away. “Now you can receive item, scan them and put them on the shelf accurately,” Wood says. “You don’t have to put it up in order based on the paperwork. You can pick up any item and put it away using the scanner.”

In fact, Epicor has found that jobbers can put merchandise up five times faster with a bar code scanning system. The accuracy enabled by scanning can also improve sales. “If you aren’t checking in those items, then your inventory can be off and you are more likely to lose sales because you aren’t able to fill an order,” Wood says.

While some companies previously balked at the expense and disruption of a bar code system deployment, it’s easier than ever to deploy bar code technology in the warehouse. “All of the WMS and ERP systems, even the ones for smaller companies, have gotten progressively better at supporting real-time inventory control,” Wheeler says. “Smaller distributors should have off-the-shelf support in whatever suite they are using today. The functionality is there.”

Suppliers are also much more likely to already be barcoding stock because they’ve been forced to by larger customers (whether that’s a bigger distributor or a retailer like Walmart). “Anything that hits the receiving dock should be bar coded in a way that you can read it and ...CONTINUE READING □



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Industry News

Market Trends & Analysis

Products

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4 Commitment to Training

5 Technology: Logistics

6 International Trends

7 Technology: Telematics

8 Vendor Market Trends

10 Scott Lockett

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Training prepares Meineke OWNERS, TECHS FOR SUCCESS

By **JAMES E. GUYETTE** | News Correspondent

Meineke's comprehensive educational programs for franchisees and their staff members are aligned with the chain's technology for evolving and adapting to meet and exceed customer expectations.

Included in the imparted knowledge is the company's core commitment to consistent consumer convenience – and with it word-of-mouth-referral-worthy satisfaction – along with business management strategies and the nuts and bolts of providing full-service mechanical repairs and preventative maintenance.

"Much of our training is on the 'blocking and tackling,' so to speak, of center performance," says COO Douglas Danstrom. "Whether this is on better phone skills or our vehicle inspection process, we have found that focusing on and regularly re-emphasizing the basics improves our overall execution."

Education comes in three main forms: Classes at Meineke University, field training and online/digital training.

"In addition to the online courses, we offer a number of one-minute and two-minute quick-learning videos.

These are more specific in nature and are designed to fit better in today's social media and mobile technology platforms," Danstrom says.

Over the past year-and-a-half Meineke has implemented four new technologies aimed at enhancing the customer convenience aspect.

"Customers have grown to expect convenient service at the touch of a button," says company President Danny Rivera, "and that desire for convenience has translated to the automotive care industry.

"The expectation of convenience means we can reduce barriers to vehicle service by creating programs that promote convenience," he explains, "like providing service reminders, diagnosing potential issues, scheduling appointments and offering driver performance monitoring and reports."

A revamped website is designed to streamline booking appointments via a store-locator feature, service recommendations and pricing estimates, plus coupons and special offers for encouraging proactive maintenance visits.

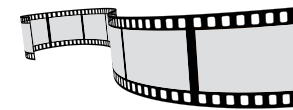
The Meineke Connected Car app tells customers when they are due for ...**CONTINUE READING** □

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A car with a DOHC V6 engine has how many camshafts?

- A. one
- B. two
- C. four
- D. six

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Chris "Chubby" Frederick discusses effective succession planning



The Trainer #61 - DTC Diagnostics part 1: How the ECM thinks

LOGISTICS/CONNECTIVITY

Sharing fleet visibility with customers via geofencing, text messaging

BY BRIAN ALBRIGHT
Correspondent

Technology company 86Borders has developed an online hub called 86enroute that helps small companies use their fleet visibility data to share information with customers about the status of orders, deliveries and drivers in a pull-based framework.

TRENDS & MARKET Analysis

Using geofencing and text messaging, the solution can help alert customers when shipments or deliveries are about to arrive. *Aftermarket Business World* spoke to Dan McDonald about the challenges of enabling this type of logistics connectivity.

Q: What are the biggest challenges for small businesses and small fleets when it comes to providing this type of visibility?

A: Most companies we talk with recognize that they'd like to be able to compete with the big boys in a customer service environment, where they are providing better last-mile visibility. The

challenge they face with bigger companies is how do you connect all the disparate groups in a way that enables all parties to contribute information to a system that delivers visibility?

That's what we believe we're able to do easily, painlessly and seamlessly. Our secret sauce is our onboarding capability for getting that information from various ecosystem partners. How do you seamlessly coordinate the transfer of that information?

What we've built is a platform as a service (PaaS). Geolocation in our mind is another form of communication. Our platform serves as an API [application programming interface] hub, so we can gather information from any number of sources, and process that information.

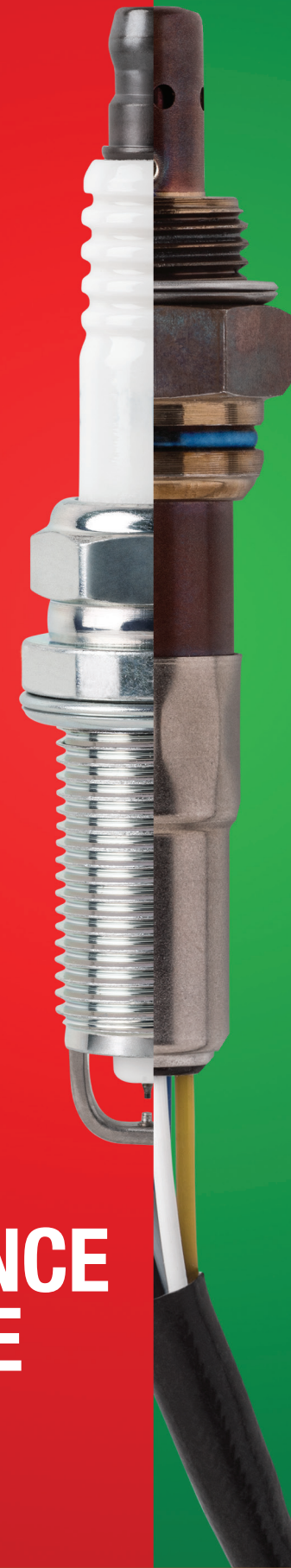
Q: What sources does the solution use? Are you gathering information from existing dispatch/fleet systems? ...CONTINUE READING ▢



DAN MCDONALD



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Industry News

Market Trends & Analysis

Products

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4 Commitment to Training

5 Technology: Logistics

6 International Trends

7 Technology: Telematics

8 Vendor Market Trends

10 Scott Lockett

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VENDORS

Aftermarket atwitter over unpredictability of Trump's global trade policies

BY JAMES E. GUYETTE
News Correspondent

As the campaigning and transitioning ends and actual governing begins, executives all along the automotive supply chain are buckling up their seat belts for what could be a bumpy ride under President Donald Trump.

Uncertainty and unpredictability abound. An account in the New York Times about January's North American International Auto Show (NAIAS) in Detroit observed that Trump's admonishing Twitter messaging aimed at auto-makers "changed the focus of the show from what new vehicles on are display to where they are made."

TRENDS & MARKET Analysis

It remains to be seen whether Trump's tweets are shoot-from-the-lip bluster or soon-to-be-implemented government policy initiatives – especially as they apply to the industry's intertwined global sourcing relationships.

His criticism of manufacturers with overseas operations and the resulting ramifications for parts distributors and retailers relying on large volumes of imported merchandise are poised to create a series of vexing challenges.

Maintaining supply chain continuity could become

more difficult if the President's oft-stated disdain for the North American Free Trade Agreement (NAFTA), the Trans-Pacific Partnership (TPP), the Transatlantic Trade and Investment Partnership (TTIP) and other international economic deals is translated into official action.

"The word is out," said Trump at his pre-Inauguration Day press conference, that "you're going to pay a large border tax" on vehicles produced in nations such as Mexico, China and Japan.

"Our trade deals are disasters," he declared. "China has totally taken advantage of us. Mexico has taken advantage of the United States. It's not going to happen anymore."

Plans for The Wall are going forward, and Trump is insisting that OEMs opt for increased domestic production. "You've got a lot of states in play" that offer attractive manufacturing incentives and a vast pool of Americans eager to join the workforce.

Trump's assent to the Oval Office has further emboldened a push by Congressional Republicans to enact a comprehensive tax reform package. Efforts to lower the corporate tax rate to 20 percent are supported by the Auto Care Association, but the organization expresses concern over a provision known as the Border Adjustability Tax (BAT) "that seeks to punish businesses

“ Trump's criticism of manufacturers with overseas operations are poised to create challenges. ”

Vendor Newsmaker

Q&A

BERNARD SWIECKI

Senior Automotive Analyst
Center for Automotive Research



What would be the impact on aftermarket suppliers if NAFTA is altered or eliminated as Trump has discussed in his tweets?



What did Swiecki say?
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that import products into the U.S.”

Noting that it is “fully engaged in this issue and is working with a broad business coalition to oppose its consideration in Congress,” the Auto Care Association is urging its membership to write letters to your respective representatives and senators. “Also, please bring this issue to the attention of your finance department so they can calculate the true impact ...CONTINUE READING □

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Industry News

Products

4 Commitment to Training

6 International Trends

8 Vendor Market Trends

Market Trends & Analysis

Contact Us

5 Technology: Logistics

7 Technology: Telematics

10 Scott Lockett



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TELEMATICS/CONNECTIVITY

Ford, Toyota and other OEMs partner on smartphone connectivity

BY BRIAN ALBRIGHT
Correspondent

Ford, Toyota and a number of other automotive OEMs have formed the SmartDeviceLink Consortium, a non-profit group that will promote the use of an open-source platform for creating apps that will connect smartphones and vehicles.

The move is considered a direct challenge to Apple and Google, which have both announced smartphone control interfaces for vehicles (CarPlay and Android Auto, respectively).

TRENDS & MARKET Analysis

Mazda Motor Corporation, PSA Group, Fuji Heavy Industries Ltd. (FHI) and Suzuki Motor Corporation also joined the consortium, along with suppliers Elektrobit, Luxoft and Xevo. Harman, Panasonic, Pioneer and QNX have signed letters of intent to join the group.

SmartDeviceLink (SDL) is a standard set of protocols and messages to connect applications on a smartphone to a vehicle head unit. SDL can be used with iOS, Android, and Blackberry smartphones. The technology is based on Ford's AppLink software, which was handed over to the open source community in 2013. That same

year Ford also acquired Livio, a software development startup, which will manage development of SDL.

Ford and Toyota first began collaborating on infotainment systems in 2011, and began exploring the introduction of SDL in Toyota vehicles in 2015. Toyota demonstrated SDL integration in the Livio exhibit at last year's Consumer Electronics Show (CES).

"Encouraging innovation is at the center of Ford's decision to create SmartDeviceLink, and this consortium is a major step toward that goal," said Doug

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VanDagens, global director, Ford Connected Vehicle and Services, and a board member of the consortium. "Consumers will win with new, innovative app experiences from increased collaboration and developer engagement."

Ford does offer CarPlay and Android Auto Support, while Toyota has not done so, citing safety and security issues. IHS Automotive esti-

“SDL is a standard set of protocols to connect applications on a smartphone to a vehicle.”

Technology Newsmaker

Q&A

JOEL ROZON

VP

Trans-Canada Energies Distribution



Q

How are advanced technologies in cars changing battery and electrical requirements?

A

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mates that these types of solutions will generate \$18.6 billion in sales by 2021.

The Ford and Toyota partnership could help shore up the OEMs position in the infotainment space, which Google and Apple could potentially disrupt because of their more familiar interfaces. Toyota plans to commercialize its own SDL-based telematics system in 2018.

"Connectivity between smartphones and the vehicle interface is one of the ...CONTINUE READING □

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Industry News

Products

4 Commitment to Training

6 International Trends

8 Vendor Market Trends

Market Trends & Analysis

Contact Us

5 Technology: Logistics

7 Technology: Telematics

10 Scott Lockett

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VENDORS

Predii aims to improve margins by anticipating, identifying repair needs

BY JAMES E. GUYETTE
News Correspondent

Established by CEO Tilak Kasturi and headquartered in Palo Alto, Calif., Predii, (pronounced pred-ee) has a branch in Boulder, Colo., and offices in Belgium and India.

He describes the company's Predii Repair Intelligence as a proprietary system for guided repairs and preemptive maintenance. "We're committed to negating the need for unplanned repairs by working hand-in-glove with service networks, fleets and dealers," Kasturi says.

TRENDS & MARKET Analysis

With the help of predictive analytics, Predii's software is designed to determine which parts and equipment will fail, as well as when and why. Technicians can then address these issues before they become problems, he said.

"In collaboration with Snap-on, we'll integrate our software and knowledge base

with your systems and data so that you can start to accrue and apply new insights without having to learn a new interface. Predii customers report a measurable return on investment of 20 times their initial investment upon implementation of our solution. They achieve these results by reducing their labor costs, accelerating their diagnoses and streamlining their repair processes," says Kasturi, who recently answered a series of questions posed by *Aftermarket Business World*:

Q: What are the training requirements, if any, for business owners and technicians using your system?

A: The end-user often doesn't need any special training because our goal is to make their lives less complicated and reduce the need for them to retain otherwise useless, voluminous information in their brains. We're not saying we don't want the user to think, we just want them to be focused on what humans are good at and, from what we understand,

the parts they enjoy – fixing things.

Q: How can a repair shop owner benefit by using your system?

A: The benefits are reduced time per-repair-case and increased accuracy. The knock-on effect of this is that they get more work done in less time and at better margins. We're squeezing all corners of the iron-triangle at once – the exact thing conventional wisdom tells us can't be done.

Q: Does a shop owner have to add additional equipment to utilize this?

A: It's a product that Snap-on sells in the form of hardware diagnostic tools and/or shop management software. Many shops will already have the right hardware to make use of it, so it's just a matter of licensing the tools from Snap-on.

We're just beginning with the ability to quickly

Predii's software is designed to determine which parts and equipment will fail, as well as when and why.

diagnose and form prognostic predictions, but the sky is now the limit with that data – we believe that in the next few years we're going to see wearable diagnostic equipment (AR glasses, etc.) as well as natural-language based ...CONTINUE READING □



TILAK KASTURI

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Industry News

Products

4 Commitment to Training

6 International Trends

8 Vendor Market Trends

Market Trends & Analysis

Contact Us

5 Technology: Logistics

7 Technology: Telematics

10 Scott Lockett

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OEM certifications offer change TO COLLISION REPAIR INDUSTRY

There has been a wave of change coming over the collision industry the last several years and it looks like the tides are finally turning in favor of the repairer and consumer. This wave of change toward original equipment manufacturer (OEM) certifications is one of the most positive changes the collision industry has gone through in recent history.

Some will argue when OEM certification actually started, but we can all agree it is present today and will only become more prevalent in the future.

I see some shops stepping up to the plate and achieving certification through an individual OEM or a third party like Assured Performance, while others are finding OEM repair procedures through ALLDATA Collision or the technical knowledge portal on the I-CAR website. Unfortunately, there are still others that are standing back and hoping that this wave of change doesn't cause the tide

to wipe out their sandcastle.

I see OEM certification as a necessity to repair vehicles correctly and I also see OEMs looking for ways to direct customers to certified shops. There are already vehicle communication systems that acknowledge when you are in an accident and offer to call for assistance. So it is safe to say that the next logical step is to contact a certified shop for you.

OEM certification is not easy to get and not all shops will qualify, which is why some are worried that the tide will wipe out their sandcastles. There is vehicle specific training required, special tools, as well as controlled shop layouts and repair areas. I believe those that work towards OEM certification will find it is worth the expense and having it will put them ahead of their competition. A certified shop will be able to recoup their investment through OEM referrals, more control over the repair process and increased labor rates justified by certified repairs.

So how does shop certification affect insurance companies? I say it takes them out of the driver's seat and puts the shop in control of the repair, which is how it should have been all along.

The increasing number of shops becoming OEM cer-

Achieving and maintaining OEM certifications will be the key to sustainability.

tified and the availability of OEM position statements like those found on oem1stop.com allows the shop to become the authority on vehicle repair. As growth toward OEM certification continues, the insurance company scorecard will become less important. There will be more emphasis on the method of repair and OEM compliance than severity and alternative parts usage.

This regained authority cannot be taken lightly; the insurance companies will be looking for ways to obtain control again, so any misuse will give them leverage to challenge the shop. Achieving and maintaining OEM certifications will be the key to sustainability.

I look forward to seeing our industry change with certified shops taking the lead and believe most see it as a welcome transformation. Yes, there will still be "those shops" that will repair a vehicle as they have the last 20 years, but hopefully they too will step ...CONTINUE READING □



JOHN SHOEMAKER
Business Development Manager
BASF North America

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MARCH
2017

Industry News

Products

4 Commitment to Training

6 International Trends

8 Vendor Market Trends

Market Trends & Analysis

Contact Us

5 Technology: Logistics

7 Technology: Telematics

10 Scott Lockett

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It's still **ALL ABOUT THE DATA**

“ Full order processing automation was blocked by a failure to have a single version of the truth. ”

I was recently reminded by some customers that what's old is new again. What's troubling is that what's new again is often the same old stuff. It's still all about the data. And, it's really bumming me out to think about the lost productivity and squandered IT investments that result from some in the supply chain ignoring data best practices for years.

That's not to say that we haven't made progress. Many business leaders have embraced the notion that data is the fuel that powers their business systems. And, as with any fuel, as the quality goes up so does the performance of those business systems.

Reports and analytics become more reliable and useful when data is more complete, consistent and robust. Processing transactions such as purchase orders and invoices can be fully automated when data exceptions no longer require manual intervention and remediation.

The return-on-investment analysis and cost justification for any big IT investment is based on the technology performing to its fullest potential. There is no mention in the proposal about 20 percent or more of the purchase orders failing to process due to data errors, and requiring manual reconciliation. Nor does the sales representative address the cost of shipping errors and

lost sales attributed to product data that was out of synch between trading partners.

Before any executive takes the time to read a proposal for a major investment that relies on perfect data, they should ask their chief data officer (if they have one), "what's the quality of our data?" If they're not satisfied with the answer, that IT proposal should be filed in the bottom drawer.

It was almost 15 years ago that Jerry McCabe, then head of marketing for Dana Aftermarket, addressed the Aftermarket eForum with a most thoughtful discussion of the effect and impact of sub-par product and transaction content. Jerry itemized the effects he had observed from part numbers that didn't match and basic commerce values that were at odds with those of their customers. He concluded that "it's all about the data" and advised his peers that there was no greater return on investment a business could make than one in perfecting product and transaction data, and the systems and processes required to keep that data in synch with your trading partners.

While many have heeded that message, I was shocked to speak with two automotive executives recently, who opened our conversation with, "the larg-

est challenge we face lies in the data." Specifically, they were both referring to the difficulty of reconciling brands and part numbers between trading partners. Nothing else really matters if a buyer and seller can't agree on the brand and part number. Purchase orders, sales analysis, forecasts, category management, inventory automation and so on – these systems won't perform up to their full potential as long as customer service has to intervene or vast mapping and interchange tables need to be developed and maintained.

The specific difficulty my executives explained was that distributors had created different part numbers for an item from what the supplier used. Across multiple distributors the problem just multiplied. Full order processing automation was being largely blocked by a failure to have a single version of the truth. The choice being contemplated was whether a master mapping table should be managed ...CONTINUE READING ▢



SCOTT LUCKETT
VP, Industry Strategy
GCommerce Inc.

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MARCH
2017

Industry News

Products

4 Commitment to Training

6 International Trends

8 Vendor Market Trends

Market Trends & Analysis

Contact Us

5 Technology: Logistics

7 Technology: Telematics

10 Scott Lockett

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Breaking bad myths: RECONNECTING PRICE TO PROFIT

Too many companies are shortchanging their profit potential by incorrectly pricing their products and services. Rafi Mohammed, author of *The 1% Windfall*, proposes an alternative to mark-ups, price matches and margin holds. By setting prices relative to what consumers value, not off cost, companies are better positioned to generate windfall profits for the long run.

Mohammed's value-based price strategy merits exploration. He identifies and dismantles five common myths that managers have perpetuated into a pricing disconnect. In the book, he anticipates that naysayers will challenge that value-pricing does not apply to their company. In fact, however, *The 1% Windfall* relates to all companies in all industries, and I firmly believe that this certainly includes auto parts stores and manufacturers.

Myth #1: Set prices on how much something costs

When setting prices, managers should identify with a value-seeking customer rather than enacting a sweeping price change. Mohammed suggests that to capture value, managers should determine how much more a customer is willing to pay for a product or service by comparing one item to a superior alternative by price, quality, or both to satisfy what perceived value is.

For instance, city street vendors hawking umbrellas at the first hint of rain see no profit incentive to sell an umbrella based off unit cost, says Mohammed; otherwise, they're leaving money on the table. They identify with a consumer's willingness to pay a wee bit more for the value of rain protection over getting soaked when nothing else is readily accessible.

Let's relate value-pricing to the auto care industry by my own standard as a former buyer. I might target seasonally sensitive products, such as ice scrapers before the big Nor'easter, or pair related add-on sale items like battery protectors with a car battery replacement.

Service can be a viable differentiating factor when several competing retailers offer identical products. Compared to product, service is more difficult to quantify and easier to verbalize. Rather than vaguely trumpeting that we sell auto parts to our customers at an affordable price, cite concrete differentiating traits, like all of our ASE trained, solution-minded employees are proud to sell American-made and factory-grade products.

Both value-based price examples pave the way to breaking Myth #2.

When setting prices, managers should identify with a value-seeking customer.

Myth #2: Expanding market share requires slashing prices

To recapture lost market share, conventional wisdom holds that wholesale discounting is the only way to become the industry leader. Mohammed rejects the notion of a one-price-fits-all approach for every customer segment. Every customer's price needs are uniquely different from the next. He notes that many companies have traditionally invested monies into product design, marketing and distribution, but stop short on a comprehensive price strategy.

Why give the farm away? With value-based pricing planted into fertile ground, Mohammed offers a three-stem blossom strategy where it is possible to serve as many customers as possible at multiple price levels. When executed properly, all three stems deliver a unified outcome: higher profit dollar income and expanded market share. (For clarification, below I use ...CONTINUE READING ▢



ALAN R. SEGAL
President,
Best Business Practices

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Industry News

Products

4 Commitment to Training

6 International Trends

8 Vendor Market Trends

Market Trends & Analysis

Contact Us

5 Technology: Logistics

7 Technology: Telematics

10 Scott Lockett

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Repair Shops
Product Study

Auxiliary
Lighting
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Battery
Chargers
Wirthco

Brakes

NHTSA V2V proposal suggests LIMITS ON DIY SALES

The aftermarket will have to be an important contributor to the successful implementation of vehicle-to-vehicle (V2V) safety messaging. But the proposed Federal Motor Vehicle Safety Standard (FMVSS) published by the National Highway Traffic Safety Administration (NHTSA) in December both underlines that importance and at the same time raises questions about the viability of aftermarket sales.

NHTSA voices some skepticism about whether do-it-yourselfers should be able to buy V2V radios and antennas at retail and install them in their driveways. Rather, the agency indicates that the new FMVSS will specify that aftermarket installation will have to be done by certified installers.

“Whereas some vehicle owners may choose to replace their own brakes or install other components on their vehicles themselves, installation requirements for aftermarket V2V devices may not be conducive to a do-it-yourself approach,” the agency says.

Once a standard becomes final, it would be phased in for OEMs beginning two years after issuance of a final rule and over the following three years at rates of 50 percent, 75 percent and 100 percent, respectively. But

a key to the success of V2V adoption is less about V2V capabilities in new autos and more about the ability to develop a fairly quick critical mass of cars on the road with V2V capabilities, which means equipping autos already on the road.

The proposed rule states: “NHTSA does not wish to limit the development of different types of aftermarket devices, but we do seek to ensure that all devices participating in the system perform at a minimum or better performance level for V2V communication.” NHTSA’s suggestion that aftermarket V2V radios and antennas will not be allowed to be installed by do-it-yourselfers but instead by “certified” retailers could set the stage for a political battle between aftermarket retailers and automobile original equipment manufacturers, who are keen on keeping control of access to onboard data ports.

“We believe the sections on whether DIYers could install these devices and the need for certification need additional study,” says Aaron Lowe, senior vice president, regulatory and government affairs, Auto Care Association. “Clearly, there are challenges in this area, but there always is a tendency to underestimate the abilities of consumers and technicians to take on

“NHTSA’s suggestion could set the stage for a political battle between aftermarket retailers and OEMs.”

these tasks. The auto care industry also will need to step up the plate with strong efforts to educate and train technicians and consumers.”

The new, proposed FMVSS No. 150 will require all new light vehicles to be capable of V2V communications, such that they will send and receive basic safety messages (BSMs) to and from other vehicles. The NHTSA proposal contains V2V communication performance requirements predicated on the use of on-board dedicated short-range radio communication (DSRC) devices to transmit BSMs about a vehicle’s speed, heading, brake status and other vehicle information to surrounding vehicles, and receive the same

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STEPHEN BARLAS
Washington
Correspondent

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Repair Shops
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Auxiliary
Lighting
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Battery
Chargers
Wirthco

Brakes



MARCH
2017

Industry News

Products

4 Commitment to Training

6 International Trends

8 Vendor Market Trends

Market Trends & Analysis

Contact Us

5 Technology: Logistics

7 Technology: Telematics

10 Scott Lockett

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Responding to process variations IN THE AUTO AFTERMARKET

As the automotive industry continues its recovery from the 2008 recession and vehicles on the road continue to age, the aftermarket will face increased challenges in the year ahead, not the least of which is globalization.

Globalization, coupled with rapid technological innovations, translates into the need for virtually every company involved in some facet of the automotive aftermarket to be able to sell in different states and/or countries and operate in multiple regulatory environments.

Take, for example, the North American market. At present, nearly three-quarters of automotive parts are manufactured in the United States for assembled components produced in North America. An increasing amount of that North American production, however, is shifting to Mexico, where many suppliers are either planning to bring production facilities or have already set up operations to take advantage of low labor costs and the close proximity to the U.S. market. Mexico's growing attractiveness is also being driven by political and economic issues in South America, which have combined to make that region a less attractive business location.

These same kinds of dynamics are being replicated around the world, generating a level of business com-

plexity that represents a particular challenge for automotive parts wholesalers and retailers attempting to successfully manage and standardize business processes.

Despite their best efforts to standardize all processes, many process owners recognize that their so-called "standard" processes don't actually meet the requirements of the various teams who are expected to use them. And let's face it: If these processes can't be applied, they may as well not exist. As Steve Stanton, managing director of FCB Partners, correctly observes: "Ninety percent of the organizations I know have failed at standardization."

The automotive aftermarket has tended to respond to the challenges posed by process standardization in one of three ways. Some parts wholesalers and retailers have created standardized processes at a high-level only. These, unfortunately, are not really useful to anyone and are soon disregarded. Others in the aftermarket have developed mega-processes which provide for every possible variation. These too have proven to be useless, as their complexity stalls agility and ultimately fails to engage workers. Still others allow variant processes to be owned, managed and changed independently, which initially creates administrative headaches

“Some parts wholesalers and retailers have created standardized processes only at a high level.”

and ultimately leads to process management chaos.

It is actually possible, though, for the wholesalers and retailers that comprise the automotive aftermarket to achieve the benefits of standardized processes across their entire organization, while simultaneously allowing individual operations to develop and control process variations as necessary. To succeed, however, all operations within the organization must agree on the standard processes that will form a platform against which all local process variations should be considered. Local process variants can then be established off of this standard process base, with any changes applied by variant experts highlighted and visible against the core process.

Beyond this platform, retailers or wholesalers must have the ability to compare and report on all of the process variations that exist for each standard process. Doing so allows for transparency across
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IVAN SESELJ
CEO, Promapp Solutions

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Industry News

Products

4 Commitment to Training

6 International Trends

8 Vendor Market Trends

Market Trends & Analysis

Contact Us

5 Technology: Logistics

7 Technology: Telematics

10 Scott Lockett

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FLOCKING TO FACEBOOK

INDEPENDENT REPAIR SHOPS INCREASE USE OF FACEBOOK, TWITTER FOR MARKETING

BY BRUCE ADAMS | Managing Editor

More independent repair shops are using Facebook and Twitter to promote their services and to offer coupons and specials, according to the *Aftermarket Business World* 2017 Independent Repair Shop Study.

Some 78 percent of independent repair shops that use social media said they use Facebook in the 2017 study, compared to 74 percent of shops that said they used Facebook in the *Aftermarket Business World* 2016 study. In the 2015 study, 73 percent of independent repair shops used Facebook for that purpose.

Independent repair shops using Twitter to promote their services and to offer coupons also has increased steadily from 11 percent in the 2015 study, to 13 percent in the 2016 study, to 14 percent in the 2017 study.

However not all social media sites showed an increase in usage this year. Independent repair shops using LinkedIn to promote their business increased from 10 percent in the 2015 study, to 15 percent in the 2016 study, but fell back to 11 percent in the 2017 study.

Some 44 percent of independent repair shops said their sales of certain products have increased in the last 12 months compared to the prior 12 months, while 51 percent said sales stayed the same.



INDEPENDENT SHOP STUDY

Brakes

Preferred supplier

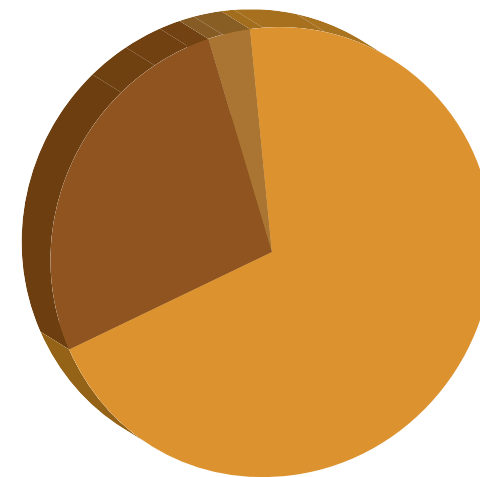
Auto parts retailer	44%
Warehouse distributor	35%
Jobber	17%

Most important supplier quality

Fair pricing	21%
Parts availability	38%
Inventory options	29%
Comprehensive warranties	5%

2016 brake sales

70% Increased
27% Held Steady
3% Decreased



83% of independent shops report they make no brake sales over the Internet.

FLOCKING TO FACEBOOK



Independent Repair Shops Product Study

Auxiliary Lighting Philips

Battery Chargers Wirthco

Brakes

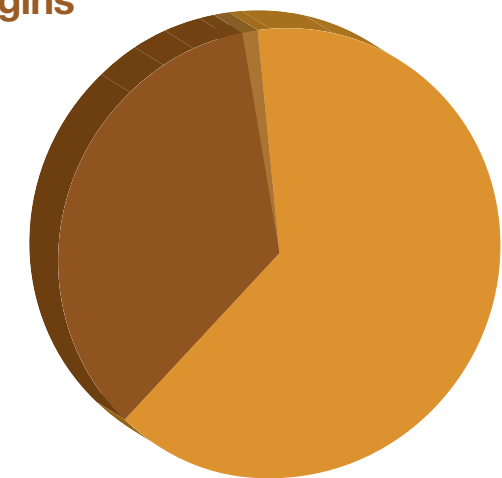
52% of independent shop respondents use 3-4 suppliers for their brake product needs.

Expected 2017 gross margins

64% To Increase

35% To Hold Steady

1% To Decrease



2017 brake sales expectations

To hold steady	31%
To increase 1-10%	43%
To increase 11-20+%	17%
To decrease	2%

Customer needs

Quality	54%
OEM form, fit, function	14%
Price	17%
Availability	7%
Brand	5%

87% of respondents who utilize social media use

FACEBOOK

to promote their shop's brake services.

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

CONTENTS 14 Brakes 15 Auxiliary Lighting 16 Battery Chargers



MARCH 2017

Industry News

Products

4 Commitment to Training

6 International Trends

8 Vendor Market Trends

Market Trends & Analysis

Contact Us

5 Technology: Logistics

7 Technology: Telematics

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Auxiliary Lighting

Preferred supplier

Auto parts retailer	34%
Jobber	22%
Warehouse distributor	37%

Most important supplier quality

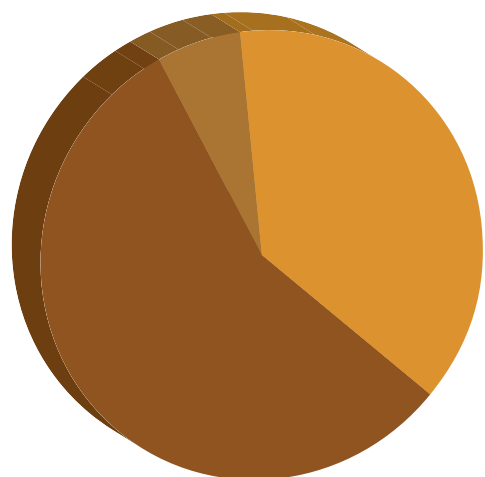
Parts availability	30%
Fair pricing	27%
Inventory options	15%
Technical knowledge/assistance	8%

2016 auxiliary lighting sales

38%
Increased

56%
Held Steady

6%
Decreased



74% of independent shops report they make no auxiliary lighting sales over the Internet.

FLOCKING TO FACEBOOK



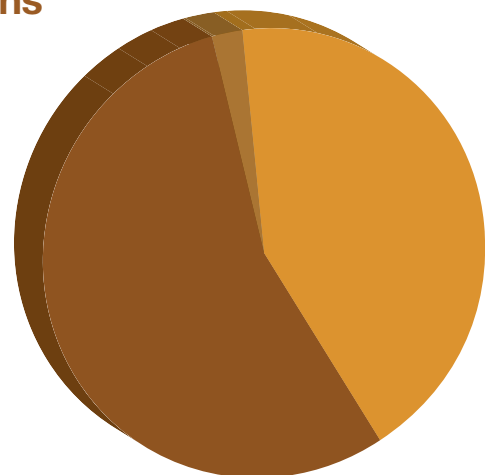
51% of independent shop respondents use 3-4 suppliers for their auxiliary lighting product needs.

Expected 2017 gross margins

43%
To Increase

55%
To Hold Steady

2%
To Decrease



2017 auxiliary lighting sales expectations

To hold steady	47%
To increase 1-10%	39%
To increase 11-20+%	7%
To decrease	5%

Customer needs

Quality	30%
Brand	4%
Price	16%
Availability	18%
OEM form, fit, function	32%

71%
of respondents who utilize social media use

FACEBOOK

to promote their shop's auxiliary lighting services.

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MARCH 2017

Industry News

Market Trends & Analysis

Products

Contact Us

4 Commitment to Training

5 Technology: Logistics

6 International Trends

7 Technology: Telematics

8 Vendor Market Trends

10 Scott Lockett

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Battery Chargers

Preferred supplier

Auto parts retailer	27%
Warehouse distributor	37%
Jobber	25%

Most important supplier quality

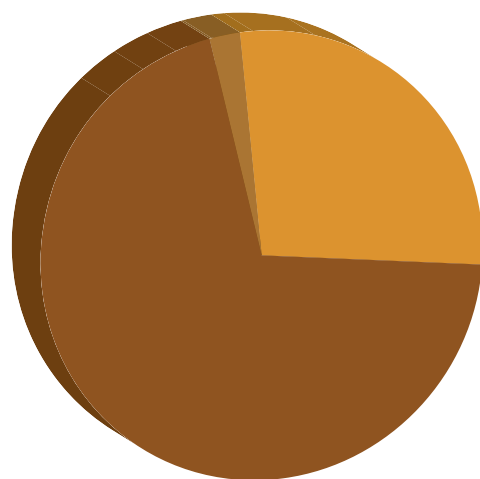
Inventory options	17%
Availability	13%
Fair pricing	40%
Comprehensive warranties	9%

2016 battery charger sales

28%
Increased

70%
Held Steady

2%
Decreased



83% of independent shops report they make no battery charger sales over the Internet.

FLOCKING TO FACEBOOK



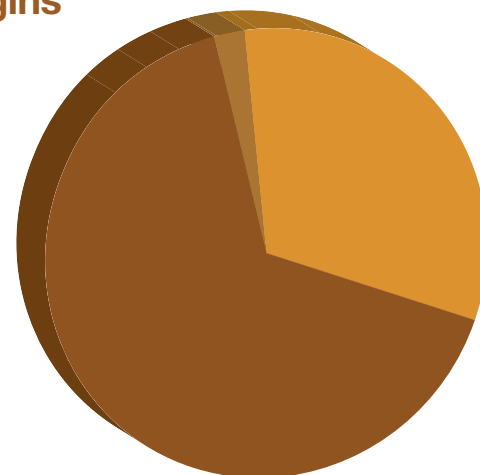
54% of independent shop respondents use 1-2 suppliers for their battery charger product needs.

Expected 2017 gross margins

32%
To Increase

66%
To Hold Steady

2%
To Decrease



2017 battery charger sales expectations

To hold steady	63%
To increase 1-10%	24%
To increase 11-20+%	7%
To decrease	4%

Customer needs

Quality	38%
Warranty	4%
Availability	12%
Price	35%
Brand	8%

80%
of respondents who utilize social media use

FACEBOOK

to promote their shop's battery charger services.

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

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MARCH 2017

Industry News

Market Trends & Analysis

Products

Contact Us

4 Commitment to Training

5 Technology: Logistics

6 International Trends

7 Technology: Telematics

8 Vendor Market Trends

10 Scott Lockett

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Industry News

Market Trends & Analysis

Products

Contact Us

4 Commitment to Training

5 Technology: Logistics

6 International Trends

7 Technology: Telematics

8 Vendor Market Trends

10 Scott Lockett

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