

# Shops seek more sensitivity

Shops are not shy when it comes to what they expect from manufacturers.

Loyalty is a word seldom used by independent repair shops. Twenty-eight percent of the shops surveyed said they buy from 10 suppliers or more, while only 4 percent buy from one or two suppliers. Buying from auto parts retailers is no longer sacri-

## INDEPENDENT REPAIR SHOPS

legious. Sam's Club, BJ's Wholesale and other discounters also are viable for certain items. We've also noted that brand loyalty is diminishing. This doesn't mean shops aren't interested in quality because that remains a top concern. It just means they will buy whatever is available as long as it meets high quality standards.

Three of four repair shops that were surveyed consider themselves full-service, while 18 percent are specialty shops. Underhood shops represent 11 percent of the sample and 10 percent are undercar. On average, employees at repair shops have been in the automotive business for 26 years.

Repair shops with annual revenue less than \$250,000 employ three people — two of whom are technicians and one of those techs is ASE certified. A repair shop with annual revenue up to \$1 million employs an average of six people including three technicians (two of whom are ASE certified). Repair shops with annual revenue of \$1 million to \$3 million employ an average of 12 people, including six technicians (four who are ASE certified). Repair shops with over \$3 million in annual revenue employ 36 people, including 12 technicians (seven being ASE certified).

Two of three repair shops listen to employees in recruiting new hires, and 44 percent place newspaper ads. One-third visit schools or job fairs, 23 percent hire from competitors, 15 percent use help

wanted signs, 11 percent recruit via the Web, and 10 percent visit employment agencies. Other recruiting methods include word-of-mouth, dealers, family/friends, walk-ins, referrals, college/tech schools, networking and suppliers.

Two of three repair shops claim it has become harder in the last six months to find good technicians. Job openings for technicians are plentiful and this could be a problem in 2004.

Currently, 34 percent of repair shops are looking to hire new technicians. Of those in the hiring mode, 33 percent want a high-level drivability tech who can han-

dle high level diagnostics. However, those people are considered difficult to find — 64 percent of the shops say this is the hardest technician to acquire. One-third want an advanced- or experienced-level tech with 5-10 years work record. These employees are considered a hard find by 42 percent of repair shops.

Other new jobs are available for technicians with post-secondary training and shop experience. Those people are wanted 15 percent of the time, while entry-level vocational students are wanted 15 percent of the time. New technicians with post-secondary training and no experience are wanted 11 percent of the time.

Repair shops find that newly hired entry-level techs come with a host of weaknesses. Problem areas include a lack of hands-on skills and actual experience with vehicles, mentioned by 69 percent. However, they admit that this deficiency could be overcome after a few weeks on the job. Unfortunately, other, more fundamental, problems exist. Two-thirds of repair shops say entry-level techs are poor at critical thinking and problem solving, plus lack necessary work skills, such as neatness, being on time and having a good attitude.

Repair shops experience other problems with entry-level techs. Complaints

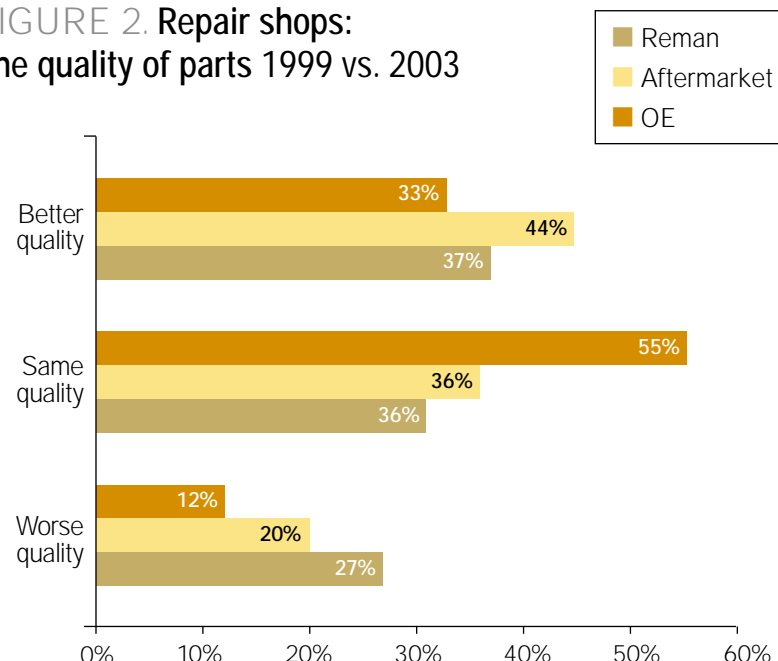
FIGURE 1. Repair shops and supplier partnerships

	Less \$100M	\$100-\$250M	\$250M-\$500M	\$500M-\$1Bil	\$1-\$3Bil	Over \$3Bil
Repair Shops	161	296	279	232	120	31
Partnerships with suppliers	4%	12%	18%	21%	21%	26%

Base: 1,252

Partnerships with smaller shops seem to be avoided — either by the repair shops or by suppliers.

FIGURE 2. Repair shops: The quality of parts 1999 vs. 2003



Although 37 percent of the shops say reman parts have improved in quality, 27 percent say quality has worsened over the last five years.

FIGURE 3. Ratings

	Quality	Ease of Repair	Information Access
Toyota	4.3	3.6	3.4
Honda	4.2	3.5	3.1
Lexus	4.1	3.1	2.8
Acura	4.0	3.0	2.7
Nissan	3.8	3.3	3.1
Mercedes-Benz	3.8	2.5	2.2
GM	3.7	3.6	3.7
Infiniti	3.7	2.8	2.6
BMW	3.5	2.4	2.1
Ford	3.4	3.0	3.2
Subaru	3.3	3.0	2.7
Daimler-Chrysler	3.1	3.0	2.8
Mitsubishi	3.1	2.8	2.6
Volkswagen	3.0	2.6	2.3
Audi	3.0	2.2	2.1
Saab	2.8	2.2	2.0
Hyundai	2.6	2.9	2.6
Suzuki	2.5	2.6	2.3
Kia	2.2	2.6	2.2

Information access continues to be an issue in the aftermarket. Looks like GM (with the exception of Saab), Toyota and Ford are the most cooperative.

include a lack of “commitment to a career,” having a “poor work ethic,” having “poor motivation and discipline,” “a lack of technical ability,” “no tools,” “no driver’s license,” “poor quality work,” “drug problems” and “not able to speak English.”

Training is most likely to be offered by larger repair shops — 40 percent of small repair shops do not offer employee training. Most repair shops that offer training provide new techs with service manuals and trade magazines. Video/CD courses are utilized by 39 percent of shops and 37 percent offer classroom training with hands-on experience. Internet courses are offered 16 percent of the time, and classroom only (no hands-on experience) training is utilized by 16 percent.

Repairers were asked to type in any comments they have about Internet-based employee training and 49 percent have not used it. Overall, 26 percent see the benefits of Internet-based training. They see it as the future and like it because programs can be targeted to each technician’s needs. On the other hand, 21 percent find problems with Internet-based training, such as the lack of hands-on experience, the need for audio, the lack of Q&A opportunities and the fact such training requires self-motivation. Computer access would

be a problem for 5 percent of repair shops.

Three of four shops with over \$3 million in annual sales screen new hires for drugs and 57 percent screen regular employees. This is not the case for smaller shops where new hires have a one in five chance of being screened and regular employees are screened 10 percent of the time.

The data show that a surge in new car sales has impacted repair shops — one in four experienced a drop in both sales and profits last year.

Repair shops feel that reputation, customer service and quality parts are extremely important for customer buying decisions. Warranties, technical support and price are considered very important. Return policies and brands are less important to consumers.

In marketing to consumers, 71 percent of repair shops use outdoor signage, even though only 17 percent consider this method to be most effective. Newspaper advertising is used 50 percent of the time, and only 14 percent consider it the best method. The most effective method of advertising is direct mail, according to 30 percent of the shops. Forty-six percent of the shops use direct mail. Radio advertising is used by 29 percent, but its not considered the best marketing ploy. Television advertising is the domain of 32 percent of repair shops with over \$1 million in annual revenue.

Other marketing methods that repair shops say work for them include e-mail/Internet advertising, telemarketing, community involvement, coupons/rebates/specials, business associations, direct contact, newsletters, reminder cards, follow-up, networking, giveaways and directories.

Almost all repair shops purchase from many different suppliers. The number of different suppliers is directly proportionate to the size of the repair shop. Overall, 28 percent use 10 or more suppliers, 34 percent have five to nine suppliers, 34 percent have three to four, and 4 percent limit themselves to one or two suppliers.

Probably in response to the fact larger shops have many sources, suppliers are more likely to have partnership relationships. These include profit sharing and inventory management. Partnerships with smaller shops seem to have been avoided — either by repair shops or by suppliers. (See Figure 1 on page 40.)

### Brands are slipping

Repair shops were asked if they specify parts by brand when calling suppliers and 11 percent say they always specify brand. One-third specifies parts by brand “most of the time,” and 14 percent name a brand “fairly often.” Four percent of repair shops say they never specify a brand and 38 percent say they “sometimes” specify brands. In other words, 58 percent of repair shops specify parts by brand.

On the other hand, according to repair

shops, 3 percent of customers request or demand a brand name part “most of the time,” and 13 percent make the request “often.” Three of four customers “hardly ever” request a brand name part and 7 percent never do. In other words, 84 percent of customers hardly ever specify a brand name part.

Fifty-three percent of repair shops buy direct from manufacturers. Four of five purchase hard parts, 48 percent buy accessories, and 40 percent purchase chemicals.

Repair shops were asked what manufacturers could do to better serve them. Customer service was mentioned by 28 percent of repair shops who specified improvements in technical support, website updates, online ordering, online cataloging, training and direct communications. Also, 22 percent mentioned quality issues (both OEM and aftermarket). Price was mentioned by 18 percent and 16 percent mentioned warranties, including labor warranties, labor claims and return policies. Inventory-related issues were noted by 14 percent, and 13 percent wanted more information, such as product information, catalogs and technical updates. Delivery was mentioned by 8 percent.

Repair shops had a few comments for manufacturers, including:

- ▶ Admit when their parts are defective and pay the shops to do the job.
- ▶ Back their products with good warranties for the technician to do over again when products fail.
- ▶ Conduct training seminars and information clinics to educate the installers and techs.
- ▶ Create a “real” labor warranty system, monitor quality control closer and stand behind their products.
- ▶ Eliminate the middleman and reduce our costs. Stop selling to mass merchandisers.
- ▶ Have their products in stock and get current catalogs and price sheets distributed in a timely fashion.
- ▶ Internet cataloging and parts applications cross-referencing OEM numbers with aftermarket numbers.
- ▶ Offer complete kits, such as a strainer (pick-up) with electric fuel pumps.
- ▶ Offer labor on warranty repair jobs. Advance Auto Parts is the only one who does it in my area.
- ▶ Signage, advertising shares, better availability, larger margin between retail and wholesale costs.

Most repair shops buy 24 percent of their parts and services online. Jobber store websites are used 51 percent of the time and 40 percent buy from online retailers. Also, 37 percent buy from WDs and 31 percent from manufacturer websites. Other sites browsed by repair shops include specialty sites, salvage yards, eBay, sites for hard-to-find parts, classic/antiques car sites, tire distributors and dealerships.

Upper management and managers at repair shops spend eight hours per week online in activities pertinent to their jobs. Techs weekly average four hours online.

Inventory at 56 percent of repair shops stayed at 2002 levels throughout 2003. Although 23 percent saw an increase, 22 percent saw inventory decrease last year. Repair shops expect their inventory to perform in 2004 much as it did last year.

If 2004 takes off for repair shops, replenishment of parts might become a problem. Only 14 percent of repair shops with annual revenue less than \$250,000 have automated replenishment of parts and this compares to 45 percent of shops with over \$3 million in annual revenue.

Automated replenishment of parts

offered by jobbers is utilized by 61 percent of repair shops, while 25 percent work with WDs. Other options to create an automated inventory include in-house computer systems, retailers and manufacturers.

Two-thirds of repair shops say if they needed a particular tool for a specific job right now, they would try a new tool. Receiving a sample tool from an equipment manufacturer would convince 47 percent to try it, while a colleague's recommendation would motivate 32 percent.

Repair shops see reman parts as a cost-effective alternative for older vehicles. Three of four say reman parts have good warranties; although, shops typically do not consider reman parts to have good labor warranties. Two-thirds tout the good reputations of reman parts.

Nine of 10 repair shops believe the quality of OE parts to be the same or better than they were five years ago. Aftermarket parts have improved over the last five years according to 44 percent of repair shops. Although 37 percent say reman parts have improved in quality, 27 percent say quality has worsened over the last five years. (See Figure 2 on page 40.)

Repair shops were asked to type in any job for which they would definitely not use a reman part. Forty percent typed in "water pumps" as a reman component to avoid, and 15 percent would not use reman for brakes and brake components (calipers, cylinders, hydraulics and ABS). Also, 12 percent would not use reman for a fuel system (pump and injection), 11 percent would avoid clutches, and 7 percent would

not use reman for ignitions/starters.

Overall, 69 percent of repair shops say the reliability of domestic cars has improved over the last five years. On the other hand, 55 percent believe foreign car reliability has improved. Repair shops gave Toyota, Honda, Lexus and Acura excellent ratings for quality. (See Figure 3 on page 42.)

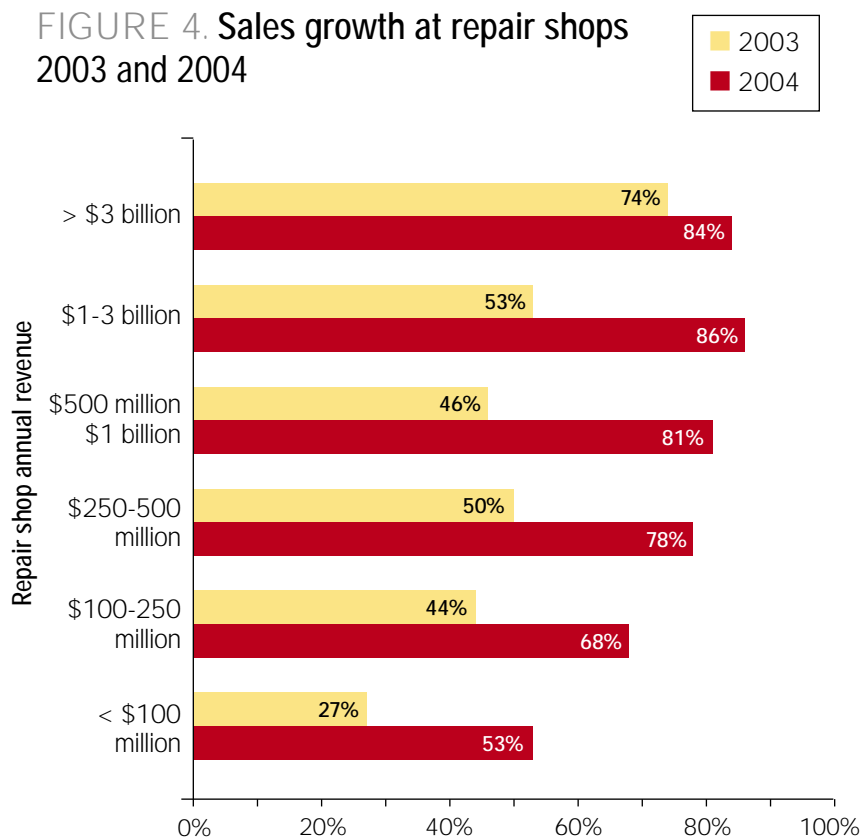
Last year, 67 percent of the work at repair shops was repair, and 33 percent was maintenance. For 2004, shops are forecasting that 64 percent of the work will be repair and 36 percent maintenance.

Last year, 52 percent of repair shops increased parts prices, and 45 percent kept parts prices the same. This year, 62 percent plan to increase parts prices, and 36 percent will hold at 2003 levels. Most repair shops, 50 percent, kept service prices at 2002 levels last year, and 49 percent raised them. This year, 64 percent plan to increase service prices, and 36 percent will hold at 2003 levels.

Many smaller repair shops had a difficult time last year. One in four saw their total sales decrease. However, expectations are extremely high for the year ahead, such that three of four repair shops are expecting sales to increase. (See Figure 4.)

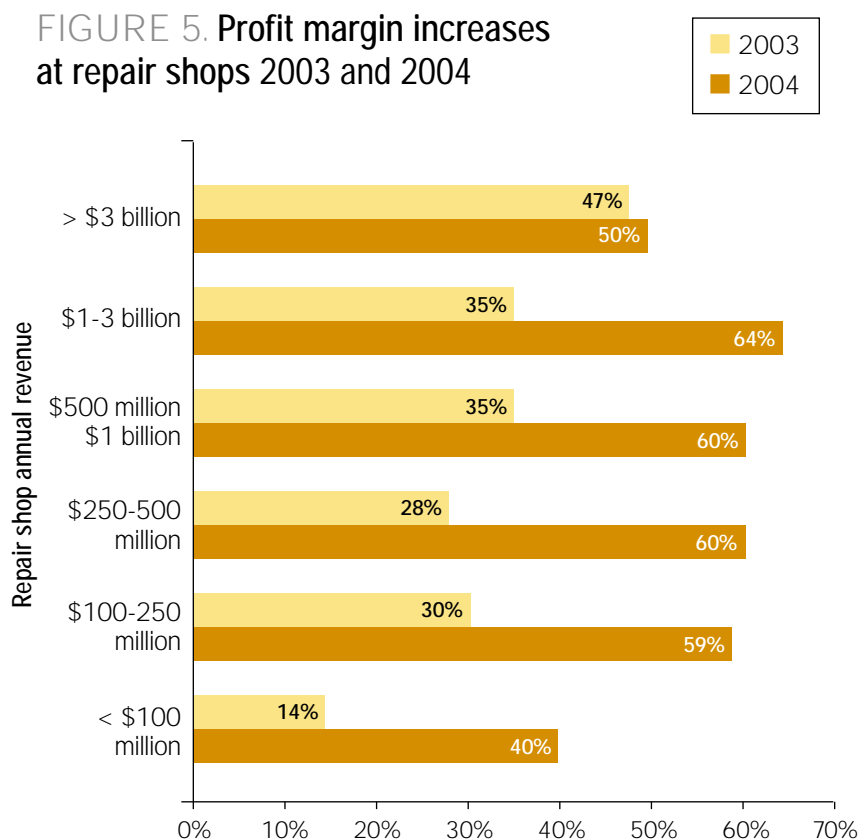
Profit margins recorded in 2003 show most repair shops had a difficult year. Again, 25 percent saw profit margins evaporate. Overall, 47 percent of repair shops managed to keep profits at 2002 levels. Nevertheless, hope springs eternal and 57 percent of repair shops anticipate profit margin increases this year. (See Figure 5.) ■

FIGURE 4. Sales growth at repair shops 2003 and 2004



Many smaller shops had a bad 2003 — one in four saw total sales decrease; however, expectations are very high for 2004.

FIGURE 5. Profit margin increases at repair shops 2003 and 2004



Profit margins slipped away last year for smaller shops, but that was last year. In 2004, shops are predicting that margins will rebound.

### Independent Repair Shops Methodology

Repair Shops are represented by 1,413 employees who completed questionnaires via a URL link for the 2004 State of the Industry Report conducted by *Aftermarket Business* and *Motor Age*. The number of responses received for this study means the results are at the 95 percent confidence level, ±2.5 confidence interval.

Areas of responsibility for repair shops responding include owners/presidents 77 percent of the time, managers are 35 percent of the sample, and technicians account for 32 percent of responses. Service writers account for 21 percent and sales for 16 percent. Many respondents had more than one job title.

In terms of annual revenue, 40 percent work at repair shops with less than \$250,000 in annual revenue, 25 percent report revenue up to \$500,000, and 21 percent checked revenue up to \$1 million. Eleven percent of repair shops report annual revenue between \$1 million and \$5 million, and 2 percent work where revenue is over \$5 million.

One-third of repair shops responding are located in the South, 29 percent from the Midwest, 19 percent from the West, and 16 percent are located in the Northeast.

# They're still good customers

In order to land and retain these accounts, wholesalers need to focus on communication.

Many of you haven't figured out if the dealerships are friends or foes. Depending on your marketing area, they could be one or the other — or both. Most of the time, however, they can be very good customers. Unlike some independent shops you sell to, most dealerships pay on time and don't beg for credit. Dealers utilize a lot of parts sources, but you could probably rise to the top pretty quickly if you are willing to provide great service, technical support and Web-based training. All things being equal, dealers have more confidence in OE parts than aftermarket ones.

## DEALERSHIPS

Dealerships with over \$5 million in annual sales employ an average of 85 people, including 20 technicians (13 of whom are ASE certified). Dealerships with annual revenue between \$1 million and \$5 million employ an average of 35 people, including 10 technicians (six being ASE certified). Smaller dealerships, those reporting annual revenue less than \$1 million, employ an average of 21 people, including six technicians (three of whom are ASE certified).

On average, dealership employees have been in the automotive industry for 25 years. Employees at dealerships with over

\$5 million in annual sales have an average of 32 years work experience.

In order to recruit new employees, four of five dealerships print ads in newspapers and listen to employee recommendations. They also recruit through job fairs 41 percent of the time, and 38 percent hire from competitors. The Internet is a recruiting source for 28 percent and 18 percent contact employment agencies.

Currently, 36 percent of dealerships are looking to hire technicians. Of those, 43 percent want an experienced tech with 2-5 years work experience. Twenty-eight percent, however, admit that it's difficult to find those people. Thirty-nine percent of dealerships need an experienced tech with 5-10 years on the job, although such technicians are hard to find, according to 37 percent of dealerships surveyed. One-third of dealerships would like to hire an advanced-level tech with 5-10 years work record. Also, 28 percent of dealerships need to hire a high-level drivability tech who can handle diagnostics. Two-thirds of dealerships consider this employee the hardest to find. The data shows that 20 percent of dealerships are looking for an entry-level vocational student, 12 percent want to hire someone with post-secondary training and shop experience, and 10 percent have a place for an employee with post-secondary training and no experience.

Dealerships must overcome problems with experience and work skills when they hire entry-level techs. Two-thirds of dealerships say these technicians lack hands-on skills and actual experience with vehicles. Fifty-nine percent take it a step further, claiming that new techs lack critical thinking and problem solving skills. In addition, 52 percent say these new employees do not have sufficient work skills, do not come to

work on time, and do not have good attitudes on the jobs.

Most dealerships, 55 percent, with annual revenue over \$1 million are actively recruiting new technicians in an environment where 69 percent say it has become harder to find good technicians.

Many new hires at dealerships require extensive training. Eight of 10 dealerships use videos or CDs for training purposes, and 74 percent regard service manuals as training tools. Three of four offer classroom training that includes hands-on activities, and 64 percent have Web-based programs. Fifty-five percent consider Web-based training to be beneficial since technicians can study anywhere, at anytime, at any pace. However, one-third of dealerships consider the lack of hands-on experience a drawback to Web-based methods.

The data show that most dealerships screen new hires for drug use. Once hired, however, employees have a one in four chance of conducting additional drug screenings.

### Customer service is crucial

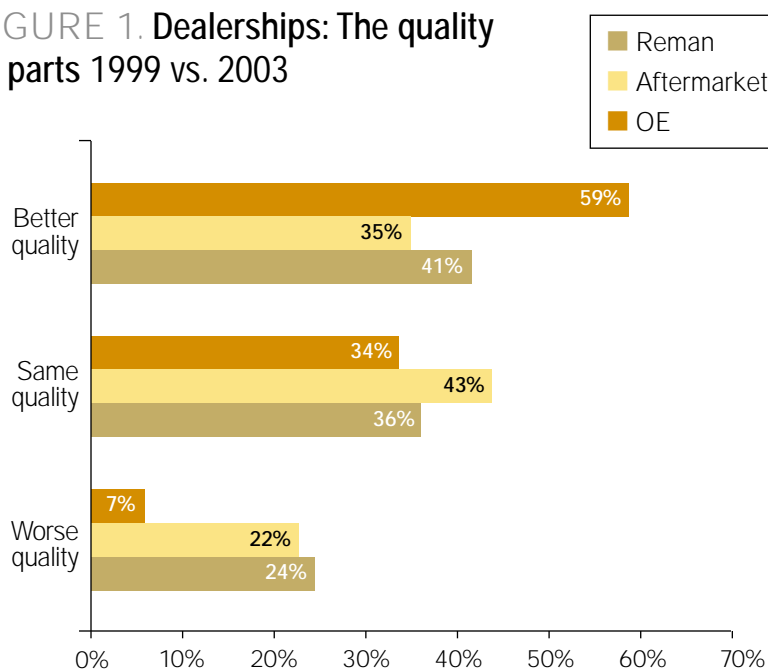
Dealerships believe their reputation and customer service are extremely important considerations in customer buying decisions. Technical support and quality are considered very important. Price and warranties also are important. Dealerships consider brands and return policies less important in customer buying decisions.

In order to attract consumers to their facilities, 70 percent of dealerships send out direct mail and 51 percent consider this the most effective marketing method. Newspaper advertising is used by 69 percent, although only 22 percent consider this an effective method. Radio advertising is used by 50 percent, and 48 percent use outdoor signage; although, these methods are not noted for being effective. Other advertising includes TV, a source for 35 percent of dealerships, and telemarketing, used by 27 percent.

Almost all dealerships purchase from many different jobbers and WDs. Seventeen percent buy from 10 or more sources, 26 percent have between five and nine sources, and 39 percent bounce between three and four jobbers. One of 10 does not purchase from jobbers/WDs at all and 8 percent have just one or two suppliers.

Dealerships were asked what jobbers/WDs could do to better serve them. One in three wanted improvements in customer service including technical support and

FIGURE 1. Dealerships: The quality of parts 1999 vs. 2003



According to dealerships, the quality of OE parts has improved over the last five years. To a lesser degree, so have reman parts.

Web-based ordering, 25 percent wanted better prices, and 22 percent focused on delivery issues. Inventory was mentioned by 16 percent, 11 percent mentioned quality, and 8 percent mentioned warranties, including labor claims, labor warranties and return policies.

Four of five dealerships purchase from automotive parts retailers, buying hard parts 70 percent of the time, accessories 67 percent of the time and chemicals 47 percent of the time. Two-thirds buy from wholesale clubs such as BJ's and Sam's Club. Wholesale clubs supply dealerships with chemicals 56 percent of the time, accessories 34 percent of the time and hard parts 10 percent of the time.

Most smaller dealerships, those with annual revenue less than \$1 million, purchase from discount stores, such as Wal-Mart. Discount stores provide accessories 51 percent of the time, chemicals 37 percent of the time and hard parts 16 percent of the time. Mass merchandisers, such as Sears, provide chemicals 66 percent of the time, accessories 64 percent of the time and hard parts 28 percent of the time. Larger dealerships are less likely to purchase from discount stores and mass merchandisers.

Eighty-six percent of dealerships have a website, and 51 percent purchase supplies online. Marketing and sales employees at dealerships spend 11 hours per week engaged in online activities pertinent to their job. Technicians spend an average of six hours per week online in job-related activities.

Last year, inventory increased at 54 percent of larger dealerships and expectations for the year ahead remain the same. Inventory at smaller dealerships suffered in 2003. Only one-third saw an increase; 41 percent say inventory stayed at 2002 levels; and 24 percent saw their inventory decrease. This should be a better year for smaller dealerships, as 44 percent expect inventory to grow in the coming months. On average, dealerships report that 10.7

percent of their total sales result in returns.

Dealerships were asked what would influence them to try a new or innovative tool. Fifty-four percent would try a new tool if it was something they needed for a current job, and 55 percent would try a new tool if a sample was provided by an equipment manufacturer. Colleague recommendations influence 37 percent of dealership techs to try new tools.

Sixty percent of dealerships consider the quality of OE parts to have improved over the last five years, and 34 percent find the quality to have been consistent. One-third say the quality of aftermarket parts has improved over the same period; while 43 percent believe quality is the same. Twenty-two percent say quality is worse. Forty-one percent of dealerships say reman parts have improved in quality over the last five years, while 36 percent find the quality consistent. Twenty-four percent say quality has deteriorated. (See Figure 1 on page 46.)

Last year, 55 percent of dealerships increased parts prices, and 62 percent increased service prices. This year revenue will be pretty much the same because 60 percent are planning to increase parts prices and 63 percent will increase service prices.

In terms of sales, 2003 was a very good year for dealerships, as 65 percent reported a sales increase. Moreover, 83 percent plan to increase sales in 2004. Profits, on the other hand, were less visible last year as 43 percent of dealerships saw increases last year, 32 percent report profits at 2002 levels and 26 percent saw them disappear. Nevertheless, 66 percent anticipate increased profit margins this year.

Although not reported in this study, it is our observation that dealerships have become better merchandisers of their aftermarket products. These days it's common for dealership to use a section of their show floor to display a host of add-on items, as well as an array of wearables and miniature toy cars. ■

# Consumers are loyal to dealers . . .

...but they're even more loyal to aftermarket firms because of great service.

Even with the warranty draw that dealers have, consumers prefer independent repair shops. "Great mechanics" is cited as the number one reason consumers choose independent

## CONSUMERS

shops, but a shop's proximity also plays an important part in consumer

selection. Spring and fall promotions are crucial for parts sellers, because the majority of consumers prep their vehicles for summer and winter driving. Parts stores and repair shops have an advantage if they display the ASE Blue Seal. With consumers buying more accessories online, it is necessary to watch your product mix.

Consumers were asked to supply their level of involvement with their vehicles, and 57 percent consider themselves repair shop dependent. Specifically, 41 percent of consumers take their vehicles to repair shops if something seems wrong, and 16 percent of those people return for regular maintenance if the repair shop contacts them. Meanwhile, 43 percent claim to perform some DIY activity, such as fluid top-offs.

Two-thirds of DIYers are motivated to work on their own vehicles to "save money," and 42 percent say they "enjoy the work." Full-fledged DIYers, those who perform most of repairs on their vehicles, are motivated "to do it (the work) right" 48 percent of the time.

The data show that repair shops are right about what motivates consumers to purchase parts and services from them — reputation, quality parts and customer service! Price, speed of service, warranties, return policies and technical support are also important. Brands are not important to consumers purchasing parts and services from repair shops, which is exactly what repair shops said. (See Figure 1 on page 50.)

Three of four DIYers, those performing most of the repair work on their vehicles, purchase parts from retail chains and 46 percent buy from independent parts stores. Other purchasing points for DIYers include mass merchandisers, such as Sears, which are used 10 percent of the time and 9 percent visit wholesale clubs, such as Sam's and BJ's.

Car dealerships are most likely to continue servicing vehicles they sold. For vehicles they didn't sell, car dealerships have a 50/50 chance of getting that repair business as consumers are equally likely to contact an independent repair shop if something seems wrong. Consumers who perform some work themselves are more likely to contact an independent repair shop than a car dealership.

The data show that non-DIY consumers are very loyal to places where they purchased their vehicles. One-third have taken their vehicles to the same dealerships for more than five years, 34 percent have been loyal for 2-5 years and 17 percent have stayed with the same dealers for a couple years. Reasons for this loyalty include warranty, which motivates 83 percent, and repair work/parts warranty, a factor for 65 percent of those consumers surveyed. Also, 59 percent of consumers say car dealerships provide "great service," 41 percent like the fact preferred dealerships are "close to home," 30 percent like the mechanics and 11 percent respond to direct mail sent from nearby dealerships.

### Dealership Methodology

Dealerships are represented by 266 employees who completed questionnaires via a URL link for the 2004 State of the Industry Report conducted by *Aftermarket Business* and *Motor Age*. The number of responses received for this study means the results are at the 95 percent confidence level,  $\pm 5$  confidence interval.

Areas of responsibility for dealerships responding include managers 51 percent of the time and owners/presidents 31 percent of the time. Technicians account for 18 percent of answers, and sales represents 8 percent. Service writers and accountants also completed questionnaires.

In terms of annual revenue, 26 percent work at dealerships with less than \$1 million in annual revenue, 35 percent report revenue between \$1 million and \$5 million, 33 percent report revenue up to \$100 million, and the remaining 7 percent of dealerships have annual revenue over \$100 million.

One third of dealerships responding are from the South — most frequently Florida and Texas, and 34 percent are from the Midwest — mostly Illinois, Michigan, Missouri, Ohio, Kansas and Iowa. Fifteen percent work in the West — especially California and Washington, and 17 percent are from the Northeast — most frequently New York and Pennsylvania.

Consumer loyalty to independent repair shops is even stronger than the loyalty to car dealerships. Fifty-three percent have taken their vehicles to the same repair shops for longer than five years. Also 28 percent have been loyal for two to five years, and 13 percent have been with the same shops for a year or two.

Independent repair shops do not have the warranty draw dealerships do. Nine of 10 consumers chose repair shops because they have great service. Great mechanics draw 73 percent, and 66 percent like repair shops that are close to home. Other draws include "recommendation from family member or friend," mentioned by 52 percent and 35 percent respond to repair shop warranties on parts being installed.

Nine percent of consumers take their vehicles to national service chains. Once consumers start with one of these chains they go to them an average of five years. National chains are used because they are "close to home" and have "great service."

#### Parts problems are real problems

Basically, 16 percent of consumers have had problems with parts performance in the last 12 months — 84 percent have not had any problems. Brake/rotor problems were mentioned by one in four consumers experiencing parts performance problems in the last 12 months. Other problems include ignition/starter/coil, alternator, fuel injector/fuel pump/choke, water pump, AC/heater, battery, automatic windows, belts, emission system/muffler, hitch/latch, motor mounts, steering and tires.

Fifty-three percent of consumers, and 63 percent of DIYers, service their vehicles in the spring for summertime driving. Likewise, 57 percent service their vehicles in the fall for winter driving.

As for oil changes, 38 percent of consumers change their vehicles' oil every 3,000 miles and 46 percent change it every 3,000 to 5,000 miles. Thirteen percent change at 5,000 to 7,500 miles and 4 percent wait for the odometer to turn another 7,500 miles before oil changes.

The data show senior citizens are less likely to use fast lube chains for oil changes. Overall, 40 percent of consumers have visited an oil change chain in the last 12 months. Apart from changing oil, filters or checking tire pressure, 27 percent had transmission fluid and/or filters changed, 23 percent had their tires rotated and 18 percent purchased new wiper blades. Other work included engine coolant flush and fills, mentioned by 18 percent, gearbox fluids/services, also 18 percent, and a new fuel filter/fuel system cleaning, mentioned by 17 percent. Eight percent had diagnostic system scans.

Sixty-six percent of consumers visited an automotive-related website in the last 12 months. However, 70 percent of men compared to 39 percent of women visited an automotive-related website.

Online browsing for automotive includes checking out new cars, the activ-

ity of 38 percent, and looking at parts, mentioned by 28 percent. Interesting parts include tires, performance parts, wheels, aftermarket parts, brake parts/switches, body parts, classic auto parts, lights and restoration items, among others. Also, 21 percent looked for reference information including car information, ratings, reviews, recalls, warranties and others. One in five checked out prices — new and book — and 8 percent looked up technical details including repair schedules, specs, maintenance tips and service records. Accessories were of interest to 7 percent of browsing consumers.

Overall, 28 percent of consumers purchased automotive parts/supplies over the Internet in the last 12 months. However, the data show online purchases of automotive items are positively correlated to the levels of DIY activity.

Online purchases include hard parts, bought by 67 percent. Hard parts purchased online include tires, wheels, exhaust parts, air induction/cold air intakes, spark plugs, tie rods, batteries, brakes, headers, drive shafts, hitch parts, performance parts, racing clutch/pedals, restoration parts, windows, valve covers and others.

Also, 44 percent of consumers purchase accessories online, including lights, car covers, dash covers, filters, floor mats, driving gloves/suit/helmet, mirrors, radio, running board, sun visor, trim and others. Twelve percent of consumers purchased chemicals online, including cleaning wax.

All consumers purchasing online were satisfied with their experience. Specifically, 22 percent were "extremely satisfied," 45 percent were "very satisfied" and 26 percent were "satisfied."

The question of brands is here again and repair shops were right. Repair shops reported that 16 percent of consumers request a brand — and now 16 percent of consumers say they "always" request brands. Also, 48 percent of consumers "sometimes" request brands and 36 percent "never" do.

The data show that the Automotive

FIGURE 1. Consumer buying decisions

	Ratings
Repair shop's reputation	4.6
Quality parts	4.6
Customer service	4.5
Price	4.1
Speed of service	4.0
Warranties	4.0
Return policy	4.0
Technical support	3.9
National brand parts	3.4
Store brands	2.8

Base: 465 consumers

This chart shows ratings for buying parts/service using a 1 to 5 scale; 5 is "extremely important" and 1 is not important at all.

Service Excellence (ASE) Blue Seal program has more appeal to DIYers than non-DIY consumers. Those aware of the ASE Blue Seal have their vehicles serviced by ASE Blue Seal shops 57 percent of the time. On the other hand, 43 percent say they are not sure whether their shops have an ASE Blue Seal designation.

The data show that DIYers are more likely to own used vehicles. As you might expect, this suggests car dealerships are likely repairing and maintaining new vehicles and repair shops are looking after out-of-warranty or used vehicles.

In an attempt to see if there are any market swings on the horizon we asked when they might purchase a new vehicle. Thirty-five percent said they are not planning to buy new vehicles, which is good news for the aftermarket. One-third expect to purchase a new vehicle within the next two years and 16 percent will buy one in the next year. Seven percent will purchase a new vehicle in the next six months. ■

#### Consumer Methodology

Four-hundred ninety-two consumers completed questionnaires via a URL link for the 2004 State of the Industry Report conducted by *Aftermarket Business* and *Motor Age*. The number of responses received for this study means the results are at the 95 percent confidence level,  $\pm 4.3$  confidence interval.

By age, 5 percent of consumers are less than 35 years old, 11 percent are aged 36-45 years old, 32 percent are 46-55 years old, 33 percent are 56-65, and 20 percent are over 65 years of age. By gender, 88 percent of consumers responding are men, 12 percent are women.

By income, 20 percent report annual household income less than \$60,000, 36 percent have income up to \$100,000, and 44 percent report household income over \$100,000.

Thirty-eight percent of consumers live in the South — most frequently in Florida, Texas, North Carolina, Georgia, Maryland and Virginia. One in four live in the West (mostly California), and 19 percent live in the Northeast — most frequently New York, New Jersey and Pennsylvania. Consumers living in the Midwest account for 18 percent of the sample. Most frequently mentioned Midwest states include Ohio, Michigan and Illinois.