

THE HORN

AAAMS, Inc.

DBA New York State Automotive Aftermarket Association

Serving the Automotive Aftermarket in North Carolina, South Carolina, Tennessee, Virginia, and New York



P.O. Box 97993, Raleigh, NC 27624 ♦ **Phone:** 800-849-8037 / 919-821-1314 ♦ **Fax:** 919-821-0753
www.aaamsonline.com

Bulletin No. 648

A New Chapter

December 2022

On January 1, 2023, all current AAAMS members will become members of the Automotive Aftermarket Association Southeast (AAAS). The AAAMS Officers, Directors and Staff are excited about our Association merging with AAAS. There has been great attention to detail and much preparation for this to occur.

I will continue servicing primarily the current AAAMS states (North Carolina, South Carolina, Tennessee, Virginia and New York). Current AAAMS Officers/Directors who will be joining the AAAS Board of Directors are: Rich Blose - AAAMS President, Interstate Batteries (Second Vice Chairman on the AAAS Board of Directors); Ron White, AAAMS Treasurer, Duragloss Appearance Products (Director); Richard Gerard, Jr., Piston Ring & Machine (Director); Fred Forsythe, Jr., Forsythe Motor Parts (Director) and Danny Wusterbarth, NAPA AUTO PARTS (Director). Now the combined Boards are set to take the organization to new levels of service to the members and industry!

Please refer to page 6 of this newsletter for a summary of key Association benefits. You will be receiving more information regarding Association programs and services over the next few weeks.

Here is a list of AAAS Contacts

- President - Randal Ward
- Director of Field Operations (NC, SC, TN, VA and NY) - Randy Lisk ... New Phone # - (919) 630-1538 (cell phone) and New Email Address -- rlisk@aaas.us
- Director of Governmental Relations and Field Services - Matt Ward
- Director of Membership Services - Denise Webb
- Business Support Services - Courtney Ward
- Health, Dental, Vision & Life Administration - Kay McCoy, AAASEBF
- Health, Dental, Vision & Life Administration Asst.- Sharon Pruet, AAASEBF
- Alabama Workers Compensation Program AL - Abbie Lamborne

Association Headquarters- AAAS

11245 Chantilly Parkway Court
Montgomery, AL 36117
www.aaas.us 800-239-7779

I look forward to continuing to work with each of you and WELCOME TO AAAS!!!

— Randy Lisk, Executive Vice President -- AAAMS, Inc.

Management Notes

How Trade Associations Have Your Back

Why one should join a trade association is a question that is as old as trade associations themselves. It is a fair question. After all, what do you get for your dues and time spent at an association event? Association benefits typically include networking, representation in the legislative process, regulatory information, purchasing discounts, legal advice, job boards, and newsletters to help you better understand the future

Continued on page 2

How Trade Associations Have Your Back

Continued from page 1

direction of your business channel. Some even offer discount programs to help members with their ever-escalating insurance costs.

Some associations have long lists of benefits, while others seem to have shorter lists. The key is that the association's activities are tailored to the segment of the aftermarket its members serve. From my experience, reviewing an association's benefits list can seem like reading a menu where you're trying to find the "one thing" that makes becoming a member worthwhile. I want to offer something different than the one thing rationale for joining a trade association.

A few years ago, I had the good fortune to hear the late industry icon Steve Handschuh speak at a trade association event hosted by the CAWA - Representing the Automotive Parts Industry. Steve had a long and distinguished career in the automotive aftermarket, with roles that included being the president of NAPA and the Senior Vice President of Commercial at AutoZone. At the time of the CAWA event, Steve was presenting on behalf of the Motor & Equipment Manufacturers Association (MEMA), one of the most significant associations in the aftermarket. Steve concluded his presentation with what I felt was the definitive answer to why we should all join a trade association, "Because they have your back." I'd like to bring some credence and relevance to this statement.

It is not unusual for an aftermarket participant to think of a new car dealer as one of their prime competitors. Now think about the resources a new car dealer has at its disposal to help them succeed, the power and resources of the car maker. A new car dealer has built-in help with marketing, training, financing, and equipment programs facilitated by the car maker. Dealers even have regulatory and legislative representation via the National Automobile Dealers Association (NADA), a well-funded force for lobbying our lawmakers at the federal level, and equally strong associations for representation at the state level.

Whom do we have? We have each other. This is what a cooperative association can do for each market segment. Bring members together as advocates for one another. But does the process work? I can tell you from personal experience with CAWA, yes, the process works if we collectively work the process. In 2012, CAWA and the Automotive Service Councils of California (ASCCA) led a grassroots effort to defeat a bill that would have allowed a particular car maker the right to withhold information needed to make replacement keys. Essentially speaking, this bill would have required car owners to return to their dealerships for simple key replacement and unlock services. A bad law for consumers and a slippery slope for the aftermarket was held in check due to the efforts and work of the two trade associations. This is just one example of how an association can have our back.

Don't get me wrong. Car makers and new car dealers are not evil empires. We need them to sell cars, they need us to service the preponderance of vehicles that are out of warranty, and occasionally we need each other as a source of parts. However, we have different agendas, and as a result, we have different needs. This is why we need state and national associations tailored to each segment of the automotive aftermarket, we need them to have our backs, and each of us should join an association that best serves our specific needs.

Source: Steve Sharp, aftermarket MATTERS



Massively Increase Business

By John Chapin

There's an idea I share during my speeches that massively increases the business of everyone who follows it. It is not for the faint of heart and it takes some work but, if you're willing to do it, it will significantly grow your business.

Many of you are going to groan, wince, swear, or do all three when you hear this. Few people will be willing to do it. Please don't be fooled by its simplicity, after all, most problems have simple solutions, we as humans just like to complicate them so we have an excuse for a lack of success. In any case, without further ado, here is the idea: Spend a minimum of three to four hours a day, Monday through Friday, prospecting for new clients.

While that may sound like a lot of time, it's actually fifteen to twenty hours a week, out of your total hours of 168. Spending nine to twelve percent of that time doing the most important task you do as a salesperson—prospect for new business, is not all that much time. Now I know some of you are thinking, wait, closing the business, not prospecting, is the most important task because, without closing, nothing happens, and you'd

Continued on page 3

Massively Increase Business

Continued from page 2

be right, at the same time, in order to get the sales, you need plenty of prospects. You can't close the sales without first getting the prospects. So, whether you agree with me or not, just stick with me a little longer.

Let me give you a couple of examples of people who have followed this. I have a friend who is one of the top Realtors in Central Massachusetts. When he started in the business he was a transplant from New Jersey who knew absolutely no one in the area. He went to the manager of the office and asked him how he should get some sales. The manager told him to call the expireds list (people who had listed their house with an agent but it did not sell) and the list of FSBOs (for sale by owners). My friend was used to cold calling over the phone. One of his previous jobs was selling newspapers over the phone, so he was used to making a lot of calls and getting rejected. He proceeded to make 603 phone calls over the next month.

From those calls, six people decided to list their houses with him and that resulted in three sales over the next two months. For sake of comparison, the average Realtor gets twelve listings a year and sells three houses. So, in two months, he equaled the average Realtors annual sales simply by making 603 phone calls in a month. By the way, the other Realtors in the office called him lucky, said he must know a bunch of people in the area, or otherwise be connected, etc. None of that was true, he was just simply willing to do something the others were not, get on the phone and do a massive amount of prospecting.

In a similar story I have another friend who lost his job in the banking industry when he was in his early 40s. Evaluating his life and options, he decided to embark on a dream he had years ago when he was in college. His dream was to become a chiropractor. He resumed and completed his studies he had started in college, got all the necessary training, and, since he was starting a new career, decided to change his location too. He moved from Minnesota to San Diego. Upon his arrival in San Diego, one of the first things he did was to visit the offices of the local association of chiropractors. They turned him away at the door. They told him, "We already have too many chiropractors. There is one chiropractor for every eight people in San Diego."

Now keep in mind, this wasn't eight people looking for a chiropractor, it was every eight people. Let me ask you a question, if you had been my friend, what would you have done? I'm embarrassed to say I'm pretty sure I would have turned around and gone back to where I came from. I think the vast majority of people would have. The excuse would of course be along the lines of, the market is saturated with chiropractors, thus it's not a good place to be a chiropractor. How could you possibly be successful in that market? My friend decided to stay.

Over the next eight months he went out seven days a week and knocked on the doors of houses and businesses. He had a questionnaire with him. The first question was: If a chiropractic office opened in your area, what would you like to see, just regular chiropractic, yoga, reiki, massage, other? The last question was: If I open a chiropractic office in the area, would you like an invite to the open house? In the eight months he knocked on over 20,000 doors, spoke to over 6,000 people of which 4,000 said they'd like an invite to the open house. In month nine he sent out the invites, opened the business in month ten, and in the next twelve months grossed 1.2 million in revenues which, at the time, put him in the top ten percent of chiropractic offices in San Diego, a city with too many chiropractors.

Granted, the chiropractor spent more than three or four hours, and he did it seven days a week. That said, he completely blew the average out of the water and beat 90% of other businesses in a saturated market. On the flip side, the Realtor wasn't quite doing three hours Monday through Friday and yet he did 600% of the average sales. Either way, the numbers that work for everyone I've prescribed this to is prospecting for new business fifteen to twenty hours a week. If you do that properly, you'll see a huge increase in business.

johnchapin@completeselling.com.

Industry News

Top 5 Automotive Aftermarket Trends

On the opening day of AAPEX, S&P Global Mobility's industry analyst Todd Campau presented insights into the emerging top-five aftermarket trends that he sees within the automotive industry.

1. Cars getting older, aftermarket stakeholders remain cool about it: Augmented by the lack of new car supply, as well as the concerns over economic stability and the constrained new car supply, vehicles are being kept longer and therefore the rates of car parc scrappage are falling. With these historically low levels of scrappage, even with the softer new car sales, the trend is showing that the vehicles in operation (VIO) are continuing to rise.

Continued on page 4

Top Five Automotive Aftermarket Trends

Continued from page 3

The executives that S&P Global Mobility interviewed did not seem too concerned about this as the effect will not be perceived before five or six years. Meanwhile, for their cousins in the aftersales segment, which typically depend on the 1-4-year-old segment vehicles, the feedback S&P Global Mobility gathered was quite the opposite.

The aging fleet, with vehicles being retained longer, the average age has now risen from just over 11 years in 2012 to 12.2 years in 2022. The most significant growth sector of the fleet is among the 6-13-year-old vehicles, a cohort that was already poised for significant growth in volume prior to the current economic climate, and is showing the most annual miles traveled, marking it an aftermarket sweet spot. These more-traveled vehicles may be on their second or third owner and likely to already be a prime aftermarket customer.

2. Mileage has returned but is different: Annual miles traveled has returned and even exceeded prior pandemic totals, but the composition of the miles traveled have changed as we have emerged from the pandemic. Insights derived from congestion data have indicated that rush hours have not returned to pre-pandemic levels in all locales, while in many locales congestion throughout the day has displayed a slight uptick as drivers are spreading trips throughout the day.

The aggregated effect of the changing vehicle miles traveled (VMT) is expected to add about 1 percentage point to the overall VMT for 2022, increasing to 3.5 trillion miles for passenger cars and light trucks, which will fall within the range of typical year-on-year VMT change prior to the pandemic. That said, the regional change is expected to vary greatly year on year, ranging from a 1.2% decline in Mississippi to a 5.4% increase in New York. Likewise, demand for aftermarket maintenance and repair opportunities based on miles traveled is expected to see varied growth from region to region.

3. Digitization of the workshop as connectivity rises: With vehicle connectivity now enabled with longer serviceable connections, S&P Mobility expects that one-third of the VIO will be connected by 2024 and 5G connectivity will be the dominate service for new vehicles in 2027. By the end of the decade, it is expected that over one-third of the VIO will be connected, and 95% of them will be capable of receiving manufacturer-driven software with over-the-air (OTA) updates.

Diagnostic providers have stated that OTA updates are expected to lead to fewer warranty visits and could reduce revenue opportunities for OEMs. Focus has been on successfully developing relationships with OEMs and securing access to their secure gateways to enable the aftermarket's ability to complete all repairs. This has given many providers the ability to offer this level of connectivity on a subscription or pay-per-repair basis and also offer technical repair solutions and guidance.

4. Autonomy opportunities: Increased adoption of automatic driver assist systems (ADAS) will continue to penetrate the vehicle fleet at pace. As an example, in 2022, more than 60% of new models have adaptive cruise control compared with about 15% just five years ago. As a share of VIO, the significance of vehicles enabled with adaptive cruise control has risen from 0% in 2015 to 12% in 2022.

To the body repair industry, as the technology continues to penetrate the VIO, it could influence the rates of collision and the increased adoption of cosmetic and smart repair service offerings.

The main opportunities that were presented at AAPEX and Automechanika 2022 were that ADAS systems are a focal point as they were vulnerable to the effects from poor roads conditions and wheel impacts. The importance of ADAS provides an opportunity to service offerings around calibration and safety checks, as well as the associated need to ensure that wheel alignment was checked and adjusted to ensure all ADAS systems remained operational and safe. These services offered a significant revenue and upsell opportunity.

5. Transition to electrification: With VIO of 1.4 million electric vehicles (EVs) in the US currently, a conservative estimate puts that total to be close to 17 million VIO by 2030 as new models will increase from 26 in 2021 to more than 250 in 2030. Conservative and aggressive outlooks lead to overall share of the vehicle fleet of less than 15% in 2030 — even as EVs show significant growth in new registrations, transformation of the fleet will take years.

More states are proposing regulations to restrict new registrations to either zero- or low-emission vehicles, and similar trends are following in Europe, which is creating additional influencing factors as to why customers are choosing to adopt EVs sooner. However, recent surveys show continued reticence in consumer acceptance. In 2021, 81% of those surveyed would have considered purchasing a battery-electric vehicle (BEV); however, in 2022, only 58% shared that view. The reason for this change seems to be skepticism toward EV technology, pricing, charging infrastructure, and battery technology being barriers. Pragmatism is strongly encouraged in developing and implementing an EV strategy because while the transition will take time, preparation will be key to a successful future.

Continued on page 5

Top Five Automotive Aftermarket Trends

Continued from page 4

Of the new vehicle registrations in 2022 in the US, the light truck sector dominated the electric segment, representing 60% of all EVs registered.

Although there will be challenges, the future of the aftermarket still presents an aging car parc with increased repair opportunities. This aging is likely to continue as the economic influences have a destructive effect on new car sales while the constraints on new car supply are likely to continue through 2024. Although BEV growth is good, the proportion against total VIO indicates there is still caution, with many waiting to gain confidence in the technology and infrastructure before switching to fully electric.

Published in Collision Repair, Mechanical Repair and National News

New Study Predicts Gradual Adoption of Electric Vehicles into National Fleet

The marketplace is slow to adopt change, because only a fraction of the stock of vehicles is replaced each year, highlighting importance of ZEV incentives

Earlier this year, President Joe Biden signed the Inflation Reduction Act (IRA) into law. A study by Energy Innovation, a climate policy think tank, stated that “the IRA is the most significant federal climate and clean energy legislation in U.S. history, and its provisions could cut greenhouse gas (GHG) emissions 37 to 43 percent below 2005 levels.”

The Inflation Reduction Act includes \$369 billion in funding for emissions-reducing climate and clean energy provisions including large-scale clean energy technology manufacturing investments, environmental justice, and electric vehicle (EV) tax credits. The IRA includes a tax credit of up to \$7,500 for personal electric vehicles. The credit amount depends on a variety of factors, such as whether the vehicle battery meets manufacturing standards, vehicle MSRP price, individual household income and Made-In-America provisions.

The Energy Innovation study modeled the effect of these tax credits based on a low, moderate and high scenario. The low scenario accounted for the possibility that no vehicle manufacturers will qualify for the EV credit, while the high scenario assumed that a gradually increasing share of new vehicles would qualify for the credit, with all new vehicles qualifying by 2030. In all three scenarios, the change in market stock EV and Plug-In Hybrid Electric Vehicles (PHEVs) did not significantly increase by 2030.

The transportation marketplace is slow to adopt change, because only a fraction of the stock of vehicles is replaced each year. The Energy Innovation Study found that “it can take many years to realize deep sectoral reductions, even with high shares of clean vehicle deployment. This highlights the importance of strong ZEV [Zero Emission Vehicle] incentives in the next decade, as waiting runs the risk of missing climate goals due to slow stock turnover.”

Automotive Service Association Chairman Fred Hules commented on the study, stating, “ASA is working hard to ensure that independent vehicle repair shops are prepared for a changing marketplace that will include a higher share of battery-electric and plug-in hybrid electric vehicles. This includes investing in electric vehicle repair training so that shops are able to repair the vehicles they see today, and well into the future.”

Read the Energy Innovation study [here](#).

Published in Collision Repair, Mechanical Repair, National News and OEM News

Association Office Holiday Schedule

The Association Office will be closed the following days during Christmas:

*December 23 and December 26, 2022.

— Randy Lisk, Executive Vice President -- AAAMS, Inc.

Happy Holidays!



The **Automotive Aftermarket Association Southeast** (AAAS) is a nonprofit trade association representing the automotive parts manufacture, distribution, service and repair industry.

AAAS serves automotive aftermarket businesses in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and New York. Membership consists of over 770 locations comprised of parts manufacturers, distributors, jobbers, service facility specialists (paint & body, general repair, transmission, muffler shops, etc.), engine rebuilding, machine shop specialists, and more.

Representation & Advocacy at State and Federal Levels

AAAS works on your behalf advocating for businesses in the automotive aftermarket industry at the local, state, and national levels. Government advocacy is a vital component of a thriving industry. Anyone who runs a business knows there are constant bureaucratic and tax issues. AAAS strives to be your trusted source for up-to-date legislative and regulatory information.

Scholarships for Employees

The AAAS Foundation was established in 2005 for the purpose of encouraging & financially assisting AAAS members' employees and their immediate families wishing to continue their education in college or technical training school. Because of many generous donors and dedicated volunteer leaders, the Foundation annually awards scholarships to qualified applicants sponsored by an AAAS member business. Each AAAS Member enjoys this no cost employee benefit.

Workers Compensation Coverage

The AAAS Work Comp programs AAF (AL) and Ameritrust (all other member states) offer highly competitive, dividend paying programs. Claims management focuses on fair treatment for injured employees in the most efficient manner possible. Quality care and efficient management allow the association work, comp participants to save profit dollars by earning exceptional dividends and enjoying highly competitive rates.

Employee Benefits: Health, Dental, Vision & Life Insurance -

The AAAS Health Insurance program (AAASEBF) offers a very competitive, stable **Blue Cross Blue Shield** health program with dental, vision, and life options available for you and your employees. Earn a multipolicy discount of 2% on monthly premiums for participating in the association workers' compensation program. Employee benefits are second only to salary in attracting and retaining talented employees. Make AAASEBF part of your recruitment and retention plan.

Industry Networking and Connections

Membership in AAAS connects business owners and their employees to aftermarket colleagues and peers through exciting and valuable in-person events, helpful E-News, and the AAAS Connected Community, a member-only discussion forum designed for busy business owners to ask questions, compare notes with fellow members, as well as, easily share ideas and information.

Business Forms & Supplies

Members enjoy deep discounts and special pricing on top-quality forms and business supplies, including industry-specific forms, invoices, statements, checks, envelopes, labels, promotional calendars, parts & engine bags, floor covers, and key tags.

Partnerships & Relationships You Can Count On

Membership in AAAS links members to valuable programs offered by proven and trusted providers for property & liability insurance, credit card processing, collection services, and website/social media marketing services, to name a few. AAAS can connect you and your business with trusted providers to meet your specific needs:

*Membership in AAAS is a valuable resource for those businesses in the Aftermarket Industry.
Take advantage of the programs and services membership provides.*

www.aaas.us | 800.239.7779

