

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



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Business Conference News

Time Is Running Out to Register for the Association Conference in Destin, Florida

The 2022 Association Conference to be held in conjunction with the Automotive Aftermarket Association of the Southeast (AAAS) is right around the corner. This year's event will be held June 16-19, 2022, at The Sandestin Golf and Beach Resort in Destin, Florida.

If you plan to attend and have not yet registered, please contact Randy Lisk at once...800-849-8037.

This will be an excellent opportunity to network with store owners, etc., from other Southeast states.

I HOPE TO SEE YOU THERE!!!

Legal/Legislative

CALL TO ACTION -- The REPAIR Act and You

Please read carefully the letter below from Paul Fiore, Senior Director, Government Affairs - Auto Care Association (that he sent to numerous Associations throughout the country), and act accordingly.

If you have any questions, please contact Randy at 1-800-849-8037 or rlisk@aaamsonline.com.

Letter from Paul

Greetings all,

It's been quite a while since I've reached out to all of you on Federal issues, so I hope all of you are coping well with the challenges we face these days, and the effects they have on all of our respective members. I believe by now all of you are familiar with the [introduction](#) of [H.R. 6570](#), the Right to Equitable and Professional Auto Industry Repair Act, or the REPAIR Act, in the 117th Congress. **This is the latest chapter in the Right to Repair fight with the vehicle manufacturers, to preserve competition in vehicle repair and maintenance.** The **Auto Care Association, TIA, SSDA** and industry press, have all done a great job of getting the information out there, and now we're glad to see the press is reporting on the addition of co-sponsors.

All of the associations are actively engaged on lobbying this issue and some of you state folks have also started getting your members involved. Of course, this is why I'm writing today – we are respectfully asking you to communicate to your members, however you see fit, that they can and should send that first letter to their member of Congress, and then work on getting the message out to their own customers for a true grassroots outreach. The vehicle manufacturers and car dealers have about 250 lobbyists working for them – our side has nothing like it – that's why a strong grassroots initiative is the only way we win in this scenario.

We are providing this simple link that takes everyone right to the [Take Action webpage](#). From a simple email message you can send, to adding one-pagers or asking us to assist with you setting up your own REPAIR Act

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CALL TO ACTION—The REPAIR Act and You

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advocacy page, let's get the message out there (we'll even craft your email if you'd like). You/we can work with any DC-based group you're comfortable with because we are all in this together. If you'd like to see examples of any of this please let me know. If you're already engaged and want to do more let's set up a call. The point is, we are here to help and are waiting to do so. And one final note - there are Tax, Healthcare and Labor issues we are also lobbying on and would welcome the opportunity to work with you on any or all of these.

I'm writing this with a strong sense of familiarity because most of you know me, or Tom Tucker or both of us - but if you're new at your association or to this list, I'd welcome a phone call to get acquainted. I apologize for the length of the email and I thank you for taking the time. We look forward to hearing from you.

Best regards,

Paul

Industry News

Three Repair Outlets Dominate DIFM Sales Growth

The Lang Report

"Three groups of repair outlets generated all Do-It-For-Me (DIFM) car and light truck product growth over the past five years (2016 to 2021). Repair Specialists made the largest contribution to DIFM product growth, followed by Foreign Specialists and Vehicle Dealers. The other four major groups of DIFM outlets suffered lower product sales over these five years."

"This reflects the dramatic impact of the pandemic on the population of repair outlets in the U.S., the shifting nameplate mix and age profile of vehicles in operation (VIO), and changes in the competitive positioning of major groups of repair outlets. The concentration of product sales growth has changed the strength of repair product brands, shifted the sales share of distribution channels, and increased growth of online auto repair purchases and o2o transactions in the DIFM market."

Major DIFM Outlet Groups

Lang Marketing tracks the Do-It-For-Me (DIFM) product sales of seven major groups of repair outlets: Service Stations & Garages, Repair Specialists, Foreign Specialists, Tire Stores, Auto Parts Stores with bays, Discount Stores/Mass Merchandisers, and Vehicle Dealers.

Over the past five years (2016 to 2021) the performances of these outlet groups have changed, as the pandemic altered their population mix and the country's VIO (vehicles in operation) underwent significant changes in its nameplate mix and age profile.

45,000 Fewer Service Bays

At mid-year 2021, there were approximately 45,000 fewer light vehicle service bays nationwide than five years earlier. This bay reduction ran contrary to the rise of vehicles in operation (VIO).

As the number of light vehicle service bays in the U.S. fell between 2016 and 2021, the VIO increased by nearly 7%, and DIFM product and labor sales climbed by over 10%, at user-price.

Top Three DIFM Performers

DIFM product sales growth for cars and light trucks has concentrated, with three outlet groups generating all DIFM product sales expansion between 2016 and 2021: Repair Specialists, Foreign Specialists, and Vehicle Dealers.

Specialty Outlets

There are two types of light vehicle Specialty outlets: Repair Specialists (outlets with a limited array of service jobs) and Foreign Specialists (outlets focused on foreign nameplate vehicle repair).

More than 70% of DIFM market product expansion was generated by these two groups of repair outlets between 2016 and 2021.

Repair Specialists were responsible for over 40% of market expansion, and Foreign Specialists generated 30% of market growth.

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Three Repair Outlets Dominate DIFM Sales Growth

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Other DIFM Growth Contributors

Vehicle Dealers were the only other contributors to DIFM product growth between 2016 and 2021. They were responsible for 29% of the \$5 billion increase in light vehicle product volume at user-price.

Other Repair Outlets

Four groups of repair outlets failed to achieve aftermarket product growth between 2016 and 2021: Service Stations & Garages, Tire Stores, Discount Stores/Mass Merchandisers with bays, and Auto Parts Stores with bays. Together, these four groups of outlets declined by nearly \$2 billion in aftermarket product sales during these five years, and they all fell in volume share.

Service Stations & Garages Falter

Service Stations & Garages recorded the largest product volume of any outlet group between 2016 and 2021. Nevertheless, they suffered nearly a 1% loss in product volume, as their share of car and light truck product sales fell by over 2%, the largest share decline of any outlet group.

Other DIFM Outlets Losing Share

Tire Stores suffered a 0.7% reduction in light vehicle aftermarket product sales (not including Tires) between 2016 and 2021. During this period, they slipped from fourth to fifth place in annual product volume, passed by Foreign Specialists, which recorded the most substantial percentage gain in light vehicle product volume during these five years.

Discount Stores/Mass Merchandisers with bays recorded less product volume in 2021 than five years earlier. This cut their product share by 40 basis points.

Auto Parts Stores with bays fell \$0.5 billion in product sales, as their light vehicle product share shrank by more than one-fifth.

Aftermarket Implications

The concentration of light vehicle growth in only three major groups of repair outlets between 2016 and 2021 has had three important aftermarket consequences.

First, the concentration of aftermarket product volume among repair outlets has caused changes in the brands of aftermarket products used in vehicle repair.

Second, different growth rates among major groups of repair outlets have shifted vehicle product volume among the five major distribution channels supplying the car and light truck aftermarket.

Third, falling Service Station & Garage product volume, resulting from their reduced population, reflects a reduction in the convenience of auto repair (also shown in the average number of cars and light trucks per bay). This encourages the growth of online auto repair purchases and o2o (online to offline) transactions in the car and light truck DIFM aftermarket.

Age of Domestic Cars Hits Record High

Domestic nameplate cars continue to increase in age. For more than two decades, domestic cars have reached a new record-high average age each year. Over the past 10 years, the average age of domestic nameplate cars has increased by more than two full years, according to a new analysis.

“The ever-advancing age of domestic cars is the result of diminishing new vehicle sales, the increased durability of vehicles, and the soaring value of used cars and light trucks,” stated Jim Lang in the most recent Lang Aftermarket iReport, adding, “The record-high average age of domestic nameplate cars has significant consequences for the aftermarket.”

The following are highlights from the study:

The increasing age of domestic nameplate cars

- The average age of domestic nameplate cars on U.S. roads climbed by nearly 2.5 years between 2012 and 2022.
- They averaged 12.9 years at the beginning of 2012 and reached 14.2 years by 2017.

Average age increase to 2022

- Over the last five years, domestic nameplate cars had climbed steadily in average age, reaching 14.6 years by 2019 and 14.8 years in 2020. Lang Marketing estimates (on a preliminary basis) that domestic

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Age of Domestic Cars Hits Record High

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nameplate cars averaged a record-high of more than 15.2 years at the beginning of 2022. Final results will be available in several months.

- Domestic cars added nearly 2.5 years to their average age in the past 10 years, pushing their average age to approximately 4.0 years above that of foreign nameplate cars.

Dropping new domestic car sales

The domestic car share of new light vehicle sales has greatly diminished over the past 15 years. From 22 percent of sales in 2006, domestic nameplate cars captured less than 6 percent of the 2021 new vehicle light market in the U.S.

This steady decline in the share and volume of new domestic nameplate car sales has reduced the number of lower-aged domestic cars to offset the growing number of older domestic nameplate cars on U.S. roads. As a result, the average age of domestic nameplate cars continues its upward trend, and Lang Marketing expects that this trend will continue unabated.

Increasing vehicle durability

Vehicles are staying on U.S. roads for an increasing number of years. Cars and light trucks produced over the past 20 years remain in operation an average of four to five more years than vehicles manufactured earlier, reflecting advances in the materials used in vehicle construction and improved manufacturing technology. This increased vehicle durability means that there is headroom for additional domestic car age growth.

Record-high used vehicle prices

The recent surge in used car prices is reinforcing the trend of extended vehicle survival. The increasing value of used vehicles makes it less likely that they will be scrapped due to crashes and other conditions that in years past would have resulted in their final trip to the junkyard.

Three major aftermarket consequences

The increasing age of domestic nameplate cars is impacting the aftermarket in three major ways.

- First, the increasing age of domestic cars presents the aftermarket with a growing parts proliferation concern. As domestic nameplates cars become older, manufacturers, distributors, and retailers must continue to maintain inventories of replacement parts for this aging segment of the vehicle population.
- Second, the owners of aging domestic nameplate cars are becoming more price-sensitive to the cost of replacement parts and services, affecting the mix of product brands used in their repair and the types of DIFM outlets where this work is performed.
- Third, older domestic cars provide inexpensive transportation for consumers, especially younger buyers, who will generally drive them more annual miles than they would otherwise travel.
- This is a positive for the aftermarket since older vehicles require more repair per mile than the average car and light truck.



ASAAA Leadership 2.0: 2022-2023 Scholarship Information

According to Brian Cruickshank, Executive Director, University of the Aftermarket - DeVos Graduate School, Northwood University, AAAMS/NYSAAA distribution members are eligible for the Alliance of State Automotive Aftermarket Association (ASAAA) Leadership 2.0 Full Scholarship.

Here are the details:

- **Session 1:** August 14-19, 2022 - Northwood University Campus, Midland, MI
- **Session 2:** March 12-17, 2023 - Raleigh, NC

Scholarship recipients receive a full \$6,350 Scholarship. They are only responsible for their hotel and travel. Lodging reservations are made for the recipient, so that everyone stays in the same place.

Hopefully, Scholarship candidates are identified by June 30, 2022.

The program is described as a "mini MBA" with 100% focus on the motor vehicle aftermarket. The topics covered are (leadership, finance, strategy, team building, winning cultures, customer service, business challenges/opportunities, etc.) and are all discussed using the aftermarket as the focus. There are daily roundtable discussions, where current aftermarket topics, plus activities/lectures led by Northwood faculty and industry leaders are discussed. There is some pre-reading (mostly Harvard business cases), but it's not too much. The program is appropriate for all levels of the aftermarket and all educational backgrounds. People with MBAs and people with high school diplomas have all participated...it doesn't matter.

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ASAAA Leadership 2.0: 2022-2023 Scholarship Information

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The program is very collaborative, with tons of in-class discussions. The program is composed of professionals (usually mid-career) from all corners of the aftermarket. The class is generally split into 3 categories - manufacturers, distributors and service dealers, with additional representation from manufacturers reps and - associations. Normally there are 45-50 in the class. One of the major benefits of the program is the networking - it's peerless in the aftermarket.

The class is two sessions (and attendees must be at both) - the first is held on Northwood's campus. A group project is assigned during session 1 and teams work on those projects between sessions 1 and 2. The projects are presented during Session 2, among the other Session 2 activities.

The program is in its 28th year, and more information regarding Leadership 2.0 can be found at www.universityoftheaftermarket.com. Click "Course Calendar" to find Leadership 2.0 Session 1.

For a copy of the Scholarship Application, contact Randy Lisk at 1-800-849-8037 or rlisk@aaamsonline.com.

Management Notes

Why Prospects Ghost You and What to do About It

By John Chapin

As salespeople we've all had the situation where a decision maker told us they were interested, asked us to follow-up at another time, and now after several follow-up calls and e-mails, we can't get ahold of them and can't get them to return our calls. So, why are prospects ghosting you and what can you do about it?

The #1 reason you get ghosted: The prospect was never really interested to begin with.

Solution: Make sure people are actually interested. If someone tells you to get back to them at another time, you can't let that sleeping dog lie, you've got to ask some questions to make sure there's actual interest. It's as simple as saying, "Absolutely, I'd be happy to call you then. Let me ask you, are you truly interested or are you telling me to call you back because you just don't want to tell me 'no'?" Keep in mind that the average person does not like to say 'no' so instead, they tell you to call back at another time so they can get rid of you for now. If they say they are truly interested, you have to go at least one question deeper and ask something like, "So, is there a particular reason you're interested in looking at what I have?" Ideally, you'll get into at least the first few questions of your Initial Appointment Questionnaire. That way you can qualify them a bit further. Either way, it's important to ask direct questions in a nice way to ensure someone is truly interested.

The above works well for most call-me-at-another-time situations. That said, if they give you a long time frame like, "call me back in three months", open with, "Sure, I'd be happy to call you back then. Let me ask you, what will be different in three months?"

Bottom line: ask at least two questions to gauge interest. The average salesperson won't question perceived interest because they don't want to lose the lead. They'd rather pretend they have a real lead when they don't.

Reason #2 you get ghosted: While the prospect may have been interested on the initial call, they've forgotten why, they may have even forgotten who you are and that you even called on them.

Solution: Treat your follow-up calls like a cold call. First, why does someone forget why they were interested or even, who you are? Simple, once you left their office, or ended the phone call, their regular life ensued. They got back to their 73-item to-do list, the 52 hours of work stacked up on their desk, the 46 e-mails in their e-mail box from this morning, oh, and the school nurse called because Johnny fell down during recess and injured his knee and he might have to go to the doctor. After three or four days of this, they get your follow-up call and e-mail. Do you think the prospect: a) remembers specifically what you talked about, b) remembers why they may have been interested in talking to you further, c) is in the same state of mind as the first time they spoke to you, and d) even remembers who you are and that you spoke at all? Especially if this is only your first follow-up call, the odds of the answer being 'yes' to all of those questions are astronomically low. To remedy this, it's imperative that you remind them why they were interested in talking to you. After you identify yourself on the follow-up call, immediately give them your WIIFT (what's in it for them) Statement, as you did on your cold call.

For example, an insurance agent might say, "Hi, John Smith with ABC Agency, just following up as promised. Again, I'd really like to see if we can save you up to 23.4% on your workers' comp insurance." Also, if they mentioned some things on a previous call, or calls, as to why they are interested in hearing from you

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Why Prospects Ghost You and What to do About It

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again, repeat those. So, for example, after giving your name at the beginning of the call you might say, "Again, I'm getting back to you because I know you were interested in (whatever one, two, or three primary things they were interested in)." A quick note here: you want to use as few words as possible and you want to get the reason or reasons out quickly but, it's critical to remind them of why they were, or might be, interested in talking to you.

By the way, you want to use this format on all follow-up calls, whether it's the second, third, or ninth call. People need to be reminded of the benefits you can provide. They have too many other things going on to remember the reasons they should be talking to you. Whatever you do, avoid the typical follow-up call, "Hi, it's John Smith from ABC Company, just following up as promised." Nine times out of ten, the prospect is thinking "who?" or, "Hm, what exactly did we talk about and why did I agree to talk to him again?" Then they delete the message.

Bottom line: on every call, after you identify yourself, remind them of what's in it for them to talk to you again.

Reason #3 you get ghosted: The prospect is simply super-busy.

Solution: Be persistent with your follow-up. Back to the 73-item to-do list, 52 hours of work, 46 e-mails, and all the other things people deal with during the day. People are busy and you're not always their top priority. Keep in mind that 81% of appointments are set after the fourth contact and 80% of salespeople never make it to the fourth contact. You have to follow-up with people at least 13 times before leaving your final message about calling them again in six months.

Reason #4 you get ghosted: The prospect already made a decision that doesn't involve you.

Solution: Persist with your follow-up and ask for "the courtesy of a quick response."

Here are some other things to keep in mind...

- Use different contact methods to reach people.
- Try reaching people at different times throughout the day.
- Stay positive and keep a good attitude.
- Always schedule your next call at the end of the current call and lock it down.
- Speak with energy and enthusiasm, though not over the top, and speak clearly.
- Again, always give people a compelling reason or two to talk to you.

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Association News

Son of Longtime Association Member Store Owner Is Running for a North Carolina Senate Seat

Benton Sawrey, son of longtime Association member David Sawrey, Automotive Parts Co., Inc., Smithfield, NC, is running for the North Carolina District 10 Senate Seat in the upcoming Republican Primary.

To read more about Benton Sawrey, visit www.bentonsawrey.com.

Good luck Benton!!!

Association Scholarship Recipients To Be Announced in the June Issue of "The Horn"

Final decisions are being made regarding the upcoming school year's (2022-2023) AAAMS and NYSAAA Scholarship recipients...and they will be introduced in an article contained in next month's issue of "The Horn" newsletter.

Memorial Day Office Schedule

The Association Office will be closed on the following day:

Memorial Day—Monday, May 30, 2022

— Randy Lisk, Executive VP - AAAMS, Inc./NYSAAA