

# 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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## Message from the Association Executive Vice President

When I was hired by this Association (then known as the North Carolina Automotive Wholesalers Association) in August 1988 (I became the Executive Vice President on January 1, 1991), little did I know that I would still be representing our fine industry today. Certainly there have been many changes in our Association, such as... three (3) name changes, with the addition of four (4) states, and a staff size of six (6) at one time vs. only me for the last five (5) years. In addition, our members have faced many challenges i.e. Right To Repair; finding qualified and quality workers; supply disruption issues; and on and on and on.

With challenges, oftentimes, come opportunities...and that is what's ahead for our Association. Hopefully by now you have seen our Press Release regarding our Association (AAAMS) merging with the Automotive Aftermarket Association of the Southeast (AAAS), effective January 1, 2023. We are now in the transition period, and you will gradually be instructed to direct your order requests, etc., to the AAAS staff in Montgomery, Alabama. We will make this transition as seamless as possible. We will also keep most of our current service providers (since our Association and AAAS use many of the same vendors). You will soon be receiving more information regarding additional Association programs/services.

This is not a swan song for me however...effective January 1, 2023, I will remain with the new Association and continue to represent our current five (5) states of North Carolina, South Carolina, Tennessee, Virginia and New York. This will provide me with the opportunity to do what I enjoy most...and that is to get back into the field and have one-on-one contact with current members and prospects whenever possible.

I hope that you are as excited about the future of our Association and Industry as I am, and I will gladly discuss the upcoming merger and formation of the new nine (9) state Super Regional at any time.

- - Randy Lisk

## Legal/Legislative

### Design Patent Misuse is Making Car Repairs More Expensive

In the past 20 years, automakers have been increasingly misusing design patents to restrict repair choices for common car parts. In his new book, *The Right to Repair: Reclaiming the Things We Own*, copyright, trademark and property law expert Aaron Perzanowski explains how this leads to higher prices and less choices for consumers — driving home the need for legislative solutions.

The concept is relatively straightforward: excessive design patent use reduces aftermarket competition, and less competition means automakers are free to charge “inflated prices.” Indeed, research demonstrates that automaker-branded car parts can be 60% more expensive than alternative parts of comparable quality and safety. As long as automakers are allowed to misuse design patents in the aftermarket, consumers can expect to see higher prices when repairing their cars.

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# Design Patent Misuse is Making Car Repairs More Expensive

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It doesn't have to be this way, however. By passing right-to-repair legislation, Congress can ensure that neither consumers' wallets nor local businesses get squashed by automakers' anticompetitive behavior.

Currently, both the SMART and REPAIR Acts are sitting before Congress — both critical, bipartisan bills that would give consumers the choices and affordable prices they deserve when repairing their vehicles.

Consumers are ready for these protections too. A recent national survey from the CAR Coalition found that 78% of vehicle-owning voters support federal right-to-repair legislation like the SMART and REPAIR Acts.

Research from Perzanowski, published in the Indiana Law Journal in 2021, also shows that 86% of consumers would support legal rules requiring manufacturers to provide "parts, tools, software updates, and documentation" to independent repair shops and consumers.

CAR Coalition encourages consumers and the industry to join the growing automotive right-to-repair movement and tell members of Congress to support the SMART and REPAIR Acts.

## Interest Assessment Surcharge -- State of New York

In March 2020, the Federal Government passed the CARES Act, creating several pandemic unemployment programs to support out-of-work Americans impacted by the COVID-19 pandemic. As New York State hit unemployment not seen since the Great Depression, the Department of Labor would go on to pay more than \$105 billion dollars in unemployment and pandemic unemployment benefits between March 2020 and September 2021. As a result of this unexpected emergency, the Unemployment Insurance (UI) Trust Fund was depleted. Like dozens of states around the country, New York State borrowed funds from the Federal Government to maintain UI and pandemic benefits while the pandemic programs were in effect.

New York State and the Department of Labor are working to rapidly reduce its federal debt by reducing the principal balance both aggressively and intentionally. In fact, NYS DOL has paid back more than \$1 billion, or 11% of its \$9.2 billion UI Trust Fund loan.

While New York State prioritizes reducing its Federal debt, State law requires contributing employers to pay an annual Interest Assessment Surcharge, or IAS, on the Federal loan. Beginning in July 2022, employers who make unemployment insurance contributions will be notified of the 2022 IAS rate (.23%) along with information about how to pay this annual charge (about \$27.60 per employee). Unless the Federal Government chooses to abate all or part of the interest incurred, or the principal balance amount is repaid with no more interest accrued, businesses will be required to make annual IAS payments until all interest has been fully paid off.

## Industry News

### EVs Lack Appeal for Many Pre-Owned Buyers

*The Lang Report*

Vehicles are one of the few consumer products that have a series of owners. It is not uncommon in the U.S. for a car or light truck to have five or more owners during its life on the road. However, not all vehicle owners are alike. Buyers of new all-electric vehicles often have environmental values, transportation needs, and financial resources that differ significantly from those of pre-owned (used) vehicle buyers."

"The operating characteristics and demands of today's Battery Electric Vehicles (BEVs) will not satisfy the vehicle needs of a large share of buyers in the pre-owned market, who drive the vast majority of cars and light trucks in operation (VIO). This could result in Internal Combustion Engine (ICE) vehicles remaining on the road even longer than is common today, creating a golden age for the ICE aftermarket that will extend to 2040 and beyond.

**All-Electric Vehicle Focus.** This iReport focuses on all-electric EVs, referred to as Battery Electric Vehicles (BEVs). In five years, BEVs will represent most new Electric Vehicle sales in the U.S. (BEVs and Hybrids).

**Vehicle Lifecycles in The U.S.** Vehicles are owned by a succession of consumers, who often differ significantly in their environmental values, transportation needs and financial resources.

Most cars and light trucks in the U.S. are not driven by their original buyers. Only a small portion of the U.S. adult population purchases new vehicles.

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# EVs Lack Appeal for Many Pre-Owned Buyers

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The average age of light vehicles in the U.S. now tops 12 years, older than the vehicle mix of most major countries, and approximately one-fifth of cars and light trucks on U.S. roads are at least 16 years old. This means that for BEVs to be a viable alternative to ICE vehicles they must meet the needs of a series of buyers and not just those who buy them new.

**New Vehicle Buyers Versus Used Buyers.** Electric Vehicles (especially all-electric models) remain largely an “enthusiast” market in the U.S. and have yet to expand to the mainstream of new vehicle buyers. Many buyers of new BEVs in the U.S. can overlook and overcome some of the operational limitations and unique characteristics of EVs at their present level of technology (and for some years to come). Three of the most significant operational differences between BEV and ICE vehicles are driving range, charging (fueling) issues and reliable performance over a long number of years.

**BEV Range Challenge.** Over three-quarters of today’s new BEV buyers purchase equipment to charge them at home. As BEVs move into the used market, many pre-owned buyers will not be able to charge them at home (they live in an apartment, cannot afford the necessary equipment, etc.), so they will face more significant charging problems than today’s new EV buyers.

A nationwide network of fast-charging and convenient stations must be in place for pre-owned buyers to fully embrace all-electric EVs. This will become urgent when all-electric EVs grow in number and are more widely distributed across the U.S. The construction of an efficient and convenient charging infrastructure is a massive challenge and, most likely, it will not be achieved for many years, even with strong government support. The significance of this BEV charging problem is underscored by the fact that it is the top reason why approximately one-fifth of new BEV buyers cut the cord and return to ICE vehicles when making their next auto purchase. Several times this portion of EV buyers have probably experienced serious charging problems.

**Aging Electric Vehicles.** It is still unclear how long BEV batteries, their most costly component, will last. Battery replacement can top \$6,000. That cost would scrap a 12-year-old BEV, a sobering thought since the average age of vehicles on U.S. roads exceeds 12 years. In addition to batteries, some BEVs (notably Tesla) can have other problems as they age. A Tesla often cannot operate if certain body parts are damaged, due to sensors and other electronic issues. Some of these debilitating damages can be relatively minor, such as a dented fender. Since approximately 30% of vehicles on the road have unrepaired body damage, this could present a problem to owners of older BEVs, especially Teslas (which presently account for most of the BEVs on U.S. roads).

**ICE Vehicles Will Gain Extended Life.** It will be a number of years before all-electric EVs evolve to the point where they can match ICE vehicles in all operating conditions: long-distance driving, extreme weather, and off-road use, to name a few. For these and other reasons, consumers are likely to keep ICE vehicles in operation for a longer time in the future than they do today.

**EVs Will Not Work for Many Pre-Owned Buyers.** EVs will undoubtedly increase their share of new vehicle sales across the U.S., but it remains to be shown that EVs will satisfy the needs, values and resources of pre-owned vehicle buyers, who drive over 80% of the cars and light trucks on U.S. roads. This likely will produce an ICE aftermarket Golden Age that will extend well past 2040.

## Six Major Takeaways

- Vehicles are one of the few consumer products that have a succession of owners, who can differ significantly in their environmental values, transportation needs and financial resources.
- Only a small portion of the U.S. adult population purchase new vehicles. Approximately 80% of cars and light trucks in the U.S are driven by pre-owned buyers. The age mix of vehicles in the U.S. is much older compared to most major countries, with one-fifth of vehicles at least 16 years old.
- Many U.S. buyers of new Electric Vehicles have environmental values, transportation needs, and financial resources that enable them to overlook and overcome some of the operational limitations and characteristics of EVs at their present level of technological development.
- Used vehicle buyers are more likely to have range anxiety (a primary criticism of Electric Vehicles) than buyers of new BEVs. Many potential used-BEV buyers cannot charge at home (80% of new BEV buyers charge at home) and will face significant problems in conveniently and economically charging their BEVs.
- It is unclear how long BEV batteries will last. Battery replacement can top \$6,000 and could scrap a 12-year-old BEV. The average age of vehicles on U.S. roads tops 12 years and will likely climb higher.
- While all-electric EVs will increase their share of new vehicle sales across the U.S., it remains to be seen if they can satisfy the needs of pre-owned buyers, who drive approximately 80% of light vehicles on U.S. roads. This could lead to an ICE aftermarket Golden Age that will extend well past 2040.

# Inflation Causing More Vehicle Owners to Perform Basic Maintenance

As Americans continue to navigate an evolving economic environment, new data from Hankook Tire's Gauge Index reveals the impact of these pressures on everyday driving.

## The latest survey found:

Just as driving frequency approached prepandemic norms, an overwhelming majority (78 percent) say rising gas prices are now impacting daily driving.

More than half (54 percent) of Americans say that in the last 30 days, they have driven less often as a result of the cost of gas — up 28 percent from March 2022, when gas prices first began to tick upward.

Gas prices are also proving a powerful incentive for those considering an electric vehicle. One-in-four (26 percent) say because of current prices, they plan to purchase an electric vehicle in the future. Further, 51 percent say less money spent on gas is the most appealing benefit of making the switch.

Rising costs are not just impacting gas prices and how often people are driving. More than a quarter of Americans (26 percent) say inflation is causing them to perform more basic maintenance tasks at home.

“After two summers of pandemic-fueled uncertainty, the latest Gauge results show that drivers who are eager to get behind the wheel are facing a new roadblock,” said JJ Park, vice president of Marketing, Hankook Tire America Corp. “While we can't control the price of gas, staying on top of regular vehicle maintenance, including the tires, can help mitigate additional costs along the way and maximize fuel efficiency.”

## Vehicle purchasing yields to supply chain struggles:

Supply chain pressures also continue to impact Americans' automotive decisions. More than one-third (35 percent) say that due to supply chain issues, they are trying to make their current vehicle last longer.

Additionally, 22 percent are considering holding off on purchasing a new vehicle altogether. When the time does come to make a purchase, supply chain concerns could influence what drivers are looking for in their next vehicle. The shortages are impacting what technology is available in new cars, so some buyers may need to sacrifice the latest tech. The Gauge found one-third (32 percent) say they would be most willing to give up self-parking technology in order to purchase a new vehicle. Drivers are least likely to give up their tire pressure monitoring system (TPMS) or automatic braking — only six percent are willing to do so.

The Hankook Tire Gauge Index is a survey of Americans' attitudes and opinions about driving. The latest survey, conducted May 11-16, polled 1,060 randomly selected Americans age 18 and older who have a valid U.S. driver's license.

Source: *aftermarket MATTERS*

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## Registration Open for AAPEX 2022

AAPEX 2022 will be held in Las Vegas, NV, November 1-3. This year's event promises to be one of the best ever! James Carville and Karl Rove have been announced as Keynote Speakers and will take the stage for a session titled "Differing Opinions Discuss the 2022 Midterms and Beyond". Each gentleman will provide their unique viewpoints on what trends to expect in the coming year and how the following week's midterm elections will affect the future of the United States and the rest of the world.

To register for AAPEX and other events that week, visit the AAPEX 2022 website...[www.aapexshow.com](http://www.aapexshow.com).

## Management Notes

### Avoid the Summer, and Other Sales Slumps

By John Chapin

No matter the industry or organization, they all seem to have a historically slow time of year, the summer and holidays are usually the biggest. In addition, changes in the economy, the market or industry, pandemics, and supply-chain issues can also lead to slow sales. That said, there are some things you can do about it. You don't have to simply accept your fate as most companies and salespeople do. Yes, this is going to require you to have an open mind for a few minutes while you read this article. All I'm asking for you to do is consider what I have to say. Worst-case scenario: nothing changes, best-case scenario: you sell more and make more money. Either way, there is no downside to considering what I have to say, only upside.

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# Avoid the Summer, and other Sales Slumps

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## **Some things to consider doing during 'down' times**

Be a contrarian. The average salesperson cuts calls and activity by 37% when there's a hiccup in the economy or market. They also cut activity in 'perceived slow times': summer months, around the holidays, Friday afternoons, Monday mornings, and other times when they believe their business is seasonally or otherwise slow. Early on in the pandemic, salespeople cut activity by an average of 64%! These are great times to make more calls and get competitive business. These are also times when it's typically easier to get to decision makers. Either way, you will set yourself apart and get paid for doubling efforts when others are cutting back.

If you have supply chain issues, this is a great reason for people to order sooner and during slow times. It's also an opportunity for them to buy more than typical to make sure they have enough down the road just in case the supply chain issues continue.

When sales are slow, use customer sales incentives that you usually use at the end of the year or end of the quarter. Have a sale. Offer special payment terms. Throw in extra items for free. Do you have any price increases coming up that allow you to lock people into the current price now? Are you trying to clear out the old models before the new ones come in? All these can be used as incentives for people to buy now.

Change your summer vacation schedule. Instead of two weeks straight, unless you work for a bank, take one week now and one week at another time. The longer you are away from selling, the more bad habits take over and the more your sales skills erode. On this note, that's why it's a good idea to prospect every day, or as close as possible. If you only prospect Tuesday through Thursday, it's going to take you several calls to get back into rhythm after four days off.

If you aren't already, track your activity. Track initial calls, follow-up calls, contacts, what happened on those calls, proposals, closed sales, etc. You need to track everything you want to improve to see where you're effective and ineffective. Paying attention to these items usually leads to you doing more of them and getting better at them.

Work harder, work smarter, and work longer hours. I didn't lead with this because many people cringe when I mention hard work. The average person will spend years looking for short cuts rather than taking the tried-and-true path. If you make more calls, you'll make more sales. Simple. Also, if you look for better and more efficient ways to do things, you'll find them and save time, effort, and energy and be able to put that into better and more prospecting.

If you're a sales leader, have incentives or contests for your salespeople. My best sales quarter ever occurred one year in the months of June, July, and August, even though that was typically our 'slow time', because there was a contest for a lavish trip to Vegas for the top ten sales reps in the country during that time frame. Regarding summer, your buyers don't go on vacation all summer, usually it's just a couple weeks; there's still plenty of time to get to people. And overall, summer tends to find people with better moods which leads to more business. Same with the holidays and Friday afternoons.

Challenge yourself to sell more during the summer, holidays, and at other slow times. Compete with other salespeople. Treat it like a game. Set higher standards for yourself regarding initial calls and follow-up calls and find someone to hold you accountable to those new standards.

Look for other companies in your industry, and in other industries, that always seem to perform well in summer months and at other typical down times. Look for salespeople like this too. In both cases, find out what they do differently from everyone else.

Here are a few other ideas for slow times:

- Brainstorm as a sales team for ways to sell more and sell more efficiently and effectively.
- Use slow times to get better at selling. Whether individually or as a group, take time to take sales courses, read books, roleplay more, and, in general, learn more about sales and selling.
- Use slow times to upgrade your technology and learn how to use it more effectively.

Finally, challenge your own beliefs. Remember, whether you believe you can or, you believe you can't, you're probably right. Challenge the old assumptions and beliefs about slow sales times. Out of all the people and companies in your industry, there is someone who is selling more at these times. They aren't special. If they can sell more, you can too.

*johnchapin@completeselling.com*

# Association News

## 2023 Advertising Calendar Program

What better way to promote your business and keep your name in front of your customers all year long than purchasing 2023 Calendars from your Association?

Now is the time to place your order! The earlier you order, the better the chance of you receiving your first choice(s) of calendars. If you would like a copy of the 2023 Calendar Brochure and Order Form, please contact Randy Lisk at 800-849-8037 or [rlisk@aaamsonline.com](mailto:rlisk@aaamsonline.com).

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## Association Office Labor Day Schedule

The Association office will be closed on Monday, September 5, 2022, in observance of Labor Day.

--- Randy Lisk, Executive Vice President

