

(Profits... continued from page 13)

domestics. With more global manufacturing, design and sourcing, if a vehicle needs repair, the outlet must be prepared to service it or lose the business. More models and passenger car series are being offered to cater to individuals' needs.

In the upcoming decade, some trends to note in the service area are:

- Decline of market share held by service stations. Although activity by major oil companies may turn around this decline.
- A leveling off of the downturn in new car dealers. With extended service contracts and the possibility of longer term warranties, new car dealers have an opportunity to gain ground on market share.
- A growth in general and specialty repair shops.

Consumer Influence And Expenditures

The consumer will always be king. The ability to properly serve the customer will be a key factor to profitability. Annual consumer expenditures for the purchase and operation of vehicles totaled \$351 billion—14% of total personal consumption.

There are six major influences in determining where motorists bring their cars for service. (See chart E.)

1. Quality of work
2. Convenience of having work performed
3. Perception of service, speed and courtesy
4. Product pricing
5. Product breadth (selection)
6. Brands offered.

The top reason why a consumer chooses one outlet over another varies with the selected servicing shop. (See charts C and D.) But if a particular outlet proves to excel in all areas, the leader will rise among all competitors. The 1990s will be an era in the automotive repair industry marked by low growth, technological changes, imports impact, parts proliferation, changing consumer preferences and profitability.

Two additional important influences will shape the aftermarket in the upcoming decade. As technology increases, the do-it-yourself market will decline. In turn, the number of do-it-for-me (DIFM) motorists will continue to grow. Another positive indicator that the DIFM market will expand is that the consumer is aging

and growing more affluent. These two factors point to greater demand to have service work performed by technicians.

Women will become even more influential in the decision-making process of which service outlet will perform the job. For one thing, there are more single parents as the head of the household. Additionally, by the year 2000, 61% of all qualified women will have jobs. This means more two-income families with more disposable income. As a result, there will be more cars per household and more miles driven.

Success In The Next Decade

In the upcoming decade, more vehicles will be in operation and motorists will keep their vehicles longer and drive more miles. Automotive technology continues to become more advanced with an influence from the imports market. Parts proliferation will continue unabated. There is certainly no shortage of opportunities.

In summary, those who succeed will be the ones who:

- Recognize and seize the opportunity. The automotive after-market generated \$61 billion in service and \$27 billion in DIY business.
- Analyze the market and competitors. Be aware of and adapt to emerging trends.
- Develop and implement a marketing plan. With the right product promotions, you will bring in more

business and customers will line up outside your door.

- Present a clean, well laid out facility. Your location must be effectively merchandised. Consumers of the '90s will not patronize a non-professional-looking facility.
- Ensure training and motivation for employees and encourage ASE certification.
- Update service equipment.
- Sell and promote services. Capitalize on your strengths.
- Develop a reliable parts partner. Your supplier should provide legitimate profit on resale of parts, guaranteed obsolescence protection, widest coverage possible with the smallest inventory investment, top quality merchandise, good service on non-stocking items, training and technical support, regular calls by sales representatives and treatment as a loyal customer. NAPA offers you all this plus the NAPA National Warranty Program.

Keep a positive attitude as you head toward 1990. Your customers and your employees will know the difference.

