The Future Is Yours

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up $21.0 billion or 39%. Who says this isn't a growth business? I think you can see the opportunities that are out there for you and your fellow service dealers — unbelievable opportunities.

Well, you're probably saying, "That's great, McKenna. You know it, we know it and so does everyone else. So what? There is more competition than ever before and I just can't get any more growth. I've tried." Well, I don't really believe any of you are saying that. But there are lots of your fellow service dealers who are. But let me show you that it can be turned around. The future is yours, or anyone's, who is willing to do what it takes to get the business.

Here is the number of outlets by type since 1981 compared to 1984.

	1984	1981
S.S. (Doing Repairs)	115,000	120,000
Ind. Garage	150,000	136,000
Dealers	25,000	28,000
Specialty	16,400	13,100
Tire Stores	12,200	14,800
Fleet Service	39,000	39,000
Total	357,600	350,900

Many changes have occurred but the net result is that not a lot of new outlets have been built as compared to the growth in vehicles and miles driven and the increased age of cars. That means there is more business to split between about the same number of outlets.

Let's look deeper into the repair business — where it is, who's doing the work and what the potential and the actual experience is for several key segments of the service dealer market.

Chart 4 shows that there is much more service work being done and most of it is being done by service stations and garages.

Now let's look at charts 5, 6, and 7 and see where parts are purchased. This is a definite indicator of where the total business goes including D-I-Y.

Again, I think this points out the tremendous amount of the business that is being done by the service dealer, the changes that are coming and the great potential that is ahead.

Before going any further, I would like to make a statement about D-I-Y business. My opinion is that the D-I-Y market will continue to be 20-25% of the total service and parts market for several more years but that it will level off and decline in the future. This is because the demographics of our population and the technical aspects of automobile repair are mind boggling. The equipment and tools needed to repair automobiles are becoming more complicated every day. I just don't believe the capability will be there for the D-I-Y'er and I don't think the desire will be there as the general public gets more leisure time and becomes more affluent. You should realize and acknowledge this and expect the auto parts jobber to try to get all this business he can.

Chart 4

Number of Jobs Performed in 1984 (Add 000)

	Total Jobs	Service Stations	Repair Shops	Car/Truck Dealers	Fleet Repair Shops
Engines Overhauled (Car)	2,792	476	1,273	962	81
Carburetors Installed (New)	1,553	529	785	134	105
Engine Tune-Ups (Car)	58,422	19,949	25,902	11,162	1,409
V-Belts Installed	52,087	24,503	19,683	5,650	2,251
Mufflers Replaced (Car)	13,793	5,917	5,704	1,948	224
Front End Alignment Jobs	22,216	5,216	11,236	5,410	354
Shock Absorbers Replaced	25,509	10,270	12,212	2,151	876
MacPherson Strut Cartridges Installed	4,064	948	2,415	626	75

Chart 5

Where Automobile Parts Are Purchased
Store Types and Percentage of Product Sales

				Service Outlets			
Engine	Annual Purchase Rate	Traditional Auto Parts/ Home & Auto	Mass Merchandisers	Gas Stations	Repair Garage	Sub Total	Specialty Service
Spark Plugs	42%	30%	17%	12%	22%	34%	5%
Rotor	10%	41%	13%	10%	19%	29%	4%
Points	9%	42%	14%	10%	18%	28%	3%
Distributor	10%	41%	13%	11%	18%	29%	5%
Air Filter	46%	24%	27%	14%	17%	31%	5%
Fuel Filter	3%	27%	16%	14%	25%	39%	4%
Oil Filter	98%	21%	26%	16%	18%	34%	6%
Fuel Pump	3%	40%	4%	13%	23%	36%	2%
Water Pump	4%	37%	3%	16%	24%	40%	3%

Chart 6

Where Automobile Parts Are Purchased
Store Types and Percentage of Product Sales

				Service Outlets			
Electrical	Annual Purchase Rate	Traditional Auto Parts/ Home & Auto	Mass Merchandisers	Gas Stations	Repair Garage	Sub Total	Specialty Service
Battery	18%	15%	42%	14%	10%	24%	5%
Alternator	4%	29%	5%	15%	23%	38%	3%
Starter	4%	35%	5%	15%	21%	36%	3%
Safety							
Wiper Blades	24%	29%	28%	17%	11%	28%	2%
Headlights	7%	32%	31%	12%	10%	22%	2%
Thermostat	5%	43%	10%	14%	18%	32%	1%

He needs it to survive, but he should never let it affect the service he gives you.

Now I'd like to take a specific look at the number of outlets and the dollar sales by outlet of service stations, independent repair shops and car/truck dealers.

Let me summarize:

- **Service Stations** *(see chart 8)*
  1973 to 1984 — 194,000 outlets to 115,000