

2013 UNDERHOOD SERVICE SHOP PROFILE

presented by

Underhood Service





2013 Shop Profile

Method

The 2013 *Underhood Service Shop Profile* is the most recent in a series of surveys conducted with the readership of the magazine. This research gives our editors and clients access to the most up-to-date information regarding this specialized service and repair market. This information has proved quite useful to individual shops, manufacturers, distributors and other parties interested in the development of this industry.

This report contains the results of 2 different email surveys done in 2012 and 2013. The approximate number of responses is just over 100 for most of the questions.

Prepared by: Babcox Research
A Division of Babcox
3550 Embassy Parkway
Akron, Ohio 44333



2013 Shop Profile
Table of Contents

Item	Page Number
Respondent Title	1
Number of Service Bays	1
Number of Technicians	2
Distribution of Daily Car Count	2
Percentage of Jobs Completed in the Same Day	3
Distribution of Hourly Labor Rate	3
Charging for Diagnostic Time	4
Breakout of Time Spent on Different Activities	4
How Shop is Promoted	5
Access to OEM Repair Information	5
Source of Information on New Products	6
Top Three Concerns Regarding Business Over the Next Year	6
Business from Repeat Customers	7
Performing a Full Inspection	7
Specifying Brands of Replacement Parts	7
Importance of Factors in Brand Choice	8
Parts Sources for the Typical Location	8
Trends in Parts Sources	9
Percentage of Total Purchases from the First Call Supplier	9
Actions Taken if the Source Does Not Have the Product	10
Typical Delivery Time	10
Types of Parts Sourced from the Car Dealer	10
Factors Influencing Purchases from Car Dealers	11
Distribution of Total Annual Parts Purchases	11
Purchasing Online Without Speaking to Another Person	12
Time Since the Last Sales Call from Various Parts Sources	12
Where Technicians Receive Technical Information	13
Technician Pay Scales – Experienced and Entry-Level	13
Age of Technicians	14
Participation in Various Hobbies	14
Ownership of Digital Devices	15
Section Relating to Selection of National Brands, Store Brands, OEM Parts	15-21
Jobs Requiring Computerized Information Systems	22
New Technologies	22
Visits from Tool Truck Vendors	23
Age of Respondent	23
Has a Website for the Business	24
Average Annual Sales Volume	24

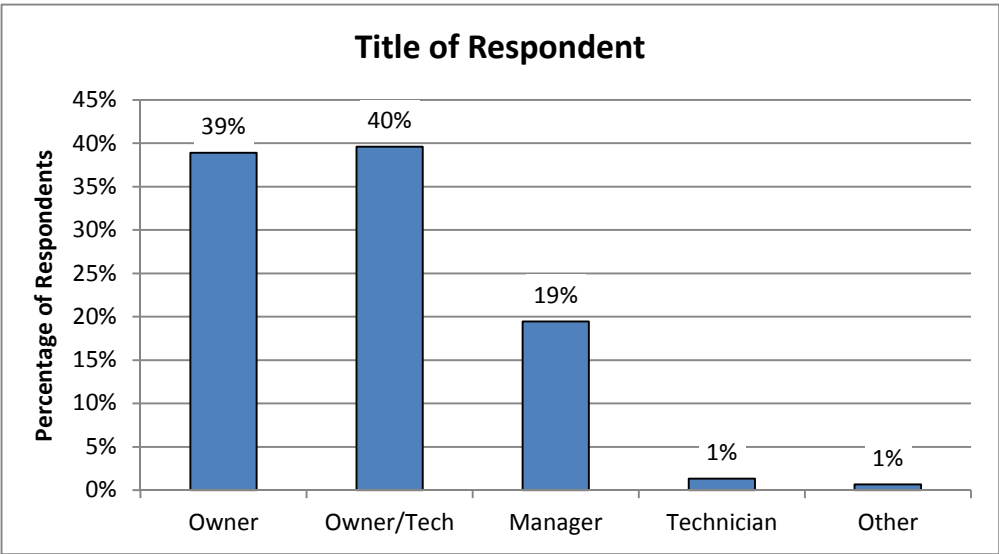
Prepared by: Babcox Research
A Division of Babcox Media
3550 Embassy Parkway
Akron, Ohio 44333

Underhood Service Magazine
Repair Shop Industry Profile

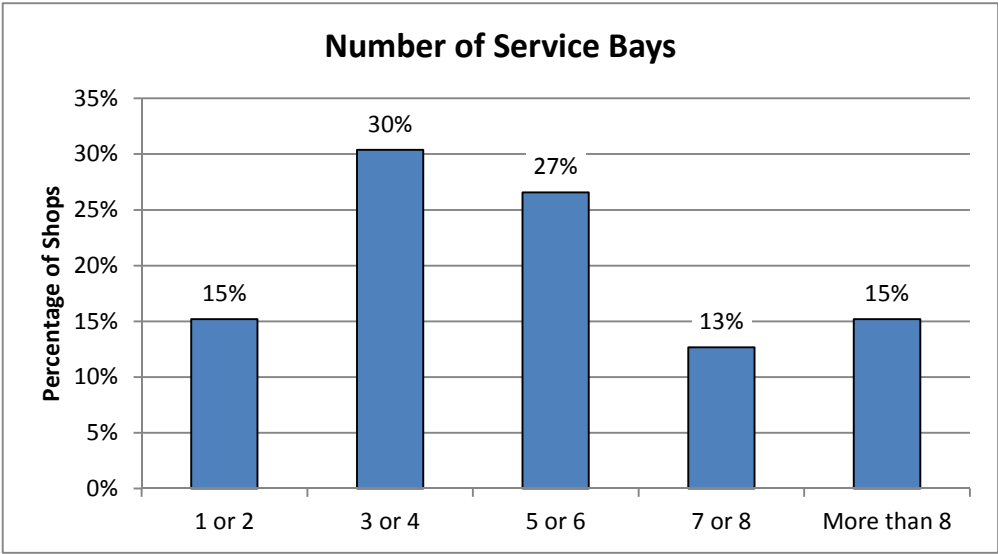
This report contains the results of 2 survey efforts. It is based on 2012 and 2013 surveys of subscribers of *Underhood Service* magazine. In some cases data from 2 or more of the Tech Group titles are summed. Note: any given chart or table may not sum to 100% due to rounding.

General Shop Data

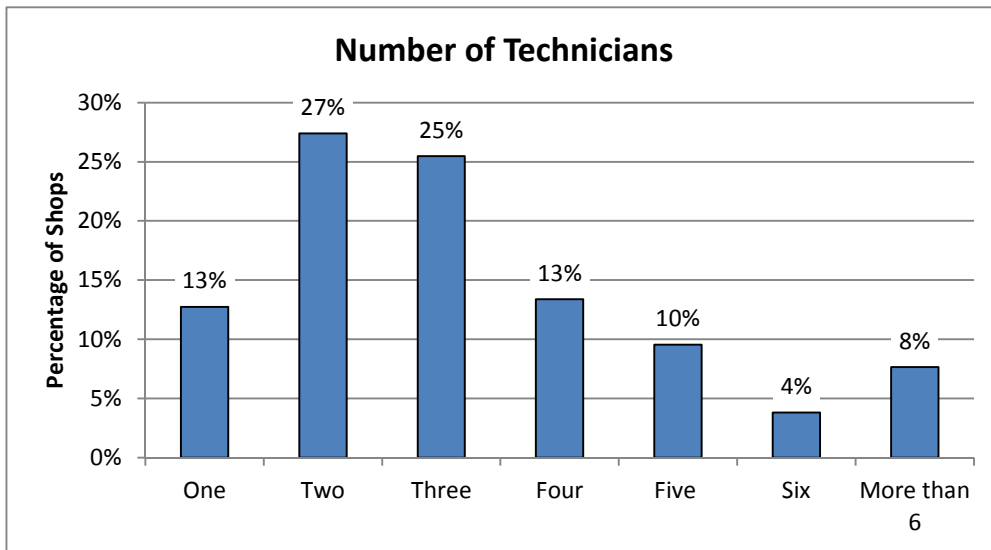
What is your title?



How many service bays do you have at this location?

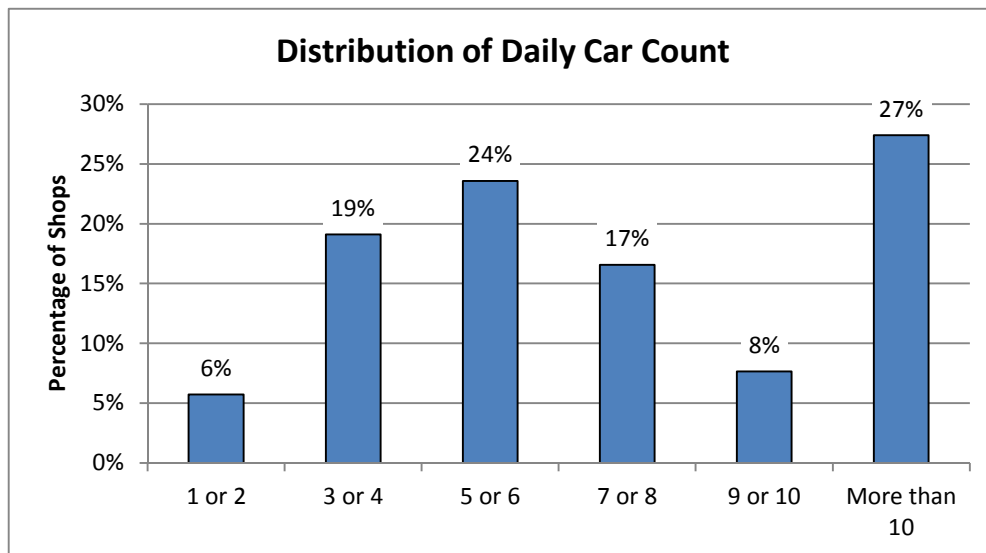


How many technicians are employed at this location?



Sixty-six percent of shops have between 2-4 technicians.

What is your average daily car count?



The largest segment of shops is seeing more than 10 jobs per day.

What percent of repair jobs are completed the same day the vehicle arrives?

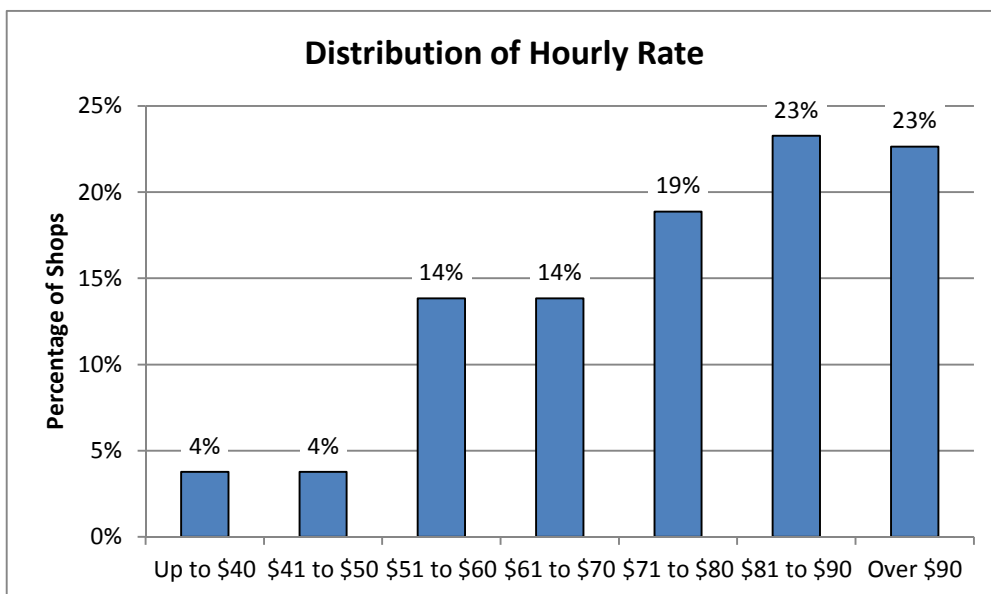
The vast majority of the shops gave a figure in the range of 80% or higher.

The average is 75% of jobs being completed the same day.

If a job is not completed the same day, what are the typical reasons why?

The vast majority of shops reported that the chief reason for jobs taking more than 1 day is parts availability. Some also noted that the job is a major repair requiring more than 1 day to finish and in some cases it is difficult to contact the customer to obtain authorization.

What is the hourly labor rate you charge customers?

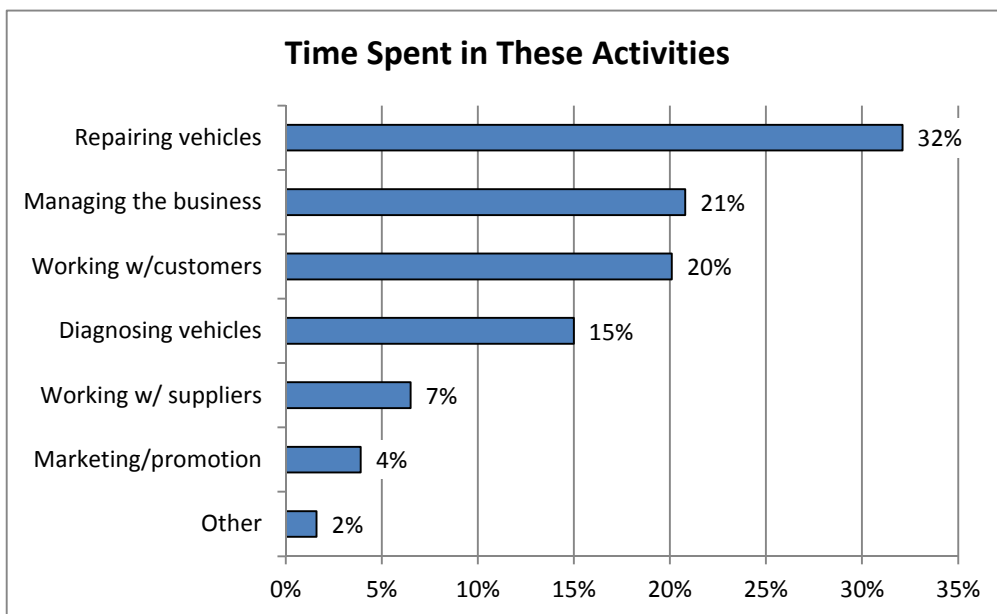


Do you charge for diagnostic time?

Yes	81%
No	<u>19%</u>
	100%

Shops charging for diagnostic time typically charge the same as their repair rate.

What percent of the time, in a typical week, do you spend on these activities?



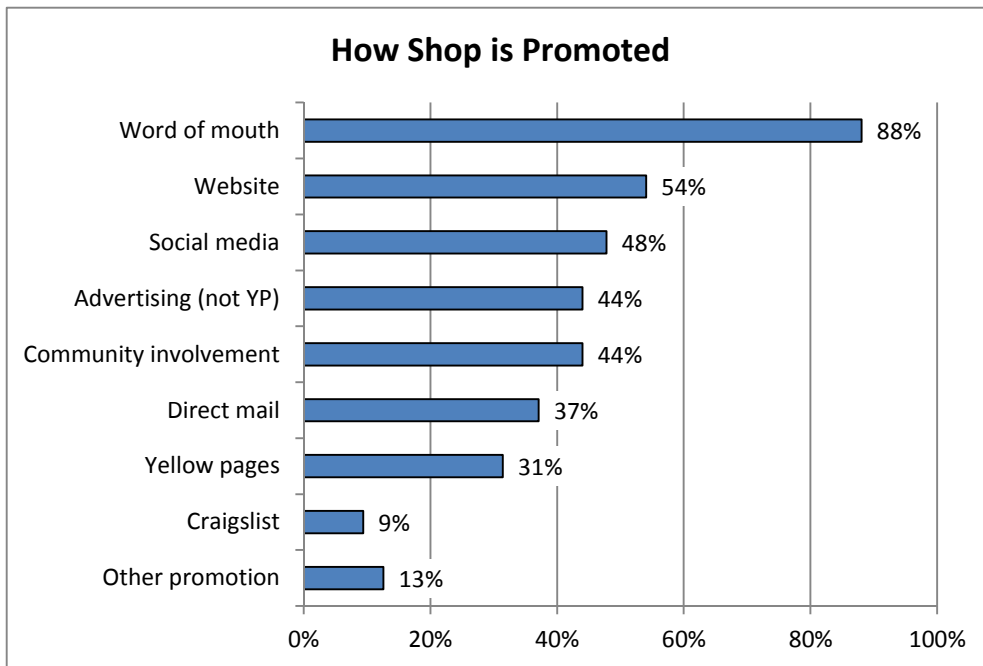
The chart shows the time spent on various activities during a typical week.

The numbers also show that about 87% of our respondents spend at least some of their time repairing vehicles but only 51% spend time marketing their business.

What would you estimate is the percentage of your business that is import nameplates ?

The average is 39%. Very few shops do not service import nameplates.

How do you promote your shop?



Some shops think access to OEM repair information is critical.

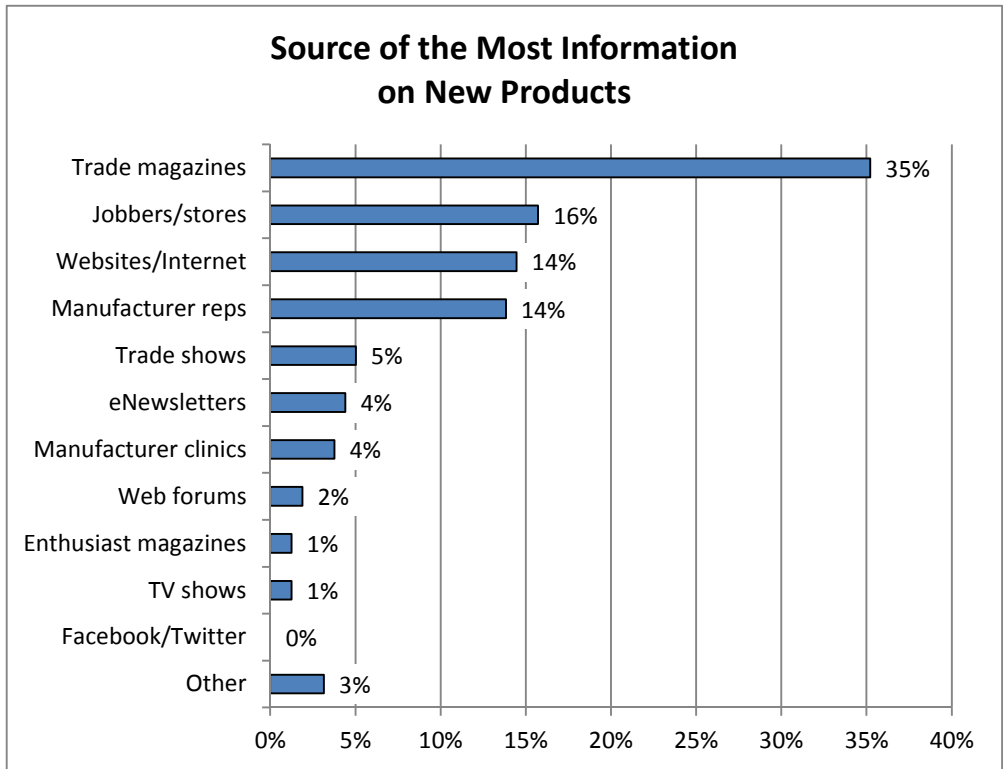
Can you find the repair information you need?

Do you subscribe to OEM repair info websites?

Do you think the cost of OEM sites is reasonable?

	<u>Yes</u>
Can find repair information	94%
Subscribes to OEM sites	49%
Cost of OEM sites reasonable	30%

Where do you receive the most information on new products?



Please mark your top 3 concerns regarding your business over the next year:

Car owners putting off maintenance/repairs	54%
Difficulty of repairs due to vehicle design	40%
Shop profitability	45%
Finding quality/trained employees	40%
Government regs/environmental concerns	35%
Finding vehicle repair information	25%
Competition from national service chains	9%
Competition from other independent shops	13%
Competition from car dealers	11%
Other concern	8%

What percentage of your business is from repeat customers?

	Combined
	<u>Tech Group</u>
Average	77.4%
Median	80%

How often do you perform a full inspection to identify potential maintenance/repair items?

	Combined
	<u>Tech Group</u>
Under 40% of the time	17%
40% to 60%	13%
60% to 80%	20%
80% or more	48%
Other	<u>2%</u>
	100%

Repair Parts and Suppliers

When you order vehicle parts how often do you specify the brand?

Always	16%
Frequently	47%
Sometimes	30%
Rarely	5%
Never	<u>1%</u>
	100%

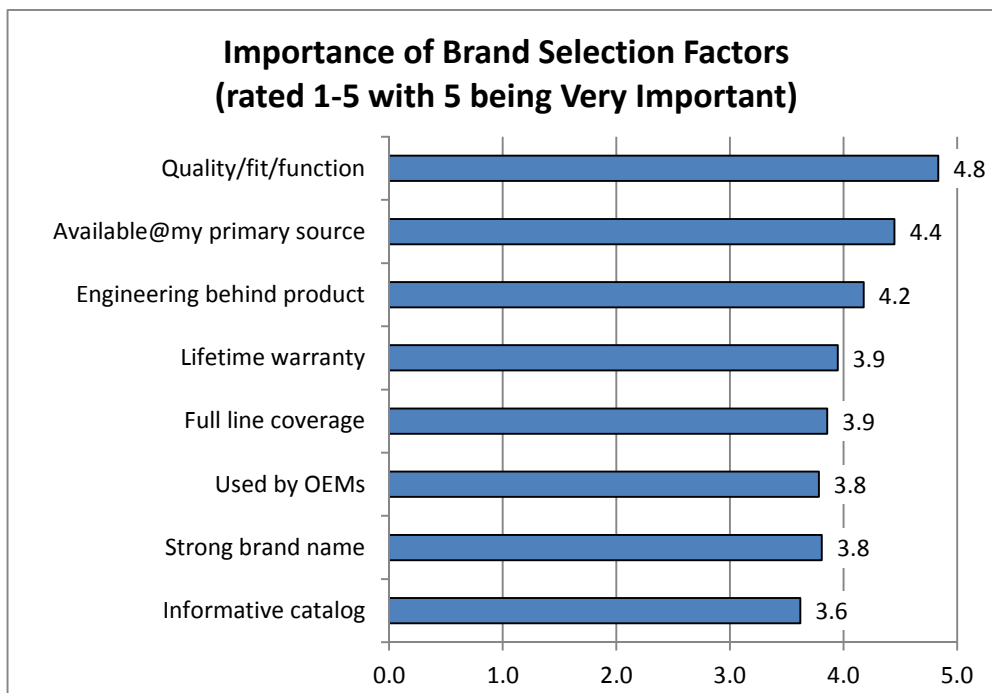
If you do not specify the brand is this because you already know what brand that vendor will supply?

Yes	83%
No	<u>17%</u>
	100%

How often do your customers specify a particular brand of replacement part for their vehicle?

Always	1%	The customer is unlikely to specify a brand.
Frequently	3%	
Sometimes	23%	
Rarely	59%	
Never	<u>13%</u>	
	100%	

How would you rate the importance of the following factors when deciding which brand or type of part to purchase?



How many jobbers (like NAPA or CARQUEST or independent locations), how many new car dealerships and how many retailers like AutoZone or Advance, do you purchase from each week, on average?

	<u>Jobbers</u>	<u>Dealers</u>	<u>Retailers</u>
Average	3.0	3.6	2.3
Median	2.0	3.0	2.0
% Buying any from	96%	96%	81%

Please indicate how your purchases of replacement parts break out:

	Combined
	<u>Tech Group</u>
Jobbers like NAPA, CARQUEST	44%
Retailers like AutoZone, Advance, O'Reilly	20%
Direct from the manufacturer	4%
New car dealership	15%
Expediter like WorldPac	9%
Online retailer other than above	3%
Other sources	<u>5%</u>
	100%

Please indicate how your purchases from these suppliers have changed over the last 2 years:

<i>Combined Tech Group</i>	Up	Up	Stayed	Down	Down
	<u>Over 10%</u>	<u>1% - 10%</u>	<u>the Same</u>	<u>1% - 10%</u>	<u>Over 10%</u>
Jobbers like NAPA, CARQUEST	18%	13%	43%	13%	13%
Retailers like AutoZone, Advance	15%	22%	46%	11%	6%
Direct from the manufacturer	2%	14%	69%	9%	6%
New car dealership	8%	17%	61%	10%	4%
Expediter like WorldPac	10%	19%	59%	7%	5%
Online retailer other than above	8%	21%	62%	3%	6%
Other sources	10%	8%	75%	3%	4%

(rows will sum to 100%)

What percentage of your total purchases of parts and fluids do you estimate you purchase from your "first call" supplier?

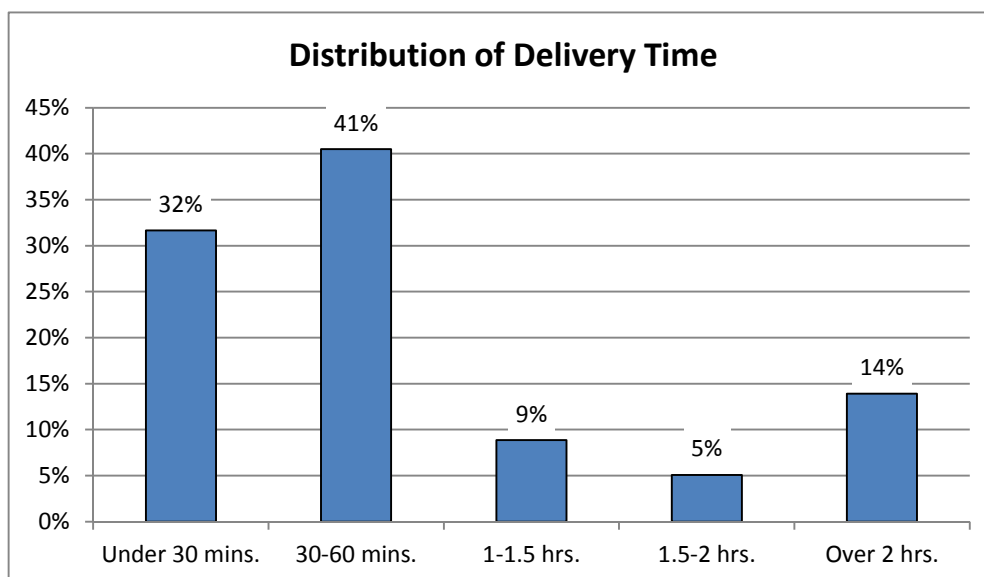
Percentage from "first call" supplier:	Combined
	<u>Tech Group</u>
Average	70%
Median	75%

When a parts supplier does not have the brand of product you specified, what do you do?

(multiple answers lead to a sum exceeding 100%)

Call another store	83%
Accept another brand	36%
Ask supplier to order	31%
Specify another brand	12%
Other	4%

When you don't have the part in stock, how long does it take for your local parts source to deliver it?



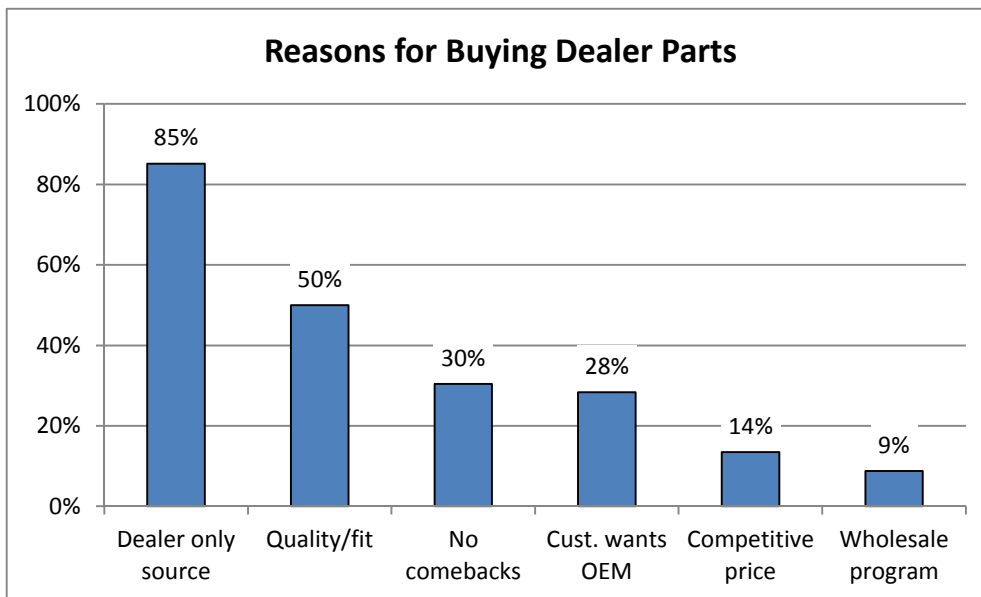
Over 70% of deliveries are made in an hour or less.

What types of parts do you normally order from a new car dealer?

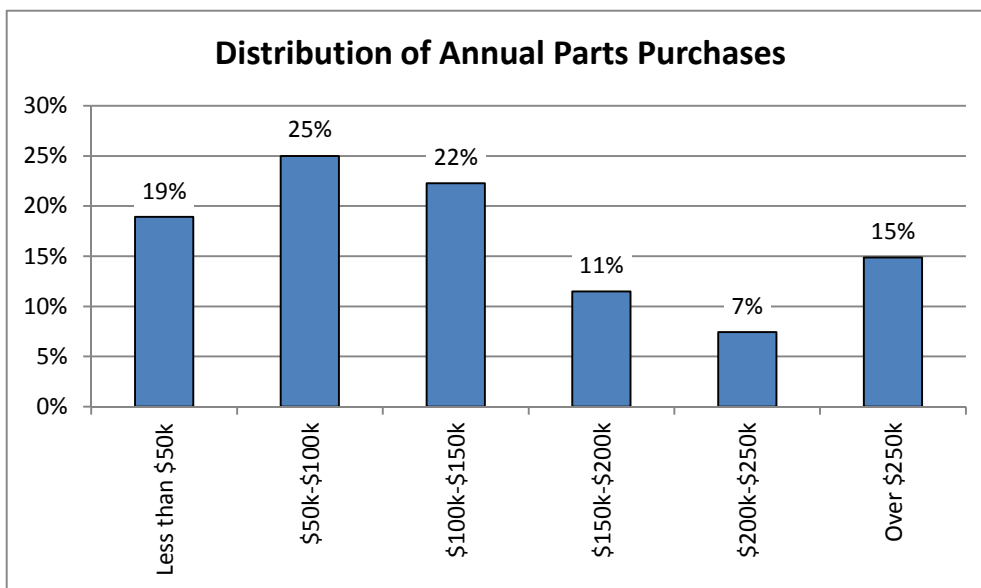
Electrical	71%	Drivetrain	26%
Emissions	68%	Fluids	25%
Fuel system	41%	Ride/Suspension	16%
Engine parts	40%	Brake parts	11%
Heating/cooling	30%	Filters	11%
		Other	11%

When you purchase a part from a new car dealership, what factors influence your decision to buy that part instead of an aftermarket part?

- | | |
|------------------------------------|-------------------|
| Dealer is only source for the part | Competitive price |
| Quality/fit | Fast delivery |
| No comeback expectation | Wholesale program |
| Customer wants OEM | Other |



What was the approximate value of parts your shop purchased from all sources in the past 12 months?



What percentage of all your parts do you purchase ONLINE without speaking to another person?

	Combined
	<u>Tech Group</u>
Less than 5%	37%
5% to 10%	9%
10% to 20%	6%
20% to 30%	6%
30% to 40%	5%
40% to 50%	6%
Over 50%	<u>31%</u>
	100%

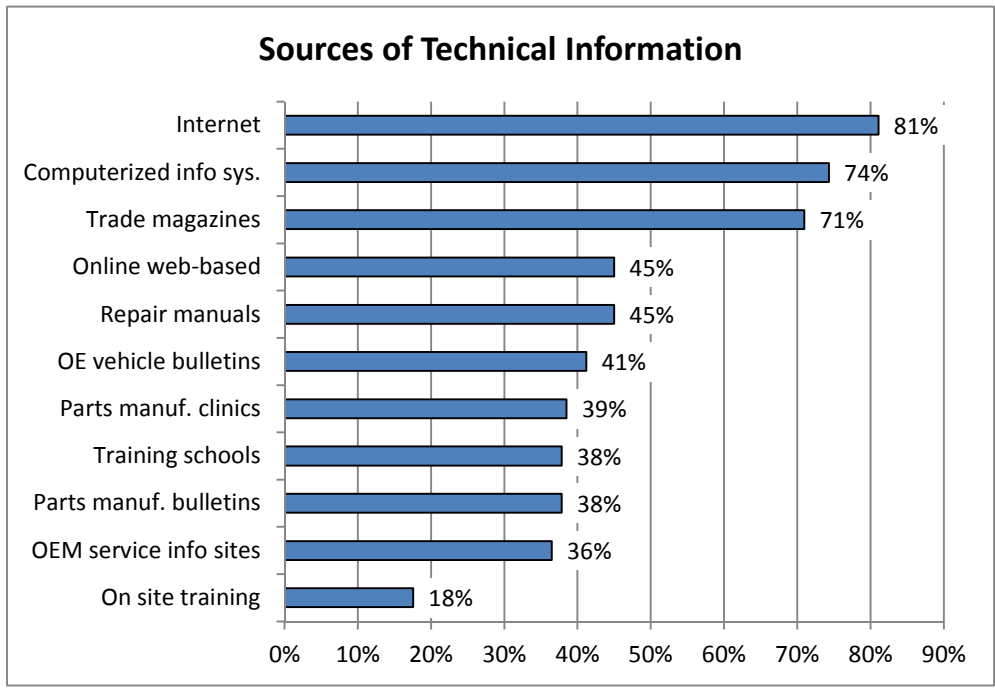
When was the last time your shop had a direct sales visit from a representative of a:

	Within <u>30 days</u>	Within <u>6 months</u>	6-12 <u>months</u>	Year or <u>longer</u>	Cannot <u>remember</u>	
Jobber	72%	8%	6%	4%	10%	100%
New car dealer	23%	14%	10%	6%	47%	100%
Retailer	42%	18%	6%	7%	28%	100%
Equipment supplier	25%	22%	18%	12%	23%	100%

Jobbers are the most effective in visiting the repair shops.

People Issues

Where do your technicians, including yourself, receive technical information?



What is the approximate annual earnings of your entry-level and experienced technicians?

	<u>Average</u>
Experienced technician	\$52,818
Entry-level tech	\$29,000

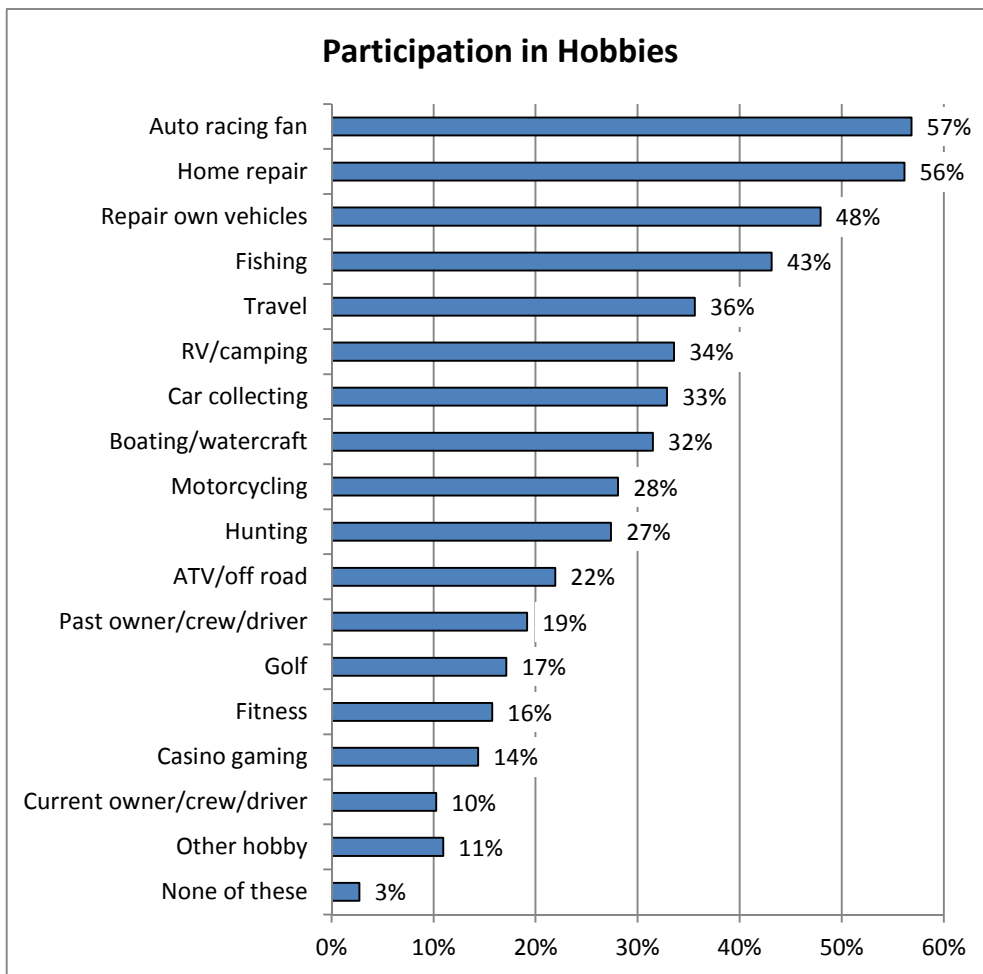
How do you compensate your technicians?

Hourly wage	48%
Flat rate	29%
Salary	<u>23%</u>
	100%

What is the average age of your technicians (include yourself if you work in the bays) and how old is your youngest technician?

	<u>Average</u>
Age of all technicians	43.6
Age of youngest technician	31.5

Please check all the hobbies/interests/activities you have:



Do you have a designated service writer/sales person/front counter help?

Yes 58%

Ownership of Digital Devices

Please indicate if you own any of the following digital devices:

	Combined <u>Tech Group</u>
Smartphone (Android, iPhone, Blackberry, etc.)	50%
Tablet/e-reader (iPad, Kindle, etc.)	34%
None of these	41%

Therefore, about 59% have at least one of these devices (some have both)

Special Section Relating to Selection of Store Brands, National Brands, OEM Parts

Please use this information to answer the next few questions:

Many types of replacement parts are available in several levels of quality and price:

National Brands: Parts that are available throughout the country at various retail/jobber/WD locations:

(Raybestos, Fel-Pro, Fram & Moog)

Store Brand: Parts which are exclusive to a parts retailer or jobber chain:

(Duralast, Wearever, Parts Master).

OE Supplier: Parts that are from manufacturers who supply parts to OEM's and the aftermarket:

(Denso, Delphi, Bosch, ACDelco & Motorcraft).

Dealer OES: Parts that are available only through new car dealers:

(GM, Ford, Toyota)

How do your purchases of parts differ if you are working on vehicles under 7 years old (2005 or newer) versus those over 7 years old (2004 or older)?

Six vehicle populations were called out for Underhood Service and Brake & Front End:

Domestic cars	Older vs. Newer
Japanese cars (Toyota, Honda, Nissan)	Older vs. Newer
European cars (VW, Volvo, etc.)	Older vs. Newer

Import cars (Honda, Toyota, Nissan)

High-end Japanese import cars (Lexus, etc.)	Older vs. Newer
---	-----------------

High-end European import cars (BMW, etc.)	Older vs. Newer
---	-----------------

Older vs. Newer

Eight parts categories were called out:

Rotating Electrical	Ignition parts	Motor oil
Brake parts	Filters	Fuel pumps
Suspension parts	Sensors	

We will review the results by part category for the combined Underhood Service and Brake & Front End population, then cover the ImportCar results.

Combined *Underhood Service* and *Brake & Front End* populations:

Rotating Electrical	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Domestic cars	45%	23%	26%	6%	100%
Working on 2004 or older Domestic cars	47%	36%	15%	3%	100%
Working on 2005 or newer Japanese cars	42%	20%	27%	12%	100%
Working on 2004 or older Japanese cars	45%	31%	20%	4%	100%
Working on 2005 or newer European cars	40%	12%	28%	20%	100%
Working on 2004 or older European cars	42%	24%	26%	8%	100%

Combined Underhood Service and Brake & Front End populations:

Ignition Parts	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Domestic cars	46%	14%	32%	8%	100%
Working on 2004 or older Domestic cars	47%	36%	15%	3%	100%
Working on 2005 or newer Japanese cars	46%	15%	27%	12%	100%
Working on 2004 or older Japanese cars	46%	26%	23%	5%	100%
Working on 2005 or newer European cars	39%	8%	32%	21%	100%
Working on 2004 or older European cars	43%	20%	27%	10%	100%

Motor Oil	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Domestic cars	67%	25%	8%	1%	100%
Working on 2004 or older Domestic cars	63%	32%	4%	1%	100%
Working on 2005 or newer Japanese cars	63%	24%	9%	4%	100%
Working on 2004 or older Japanese cars	61%	31%	7%	2%	100%
Working on 2005 or newer European cars	57%	23%	10%	10%	100%
Working on 2004 or older European cars	59%	26%	9%	5%	100%

Brake Parts	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Domestic cars	62%	25%	11%	2%	100%
Working on 2004 or older Domestic cars	62%	30%	7%	1%	100%
Working on 2005 or newer Japanese cars	56%	23%	13%	7%	100%
Working on 2004 or older Japanese cars	57%	30%	9%	3%	100%
Working on 2005 or newer European cars	49%	19%	20%	11%	100%
Working on 2004 or older European cars	52%	27%	16%	5%	100%

Combined Underhood Service and Brake & Front End populations:

Suspension Parts	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Domestic cars	67%	20%	12%	2%	100%
Working on 2004 or older Domestic cars	66%	27%	6%	1%	100%
Working on 2005 or newer Japanese cars	58%	20%	14%	7%	100%
Working on 2004 or older Japanese cars	61%	29%	8%	2%	100%
Working on 2005 or newer European cars	52%	18%	18%	12%	100%
Working on 2004 or older European cars	55%	25%	15%	5%	100%

Filters	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Domestic cars	51%	36%	12%	1%	100%
Working on 2004 or older Domestic cars	53%	40%	5%	2%	100%
Working on 2005 or newer Japanese cars	52%	34%	9%	5%	100%
Working on 2004 or older Japanese cars	51%	40%	7%	3%	100%
Working on 2005 or newer European cars	47%	28%	14%	10%	100%
Working on 2004 or older European cars	49%	33%	12%	6%	100%

Fuel Pumps	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Domestic cars	47%	12%	33%	9%	100%
Working on 2004 or older Domestic cars	48%	20%	25%	6%	100%
Working on 2005 or newer Japanese cars	45%	11%	28%	15%	100%
Working on 2004 or older Japanese cars	48%	18%	24%	9%	100%
Working on 2005 or newer European cars	39%	9%	30%	22%	100%
Working on 2004 or older European cars	44%	14%	31%	11%	100%

Combined Underhood Service and Brake & Front End populations:

Sensors	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Domestic cars	43%	8%	36%	13%	100%
Working on 2004 or older Domestic cars	44%	23%	25%	8%	100%
Working on 2005 or newer Japanese cars	40%	11%	28%	21%	100%
Working on 2004 or older Japanese cars	43%	22%	21%	14%	100%
Working on 2005 or newer European cars	38%	8%	26%	27%	100%
Working on 2004 or older European cars	40%	17%	25%	18%	100%

Data from ImportCar subscribers:

Rotating Electrical	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Japanese cars	27%	15%	40%	19%	100%
Working on 2004 or older Japanese cars	29%	22%	39%	9%	100%
2005 or newer high-end Japanese cars	26%	7%	41%	25%	100%
2004 or older high-end Japanese cars	29%	20%	38%	13%	100%
2005 or newer high-end European cars	21%	7%	43%	28%	100%
2004 or older high-end European cars	26%	13%	45%	17%	100%

Ignition Parts	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Japanese cars	27%	11%	42%	21%	100%
Working on 2004 or older Japanese cars	31%	17%	40%	11%	100%
2005 or newer high-end Japanese cars	26%	5%	45%	24%	100%
2004 or older high-end Japanese cars	34%	12%	38%	15%	100%
2005 or newer high-end European cars	19%	5%	45%	30%	100%
2004 or older high-end European cars	27%	10%	48%	16%	100%

Data from *ImportCar* subscribers:

Motor Oil	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Japanese cars	53%	23%	20%	4%	100%
Working on 2004 or older Japanese cars	54%	25%	20%	1%	100%
2005 or newer high-end Japanese cars	53%	17%	27%	3%	100%
2004 or older high-end Japanese cars	57%	21%	21%	2%	100%
2005 or newer high-end European cars	53%	18%	26%	3%	100%
2004 or older high-end European cars	56%	21%	21%	1%	100%

Brake Parts	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Japanese cars	42%	20%	31%	8%	100%
Working on 2004 or older Japanese cars	44%	23%	27%	5%	100%
2005 or newer high-end Japanese cars	38%	13%	37%	13%	100%
2004 or older high-end Japanese cars	43%	22%	28%	6%	100%
2005 or newer high-end European cars	28%	16%	39%	17%	100%
2004 or older high-end European cars	39%	17%	37%	8%	100%

Suspension Parts	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Japanese cars	50%	12%	31%	8%	100%
Working on 2004 or older Japanese cars	48%	20%	25%	6%	100%
2005 or newer high-end Japanese cars	43%	5%	36%	16%	100%
2004 or older high-end Japanese cars	47%	18%	27%	8%	100%
2005 or newer high-end European cars	29%	13%	38%	20%	100%
2004 or older high-end European cars	38%	15%	38%	9%	100%

Data from *ImportCar* subscribers:

Filters	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Japanese cars	42%	27%	22%	9%	100%
Working on 2004 or older Japanese cars	45%	28%	21%	6%	100%
2005 or newer high-end Japanese cars	39%	20%	32%	9%	100%
2004 or older high-end Japanese cars	43%	24%	26%	6%	100%
2005 or newer high-end European cars	37%	17%	38%	9%	100%
2004 or older high-end European cars	41%	22%	32%	4%	100%

Fuel Pumps	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Japanese cars	24%	11%	41%	24%	100%
Working on 2004 or older Japanese cars	32%	18%	33%	17%	100%
2005 or newer high-end Japanese cars	20%	7%	43%	30%	100%
2004 or older high-end Japanese cars	27%	15%	36%	22%	100%
2005 or newer high-end European cars	14%	7%	51%	28%	100%
2004 or older high-end European cars	22%	12%	45%	22%	100%

Sensors	Mostly	Mostly	Mostly OE	Mostly	
	<u>National</u>	<u>Store</u>	<u>Supplier</u>	<u>Dealer OES</u>	
Working on 2005 or newer Japanese cars	18%	9%	39%	34%	100%
Working on 2004 or older Japanese cars	25%	16%	35%	24%	100%
2005 or newer high-end Japanese cars	14%	6%	42%	38%	100%
2004 or older high-end Japanese cars	21%	13%	38%	28%	100%
2005 or newer high-end European cars	15%	5%	42%	37%	100%
2004 or older high-end European cars	17%	12%	42%	29%	100%

How many repair jobs require you to go online to access technical information from computerized information systems (Mitchell1, ALLDATA, etc.)?

Fewer than 1 per day	7%
1 to 5	54%
6 to 10	25%
11 or more	11%
All of them	1%
None	<u>2%</u>
	100%

New Technologies

Please indicate if you work on some of these newer technologies in the vehicle population:

Yes, we are doing these now / No, but planning to / No

Combined Tech Group	Doing	Planning	No	Total
	<u>Now</u>	<u>To</u>		
Air ride suspension	81%	8%	11%	100%
Forced induction systems	73%	9%	18%	100%
Security & entry	65%	11%	24%	100%
CAN BUS diagnostics	64%	16%	20%	100%
ESC (electronic stability control)	59%	22%	19%	100%
Active dampening systems	54%	24%	22%	100%
Gasoline direct injection	53%	31%	16%	100%
Hybrid vehicles	42%	29%	29%	100%
Common rail diesel injection	40%	16%	44%	100%
Module reflashing/reprogramming	39%	31%	30%	100%
Direct shift gearbox (DSG)	25%	30%	45%	100%
Particulate exhaust filters	27%	28%	45%	100%

if you DO NOT service some or all of the emerging technologies how do you deal with customers needing those repairs?

	Combined <u>Tech Group</u>
Usually send to an OEM dealer	60%
Usually send to an independent shop I trust	32%
Other	<u>8%</u>
	100%

Please indicate how often your shop receives a visit from these tool truck vendors:

<i>Combined Tech Group</i>	Visit <u>Often</u>	Visit <u>Occasionally</u>	Never <u>Visit</u>	
Snap-on	62%	19%	19%	100%
Cornwell	20%	9%	71%	100%
Mac Tools	28%	15%	57%	100%
Matco	34%	15%	51%	100%

What is your age?

	Combined <u>Tech Group</u>
Under 36	1%
36 to 40	3%
41 to 45	7%
46 to 50	21%
51 to 55	27%
56 to 60	21%
61 or older	<u>20%</u>
	100%

Do you have a website for your business?

	Combined
	<u>Tech Group</u>
Yes	57%
No	28%
No, but planning to	<u>15%</u>
	100%

What is the average total annual sales at this location? (will be confidential)

	Combined
	<u>Tech Group</u>
Under \$100,000	13%
\$100,000 to \$200,000	11%
\$200,000 to \$300,000	8%
\$300,000 to \$400,000	10%
\$400,000 to \$500,000	7%
\$500,000 to \$750,000	16%
\$750,000 to \$1 million	10%
Over \$1 million	12%
Prefer not to answer	<u>14%</u>
	100%