COMPREHENSIVE STUDY PROVIDES IMPORTANT INSIGHTS

Together with respected research firm TKP, the Australian Automotive Aftermarket Association has recently uncovered important insights from a survey of 1,500 Australian car owners

The insights found from this major research initiative conducted on behalf of our members will help us to ensure our broad understanding of the behaviour of Australian car owners is as accurate as possible in relation to actions around maintaining and enhancing vehicles, purchasing behaviours for parts and accessories, attitudes around emerging trends, and lots more.

We are very pleased to be able to present to our valued members the results of this survey as part of our commitment to providing accurate and up-to-date information on industry dynamics and trends. It is our hope that having this information at-hand will enable all members to make better-informed decisions on how they adapt their businesses to respond to the rapid changes taking place in the industry.

We intend to repeat the survey annually so we can keep track of any changes in consumer behaviour and trends over time, while also using the opportunity to 'deep dive' into a particular area within each survey. This year the focus of the 20-minute, nationwide survey of car-owners who serviced their vehicle in the last year centered upon the rationale consumers use to select a repairer and the key drivers of consumer satisfaction. It is our sincere hope you will find this information useful in moving your businesses forward into the future.

While the full report is available free of charge to all AAAA members, I would like to cover off on some key points here. You can also read more about the report findings on page 8 of this magazine.

Background facts and figures

Throughout the course of the survey, it was uncovered that 72 percent of Australian car owners have purchased an accessory or had a service in the last 12 months. What does this mean? Quite simply, the pool of customers is huge.

A quarter of those surveyed identified as a car enthusiast, while a significant one in six said they enjoy lifting the bonnet. While it might be easy to assume otherwise, we were interested to note that those who enjoyed tinkering under the hood did not necessarily identify as car enthusiasts – instead they noted some of their rationale in 'tinkering' is motivated by saving money, rather than in automotive passion.

Interestingly when it came to modifications, only 15 percent of the cars on the road were found to have been modified for performance or appearance purposes – this figure does not include roof racks, tow bars and so forth.

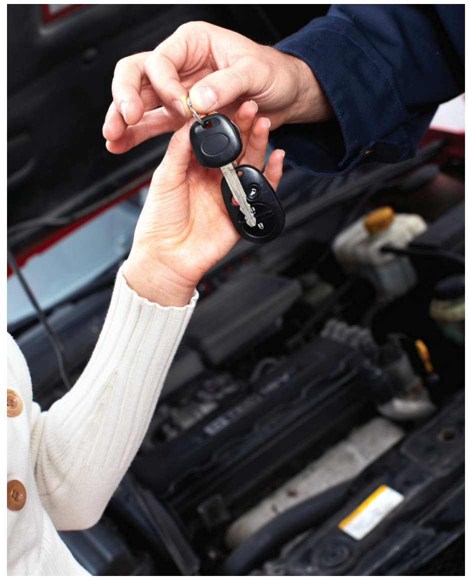
Emerging Trends

Also of interest is the fact that some 27 percent of consumers surveyed would much rather book a service online than phone the workshop directly. We expect this percentage to grow significantly over the next two years, and therefore this is a key aspect for all businesses in the automotive aftermarket to consider in their planning for the future.

TKP also found that when it came to electric/hybrid cars that there was significant interest reported with one in three survey respondents noting an interest in purchasing an electric/hybrid car if the car was affordable.

Gender in accessory and service buying

The survey uncovered that females are significant decision-makers when it comes to servicing, with some 44 percent of car services commissioned by females and two in five purchasing an accessory. What does this mean? It is not a case of 'one size



fits all' when it comes to your customers. If you are not considering females in your product and marketing choices, you may be missing the mark with this segment and therefore, a valuable opportunity.

Key items to note when looking to market to women include that they are more likely to choose a workshop because of a recommendation; are more price focused; are less trusting of mechanics; are more open to using aftermarket parts; are less confident; and are more likely to be satisfied when a service is done on time by a mechanic who is open and honest, at a workshop which is open at convenient hours.

It is also worth considering the fact that half of the females surveyed believed new cars need to be serviced by a dealership to keep their warranty. Whilst on average women currently drive older cars and use a non-dealer workshop more, you risk losing them when they get a new car if you don't keep this trend in mind when planning how you communicate with the female market.

Type of workshop

When you combined independents with chains and mobile mechanics, approximately 60 percent of all customers surveyed used an independent aftermarket workshop rather than a dealership. Unsurprisingly there was a direct correlation between the age of the vehicle and the choice of repairer with car dealerships maintaining the dominant market share for cars under five years however the balance begins to tip in favour of the independents after six years of car-ownership. This is primarily influenced by warranties and programs such as capped and fixed priced servicing and is an area that we as an industry must get better at countering if we are to grow our market share in younger vehicles.

When it came to the triggers for servicing, the length of time and the number of kilometres were found to be of comparable key importance, while very few respondents who had visited an independent workshop had been contacted with a reminder their service was due, whereas 13 percent of those who had visited dealers were contacted. This highlights a key opportunity for workshops to encourage more repeat business through proactive consumer communications.

Drivers of choice

It was very clear from the responses that the choice of workshop centres around the people who work there, with 36 percent stating the mechanic's skills and training was a key part of their decision making process. Further, it was noted when it comes to independent workshops, 'people' were found to be a particular strength.

A workshop's reputation was noted as the second most important driver, but a long way behind 'people', while the third tier was spread across items such as additional services (hire cars etc), parts used or offered, convenience (location, opening hours) and whether the workshop is linked to a dealer.

Price was last and definitely least, failing to appear as a significant factor with only five percent listing price as their primary driver of choice. While this does not mean you can charge what you like, it is good news that price is not a major driver of workshop choice or retention. Further reflecting this position is the fact that only one in four respondents got a quote before booking their work.

It was also found that consumers trust independent workshops more than they trust dealer workshops with relationships with consumers being key here. This area is discussed in more detail on page 8 of this magazine.

Loyalty, satisfaction and recommendations

Consumers were found to generally be loyal to the place they decide to have their car serviced and this was the case for both independents and dealer workshops. However, it was found independent workshops tended to have longer relationships with customers than their dealer counterparts.

When we looked at the proportion of customers who were completely satisfied with their service, independents were found to be leading followed by chains and then dealerships. However, 39 percent of independent workshop customers noted they were not completely satisfied – clearly, there is still a tremendous opportunity to increase satisfaction.

With satisfaction having a key correlation to the likelihood of customers to recommend your workshop and also loyalty, it is important to ensure your consumers are satisfied. Other initiatives such as customer referral schemes can also assist in this area.

Attitudes to dealership servicing

Dealership servicing was found to be built around a number of misconceptions around a dealership being more likely to service to manufacturer specifications (16 percent disagreed/56 percent agreed); newer cars being better off being serviced by the dealer (20 percent disagreed/50 percent agreed); the idea that having a dealer stamp their logbook is better for resale than an independent stamp (22 percent disagreed/44 percent agreed); and new cars must be serviced by a dealer to keep their warranty (39 percent disagreed/39 percent agreed).

While we know these statements are not true, it is important we consider these consumer beliefs and work to counter them to uncover opportunities for independent workshops.

Service Agreements

The independent channel is faced with the significant issue of the rise and rise of service agreements. The survey found one in four cars currently on the road are covered by a service agreement, most commonly capped or fixed price agreements. Three quarters of the cars sold in 2017 had some sort of service agreement and the penetration of service agreements has been steadily increasing for the last seven years.

Whilst many consumers tended to question the value for money of these agreements, with 39 percent agreeing with the statement 'capped or fixed price servicing is a rip off', many who did have service agreements were found to like them. Looking to combat the rise of service agreements in the coming years is an important focus point for everyone in the aftermarket industry.

Parts and Accessories

The opportunity for suppliers appears significant as consumers appear open to aftermarket parts with nearly half agreeing alternative brands are as good or better than genuine parts. Whilst 35 percent stated they will only fit car manufacturer branded parts, TKP hypothesises this is reflective of the 38 percent who believe they need to fit 'genuine parts' to maintain warranties, and so there is still ample opportunity to educate consumers.

When it comes to the choice of parts, it was found this can have an impact on a customer's satisfaction with their service. A third of those who were not offered choice said they wanted it, so offering a choice of parts could present an opportunity to increase satisfaction.

Nearly half of the Australian population had bought either a part, accessory or car care product in the last year. Car care and accessories lead the way as the most commonly purchased products followed by oils and additives and parts. Unsurprisingly, when it came to where they are buying from, auto retailers dominated while online seemed low – for now. TKP reports its work across a number of organisations shows the online sphere is growing and there is no evidence to suggest the pace of this growth will wane any time soon. Therefore it is undeniable that online selling is a key area to focus on as it is an important channel for all businesses looking to sell to consumers in the future.

Access the full report

This is just a quick look at the highlights from this very comprehensive survey, but we hope it has given you an informative overview of the kind of insights and information you can expect when accessing the full report from the AAAA.

To access your free copy of the report, AAAA members can contact Briana Bale in the National Office on 03 9545 3333 or email admin@aaaa.com.au

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