Annual Automotive Workshop Business Performance and Confidence Research

Baseline Report

2018

Prepared for: AAAA

Prepared by: ACA Research

Content

Objectives & Methodology

The overarching goal of the research is to assess Mechanics' sentiment around workshop performance and management, as well as current and future trends in the market.

The specific research objectives of this study are to:

- Understand how workshops are performing and the outlook for the future.
- Understand how mechanics currently manage their business.
- Identify current and future market trends.
- Understand the business strategies that mechanics are adopting going forwards.
- Understand the business challenges that mechanics are likely to face in future.
- Explore current levels of AAAA membership and the aspects of membership that are viewed most positively.

Sample

- A total of **250** decision-makers within independent automotive service & repair workshops across Australia participated in the research.
- Quotas were set to ensure subgroup analysis would be possible by state:

State	Quota
Sydney	45
Rest of NSW/ACT	30
Melbourne	36
Rest of Vic, TAS	24
Brisbane	30
Rest of QLD	20
Adelaide	18
Rest of SA/NT	12
Perth	21
Rest of WA	14
TOTAL SAMPLE	**250**

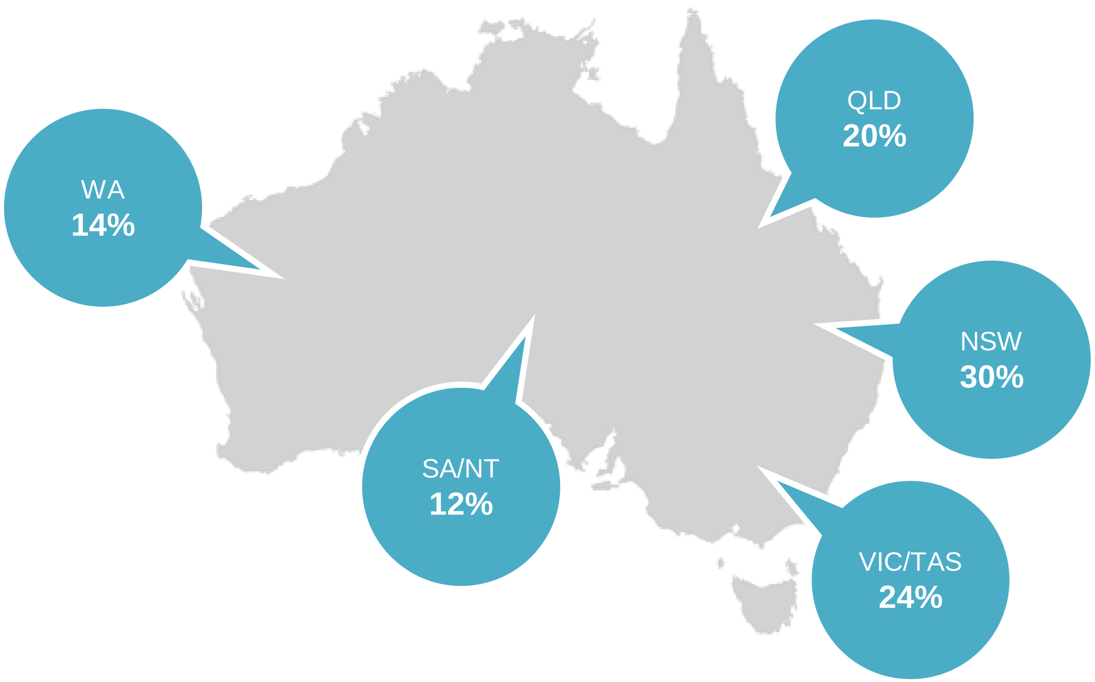
Fieldwork

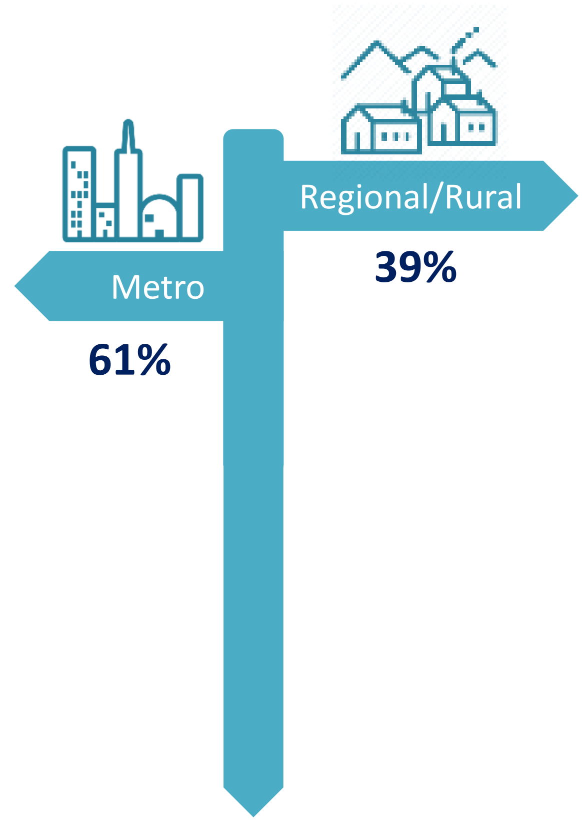
- A quantitative telephone methodology was used.
- Interviews were completed between 14th March and 27th April 2018.

Sample Profile

Our sample includes workshops across all states, including a good split of metro and regional areas

Business location



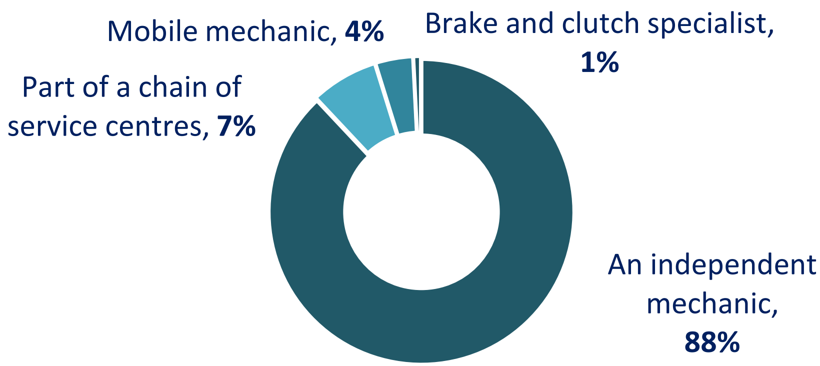


Base: All respondents (n=250)
S4. Where is your business located?

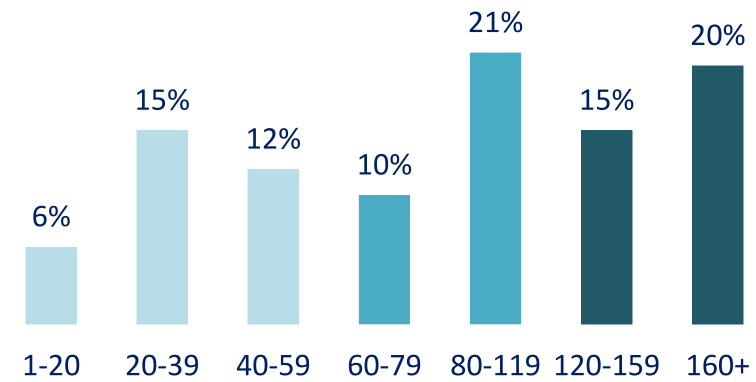
The sample is proportionately distributed across the country, allowing for robust analysis by state

Our sample is focussed to independent mechanical workshops, with most having three or more service bays

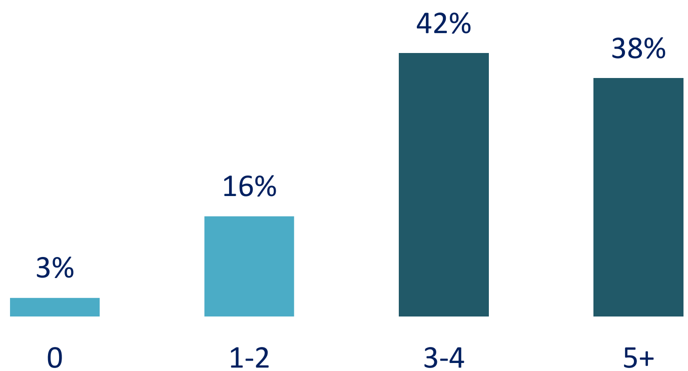
Workshop Type



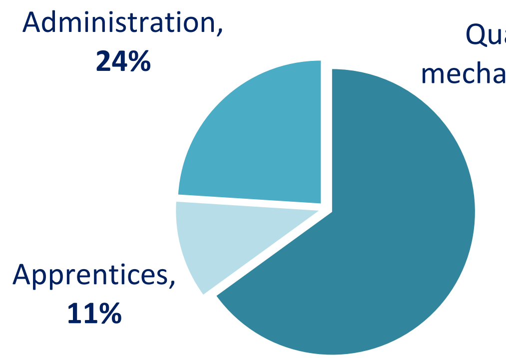
Number of vehicles serviced/repaired in last month



Service bays



Share of staff



Average per workshop
3 qualified mechanics
1 Administrative staff member
1 Apprentice

Base: All respondents (n=250)
S1. Is your business primarily…? / S2. How many vehicles did your business service or repair in the last month? / A1. How many service bays do you have at your workshop?/ A2. How many staff do you employ at your workshop?

One in three workshops are servicing more than 120 vehicles a month, indicating a healthy level of demand

Business Performance

Many mechanics are positive about the health of their business, with four in ten saying their businesses has maintained demand or grown in the last year

Change in number of vehicles serviced per month in <u>last</u> 12 months

	Independent Mechanic	Other business	0 - 59 vehicles	60-199 vehicles	120+ vehicles	NSW	QLD	VIC	SA/NT	WA
N =	220	30	82	79	89	75	50	24	30	35
Increase	46%	30%	24%	52%	55%	40%	48%	58%	50%	31%
Stay the same	32%	47%	41%	33%	28%	31%	28%	29%	47%	43%
Decrease	22%	23%	34%	15%	17%	29%	24%	13%	3%	26%
NET GROWTH	**24**	**7**	**-10**	**37**	**38**	**11**	**24**	**46**	**47**	**6**

Base: All respondents (n=250)
A10. Would you say that the average number of vehicles you service per month has increased, decreased or stayed the same, compared to the previous 12 months?

There is however a substantial cohort saying the number of vehicles serviced has declined, raising concerns about their ability to sustain the business on an ongoing basis

Looking to the future, mechanics are however more optimistic about the outlook for the year ahead, with just under half expecting demand to grow further

Expected change in number of vehicles serviced per month in next 12 months

	Independent Mechanic	Other business	0 - 59 vehicles	60-199 vehicles	120+ vehicles	NSW	QLD	VIC	SA/NT	WA
N =	220	30	82	79	89	75	50	24	30	35
Increase	48%	50%	37%	53%	55%	41%	58%	50%	50%	49%
Stay the same	46%	40%	50%	47%	39%	51%	36%	50%	47%	43%
Decrease	6%	10%	13%	0%	6%	8%	6%	0%	3%	9%
NET GROWTH	**42**	**40**	**23**	**53**	**49**	**33**	**52**	**50**	**47**	**40**

Base: All respondents (n=250)
A11. Looking ahead 12 months, would you say that the average number of vehicles you service per month will increase, decrease or stay the same?

Mechanics seem to feel more confident in their future prospects, although more than half still see the business as generally static over this period

Those expecting growth anticipate that this will primarily be driven through increased marketing efforts, and building on positive recommendations

Why expect number of vehicles serviced to increase

21%	Advertising/Marketing	*"For the first time we are doing some advertising to gain more customers."*
20%	Positive word-of-mouth	*"We do good work, our name is getting out there and I'm getting more and more recommendations."*
14%	Additional staff/expanding business	*"We have three mechanics on board, we have more mechanics now than last year."*
14%	Increased demand	*"We are just getting more work and more customers."*
7%	Customers turning away from dealers	*"Customers are realizing they don't have to go back to genuine dealers."*

Base: Businesses expecting number of vehicles serviced to increase (n=121)
A12. Why do you expect the average number of vehicles you service per month will increase?

Growth expectations are built on solid foundations, with these mechanics actively working to create a growth environment within their business

By indexing previous growth against expected growth, we can isolate three segments within the sample – Leaders, Business As Usual and At Risk

Workshop segmentation

		Change in number of vehicles serviced in past 12 months		
		Increase	**Stayed the same**	**Decreased**
Expected change in number of vehicles serviced in next 12 months	**Increase**	33%	11%	4%
	Stay the same	10%	23%	12%
	Decrease	0%	0%	6%

Leaders: 33%

Business As Usual: 44%

At Risk: 22%

Base: All respondents (n=250)
A10. Would you say that the average number of vehicles you service per month has increased, decreased or stayed the same, compared to the previous 12 months?
A11. Looking ahead 12 months, would you say that the average number of vehicles you service per month will increase, decrease or stay the same?

Almost half of Australian independent workshops are operating on a business-as-usual plan; Leaders are likely to be the early adopters of market trends

By profiling each segment we see that the Leaders skew larger, whereas At Risk are more likely to work in smaller operations

Segment Profiles

	Leaders	Business As Usual	At Risk
Type of Business			
Independent Mechanic	90%	86%	88%
Other Business	10%	14%	12%
Number of vehicles serviced			
1-59 vehicles	14%	36%	53%
60-199 vehicles	37%	33%	21%
120+ vehicles	48%	31%	26%
Service Bays			
0-2	12%	18%	22%
3-4	42%	47%	33%
5+	46%	35%	35%
Annual Turnover*			
<$499,999	37%	48%	67%
$500,000 - $999,999	31%	33%	16%
$1,000,000+	31%	19%	16%

Base: All respondents (n=250); Leaders (n=83); Business As Usual (n=110); At Risk (n=57)
S1. Is your business primarily…? / S2. How many vehicles did your business service or repair in the last month? / A2. How many staff do you employ at your workshops?/ S4. Where is your business located?

***Excluding those who answered 'prefer not to say'**

Leaders are more effective at generating higher levels of business within their workshop

At Risk workshops are more likely to be found in metro areas, typically sourcing a higher proportion of their business from private customers

Segment Profiles

	Leaders	Business As Usual	At Risk
Regional/Metro			
Metro	59%	59%	67%
Regional	41%	41%	33%
State			
NSW	25%	28%	40%
VIC	30%	22%	19%
QLD	19%	20%	21%
SA/NT	16%	15%	2%
WA	10%	15%	18%
Source of Business			
Private	71%	74%	76%
Business	21%	20%	17%
Government	2%	2%	2%
Referrals from workshops	5%	5%	5%

Base: All respondents (n=250); Leaders (n=83); Business As Usual (n=110); At Risk (n=57)
S4. Where is your business located?/ C3. What proportion of your turnover comes from the following sources?

Leaders and Business As Usual appear slightly more effective at picking up business customers

Leaders also skew younger, but are less likely to be the business owner

Segment Profiles

	Leaders	Business As Usual	At Risk
Role within Business			
Owner	70%	77%	81%
Manager	18%	11%	16%
Admin / accounts	11%	7%	4%
Mechanic	0%	5%	0%
Age*			
18-35	17%	11%	4%
36-45	31%	22%	21%
46-55	40%	35%	47%
56+	13%	33%	28%
Average number employees			
Qualified mechanics	3	3	2
Apprentices	1	0	1
Administration	1	1	1
Total	5	4	4

Base: All respondents (n=250); Leaders (n=83); Business As Usual (n=110); At Risk (n=57)
S3. What is your role in the business?/ C1. What is your age? / A2. How many staff do you employ at your workshop?

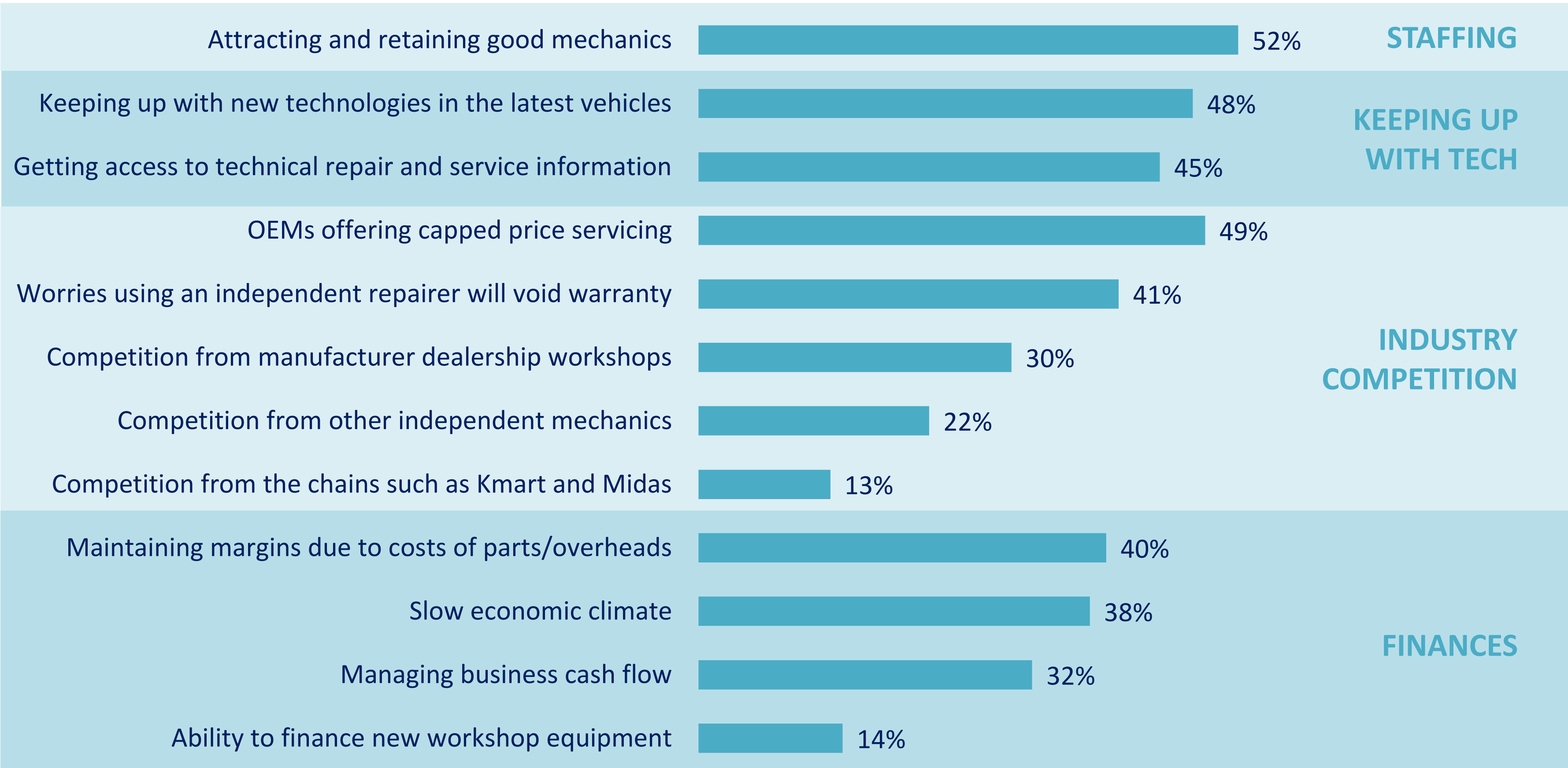
***Excluding those who answered 'prefer not to say'**

Leaders potentially have more structured administrative systems, but also employ higher numbers of qualified or apprentice mechanics

Business Challenges

Attracting and retaining good mechanics, as well as keeping up-to-date with the latest technologies are among the most important challenges for workshops if they are to achieve growth

Most challenging issues in workshop



Base: All respondents (n=250)
A13. Which of the following issues do you find most challenging in your workshop?

Mechanics believe their expertise and quality customer service sets them apart from dealerships, which is why staff retention is so important

Staff retention is a particularly important challenge to overcome for Leaders, whereas At Risk are more likely to be worried about competition from dealerships and a slowing economy

Most challenging issues in workshop

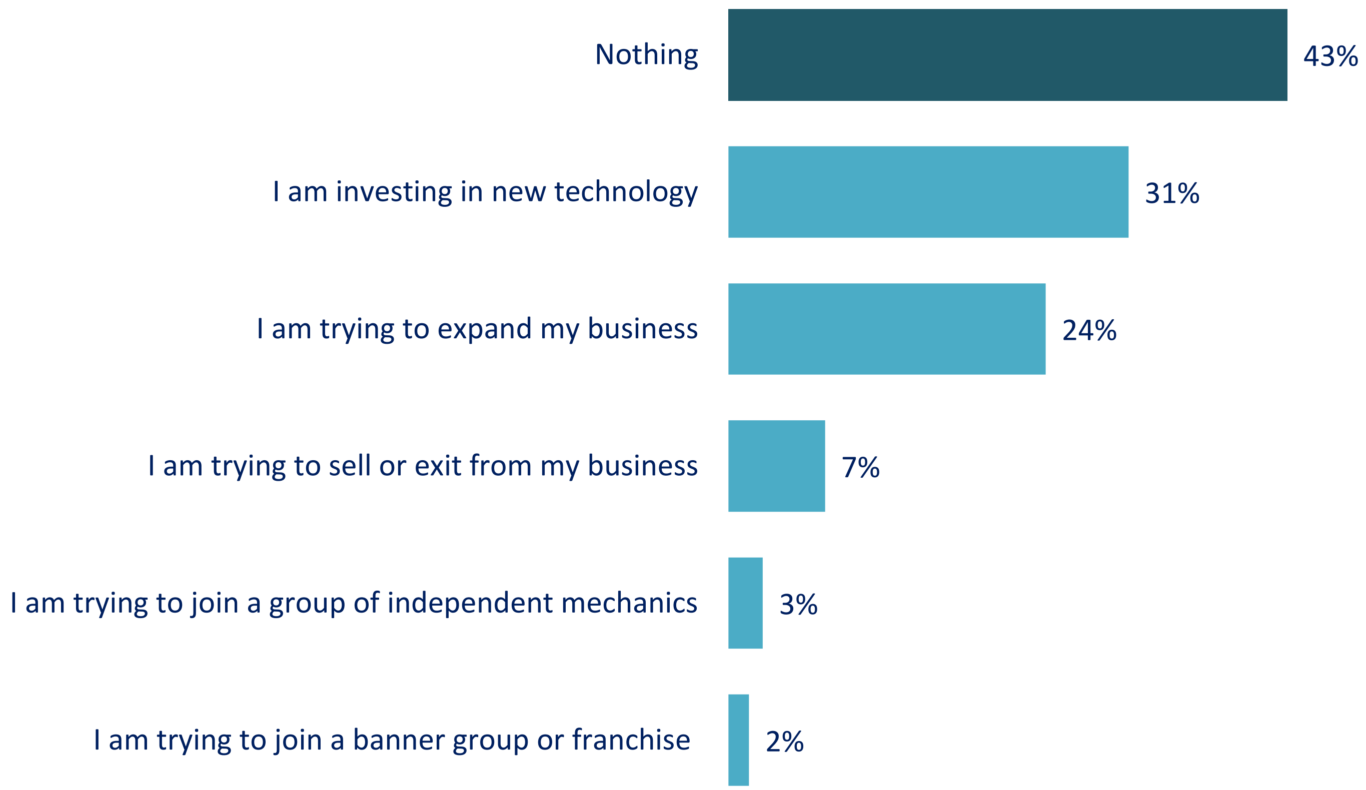
	Leaders	Business As Usual	At Risk
Staffing			
Attracting and retaining good mechanics	58%	49%	51%
Technology			
Keeping up with new technologies in the latest vehicles	46%	49%	49%
Getting access to technical repair and service information	47%	43%	46%
Industry Competition			
OEMs offering capped price servicing	49%	52%	44%
Customers worrying that using an independent repairer will void their warranty	49%	33%	44%
Competition from manufacturer dealership workshops	27%	24%	49%
Competition from other independent mechanics	22%	20%	28%
Competition from the chains such as Kmart and Midas	10%	16%	11%
Finances			
Maintaining margins due to increased costs of parts and overheads	36%	41%	42%
Slow economic climate	28%	37%	54%
Managing business cash flow	33%	34%	30%
Ability to finance new workshop equipment	10%	15%	18%

Base: All respondents (n=250); Leaders (n=83); Business As Usual (n=110); At Risk (n=57)
A13. Which of the following issues do you find most challenging in your workshop?

At Risk blame external factors for business declines, potentially indicating that they may not be taking action to overcome the issues they are facing

Despite these challenges, almost half of business owners are not undertaking any active planning on how they will secure the future of their business

Actions to secure business

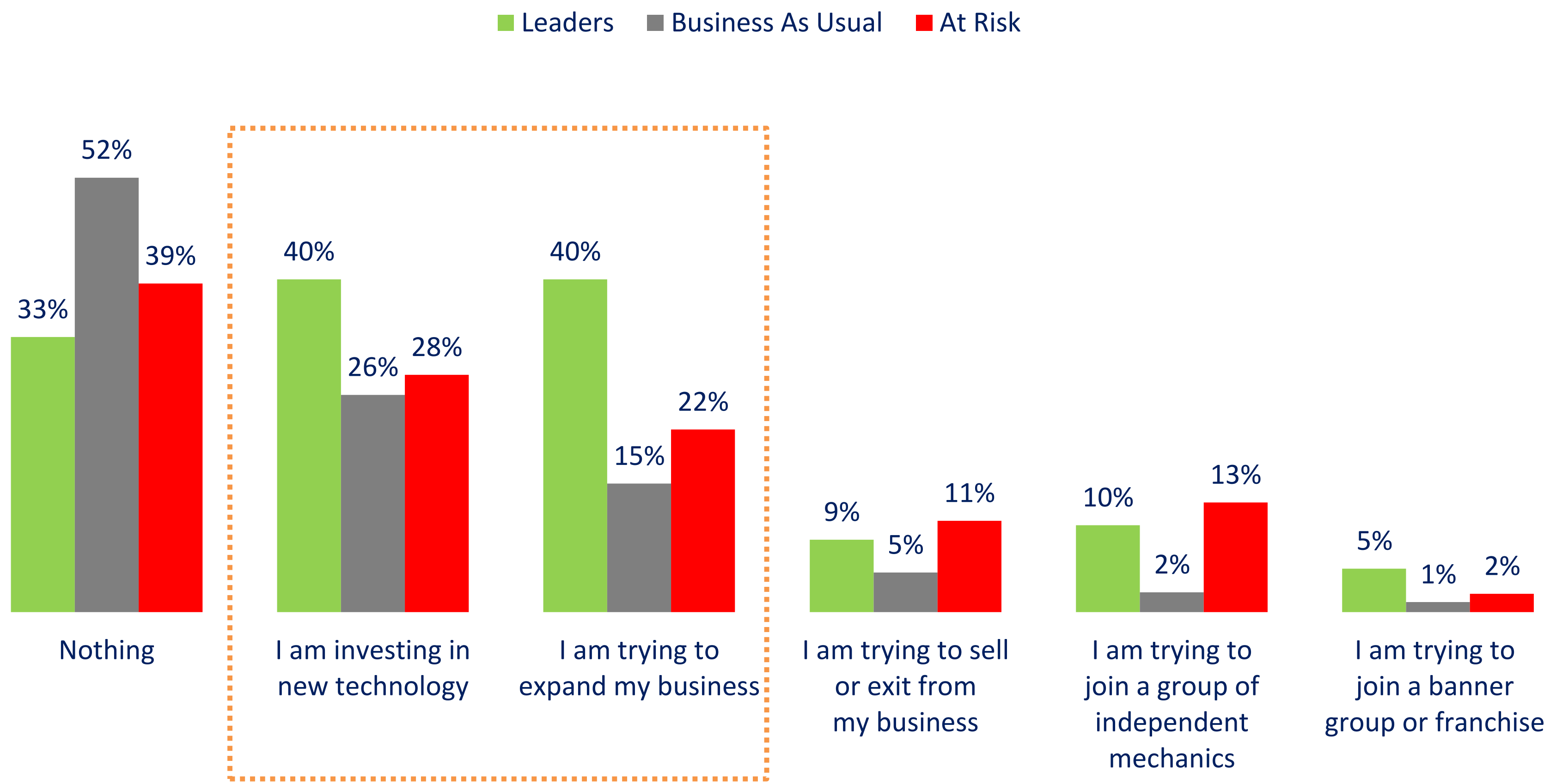


Base: Business owners(n=189)
A14. Which of the following are you doing to secure your business?

This lack of proactivity is concerning, with the mechanical services industry continuing to evolve at a rapid rate

Leaders are however more likely to have plans in place to achieve business growth, which could explain their greater optimism about business health

Actions to secure business



Base: Business owners(n=189); Leaders (n=58); Business As Usual (n=85); At Risk (n=46)
A14. Which of the following are you doing to secure your business?

Leaders are proactive in their business plans, while At Risk appear to be preparing for the worst

One in four have a job profit target, with slightly fewer setting job utilisation targets

Usage of business performance metrics

Have job profit target	Average job profit target	Meeting job profit target
21%	39%	74%

Have job utilisation target	Average job utilisation target	Meeting job utilisation target
16%	65%	54%

Base: All respondents (n=250); Have job profit target (n=53); Have labour utilisation target (n=41)
A3. Thinking about the performance indictors used to measure your workshop's performance, what is your target for…?
A4. How is your workshop currently performing on…?

Setting targets for job profit and job utilisation will be important if mechanics are to secure the business growth they expect

Reflecting their more proactive business planning, Leaders are more likely to be using targets to manage business performance

Usage of business performance metrics

	Leaders	Business As Usual	At Risk
Either job profit or utilisation target	30%	19%	26%
Job profit target	28%	15%	23%
Job utilisation target	22%	13%	16%

Base: All respondents (n=250); Leaders (n=83); Business As Usual (n=110); At Risk (n=57)
A3. Thinking about the performance indictors used to measure your workshop's performance, what is your target for…?

Leaders are more strategic in preparing for the business growth they expect, particularly looking to utilisation targets; many Leaders are however still not using either of these metrics in their workshops

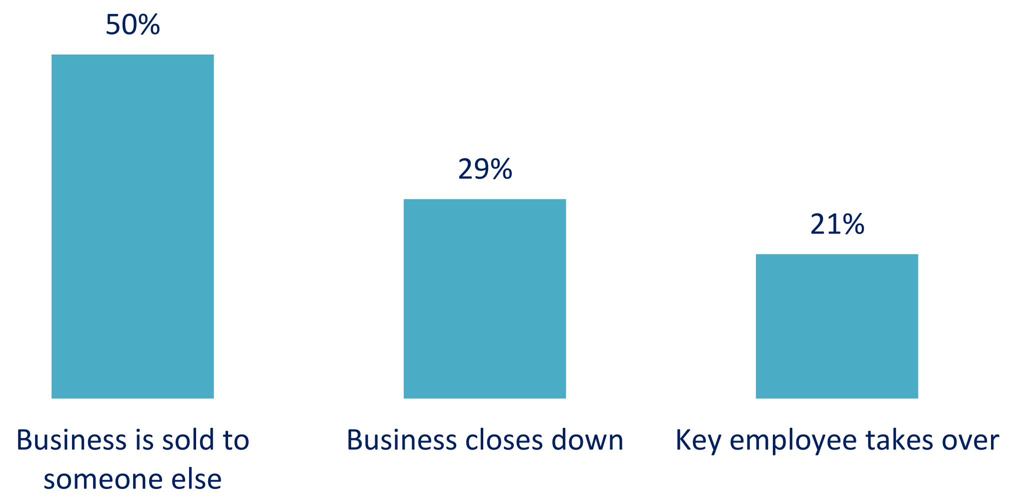
Among those looking to exit their business, only a third have an action plan in place – the most likely outcome is that the business will be sold on

Business succession planning

7% Planning to sell/exit business

29% Succession plan in place

Most likely outcome when exit the business*



***NB. Caution small base size**

Base: Business owners (n=189); Planning to sell/exit (n=14) /
A14. Which of the following are you doing to secure your business?
A15. Do you have a succession (or exit) plan in place?
A16. What is most likely to happen when you exit the business?

These results assume a level of interest in someone taking over the workshop; many of those without a plan may ultimately end up closing up operations

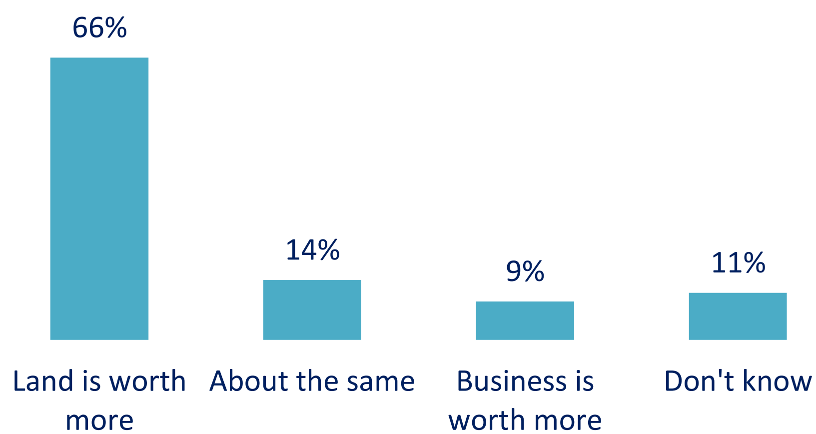
Two in five own the land that their business is located on, with the land value generally more than the business value

Site development potential

Own land on which workshop is located

Yes	No
39%	61%

Value of land compared to value of business (if own land)



	Land is worth more	About the same	Business is worth more	Don't know
Metro	73%	8%	8%	10%
Regional	54%	23%	12%	12%

Base: Business owners (n=189); Own land (n=74); Own land and Metro (n=48); Own land and Regional (n=26)
A17. Do you own the land on which your workshop is located?
A18. How does the value of the land on which your workshop is located compare to the value of your business?

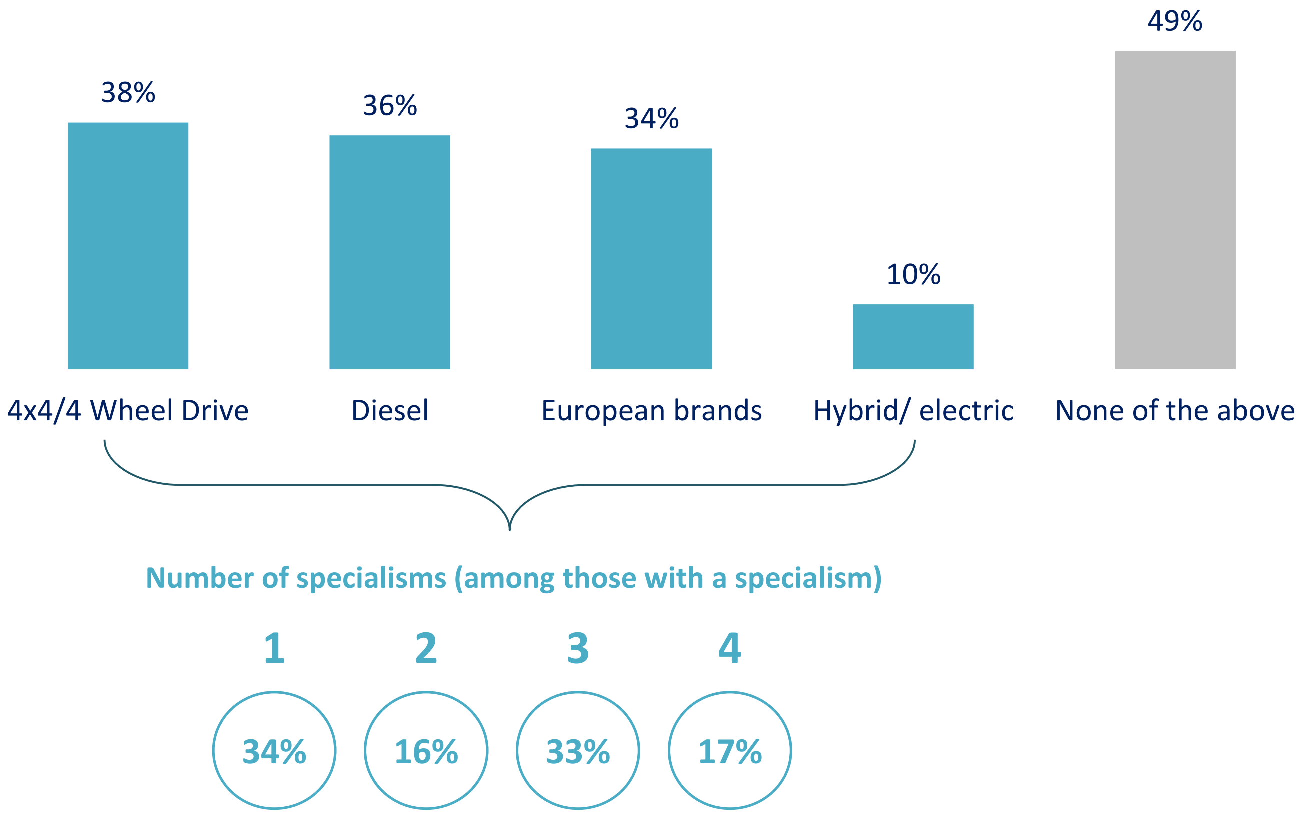
Mechanics that own the land on which their workshop is located are less likely to be motivated to sell the business

acaresearch automotive

Specialisation & Servicing Trends

Half of independent workshops claim a specialisation, equally distributed between 4x4s, diesel and European brands

Workshop specialisation



Base: All respondents (n=250) ; Have specialism (n=127)
A8. Which of the following types of vehicle does your workshop specialise in servicing or repairing?

Half of those who specialise claim three or more areas however, suggesting it could be more of a marketing position than a genuine specialisation

Leaders are however more likely to consider themselves specialists in a wider range of vehicles, and are more confident than other segments when dealing with Euro brands and Hybrid/Electric vehicles

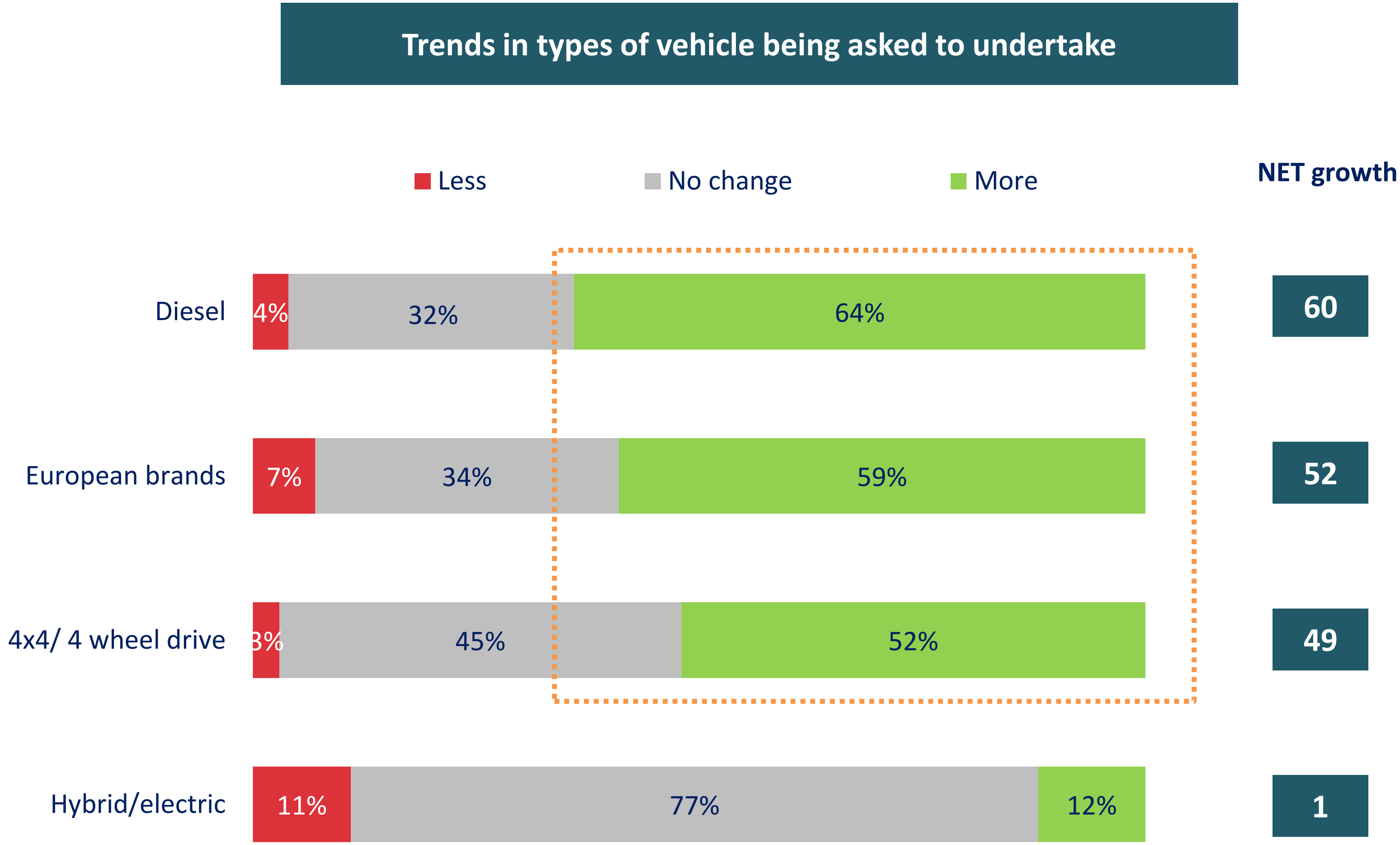
Workshop specialisation

	Leaders	Business As Usual	At Risk
Number of specialisms			
0	45%	52%	51%
1-2	24%	24%	30%
3-4	31%	25%	19%
Specialisms			
4 x 4 / 4 Wheel Drive	37%	37%	42%
Diesel	39%	36%	32%
European brands	42%	32%	28%
Hybrid / electric	14%	8%	7%

Base: All respondents (n=250); Leaders (n=83); Business As Usual (n=110); At Risk (n=57)
A8. Which of the following types of vehicle does your workshop specialise in servicing or repairing?

Regardless of the actual level of specialisation, this claimed expertise is an additional selling point which Leaders may be using to attract more customers

Mechanics report increasing demand from customers for work on Diesels, European brands and 4x4s



Base: All respondents (n=250)
A9. What trends are you seeing in your workshop in terms of the types of vehicle or service you are being asked to undertake?

Servicing demands reflect the changing profile of the Australian car parc

Leaders in particular have noticed growth, particularly reporting an upsurge in demand for servicing Diesel and European vehicles

Trends in types of vehicle being asked to undertake

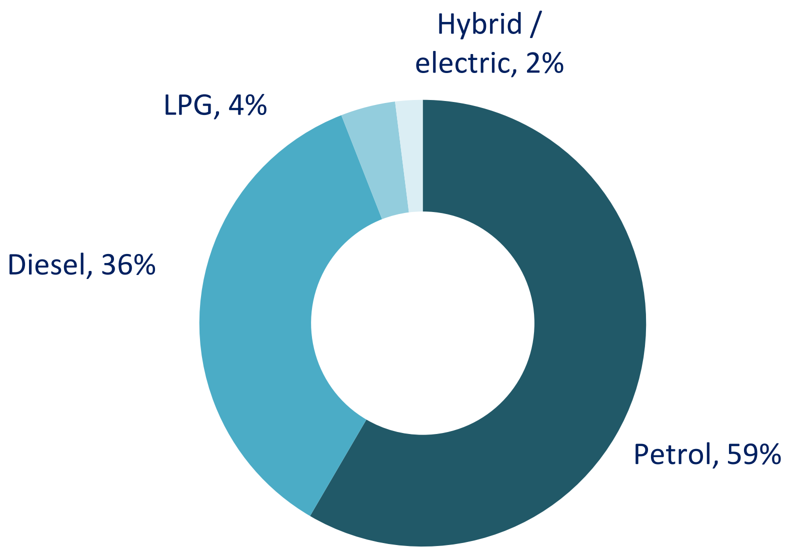
	Less			No change			More		
	Leaders	Business As Usual	At Risk	Leaders	Business As Usual	At Risk	Leaders	Business As Usual	At Risk
Diesel	5%	3%	4%	20%	34%	46%	75%	64%	51%
European	7%	5%	11%	31%	31%	42%	61%	64%	47%
4x4/4 Wheel Drive	5%	1%	4%	41%	45%	49%	54%	54%	47%
Hybrid/Electric	11%	12%	11%	73%	78%	81%	16%	10%	9%

Base: All respondents (n=250); Leaders (n=83); Business As Usual (n=110); At Risk (n=57)
A9. What trends are you seeing in your workshop in terms of the types of vehicle or service you are being asked to undertake?

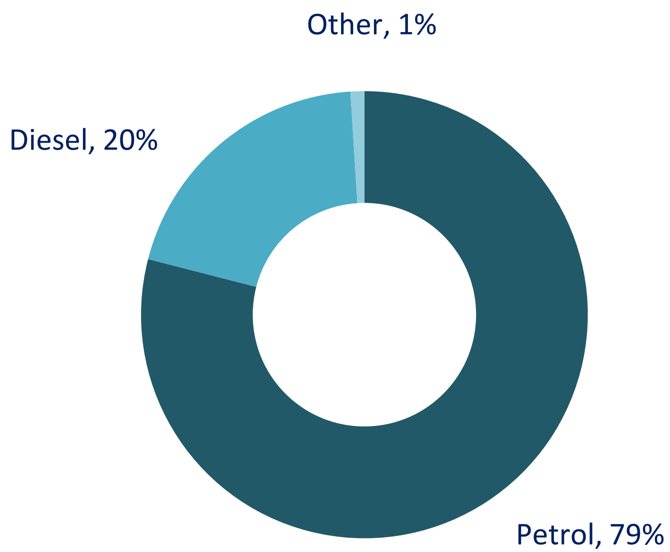
Leaders (and to an extent Business As Usual) appear to be successfully picking up share in the growing sectors of the market

Independent workshops are picking up a higher share of diesel vehicles than national chains

Type of vehicles serviced 2017: Independent Mechanics Insights



Type of vehicles serviced 2017: Chain Workshop Benchmarking



ACA Mechanics Insights Survey / Base: All respondents (n=250)/ A7. What proportion of the vehicles serviced in your workshop in 2017 were…?
ACA Workshop Benchmarking Data/ Base: Combined data from 3 workshops

Given the growth in diesel vehicles within the Australian car parc, they are underrepresented within national chain workshops

Independent mechanics also report a change in the age of vehicles being serviced, with two thirds of Leaders reporting younger vehicles in their workshop than previously

Change in age of vehicles serviced over past five years

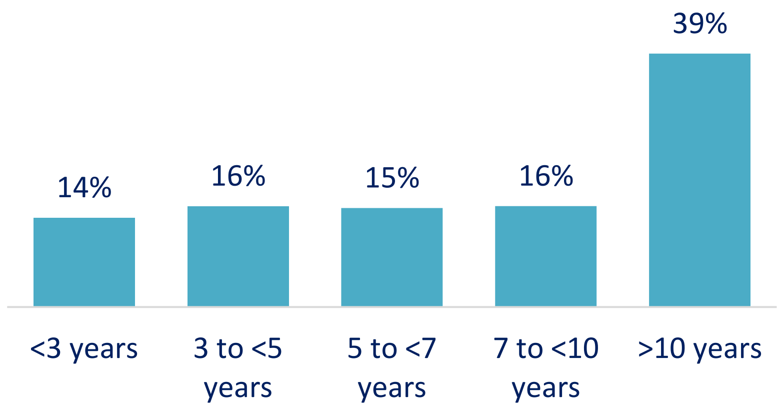
	Vehicles serviced getting younger	No change	Vehicles serviced getting older
All	44%	26%	20%
Leaders	61%	29%	10%
Business As Usual	35%	43%	23%
At Risk	39%	32%	30%

Base: All respondents (n=250); Leaders (n=83); Business As Usual (n=110); At Risk (n=57)
A6. How has this changed over the past five years?

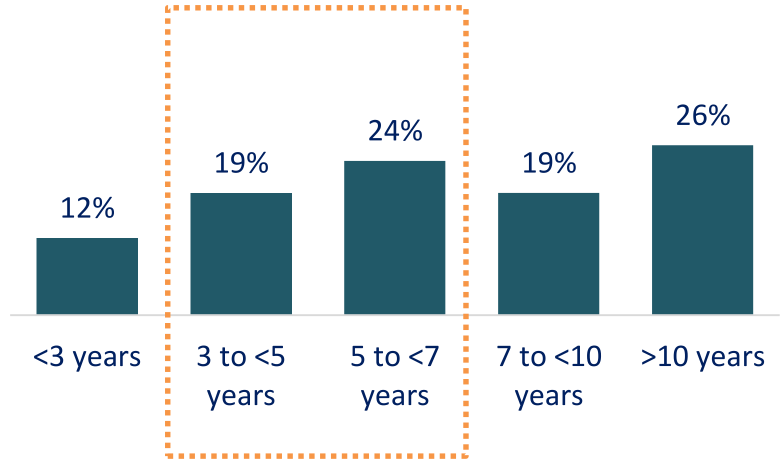
The focus on specialisation among Leaders lines up with this trend in vehicles serviced

This is reflected in benchmarking data, with independent workshops more likely to service younger vehicles than national chains

Age of customer vehicles (customer reported)



Age of vehicles serviced (workshops)



	<3 years	3 to <5 years	5- <7 years	7- <10 years	>10 years
Independent Mechanics	13%	22%	26%	19%	20%
Chain Workshops	8%	11%	23%	16%	52%

AAAA Customer Insights survey/ Base: All respondents (n=1499)/ Q3. Roughly, what year is the car?
ACA Mechanics Insights survey/ Base: All respondents (n=250)/ A5. Approximately what percentage of the vehicles serviced in your business in 2017 were in the following age brackets?
ACA Workshop Benchmarking Data/ Base: Combined data from 4 workshops

The fact that a third of vehicles being serviced are within warranty periods (<5 years) supports the argument that some proportion of customers are turning away from dealerships

Leaders and larger workshops are more likely to be servicing vehicles within warranty

Age of vehicles serviced

	Leaders	Business As Usual	At Risk	0-59 vehicles	60-199 vehicles	120+ vehicles
<3 years	14%	13%	11%	11%	11%	15%
3 to <5 years	25%	22%	20%	20%	21%	26%
5- <7 years	24%	25%	32%	25%	29%	25%
7- <10 years	18%	18%	21%	20%	18%	19%
>10 years	19%	22%	16%	24%	21%	14%
<5 years	39%	35%	31%	31%	32%	42%
>5 years	61%	65%	69%	69%	68%	58%

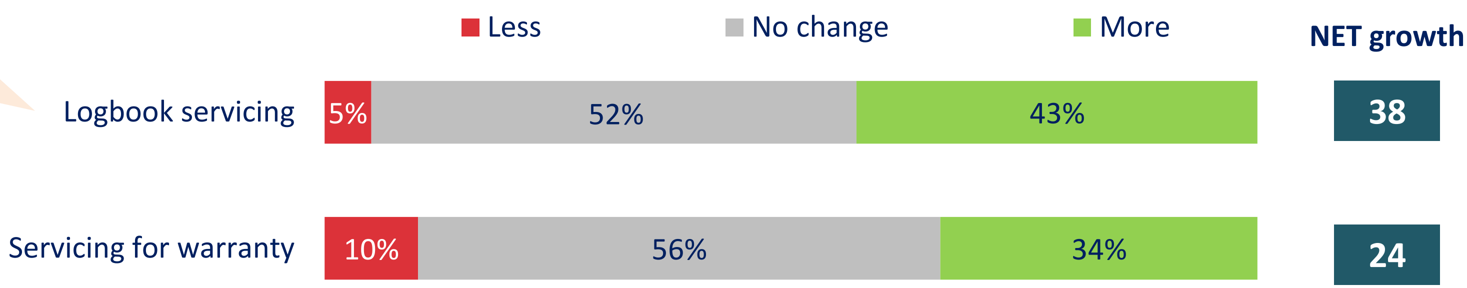
Base: All respondents (n=250); Leaders (n=83); Business As Usual (n=110); At Risk (n=57); 0-59 (n= 82); 60-199 (n=79); 120+ (n=89)
A5. Approximately what percentage of the vehicles serviced in your business in 2017 were in the following age brackets?

Leaders are again the most successful at attracting customers with newer vehicles (requiring higher value services)

Reflecting the reported age of vehicles, logbook servicing and servicing for warranty also appear to be on an upward trajectory

Trends in Logbook / warranty servicing

31% of chain workshop jobs are logbook services



	Less			No change			More		
	Leaders	Business As Usual	At Risk	Leaders	Business As Usual	At Risk	Leaders	Business As Usual	At Risk
Log book servicing	4%	5%	7%	40%	56%	60%	57%	38%	33%
Servicing for warranty	8%	6%	18%	48%	59%	63%	43%	35%	19%

ACA Workshop Benchmarking Data/ Base: Combined data from 3 workshops
Base: All respondents (n=250); Leaders (n=83); Business As Usual (n=110); At Risk (n=57)
A9. What trends are you seeing in your workshop in terms of the types of vehicle or service you are being asked to undertake?

Leaders have established customer trust in their ability to conduct services under warranty

Market Perceptions

Both mechanics and customers judge that customer service, expertise and competitive pricing are key differentiators for workshops

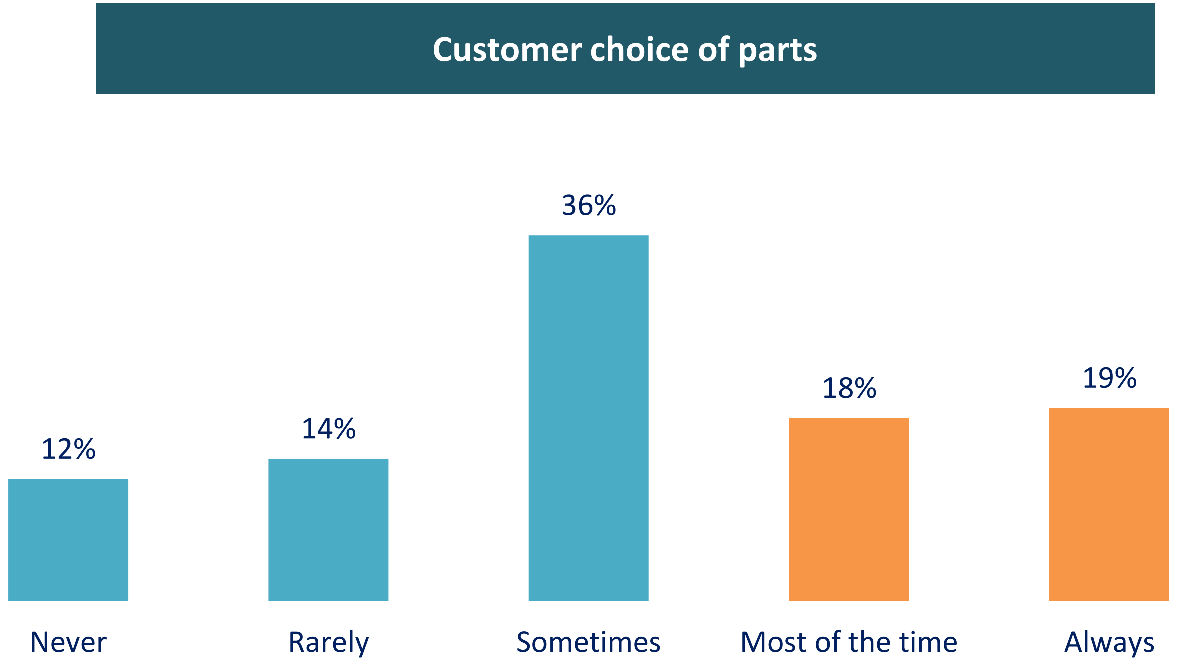
	Why customers choose workshop:		Drivers of customer satisfaction:	
	Mechanic perceptions	**Customer reported**	**Independent Workshop (customer reported)**	**Chain Workshop (customer reported)**
1.	Friendly/welcoming service	Cheaper than dealership	Expertise of technician	The cost
2.	Better quality service	Close by/convenient	Treated with respect	Flexible
3.	Loyalty	Better quality	The cost	Quality of replacement parts
4.	Take care of vehicles	Loyalty	Quality of replacement parts	Clear explanations
5.	Cheaper than dealership	More friendly/welcoming	Everything completed first time	Expertise of technician

Quality/Expertise | Service | Price

ACA Mechanics Insights Survey/ Base: All respondents (n=250)/ A19. Why do your customers choose to have their vehicle serviced at your workshop
AAAA Customer Insights Survey/ Base: Serviced at Independent or Chain Workshop n=812 Why did you choose an independent mechanic rather than a dealership for servicing your car?/
Base: Total n=1499 Q52 - How satisfied or not were you with your most recent service?

Leaders are more likely to emphasise the quality of their service as a choice driver

Two in five mechanics say they give customers a choice of parts to use when servicing vehicles, with those working in smaller workshops particularly likely to do so



	Customers choice of parts most of the time/always
0-59 vehicles	45%
60-119 vehicles	33%
120+ vehicles	35%

Base: All respondents (n=250); 0-59 vehicles (n=82); 60-199 vehicles (n=79); 120+ vehicles (n=89)
A20. Do you ever give customers a choice about which parts to use when servicing their vehicle?

Mechanics potentially view this as a service differentiator, demonstrating their flexibility in catering to customer requests

A high proportion of independent mechanics also say they will fit parts that customers supply

Customer supply of parts

	Yes we fit parts customers supply	Yes, but we do not fit parts customers supply	No
Customers ask for parts they supply to be fitted	77%	15%	8%

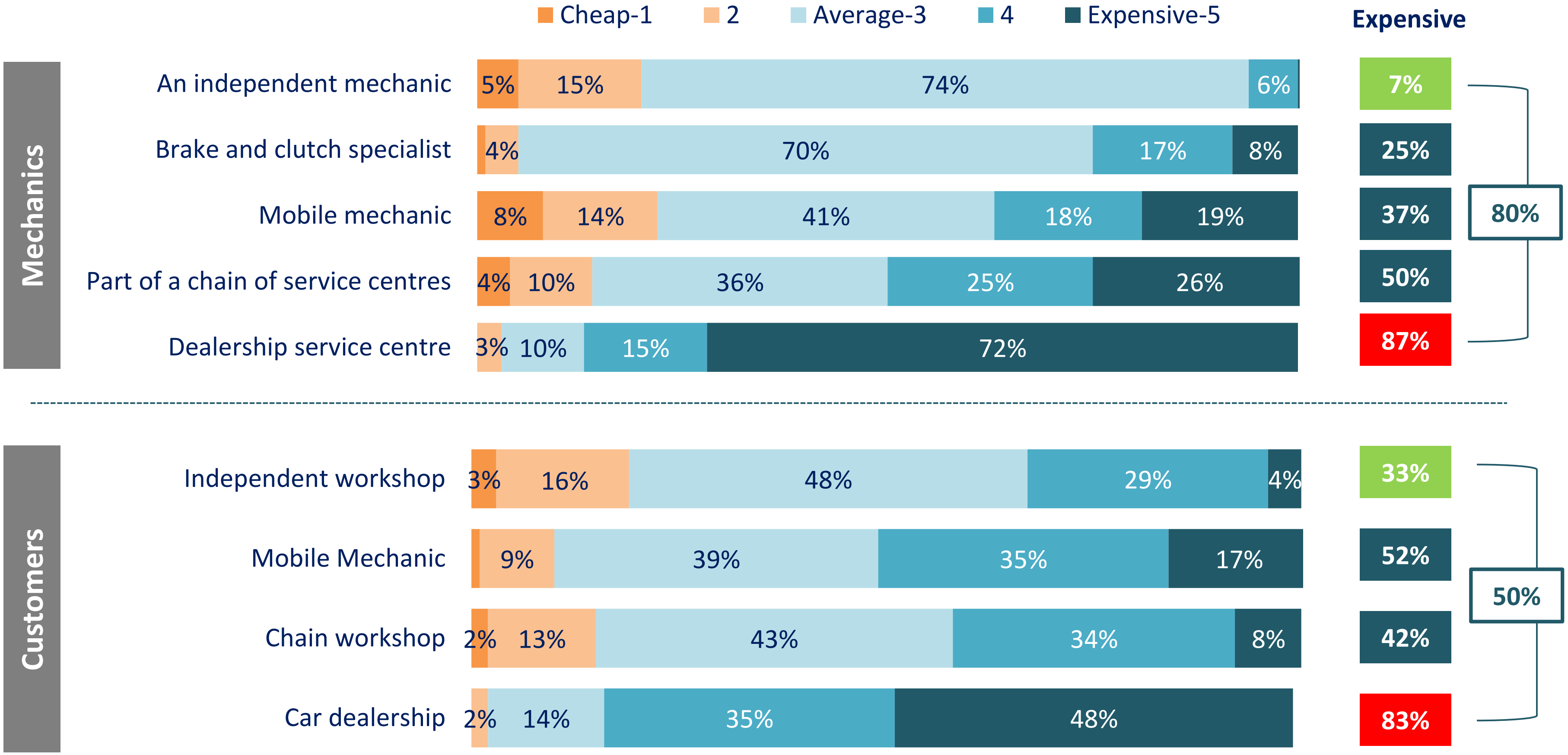
	Sourced parts myself	Mechanic sourced parts
Source of parts at last service (customer reported)	7%	93%

ACA Mechanics Insight Survey/ Base: All respondents (n=250)/ A21. Do your customers ever ask you to fit parts that they supply themselves?
AAAA Customer Insights Survey/ Base: Additional work done (n-310)/ Q29. How di you get the parts?

However, the proportion of customers reporting they source parts themselves remains low, with most unlikely to go to this level of effort

Looking across the market, independent mechanics and customers are aligned with regard to the value for money that independent workshops offer over dealerships (and national chains)

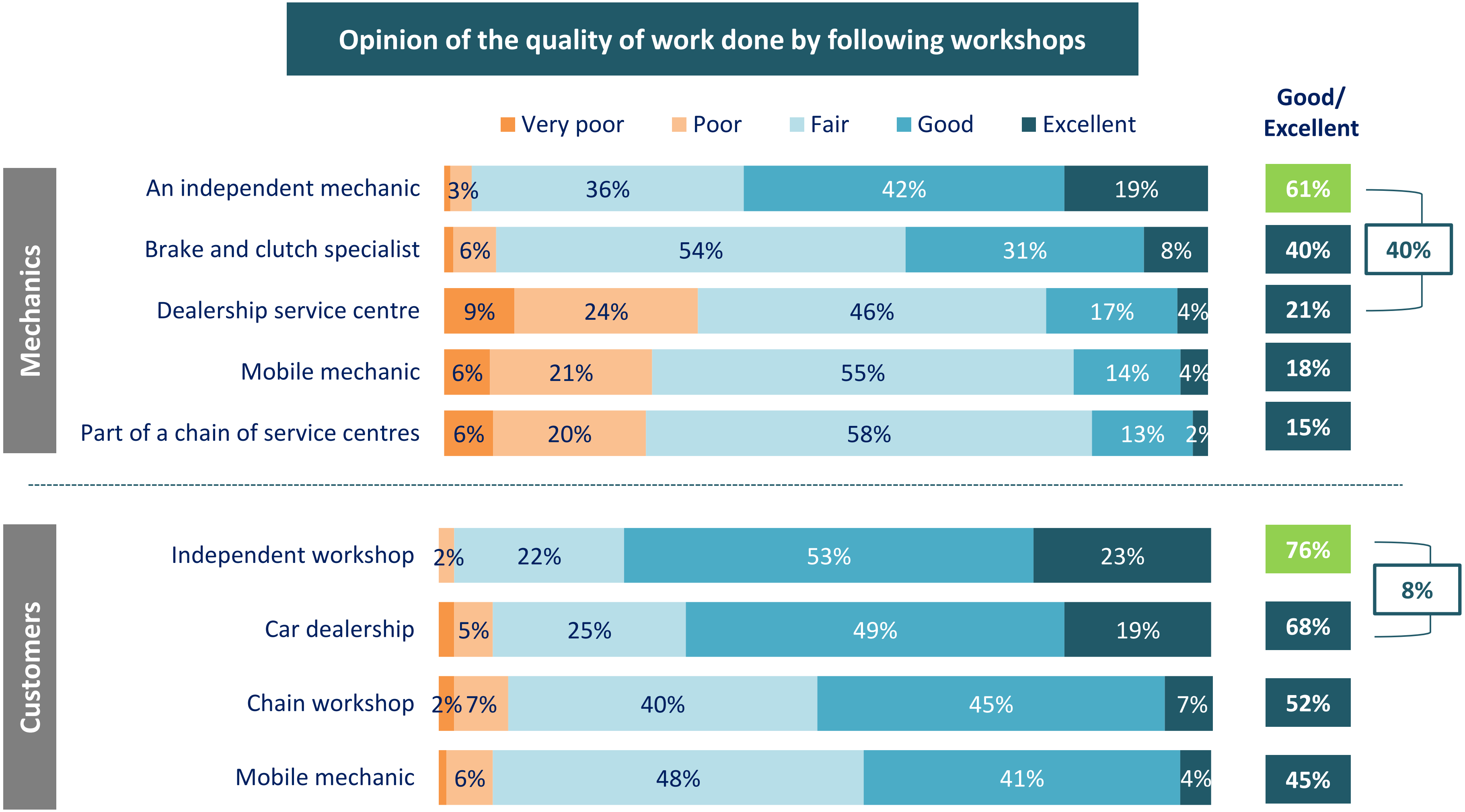
Opinion of the cost of work done by following workshops



ACA Mechanics Insights Survey/ Base: All respondents (n=250)/ A22. What is your opinion of the cost work done by the following types of workshop?
AAAA Customer Insights Survey/ Base: Had service in L12M (n=1499). Q56. Thinking of cost, what is your opinion of the types of workshops…

Cost is a key differentiator for independent workshops

Customers and mechanics are also in agreement that independent workshops offer a better quality of work than dealerships (but customers see a smaller gap than mechanics)



Base: All respondents (n=250)/ A23. What is your opinion of the quality work done by the following types of workshop?
AAAA Customer Insights Survey/ Base: Had service in L12M (n=1499). Q56. Thinking of quality, what is your opinion of the types of workshops…

Workshops should not assume that their expertise and quality of work is a given for customers

AAAA Membership

AAAA members appreciated the information they receive from AAAA about the latest industry trends, and also value AAAA's action in lobbying for their interests

Benefits of AAAA membership

AAAA helps mechanics stay up-to-date with what is happening in the market

"The magazine is great for new trends"

"We get online updates on what's going on in the industry"

"They keep us informed and they are the only ones in the industry doing it"

Mechanics also appreciate the fact that AAAA is standing up for their interests

"By working closely with the people down there we are getting a right of repair and getting a voice for the independents, AAAA are helping to reduce that gap."

"They give good access to legal advice, they are the unspoken voice for the mechanical trade, good work on the right of choice & access to information."

"They support independents in our fight for the right to access information."

Base: All AAAA members (n=30)
A25. What do you consider to be the main benefits of being a member of the AAAA?

The AAAA's position as an advocate for independent workshops is clearly valued in the marketplace

Key Insights

Key Insights – Enabling A Competitive Industry

While many workshops have seen growth in the last year (and expect demand to grow further over the next year), there are a significant proportion who are either standing still or even declining. Those workshops which are most optimistic about the future (Leaders) are more likely to be investing in technology and marketing, as well as using business performance metrics.

The AAAA should promote communications about the benefits of using business performance metrics, as well as providing industry benchmarks for members to compared themselves against.

Leaders are seeing the success of their efforts in two key areas within their business:

- The vehicles they are servicing are getting younger, including a substantial proportion of vehicles aged under 5 years old (within warranty)
- They are seeing increases in the volumes of logbook servicing and services for warranty they are being asked to complete

Leaders are effectively gaining the trust of their customers, particularly those who ask them to services vehicles in warranty. Case studies may be an effective communications tool to demonstrate how to successfully differentiate and compete against dealership workshops.

Mechanics generally have an intuitive, rather than data-driven sense of the factors drawing customers to independent workshops. Results also show the importance of 'local' or 'convenient' in an independent workshop's marketing and strategy.

AAAA should develop content that helps independent workshops leverage their knowledge of and engagement with the local community as a point of differentiation. AAAA should also utilise car parc insights (e.g. high LCV or EV volumes), to help workshops build local area-driven campaigns.

While some independent workshops will fail as part of the natural business cycle, it is important for the Australian aftermarket to work as an industry to support less knowledgeable operators, ensuring they have the tools and information required to support their business.

Key Insights – Staying Relevant To The Membership Base

Independent workshop operators look to the AAAA to play a key role in the automotive industry, primarily in terms of:

- Helping them stay up to date with the market
- Standing up for their interests

Results support and validate the AAAA's work in positioning itself as an automotive industry thought leader. AAAA should therefore continue to invest in content that is relevant, timely, and actionable.

The main challenge facing independent automotive workshops is gaining access to, and keeping up to date with the latest technical information and technologies (including recruiting, retaining & equipping staff with the necessary technical skillsets).

AAAA should continue to communicate the progress that is being made to provide independent repairers with access to diagnostic, servicing and repair tools and data.

Results suggest a need for more consumer education about their choices when it comes to vehicle servicing and repair, with mechanics particularly concerned about:

- The impact of capped price servicing
- Consumer perceptions that they need to use dealer workshops to maintain vehicle warranties

Capped price (or built-in) servicing is a retention tool to tie customers to dealer service centres. The AAAA should continue to monitor the effectiveness of the Choice of Repairer campaign, and Capped Price Servicing brochure at influencing the consumer mindset.

Despite achieving positive outcomes around the sharing of technical automotive data, new battlegrounds continue to emerge for independent workshops. The AAAA is expected to be at the forefront of this fight, advocating for the rights of the aftermarket sector.

Lesley Yates
AAAA Senior Manager:
03 9545 3333
lyates@aaaa.com.au