



AUSTRALIAN AUTOMOTIVE
AFTERMARKET ASSOCIATION

COVID-19 WORKSHOP IMPACT RESEARCH JULY TRACKING

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ACA Research, July 2020

CONTENTS

1

OBJECTIVES

2

IMPACT OF COVID-19

3

GOVERNMENT SUPPORT

4

WHERE TO FROM HERE

5

SUMMARY



OBJECTIVES

STRATEGIC OBJECTIVE

To evaluate the continuing impact of the COVID-19 pandemic on the Australian aftermarket workshop sector in July, identifying insights that the AAAA can leverage to inform and educate industry operators, and also advocate on behalf of the industry.

This phase of COVID-19 tracking research will provide an updated view of Australian aftermarket automotive workshops, unpacking their experience as the industry continues to operate through the pandemic

RESEARCH METHODOLOGY



SAMPLE

MAY: N=317

JULY: N=216

AUTOMOTIVE BUSINESSES

Sample was sourced from the AAAA's membership base, and associated networks



ORIGINAL WAVE: MAY 2020

- 10-minute online survey
- Fieldwork was conducted between 4th – 25th May 2020



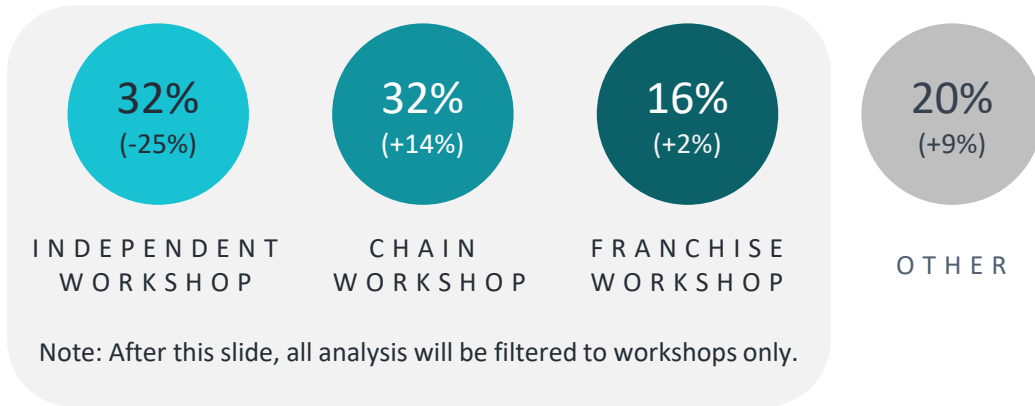
TRACKER WAVE: JULY 2020

- 5-minute online survey of select questions from the original wave, with adjustments to reflect the changing climate
- Fieldwork was conducted between 7th – 21st July 2020

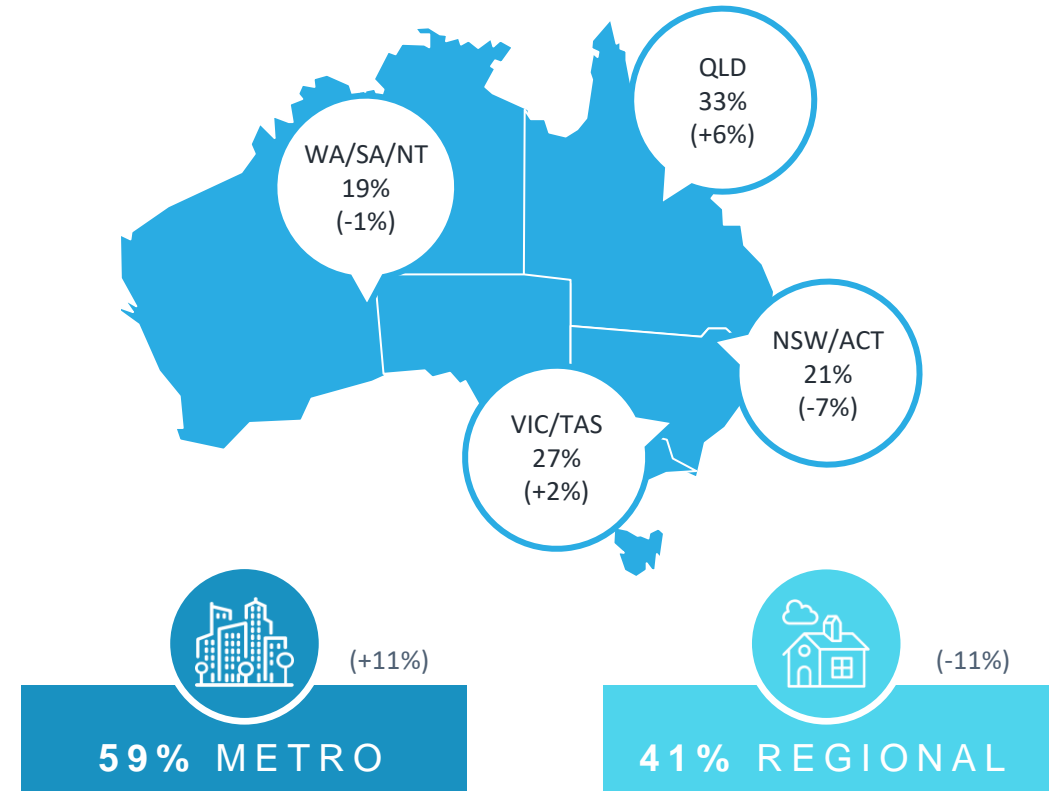
SAMPLE

While independent workshops still make up the majority of our sample, chain workshops are more prominent in this wave – this will largely relate to the different approach being used to distribute the survey

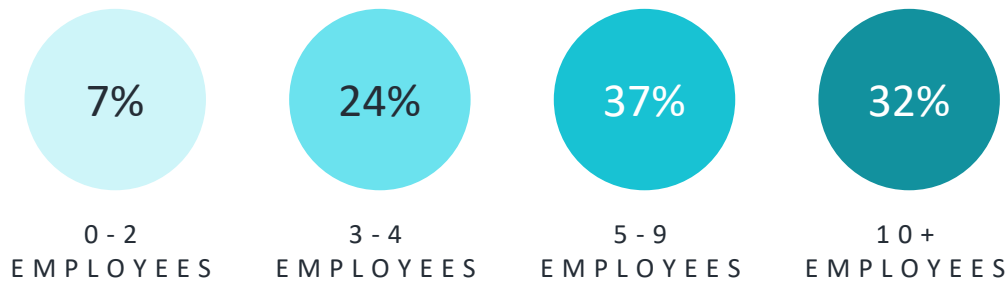
WORKSHOP TYPE

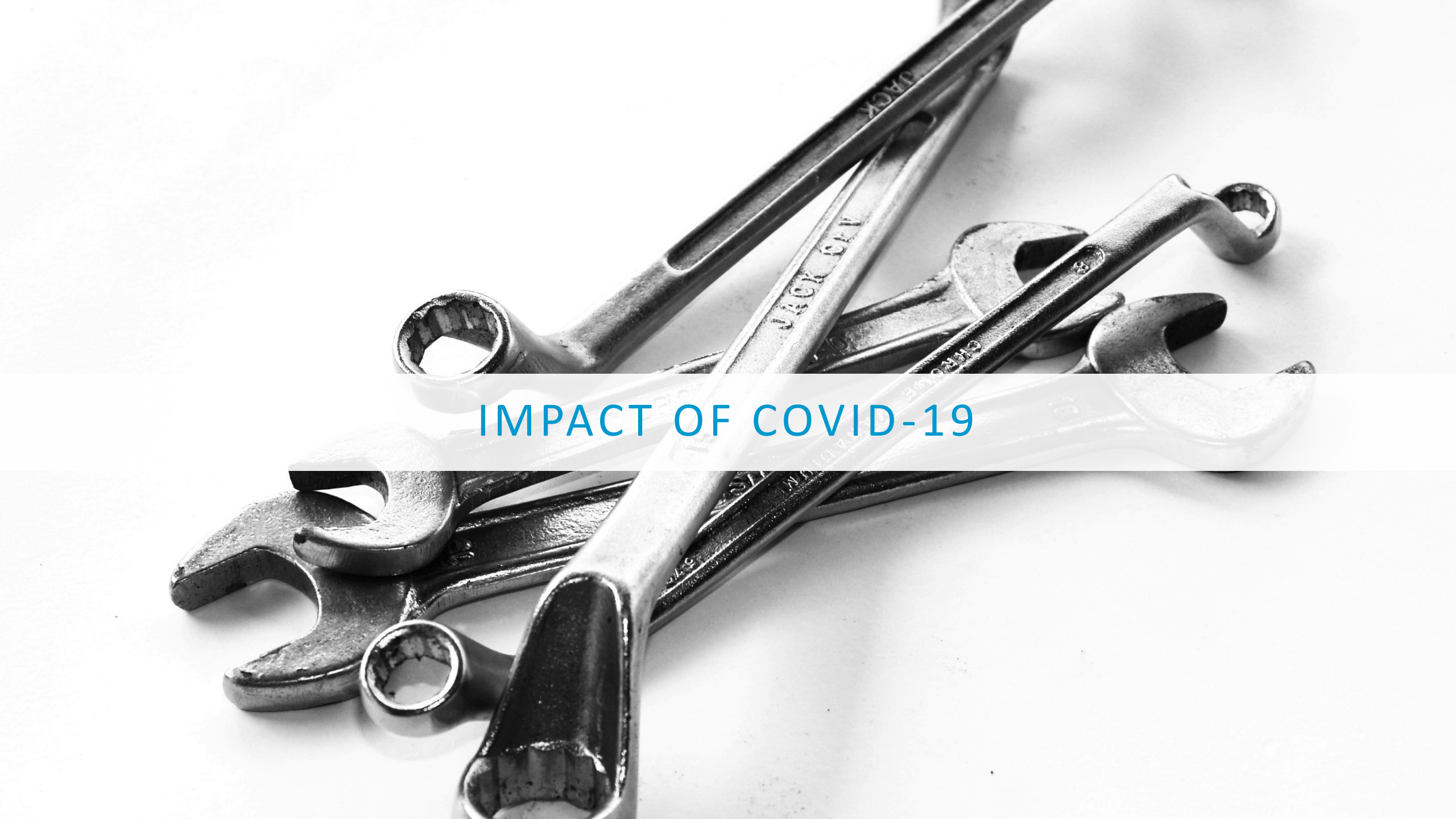


LOCATION



NUMBER OF EMPLOYEES



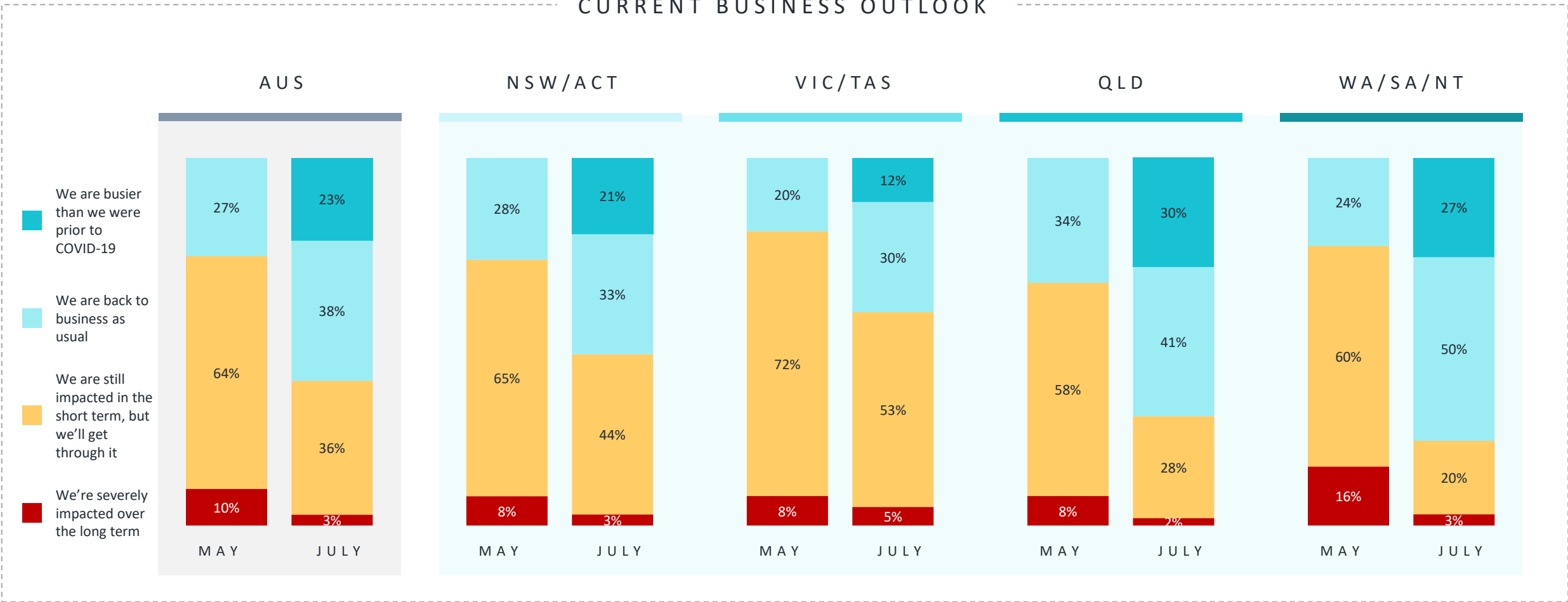


IMPACT OF COVID-19

CURRENT BUSINESS OUTLOOK

The sector is clearly in a better place now than we saw in May, with most workshops back to (or even exceeding) their pre-COVID levels of activity; Victoria (and to a lesser extent NSW) are the outliers here, with the ongoing issues and lockdowns limiting the level of servicing activity

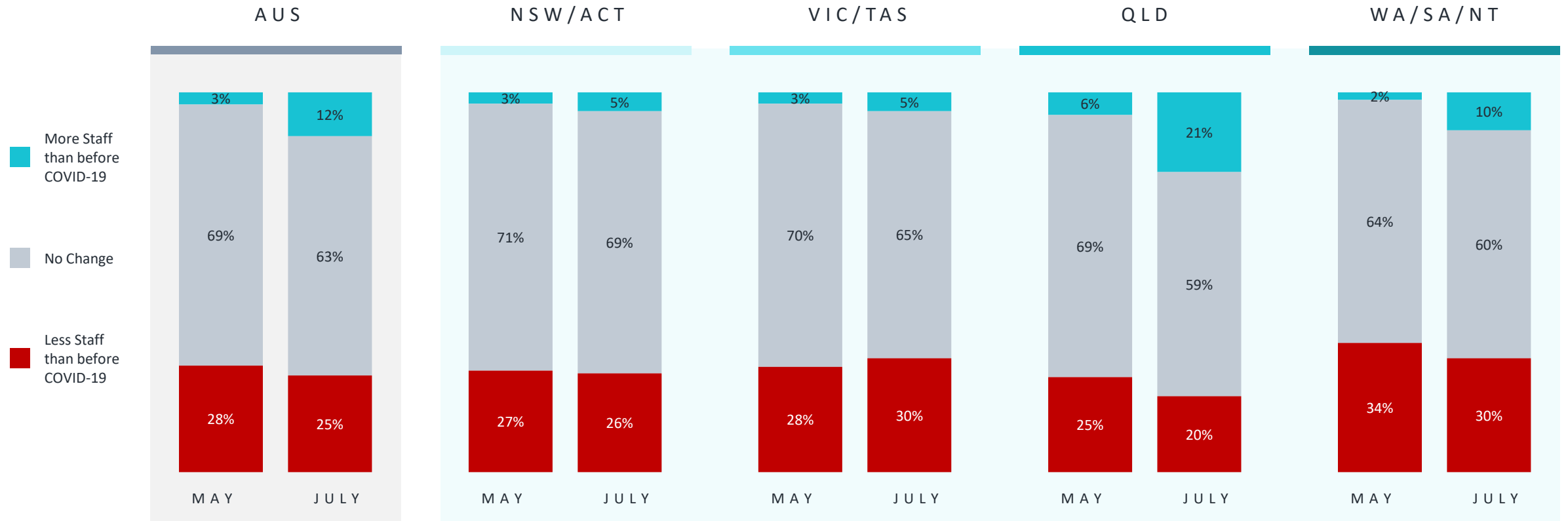
CURRENT BUSINESS OUTLOOK



CHANGE IN NUMBER OF STAFF

Despite this, few have however re-employed members of staff they let go during the pandemic – this most likely signifies a level of caution remains around the future (in the case of further outbreaks), but some will have also introduced new, more efficient processes into their business

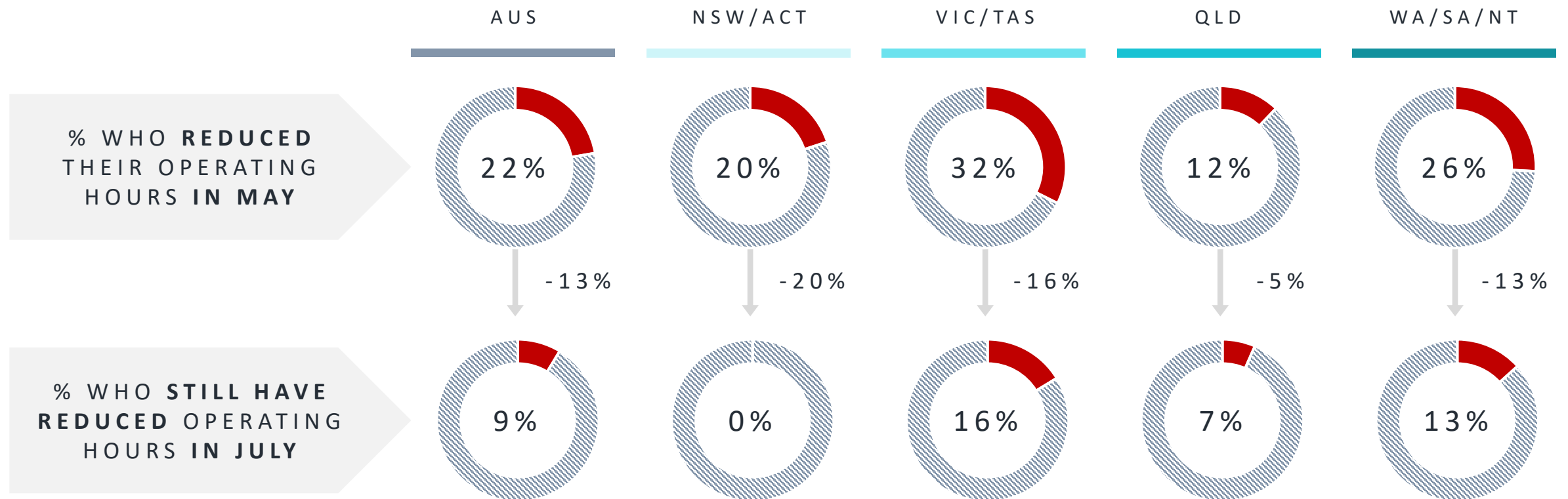
RETURN TO PRE-COVID-19 STAFF LEVELS



TRADING HOURS

Reflecting the increased demand that we're seeing, and the generally looser restrictions, workshops have largely returned to their 'typical' operating hours

CHANGES IN OPENING HOURS



SERVICES ON OFFER

Workshops are supporting this growth by maintaining their 'COVID-safe' servicing offer, giving customers confidence that it is safe to have their vehicle serviced

ENHANCED SERVICE

AUS

NSW/ACT

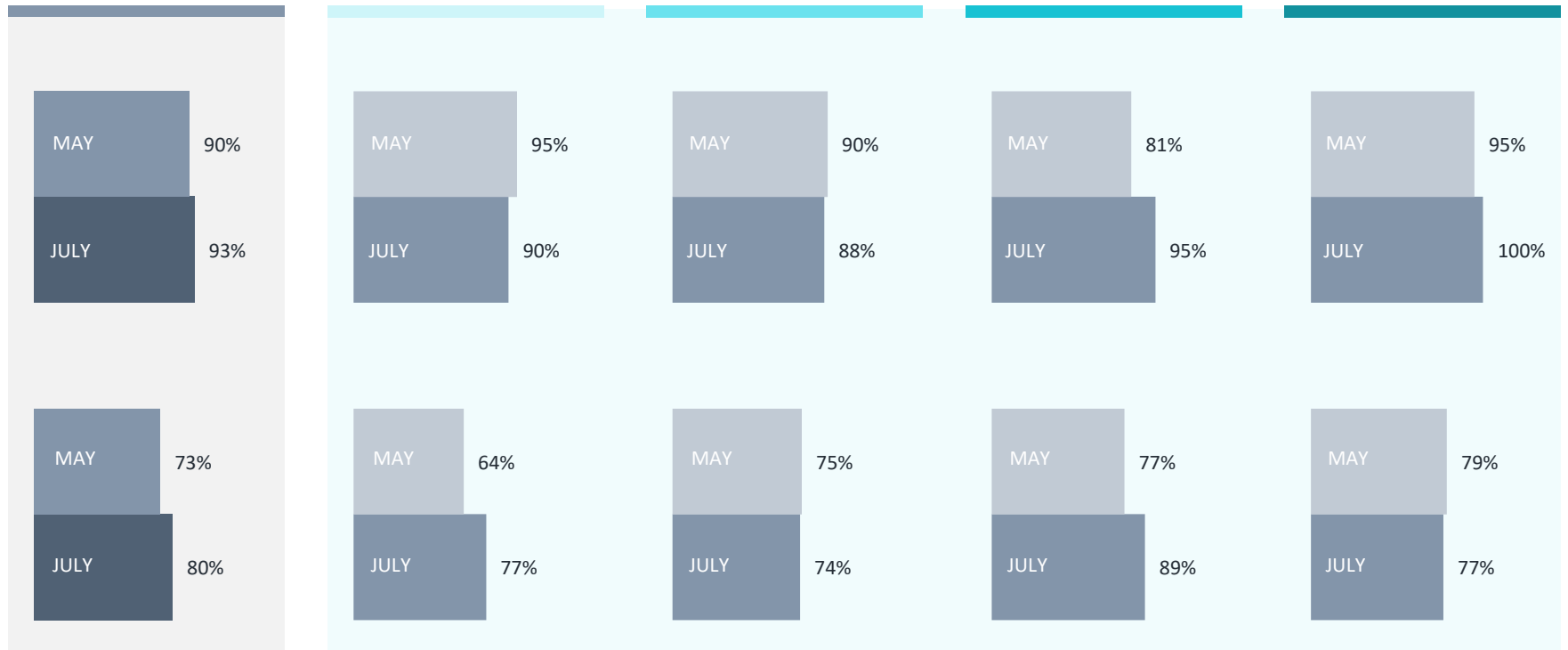
VIC/TAS

QLD

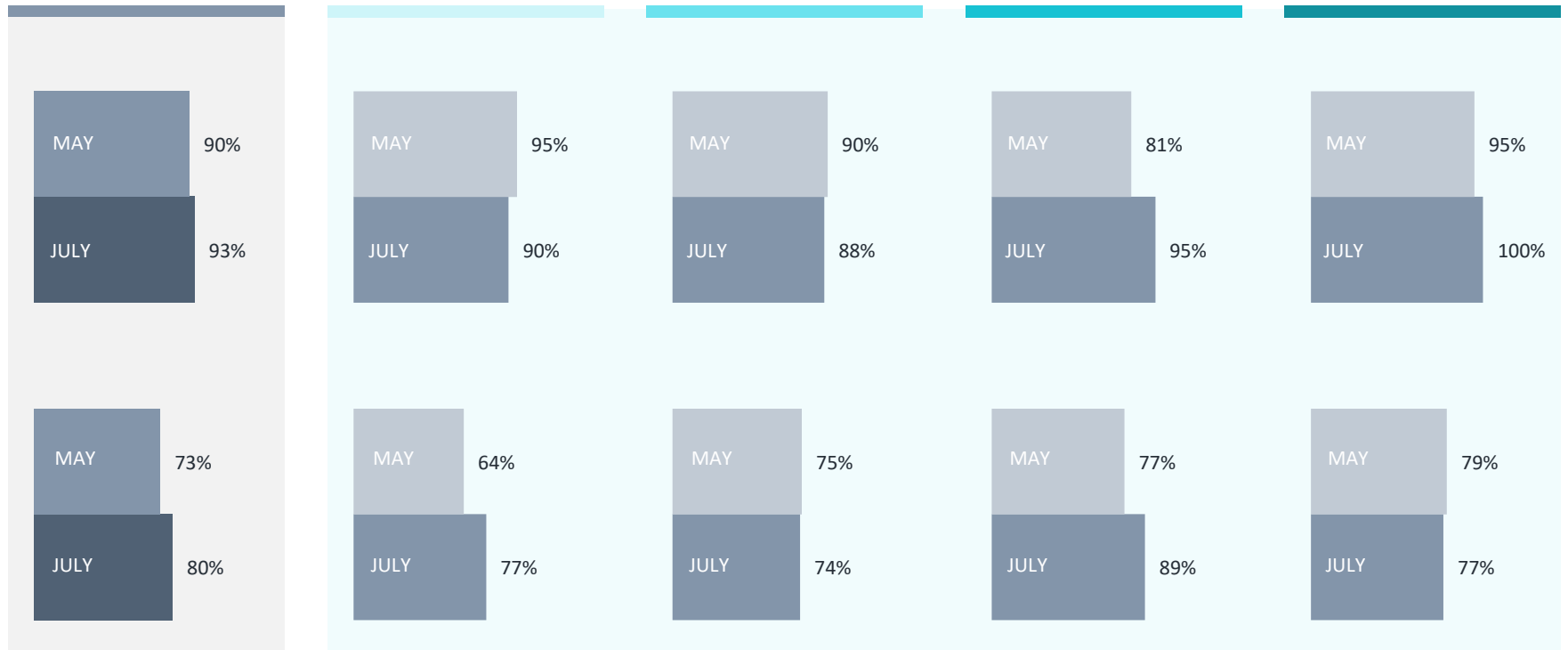
WA/SA/NT



Sanitising vehicle interiors



Non-contact vehicle pick-up and drop-off

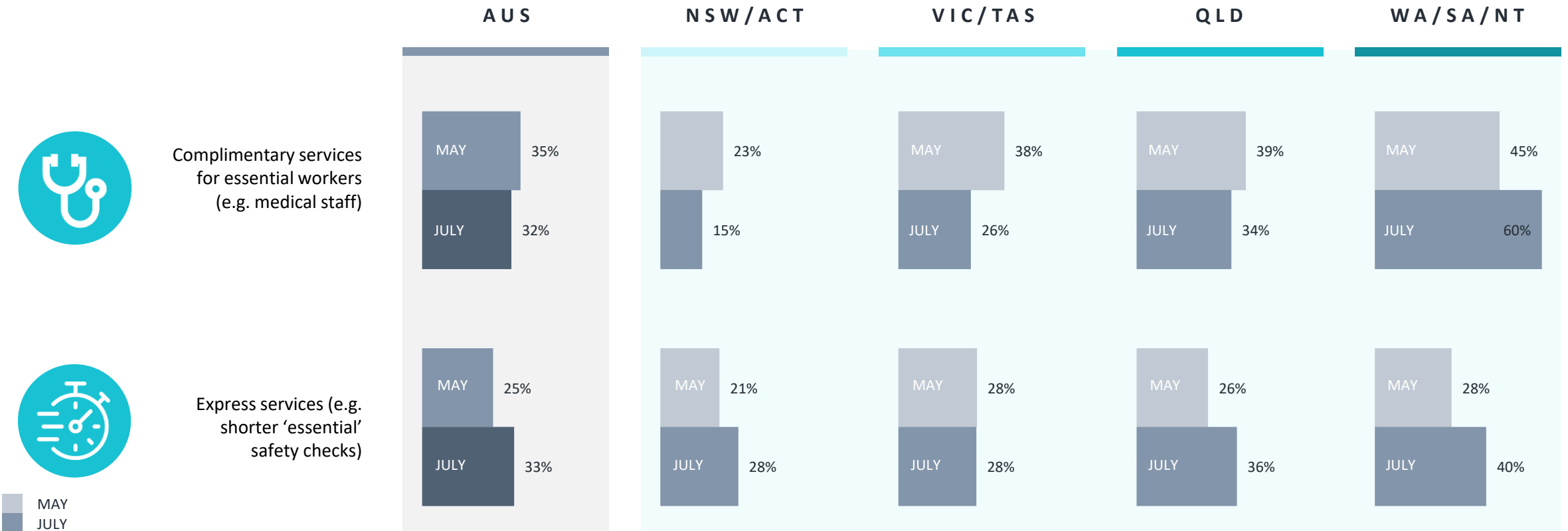


MAY
JULY

SERVICES ON OFFER

Similarly, we're seeing additional services being introduced in response to the current crisis – it's particularly positive to see the level of support the industry is able to provide to essential workers in WA / SA / NT as they've brought the situation more under control

ADDITIONAL SERVICES INTRODUCED



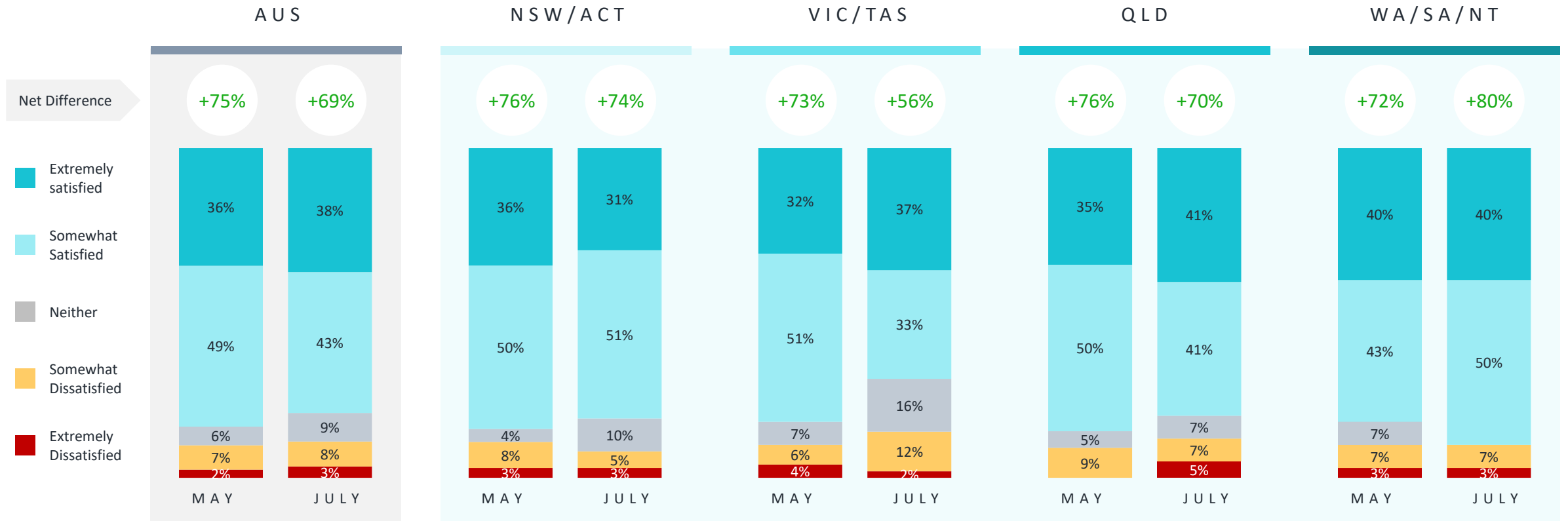


GOVERNMENT SUPPORT

GOVERNMENT RESPONSE

Support for the government's response is unsurprisingly mixed across the country – with that said, while Victorians are the least satisfied, they are still largely positive about how the crisis has been managed

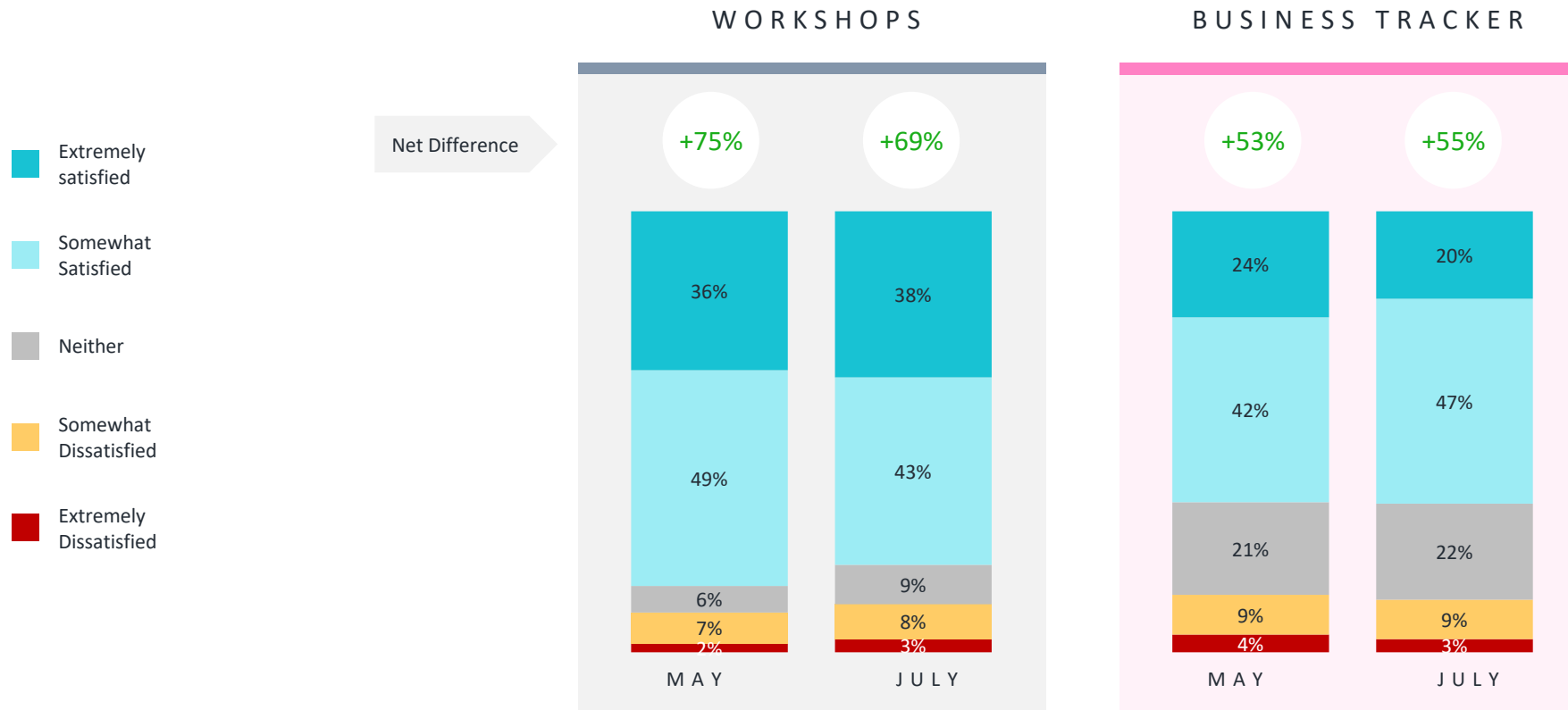
SATISFACTION WITH GOVERNMENT RESPONSE



GOVERNMENT RESPONSE

These results are in stark contrast to the broader business community, with the overall numbers driven down by 'non-essential' sectors concerned about their ability to survive extended disruptions

SATISFACTION WITH GOVERNMENT RESPONSE

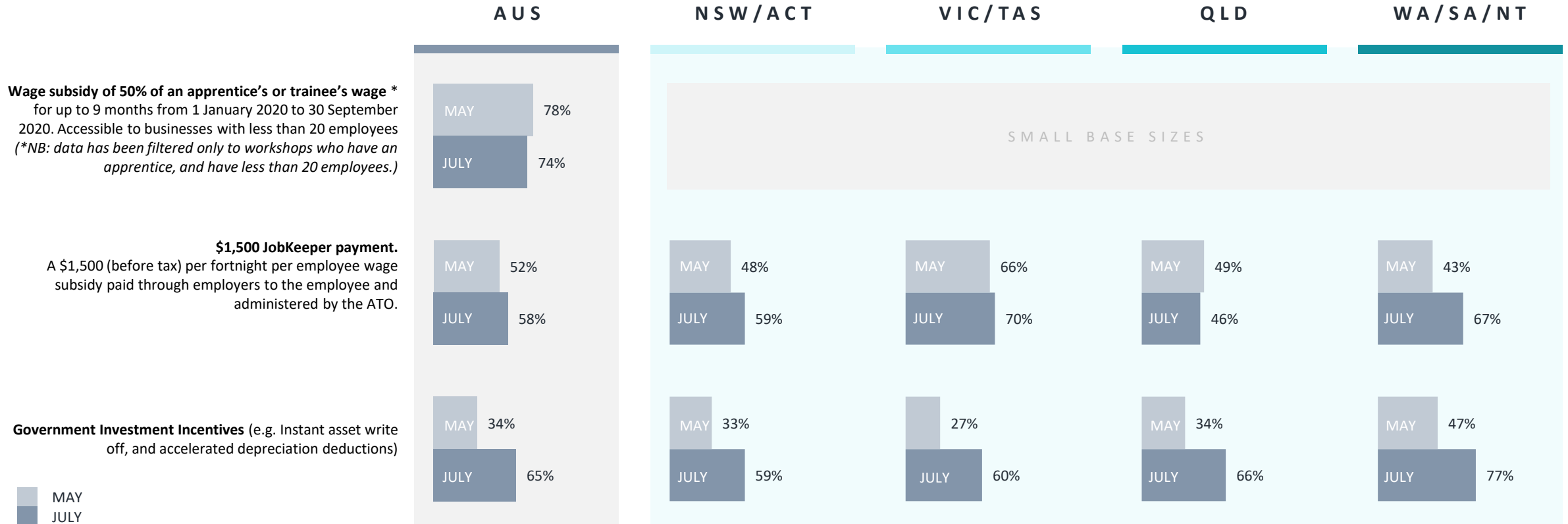


"We, ie: small business' like to stand on our own, and are proud of it, but the government support has definitely been a big asset through this very tough time. We have kept our staff on throughout and are so thankful" (QLD Workshop)

GOVERNMENT STIMULUS PACKAGES

Ultimately, satisfaction with the government's response largely comes down to the sector's ability to tap into the support packages on offer – key here will be the impact as JobKeeper access becomes more restricted in October, with workshops needing to ensure they are not relying on this to survive

GOVERNMENT STIMULUS PACKAGES USED/WILL USE



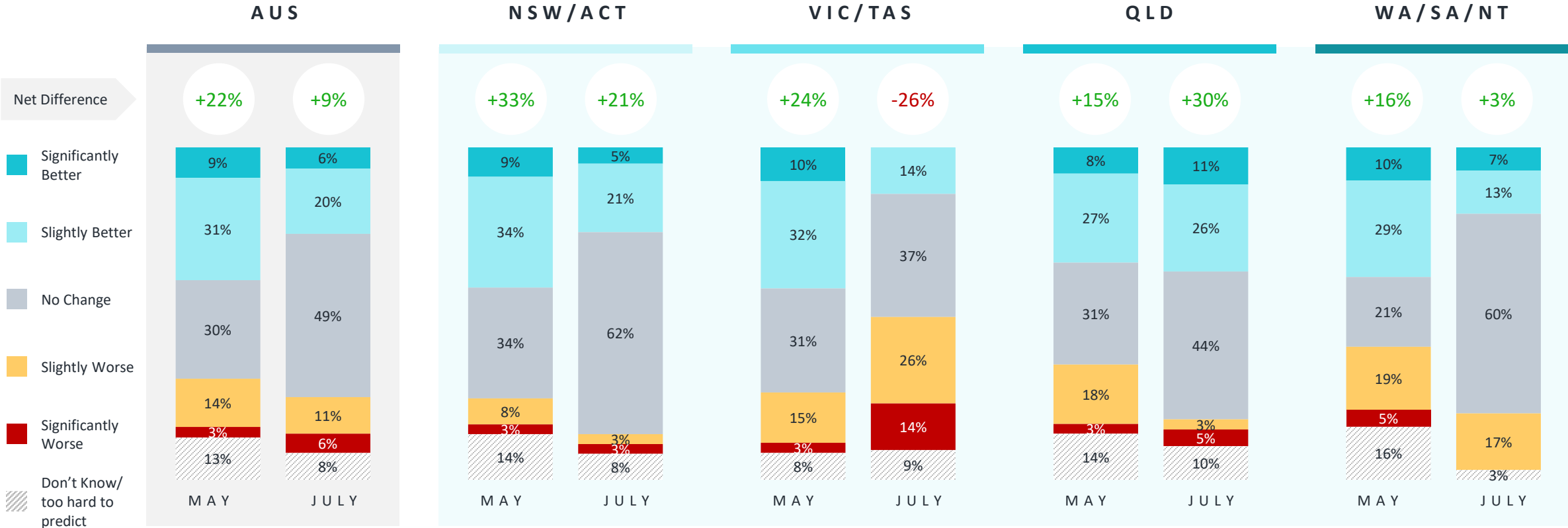


WHERE TO FROM HERE

COVID-19 IMPACT ON REVENUE BY REGION

Looking to the future however, we can see that while WA / SA / NT have returned to parity, QLD and NSW are still recovering, and Victorian workshop operators feel that the worst is yet to come – they are likely to need substantial support to maintain viability through this challenging period

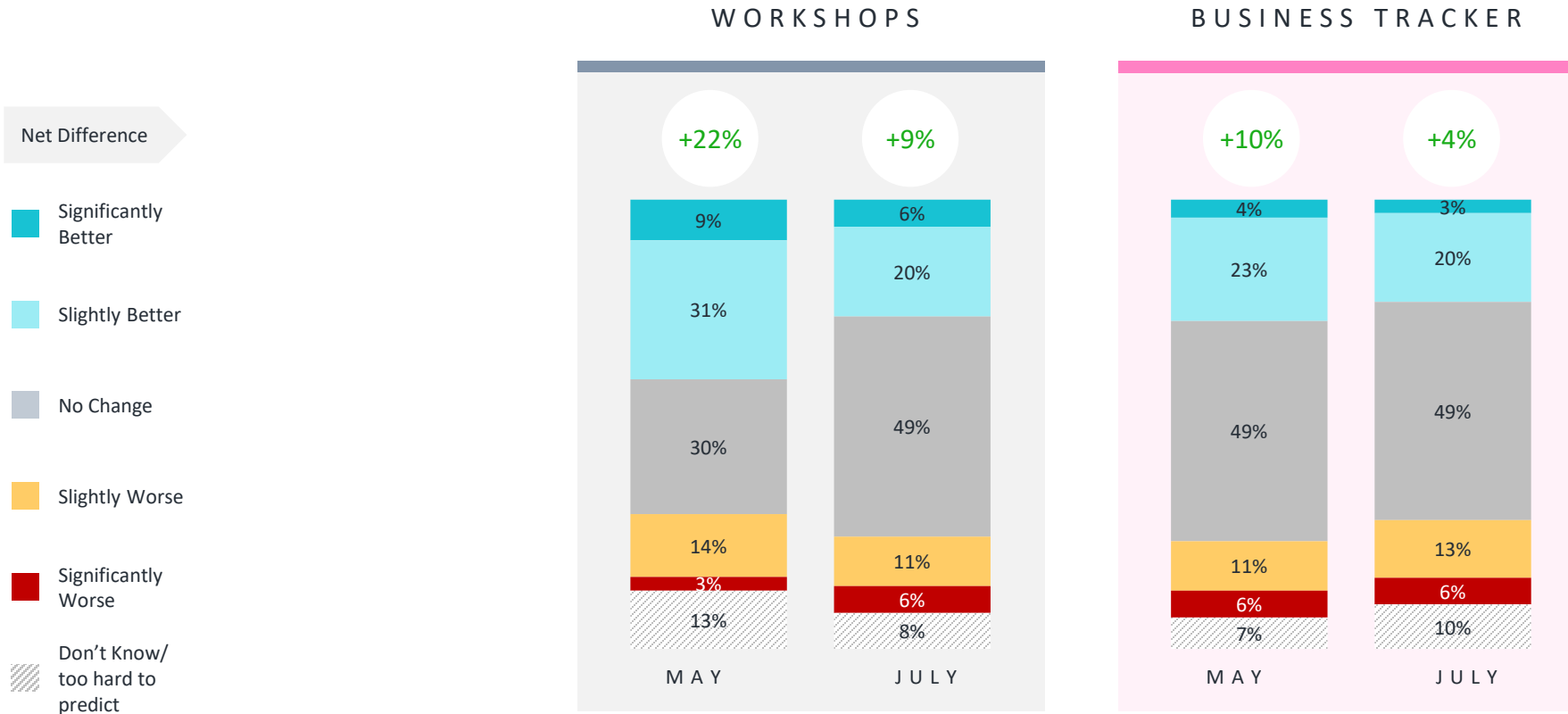
EXPECTED REVENUE IN 4 WEEKS



COVID-19 IMPACT ON REVENUE

Comparing our data to the SME tracker, we can see that the results have returned to be more in line with the overall business community – with that said, depending on where they are in the country, we know that 'no change' is more likely to be a positive result for workshops than many other businesses

EXPECTED REVENUE IN 4 WEEKS

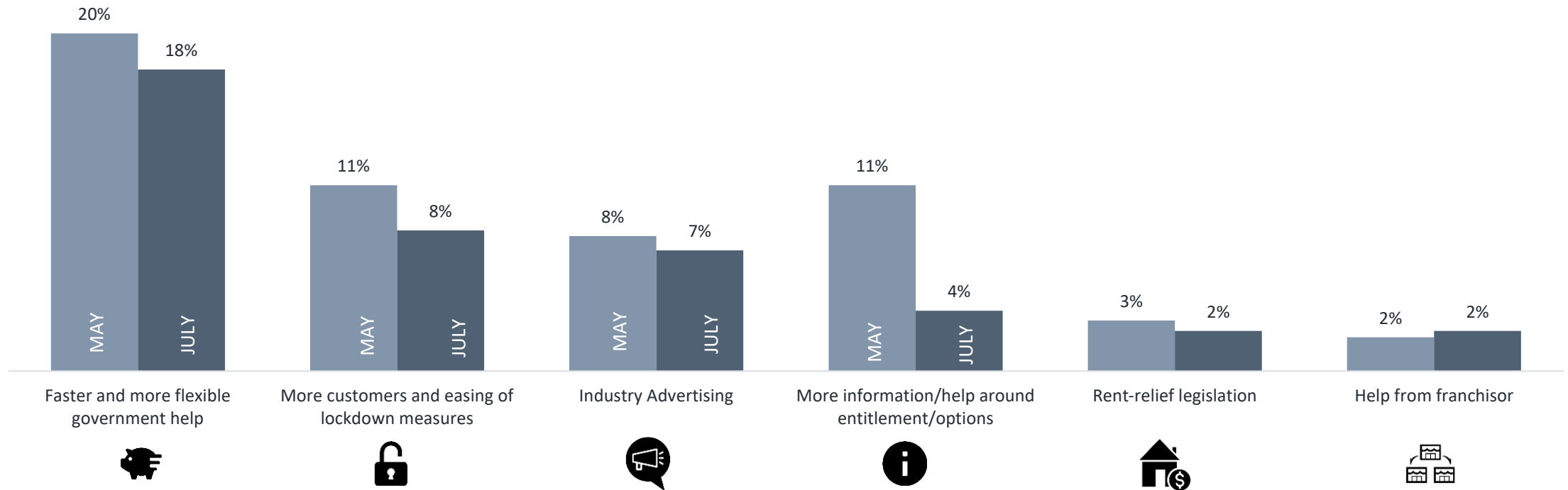


“Even though we are trading well at the moment, my feeling is at the end of Job Keeper/Job seeker business will slow dramatically” (NSW Workshop)

HELP AND SUPPORT NEEDS

This is driving a continued demand for external support (from any of the numerous industry stakeholders - government, peak bodies, franchisors, etc...)

OTHER HELP AND SUPPORT NEEDED



SERVICES ON OFFER

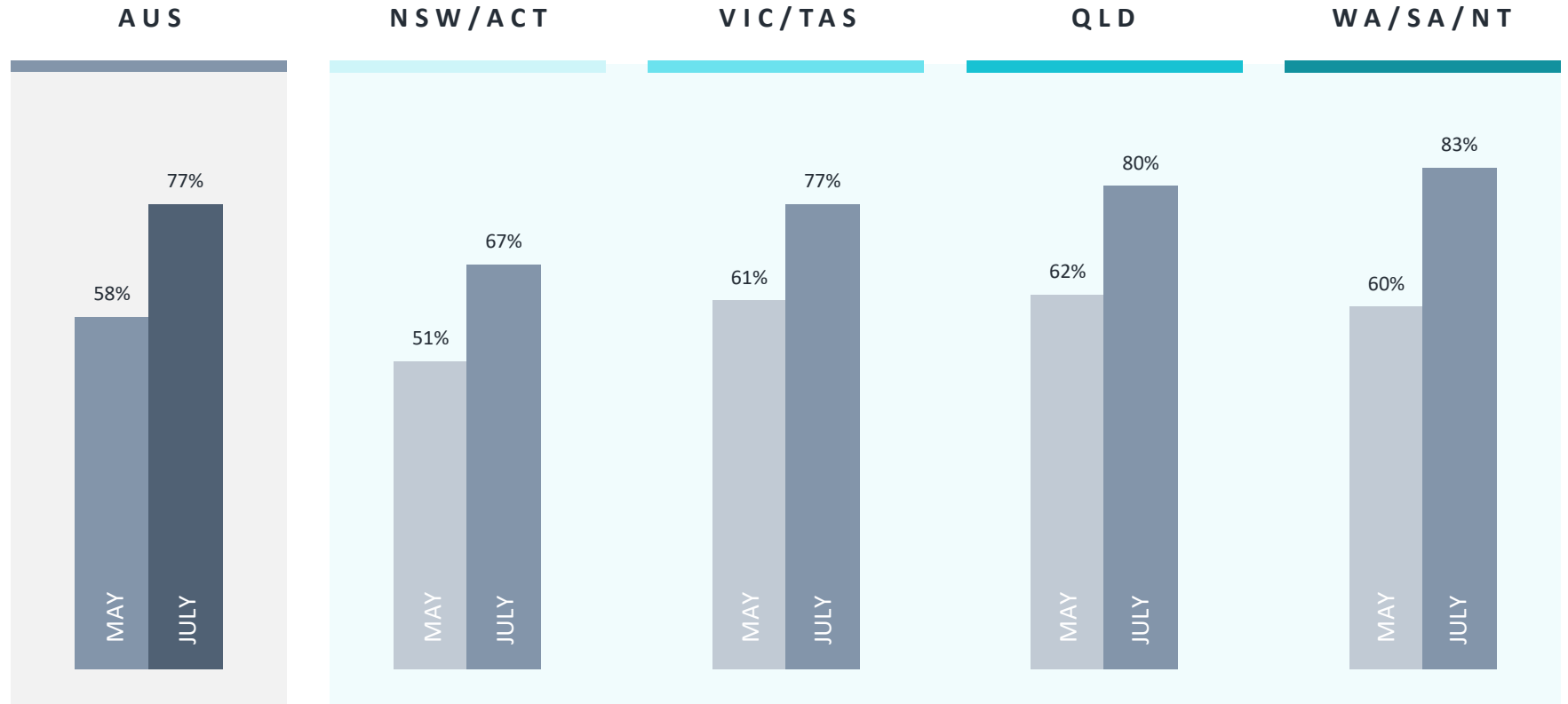
Alongside the desire for external support, many workshops are actively promoting their services to existing customers – despite this the more co-ordinated, industry-led efforts that we’re seeing will remain critical when it comes to reaching the broader community

MARKETING INTRODUCED



SMS Messaging to customers informing them that you are open for business

MAY
JULY





SUMMARY

SUMMARY

Our key themes can be summarised across these three topic areas

SUMMARY THEMES



IMPACT OF COVID - 19

The industry is open, with many workshops recovering the business they lost during the lockdowns.

They are however having to **do more with less**, in many cases being back at 'normal' opening hours, but having less staff available

Victoria is the most significant concern – the ongoing impact of the pandemic is clearly visible, with workshop operators **expecting it to get worse before it gets better**. They will need a significant level of support to rebuild their businesses off the back of this.



GOVERNMENT SUPPORT

The aftermarket is generally positive when it comes to the role government has played in their recovery – this is underpinned by **broad access to financial support** across JobKeeper, wage support for apprentices, and investment incentives.

The main concern here though is the potential impact in late September (as eligibility criteria tighten, and dollar amounts fall) - a number of businesses **will lose access to government support** at that point in time.



WHERE TO FROM HERE

While the automotive aftermarket is generally positive, significant concerns remain about the **potential impact in the case of further outbreaks / lockdowns** – Victoria provides a clear view of how quickly this can flare up

Workshops are therefore looking for **continued support from industry stakeholders** – while they are effectively communicating with their base, the broader community must remain confident that their servicing and maintenance needs can be met



THANK YOU

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