

THE HORN

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Serving the Automotive Aftermarket in North Carolina, South Carolina, Tennessee, and Virginia

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AAAMS Business Conference -- Hilton Head Island, SC

The Automotive Aftermarket Association of the Mid-South (AAAMS) is pleased to announce that this year's annual Business Conference will be held at The Hilton Head Marriott Resort & Spa, Hilton Head Island, SC, September 20 - 23, 2018. The weekend will be filled with education and fun. Conference Chair Richard Gerard, Jr., Washington, NC, will release final details in the next issue of "The Horn". Please join us and experience this beautiful South Carolina location. Let's have a great turnout!!!

LEGAL / LEGISLATIVE

The battle over right to repair: More important than ever before.

By: Aaron Lowe, Auto Care Association

As we begin 2018, one of the issues that seems to never go totally away is right to repair. There is good reason for this since many of the issues now at the forefront of our industry, such as access to data transmitted by embedded telematics systems, have as their root the right of car owners to obtain repairs for their vehicle from the location of their choice and not be limited to authorized dealer facilities.

Further, the right to repair battle points to an important dynamic that is occurring not only in our industry, but in many others where manufacturers are attempting to assert increased control over how their products are used and repaired. Therefore, it is important to go back and review where the right to repair came from and its current status since its repercussions are not only being felt in the automotive aftermarket in this country, but in other countries and even other industries.

Many in our industry are no doubt familiar with the right to repair battle that our industry launched as far back as 2001, but only concluded when a law was finally enacted in Massachusetts in 2012. The car companies embarked on a major campaign to prevent passage, only to finally concede defeat when Massachusetts voters overwhelmingly approved a right to repair ballot measure by an 86-14 percent margin as part of the 2012 elections.

Following the victory in 2012, the car companies agreed in a memorandum of understanding (MOU) signed with Auto Care and the Coalition for Auto Repair Equality (CARE) to comply with the Massachusetts right to repair law nationwide in order to avoid a state by state battle over right to repair.

The result of this effort is that there is now a nationwide requirement that vehicle manufacturers make available to independent repairers at a fair and reasonable price, the same repair information, tools and software that they provide their dealers. This year, the right to repair law and MOU will require car companies to make all of their software, repair capabilities and information available over the cloud on a subscription basis.

Under this system, a shop should be able to download all of the repair capabilities onto a generic laptop and then connect to a vehicle using a standardized interface that meets SAE J2535 or ISO 22900 industry standards. If everything works as planned, a shop would be able to obtain on either a long or short-term basis, all of the same diagnostic and repair capabilities that a new car dealer receives for nearly any car that comes into their shop, without the investment of tens of thousands of dollars to purchase car company proprietary tools. Of course, with the benefits of right to repair come some responsibilities.

While having a lot of great tools at their disposal is great, shops need to ensure that their technicians are properly trained to work on late model computer controlled vehicles and know where they can obtain the tools, software and information they need to repair them.

Further, if information, tools or software are not available, shops/technicians need to take the responsibility to let us know so that action can be taken to ensure compliance.

Which leads me to a quick word about the National Automotive Service Task Force (NASTF). NASTF was designated to help ensure that technicians can get what they need to repair cars and to close gaps that occur either on purpose or by accident.

There is a process called the Service Information Request (SIR), where NASTF will attempt to remedy a gap found by a shop. However, NASTF can only do this if someone lets them know there is a problem. The NASTF website also has links to all of the car company service information web sites for quick reference. For most issues, NASTF is a good first point of contact if you need something. Auto Care and other groups can take on more difficult issues. To find out more about NASTF, go to <https://www.nastf.org/i4a/pages/index.cfm?pageid=1>

Notwithstanding the day-to-day problems that sometimes occur with right to repair in the real world, it is easy to take for granted that the independent aftermarket has for the most part pretty good access to the information and tools needed to work on most makes sold in this country. However, the recent battles in the electronic device industry and the farm industry demonstrates that consumer choice does not always come easy.

You may have seen in the press that independent technicians that work on electronic devices claim that companies like Apple are locking them out from access to the tools and information to work on iPhones and tablets, leaving the OE designated repair facilities the only place consumers can go to obtain repairs.

In the farm industry, John Deere requires that all of their tractors are repaired by only authorized repairers, thus delaying needed repairs for farmers that depend on their tractors to keep their farms profitable. Groups representing independent technicians in the electronic device and farm industry have been pressing for their own version of right to repair, and had bills introduced in about eight states during 2017. While all of those efforts were unsuccessful, they are promising to return in 2018 with additional state efforts.

Further, groups representing the independent automotive aftermarket in Australia and South Africa are fighting their own battle for right to repair. In these countries, the same vehicle manufacturers that are making most information and tools available in the U.S., have severely limited what is available to independents. Our success in the U.S. is providing important assistance to these groups as they move forward with their right to repair efforts.

The right to repair battles in the U.S. and globally makes me wonder what would have happened in the U.S. had the industry not pressed the right to repair battle. It also points to the fact that just like the freedom we enjoy in this country, competition cannot be taken for granted — it must be something that the independent aftermarket must fight to maintain every day, whether through government action or just by educating consumers on the benefits they receive from having a choice on where they get their car repaired.

Source: Auto Care Association

INDUSTRY NEWS

Vehicles Top 17 Million For Third Year

"Sales of new cars and light trucks in the U.S. reached 17.2 million in 2017, the third consecutive year (2015 through 2017) in which annual sales topped 17 million. In the four years from 2014 through 2017, new car and light truck annual volume averaged over 17 million."

"Strong new car and light truck sales and the changing mix of new vehicles have important implications for future light vehicle aftermarket product volume."

—Jim Lang, Publisher, Aftermarket iReport (1/31/2018)

New Vehicle Sales Set Four Year Record

Although new car and light truck sales fell 1.8% last year, 2017 annual vehicle sales reached 17.2 million. This is the third consecutive year in which sales exceeded 17 million.

During the past four years (2014 to 2017), new car and light truck volume averaged 17.2 million, eclipsing the previous four-year record of 17.1 million for average annual light vehicle volume achieved from 1999 through 2002. During that earlier record stretch, annual light vehicle volume topped 17 million in only two years, 2000 and 2001.

Foreign Nameplate Sales Share

Foreign nameplate cars and light trucks (including Imports and Transplants) neared 56% sales share during 2017 (55.6%), an increase from the previous year. Foreign nameplates have averaged more than 54% annual share of the new vehicle market since 2008.

Changing Foreign Nameplate Sales Mix

Japanese nameplate cars and light trucks accounted for 39% of total vehicle volume, stronger than their 37% share of the 2014 market.

European vehicles recorded 8% new vehicle share during 2017, unchanged from four years earlier, while Korean nameplates slipped from 8% to 7% of new light vehicle sales between 2014 and 2017.

The residual category of other foreign nameplates represented 1% of annual car and light truck sales during 2014 and 2017.

Domestic Nameplate 2017 Sales

Domestic nameplate cars and light trucks accounted for just over 44% of 2017 new vehicle sales, down from 45% of the 2014 market.

While much press attention has been given to the market exploits of Tesla, their 2017 annual sales fell 5% compared to 2014, despite total domestic nameplate volume rising 2% during this period.

Light Truck Sales Surge

One of the most significant changes in the new vehicle sales mix over the past four years has been the rising dominance of light trucks in the U.S. market. They generated 63% of 2017 volume, up from 53% of new light vehicle sales during 2014.

This increase in light truck sales share is positive for future aftermarket growth since light trucks generate substantial annual use of Accessories and generally average more annual Replacement Product volume per vehicle than passenger cars.

Foreign Nameplates Drive Sales Growth

Foreign nameplates generated 76% of total new car and light truck annual sales growth between 2014 and 2017.

New Car and Light Truck Changing Sales Mix

Passenger cars fell 20% in volume during 2017 compared to 2014, while light trucks soared over 25% in unit sales during this period, generating all of the increase in new vehicle sales.

MANAGEMENT NOTES

CUSTOMER RETENTION-KEEPING CUSTOMERS HAPPY

Today's consumers have a lot of choices. Just one bad experience can drive even your most loyal customers to the competition, which severely impacts customer retention.

The Cost of Unhappy Customers: We live in what many have dubbed the 'switching economy.' In 2013, poor customer experiences caused more than half of consumers to switch companies they did business with. A survey found what frustrates customers most is difficulty contacting a business, long hold times and having to repeat their issue multiple times. These are issues that can be easily resolved but often aren't. In fact that same survey found that 81 % of the respondents said there was something the company could have done to keep them from making the change.

The Secret to Customer Happiness: If unhappy or even slightly satisfied customers are leaving, what can you do to make them stay? The secret to creating happy customers isn't really a secret at all. Businesses need to show customers that they are more than just a name and a number in a spreadsheet. Actions speak louder than words, so here are five things you can do to show them that you care.

1. Have an Open Line of Communication: No one likes to be on hold waiting to speak with someone in customer service and with advances in technology, they no longer have to. There are numerous chat solutions that give customers a direct line to someone who can help them. Live chat is a more effective tool to support your customers than phone. Instead of being able to help just one customer at a time, your employees could now help multiple customers at once. This speeds up time to resolution and reduces overall support costs, while also keeping your customers happy.

2. Don't Make Customers Repeat Themselves: In other words, listen to your customers. Nothing can be more frustrating than having to repeat yourself time and again when trying to resolve a problem. Train your staff to be respectful, maintain eye contact when in person and restate what the customer said to lessen confusion. This will help move conversations along and mitigate frustration that can arise when customers feel like their concerns aren't heard.

3. Take Customer Feedback Seriously: On a related note, if your business is collecting feedback through surveys or online reviews, you should take that feedback to heart and respond when appropriate. Online reviews are a good way to identify problems your business is having and correct them. Customers will notice if you're listening and responding to feedback-especially negative feedback. Customers who saw a brand respond to a negative review were more than twice as likely to make a purchase, than customers who saw a negative review and the brand did not respond.

4. Avoid Playing Hot Potato: Your employees aren't going to always have the right answer for the customer. This doesn't mean they should immediately look to pawn them off if they don't. It can be very frustrating to be passed from employee to employee when trying to resolve a problem. If the employee can easily find the answer, they should stay with the customer until they do so. If the issue is more complex, take down the customer's contact information and follow up as soon as the answer is found or the problem is resolved.

5. Be Honest and Transparent: Most customers will understand if something goes wrong, especially if the business is willing to admit they made a mistake. Communicating honestly with customers will help foster trust and increase customer retention. Being open and honest will show that you have nothing to hide and that

AAAMS North Carolina Capitol Day May 2, 2018



Please join us for our third annual Automotive Aftermarket Association of the Mid-South Capitol Day event on May 2, 2018 at the North Carolina State Capitol in Raleigh, NC.

North Carolina members, you are cordially invited to participate in a full day of legislative sessions and visits with elected officials as we seek to personally advocate for our industry's priorities.

Experience the legislative process first-hand as you travel to North Carolina's capital city and participate in meetings with members of the North Carolina legislature and the Executive branch.

Automotive Aftermarket Association

OF THE MID-SOUTH

We encourage you to take advantage of this opportunity and join us at the Capitol to promote the industry, the association, our businesses and legislative issues with new elected officials and existing friends of our industry.

For more information, please contact:

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AAAMS

The Automotive Aftermarket Association of the Mid-South (formerly N.C. Automotive Wholesalers Assn.) was chartered in 1952, as a non-profit corporation, operating in the State of North Carolina, as a voluntary trade association of business firms engaged in the wholesale/retail or warehouse distribution of automotive replacement parts, supplies, and/or equipment. In April 1993, APAC was formed to represent the North Carolina and South Carolina aftermarket. In September 2001, AAAC was formed to represent the North Carolina, South Carolina, and Tennessee automotive aftermarket. And, in February 2018, AAAMS was formed to include the Virginia automotive aftermarket and beyond.

Our mission is to provide members with business and educational information relative to the sale of automotive replacement parts, to promote the automotive aftermarket industry, to provide legislative and regulatory advocacy and to enable group purchasing of member service programs. AAAMS today represents several hundred automotive aftermarket locations throughout the Mid-South.

Networking Opportunities... Members are a part of the automotive aftermarket community in our region. The relationships formed through membership are often referred to as "the best part of being an AAAMS member." Your attendance at meetings and AAAMS's Annual Business Conference give you opportunities to meet others in our industry and exchange ideas, problems, and/or solutions.

Contact AAAMS at (800) 849-8037 to discuss how our programs will save you money every month. Your business simply cannot afford not to be a member of the Association!!

The Benefits of Belonging... AAAMS offers a wide range of affordable services & programs, including but not limited to:

***Business Basics** - Supplying members with top quality forms and business supplies for many years at competitive prices. Invoices, statements, industry specific and custom forms, envelopes, laser toner, ribbons, labels, tags, calendars, business cards, printer paper and more.

***Business Insurance** - AAAMS recommends the IGO Insurance Agency for Property/Casualty, Workers' Compensation and business auto needs.

***Group Health Insurance** - Sponsored group and individual plans. Options available: Life, Disability and Dental insurance plans...The Hodges Insurance Agency.

***Credit Card Processing** - Recommended program with Cocard Merchant Services provides competitive processing rates for VISA, MasterCard and Discover, Debit and Electronic Gift Cards.

***Human Resource Services** - AAAMS recommends IGO Insurance Agency to assist members with human resources needs (i.e., federal and state compliance - FLSA, ADA, HIPAA, FMLA, OSHA and EEO).

***Scholarships** - The AAAMS Education Fund offers financial aid for qualified students. AAAMS's collaboration with the Automotive Aftermarket Foundation offers qualified applicants additional consideration for scholarships and other industry awards.

***Fleet/Commercial Truck Discount Program** - AAAMS has partnered with Randy Marion Fleet/Commercial to provide AAAMS members discounts on their truck needs.

***AAAMS Annual Business Conference** - AAAMS's signature net-working and educational event. All segments of the region's traditional aftermarket assemble for this event featuring industry experts, developing trends and business seminars.

***Legislative Representation** - Members are represented at the national level through our affiliation with the Auto Care Association and the Alliance of State Automotive Aftermarket Associations (ASAAA). AAAMS also represents the automotive aftermarket at the various State Legislatures.

***Information and News** - AAAMS's "The Horn" is a monthly publication full of information on the Association and your industry.

***Other Programs and Services** - Payroll Service, New and Used Store/Warehouse Shelving, etc.

AAAMS Board of Directors

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(Revised 2/1/18)



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MEMBERSHIP SERVICES SURVEY (revised 2/1/18)

CHECK ANY SERVICES / PROGRAMS ON WHICH YOU WOULD LIKE MORE INFORMATION.

- | | |
|--|---|
| <input type="checkbox"/> Workers' Compensation Insurance | <input type="checkbox"/> Property & Casualty Insurance |
| <input type="checkbox"/> Health Insurance | <input type="checkbox"/> Long-Term Care Insurance |
| <input type="checkbox"/> Disability Insurance | <input type="checkbox"/> Catalog Racks & Binders |
| <input type="checkbox"/> Check Guarantee Service | <input type="checkbox"/> Credit Union |
| <input type="checkbox"/> Plastic Bags | <input type="checkbox"/> Credit Card Processing Program |
| <input type="checkbox"/> Education Scholarships | <input type="checkbox"/> Advertising Calendars |
| <input type="checkbox"/> Labor Law Posters (State & Federal) | <input type="checkbox"/> Human Resources Service |
| <input type="checkbox"/> Website Design | <input type="checkbox"/> Ad Specialty Items (i.e. pens, caps, shirts, etc.) |
| <input type="checkbox"/> Fleet/Commercial Truck Discount Program | <input type="checkbox"/> Legal Protection & Identity Theft Plans |
| <input type="checkbox"/> Exit Planning | <input type="checkbox"/> New and Used Shelving |
| <input type="checkbox"/> Payroll Service Program | <input type="checkbox"/> Debt Collection Program |

BUSINESS FORMS / COMPUTER SUPPLIES:

- | | |
|---|---|
| <input type="checkbox"/> Snapouts* | <input type="checkbox"/> Statements* |
| <input type="checkbox"/> Shop / Repair Forms* | <input type="checkbox"/> Paper |
| <input type="checkbox"/> Envelopes | <input type="checkbox"/> Ribbons (Model of Printer:_____) |
| <input type="checkbox"/> Invoices* | <input type="checkbox"/> Ink & Toner (Model of Printer:_____) |

***Please send 2 complete samples (all parts) of snapouts, invoices, statements, etc. for quotes.**

I wish AAAMS would consider the following programs / services:_____

NAME: (Print) _____ **PHONE: ()** _____

FIRM: _____ **FAX:** _____

ADDRESS: _____ **P.O. BOX** _____

CITY / STATE / ZIP: _____ **EMAIL:** _____