

Service Providers Must Persevere to Benefit from Positive Trends

By Jeffrey Cox



As we begin the 2019 calendar year, there is plenty of excitement and opportunities relating to servicing today's vehicles. Like last year, 2018 light-duty vehicle sales will be roughly 16 million units,

which is off from 2017's sales of 17.5 million units with the mix continuing to shift toward SUV and CUV models. Model consolidation seems to be the trend among vehicle manufacturers; as you have probably read in the recent news, Ford will no longer sell sedans and GM is reducing the number of sedan platforms to align with the demand of consumers.

Despite new vehicle sales remaining strong the past couple of years, the average age of the vehicle continues to increase – albeit only slightly. In 2018 the average age of vehicles was 11.7-years-old with a slightly older vehicle at 11.8 years of age in 2019. The combination of new vehicle sales and an increasing average age of the vehicle will certainly lead to more vehicles in operation (VIO) and more repair and maintenance opportunities. According to IHS Markit, there will be an increase of 8% in VIO by 2023. Vehicle registration data continues to show the changing landscape between foreign and domestic vehicles. With strong new-car sales and many current owners of foreign vehicles keeping their vehicles longer, foreign vehicles will continue to comprise a larger share of the VIO market share. Although this is probably not completely surprising, it is an important element to consider as you purchase diagnostic and other equipment or develop training for customer service professionals and vehicle service technicians. Another positive sign for our business is the changing mix regarding the age of vehicles – primarily the number of vehicles in each age "category." As mentioned earlier, the average age of vehicles is trending to be 11.8 years of age, but when you look deeper into the typical age ranges the two fastest growing segments are vehicles

just coming out of warranty and the 15 years and older. This brings new opportunities with maintenance and repair on vehicles coming out of warranty as well as a changing mentality on what motorists are willing to invest into older vehicles. Lastly, the "sweet spot" segment that is identified by vehicles ranging from 6 to 11 years – and will continue to grow in 2019 – is a high-value segment to service providers.

According to the U.S. energy Information Administration, the cost of fuel will remain stable at \$2.75/gal and could result in strong average of miles driven. This could also create higher demand for manufacture scheduled maintenance or other service demands related to travel. This places a heightened emphasis on the service counter so ensuring you are consistently communicating the maintenance recommendations that will be important to keep the motorist's vehicle on the road.

With the mentioned industry tail winds creating service opportunities, service providers that have strong operational processes in place will benefit the most. Below are some items service providers may want to focus on.

1. Information flow: According to Auto Vitals, 66% of all inspection results are not sold because the recommendations are not transferred to the customer's work order estimate or communicated accurately by the service counter. By using the Motorist Assurance Program's (MAP) process, it gives the shop confidence in making the "required" or "suggested" recommendations determined by the inspection of the vehicle. The MAP process creates confidence in the customer service professional because they know every recommendation made has a reason code that can easily be explained to the motorist. The result of the process is the motorist clearly understands what is OK, suggested or required on their vehicle and eliminates the opportunity for them to be oversold on parts and service. This process connects the customer service professionals with the technician and creates a customer experience built on trust.

2. Educate: Most consumers don't want to be sold services but rather be informed and educated on their vehicles and the related systems that allow them to make the right choices on the proper repair and maintenance based on their driving conditions. The MAP process supports the idea that if you give the customer the information they need in a consistent and logical way it will lead to good decisions and properly maintained and operating vehicles. The MAP process encourages member facilities to highlight what is "OK" with the vehicles first and foremost and then only suggest or require repairs based on the condition of the component or system. A motorist's vehicle is likely the second-most valuable asset they own next to their home so communicating clearly the reasons for recommendations and supplying them with information and videos to support the recommendations is critical in order to build trust with the motorist.

2019 should be an excellent year based on the positive trends in the aftermarket. The shop that hopes to take advantage of it must focus on creating an outstanding customer experience that includes providing exceptional vehicle service while building trust through consistency in the way they inspect vehicles and communicate the results to the motorist. The Motorist Assurance Program is a great way to create that foundation in your shop. For more information on MAP contact us at: Amra.org. ■

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