

# Factors Impacting Repairs

## Industry Indicators

What's driving the cost to repair cars?

BY KRYSZYNA LAGOWSKI

Everyone knows that although the markets in the United States and Canada are different, there's always bound to be spillover.

And that's what makes the 2016 Auto Care Factbook so fascinating. You can clearly see what trends are reflected on both sides of the 49th parallel.

The Auto Care Association, which is based in Bethesda, Maryland, represents 100,000 member repair shops, parts stores and distribution outlets in the United States. The Factbook not only looks at how members rate what has an impact on their business, but also uses three main sources of data to arrive at its forecast – U.S. Economic Census, Industrial Research Marketing Inc., and Information Handling Systems (also known as HIS, which now includes R. L. Polk).

### Parallels

To begin with, the Forecast found that there were 4.33 million people employed in the auto care industry, continuing the 2011 upward trend. And over 840,000 men and women work as automotive technicians at general repair shops, vehicle dealerships and service stations, which is an increase of 3.4 percent from 2013.

Not surprisingly, demand for technicians is growing at 1.1 percent, showing a rosy job outlook beyond 2014.

When members were asked to rank what has had the greatest impact on their businesses, there were some surprises – and also some parallels with the Canadian market.

For example, the average age of a vehicle was thought to have a 4.2 percent impact



Newer vehicles require a professional technician's diagnosis.

on repairs, and longer lasting vehicles in general had a 4.6 percent impact. A healthy economy exerted a 4.6 percent influence, while the increasing complexity of vehicles requiring a professional technician's expertise amounted to 3.9 percent.

And aging baby boomers, who now prefer to have professional techs service their vehicles, had an 8.3 percent impact, while the increased efficiency and productivity of service bays contributed 6.7 percent.

### Market forces

Another section of the Auto Care Factbook deals with market forces driving auto care. It predicts, based on its data sources, that disposable income is poised to grow 4.5 percent from 2015 to 2018. That could be why, in 2015, new vehicle sales came in at just under 17 million units, a number unseen since 2005.

In fact, from 2014 to 2018, it's predicted that 277 million vehicles will be on U.S. roads. The average vehicle, similar to Canada, is 11.5 years old.

With fuel prices expected to stay low, total miles driven are expected to increase two percent and beyond – as soon as prices dropped in December 2014 and January 2015, total miles driven already began to increase.

And as demands on consumer time continue to grow, they want to get in and out of service shops faster than ever. This has driven changes in the sector, with specialized shops consolidating into larger, one-stop shops. Many general repair shops are catering to their clients' needs by offering value-added amenities like comfortable waiting lounges, Internet, commuter shuttles and even complimentary loaner vehicles.

Overall, the Factbook concludes that the long term economic view for the United States is very positive. The direct benefits of lower gas prices to consumer spending are already being felt in the economy. And the consumer outlook for the next two years is brighter, due to elevated levels of consumer confidence, lower energy prices, and stronger income support. 