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## **Automotive Repair – It's a New World Out There!**

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*Technological innovations are accelerating the trend toward ever higher quality. Better-built cars are good for consumers, manufacturers, dealers... everyone except the repair shop owner who is still trying to be successful "fixing" cars.*

*by Jeff Webster*

*“When you fix cars right the first time and provide the very best customer service, success in the auto repair industry is guaranteed.”*

*– Online ad promoting an auto-repair franchise opportunity*

## **Success means recognizing a new reality!**

If the above advertising statement was ever true, it certainly is not any more. The world of auto repair has changed – forever! And those changes keep coming with every new model year.

A few years ago, when vehicle reliability was consistent from make to make, consumers accepted periodic repairs as a fact of life. Cars broke – it was that simple. As the differences in quality between foreign and U.S. manufacturers grew, consumers became more discriminating. Market forces put extreme pressure on the domestic auto industry to raise quality.

Faced with poor sales, U.S. manufacturers made a concerted effort to close the quality gap. It was rather like hitting a moving target, as foreign makers kept improving as well. Figure 1 shows the recent trend in improving vehicle quality:

<b>Repairs per 100 vehicles</b>		
	<b>1980</b>	<b>2003</b>
American cars	109	18
European cars	59	20
Asian cars	38	12

*Source: Consumer Reports*

In addition to increased parity between makes, a 2006 report from J.D. Power and Associates indicates that there is a rapidly declining difference in quality between luxury and non-luxury vehicles in general.

### **What does this mean in the real world?**

ATI (Automotive Training Institute), a highly regarded training and consulting firm, says, “The game changed while you were busy fixing

cars.” ATI’s instructors teach shop owners to stop aiming at repairs, which they call the “wrong target.” In the competitive automotive service business, repairs just won’t cut it anymore.

### **ATI offers two non-repair businesses as a basis for comparison:**

- **Phone Booths** – It is no secret that the way people communicate has changed. In 1889, the first public telephone booth was installed in Hartford, Connecticut, and in a few years, they seemed to be everywhere. Phone booths played a central role in popular culture – including Superman comics. Today, as cellular phone sales skyrocket, it may be difficult to find a working pay phone. Even Britain’s famous red call boxes are disappearing.

- **Dentistry** – Only a couple of generations ago, a dentist’s primary activity was filling cavities. Then came a greater awareness of dental hygiene. Fluoride was added to municipal water supplies. People learned to floss. Toothpaste became more effective. Cavities virtually disappeared.

\*Westfield, Massachusetts is nicknamed “Whip City,” a reflection of its history as a major manufacturing hub for buggy whips. By 1865, there were 30 whip-making factories controlling 95% of the U.S. whip market. A full 80% of the town’s residents were employed in the industry. Of course, the introduction of the “horseless carriage” greatly diminished the need for whips, and by 2007, just one manufacturer remained in Westfield.

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Dental associations recognized that “repair-oriented” appointments were declining. Their world was changing. The industry responded quickly and developed strategies to protect dental practices from going the way of the buggy whip.\*

Now, dentists focus on maintenance, prevention and cosmetic dentistry. Dental hygienists schedule appointments six months in advance. Vacations can be scheduled, and everyone leaves the office at a reasonable hour to go home and spend time with their families. A dentist’s workday is no longer event-driven; it is schedule-driven.

### **New technologies drive higher quality**

Technological innovations are accelerating the trend toward ever higher quality. Better-built cars are good for consumers, manufacturers, dealers... everyone except the repair shop owner who is still trying to be successful “fixing” cars. There is far less that needs fixing these days.

This is underscored by the occupational outlook for auto technicians. From 1980 to 1996, the percentage of repair technicians at automobile dealerships shrank from 29% to 24%. At the same time, the percentage of salespeople and parts workers remained relatively steady. The reduced number of dealer technicians is partly explained by fewer customer repair orders as vehicle quality continues to improve.<sup>1</sup>

According to the U.S. Bureau of Labor Statistics, the future opportunities for technicians are expected to increase through 2014, simply due to an increasing number of cars on the road. However, most of the employment openings will be due to retirements and individuals changing careers. Also, the trend is mitigated by ever increasing quality of vehicles.

### **Is the answer more CARS?**

A common response to sagging business is, “If I only had more cars...” Car count in itself is not the answer. Hard-to-diagnose repairs lead to excessive technician time, increase stress in the shop and lead to disappointed consumers, when vehicles are not delivered on time.

### **Scheduled Maintenance – The Future of the Automotive Service Industry**

Rather than laying off your technicians and locking the doors, forward-looking shop owners are finding a solution in vehicle manufacturers’ maintenance schedules. Emphasizing scheduled maintenance over repair-based work is the solution that dentists implemented years ago.

A 2006 study indicates that consumers are likely willing to service their vehicles according to manufacturers’ recommendations, in order to maintain their warranties and maximize their vehicle’s lifespan and resale value.<sup>2</sup> It appears that consumers are beginning to perceive vehicle maintenance in the same way they accept regularly scheduled dental cleanings.

## Courtesy Checks

Along with scheduled maintenance, courtesy checks are an important potential revenue source. Consumers today expect complimentary courtesy check as a normal component of the maintenance service. Often, components in need of legitimate repairs are uncovered during courtesy checks: brakes, hoses, belts, tires or leaking power water pumps. Courtesy checks are most effective when they are formalized and defined: “24-point courtesy check,” etc.

## Conclusion

Technology and a focus on quality have made vehicles extremely reliable. Unless a shop owner is willing to work long hours for low wages, a shop can no longer succeed on repairs alone. Regularly scheduled maintenance and an emphasis on business management are the forces that drive profitability in today's competitive world.

1 Auto retailing: changing trends in jobs and business, Monthly Labor Review, Oct, 1998 by Keith G. Keel – [http://www.findarticles.com/p/articles/mi\\_m1153/is\\_10\\_121/ai\\_53682819](http://www.findarticles.com/p/articles/mi_m1153/is_10_121/ai_53682819)

2 Customer Perception and Behavior in the U.S. – Automotive Maintenance, Frost & Sullivan, September 30, 2006 – <http://www.marketresearch.com/product/display.asp?productid=1393084&g=1>