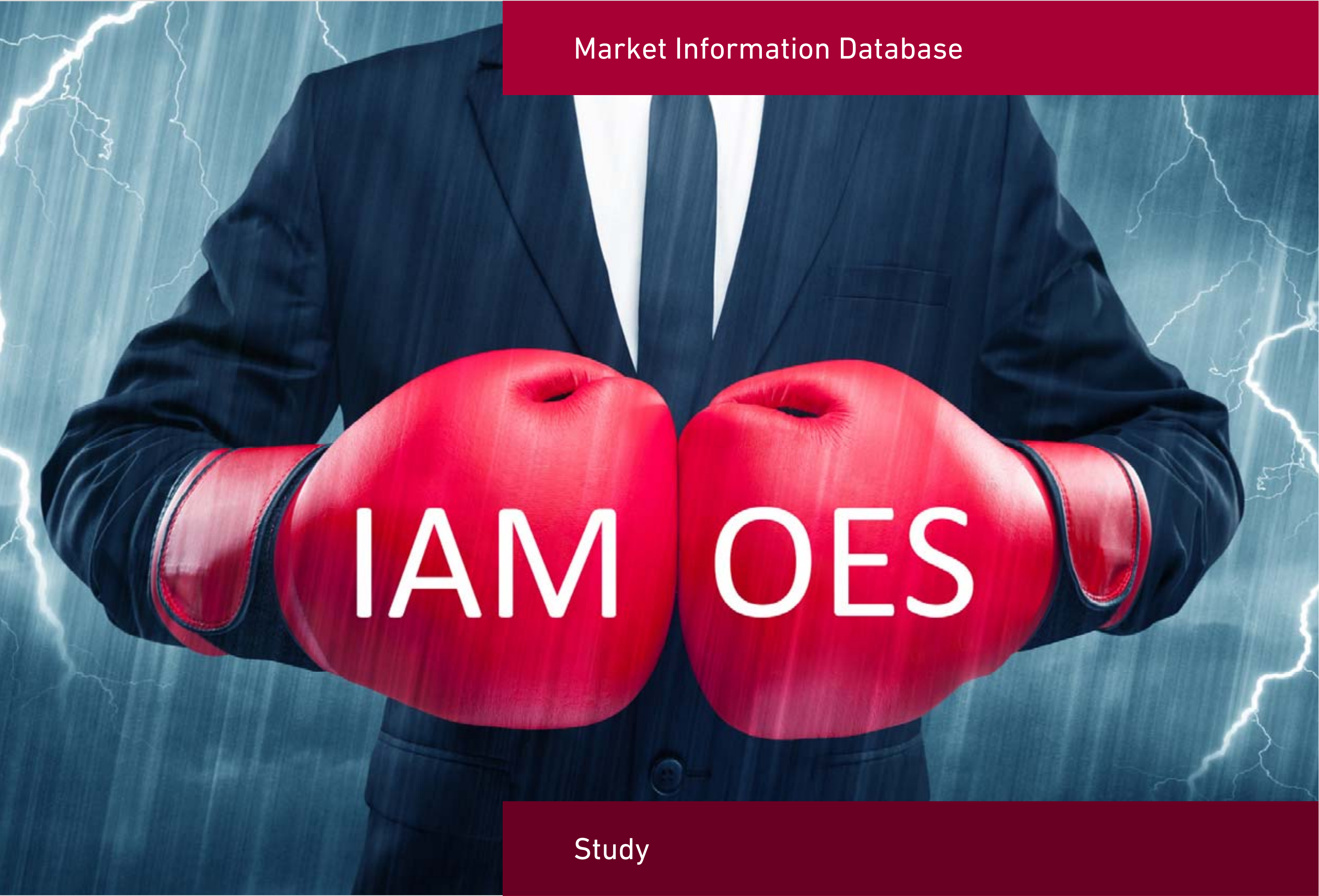
Market Information Database



Study

The shopping behaviour of German garages in the tension field between IAM + OES

incl. settings, acceptance, and evaluation of the parts wholesalers

wolk after sales experts

Imprint

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3. Introduction

The market for car repairs and service in Germany has been influenced and shaped by a variety of factors in recent years. This includes for example the increasing complexity of vehicles, ongoing digitisation, e-mobility and changes at the dealer level.

In the past, there have been several structural changes at the level of parts wholesalers. On the one hand, this includes the fact that in recent years, a number of takeovers and mergers have changed the landscape of the independent spare parts market. The takeovers of PV by Stahlgruber, Trost by WM and Coler, Busch & Büge by AAG/GPC as well as a number of other takeovers/mergers of medium-sized and small traders, such as e.g. Jakobs and Schwenker by Hess, have had a strong influence on the dealer landscape in Germany and Europe in recent years.[1] Some garages are facing the situation that their preferred dealer, where ordering parts has become a standard over the years, no longer exists now.

But that's not all. On the other hand, fundamental changes at the level of OES parts wholesalers from vehicle manufacturers' networks are also well underway. Names such as EFA Autoteile by Emil Frey, Dello, Bleker, OTS, OT-Regio etc. stand for this. In recent years, there has been an increasing interweaving of the independent spare parts market (IAM) and the market for spare parts provided by vehicle manufacturers (OES). Car manufacturers, such as the VW group, PSA, Renault, FCA, BMW etc., have discovered the independent spare parts market as a lucrative market for themselves and are about to gain a foothold there. A particular focus of the study is on the purchasing behaviour of garages as well as the use of OE vs. IAM parts

In addition to the independent spare parts market, independent garages have for many years now also purchased OE parts from vehicle manufacturers' networks. This was due to the lack of availability of some parts such as switches (captive parts), the higher fitting accuracy of body parts or implicit support in the field of diagnostics or even in the form of borrowed tools. In the past, the classic route via the neighbouring car dealership had been used exclusively. Today, an alternative is purchasing via the (preferred) independent parts wholesaler – at least if it has included spare part of the vehicle manufacturer in its repertoire – which is now at least occasionally the case, for example, with Coler, Knoll or Schäfer-Barthold. There are also multi-brand dealers such as EFA Autoteilewelt and Dello.

[1]For more information, see Sergeychik (2017): Consolidation Process in the European Aftermarket 2012-2017.

In times of digitalisation, it is not surprising that it is also possible to obtain spare parts with the car manufacturer's stamp via the Internet, e.g. via ALFAH. All in all, this means a number of purchasing options, resulting in a highly competitive field.

However, not only independent garages buy spare parts bearing the vehicle manufacturers' stamp, authorised garages have also recognised that it can make sense to offer their customers spare parts from the independent market. However, they do not obtain IAM parts from their contract partners but from independent parts wholesalers – whether offline or via an online shop.

The structural changes described above provide sufficient reasons to focus on the market for automotive repairs and car service – in particular the purchasing behaviour regarding OE and IAM parts. The aim of this series of studies is to provide a comprehensive picture of the situation of garages in Germany. The present study however concentrates on IAM mechanics garages and OES authorised garages. A study conducted in parallel analyses the market of independent body and paint shops.[2]

At the beginning of the primary study, the study design is presented in Chapter 0 as well as demographic data of the participating garages, e.g. the regional distribution or the number of productive employees.

Chapter 0 then provides a detailed insight into the sales generation of mechanics garages in Germany. This includes, on the one hand, the sales generated by garages and how these have developed. On the other hand, the sales generated are broken down into fields of activity – down to individual product fields. In addition, the proportion of the wage or material in the respective activities was determined.

The focus of the investigation is on the relationship between garages and their parts wholesalers. This study provides an answer to the question of where the mechanics garages surveyed obtain their spare parts and to what extent IAM and OE spare parts have already been interlinked. We also show to what extent garages are already using the Internet to cover their spare parts needs. In addition, we determine the factors that have a decisive influence on the purchasing behaviour of mechanics garages (see Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.**).

[2]Lamsfuß (2017): Das Einkaufsverhalten von Karo-/ Lackwerkstätten im Spannungsfeld zwischen IAM & OE; inkl. Einstellungen, Akzeptanz und Bewertung der Teilegroßhändler.

Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.** then goes on to show from which and how many dealers the garages surveyed order their spare parts and how they rate these dealers – both regarding spare parts from the independent market and regarding genuine spare parts (with the car manufacturer's stamp) – as a whole (see Chapter 0). In addition, we also address the problems that currently exist with purchasing spare parts. The chapter concludes with the introduction of those parts wholesalers that have received the best ratings from garages (see Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.**).[3]

Finally, we briefly present further studies and reports on the European aftermarket in Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.**, before Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.** presents further optional options for evaluating the available data from the garage survey, and we also present further research activities planned for the future in the field of car garages.

[3]The winners were presented with an award at this year's "Aftermarket Forum 2017" by Wolk after sales experts. See also http://www.wolk-aftersales.com/news-zu-wolk-after-sales-experts/ein-forum-fuer-die-ganze-automobilbranche.html.

Study Design and Characterization of the Garages Participating

Before the thematic content is introduced in Chapter 0, a brief introduction to the study design and a description of the garages taking part in the survey are given here in Chapter 0.

Study Design

In principle, various garage types are active on the market for car garages. There are currently 17,000 active service garages of the car manufacturers in Germany. In addition, there is the independent market with currently around 32,000 garages. [4]However, garages often have different focus areas. For example, the independent market for spare parts is again divided into garages specialising in mechanics, tyres, bodywork & paint, glass, etc..

This heterogeneity makes it necessary to examine the market for car repairs differentiated by garage type. Accordingly, the study series was divided into several analyses. The first part examines the market situation of the authorised garages (service partners of car manufacturers) and the independent mechanics garages. The parallel survey of 120 independent body and paint shops in Germany on the same topic will soon be published. [5]

About 17,000 authorised garages and 19,000 independent mechanics garages are currently active in Germany. In the period from 14.11.2016 to 10.01.2017, about 900 garages of this population were interviewed by telephone.

About 55 % of the approximately 900 participating garages were independent mechanics garages and 45 % were authorised garages, the ratio of independent garages to authorised garages corresponding to the garage structure in Germany.[6] Since this sample was also quoted in terms of its affiliation to a garage system or to the contract partners of the authorised garages, this analysis qualifies as representative.

[4]See Wolk after sales experts access database.

[5]See also Lamsfuß (2017): Das Einkaufsverhalten von Karo-/ Lackwerkstätten im Spannungsfeld zwischen IAM & OE; inkl. Einstellungen, Akzeptanz und Bewertung der Teilegroßhändler.

[6]Cf. Wolk/Nikolic/Mende (2017), Garage Structure in the European Car Aftermarket 2016, S. 200.

Garages Participating in the Survey

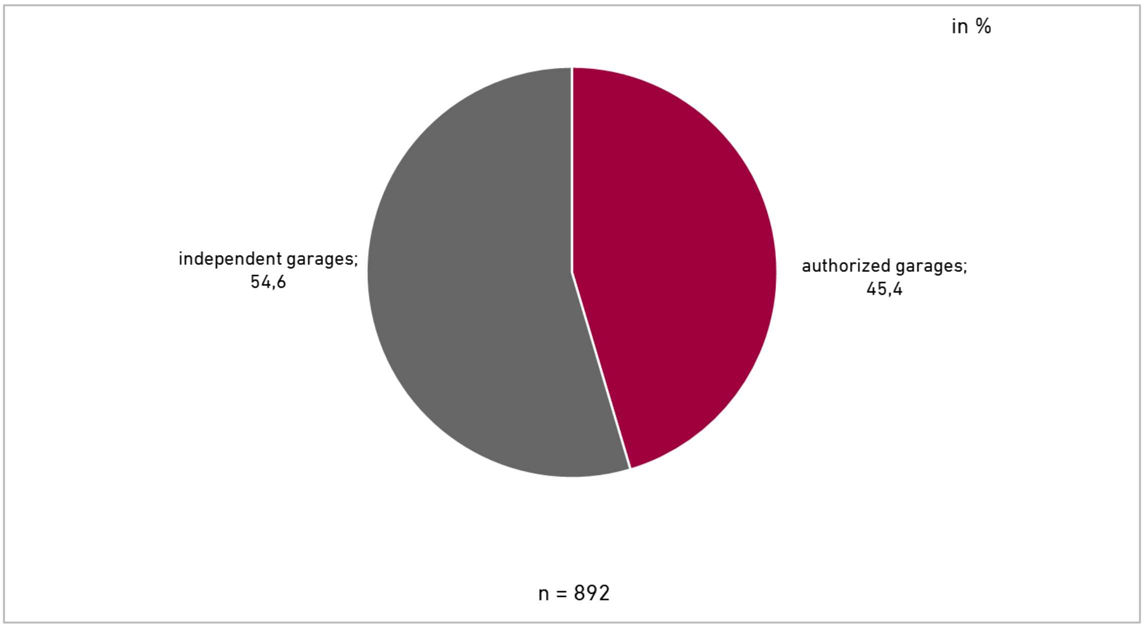

FIGURE 1: GARAGES PARTICIPATING IN THE SURVEY

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Sales Generation in the Garages

The following chapter focuses on sales generation by the garages. To this end, chapters **Fehler! Verweisquelle konnte nicht gefunden werden.** and **Fehler! Verweisquelle konnte nicht gefunden werden.** first analyse the annual sales of the garages and show how this has developed from 2014 to 2015. Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.** also features a prediction for the development of sales in the garages up to 2020.

The analysis then goes one step further and differentiates the sales according to fields of activity. Initially, a breakdown into seven main activities was carried out, which was then subdivided further. In this way, the proportion of total sales can be determined down to the individual product groups.

While the total sales still include material and work, these two components were then separated and the proportion of material and wages in the main activities was determined in Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.**. In addition, Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.** determines the proportion of diagnostics & calibration in the total wage for the main activities.

The absolute sales volume in the individual fields of activity can be calculated from the percentage proportions gained (see Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.**)[7]. Similarly, the absolute volume of parts or work in the fields of activity can also be determined, as well as the absolute volume of sales for diagnostics & calibration (see Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.**). Last but not least, at the end of the chapter, we briefly discuss current challenges regarding well-trained staff and equipment, which are the prerequisites for qualified diagnostics and calibration (chapter 0).

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[7] A detailed analysis will be carried out in a separate study which will follow soon.

5.8 Challenges Regarding the Qualification of Staff and Garage Equipment

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In the authorised garages surveyed, the entire workforce took part in an average of 35 training days in 2015. The independent garages have an average of just under 10 training days, whereas garages with a garage system took part in training days somewhat more often (10.6 days) than those without (7.8 days). In both garage types, only a few days of training had to be cancelled due to illness or scheduling bottlenecks.

Number of Training Days in 2015 That Were Attended or Had to Be Cancelled

	All autohori-zed garages	...of a premium brand	...of volume brands	All inde-pendent garages	...with system	...with-out system
Number of training days of all employees	34,8	57,6	27,6	9,4	10,6	7,8
Number of cancelled training days of all employees)	1,5	2,3	1,3	0,7	0,6	1,0
Number of training days per productive employee (without trainees)	4,7	4,7	4,7	3,2	3,6	2,8
Number of cancelled training days per productive employee (without trainees)	0,2	0,2	0,2	0,3	0,1	0,4
	n=357	n=86	n=268	n=455	n=254	n=189

Table 1: Number of training days in 2015 that were attended or had to be cancelled

The values quoted are highly influenced by the size of the garage. If the number of training days is compared to the number of productive employees, the authorised garages show an average of 4.7 training days (per employee). In contrast, the independent garages show 3.2 training days per employee, whereas those with a garage system show a higher quota (3.6). In addition, the independent garages without a garage system frequently had to cancel training courses (0.4 training days per employee) than those with a system partner (0.1).

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Electronic Parts Catalogues Used

While B2C online shops are little used by authorised garages and independent garages, ordering of spare parts via B2B takes place primarily using electronic parts catalogues of manufacturers and dealers. Of the garages surveyed, around 95 % currently use such a parts catalogue.

The most frequently mentioned parts catalogues were.....

Overall, independent garages use a larger number of parts catalogues than the authorised garages. On average, the independent garages purchase via more than 1.8 parts catalogues. In addition, among the independent garages surveyed, around half use a parts catalogue, one quarter uses two and around one in five uses three to seven parts catalogues.

Number of Electronic Parts Catalogues Used on Average

Number of cases	Garages type	Number of used parts catalogues
n=388	All authorized garages	1,4
n=103	Authorized garages of a premium brand	1,3
n=282	Authorized garages of volume brands	1,4
n=470	All independent garages	1,8
n=275	Independent garages with system	2,0
n=194	Independent garages without system	1,6

Table 2: Electronic parts catalogues used by independent garages with a garage system

7.1.3 Number of Genuine Spare Parts Dealers

Not unexpectedly, the average number of genuine parts suppliers in authorised garages at just under 4 is considerably lower than the number in independent garages (7.2). While the authorised garages predominantly order genuine parts from their contract partners and normally purchase genuine parts for other brands from other dealers only in exceptional cases, the independent garages turn to various dealers (usually car dealerships) – depending on the vehicle brand required. About 30 % of the independent garages purchase their genuine spare parts from 10 or more OES dealers. This is necessary because hardly any OES dealer can handle the full range of genuine spare parts.[8] Accordingly, the independent garages obtain their genuine spare parts from a larger number of OES dealers than they buy spare parts from independent wholesalers (see Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.**).

For this reason, the average number of parts wholesalers of genuine spare parts in the independent garages is also higher than in the authorised garages, as the number of brands serviced in the independent garages is generally higher.

Average Number of Dealers of Genuine Spare Parts*

Number of cases	Garage type	Number of distributors
n=384	All authorized garages	4,1
n=98	Authorized garages of a premium brand	3,1
n=283	Authorized garages of volume brands	4,5
n=455	All independent garages	7,2
n=255	Independent garages with system	7,6
n=196	Independent garages without system	6,7

*with stamp of the car manufacturer

Table 3: Average number of dealers of genuine spare parts*

[8] Please also see: Heufelder, S.; Heitfeld, S.; Wolk, H. (2017): Genuine parts wholesalers in Germany.

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Number of Genuine Spare Parts Dealers* in Authorised Garages by Vehicle Brand

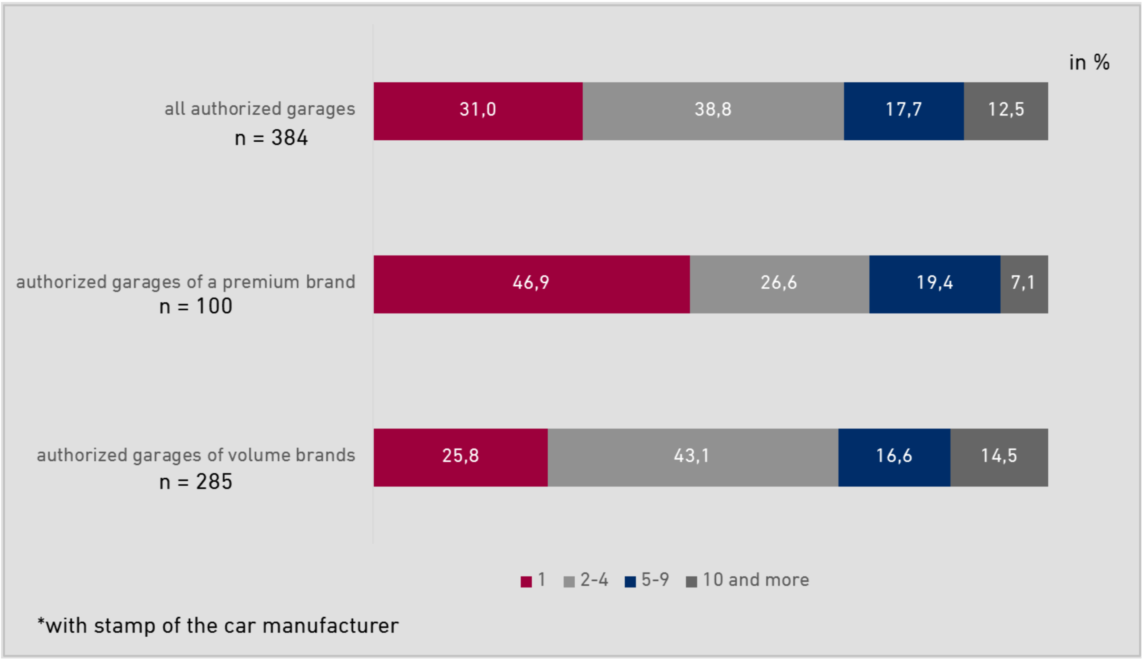

FIGURE 2: NUMBER OF GENUINE SPARE PARTS DEALERS* IN AUTHORISED GARAGES BY VEHICLE BRAND

8. Ratings of the Parts Wholesalers

An essential part of the study is that garages not only named their preferred parts wholesalers, but also rated them. For this, the garages surveyed rated the respective dealer for various aspects that are important when purchasing spare parts, such as the dealer's delivery speed or the availability of spare parts. Rating was based on the school grading system (1 = "very good" to 6 = "inadequate", plus "not available").

The garages were also asked how important these criteria were for them when purchasing parts (see Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.**). In this respect, it is possible to establish a connection, whether the dealers have recognised which requirements the garages have and in which areas the dealers meet the requirements – and in which they don't.

Chapter **Fehler! Verweisquelle konnte nicht gefunden werden.**shows which individual parts wholesalers best meet the needs of their customers and have received the best ratings by the garages.

8.1 Ratings of the Independent Parts Wholesalers

8.1.1 Ratings of the Independent Parts Wholesalers From the Perspective of the Authorised Garages

The best ratings were given to wholesalers of spare parts from the independent market by authorised garages in terms of…

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PRICES

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User	Format	Price
Team licence (1-5 employees)	PDF	3.495 €
Enterprise licence	PDF	4.195€
Combi package with bodywork & paint shops Report (released in Q1 2018) The body & paint Report is based on the same survey of 120 body and paint shops.	PDF	4.995€

The study can be purchased under: http://www.wolk-aftersales.com/das-einkaufsverhalten-von-werkstaetten-im-spannungsfeld-zwischen-iam-oes.html

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