



MARKET RESEARCH
CONSULTANTS

Access to Automotive Repair and Service Information

Market Research

THE KLEIN PARTNERSHIP

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Research Objectives

- The AAAA Choice of Repairer campaign is designed to encourage fair competition and consumer choice by undertaking advocacy for the availability of repair and service data by independent repairers on fair and reasonable terms.
- To support this advocacy and in the lead up to an ACCC Market Study, **robust, independent** market research was required to:
 - Quantify the size of the problem caused by data not being shared.
 - Identify the nature of the problem.
 - Define the consequences of the problem.
- The outputs from this survey centre around hard data which remove supposition and provide an independent, accurate, annualised, 'whole of market' perspective on the cost of data not being shared; this extrapolation includes the cost to industry and the cost to consumers.



Summary of Methodology



Who?

Independent repairers - Non-dealer automotive workshops.

Recruitment?

Respondents either registered to participate in response to an email from AAAA or via AAAA Group members, or selected at random from a list of members provided by AAAA.

What?

Telephone interview of 6 to 8 minutes in length. In addition to providing feedback on the impact on lack of data sharing, respondents provided information about up to 2 recent vehicles that were impacted by a lack of technical service data.

Where?

National

How Many?

325 Workshops; These workshops repair or service an average of 55 vehicles per week, a combined total of approximately 18,000 vehicles per week.

When?

5th to 31st of October 2016


Topline Findings




- **Currently about 11% of vehicles are affected by lack of access to repair and service information (approximately 6 cars per workshop, per week).**
- **Whilst ‘only’ 44% of workshops believed it had been a ‘Serious’ or ‘Critical’ issue in the past 12 months, perceptions are that it has worsened in the past 12 months, and 81% believed it will be a ‘Serious’ or ‘Critical’ issue in 5 years.**
- **As a result about 1 in 7 workshops claimed they are likely to close, and 1 in 3 will employ less people in 5 years.**
- **Driving this concern is that the workshop bears the majority of this incremental cost, as they appear reluctant to pass on additional labour and non-labour costs incurred.**
 - **We hypothesise this reluctance stems from a desire to remain competitive.**
- **At the present time, the consumer bears less than 25% of this additional cost.**

Interpretation

- Tests for statistical significance at a 95% confidence level have been conducted on particular subgroups of interest in this survey.
 - If no statistical significance has been highlighted, these are none associated with these subgroups.
 - If there is a statistically significant difference, we can be confident that this difference has not occurred by chance i.e. it reflects a genuine difference for that group compared to the population.
- In the tables and graphs:

 Indicates a result that is significantly higher

 Indicates a result that is significantly lower

 Indicate a result that is not significant at 90% but is notable or of interest

Statistical difference

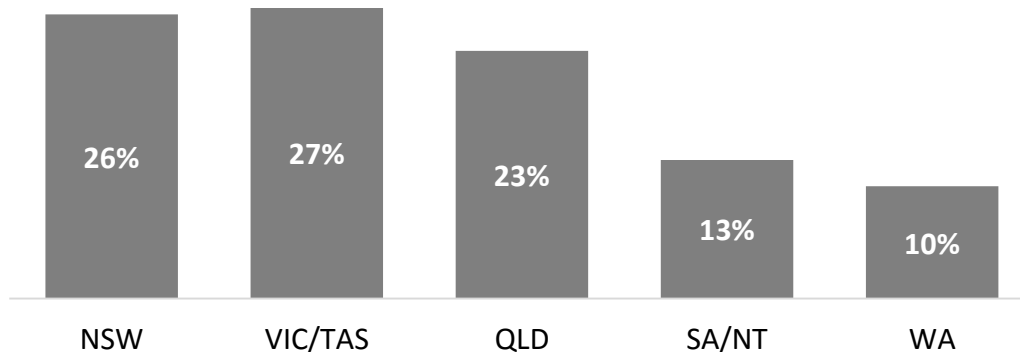
| | |
|--------------|-------------------|
| <i>n=100</i> | <i>+/- 9.8pts</i> |
| <i>n=200</i> | <i>+/- 6.9pts</i> |
| <i>n=300</i> | <i>+/- 5.7pts</i> |
| <i>n=400</i> | <i>+/- 4.9pts</i> |

Sample Characteristics

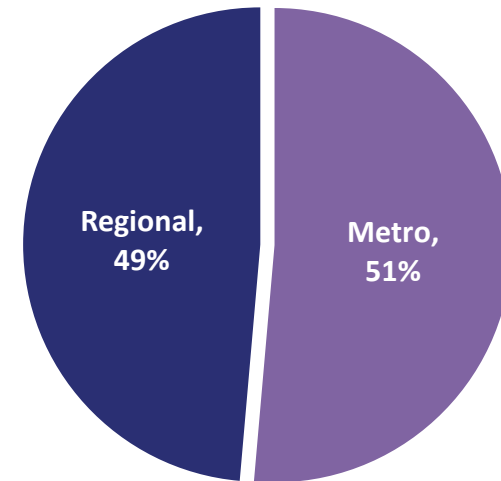
Sample Characteristics



State



Region

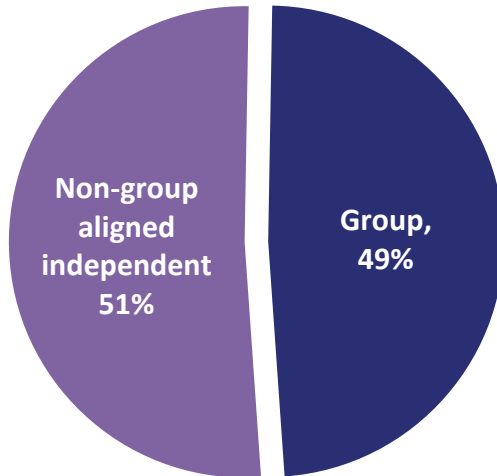


Whilst distribution of the sample by state broadly aligns with ABS population figures, there were more regionally based workshops than population figures would indicate.

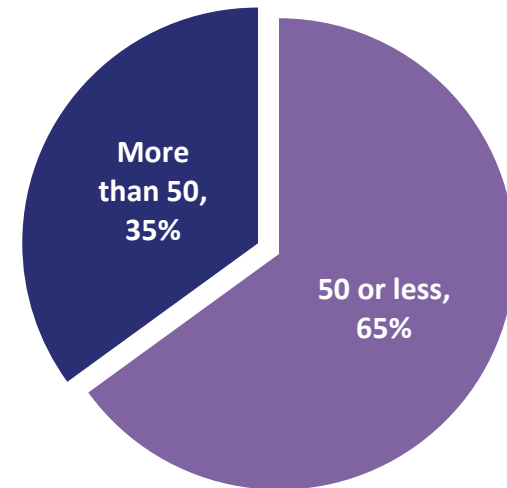
Sample Characteristics



Workshop Type



No. Cars serviced in past week



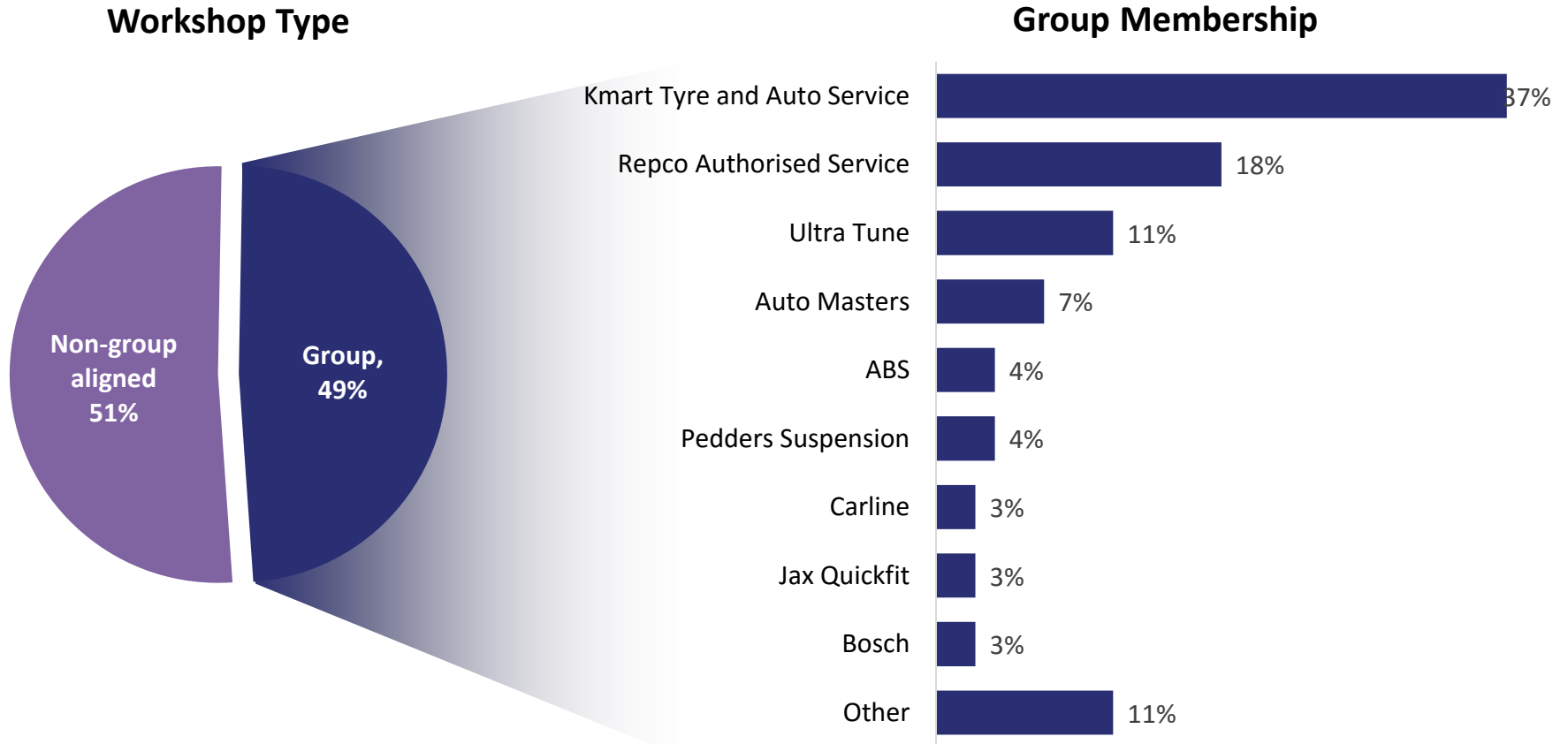
On average, the workshops interviewed serviced about 56 vehicles per week. This was significantly higher amongst the workshops who were a member of a group (64 on average).

Base: **TOTAL WORKSHOPS** n=325; Q39. Is your business independent or part of a group?; Q11. Roughly, about how many cars did your business or workshop service or repair on the last 7 days?

Sample Characteristics



There was a broad mix of workshops within the sample.

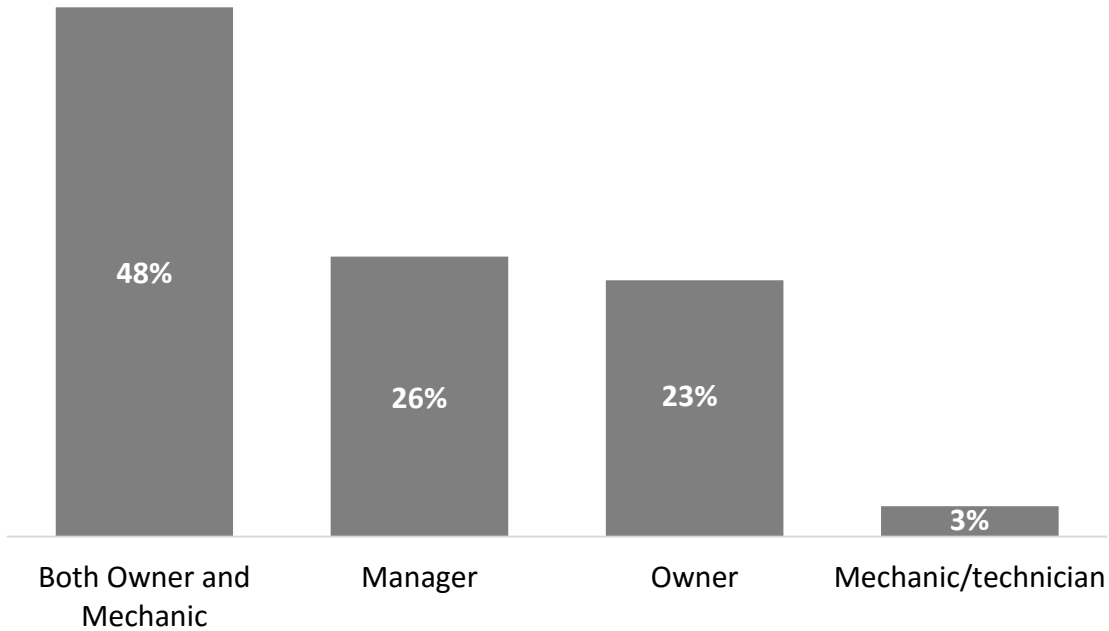


Base: **TOTAL WORKSHOPS** n=325; Q39. Is your business independent or part of a group?; n=158; Q40. Which group are you part of?

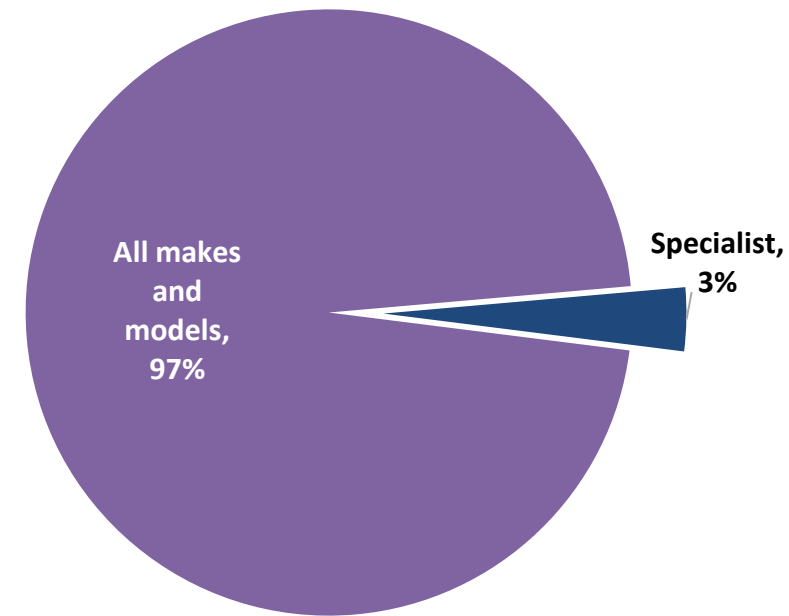
Sample Characteristics



Position



Does Business Specialise?



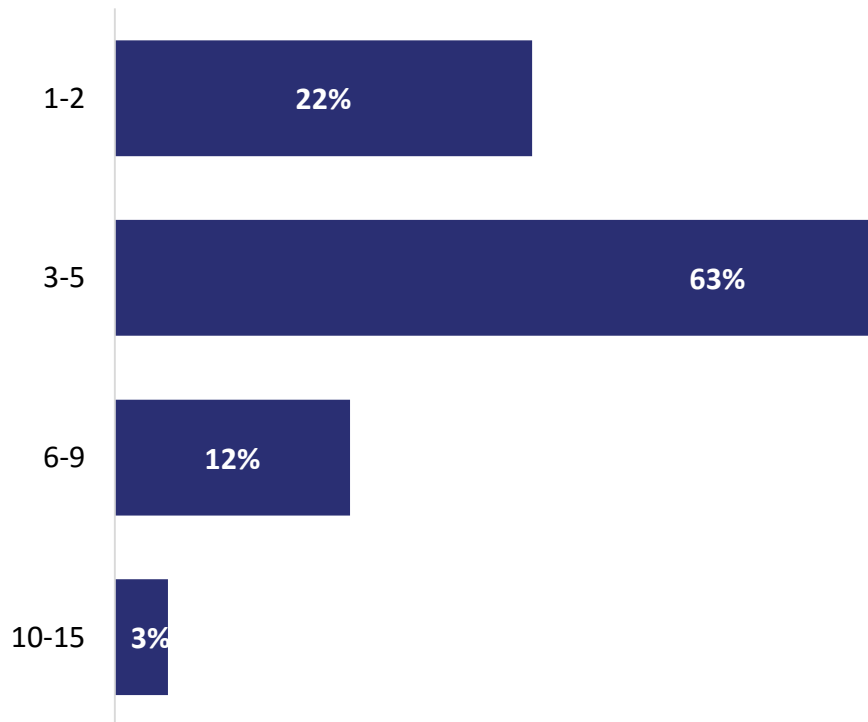
Few of the workshops sampled specialised in certain vehicles.

Sample Characteristics

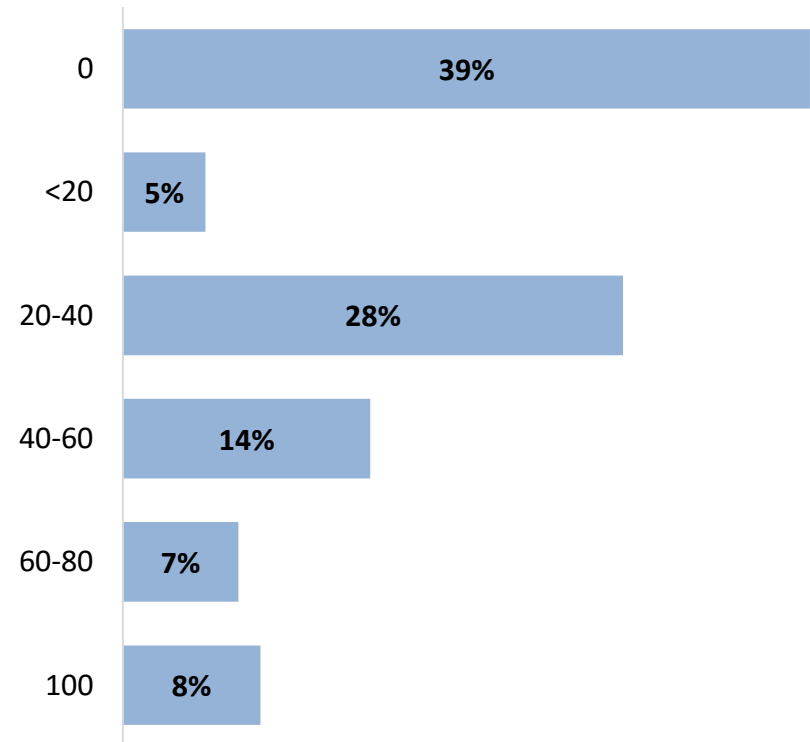


60% of workshops had one or more mechanics with formal dealership training. This was significantly lower amongst non-group aligned workshops (55%).

No. of mechanics



% of Mechanics with Formal Dealer training

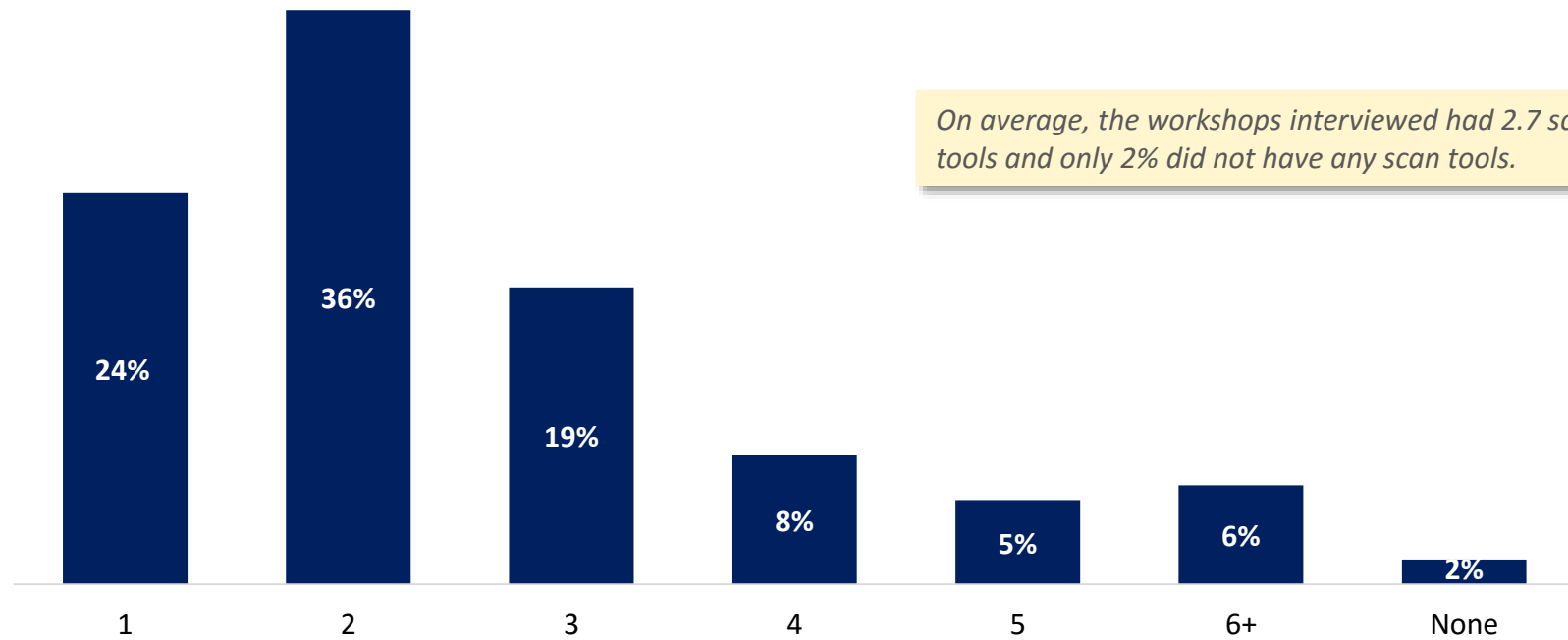


On average the workshops that were interviewed had 3.9 mechanics. This was significantly higher amongst the workshops who were a member of a group (4.3 on average).

Sample Characteristics



No. of Scan tools

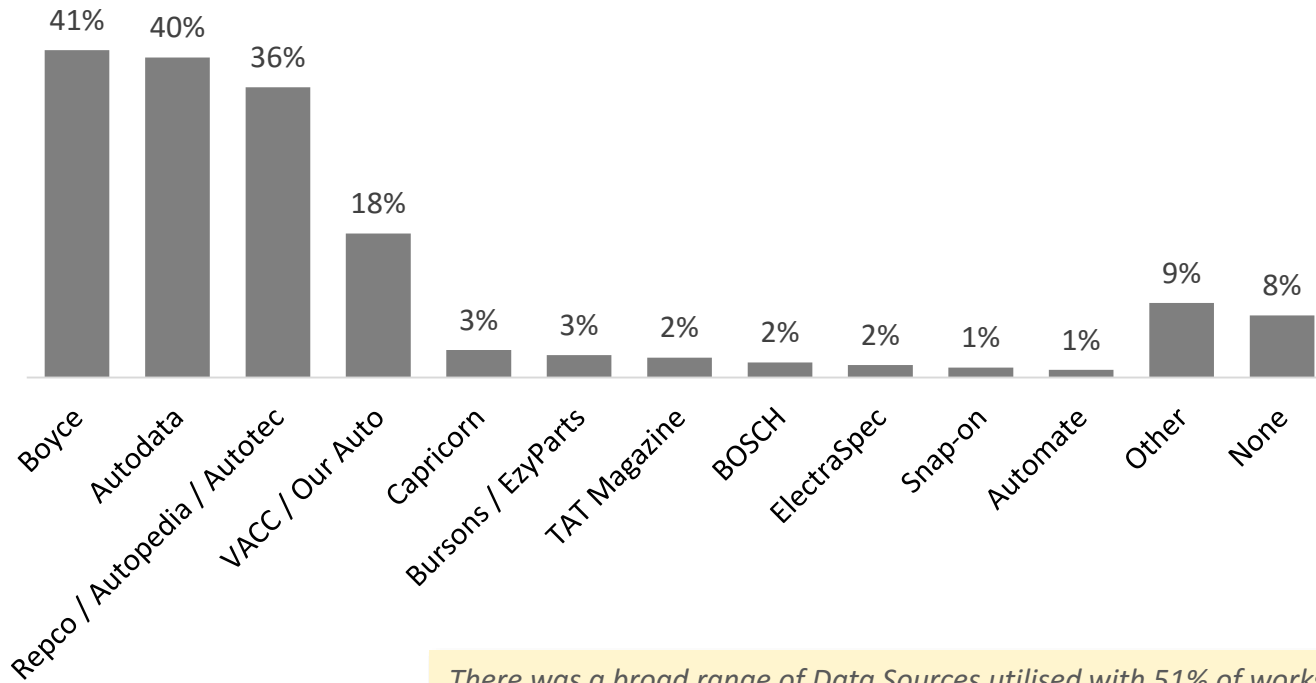


On average, the workshops interviewed had 2.7 scan tools and only 2% did not have any scan tools.

Sample Characteristics

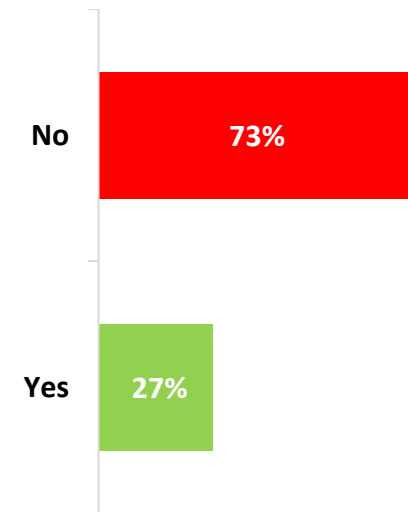


Data Provider Subscriptions



There was a broad range of Data Sources utilised with 51% of workshops subscribing to 2 or more providers.

Can One Data Source Provide all Data Needs



Base: **TOTAL WORKSHOPS** n=325; Q1. Which data providers if any does your business subscribe to? Base: **HAVE DATA PROVIDER** n=300; Q2. Is there ONE data source that provides all your data needs?

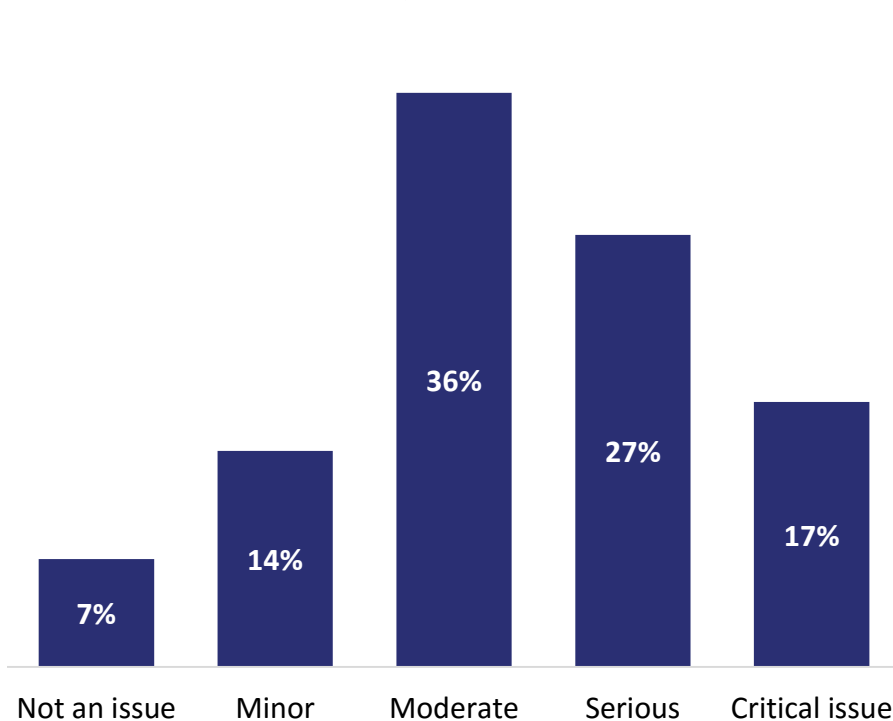
Size of the Data Sharing Issue

Perceptions of Data Sharing Issue

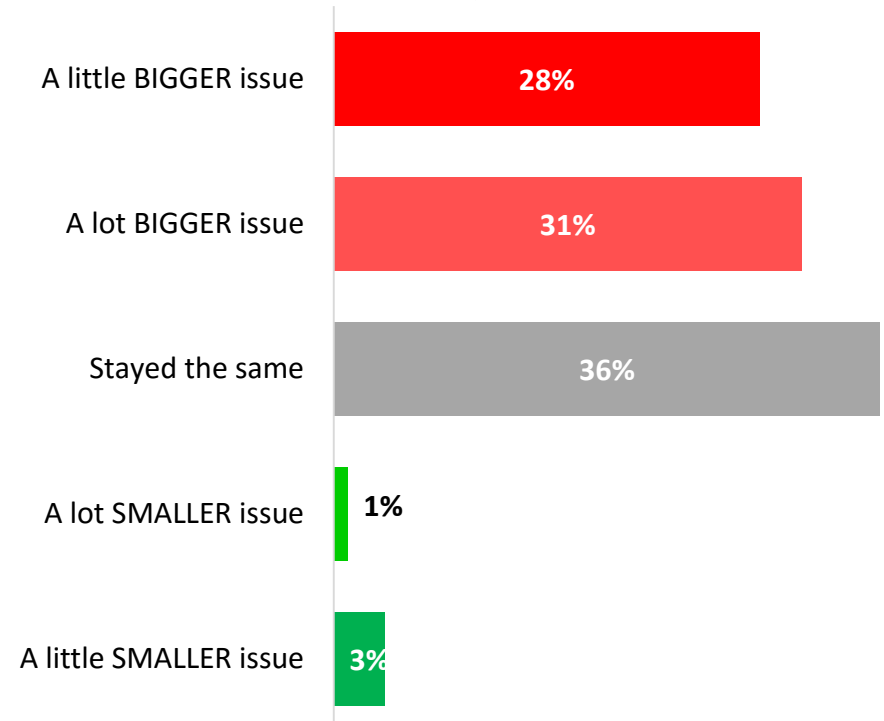
Last 12 months



Severity of the Issue



Issue Dynamics



44% of respondents believed the lack of data sharing is a serious or critical issue, and nearly 2/3rds of respondents believed the situation has worsened.

Non-group aligned and larger workshops viewed the issue more seriously and viewed the change more negatively, with 49% believing it is a serious or critical issue and 62% saying the issue has worsened.

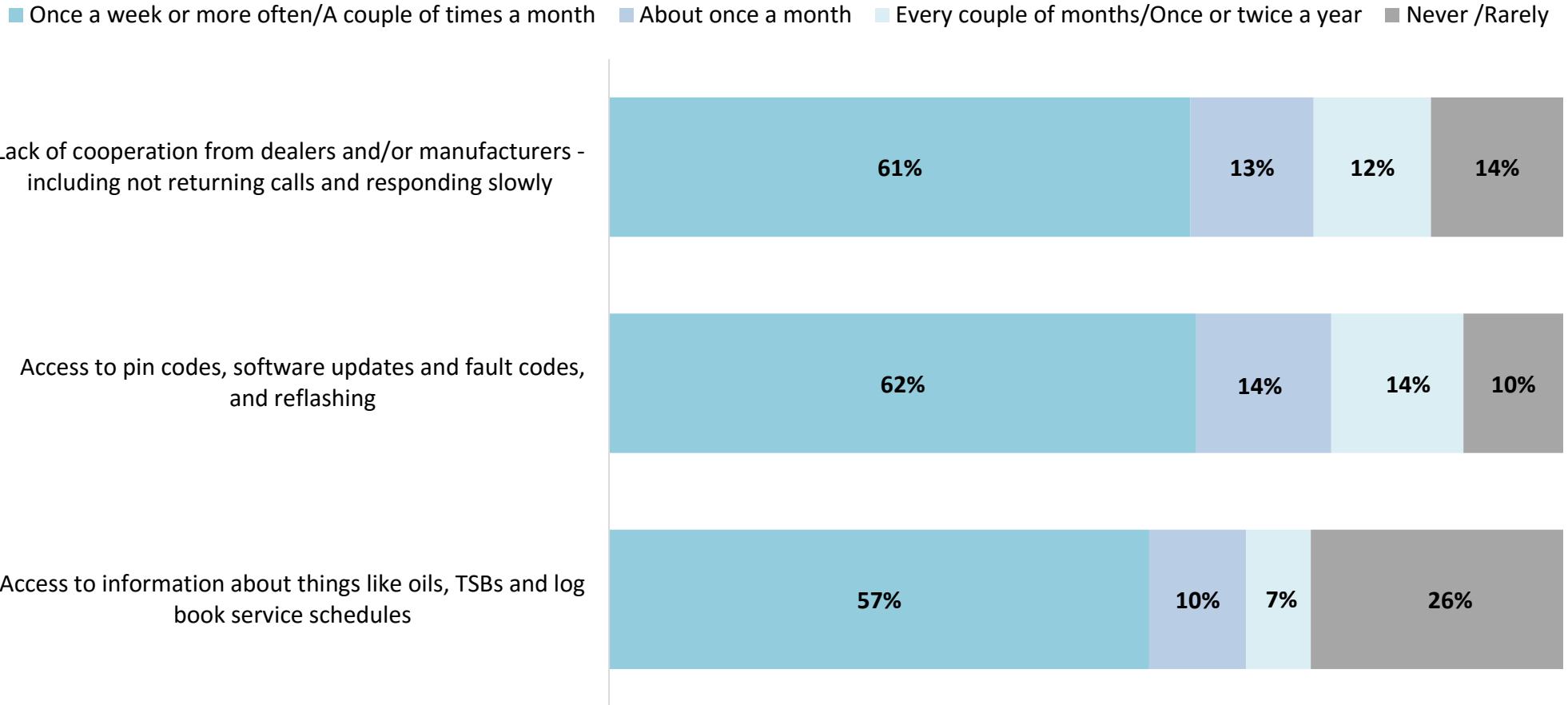
Base: **TOTAL WORKSHOPS** n=325; Q3. In the past 12 months, how serious an issue has lack of technical service data been for your business?
Q4. Over the past 12 months, would you say that lack of technical service data is a bigger or smaller issue or stayed the same?

Perceptions of Data Sharing Issue

Frequency of Issue



Larger workshops tended to experience these issues significantly more often than smaller, but this may be just a function of workshop size.



Base: **TOTAL WORKSHOPS** n=325; Q10. How frequently do the following issues or problems relating to the lack of availability of technical service data occur?

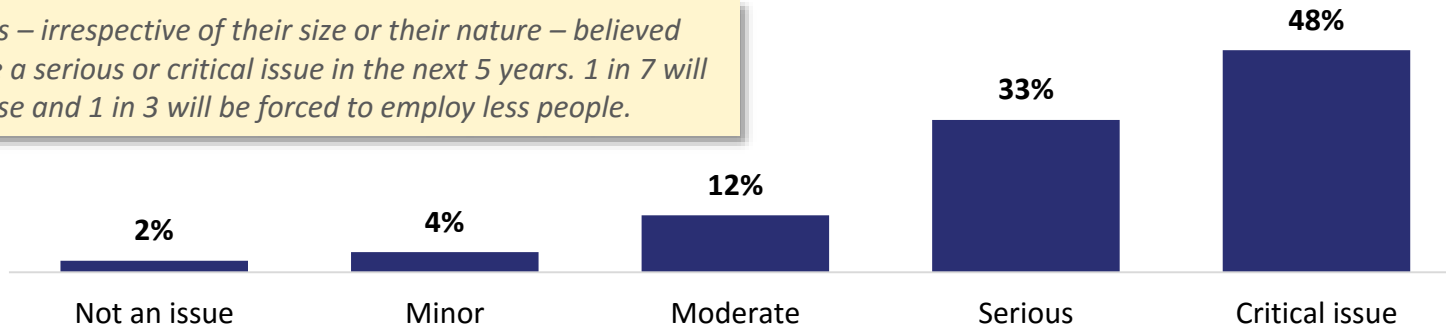


Perceptions of Data Sharing Issue

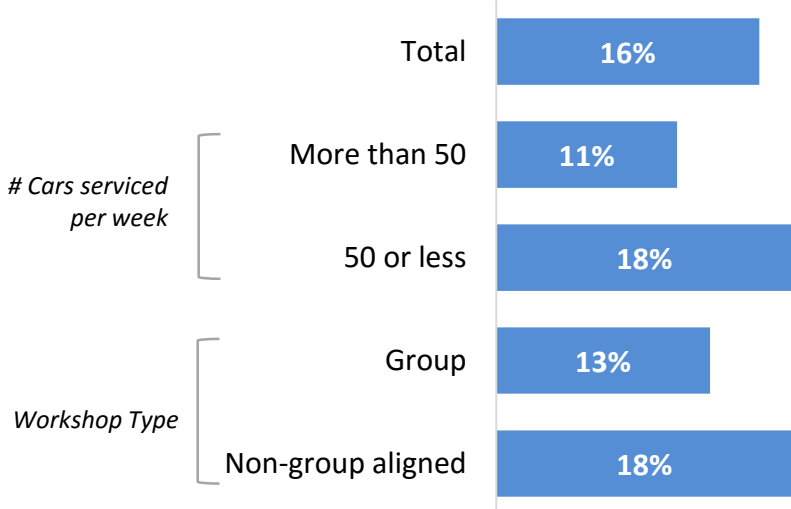
Issue & Impact in Next 5 years

Extent of Issue in Next 5 years

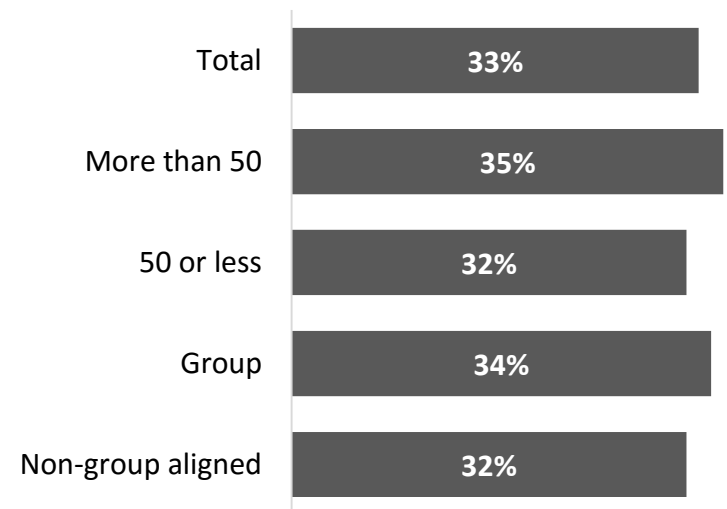
Most workshops – irrespective of their size or their nature – believed the issue will be a serious or critical issue in the next 5 years. 1 in 7 will be forced to close and 1 in 3 will be forced to employ less people.



% Very Likely/Definitely to close workshop



% Very Likely/Definitely to employ fewer people



Base: **TOTAL WORKSHOPS** n=325; Q8. Thinking about the next 5 years, how big of an issue will this be for your business? Q9. Thinking of the impact on your business, if the issue continues, how likely would it be that you would be forced to CLOSE THE WORKSHOP?; Q9b. And if the issue continues, how likely would it be that you would be forced to EMPLOY FEWER PEOPLE?



Perceptions of Data Sharing Issue

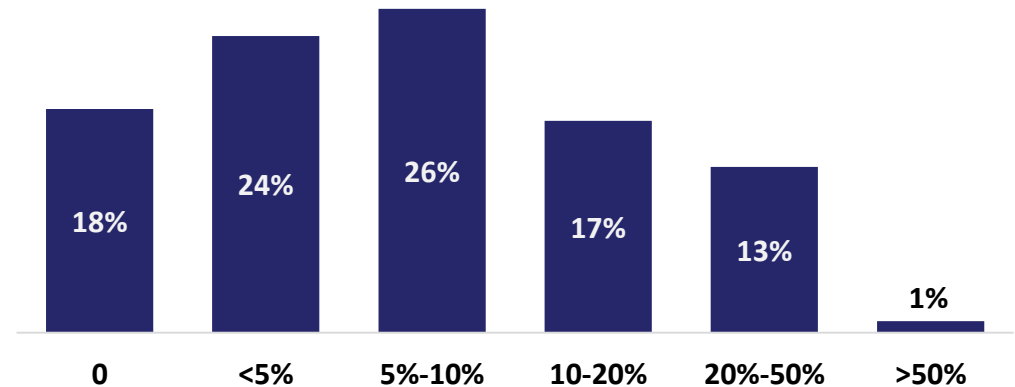
Quantity of Vehicles Effected

Average Vehicles per Week

| AVG | Total | Workshop Type | | # Cars Serviced p/wk | |
|------------------------|-------|-------------------|-------|----------------------|--------------|
| | | Non-group aligned | Group | 50 or less | More than 50 |
| No. of cars with issue | 6.1 | 6.3 | 5.7 | 3.5 | 10.9 |

On average workshops encountered 6 cars per week with data sharing issues, and this represents 11% of all vehicles they serviced.

% of Vehicles Serviced having Data Sharing Issue



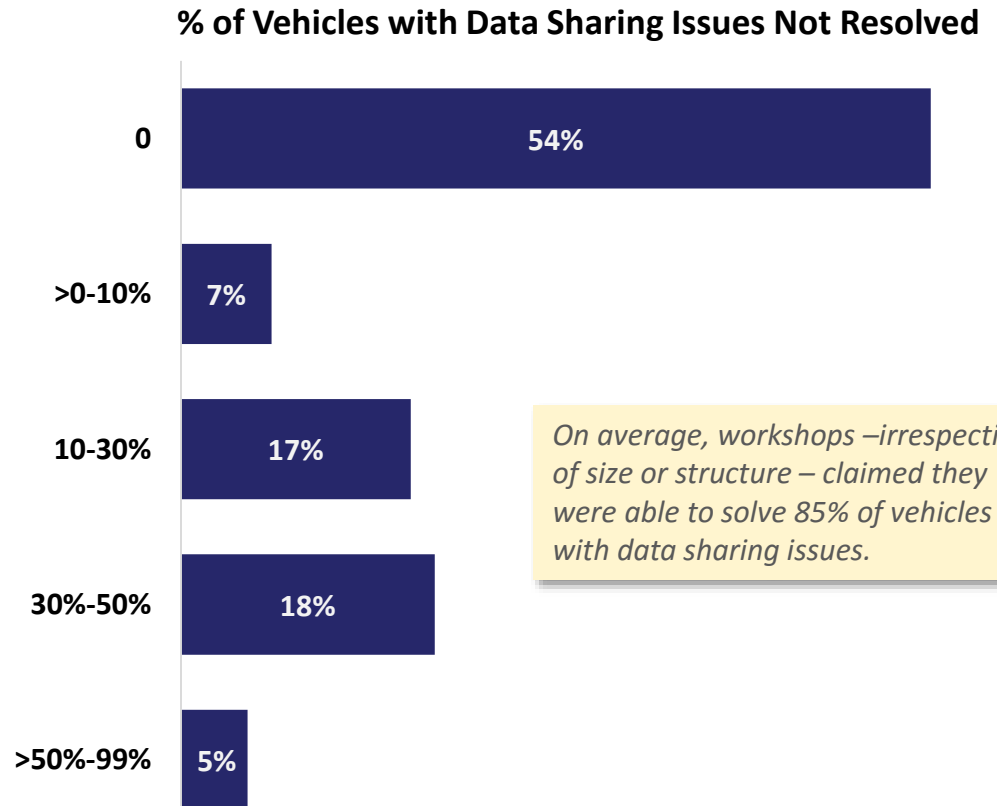
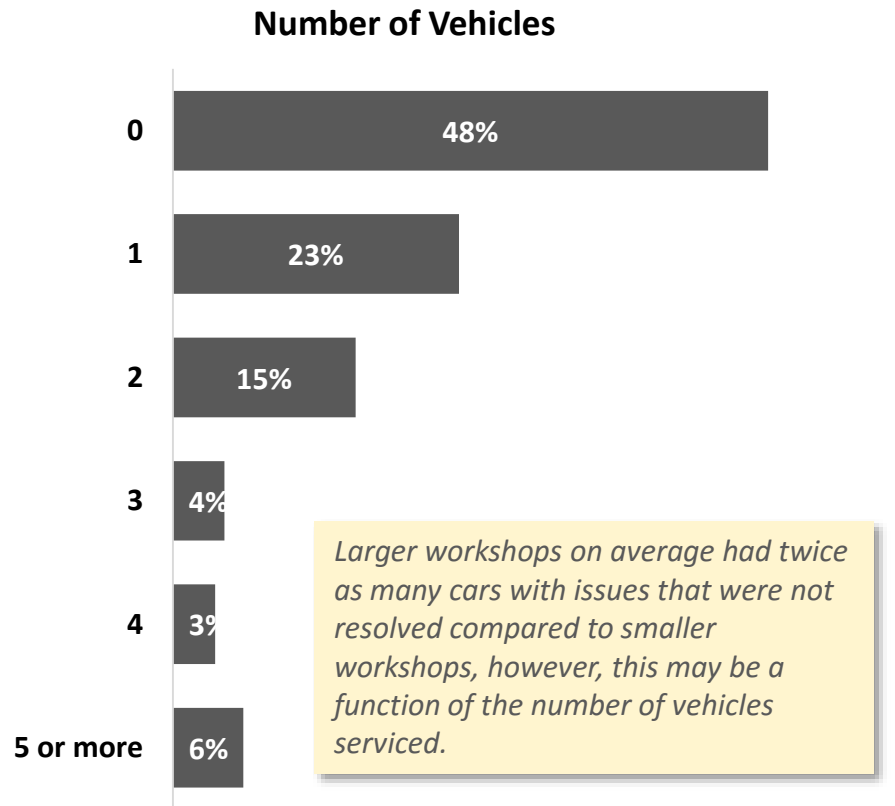
| | Total | Non-group aligned | Group | 50 or less | More than 50 |
|-----|-------|-------------------|-------|------------|--------------|
| AVG | 11% | 13% | 9% | 10% | 12% |

Base: **TOTAL WORKSHOPS** n=325; Q11. Roughly, about how many cars did your business or workshop service or repair in the last 7 days (i.e. week)? Q12. Thinking just about the (READ OUT Q11) cars your business worked on last week, how many of these vehicles had issues or needs that were made more difficult because you didn't have access to dealer level servicing information?



Perceptions of Data Sharing Issue

Quantity of Vehicles Not Resolved



| | Total | Non-group Aligned | Group | 50 or less | More than 50 |
|------------|-------|-------------------|-------|------------|--------------|
| AVG | 1.3 | 1.1 | 1.6 | 0.9 | 2.1 |

| | Total | Non-group Aligned | Group | 50 or less | More than 50 |
|------------|-------|-------------------|-------|------------|--------------|
| AVG | 15% | 16% | 14% | 14% | 16% |

Base: **HAD A VEHICLE WITH ISSUE IN PAST WEEK** n=262; Q13. How many of those were you NOT able to resolve? Q12. Thinking just about the (READ OUT Q11) cars your business worked on last week, how many of these vehicles had issues or needs that were made more difficult because you didn't have access to dealer level servicing information?

Case Studies

Recent Vehicle with Data Sharing Issue

Respondents were asked to provide information about up to 2 recent vehicles that were impacted by a lack of technical service data.

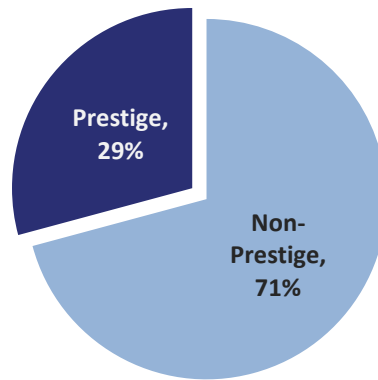
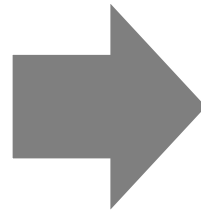
Recent Vehicle with Data Sharing Issue

Type of Car

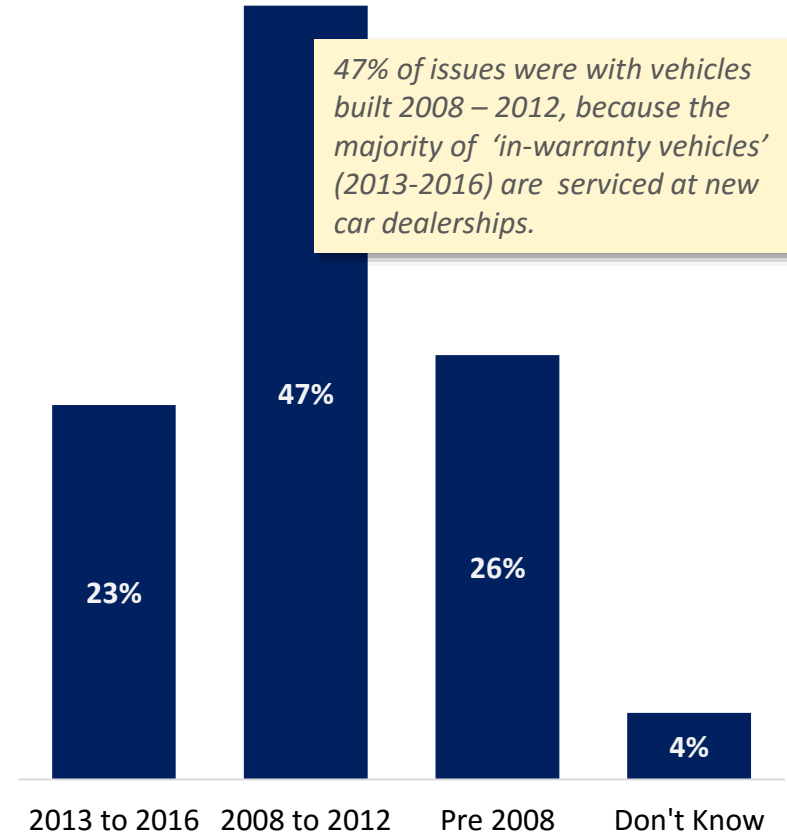
Make (Alpha order)

- Audi
- BMW
- Ford
- Holden
- Honda
- Hyundai
- Jeep
- Land Rover
- Mazda
- Mercedes-Benz
- Mitsubishi
- Nissan
- Peugeot
- Subaru
- Toyota
- Volkswagen
- Volvo

Vehicles cited appear to be a broad cross-section of the Australian 'car park'.



Year

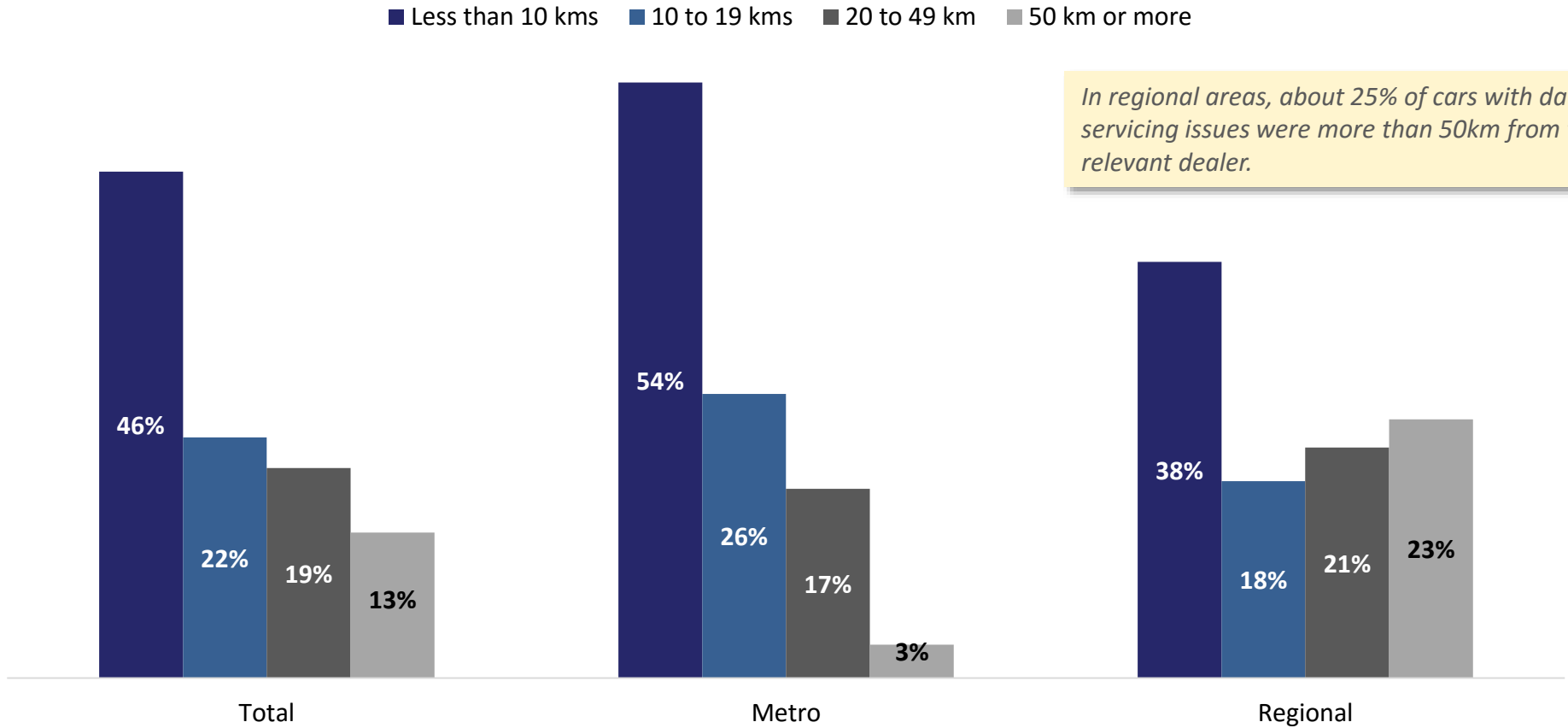


47% of issues were with vehicles built 2008 – 2012, because the majority of 'in-warranty vehicles' (2013-2016) are serviced at new car dealerships.



Recent Vehicle with Data Sharing Issue

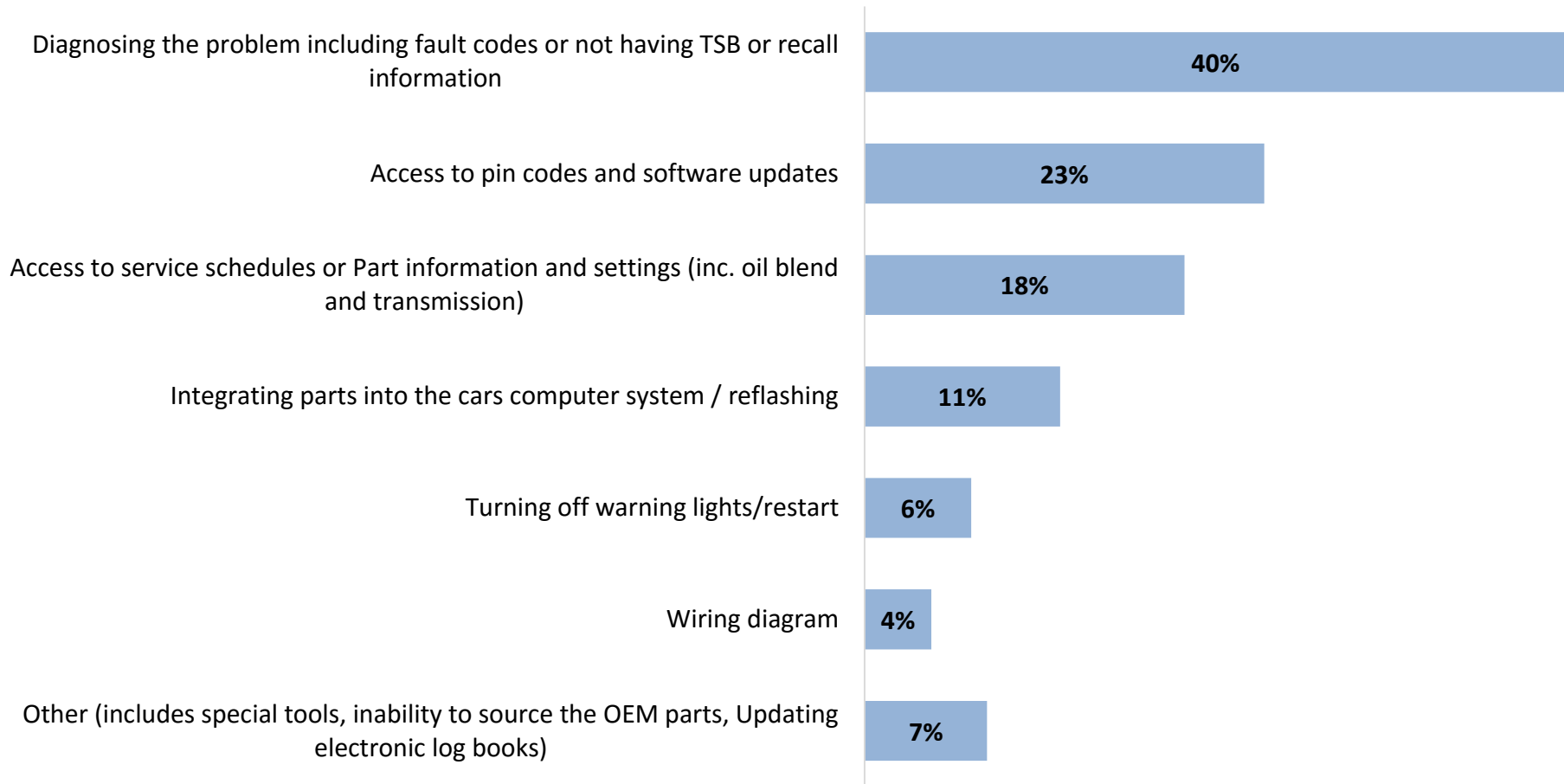
Distance to nearest dealership By Region





Recent Vehicle with Data Sharing Issue

Type of Issue

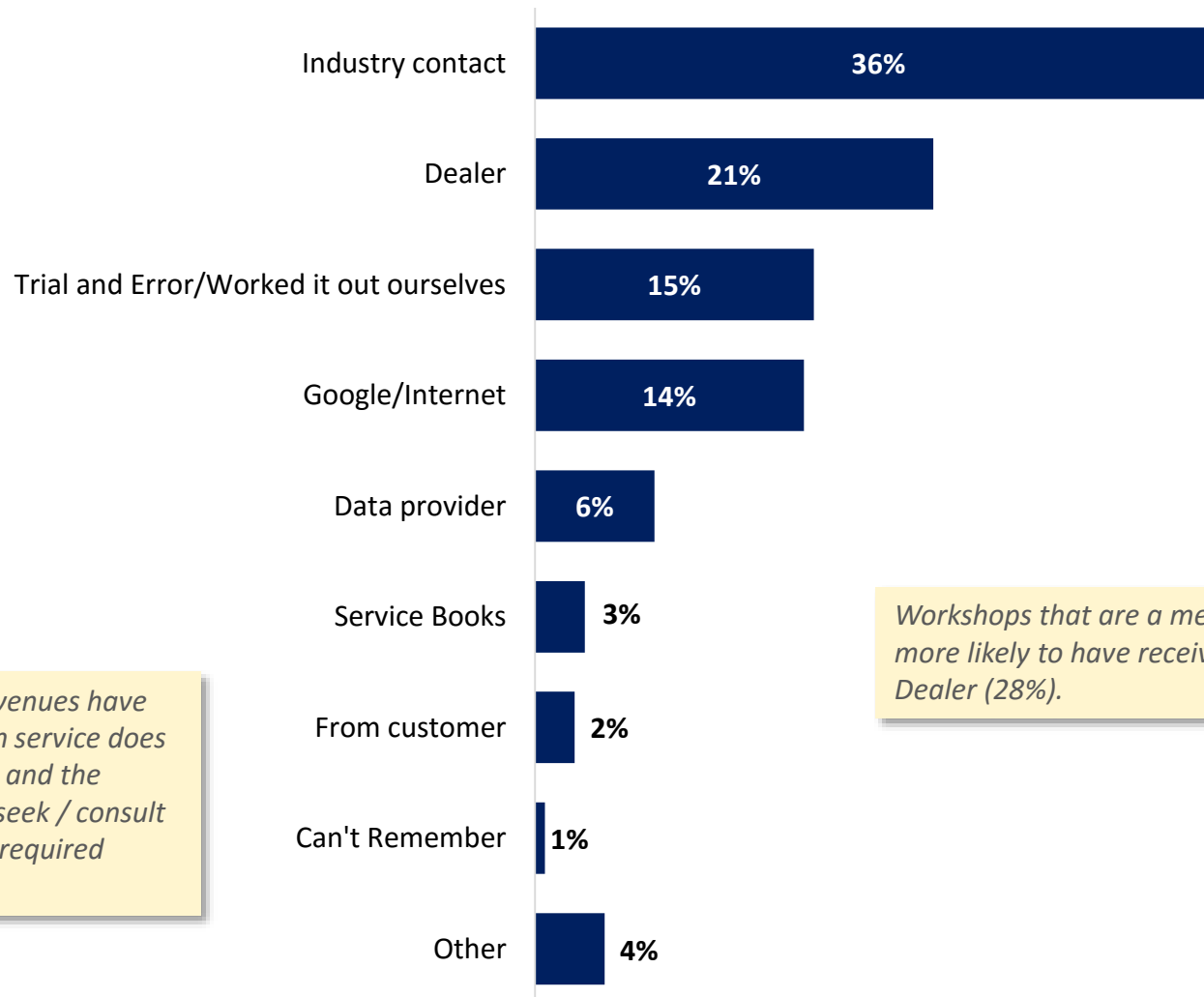


Base: **TOTAL ISSUE VEHICLE** n = 394; Q15/27 Other Issue or Problem caused by lack of technical service data on car; Q16/28 Did you complete the repair?



Recent Vehicle with Data Sharing Issue

Alternative* Source of Required Information

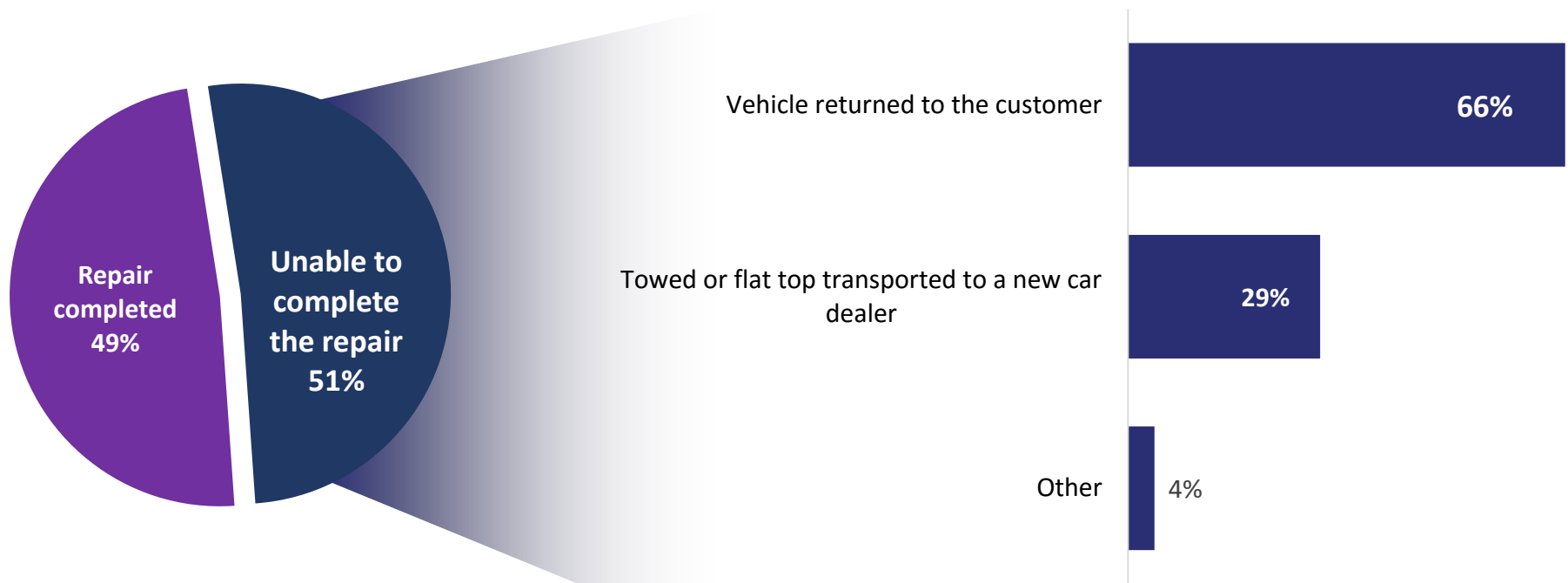


Alternative* - 'normal' avenues have failed i.e. the subscription service does not exist or is incomplete and the technician is required to seek / consult other sources to find the required service information.

Workshops that are a member of a group were more likely to have received assistance from a Dealer (28%).

Recent Vehicle with Data Sharing Issue

Action Undertaken if Repair Incomplete



In 2/3rds of cases if the workshop could not resolve the problem, they returned the vehicle to the customer.

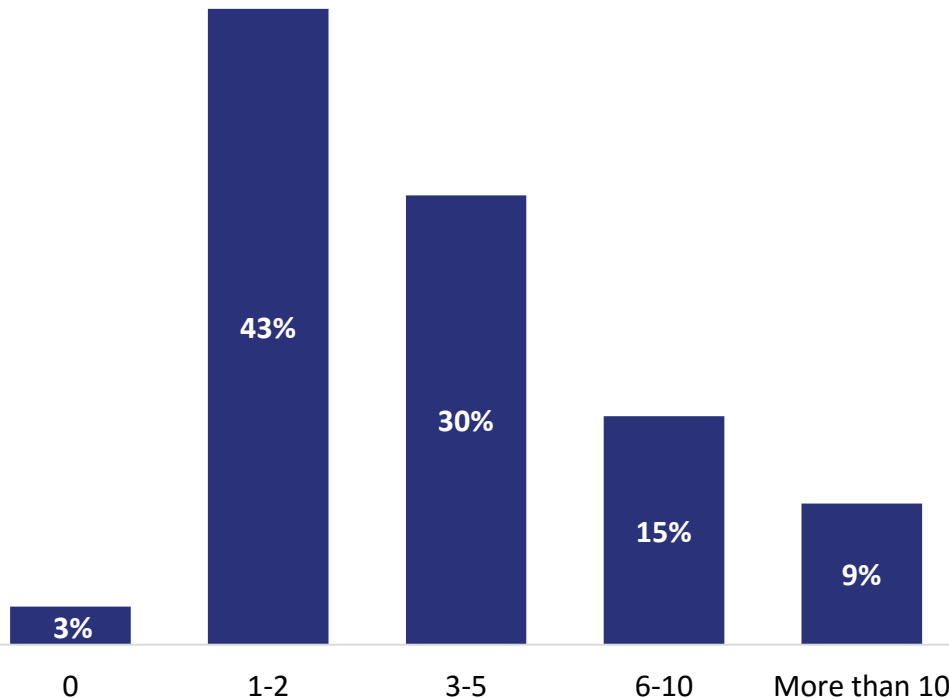
Recent Vehicle with Data Sharing Issue

Additional Labour

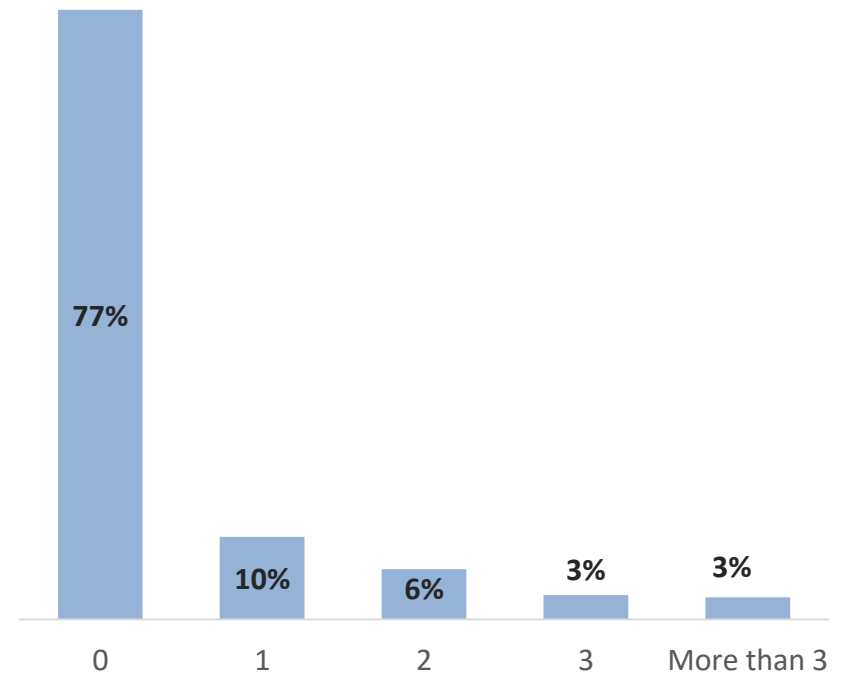


Despite spending on average 5 ½ hours extra labour on vehicles with a data sharing issue, 77% of workshops did not pass on any additional labour costs to the consumer.

Additional Hours Spent



Additional Hours Charged to Customer



Base: **TOTAL ISSUE VEHICLE** n = 392; Q19/31. Thinking about the situation with the (Q14A), How many **ADDITIONAL** hours did you spend on it?; Q20/32. How many of those additional hours, if any, did you charge the customer?



Recent Vehicle with Data Sharing Issue

Additional Labour by Workshop Type

Additional Hours Spent

| Average | Total | Workshop Type | | # Cars Serviced p/wk | |
|-------------------|-------|-------------------|-------|----------------------|--------------|
| | | Non-group Aligned | Group | 50 or less | More than 50 |
| Total | 5.5 | 6.7 | 3.9 | 5.9 | 4.6 |
| Complete | 6.3 | 8.2 | 4.0 | 7.1 | 5.0 |
| Incomplete | 4.6 | 5.2 | 3.9 | 4.9 | 4.1 |
| n = | 394 | 218 | 176 | 254 | 139 |

The extra time workshops spent on vehicles with a data sharing issue was significantly greater for vehicles they could complete the service and amongst non-group aligned workshops.

Additional Hours Charged to Customer

| Average | Total | Non-group Aligned | Group | 50 or less | More than 50 |
|-------------------|-------|-------------------|-------|------------|--------------|
| Total | 1.5 | 0.6 | 2.6 | 2.1 | 0.4 |
| Complete | 2.8 | 1.0 | 5.2 | 4.1 | 0.6 |
| Incomplete | 0.2 | 0.3 | 0.2 | 0.2 | 0.3 |
| n = | 394 | 218 | 176 | 254 | 139 |

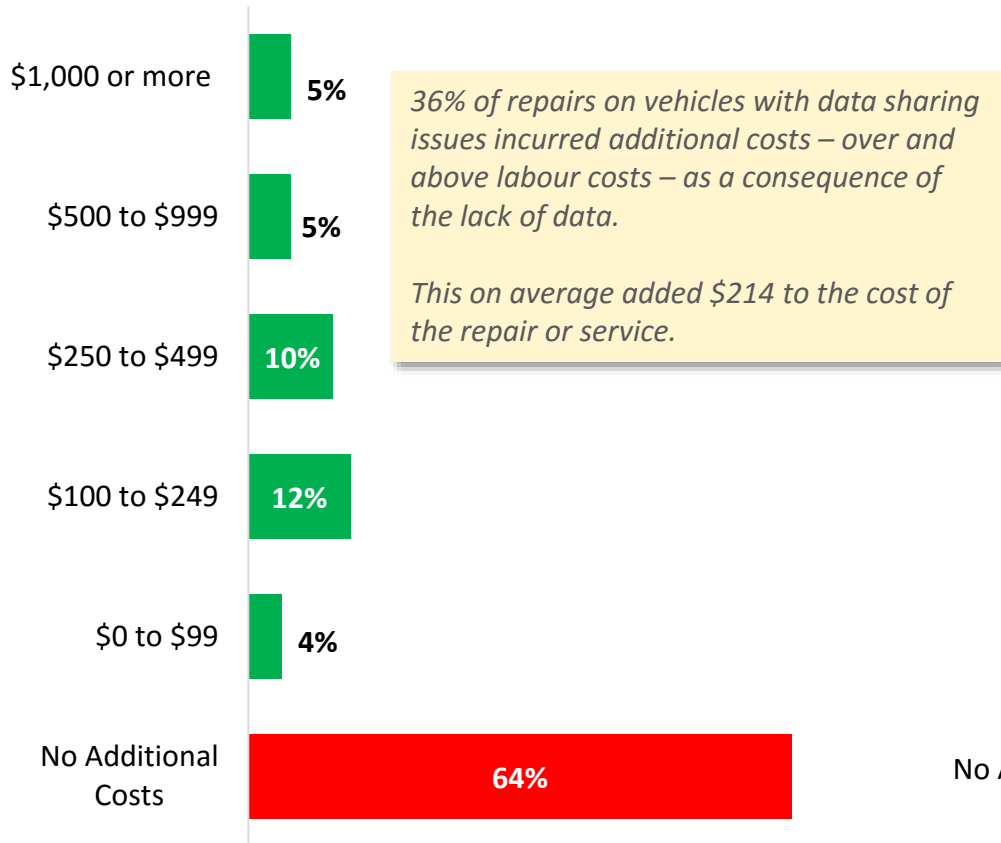
Base: **TOTAL ISSUE VEHICLE** n = As Above; Q19/31. Thinking about the situation with the (Q14A), How many **ADDITIONAL** hours did you spend on it?; Q20/32. How many of those additional hours, if any, did you charge the customer?; Q16/28. Did you complete the repair?



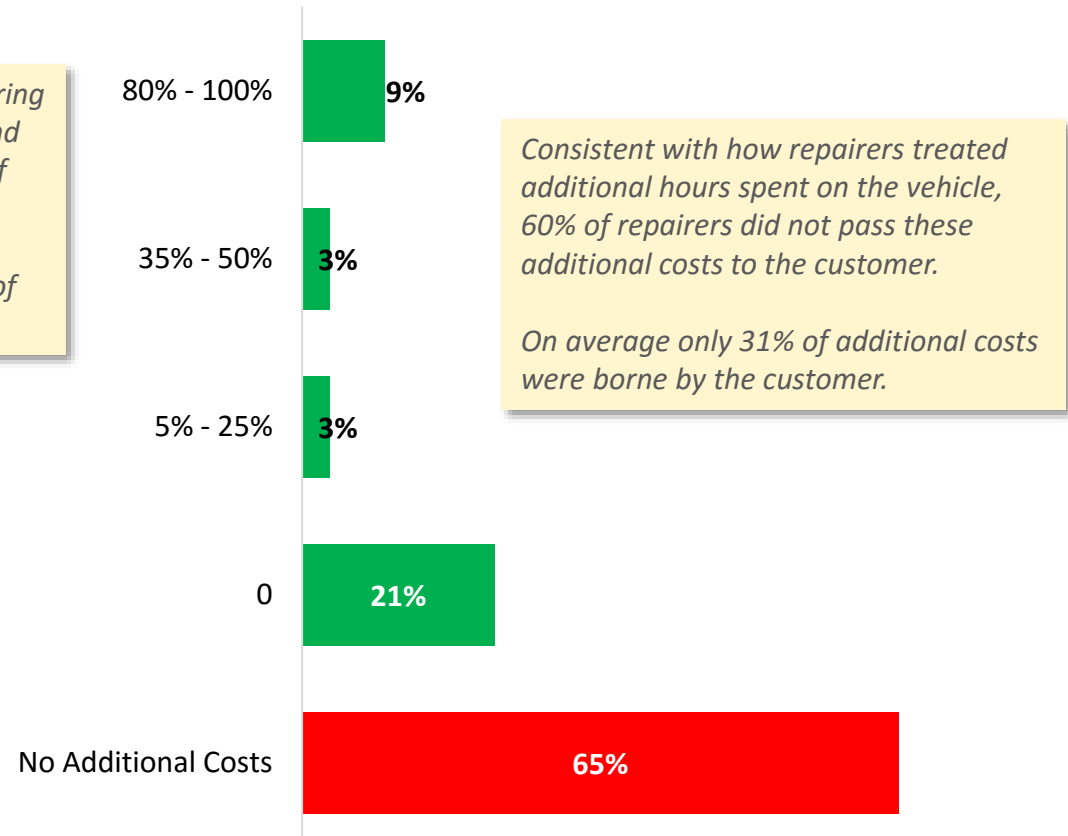
Recent Vehicle with Data Sharing Issue

Incremental Non-Labour Costs

Value of Incremental Non-Labour Costs



Value of Incremental Non-Labour Costs Charged to Customer



Base: **TOTAL ISSUE VEHICLE** n = 394; Q21/33. Where there any other costs incurred because you didn't have the manufacturer's data or information? Q22/34. Approximately, what was the value of those costs? Q23/35. What percentage of those costs where you able to pass on to the customer?



Recent Vehicle with Data Sharing Issue

Incremental Non-Labour Costs by Workshop Type

Value of Incremental Non-Labour Costs

The value of incremental non-labour costs did not vary greatly by workshop type, size or whether the service could be completed.

| Average % | Total | Workshop Type | | # Cars Serviced p/wk | |
|-------------------|-------|-------------------|-------|----------------------|--------------|
| | | Non-group Aligned | Group | 50 or less | More than 50 |
| Total | \$214 | \$232 | \$192 | \$230 | \$184 |
| Complete | \$250 | \$262 | \$237 | \$328 | \$117 |
| Incomplete | \$179 | \$204 | \$148 | \$141 | \$254 |
| n = | 394 | 218 | 176 | 254 | 139 |

Value of Incremental Non-Labour Costs Charged to Customer

| Average % | Total | Non-group Aligned | Group | 50 or less | More than 50 |
|-------------------|-------|-------------------|-------|------------|--------------|
| Total | 31% | 37% | 23% | 33% | 26% |
| Complete | 33% | 41% | 25% | 20% | 41% |
| Incomplete | 27% | 33% | 20% | 37% | 12% |
| n = | 394 | 218 | 176 | 254 | 139 |

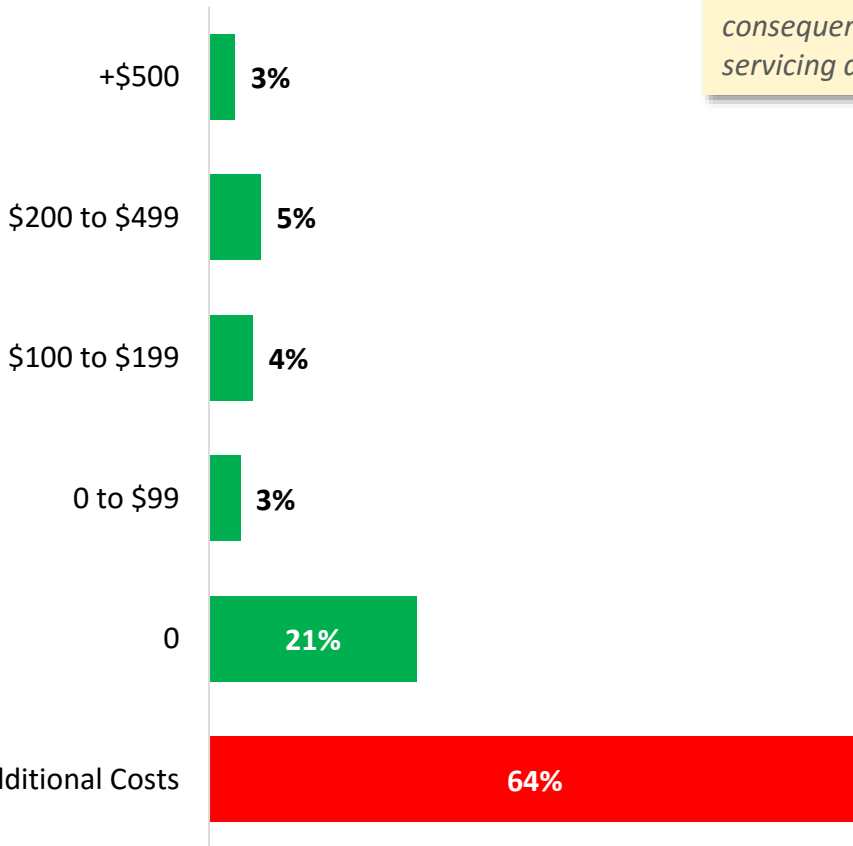
Base: **TOTAL ISSUE VEHICLE** n = 394; Q21/33. Where there any other costs incurred because you didn't have the manufacturer's data or information? Q22/34. Approximately, what was the value of those costs? Q23/35. What percentage of those costs where you able to pass on to the customer?



Recent Vehicle with Data Sharing Issue

\$ Value of Incremental Non-Labour Costs passed on to Customer

Despite a reluctance to pass on additional costs, on average customers paid an additional \$46 in non-labour costs as a consequence of the repairer not having access to dealer servicing data.



| \$ Average | Total | Workshop Type | | # Cars Serviced p/wk | |
|-------------------|-------|-------------------|-------|----------------------|--------------|
| | | Non-group Aligned | Group | 50 or less | More than 50 |
| Total | \$46 | \$65 | \$24 | \$50 | \$38 |
| Complete | \$50 | \$69 | \$30 | \$50 | \$50 |
| Incomplete | \$43 | \$62 | \$19 | \$51 | \$27 |
| n = | 394 | 218 | 176 | 254 | 139 |

Base: **TOTAL ISSUE VEHICLE** n=394; Q21/33. Where there any other costs incurred because you didn't have the manufacturer's data or information? Q22/34. Approximately, what was the value of those costs? Q23/35. What percentage of those costs where you able to pass on to the customer? Q16/28. Did you complete the repair?



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