Automotive Parts & Service Consumer Purchasing Behavior During an Economic Downturn

Introduction and Context for the Subsequent Insights

The U.S. is experiencing an unprecedented economic shock due to the Covid-19 pandemic. Nearly every industry is being affected by the temporary shutdown in business activities. While we hope business activity will get back to 'normal' very soon, we, at IMR, thought we would provide insights from our long-standing automotive tracking studies to shed some light on how consumers changed their automotive parts and service purchasing behaviors during the last major economic downturn.

What's important about the following pages is context. We're comparing the years leading up to the Great Recession (2007 and 2008) to 2009, the primary year of the Great Recession. The numbers being reported are not based on dollars but rather **based on service events and percent of purchases**. In addition, the data does not include automotive accessories but rather the parts, services and chemicals that keep our vehicles moving.

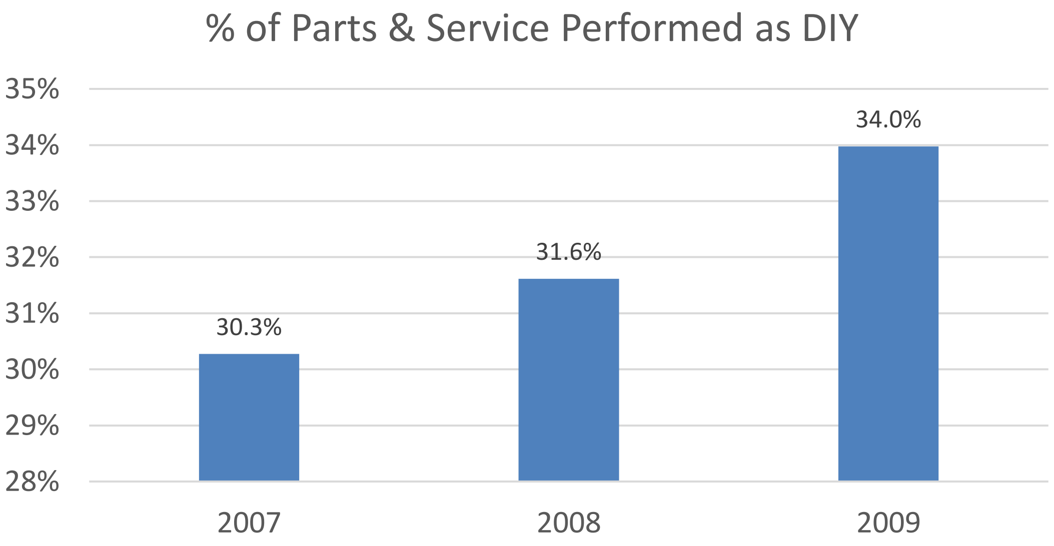
We know during that recessionary time, 2009 was the first time the Auto Care Association reported a post-mortem decline in the growth of the auto industry. That means that the percentages being shown, whether up or down comparatively, are in reference to a declining automotive parts and service market compared to a historically growing market. Ultimately, the purpose of the insights we're providing are to show how consumers changed their behaviors in a recessionary market compared to the prior non-recessionary years so that you may have additional information when making critical decisions for your company.

Please don't hesitate to contact us at IMR with any further questions or clarifications.

Bill Thompson
CEO
IMR Inc.

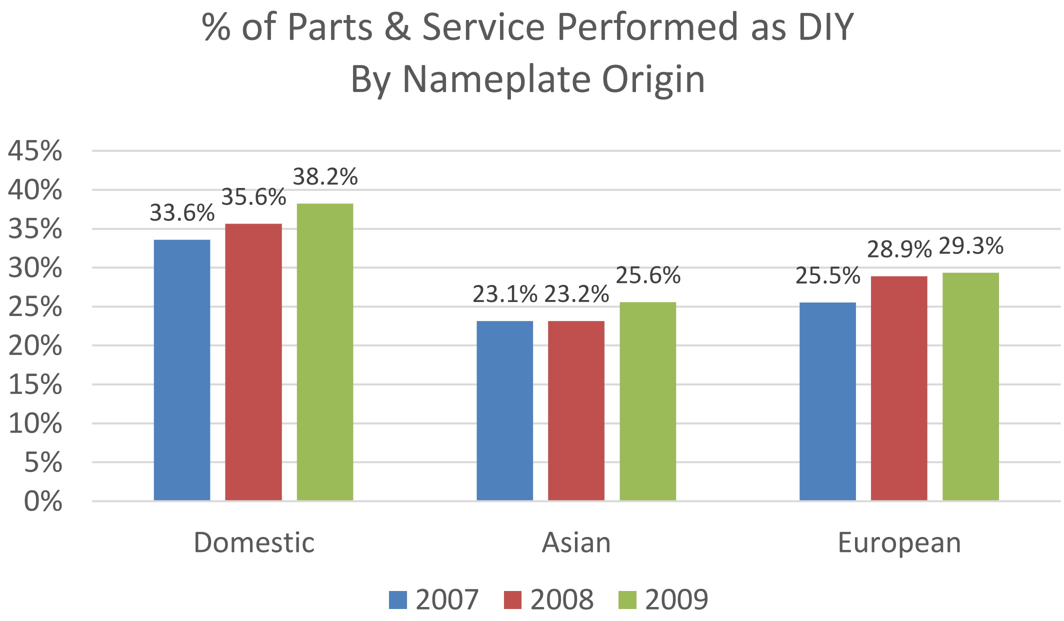
DIY Automotive Consumer Behavior During an Economic Downturn

Consumers became more DIY during the last major economic downturn. DIY installation activity was up 7.5% in 2009 compared to 2008. However, DIY activity had been increasing moderately leading up to 2009 as the economy was already feeling pressure in preceding years.



Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

Traditionally, Domestic vehicle owners tend to do more DIY work than other vehicle owners. During the downturn they chose to become more DIY for the parts/services they could do themselves as did Asian and European vehicle owners.



Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

In aggregate, channel share for DIY retail outlets and mass merchants didn't have major shifts from prior years other than to say the share of purchases being made through the pure-play online parts retailers continued to increase during that time which had been occurring year over year prior to 2009. The downturn simply amplified an already existing trend for online only parts retailers.

2009 Increase in Purchases from Online Only Auto Parts Sources Compared to Prior 2 Year Average

2.3x	1.9x	2.8x
Domestic Nameplate Vehicle Owners	Asian Nameplate Vehicle Owners	European Nameplate Vehicle Owners

Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

While online only parts retailers saw increases in share during the downturn, over the past 10 years, the percentage of parts purchased via the internet, whether via pure-play online only parts retailers or via traditional brick/mortar automotive retailers, online as a method of purchase has risen dramatically.

2009 6.3% Purchased Online

2014 16.1% Purchased Online

2019 31.0% Purchased Online

1st Time Doing Repair 2019

32.7%

Did Pre-Purchase Research 2019

77.2%

Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

While DIY activity increased overall, some categories saw relatively large increases in the percentage of installations reported as DIY. For reference, we've included the current state of 2019 DIY activity. Note that these are aggregate part categories and each part category is comprised of many individual parts measured separately.

	2008	2009	Pt Chg.	% Chg.	2019
Routine Maintenance	26.2%	29.1%	2.9%	10.9%	22.6%
Windshield, Glass, Mirrors & Lamps	64.9%	65.7%	.8%	1.2%	58.4%
Braking System	22.8%	24.9%	2.1%	9.1%	25.6%
Ignition & Engine	32.1%	33.7%	1.6%	5.1%	32.1%
Electrical	60.4%	61.6%	1.2%	2.0%	49.4%
Temperature Control	28.2%	29.1%	.9%	3.3%	30.3%
Collision Paint & Body Parts	28.2%	29.6%	1.4%	4.8%	33.7%
Steering & Suspension	23.9%	24.0%	0.1%	0.6%	27.0%
Wheels, Bearings & Misc.	7.3%	9.5%	2.2%	29.6%	12.9%
Transmission & Clutch	16.4%	18.4%	2.0%	12.1%	24.2%
Exhaust System	22.3%	20.5%	-1.8%	-8.0%	27.0%
Computer & Emissions	30.7%	33.2%	2.5%	8.3%	31.0%
Chemicals	28.5%	29.2%	.7%	2.4%	30.4%

Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

In prior years, delayed maintenance amongst most product categories held steady as 21.9% of consumers, on average, were delaying some vehicle service or repair. Heading into 2020, delayed maintenance dropped to 15% of vehicles, meaning consumers were more proactively maintaining their vehicles than in prior years. The chart below shows the top parts and services being delayed by consumers and their intention of being DIY for that service or repair.

2019 Delayed Maintenance	% of VIO Delaying Service/Repair	% that Plan to Perform as DIY
Oil Changed	7.1%	16.5%
Tires (New)	4.5%	7.4%
Battery (Car)	3.4%	63.4%
Brake Shoes / Pads	3.4%	23.7%
Scheduled Maintenance	2.8%	8.6%
Brake Discs / Rotors	2.5%	31.2%
Other Collision, Paint or Body Repairs	2.3%	20.3%
Engine Tune-up	2.2%	16.0%
Air Filter	2.2%	39.8%
Wiper Blades	2.1%	65.2%

Source: IMR Inc. - Delayed Parts/Service Tracking Study

DIY Consumer Demographics and Vehicle Attributes

		Auto Parts Retailers 2008	Auto Parts Retailers 2009	Auto Parts Retailers 2019	Mass/Discount Stores 2008	Mass/Discount Stores 2009	Mass/Discount Stores 2019
Age Range	Under 30	11.7%	6.6%	12.0%	10.8%	6.9%	11.4%
	30-39	20.0%	15.3%	24.9%	17.0%	12.7%	23.3%
	40-49	27.2%	27.4%	19.9%	27.8%	25.5%	20.5%
	50-59	25.1%	30.6%	21.7%	25.5%	31.4%	19.6%
	60 and Over	16.0%	20.0%	21.4%	18.9%	23.5%	25.3%
Education	Some College or Less	70.2%	71.4%	69.6%	69.1%	69.3%	63.2%
	College Graduate	29.8%	28.6%	30.4%	30.9%	30.7%	36.8%
Household Type	Family	72.5%	71.5%	66.8%	74.7%	73.1%	66.7%
	Single Male	22.5%	22.9%	20.9%	18.6%	19.3%	19.2%
	Single Female	5.0%	5.6%	12.3%	6.7%	7.6%	14.0%
HHLD Income	Under $25,000	13.1%	19.5%	19.3%	13.0%	19.7%	18.5%
	$25,000 TO $29,999	6.8%	7.2%	7.8%	6.6%	7.1%	7.0%
	$30,000 TO $49,999	22.2%	23.4%	21.0%	23.0%	24.3%	20.8%
	$50,000 TO $74,999	24.4%	22.9%	20.4%	27.1%	23.9%	19.6%
	$75,000 TO $99,999	14.7%	13.7%	13.0%	13.8%	13.6%	14.3%
	$100,000 AND OVER	15.2%	13.2%	18.5%	13.0%	11.4%	19.9%

		Auto Parts Retailers 2008	Auto Parts Retailers 2009	Auto Parts Retailers 2019	Mass/Discount Stores 2008	Mass/Discount Stores 2009	Mass/Discount Stores 2019
Miles on Vehicle (Ranges)	0 - 49,999	14.2%	12.8%	18.1%	18.0%	15.0%	22.4%
	50,000 - 99,999	25.9%	23.5%	19.1%	28.0%	25.7%	20.4%
	100,000 - 149,999	29.0%	29.0%	23.5%	27.7%	27.6%	22.9%
	150,000 +	30.9%	34.8%	39.3%	26.3%	31.6%	34.3%
Vehicle Age (Ranges)	New - 3 Years Old	7.4%	5.9%	7.3%	10.9%	8.3%	9.2%
	4 - 7 Years Old	21.2%	18.2%	16.6%	24.5%	21.9%	19.2%
	8 - 11 Years Old	24.2%	21.6%	15.1%	26.2%	23.1%	15.9%
	12+ Years Old	47.1%	54.4%	61.0%	38.4%	46.7%	55.6%
Vehicle Type	Car	48.7%	47.6%	43.8%	47.6%	47.1%	45.9%
	SUV	22.7%	18.1%	29.9%	23.0%	19.3%	29.5%
	Pickup	18.5%	24.0%	19.6%	18.1%	22.3%	16.6%
	Van	10.1%	10.3%	6.7%	11.3%	11.2%	8.0%

Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

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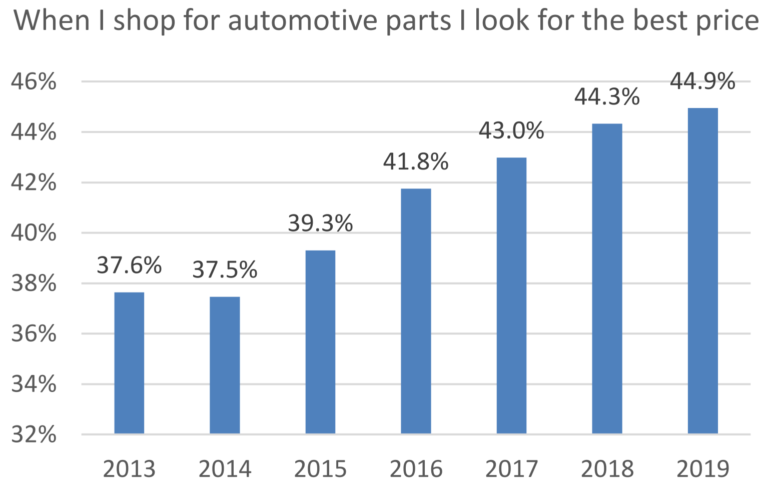
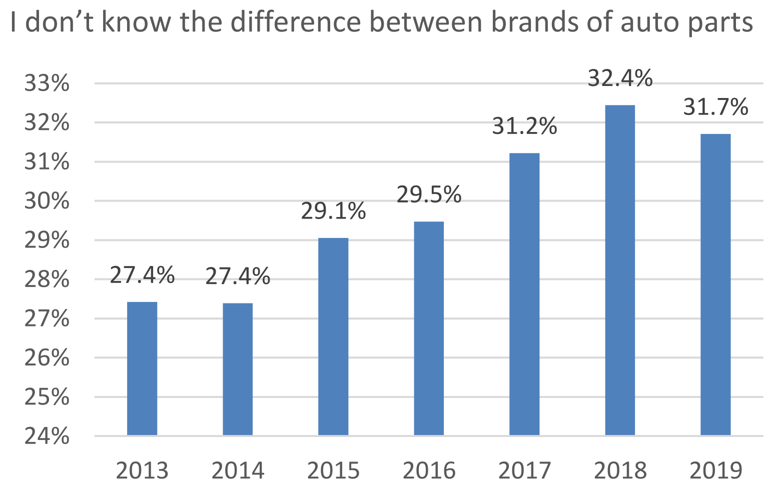
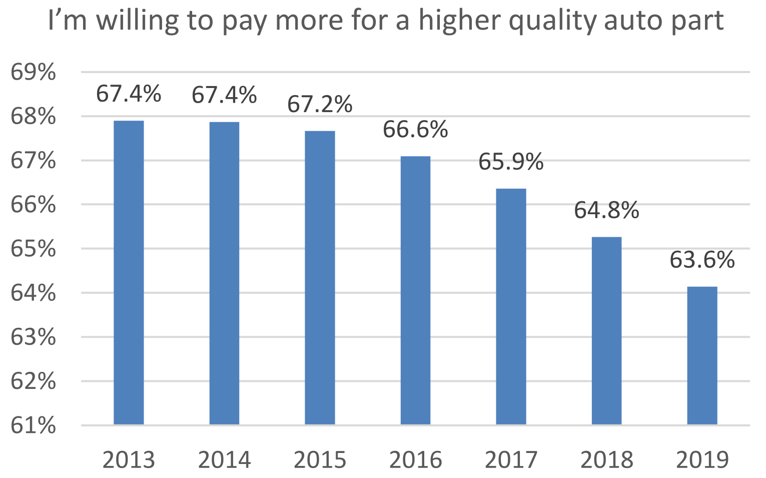
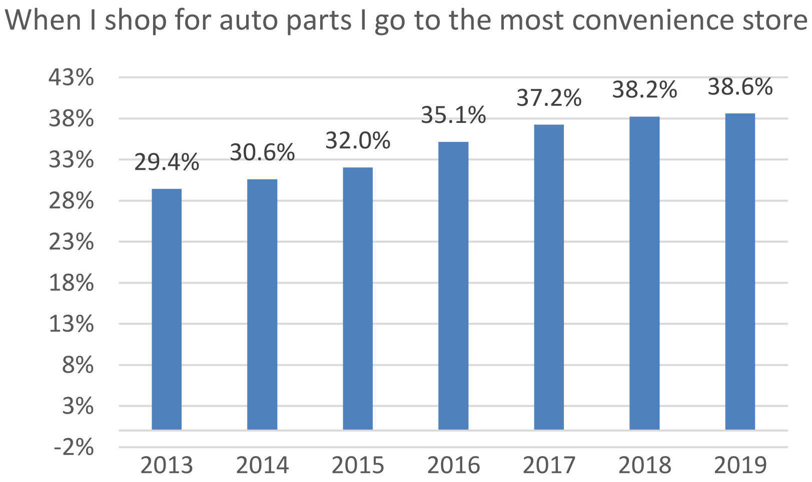
While IMR does not have attitudinal statements dating back to the early 2000s, the past few years have shown some attitudinal changes amongst DIYers. The following attitudinal statements are where we've seen the most changes.









Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

There are many nuances between DIYers. The air filter DIYer is different from the brake pad DIYer who's different than the rotating electrical DIYer. The following story boards describe the general DIYer, without regard to outlet, part or service.

TV USAGE

Ways Watch TV on Mobile Devices

- Watch free TV programs
- Watch TV using subscription
- Cable TV network site
- Watch live sports

AUTOMOTIVE

- Twin Turbos
- Vegas Rat Rods
- Street Outlaws

CRIME

- Dog the Bounty Hunter
- NCIS: LA
- Dead Files

FOOD

- Martha and Snoop Potluck
- Hell's Kitchen
- Man vs Food

SPORTS

- NASCAR Xfinity Race
- WWE Smackdown
- Inside the NBA

LATE NIGHT/TALK

- Eric Andre Show
- Tim & Eric Awesome Show
- Late Late Show with James Corden

DIY/HOME

- American Restoration
- Tanked
- Treehouse Masters

INTERNET USAGE

Social Media/Search Engines

- Bing
- Yahoo Search
- Facebook
- Google+
- Tumblr

Reasons Use Social Media

- Play games
- Meet new friends
- Show support for favorite companies/brands

Device used to read newspaper

- Other smartphone
- Other tablet
- Samsung Galaxy smartphone

Sites visited past 30 days

- MTV
- WWE
- Google+
- Monster
- Snapchat
- Hulu
- Craigslist
- Facebook

RADIO USAGE

Online music/radio sites visited

- Radio.com
- Pandora
- Spotify
- TuneIn

SPORTS LISTENED TO ON RADIO

- European Soccer
- Sunday Night Football
- Stanley Cup Playoffs

RADIO PROGRAMS

- Gospel
- Mainstream Rock
- Urban Contemporary
- Classic Country
- Urban AC
- Country
- Active Rock
- New Country

Source: IMR Inc. - CCAMS + Claritas PRIZM Premier Segmentation

Activities

- Fishing
- Hunting
- Football
- Basketball
- Camping
- Grilling – Outdoor Cooking
- Soccer

Sports Interests

- Pro Rodeo
- Pro Bull Riding (PBR)
- Monster Jam (Monster Trucks)
- WWE (Pro Wrestling)
- NHL
- Pro Boxing
- UFC (Ultimate Fighting)
- NHRA Drag Racing
- NASCAR

Events

- WWE (Pro Wrestling)
- Pro Bull Riding (PBR)
- Monster Jam (Monster Trucks)
- NHRA Drag Racing
- R&B/rap/hip-hop concert
- Any theme park

Source: IMR Inc. - CCAMS + Claritas PRIZM Premier Segmentation

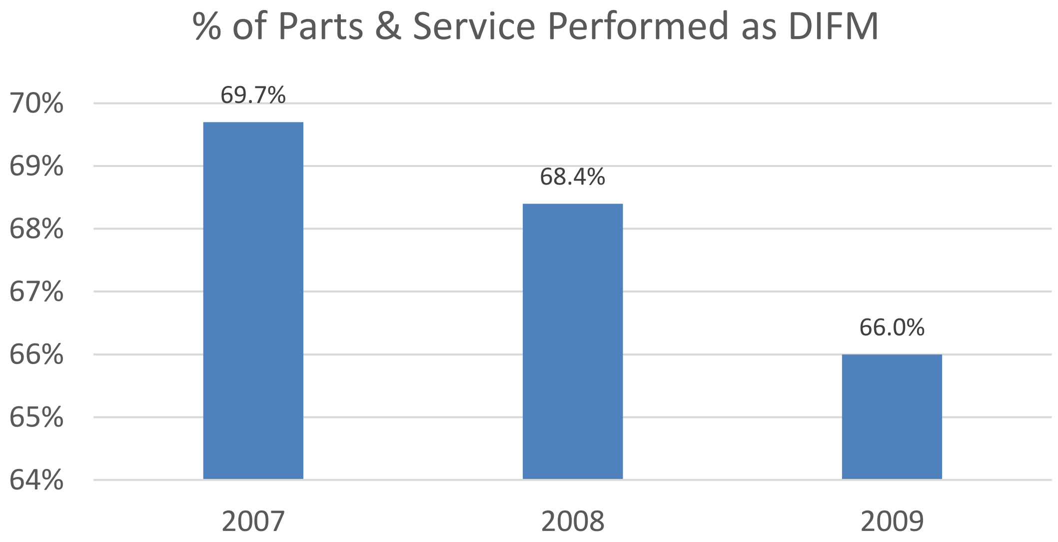
Attitudes

- The internet is a good way to meet people
- Building electronics is a hobby of mine
- Celebrity endorsement may influence buying product
- Newspaper ads are amusing
- Advertising on mobile phones is amusing
- I would receive ads on my cell phone in exchange for services
- Change brands often for variety/novelty
- I often feel like my life is slipping out of control
- Technology has little impact on my daily life
- I feel really good seeing celebrities that share my ethnic background
- Advertising on mobile phones provides me with useful information about new products and services
- I'm more connected to my ethnic heritage than my parents are
- I enjoy personalizing my vehicle to reflect my individual tastes
- I like to keep my personal internet pages updated with info about my life

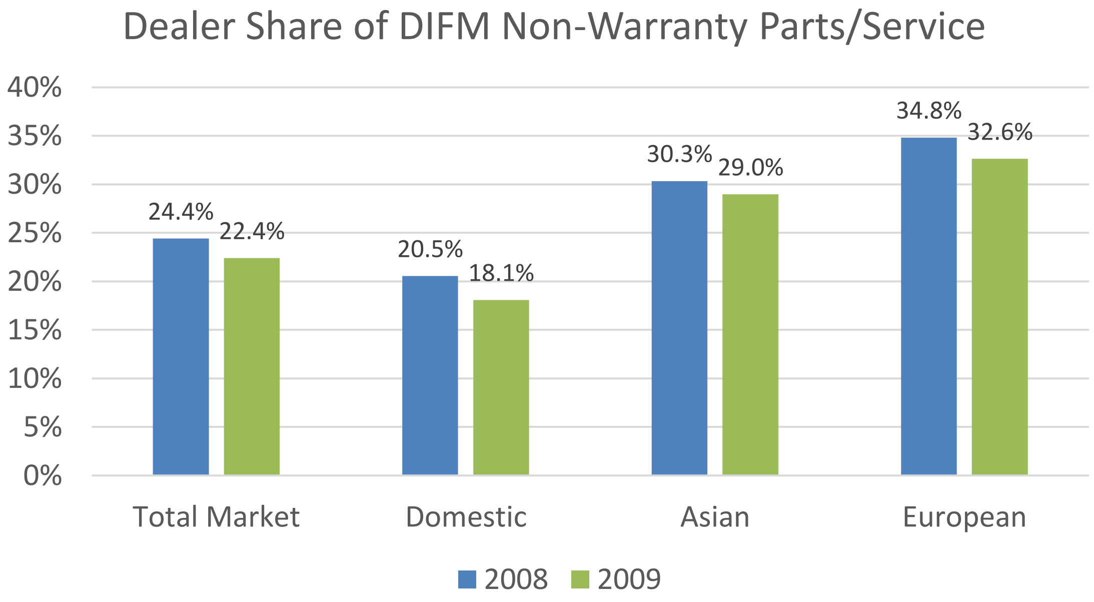
DIFM Automotive Consumer Behavior During an Economic Downturn

DIFM activity declined in the 2007 to 2009 time period. The DIY dynamics as mentioned in the previous section contributed to the overall decline as more consumers chose to be DIYers during this time. Ultimately, that change in behavior removed service events from the DIFM market.

New Car Dealer service share of non-warranty work declined 8.2% to from 24.5% to 22.4% between 2008 and 2009. Particularly hit hard were the Domestic vehicle dealerships who saw a decline of 12.0% in their service share, followed by European vehicle dealerships (6.3%) and Asian vehicle dealerships (4.6%).



Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study



Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

While new car dealer share of the total non- warranty DIFM service events fell, the main benefactor was the aftermarket. So, while new car dealers got 24.4% of the DIFM market, the aftermarket got the other 75.5% of the DIFM service events. Independent Repair Shops saw a 6.5% increase in share while other aftermarket channels saw increases as well.

	2008	2009	Pt Chg.	% Chg.	2019
New Car Dealer	24.4%	22.4%	-2.0%	-8.2%	23.2%
Independent Repair Shops	23.0%	24.5%	1.5%	6.5%	19.5%
Quick Lube Specialist	15.0%	13.9%	-1.1%	-7.6%	12.3%
Tire Dealer - Auto Repair	8.2%	8.5%	.3%	3.4%	8.5%
Auto Parts Retailer	6.1%	6.6%	.5%	7.8%	10.0%
Discount Store-Mass Merchandiser	6.0%	5.3%	-.7%	-10.9%	6.0%
Other	5.1%	5.6%	.5%	9.8%	7.2%
Repair Specialist	4.8%	5.2%	.4%	7.8%	6.1%
National Repair Chain	3.8%	4.0%	.2%	7.2%	4.2%
Auto Parts Wholesaler	2.0%	2.5%	.5%	22.7%	1.5%
Collision Repair Shops	1.6%	1.5%	-.1%	-8.3%	1.6%

Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

When looking at dealer share of non-warranty work by vehicle age, not much shift occurred between 2008 and 2009. However, over the years, dealerships have retained more customers for non-warranty work at older vehicle ages as illustrated by the share numbers for 2019 in the table below.

Vehicle Age	Dealer Share of Non-Warranty Work		
	2008	2009	2019
Total Share	24.4%	22.4%	23.2%
0 - 3 Years	46.4%	47.6%	46.7%
4 - 7 Years	30.2%	30.0%	35.3%
8 - 11 Years	17.0%	17.5%	22.6%
12-16 Years	10.5%	10.2%	12.1%
17-20 Years	8.5%	7.7%	7.2%
21+ Years	7.1%	6.8%	4.6%

Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

When looking at Independent Repair Shop's share of non-warranty work by vehicle age, not much shift occurred between 2008 and 2009. However, over the years, due to dealer retention and other aftermarket competitors, Independent Repair Shop's have consistently lost share amongst vehicles older than 3 years old.

Vehicle Age	Independent Repair Shop Share of Non-Warranty Work		
	2008	2009	2019
Total Share	23.0%	24.5%	19.5%
0 - 3 Years	10.6%	10.2%	9.5%
4 - 7 Years	18.5%	19.0%	13.8%
8 - 11 Years	27.5%	28.1%	20.2%
12-16 Years	31.9%	32.1%	24.3%
17-20 Years	33.1%	33.8%	26.5%
21+ Years	34.3%	29.6%	26.8%

Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

When consumers choose an outlet for service, there are varying reasons. However, there are a few distinct differences between consumers choosing to have their vehicle serviced at a new car dealers versus the aftermarket. Primarily, the differences are convenience, trust and price but having a good prior experience is the most imperative.

Primary Reason Chose Outlet for Service	Total Market	New Car Dealer	Aftermarket
Good Prior Experience	43.2%	42.1%	43.5%
Convenient Location	15.1%	8.4%	17.2%
My Trust In The Store\Shop and Its Personnel	13.6%	21.3%	11.2%
Low/Fair Prices	7.6%	2.9%	9.1%
Friend or Family Member's Recommendation	5.3%	1.3%	6.5%
My Loyalty To A Particular Store\Shop	5.2%	7.8%	4.4%
The Brands of Parts They Offer	0.8%	2.0%	0.5%
They Had Other Things I Also Needed To Buy	1.4%	1.9%	1.3%
Other Reasons	7.6%	12.2%	6.2%

Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

DIFM activity decreased overall and no category saw the percentage of installations reported as DIFM increase. For reference, we've included the current state of DIFM activity in 2019. Note that these are aggregate part categories and each part category is comprised of many individual parts measured separately.

	2008	2009	Pt Chg.	% Chg.	2019
Routine Maintenance	73.8%	70.9%	-2.9%	-3.9%	77.4%
Windshield, Glass, Mirrors & Lamps	35.1%	34.3%	-.8%	-2.3%	41.6%
Braking System	77.2%	75.1%	-2.1%	-2.7%	74.4%
Ignition & Engine	67.9%	66.3%	-1.6%	-2.4%	67.9%
Electrical	39.6%	38.4%	-1.2%	-3.1%	50.6%
Temperature Control	71.8%	70.9%	-.9%	-1.3%	69.7%
Collision Paint & Body Parts	71.8%	70.4%	-1.4%	-1.9%	66.3%
Steering & Suspension	76.1%	76.0%	-0.1%	-0.2%	73.0%
Wheels, Bearings & Misc.	92.7%	90.5%	-2.2%	-2.3%	87.1%
Transmission & Clutch	83.6%	81.6%	-2.0%	-2.4%	75.8%
Exhaust System	77.7%	79.5%	1.8%	2.3%	73.0%
Computer & Emissions	69.3%	66.8%	-2.5%	-3.7%	69.0%
Chemicals	71.5%	70.8%	-.7%	-0.9%	69.6%

Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

In prior years, delayed maintenance amongst most product categories held steady as 21.9% of consumers, on average, were delaying some vehicle service or repair. Heading into 2020, delayed maintenance dropped to 15% of vehicles, meaning consumers were more proactively maintaining their vehicles than in prior years. The chart below shows the top parts and services being delayed by consumers and their intention of being DIFM for that service or repair.

2019 Delayed Maintenance	% of VIO Delaying Service/Repair	% that Plan to Perform as DIFM
Oil Changed	7.1%	73.5%
Tires (New)	4.5%	92.6%
Battery (Car)	3.4%	46.6%
Brake Shoes / Pads	3.4%	76.3%
Scheduled Maintenance	2.8%	93.4%
Brake Discs / Rotors	2.5%	68.8%
Other Collision, Paint or Body Repairs	2.3%	79.7%
Engine Tune-up	2.2%	84.0%
Air Filter	2.2%	60.2%
Wiper Blades	2.1%	34.8%

Source: IMR Inc. - Delayed Automotive Parts/Service Tracking Study

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DIFM Consumer Demographics and Vehicle Attributes

		New Care Dealer			Aftermarket		
		2008	2009	2019	2008	2009	2019
Age Range	Under 30	6.7%	5.4%	3.5%	9.7%	7.4%	12.9%
	30-39	13.6%	12.5%	12.1%	16.1%	12.8%	22.8%
	40-49	21.0%	20.4%	14.2%	23.2%	21.6%	17.1%
	50-59	23.9%	23.1%	20.7%	24.9%	27.6%	18.4%
	60 and Over	34.7%	38.8%	49.6%	26.1%	30.7%	28.8%
Education	Some College or Less	49.6%	50.3%	40.2%	57.8%	58.1%	51.8%
	College Graduate	50.4%	49.7%	59.8%	42.2%	41.9%	48.2%
Household Type	Family	71.4%	71.2%	59.7%	67.5%	66.0%	64.1%
	Single Male	14.9%	15.0%	16.3%	16.4%	16.4%	12.8%
	Single Female	13.8%	13.8%	24.0%	16.1%	17.6%	23.1%
HHLD Income	Under $25,000	6.4%	7.0%	5.2%	14.1%	16.3%	14.7%
	$25,000 TO $29,999	3.8%	4.2%	3.0%	5.9%	6.2%	6.3%
	$30,000 TO $49,999	16.6%	17.7%	13.6%	20.6%	21.8%	17.8%
	$50,000 TO $74,999	24.6%	23.3%	19.5%	24.2%	23.6%	20.1%
	$75,000 TO $99,999	18.5%	19.5%	18.1%	15.9%	15.0%	15.4%
	$100,000 AND OVER	30.1%	28.3%	40.5%	19.3%	17.1%	25.8%

		New Car Dealer			Aftermarket		
		2008	2009	2019	2008	2009	2019
Miles on Vehicle (Ranges)	0 - 49,999	48.2%	44.5%	49.6%	20.2%	18.2%	26.3%
	50,000 - 99,999	33.4%	33.5%	30.7%	35.1%	32.4%	27.6%
	100,000 - 149,999	12.4%	14.8%	12.8%	27.5%	28.0%	24.1%
	150,000 +	6.0%	7.2%	6.9%	17.1%	21.5%	22.1%
Vehicle Age (Ranges)	New - 3 Years Old	52.6%	52.5%	48.8%	47.4%	47.5%	51.2%
	4 - 7 Years Old	32.3%	32.0%	33.4%	67.7%	68.0%	66.6%
	8 - 11 Years Old	17.2%	17.8%	19.1%	82.8%	82.2%	80.9%
	12+ Years Old	9.7%	9.3%	9.4%	90.3%	90.7%	90.6%
Vehicle Type	Car	54.3%	55.2%	51.5%	57.5%	57.1%	54.8%
	SUV	25.1%	25.2%	30.7%	19.2%	19.2%	25.8%
	Pickup	10.6%	10.0%	9.9%	13.0%	13.1%	11.2%
	Van	10.0%	9.6%	7.9%	10.3%	10.6%	8.3%

Source: IMR Inc. - CCAMS Automotive Parts/Service Tracking Study

Conclusions

When consumers are faced with economic challenges, their automotive service behaviors change. Generally, as we saw between 2008 and 2009, during an economic downturn, they tend to repair their vehicles as a DIYer or, where they cannot, they'll choose one of various aftermarket outlets for service.

Given that the affects of the Covid-19 pandemic is still uncertain, it's difficult to say how consumer will react. We know the current quarantine is having, amongst other things, an economic effect, but we don't know once the quarantine and social distancing policies are lifted, what that long-term effects on automotive service behavior will be.

In addition, many things have changed between 2009 and now. The VIO is older, internet purchasing is more prevalent, more video instruction is available to consumers for vehicle maintenance and repair, dealers have become more competitive for parts and service and new consumer purchasing habits have emerged amongst Millennials.

This document was put together as an illustration of how consumer behavior changes during economically stressful times so that you would have some hard data and facts to support the decisions you may need to make during this time. No matter where you sit in the automotive industry, consumers purchasing parts and services drives our collective businesses and having some insight into their behavior is essential.

Wishing you health, happiness and prosperity!

Bill Thompson
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FOR MORE INFORMATION

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