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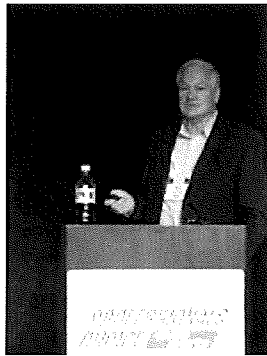
# Auto parts distributors must know vehicle in operation trends to succeed, Witkamp tells APA conference

By *badams*

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Auto parts distributors need to make sure that their parts inventory matches the vehicles in operation (VIO) trends and their part failure rate trends if they want their business to succeed.



That was one of the messages delivered by keynote speaker Peter Witkamp, CEO of consulting business Aftermarket Dynamics, at the Automotive Parts Associates annual shareholders' conference March 9 in Orlando, Fla. He shared research on the automotive aftermarket and where it is headed in the near future.

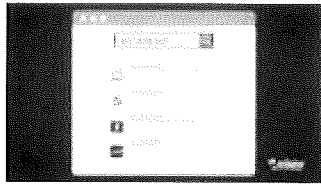
"Through 2020, we will see a 9.2 increase in VIO in U.S, which is good news for our business," said Witkamp, who worked for Federal-Mogul for 36 years before leaving to start his own consultancy.

But not all automaker brands will enjoy a sales increase. He said that the sale of domestic cars in the U.S. will decrease 7.9 percent through 2015, while the sale of import cars will increase 4.3 percent. In 2020, VIO in the U.S. will be approximately 60 percent foreign and 40 percent domestic.

"In 2010, it was close to 40 percent foreign and 60 percent domestic, so you can see the trend," he said. "I'm not knocking foreign vehicles, but your parts inventory must match the VIO trends if you want to be able to maximize inventory and sales." The sale of domestic cars in the U.S. are down 8.5 percent in the last 10 years, while the sale of Japanese, Korean and European imports are all up.

Distributors should note that the average age of VIO will continue to increase. By 2019, VIO that are 12 years and older will increase by 15 percent from 2011, said Witkamp, who worked for his family's heavy-duty distributorship business before joining Federal-Mogul.

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## Technology trends

Technology transformation, including new mobility concepts, digital technologies and automated driving, are having a huge effect on the aftermarket because consumers want more efficiency and connectivity in their vehicles.

Witkamp illustrated the technology boom by sharing a picture of a rotary phone and a cell phone, likening the cars of yesteryear to rotary phones and today's vehicles to smart cell phones.

"There are about 60 sensors in the average car today, but there will be 200-plus sensors in cars by 2025," he said. Many of these additional sensors will be found in systems such as evasive steering assist, lane keeping, intersection assist, early pole crash detection, electronic pedestrian protection, evasive steering support, highway assist, artificial intelligence programming and parking with apps.

The aftermarket should be concerned that by 2020, 90 percent of cars will be connected to original equipment dealers to extend the service window. But he said that consumers will demand that requirements of controls go to vehicle owners rather than OE dealers.

By 2021, 50 percent of cars sold will have stop/start technology. By 2025, 95 percent of vehicle functions will be potentially controllable by a cell phone, he said. Cars will have 300 million lines of software code, and software will become the differentiator of vehicles, according to a Lizard, Roland Burger study.

Electric vehicle (EV) growth new car sales will be driven by the price of fuel. By 2025, EVs will be 10 percent to 12 percent of new car sales, he said.

Many manufacturers are looking at augmented reality. Bosch is working on a system that will use a tablet to identify which vehicle sensors are faulty, and Denso is said to be working on something. AT&T is working on many different apps that also will tie into the connected car.

## OEM trends

Current OEM product development and market trends also impact the aftermarket.

Vehicle engines are getting smaller, but horsepower is equivalent due to the increased use of gasoline direct injection (GDI) and engine turbo charging. Those items, along with eight-speed transmissions, mean that many repairs will take longer. By 2020, 80 percent of vehicles will

have GDI, he said. OEMs also are using more high-pressure fuel pumps to deliver fuel to the GDI systems.

“Bosch and Denso are huge suppliers to OEMs, so make sure you have a good relationship with them both,” Witkamp said. “Plus, brand names are coming back in popularity, so be aware of that.”

When it comes to buying parts needed for electronic power assisted steering repairs, more than 700 installers were surveyed and 84 percent of repairers said they go to the OE dealer and only 16 percent buy from warehouse distributors for the parts needed. “We cannot let this category get away from the aftermarket,” he said.

“We are all driven by the check engine light. In fact, 56.7 percent of all vehicle repairs were done in 2011 because the check engine light came on (excluding brakes),” Witkamp said. “That number is higher now and as more sensors are added to vehicles, it will increase even more.”

Many aftermarket repairers are replacing brand parts that were removed from the vehicle with the same brand because vehicles are so sensor driven, he said.

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