



aftermarket MATTERS



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Loyalty to a brand, service or company has shifted from longevity to performance

BY STEVE SHARP ON APRIL 11, 2023

Everybody involved in the automotive supply chain earns loyalty one transaction at a time and is subject to delivering perfection

Loyalty. The holy grail of relationships and what businesses work to attain from their customers. During my career, I had countless discussions with customers, suppliers, and industry peers about what it means to be loyal. Merriam-Webster defines loyalty as “Faithful to a cause, ideal, custom, institution, or product.” These days I hear a lot of discussions about loyalty, or to be more specific, the lack thereof. Not that loyalty is a new topic for debate, but it seems to be a more pronounced concern nowadays. This got me thinking about why this has become a hot topic as of late.

After numerous discussions and what is admittedly an unscientific survey, I believe that the fundamental nature of what makes people loyal to a brand, service, or company has shifted from longevity to performance. More simply put, everybody involved in the automotive supply chain *earns* loyalty one transaction at a time. Every time we service a customer, we



are subject to delivering perfection. A high standard in an imperfect world, but think about it for a moment. Car owners expect their vehicles to be repaired correctly the first time, and repair shops expect their parts orders to be delivered on time with the right parts, as do distributors from their manufacturer partners. However, none of these are new expectations. So, what has changed to spark all the concern about customer loyalty?

It appears that our industry is grappling with two issues impacting customer behaviors and changing the definition of what it is to be a loyal customer. One of the issues influencing customer loyalty is the impact of supply chain issues created by the pandemic. The other is the shift in customer attitudes brought about by the Millennial and Gen X generations compared to Baby Boomers.

Countless articles have been written about the many differences between these generations and boomers, so I will not bore you with a long list of comparatives and statistics. The bottom line is, Millennials and Gen X simply do not view the ownership of an automobile the same way “boomers” did back in the day. Has this generational change in attitude brought new purchasing habits regarding auto parts and services? I am not sure, but here is a story you might find interesting, maddening, or downright scary.

The son of a lifelong friend called me recently to pick my brain about an extensive repair he needed for his Volkswagen. After a lengthy discussion, I learned that he regularly patronized a local repair shop for his routine services, but needed help reconciling the cost of the needed repair because of parts price disparity from his research on the internet. As I explained why he found variances during his research, he blurted out, “You know, I looked these repairs up on YouTube, and I think I can do this job myself.”

A lot is going on in this example.

1. He has a relationship with a repair professional.
2. He researched to validate the price he was quoted.
3. He seriously considered doing the job himself by watching videos because he wasn't comfortable with the broad price ranges quoted by others.

So, here is the \$64,000 question: was he disloyal for not simply saying yes to his regular service provider? Would he have been disloyal by taking his car to a different repair shop? Would he have been disloyal if he had done the job himself? In the final analysis, he took his car to his regular service provider but supplied parts he purchased online. Was this a disloyal action or a new type of loyalty? You be the judge.

In part two of this series, Steve Sharp will go deeper into the impacts of the supply chain issues created by the pandemic. Sharp's career began in his father's repair shop in 1967 and then moved to the parts side of the industry in 1973. For the last 48 years, Sharp has worked exclusively in the replacement parts segment of the automotive aftermarket. In 1988, Sharp began what would turn out to be a 33-year career with WORLDWIDE Trading Company/ WORLD PAC, from which he retired in 2021. He is currently studying for his master's degree. Sharp is currently working as an Executive in Residence at the Endeavor Institute and can be reached at ssharp@endeavormgmt.com

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