Embargoed until Wednesday 1 November

Independent Garages Lose Ground to Fast-Fits in Car Repair

The latest *Castrol Business Services Car Repair Trend Tracker* report published this week* shows that independent garages account for 47% of all work carried out on cars in the UK, while franchised main dealers account for 25% and fast-fit outlets, 9%. But independent garages are revealed to be losing share to fast-fit outlets, with franchised dealers holding steady, when data from the report's 2005/06 survey is compared with the previous 2003/04 survey period.

The aftersales market can be broadly divided into three areas – servicing, MOT testing and repairs and the *Trend Tracker* research asks 18,000 motorists in total over an 18-month survey period what work they have had done and where. It shows that independent garages are losing market share in all three areas of the market; franchised dealers are gaining share in servicing and MOTs, while fast-fits are gaining share in servicing and repairs. But both independent garages and franchised dealers are losing repair custom - which accounts for over half of all work carried out on cars - to the fast-fits, which are also beginning to take a small but growing share of the routine servicing market.

Trend Tracker analyst Robert Macnab comments: "The core advantage of independent garages over franchised main dealers is their lower overheads and lower pricing structures, but as cars become more technically complex, independent garages will need to reassure owners of younger cars that they are technically competent to work on more sophisticated vehicles."

Macnab continues, "The main weakness of the majority of independent garages is a lack of brand or repair specialisation which can be marketed to consumers as specific areas of expertise. Fast-fit outlets by comparison have in the main fairly well recognised national brands and advertising budgets, and they also concentrate in specific types of repair activity, unlike independents which are still trying to be all things to all people."

Independents lose ground in their core market, but begin to erode franchised dealers' near-monopoly of work on new cars

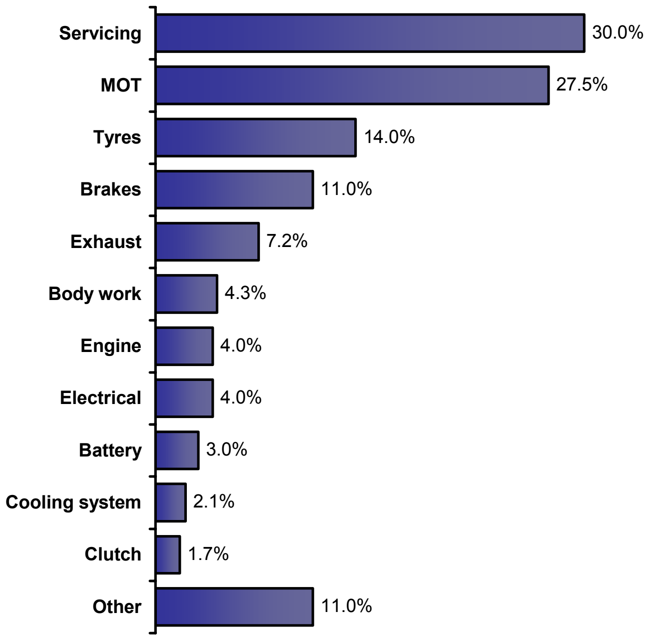
Independent garages are losing business to franchised dealers in their core market segment of cars aged over six years, and they are also losing ground to fast-fit outlets in the 4-6 year old vehicle age segment. However, possibly as a result of consumers becoming more aware of their freedom of choice under the 2002 EU Block Exemption Regulation, independent garages *are* gaining ground with servicing of cars under four years old against franchised dealers, whose traditional two-thirds share of this once-captive market is beginning to erode. Independent chains such as Unipart Car Care Centres and Kwik-Fit have recently begun explaining to motorists that their new car need no longer be serviced by a franchised dealer to maintain the manufacturer's warranty cover. Independents which specialise in specific vehicle makes or areas of repair expertise may be competing more effectively with franchised dealers in terms of technical ability, but also by offering lower prices.

Increasing reliability offsets expanding parc to reduce after-sales demand

Fourteen percent of 18,000 motorists surveyed for the *Car Repair Trend Tracker* over the January 2005-June 2006 period had a service, MOT or repair carried out to their vehicle within the previous month. Of these, 30% were services, 28% were MOTs and 62% were repairs which add to over 100% showing that motorists sometimes have two types of work carried out in any one month such as a service with a repair or an MOT. As the average age of cars reduces and they have longer service intervals and become more durable, volume demand for servicing and repairs is steadily falling, despite an increase in the size of the car parc.

Independent garages account for 69% of all MOT tests carried out, but they are beginning to lose share to franchised dealers which now account for a 21% share. MOT tests have a significant role in driving demand for repairs, and the most common repairs and replacements carried out are related to MOT standards - tyres (14%), brakes (11%) and exhausts (7%). Other repairs carried out relatively frequently include body work, electrical, engine, battery, clutch and cooling system.

Breakdown of all aftersales work by type, 2005/06



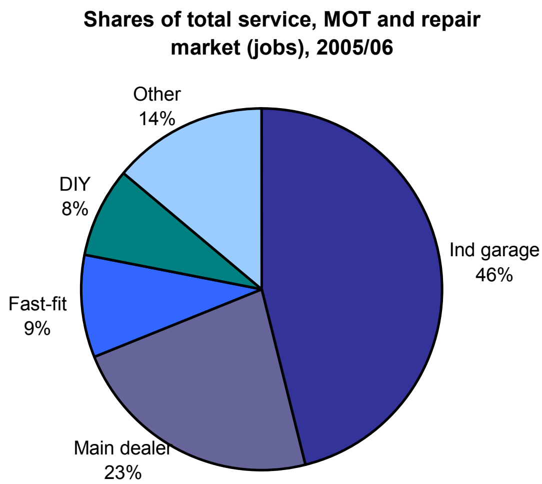
Source: Castrol Business Services Car Repair Trend Tracker 2006

Which makes of car yield most work

Some vehicle makes provide garages with more work than others, with Ford and Vauxhall accounting for 21% and 15% of all service, MOT and repair jobs carried out due to their large respective parcs. But other variables include the average mileage and age of each vehicle make's car parc, and also its general durability and reliability. The Swedish makes of Saab and Volvo combined have the highest overall incidence of repair due to these marques' high average age (8.2 years), and high mileage.

Fiat has the second highest incidence of having work carried out but at a comparatively low average vehicle age of 6.4 years and a relatively low average mileage of 5,584 miles compared with 9,058 miles for Saab and Volvo. From a consumer's perspective, Honda is the best performer with only 10.8% of Hondas having a service, MOT or repair carried out in the previous month. The Honda parc sample, though, is comparatively young at 6.5 years, with an average mileage of 6,204.

The incidence of repairs provides the best gauge of a make's overall reliability and potential value to the garage trade. Fiat has the highest overall rate of repair, 11.8% of its parc having been repaired in the previous month with exhaust, tyres and clutch repairs more often replaced than on other makes. Other makes with a high incidence of repair are Peugeot and Citroën. For further information on this research email info@trendtracker.co.uk



Source: Castrol Business Services Car Repair Trend Tracker 2006

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Notes for editors

The *2006 Castrol Business Services Car Repair Trend Tracker* report is published by Trend Tracker Ltd on 1 October 2006 at £345.00, including a 122-page printed report and an electronic copy of the report.

The latest trend data is based on comparing successive continuous rolling 18-month samples of 1,000 motorists. The sampling period for 2003/04 was July 2003 to December 2004; the sampling period for 2005/06 was January 2005 to June 2006.

Background

Castrol Business Services has sponsored the Trend Tracker car servicing report (and since 2005, the repair report) for over a decade, to bring unique market intelligence to businesses which use it to improve their service offerings.

Trend Tracker Limited prepares the annual Castrol Business Services Car Repair Trend Tracker report by analysing data provided in a survey of 18,000 randomly-selected motorists conducted consistently for this research since 1994 by Synovate. The 2006 Repair report is priced at £345, including a 122-page printed report and electronic copy of the report.

For more information about the Trend Tracker report and data for feature articles, please call Charles Oakham on +44 (0)870 421 4350 or email charles@trendtracker.co.uk

About Castrol Business Services

Castrol Business Services was formed as a result of growing demand from Castrol's customer base for professional services in addition to the market leading lubricants it supplies. For over a hundred years Castrol has been a valuable partner and source of profit for automotive retailers as well as providing a competitive edge to Castrol's motor sport partners. As the market has evolved, Castrol has always been the leading innovator in the industry and has consistently added value to Castrol's core customer offer. Six years ago this quest to add value in every area led to the establishment of a consultancy operation focussed on delivering innovative workable solutions to enhance customer's profitability.
Due to the Castrol team's range of skills and unique insight into the motor industry, Castrol Business Services specialises in offering programmes that not only deliver profit and business improvements, but they are sustainable in the workplace and are easily incorporated into the everyday practises of a busy retailer.

Castrol Business Services is now a £5 million per annum operation. The diverse mix of experiences and qualifications held by the team means Castrol are able to offer a suite of services encompassing aftersales and parts programmes, financial and general management. More specifically Castrol's portfolio of expertise covers programmes expressly designed to meet the needs of OEMs and dealer groups. These include maximising parts sales in the retailer network, fast fit type operations including design, training and implementation, mystery shopping, capacity planning, retailer improvement, strategic planning to address Block Exemption rulings, tele-business and call centre solutions and customer satisfaction programmes. Retailer based services cover waste management, profit and process improvement, call centre based sale and service projects as well as the cleansing, ongoing management and sale of databases. Visit http://www.castrol.com and tap on to the Business Services tab.

For more information on Castrol Business Services, please call David Watson on 07795 062418 or email david.watson@uk.bp.com

About Trend Tracker

Trend Tracker is a UK-based independent, specialist automotive research company which undertakes bespoke client research programmes and publishes automotive market studies based on consumer and business-to-business research, including the Castrol Business Services-sponsored Trend Tracker reports on car servicing and car repair, and other MFBI-brand studies of the new and used car, car finance, service and repair and body repair markets in the UK.

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