



**Professional**

**MEDIA INFORMATION, FOR IMMEDIATE RELEASE**

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**RETAIL COLLAPSE WILL HAVE LASTING IMPACT ON  
AFTERSALES**

- Castrol Professional Car Service & Repair Trend Tracker 2008 forecasts bleak five-year outlook
- Recession will hit franchised workshops reliant on cars within manufacturer warranty period
- Number of service and repair outlets in the UK will fall by 20 per cent
- Customer focus, process improvements and employee capability critical to survival

The recession will result in severe market contraction and widespread closure of franchised workshops and independent garages over the next five years. That's just one of the disturbing findings of the authors of the Castrol Professional Car Service & Repair Trend Tracker 2008.

The report predicts that the UK service and repair market will fall by five per cent over the next five years, equivalent to £400 million of revenue. And this decline is on top of previous drops of 14.5 per cent from 2000-4 and 6.5 per cent from 2004-8.

The impact of this downturn will last for many years, according to the research, as the retail downturn will reduce the number of cars within manufacturers' warranty periods, upon which many dealers rely heavily for workshop revenues.

Franchised service departments will most severely shoulder the effects of this contraction in aftersales work, although the ripple-effect through the car parc will also impact independent garages, autocentres and fast-fit chains beyond 2013.

"The recession will see motorists seeking value for money to service and maintain their cars, meaning non-franchised garage chains and autocentres are among those most likely to benefit," explains Chris Oakham, Trend Tracker analyst and co-author of the report. "The larger chains are best placed because they can achieve scale economies and greater discounts on parts purchasing, while also avoiding the overheads of the franchised sites."

A gradual shake-out of service and repair supplier numbers is already under way and will continue as the credit crunch impacts on potential car buyers' spending power. This will add to the long-term trend of increasing car reliability and extended service intervals.

The Castrol Professional Car Service & Repair Trend Tracker 2008 records a 17 per cent fall in the numbers of service and repair outlets in the marketplace since 2003 – much of which is accounted for by over 3000 independent workshops. The researchers forecast a further 19 per cent fall in service and repair outlets by 2013. Most of these closures will again be borne by the independent sector, but the franchised workshop sector could also see the closure of 15 per cent of sites.

The relatively small manufacturer-authorized repair sector is likely to benefit, however, with up to 32 per cent more sites opening over the next five years. This will offset some of the closures across other parts of the industry.

“The common above-inflation increases in labour charge-out rates that franchised workshops have introduced to maintain revenues are unsustainable,” says Oakham. “Dealers will have to adopt a new way of competing with the independent and fast-fit centres, such as menu-pricing, different tariffs for different makes and ages of car, or even offering lower cost non-OE replacement parts.”

Adrian Brabazon, Castrol OEM & Franchised Workshop Marketing Manager - UK & Ireland, comments: “This is one of the most thorough and comprehensive reports available to the industry, and that it paints such a gloomy picture is very worrying for the motor trade.

“However, the whole franchised sector should use the recession as an opportunity to evaluate their business model and examine all cost centres to maximise profit-earning opportunities. There is no doubt that the industry faces difficult challenges in the short-term, but those businesses that have a clear customer focus, and have invested in processes and staff, will survive and indeed benefit most from the recovery that will follow this difficult period for the automotive industry.”

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## **Notes for Editors**

### ***About Castrol Professional Car Service & Repair Trend Tracker 2008***

The Castrol Professional Car Service & Repair Trend Tracker 2008 report is published by the UK automotive research firm Trend Tracker Ltd at £1,250 + VAT (£1,468.75), including 188 pages and over 200 tables and charts. It can be ordered online from [www.trendtracker.co.uk](http://www.trendtracker.co.uk). Designed to provide service and repair and parts suppliers and investors with all the UK market information they need for strategic decision-making, it updates in a single volume three previously separate longstanding report series from the company: The Castrol Business Services Car Servicing Trend Tracker, the Castrol Business Services Car Maintenance & Repair Trend Tracker (both based on Synovate consumer research surveys), and the biennial mfi UK Car Service & Repair Market studies based on b2b research.

The new report covers comprehensively long-term trends in the market, data on the shares of suppliers analysed by vehicle make and age, and forecasts for market value and volume and supplier structures.

For more information, please contact Toby Procter, Director, Trend Tracker, on 0870 421 4353.

### ***About Castrol***

Castrol ([www.castrol.com](http://www.castrol.com)) is part of BP, one of the world's largest energy companies. Through strategic partnerships with many of the world's leading car manufacturers, Castrol is able to maintain its position as the market and technical leader for automotive lubricants for trade and retail customers. Castrol has a specially tailored offer for franchised workshops combining three professional lubricant brands with a range of business support programmes for improved business performance, training, re-engineering processes, workshop equipment planning, delivering tele-business solutions, and creating and managing effective sales and marketing programmes.

Named *Castrol Professional*, the offer has been specifically designed to help maximise workshop profit margins across three key sources of value: lubricant sales, increased parts and labour sales, and customer satisfaction. It is supported through the largest field management team in the sector.

The Castrol Professional product range comprises a line-up of lubricants exclusive to franchised workshops:

- Castrol SLX Professional: a range of premium fully synthetic lubricants, each uniquely co-engineered through exclusive strategic partnerships with BMW, Audi, Volkswagen and Volvo, to meet the specific requirements of their modern engines
- Castrol Magnatec Professional: the premium semi-synthetic lubricant which features unique 'intelligent molecules' that provide extra protection where it's needed most in the engine
- Castrol GTX Professional: superior engine protection

Castrol Professional products are further endorsed by recommendations from Land Rover, Jaguar, Ford, Honda and Kia.

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