



Professional

MEDIA INFORMATION, FOR IMMEDIATE RELEASE

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**EXTENDED SERVICE INTERVALS FAR MORE SIGNIFICANT
THAN BER FOR FRANCHISED DEALERS**

- Franchised workshops are still motorists' first choice for servicing new cars despite the Block Exemption Regulation
- Increasing service intervals, falling new car retail sales and increasing sales share of second hand cars, have all dramatically reduced size of the service market

Despite change to Block Exemption Regulations, there has been no significant migration of servicing work away from franchised dealers, according to the newly released Castrol Professional Car Service & Repair Trend Tracker 2008. While this is good news for the franchised sector, the report confirms that overall the market for cars within warranty is decreasing as service intervals and car reliability both increase.

The overwhelming majority (79.8 per cent) of motorists surveyed who owned cars less than four years old had their cars serviced at a franchised dealer for the make. The same choice was made by just 28 per cent of motorists with cars between four and six years old, with almost half of these motorists taking their older cars to an independent garage (48.5 per cent).

When asked about what influenced the choice of the dealer as the next service supplier, the answers "under warranty" accounted for 23.8 per cent of responses from motorists with cars up to four years old, and "expertise/competence" for almost 30 per cent. For owners of cars 4-6 years old, "expertise/competence" accounted for less than 23% of answers, outweighed by "cost/value". For owners of cars upwards of seven years old, "cost/value" becomes more than twice as important as "expertise/competence" as an influence on the choice of car service provider.

The Castrol Professional Car Service & Repair Trend Tracker 2008 also revealed that there has been a sharp increase in car owners reporting that they have yet to have their cars serviced. Since 1990, the number of cars yet to be serviced has

doubled from 15.4 per cent to 33.1 per cent in 2008. And the report shows that average routine servicing frequency has declined in from 1.32 services per car each year in 2008 to 0.89 this year.

This reduction in servicing demand is attributable to longer manufacturer service intervals and lower average mileages, and is likely to be exacerbated – especially for owners of older cars - by the recession.

“These results give reason to suspect that many motorists are still unaware that choosing a non-franchised outlet for servicing does not affect the manufacturer’s warranty,” says Trend Tracker analyst Chris Oakham. “However, some may be aware of the ruling, but still prefer to stick with the dealer.”

An additional reason that car owners are reporting fewer services is the shift towards more second-hand car sales. Motorists planning to trade in a second-hand car are unlikely to pay for a service. And because dealers carry out a service at their own cost prior to selling second-hand cars, many vehicles might not have a revenue-earning service for up to two years. As second hand sales rise at the cost of new car sales, this means fewer retail services are being carried out.

Adrian Brabazon, Castrol OEM & Franchised Workshop Marketing Manager - UK & Ireland, says: “Franchised dealers retain a huge percentage of customers during the warranty period. The challenge that still remains the Holy Grail for the sector is how to increase the level of retention for cars four years after their registration and beyond.”

“Given the economic climate and the reduction in new car sales, dealers have no choice other than to focus heavily on keeping the customers they have within their business. This should include developing the skills of customer facing employees, more effective customer communication and a flexible approach to service pricing.”

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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. 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) 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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