How Do You Measure Up?
2015 Annual Supplier Benchmarks

AASA Special Report
July 2015
What is the AASA Annual Supplier Benchmarking Survey?

The AASA Annual Supplier Benchmarking Survey is the annual benchmarking survey available exclusively to AASA aftermarket supplier members. Full responses are strictly confidential and anonymous. A vital tool in members’ business and strategic planning, the AASA Annual Supplier Benchmarking Survey covers aftermarket supplier key performance indicators not currently tracked or available elsewhere, such as:

- warranty returns,
- order metrics (fill rate, turnaround, shipping),
- operations and marketing and
- key financial metrics.

The full analysis of AASA Annual Supplier Benchmarking Survey results includes significantly more data points and insights on the topics mentioned in this analysis and a number of subject areas and metrics not discussed here. The full report includes over 150 pages of analysis which many members cite as crucial for their business planning.

Only participants receive the full AASA Annual Supplier Benchmarking Survey analysis which includes segmented results by company size and product category. AASA members are encouraged to take advantage of this tremendous opportunity to participate in this key supplier metric survey each year.

If you are interested in receiving the full report, please contact Bailey Overman at boverman@aasa.mema.org to make sure you receive an invitation to participate in April 2016.

The following report contains key high level take-aways from the full survey.
FILL RATES & ORDER TURAROUND

High fill rates are a key focus among aftermarket suppliers with majority of respondents indicating a fill rate of higher than 94%. Average fill rate by unit volume has increased from 2013, now at to an average of 95.0%

A similar trend was seen in both fill rate by dollar value and fill rate by line item. Both of these metrics' average dropped below the 95% typical supplier standard in 2013 but rebounded to averages of 95% this year.

Almost 10% of respondents have an average fill rate by unit volume of less than 90.0%. Under Car” and “Engine” reported the lowest fill rates by unit volume.

Source: AASA 2015 Annual Supplier Benchmarking Report
With little change since 2012, average order turnaround for 2014 remained steady at 3.2 days for aftermarket suppliers. Chemicals reported the longest average order turnaround at nearly 5 days.

Source: AASA 2015 Annual Supplier Benchmarking Report
OVERNIGHT SHIPPING & E-TAILING

Over the last two years, a majority of respondents indicated that overnight shipping has increased. Currently, overnight shipping averages 2.2% of business for suppliers.

![Bar chart showing the percentage of business done with overnight shipping.]

Source: AASA 2015 Annual Supplier Benchmarking Report

Majority of supplier respondents sell virtually nothing directly in the e-tailing channel. On average, only a small portion (2.1%) of aftermarket revenue is from selling direct through the e-tailing channel. Not surprisingly, “General Maintenance Parts” has the largest penetration of e-tailing while “Engine” has the smallest.
RETURNS

For many aftermarket supplier companies, warranty returns continue to be a large issue with almost a quarter of respondents indicating warranty returns of 3.0% or more. The average percent of warranty returns for suppliers has increased since 2012.

When asked what percentage of your “warranty” or “off invoice” credits do suppliers estimate were related to actual quality issues, the majority of respondent’s indicated that 99% of warranty returns are not related to an actual quality issue. Actual quality issues of all products (including those who are not issued for warranty) is estimated to be about 0.093%.

In 2013, the warranty task force was created to combat this issue. The group is a collective effort of AASA and Automotive Service Association to identify opportunities to reduce “preventable” warranty in the aftermarket. The group is evaluating training, product awareness, and other initiatives that are focused on all levels of the distribution chain in order to reduce the approximate $3.9 billion of waste in the aftermarket.
Although majority of respondents indicate that e-tailing direct sales has remained relatively stable from 2013, the rise in the mean indicates that some suppliers are pursuing this alternative channel.

e-Tailing sales have been estimated by supplier respondents to have increased nearly 50% since 2012 with almost a quarter of respondents selling more than 10% of their products online by channel partners.
In 2014, payment terms with retailers averaged about 196 days for respondents, a 9 day decrease from previous year. Payment terms with WDs/Distributors were much less than retailers with an average of about 92 days. Terms with OES and international customers were both under 50 days.

Source: AASA 2015 Annual Supplier Benchmarking Report
On average only 17% of accounts receivables are factored for aftermarket supplier respondents. Majority of supplier respondents have no factored account receivables.

Source: AASA 2015 Annual Supplier Benchmarking Report
OPERATIONS

In-House Manufacturing has increased for several suppliers with 67.2% of respondents indicating that their manufacturing was performed in-house.

Manufacturing products in the US has increased since 2013 with over half of supplier's products being manufactured in the US.

Source: AASA 2015 Annual Supplier Benchmarking Report
Manufacturing products in Mexico has increased significantly in the past year. On average, over half of supplier’s products are manufactured in North America while only 18% of products are manufactured in Mexico. Manufacturing products in low cost countries has declined slightly in the past year with only a third of products being manufactured in low cost countries.

Source: AASA 2015 Annual Supplier Benchmarking Report
MARKETING

Marketing budgets have decreased as a percent of overall spend slightly from the previous year for many supplier respondents. On average, marketing spend as a percent of aftermarket revenue was 3% for respondents in 2014.

What is your company's estimated AFTERMARKET marketing spend as a percent of aftermarket revenue?

Source: AASA 2015 Annual Supplier Benchmarking Report
Marketing spend devoted to both advertising and trade fairs increased from 2013. On average, nearly 20% of marketing spend is devoted to each segment.

Despite customer-specific marketing decreasing this year, supplier respondents indicated they spend the most on average on that segment at nearly 23%.

Source: AASA 2015 Annual Supplier Benchmarking Report
In previous years we included the cataloging benchmarks in the AASA Technology Council IT Benchmarking Survey, but forgoing we decided to house this information in the AASA Annual Supplier Benchmarking Survey.

On average, nearly 70% of customers are requesting vehicle application data in the ACES format while 60% of customers request data in the PIES format.

Source: AASA 2015 Annual Supplier Benchmarking Report
AASA Pulse Participants Get Much More!

This report spotlights only the high level trends for the 2015 AASA Annual Supplier Benchmarking report. Survey participants received detailed information on more subjects from the results: data on product, company size splits and much more.

If your company was one of the few AASA members that didn’t take the 2015 AASA Annual Supplier Benchmarking this year, make sure you participate in 2016. Contact Bailey Overman to be added to the 2016 AASA Annual Supplier Benchmarking survey distribution list: boverman@aasa.mema.org.

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