



AASA “Know Your Parts” Frequently Asked Questions

What are the key points of the AASA “Know Your Parts” campaign?

The AASA “Know Your Parts” campaign is an initiative of the association and the AASA Marketing Executives Council (MEC). Since its formation in 2006, the Council has studied a growing trend among various channel partners featuring lower-cost, often lower-performing aftermarket parts in an attempt to offer more competitive pricing and/or improve profit margins.

Low-cost, off shore, generic auto parts are flooding the aftermarket through out every level in the distribution channel. These parts may not meet original specifications and could pose a potential danger to both the technician installing them and the consumer driving the car on which they are installed. And the entire aftermarket could suffer from the resulting loss of public confidence in our parts and services.

The best way for everyone throughout the supply chain to ensure safety, performance and value of auto parts is to specify brand name products from trusted full service suppliers. The AASA campaign calls for the automotive aftermarket industry to stand united and encourage all aftermarket supply chain partners and consumers to “Know Your Parts.”

What differentiates a Full Service Supplier that manufactures product overseas from an offshore supplier, and what are the potential implications (to the manufacturer, distributor, consumer)?

The term “Full Service Supplier” as used in our “Know Your Parts” campaign and “Special Reports,” refers to manufacturers that provide the essential services which include:

- Sales representation / manpower
- Industry standard cataloging
- Regional service centers / inventory availability
- Marketing support and programs
- Product specifications and quality control
- Product liability and IP protection
- Technical support and training
- Product research and development

Full Service Suppliers design the products they sell and stand behind them regardless of where they are manufactured.

Generic, off shore suppliers primarily reverse engineer the products that Full Service Suppliers innovate. Once these parts are shipped to the United States, any resulting problems become the purchaser’s responsibility.

The resulting lost sales to the Full Service Supplier can have devastating impact on the entire independent aftermarket. Valuable services that support the product line such as sales force, cataloging and technical support could be lost.

From the distributor’s standpoint, purchasing parts directly from off-shore suppliers means that important legal considerations such as quality control, intellectual property protection and product liability now become the distributor’s responsibility. These vital protections would have been covered if the parts were purchased through a name brand manufacturer.

To the technician, low cost, low quality parts mean the possibility of having to do the job more than once – and damage to their professional reputation when that occurs. Most technicians want to do the job right



the first time and build relationships of trust with their customers. As our focus groups showed in our Special Report, "Independent Repair Industry: Focus Group Findings on Buying Influences of Repair Professionals," that is why technicians value quality above all other buying influences.

Most important, these low quality parts pose a serious potential threat to consumers. By specifying and authorizing only brand name parts, the consumers are assured of safety for themselves and their families.

What is the primary concern about direct importing by aftermarket channel partners?

U.S. law stipulates that the importer of record bears the legal manufacturers' responsibility in the event of product failure and/or recall. Ignorance is not a legitimate defense and is referred to as willful blindness.

In a recent case, the U.S. distributor of tires produced in China was involved in one of the largest recalls in our country's history. But, a more important consideration is the potential risk to consumer safety in such an event.

Distributors who are considering direct import of auto parts would be well advised to thoroughly investigate the serious legal implications of being the importer of record.

What does AASA hope to accomplish with the "Know Your Parts" campaign in the long-term?

Education is the key to the AASA "Know Your Parts" campaign. AASA hopes to raise the awareness of everyone throughout the supply chain from the manufacturer all the way down to the vehicle owner. Our message, "Know Your Parts," holds unique but similar meanings to everyone in the supply chain. Ultimately, anyone purchasing auto parts or having them installed should do their homework prior to authorizing repairs. Where a part is made is not important, who stands behind it is.

Given the dramatic changes in the economy and a possible permanent shift for the aftermarket, is there a need to change the way products are distributed in the aftermarket?

Manufacturers have depended on distributors and national retailers to supply the channel for nearly 100 years. This model of distribution partners is as effective today as it has ever been. What has changed are the buying options and education is needed to fully comprehend the effects that may have.

The Internet has truly opened a world of buying options especially to the consumer. However, ***not all parts are created equal***. Just because a product is advertised as a replacement part does not assure it will perform as intended. As always, buyer beware.

In the AASA Special Report, "Independent Repair Industry," focus studies of professional technicians at independent repair shows revealed that "Essential Services Do NOT Increase Technician Loyalty." Yet, the AASA Special Report, "Independent Aftermarket Image: Quality Does Matter," says that supplier customers need to take into account the essential services that only full service suppliers can provide? How will the aftermarket industry convince parts distributors and technicians not to look at price alone?

The difference is between technicians and those who distribute parts. Technicians depend on their supplier partners to provide the services they need such as cataloging, sales representation, warranty, and more. In many cases, the shop owners and technicians are unaware that the Full Service Supplier or manufacturer provides these services to the parts distributor.

Our Special Report showed that, although price is important to technicians, product quality clearly is their Number One priority. Since technicians do not buy directly from manufacturers, it is understandable that



they do not view the essential services offered by manufacturers to distributors as a motivation for loyalty toward a specific brand. However, product quality of a specific manufacturer is an influencing factor.

How does the migration to lower-price, lower-quality products impact the aftermarket supply chain and image?

Use of lower-price, lower-quality products can have an overall impact on the vehicle owner's perception of the independent aftermarket as a reliable place to have their car repaired. One bad experience can drive them back to the car dealer, and to view OE dealers as the only trusted repair source.

"Know Your Parts" is not a campaign based solely on the potential of lost sales to the manufacturer. For channel partners – namely distributors and retailers – those who chose direct importing will bear the full responsibility for product failure in the eyes of the court as if they had manufactured the product. Subsequently, quality control and if necessary, product recall become their sole responsibility. Direct importing also brings with it longer lead times and higher inventory costs.

For the repair facility and professional technician, problems begin with safety. There are serious safety concerns not only to the technician, who may be under the hood with a faulty product, but also to the customer if a part should fail catastrophically. Think of the safety risks associated with the tire recall of a few short years ago and consider if the same thing occurred with substandard brakes, chassis or other hard parts. Then there is the damage to a technician's reputation and a shop owner's business due to comebacks and having to do the job more than once.

For all concerned in the aftermarket is the potential problem that essential services currently offered by full service suppliers could be at risk. Vital aftermarket business tools such as application catalogs, technical support and training currently are provided at no cost to channel partners. But as these channel partners 'cherry pick' the lines or move to low-cost products on popular, fast moving parts, the brand name manufacturer may be unable to continue to support these additional services.

If price becomes the only determining purchasing factor, then these services may be sacrificed to compete. Competition with low cost, short line suppliers makes it even more difficult for full line suppliers to support the slower moving parts. In a market where everyone competes for the fast moving, popular parts, who will supply the less popular, but still vital, parts?

Will 'cherry picking' supplier lines have a trickle-down effect on the market?

In some cases, brand name products are being supplemented or "cherry picked" with generic products on high volume popular part numbers. In the case of private label or house brands there is the possibility that the counterperson and subsequently the consumer may not ever know. A particular brand name manufacturer may be promoted on a given product category or reported as the supplier of a private branded part. However, the practice of cherry picking raises serious questions as to 'what's in the box.'

Cherry picking probably cannot be entirely eliminated. Freedom of choice after all is the backbone of American democracy. Many parts resellers offer good, better and best lines as a means of providing choice to their customers. Higher mileage, older vehicles may not require or the owners may not be able to cost justify O.E. quality or equivalent replacement parts. This seems the best way to address choice.

How does AASA defend its claim that generic parts made in a low cost country pose a greater risk than a brand name part made in the same country when we see an increase in the number of vehicles and automotive products from other countries increasing in popularity in the U.S. today?

AASA firmly supports the belief that it is **not** important where a product is made but rather who stands behind it. A generic product may in fact be produced to the same level of quality as a name brand part.



However, there is no assurance of this. Buyers should ask themselves, "If there is a problem with this part, who will be there to back me up?"

It is important to note that the "Know Your Parts" is definitely not about protectionism. This campaign is about doing what is right for everyone concerned and not one particular member within the supply chain. Low quality auto parts pose a potential safety hazard for anyone who repairs or drives a car. Our goal is to help everyone in the supply chain to make better informed decisions when choosing auto parts.

How will AASA reach professional technicians and repair owners with this message?

Communication with technicians and shop owners is vital to the "Know Your Parts" campaign. The message for repair professionals is to investigate before installing a low-cost part. They should find out by whom and where it was manufactured, which can come in the form of manufacturer supplied literature or searching the web. If manufacturer information cannot be easily found, then the part probably isn't a good choice to use on a customer's vehicle.

The first step is our public service announcements produced in conjunction with NASCAR. These PSAs started airing in October during NASCAR events on ESPN and SPEED, and will continue in November with other NASCAR programming.

We also are delivering our message through articles in the magazines targeted at technicians. We have reached out to professional technician trade associations and offered to provide materials through their communication vehicles.

How can the aftermarket encourage consumers to become more proactive in learning about the aftermarket parts installed on their vehicles?

Through the "Know Your Parts" campaign, we call on vehicle owners to research a part before authorizing repair. If information isn't readily available or easily found on the Web, then chances are you do not want it installed on your vehicle. This also points again to the vital role of the technician and shop owner, who will need to educate their customers on the importance of brand name, quality parts.