

THE IMPACT OF THE COVID-19 CRISIS ON THE AUTOSERVICE MARKET IN GERMANY

MONTHLY VIEW, APRIL 2020



wolk after sales
experts

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Bergisch Gladbach, 04.2020

A special thank to our partner WESP who supplied us with the real workshop data used in this study.



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KEY FINDINGS



There is only low impact of the crisis on the aftermarket business in Germany.

Despite the difficult circumstances and in the opposite to other spheres of the social life the impact of COVID-19 crisis is relatively low to the entire aftermarket development in Germany.

Contrary to the pessimistic forecasts of many that the workshop business will report a total failure, we were able to prove the opposite with this study, namely that there will be no significant drop in sales in the workshop business. The results do not show a slump, but even an increase in workshop business in April. The development is flatter than in the last year although in line with the average development since 5 years.

The garage business is going to increase in April 2020. Compared to the March 2020 the increase will amount to 24%.

The tyre changing business is the main driver for the business increase.

The half of all car drivers who aim to place the repair and maintenance order plan their visit because of tyre service issues.

Focus of the study

The measures of the German federal government from mid March 2020 (social distancing) caused by the COVID-19 pandemic had an impact on the daily live of all, so also to the workshop business in Germany.

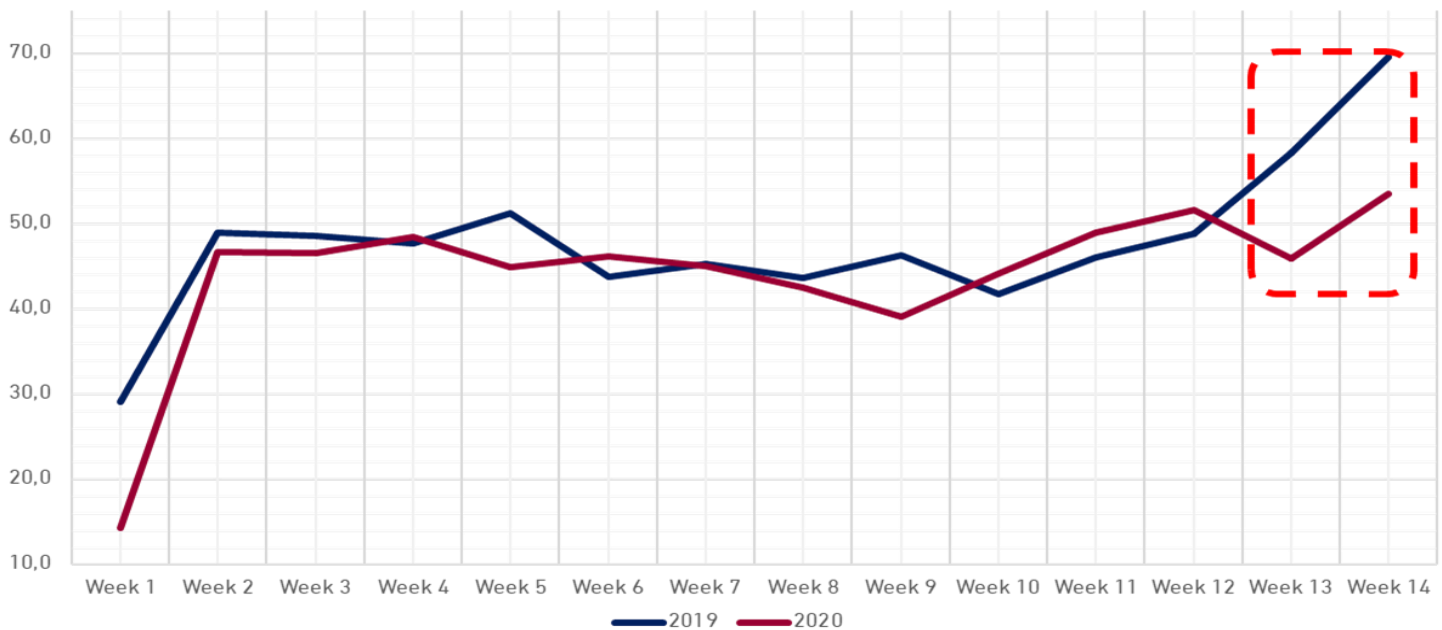
The graphic (below) shows the daily workshop data of our partner WESP from January up to March 2020.

If we compare the weekly orders development in the independent workshops in 2020 and 2019, it can generally be noted that the number of orders have decreased slightly - continuously since January 2020.

The abrupt negative development can be clearly seen in the calendar week 13.

This coincides with the date of the implementation of first government measures.

Average number of orders per garage per week



Source: WESP workshop performance dashboard

In order to be able to show a short-term perspective for the German aftermarket, we at Wolk After Sales Experts decided to conduct an ad-hoc car drivers survey in Germany regarding their intentions to place a repair and maintenance order in workshops in April 2020.

The results of the studies should show the potential on the demand side.

We also want to measure the impact of the COVID-19 crisis on the aftermarket in Germany.

METHODOLOGY



- The data used in this study are based on an online survey with car drivers regarding their plans for vehicle repair and maintenance in April 2020.
- The survey has been carried out by YouGov Deutschland GmbH, in which 509 people took part between March 31, 2020 and April 3, 2020. The results were weighted and are representative for German drivers according to age, gender, region and vehicle class. We assume the panel representativity based on the vehicle age.
- For the double check process the WESP workshop performance data have been exclusively used.
- The available WESP database contains the current and historical order situation in the garages in the Netherlands and Germany.
- For this purpose were used real data of 52 IAM garages in Germany from January 2016 to March 2020.
- After reviewing and analyzing the WESP Garage Performance data in Netherlands where OE data are available, we assume the similar development in the OE garages in Germany.
- For the calculation plausibility and final interpretation our own After-market database of Wolk after sales experts was used.



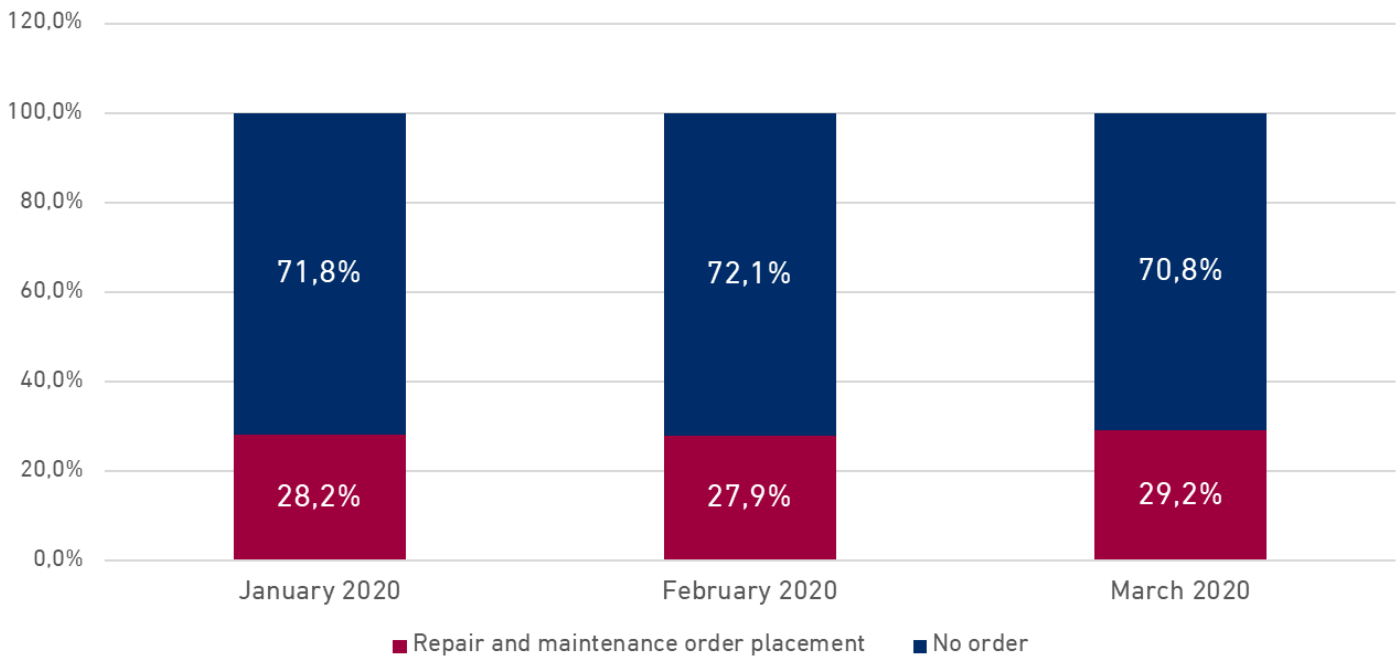
STATUS QUO



Due to the fact that we have used different sources for this study to be able to understand the market development, the important issue was the translation of the number of IAM garage orders on a monthly basis to the basis on which we have made the survey with the car drivers. The measurement scale is translated below and

shows how many car drivers out of total vehicle population have placed an order in the period from January until end of March 2020. The Amount has been calculated based on the average garage orders in all relevant garage types available in the wolk after sales experts After-market archive database.

How many car drivers monthly placed the repair and maintenance order in Q1 2020



Source: Wolk after sales experts analysis

From January until March 2020 less than 30% of the monthly relevant vehicle park owners provided the garage order in Germany.

SURVEY RESULTS



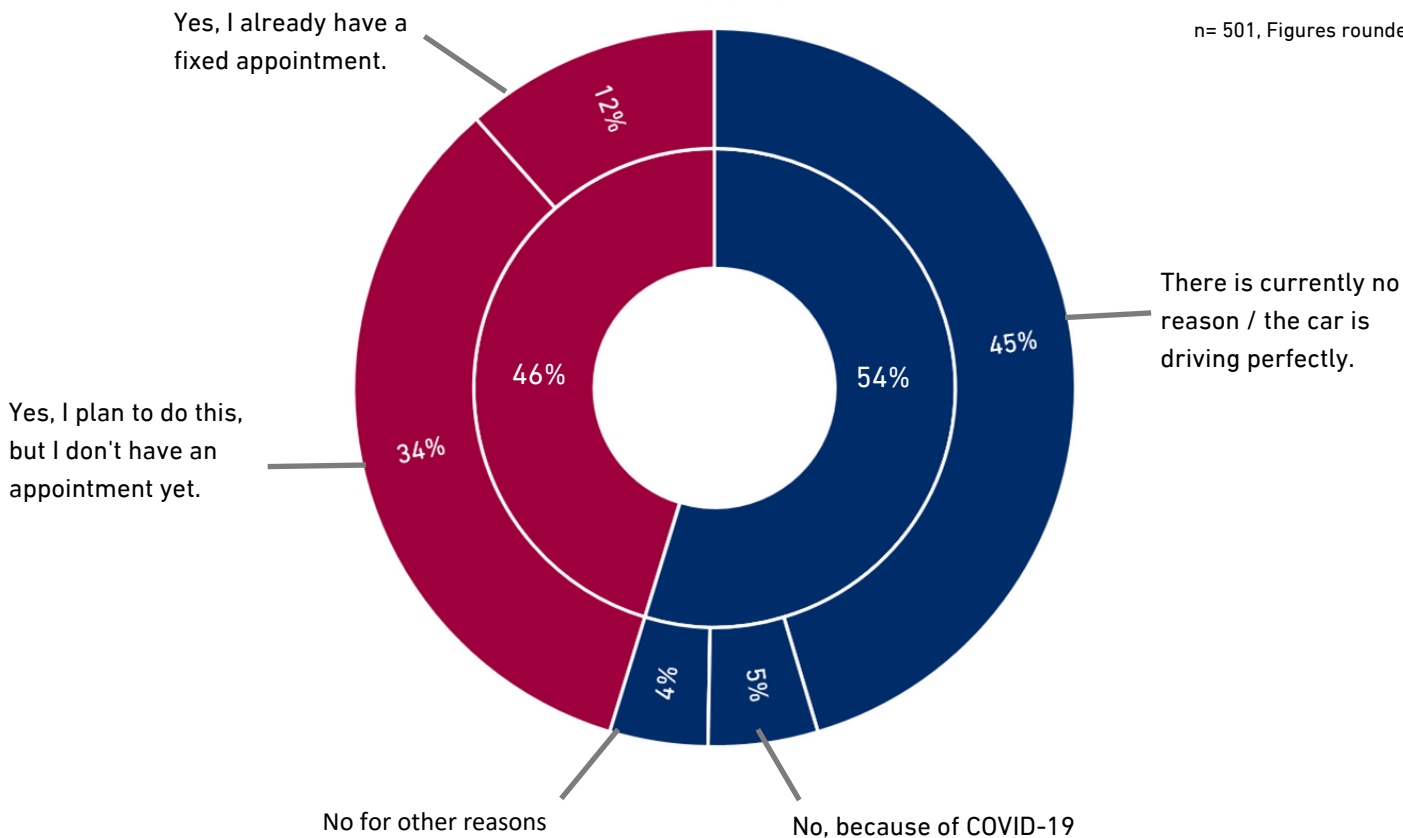
What is the market potential in April 2020?

Car drivers opinion

Do you aim to visit a garage with your private or business car in the next 4 weeks?

■ Yes ■ No

n= 501, Figures rounded



Round 46 % of all car drivers plan to place a repair and maintenance order in April 2020.

12 % of car drivers have already an appointment in the garage. Additionally 34% plan to visit the garage in April 2020.

45% of car drivers have no reason to visit the garage because their vehicle is currently working.

Further 4 % of all will not place the order for other reasons.

Only 5,0 % of car drivers is not going to visit garage specifically because of COVID-19.

This amount is the actual market damage caused by the current crisis.

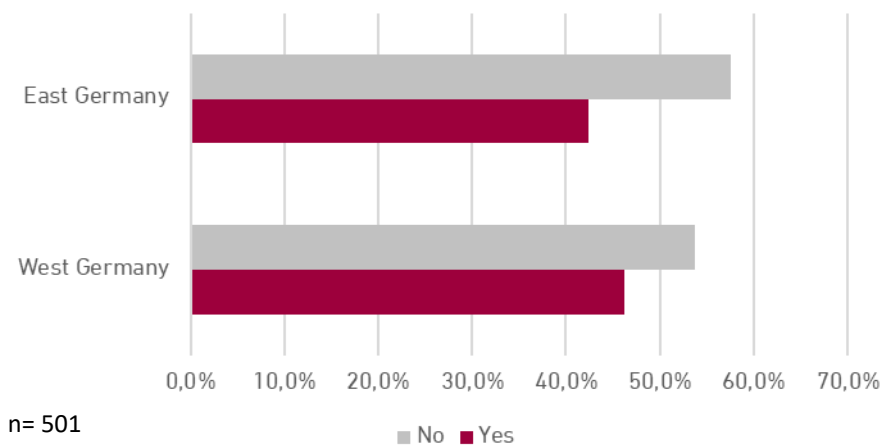
SURVEY RESULTS



What is the market potential in April 2020?

Car drivers opinion - detail view

Do you aim to visit a garage with your private or business car in the next 4 weeks?



No big differences between East and West

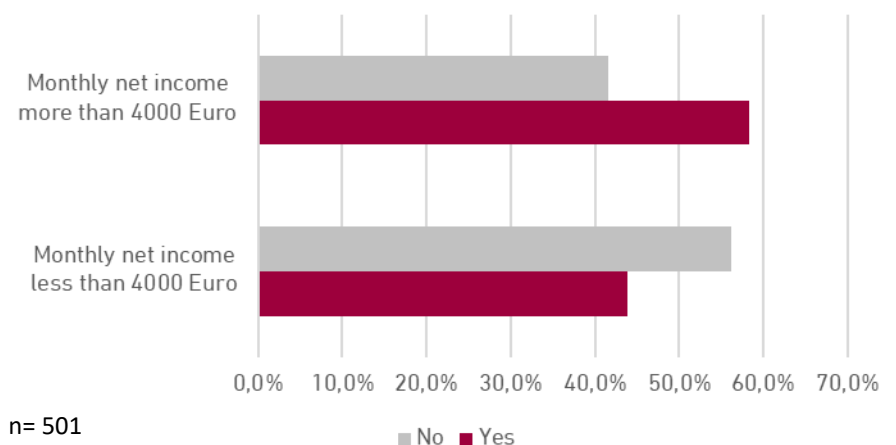
On the regional level the figures vary slightly between East and West Germany.

The willingness to place the order is a bit higher in West Germany than in the eastern part of the country.

Higher net income - more garage visits

The car drivers with higher monthly net income are more willing to place the repair and maintenance order than the car drivers with lower income in April 2020.

Do you aim to visit a garage with your private or business car in the next 4 weeks?



SURVEY RESULTS



Impact of COVID-19 lockdown to the Autoservice market In Germany in April 2020

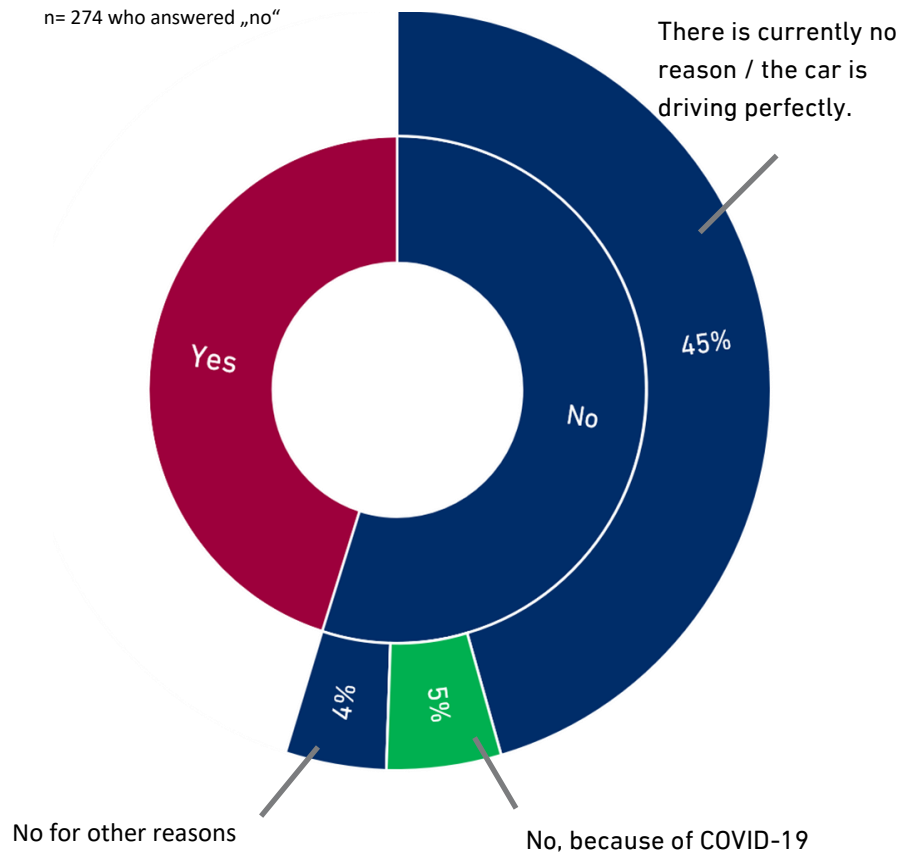
54% of car drivers who will not place the order in April 2020, only 5,0 % point to the COVID-19 fear.

This follows from the fact that the car workshops in Germany remain open. The federal government offer car owners the possibility to have defective vehicles repaired. The majority of them use this possibility as the chart below shows.

The reasons for not visiting the workshop related to COVID 19 are:

- ⇒ Fears of getting infected
- ⇒ The garage is closed
- ⇒ Financial issues
- ⇒ Currently infected themselves.

n= 274 who answered „no“



5,0 % of all car drivers postpone the workshop visit in April 2020 due to the COVID-19 crisis issues

SURVEY RESULTS



What type of repair and maintenance order the car drivers aim to place in April 2020?

The figures show the shares out of selected target group (out of 46% who answered YES).

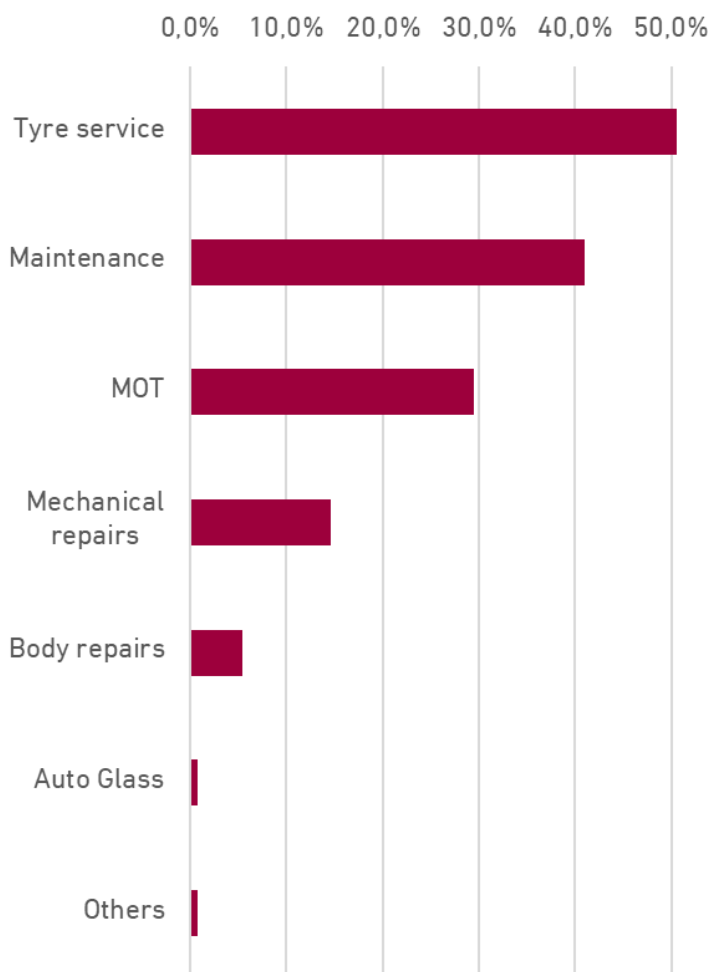
The figures in the graph don't surprise as much as it is known that the tyre changing business is traditionally year by year the main driver for the workshops in the month April.

The half of all car drivers who aim to place the repair and maintenance order plan their visit because of tyre service issues.



The next important drivers for the workshop are the ordinary maintenance business with a bit more than 40% and MOT scheme with almost 30%.

Detail view to the group of car drivers who aim to place the repair and maintenance order



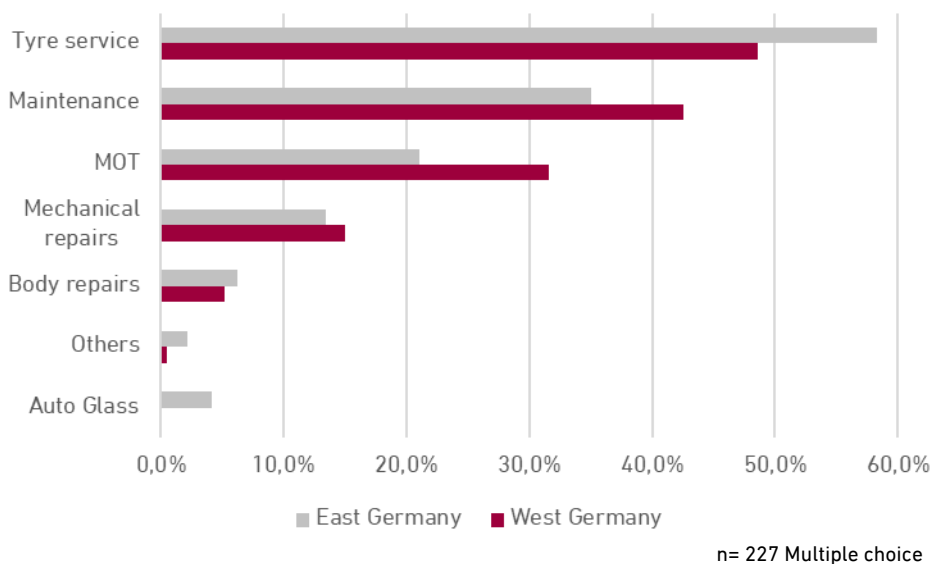
n= 227 Multiple choice

SURVEY RESULTS



What type of repair and maintenance orders the car drivers aim to place in April 2020? Detailed view

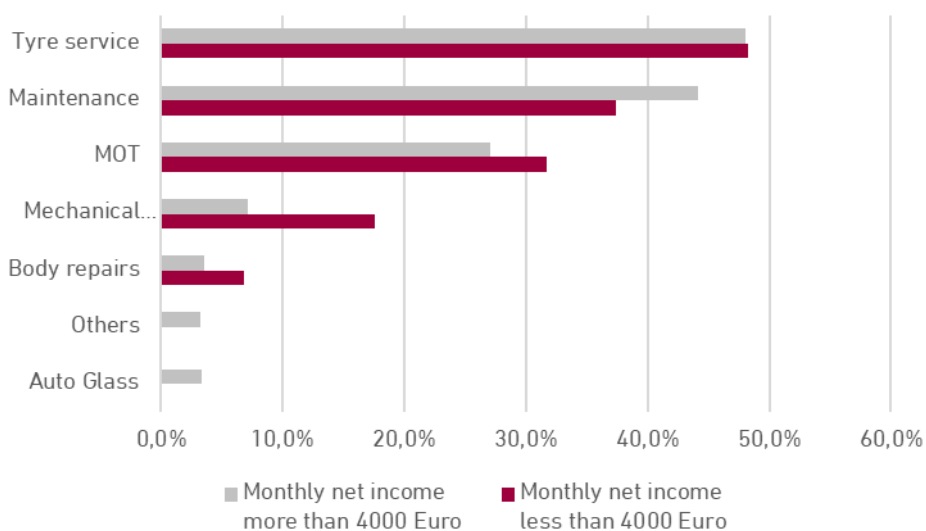
The figures show the shares out of selected target group (out of 46% who answered YES).



Almost 60 % share for tyre service in the eastern part of Germany!

In all other relevant categories the car drivers in western Germany aim to visit the garages in more cases than the total average amount.

However, we have to take into account that the majority of respondents due to the population structure is based in West Germany.



Mechanical repairs make the difference

There is a significant amount of car drivers with lower income who aim to place an order for mechanical repairs. This could coincide with the ownership of older cars and the higher need for older cars to be repaired.

CONCLUSIONS AND FORECAST



After reviewing the results there is general impression that there is a huge potential for the Autoservice workshops at the demand side.

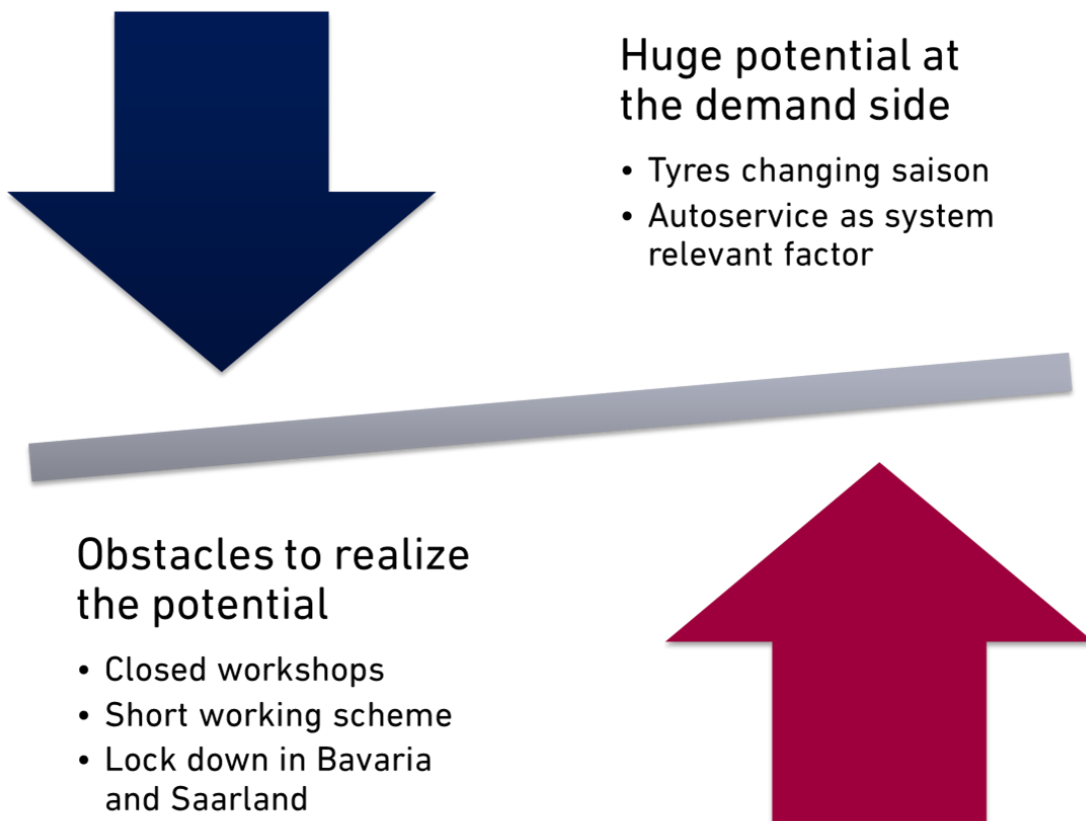
The another question is: whether the workshops will be able to realize the whole potential?

At the one side there is a certain amount of workshops who have closed because of crisis situation, but also the certain amount of workshops who have used the short working hours.

Further, in Bavaria and Saarland the regional governments have decided the total lockdown.

That leads us to believe that there will be some share of the potential which will not be realised.

Based on these thoughts we have calculated a reasonable forecast for April 2020.



CONCLUSIONS AND FORECAST

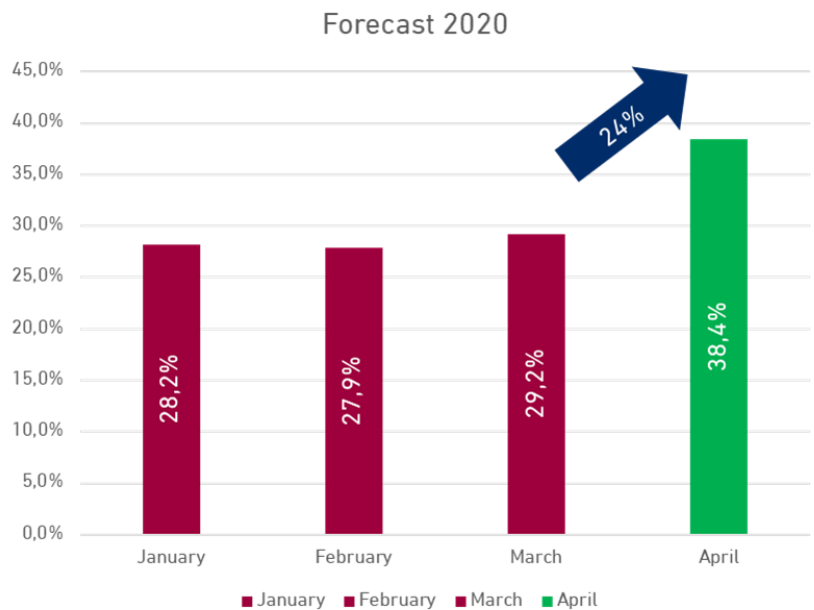


Forecast for April 2020 vs. Q1 2020

Here we can see again the figures mentioned at the side 7.

Analysing all of the above mentioned factors and taking into account the possible obstacles, we prognose the significant increase of car drivers` shares which are going to place the order in the workshop in April 2020.

The relative increasing rate 04/2020 vs. 03/2020 amounts due to our calculation to 24%.

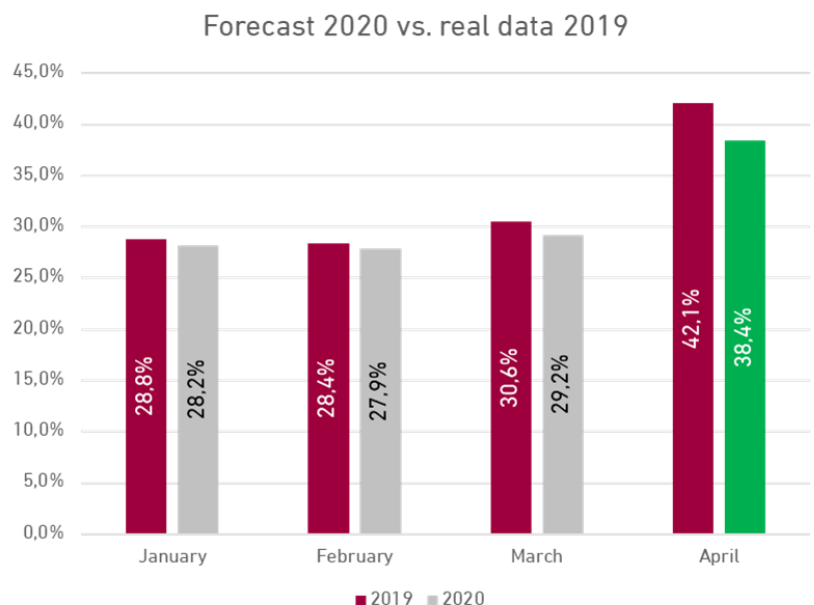


Source: Wolk after sales experts analysis

Forecast for April 2020 vs. April 2019

Comparing with the data from 2019 it will not be possible to follow the development from 2019. However, having all circumstances in view and knowing that we face the biggest global crisis yet, the amount is worth showing.

The decreasing amount is approximately in line with the figures shown in the survey results regarding the abstinence caused by COVID-19.



Source: Wolk after sales experts analysis

CONCLUSIONS AND FORECAST



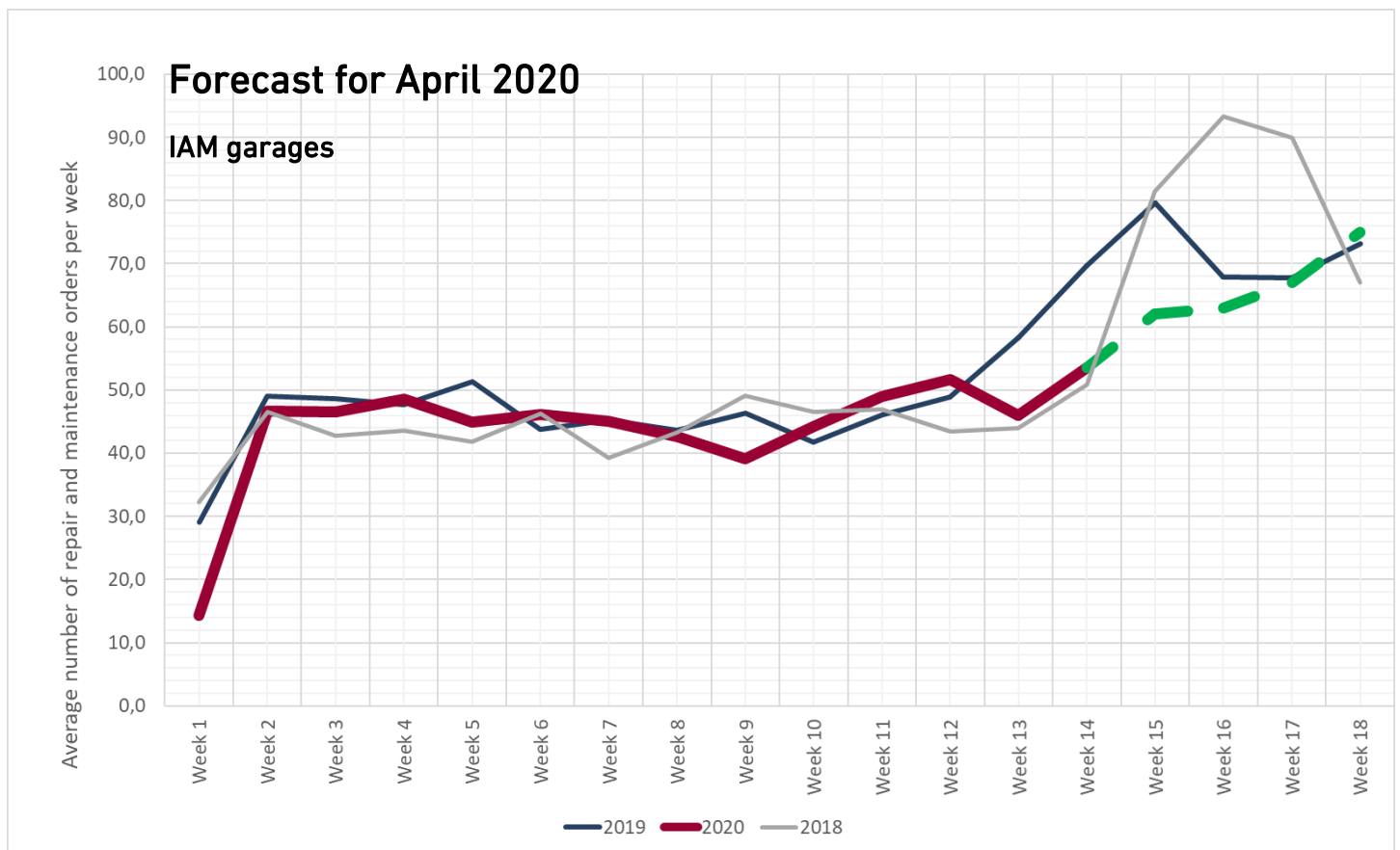
Forecast for April 2020 translated into IAM garage orders

As a final view, we translate back the figures to the scale shown at the beginning at the page 5 related to the average number of orders in the average IAM garage.

Comparison with the development in the last years allows us to create a possible scenario on a weekly basis for April 2020. The green line shows the reasonable projected development regarding the garage orders in the next weeks.

We assume a moderate increase of orders in the week 15, afterwards the flattening of the curve caused by the Easter holidays and finally again a moderate increase up to end of the month.

In the meantime up to end of the month we will measure the real IAM garage data provided by WESP and will be able to validate this forecast.



Source: WESP Workshop dashboard ; Wolk after sales experts analysis

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