



# THE NPD GROUP AAIA CATEGORY MANAGEMENT COMMITTEE NEWS

November 2009

Welcome to the Special Edition November issue of NPD's Category Management Committee News. The purpose of this communication is to provide you an update regarding the progress that NPD is making with the development of the point-of-sale Service for the Auto Parts Channel; NPD's *Aftermarket Industry Monitor*.

## NPD Releases Newly Enhanced Brake and Suspension Category Data

Through outstanding industry collaboration from the AAIA, retailers/distributors and manufacturers; NPD is pleased to announce two eagerly awaited data enhancements for the Brake and the Suspension categories.

Due to shifts in the marketplace in recent years which include; new product lines, discontinued lines, and the need for re-alignment of existing brands, it was necessary for the industry to re-evaluate the current grade classifications. These changes mark the first major reclassification of these two categories since their inception, and now offer a better reflection of today's marketplace.

### Brake & Suspension Category Enhanced Attributes Now Available *Results from the AAIA Hard Part Workgroup Meetings*

#### Brake Category Enhancement Summary:

In February 2009 the AAIA Hard Parts Workgroup hosted a meeting with over 30 brake product experts to review the current Brand/Grade Grid for the Brake category, and make recommendations for changes. There were also recommendations for additional segment view changes, but those will be made at a future date.

Through this process there were virtually no volumetric changes across segments. The actual volumetric shifts occurred between the different grade levels within subcategories or segments. Many brands were moved and in some cases they were combined into similar grades to ensure no retailer's data would be exposed per being the sole seller in a given grade level. All percentage changes reflected are based on their percentage of dollar sales.

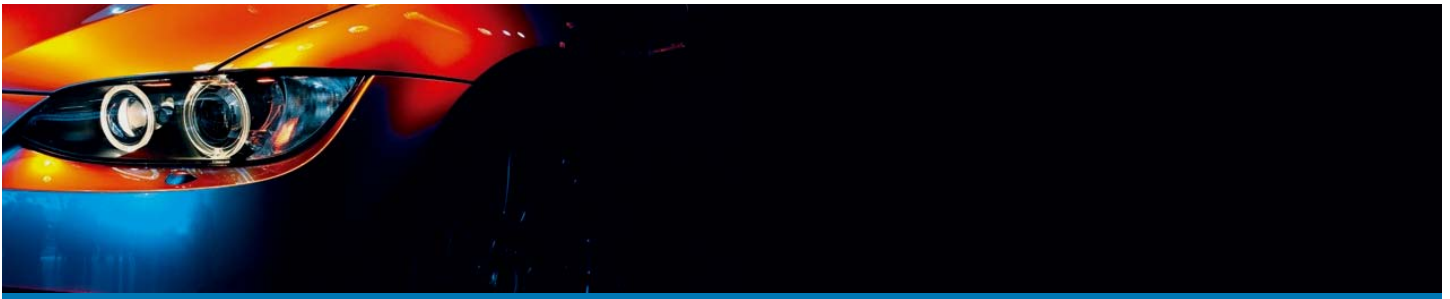
□ **Brake Pads** – This subcategory received the most enhancements because of the significant marketplace changes in recent years. It was decided to add a fifth grade level (economy) and shift brands across the grades. This new economy level is used for the 'short line', entry-level product offerings in some retailers. Many existing brands/product lines were shifted into different grades accordingly. This should provide a more accurate depiction of the product mixes across the

**Brake Pad grade changes:** You will notice significant share changes across grades in Brake Pads.

- Economy Pads – did not exist previously, now equals 2.6%
  - (Not all retailers will have an offering in "Economy")
- Good Pads – increased from 8.3% to 31.8%
- Better Pads – decreased from 40.7% to 29.7%
- Best Pads – decreased from 45.6% to 30.3%
- Specialty Niche Pads – had no noticeable changes

□ **Other notable brake subcategory and segment changes:** Other hierarchy revisions were made to the Calipers subcategory and the Master Cylinder subcategory, where we agreed to delete certain segments and use attributes to capture and report the same data points more efficiently.

**Brake Shoes grade changes:** were negligible, due to discontinuations of previous existing lines that were already being phased out of the data by default.



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**Brake Drums grade changes:**

- Good Drums – eliminated this grade in drums. Was 10.5%
- Better Drums – increased from 76.8% to 90.1%
- Best Drums – decreased from 12.5% to 9.7%
- Specialty Niche Drums – had no noticeable changes

**Brake Rotors grade changes:**

- Good Rotors – eliminated this grade in rotors. Was 10.7%
- Better Rotors – increased from 78.4% to 88.7%
- Best Rotors – had no noticeable change
- Specialty Niche Rotors – had no noticeable changes

**Brake Calipers grade changes:** Based on the brand re-alignment consistent with friction (brake pad) changes in other segments, it basically caused a reversal between “better” and “best” from the previous grade allocations in calipers.

- Good Calipers – eliminated this grade in calipers.
- Better Calipers – decreased from 70.0% to 28.4%
- Best Calipers – increased from 29.0% to 69.8%
- Specialty Niche Calipers – had no noticeable changes

**ABS Components grade changes:** Cleanup and classification of previously unclassified items caused some shifts in this subcat.

- Better ABS – decreased from 56.2% to 52.8%
- Best ABS – increased from 30.1% to 44.8%

**Brake Cables grade changes:**

- Better Brake Cables – decreased from 41.5% to 38.6%
- Best Brake Cables – increased from 55.3% to 60.7%

**Hydraulic Repair Kits grade changes:**

- Better Hydraulic Repair Kits – decreased from 50.1% to 33.5%
- Best Hydraulic Repair Kits – increased from 46.5% to 66.4%

**Brake Master Cylinders grade changes:** Cleanup and classification of previously unclassified items caused significant shifts in this subcat.

- Better Master Cylinders – decreased from 79.1% to .2%
- Best Master Cylinders – increased from 15.0% to 99.3%

**Wheel Cylinders grade changes:** Cleanup and classification of previously unclassified items caused grade shifts in this subcat.

- Better Wheel Cylinders – increased from 58.8% to 67.3%
- Best Wheel Cylinders – increased from 23.3% to 32.4%

**Brake Hoses / Lines / Fittings grade changes:** Cleanup and classification of previously unclassified items caused grade shifts in this subcat.

- Better Hoses / Lines / Fittings – increased from 35.4% to 40.3%
- Best Hoses / Lines / Fittings – increased from 50.3% to 59.3%

**Brake Hardware grade changes:** Cleanup and classification of previously unclassified items caused grade shifts in this subcat.

- Better Brake Hardware – increased from 59.3% to 66.6%
- Best Brake Hardware – increased from 30.4% to 33.1%



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## Suspension Category (Ride Control) Enhancement Summary:

In August 2009 the AAIA Hard Parts Workgroup hosted two meetings to review the current Brand/Grade Grid for the Suspension category, and in particular the Ride Control subcategory which includes shocks and struts. The goal was to replicate the success from the previous Brake category enhancement meetings and apply it to Suspension.

Through this process there were only small volumetric changes across segments. The majority of the volumetric shifts occurred between the different grade levels within segments. Many brands were moved and in some cases they were combined into similar grades to ensure no retailer's data would be exposed per being the sole seller in a given grade level.

All percentage changes reflected are based on their percentage of dollar sales.

**□ Shocks - Passenger Car & Light Truck segments:** This subcategory received the most enhancements because of the significant marketplace changes in recent years. It was decided to add a fifth grade level (economy) and shift brands across the grades. This new economy level is used for the 'short line', entry-level product offerings in some retailers. Many existing brands/product lines were shifted into different grades accordingly. This should provide a more accurate depiction of the product mixes across the shock segments.

### Passenger Car Shocks grade changes:

- Economy Passenger Car Shocks – all brands removed at this time. Was previously 7.9%
- Good Passenger Car Shocks – decreased from 49.9% to 19.4%
- Better Passenger Car Shocks – decreased from 40.7% to 29.7%
- Best Passenger Car Shocks – increased from 34.1% to 58.4%
- Specialty Niche Passenger Car Shocks – increased from 3.9% to 9.3%

### Light Truck Shocks grade changes:

- Economy Light Truck Shocks – all brands removed at this time. Was previously 3.9%
- Good Light Truck Shocks – decreased from 24.2% to 4.0%
- Better Light Truck Shocks – increased from 20.4% to 24.4%
- Best Light Truck Shocks – increased from 41.0% to 51.9%
- Specialty Niche Light Truck Shocks – increased from 3.9% to 9.3%

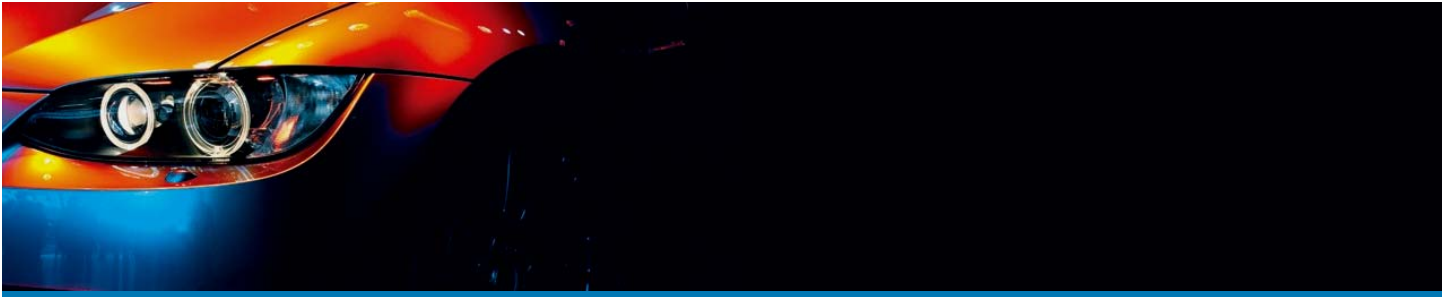
**□ Struts - Passenger Car & Light Truck segments:** These segments also received measurable enhancements because of marketplace changes in recent years as well as a new general consensus between the three leading manufacturers. In most segments it was decided to remove any remaining brands from the "Good" grade level and move them into the "Better" grade. Other existing brands/product lines were shifted into different grades accordingly. This should provide a more accurate depiction of the product mixes across the strut segments.

### Passenger Car Struts grade changes:

- Good Passenger Car Struts – Due to negligible volume this grade will not be used for now. The few existing brands were moved into "better".
- Better Passenger Car Struts – decreased from 30.7% to 25.0%
- Best Passenger Car Struts – increased from 68.6% to 74.5%
- Specialty Niche Passenger Car Struts – had no noticeable changes

### Light Truck Struts grade changes:

- Better Light Truck Struts – decreased from 21.1% to 13.5%
- Best Light Truck Struts – increased from 78.7% to 86.3%
- Specialty Niche Light Truck Struts – had no noticeable changes



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**Passenger Car Strut Assemblies grade changes:** Strut Assemblies were condensed into two grade levels based on the current market offerings. All nationally branded and retailer private labels will be in “Best”, and all entry-level ‘white box’ imports will be classified as “Good”.

- Good Passenger Car Strut Assemblies – only to be used for the ‘white box’ import brands which are beginning to enter the market.
- Better Passenger Car Strut Assemblies – all current brands in “better” were moved into “best”. Previously represented 99+% of this segment’s sales volume.
- Best Passenger Car Strut Assemblies – increased from 0% to 99+% and will now represent the volume for all major brands.

**Light Truck Strut Assemblies grade changes:**

- Good Light Truck Strut Assemblies – only to be used for the ‘white box’ import brands which are beginning to enter the market.
- Better Light Truck Strut Assemblies – all current brands in “better” were moved into “best”. Previously represented 99+% of this segment’s sales volume.
- Best Light Truck Strut Assemblies – increased from 0% to 99+% and will now represent the volume for all major brands.

**Strut Cartridge grade changes:** Strut Cartridges were condensed into two grade levels based on the current market offerings, where the majority will be reported in “Best” and a small amount in “Specialty Niche”.

- Good Strut Cartridges – all brands removed at this time. Previously 2.7%
- Better Strut Cartridges – all brands removed at this time. Previously 95.9%
- Best Strut Cartridges – increased from 0% to 98.5% and will now represent the volume for the major brands
- Specialty Niche Strut Cartridges – increased from 0.6% to 1.5%