



AUTO REPAIR INDUSTRY INDEX

September 2023



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UNDERSTANDING THE INDUSTRY

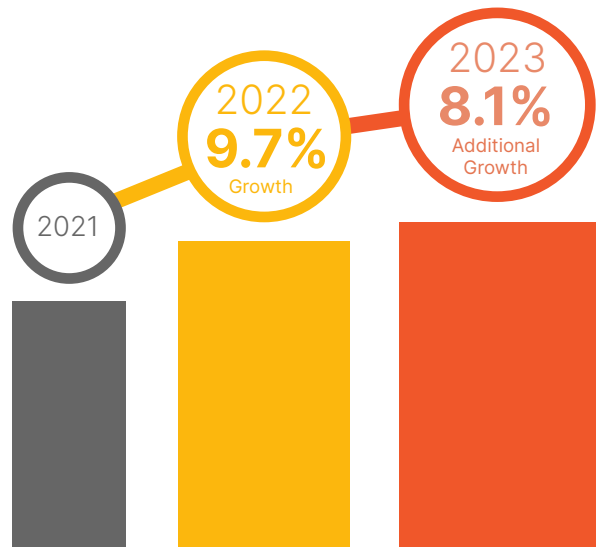
While it might be hard to turn on the TV without hearing about economic conditions, it's the reality that the entire world has shifted in the last few years. In particular, the independent Auto Repair Industry is experiencing significant change:

- New tools for shop management
- New technology powering vehicles
- New expectations from customers

As the economy has shifted with a strong focus on providing digital solutions for familiar services, customers have come to expect a new level of care, attention and transparency.

Despite concerns, the independent Auto Repair Industry is growing, and is projected to keep climbing.

Auto Repair Industry Growth 2022-2023



The Auto Care Association reports that despite the overall threat of a recession, the Auto Repair Industry's revenue **grew to 9.7% in 2022**, and is expected to continue that trend with **additional 8.1% growth in 2023**.

Source: <https://digital.autocare.org/2024factbook>



METHODOLOGY

Tekmetric touches every part of running your shop. From managing customer information and measuring business metrics, to facilitating digital vehicle inspections, repair order workflows, and even payment processing.

Because we have a clear view into how so many shops are running, we have unique insight into the operations of shops that have chosen to run on Tekmetric.

This report compiles Tekmetric shop data from the first half of 2023, January 1st to June 31st. We want to help shop owners understand:

- The average overall health of the industry from Tekmetric's point of view
- How shops across the country are performing, on average, with Tekmetric
- Common Tekmetric configurations that can help shops boost their average repair order

We've collected anonymous data from Tekmetric to look at shops across the country, and broke them down into specific regions. This data is not tied to individual shops, but is just a collection of general information to show wide-spread trends. It's also worth noting that shops in these different regions will experience their own unique conditions. These conditions, like weather and population density, may contribute to different car counts, different ARO values, and different profit margins across the country.

**WANT TO SEE HOW YOUR SHOP STACKS UP?
KEEP READING!**

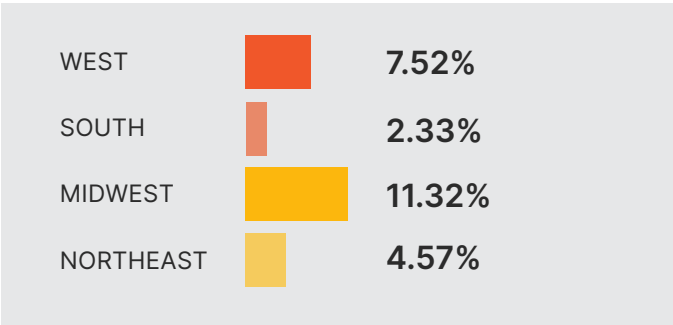


THE INDEPENDENT AUTO REPAIR INDUSTRY AT A GLANCE

On average across the country shops had about 6.35% more cars in their bays over the first half of 2023. Overall, this data correlates with findings of **9.7% growth** in the revenue of the Auto Repair Aftermarket Industry. When we dug into the data, we also found that, on average, Tekmetric shops saw **80%** of all their estimates result in a completed repair order. This represents a steady increase of **~2%** since the end of 2022.

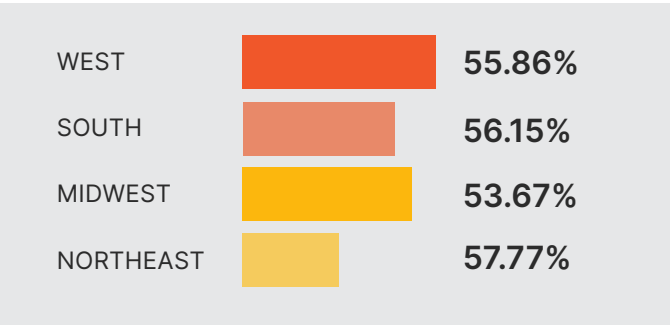
6.35%

Average increase in car count across the country for Tekmetric users.



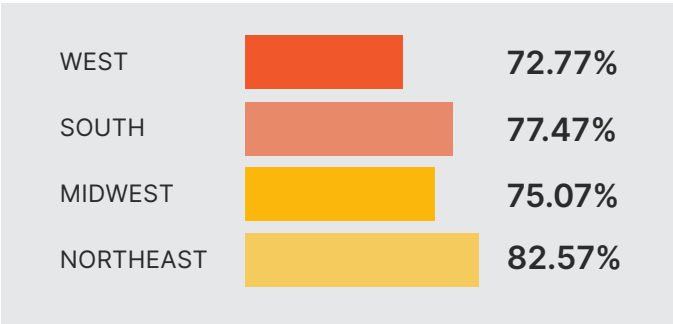
55.86%

Average profit margin for Tekmetric users across the country.



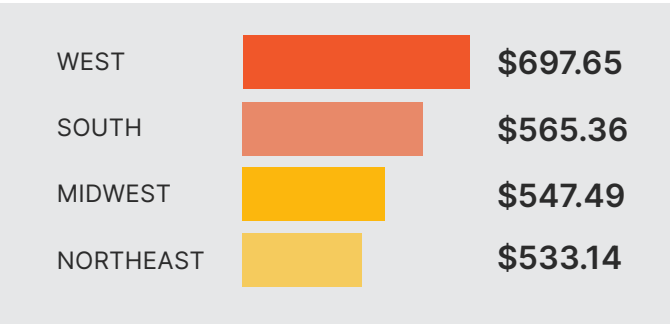
80%

Average completed repair order ratio.



\$585.91

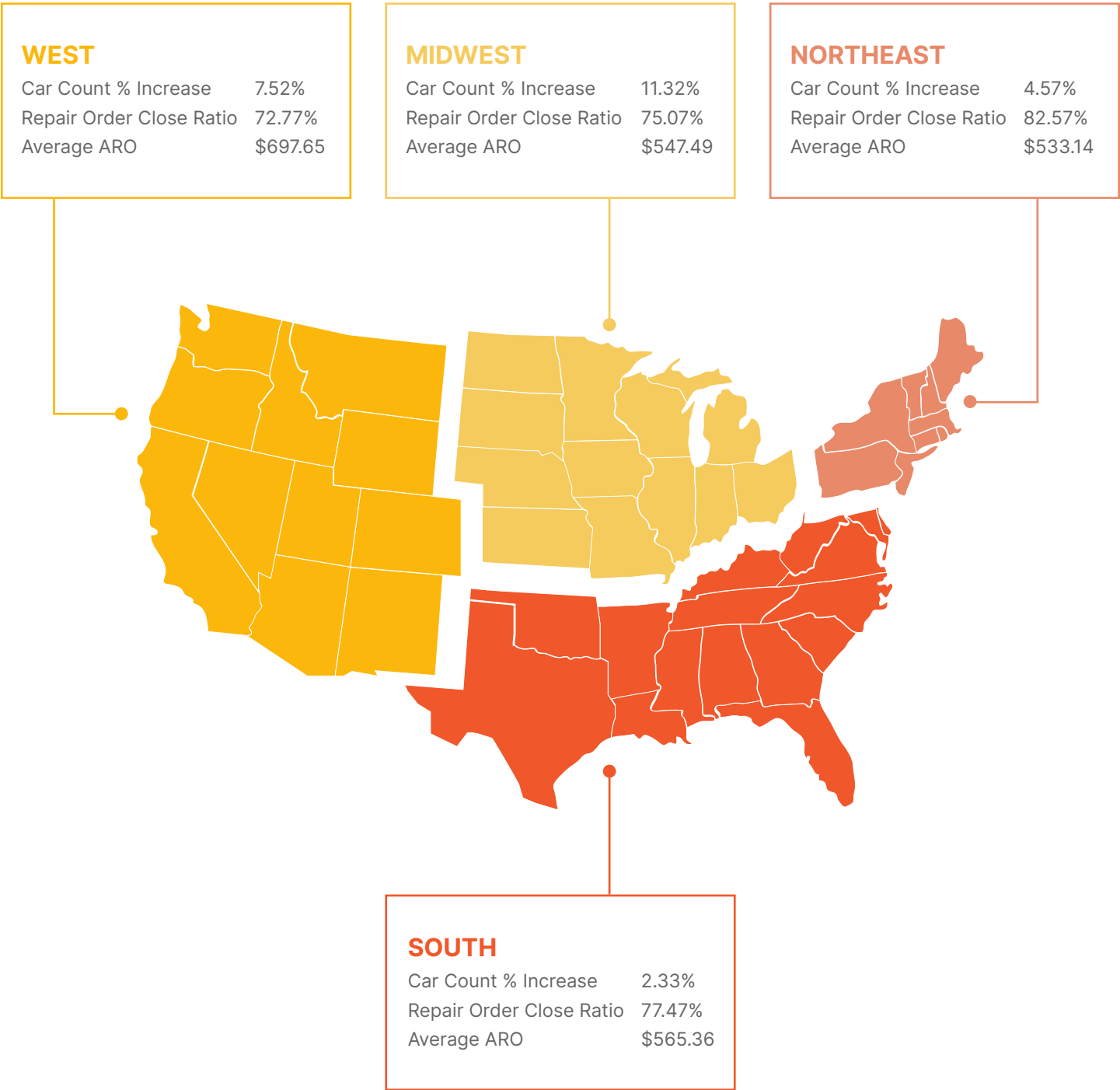
Average Repair Order for Tekmetric shops across the country.



SHOP PERFORMANCE ACROSS THE COUNTRY

Car count doesn't tell the whole story.

We analyzed anonymous data from Tekmetric shops and organized the information into regions across the country. Here you can see how well your shop compares to the overall average car count increase, repair order close ratio and repair order value in your region.



FOCUS ON OPERATIONS, NOT CAR COUNT

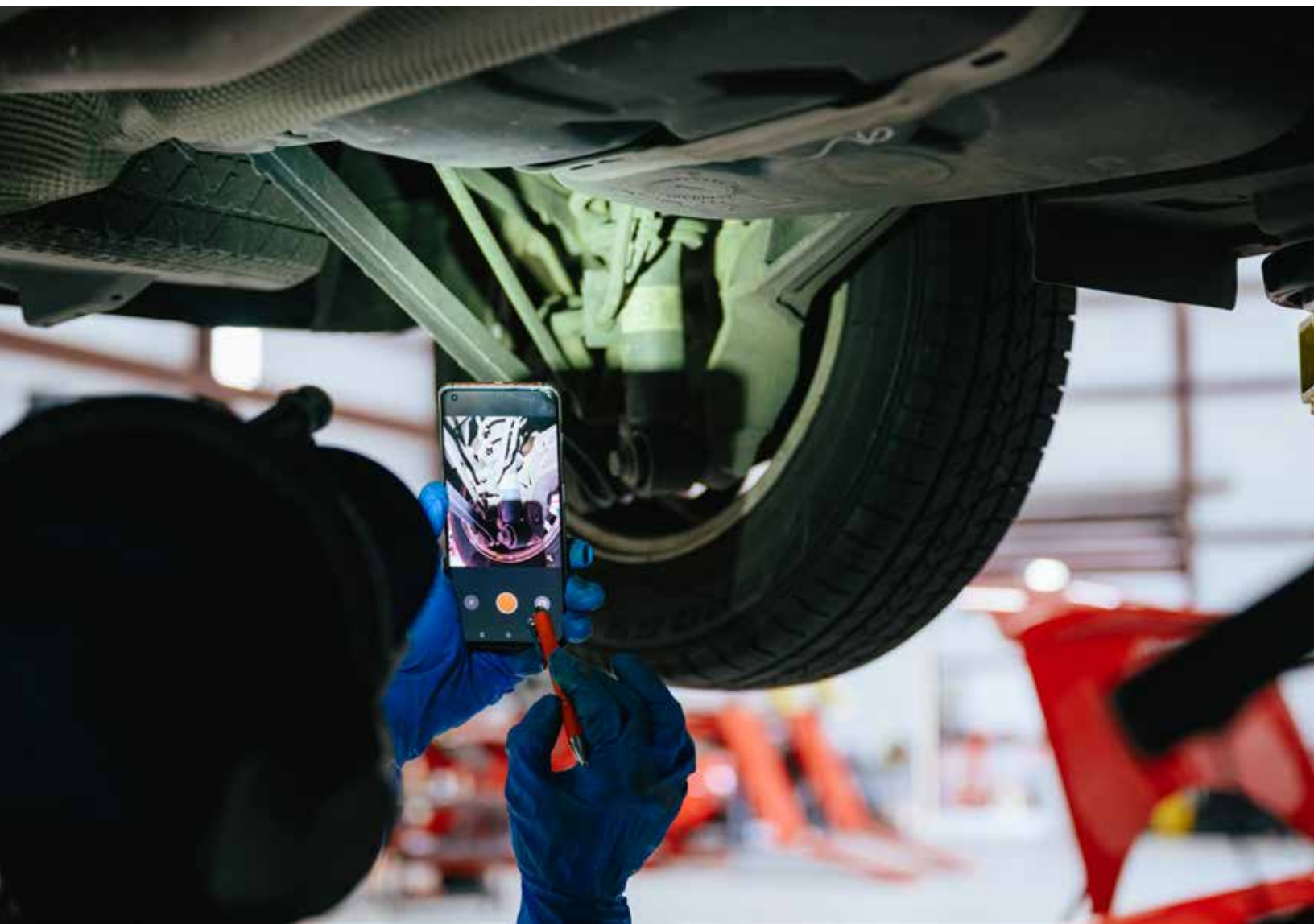
So the question becomes: how can you get the most value out of the work you already do?

With the right tools for the job, shops can build a streamlined workflow to make the entire repair process as efficient as possible for their team, and as easy as possible for guests.

And when it's as easy as possible for customers to do business with your shop, they'll be more likely to approve costly repair orders and think of your shop as their first resource the next time they need their vehicle repaired.

3 EASY WAYS TO GET THE MOST VALUE OUT OF THE WORK YOU ALREADY DO

- Use Digital Vehicle Inspections as often as possible to build trust with customers, which leads to more approved repair orders.
- Help customers manage unexpected expenses with in-app consumer financing.
- Simplify workflows to save time while selling more work.



GET MORE WORK APPROVED

Improving your shop's performance doesn't have to rely on bringing in more cars. Instead, we're focused on helping you get more value out of the work you already do.

// Pictures in Digital Vehicle Inspections

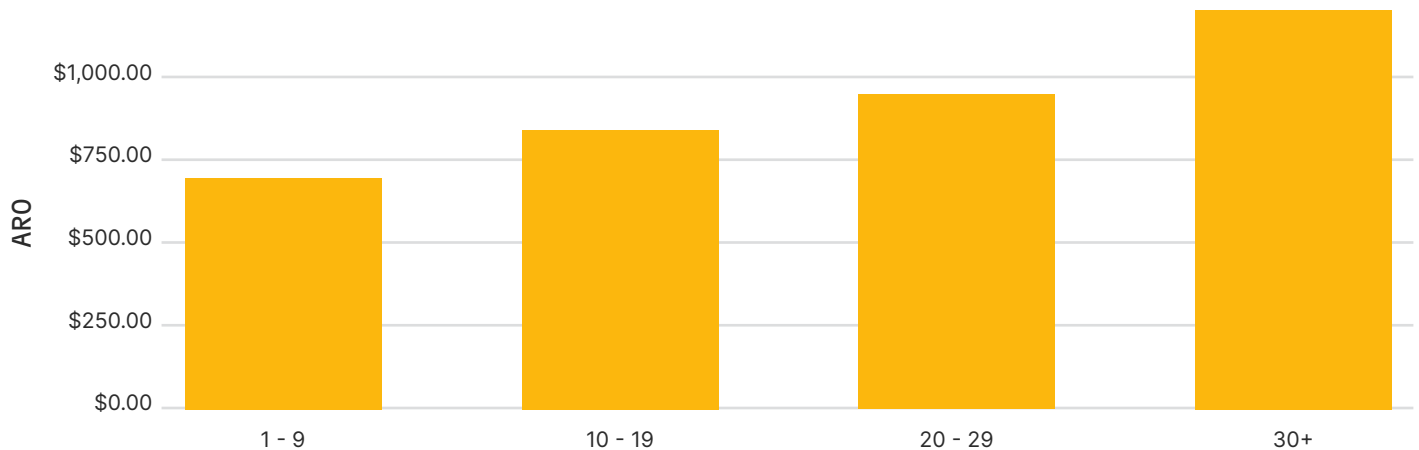
A picture speaks a thousand words.

With digital vehicle inspections, you can write a story for the customer using pictures and explanations of any vehicle issues your technicians found.

Shops on average include 5 images within their DVIs. However, videos and other file types only get sent to customers in less than 1% of all DVIs.



ARO by Picture Count



Avg # of Pictures included in DVIs

But what we found in our data is the more pictures you include, the higher the average approved repair order value.

That doesn't necessarily mean that more pictures will directly lead to each repair order being more valuable. Instead, by including more pictures, there's a higher likelihood that customers will approve higher value repair orders.



PRO-TIP: Create a standard cadence for including images within your Digital Vehicle Inspections. Based on the data we've seen, it might make sense to include 1-5 pictures on common, low-cost repair orders, but upwards of 20+ pictures for more extensive vehicle inspections and repairs.



//Videos and Other Files

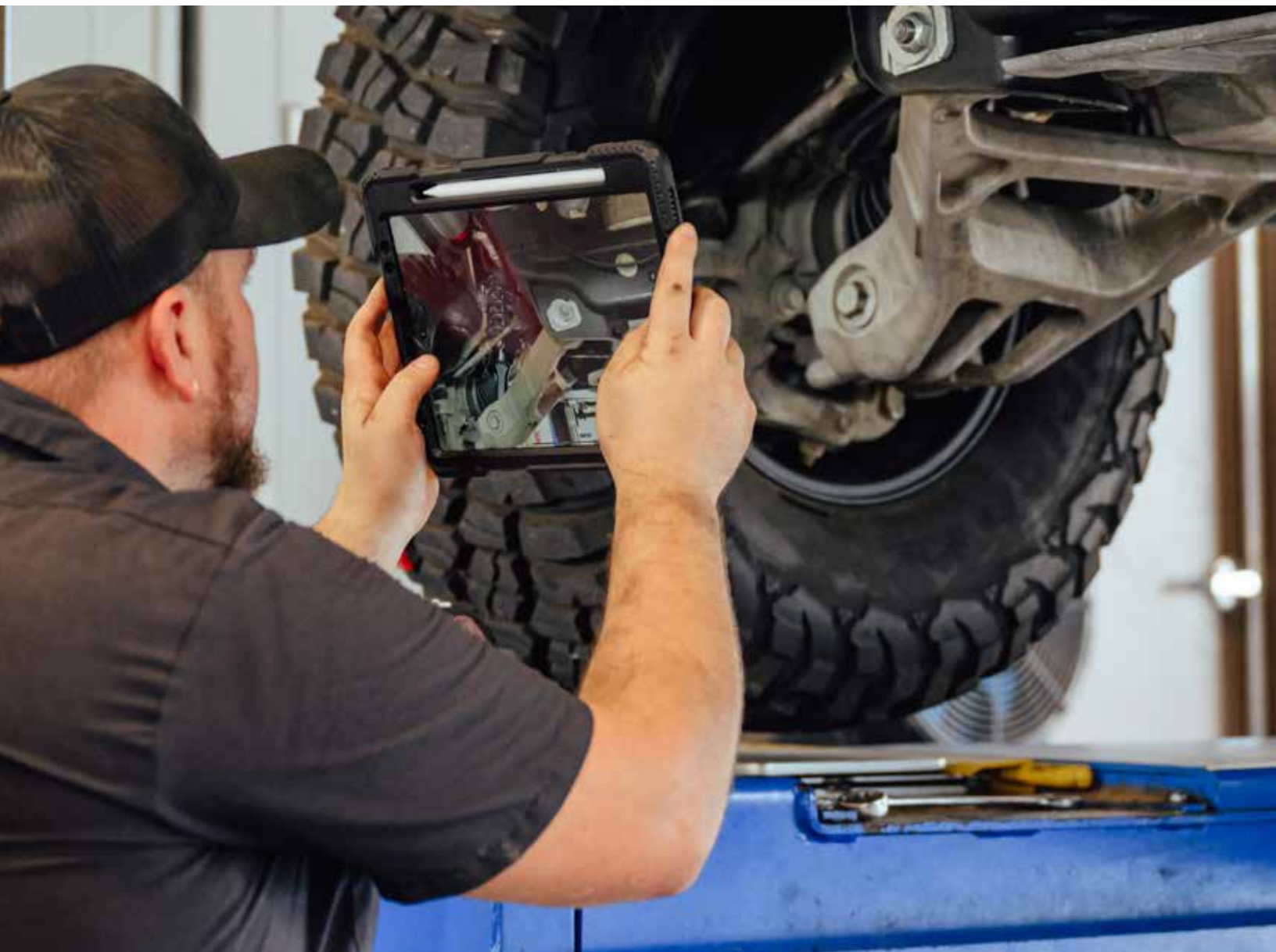
And if a picture is worth a thousand words, then we have to wonder how valuable videos can be.

When it comes to auto repair, videos are not only a great way to show customers how bad that leak is, but can even be used to add a personal touch.

Technicians can use videos to directly introduce themselves to the customer to build trust and rapport, and even inform customers about the inspection process and what your shop will be looking for.



PRO-TIP: Consider adding a Technician introduction video to your standardized inspection process for new customers. When they can trust your shop, customers are much more likely to approve expensive repair orders they would have otherwise felt weary about. They know who is fixing their car, and they know the work is solid.



GET PAID MORE EASILY

Tekmetric recently introduced a new and improved Tekmerchant with buy now, pay later options from Affirm and Klarna. Despite their early beginnings, these payment options are already getting bigger repair orders approved.

From our data, almost 84% of all payments are still closed as a typical card purchase, so there’s a huge opportunity here to increase your shop’s ARO with new payment options!

And there’s a good reason for customers to take advantage of Affirm: their most popular payment term, “Pay in 4,” breaks the initial cost down into four interest-free installments. That means a \$3,000 repair order turns into four monthly payments of \$750.

In the end, your shop collects 482% more per transaction up front, while the customer can work to budget the cost of a large repair. Win-win!



PRO-TIP: Implement alternative payment options like buy now, pay later and text-to-pay to help customers avoid sticker shops and pay off more costly repairs, increasing your shop’s ARO by up to 482%.



Avg. Payment Amount by Method

Payment Method Type	Average of Amount	
1. BUY NOW, PAY LATER		\$2,995.50
2. CARD NOT PRESENT		\$878.29
3. CARD PRESENT		\$514.13



MAXIMIZE PROFIT MARGINS

Our data shows that gross profit margin across different regions varies as well, which is interesting when compared to the related car count increase for each region.

PARTS

How do you order, manage, and mark up your parts? Leveraging a parts matrix to determine the right markup rate is crucial to your shop's profitability.



PRO-TIP: Setup at least 3 parts matrices to maximize profit margins, and leverage Tekmetric integrations to buy and manage parts alongside those matrices all in one platform.

We've seen shops achieve a

35% Profit Margin on Parts
by using 3 unique part matrices.

To maximize their profit margin beyond this, shops should:

- Simplify inventory management
- Take advantage of integrated parts ordering
- Build at least 3 parts matrixes for varying repairs orders to apply the right markup everytime

LABOR

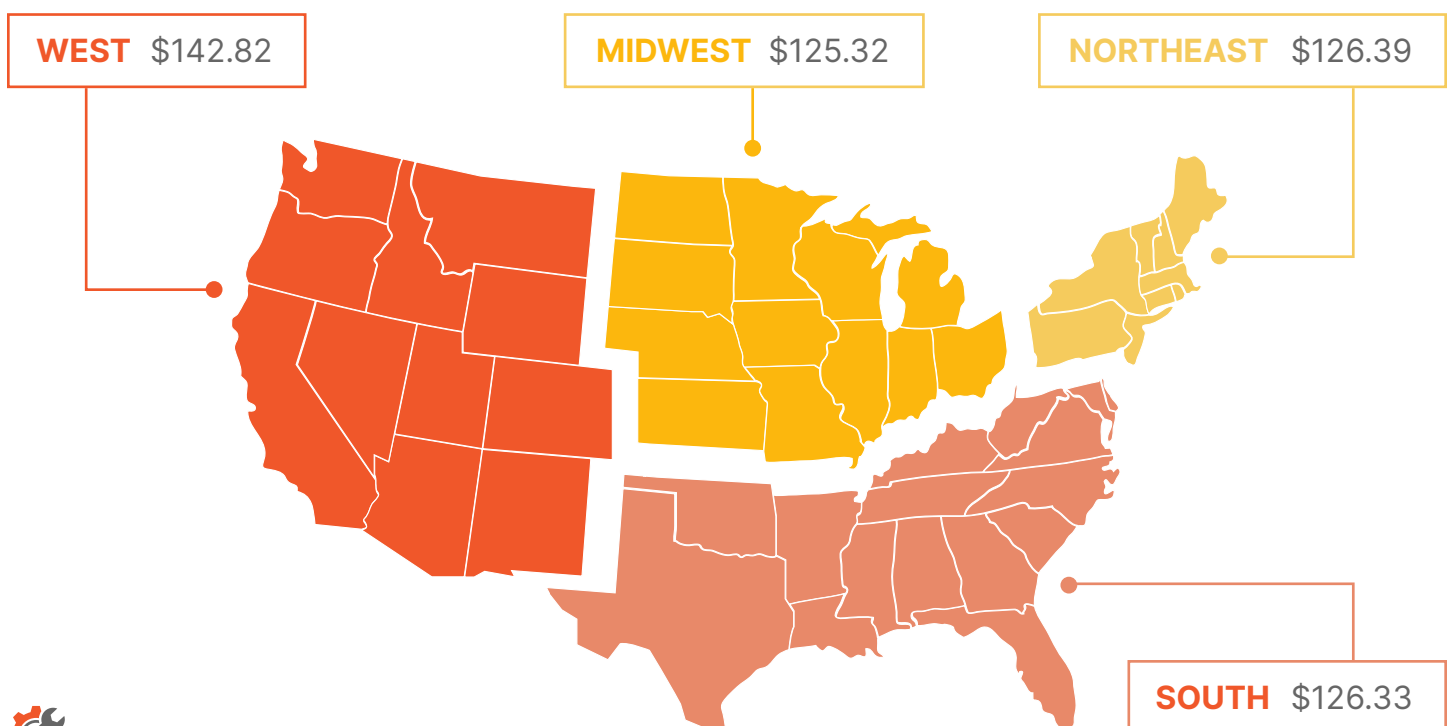
Setting your labor rate is critical for your shop to generate a profit. Best practice advice is to re-evaluate your overall labor rate, compared to profit margin, at least once a year.

Your labor rate should not only be fair for your customers, but also fair to you as a business – meaning, it should cover your hourly cost of any techs performing the work. It's also important to compare to other shops in your region to find a competitive edge.

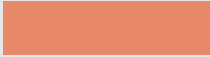
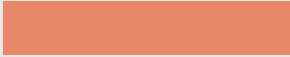
45% of shops using
Tekmetric

are leveraging 4 labor matrixes to determine the appropriate labor rate for thier business.

Average Labor Rate by Region



Shop Health

Region	ARO	Close Ratio
1. WEST	 \$697.65	 72.77%
2. SOUTH	 \$565.36	 77.47%
3. MIDWEST	 \$547.49	 75.07%
4. NORTHEAST	 \$533.14	 82.57%

Profit Margins

Region	Labor Profit Margin	Parts Profit Margin	Total Profit Margin
1. WEST	 59.23%	 34.10%	 55.86%
2. SOUTH	 59.91%	 32.06%	 56.15%
3. MIDWEST	 57.15%	 34.63%	 53.67%
4. NORTHEAST	 61.84%	 34.43%	 57.78%

IMPROVE SHOP OPERATIONS

Ultimately, the most effective way to boost your profit margins is to maximize the value of every single repair. Shops that take advantage of everything Tekmetric has to offer will often see the highest average repair orders.

// Simplify Workflows, Sell More with Less Effort

Shops that can simplify workflows and standardize their processes will get cars in and out quicker, free up their time to provide a better customer experience, and can focus on keeping operations flowing smoothly.

Canned jobs are pre-saved jobs that include labor and parts associated with common repair work done. We recommend you build canned jobs for services you provide frequently in your shop to save your service writers time when generating repair orders.

Shops on average build

101 Canned Jobs

to quickly complete common repair orders.

One shop using Tekmetric has over 2,000 canned jobs to simplify normal repair work they see servicing their most common models across multiple locations. Because common repair orders are standardized and pre-packaged, their shops can work together to provide quick, efficient, and frictionless service for the customer, thanks to simplified, repeatable workflows for technicians.



Common canned jobs used by auto repair shops include:

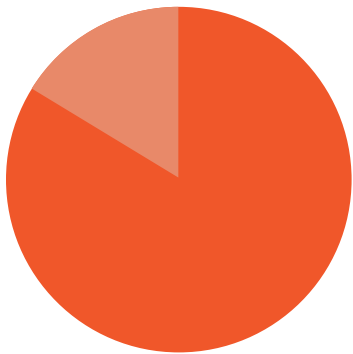
- Diagnosis
- State Inspection
- Emissions Test
- Oil or Diesel Change
- Tire Replacement
- Tire Rotation
- Alignment
- A/C System Inspection
- Battery Core
- Brake Repair



PRO-TIP: Aim to build at least 100 canned jobs for your most common repair work. The power of canned jobs is all about saving time. For example, let's say it takes your service writer 2 minutes to write up an oil change job on every repair order. With a canned job, it would take them less than 15 seconds to add to the estimate!

// Leverage Text-To-Pay to Make Doing Business with Your Shop Easier

We've also seen almost **60% of shops texting their customers**, making it easier to quickly communicate, have work approved, or even get paid.



PRO-TIP: Shops should look to take advantage of alternative payment methods when possible to provide customers with flexible service and simplify the payment process.

Not only does this make it easier for your customers, but Tekmerchant provides necessary protections to help shops prevent chargeback fraud, so you can have peace of mind knowing you will get paid for the work your shop did.



// Discounts, Fees and Marketing

Tekmetric is all about making your shop more efficient at building repair orders, having work approved, and even bringing in new customers. With the right shop settings, you can spend less time repeating the same basic workflows, and focus more on maximizing the value of your time.

Shops on Average

Setup
5 Discount Offers
to apply with just one click at the time of sale

Build
2 Different Shop Fee Charges
into their payment process

Generate new business from
11 Lead Sources

Most Common Shop Fees	Most Common Shop Discounts
Shop Supplies	Military
Hazardous Materials	AAA
Tire Disposal	Oil Change Special
Oil Filter	Coupons or Mailers
Environmental	Repeat Customer Program



 **PRO-TIP:** Keep customers coming back and bring in new faces by offering commonly expected discounts. Simplify your payment process with the proper fees to help cover any costs associated with repair orders.

// Hire The Best Talent

Running the best business always starts with hiring the best team. With concerns around a potential labor shortage for technicians, we wanted to look at how shops can bring in and retain the best talent.

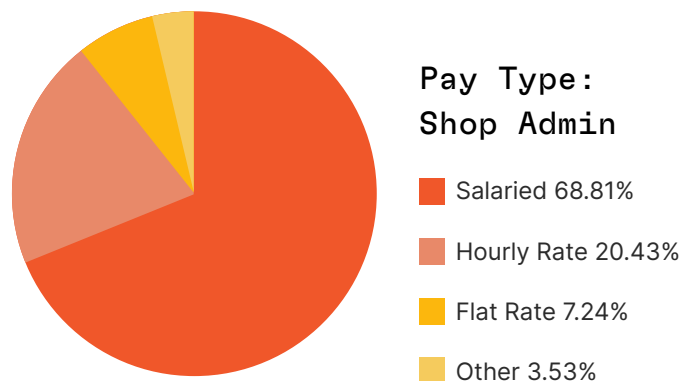
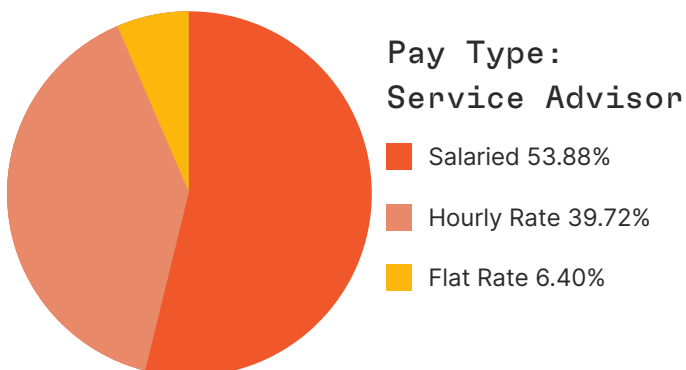
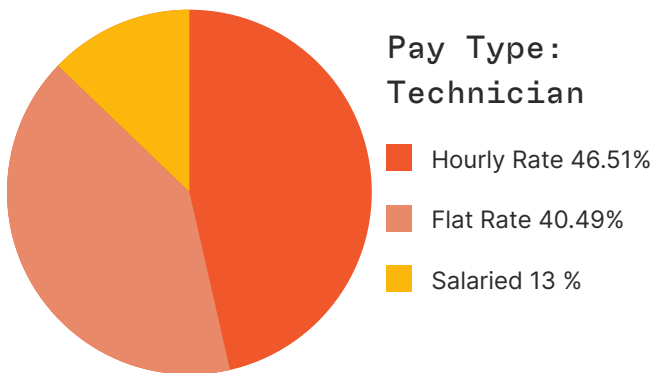
According to the 2024 Auto Care Fact Sheet, automotive technician employment in 2022 increased by

3.5%

to nearly 915,000 men and women at general repair shops, vehicle dealerships and gasoline service stations.



Average Pay Type per Role



Shops should structure their team and payroll operations to maximize labor profit margins and ensure employees are paid adequately.

When we focus on Technicians, there's an exciting story to tell.

Almost half – 46.54% – of shops pay their technicians hourly, with the second half broken down between 40% offering a flat rate, and only about 13% of shops providing a salary. Average pay varies by region, as well.

Average Pay by Region

Region	Flat Rate		Hourly Rate	
WEST		\$54.41		\$30.78
SOUTH		\$47.08		\$26.08
MIDWEST		\$42.29		\$24.71
NORTHEAST		\$40.88		\$29.36

On average,
Tekmetric shops provide a
Technician Hourly Rate of
\$27.26

Almost
\$5 higher than
national average
of \$22.85 in 2022, which is
19% above
average
as reported by the 2024 ACA Fact
Sheet.



PRO-TIP: Tekmetric enables shops to retain the best talent and pay technicians what they deserve to ensure that your shop provides the best service possible and keeps employees happy.



TOP TEK-TIPS FOR SHOP OWNERS

We know that as shop owners, you're always looking to improve.

That's why we wanted to offer shop owners a resource of up-to-date industry information to compare their operations to, combined with the unique business Tek-Tips your shop can implement to benefit the most from Tekmetric. Shops that embrace these changes – by adopting new technologies, new management platforms, expanding their talent pool, and meeting customer's expectations – have massive potential to boost their average repair order value, while dramatically simplifying workflows. Shop owners can unlock new opportunities to retain the best talent and gain the freedom to spend more time enjoying what matters most to them.



// Get more work approved

- 45% of shops are using Digital Vehicle Inspections to build trust with customers and have more repair orders approved.
- We've seen shops including at least 5 pictures in their Digital Vehicle Inspections boost their repair order value by nearly \$100. Even more pictures can help customers feel comfortable approving more valuable repairs.
- Shops are leveraging up to 5 different discount options, including Military, AAA, or coupons and mailers, to keep customers coming back.
- Shops are tracking on average 11 new lead sources with Tekmetric to stay organized, enhance their marketing efforts, and keep new customers coming in.



// Maximize Your Shop's Margins

- Shops can maximize their profit margin on parts alone by using at least 3 different parts matrices for the right mark-up every time.
- 480% ARO Increase with Tekmerchant and buy now, pay later options.
- 45% of shops using Tekmetric are leveraging a labor matrix to determine their labor rate for different work. Within those labor matrices, shops have set up on average 4 varying labor rates for work.



// Optimize your operations

- 60% of shops are texting customers, with only 16.22% taking advantage of text-to-pay options. If your shop is already texting customers, take advantage of this alternative payment method.
- Shops should seek to retain the best talent by optimizing their technician, service writer, and general manager compensation. Using a labor matrix in Tekmetric will then enable your shop to apply the right labor mark-up every time to get the most out of every repair.
- Shops should automate fees during the payment process to properly pass off the cost of certain disposal fees as necessary.



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