

SALES EXTRA

SOME CAR DEALERS EXIT BODY SHOP WORK

CREATES MARKET FOR INDEPENDENTS

According to **NADA** figures, 70% of car dealerships operated an on-site body shop in 1974. That number has been steadily declining since then. In fact, last year, only 40% of dealerships had such a facility.

The reasons are many, according to *USA Today*. Cost of equipment is a big one--in an era of "unibody" construction, computerized equipment costing up to \$1 million could be necessary to fix cars correctly. Staffing up with qualified people is another big problem, especially as sophisticated computerization has replaced much of the work once done by brawn. Despite those needs,

insurance companies continue to pay lower hourly rates for body work than they do for most other needs like mechanical work. And environmental factors, especially concerning spray painting, have also made operators' costs worse.



But the work still needs to be done, and as dealers close body shops, it creates opportunities for new businesses. In some cases, multiple dealers are sharing ownership of a new facility that works for all of them. And independents, working solely on collision repair, and not spread out over other needs like selling cars, can better focus on just that function, saving money versus dealerships. They can also do a big enough volume to make up for the low profit margins.

MORE ELECTRONICS FOR CARS

In the mid-1970s, according to the *Detroit News*, less than 9% of a vehicle's value came from the electronics in it--pretty much just an AM/FM radio at that time.

Obviously, that's changed a lot, and it's now estimated that by 2010, the value of electronics in cars--such as DVD players, phones, systems such as **OnStar**, and satellite radio--will approach 40% of a vehicle's worth. About 30% of SUVs and minivans being sold now contain a video screen for the back seat, and satellite radio hookups for **Sirius** and **XM** have become the fastest-selling audio product in years. With television moving into digital, it's expected the next big thing in in-car electronics will be live TV.

But all this is not without problems for dealers and manufacturers. The electronics have to continue to work under extreme conditions, such as wide temperature variations and road vibration. Protective of their quality reputations, automakers need to offer people what they want, but fear negative reactions if the options fail.

TRENDS: MORE IN YOUR SUPERMARKET

A new **Market Pulse** survey finds that while the traditional bank still reigns as customers' favorite place to do banking, their local supermarket was viewed as the second most-convenient place to bank if branches are located in the markets.

That's a win-win-win relationship: for the stores, whose own traffic is helped by having banks located there; for the banks, who can get more "branches" open at relatively low cost, and for the consumers who can do their banking and marketing conveniently together.



If it's such a good idea, it surely makes sense for more kinds of outlets to locate inside supermarkets. And that, too, is happening. We recently reported about a walk-in medical clinic operating in some **Cub Foods** stores. And in **Pittsburgh**, a local eyewear chain called **Optique** has plans to open a couple of stores inside **Giant Eagle** markets in the area. The supermarket has made an investment in the eyecare chain, and expects to profit from that investment in a variety of ways.

MOTIVATION IS HOT

2004 has been a strange year for entertainment attractions. *Variety* notes that sales of tickets to concerts "floundered," and movies grosses have been "lackluster."

But one segment of the entertainment industry is on fire, and could present revenue opportunities. Motivational speakers have been packing them in all over the country, at prices that can go well over \$100 a pop for VIP packages. *Variety* estimates this branch of show business has very quietly grown into a \$1.5 billion cash machine. More than the cost of the initial ticket is involved--once in the hall, books, DVDs, CDs, and much more are for sale. Attendees end up on a valuable mailing list, too.



Many of the people appearing on the circuit initially built their fame on television, such as **Tony Robbins**, one of the earliest users of TV infomercials. But everyone from **Bill Clinton** to **Lance Armstrong** to **Jessica Lynch** have become part of the industry. (Clinton, at \$300,000 per engagement, is highest-paid). Visits to local markets often also involve promotional tie-ins with local media.