Economic Confidence Improves Among Aftermarket Business Leaders
According to August Results of AAIA/Northwood University Business Confidence Index

Results of the joint Business Confidence Index for August 2011, show that aftermarket business leaders were more than six and a half times as confident in the future of the automotive aftermarket over the next 12 months, than they were regarding the economy in general, reports AAIA and Northwood University.

AAIA members completed the eighth monthly index survey, and data shows that:

• More than 31 percent were slightly more confident in the aftermarket over the next 12 months, which is up from almost 22 percent in July 2011. Additionally, just over 6.5 percent of respondents were significantly more confident about doing business in the aftermarket over the next 12 months, which is down from 9 percent in July.

• 13 percent were significantly more confident in the economy over the next 12 months, an increase from 1.56 percent in July 2011. Just under 17 percent reported being slightly more confident about the economy over the same period, which is up from just over 9 percent in July 2011.

• A score of 51-100 on the index signals leaders are “significantly more confident” in the aftermarket or the economy respectively over the next 12 months while a score of 1-50 indicates they are “slightly more confident” in said areas over the next 12 months.

Aftermarket business leaders were on the low side of “slightly less confident” in the economy as a whole in August as the AAIA/Northwood University Economic Confidence Index increased from -44.53 to -28.57 from July to August, which is the fifth consecutive negative value the index has reported (however it did show significant improvement for the month). In August just over 31 percent of aftermarket business leaders were slightly less or significantly less confident in the aftermarket over the next 12 months (only 2.6 percent were significantly less confident), which shows an improvement from just over 40 percent in July. The overall AAIA/Northwood University Automotive Aftermarket Business Confidence Index for August was 5.19, up from -3.91 in July, returning aftermarket leaders to the low side of the “slightly more confident” range. (see Tables 1 and 2 and Chart 1).
“It is clear aftermarket leaders had slightly more confidence in the industry in August in comparison to July of this year,” said Dr. Timothy Nash, Northwood University. “It is also obvious that business leaders were more confident regarding the overall economy in August relative to July. We believe the decrease in August gasoline prices in the United States was the primary reason for increased confidence among aftermarket leaders. The negative trend with regard to our national debt and stock market prices here and abroad in August clearly are giving aftermarket leaders pause for concern. The most recent miles driven data shows a slight increase in miles driven from June to July of 2011; however, it also shows a decline in miles driven in July 2011 relative to July 2010. A positive resolution to the “debt crisis” discussions in Washington D.C. and around the globe and a declining world oil price could do much to extend aftermarket business confidence in the coming months (see Chart 2).

Northwood University President Keith Pretty stated recently that “the impressive trends derived from the AAIA/Northwood University Business Confidence Index is proving to be a strong predictor of the general trend of the U.S. economy. We are very proud to be working with AAIA to provide this very important insight.”

The ninth installment of the survey will be sent to members on October 1, 2011. Results will be calculated monthly and reported in AAIA SmartBrief. Member responses will be used solely in the aggregate and for the purpose of providing empirical information.

For more information, contact AAIA market intelligence at 301-654-6664 or Dr. Timothy G. Nash, Northwood University at 989-837-4326. These indices are prepared monthly by Dr. Nash and Northwood University economics major, Mr. Adam N. Matzke.

ABOUT AAIA
AAIA is a Bethesda, Md.-based association whose more than 23,000 member and affiliates manufacture, distribute, and sell motor vehicle parts, accessories, service, tool, equipment, materials and supplies. Through its membership, AAIA represents more than 100,000 repair shops, parts stores and distribution outlets.

ABOUT NORTHWOOD UNIVERSITY
Northwood University is committed to the most personal attention to prepare students for success in their careers and in their communities. It promotes critical thinking skills, personal effectiveness, and the importance of ethics, individual freedom and responsibility. Private, nonprofit and accredited, Northwood University specializes in managerial and entrepreneurial education at three full-service, residential campuses located in southern Florida, mid-Michigan and northern Texas. Adult Degree Program Centers are available in eight states with many course delivery options including online. The DeVos Graduate School offers full-time, evening, and industry-specific master’s degree programs for entrepreneurs and executives in Michigan, Texas, Florida, and Switzerland. The Alden B. Dow Center for Creativity and Enterprise in Midland, Michigan specializes in creative thinking and innovation development. International education is offered through study abroad and Program Centers in Switzerland, China, Malaysia, and Sri Lanka. Northwood University has the only full-accredited bachelor’s degree in automotive and heavy duty aftermarket management in the world.

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To view Northwood University’s AAIA/NU Confidence Indices Newsletters please visit: www.northwood.edu/aboutus/economicoutlooks.

If you have a son or daughter interested in earning a world-class bachelor’s degree in business administration with a major in Automotive Aftermarket Management, please contact 800.622.9000. For more information about Northwood University visit www.northwood.edu.

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