

Sounding Off!

Members voice their opinions on the effects of the government's Stimulus Package on the economy and the aftermarket.

by William Groak



It kinda/sorta sounded like a good idea: send all taxpayers \$600 each to go spend on goodies such as TVs, clothes, appliances, even automotive aftermarket products, to help kick-start a sagging economy. That was the

government's idea earlier in the year, but something happened in the interim: gas prices skyrocketed out of control, the housing woes got worse, food costs ballooned and consumer confidence sank to an all time low. By the time the checks were in the mail, the government and the business community nervously kept their fingers crossed.

As we head into the fourth quarter of 2008, the results are coming in... and they don't look too rosy, especially for the automotive sector, PWA and SEMA members included. Worse yet, reports say the cost of the Stimulus Package has added to the deficit, which is in the trillions of dollars.

To get a better gauge on whether the Stimulus Package did help the aftermarket, several PWA WDs were contacted, including some with retail operations, and asked simply, "Has the government's Stimulus Package affected the sales of aftermarket products? In short, did you see any increase in business due to the Stimulus Package?"

Anne Graves, President, SECO Performance Centers: "We saw little, if any, increase in business due to the Stimulus Package. It is an extremely difficult time for most of our customers; their paycheck has to stretch further and further just to cover the necessities. Our stores continue to have good foot traffic, but we've seen a real decline in the average ticket amount. A lot of customers come in to look around and plan what their next purchase will be when they save up the money. Customers are buying less, using credit more for purchases and in general, just being real selective about what they purchase and when they make that purchase."

Van Woodell, President, Weathers Auto Supply: "We have not seen any direct results from the Stimulus Package. That money was most likely spent on fuel for workers to get to their jobs. With the 'cost of living' increasing so rapidly and sales declining, most employers are not able to help their workers. Everything has gone up dramatically except business revenues and wages. This however is an opinion of a businessperson: what would I know as compared to the legislators who obviously know what is best for us? Payroll? Don't

businesses just tax their workers for whatever they can dream up to spend their money on? After all, it's no skin off their nose. Congress is probably wondering if we have any dreams, I expect they will want them too!"

Gary Light, President, Speed Warehouse:

"Well, it's really difficult to say, and the reason I say this is because our sales are down both at the wholesale level and the retail level. The retail side is not down as much as the wholesale side. But, it is possible sales could be down even more without the stimulus package! But, my gut feeling is that most of the money from the Stimulus Package was used for necessities, like fuel and groceries. That's my take!"

Trent Lowe, President, Time Automotive Distributors:

"The automotive aftermarket benefited minimally because we shared it with every consumer segment. I think the greatest impact was with the announcement of a Stimulus Package and subsequent anticipatory spending coupled with the usual tax return refunds. When the actual stimulus checks finally

arrived, the funds quickly vaporized in general household budgets. A gas card or PWA/SEMA credit card with a big government credit would have benefited our industry more. Where was our lobbyist? The rotation of consumer's sentiment towards fuel savings, downsized vehicles, and more MPG from trucks they can't trade off, has done more for current sales in the aftermarket. My worst fear is on tap now - reduced driving. Fewer trips to the lake or track or a road trip means less fill ups and less concern for vehicle improvements. I hope this is a short term phenomenon."

Donnie Eatherly, President, P&E Distributors:

"If we had anything, it was not enough for us to notice. I think people are still choosing between food and fuel."

John Towle, Executive Director, PWA:

"I would be willing to bet that the \$600 Stimulus Package didn't actually do anything to help sales in our industry. For example, if you drive 12,000 miles per year (most of us drive more) and you get 20 MPG (most of us get less) you would use 600 gallons of gasoline. If gas was \$3 per gallon, you would spend \$1,800 per year. But we all know it's more like \$4 per gallon so you spend \$2,400 per year. So the \$600 stimulus money just went into the gas tank. If the government (Republicans and Democrats) would get a handle on the fuel prices, we would not need any

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