

VOL. 18 - NO. 4 JULY/AUGUST 2021

# FIXED OPS

Magazine

## **KEYS TO BDC SUCCESS!**

Sarah Vantine  
Quantum<sup>5</sup>

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BG Products  
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# THE STATE OF RECALLS 20

## A Review of the Year in Automotive Recalls by Recall Masters

### Providing Insight into Opportunities for Tomorrow

**I**n its 2020 State of Recalls report, Recall Masters revealed that more than 29.2 million affected vehicles were accounted for in 278 recall campaigns mandated by the National Highway Traffic Safety Administration (NHTSA) in calendar year 2020. Another estimated 266 “voluntary manufacturer notice” campaigns affected the passenger cars and light trucks framed in this report.

While many vehicles have more than one defect present, the addition of 2020 data brings the estimated number of vehicles affected by a recall to 83.2 million. This translates to more than one in four vehicles on US roads with at least one open recall. With an estimated 286.9 million registered vehicles in the country, the threat to drivers and passengers is greater than ever.

#### **RECALL RESOLUTION HUB: FRANCHISE DEALERSHIPS**

Franchise dealerships are the hub for resolving the recall crisis. However, only those innovative dealers

who transform their operations will reap the customer acquisition opportunity and the bulk of the revenue. What are the Top 5 dealership takeaways from the 2020 State of Recalls?

#### **TOP 5 DEALERSHIP TAKEAWAYS**

##### **5. Voluntaries - The Hidden Danger**

For most, government-mandated National Highway Traffic Safety Administration (NHTSA) recalls represent the greatest risk to driver safety. Primarily, voluntary OEM recalls were limited to manufacturing defects that were relatively harmless. Our industry has been transparent about all defects as part of a public/private partnership – all in the name of consumer safety. Up until now, it has worked. Perhaps due to the volume or complexity of system defects, NHTSA investigations have fallen to historic low numbers.

While NHTSA recalls were down (278 for 2020 vs. 316 in 2019), voluntary recalls were up (266 in 2020



vs. 219 in 2019). In Recall Masters' risk-scoring analysis, 34.9% of 2020 "voluntaries" were determined to be high-risk recalls.

- In 2019, that number was only 18.7%.
- In 2018, that number was only 17.1%.
- In 2017, that number was only 18.3%.

What this means for dealers is that they now need to be more vigilant than ever about the off-brand inventory they purchase at auction or take in at trade. It is not enough to look at NHTSA recalls only. Without access to these off-brand voluntary campaigns, you will have a 1 in 3 chance of carrying a dangerous vehicle in your inventory.

#### 4. Airbag Recalls Reinflated

Airbags are back. Or I should say, airbags never left. Due to a shortage of Takata airbags, dealers had to replace older, more dangerous airbags with newer, not quite as dangerous airbags. The vehicles affected circled back around and it is time to replace the airbags with a more permanent, safer, airbag. What this means for dealers is that they can replace airbags without a lift. In fact, dealers are deploying mobile teams to repair these vehicles on site in the consumer's driveway or on the lot of an independent or off-brand franchise dealer.

**ACQUISITION REMINDER:** A majority of consumers do not service with a franchised dealer. This is an opportunity for you to win them back.

#### 3. PowerTrain Recalls Rank Second in Campaigns

Third in the total number of vehicles affected, powertrain recalls will typically require lifts and more skilled technicians. Dealers need to prioritize and then make

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adequate room for these recalls even though the requirements include more valuable and limited dealer resources. The reasoning behind this urgency is that the recalls directly protect the consumers' vehicle assets while yielding the best reimbursements.

Recalls used to be a bit of a nuisance for dealers because, at that time, the reimbursements were not financially sound decisions compared to customer pay traffic. Not any more. For recall repairs, 49 state

# THE STATE RECALL

A Review of the Year in Automotive

1

## Software/Electronics

lights, computer, wiring, stereos/alarms

number of 2020 recalls: **77**  
affected vehicles: **7,541,325**

2

## Airbags

systems, sensors, side airbags

number of 2020 recalls: **32**  
affected vehicles: **6,984,683**

3

## Power Train

oil/fuel leaks, engine stall, components

number of 2020 recalls: **40**  
affected vehicles: **4,995,494**

4

## Latches

door/hood/rearhatch/liftgates

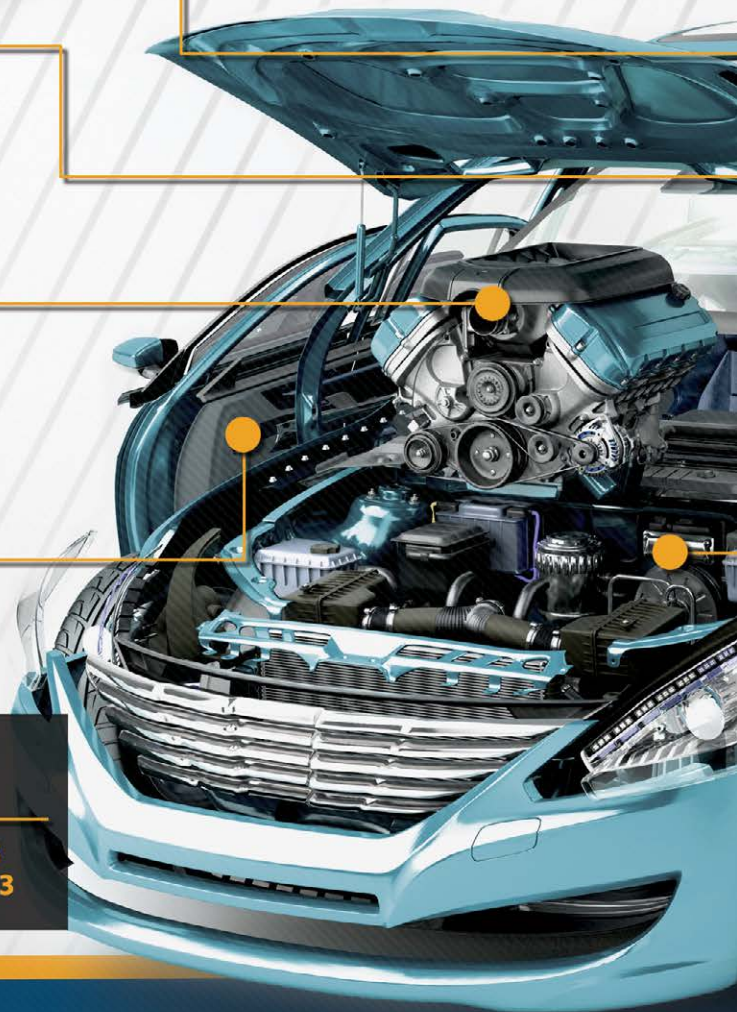
number of 2020 recalls: **16**  
affected vehicles: **4,406,808**

5

## Miscellaneous

floor mats, hitches, fasteners, labels

number of 2020 recalls: **35**  
affected vehicles: **1,579,603**



10.2%

of all US vehicles had a new recall in 2020

33.1%

of 11.8 million, were repaired in 2020

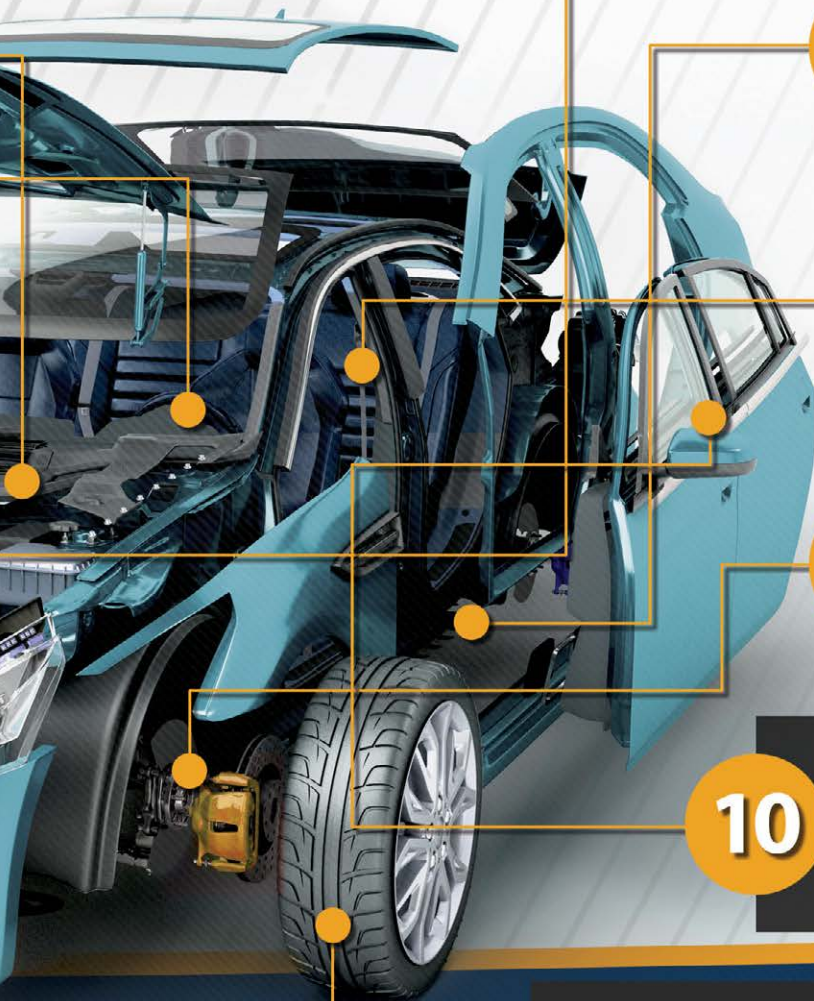
278 NHTSA campaigns  
affecting 29,258

The term "recall" includes NHTSA-mandated recalls. Based on the available



# TOP 10

Most Active Recalls by Recall Masters



6

## Transmission

rollaway, electronic shift levers, gear boxes

number of 2020 recalls: **18**  
affected vehicles: **1,141,438**

7

## Steering/Suspension

power steering, stability, steering column

number of 2020 recalls: **22**  
affected vehicles: **981,035**

8

## Restraints

seatbelts, seat adjustment, child seats

number of 2020 recalls: **15**  
affected vehicles: **880,415**

9

## Brakes

parking brakes, brake leaks, calipers, rotors

number of 2020 recalls: **11**  
affected vehicles: **434,719**

10

## Windows

sunroofs, windshield, windshield wiper, seals

number of 2020 recalls: **4**  
affected vehicles: **288,943**

11

## Tire & Wheel

tire inflation, wheel locks, tire labels

number of 2020 recalls: **8**  
affected vehicles: **23,626**

campaigns  
**3,089** US vehicles

**78+** million  
US vehicles with open recalls

**29%**  
of all US vehicles on the road

able data collected. Data is not authenticated by an independent firm.

legislatures require the OEM to reimburse the dealership at retail rates for both parts and labor – but you need to stay on top of your annual factory filing. In short, dealers need to make sure they are aligning their most skilled technicians with those repairs that require the most skill.

## 2. Same-Year Compliance Jumped almost 3X

This is the rate of repairs made on recalls that were announced within the same year. The 29.3% reflects the percentage of recalls that have been repaired at the time of the report publishing. This number is not static. Over time, as vehicles are repaired, this compliance rate increases. Because we are publishing this report about the same time every year, it gives us insight on how responsive dealers and consumers have been to recalls. We have never seen rates this high. It is clear that recall repairs were hot in 2020. Was it due to consumers not driving as much and

could let go of their car for servicing? Were dealers more attentive to recall revenue opportunities? Was it the availability of mobile repair? Probably all the above. For dealers, the takeaway here is that consumers and your competition have taken notice. If you do not attend to these consumers, your competitors will.

## 1. Software and Electronics Dominate

Today's modern vehicles are more similar to computers and smartphones than machines. While safety is at the heart of these technological innovations, electronic components go bad and software requires updates. The numbers of campaigns and affected vehicles are massive, so we look at this category as the origin of fundamental change in our industry. For dealers, the tool is a laptop – not as much a wrench. Embracing this will open up opportunities to hire tech-savvy technicians – most of whom will

# 2020 NHTSA Recall Summary By System Recall

Vehicle System Recall	Vehicles Affected	Recall Campaigns
Software and Electronics	7,541,325	77
Airbag Systems	6,984,683	32
Engine/Oil/Fuel/Coolant	4,995,494	40
Latches and Hinges	4,406,808	16
Miscellaneous	1,579,603	35
Transmission, Shifting and Drive Shaft	1,141,438	18
Steering and Suspension Systems	981,035	22
Seatbelt Restraints and Hardware	880,415	15
Braking Systems	434,719	11
Windows and Sunroofs	288,943	4
Tires, Wheels and Inflation	23,626	8
	29,258,089	278



not require years of experience. Again, you will not need more service bays.

## OVERALL TAKEAWAYS

You may need more mobile repair teams. And parts availability will continue to be an issue coming off the pandemic. But the increased demand will also fuel competition. Stock up on parts while you can and build tech teams that will not be as costly as master technicians.

**Sean Reyes** serves as Chief Marketing Officer for Recall Masters, the automotive industry's leader in comprehensive recall management. Sean's experience spans more than 30 years of business development and strategic marketing experience, having worked in the automotive, healthcare, finance, insurance and technology industries. While running a successful consultancy,

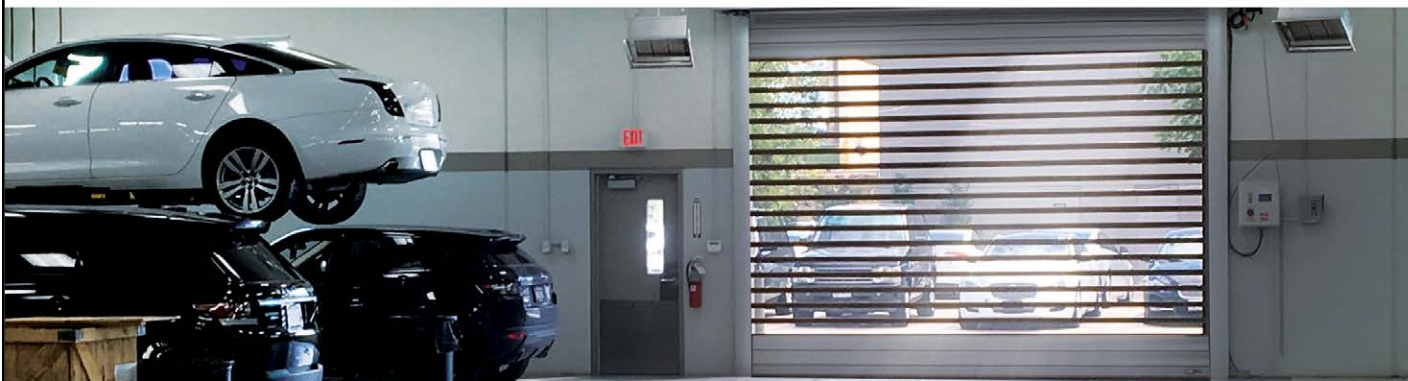


Reyes worked with world-renowned brands like American Express, Toshiba, Western Digital, Cox Communications, Gateway, Novartis, Microsoft, IBM, Mitsubishi, Yamaha, Compaq, HP, BMW and many of the nation's largest au-

tomotive groups. While he has an accomplished portfolio of design and product development, his strengths are "go-to-market" business modeling, customer lifecycle management and digital marketing strategies. As Recall Masters' CMO, Reyes oversees product differentiation, all corporate communication, state ADA activities and automotive industry presence. Sean lives in Napa, CA and spends his free time hiking, kayaking, playing guitar and going to concerts with his family.



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