



# Service Line

NEWS AND IDEAS FROM AMSOIL

## Industry News . . .

### Lack of Drivers, Aged Infrastructure Slowing Industry Growth

According to a recent article in Fleet Owner Magazine, trucking experts who contend there's a "growing but slowing" trend affecting the industry are blaming driver shortages and highway congestion for problems both current and future.

Thomas Finkbiner, chairman of the Intermodal Transportation Institute at the University of Denver and president and CEO of Tampa, Fla.-based bulk transporter Quality Distribution, believes large and small for-hire carriers are finding ways to balance operating costs and time at home that are allowing them to stay out of the red.

"There's no doubt about it. The need to attract drivers and buy more expensive trucks due to the new emission control technology is going to divert capital normally used in other parts of the trucking business," Finkbiner told Fleet Owner Magazine. He also said more rules restricting the amount of driving allowed in a day, an aging driver population and more highway congestion are other factors making it hard for truckload fleets. But continued strong economic growth coupled with capacity shortages, which are due in part to the lack of drivers, have propped up profitability, according to Fleet Owner Magazine.

"That means the pricing environment is going to stay strong - 'core capacity' is frozen solid to a degree because fleets can't expand and I expect it to get tighter in both the truckload and rail markets," said Finkbiner.

But John Bowe, president of the Americas for global transportation firm APL and its sister company APL Logistics, thinks the dated transportation infrastructure in the U.S. will be the biggest long-term problem.

"The U.S. economy has been transformed by unprecedented growth in containerized imports," said Bowe. "Growth in the transportation infrastructure hasn't kept pace. If we don't fix this, supply chains will bog down, consumer prices will go up and the economy will suffer," Bowe added.

Bowe contends that it won't be long until current solutions are no longer valid. "We're pushing too much cargo through a pipeline that is not growing fast enough. Eventually it will be overwhelmed," said Bowe. "We need to act now to prevent gridlock."

### Diesels Provide More Power and Better Fuel Mileage for Fleets

Diesel-powered vehicles are gaining popularity among fleets of all types at a rapid pace. There could be many reasons for this surge in diesel sales, but soaring gas prices are the primary factor. While gas hybrids are gaining popularity in some groups, they generally lack the power that drivers are looking for.

Diesel-powered vehicles offer more torque than gas vehicles, providing excellent towing capabilities and great passing power at highway speeds. Diesels are 30 percent more fuel-efficient than comparable gas-powered vehicles and emit 25 percent less carbon dioxide.

In Europe, 43 percent of vehicles sold are diesels, and 67 percent of company cars are also diesels, up from 49 percent two years ago. In the U.S., light-duty diesels also represent a growing market. According to the Specialty Equipment Market Association (SEMA), demand for engine parts alone is expected to reach \$375 million by 2007. Recent developments in diesel technology have allowed manufacturers to provide diesel-powered vehicles that outpace their predecessors on all counts. Dodge recently demonstrated this with its Dakota turbo-diesel Sidewinder pickup that achieved a top speed of 222 mph. The Sidewinder also averages 21.24 miles per gallon.

J.D. Power and Associates predicts that diesels will account for 15 percent of vehicles on the road by 2014, up from their current share of 3.9 percent. SEMA members predict similar growth for diesels, projecting a market share of 10.23 percent in 2009 and 15.22 percent by 2014.

These numbers mean that sales of diesel-specific products and accessories should increase at a similar pace.



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### Draining Bottles Saves Money, Prevents Waste

How much oil do you pour into landfills every year? One quick lube owner recently told Lubes 'N' Greases Lube Report the U.S. quick lube industry could be dumping as much as 9.8 million gallons of oil into landfills every year from quart bottles that aren't completely emptied during an oil change.

R. Scotti Lee, owner of a quick lube in New Castle, Del., plans to campaign to reduce the amount of motor oil in landfills. In the Lube Report, Lee says his research shows that 1.4 billion quart oil bottles are manufactured in the U.S. each year.

"To determine how much oil was left in the bottle after installing the oil, I drained the bottle for four hours and ended up with .89 ounces or .007 gallons," said Lee. He concluded

that as much as 9.8 million gallons of oil goes to landfills in the "empty" bottles that many recyclers reject due to the oil residue left in them.

Lee told the Lube Report that industry estimates for the proportion of bottled oil vs. bulk oil installed by quick lubes run as high as 15 percent. According to Lee, that means the U.S. quick lube industry could be emptying as many as 89 million quart bottles of motor oil annually.

"Recyclers will be much more likely to accept oil bottles if they have been drained," said Lee. Lee provided the Lube Report with some ideas on how to drain quart bottles, saying there are commercial draining products that sell for less than \$15, or to cut holes in the lid of a 15-gallon steel container and put the bottles upside down to let them drain.

Lee said many installers reclaim the oil and use it for top-offs or engine flushes, or let employees use it in their vehicles, saving a typical quick lube up to \$2,500 per year. Lee also mentioned adding the drained oil to waste oil receptacles, adding a little extra money for those that get paid for waste oil.

### Honda Developing Clean Diesels for North America

Honda Motor Co. is developing a four-cylinder diesel engine for introduction within the next three years that will run as clean as a gasoline engine.

Several auto manufacturers are working to clean up their diesels so they meet the ever-tightening emission standards. Honda's announcement was bold, given the technological challenges the company faces in developing the new engine.

According to an article in Automotive News' AutoWeek, CEO Takeo Fukui said Honda will offer two diesel engines in North America, a four-cylinder and a V-6. Fukui said both engines will meet a U.S. emissions standard known as Tier 2 bin 5, but gave no timetable for the V-6.

In 2000, the government adopted new, more stringent tailpipe emission rules known as Tier 2. The rules were designed to be applied to engines that run on gasoline, diesel or other fuels, and are being phased in during the 2004 - 09 model years. Manufacturers can engineer engines to meet any of eight emission categories called bins, as long as their fleets meet the required averages.

Diesels are plagued by high emissions of particulates and oxides of nitrogen, so getting a diesel engine certified to a mid-range category like bin 5 would be a huge technological feat.

According to AutoWeek, Fukui didn't say how the new diesels would meet the standards, but Honda officials have said they will not follow DaimlerChrysler and other European

automakers by using urea. Urea is an organic compound similar to ammonia that cuts diesel emissions when injected into the exhaust. The other two ways of meeting the emission standards include reducing emissions in the combustion chambers or cleaning up the exhaust with a particulate filter and a trap for nitrogen oxides.

Autotmakers are experimenting with high-pressure fuel-injection systems and lower combustion temperatures achieved with the use of EGR systems. Adding filters and traps in the exhaust system is expensive and hurts engine performance.

Diesels achieve around 30 percent better fuel economy than gas engines and are much less complex than hybrids.



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## Specialty Automotive Equipment Sales Continue to Grow

The specialty automotive equipment industry continues to grow at above-average rates every year. While most industries go through a regular cycle of growth, maturation and decline, the specialty automotive equipment industry continues to move upward.

One theory as to the reason for this continued growth is that the industry is made up primarily of enthusiasts serving enthusiasts. Many business owners started making and selling specialty automotive equipment because they are passionate about cars and light trucks. No matter what the reason for it, the growth in this market has been tremendous. According to a 2005 Specialty Equipment Market Association (SEMA) market study, retail sales of specialty automotive products reached \$31.45 billion in 2004.

According to the study, the specialty automotive equipment market has experienced an average annual growth rate of 7.0 percent on a year-over-year basis since 1990. During that same time, the overall automotive aftermarket grew by an average of 4.2 percent per year and U.S. Gross Domestic Product grew at an annual rate of 2.6 percent.

### Industry Growth at Manufacturer Level

Year	Total Sales	% Change	Year	Total Sales	% Change
1988	\$3.51 billion	14.33%	1997	\$6.85 billion	8.39%
1989	\$3.97 billion	13.11%	1998	\$7.47 billion	9.05%
1990	\$4.35 billion	9.57%	1999	\$8.17 billion	9.40%
1991	\$4.19 billion	-3.68%	2000	\$8.69 billion	6.29%
1992	\$4.58 billion	9.31%	2001	\$9.02 billion	3.84%
1993	\$5.14 billion	12.23%	2002	\$9.30 billion	3.10%
1994	\$5.47 billion	6.42%	2003	\$10.02 billion	7.74%
1995	\$5.96 billion	8.96%	2004	\$10.94 billion	9.18%
1996	\$6.32 billion	6.04%			



## Study Shows More Consumers Turning to Diesels

Diesel-powered vehicles are gaining popularity among consumers at a rapid pace. There could be many reasons for this surge in diesel sales, but soaring gas prices are the primary factor. While gas hybrids are gaining popularity among consumers, they generally lack the power that drivers are looking for.

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# AMSOIL Brings New Life to Cadillac

Steve Cook of Traverse City, Mich. jumped at the chance to buy his mother-in-law's 1987 Cadillac DeVille. A true low-mileage survivor, it was in near pristine condition. Cook was proudly showing it off to a mechanic friend when his friend said "Uh-oh, you bought an HT-4100? Good luck buddy."

After doing some research, Cook understood what he meant. The HT-4100 was one of the most troublesome engines Cadillac ever built. It was known to have an aluminum block with cast iron heads that expand and contract at different rates, causing premature head and intake gasket failure, coolant loss into the oil and main and rod bearing failure. The HT-4100 also had a heavily loaded distributor gear, weak timing gears and sludging issues.

"My first thought was, if ever an engine needed AMSOIL, it's this one," said Cook. Cook first heard about AMSOIL at the old Brohman Dragway in the late 1970s from a fellow racer who swore by it. More recently, Cook spoke with AMSOIL Dealer Dave Mann who made several recommendations. Cook also asked around at the Cadillac owners group he belongs to and most of them warned him not to buy AMSOIL.

Having spent more than 25 years in advertising and marketing, Cook skipped the ads and went straight to the science, reading studies done by AMSOIL and independent sources.

"I came to the conclusion that it really is an excellent product," said Cook.



*Steve Cook's 1987 Cadillac DeVille.*

Cook initially switched the Cadillac to AMSOIL 5W-30 (ASL), but eventually settled on AMSOIL 10W-30 (ATM). Rather than letting the oil go a full year, Cook changes it every six months, usually about 6,000 miles.

"My dad was an auto mechanic and taught the 3,000-mile oil change rule like it was the 11th commandment. That kind of conditioning is hard to overcome," said Cook.

The DeVille now has 50,000 miles and runs great.

"I have not had a single problem with the 'troublesome' HT-4100 engine. It runs roughly 10 degrees cooler than with regular oil, and my gas mileage has increased by 10 percent," said Cook.

"Thanks AMSOIL. By making a superb product that truly does what you say it will do, you've given new life to a sweet old Cadillac, and made a believer out of this devout skeptic," said Cook.

**The AMSOIL Service Line sent courtesy of your Servicing AMSOIL Dealer.**

Jeff Fisher

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