

**GLOBAL AUTO
AFTERMARKET PANEL
UK 2004**

SAMPLE PAGES

SECTION 1 - EXECUTIVE SUMMARY

Table 1 Market at a glance in (country)

Vehicle parc (units)	X million
- - % aged over 5 years	X%
New car sales (units)	X million
Auto parts aftermarket sales (value)	£x billion
Repair service market (value)	£x billion
Market variations 2003/03	X%
Repair outlets	X
Population	X million

(Source: DR GAP 2005)

Aftermarket size (estimates)

The auto service repair market in the UK in 2003 was estimated to be worth £x billion.

Aftermarket size trends

The repair and maintenance market is x, and this is not expected to change.

Market drivers

Market negatives are the longer service warranties for new vehicles, and longer intervals between services due to the improved quality and durability of parts. Market positives are the increasing size of the car parc and the longer life of vehicles, both of which increase demand for maintenance and repair.

Numbers of players

There are an estimated x auto service repair outlets in the UK. Some x% are independent workshops and the remainder are dealerships and fast-fit franchises.

Currency

The currency used throughout this report is the United Kingdom pound sterling - GBP (£).

Rate of exchange: US \$1 = £ 0.533 ; €1 = £0.698 (January 2005).

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SECTION 2.0 - AFTERMARKET SERVICE REPAIR (MARKET SIZES)

Table 2 Service repair value (GBP)

Service repair market	Value GBP (billion).
Service and repair	£x
-- parts	£x
-- labour	£x
Body repair	£x
- - parts	£x
- - labour	£x
Total value (2004)	£x

(Source: DR GAP 2005)

Service repair market (sizes)

There is minor conflict about the size of the service repair market in the UK. Estimates, for 2003, range from £x billion, (according to the x), up to £x billion (according to x). Market experts note that data conflict is due to different definitions of what is included in the “aftermarket” (e.g. all or some of the following: service repair, body repair, and parts).

Market trends

The service repair market continues to be x, and has x in real terms by x% since 1990. The negatives are the longer service warranties for new vehicles and ever longer intervals between servicing, which more than doubled between 1987 and 2001 - from x to x miles - and the improved quality and durability of parts.

Market positives are the increasing size of the car parc (numbers of cars on the roads), the longer life of vehicles, which then need more maintenance and repair, the higher value of more complex parts, and the decline of DIY (do-it-yourself) repairs at the expense of the professional channel.

Table 3 Service repair outlets

(% breakout of market by numbers of outlets, and the value of turnover)

Outlet type	Numbers	% Numbers	% Value
Independents	X	X%	X%
Dealerships	X	X%	X%
Franchises (fast-fits)	X	X%	X%
Total (e.)	X	X%	£x-x bn.

(Source: DR GAP 2005)

SECTION 2.3 - PARTS AFTERMARKET (SIZE)

Table 12 Size of auto parts market segments

Auto parts aftermarket (value)	£x bn.
-- OE parts (e.) (as % total)	X%
-- not-new parts (as % total)	X%
-- informal (grey) market	Negligible

Bn. = billion

(Source: DR GAP 2005)

The UK auto parts aftermarket, that is, sales of parts for the purpose of maintenance, repair, and replacement, was worth £x billion in 2004. Original equipment (OE) parts are estimated to account for approximately x% of the market.

The parts aftermarket parts is stagnant to negative, due to the improved quality of parts. Imports are increasing market share, particularly from Central and Eastern Europe and China.

The non-new market size and trends

The market share of non-new (remanufactured) parts varies by type of outlet, and not all repair outlets handle these parts. They could represent x% of the total market, but this rises to x% in auto accessory shops. The main categories are starter motors (x% of this category), alternators (x%), steering racks (x%), drive shafts (x%), and clutches (x%).

The internet is increasingly the channel for the supply of not-new parts, for example, online auction sites (e-Bay) and search companies (www.com), along with print media (classified advertisement in x).

APPENDIX I - GLOSSARY OF TERMS USED IN REPORT

Market covered in this report

This report is concerned with the professional auto service repair market, or Do-it-for-Me (DIFM) market, as distinct from the DIY (Do-it-Yourself) market. The professional market is that which provides repairs and services for motor vehicles after the point of original sale, or after they have gone into use. Services include: maintenance, testing, diagnostics, repair, parts replacement, and installation of accessories.

The Do-It-Yourself aftermarket is where car owners buy parts and accessories which they install themselves.

Terms for service repair outlets

The many terms include workshops, body shops, garages, jobbers, installers, and fast-fit specialist service operators.

Grey market

The grey or informal services market covers a variety of practices. For example, it can include “backyard” mechanics (the service providers who operate from home), facilities such as “chop shops”/“cowboys.” The grey market is low-quality in terms of parts and services, it can fail to comply with regulations (covering environmental, consumer and worker safety issues), and even handle stolen vehicles and parts. Legitimate outlets continue to lobby against the grey market, on the grounds that it constitutes unfair, and unsafe, competition to compliant outlets.

Data conflict

Data conflict about the auto aftermarket is rife. Sources can offer widely different estimates about even the fundamentals of this market, that is:

- the value of repair service market,
- the numbers of outlets,
- the total value of parts sales to the market, and of different market segments, for example, original equipment (OE) and non-original equipment (non-OE) parts.

Confusion about terms

Another difficulty, and the source of much confusion, is that sources can use the same term to describe what are different types of parts. This means that different sources can be mapping very different markets. The practice makes comparing data difficult.

List - Interchangeable terms used for parts

OE part	Non-OE part	Replacement part
Genuine part	Non-genuine part	Spare part
Original spare part	Aftermarket part (USA)	Aftermarket part
	Generic part	
	Imitation part	
	Grey part	

(Source: DR GAP 2005)

Term “aftermarket part”

In this report the term “aftermarket part” is used to describe parts used for replacement purposes. That is, a part which replaces a part that was installed into a vehicle at the point of manufacture. (Other terms: replacement part, spare part.)

The replacement purpose is stressed because in the USA the term “aftermarket part” is sometimes used to describe non-OE parts.

Terms and variants – OE and non-OE

The term “original equipment (OE) part” is used to describe parts made by carmaker companies, for example, Ford. Other terms for OE parts are “genuine” parts.

OE parts are sold for installation into vehicles at the point of manufacture (or the new vehicle channel), and to the service repair channel for replacement purposes. In the latter case, these parts were described as “original spare parts.” (See below for new definitions.)

The term “non-original equipment (non-OE) part” describes parts made by companies other than carmakers, and it covers parts installed at the point of production and to the aftermarket. Other terms for non-OE parts are “non-genuine” and “generic.”

NOTE: carmakers can count sales to the aftermarket of parts which are installed into vehicles under warranty not as part of their sales to the aftermarket, but as part of their sales to the new vehicle channel.

“Grey” parts

The term “grey” part is sometimes used in the USA to describe non-OE parts. In this report the term “grey” is only used to describe illegal parts, that is, counterfeit, smuggled, or stolen parts.

Parts categories included in counts of market size

Estimates of the size of the “parts aftermarket” can count all or some of the following parts categories:

- “hard” or “functional” parts, such as brakes, suspension and engine parts, tyres, spark plugs, filters, batteries, etc.
- “non-hard” parts, such as lubricants, motor oils, chemicals, and fuel.
- “add-on” parts, or accessories or appearance or enhancement products.
- tools, devices, machines, and equipment.

This report is only concerned with the first two.

“Not-new” parts

This report defines the not-new parts market as parts which are removed from one vehicle and installed into another vehicle. The not-new parts market includes parts which have been cleaned, partially remanufactured (rebuilt, repaired, restored, remachined), and totally remanufactured.

British Standard defines total remanufacturing as: the return of a part to a near-new state in accordance with the manufacturer’s original specifications. The part provides similar performance, reliability, and longevity to a new part.

First and other tier suppliers

The term “first tier suppliers” is used to describe auto parts/components makers which supply the vehicle manufacturers, and the terms “second and third tier suppliers” is used to describe small and medium-sized parts makers.

Service and parts channels - independent and dealerships

In services and parts distribution the two main channels are the vehicle manufacturers networks, with their authorised dealerships (or franchises), and the independent channel.

Vehicle parc

The vehicle parc (population) comprises all motor vehicles in circulation: privately and publicly owned cars, and also light trucks, buses, motorcycles, and mopeds.

Insurer repair

Vehicle repair or auto physical damage (APD) payments exclude payments made for injury, death, and damage to property other than to a vehicle. Direct Repair Programmes (DRP) are contracts between repair providers and – among others – insurers and fleet operators.

