

AAAA Dashboard Q2 2017



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The voice of the independent aftermarket in Australia

Welcome to the Q2 2017 Edition of the Aftermarket Dashboard, a quarterly information service for members of the AAAA.

This industry publication captures useful statistical and related data, as indicators of the unfolding trends and health of the automotive aftermarket industry, and has been designed to provide regular insight on our industry.

We value your suggestions for improvement or feedback regarding content.

	1. Current State of the Market	2. Purchasing Trends	3. Servicing Forecasts	4. Future Needs	5. Industry Headlines
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1. Current State of the Market

Australian Economic Indicators

Consumer Confidence



97.7 (↓1.2)

Westpac Melbourne Institute
(Q2 '17, vs. Q1 '17)

Business Confidence



114.1 (↑0.1)

ANZ-Roy Morgan
(Q2 '17, vs. Q1 '17)

Fuel Prices



\$1.25 (↓6c)

FUELtrac - Ave weekly price
(Q2 '17, vs. Q1 '17)

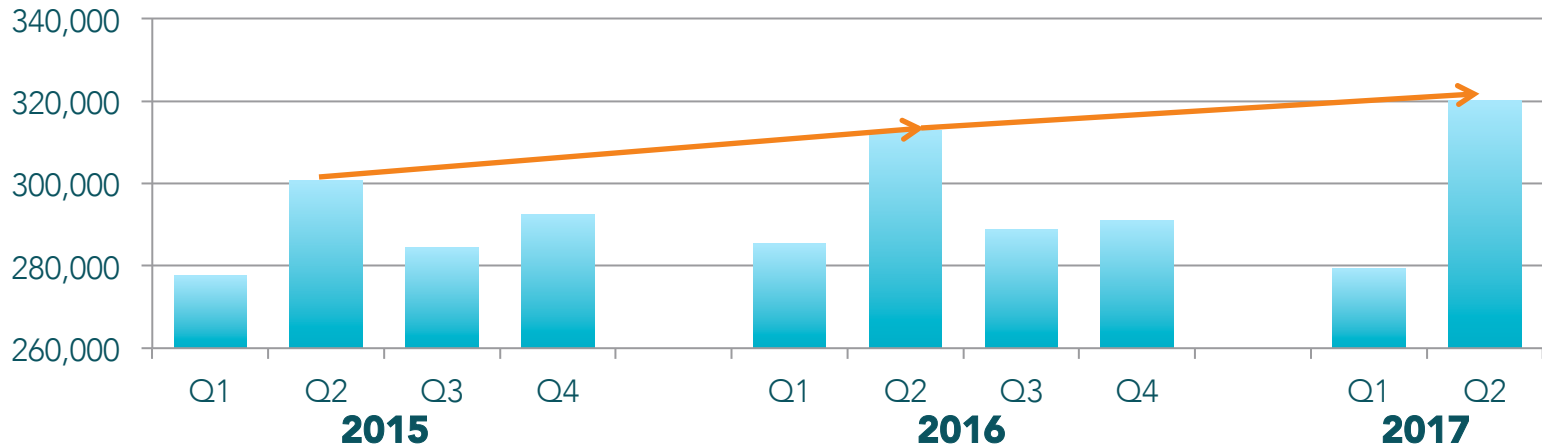
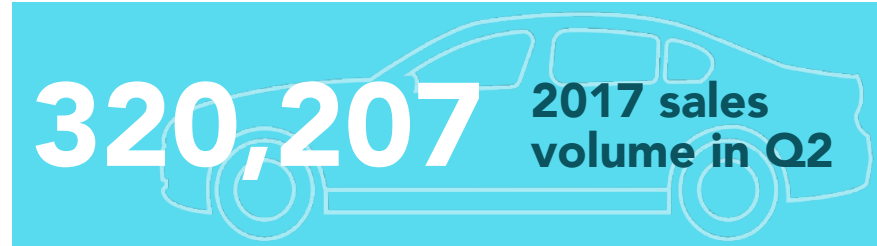
The Westpac Melbourne Institute consumer confidence index remains below 100, with pessimists continuing to outnumber optimists. This suggests that discretionary spending will remain subdued in the near future.

Despite some volatility through the quarter, the Australian business sector remains upbeat. This potentially reflects stronger labour market conditions, including a decline in the unemployment rate to a four year low.

Australian fuel prices trended downwards in Q2 2017, reflecting lower wholesale prices. Despite this, the ACCC remains concerned about cost increases if BP's acquisition of Woolworths petrol stations is given the green light.

New Car Sales By Quarter

Australian new car sales topped 320,000 vehicles in Q2 2017, driven by strong EOFY sales. This puts the market on track to marginally outperform 2016, although still remaining unlikely to break the 1,200,000 sales threshold for the calendar year.





New Car Sales By State

Western Australia does however continue to underperform the market, with new car sales reflecting the impact of declines in resource prices on consumer confidence and business sentiment.

State	Q2 Volume	% Chng from LQ	Q2 Share
New South Wales	107,451	13%	34%
Victoria	89,624	14%	28%
Queensland	65,754	21%	21%
Western Australia	24,949	7%	8%
South Australia	19,297	14%	6%
Australian Capital Territory	4,906	8%	2%
Tasmania	4,707	12%	1%
Northern Territory	3,519	49%	1%
Total	320,207	15%	

New Car Sales By Marque

Q2 Rank	Make	Q2 Volume	% Chng from LQ	Q2 Share
1	Toyota	60,512	25%	20%
2	Mazda	31,034	2%	10%
3	Hyundai	27,413	22%	9%
4↑ ¹	Ford	22,272	21%	7%
5↓ ¹	Holden	21,994	9%	7%
6	Mitsubishi	21,257	15%	7%
7↑ ²	Kia	15,862	23%	5%
8	Volkswagen	15,394	12%	5%
9↓ ²	Nissan	15,123	0%	5%
10	Subaru	13,201	3%	4%
TOTAL		320,207	15%	



Toyota automobiles sold this quarter

60,512

One in five new cars sold in Q2 2017 was a Toyota, building on its already strong position in the market. Hyundai and Ford were the other brands in the top 5 to outperform the market, with Hyundai closing on Mazda, and Ford overtaking long-time competitor Holden as it moved into 4th spot.

Despite Holden's weakening sales figures, new marketing director, Mark Harland, is aiming for 10 per cent market share for the Holden brand by next year [2018].

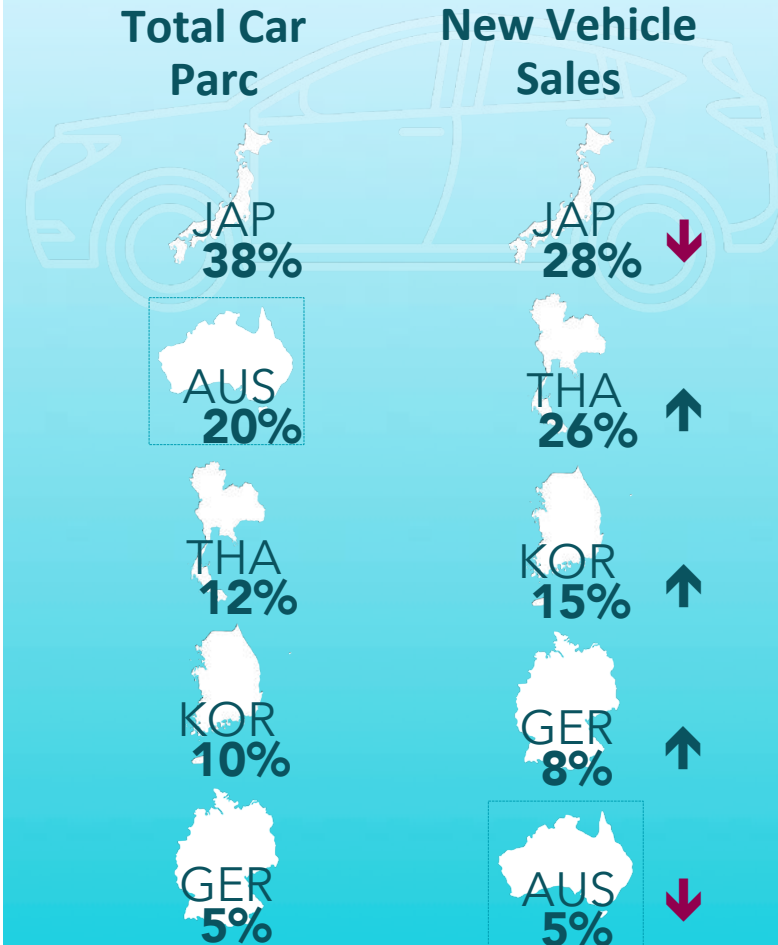
Kia was the big mover outside the top 5, jumping two spots into 7th, as it sold almost 16,000 new cars.

New Car Sales By Origin

Country of origin continues to evolve in line with marque. While Japan is still the top import market, Thailand (and to a lesser extent Korea) are closing the gap, reflecting their increased specialisation in vehicle manufacturing.

Locally manufactured vehicles are also down to 15,000 units, as we near the end of local manufacturing. With Australian-made still making up one in five vehicles in the parc, the biggest impact is on Australian component manufacturers, as they look to new or alternative marketplaces that can absorb their surplus production.

Origin	Q2 Volume	% Chng from LQ	Q2 Share
Japan	90,444	10%	28%
Thailand	81,854	21%	26%
Korea	48,626	21%	15%
Germany	24,585	12%	8%
Australia	15,270	16%	5%





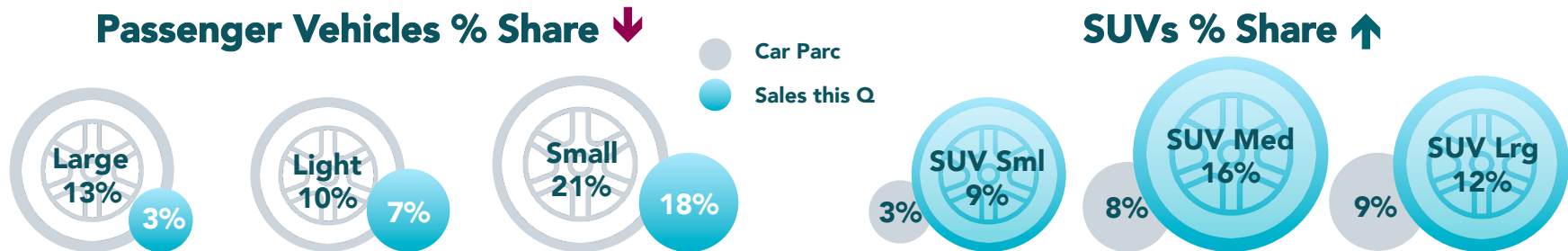
2. Purchasing Trends

Vehicle Type (Sales vs. Car Parc)

SUVs outsold passenger vehicles in Q2 2017, as this segment of the market continues to grow. While SUVs still make up less than a quarter of the car parc, this will continue to grow over time, impacting the demand for parts, and servicing requirements.

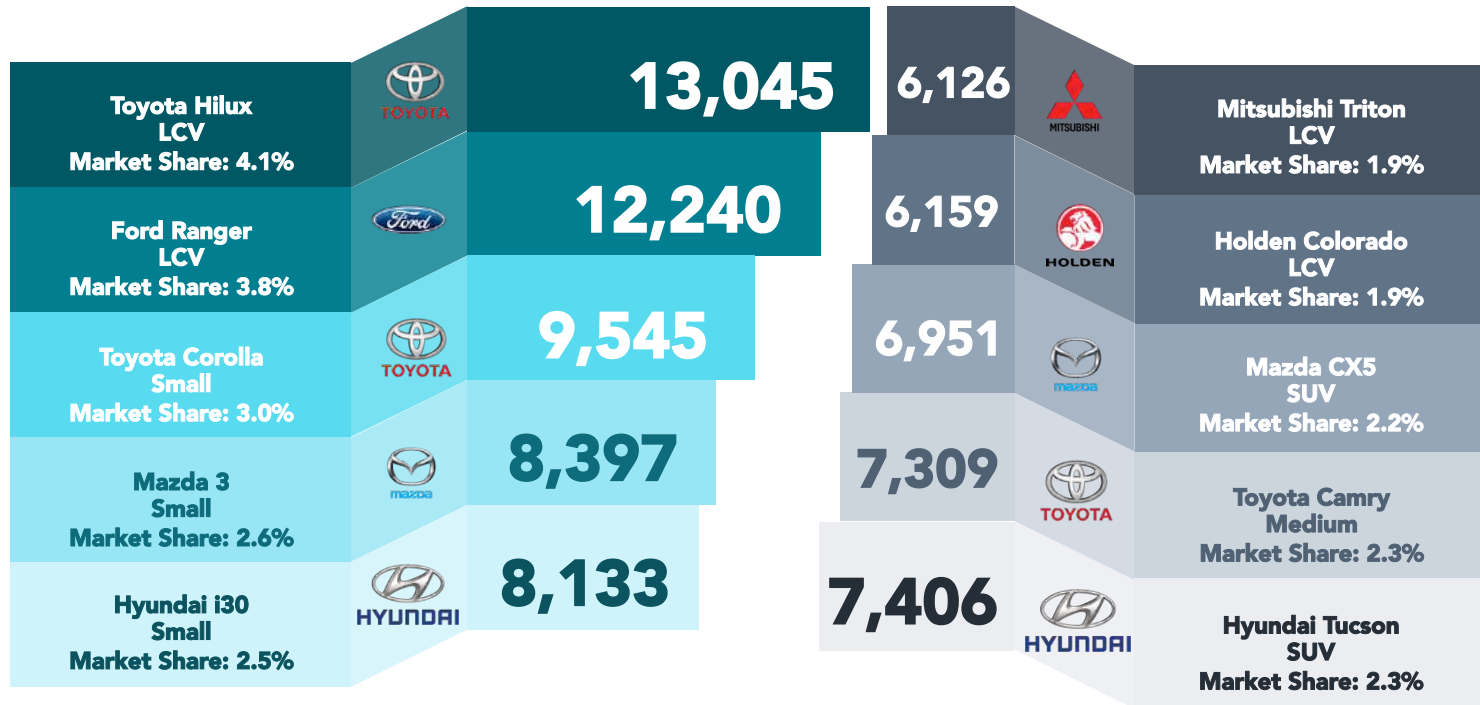
Light Commercial's (LCV) also outperformed their share of car parc this quarter, driven by high volumes of trade purchasing.

Vehicle Type	Q2 Volume	% Chng from LQ	Q2 Share	Car Parc Volume	Car Parc Share
Passenger	121,635	12%	38%	9,615,495	58%
SUV	122,390	10%	38%	3,674,501	22%
Light Commercial	66,579	27%	21%	2,874,398	17%
Heavy Commercial	9,603	34%	3%	490,093	3%



Top Selling New Car Models

While the Toyota Hilux and Ford Ranger are strong category leaders, LCV servicing and spare parts demands will be spread across the market, with four marques represented in the top 10 selling models.





COMING IN 2018

Luxury Marques In Spotlight

The shift away from passenger vehicles is also evident among the German luxury brands, with Mercedes, BMW and Audi all having at least one SUV in their top models this quarter.

Mercedes-Benz will also launch its brand new X-Class ute in Australia in early 2018, looking to compete in the LCV space as a premium trade workhorse.

Mercedes-Benz



Mercedes-Benz

Q2 Sales 11,918
↑14.6% from LQ
Market Share: 3.9%

BMW



Q2 Sales 6,513
↑2.9% from LQ
Market Share: 2.1%

Audi



Audi

Q2 Sales 5,458
↑4.1% from LQ
Market Share: 1.8%

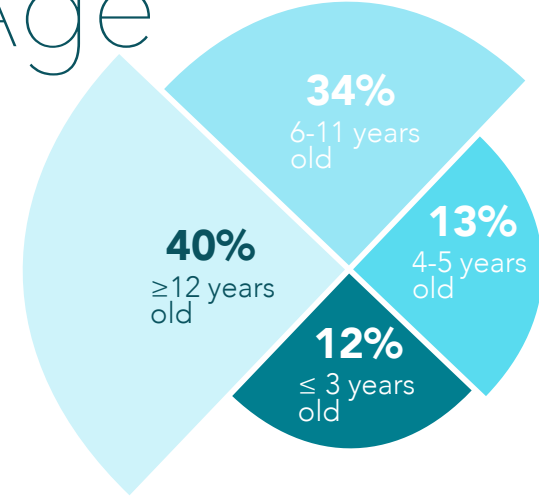
Model	Type	Q2 Volume	% Chng from LQ	Share Brand Sales	Model	Type	Q2 Volume	% Chng from LQ	Share Brand Sales	Model	Type	Q2 Volume	% Chng from LQ	Share Brand Sales
C-Class	Passenger	2,296	7%	19%	X1	SUV	1,002	1%	15%	A3	Passenger	1,287	8%	24%
A-Class	Passenger	1,411	23%	12%	X3	SUV	938	9%	14%	Q3	SUV	951	2%	17%
GLC-Class	SUV	1,027	28%	9%	X5	SUV	926	2%	14%	Q7	SUV	804	23%	15%



3. Servicing Forecasts

Australian Car Parc Age

74% of cars in Australia are over 6 years old.



Age Bracket	Car Parc Volume	Car Parc Share
Up to 3 yrs old	2,028,150	12%
4 to 5 yrs old	2,238,677	13%
6 to 11 yrs old	5,704,860	34%
12 yrs or older	6,682,800	40%
Grand Total	16,654,487	

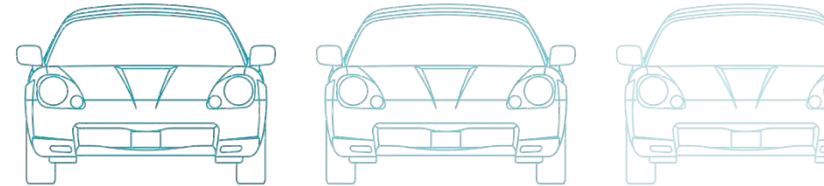
Access to technical and diagnostic information will increasingly become an issue for non-dealership workshops. More than 2 million vehicles are approaching the 6 to 11 year age bracket where they will move beyond standard manufacturer warranty periods, and also be regularly serviced by independent mechanics, reflecting the importance of having access to the necessary tools, vehicle specifications and repair and service information.

Australian Car Parc In Focus

Make	Car Parc Volume	Car Parc Share	Volume (4 to 5 yrs)	Share (4 to 5 yrs)
Toyota	3,566,807	21%	424,160	19% ↓
Holden	2,337,366	14%	224,065	10% ↓
Ford	1,772,400	11%	178,024	8% ↓
Mazda	1,213,417	7%	211,474	9% ↑
Mitsubishi	1,099,326	7%	127,104	6%
Nissan	1,040,942	6%	160,604	7%
Hyundai	995,924	6%	189,615	8% ↑
Honda	667,162	4%	76,909	3%
Subaru	600,038	4%	77,251	3%
Volkswagen	479,268	3%	108,810	5% ↑
	16,654,487		2,238,677	

The marques being serviced are also likely to evolve over the next 12 to 24 months, as the Australian car parc continues to evolve.

Volkswagen, Hyundai and Mazda have higher proportions of vehicles in the 4 to 5 year age bracket, while Holden and Ford's declining share will become more evident to the aftermarket.





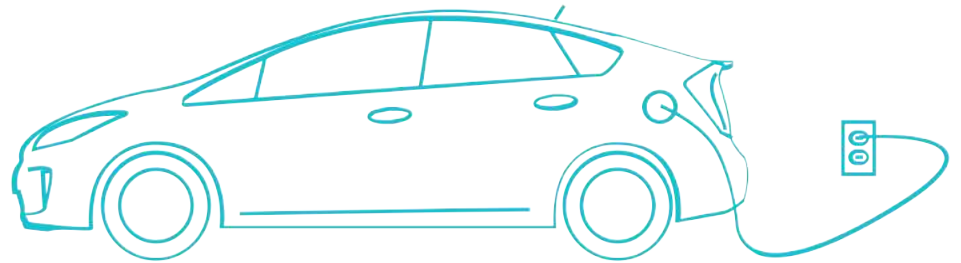
4. Future Needs

Fuel Type (Sales vs. Car Parc)

Despite an increasing global trend away from diesel, it continues to perform strongly as a fuel type in the Australian market.

Sales of hybrids and electric vehicles remain weak, reflecting consumer concerns around cost and battery range, as well as a general lack of access to vehicles and charging infrastructure.

Recent activity suggests that this will change, driven by falling manufacturing costs (and end-user pricing), and improvements to battery technology and range. This will lead to an evolution in OE and aftermarket part requirements, as diagnostic testing becomes increasingly central to servicing.



Type	Q2 Volume	Q2 Share	Car Parc Volume	Car Parc Share
Petrol	204,282	64%	12,607,728	76%
Diesel	112,447	35%	3,643,012	22%
Hybrid	3,245	1%	359,550	2.2%
Electric	224	0.1%	780	0%
LPG	9	0%	43,416	0.3%
TOTAL	320,207		16,654,487	

5. Industry Headlines

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Industry Headlines

Bapcor Surprises With NZ Synergy Upside

Australia Jul 27 2017 Automotive parts business Bapcor has quantified the expected synergies from the acquisition of New Zealand's Hellaby Holdings and surprised on the upside.

FNArena.com

GUD Holdings posts \$7.3m loss

The owner of the Oates cleaning product brand made a loss of \$7.3 million in 2016/17 due to the impact of the sale of two underperforming businesses.

SkyNews.com.au

Haval tunes in to local conditions

Chinese luxury SUV brand to follow key rivals with local suspension tuning, increasing tow capacity and hard-core accessories

Australian road conditions are unique and Haval is the latest vehicle importer to turn to setting up its vehicles' suspension locally, following in the footsteps of Hyundai and Kia.

CarSales.com.au

Ford Responds to ACCC Action on PowerShift Transmissions for Certain 2010-2016 Built Focus, EcoSport and Fiestas

MELBOURNE, 26 July, 2017 – Ford Australia today is responding to an announcement by the Australian Consumer and Competition Commission (ACCC) that it has commenced civil proceedings against Ford Australia for conduct relating to certain vehicles with dry-clutch PowerShift automatic transmissions. The company rejects the ACCC's allegations and will challenge them.

Medianet.com.au

The driverless car remains a utopian pipe dream

So much so that the Australian Federal Government – via its Standing Committee on Industry, Innovation, Science and Resources – has recently called an inquiry into the “social issues” relating to these new-technology vehicles.

4x4Australia.com

Industry Headlines

Victorian push to build LAND 400 armoured vehicle

Bendigo Thales could still play a role in the manufacture of the Australian Defence Force's LAND 400 armoured vehicle, despite missing out on the contract in July last year.

BendigoAdvertiser.com.au

Mazda boosts petrol engine efficiency in fresh blow to diesel

Japanese carmaker says from 2019 it will sell cars fitted with engines that largely eliminate need for spark plugs, improving fuel consumption by 30%

TheGuardian.com

Holden offers 'lemon law' guarantees after ACCC inquiry

Australia's consumer watchdog has praised Holden's decision to greatly improve its customer service experience relating to defective vehicles

WhichCar.com.au

Automotive trades struggle for new blood

School leavers are avoiding careers in the traditional trades, despite the shortage of skilled staff. New government figures on taxpayer-funded training reveals 9300 students graduated from personal training courses last year – yet only 7800 completed a vocational training course in computing.

Just 10,100 people finished training in motor mechanics or panel beating. Nearly 25,000 students trained in creative arts last year – more than the 21,600 studying information technology at a private college or TAFE.

Institute of Automotive Mechanical Engineers chief executive Peter Blanshard says motor mechanics need hi-tech skills.

"Everything on a car today is driven by a computer."

Autotalk.com.au



About AAAA

The Australian Automotive Aftermarket Association, is the national industry association representing manufacturers, distributors, wholesalers, importers and retailers of automotive parts and accessories, tools and equipment, as well as providers of vehicle service, repair and modification services in Australia.

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About ACA Research

With over 20 years of automotive experience, ACA Research has developed a detailed understanding of the automotive sector, Using this market knowledge, we design and deliver research that helps our clients understand and overcome their business issues, empowering them to move forward with confidence.

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