



**AAAA MANUFACTURER RESEARCH  
MAY 2019  
Prepared by ACA Research**

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## RESEARCH OBJECTIVE & SUMMARY

To accurately evaluate  
the size, composition  
and future prospects of  
the Australian  
automotive  
manufacturing industry

The Australian manufacturing sector is a diverse and integrated industry

- Reflecting the diversity of the Australian automotive manufacturing landscape, **businesses are producing a range of products, with a common focus towards 4WDs.**
- **Most revenue is coming from sales into aftermarket**, with sales to OEMs a minority concern.
- **Businesses are often part of an integrated supply chain**, actively using both Australian and overseas suppliers and production facilities.

And the industry has a healthy outlook moving forwards

- Although overall revenue has fallen since 2015, **the number of businesses operating in Australia has increased**, and these companies are **optimistic about their growth potential** (through and beyond the start-up phase).
- **The main threats to business growth are expected to be external economic issues** rather than industry specific problems.
- In order to limit the impact of external economic forces, **businesses are proactively engaging in marketing as well as investing in technology and R&D** to achieve growth.

With the importance of the export market set to increase over the next 3 years

- **Most manufacturers are exporting products overseas**, but their core customer base remains in Australia.
- That said, **the size and importance of export markets are expected to grow** over the next three years.
- **The USA is currently the key export market** for Australian manufacturers, with South America likely to be an important growth market moving forwards.
- Despite growth in the Chinese auto market, few Australian manufacturers are **targeting it as an export destination.**



## INDUSTRY PROFILE

There are 300 automotive manufacturing companies in Australia, employing nearly 10,000 workers, and turning over \$4 billion per annum



## Industry Snapshot

There are **300** manufacturing companies in Australia



vs. 260 in 2015

These businesses employ **9,800** people



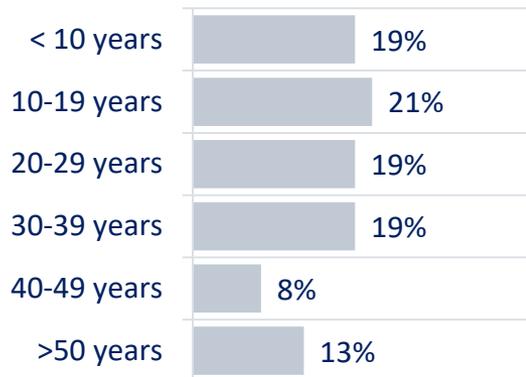
vs. 21,000 in 2015

And have a combined revenue of **\$4 billion**

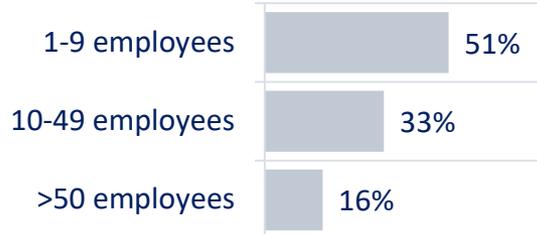


vs. \$5.2 billion in 2015

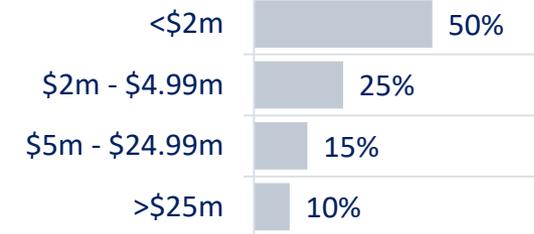
### Age of business



### Business size



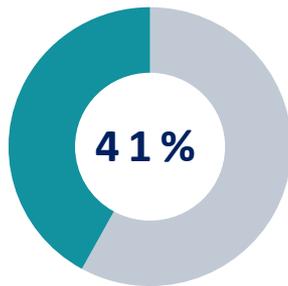
### Annual revenue



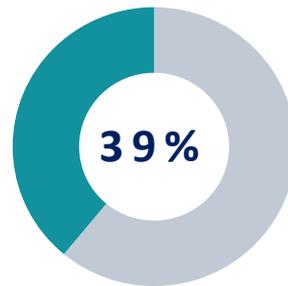
With the bulk of revenue coming from sales into the aftermarket (either directly or via third parties)



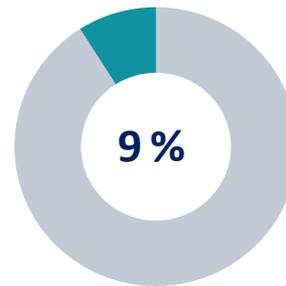
### Proportion of Revenue From...



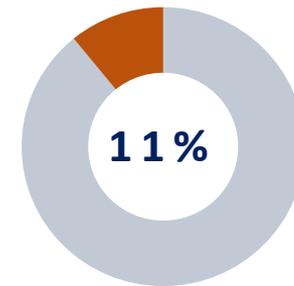
Direct sales to consumers or trade



Sales to resellers, wholesalers, retailers



Online sales

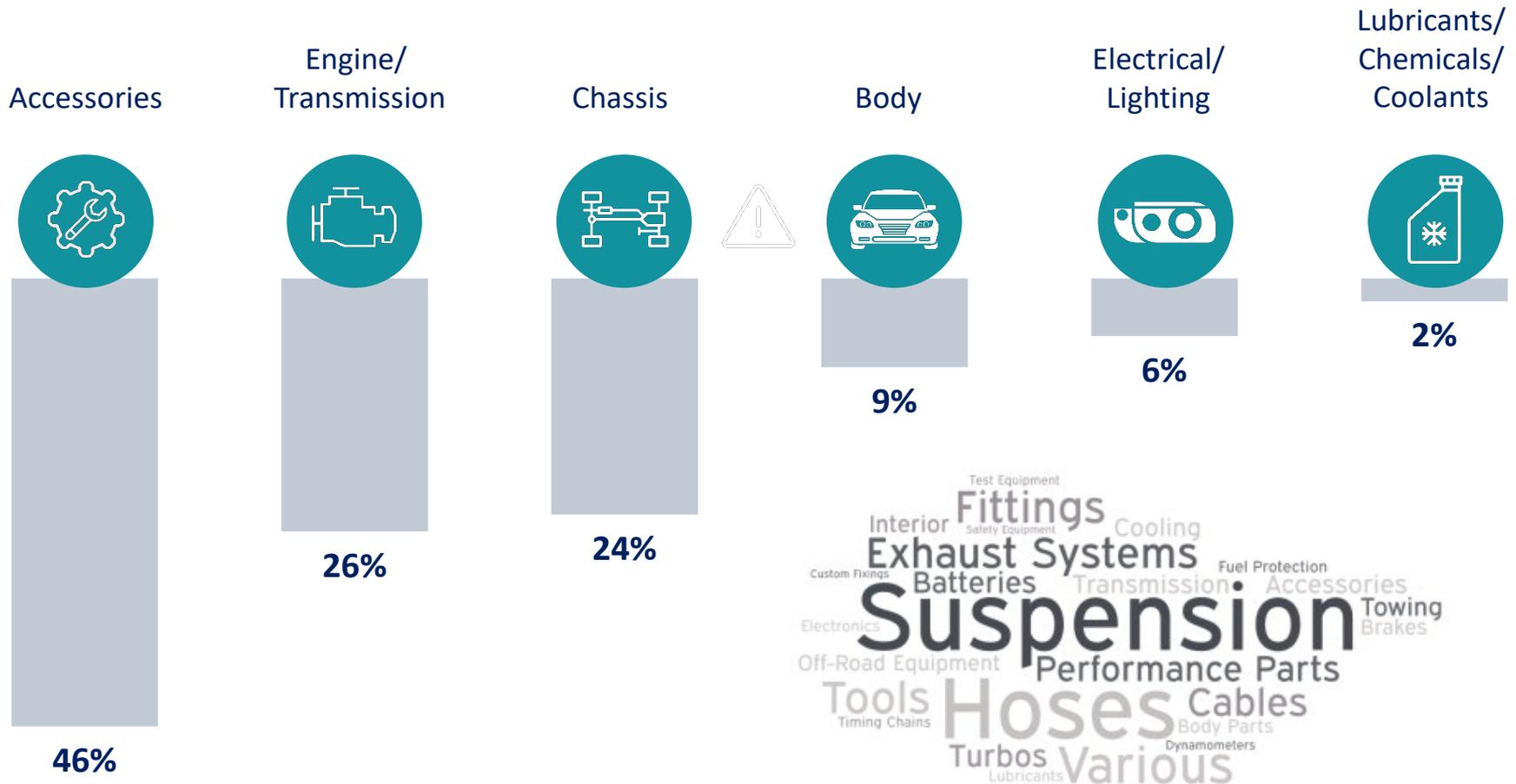


Sales to OEMs

Reflecting the diversity of the Australian automotive manufacturing landscape, businesses are producing a range of products such as accessories, structural components, and additives



## Parts Manufactured



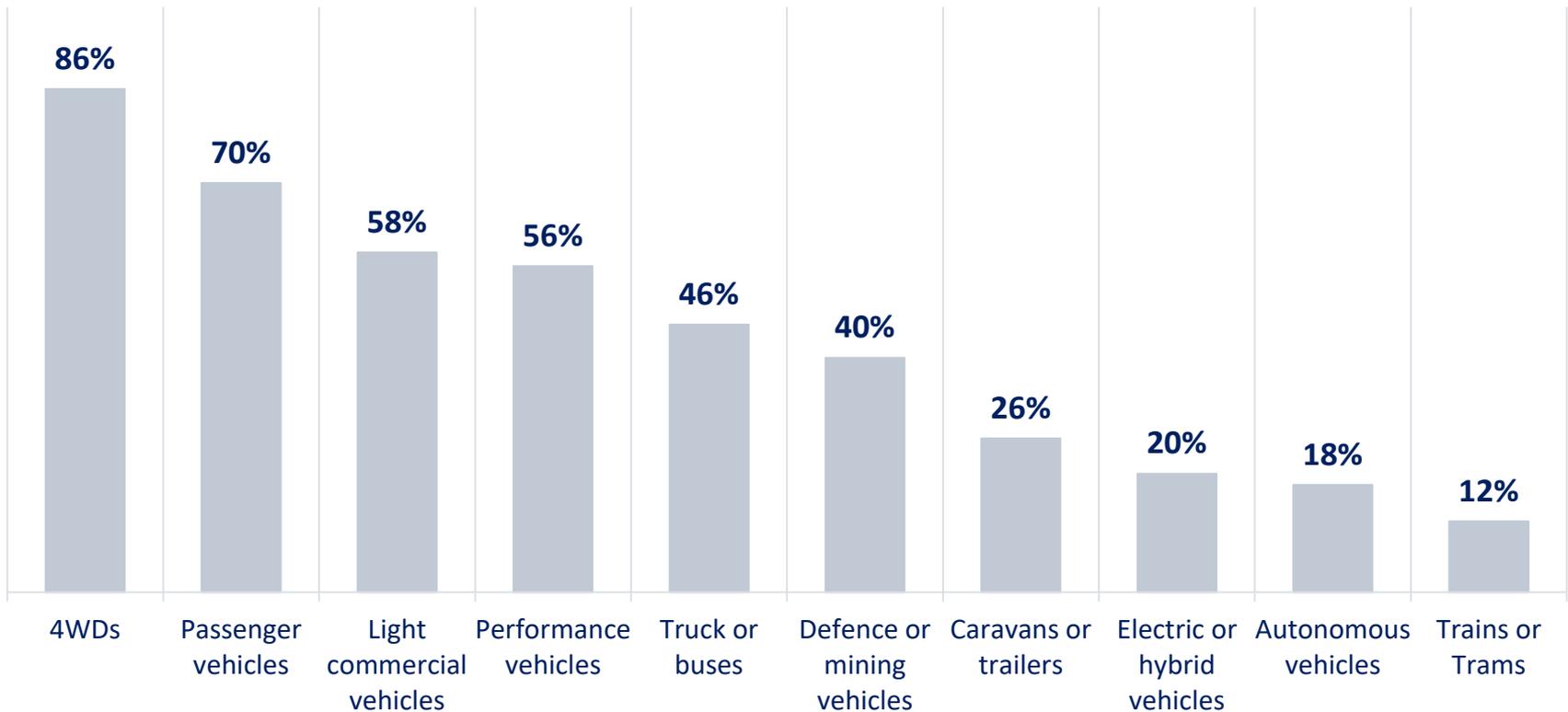
Q1. Which type(s) of product does your company manufacture?  
 Q3. And in one sentence how would you describe the specific products you manufacture?  
 Base: n=61

There is a common focus towards 4WDs, ahead of the other vehicle types for which manufacturers are producing parts or accessories



## Produce Parts/Accessories For...

The average business is producing parts/ accessories for **4 types of vehicle**

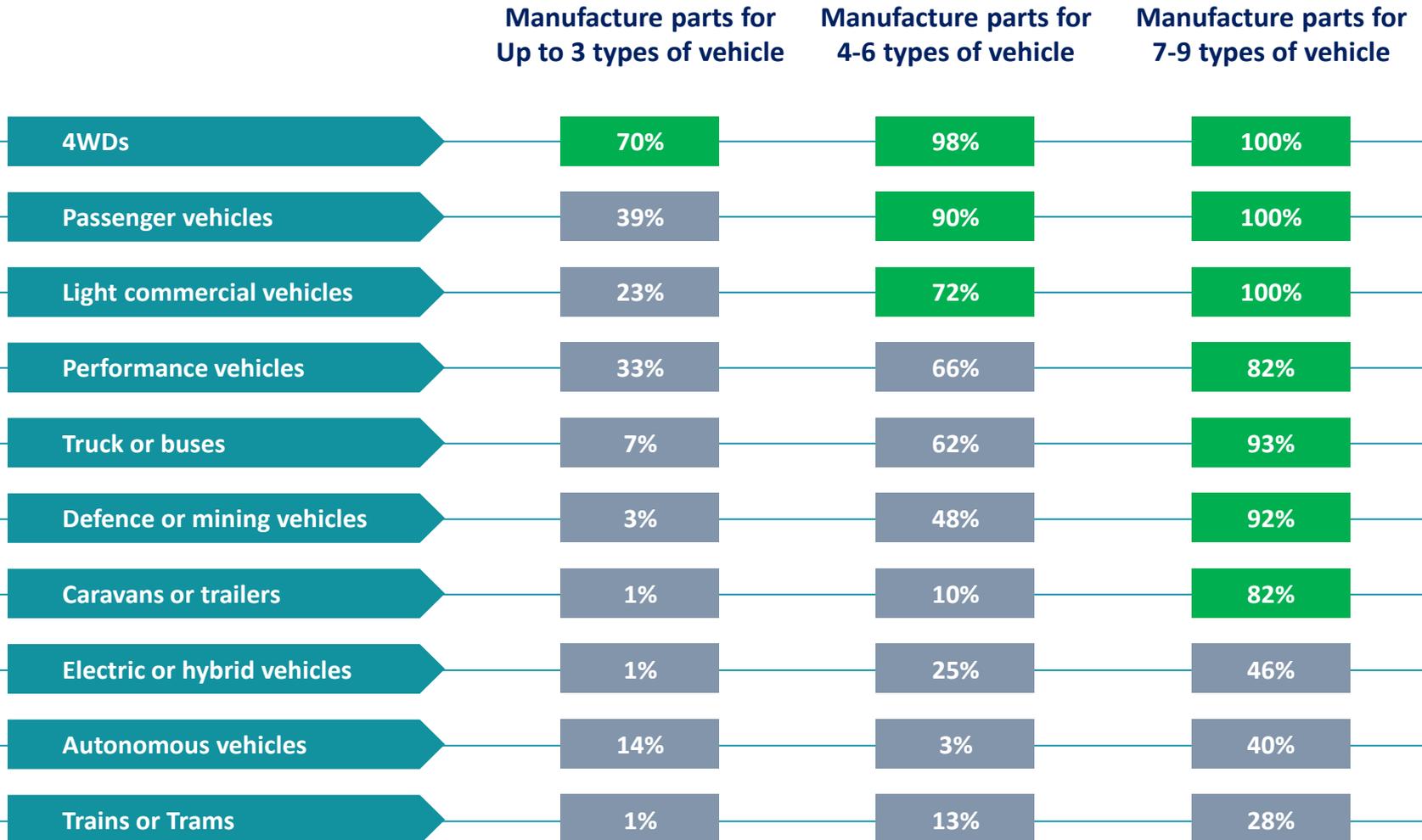


Q6. Do you produce parts or accessories for any of the following types of vehicle?  
Base: n=61

4WDs are most likely to be the focus for more specialised manufacturers, with other vehicle types likely to be an additional area of expertise, rather than a separate line of activity



## Produce Parts/Accessories For...

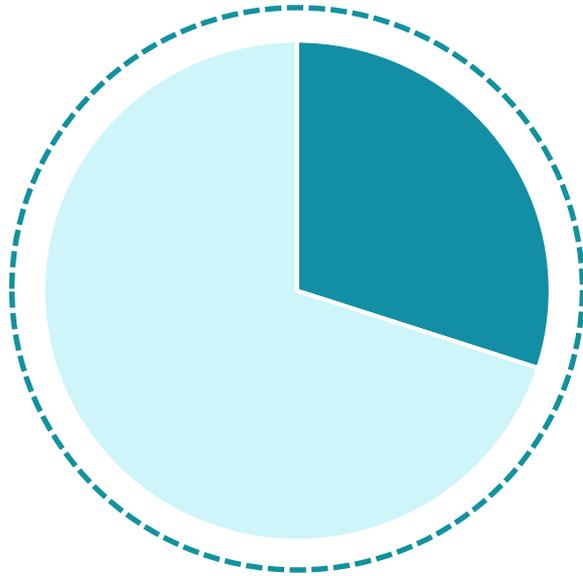


Q6. Do you produce parts or accessories for any of the following types of vehicle?  
Base: <3 vehicle types n=23, 4-6 vehicle types n=19, 7-9 vehicle types n=19

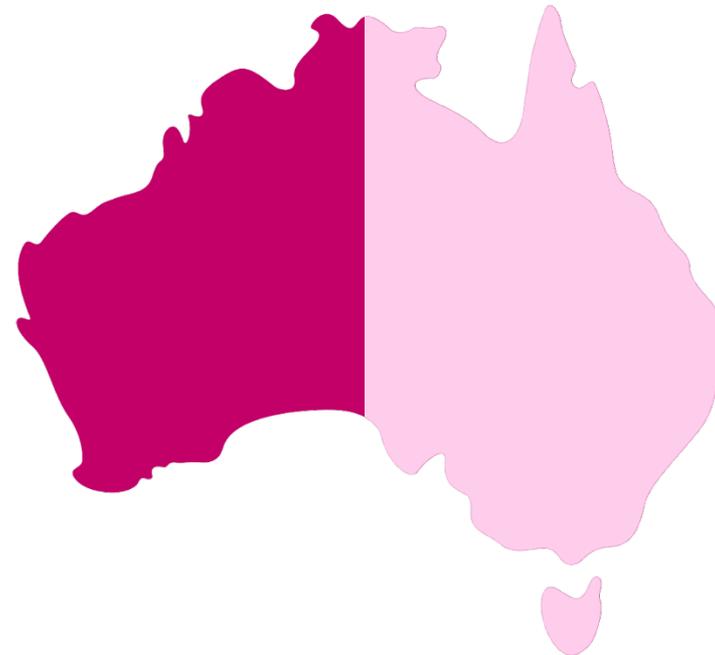
Manufacturers are typically part of an integrated supply chain, actively integrating Australian and overseas suppliers and production facilities



## Product Sourcing & Production



**29%** of the raw materials are from within Australia



**50%** of the products are manufactured within Australia

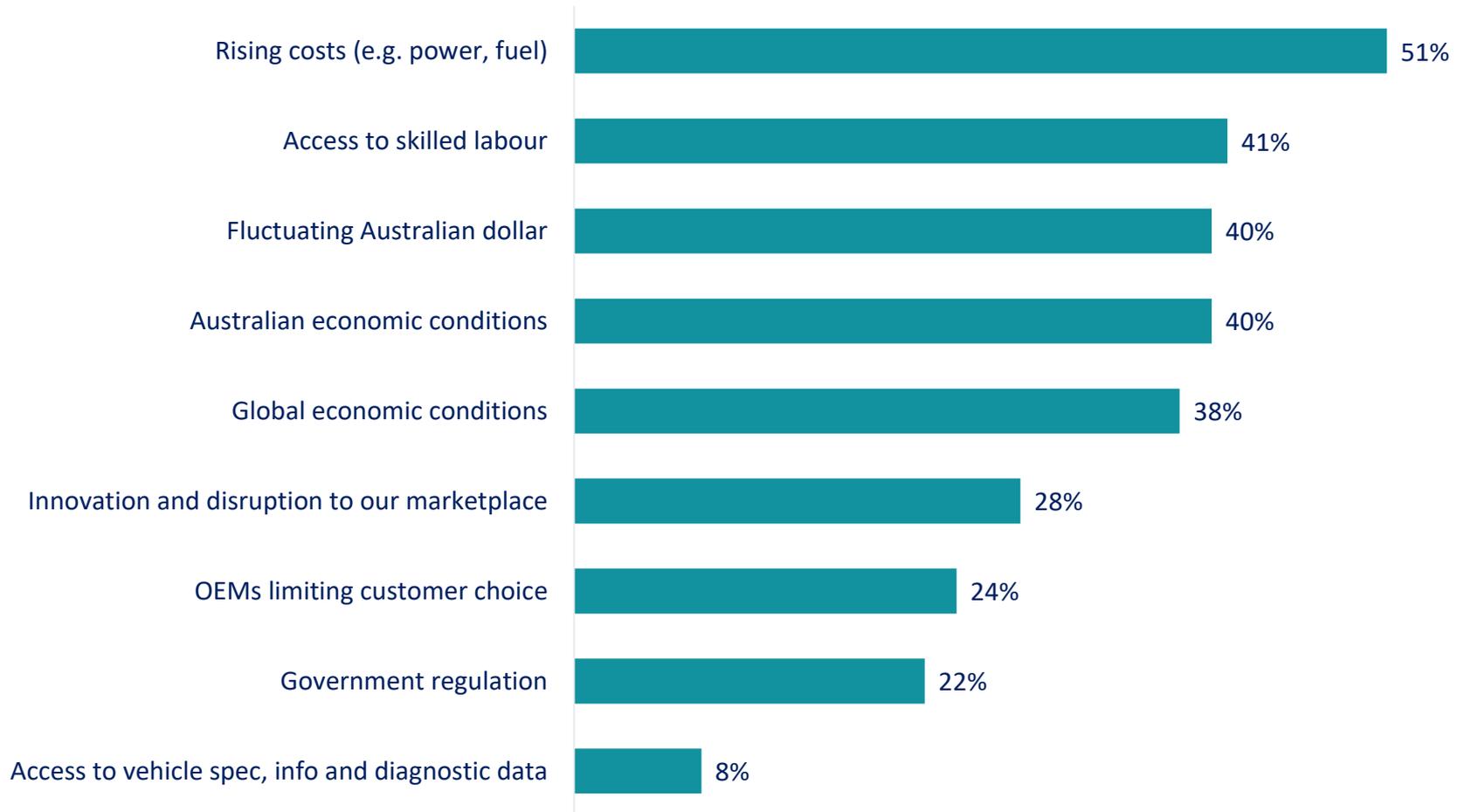


**BUSINESS SENTIMENT**

# Automotive manufacturing businesses face a range of threats, including a consistent need for skilled staff who can deliver in an increasingly technology-driven environment



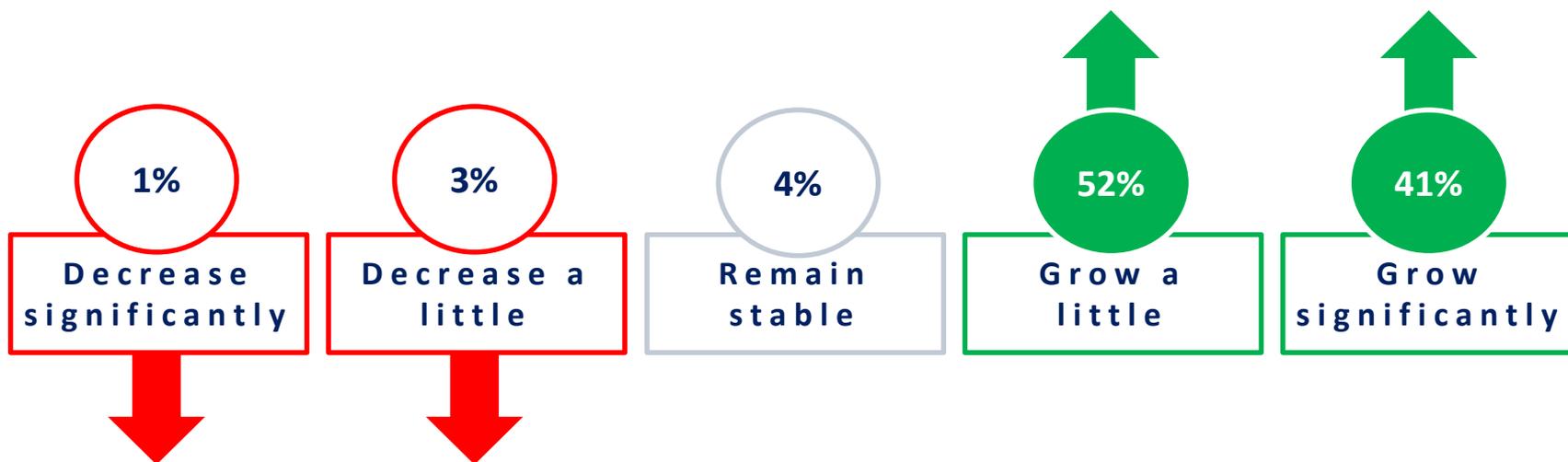
## Biggest Threats



Despite these threats, the outlook for Australian automotive manufacturing is positive, with almost universal predictions of revenue growth over the next 12 months



## Expected Revenue Growth over next 12 months



## Top 3 Drivers Of Growth

1. Have a growth strategy in place

28%

2. Market demand increasing

20%

3. Increased marketing

20%

# One in three manufacturers are also exploring different retail channels, tapping into the growth of DIY and IBYDIFM



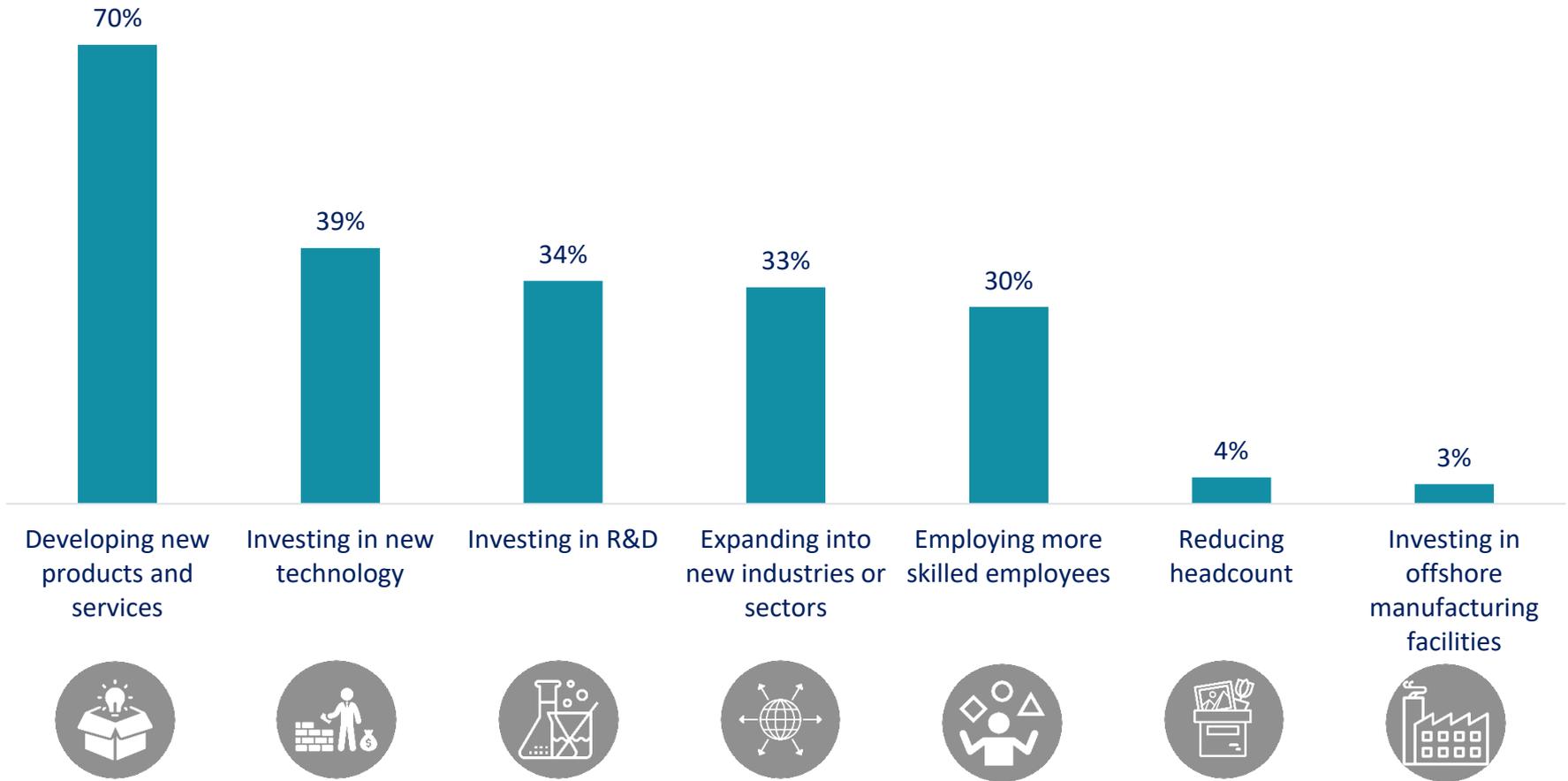
## Marketplaces Used



Note: DIY – Do It Yourself, IBYDIFM – I Buy, You Do It For Me.  
Q8. Which (if any of the following online marketplaces does your business use>  
Base: n=61

Businesses are also differentiating by moving up the value chain, investing in new technologies and R&D to drive the development of new products and services

### Business Priorities



Q19. Looking ahead to 2020, what are the main priorities for you business?  
Base: n=61



# THE EXPORT MARKET

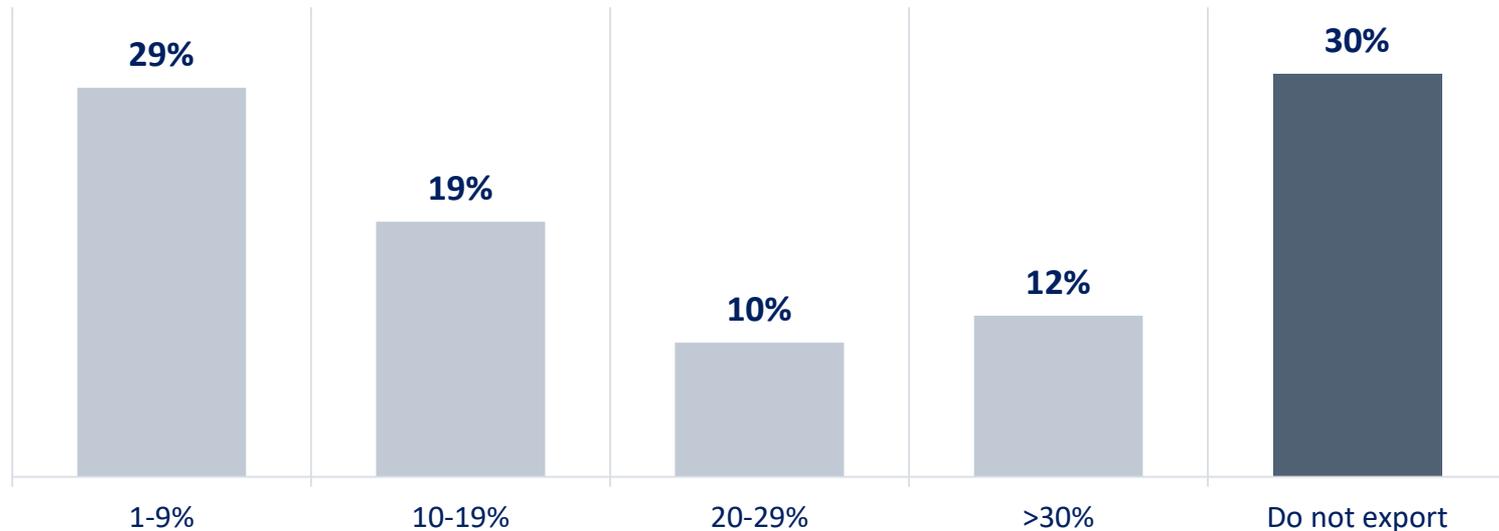
Almost three quarters of Australian automotive manufacturers actively export products, comprising 16% of total Australian automotive manufacturing, and \$640m in revenue



**16%** of products are exported overseas

This equates to **\$640m** in combined export revenue (vs. \$800m in 2015)

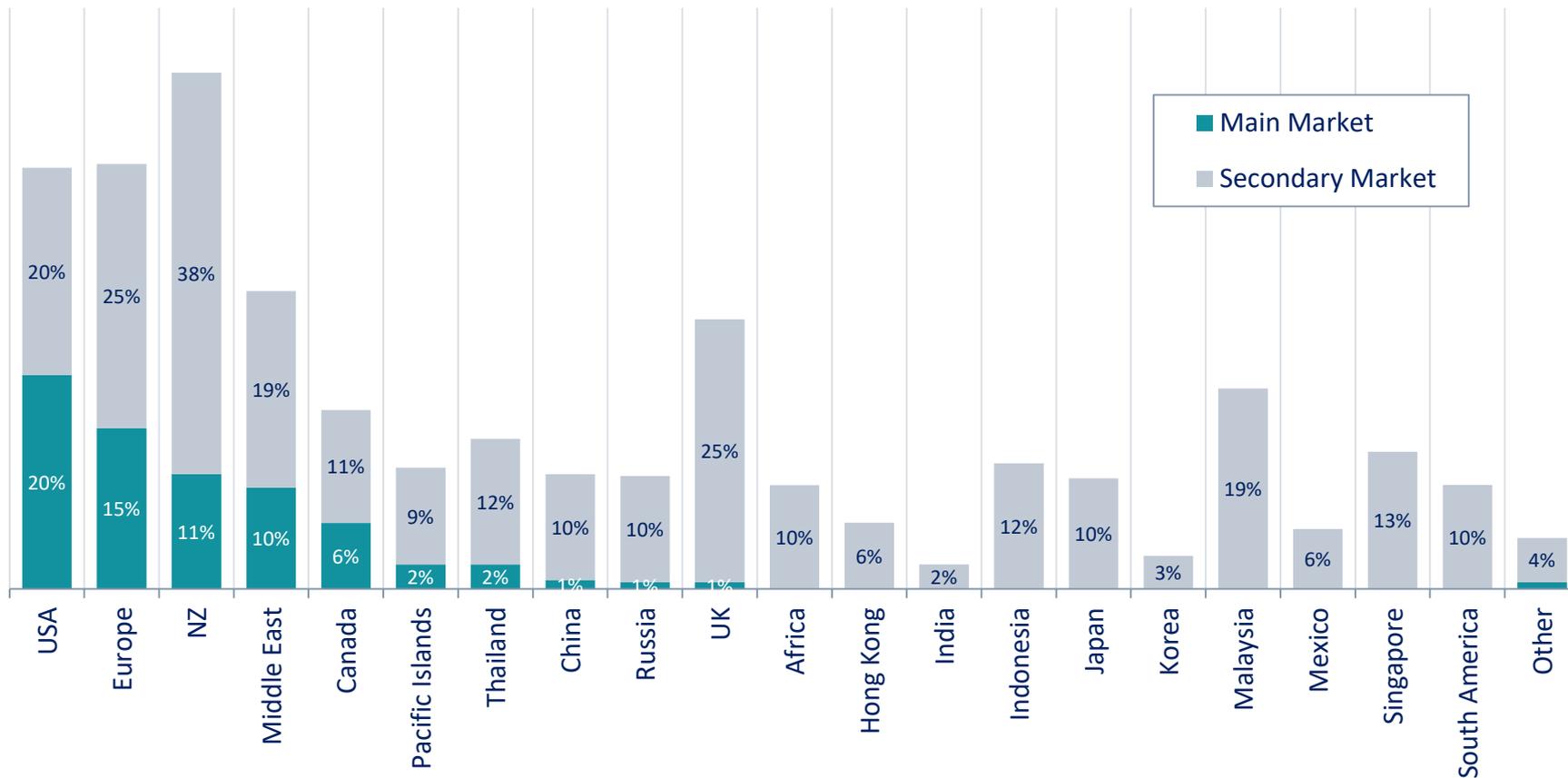
### Proportion of products exported



# The US is the key export market for Australian automotive manufacturers, ahead of Europe, New Zealand, and the Middle East



## Export Markets



Q12. Which markets are your locally produced products exported to?

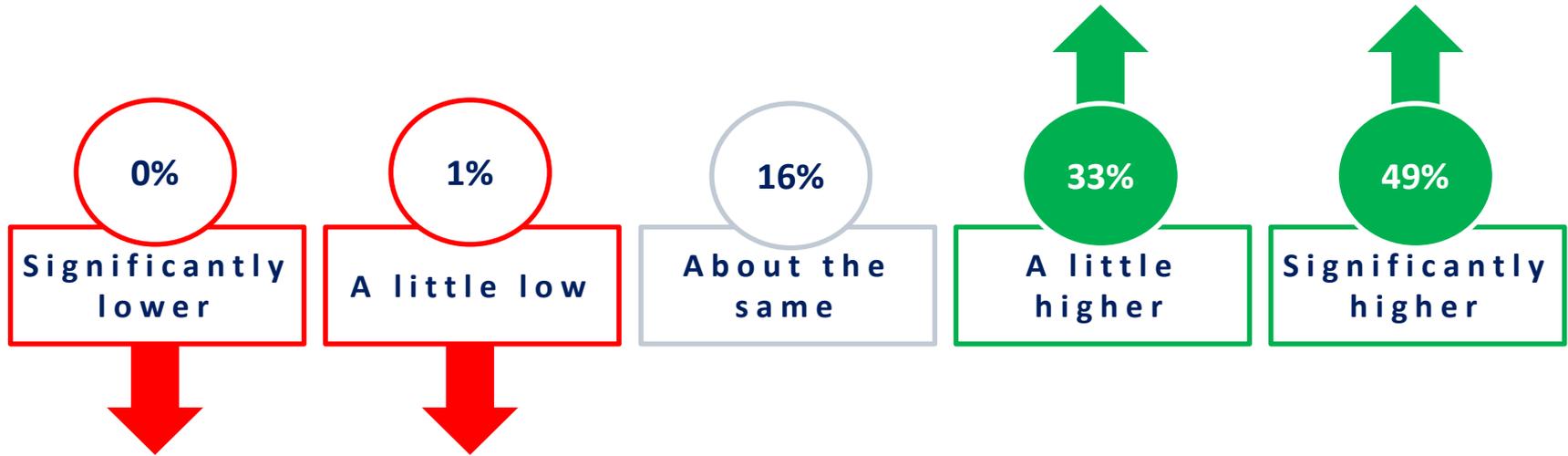
Q13. Which is your main export market?

Base: n=61

Looking to the future, Australian automotive manufacturing businesses are positive about growth in their export market



Expected change in volume of exports over next three years



With the proportion of manufacturers selling products outside of Australia also predicted to increase over the next three years



## Export Behaviours



Yes, we export to overseas markets



No, but we are actively exploring overseas markets



No, but we intend to explore overseas markets within the next three years

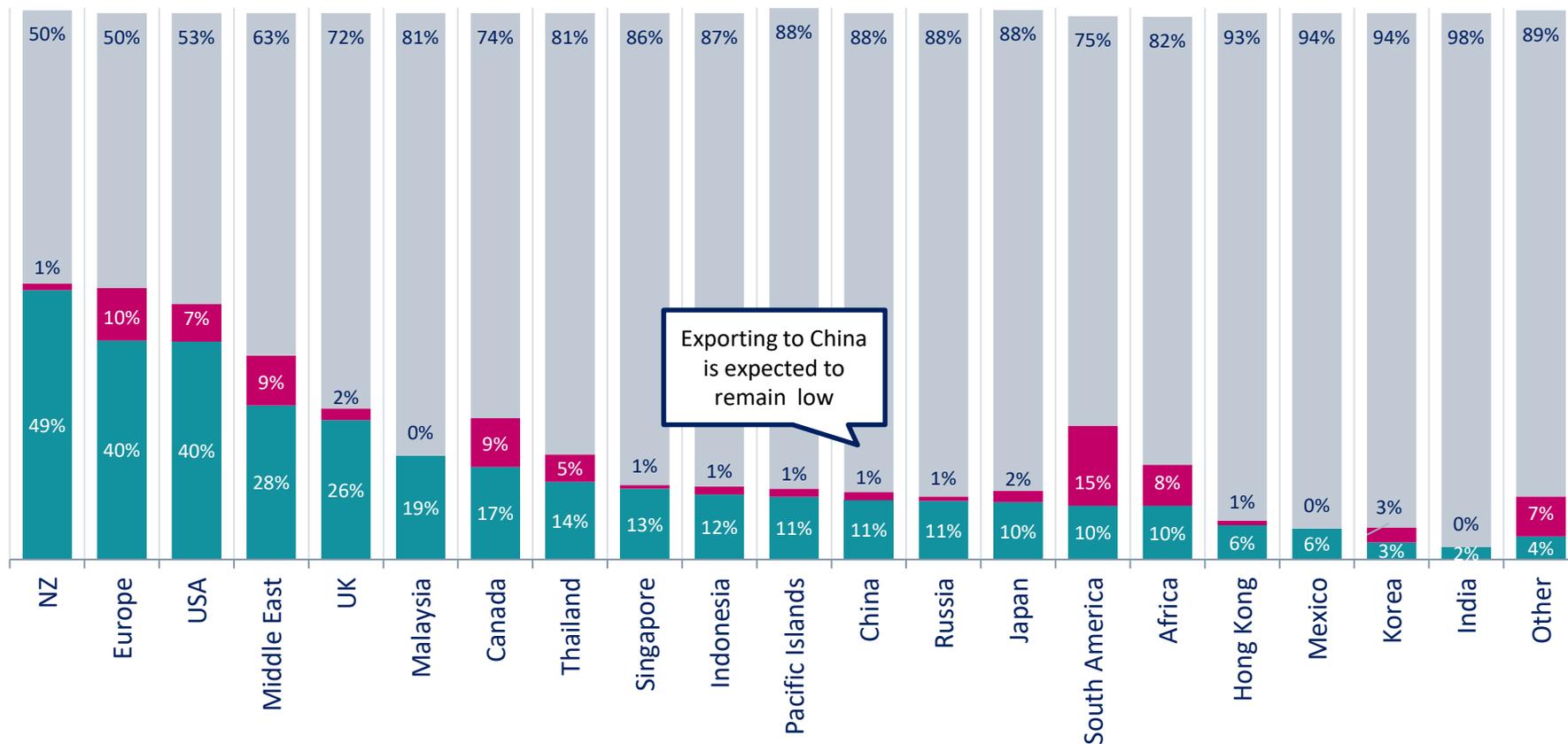


No, And we do not intend to within the next three years

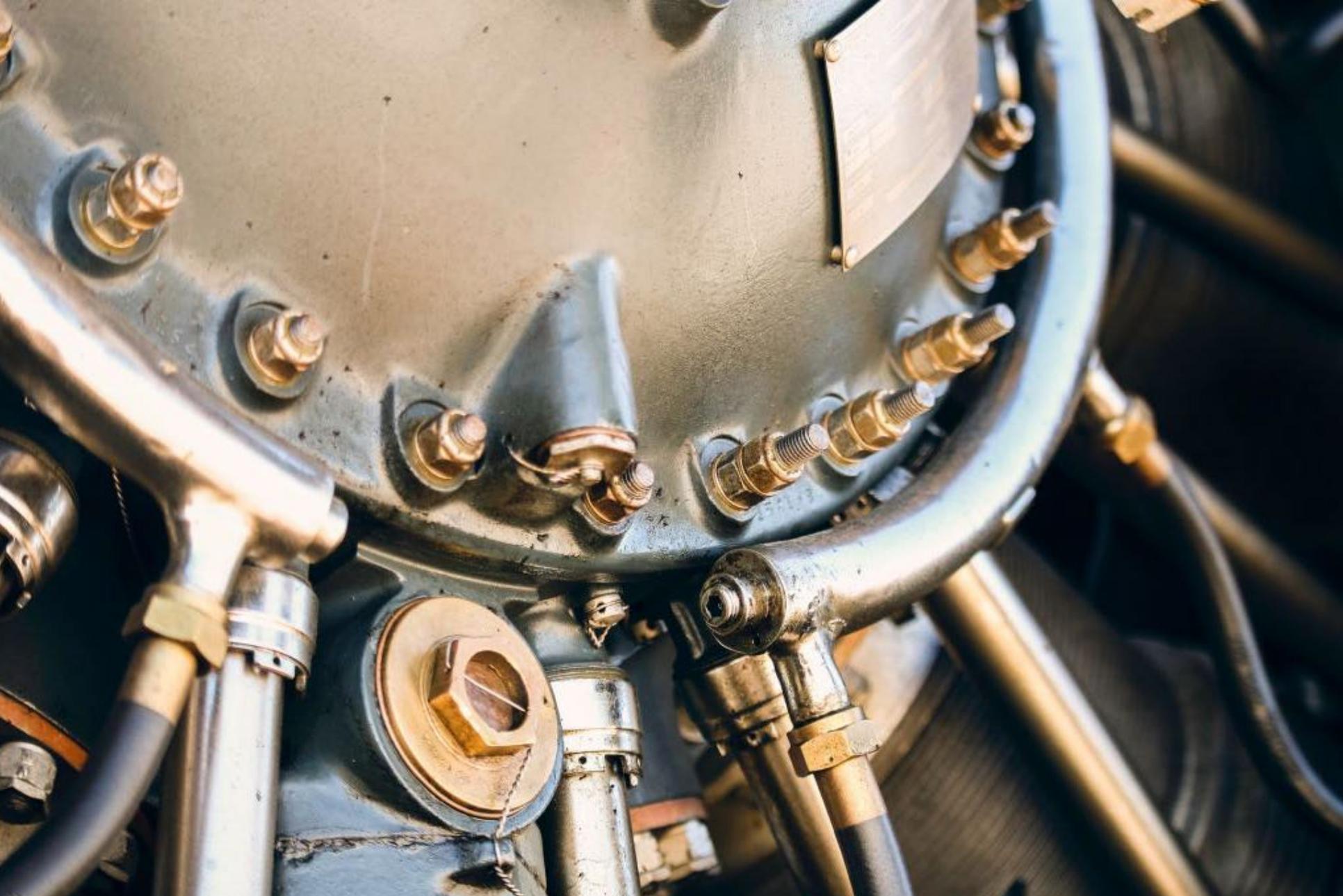
# Manufacturers are seeing the most significant growth opportunities in South America, ahead of Europe, the Middle East, Canada and Africa



## Expected Future Export Destinations



Q12. Which markets are your locally produced products exported to?  
 Q14. Which overseas markets are you actively exploring?  
 Base: n=61



**SAMPLE PROFILE**

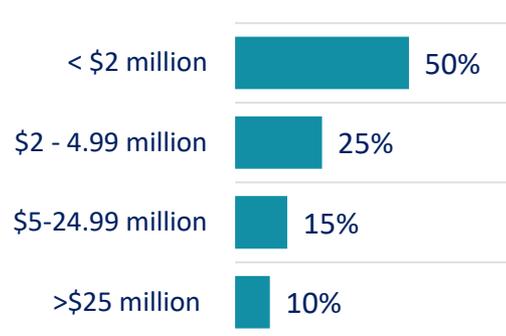
# The 2019 AAAA Manufacturers Survey is based on data collected from 61 automotive aftermarket manufacturers, across a range of company sizes and areas of specialisation



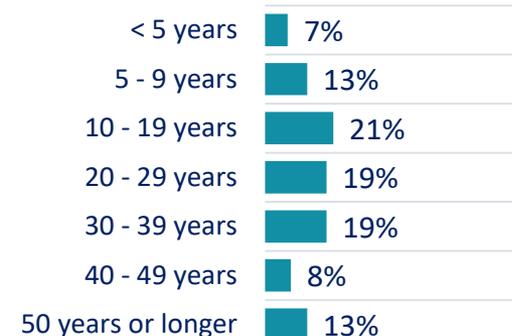
## Role

<b>Business Owner/Partner/Director</b>	<b>59%</b>
<b>CEO</b>	<b>13%</b>
<b>Operations Manager</b>	<b>9%</b>
<b>Marketing Manager</b>	<b>7%</b>
<b>Divisional GM/Director</b>	<b>6%</b>
<b>Manufacturing Manager</b>	<b>4%</b>
<b>Financial Controller</b>	<b>1%</b>

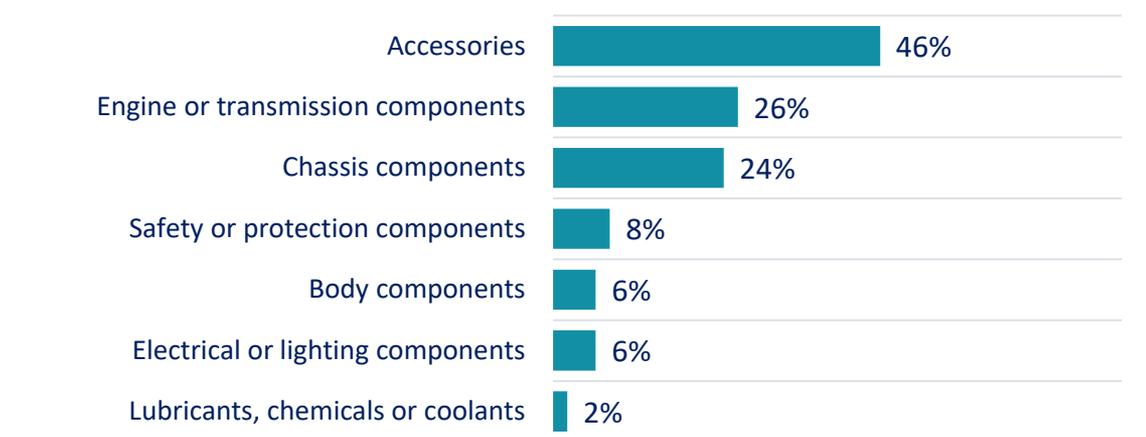
## Annual Turnover



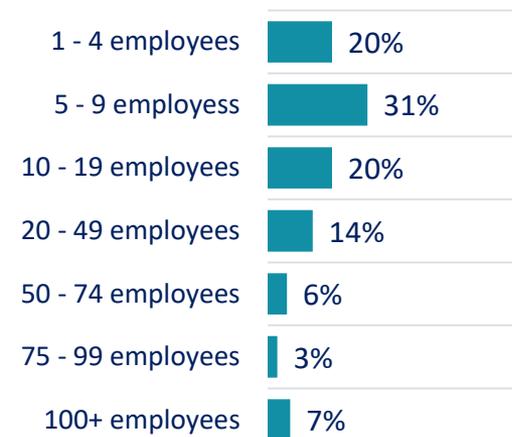
## Age of Business



## Types of Products



## Total Employees



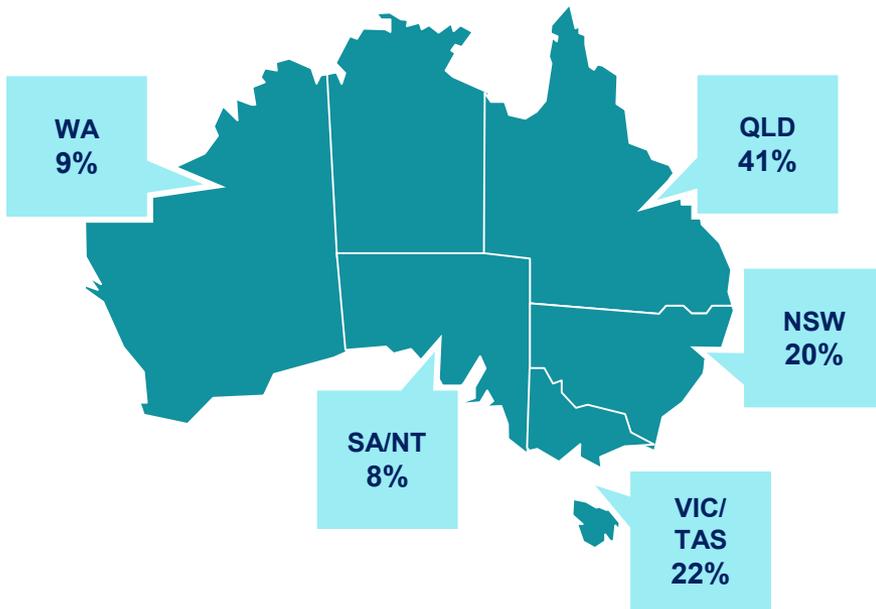
S3. What is your role in the company? S4. Which of the following annual revenue ranges is applicable to your organisation? S5. How many staff does your company employ in Australia? S9. How many years ago was your organisation established in Australia? Q1. Which type(s) of product does your company manufacture?

Base: n=61

Our sample also includes organisations based across the country, with head offices covering a mix of metropolitan and regional areas



### Head Office - State



### Manufacturing Operations - State

NSW/ACT	14%
VIC/TAS	14%
QLD	34%
SA/NT	10%
WA	3%

### Manufacturing Operations - State



Metro

77%



Regional

23%

S6. Where is your company's Australian head office located? S7. Would you describe your company's Australian head office location as being in a..? S8. Where are your manufacturing operations located?  
Base: n=61



PLEASE CONTACT US WITH ANY QUESTIONS

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