

# AAAA Dashboard

## Q3 2019



**AUSTRALIAN AUTOMOTIVE  
AFTERMARKET ASSOCIATION**



# The voice of the independent aftermarket in Australia

Welcome to the Q3 2019 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.

Data sourced from VFACTS New Car Sales Data, ABS Motor Vehicle Census, ACA Research Consumer Automotive Survey

 <p>AUSTRALIAN AUTOMOTIVE AFTERMARKET ASSOCIATION</p>	<p>1. Current State of the Market</p>	<p>2. Market Trends (2015 – 2019)</p>	<p>3. Workshop Distribution</p>	<p>4. Industry Headlines</p>
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# Adelaide

hand drawn map

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## 1. Current State of the Market

# Australian Economic Indicators

## Consumer Confidence



98.2 (▼2.7)

Westpac Melbourne Institute  
(Q3 '19, vs. Q2 '19)

Consumer confidence has fallen into pessimistic territory (from the Q2 average of 100.9), and now sits well below the same period in 2018. Despite three rate cuts, and the additional tax refunds available this year, consumer sentiment has plunged to a four-year low, with consumers remaining more cautious about the economy.

Global issues, such as the deteriorating trade relationship between the US and China, and the flow on to equity markets, may also have had an impact.

## Business Confidence



113.0 (▲2.3)

Roy Morgan  
(Q3 '19, vs. Q2 '19)

Business confidence however continues to look more optimistic than it did earlier in 2019, with businesses maintaining a more positive outlook as the year comes to a close.

The increase was driven by an increasing belief that the next year will be a good time to invest in growing the business, with an expectation of 'good times' over the next five years.

## Fuel Prices



\$1.42 (▲4c)

AiP - Ave weekly price  
(Q3 '19, vs. Q2 '19)

Average weekly fuel prices have corrected slightly in Q3, following the substantial rises in Q2 (16c).

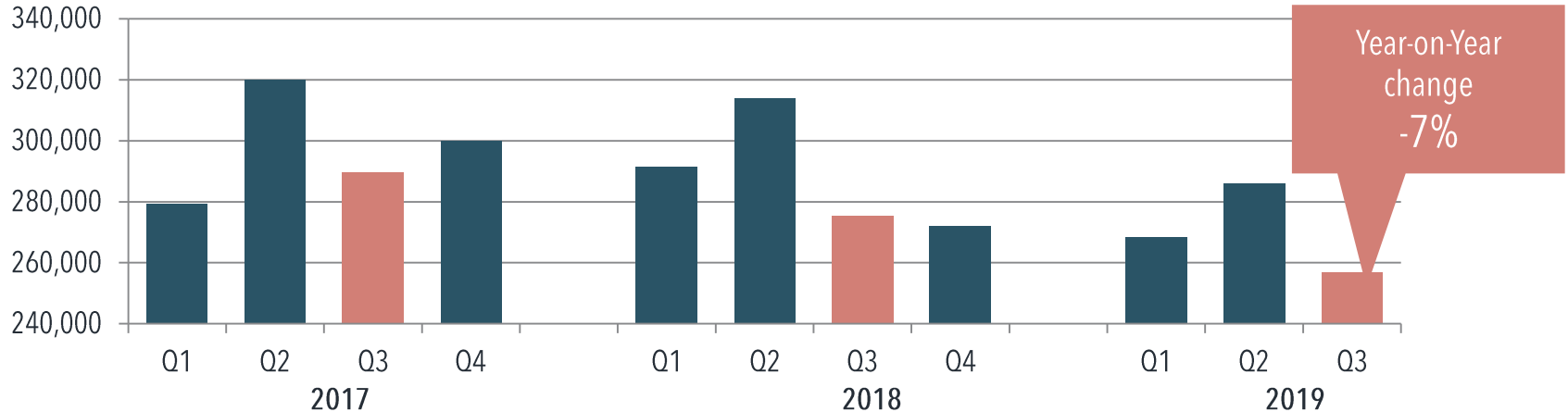
This coincides with declining Terminal Gate prices, and crude oil prices, however we are likely to see further increases, with global oil prices remaining high (likely due to broader international economic anxiety, and ongoing tensions between the US and China).

# New Car Sales By Quarter

The most recent quarter saw another substantial drop in sales, falling well below the same period in 2018. With Q4 sales also trending downwards, and an ongoing decline in consumer confidence, dealerships will be concerned about the impact on their ongoing revenue and profitability.

257,028

2019 sales volume in Q3



# New Car Sales By State

Consistent with the overall market trend, sales were down across all states (except South Australia). While sales in the Northern Territory fell by the largest proportion (as in Q2), the significant year-on-year sales declines in Victoria and New South Wales are most concerning in terms of their impact on overall sales numbers.

State	Q3 Volume	% Chng (YoY)	Q3 Share
New South Wales	82,060	-8%	32%
Victoria	73,383	-8%	29%
Queensland	51,081	-6%	20%
Western Australia	22,525	-4%	9%
South Australia	16,805	1%	7%
Tasmania	5,364	-5%	2%
Australian Capital Territory	3,857	-9%	2%
Northern Territory	1,914	-18%	1%
TOTAL	285,928	-7%	

# New Car Sales By Marque

Q3 Rank	Make	Q3 Volume	% Chng YoY	Q3 Share
1	Toyota	49,742	-6%	19%
2	Mazda	23,686	-11%	9%
3	Hyundai	21,548	-7%	8%
4	Mitsubishi	20,479	-1%	8%
5	Ford	14,599	-12%	6%
6	Kia	14,296	2%	6%
7	Nissan	12,993	-6%	5%
8	Volkswagen	11,525	-13%	4%
9 <sup>↑1</sup>	Subaru	10,568	-12%	4%
10 <sup>↓1</sup>	Holden	9,698	-25%	4%
	<b>TOTAL</b>	<b>256,998</b>	<b>-7%</b>	



+2%

Growth in vehicles sales year on year

Kia was the only brand in the Top 10 to experience positive year-on-year growth, ending the quarter just 303 units behind Ford (with a 6% market share).

At the top of the market, Toyota maintained its dominant position (even with a 6% YoY decline), with Mazda's double-digit sales decline reducing its lead over Hyundai and Mitsubishi to just 2,000 sales.

At the bottom of the top 10, Holden, Volkswagen and Subaru all saw large declines. The largest fall in sales was for Holden (which saw it fall outside the Top 10 in September), allowing Subaru to overtake it, and move up to 9<sup>th</sup> place for total sales in the quarter.

# Geelong

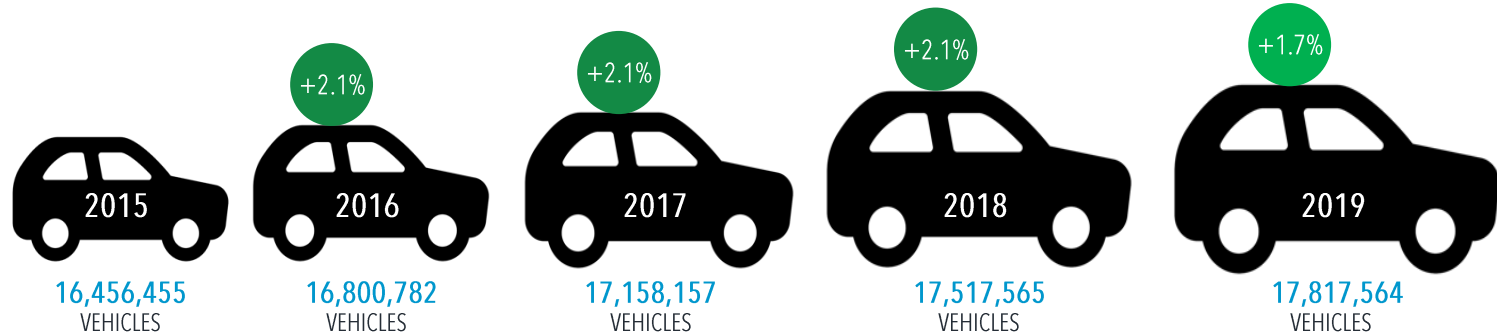
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## 2. Market Trends (2015 – 2019)

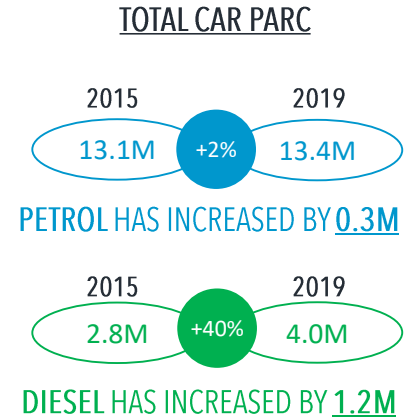
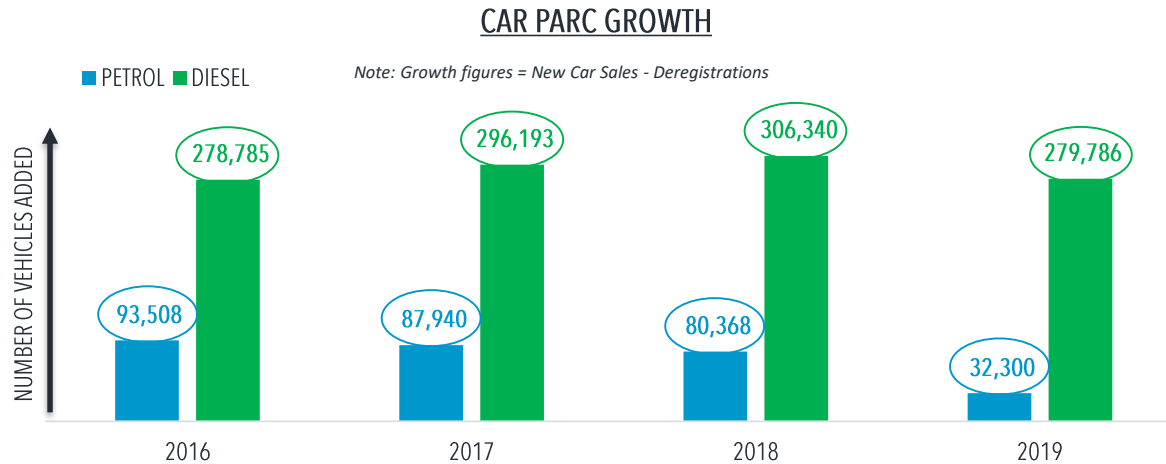


# Total Car Parc Growth



The past five years of growth have seen the Australian car parc (passenger and light commercial vehicles) grow by around 1.4 million vehicles. While the numbers are now tailing off (with the start of the decline evident in 2019's car parc figure), these vehicles will soon begin coming out of warranty. Independent and chain workshops therefore need to be ready for this influx of scheduled servicing, registration checks, and other so on through 2019 and 2020 (if they're not already seeing them in their bays).

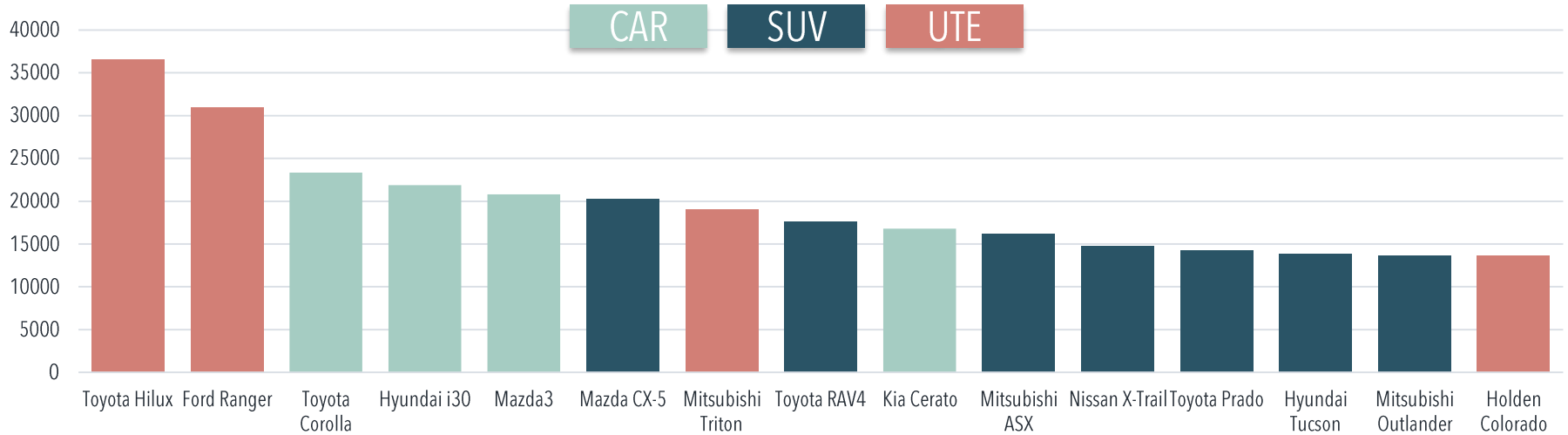
# Car Parc Growth by Fuel Type



Workshops need to however make sure that they are planning for the right type of vehicle. Australian's ongoing transition to diesel vehicles sees this group as the main driver of car parc growth, with almost 1.2 million more diesel vehicles on Australian roads since 2015. This highlights the importance of catering to the diesel market when it comes to equipment purchases, and technician training.

In addition to this, whilst the Australian electric vehicle car parc remains small (approx. 6-7,000 vehicles), these will begin to impact workshops further down the track, with sales likely to grow in 2020 and beyond (as we see an influx of new, more affordable electric vehicles).

# Top 15 Models Sold (YTD – September 2019)



The ongoing trend to diesel is further supported when we look at Australia’s top-selling vehicle models. The most popular vehicle this year is still Toyota’s HiLux ute, increasingly closely followed by Ford’s Ranger. Mitsubishi’s Triton and Holden’s Colorado are also strong performers, as they broaden their market base. Dual-cab utes have become a genuine option as a family car, meaning manufacturers have had to lift their game in terms of cabin comfort and safety features, while workshops will need to ensure they are well-equipped to cater to the unique needs of these vehicles as they move through, and out of warranty (e.g. issues with diesel particulate filters).

A hand-drawn map of Sydney, Australia, rendered in white lines on a light blue background. The map shows a dense network of streets and highways, with a prominent grid pattern in the central business district. The map is framed by a thin black border.

# Sydney

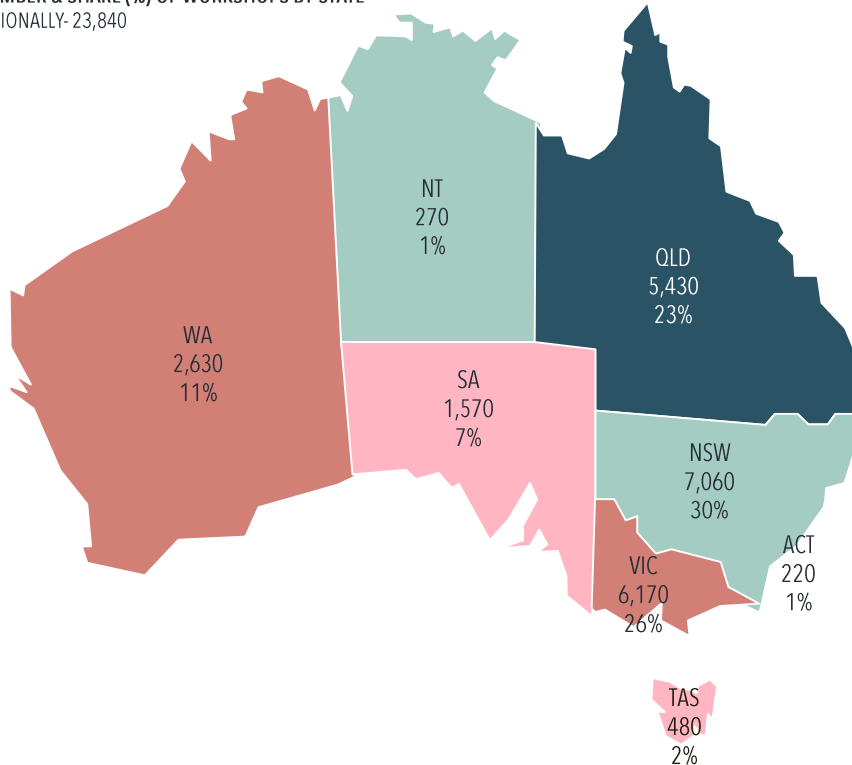
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## 3. Workshop Distribution

# Workshop Volumes

TOTAL NUMBER & SHARE (%) OF WORKSHOPS BY STATE  
TOTAL NATIONALLY- 23,840

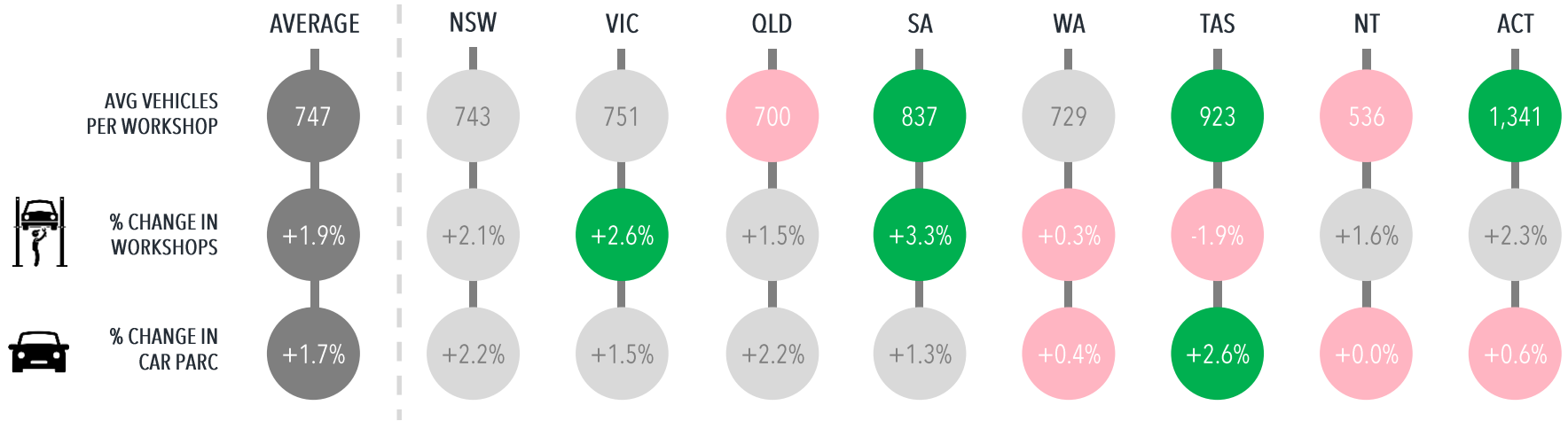


There are approximately 24,000 independent and chain mechanical service and repair workshops across Australia. These businesses are spread across the country, with the share of workshops in each state generally in line with the proportion of the car parc.

In 2016-2017, these service and repair businesses employed approximately 119,000 people, generating revenues of around \$17.2 billion, and approximately \$1.3 billion in profits.

Looking to the future however, we know that the Australian market will be impacted by some unique trends, such as the ongoing transition from petrol to diesel vehicles, a reduction in distances travelled and generally more price-conscious consumers. All of these ultimately have a knock on effect on the market, including the demand for automotive servicing and maintenance.

# Change in Workshop Volumes



To try and unpack one element of these evolving needs, we've looked at year-on-year changes in the number of workshops and number of vehicles in the car parc for each state or territory. Looking to the future, we have four regions where workshop growth is outpacing car parc growth (VIC, SA, NT, and ACT). This suggests a level of caution is needed, with a focus on customer relationships key to building loyalty, and ultimately maintaining their business. On the flipside, the trend is the other way around in TAS, with workshops here having the opportunity to grow as more vehicles come onto the road.

## 4. Industry Headlines

# Industry Headlines



## Bapcor spends \$48m to beef up truck parts

Bapcor, which runs 950 outlets under brands including Burson, Autobarn, Autopro, Midas and Sprint Auto Parts supplying 500,000 different car parts products to professional motor mechanics and home enthusiasts, will add \$113 million of annual sales through the truck parts businesses.



## New Mandatory Data Sharing Law To Transform Australian Automotive Repair Industry

To ensure fair competition for small businesses and consumers, a mandatory data sharing law will ensure independent workshops in Australia have access to all motor vehicle service and repair information at a fair price. This law will provide a level playing field in the sector and allow consumers to have their vehicles safely repaired by the repairer of their choice.



## Continental release self-inflating tyre

New tyre is designed to automatically respond to acceleration to keep tyre pressure within an ideal range. In-built sensors continually monitor tyre pressure and temperature, tread depth, and any possible damage, with all of this information being transmitted in real time to drivers or fleet operators via 'Conti-Connect Live,' a web-based app.

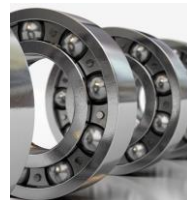
In addition to safety benefits, the tyre is constructed to help operate trucks with maximum efficiency.



## Australian EV powertrain firm SEA Electric sees substantial growth

Melbourne-based SEA Electric has doubled its production volume over the past 12 months and expects significant growth in the future on the back of major local and international contracts, including a deal to integrate their electric powertrain into Ford's F-59 stripped chassis.

The company, which is mostly focused on commercial vans and light and medium trucks, plans to expand by licensing their powertrains to OEMs, supplying them and installing them where required, and working with OEMs during the engineering and prototyping stages of development.



## Genuine Parts Co. focuses more on digital operations

In addition to its North American network, The Automotive Parts Group also includes Repco, which sells to customers in Australia and New Zealand through Repco.com.au. GPC also sells through automotive retail stores and distribution networks across these markets and in Europe.

The distributor and retailer of automotive, industrial and office products is focusing more on digital operations as it seeks to improve its growth prospects and overall operations, Paul Donahue, chairman and CEO, says.



## 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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