

Windscreen Sector Report

adtrak.



Motor Vehicle Maintenance & Repair in the UK

▸ Key Statistics

£28bn
Revenue

3.1%
Annual Growth 2014-2019

45,789
Businesses

The Motor Vehicle Maintenance and Repair industry has performed well over the past five years. Operators provide essential and non-essential repair and maintenance services to private and commercial customers.

The number of registered cars in the United Kingdom has increased over the past five-year period, driven by an increase in new car sales in previous years. Although new cars tend to require fewer repairs, the greater number of cars on UK roads has nevertheless stimulated demand for industry services. On the other hand, rising fuel prices can cause consumers to opt out of driving, reducing industry demand as a result.

Over the five years through to 2019-20, industry revenue is expected to increase at a compound annual rate of 3.6% to reach £27.5 billion. Mechanical repairs and electrical repairs are the most important services provided by the industry, accounting for 49.2% of revenue in the current year. Demand from this segment tends to rise when the average age of vehicles in the United Kingdom increases, as older vehicles are more prone to breaking down.

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▸ SIC Code

4520 Maintenance and repair of motor vehicles

▸ Industry Statistics & Market Size (October 2019)

Whilst market data specifically for windscreens is not available, we can take a wider look at maintenance and repair of motor vehicles to give us an insight into the industry.

Motor Vehicle Maintenance & Repair in the UK

Key Statistics

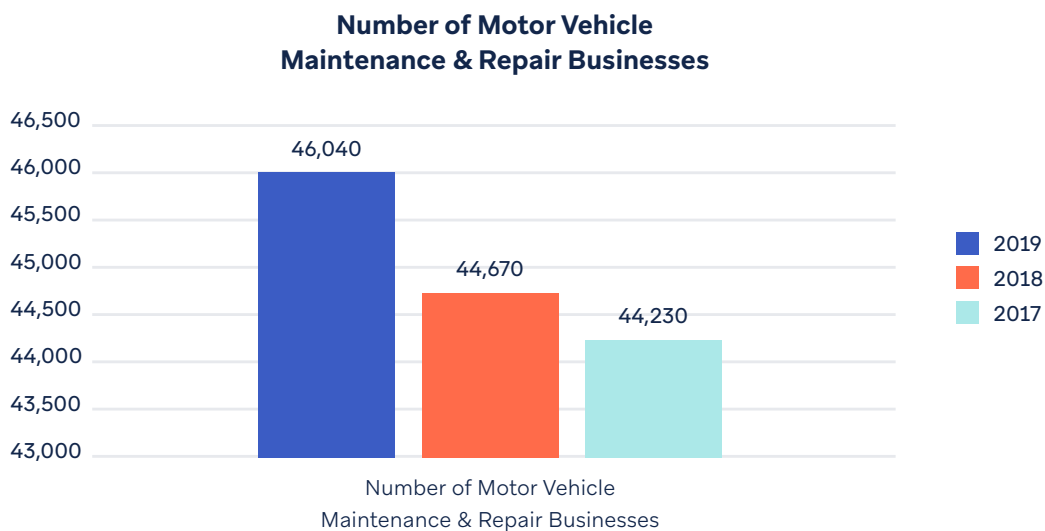
£28bn
Revenue

3.1%
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Businesses

▸ ONS Market Size Calculation

Growth in the windscreen industry seems promising. The number of businesses within the sector has **increased by 3.06% from 2018 to 2019** and by **4.09% from 2017 to 2019**.



▸ Keywords Competitiveness

Keyword	Search Volume	Competition	Top of page bid (Low Range)	Top of page bid (High Range)
Windscreen repair	22,200	Medium	£0.30	£1.07
Windscreen replacement	14,800	Medium	£0.29	£1.66
Windscreen chip repair	6,600	Medium	£0.34	£1.49

▸ Sector Growth & Forecast

Brexit's Impact on the Motor Vehicle Maintenance & Repair Industry in the UK

The relationship between the UK and the EU remains unclear; some industries have already been affected by the UK's decision to leave the European Union.

- The rising cost of imported replacement parts has put pressure on profit margins.
- Higher fuel costs at the pump may discourage people from driving, which could reduce demand for industry services.
- Potential limitations to the free movement of labour could lead to a skills shortage, increasing wage costs and reducing profit margins.

Threatened input costs

After Britain leaves the European Union, the direct effect on the Motor Vehicle Maintenance and Repair industry will be limited, as operators only serve domestic customers. Nevertheless, the industry is likely to be indirectly affected by the prices of imports. The majority of replacement components used in the industry are manufactured in EU countries. Purchase costs have increased for replacement parts as prices have been affected by the weak pound since the EU referendum.

The potential introduction of tariffs after the UK's exit from the European Union could further increase costs and put pressure on margins in the long term. A SMMT (The Society of Motor Manufacturers and Traders) report concluded that motorists could face a 10% increase in annual service and repair costs after the United Kingdom leaves the European Union. Long-standing repair and maintenance contracts could be difficult to manage, which could affect profit margins if operating costs rise and firms are unable to increase prices. Despite the fact that replacement parts are more likely to be imported by upstream wholesalers than by mechanics, the added cost of importing is likely to be passed on to industry operators.

Fuelling the fire

As wholesale fuel prices are quoted in US dollars, the low value of the pound has increased fuel prices since the EU referendum. This has increased car and light-vehicle running costs, encouraging reduced usage and alternative modes of transport, such as walking and car sharing schemes. This could lessen the need for repair and maintenance services and constrain industry revenue growth in the future.

A significant proportion of industry employees are EU migrants. Therefore, potential limitations to the free movement of labour could lead to a skills shortage, possibly increasing wage costs and decreasing profit margins. Furthermore, the industry could be negatively affected if regulations such as the Block Exemption Regulation from the European Commission are not upheld. However, the Independent Garage Association has stated that the industry should not expect radical changes after the government concludes exit negotiations.

The EU's Right to Repair scheme means that all car manufacturers are required to share vehicle information on new models with independent garages to increase competition in the market. After Britain leaves the European Union, the potential end to the scheme is expected to affect many independent garages.

▸ Sector Trends

Demand

The level of demand for windscreen services is closely linked to the number of cars and other vehicles on the road. According to government figures, there are now around 38 million vehicles in the UK - 31 million of which are cars. With so many vehicles being used, there is a large and steady demand for repair or replacement of broken glass.

Windscreens and other vehicle glass may suffer damage through accidents, loose stones/chippings, vandalism or attempted theft. Vehicle crime, particularly theft of or from cars, is one of the major causes of broken vehicle glass. Although vehicle crime has fallen since its peak in the 1990s, it started to rise again in 2014 and has increased significantly in every year since then up until 2017. Many of the incidents result in broken side windows, which are smashed to gain entry to the car or to snatch valuables.

Recent years have seen cash-strapped local authorities spending less on patching and maintaining roads, leading to more bumps and potholes. In addition, a couple of colder than normal winters haven't helped matters. Potholes are often blamed for causing cracks in windscreens as unsuspecting motorists bump over them at high speed.

Some years ago, many young and new drivers - and others who were looking to save money - only had third party insurance cover for their vehicles. This meant they often weren't covered for glass repair and replacement. However, the insurance market has changed and now the majority of motorists have comprehensive cover, meaning that glass repairs are more likely to be paid for at least in part by insurers.

Competition

There are several large chains of windscreen specialists with branches across the country and fleets of mobile fitters. These chains tend to offer reasonable rates, a 24 hour emergency call out service and, increasingly, offer windscreen repairs as well as replacements. As a result, new windscreen businesses are likely to face considerable competition.

- They will need to expand the range of services they offer in order to make their business viable - for example by offering repairs, a 24 hour emergency call out service, or by working on customers' cars at home or at the workplace.
- They will specialise in some way - for example by supplying glass for classic cars, buses and coaches, lorries and tractors or by supplying and fitting window film.

▸ Industry Threats & Opportunities

- High fuel prices in the past have encouraged people to commute on public transport or to drive less, because high fuel prices increase running costs. Lower car usage reduces wear and tear on vehicles, meaning there is less demand for repair and maintenance services. It also means fewer vehicles are involved in accidents, which decreases demand for car body repair services. **Fuel prices are expected to rise in 2019-20, posing a threat to industry services.**
- The higher the number of vehicles on the road, the greater the demand for industry services. The number of registered motor vehicles has continued to rise in recent years and is expected to **increase further in 2019-20**, which is expected to provide an opportunity for repair services.

▸ Sector Associations

- **NBRA** - National Body Repair Association
- **RMI** - Retail Motor Industry Federation

‣ Sector Trade Shows

The Top UK Automotive Trade Shows

- Automechanika Birmingham
 - London Motor Show
 - Multimodal (NEC Birmingham)
 - Automotive management Live
 - The Commercial Vehicle Show
 - Autosport International
 - Autos+ London (17-18 Sep 2019)
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‣ Magazine

- Aftermarket magazine includes regular coverage of current industry issues
 - <https://www.am-online.com/>
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‣ Sources

- <https://www.ibisworld.co.uk>
- <https://www.sectorsdonut.co.uk/sectors/automotive/windscreen-services/sector-trends>
- <https://www.displaywizard.co.uk/uk-automotive-trade-shows/>