

Tyre Sector Report

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Motor Vehicle Parts Retailers in the UK

▸ Key Statistics

£7bn
Revenue

1.9%
Annual Growth 2015-2020

6,468
Businesses

The combination of political disruption and Brexit uncertainty made 2019 a tough year for the UK economy in general, so it is not surprising to learn that this was reflected in the overall passenger car tyre replacement market.

According to the latest UK tyre replacement market data, collated by analysts at GfK (Growth From Knowledge), the headline news is that both the value and the volume of the market decreased in 2019. But there are reasons for hope, with signs of growth remaining in the value-rich SUV tyre sub-segment and with evidence of strong growth in sales of all-season tyres.

Revenue is expected to grow in 2019-20, despite falling consumer confidence. After-market product sales have risen due to consumers' continued reluctance to purchase new cars and, in the long term, lower import competition is likely to benefit parts retailers.

However, in the short term, constrained consumer confidence has affected demand for some parts. Motorists are likely to delay purchases of non-essential parts and constrain industry demand in the short term. Rising fuel prices are also expected to discourage car use, which would negatively affect demand for replacement parts.

04	▶	SIC Code
04	▶	Industry Statistics & Market Size
05	▶	Focusing Facts
05	▶	Keyword Competitiveness
05	▶	Sector Growth
06	▶	Industry Threats & Opportunities
07	▶	Sector Forecast
07	▶	Sector Associations
07	▶	Trade Journals
07	▶	References/Sources

▸ SIC Code

45.3 Sale of motor vehicle parts and accessories

This group includes wholesale and retail trade of all kinds of parts, components, supplies, tools and accessories for motor vehicles, such as rubber tyres and inner tubes for tyres.

▸ Industry Statistics & Market Size (January 2020)

Motor Vehicle Parts Retailers in the UK

Key Statistics



▸ ONS Market Size

The tyre market is growing each year. The number of businesses within this market has also **increased by 3.72% from 2018 to 2019** and by **5.82% from 2017 to 2019**.



▸ Focusing Facts

(Search query, ads and device trends in UK - Q3 2019)

- **7%** overall search growth in Q3'19 compared to the previous year
- **62%** searches from mobile phones
- **30%** searches from computers
- **-3%** change in CPC compared to the previous year

▸ Keywords Competitiveness

Keyword	Search Volume	Competition	Top of page bid (Low Range)	Top of page bid (High Range)
Tyres	165,000	High	£0.55	£1.75
Car tyres	33,100	High	£0.49	£1.55
Cheap tyres	27,100	High	£0.45	£1.34

▸ Sector Growth

Although the future of the relationship between the United Kingdom and the European Union remains unclear, IBISWorld (Industry Research Specialists) has explored how UK industries have already been affected by the UK's decision to leave the European Union.

- In the long term, lower import competition is likely to benefit parts retailers.
- Falling consumer confidence has affected demand for non-essential parts.
- After-market product sales have risen due to consumers' continued reluctance to purchase new cars.

The number of independent tyre fitting businesses has fallen, whilst the fast-fit chains have grown due to increasing competition and economies of scale enabling them to offer very competitive prices. This can be difficult for independent businesses to match. As well as facing competition from national chains, independents also face strong competition from online tyre specialists, such as Black Circles, Mytyres and even Asda.

On a more positive note, the number of cars in the UK continues to rise and consequently demand for tyres remains high. Modern tyres are generally of a higher specification and so the average price has risen. And new cars - even quite basic ones - are being specified with ever larger and more expensive tyres, including special run-flat tyres in some cases. Similarly, the cost of other fast-fit replacement items, such as exhausts and shock absorbers, has also risen (this is especially true of exhaust systems since the introduction of catalytic converters). However, the lifespan of original equipment components has increased, which means that these components are not replaced as often.

Overall though, the fast-fit replacement market has grown in terms of the amount of money spent on these items by motorists each year. However, the value and the volume of the UK tyre replacement market has decreased in 2019. But there are reasons for hope, with signs of growth remaining in the value-rich SUV tyre sub-segment and with evidence of strong growth in sales of all-season tyres.

One would imagine that tyre manufacturers, suppliers and retailers were having a tough time in the current market and economic climate. The quality of the latest rubber means tyres last longer. Prices are also up and margins have to be cut to the bone to remain competitive. Traditionally, the plus side of tyre sales has been that they are essential and subject to legally enforced replacement, be it a roadside spot check or as a result of an MOT.

Several recent icy and snowy winters in the UK have boosted demand for winter tyres, with a growing number of motorists purchasing a second set of tyres for winter use. Some tyre fitters will even store the unused set of tyres over the period when they're not in use, contacting the owner to remind them to come in and have them swapped over (all for a price, of course). Developments in technology have affected the tyre industry too, leading to new products like energy-saving 'eco' tyres, all-season tyres and special run-flat tyres.

▸ Industry Threats & Opportunities

- Private individuals purchase a significant amount of car parts and accessories. Households tend to delay non-urgent repairs and purchases when consumer confidence is low, which limits demand for industry operators. **Consumer confidence is expected to fall further in 2019-20, representing a threat to industry demand.**
- The more cars there are on the road, the higher the demand for aftermarket parts. The number of cars in use in the United Kingdom has been steadily rising over the past decade, boosted by strong sales and production. **The total number of registered motor vehicles is expected to continue to increase in 2019-20, providing operators with an opportunity to increase sales volumes.**

‣ Sector Forecast

The value of the UK automotive aftermarket grew by 4.9% during the course of 2018. According to MarketLine - which produces its data in US-dollars across all markets worldwide - this means the UK automotive aftermarket is worth \$28.5 billion (£22.53 billion) a year. However, the same research suggests that the value of the UK automotive aftermarket sector is increasing and in 2023 is forecast to be worth \$34.4 billion (£27.2 billion), up 20.7% compared with 2018.

(Source: Tyrepress - the website for tyres and wheel professionals - July 2019)

‣ Sector Associations

- **BTMA** - The British Tyre Manufacturers' Association
 - **NTDA** - National Tyre Distributors Association
 - **IGA** - Independent Garage Association (Part of Retail Motor Industry Federation - RMIF)
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‣ Trade Journals

- Tyre Trade News
 - Tyres & Accessories (Tyre Press)
 - Professional Motor Mechanic
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‣ Sources

- <https://www.tyrepress.com/tag/market-data/>
- <https://www.ibisworld.co.uk>
- <https://www.tyrepress.com/2019/07/tyre-dominance-in-overall-aftermarket-beginning-to-diminish/>
- <https://www.marketingdonut.co.uk/market-research/sector-trends/tyre-fitter-sector-trends>