

INDUSTRY REPORT

Oct 2023

Motor Vehicle Parts Retailers in the UK

About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions.

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About

A quick definition of the industry, its products and services, major companies and other key identifiers help you confirm you're in the right place.

1. About

https://my.ibisworld.com//uk/en/industry/G45.320/about

UK-SIC 2007 45.32

Definition

Companies in this industry sell motor vehicle parts, such as batteries, spark plugs, tyres and electrical components, directly to the public. Wholesale activities, such as bulk sales to car mechanics who use the parts when carrying out repairs, are not included in the industry.

Related Terms

ALTERNATIVE-FUEL VEHICLE (AFV)

A vehicle that runs on non-standard fuel or a combination of this and petrol. Such vehicles usually require non-standard car parts.

AFTERMARKET

The market that manufactures, distributes and retails car parts and accessories after the automobile has been sold for the first time.

ORIGINAL EQUIPMENT

Parts sold to car manufacturers for use in new vehicles. These are not included in the industry.

What's Included

- Brakes, road wheel and suspension systems
- Seats, seatbelts and airbags
- Steering wheels
- Radiators and silencers
- Gearboxes, axles and clutches

Companies

Halfords Group plc

Related Industries

Industries in the Same Sector

• Competitors:

No data available

Complementors:

- o Motor Vehicle Parts & Accessories Manufacturing in the UK
- o Motor Vehicle Maintenance & Repair in the UK
- o Motor Vehicle Parts Wholesaling in the UK

International Industries

- Auto Parts Stores in the US
- Tire Dealers in the US
- Online Automotive Parts & Accessories Sales in the US
- Heavy Duty Truck Parts Dealers in the US
- Auto Parts Stores in Canada
- Tire Dealers in Canada
- Tyre Retailing in Australia
- Motor Vehicle Parts Retailing in Australia
- Tyre Retailing in New Zealand
- Motor Vehicle Parts Retailing in New Zealand
- Motor Vehicle Parts Retailers in Ireland
- Auto Parts Stores in China

Additional Resources

- Retail Motor Industry Federation
- Department for Transport
- Society of Motor Manufacturers and Traders

At A Glance

Evaluate key industry data and trends and get an overview of important report sections to use in meetings and presentations.

2. At a Glance

https://my.ibisworld.com//uk/en/industry/G45.320/at-a-glance

Revenue	Employees	Businesses
£8.0bn	35,751	3,980
'19-'24	′19-′24	'19-'24
Profit	Profit Margin	Wages
£765.7m	9.6%	£831.2m
′19-′24 <mark>↓ 2.4 %</mark>	′19-′24 <mark>↓ 0.6 pp</mark>	'19-'24

Key Takeaways

Performance

More cars on UK roads supports demand for replacement parts. However, new cars have extended warranties, which reduces the need for parts.

The number of alternatively fuelled vehicles on UK roads will rise. Parts retailers will have to change their product mix and stock parts for electric and hybrid electric cars.

External Environment

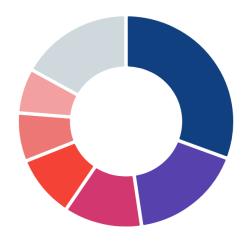
Government legislation requires new vehicles to undergo an MOT after the first three years of their registration. During the MOT, faults can be spotted, which require replacement parts.

The total number of registered motor vehicles is increasing in 2022-23. This presents an opportunity for the Motor Vehicle Parts Retailers industry.

Products and Services

Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.





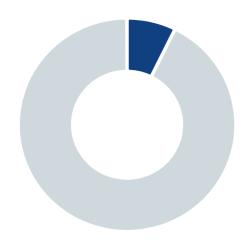
Brakes, road wheels and suspension systems (£933.2m) 11.7% Seats, seat belts and airbags (£757.8m) 9.5%

Steering wheels (£590.3m) 7.4% Radiators and silencers (£542.4m) 6.8% Other (£1.3bn) 16.9%

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Major Players

Major Players



Halfords Group plc (£580.0m) 7.3% Other Companies (£7.4bn) 92.7%

IBISWorld Source: IBISWorld

Key External Drivers

Key External Drivers	Impact
Total number of registered motor vehicles	Positive
Average age of motor vehicles	Positive
Consumer confidence index	Positive
Fuel prices	Negative

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Low	Steady
Regulation and Policy	Low	Steady
Life Cycle	Mature	
Revenue Volatility	Moderate	
Capital Intensity	Moderate	
Assistance	None	Steady
Competition	High	Increasing
Innovation	Low	

SWOT



Strengths

Low Imports

High Profit vs. Sector Average

Low Customer Class Concentration

Low Product/Service Concentration



Weaknesses

Low & Steady Barriers to Entry

None & Steady Level of Assistance

High Competition

Low Revenue per Employee

High Capital Requirements



Opportunities

High Revenue Growth (2019-2024)

High Performance Drivers

Total number of registered motor vehicles



Threats

Low Revenue Growth (2024-2029)

Fuel prices

Executive Summary

Revenue is projected to dip at a compound annual rate of 1.3% to £8 billion over the five years through 2023-24, including growth of 2.4%, when the average profit margin will be 9.6%. Higher fuel prices are limiting car usage and weighing on sales. New car sales continue to fall in the short term, maintaining demand for replacement parts as the average age of UK fleet rose. Revenue benefits from the steady expansion in the number of vehicles in use, raising the need for replacement parts.

During 2020-21, revenue tanked by 13.4% as the government introduced measures that closed most non-essential stores and banned non-essential trips, reducing car usage and demand for replacement parts. According to the DfT, 280.5 billion vehicle miles were driven on UK roads in 2020, a decline of 21.3% from 2019. Halfords temporarily shut many of its retail stores, leading to a significant decrease in in-store sales, with the company reporting a surge in online sales. Revenue dipped in 2022-23 due to the sharp rise in fuel prices, leading to people using their cars less. The cost-of-living crisis has caused customers to delay new purchases and opt for replacement parts. Revenue is projected to rise in 2023-24 with more customers holding on to older cars and the number of miles driven picking up.

Revenue is forecast to expand at a compound annual rate of 2.2% to £8.9 billion over the five years through 2028-29. The expansion in the number of vehicles registered will increase the need for replacement parts. Increasing demand for electric cars and alternatively fuelled vehicles will boost demand for high-value components and support the industry's profit margin. The uptake of electric and hybrid electric vehicles

continues to rise, benefitting from several government policies. Retailers that stock these vehicles' parts, like electric batteries, will boost their market shares.

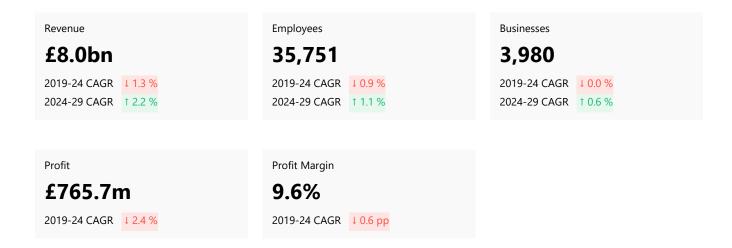
Performance

Track historical, current and forward-looking trends in revenue, profit and other performance indicators that make or break an industry.

3. Performance

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Highlights



Key Takeaways

- More cars on UK roads supports demand for replacement parts. However, new cars have extended warranties, which reduces the need for parts.
- The number of alternatively fuelled vehicles on UK roads will rise. Parts retailers will have to change their product mix and stock parts for electric and hybrid electric cars.

Executive Summary

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Performance Snapshot

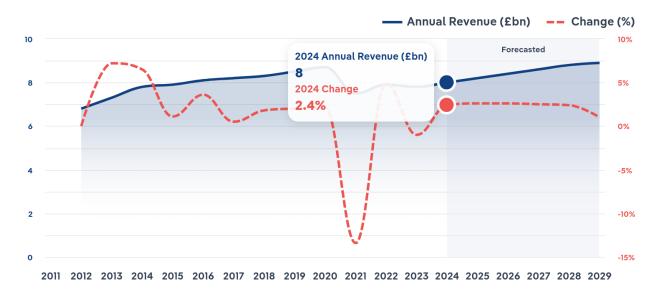
↓ 2019-24 Revenue CAGR -1.3%

Revenue:

Revenue	2024 Revenue CAGR	Revenue Volatility
£8.0bn	1 2.4 %	Moderate
'19-'24		
′24-′29 ↑ 2.2 %		

Revenue

Total value (£) and annual change from 2011 – 2029. Includes 5-year outlook.



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Employees:

Employees	Employees per Business	Revenue per Employee
35,751	9	£223k
'19-'24	'19-'24	'19-'24

Employees

Total number of employees and annual change from 2011 – 2029. Includes 5-year outlook.



2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029

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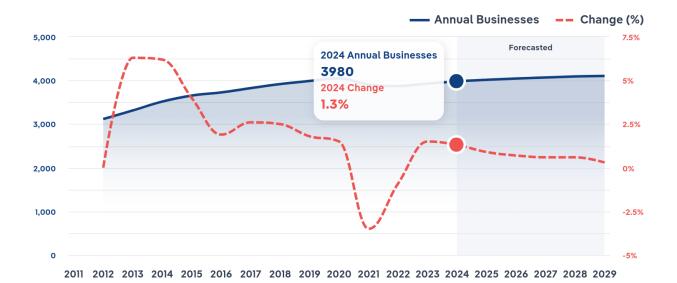
Source: IBISWorld

Businesses:



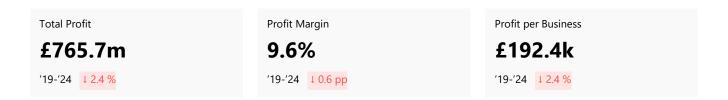
Businesses

Total number of businesses and annual change from 2011 – 2029. Includes 5-year outlook.



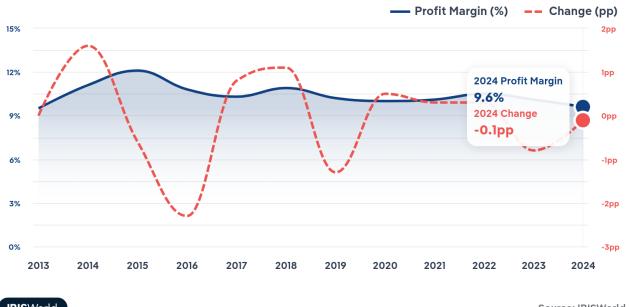
IBISWorld Source: IBISWorld

Profit:



Profit Margin

Total profit margin (%) and annual change from 2011 – 2024



IBISWorld Source: IBISWorld

Performance Snapshot

What's driving current industry performance?

Lower new cars sales aid demand for replacement parts

- New car sales have mixed effects on car parts retailing more cars on UK roads supports demand for replacement parts; however, new cars have extended warranties, reducing the need for parts.
- The cost of living crisis means motorists are delaying buying cars. According to the SMMT, new car registrations are 5.6% lower in the first 10 months of 2022 compared to 2021.
- New car purchases are rising in 2023, with new registrations expanding by 19.6% in the first seven months of 2023.
- Sales of used vehicles have surged because they are cheaper alternatives, driving up the average age of UK cars.

The rising age of cars bodes well for sales

- Despite the dip in 2021 and 2022, the number of cars in use on UK roads has risen. According to the SMMT, 38.8 million cars are in use and a large proportion of them require some form of repairs, which requires replacement parts.
- The average age of private vehicles has expanded to 8.9 years in 2023-24, which boosts demand for components. Because of the rising age of these vehicles, more is spent on repairs annually.
 According to the SMMT, UK motorists spend an average of £700 on repairs annually, especially on essential parts.
- The rising age of UK vehicles means they require mandatory MOTs, leading to faults being spotted and boosting orders for parts.

Retailers clawback revenue after COVID-19 disruptions

- The pandemic led to a standstill in new car sales. Showroom closures in 2020-21 led to a 29.4% fall in new car sales, according to SMMT data.
- The ban on non-essential trips reduced the number of miles driven, causing a sharp decline in demand for parts. According to the DfT, 280.5 billion vehicle miles were driven on UK roads in 2020, a drop of 21.3% from the previous year.
- There was rejuvenated demand in 2022-23 as car usage recovered, limiting revenue decline.
 Motorists are driving less because of surging fuel costs. In June 2022, car insurance group Aviva stated that 44% of respondents in a survey used their vehicle less as a result of higher petrol prices.

Price competition drives down the average profit margin

- The sale of generic parts, especially by online retailers, has depressed prices and the average margin. These parts are imported from low-cost producers and aren't affiliated with any original manufacturers so they are cheaper and vary in quality.
- The fall in consumer confidence and disposable income has created more cost-conscious customers, leading retailers to reduce prices and stimulate sales as competition from online retailers intensifies.
- Supply chain disruptions are causing the cost of imported parts to inch upwards. The majority of parts retailers have passed on higher prices of parts to motorists, aiding profit.

Volatility

What influences industry volatility?

The high average age of cars as households delay new car purchases, drives revenue growth

- An expansion in the average age of vehicles boosts revenue growth UK motorists opting to repair existing cars instead of purchasing a new one hikes sales of car parts.
- The level of revenue volatility is moderate because demand is aided by the high number of vehicles on UK roads.
- The number of miles driven influences the number of faults detected in cars and therefore demand for replacement parts miles driven have decreased, but cars still require servicing and replacement parts. In 2021, the number of miles driven remained below pre-pandemic levels, according to the DfT, with miles driven at 297.6 billion miles.
- The rise of fuel prices in 2022-23 reduced car usage, weighing on demand and revenue growth.

COVID-19 disruptions reduce demand for parts

• The pandemic led to a standstill in car usage due to lockdown measures. Parts sales plummeted in 2020-21 as most retail stores were closed, with revenue falling by 12.9%. In 2021-22, although lockdown measures were eased, demand and revenue fell due to low consumer confidence and a sharp surge in fuel prices, reducing car usage. Motorists will continue to spend on vehicle maintenance and replacement parts as new car demand falls.

Low & slow

Industry volatility vs. revenue growth (2018-24 CAGR)



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Source: IBISWorld



How do successful businesses overcome volatility?

Secure a highly skilled workforce

Offering expertise and technical advice for specialised parts to customers helps to ensure repeat custom and word-of-mouth recommendations.

Control inventory

The ability to efficiently control stock on hand is important for minimising costs. Some car parts are readily available and some are more specialised.

Develop links with suppliers

Having a good relationship with car part wholesalers and manufacturers will ensure a more efficient supply chain and help to reduce costs.

Outlook

What's driving the industry outlook?

New car sales pick up in the short term

- New car purchases are set to rise, elevating the number of cars in use and sustaining demand;
 however, this also weighs on demand for parts because new cars require fewer repairs.
- Fuel prices will remain high in the short term, reducing car usage and limiting wear and tear, suppressing the need for parts.
- Continued inflationary pressure will increase the cost of imported parts, although retailers will likely pass on higher prices, raising the average profit margin.

E-commerce dominates the industry's future

- Competition from online-only firms and sellers like Amazon will rise. Online operators have been capturing a growing market share by allowing motorists to enter car details to find specific parts quickly. Specialist online retailers offer a wide array of products and can deliver promptly to the benefit of time-poor motorists.
- Brick and motor stores still hold an advantage because they provide expertise and advice directly through staff. Operators like Halfords that offer repair services also have a competitive advantage.
- Halfords and Euro Car Parts have established online operations. Halfords encourages click-andcollect, driving sales. Euro Car Parts offers same-day delivery services for parts purchased online to motorists and mechanics.

Electric parts move the industry forward

- The mix of UK cars will change as more electric and hybrid electric vehicles are sold. Many cars on
 UK roads will be more fuel-efficient as manufacturers improve technology in line with consumer
 preferences.
- Ahead of the ban on the sale of new petrol and diesel vehicles in 2030, the number of alternatively fuelled vehicles on UK roads will rise sharply - aided by government policies like the plug-in grant and extra funding for charging infrastructure.
- Parts retailers will have to change their product mix and stock parts for electric and hybrid electric cars incorporating parts and accessories specifically designed for these vehicles.

Revved up average margin due to rising car usage

• The number of cars in use will rise, supporting long-term demand and the average profit margin.

The sale of higher-value components like fuel pumps, crankshafts and parts for suspension will also support margin growth.

• The price of imported parts will rise depending on the value of the pound, raising purchase costs, which retailers will be forced to pass on. Supply chain issues will be ironed out over the period, bringing down costs.

Life Cycle

Why is the industry mature?

Contribution to GDP

The industry's contribution to the economy is forecast to inch downward because of the retail landscape and high competition, depressing prices.

Market Saturation

Car parts retailing is saturated due to low barriers to barriers to entry. The number of companies will expand to take advantage of the rise in the number of vehicles on UK roads.

Innovation

Innovation is low in the industry because of the well-defined ways of selling car parts to motorists using discounting and having knowledgeable employees.

Consolidation

Consolidation is at a moderate level in the industry, because large retailers are taking over smaller stores. Euro Car Parts was stopped by the Competition and Markets Authority from acquiring Andrew Page branches, keeping market share concentration low.

Technology and Systems

The gradual conversion to selling electric car parts will provide an opportunity, but these changes are at the manufacturing level. Motor vehicle parts retailers will increase their online presence to capture the growing market.

Products and Markets

Find out what the industry offers, where trade is most concentrated and which markets are buying and why.

4. Products and Markets

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Highlights

Largest Market **£2.4bn**Parts and accessories of bodies and bumpers

Product Innovation

Low

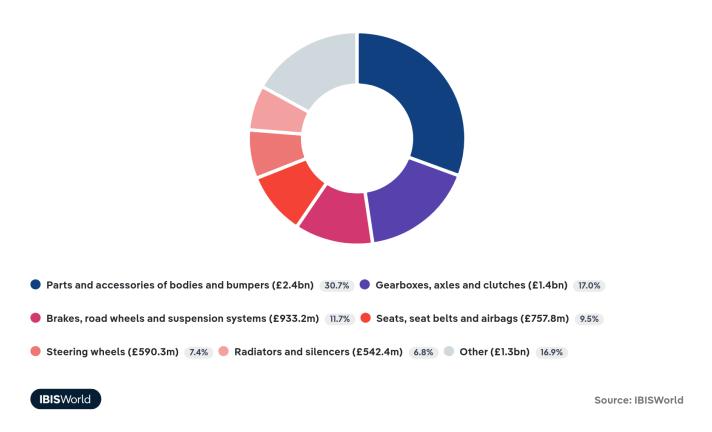
Key Takeaways

- Consumers have opted to buy used cars instead of new ones. The expanding number of used cars in the UK market has benefitted demand for parts for bodies and bumpers.
- **The number of miles driven has increased.** This sustains demand for gearboxes, axles and clutches every year.

Products and Services

Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.



How are the industry's products and services performing?

Fewer accidents and collisions reduce parts for bodies and bumpers

- This segment covers chassis frames without engines, flooring, sides, front and rear panels, luggage
 compartments, doors and the associated parts, bonnets and wings. Framed windows, windows
 equipped with heating resistors and electrical connectors, mudguards, dashboards and radiator
 cowlings are also included.
- The number of collisions on UK roads is falling due to manufacturer enhancements like rear cameras and motion sensors.
- These parts benefit from the expanding number of used cars in the UK market. Customers delaying new car purchases opted for used cars that require more repairs.

Miles driven boost demand for parts like gearboxes, axels and clutches

- Gearboxes and clutches and their parts include drive-axles with or without differentials and clutches and their parts. The segment also includes covers brakes; servo-brakes; road wheels and their parts and accessories; and suspension systems and parts, including shock absorbers.
- The number of miles driven has increased, which sustains demand for these parts every year. The expansion in repair expenditure has led to demand for these parts inching upwards. The majority of these parts are provided to garages and then sold to customers.

Seats, radiators and steering wheels benefit from rising used and electric car sales

- Seats, radiators, steering wheels are rising in line with used car sales. Private sellers and dealerships replace these parts before selling a used vehicle, enhancing the price.
- These parts are essential, which sustains demand for them.
- The number of parts for electric cars traded is surging, because electric car registrations continue to rise.
- Retailers are changing their product mix to stock more parts for electric and hybrid vehicles.

Brakes, road wheels and suspensions are essential

- Brakes, road wheels, and suspensions are essential parts and benefit from an expansion in the number of cars on UK roads.
- The number of miles driven is rising, aiding demand for these essential parts.

What are innovations in industry products and services?

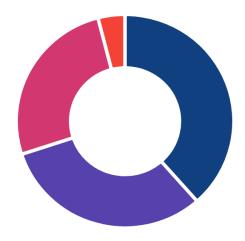
Product differentiation is minimum for car parts retailers

- Car parts retailers stock a wide range of parts from different makes and models. Retailers that stock original equipment can gain and advantage.
- Retailers are selling a rising share of car parts online, taking advantage of higher online expenditure.
- Product line innovation is more prevalent at the manufacturing level, with parts changed and enhanced for better performance.

Major Markets

Major Market Segmentation

Industry revenue in 2024 broken down by key markets



- Owners of vehicles aged nine years and over (£3.1bn) 38.5%
- Owners of vehicles aged between six and eight years (£2.5bn) 31.5%
- Owners of vehicles aged between three and five years (£2.1bn) 26.0%
- Owners of vehicles aged two years and under (£319.1m) 4.0%

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Source: IBISWorld

What's influencing demand from the industry's markets?

Owners of cars aged nine and over are crucial

- The owners of vehicles nine years and over are the largest market for retailers. The average age of a
 UK car is 8.9 years in 2023-24, with the average lifespan being 14 years, according to SMMT. Owners
 of older vehicles tend to spend less on maintenance and accessories, but they buy more parts and
 change old tyres.
- The average age of UK cars fell in 2022, limiting demand for replacement parts. Trading of these private cars is low because they are more prone to repairs, so owners hold on and spend more on repairs.

Owners of cars between six and eight years sustain demand

• This market is significant because most vehicles on UK roads are between six and eight years old, according to the SMMT. Owners of these vehicles tend to spend less on maintenance and

- accessories and focus on repairs and replacement of crucial parts and tyres.
- Used cars traded within this market require more repairs, which sustains demand. These vehicles consume more fuel and the sharp expansion in fuel prices weighed on usage in 2022-23, a trend that continues in 2023-24, reducing the need for repairs.

Owners of cars less than five years old

- Cars under five years old are more technologically advanced and require fewer repairs. New cars are also under extended manufacturer warranty, reducing individual purchases of parts.
- Owners of these cars tend to accessorise their vehicles, which positively affects industry demand.
- Cars aged two years and under don't require essential parts but require maintenance, which is typically carried out by car mechanics or dealership service centres.
- Cars in this age group are traded more, and before a trade takes place, the car is serviced and fitted with new parts, supporting demand.

Geographic Breakdown

Discover where business activity is most concentrated in this industry and what's driving these trends.

5. Geographic Breakdown

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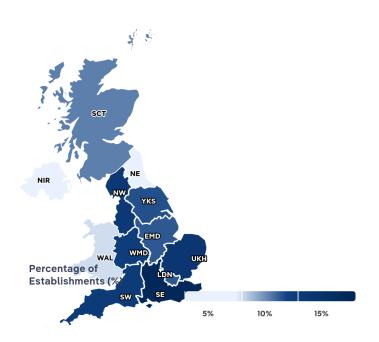
Key Takeaways

- The South East accounts for a rising share of establishments because it holds a high percentage of the population. Most households own more than one car, which is why more retailers are located in the region.
- Car usage and ownership are high in the Midlands. Motorists in the Midlands drive more than the average person due to less developed public transport.

Business Locations

Business Concentration

Percentage of total industry Establishments in each region



IBISWorld Source: IBISWorld

County	Establishments %	Population %
South East	14.6	13.7
East of England	11.2	9.4
North West	10.6	11.0
South West	10.1	8.4
West Midlands	9.7	8.9
Yorkshire	8.6	8.2
East Midlands	8.4	7.2
London	8.4	13.5
Scotland	7.4	8.2
Wales	5.0	4.7

North East	3.3	4.0
Northern Ireland	2.7	2.8

Where are industry businesses located?

High car ownership bodes well for the South East and South West

- The South East and South West account for a rising share of establishments because they hold a high percentage of the population and car ownership. Most households own more than one car, which is why more retailers are located in the regions.
- These areas are close to London and have a high level of road freight transport, raising orders for replacement parts from small and large vehicles.
- More used vehicles are traded in the South East than elsewhere in the UK, supporting demand for parts. According to the SMMT, 3.7 million used cars were traded in the first six months of 2023, raising the need for replacement parts.

Minimal transport services in the North drive car usage and the need for parts

- Poor transport services mean car usage is high in the North East and North West. Most households
 own at least one vehicle and less congested roads encourage more driving, leading to increased
 wear and tear. These regions have a high share of establishments, usually near petrol stations and
 motorway stops.
- The North has a long-running automotive manufacturing history, which means retailers located in the region can cut out wholesalers and buy directly from the source.

Households own more than one car in the Midlands, boosting automotive parts sales

- Car usage and ownership are high in the Midlands. Motorists in the region drive more than the average person due to less developed public transport. Households also have more used vehicles, which bodes well for parts retailers.
- Halfords has its headquarters in the West Midlands and retailers here have easy access to automotive suppliers.

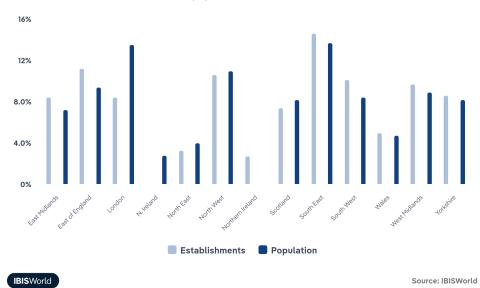
London congestion charge means lower car ownership

- Owning a car in London is considered by many as impractical, as it is often not the most efficient form of transportation. Car ownership is far lower than in any other UK region.
- The expansion of the ULEZ zone has increased running costs, reducing car ownership. Therefore, the number of retailers in the city is lower than in other regions.

Motor Vehicle Parts Retailers in the UK

East of England has the largest spread of businesses compared to its population

Share of Establishments (%) vs. share of population (%):



☆ Key Success Factor

How do businesses use location to their advantage?

Control inventory

The ability to efficiently control stock on hand is important for minimising costs. Some car parts are readily available and some are more specialised.

☆ Key Success Factor

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Control inventory

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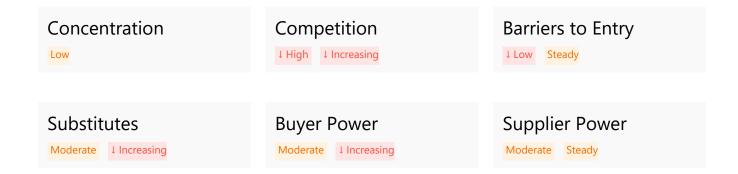
Competitive Forces

Uncover challenges and benefits in the operating environment, digging into market share, buyer and supplier power and key success factors for operators.

6. Competitive Forces

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Highlights



Key Takeaways

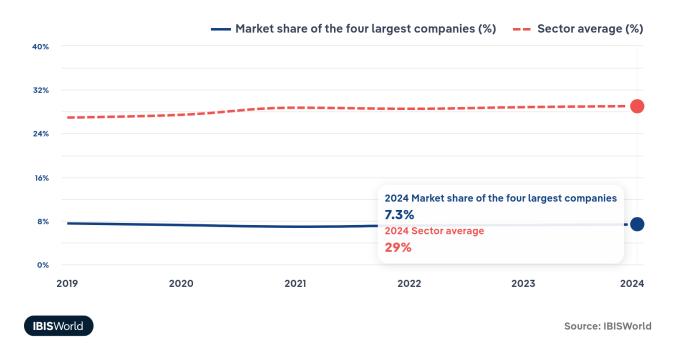
- The majority of businesses in the industry are small operations that sell some parts. Small retailers specialise in selling parts like tyres, gearboxes, engine parts and brakes.
- Halfords benefits from being well known, which has led to increased market share. Halfords has better buying power and can offer lower prices than its competitors.

Concentration



Market Share Concentration

Combined market share of the four largest companies in this industry



What impacts the industry's market share concentration?

The industry is made up of small, single-store retailers, meaning market shares are lower

- The majority of businesses in the industry are small operations that sell some parts.
- Small retailers specialise in selling parts like tyres, gearboxes, engine parts and brakes this is why many shops only sell tyres and a few other parts. Halfords plc has a separate online store that sells just tyres through a process where customers can input their make and model.

Larger firms expand market share because of buying power

- Euro Car Parts has expanded its market share through acquisitions. In 2020, the company opened four new branches, extending its geographical reach.
- Halfords benefits from being well known and has 446 branches across the UK, which has led to increased market share. Halfords has better buying power and can offer lower prices than its competitors.

☆ Key Success Factor

How do successful businesses handle concentration?

Develop a wide and expanding product range

Car parts retailers must stock a wide range of products from different manufacturers matching competitors prices.

Barriers to Entry



Steady

What challenges do potential industry entrants face?

Legal

• There are no licensing requirements for car parts retailers. All parts sold must adhere to safety measures, which are the focus of manufacturers.

Start-Up costs

 Start-up costs are low. A potential entrant can easily access finance and suppliers and quickly set up one or more stores.

Differentiation

• There is limited differentiation for car parts, retailers focus on offering a good service, and new entrants may find it difficult to compete with large companies.

Labour Expenses

• The industry is labour-intensive, and new entrants must have knowledgeable employees for automotive parts.

☆ Key Success Factor

How can potential entrants overcome barriers to entry?

Develop links with suppliers

Having a good relationship with car part wholesalers and manufacturers will ensure a more efficient supply chain and help to reduce costs.

Substitutes



What are substitutes for industry services?

Retailers of general goods stock car parts

- Generic parts and accessories like motor oil, tyres, batteries and wiper blades can be purchased at garages and petrol stations.
- Some supermarkets with filling stations sell generic parts, providing direct competition for car parts retailers.
- The sale of more sophisticated parts by garages can reduce retail sales because they are fitted when faults are spotted, usually during MOTs.

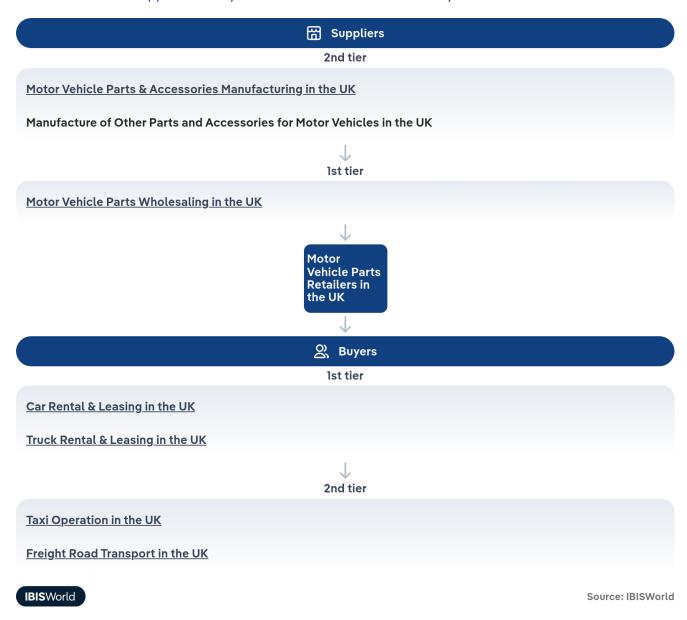
Car dealers and garages sell and fit parts

- Car dealerships and repair centres across the UK sell parts to customers.
- There are no substitutes for specialised components from a particular manufacturer.

Buyer & Supplier Power

Supply Chain

Direct and indirect supplier and buyer industries related to this industry



What power do buyers and suppliers have over the industry?

Buyers: Original equipment drives customer loyalty

Moderate Increasing

- Retailers able to offer specific parts from manufacturers of popular brands can retain customers. Customers are more trusting of parts made by the car manufacturer, limiting buyer power.
- Buyers have significant power when purchasing generic parts that are sold by general retail stores.
 These easy-to-fit parts are sold at petrol stations, supermarkets and online.
- Motorists and mechanics can compare prices with multiple outlets before making purchases, enhancing buyer power.

Suppliers: Rising material costs for manufacturers have increased prices



Steady

- Car parts manufacturers are passing on the higher cost of production in the form of higher prices. Inflationary pressure has also driven prices, eating into profitability.
- The cost of importing parts has risen because of the weak pound and higher freight costs, increasing supplier power. Although retailers don't engage in international trade, the majority of parts sold in the UK are imported.



How do successful businesses manage buyer & supplier power?

Develop links with suppliers

Having a good relationship with car part wholesalers and manufacturers will ensure a more efficient supply chain and help to reduce costs.

Companies

Find out which companies hold the most market share and how revenue, profit and market share have shifted over time for these leaders.

7. Companies

https://my.ibisworld.com//uk/en/industry/G45.320/companies

Key Takeaways

- Halford's retail revenue has expanded as the cost of living crisis bites. Motorists are delaying
 purchases and are buying replacement parts instead.
- Euro Car Parts closed its stores due to COVID-19 restrictions. However, online sales surged before and after lockdown measures were eased, limiting revenue decline.

Market Share

Motor Vehicle Parts Retailers in the UK

Industry Market Share by Company

Industry-specific company revenue as a share of total industry revenue



Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

Companies

Company	Market Share (%)	Revenue (£m)
	2024	2024
Halfords Group plc	7.3	580.0

You can view and download company details on my.ibisworld.com.

Halfords Group plc

Company Details

Industry Revenue (2024)	£580.0m
Industry Market Share (2024)	7.3%

Description

Halfords Group plc is a motor vehicle parts and bicycle retailer and autocentre operator headquartered in Redditch, in the West Midlands. The company has 446 retail stores and 371 garages across the UK and the Republic of Ireland. Halfords divides its retail revenue into: car maintenance, enhancement, cycling and travel solutions. The car maintenance segment includes the sale of various motor vehicle components, parts, spares, fluids and oils. The car enhancement segment sells motor vehicle accessories, including performance parts, wheel trims and car mats.

Brands and Trading Names

- Tredz
- Wheelies

Other Industries

- Bicycle Retailing in the UK
- Sporting and Outdoor Equipment Retailers in the UK
- Online Car Dealers & Automotive Goods Retailers in the UK

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue (\$ million)	Market Share (%)
2018-19	540	7.5
2019-20	545	7.2
2020-21	479	6.9
2021-22	518	7.1
2022-23	551	7.2
2023-24	580	7.3

What's impacting Halfords Group plc's performance?

Click and collect boosts sales

- Halfords generates 80% of its sales from the effective use of click-and-collect services. The company
 encourages click-and-collect because it drives footfall into stores, providing a competitive
 advantage.
- Retail revenue has expanded as the cost of living crisis bites and motorists delay purchases, buying replacement parts instead. The company offers car repair services, which serves as an avenue to sell replacement car parts.

Sales bounce back after COVID-19 disruptions

- The company's sales decreased in 2020-21 due to COVID-19 disruptions because of a drop in car usage. The company reported that motoring revenue fell by 12.1% in 2020-21. However, the profit margin expanded significantly due to a wage reduction as its online operation took precedence.
- Halford's stores remained open because they were deemed essential and sales continued. When restrictions eased, the number of people servicing their vehicles surged, which boosted sales.
- Company revenue will rise in 2023-24 as car usage rises and motorists delay new car purchases.

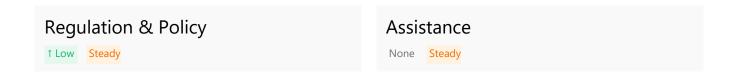
External Environment

Understand the demographic, economic and regulatory factors positively and negatively affecting the industry.

8. External Environment

https://my.ibisworld.com//uk/en/industry/G45.320/external-environment

Highlights

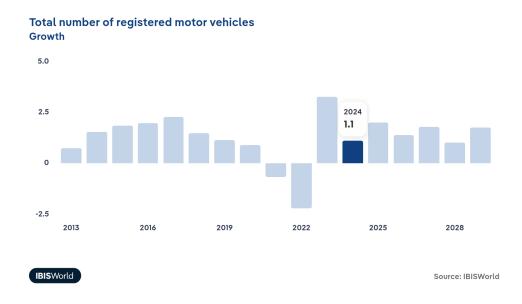


Key Takeaways

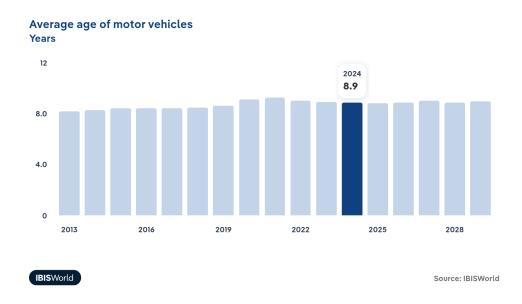
- Government legislation requires new vehicles to undergo an MOT after the first three years of their registration. During the MOT, faults can be spotted, which require replacement parts.
- The total number of registered motor vehicles is increasing in 2022-23. This presents an
 opportunity for the Motor Vehicle Parts Retailers industry.

External Drivers

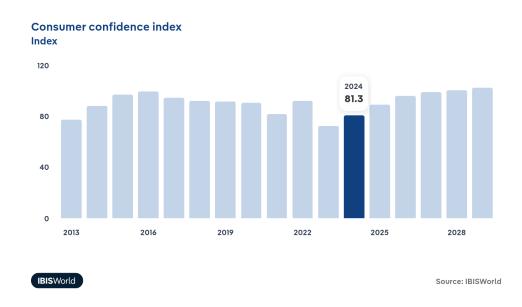
What demographic and macroeconomic factors impact the industry?



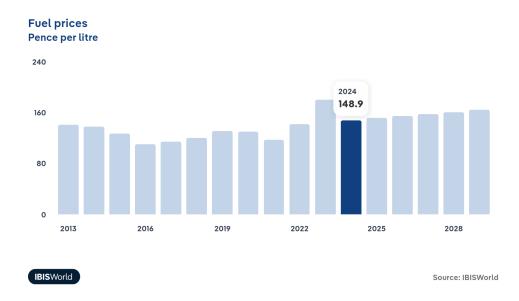
The more cars there are on the road, the higher demand is for aftermarket parts. The number of cars in use in the UK has risen steadily over the past decade, boosted by strong sales and production. A rise in the total number of registered motor vehicles presents an opportunity for car parts retailers.



Older vehicles require more repair work because they are prone to breakdowns. A rise in the average age of cars in the UK increases demand for car parts.

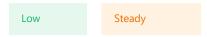


Private individuals purchase the bulk of car parts and accessories. Households tend to delay non-urgent repairs and purchases when consumer confidence is low, limiting demand for replacement parts.



Increases in the price of fuel influence car usage in the UK. Many drivers have started to commute by public transport or simply aim to travel less in order to save on fuel costs. Historically high fuel prices reduce car usage and present a threat to sales of replacement parts.

Regulation & Policy



What regulations impact the industry?

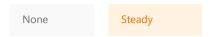
Consumer Rights Acts 2015

General legislation protects customers in the retail environment. Retailers of car parts must provide safe products with transparent prices. The regulation sets out a series of rules intended to protect consumers that automotive retailers must follow. Covers issues such as price transparency and faults or defects. Car parts sold to customers must be fit for purpose, of satisfactory quality and as described. Buyers are entitled to request a refund within 30 days of the purchase and repair or replacement if a defect is found between 30 days and six months of the purchase date.

Competition and Markets Authority (CMA)

The CMA ensures that the industry is competitive - to protect motorists. The body monitors acquisition activity to ensure a healthy level of competition among motor vehicle parts retailers. The CMA ordered Euro Car Parts to close some branches in 2019 due to concerns over competition in the industry. In July 2023, the CMA also raised concerns over Euro Car Part's proposed bid to buy Uni-Select, a supplier of car parts and garage equipment.

Assistance



What assistance is available to this industry?

Plug in Car Grant

The Motor Vehicle Parts Retailers industry indirectly benefits from rising registrations of electric vehicles, which means parts retailers can sell higher-value components. Launched on 1 January 2011, the scheme helped consumers and businesses to purchase AFVs by initially subsidising 25% of the vehicle's purchase price up to £5,000. The grant was then reduced to £2,500 in March 2021.

MOT Requirement

Government legislation requires new vehicles to undergo an MOT after the first three years of their registration. During the MOT, faults can be spotted, which require replacement parts. MOTs were postponed in 2020 because of the pandemic, reducing revenue from MOT services.

Retail Motor Industry Federation

The body supports and represents motor vehicle parts retailers and promotes quality standards throughout the automotive supply chain. The body provides a voice for thousands of automotive retailers during discussions with manufacturers and the government. The RMI also provides help and advice on legal, compliance and trading standards for retailers.

Financial Benchmarks

Understand average costs for industry operators and compare financial data against key ratios and financial benchmarks broken down by business size.

9. Financial Benchmarks

https://my.ibisworld.com//uk/en/industry/G45.320/financial-benchmarks

Highlights

Profit Margin

Average Wage

Largest Cost

Purchases

† Higher than sector

Average Wage

Largest Cost

Purchases

70.3% of Revenue

Key Takeaways

- The average margin is generally steady because of the number of cars in use. The profit margin will remain high as customers continue to focus on repairs and delay new purchases.
- **Purchases are the largest cost for retailers.** Prices of more technically advanced parts for modern and electric vehicles have increased purchase costs.

Cost Structure

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2024

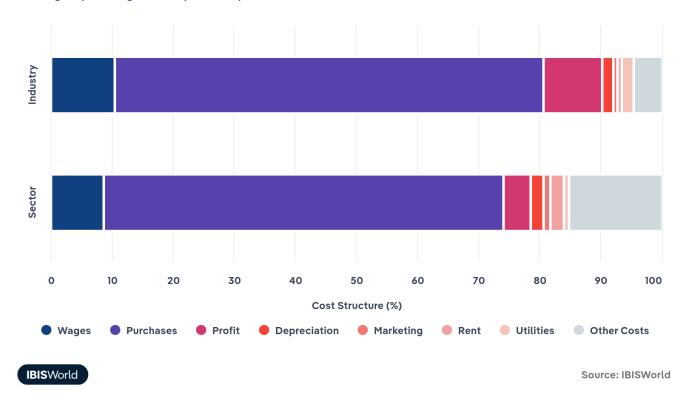


Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

What trends impact industry costs?

Wage costs are decreasing because of digitalisation

- Wage costs are sizeable because car parts retailers require knowledgeable employees.
- Wage expenditure plunged because of the COVID-19 pandemic and the closure of stores.
- Car parts retailers are reducing wage costs by having fewer employees in store, changing shift patterns and using self-service checkouts.

Purchase costs rise because of rising import costs

• Higher production and import costs are raising the cost of parts for resale. Importers have reported higher freight costs because of supply chain disruptions, which have increased prices.

• A high number of car components have been affected by high material prices, which manufacturers have passed on. Inflationary pressure has also contributed to higher costs.

Forceful competition weighs on the average profit margin

- The average industry margin is falling because of the sale of generic parts on online platforms, like Amazon. Car parts retailers are being forced to match prices for basic, easy-to-fit parts used by workshops and motorists.
- During lockdown periods, when physical stores were closed, a large proportion of sales were through online stores, a phenomenon that has continued.
- Retailers offer discounts, which further weighs on average margin. The majority of retailers now offer online services or click-and-collect services.
- Online retailers have fewer costs that retailers must match, driving down profitability.

Reliance on capital constrains growth

Share of economy vs. Investment



Key Ratios

Year	Revenue per Employee (£)	Revenue per Enterprise (£ million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage (£)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2011-12	219,755	2.2	6.8	9.9	26,824	12.2	1.5	23.1
2012-13	219,896	2.2	6.7	10.0	28,215	12.8	1.5	23.6
2013-14	231,995	2.2	6.3	9.5	26,974	11.6	1.5	23.9
2014-15	229,320	2.1	5.9	9.4	27,845	12.1	1.6	25.4
2015-16	229,829	2.2	5.8	9.5	27,351	11.9	1.6	24.2
2016-17	228,664	2.1	5.7	9.4	27,269	11.9	1.6	23.7
2017-18	227,480	2.1	5.7	9.3	26,797	11.8	1.6	24.1
2018-19	227,076	2.1	5.8	9.4	26,488	11.7	1.6	23.3
2019-20	242,966	2.1	5.5	8.8	27,352	11.3	1.6	22.7
2020-21	216,607	1.9	5.6	8.9	24,732	11.4	1.6	23.0
2021-22	230,364	2.0	5.7	8.8	24,466	10.6	1.6	22.6
2022-23	222,783	2.0	5.7	8.9	23,437	10.5	1.6	22.2
2023-24	223,110	2.0	5.7	9.0	23,250	10.4	1.6	21.7
2024-25	225,997	2.0	5.7	9.0	23,432	10.4	1.6	21.5
2025-26	228,885	2.1	5.8	9.1	23,610	10.3	1.6	21.5
2026-27	231,844	2.1	5.8	9.1	23,795	10.3	1.6	21.5
2027-28	234,984	2.2	5.8	9.2	23,987	10.2	1.6	21.5
2028-29	236,068	2.2	5.8	9.2	24,054	10.2	1.6	21.6
2029-30	240,278	2.2	5.8	9.3	24,311	10.1	1.6	21.5

Key Statistics

Discover 14 years of historical, current and forward-looking industry performance data in table format.

10. Key Statistics

https://my.ibisworld.com//uk/en/industry/G45.320/key-statistics

Industry Data

Values

Year	Revenue (£ million)	IVA (£ million)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Wages (£ million)
2011-12	6,807	1,574	4,573	3,116	30,977	831
2012-13	7,300	1,720	4,976	3,312	33,196	937
2013-14	7,772	1,858	5,289	3,516	33,502	904
2014-15	7,854	1,996	5,768	3,655	34,250	954
2015-16	8,138	1,967	6,121	3,726	35,411	969
2016-17	8,182	1,938	6,279	3,824	35,782	976
2017-18	8,329	2,010	6,372	3,918	36,614	981
2018-19	8,495	1,981	6,423	3,989	37,412	991
2019-20	8,672	1,971	6,468	4,049	35,691	976
2020-21	7,507	1,726	6,151	3,907	34,656	857
2021-22	7,872	1,782	6,046	3,873	34,172	836
2022-23	7,790	1,727	6,152	3,930	34,967	820
2023-24	7,976	1,731	6,251	3,980	35,751	831
2024-25	8,187	1,758	6,318	4,016	36,224	849
2025-26	8,396	1,806	6,377	4,044	36,684	866
2026-27	8,607	1,850	6,429	4,069	37,122	883
2027-28	8,817	1,896	6,473	4,092	37,520	900
2028-29	8,903	1,921	6,492	4,105	37,715	907
2029-30	9,169	1,975	6,534	4,125	38,160	928

Annual Change

Year	Revenue %	IVA %	Establishments %	Enterprises %	Employment %	Wages
2011-12	N/A	N/A	N/A	N/A	N/A	N/A
2012-13	7.2	9.3	8.8	6.3	7.2	12.7
2013-14	6.5	8.0	6.3	6.2	0.9	-3.5
2014-15	1.1	7.4	9.1	4.0	2.2	5.5
2015-16	3.6	-1.5	6.1	1.9	3.4	1.6
2016-17	0.5	-1.5	2.6	2.6	1.0	0.7
2017-18	1.8	3.7	1.5	2.5	2.3	0.6
2018-19	2.0	-1.5	0.8	1.8	2.2	1.0
2019-20	2.1	-0.5	0.7	1.5	-4.6	-1.5
2020-21	-13.4	-12.4	-4.9	-3.5	-2.9	-12.2
2021-22	4.9	3.2	-1.7	-0.9	-1.4	-2.5
2022-23	-1.0	-3.1	1.8	1.5	2.3	-2.0
2023-24	2.4	0.3	1.6	1.3	2.2	1.4
2024-25	2.6	1.5	1.1	0.9	1.3	2.1
2025-26	2.6	2.7	0.9	0.7	1.3	2.0
2026-27	2.5	2.5	0.8	0.6	1.2	2.0
2027-28	2.4	2.5	0.7	0.6	1.1	1.9
2028-29	1.0	1.3	0.3	0.3	0.5	0.8
2029-30	3.0	2.8	0.6	0.5	1.2	2.3



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