

## Quick Fix: Economic Uncertainty Is Supporting Car Parts Retailers

By Yin Huey Yeoh

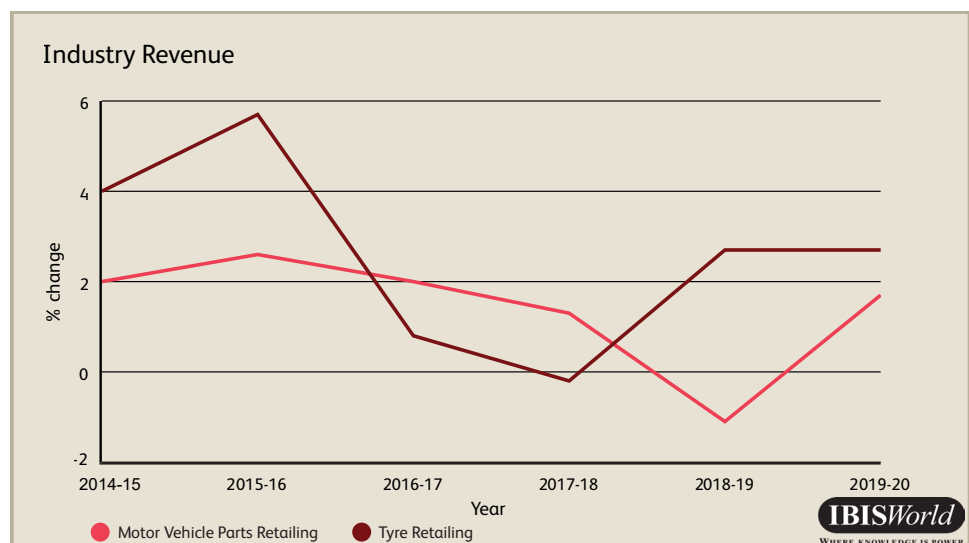
Motor vehicle parts and tyre retailers have largely been sheltered from global economic uncertainty as consumers have increasingly opted to retain their existing vehicles.

Population growth has supported demand for new and used motor vehicle parts and tyres

Unlike many other retail trade industries, operating conditions across the Motor Vehicle Parts Retailing and Tyre Retailing industries have been largely sheltered from global economic uncertainty. When economic conditions are uncertain, consumers are more likely to delay purchases of new motor vehicles and instead buy new or used parts to maintain their existing vehicles. Volatile consumer sentiment and falling discretionary incomes have supported demand for the Motor Vehicle Parts Retailing industry over the past five years. Industry revenue is anticipated to grow at an annualised 1.3%

over the five years through 2019-20, to \$5.4 billion.

Despite uncertain economic conditions, population growth has supported an increase in the number of motor vehicles on Australian roads over the past five years. Continued population growth and greater numbers of vehicles on the road are expected to provide opportunities for tyre retailers to expand. The average age of registered vehicles in Australia has remained unchanged over the past five years. The greater number of older cars on the road has led to more cars progressing through tyre replacement cycles, driving



# Quick Fix: Economic Uncertainty Is Supporting Car Parts Retailers

## Subscribe and become an industry expert

Subscription packages can be tailored to meet your individual or company's needs. Benefits of subscription include substantial discounts on report prices, exclusive data access and rates on customised research to help you move quicker than the competition.

Including key statistics, analysis, historical data and future forecasts, IBISWorld Industry reports provide the information you need to make sound business decisions – now and into the future.

**For more information, please call us today on (03) 9655 3881**

demand for the Tyre Retailing industry. Industry revenue is expected to grow at an annualised 2.3% over the five years through 2019-20, to \$5.6 billion.

The total number of registered motor vehicles is projected to increase over the next five years, largely due to continued population growth. A rising number of vehicle registrations will continue to drive consumer demand for motor vehicle parts and tyres over the next five years. The Motor Vehicle Parts Retailing industry is projected to expand over the next five years, with revenue forecast to rise at an annualised 3.1% over the five years through 2024-25, to \$6.3 billion. However, rising sales of electric and hybrid vehicles may limit demand for motor vehicle parts and accessories over the next five years.

As tyres are a necessity for operating motor vehicles, demand for tyres is projected to increase over the next five years. Revenue for the Tyre Retailing industry is projected to grow at an annualised 1.9% over the five years

through 2024-25, to \$6.2 billion. Despite a forecast increase in retail fuel prices, overall demand for fuel is projected to rise over the next five years. As new vehicles become more fuel efficient, consumers will likely drive more as the cost of driving is perceived to be lower, boosting overall demand for fuel. This trend is anticipated to cause the total distance covered by car drivers to rise, increasing tyre wear. The Australian dollar is forecast to appreciate slightly over the next five years, reducing the prices of imported motor vehicle parts and tyres slightly and boosting demand. However, operators in both industries are projected to face growing external competition from car dealership service centres, which are diversifying their service offerings to include tyre retailing and fitting.

## Related industries:

[Motor Vehicle Parts Retailing in Australia](#)  
[Tyre Retailing in Australia](#)