

## News from Trend Tracker

Date: 20 May 2010

*For immediate release*

### **Latest Trend Tracker report charts recession's effect on UK market for retail servicing, maintenance and repairs**

**The *Car Service and Repair Trend Tracker Update 2010* report from specialist UK research firm Trend Tracker Ltd published this month charts a declining trend in automotive retail servicing and repair demand from 1999 to 2009. The report also measures how well franchised dealer networks, independent garages and fast-fits have fared in attracting custom from the owners of different car brands in the last two years.**

Headline findings from this latest report include:

- Although the number of cars in use in the UK grew by 13% in the last decade, it shrank by 0.7%, 2008/2009. This is the first time the number of cars on UK roads has fallen since the Second World War and will have an adverse effect on the retail car service and repair market. Motorists are also driving less according to the National Travel Survey with average annual mileage down by 9% between 1998 and 2008 to 13,985 km per year (8,740 miles), while improvements in vehicle build quality have eroded retail service and repair demand by 3-4% per year, along with extended service intervals and reduced work content per service.
- At current prices, the value of the retail car service and repair market increased over the past decade by two per cent. One positive driver in this respect has been increases in labour charges by workshops, designed to compensate both for inflation and a reduction in the work available to workshops. From 1999 to 2009, franchised dealers' labour rate increases exceeded inflation by 36%, while independent garages raised their charges by a more modest 15% above the Retail Prices Index (RPI).
- But these labour rate hikes have not been able to offset the decline in demand for retail car servicing and repair in the first decade of the new century. In real terms, the value of the retail car service and repair market – including private motorists and businesses - dropped by 21% from 1999 to £7.70 billion last year, while the number of services and repairs carried out dropped 17% from 55.9 million to 46.6 million.
- Back in 1999, garages could count on motorists paying for an average 2.04 transactions a year. By last year, this had dropped to an estimated 1.50 transactions yearly.
- This decline in demand has already taken its toll on the providers of servicing and repairs. Today's UK motorists now have one-third fewer garages to choose from – 20,195, down from over 30,000 in 1999.

*More*

*Continued*

- Across all brands and ages of car, 27.8% of all motorists interviewed for this latest Trend Tracker report had used the franchised dealer for their make of car for the last routine service undertaken, down from 28.4% in 2008. Across all franchises, dealers slightly improved their retention of servicing for own-brand cars up to four years old, from 53.3% to 53.9%.
- Looking at the whole range of service, maintenance and repairs – and not just routine servicing – independent garage workshops carried out 51.3% of all retail servicing, MOTs and repairs in 2009, franchised dealers accounted for 26.3%, and fast-fits for 7.1%.
- In part due to the labour rate increases mentioned above, franchised dealers gained share in terms of retail service and repair market value between 1999 and 2009, from 36% to 45% of the total, including MOT testing. However, franchised dealers appear not to be increasing their penetration of the older car market fast enough to neutralise the effect of extended service intervals, and are vulnerable to further declines in demand.
- The decline in market value and repair demand will continue, and by 2015 Trend Tracker forecasts that retail service and repair demand will be 19% lower than in 1999 in volume, and 25% lower in value (in real terms).
- Franchised dealer workshops will be affected in the medium term by a decline in their principal market – cars up to four years old. Because of weakening new car sales since the peak years of 2003/2004, and especially as a result of the recession, the 'parc' of cars aged 0-4 years will fall by 25% by 2012 compared to its peak in 2004/2005.

Trend Tracker director and analyst Chris Oakham comments, "*These declining trends in service and repair demand will squeeze providers to the point where Trend Tracker forecasts there will be 44% fewer service/repair outlets by 2015 than there were in 1999.*"

ENDS

#### **Notes for editors**

The new *Car Service and Repair Trend Tracker Update 2010* report combines in one volume an update of data from three long-established Trend Tracker reports covering the UK market for retail mechanical car servicing, maintenance and repairs. It is based on analysis of consumer survey data from up to 18,000 different motorists, gathered during a rolling 18-month period and going back to the early 90s, as well as extensive B2B research.

Details of the report can be downloaded from [www.trendtracker.co.uk](http://www.trendtracker.co.uk).

#### Further information

Please phone Trend Tracker director and lead aftermarket analyst Chris Oakham on 0870 421 4350 or email [coakham@trendtracker.co.uk](mailto:coakham@trendtracker.co.uk)