

# AAAA

## 4WD INDUSTRY RESEARCH REPORT

December 2020



AUSTRALIAN AUTOMOTIVE  
AFTERMARKET ASSOCIATION

acaresearch



**STRATEGIC  
OBJECTIVE**

To quantify the size of the  
Australian 4WD aftermarket,  
unpacking key trends and  
behaviours across the  
manufacture, distribution,  
sale and fitting of 4WD  
parts and accessories

NUMBER OF BUSINESSES

The Australian 4WD sector consists of more than 2,000 businesses, employing over 70,000 Australians, and generating \$6bn annually from the manufacture, distribution, and sale of parts and accessories

TOTAL NUMBER OF BUSINESSES INVOLVED IN THE  
MANUFACTURING, SALE AND DISTRIBUTION OF 4WD PARTS AND ACCESSORIES

2,100

4WD BUSINESSES



\$6BN

REVENUE FROM  
4WD PRODUCTS



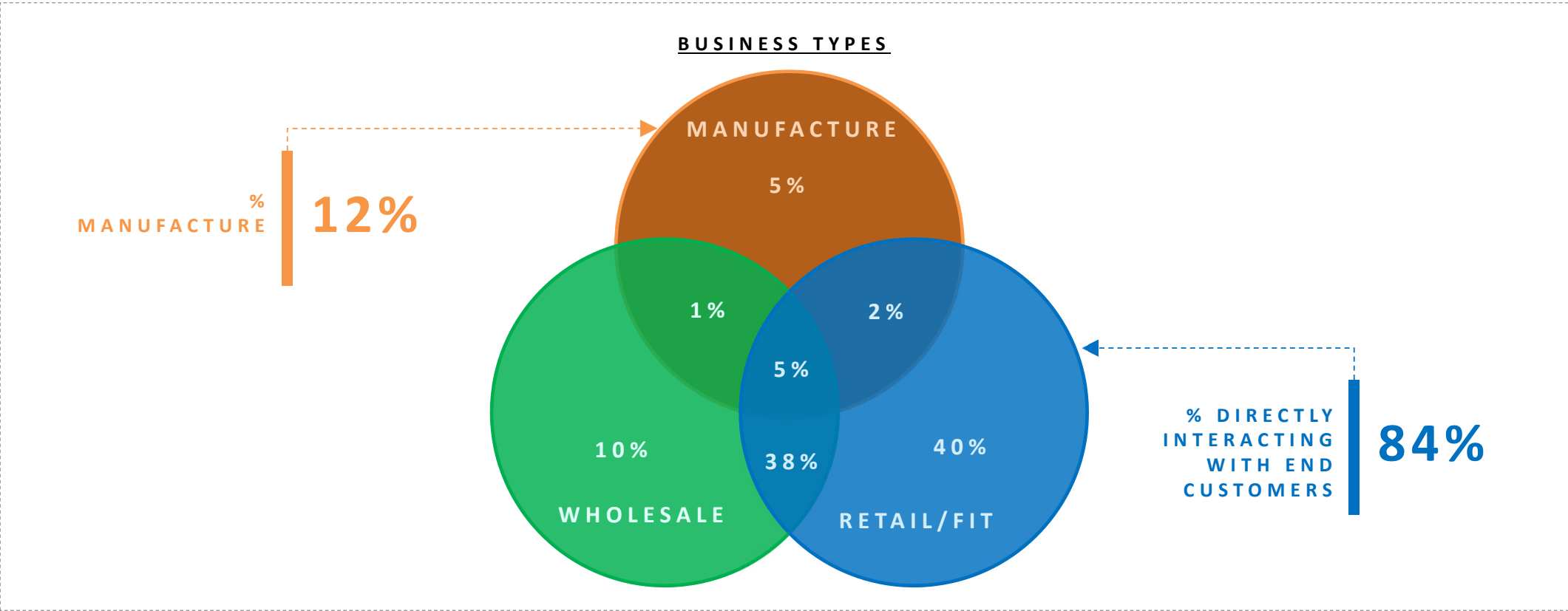
73,000

TOTAL NUMBER OF STAFF  
EMPLOYED IN AUSTRALIA



NUMBER OF BUSINESSES

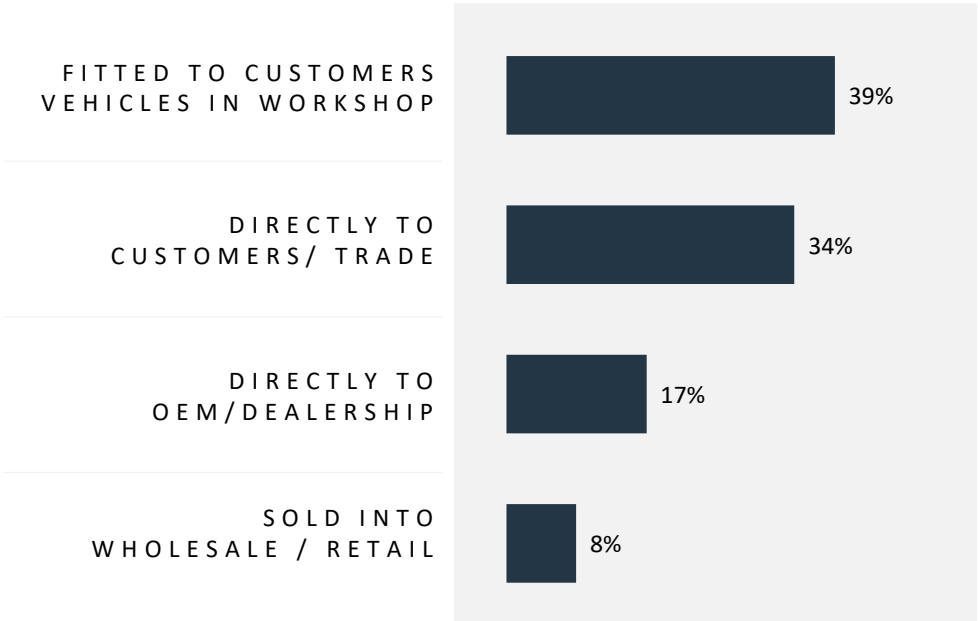
These businesses work along the entire supply chain, manufacturing, wholesaling, retailing, and fitting parts and accessories to customer vehicles



4WD PRODUCTS

Reflecting the high level of interaction with end customers, the bulk of sector revenue is generated by the fitting of parts and accessories to customer vehicles, or direct sales to consumers and trade

WHO 4WD ACCESSORIES AND PARTS ARE SOLD TO IN AUSTRALIA



KEY INSIGHT

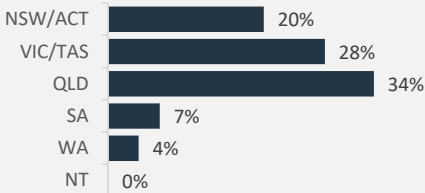
Over 1 in 5 manufacturers sell their 4WD parts and accessories into **wholesale/retail**, with 1 in 2 selling directly to customers/trade

# NUMBER OF BUSINESSES

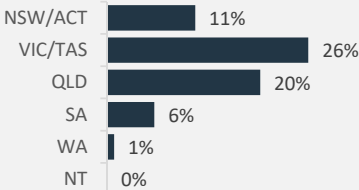
There is a clear skew to Queensland when it comes to head office and project planning functions, but retail outlets and workshops are spread around the country; this demonstrates the truly national demand for 4WD parts and accessories

## LOCATION OF BUSINESS UNITS

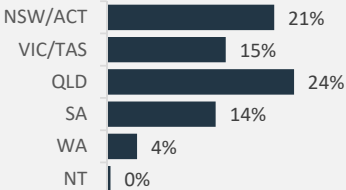
### HEAD OFFICE



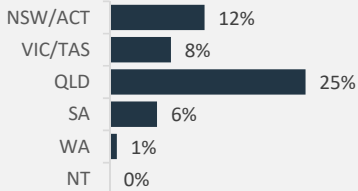
### DESIGN



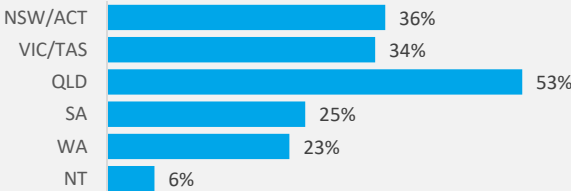
### ENGINEERING



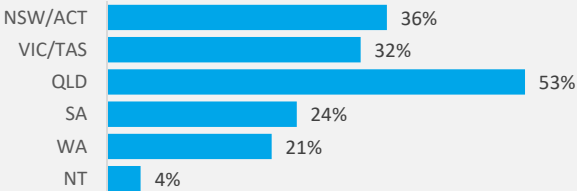
### MANUFACTURING



### RETAIL OUTLETS



### WORKSHOPS





## EXPECTED NET CHANGE IN AUSTRALIAN REVENUE IN NEXT 2-3 YEARS

Looking forward over the next 2-3 years, there is however a significant level of confidence about the opportunities for growth in 4WD parts and accessories; manufacturers in particular expect this to outpace growth in their business more broadly

### EXPECTED CHANGE IN AUSTRALIAN REVENUE IN NEXT 2-3 YEARS



STRATEGIES FOR GROWTH

This growth is fundamentally underpinned by ongoing expansion in the range and quality of parts on offer; this is being supported by investment in marketing and promotional activities, and more robust production, distribution, and sales platforms

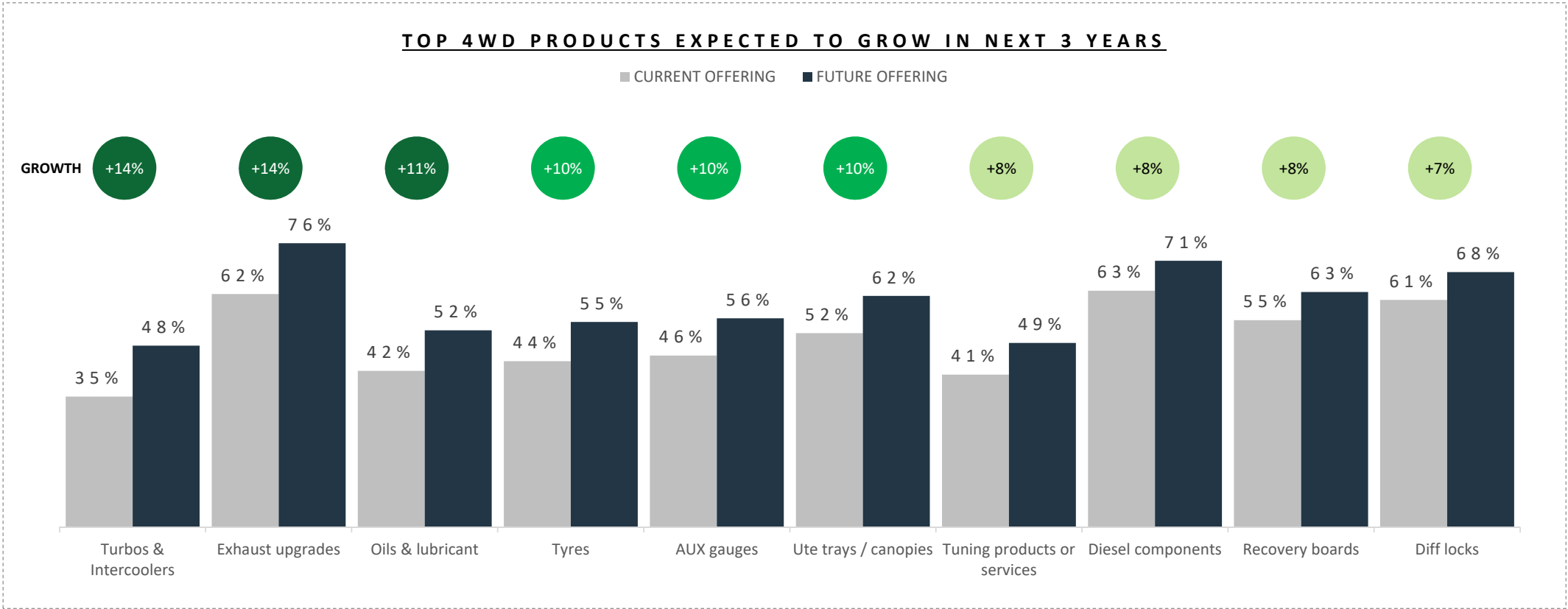
TOP 5 STRATEGIES TO GROW REVENUE OVER THE NEXT 2-3 YEARS





FUTURE PRODUCT OFFERING

Looking to specifics, we can see that Australian businesses are planning to bring new products to market across a broad range of areas; this further highlights the scale of the opportunity



# LOCAL MANUFACTURING OF 4WD PRODUCTS

Focusing specifically on our 4WD manufacturers, two thirds of their total production happens in Australia; two thirds of their raw materials are also sourced locally, supporting the local economy more broadly

## PRODUCT ORIGIN – BUSINESSES THAT USE AUSTRALIAN MADE

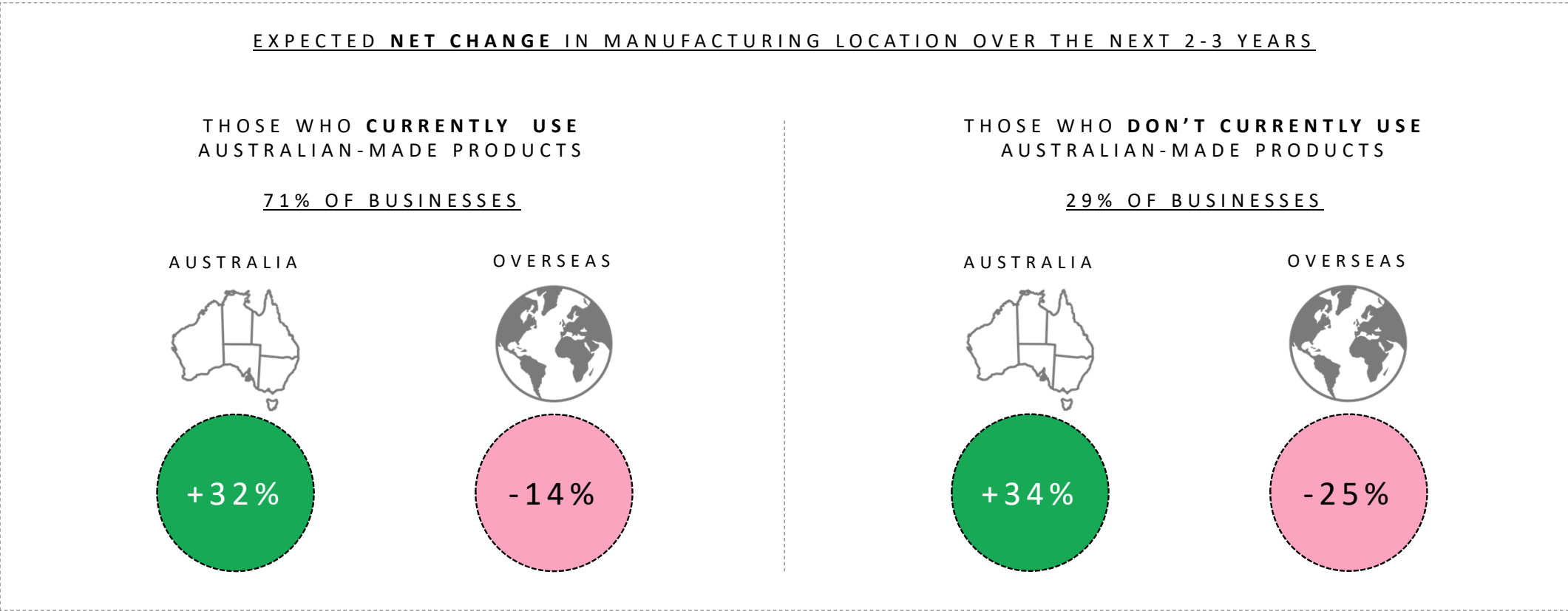


10 Base: All 4WD Manufacturers (n=41)  
Q8. In which countries are your 4WD products manufactured?  
Q9. What proportion of your 4WD products are manufactured in...?



EXPECTED CHANGE IN MANUFACTURING LOCATION OVER THE NEXT 2-3 YEARS

Regardless of the current origin of their products however, there is a universal push to increase the proportion of Australian-made stock within their range; while this is potentially a by-product of the COVID-19 pandemic, it highlights the scale of the opportunity for local manufacturing



EXPORTS

Two thirds of 4WD manufacturers are already selling into overseas markets, although local sales continue to provide the bulk of their revenue from Australian-made parts and accessories; there is an opportunity for Australian firms to further tap into offshore opportunities

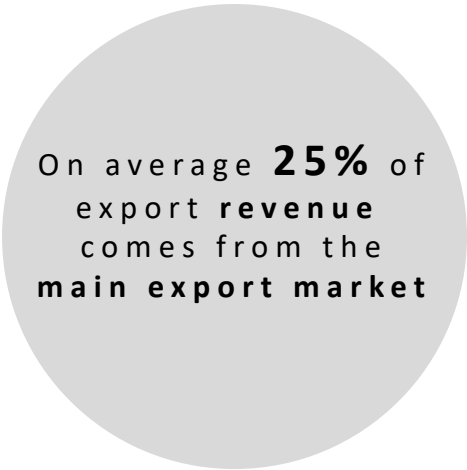
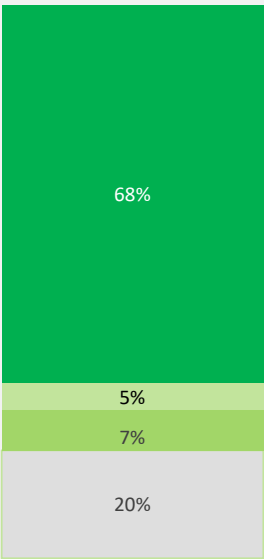
EXPORTS OF 4WD PARTS / ACCESSORIES

CURRENTLY EXPORTING

NO BUT PLANS TO IN THE NEXT 3 YEARS

NO BUT PLANS TO IN THE LONGER TERM

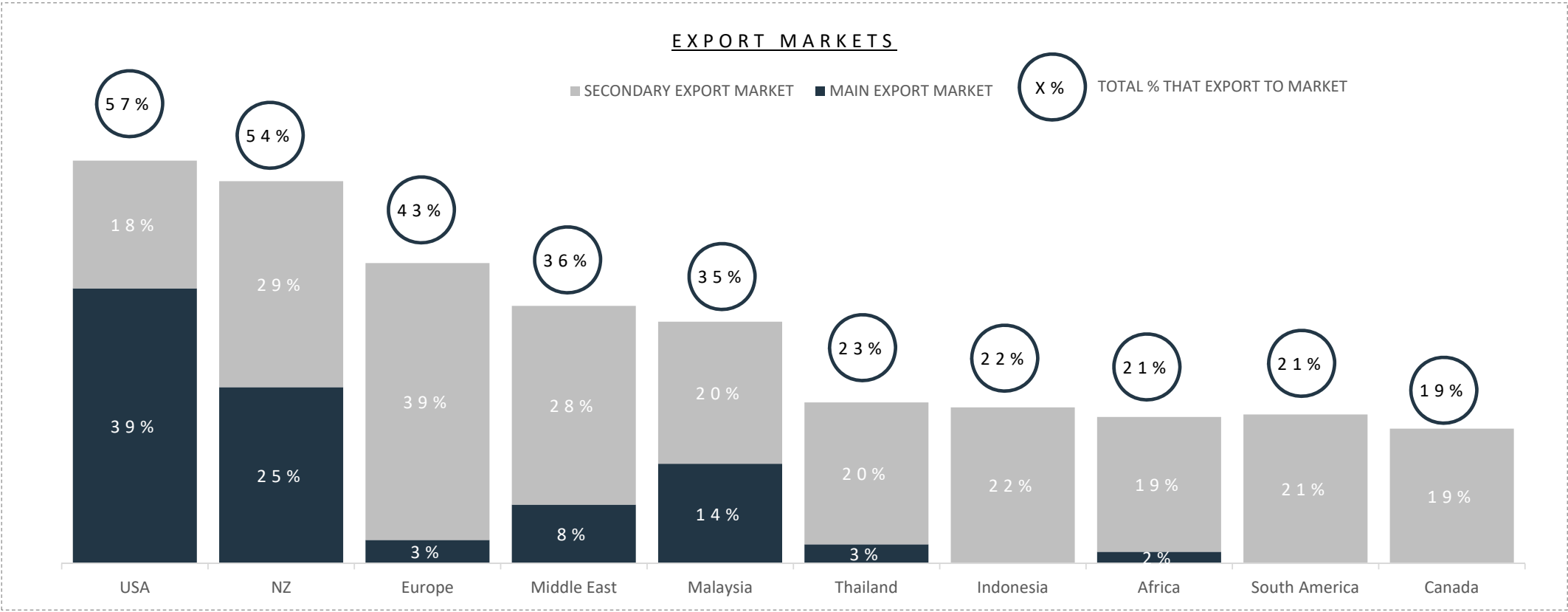
NO AND WE DO NOT INTEND TO



Base: Manufacturers (n=41)  
Q18. Does your business sell Australian-made 4WD parts and accessories overseas?  
Q19. What proportion of your Australian revenue from 4WD products comes from export sales?

PRODUCT OFFERING

Reflecting the appetite in the US for modified recreational vehicles, it stands out ahead of NZ as the top export market for Australian-made 4WD parts and accessories, although they are also being distributed across Europe, the Middle East, Asia, and Africa



Base: Manufacturers (n=41)  
Q20. What is your main export market for 4WD parts and accessories?  
Q22. Which other markets do you currently export 4WD parts and accessories into?



PROSPECTIVE EXPORT MARKETS

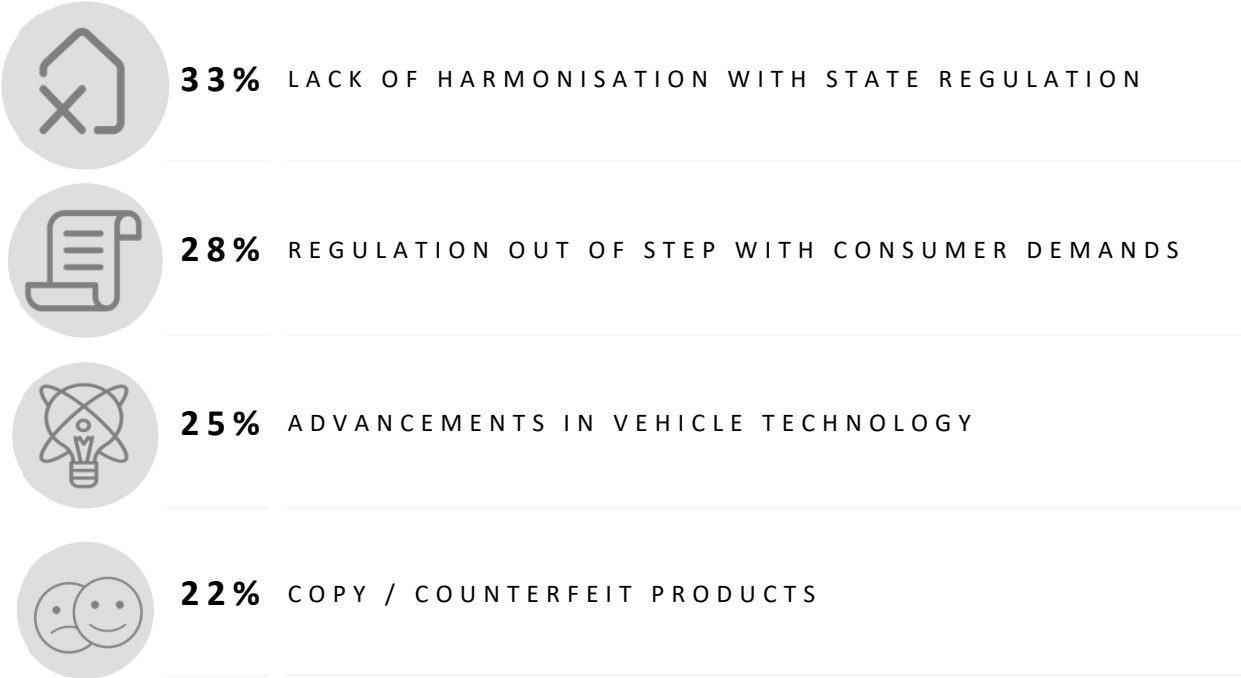
The US is currently the most compelling offshore market, but Australian manufacturers also see significant opportunities for growth in Africa, the United Kingdom, and the Middle East



# FUTURE IMPACT ON INDUSTRY

Businesses will however have to overcome some challenges to achieve these goals, particularly when it comes to the regulatory environment; concerns primarily related to a lack of harmonisation across jurisdictions, and restrictive regulations lagging the market

## POTENTIAL FUTURE IMPACTS ON 4WD PARTS / ACCESSORIES



### OTHER FACTORS

- “State regulations are a major problem - Having a product we could sell to the market then the state regulators legislate it out of the market”
- “Government legislation and modification rules being tightened will impact the ability to upgrade a vehicle post initial new vehicle sale”
- “Vehicle technology integration”
- “Need to stop cheap copy’s from flooding the market”



# AUSTRALIA'S STRONG AFTERMARKET ACCESSORY INDUSTRY

*Choose Australian designed, high quality aftermarket products and accessories*



**The huge variety of Australian aftermarket accessories also includes:**  
Storage draws, recovery points, recovery kits, seat covers, dual battery systems, underbody protection, fuel cans, navigation systems, brakes, clutches and much more.

Prices are within an average range for these aftermarket accessories, without fitting.





# AUSTRALIA'S STRONG AFTERMARKET ACCESSORY INDUSTRY

*Choose Australian designed, high quality aftermarket products and accessories*



**ROOF RACKS**  
\$400 - \$600

**CANOPY**  
\$2,500+

**TOW BAR**  
\$600 - \$1,500

**SNORKEL**  
\$300 - \$500

**DRIVING LIGHTS**  
\$400 - \$600

**WINCH**  
\$400 - \$1000

**BULL BAR**  
\$1,800 - \$3,500

**SIDE STEPS/  
RAILS**  
\$1,000 - \$1,500

**SUSPENSION  
LIFT KIT**  
\$1,500 - \$3,500





THANK YOU