



Market Report

A Snapshot of your Market Sector

Car Garage and Valet

This pack has been designed to provide information on setting up a business in the **Car Garage and Valet** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **December 2020**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Car Garage and Valet market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ The car aftermarket has performed **relatively well during 2020** considering the impact of the COVID-19 pandemic on the wider economy and automotive market. Although demand has suffered in many areas as a result of reduced mileage and the growth in working from home, **revenues are forecast to be down only 4.4% against 2019 at £5.61 billion in 2020**. Much of the decline will come from sluggish demand for replacement tyres. Looking forward, Mintel expects revenues to surpass their 2019 level by 2022. (Mintel, *Car Aftermarket: Inc Impact of COVID-19 - UK - November 2020*)
- ◆ **New car sales are expected to continue to fall** in the short term, which is likely to **boost demand for repairs and maintenance**. However, demand for discretionary industry services is expected to slow in the short term due to weak consumer confidence. A potential no-deal scenario could lead to import tariffs and inflate the cost of imported parts, affecting margin growth. Over the five years through **2025-26, industry revenue is expected to expand at a compound annual rate of 2% to reach £29.5 billion**. (IBISWorld, *Motor Vehicle Maintenance & Repair in the UK*, October 2020).
- ◆ Motor vehicle parts revenue is expected to rise at a compound annual rate of **1% over the five years through 2025-26 to reach £7.3 billion**. **Parts and accessories of bodies and bumpers** is expected to account for **28.5%** of generated revenue in 2020-21. **Gearboxes, axles and clutches** are expected to account for **17%** of industry revenue in the current year. **Brakes, road wheels and suspension systems** segment is expected to account for **12% of revenue in the current year**. (IBISWorld, *Motor Vehicle Parts Retailers in the UK*, July 2020).
- ◆ There were **2.99 million vehicles licensed for use on the roads in Scotland in 2018**, of which 83 per cent were cars. New registrations of cars in 2018 accounted for around 187,510 of these, around 17,000 (8%) less than in 2017, and 15,000 (9%) more than 2008. Glasgow had the largest number of vehicles licensed as at the end of 2018 (237,478), followed by Fife (210,554) and Edinburgh (199,993) - based on the postcode of the registered keeper. (Transport Scotland, *Scottish Transport Statistics No. 38 2019 Edition*, March 2020 - <https://tinyurl.com/y35watct>)
- ◆ The National associations for this industry are the [Retail Motor Industry Federation](#), [Car Wash Advisory Service](#), [Garage Equipment Association](#), [Institute of the Motor Industry](#) and [Independent Garage Association](#).



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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel - Car Aftermarket: Inc Impact of COVID-19 - UK (November 2020).** Used and refurbished parts represent an ever-present threat to the market. Such parts have long been a feature of the tyres market, where demand for part worn tyres amounted to 4-4.5 million units per annum in 2019. Although 36% of consumers questioned by Mintel said they would consider purchasing used or refurbished parts, interest is much higher for young adults, notably those aged under 35. Given the growing interest of manufacturers in this market on the grounds of sustainability, it has the potential to increasingly disrupt the traditional aftermarket.
- ◆ **IBISWorld – Motor Vehicle Parts Retailers in the UK (July 2020).** Older cars tend to need more repair and maintenance work than newer vehicles, so an older fleet generates more demand. The average age of registered vehicles grew for the first half of the period and was key to strong revenue growth prior to the start of the period. This put the industry at a high base for the current period. However, new vehicle sales facilitated by cheap car finance deals has caused the average age of vehicles to rise slowly in recent years. Technological improvements have made cars and their parts more durable. This means they need fewer replacement parts, particularly critical components, because they last longer. UK motorists spent an average of £695 in 2019, down from £707 in 2016, according to SMMT. Nonetheless, the increasing average age of UK vehicles supports demand for essential parts.
- ◆ **IBISWorld – Motor Vehicle Maintenance & Repair in the UK (October 2020).** Car usage declined sharply after lockdown measures were implemented, which reduced demand for industry services. More people encouraged to work from home further reduced car usage and encouraged industry operators to temporarily close some outlets and place employees on the furlough scheme. As lockdown measures are eased, private customers visited other parts of the United Kingdom which increased car usage in the summer months. Kwik Fit Autocentres reported increased demand for servicing.

There are also a number of online resources you may find helpful:

- ◆ **Transport Scotland, COVID-19 Transport Trend Data - 23 - 29 November 2020, December 2020** (<https://tinyurl.com/yvd6aavh>). Transport Scotland is monitoring transport trends during the COVID-19 outbreak. This information provides a snapshot of travel across main modes when compared to this time last year.
- ◆ **Independent Garage Association, COVID-19 Coronavirus Guidance for Independent Garages.** (<https://tinyurl.com/yvhxgfv4>) The IGA page includes COVID guidance, resources and useful links

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#) ,[Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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