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 October 2019. 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:

♦ Replacement parts can be sourced from a large number of channels although Mintel’s analysis of these indicates that the number accessible is in decline. From an estimated 36,938 outlets available in 2014 this had reduced to 36,657 in 2016 with 35,970 forecast for 2018. This represents a fall of 2.6% and continues what has been a steady consolidation of the sector. Independent garages are the most important channel by number for purchasing replacement parts. Mintel estimates that they account for 41% of total outlets in 2018. Other channels of note are forecourts, with 23% of channels, franchised dealers (13%) and fast-fit outlets (12%). (Mintel, Car Aftermarket UK, November 2018)

♦ Growth is forecast to continue over the five years through 2023-24. New cars sales are expected to fall in the short term, benefiting demand for maintenance and repairs and offsetting slowing demand for discretionary options like bodywork services. However, fuel prices are forecast to increase over the next five years, which could provide a further incentive for customers to use public transport, to the detriment of industry operators. In addition, reduced car usage is expected to weigh on industry performance over the next five years. Overall, industry revenue is projected to grow at a compound annual rate of 2.1% to reach £30.5 billion over the five years through 2023-24. (IBISWorld, Motor Vehicle Maintenance & Repair in the UK, September 2018).

♦ Motor vehicle parts retailers have benefited from an overall increase in disposable income, which has supported the rising number of vehicles on UK roads over the past five years. Falling fuel prices between 2013-14 and 2015-16 encouraged car usage, which leads to more wear and tear and drove demand for replacement parts. However, industry revenue is expected to come under pressure in the second half of the period due to constrained disposable income and rising fuel prices discouraging car usage. Overall, industry revenue is forecast to increase at a compound annual rate 1.5% to reach £7.2 billion over the five years through 2018-19 (IBISWorld, Motor Vehicle Parts Retailers in the UK, December 2018).

♦ New car sales fell sharply in September, an important month for the motor trade, as new registration plates are introduced. The ‘69’ plate did not stop the continuing challenge to forecourt sales, with a decline of 11.3% in the number of cars sold in September last year. (BBC, Sale of new cars in Scotland drop in important month, October 2019 (tinyurl.com/y4my6otf)).

♦ The National associations for this industry are the Retail Motor Industry Federation, Car Wash Advisory Service, Garage Equipment Association 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 - “RAC and Euro Car Parts team up to create the UK’s biggest independent garage network” (15th February, 2019). The RAC has joined forces with Euro Car Parts, supplier of essential components and consumables to 370-strong Autofirst Network independent national garage network, to create the biggest independent garage network in the UK. Formed from existing RAC Approved Garages and Autofirst Network members, along with new sign ups, the new RAC Approved Garages powered by Autofirst Network has 500 garages on board and is expected to exceed 650 by April 2019. Each garage will be jointly branded, carrying the RAC and Autofirst Network branding.

♦ IBISWorld – Motor Vehicle Parts Retailers in the UK (December 2018). The Motor Vehicle Parts Retailers industry is forecast to grow modestly over the next five years. Industry revenue is expected to rise at a compound annual rate of 1.7% over the five years through 2023-24 to reach £7.8 billion. New car purchases are expected to continue falling in the short term, supporting demand for replacement parts. Customers are expected to delay purchasing new cars while economic conditions remain subdued, boosting demand for industry operators. Stalling demand for new car sales has given rise to an increase in used car sales, which is likely to lead to an increase in the average age of UK motor vehicles. In the long term, the potential introduction of tariffs or barriers to trade between the United Kingdom and European Union could reduce competition from imported parts, stimulating industry growth.

♦ IBISWorld – Motor Vehicle Maintenance & Repair in the UK (September 2019). Over the next five years, the Motor Vehicle Maintenance and Repair industry is expected to record stable growth. Constrained consumer and business confidence is anticipated to drive demand for repair and maintenance services. Despite the availability of cheap finance deals, new car sales are expected to continue falling 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 as consumer confidence weakens... Overall, industry revenue is forecast to expand at a compound annual rate of 2.1% to reach £30.5 billion over the five years through 2023-24.

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

♦ Transport Scotland, Scottish Transport Statistics No.37 2018 Edition, February 2019 (tinyurl.com/y5zy56jf). This publication includes information on the number of road transport vehicles, including new registrations, numbers licensed by taxation group and council area, as well as most popular cars, driving tests and driving licence holders.

♦ Institute of the Motor Industry, Trade Bodies and Other Organisations, 2018 (tinyurl.com/y9t9sut5). The institute provides an extensive list of trade bodies and other organisations in the motor industry

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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
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 Retaining and Grow Your Customer Base will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

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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