Use these **Automotive After Market Links and Resources** to learn how to get started with an automotive after market accessory business. Don’t forget you can receive free or low-cost training and **free professional business advice**, from your local **Small Business Development Center**!

Don’t miss our **Free Business Plans** on our Business Plans page.

Automotive After Market Business (NAICS: 44131  SIC: 5531) by Perry Byers

With 225,882,103 vehicles operating in the United States during 2003 and an average annual growth rate of 2% the Automotive After Market Accessory industry has a large potential customer base.

However, there are currently 3,596 Automotive After Market Accessory Shops already open in the US, with combined annual revenue of $1,209,100,000. On average, 6 employees work at each shop, helping to bring in average annual revenues of $400,000.1

According to Donna Reichle, the media relations manager for the National Automobile Dealers Association, “more than three in ten new vehicles are leased.” The problem with this for Automotive After Market Accessory Shops is that people who are leasing their vehicles are unlikely to spend money on accessories because they know that when the lease is up they must return the car in the same condition in which they received it.1

**Automotive After Market Consumer Demographics**

The factors used in evaluating automotive after market consumers are: age, household income, where they choose to purchase and how long they have been involved in the market.

**Age Profile**

The average age of automotive after market consumers continues to increase. In 1990, the average age of consumers was 33.8; in 1994, it was 38.3, and in 1999, it was 43.5. Another means of evaluating the age of market consumers is through comparison to the U.S. population as a whole. In the overall U.S. population, 51.6 percent are between the ages of 25 and 64, while remarkably, industry consumers in that age group account for
nearly 85.2 percent.

Income Profile

There are noticeable differences in the distribution of household income between the general U.S. population versus the automotive after market consumers. Generally, industry consumers are more affluent than the population at large, which makes sense when one considers that automotive after market accessories are discretionary in nature. Compared to the U.S. population, the consumers are more concentrated in households with $35,000 or more in annual income. Slightly less than 75 percent of the consumers have an annual income greater than $35,000, while less than half of U.S. households have a similar income.

Those consumers with household income over $35,000 increased 44 percent from 52.1 percent in 1990 to 74.8 percent in 1997. At the same time, the overall U.S. population in these same household income brackets increased only 1.2 percent. In 1999, the average household income of industry consumers was $57,185. These numbers indicate that funds spent on specialty equipment market products are discretionary in nature.

Vehicles

These automotive after market consumers have an average of 2.9 vehicles in their household. Passenger cars are the dominant vehicle type with light trucks not far behind. The number-one concern for consumers as they select and use their vehicles is durability, followed by safety. Studies by J.D. Power and Associates, and Opinion Research Corporation International have found similar patterns for vehicle buyers in general.

Trends in New Vehicle Attribute Preference

<table>
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<th>Year</th>
<th>Economy</th>
<th>Dependability</th>
<th>Price</th>
<th>Quality</th>
<th>Safety</th>
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<td>1980</td>
<td>42%</td>
<td>31%</td>
<td>14%</td>
<td>4%</td>
<td>9%</td>
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<tr>
<td>1985</td>
<td>8%</td>
<td>41%</td>
<td>29%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>1996</td>
<td>7%</td>
<td>34%</td>
<td>11%</td>
<td>19%</td>
<td>29%</td>
</tr>
<tr>
<td>2000</td>
<td>11%</td>
<td>33%</td>
<td>11%</td>
<td>22%</td>
<td>24%</td>
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</tbody>
</table>

Source: J.D. Power and Associates, Opinion Research Corporation International


Automotive After Market Industry Trends

In 2003, the automotive after market accessories industry showed a 3 percent sales growth, making it one of the fastest growing sectors of the industry.
While the auto accessory industry as a whole is doing well, car audio sales are slipping. In 2003, nationwide car audio sales fell approximately 13.9 percent and an additional 1.2 percent decline is expected for 2004. Dan Brettler, CEO of Car Toys, said that 2003 was the worst year for car audio sales in two decades. Additionally, the car audio industry is expected to continue to face challenges in the foreseeable future. Sales in this industry have historically been driven by a demanding and limited number of young males.

Marketing

Trade shows can be a great way to find both suppliers and buyers of automotive after market accessories. The following is a list of some of the largest auto accessory shows in the United States:

SEMA Show (Las Vegas, NV) – [www.semashow.com](http://www.semashow.com)
International Auto Salon (Atlantic City, NJ) – www.semiais.com
SEMA Offroad (Indianapolis, IN) – [www.semaoffroad.com](http://www.semaoffroad.com)
SEMA Spring Expo (Indianapolis, IN) – [www.semaspringexpo.com](http://www.semaspringexpo.com)
AAPEX (Las Vegas, NV) – [www.aapexshow.com](http://www.aapexshow.com)
MERA Knowledge Fest (Louisville, KY) – [www.merausa.org/KFest_Att_General.htm](http://www.merausa.org/KFest_Att_General.htm)

Automotive After Market Trade Associations

Automotive After Market Industry Association (AAIA) – [www.aftermarket.org](http://www.aftermarket.org)
Mobile Enhancement Retailers Association – [www.merausa.org](http://www.merausa.org)
International Auto Sound Challenge Association – [www.iasca.com](http://www.iasca.com)
Specialty Equipment Market Association – [www.sema.org](http://www.sema.org)

1 National Automobile Dealers Association
2 Dun and Bradstreet – zapdata.com
6 Lamm, Greg. “Car Toys sees after-market electronics demand shrinking.” *Puget Sound Business Journal*. “This material is based upon work supported by the U.S. Small Business Administration. Any opinions, findings, conclusions or recommendations are those of SBDCNet and do not necessarily reflect the views of the U.S. SBA. The SBA funds this U.S. Small Business Administration (SBA) Grant. SBA’s funding is not an endorsement of any products, opinions, or services. All SBA funded programs are extended to the public on a non-discriminatory basis.”

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