

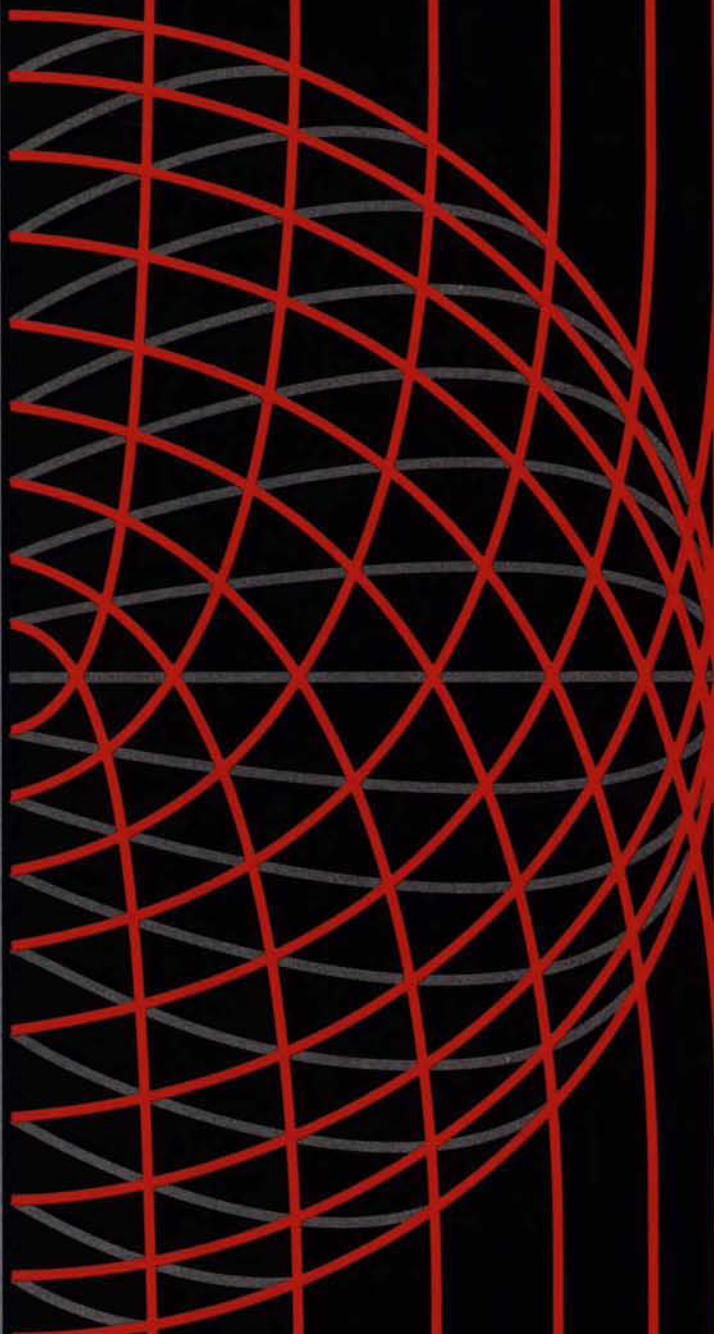
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Automotive Aftermarket Parts

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Canada

1990-1991

AUTOMOTIVE AFTERMARKET PARTS

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FOREWORD

In a rapidly changing global trade environment, the international competitiveness of Canadian industry is the key to growth and prosperity. Promoting improved performance by Canadian firms in the global marketplace is a central element of the mandates of Industry, Science and Technology Canada and International Trade Canada. This Industry Profile is one of a series of papers in which Industry, Science and Technology Canada assesses, in a summary form, the current competitiveness of Canada's industrial sectors, taking into account technological, human resource and other critical factors. Industry, Science and Technology Canada and International Trade Canada assess the most recent changes in access to markets, including the implications of the Canada-U.S. Free Trade Agreement. Industry participants were consulted in the preparation of the profiles.

Ensuring that Canada remains prosperous over the next decade and into the next century is a challenge that affects us all. These profiles are intended to be informative and to serve as a basis for discussion of industrial prospects, strategic directions and the need for new approaches. This 1990-1991 series represents an updating and revision of the series published in 1988-1989. The Government will continue to update the series on a regular basis.

Michael H. Wilson
Minister of Industry, Science and Technology
and Minister for International Trade

Introduction

The automotive industry in Canada broadly includes the manufacturers both of motor vehicles (passenger cars, trucks, buses and specialty vehicles) and of the parts, tires and tubes that are used as original equipment in the assembly of new motor vehicles as well as for replacement parts and accessories. Most of the industry is rationalized to operate in one market that includes both Canada and the United States.

Automotive activities in 1989 generated slightly over 15 percent of the total shipments of products manufactured in Canada. They accounted for 32.5 percent of all exports of fabricated materials and end products. In 1989, automotive shipments were composed of \$28.1 billion in automobile, truck and bus assembly; \$14.7 billion in parts; \$1.9 billion in specialty vehicles; and about \$1.5 billion¹ in tires and tubes. In the same year, the industry employed 185 200 people.

Of these, 55 500 were involved in assembling automobiles, trucks and buses; 96 500 in parts; 22 700 in specialty vehicles; and about 10 500¹ people worked to manufacture tires and tubes.

This profile deals only with the automotive after-market parts manufacturing industry. In addition to *Automotive Aftermarket Parts*, industry profiles have been prepared covering

- *Automotive Original Equipment Parts*
- *Automotive Tires*
- *Heavy-Duty Trucks*
- *Light Motor Vehicles*
- *Specialty Vehicles*
- *Urban and Intercity Buses*

¹ISTC estimates.



Structure and Performance

Structure

The automotive aftermarket parts industry manufactures components used to repair, ornament and/or enhance the performance of motor vehicles. Major products of the industry are cooling systems, electrical systems, filtration products, ignition and fuel systems, safety products, engine parts, undercar products that give a smoother ride, and accessories.

Total shipments in the aftermarket industry in 1989 were worth \$2 194.7 million.² Employment stood at 10 000 people. Exports of aftermarket parts totalled \$1 224.9 million in 1989, while imports totalled \$901.0 million (Figure 1).

The aftermarket parts industry accounts for about 15 per cent of total automotive parts production in Canada. The remaining 85 per cent of parts production, by value, is assembled into new vehicles by the automotive original equipment (OE) parts industry (see industry profile on *Automotive Original Equipment Parts*).

While aftermarket and OE products are similar, product mix, volume and distribution channels differ considerably. Aftermarket producers normally manufacture a wide variety of parts to fit a range of model years and vehicle makes and sell them to many wholesale and retail buyers. OE producers, in contrast, manufacture a limited number of parts in large volume for major automotive assemblers and hence deal with only a handful of buyers. Given the different production requirements and buying channels, most companies specialize in either aftermarket or OE production. However, some product differentiation does exist, since several products, such as accessories and rebuilt products, are unique to the aftermarket.

An estimated 189 companies, each having sales over \$1 million, produce strictly aftermarket parts, which include functional parts, accessories and rebuilt products. Complex functional parts such as engine and transmission components require access to technology supplied by assemblers, so OE producers as well as auto assemblers who produce for in-house consumption are engaged in replacement production in these areas.

Both industries are heavily concentrated in Ontario and Quebec, although aftermarket production is more geographically dispersed than OE production, particularly in the rebuilding segment. Of the 189 firms active in the

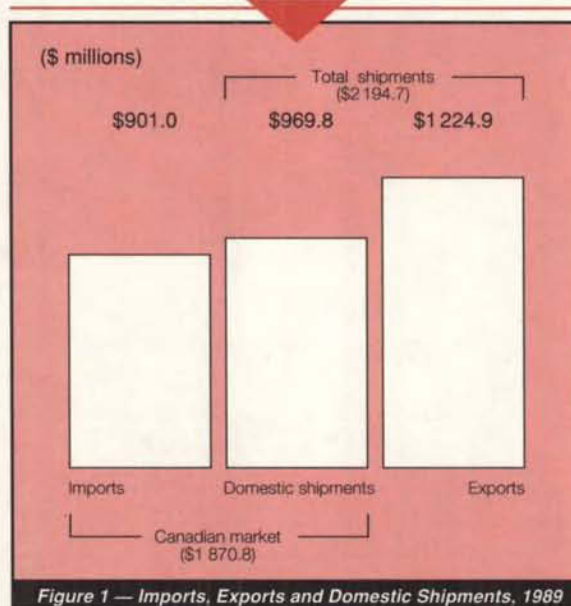


Figure 1 — Imports, Exports and Domestic Shipments, 1989

aftermarket with annual sales over \$1 million, only about 10 per cent are located outside Ontario and Quebec.

Generally speaking, companies with annual sales of less than \$5 million tend to be Canadian-owned, whereas larger companies are often foreign-owned. Companies producing both OE and replacement parts are larger and are primarily foreign-owned.

While this industry profile deals primarily with producers of aftermarket parts, it should be noted that much of the value-added in the industry is derived not from manufacturing but from the sale and distribution of parts. In 1989, the value of sales of replacement parts in Canada at the manufacturers' level of the automotive market was estimated at just under \$2 billion, while retail sales of aftermarket parts and accessories were estimated at \$4.1 billion. Of total retail sales, approximately 47 per cent were made by service stations, 28 per cent by motor vehicle dealers, 10 per cent by retail outlets, close to 10 per cent by garages, and under 5 per cent by used car dealers. Employment in all aspects of aftermarket distribution, not including fuel distribution, at both retail and wholesale levels has been estimated at 250 000. Car dealers employ approximately 100 000 additional people in the repair and maintenance areas.

²Statistics Canada first began distinguishing aftermarket from original equipment production in the 1984 Census of Manufacturers. Parts producers were asked to distinguish original equipment from aftermarket production. The census established aggregate production and subsector production (e.g., stamping, plastic components). However, many problems remain. Foremost is the lack of any commodity detail for aftermarket parts. In addition, the only principal statistic available is shipments of aftermarket parts as a percentage of the four-digit SIC code for the industries making up industry group 325, motor vehicle parts and accessories industries. For an explanation of industry classifications, see *Standard Industrial Classification, 1980*, Statistics Canada Catalogue No. 12-501.



A variety of distribution channels are required to meet consumer needs for different installation methods, with differing levels of service. The consumer's choice of service has a significant impact on whom the manufacturer supplies. Parts can be installed by the car owner with parts purchased from wholesale or retail outlets, or by a mechanic in a vehicle dealer's repair bay, a garage or a service station.

The garage or service station obtains parts from a jobber, who buys from a warehouse distributor, who in turn buys directly from the manufacturer. This three-tiered system has evolved into a much more fragmented system over the past 10 years, with jobbers now purchasing directly from manufacturers and specialty outlets, and with warehouse distributors now selling directly to installers, fleet owners and distributors. Dealers generally buy from the assembler or from the OE producer. Retail outlets such as Sears and Canadian Tire may purchase from warehouse distributors or, more typically, they may buy directly from manufacturers and require private branding.

The relative importance of these channels varies according to the vehicle's country of origin. Owners of North American vehicles frequently deal with independent aftermarket outlets, either garages or retail stores, for vehicle repairs rather than with car dealers. Owners of imported vehicles, on the other hand, have a much greater tendency to return to dealerships for routine repairs. Replacement parts for Japanese and Korean vehicles tend to be produced by OE manufacturers operating in either Asia or North America. In Japan, all functional replacement parts are produced by OE producers, as assemblers insist on OE quality to honour warranties. Asian-owned assembly plants established in North America have followed practices established in their home markets, preferring that OE manufacturers serve the aftermarket. Although no European automotive assemblers, except for Volvo, are established in North America, their aftermarket service practices generally parallel those of the Asians.

The manufacture of aftermarket products is not rationalized on a North American basis to the same extent as other industries of the automotive sector are. It is estimated that export orientation (percentage of domestic production exported) is less than 60 percent in the aftermarket industry, compared with over 80 percent in the OE industry. Some replacement products are exported to a greater extent than others, such as brake components, shock absorbers and mufflers, thus compensating for low levels of export activity in product areas such as the ignition system subsector.

An additional reason for the lower export orientation of the aftermarket industry can be attributed to the complexity of penetrating the many-layered and fragmented wholesale and retail distribution channels in the United States. Most of Canada's largest OE parts producers have chosen not to enter the aftermarket industry, because of what they

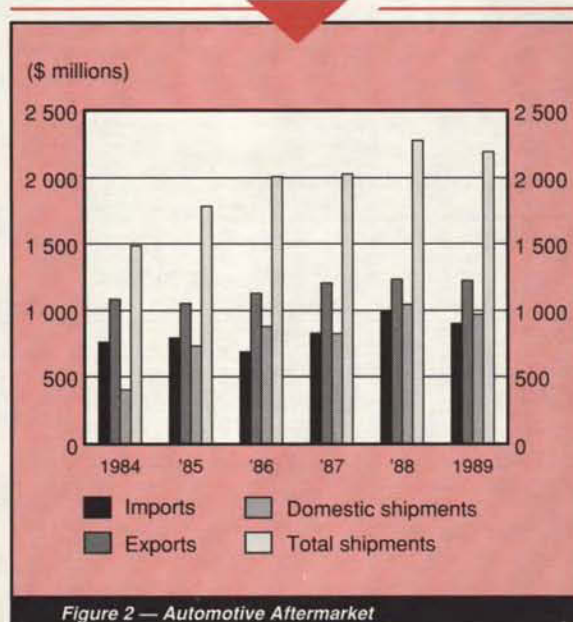


Figure 2 — Automotive Aftermarket

perceive as a complex market and demands for improved competitiveness from their OE assembly customers.

Most imported automotive aftermarket parts originate with American producers. Many foreign-owned companies assemble products for distribution in Canada using imported components, providing minimal value-added. Several products, such as air conditioning parts, are supplied primarily by imports. Trade outside North America is minimal, although offshore imports are growing.

Performance

Performance in the late 1980s in the automotive aftermarket parts industry has been strong, with domestic parts shipments increasing from \$402.0 million in 1984 to \$969.8 million in 1989 (Figure 2). Total investment in the parts sector as a whole (both OE and aftermarket) increased from \$171 million in 1984 to \$584 million in 1989. Separate investment indicators for the aftermarket are not available.

Trade performance improved during the early and mid-1980s, enhanced by the relatively weak Canadian dollar and strong marketing activities in selected product areas (e.g., mufflers, wipers, brakes). Canadian exports of aftermarket parts to the United States more than doubled from under \$500 million in 1981 and continued at a level of over \$1.2 billion in 1989. Imports from the United States grew slowly from \$759 million in 1984 to \$901 million in 1989.

Performance in the aftermarket is a function of the number, type and age of vehicles in operation, the rate of parts wear, distance driven, and the scrap rate, reflecting



both historical and current economic conditions. These variables do not affect OE part sales, which depend entirely on the success of automotive assemblers and new car sales.

Because vehicles reach the period when prime repairs are needed between five and eight years of age, cycles in aftermarket parts sales lag those for new car sales by the same length of time. Therefore, despite the strong new vehicle sales during the 1980s, the aftermarket parts industry has been increasing at a much lower rate, showing growth of 20.1 percent in 1985, 12.6 percent in 1986, 1 percent in 1987 and 12.4 percent in 1988. The drop of 3.7 percent in 1989 can be explained by depressed vehicle sales of the late 1970s and early 1980s. An upturn is expected as cars sold between 1982 and 1985 begin reaching their prime repair years, which should result in improved market conditions. Profit margins tend to be higher in the aftermarket than in the OE industry, depending on the stage of the demand cycle, but volumes are lower and inventory and distribution costs higher.

Increasing vehicle quality also has a dampening effect on aftermarket performance. The absolute number of repairs is expected to decline. However, this trend will be offset to some extent by the increasing value of repairs as parts become more complex.

Most critically, the composition of the vehicle fleet has changed during this period. While foreign vehicles once accounted for a small proportion of the vehicle population, they are now approaching 20 percent of vehicles on the road and are expected to reach at least 30 percent, representing the largest growth opportunity in the aftermarket. However, at least 50 percent of after-warranty work on imported vehicles takes place at vehicle dealerships rather than at service stations or garages, a much higher percentage than for domestic vehicles. Greater dealer loyalty has been encouraged by longer warranties and perceived poor service in the independent outlets. Unfortunately for domestic parts producers, vehicle dealers obtain replacement parts primarily through the assembler or OE parts producer, offering little opportunity for independent aftermarket producers.

The decline in the volume of vehicles built by American assemblers has resulted in a permanent reduction in market size for companies producing domestic parts exclusively for routine repairs. Owners of imported vehicles as well as of Asian vehicles assembled in North America tend to return to the dealer, who generally obtains parts from the OE manufacturer. As a result of the depressed conditions in the early 1980s and an expectation that highly competitive market conditions will continue, financial resources for investment in new products and technology are limited. Although aftermarket producers normally license designs from OE manufacturers rather than design their own products, substantial investments are required to procure designs and to retool.

Strengths and Weaknesses

Structural Factors

The strengths of the Canadian aftermarket industry vary considerably among product areas. Canadian capability is strongest in the subsectors that produce safety products (brake pads) as well as undercar and ride products and is weakest in the ignition and fuel as well as electrical subsectors. The accessories subsector shows greatest potential for increased exports.

The safety products subsector is one of the fastest-growing industries in Canada, particularly in the brake product area. The subsector consists of a large number of both American- and Canadian-owned firms that, by Canadian aftermarket standards, are of significant size. In 1989, over \$580 million worth of brake components were exported to the United States. In the past, this subsector's strength could be attributed to ready access to asbestos, used to manufacture brake pads. However, given new regulations prohibiting the use of asbestos, manufacturers are successfully shifting to alternate materials.

The Canadian accessory aftermarket subsector is large and growing, consisting of many small and medium-sized Canadian-owned companies. These companies manufacture a broad spectrum of products, ranging from aerodynamic parts to automotive striping, floor mats, luggage racks, mirrors, seat covers and running boards. However, several popular product lines are not produced in Canada. The majority of suppliers, while strongly entrepreneurial, are limited to local or regional distribution and have not entered export markets. Given domestic production capability and an expanding American market, considerable potential for growth exists. The light truck segment is the biggest growth area in the aftermarket, according to retailers, distributors and suppliers alike. It is reported that truck owners buy 40 percent of total aftermarket accessories and parts sold in the United States. The five major product lines in the light truck accessories market are bed liners, bug shields, running boards, pass-through windows and tool boxes.

Canadian capability in the undercar and ride subsector is strong. Production of front suspension, shock absorbers, struts and universal joints is dominated by foreign-owned multinationals with OE capabilities. Production of mufflers is also dominated by foreign-owned subsidiaries, which have partially rationalized North American production.

In the cooling system subsector, Canada has strong capabilities in the production of radiators, with good export performance. The market for air conditioning parts is growing, but little production capability exists in Canada. While a strong production base exists in the belt and hose subsector, these companies are primarily foreign-owned and have limited



export potential. Rebuilding of water pumps is declining, replaced by new imported aluminum water pumps.

The ignition and fuel system subsector is dominated by imports, the dominant domestic manufacturers being rebuilders. New technology, primarily electronics, is leading to a sharp decline in demand for conventional ignition products (e.g., spark plugs). New ignition products are being developed by assemblers and OE parts companies, primarily in the United States and Japan.

Production of electrical systems is dominated by rebuilders of alternators and starters, using components obtained from the United States. These rebuilders export little.

Most engine parts are manufactured in-house by vehicle assemblers and are supplied as OE service parts. Ford and General Motors both have large engine complexes in Canada.

The air and oil filter subsector is dominated by foreign-owned multinationals, which produce in Canada to meet domestic market needs. Very few of these Canadian subsidiaries have export mandates. The introduction of fuel injection is requiring significant product redesign.

The major weaknesses of the Canadian automotive aftermarket industry are a domestic orientation, a scarcity of large, integrated firms and a low level of product development.

Largely because they are excluded from duty-free trade under the terms of the Canada-U.S. Automotive Products Trade Agreement (Auto Pact), U.S. aftermarket producers have established operations in Canada to assemble and distribute parts, with little export orientation. Given the wide variety of parts required to provide complete coverage, relatively short and inefficient product runs resulted. Canadian plants usually focus on high-volume production of parts, supplementing their product lines with imports, because they lack the critical mass required to vigorously pursue new products and markets. The relative market share of aftermarket parts produced in Canada is shown in Figure 3.

With limited marketing resources and product innovation capability, many Canadian aftermarket firms have traditionally not viewed North America as an integrated market and have not fully exploited export opportunities. Barriers cited include problems in establishing distribution systems in the United States, price pressure due to intense wholesale and retail competition and difficulties inherent in serving widely dispersed geographic areas.

Revolutionary changes in vehicle design have introduced new generations of products and have made others obsolete. Canadian firms have been slow to introduce new product designs, leaving Canadian production dominated by the manufacture of older technology products. For example, universal joints used in rear-wheel-drive vehicles are manufactured in Canada, but constant velocity joints used

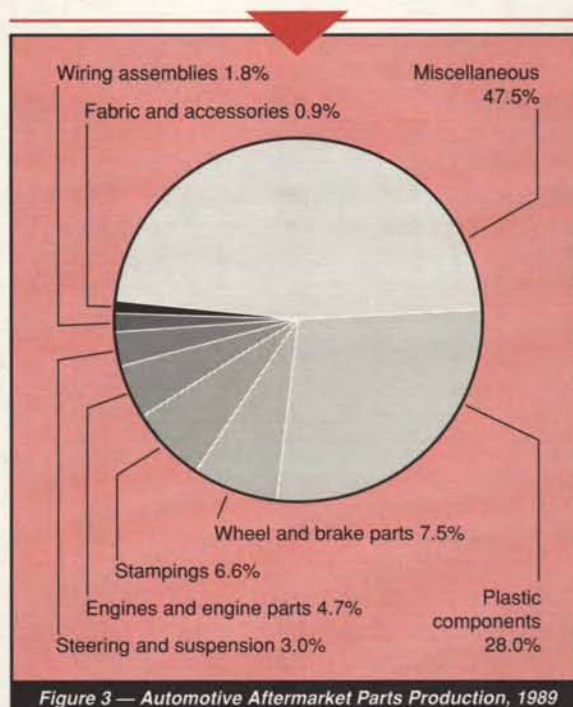


Figure 3 — Automotive Aftermarket Parts Production, 1989

in front-wheel-drive vehicles are not. A market continues to exist for older technology, and will continue to do so until the scrapping of the last 1970s-era vehicle, but will inevitably decline. While some producers are shifting to new technologies, such as the shift from asbestos to non-asbestos brake pads and from the rebuilding to manufacture of gas tanks, these examples are the exception rather than the rule.

Trade-Related Factors

Aftermarket parts are not included in the Auto Pact, and thus have not been eligible for duty-free trade under the Canada-U.S. Free Trade Agreement (FTA) which was implemented on 1 January 1989. Canadian tariffs on aftermarket products range from 9.2 percent to over 25 percent, reflecting the wide variety of products in the industry. U.S. tariffs now average 3 percent on imports from Canada. Both tariffs will decline to zero by 1 January 1993 under the terms of the FTA.

Long-term demand for aftermarket parts will be stimulated by the FTA. Under the FTA, automotive parts and vehicles will have to meet a more stringent rule of origin requiring that 50 percent of direct production costs be incurred in North America. Over time, this rule will give Canadian aftermarket parts a competitive advantage over offshore imports.

Tariffs in the European Community (EC) average 10 percent. No specific non-tariff barriers to trade exist between Canada and the United States.



Technological Factors

Rapid developments in vehicle technologies during the 1980s require investments in new product designs as well as in the manufacture and stocking of an increasing number of parts. Such rapid technological change is new to the industry, which operated with essentially the same technologies from the 1950s to the 1970s. Small to medium-sized companies in both Canada and the United States are having difficulty in adjusting to changed market demands, particularly in view of the limited financial resources caused by depressed market conditions in the early to mid-1980s. Companies filling new product niches tend to be large, established aftermarket producers in the United States; they often have links to the OE market, which can provide critical access to product design. Some producers in Canada are successfully making the transition to new technologies; many others, however, remain in mature and declining areas, leaving imports to fill the new product lines.

Application of process technology is more advanced than product technology, although this varies widely by product area. Given the need to produce a wide variety of products to fit all makes and models of vehicles, the aftermarket industry could make better use of computer-controlled, flexible manufacturing techniques. Process technology is disseminated in the industry primarily through equipment suppliers. Companies producing undercar and ride products and engine products, primarily foreign-owned multinationals, are the most advanced in the use of these techniques. Rebuilders are the least automated, often relying on small-batch, manual operations. New technology entails not only the introduction of new products, but also increased service to installers at service stations, garages, and other distribution outlets. These outlets increasingly consider the provision of installer training in their purchase decisions.

Other Factors

The industry has expressed concern about the relatively higher value of the Canadian dollar in recent periods vis-à-vis the American dollar. On the other hand, under certain economic conditions, it is widely recognized that a significantly lower value is likely to be inflationary. The resulting higher domestic costs and prices can erode, over time, the short-term competitive gains of such a lower-valued dollar.

Skills development remains a key factor in this industry, as in other industries. The Canadian Automotive Repair and Service Council (CARS) is developing a human resources strategy to address the needs of the Canadian automotive repair and service industry. On the manufacturing side, Employment and Immigration Canada is in the process of reviewing a consultant's study on skills and human resources requirements that was directed by an industry committee.

Evolving Environment

Four major structural changes are affecting the automotive aftermarket: the relative decline of the population of vehicles built in North America by the Big Three automakers (Chrysler, Ford Motors and General Motors) and growth in the foreign-built fleet; rapid changes in technology; increasing component quality, reflected in extended warranties; and increasing consumer demand for service, resulting in changing distribution patterns.

If domestic aftermarket producers are to garner a greater share of the market serving imported or domestically assembled Asian cars, the imported-car owner will have to be induced to switch from dealerships to service stations and garages and/or car dealers will have to begin purchasing parts from aftermarket producers. Another option, open only to those companies active in the OE as well as the aftermarket industries, is to supply the Asian-owned assembly plants established in North America, referred to as transplants, in order to attain access to the aftermarket as well as the OE sectors. The task will not be easy, as imported car dealerships consistently top consumer satisfaction surveys and car dealers are reluctant to obtain parts from the independent aftermarket producers. Only the most persistent OE companies with consistently high quality have succeeded in supplying the transplants.

Adding to these pressures, North American vehicle dealerships are also trying to attract a larger share of the repair market through improved service, increased advertising and extended warranties. Analysts believe that vehicle repair will become increasingly attractive to the North American assemblers as profit margins on new car sales decline. As with foreign car dealerships, Big Three dealerships generally tend to source parts from the OE supplier. They are more receptive, however, to purchasing from the independent aftermarket than are foreign car franchises.

Additionally, increased product quality, reflected in extended warranties, is resulting in increased vehicle and component life. The impact of these changes has not yet been fully experienced and will largely depend on how long vehicles remain in operation. If consumers react to improved quality by holding vehicles longer, prime repair years will simply be extended. While the number of repairs performed on each vehicle may decline, the value of each repair is increasing as components become more sophisticated. Thus, while the volume of parts produced may decline, total sales may not decrease dramatically.

Another factor that will soon have a serious impact on the aftermarket industry is compliance with safety and environmental regulations. Consideration is being given to require aftermarket manufacturers to comply with the same requirements as OE manufacturers.



Finally, in response to increased technological complexity and increased vehicle value, the consumer is increasingly choosing to have repairs performed by a mechanic. As a result, retail outlets serving the do-it-yourself market are expected to experience a declining market share, while outlets offering installation services will grow. Outlets equipped with computer diagnostic equipment are expected to win a greater market share. Franchise outlets offering quick service, backed with national advertising, are also expected to prosper. The aftermarket parts manufacturer must adjust marketing strategies in response to these changes.

With service becoming increasingly important, manufacturers who sell to outlets providing installation and customer service will have an edge, while those serving retail markets only will suffer. Manufacturers providing complete product education and training services will also have an advantage.

The tariff phase-out in aftermarket products under the FTA by 1993 will reinforce trends in the industry to rationalize and integrate. Aftermarket companies will be forced to reexamine their ability to import and export and to consider structural changes occurring in the North American aftermarket. The relative value of the Canadian and American dollars will also be a determinant of performance.

At the time of writing, the Canadian and U.S. economies were showing signs of recovering from a recessionary period. During the recession, companies in the industry generally experienced reduced demand for their outputs, in addition to longer-term underlying pressures to adjust. In some cases, the cyclical pressures may have accelerated adjustments and restructuring. With the signs of recovery, though still uneven, the medium-term outlook will correspondingly improve. The overall impact on the industry will depend on the pace of the recovery. Since mid-1989, approximately 30 companies have closed their Canadian production facilities and have consolidated manufacturing operations in the United States or elsewhere.

Competitiveness Assessment

The Canadian automotive aftermarket parts industry is competitive in product areas based on older technologies within the Canadian market and in selected product areas in the American market, notably undercar and ride products, radiators and brake products. The full export potential of the American market has not yet been exploited for many existing products, particularly in the accessories subsector. The Canadian aftermarket industry does not have a production capability in emerging product areas based on new vehicle technology, such as new ignition and fuel systems,

front-wheel-drive products and small motors. Canadian producers have not yet gained access to the foreign fleet repair market.

The Canadian automotive aftermarket manufacturing industry is not well positioned to capture emerging new product and export opportunities. However, like much of the American aftermarket industry, the Canadian aftermarket industry is in a time of transition. It remains to be seen whether the aftermarket industry will reposition itself to take advantage of the FTA in the same manner in which the original equipment industry profited from the Auto Pact.

These structural changes will require considerable repositioning of producers in the aftermarket industry in North America if they are to survive. Conditions favour companies that produce for the OE market as well as the aftermarket, allowing access to new product design and to dealership networks. The majority of smaller independent aftermarket companies in Canada and the United States lack this link, while aftermarket parts multinationals are best positioned. Accessories are perhaps the only product area in which an OE link is not critical. These trends also favour consolidation of companies, which is already occurring.

Canadian companies are not generally well positioned to adapt to these changes. There are few large aftermarket producers in Canada, and even fewer with the mandate to make strategic decisions.

As a result of the reduction of the repair market for North American-built vehicles and the limited potential for gaining access to the foreign fleet market, companies focusing on growth areas within the remaining traditional market will be the best positioned. Products for light- and heavy-duty trucks offer growth opportunities, particularly in the accessory and brake subsectors. Products incorporating new technologies also represent opportunities. The American market represents significant opportunities for Canadian producers. Producers who do not take these steps face gradually shrinking markets as products such as carburetors, spark plugs and universal joints become obsolete.

For further information concerning the subject matter contained in this profile or in the ISTC sectoral studies and initiatives listed on page 10, contact

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NUMBER OF ESTABLISHMENTS, BY VOLUME OF SALES, 1989^a

Sales class	Under \$0.5 million	\$0.5 million to \$1 million	\$1 million to \$5 million	\$5 million to \$50 million	Over \$50 million	Total
Aftermarket only	306	60	85	94	10	555
Aftermarket and OE market	232	26	64	113	63	498

^aEstablishment data have been extracted from the Company Client System database maintained by ISTD. Data for prior years are unavailable.

SHIPMENTS^a (\$ thousands)

	1984	1985	1986	1987	1988	1989
Plastic components	272 528	418 083	551 045	535 000	588 200	615 200
Wheel and brake parts	88 492	91 275	164 604	182 100	188 300	165 200
Stampings	96 976	116 720	113 575	113 600	124 800	144 600
Engines and engine parts	68 430	72 369	87 452	88 600	97 600	103 400
Steering and suspension	22 174	23 338	64 965	65 700	84 000	65 800
Wiring assemblies	27 274	29 659	40 205	38 800	37 200	40 000
Fabric and accessories	12 993	13 883	15 340	14 000	16 300	18 800
Miscellaneous	895 930	1 017 941	970 710	990 900	1 143 400	1 041 700
Total shipments	1 484 797	1 783 268	2 007 896	2 028 700	2 279 800	2 194 700

^aData for total shipments of aftermarket parts for 1984 to 1987 have been prepared by applying the percentage that aftermarket parts represented of total parts shipments in each category. Data for 1988 and 1989 are based on information from the *Monthly Survey of Manufacturing*, Statistics Canada Catalogue No. 31-001, monthly (industry group 325, motor vehicle parts and accessories industries).

TRADE STATISTICS^a

	1984	1985	1986	1987	1988	1989
Exports (\$ millions)	1 082.8	1 052.7	1 129.0	1 205.3	1 233.9	1 224.9
Domestic shipments (\$ millions)	402.0	730.6	878.9	823.4	1 045.9	969.8
Imports (\$ millions)	758.6	790.4	686.6	827.8	997.8	901.0
Canadian market (\$ millions)	1 160.6	1 521.0	1 565.5	1 651.2	2 043.7	1 870.8
Exports (% of shipments)	72.9	59.0	56.2	59.4	54.1	55.8
Imports (% of Canadian market)	65.4	52.0	43.9	50.1	48.8	48.2

^aCanadian export and import data for 1984 to 1987 for aftermarket parts have been estimated using U.S. Department of Commerce data for trade with Canada of non-Auto Pact parts. Data for subsequent years were obtained by applying the previous years' ratio of aftermarket parts to total parts traded between the United States and Canada.



MAJOR FIRMS

Name	Country of ownership	Location of major plants
AC-Delco (GM)	United States	Oshawa, Ontario
Allied-Signal Automotive of Canada Inc. (Fram)	United States	Stratford, Ontario
Dayco (Canada) Limited	United States	Weston, Ontario
Distex Industries Inc.	United States	Milton, Ontario
Dominion Automotive Industries Inc.	Canada	Mississauga, Ontario
Echlin Canada Inc.	United States	Mississauga, Ontario
Gates Canada Inc.	United States	Brantford, Ontario
Hayes-Dana Inc.	United States	Mississauga, Ontario St. Catharines, Ontario St. Thomas, Ontario Thorold, Ontario Magog, Quebec Saint-Wenceslas, Quebec
ITT Aimco, Division of ITT Canada Ltd.	United States	Mississauga, Ontario
Moog Canada Limited	United States	Brampton, Ontario
Neelon Casting Ltd.	Canada	Sudbury, Ontario
Rockwell International of Canada Ltd.	United States	Brampton, Ontario
TRW Canada Limited	United States	Penetanguishene, Ontario St. Catharines, Ontario Stoney Creek, Ontario Tecumseh, Ontario
Walker Exhausts, Division of Tenneco Canada Inc.	United States	Cambridge, Ontario



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SECTORAL STUDIES AND INITIATIVES

In late 1988 and the beginning of 1989, DesRosiers Automotive Consultants of Toronto was retained by the federal government and the governments of Ontario and Quebec to undertake a strategic analysis of the manufacturing and marketing capabilities as well as export potential of the Canadian automotive aftermarket for replacement parts and accessories. Four market research reports were published:

- *Automotive Accessories Aftermarket Study: Strategic Market Analysis of Export Opportunity to the United States*
- *Automotive Aftermarket Study: Market Analysis of Export Opportunities to the United States*
- *Canadian Automotive Aftermarket Accessories Industry*
- *Canadian Automotive Aftermarket Analysis: Manufacturing Capabilities*

Following release of these studies, a series of conferences on Trends and Opportunities in the North American Automotive Aftermarket was organized in Toronto and Montreal in late 1989 to communicate the findings of the studies to Canadian manufacturers. The conferences also included panel discussions with American retailers, wholesalers, successful Canadian exporters, trade law experts and leading American and Canadian analysts.

These studies are available from Industry, Science and Technology Canada (see address on page 7).

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