

# **GAP MEXICO 2003/04**

## **(Global Auto Aftermarket Panel)**

MEXICO AUTO SERVICE AFTERMARKET - SIZE AND  
STRUCTURE 2003/4

SAMPLE

PAGES

## **SECTION 1 - EXECUTIVE SUMMARY**

**Table 1 Market at a glance in Mexico**

Vehicle parc (units)	xmillion
- % aged over 10 years	X%
New car sales (units)	X
Auto parts aftermarket sales (2001)	US\$ x billion
Auto parts production	US\$ x billion
Repair service market	US\$ x billion
Insurer paid vehicle repair	Pesos x million

(Source: GAP 2004)

Data 2002 unless stated otherwise.

### **Aftermarket size (estimates) and trends**

There is no reliable data about the size of the repair service market. It could be x the replacement parts' market, or over US\$ x billion a year.

The auto parts' aftermarket is estimated at US\$x billion a year. Industry experts have revised previous predictions, of annual growth of x% until 2010. The downward trend is due to the economy and counterfeit parts.

### **Market drivers**

However the repair service and replacement market is growing due to the large numbers of older vehicles, which require parts replacement and repair services. The strongest sales are of engine parts, transmissions, and suspension systems. Negative factors are the falling age of cars, longer life parts which need less repair, competition from unregistered outlets, and with low priced imports.

### **Numbers of players**

The many businesses in the aftermarket include manufacturers of vehicles and parts (approximately x), parts' distributors and retailers (approximately x), and service repair providers (approximately x).

### **Date of publication**

July 2004.

### **Currency**

Currencies used throughout report are the Mexican Peso and US\$ dollar.

## **SECTION 2.1 PARTS AND COMPONENTS MANUFACTURERS**

**Table 7 Number of companies**

Vehicle and parts' manufacturers	>x
Parts' manufacturers	X
—of which large-sized	X

(Source: GAP 2004)

There are more than x manufacturers of vehicles, auto parts and accessories in Mexico. A national association, x, represents x of these companies. Approximately another x auto parts' manufacturers are "maquiladoras," that is companies located in free trade areas on the border with the USA, whose production is included in counts of national production.

The auto parts' manufacturing sector is consolidated, x companies account for x% of production and the top x companies account for x%.

**Table 8 Size of auto parts' market**

Auto parts production*	
– 2000	US\$ x billion
– 1999	US\$ x billion
Parts' imports (2000)	US\$ x billion
Aftermarket, sales to (2001)	US\$ x billion
—% annual variation (2002-2010)	+x%
Auto accessories sales (2002)	US\$ x billion
Not new parts (of total market)	X%

(Source: GAP 2004)

(\*Value of auto parts and aftermarket parts, includes imports for assembly plants)

Auto parts' manufacturing in Mexico is estimated at US\$x billion, this includes all parts, both those installed into new vehicles at the point of production\*, aftermarket parts, and imports for vehicle assembly plants. The value of parts manufacturing in Mexico is estimated at US\$x billion. (\*These parts account for x% of production.)

The value of auto aftermarket or replacement parts' manufacturing was estimated at US\$x billion (2001). The value of parts' sales into the repair service market was US\$x billion in 2001, according to x Replacement parts for engines, transmission and suspension systems could account for x% of these sales.

## **SECTION 2.2 AFTERMARKET PARTS' SUPPLY/DISTRIBUTION**

**Table 10 Type and number of auto parts' distributors**

<b>Type ranked by size</b>	<b>Number</b>
Auto parts' wholesalers	X
New car dealerships/parts' distributors	< x
Auto parts' retailers (refaccionarias)	X

(Source: GAP 2004)

### **Distribution structure to aftermarket**

The distribution of domestic auto parts to the repair channel is through parts wholesalers, car maker authorized dealerships, and specialist auto parts' retail stores. The value of sales through wholesalers and dealership are similar, but dealerships sell cheaper priced parts than wholesalers. The volume retail chains which also handle auto parts and accessories include, for example, x, x and x.

The more than x parts' retail stores (refaccionarias) are mainly single outlet operations. Many are "sales counters" that is they do not carry stock but order parts from wholesalers on demand.

Parts for imported cars are bought directly from the car companies overseas.

### **Consolidation**

The fragmented auto parts' distribution network is consolidating. Experts estimate that by the year x there will only be x "major" players in Mexico. The leading distributors are active in many sectors of the auto aftermarket, that is, in vehicle sales, service repair, credit and insurance, marketing services and technician training.

Distributors in the auto industry are represented by many associations, among them AMDA (vehicle distributors), ANAMAPA (parts distributors and wholesalers), and ARIDRA (parts and accessories distributors).

## **SECTION 2.5 AFTERMARKET SERVICE PROVIDERS**

**Table 14 Aftermarket service providers – key data**

<b>Outlet type</b>	<b>Number</b>
Repair shops	x
Dealerships	X
–(AMDA members)	(x)
–(New car dealerships)	(x)
Car emissions verification centers	X
Franchised service centers	> x
New tyre (tire) dealers	x – x
Total	X

(Source: GAP 2004)

### **Lack of reliable data on market sizes**

There is a lack of reliable data on the number of repair and maintenance service outlets. Some sources estimated about x (an insurance company estimates x and the industry journal estimates x). They suggest that the estimate of “at least” x is inflated and includes individual mechanics. Experts caution that it is hard to quantify the sector because of the many unregistered outlets. It is estimated that only x% of collision repair shops in Mexico City are registered.

There is large informal or grey service repair sector. This includes the “backyard” mechanics who operate in the informal sector, and the repair market which is controlled by organized crime. The criminal sector deals in stolen cars, and smuggled and counterfeit parts. Experts suggest that the various attempts to curb this sector have proved to be ineffective.

Repair service providers are represented by many associations: dealerships by the Mexican Association of New Car Dealers (Asociacion Mexicana de Distribuidores de Automoviles - AMDA. The largest association is the National Federation of Repair Shop Associations (Federacion Nacional de Asociaciones de Talleres Automotrices-FENATA).

### **Types of service repair outlets**

The many types outlets (known as “talleres”) providing auto repair services include:—

## **APPENDICES - APPENDIX GLOSSARY OF TERMS USED IN REPORT**

### **Market covered in this report**

This report is concerned with the professional service repair channel. The professional channel caters to the Do-it-for-Me (DIFM) market. Services include vehicle maintenance, repair, testing, diagnostics, parts' replacement, and the installation of accessories. Terms: workshops, body shops, garages, jobbers, and installers.

The report does not cover the auto retail or DIY aftermarket, that is the channel which sells parts and accessories to car owners who install the parts themselves.

### **Data conflict**

Data conflict about the auto aftermarket is rife. Different sources offer widely different estimates about even the fundamentals of this market, that is:—

- the value of repair service market,
- the numbers of outlets,
- the total value of parts' sales to the market, and different segments, for example, OE and non-OE parts.

There are conflicting estimates because different sources are mapping very different markets. Examples of what can be mapped are set out below. Another difficulty, and the source of much confusion, is that different sources can use the same term to describe very different markets, as the list below sets out.

### **List of interchangeable terms used for parts**

<b>Non-OE part</b>	<b>OE part</b>	<b>Replacement part</b>
Non-genuine part	Genuine part	Spare part
Aftermarket part	Generic parts	Aftermarket part
Grey part	Imitation parts	

(Source: GAP 2004)

### **Terms “parts aftermarket” / “aftermarket part”**

This report uses the term “auto aftermarket part(s)” to describe parts installed into cars for a replacement purpose. That is an aftermarket part replaces a part installed into a vehicle at the point of manufacture. (Other terms: replacement part, spare part.)

The replacement purpose is stressed because in the USA the term “aftermarket part” is sometimes used to differentiate non-OE parts from OE parts.

The term “original equipment (OE) part” refers to parts made by carmaker companies, for example, Ford. OE parts are sold for installation into vehicles at the point of manufacture and also to the service repair channel for replacement. The term “non-original equipment (non-OE) part” refers to parts made by companies other than car makers.

NOTE: sales of some OE parts into the replacement market are not always counted as part of a company’s aftermarket sales. For example, car makers can count sales of replacement parts installed into vehicles under warranty under sales of new vehicles.

**“Genuine,” “non-genuine,” “grey” parts**

Other terms for OE parts are “genuine” parts. Other terms for non-OE parts are “non-genuine” and “generic.” The term “grey” part is sometimes used in the USA to describe non-OE parts. In this report the term “grey” is only used to describe illegal parts, that is counterfeit, smuggled or stolen parts.

**Parts categories included in counts of market size**

Estimates of the size of the “parts aftermarket” can count all or some of the following parts’ categories:—

- “hard” or “functional” parts, such as brakes, suspension and engine parts, tyres, spark plugs, filters, batteries, etc.
- “non-hard” parts, such as lubricants, chemicals, and fuel,
- “add-on” parts or accessories or appearance or enhancement products.

**“Not-new” parts**

The not-new parts market is comprised of parts which have been removed from one vehicle and installed into another vehicle, sometimes after the part has been cleaned, or partially or totally remanufactured (repaired, recycled).

**Data conflict vehicle parc**

Conflict about of the size of the vehicle parc in Mexico is due the large numbers of illegally imported vehicles.