

US Automotive Service - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The US Automotive Service Market size is estimated at USD 188.13 billion in 2024, and is expected to reach USD 251.52 billion by 2029, growing at a CAGR of 5.98% during the forecast period (2024-2029).

The COVID-19 pandemic compelled about 95% of all automotive-related companies to put their workforces on hold during the lockdowns in the year 2020. However, the United States witnessed a lockdown for only a few weeks compared to other countries worldwide. The country's high motor vehicle demand fuels an active automotive industry. The road vehicle and parts retail trade has quickly recovered from the COVID-19 pandemic, generating over USD 1.5 trillion in revenue. The global automotive chip shortage, on the other hand, poses a challenge to the industry, and the monthly inventory-to-sales ratio has been falling since April 2020.

Over the long term, automotive service companies are increasingly using artificial intelligence-based automated vehicle inspection technology for vehicle inspection to widen their customer base. For instance, In February 2022, Scope Technology, a US-based tech firm, collaborated with Microsoft's Azure cloud computation to develop AI-automated vehicle inspection technology. This visual inspection takes less than 5 minutes and saves 50% on costs.

The increasing age of vehicles will benefit industry growth because older vehicles require more frequent maintenance and replacement parts. Furthermore, increasing demand for shared mobility is one of the key factors increasing yearly maintenance spending on cabs or shared vehicles owing to a higher yearly distance driven.

The increasing penetration of electric vehicles will have a significant impact on market growth. The rapid adoption of electric vehicles can be attributed to government initiatives and support for improving environmental quality to reduce reliance on crude

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oil. Overall, battery electric vehicle repair and maintenance costs are expected to be around 40% lower than ICE vehicle costs.

The establishments typically include a variety of service bays to provide repair and maintenance services for a wide range of vehicles, including hatchbacks, sedans, MPVs, and SUVs, as well as two-wheelers. Lowering overhead costs contributes significantly to lowering overall service charges. Effective communication and independent mechanics improve customer relationships and foster customer goodwill. The ability to serve multiple vehicle brands and the easier availability of spare parts are driving market demand even higher.

The Bureau of Automotive Repair (BAR), a division of the Department of Consumer Affairs (DCA), protects Californians by effectively supervising the automotive repair industry and administering vehicle emissions reduction and safety programs.

US Automotive Service Market Trends

Growing Demand for Commercial Vehicles Likely to Drive the Market

Although commercial vehicle sales have been rising year after year since the post-recession period, there is a shift in consumer preference in the United States toward pick-up trucks capable of transporting both cargo and passengers. For instance,

Approximately 12 million commercial vehicles were sold in 2021, up from approximately 11.5 million units reported in 2020. Motor vehicles used for transporting goods or paying passengers are included in this category.

Commercial vehicles, such as medium and heavy-duty trucks, typically travel longer distances than passenger vehicles. As a result, they are frequently in need of maintenance. Their part and component maintenance and replacement cycle are also more frequent due to the large distances traveled in a relatively short period. For instance,

According to a study, the average age of light vehicles in operation (VIO) in the United States increased to 12.2 years this year, up nearly two months from the previous year.

The average vehicle age in the United States has risen for the fifth year in a row. This year's average age is another all-time high, even as the vehicle fleets recovered, increasing by 3.5 million units in the previous year.

According to the executive director of the Car Care Council, with an average vehicle age of more than 11.5 years, the likelihood of a breakdown or service issue on an older vehicle is much higher.

- The Car Care Council strongly advises drivers of older vehicles to implement a preventative maintenance plan for their vehicle in order to reduce the likelihood of a roadside breakdown and to help their vehicle run more efficiently and economically.

Engine oils, brake and transmission fluids, air filters, brake pads, and other common components deplete more quickly. Most vehicle owners seek the services of aftermarket garages or workshops after the warranty period has expired.

Furthermore, because most commercial vehicles are diesel-powered, they require more maintenance than their gasoline-powered counterparts. To purify diesel, a single filter or a combination of primary and secondary filters is used. These filters must be replaced on a regular basis, depending on the vehicle's build and variant. This is expected to drive the market over the forecast period.

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As the electric vehicle era has started, most logistic companies focus on adding commercial electric vehicles to their fleet to deliver goods. For instance,

- In July 2022, Amazon and Rivian intended to deploy thousands of custom electric delivery vehicles in over 100 cities by the end of 2022, increasing to 100,000 by 2030.
- In January 2022, Walmart Inc. reserved 5,000 electric vans from General Motors' BrightDrop subsidiary to support the retailer's expanding e-commerce delivery operations.

Based on the aforementioned factor, the United States automotive service market's growth is expected to continue during the forecast period.

Growing Number of Auto Repair and Maintenance Centers

There will be nearly 239,100 auto repair and maintenance centers in the United States in the fourth quarter of 2021, a 2% increase from the previous year. The industry added over 17,700 establishments between the fourth quarter of 2010 and 2021.

Automobile maintenance:

- The number of vehicles on the road in the United States has mostly increased, and recent estimates indicate that the average age of vehicles on American roads is increasing year after year.
- These developments suggest that the automotive repair industry has room for expansion. The revenue generated by the automotive repair industry is expected to grow in the coming years.

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The automotive service market in the United States is fragmented, with numerous market players. Companies are either forming joint ventures, forming partnerships, or launching new products with advanced technology in order to gain a competitive advantage. For Instance-

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- In December 2022, AutoNation Inc., one of America's largest automotive retailers, announced the acquisition of RepairSmith, a full-service mobile solution for automotive repair and maintenance headquartered in Los Angeles, CA, with a significant operational footprint in southern and western United States.

US Automotive Service Industry Overview

The United States automotive service market is fragmented with market players, such as Firestone Complete Auto Care, Jiffy Lube International, Inc., Meineke Car Care Centers, LLC., Midas International, LLC, MONRO, INC., and Safelite Group, who hold the most significant shares. Companies are making joint ventures, and partnerships, and launching new products with advanced technology to have the edge over their competitors. For instance,

- In April 2022, Tesla, Inc. proposed constructing a 100,000-square-foot facility in St. Pete, Florida. The new Tesla center will handle sales, service, and deliveries in the area. The new Tesla facility will be built on a 4.21-acre plot that houses a 100,000-square-foot Kanes Furniture liquidation center.

- In July 2022, FullSpeed Automotive, one of the nation's largest franchisors and operators of automotive aftermarket repair facilities and the parent company of flagship brands Grease Monkey and SpeeDee Oil Change & Auto Service, is accelerating growth with an acquisition strategy aimed at achieving its 1,000-unit expansion goal by the end of 2023.

- In Mar 2021- Monro, Inc. signed a definitive agreement to acquire mountain view tire & Service, Inc. Acquisition of 30 California-based stores, adding USD 45 million in expected annualized sales, expanding its presence in an attractive western region with a total of 116 stores.

- In January 2021, Jiffy Lube International, Inc. continued its focus on expanding its footprint by establishing more than 2,081 franchisee-owned service centers across North America. 45 new Jiffy Lube International, Inc. service centers were opened in the United States.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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