



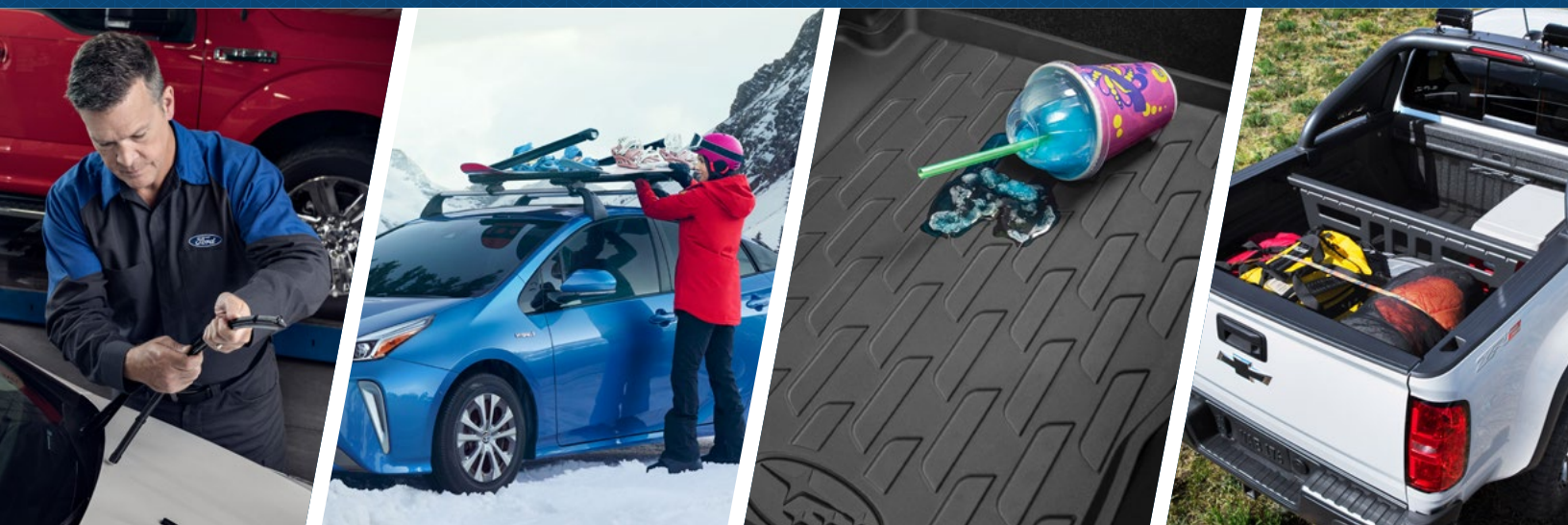
Retail
Management
System



2019 | **Accessories
Trend Report**

Accessory Potential Unlocked

A report on how industry trends reveal opportunities.



For the first time since the depths of the recession, dealers face a slight industry downturn in automotive sales this year and probably the next two years. This forecast has focused dealers' attention on more efficient operations and on profit-per-customer. In the midst of industry dynamics, three trends stand to draw dealers toward accessory sales.

- 1. An increased focus on service revenue.** Half of all dealerships nationwide are already taking steps to improve their fixed operations.¹ Service and parts departments are once again receiving renewed attention as key contributors to dealership profitability. This begs the age-old question: how do we make sure our customers are coming back for service?
- 2. A higher demand for light trucks.** The industry sold slightly more than 17 million vehicles in 2018, and nearly 12 million were trucks—pickups, SUVs, and crossover utility vehicles (CUVs). That segment now accounts for 69 percent of vehicles sold.² Most projections expect consumer interest in the light truck segment to remain high for the next several years.³ This opens up opportunities in accessory categories that predominantly apply to SUVs, pickups, and CUVs. For example, bed liners, towing and winch accessories, and lift kits are popular among these vehicles.
- 3. Increased pressure from vehicle manufacturers.** OEMs continue to press dealers for higher sales volumes and a better customer experience. Many OEMs are offering online configurators⁴ and more add-ons for their popular vehicles.⁵ Some even started offering accessory incentive programs.

With these trends, dealership's share of the accessory market has grown from 8 percent in 2015 to 14 percent this year.⁶ Selling auto accessories is one more initiative that helps dealers become better retailers and compete more effectively. This report outlines key accessory trends and opportunities to help dealerships capture more of the accessory market.



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The automotive accessory industry has grown 16 percent in the last five years, reaching sales of \$44.59 billion in 2018 with 2019 predictions set to reach almost \$46 billion.⁷ While dealerships are the second largest sales channel for auto accessories, they still only collect 14 percent of sales. The largest sales channel for accessories is held by the auto parts chain stores (e.g. AutoZone and NAPA).⁸ Specialty retailers or installers and general retailers are popular sales channels after dealerships.

In such a fragmented industry, dealerships have trouble breaking through. But consider the sales these other industry players capture—they are well after the vehicle sale. That means dealerships have the first chance to pitch accessories the consumer will likely purchase elsewhere.

The First-Pitch Advantage

The fundamental advantage dealerships have to sell auto accessories is the first-pitch advantage. Dealers can act first in marketing and selling accessories to the consumer. That advantage is a proven, critical difference. In fact, when the accessory conversation occurs during the dealership visit, “both installation rates and total spending rise.”⁹

The best way dealerships can capture those sales is to present accessories to every vehicle buyer. Even a discussion about accessory options can put the dealership top-of-mind when the customer considers accessories, whether it is the day of purchase or months after. With the right technology and processes, dealerships have the advantage to overcome common accessory sale challenges and capitalize on this potential.

Vehicle buyers
who purchased
accessories:

50%

There are over

1,700

parts per vehicle per
brand on average.

Suppliers who
extended their product
lines last year:

37%¹⁰



Trends toward electronic accessories that make driving safer continue to increase.

◀ *Rear-view mirror with back-up camera*

In 2018, the top accessory category sold was Protection Products (which includes rust prevention, paint protection, and coatings). This category ranked above average in both quantity sold and revenue. Other categories that stood out were Interior Accessories, Driver Assist Products (such as remote starts, sensors and cameras, and navigation systems), Wheels, Tires and Suspension, and Covers and Bed Accessories.

Interior Accessories were sold the most, which is consistent with previous trends where floor mats topped the charts. Accessories like floor mats that are inexpensive, easy to install, and appeal to a large audience tend to rise to the top in quantity sold. Exterior Utility and Upgrades (which includes grilles, body kits, and step bars) moved the most since last year as SUV and truck sales continue to grow.

The rankings for Driver Assist Products and Audio and Electronics in the tables below point toward continued upward trends in electronic accessories that make driving easier, safer, and more comfortable. Though Audio and Electronics rank tenth in quantity sold, they're first in average revenue, making them well worth presenting to customers.

Quantity Sold	
1	Interior Accessories
2	Exterior Utility and Upgrades
3	Window Tint and Deflectors
4	Protection Products
5	Driver Assist Products
6	Covers and Bed Accessories
7	Storage, Cargo, Towing, and Racks
8	Exterior Body and Graphics
9	Wheels, Tires, and Suspension
10	Audio and Electronics
11	Performance Products

Average Revenue	
1	Audio and Electronics
2	Protection Products
3	Wheels, Tires, and Suspension
4	Driver Assist Products
5	Covers and Bed Accessories
6	Performance Products
7	Exterior Utility and Upgrades
8	Exterior Body and Graphics
9	Storage, Cargo, Towing, and Racks
10	Window Tint and Deflectors
11	Interior Accessories



Vehicle Manufacturer Accessories

Vehicle manufacturers have put additional effort into promoting and selling OEM-branded accessories. They are offering more variety and special editions of accessories, and some are going so far as to create new models and brands designed to promote accessories—models like the Ford Ranger and Jeep Gladiator. Most dealerships have also seen an increase in manufacturer incentives for accessory sales.

Vehicle manufacturers have a strong market advantage by offering specific accessories tailored to their models. This is why we see Interior Accessories and Exterior Utility and Upgrades sold the most. Customers also tend to be more trusting of accessories branded the same as their vehicle. In some cases, accessory purchases at the point of vehicle sale can also be covered by warranty and financed with the vehicle.

Top 5 OEM Accessory Categories

Quantity Sold	
1	Interior Accessories
2	Exterior Utility and Upgrades
3	Storage, Cargo, Towing, and Racks
4	Exterior Body and Graphics
5	Covers and Bed Accessories

Average Revenue	
1	Covers and Bed Accessories
2	Performance Products
3	Driver Assist Products
4	Audio and Electronics
5	Wheels, Tires, and Suspension

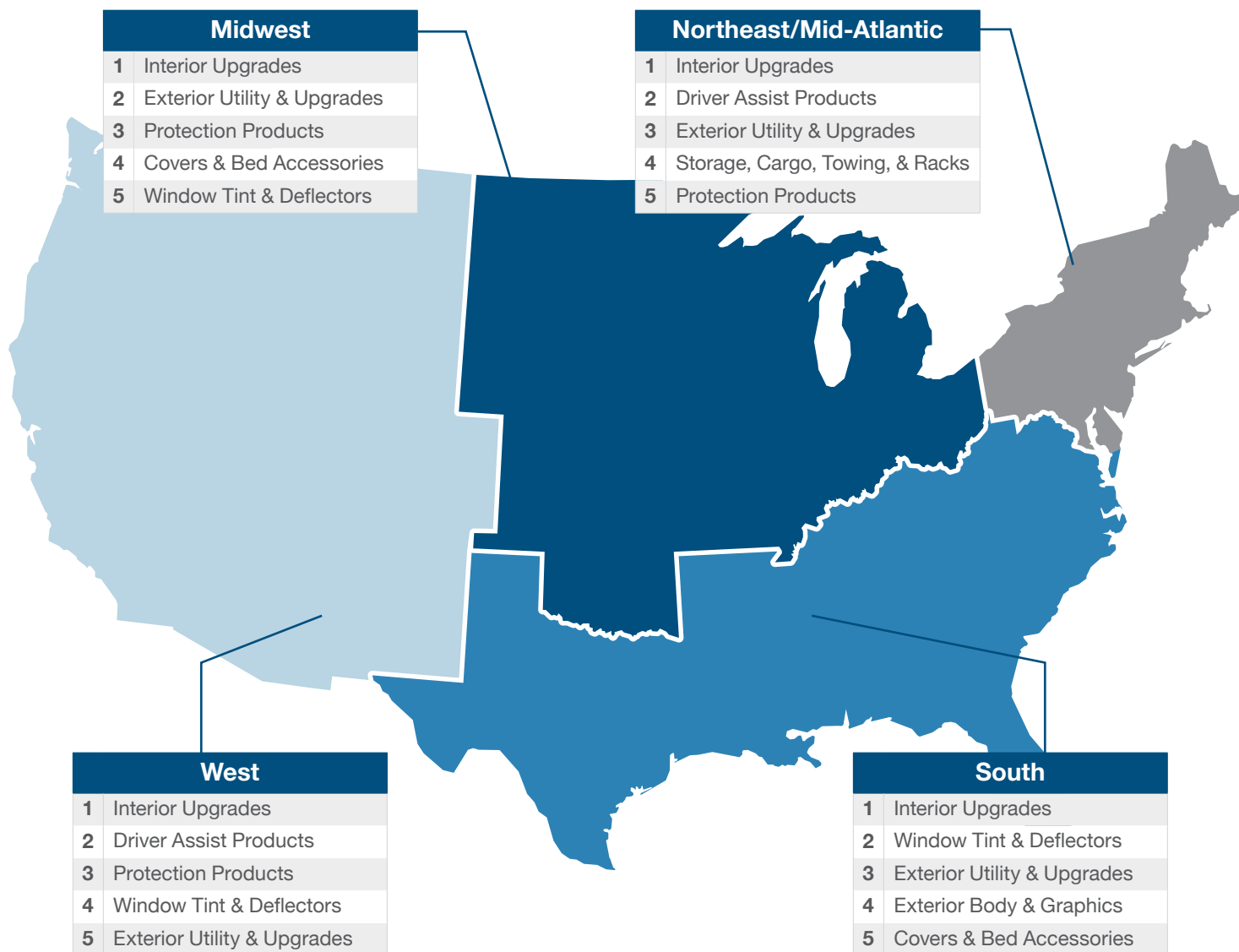


**60% of
accessories
sold were OEM
accessories.**



Opportunities by Region

All four regions sold more Interior Accessories (includes floor mats, upholstery, lighting, and other interior upgrades) than any other accessory category, which aligns with overall quantity sold for this and previous years. In all four regions, Exterior Utility and Upgrades ranked in the top five.



- The Midwest had Covers and Bed Accessories rank in the top five for the first time since the trend report analysis began in 2014.
- The Northeast had Storage, Cargo, Towing, and Racks rank in the top five for the first time.
- The South had Covers and Bed Accessories rank in the top five for the first time. They're also the only region to have Exterior Body and Graphics ranked in the top five, which includes accessories such as body side moldings, emblems, and spoilers.



Opportunities by Vehicle Type

The most accessorized vehicle type is the SUV, which correlates with sales trends. Along the same trend, the Crew Cab had the highest average revenue. No vehicle type exactly matched another in order of accessories sold. Regardless of the vehicle type, buyer personalities will always effect what products are sold.

Top 5 Accessory Categories by Average Revenue

	Coupe	Sedan	SUV	Regular Cab	Crew Cab
1	Performance Products	Performance Products	Audio and Electronics	Wheels, Tires, and Suspension	Wheels, Tires, and Suspension
2	Driver Assist Products	Driver Assist Products	Protection Products	Protection Products	Protection Products
3	Protection Products	Protection Products	Wheels, Tires, and Suspension	Performance Products	Audio and Electronics
4	Wheels, Tires, and Suspension	Covers and Bed Accessories	Driver Assist Products	Driver Assist Products	Driver Assist Products
5	Exterior Body and Graphics	Wheels, Tires, and Suspension	Performance Products	Covers and Bed Accessories	Covers and Bed Accessories



Recreational accessories for SUVs and CUVs are increasing in sales.



Opportunities by Vehicle Brand

Toyota jumped back up to the most accessorized vehicle brand after dropping to second place in last year's trend report. Honda dropped down to second place while Chevrolet and Ford stayed in the top five. GMC jumped up to take Acura's place for number five.

When compared by average revenue, Kia jumps to the top. A deeper look at the accessory sales for Kia shows Driver Assist Products and Protection Products were sold the most.

Top 20 Accessorized Vehicle Brands

Quantity Sold	
1	Toyota
2	Honda
3	Chevrolet
4	Ford
5	GMC
6	Acura
7	Subaru
8	RAM
9	Jeep
10	Lexus
11	Nissan
12	Dodge
13	Buick
14	Cadillac
15	Volkswagen
16	Chrysler
17	Hyundai
18	Infiniti
19	Lincoln
20	Mazda

Average Revenue	
1	Kia
2	Cadillac
3	Dodge
4	Volkswagen
5	Jeep
6	RAM
7	Infiniti
8	Chrysler
9	Chevrolet
10	Nissan
11	Ford
12	Hyundai
13	Toyota
14	GMC
15	Acura
16	Honda
17	Buick
18	Mazda
19	Mitsubishi
20	Subaru



Opportunities by Vehicle Model

This table shows the most accessorized model for a vehicle brand, taking both new and used vehicles into account.

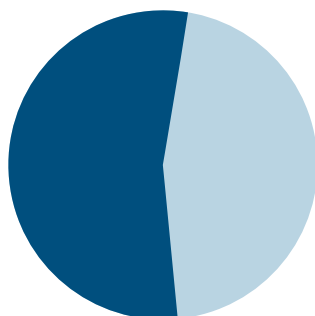
Vehicle Brand	Most Accessorized Model
Acura	MDX
Audi	A3 Sedan
BMW	3 Series Sedan
Buick	Enclave
Cadillac	XT5
Chevrolet	Silverado 1500 Crew Cab
Chrysler	Pacifica
Dodge	Charger
FIAT	500X
Ford	F-150 Super Crew
GMC	Sierra 1500 Crew Cab
Honda	CR-V
Hyundai	Tucson
Infiniti	QX60
Jaguar	F-Type Convertible
Jeep	Grand Cherokee
Kia	Optima
Land Rover	Range Rover Evoque
Lexus	RX
Lincoln	MKX
Mazda	CX-5
Mercedes-Benz	GLK-Class
MINI	Cooper Hardtop 4 Door
Mitsubishi	Outlander
Nissan	Rogue
RAM	1500 Crew Cab
Subaru	Outback
Toyota	Highlander
Volkswagen	Jetta Sedan
Volvo	XC70



Opportunities for Used Vehicles

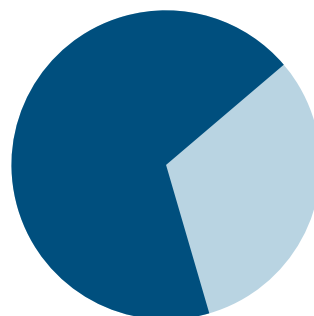
Our 2018 data shows accessory sales on used vehicles were higher in revenue and profit. This was true regardless of a dealership's franchise, region, or the accessory category. Historically, there has been a larger focus on new vehicles when selling accessories, but this finding suggests that used vehicle buyers provide a great opportunity. Dealers should present to every customer—regardless of new or used.

How used vehicle accessory sales compared to new vehicle accessory sales:



13.6%

more revenue



37.6%

more profit

Non-primary brands also play a role in used vehicle accessory sales. While primary brands can include both new and used vehicles, non-primary brands are only used vehicles. Yet, non-primary brands generated 11 percent more revenue in accessory sales on average than primary brands, and 9.5 percent more profit. This also illustrates that every customer needs an accessory presentation regardless of what type of vehicle they purchased.



A number of trends have remained constant for dealership accessory sales. Floor mats are still an easy sell. Wheels, Tires, and Suspensions are still very profitable. Toyota, Honda, Chevrolet, and Ford continue to be the most accessorized brands. Yet new trends emerge and other trends grow, leaving opportunity in their wake. Change will continue as manufacturers and consumers begin to take notice of accessories.

Dealerships need a way to capture this growing market. Today's customer expects a familiar, comfortable, and comprehensive shopping environment. Make accessory shopping easy and fun for every vehicle customer with AddOnAuto, an established accessory solution built as part of Reynolds Retail Management System.

Experience is the foundation of AddOnAuto, and it's how today's dealerships are achieving accessory success.



Note:

A variety of sources were consulted in the compilation of this report. The primary source was accessories sales data from AddOnAuto.

- ¹ Finlay, S. (2019, January 28). *Dealers Look Most to Fixed Ops to Boost Revenues*. WardsAuto.
- ² Muller, D. (2019, January 07). *Light trucks take a record 69% of U.S. market*. Automotive News.
- ³ Muller, D. (2019, January 07). *Light trucks take a record 69% of U.S. market*. Automotive News.
- ⁴ Kushma, D. (2019, October 01). *Automakers' accessories sales programs draw criticism*. Automotive News.
- ⁵ Martinez, M. (2018, November 13). *Ford pushing 150 aftermarket add-ons for revived Ranger*. Automotive News.
- ⁶ SEMA. (2019). Documenting the Growth of an Industry. *SEMA Market Report*, 4.
- ⁷ SEMA. (2019). Documenting the Growth of an Industry. *SEMA Market Report*, 4.
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- ⁹ Foresight Research. (2017, February 27). *Inside the Accessory Buyer's Mind*. Globe Newswire.
- ¹⁰ SEMA. (2019). Industry Perspectives Report 2019. *SEMA Market Research*, 4.



For more information call **888.875.3563**
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