



Digital Influence on Auto Parts and Accessories

Hedges & Company

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Introduction

Digital influence on the automotive parts & accessories market will be at \$177 billion in 2023 in the US. It's projected at \$200 billion in 2026 and \$217.8 billion by 2028.

Digital influence is the impact of digital media on retail sales, both online and offline. We're all exposed to online ads, videos, social platforms, product reviews, and product information on marketplaces.¹

Digital Influence is Everywhere

We all spend an average of six hours, and 37 minutes online.² Every. Single. Day. We check email, scroll through our social accounts, and read up on subjects we enjoy. All that time online exposes us to a lot of non-stop brand information.

Shoppers buying big-ticket items spend a lot of time online researching products and brands before purchase, even if they buy in a brick-and-mortar retail store. Between 80% to 85% to 90% of consumers research products online before they buy.^{3,4,5}

The percentage grows steadily over time, too. The most recent surveys show 90% of consumers do pre-purchase research. Older surveys show 80%. Our own research from 2017 puts it at 85%.

Digital Influence on Auto Parts & Accessories



Digital Influence Definition

Creating change in opinions or behaviors based on exposure to online reviews, search engine results, social platforms postings, online videos, online brand messaging and other digital sources.

The influence of the internet on the auto aftermarket

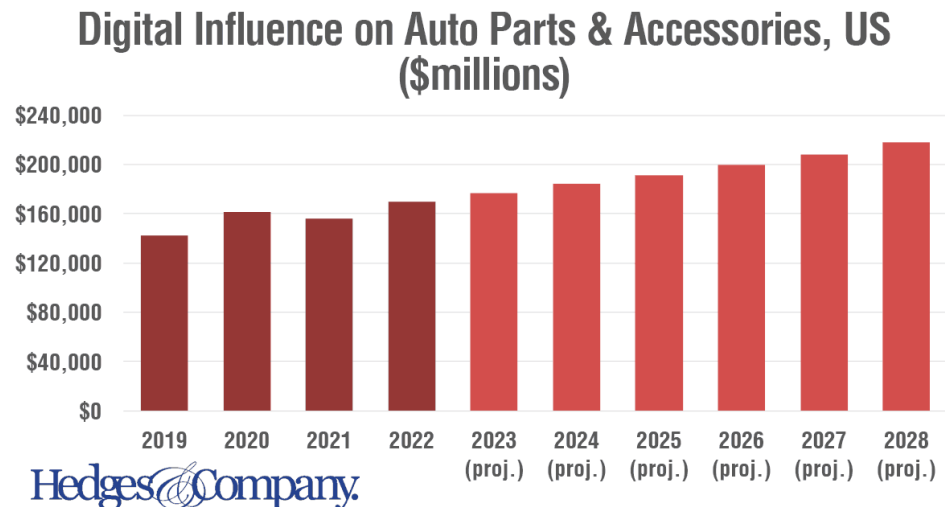
Here's a graph showing the growth of digital influence from the pandemic through 2028.⁶ This covers the United States aftermarket/auto care industry, using US dollars.

Sales of influenced parts and accessories jumped 13% in 2020. That's when consumers largely stayed and worked at home, and shopped online.

In 2020 eCommerce sales had a similar jump. Digital influence sales went up with eCommerce sales because 100% of online sales are impacted by the internet.

Influenced sales dropped back a bit in 2021 when more consumers returned to shopping in person. The internet has a slightly lower

influence on brick-and-mortar sales. Then, influenced parts and accessories sales came back in 2022 and reached a new record at \$169.6 billion. That's because the aftermarket started out very strong in 2022, both for online sales and brick-and-mortar sales.



How we calculate influence

Buyer intent helps calculate digital influence. This includes do-it-yourself (DIY) and do-it-for-me (DIFM) sales.

DIY sales channels have extremely high digital influence

We put DIY influence at 90% in the automotive aftermarket. In other words, 90% of products sold to DIY and enthusiast consumers come under the influence of the internet in some way. It also varies by sales channel. Buying parts through an online store or marketplace is at 100% because they're online. Other DIY sales channels such as brick-and-mortar auto parts retailers are lower.

DIFM sales channels have lower levels of influence

Many service repair businesses don't even discuss the brands of parts used to make a service repair or used for maintenance. That makes influence lower through many DIFM sales channels. That also explains the dip in influenced sales in 2021, as more consumers visited service repair businesses. Influence on retail sales for DIFM consumers ranges from near zero to very high.

Sales channel examples

Sales channels include parts and accessories stores; online retailers; viable marketplaces like Amazon or Walmart; hardware stores; tire dealers; and independent or chain service repair stores. All of these channels have a different ratio of DIY to DIFM sales and different amounts of digital influence.

Definitions

Do It Yourself (DIY):

The activity of performing automotive repairs or modifications by oneself instead of employing a professional or taking a vehicle to a business.

Do It For Me (DIFM):

Having a professional perform repairs or modifications on a vehicle, or taking a vehicle to a business, instead of performing those activities by oneself.

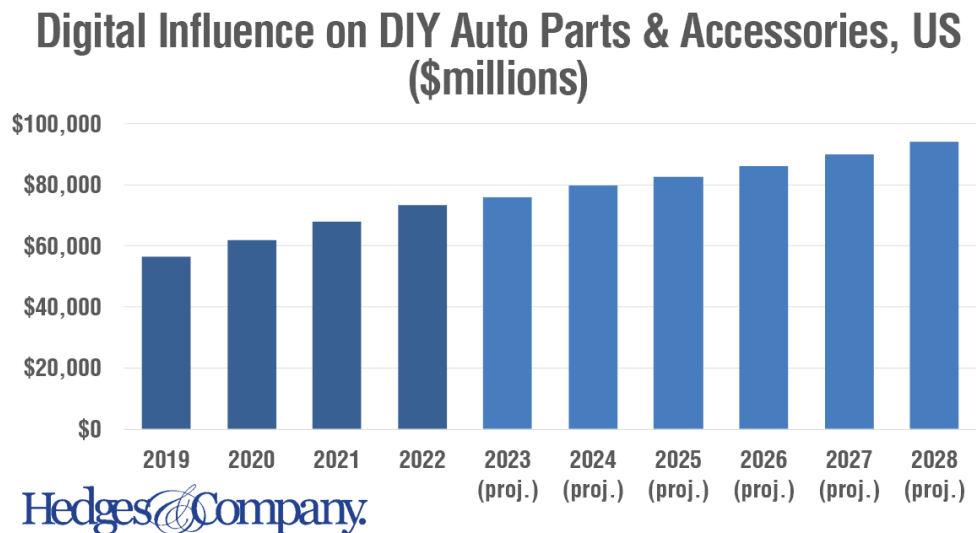
Digital influence on DIY sales

DIY parts and accessories sales have a much greater impact from digital, but lower total sales volume.

DIY sales got a boost during the pandemic as more people practiced social distancing in their garages or driveways. In 2020, many consumers returned to DIY activities or took up DIY for the first time. DIY remains strong today.

DIY sales influenced by digital jumped 10% in 2020 and 2021. It dropped to an 8% increase in 2022 and we project it growing between 3% and 5% each year through 2028.

Digital influence on DIY sales impacted \$56.4 billion in parts and accessories in 2019. It will reach \$75.8 billion in 2023, growing to \$94 billion by 2028.



The influence of the internet on replacement tire sales

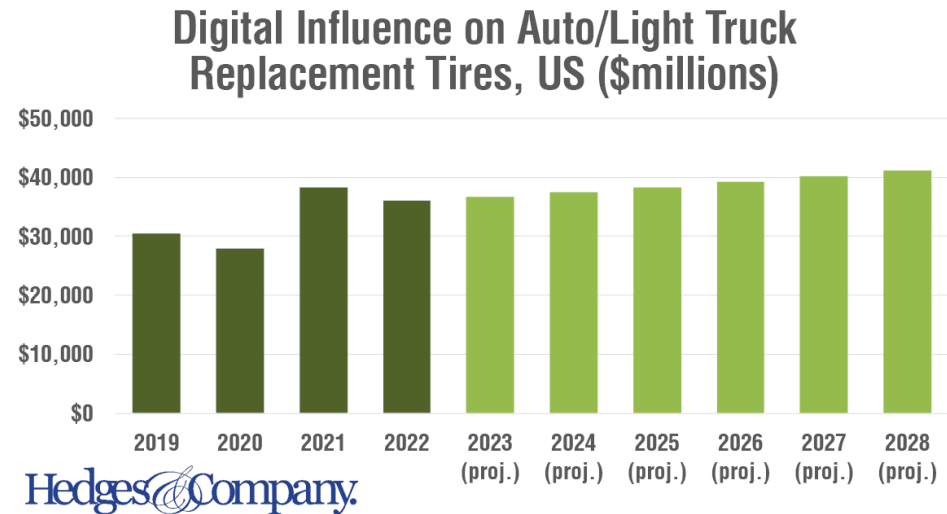
We separately looked at digital influence and replacement tire sales for passenger cars and light trucks. This isn't included in the graphs above.

Influenced replacement tire sales dropped 9% in 2020. This was from a big drop in vehicle miles traveled (VMT)⁷ thanks to people staying at and working from home.

That rebounded in 2021 with a 37% increase.

Replacement tire sales are soft in 2022 per the U.S. Tire Manufacturers Association (USTMA). For 2022, they predict a 3.4% drop in passenger car replacement tires and a 2.4% drop in light truck replacement tires.⁸ Fewer tires sold means lower sales volume due to the influence of the internet.

Buying replacement tires is mostly a DIFM sales channel. Due to the high awareness of tire brands, there is a high level of influence on replacement tire sales through this channel.



Takeaways for brands and retailers

The influence of the internet is either passive (ads displayed to shoppers, seeing social postings, receiving a marketing email) or active (consumers intentionally looking for reviews or a website, receiving an abandoned shopping cart email). Passive involves high purchase-intent consumers (actively shopping and seeing ads) as well as low purchase-intent consumers (not actively shopping but still seeing ads or social postings). Active activities include looking for a brand's website, looking at reviews, or doing product research on marketplaces or websites.

Activity on the internet is a daily habit for most consumers. Auto parts and accessories consumers are bombarded with information just about every minute spent online.

The lesson is this. To succeed in growing sales, either online or through brick-and-mortar stores, a brand or a retailer depends on the internet.

Sources cited in this white paper

¹ Brian Solis, The Rise of Digital Influence; <https://www.slideshare.net/Altimeter/the-rise-of-digital-influence>

² Simon Kemp, Digital 2022: October Global Statshot Report; <https://datareportal.com/reports/digital-2022-october-global-statshot>

³ Study: 81% research online before making big purchases; <https://chainstoreage.com/news/study-81-research-online-making-big-purchases>

⁴ Brand Rated: “Nine out of ten customers read reviews before buying a product; <https://www.globenewswire.com/en/news-release/2022/01/13/2366090/0/en/Brand-Rated-Nine-out-of-ten-customers-read-reviews-before-buying-a-product.html>

⁵ Hedges & Company, Manufacturer-to-Consumer, Direct to Consumer (DTC) eCommerce On The Rise in Automotive Industry; <https://hedgescompany.com/blog/2017/02/manufacturers-retool-marketing-for-todays-digital-consumer/>

⁶ Hedges & Company, research based on industry sales data through all aftermarket sales channels

⁷ Roadway Vehicle-Miles Traveled (VMT) and VMT per Lane-Mile by Functional Class; <https://www.bts.gov/content/roadway-vehicle-miles-traveled-vmt-and-vmt-lane-mile-functional-class>

⁸ USTMA Predicts 400,000 Fewer Tires Shipped in 2022; <https://www.moderntiredealer.com/articles/34105-ustma-predicts-400-000-fewer-tires-shipped-in-2022>

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About Hedges & Company

We're the leading digital agency serving the \$38 billion addressable market of eCommerce and third-party marketplaces that sell parts and accessories. As a Google Premier Partner agency, we rank in the top 3% of digital agencies in the US. As Google puts it, "These companies stand out based on their commitment to developing product expertise, building new client relationships, and helping their current clients grow." We're members of SEMA, Auto Care Association, Custom Automotive Network (CAN) and AASA.

We're the only Premier Google Partner agency, Amazon Advertising agency and Microsoft (Bing) Partner agency that is 100% dedicated to the automotive aftermarket, powersports, enthusiast markets and OEM industries. These certifications mean we're held to higher standards for customer service and marketing best practices.

We provide marketing solutions to automotive manufacturers and resellers. We work with small family-owned businesses, up to large companies owned by private equity investors. We help launch new websites, as well as work with websites that have been around for 20 years. Our obsession is our clients' ROI.

Hedges & Company has provided automotive market research and marketing services for automotive industry publishers, trade associations, OEMs, Fortune 500 corporations, government agencies, universities, private equity firms, as well as some of the aftermarket's best-known brands. News organizations such as NBC Nightly News with Brian Williams, Bloomberg Businessweek, the Wall Street Journal, the Denver Post and others have trusted Hedges & Company for accurate industry data. We've been listed in the Direct Marketing News Top US Agencies Report.

Founded in 2004 by Julie and Jon Hedges, our headquarters are in Hudson, Ohio, with employees working in our home office as well as in locations across the country.



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