



S E M A

STATE OF THE INDUSTRY REPORT

2 0 2 1



MARKET
RESEARCH

ABOUT THIS REPORT

THE STATE OF THE SPECIALTY-EQUIPMENT INDUSTRY

COVID-19 finally looks to be in retreat, with even new cases from the Delta variant falling. But ongoing disruptions to the vehicle and aftermarket parts supply chain present a growing concern for the specialty-equipment industry. The purpose of this report is to give companies the information about the industry they need to make better business decisions. In the Fall 2021 edition of this report, you'll find:

- ✓ Key industry trends and business metrics that companies can use for benchmarking purposes.
- ✓ Estimates on how sales have changed over the last year.
- ✓ How the industry has capitalized on the easing of COVID-19-related restrictions on in-person interaction.
- ✓ Economic trends and outlook, as well as insights into the overall recovery and supply chain issues.

TABLE OF CONTENTS

Key Findings 4

Key Industry Trends 8

Industry Performance 19

Vehicle Segment Insights 27

Sales Shifts by Channel 32

Product Trends 40

Manufacturer Insights 50

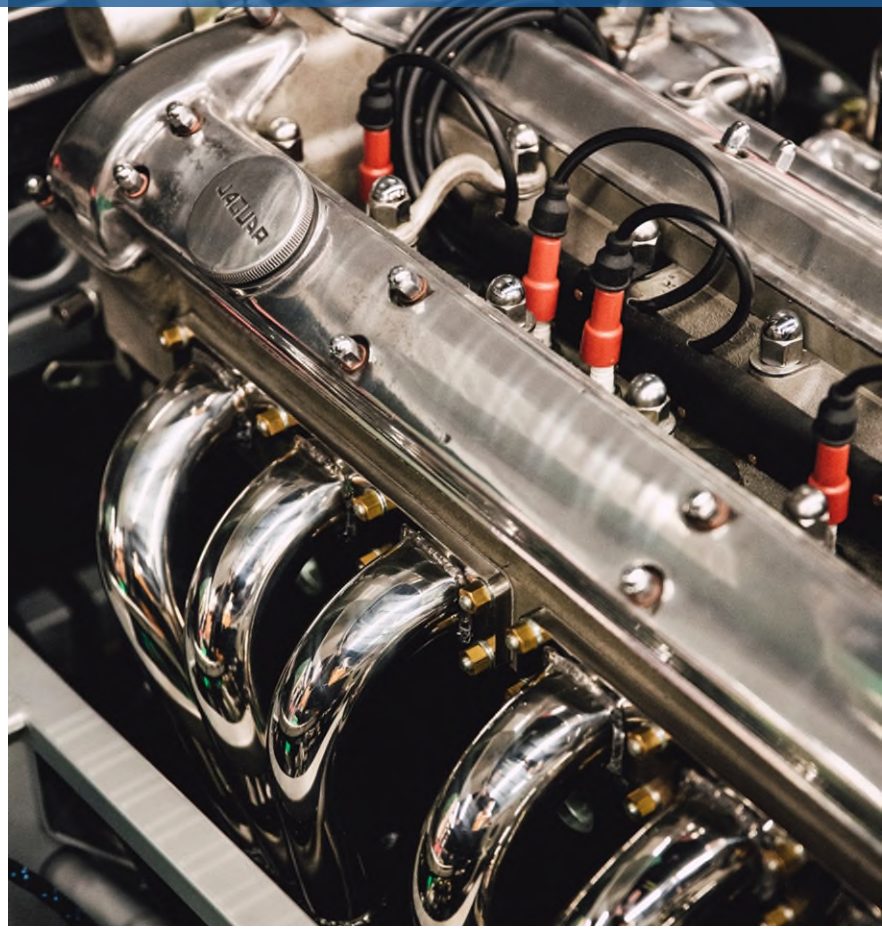
Retailer and Installer Trends 55

Emerging Trends: Advanced Technology 61

Additional Information 69

Report Background 70

Contact Information 71

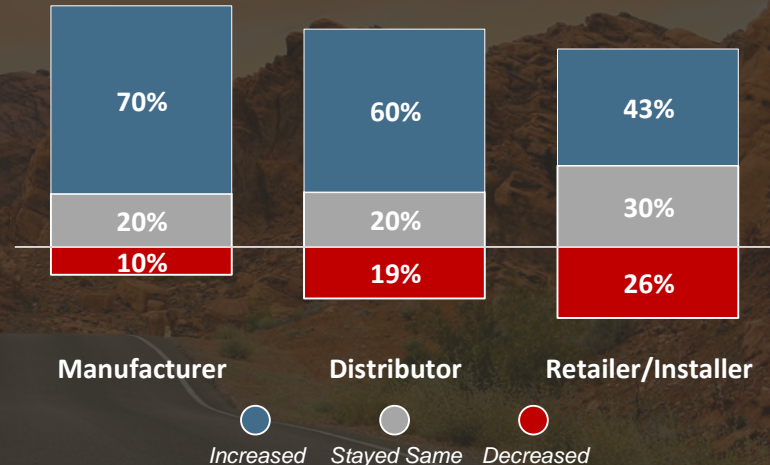


KEY FINDINGS

MOST SPECIALTY-EQUIPMENT BUSINESSES HAVE BEEN GROWING THEIR SALES.

- Despite ongoing disruptions to the economy, most specialty-equipment businesses report increased sales over the past year.
- Manufacturers have been especially likely to show strong growth in sales.
- Some businesses have struggled to adapt, with retailers being the most likely to report flat or declining sales.

How Company Sales Have Changed Over Past Year



Average Sales Growth Over Past Year

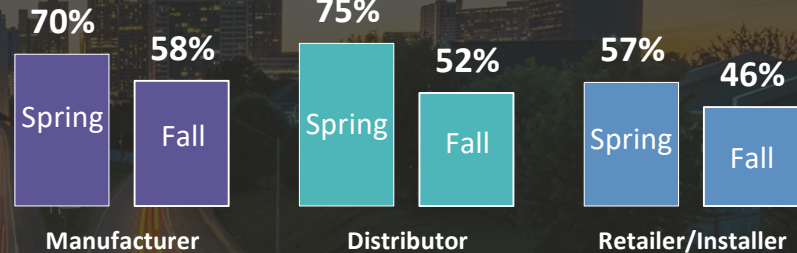


KEY FINDINGS

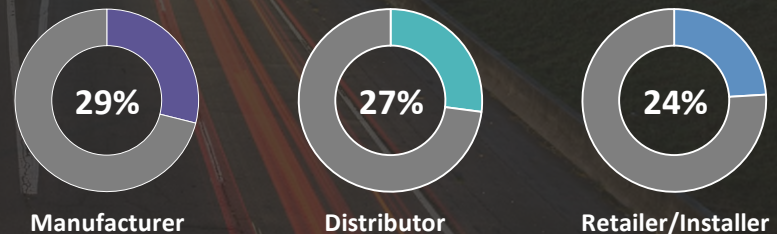
OPTIMISM ABOUT THE FUTURE IS SOFTENING IN THE SPECIALTY-EQUIPMENT INDUSTRY.

- Strong optimism earlier in the year has been tempered by growing uncertainty about how soon things will truly get back to normal.
- While many specialty-equipment firms entered 2021 expecting the industry to get past the pandemic by the end of this year, very few still believe this is the case.

Companies Expecting Sales Growth Over Next Year



Expect Industry to Be Back to Pre-Pandemic Levels by the End of 2021



KEY FINDINGS

Share of Sales from In-Person Channels

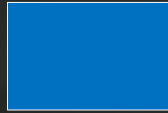
Manufacturer

54%



Fall 2020

50%



Spring 2021

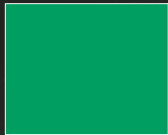
52%



Fall 2021

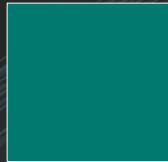
Retailer/Installer

60%



Fall 2020

73%



Spring 2021

72%



Fall 2021

IN-PERSON SALES HAVE COME BACK IN AS RESTRICTIONS HAVE LIFTED.

- Specialty-equipment businesses ended up having to shift some of their sales to online retail channels in 2020 to offset restrictions on in-person interaction.
- Retailers, in particular, have swung back to in-person sales, moving away from listing via 3rd-party online platforms as consumers have resumed shopping in stores.

KEY FINDINGS

How has the global chip shortage affected the automotive space?

\$210 Billion

Estimated revenue shortfall for automakers in 2021

\$45,031

The average price of a new vehicle crossed \$45K for the first time

+17% vs. July 2020

Only 30 Days

Average days of new vehicle supply at U.S. dealerships

-52% vs. July 2020

972K

Total new vehicles available for purchase across in the U.S.

-62% vs. July 2020

As of September 2021

The global chip shortage is having a significant impact on the automotive industry and is expected to continue

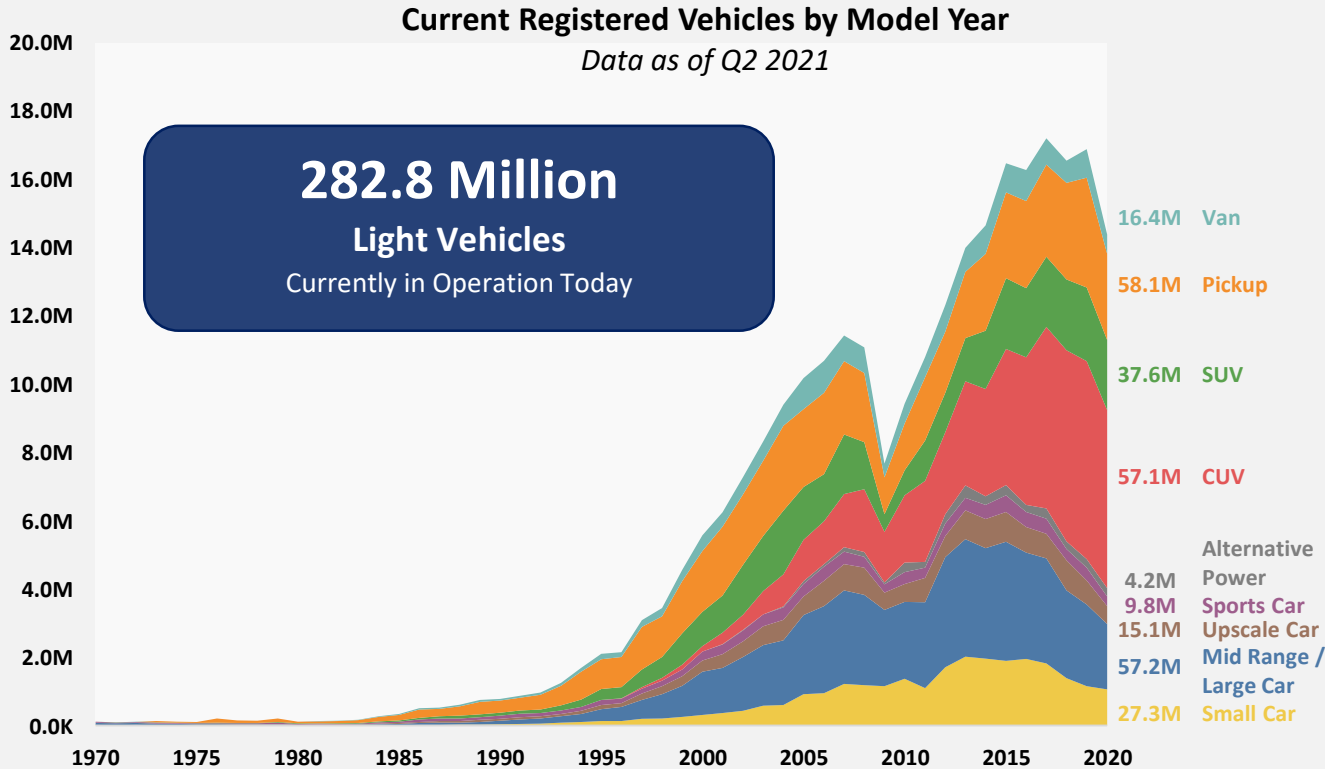
- Automakers expect a shortfall of \$210 billion because of the shortage. This is double the initial estimates back in May 2021.
- Dealerships are unable to keep up with demand, amid production slowdowns. For the first time, there are less than a million new vehicles available for purchase. Some brands, like Toyota and Honda, only have a little more than two weeks of new inventory to sell.
- New vehicle prices are at record highs, topping \$45,000 for the first time.

KEY INDUSTRY TRENDS

Consumer demand continues to drive economic growth. However, supply-chain issues continue to impact the automotive industry. Due to the shortage of chips, the recovery of new vehicle sales is now projected to take until 2023 or 2024. This has led to record-high prices. Consumers are returning more to in-store purchasing, but indicators suggest that the high spending seen over the last year may be starting to slow.



New Vehicle Preferences are Changing

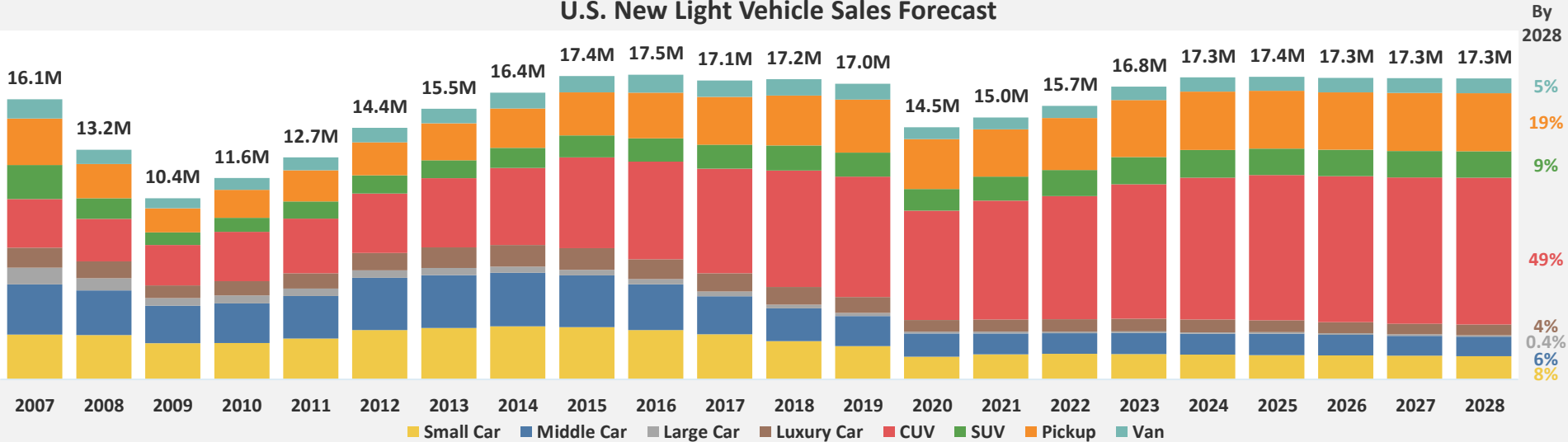


Vehicle preferences among Americans are changing. Light trucks (pickups, SUVs, CUVs and vans) are becoming a larger share of the overall vehicle population, as OEMs shift their production away from passenger cars to more profitable light truck platforms. This has been largely driven by the popularity of CUVs. Pickups and SUVs, staples for the specialty-equipment industry, remain popular on the road and among enthusiasts.

CUVs are the fastest-growing light vehicle segment. There are over 130 models currently on the road, and more models are expected in the coming years. This diversity makes it a difficult segment to make aftermarket parts for. Why are they so popular? The CUV is the perfect blend of performance, efficiency and functionality for consumers. Likewise, these models are also more profitable for automakers.

Supply Shortages Are Delaying the Recovery of New Vehicle Sales

U.S. New Light Vehicle Sales Forecast



Auto sales bounced back strongly after the initial economic shock from COVID-19 wore off. Earlier this year it looked like new-vehicle sales would be back to pre-recession levels by the end of 2022. However, demand for new vehicles rebounded faster than manufacturers and dealers could supply them, which has pushed vehicle prices to historic highs. While consumers were initially undeterred, willing to absorb these increased costs in the short run, things have now gotten to the point where prospective buyers are becoming discouraged. This, in turn, has slowed the pace of new-vehicle sales. While SEMA expects things to recover as the supply chain disruption eases, it's looking more and more likely that this will drag out longer than anticipated and extend the recovery.

\$45,031
Average New Car Sale Price
September 2021
+12.1% vs. September 2020

Source: Kelly Blue Book
Does not include sales incentives.

68%
of Consumers

Think it's a **bad** time to
buy a car.

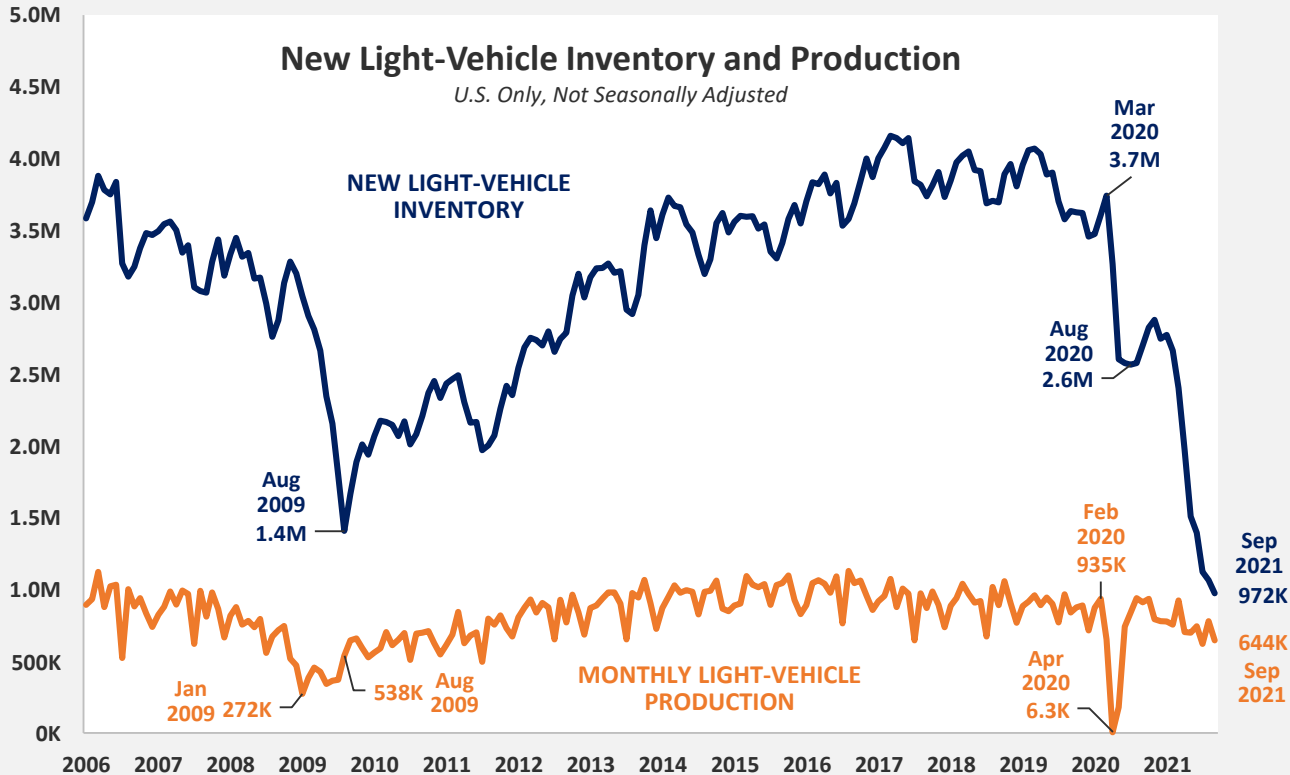
Source: University of Michigan,
as of September 2021

Source: ©2021 Wards Intelligence, a division of Informa. Data as of October 2021.

Source: Kelly Blue Book's average monthly transaction price for October 2021.

Source: University of Michigan, "Survey of Consumers," September 2021.

Limited Vehicle Supply Is Driving Prices Up And Sales Volumes Down



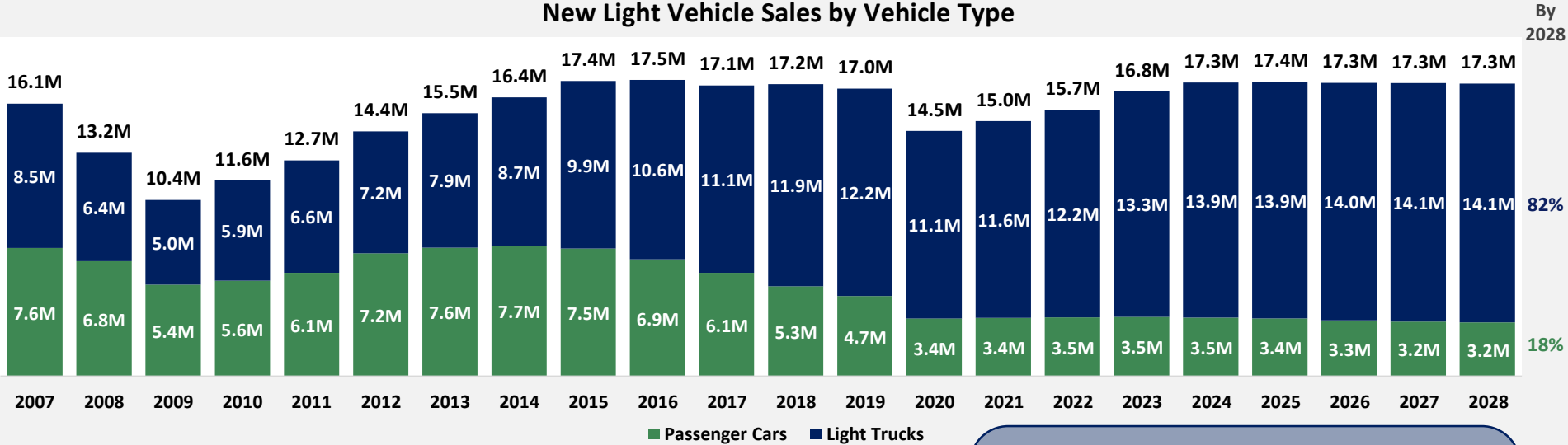
New-vehicle dealerships have typically kept somewhere around 90 days worth of inventory on their lots in recent years. However, recessions often lead to drops in the number of cars available as dealers draw down existing stock and delay new orders to improve balance sheets amid reduced demand. Once sales pick up again, dealers begin replenishing their stock.

While things started off that way in 2020, supply-chain disruptions have persisted despite faster than expected consumer demand. As a result, automakers have been unable to keep up. On average, dealers have had under a month's worth of inventory on hand since the middle of this year.

All these factors have driven up new vehicle prices significantly—the average price of a new vehicle is now over \$45,000. This, in turn, has slowed the pace of new vehicle sales and delayed the recovery.

Automakers Continue To Prioritize Light Trucks

New Light Vehicle Sales by Vehicle Type



Back in 2007 and 2008, passenger cars and light trucks (CUVs, SUVs, Vans and Pickups) each represented about half of all new light vehicles sold in the United States. By 2020, the share of light trucks grew to roughly 76%. This growth is expected to continue in the coming decade. Much of this can be attributed to CUVs.

The global chip shortage has forced automakers to prioritize their highest profit models, especially pickups. As the disruption has dragged on, however, automakers have been forced to slow down or even temporarily shut down production of these models as well.

CUVs have driven the growth of light truck sales:

130+

More Than
170

CUV Models Currently on the Road

CUV Models Projected to be sold from 2021-2028

The Chip Shortage is Disrupting the Automotive Industry

\$210 Billion

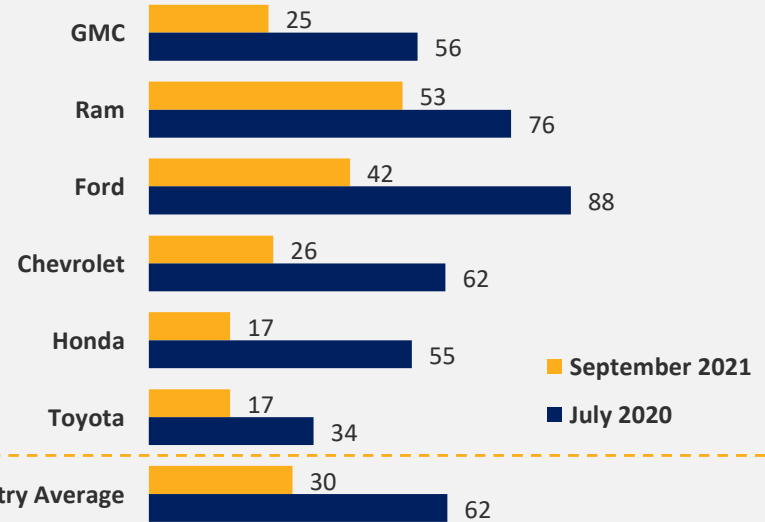
Expected revenue shortfall for automakers due to shortage.

7.7 Million

Fewer vehicle made this year.

The global chip shortage is having a significant effect on the automotive industry. Automakers are expected to lose \$210 billion in revenue because of it (up from initial estimates of \$110 billion in May). New vehicle inventory is at an all-time low at U.S. dealerships. During a typical year, brands typically have a three-month supply of new vehicles to sell on lots. Right now, the industry average is 30 days. Some brands, like Toyota and Honda, only have a little over two weeks of supply to sell. These delays are expected to continue through 2022, with pre-pandemic sales levels not returning until 2023 or 2024.

Average Days of New Vehicle Supply in U.S. by Brand



	TOTAL NEW CAR INVENTORY	AVERAGE DAYS OF SUPPLY	AVERAGE PRICE
Sept 2021	972K (-62% vs. July 2020)	30 (-52% vs. July 2020)	\$45,031 (+17% vs. Sept 2020)
July 2020	2.56M	62	\$38,378

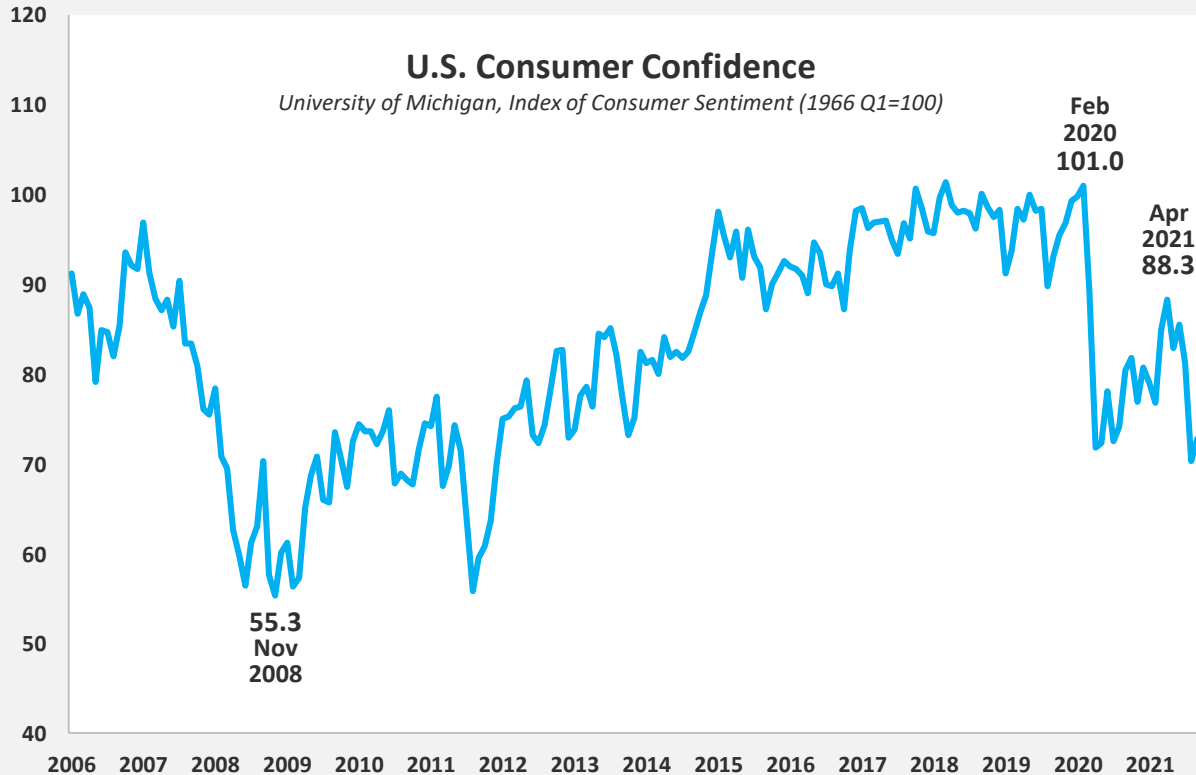
Source: ©2021 Wards Intelligence, a division of Informa. Data as of October 2021.

Source: Kelly Blue Book's average monthly transaction price for October 2021.

Source: Cox Automotive, "New Vehicle Inventory Report." Data as of September 20, 2021.

Source: AlixPartners, "Shortages Related to Semiconductors to Cost the Auto Industry \$210 Billion in Revenues This Year, Says New AlixPartners Forecast". September 23, 2021.

Confidence Slipped Due to the Delta Variant, But Is Starting to Bounce Back



Consumer confidence fell sharply amid the pandemic and resulting economic disruption in 2020, then rebounded through the end of the year and into 2021. Things were on track to return to pre-pandemic levels by 2022, until the COVID-19 delta variant forced some states to reinstate restrictions on in-person activities and confidence slipped amid the uncertainty.

The good news is that the worst appears to be over. New COVID-19 cases have been in decline since late August, and businesses are once again being allowed to ease restrictions. While it may take time for consumer sentiment to recover fully, confidence appears to be looking upward.

U.S. Vaccination Stats

As of 10/21/2021

219,624,445

At Least One Dose

66.2% of U.S.

77.4% of Age 12+

189,924,447

Fully Vaccinated

57.2% of U.S.

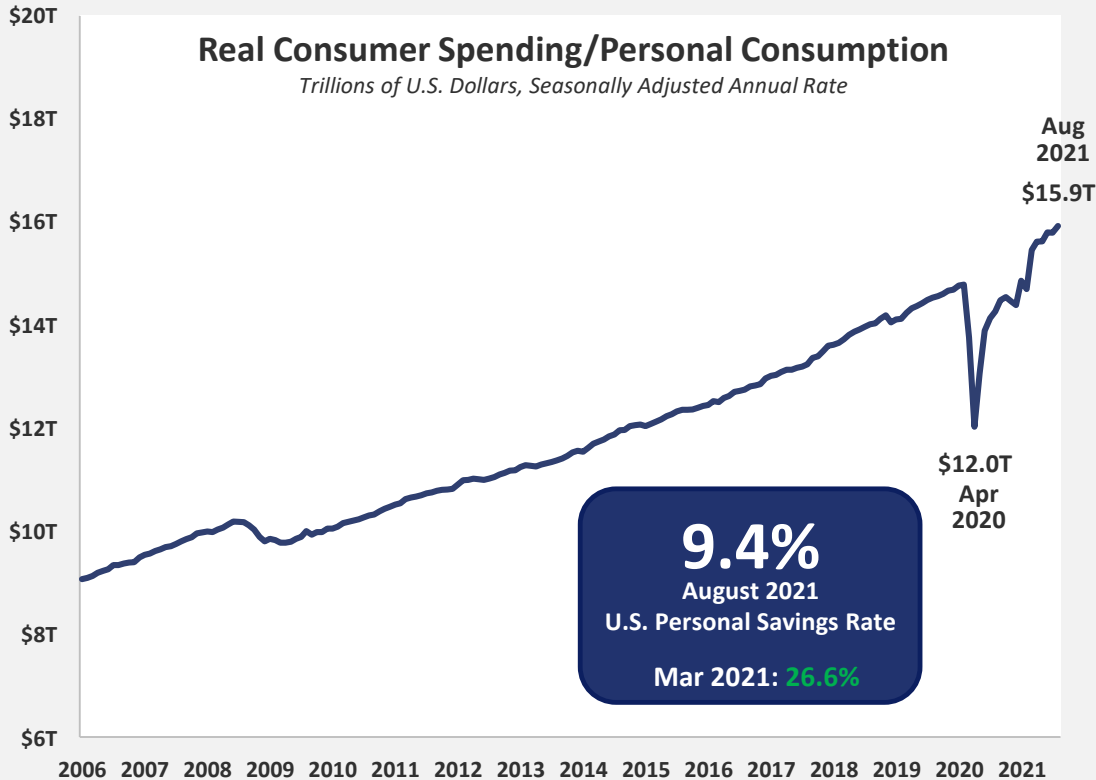
66.9% of Age 12+

Source: Centers for Disease Control

Source: University of Michigan, Survey of Consumers (Index of Consumer Sentiment). Data as of October 21, 2021.

Source: Centers for Disease Control (CDC), "COVID-19 Vaccinations in the United States." Data as of October 18, 2021.

Consumer Spending is Driving the Economic Recovery, But May Be Slowing



Personal consumption is the core of U.S. economic activity, and much of the strong economic growth this year can be explained by people spending more money on goods and services. While many Americans put their stimulus checks into savings at first, consumers quickly returned to spending money as things opened back up.

Savings rates have since returned to more normal levels, indicating that consumers in general have less money to spend. On top of that, prices have risen on many products and goods—driven by both supply chain disruption and government fiscal policy. As a result, economists are predicting that spending may begin to slow. Retailers, however, are optimistic and anticipate continued demand. Holiday spending is expected to be just as strong as it was in 2020.

“Consumers plan to spend \$997.73 on gifts, holiday items and other non-gift purchases for themselves and their families this year. Despite the continued supply chain disruption, this is on par with consumer spending last year.”

– National Retail Federation (NRF), October 21, 2021

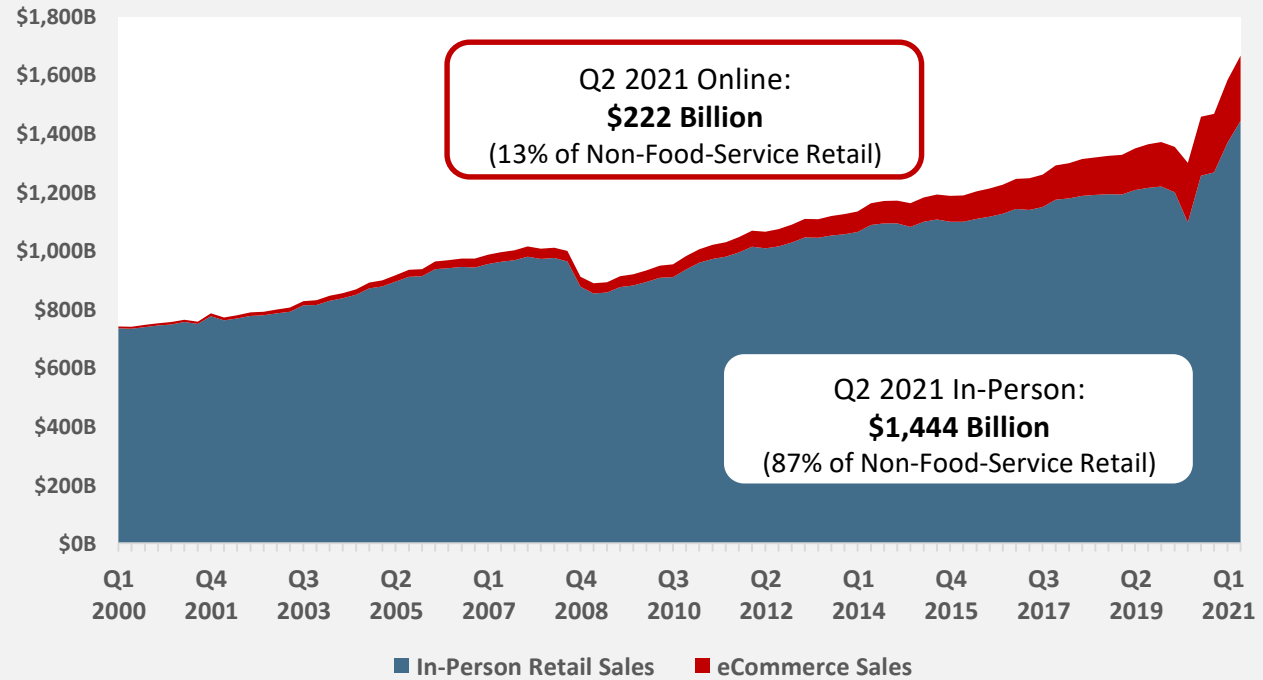
Despite the Pandemic, In-Person Retail Remains Dominant

The notion of buying things on the web is a relatively recent phenomenon, virtually unheard of prior to the 2000s. But over the past 20 years, advances in computers, smartphones and internet infrastructure have enabled consumers to shop for and buy products wherever they happen to be.

Of course, that doesn't mean they've stopped going into stores. Far from it. Even at the height of the pandemic, government data shows that the overwhelming majority of retail purchasing was in-person, and as restrictions began to ease, people were eager to get back to into physical stores.

The reality is that technology changes a lot faster than consumer preferences. While there are more ways that ever to buy online, people still often prefer seeing products up close, and having the option to talk face-to-face with salespeople about any questions or concerns they may have.

Quarterly Retail Sales in the U.S.
(Seasonally Adjusted, Billions, Excludes Food Services)

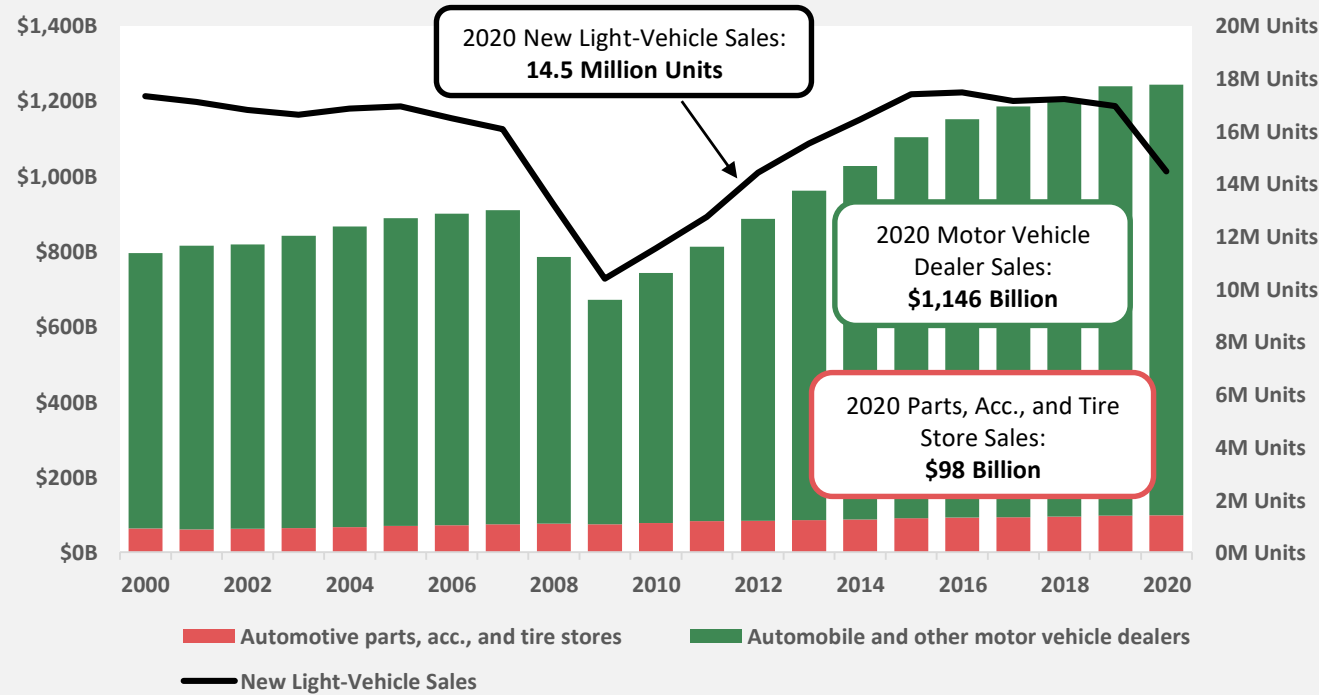


Source: U.S. Census Bureau, "Quarterly Retail E-Commerce Sales - 2nd Quarter 2021"

For more information on how retail is changing, check out the "2021 SEMA Retail Trends Report."

Automotive Sales Weathered the Pandemic Better Than the Last Recession

Annual Automotive Retail Sales
(Seasonally Adjusted \$Billions vs Millions of Units)



During the recession in the late 2000s, vehicle sales dropped by more than a third and took five years to fully recover. Vehicle dealer revenues saw a slightly less steep decline, likely due to revenue from parts and maintenance which were less strongly-affected by the recession. Similarly, auto parts stores came through relatively even.

Things played out differently in 2020. A severe shock to consumer demand at the beginning of the pandemic was largely, but not entirely, erased by mid-year. While supply-chain issues held down vehicle sales volumes, dollar revenues from dealers and parts stores managed to finish the year roughly on par with 2019.

Note that while auto parts, accessory, and tire store sales totaled \$98 billion in 2020, the total amount consumers spent on auto parts is likely quite a bit higher. Auto parts are sold through a variety of businesses, and the Auto Care Association estimates that the total retail spend on aftermarket parts was closer to \$206 billion.

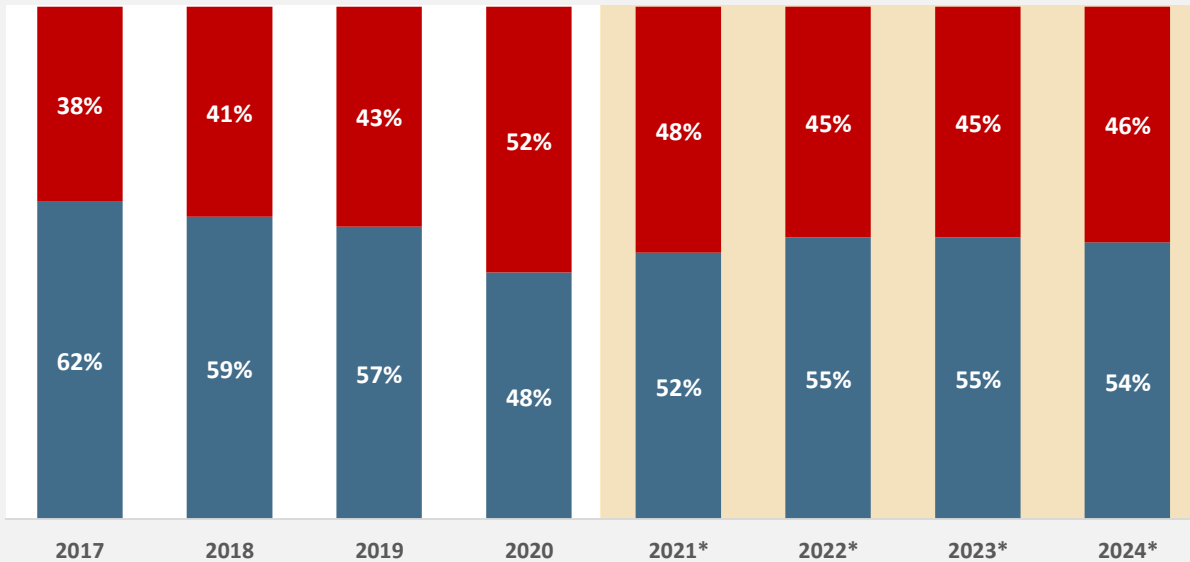
Online Specialty-Equipment Automotive Sales Expected to Normalize

Specialty-Equipment Retail Sales: In-Person vs. Online

■ Online Sales

■ In-Person Sales

FORECAST



The specialty-automotive aftermarket is ahead of the curve relative to the overall economy in terms of online sales. Vehicle accessorizers often may find that the products they need are not available locally, or they may be comfortable hunting online for the best products and prices.

Online specialty-automotive sales have been growing over the past few years, as more and more businesses get the hang of selling on the web. But the unique circumstances 2020 created pushed more sales online than normal.

Still, it was a slim majority rather than a massive paradigm shift. And SEMA expects that over the next couple years, things will normalize.

Source: SEMA Market Research estimates and forecasts.
Source: 2020 SEMA U.S. Market Data

INDUSTRY PERFORMANCE

Optimism regarding the coming year's prospects have been tempered somewhat by supply-chain issues and slow new-vehicle sales. However, most specialty-equipment businesses both show strong performance over the past year and expect stable or growing sales in the future.

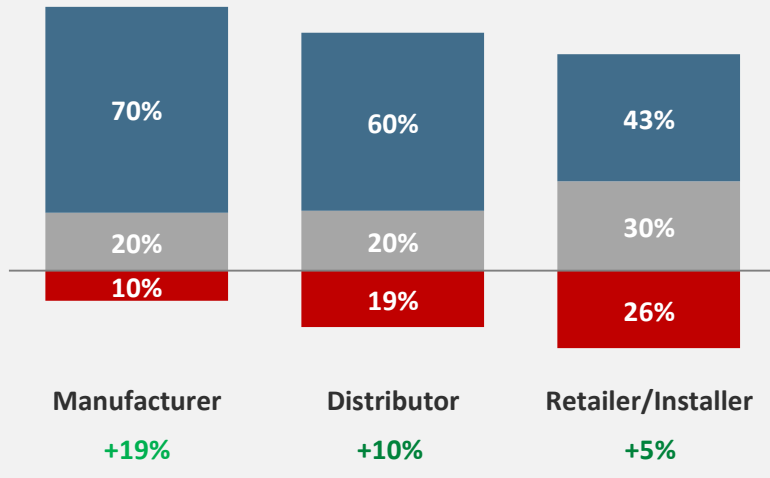


Most Companies Have Seen Their Sales Grow

However, some firms are less optimistic about the coming year.

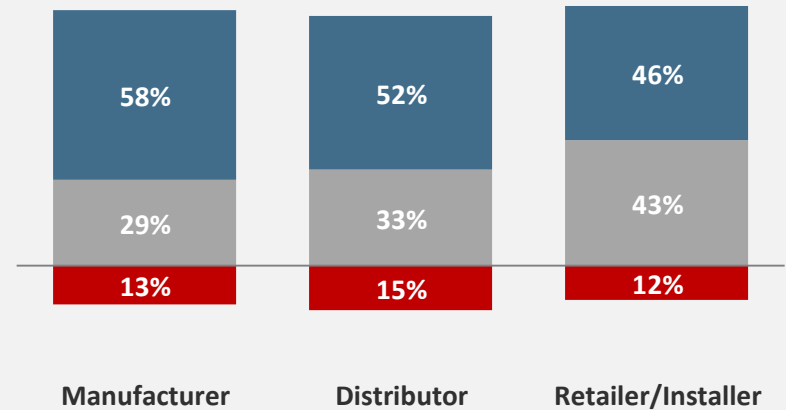
How Company Sales Have Changed Over Past 12 Months

● Increased ● Stayed Same ● Decreased



Expectations for Sales Over Coming Year

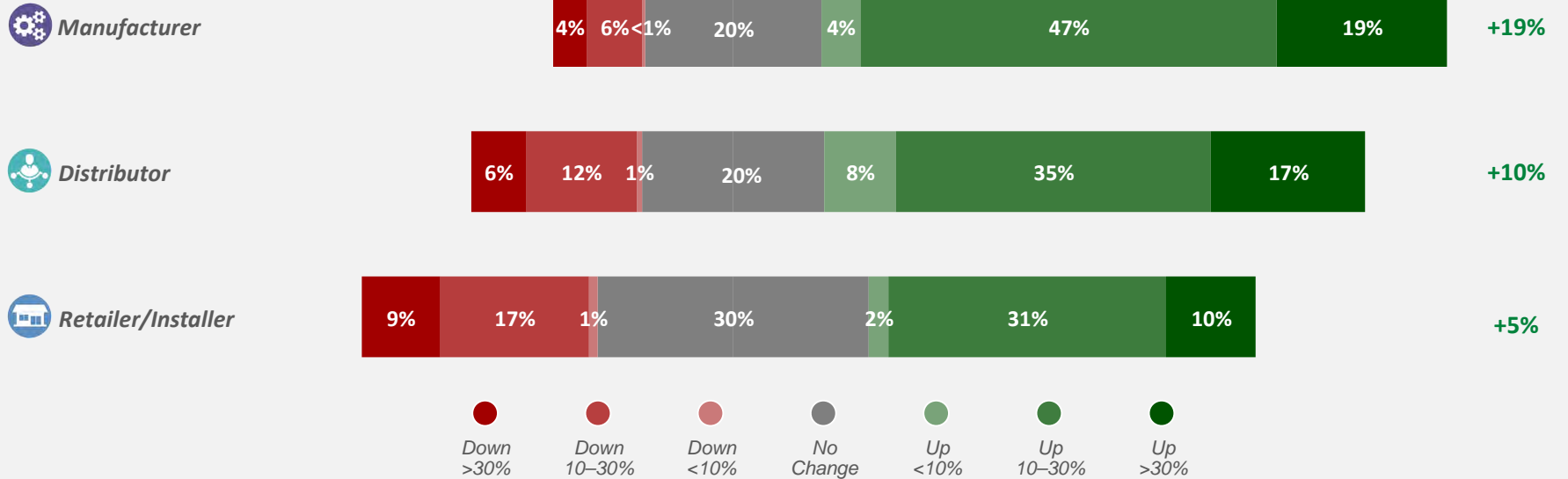
● Increase ● Stay Same ● Decrease



Manufacturers Have Had a Banner Year

Results for retailers have been more mixed but have shown signs of improvement.

How Company Sales Have Changed Over Past 12 Months



Specialty-Equipment Businesses Continue Their Recovery

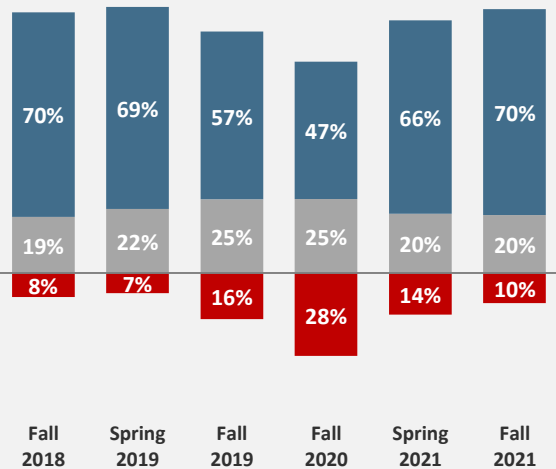
Manufacturers seem to be doing best, but distributors and retailers also show signs of improvement.

Company Sales Performance Over Time

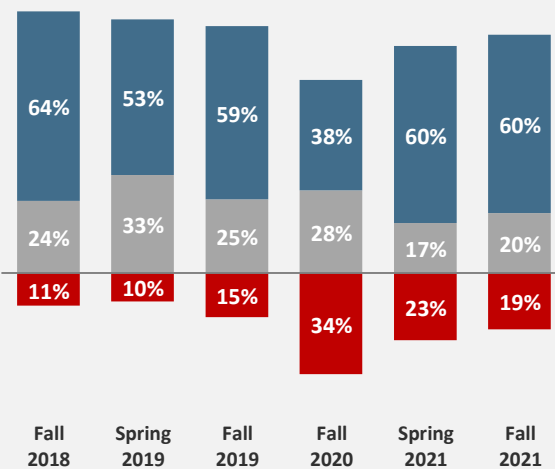
Change vs. Past 12 Months



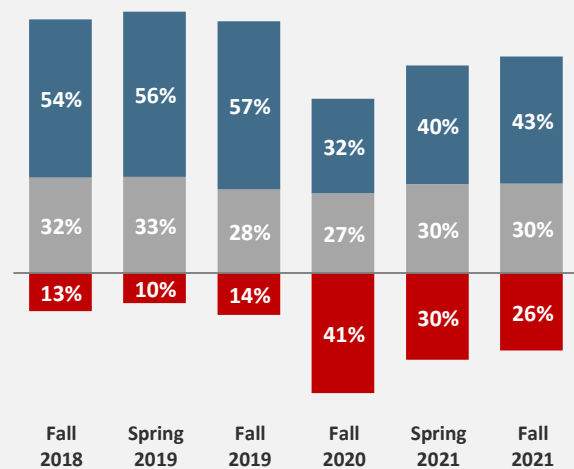
Manufacturer



Distributor



Retailer/Installer



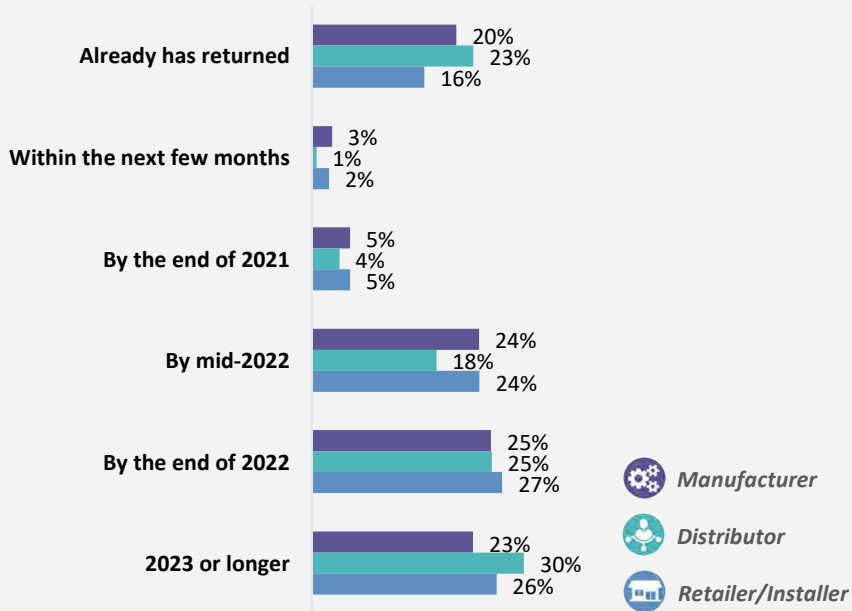
Percentages may not add up to 100% because of "Don't Know" responses.

● Increased
 ● Stayed Same
 ● Decreased

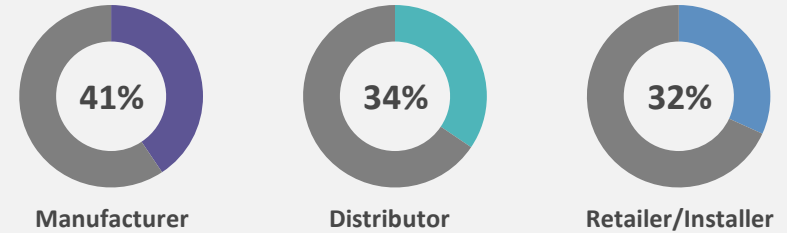
Companies Are Tempering Their Optimism Amid Supply-Chain Challenges

A majority of businesses expect that the industry will need more time to fully recover from the pandemic.

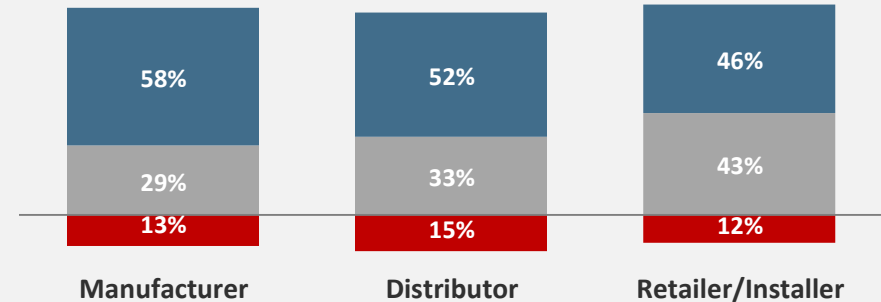
When Industry Will Return to Pre-Pandemic Levels



Expect Industry to Grow Next Year



Expectations for 2021 Sales



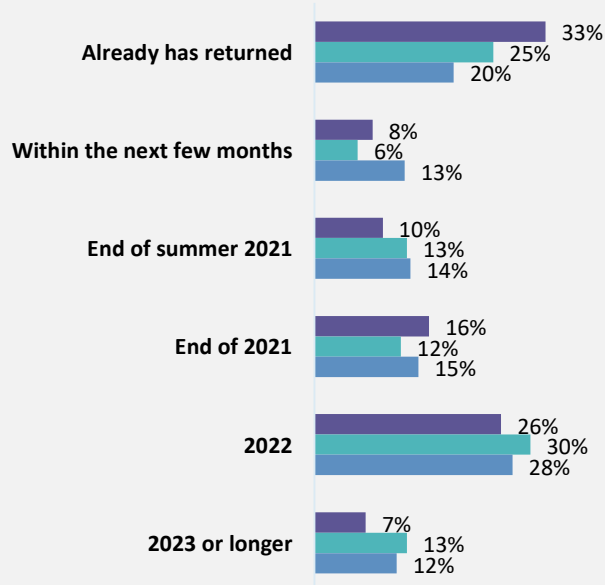
Increase
 Stay the Same
 Decrease

Businesses Feel the Industry Outlook Has Worsened Since the Spring

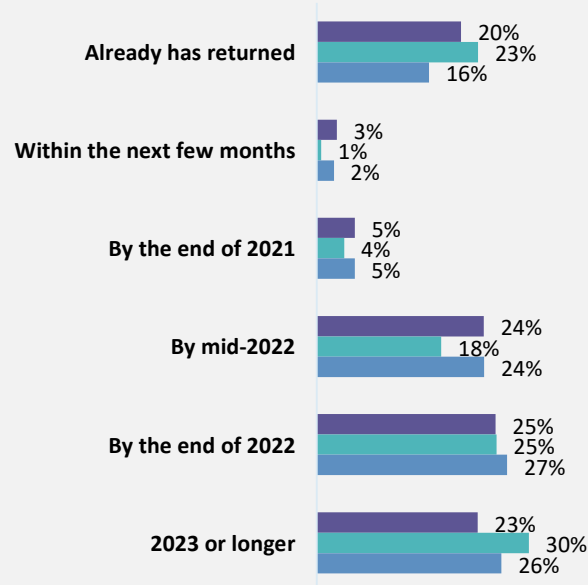
The Delta variant of COVID-19 and flagging vehicle sales have many businesses expecting the recovery to continue into next year or further.

When Companies Expect Industry to Return to Pre-Pandemic Levels

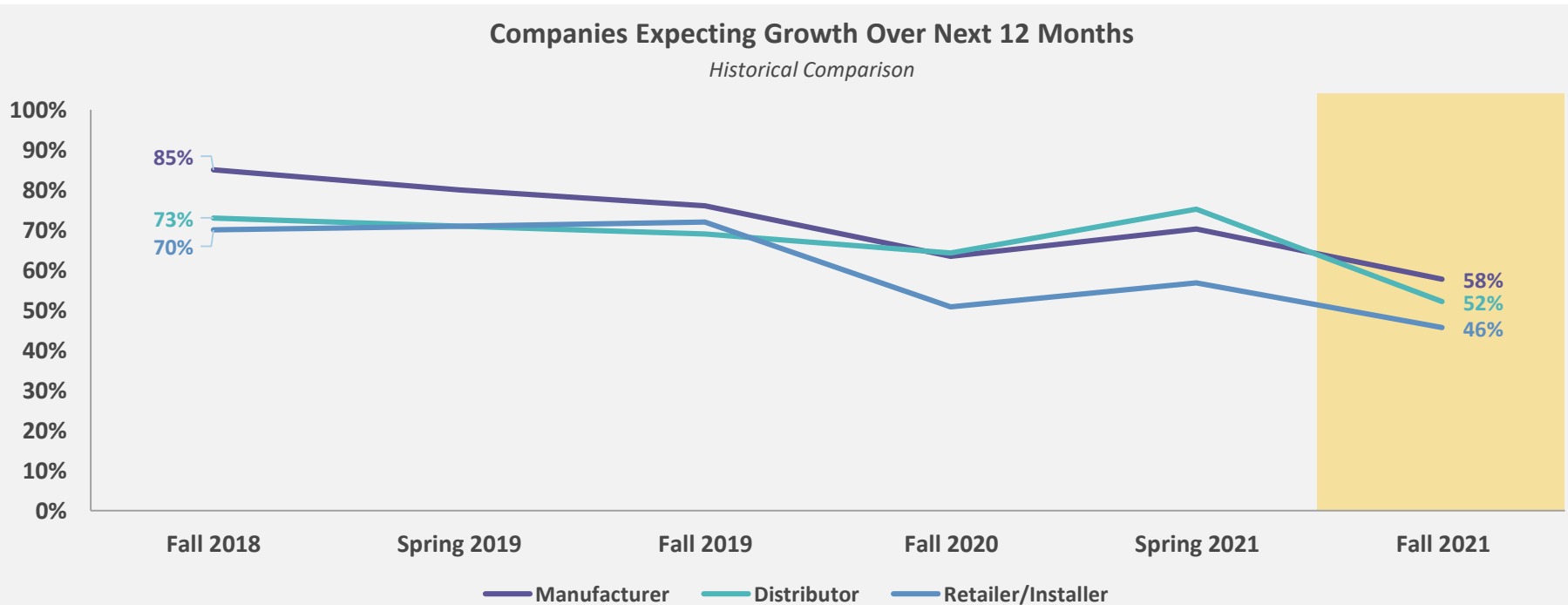
Spring 2021 Survey



Fall 2021 Survey



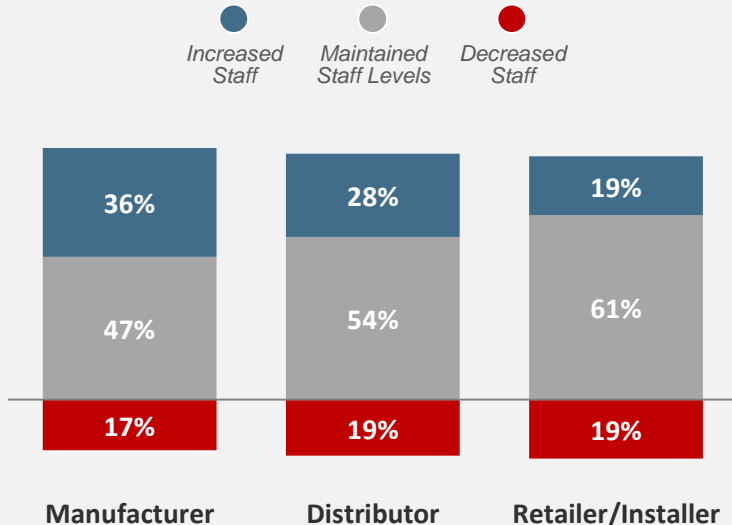
Expectations for the Next Year Have Softened But Are Still Positive



Businesses Have Grown or Maintained Payrolls Over The Past Year

A majority of businesses expect to hire new employees in the next 12 months.

How Total Number of Staff Changed Over Past Year



Jobs Planning to Hire for in Next 12 Months

	Manufacturer	Distributor	Retailer/Installer
General Labor	49%	38%	17%
Sales	36%	45%	23%
Engineering/Product Development	34%	6%	3%
Customer Service/Clerical	30%	24%	12%
Skilled Trade	30%	7%	14%
Business Management	26%	19%	9%
Facilities/Operations	19%	7%	2%
Inventory Management	16%	10%	4%
Information Technology (IT)	12%	10%	4%
Automotive Trades	9%	9%	38%
Other	3%	3%	2%
Don't Plan on Hiring	14%	23%	32%
<i>Spring 2021</i> Don't Plan on Hiring	17%	23%	37%

VEHICLE SEGMENT INSIGHTS

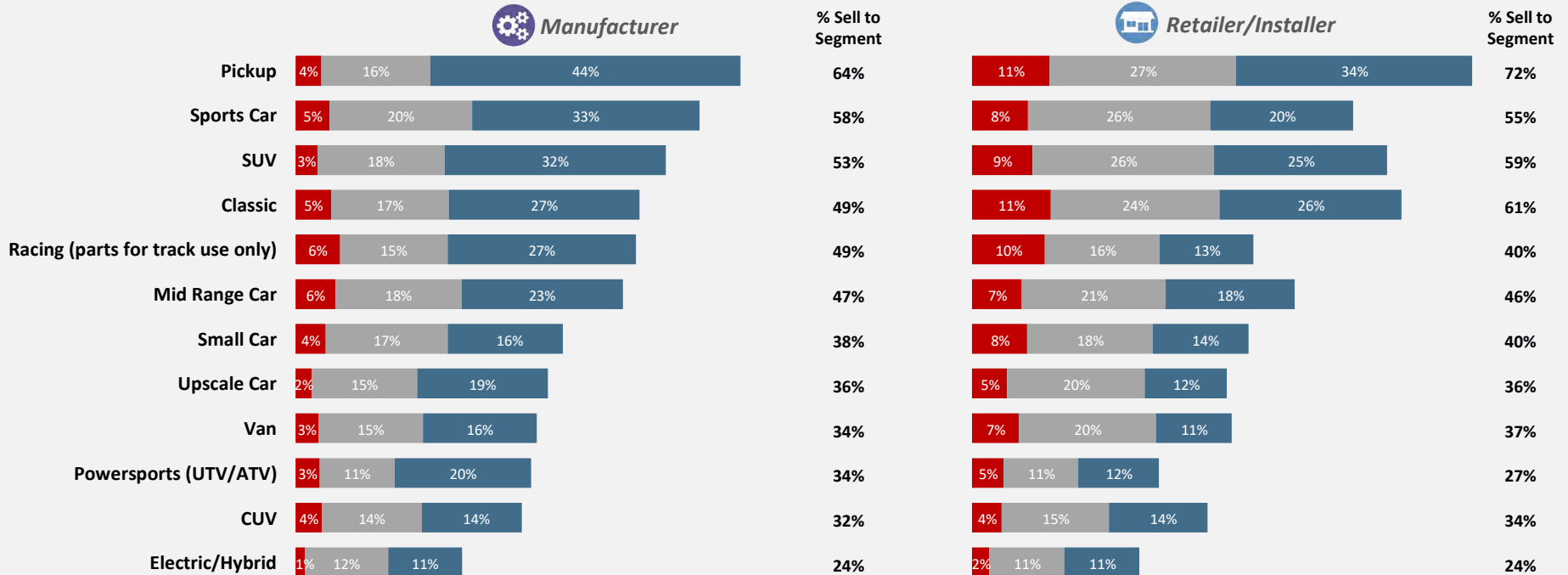
Manufacturers and retailers saw growth across a wide variety of segments. However, pickups, sports cars, SUVs and classics are the hottest markets for our industry.



Pickups, Sports Cars, SUVs and Classics Are the Hottest Segments for the Specialty-Equipment Industry

Changes in Vehicle Segment Sales Over Past 12 Months

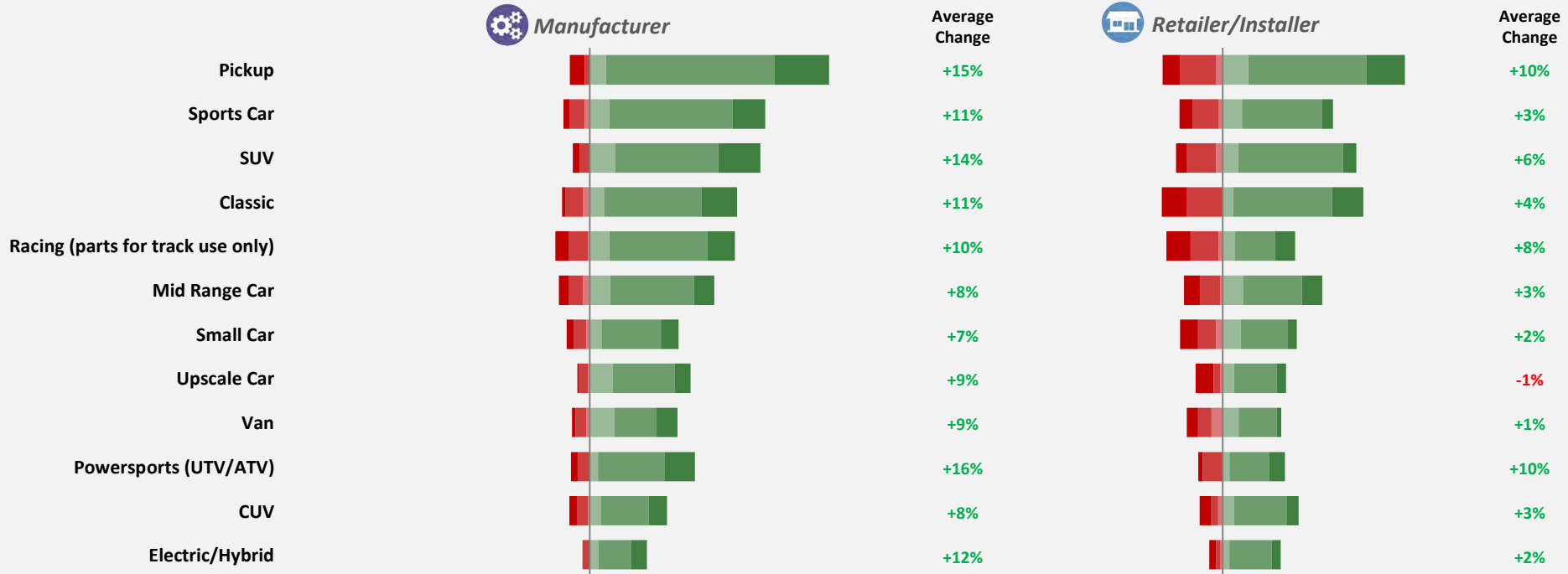
● Decreased ● Stayed Same ● Increased



Pickup, Sports Car and Classic Segments Often Showed Double-Digit Growth

Changes in Vehicle Segment Sales Over Past 12 Months

● Down >30%
 ● Down 10–30%
 ● Down <10%
 ● Up <10%
 ● Up 10–30%
 ● Up >30%

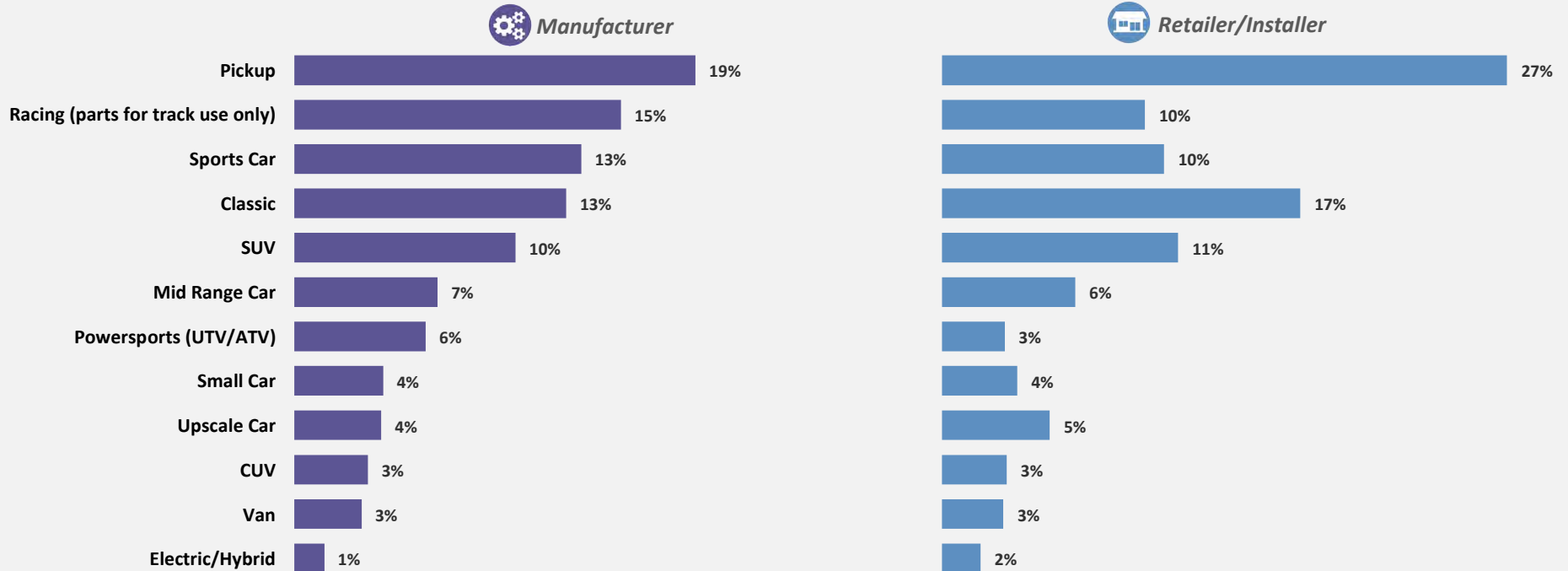


Average Change Is Among Those That Sell To Segment

Parts for Pickups Remain the Biggest Share of Specialty-Equipment Sales

This year, the survey saw more responses from classic and racing companies.

Share of Sales by Segment

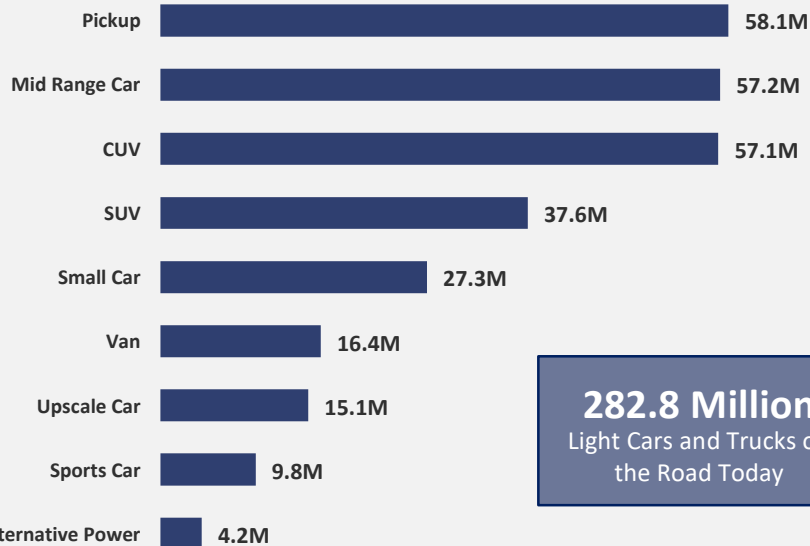


Pickups, Mid Range Cars, and CUVs Account for the Majority of Both Vehicles on the Road and Specialty-Equipment Parts Sales

Vehicles-in-Operation and Specialty-Equipment Sales Data

Vehicles Currently in Operation by Segment

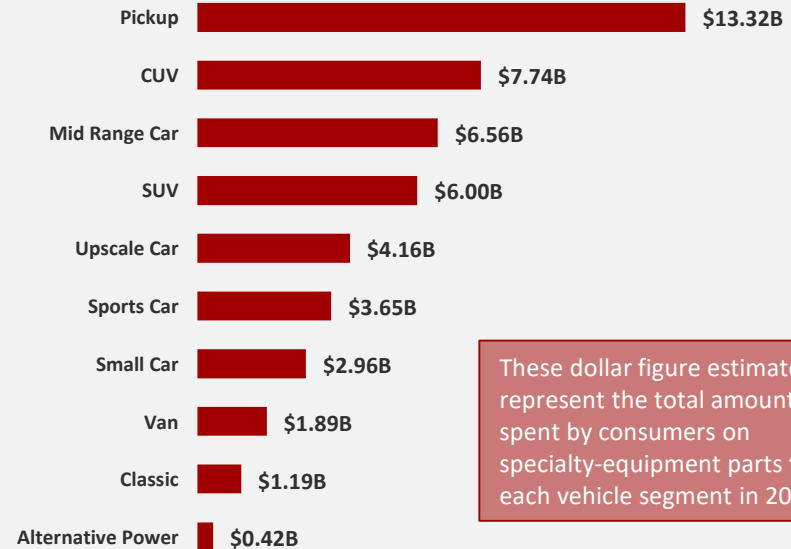
Millions of Cars



282.8 Million
Light Cars and Trucks on
the Road Today

2020 Specialty-Equipment Market Size by Segment

Billions of U.S. Dollars



These dollar figure estimates represent the total amount spent by consumers on specialty-equipment parts for each vehicle segment in 2020.

SALES SHIFTS BY CHANNEL

After shifting some of their sales online in response to COVID-related restrictions on in-person shopping, specialty-equipment businesses are now moving back towards normal in terms of in-store vs. online retail sales.



Online Retail Sales Were Strong for Manufacturers, Along With in-Person Specialty Retail Sales

Changes in Channel Sales Over Past 12 Months

● Decreased
 ● Stayed Same
 ● Increased

 **Manufacturer**

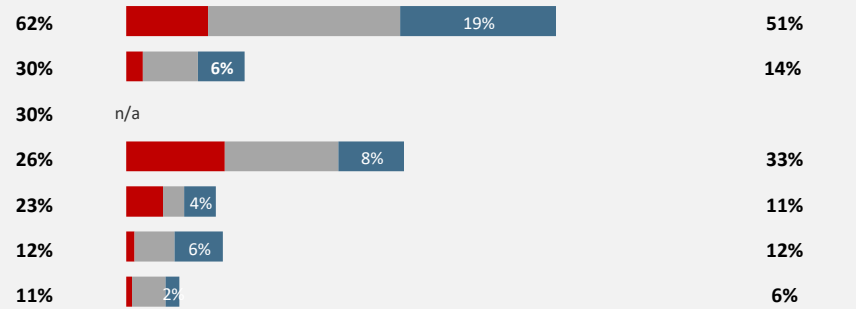
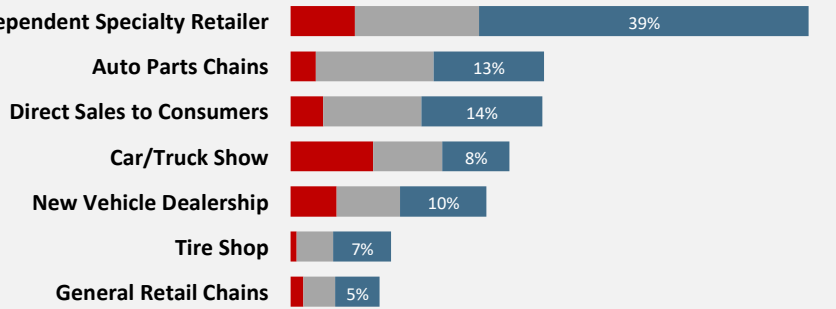
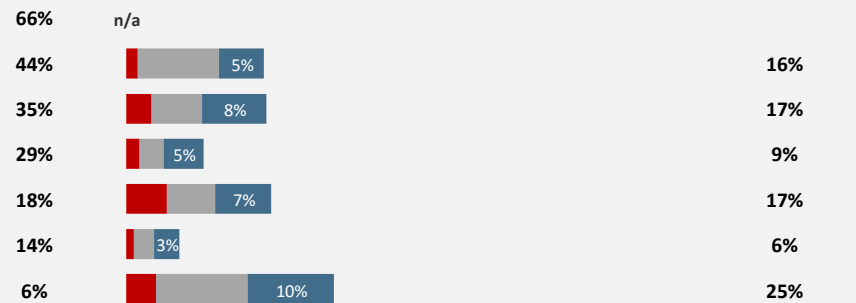
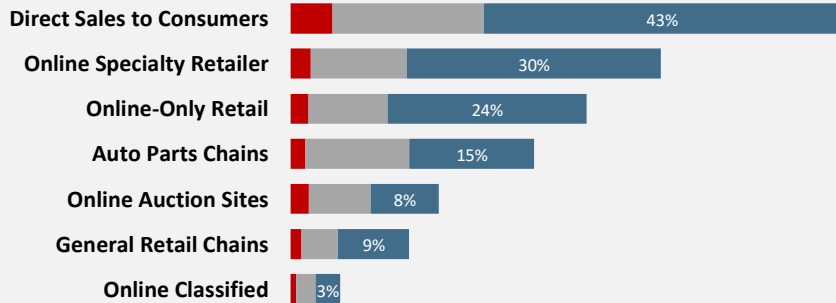
% Sell Through Channel

 **Retailer/Installer**

% Sell Through Channel

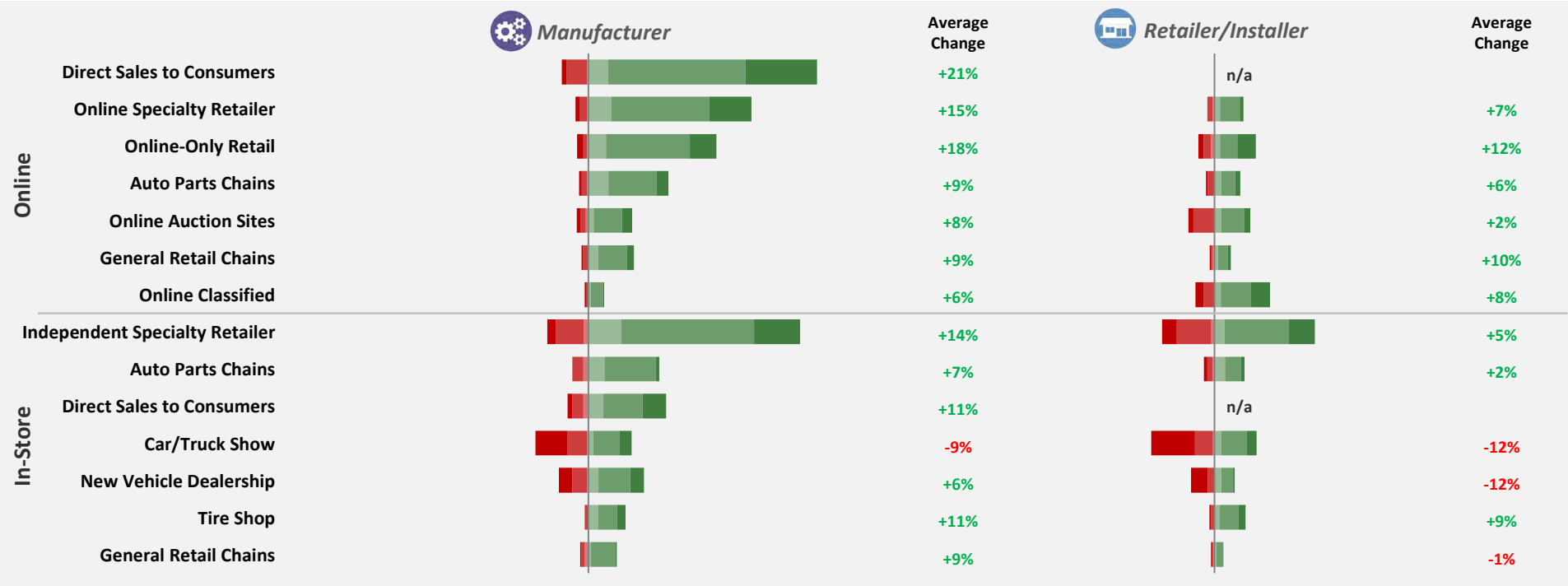
Online

In-Store



Manufacturers Saw Their Strongest Sales Growth Through Direct-to-Consumer and Specialty Retail Channels

Changes in Channel Sales Over Past 12 Months

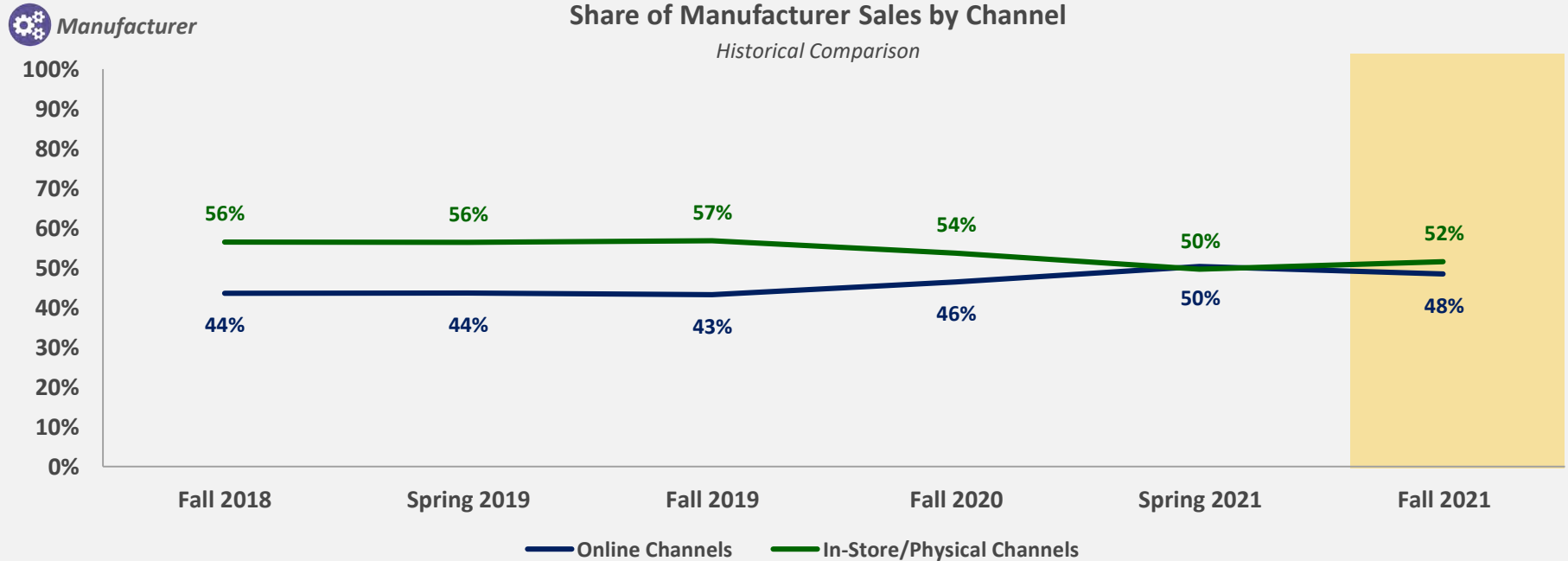


Average Change Is Among Those That Sell Through Channel

Bolded Percentages at the ends of each bar chart indicate the total positive or negative sales change for that channel.

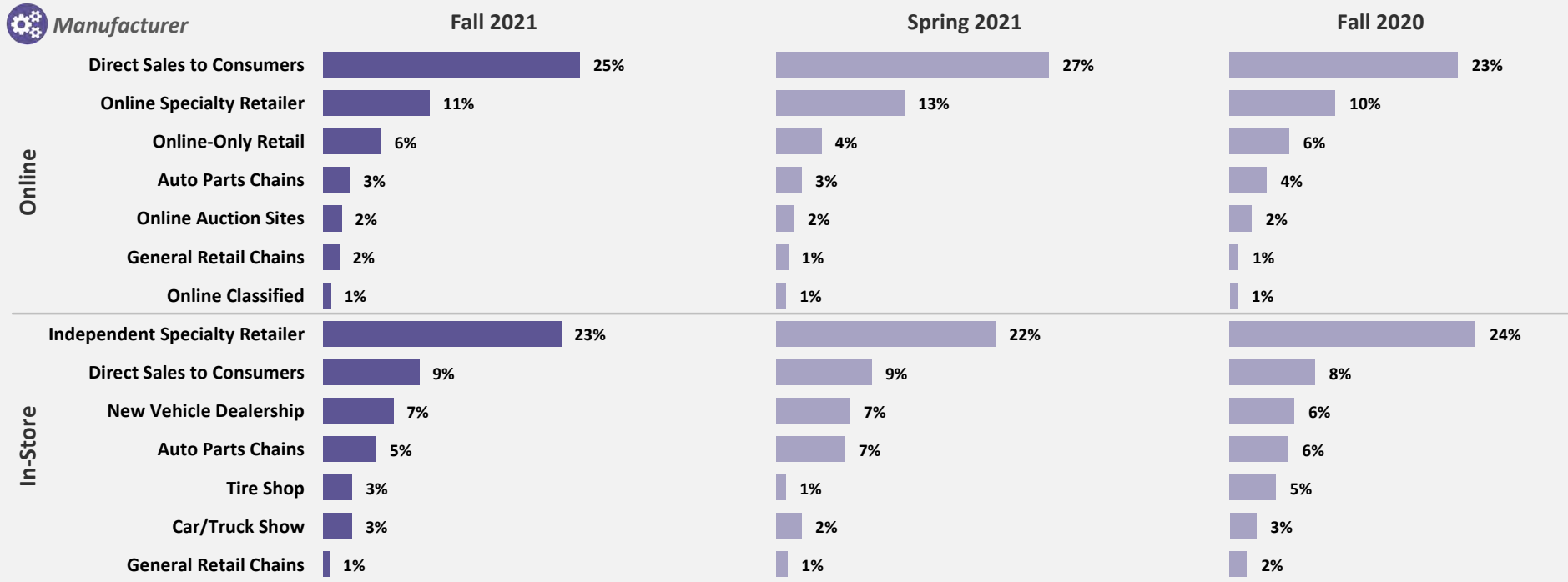
In-Person Manufacturer Sales Are Shifting Back Towards In-Person

As restrictions on in-person sales and live events ease, manufacturers are selling more of their products via in-person retail channels.



Direct-to-Consumer Sales Hold Steady as In-Person Channels Recover

Share of Manufacturer Sales by Channel

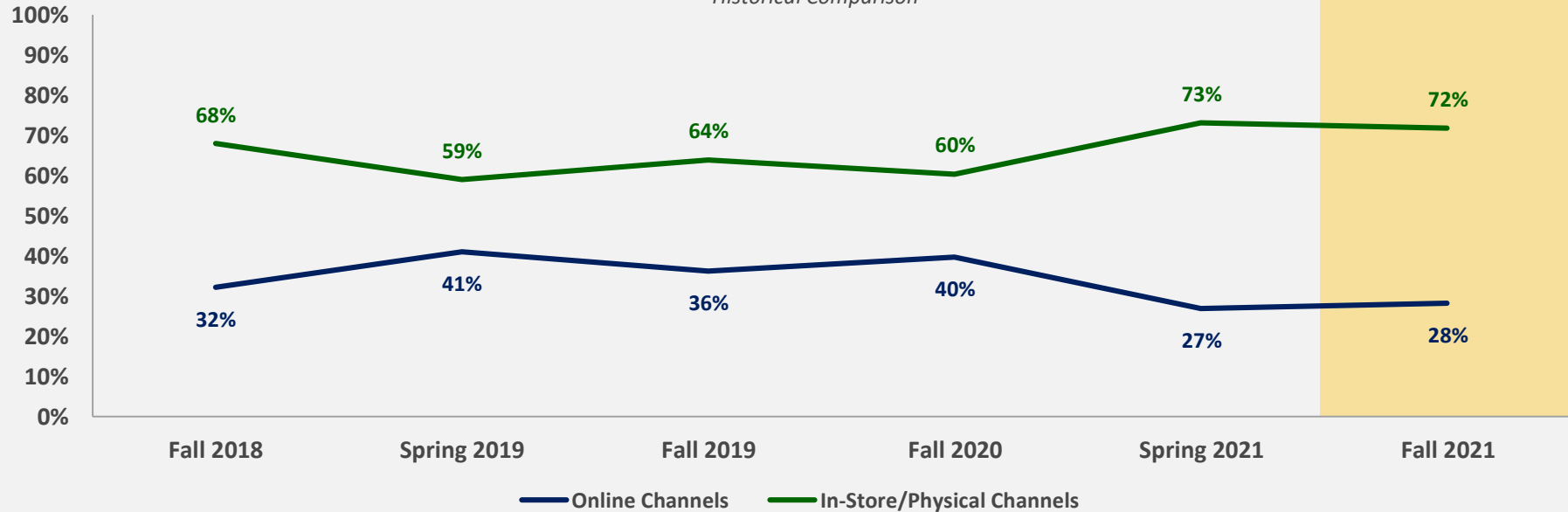


The Bulk of Specialty-Equipment Retailer Sales Remain In-Person



Share of Retailer and Installer Sales—Online vs. In-Store/Physical Channels

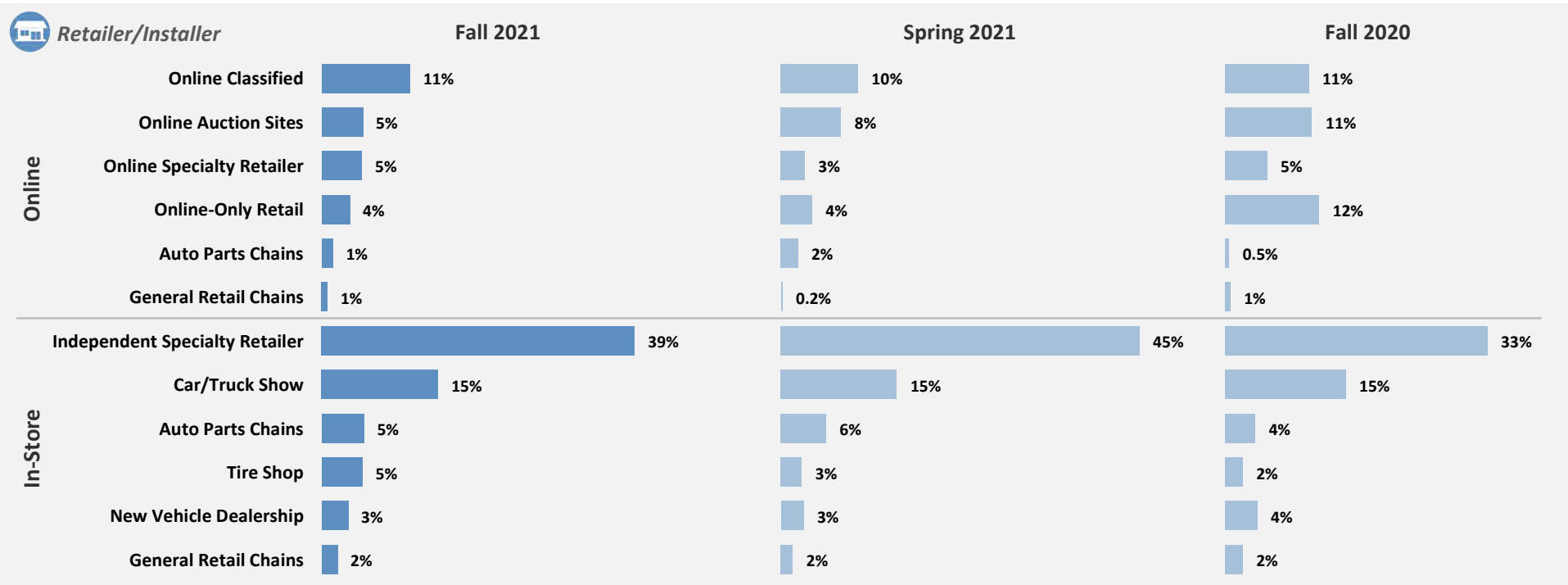
Historical Comparison



Retailers Shift Sales Away From Online-Only Channels

Some retailers turned to 3rd-party e-Commerce platforms during the pandemic, but that trend is reversing.

Share of Retailer/Installer Sales by Channel



PRODUCT TRENDS

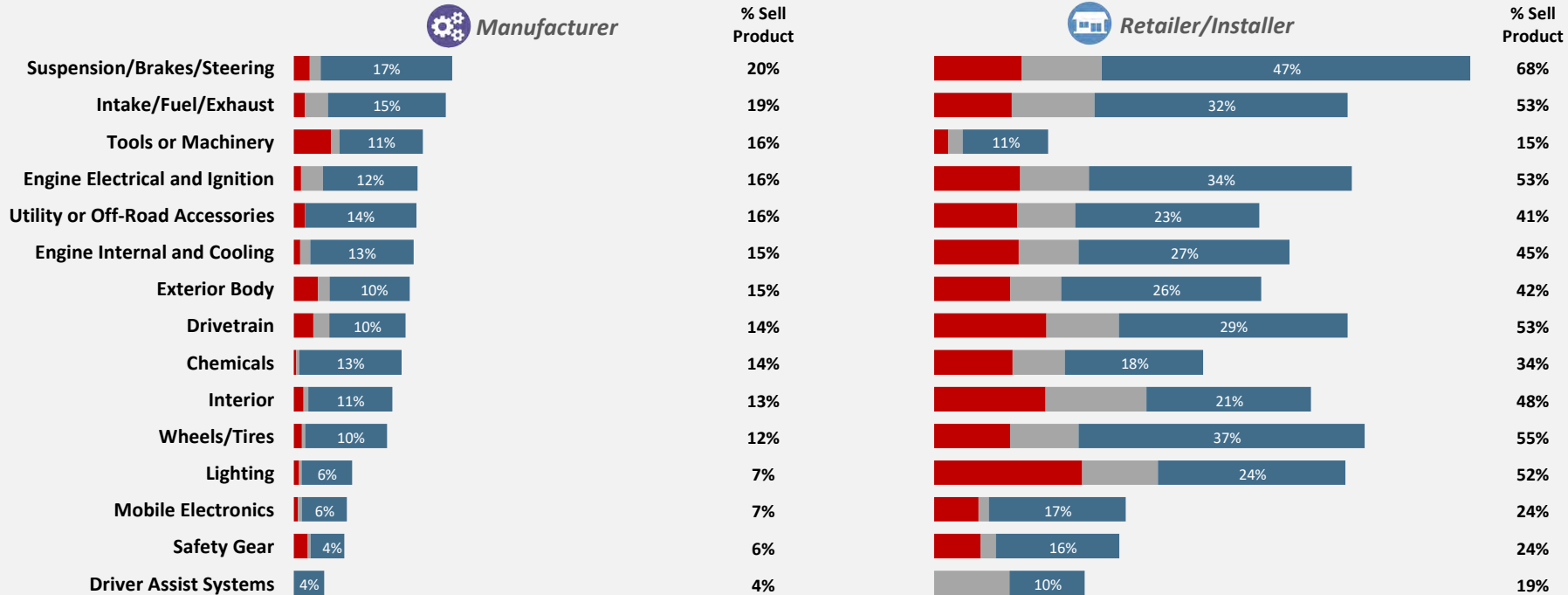
Our industry saw growth across a wide variety of product categories over the past year.



Manufacturers and Retailers Saw Growth Across a Variety of Products

Change in Product Sales Over Past 12 Months

● Decreased
 ● Stayed Same
 ● Increased



Off-Road Parts Have Shown Strong Growth

Change in Product Sales Over Past 12 Months

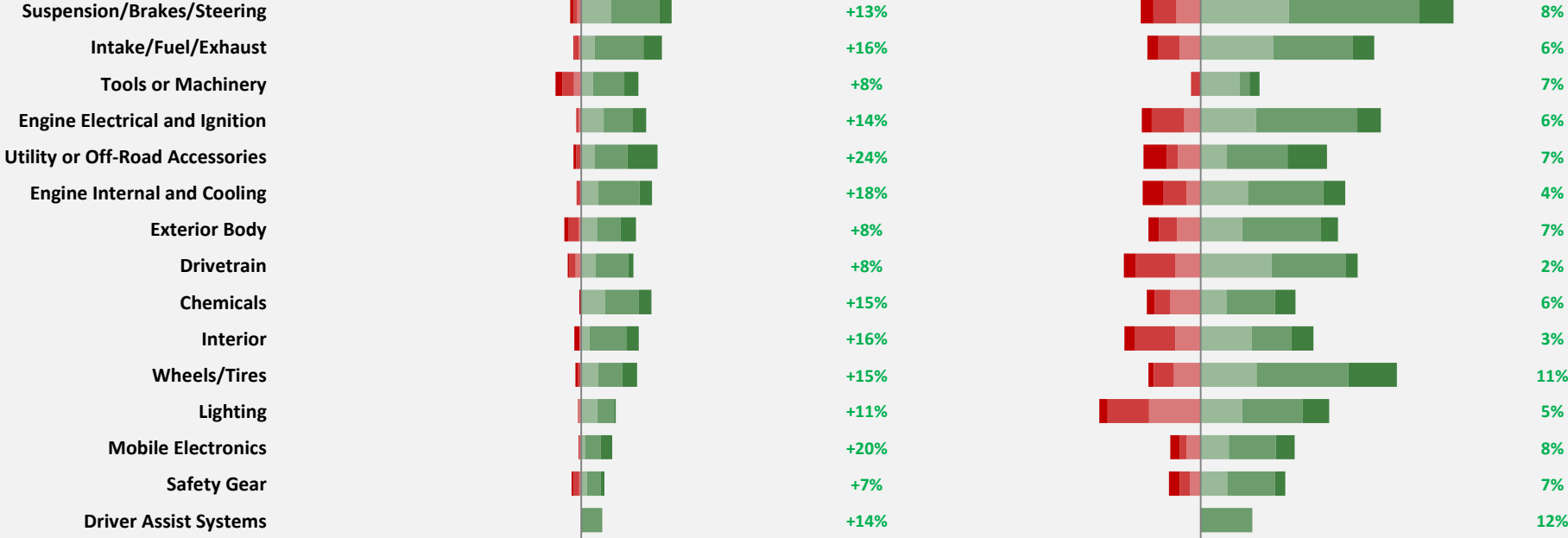


Manufacturer

Average Change

Retailer/Installer

Average Change

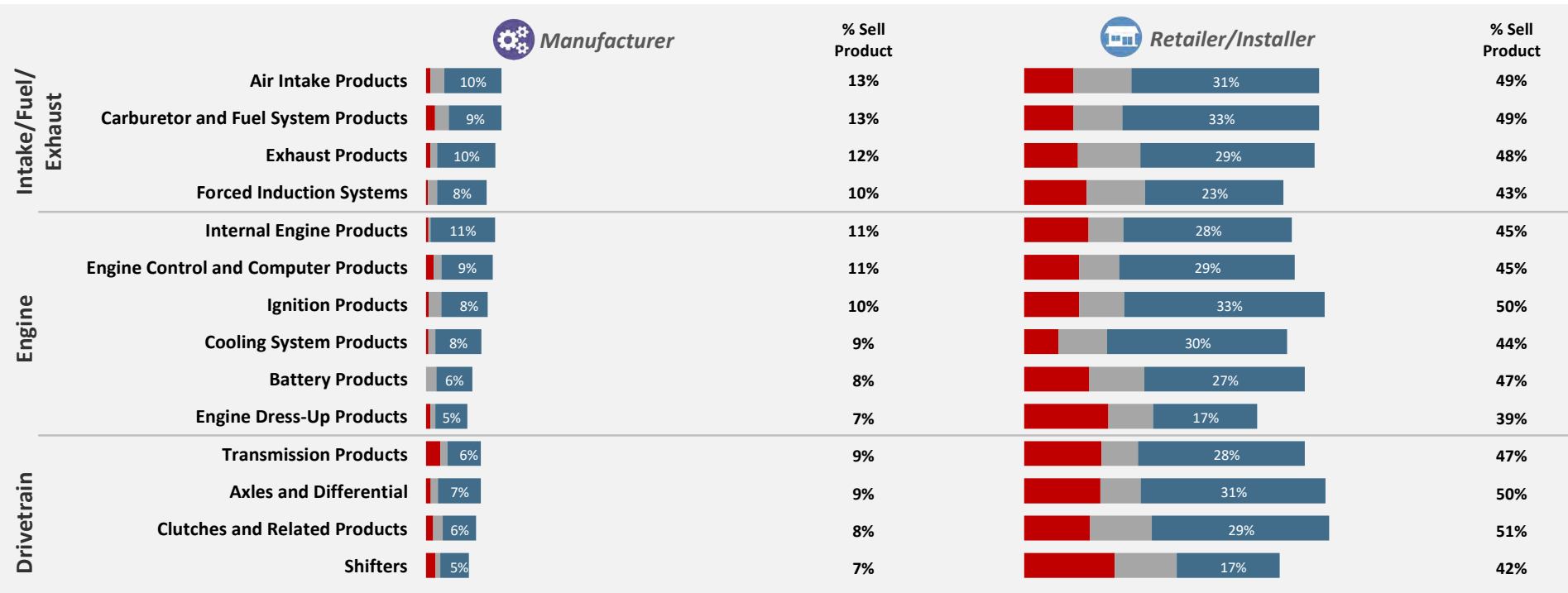


Average Change Is Among Those That Sell Product

Most Under-the-Hood Part Categories Have Seen Sales Growth

Change in Product Sales Over Past 12 Months

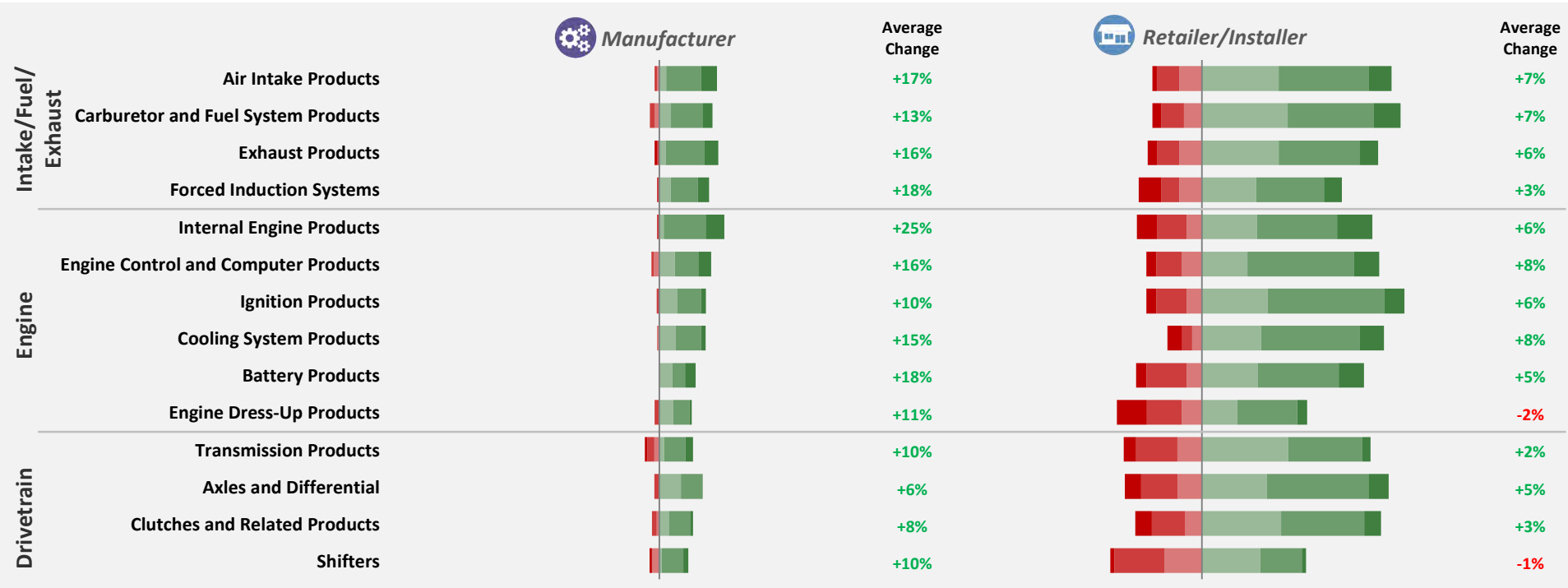
● Decreased
 ● Stayed Same
 ● Increased



Enthusiast Parts Remain an Area of Strength for Retailers

Manufacturers have also seen strong growth in engine parts.

Change in Product Sales Over Past 12 Months

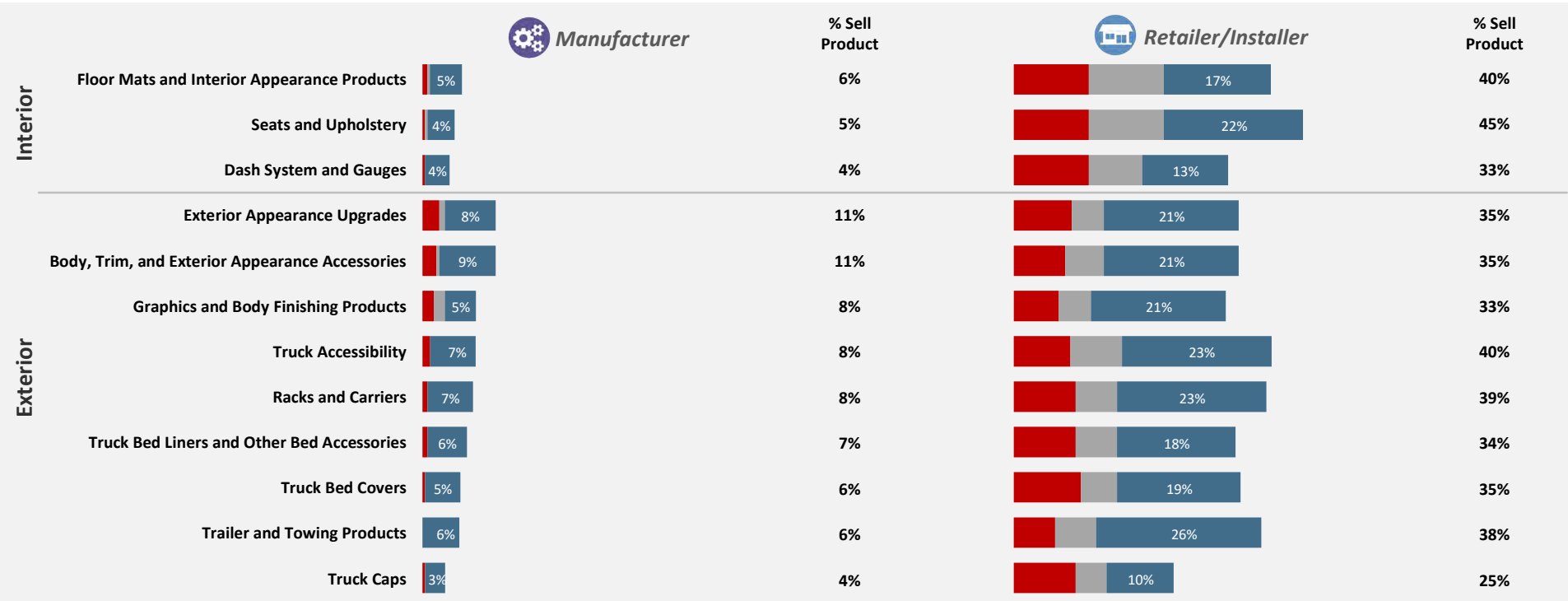


Average Change Is Among Those That Sell Product

Interior and Exterior Products Often Represent Growth Categories

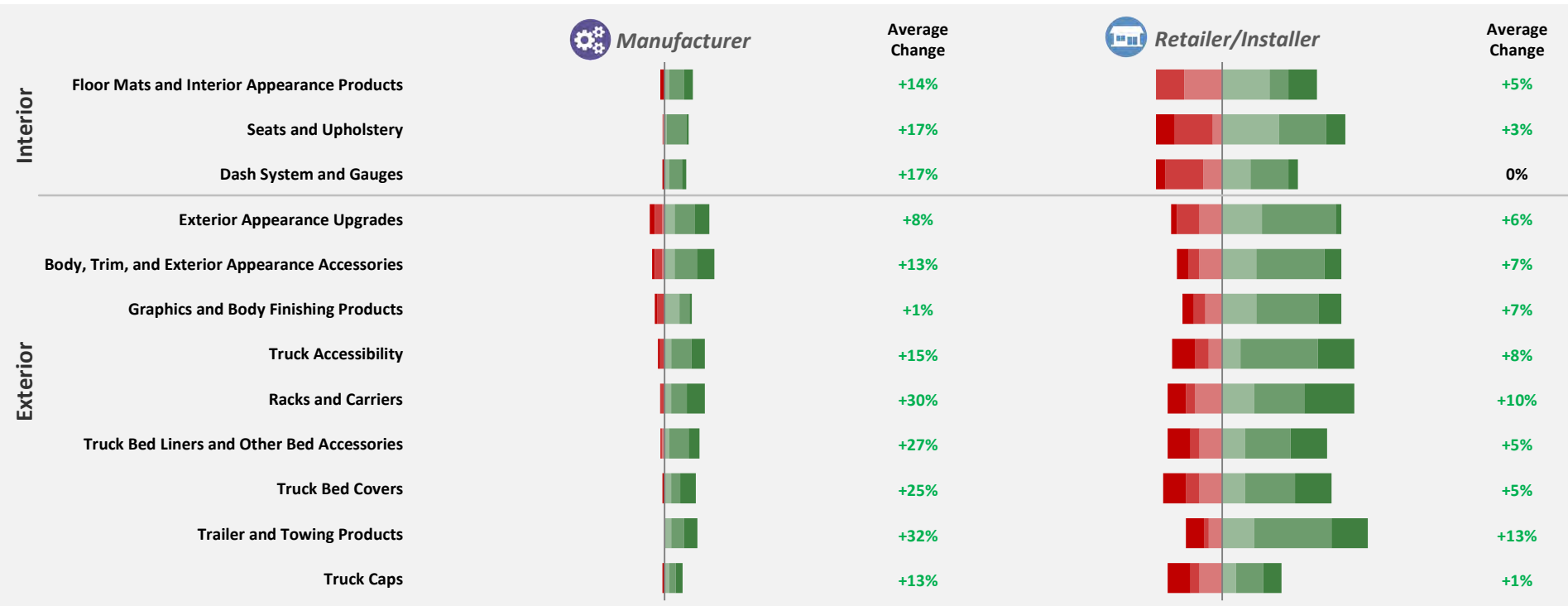
Change in Product Sales Over Past 12 Months

● Decreased
 ● Stayed Same
 ● Increased



Pickup and Utility Parts Are Showing Strong Growth for Manufacturers and Retailers

Change in Product Sales Over Past 12 Months

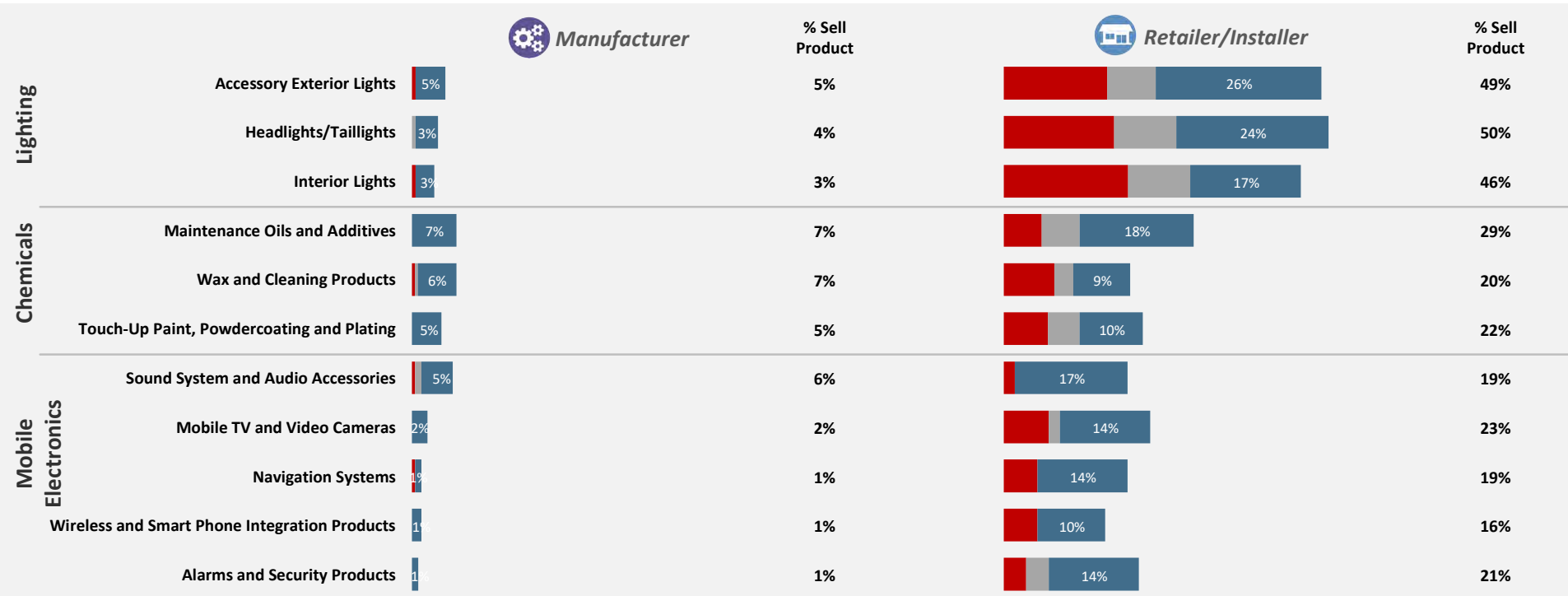


Average Change Is Among Those That Sell Product

Lighting Products Were an Area of Relative Weakness for Retailers

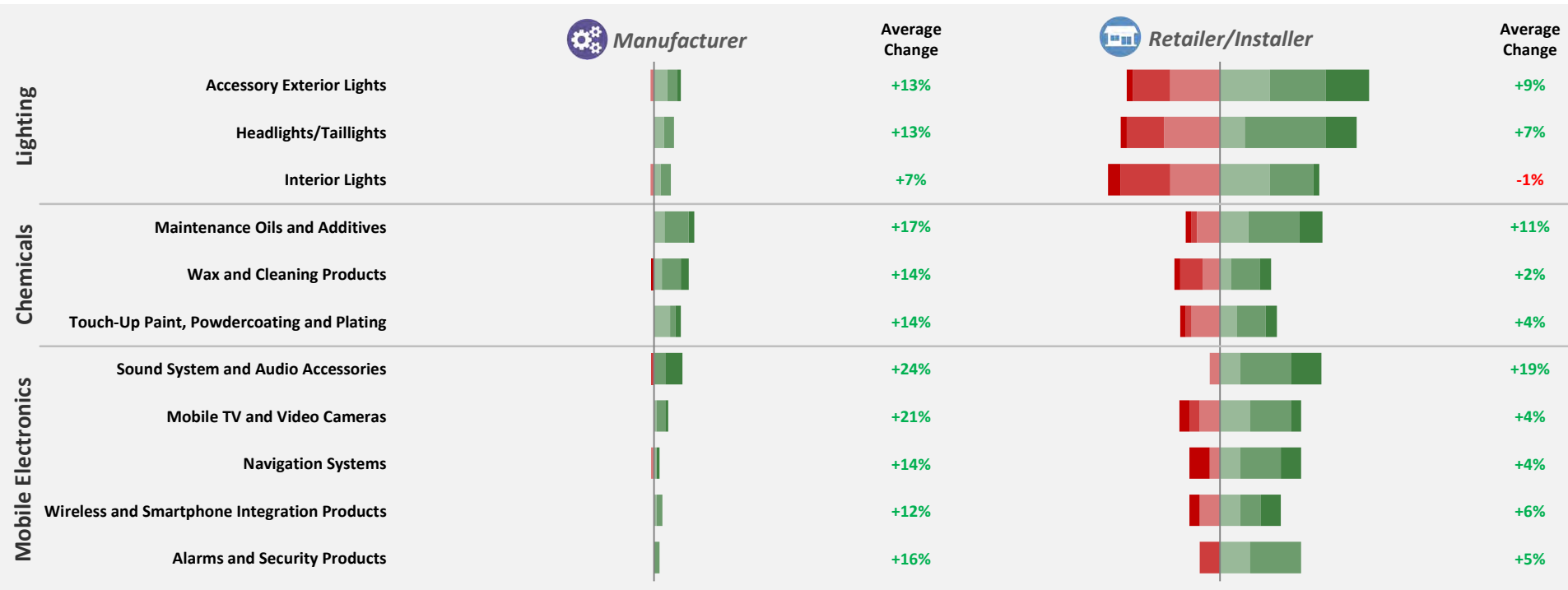
Change in Product Sales Over Past 12 Months

● Decreased
 ● Stayed Same
 ● Increased



Mobile Electronics Sales at Retailers Continue to Rally

Change in Product Sales Over Past 12 Months

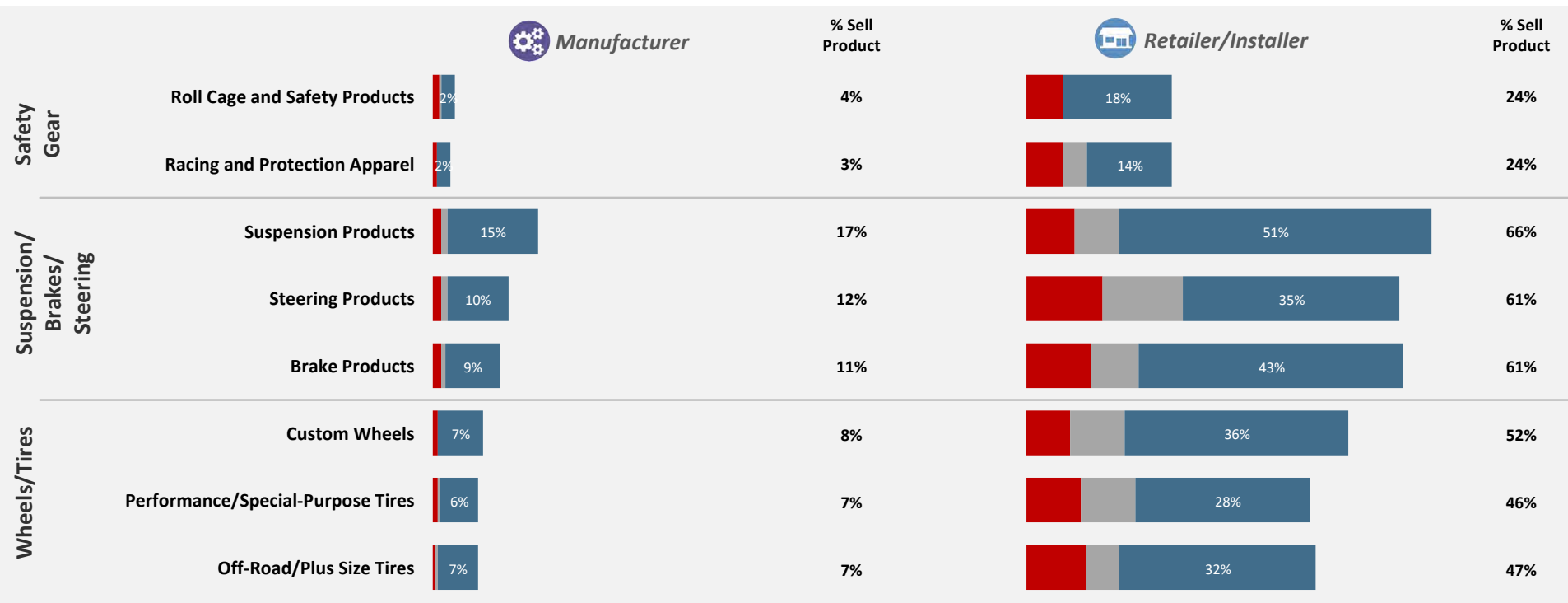


Average Change Is Among Those That Sell Product

The Industry Saw Significant Growth in Suspension, Wheel and Tire Products Over the Past Year

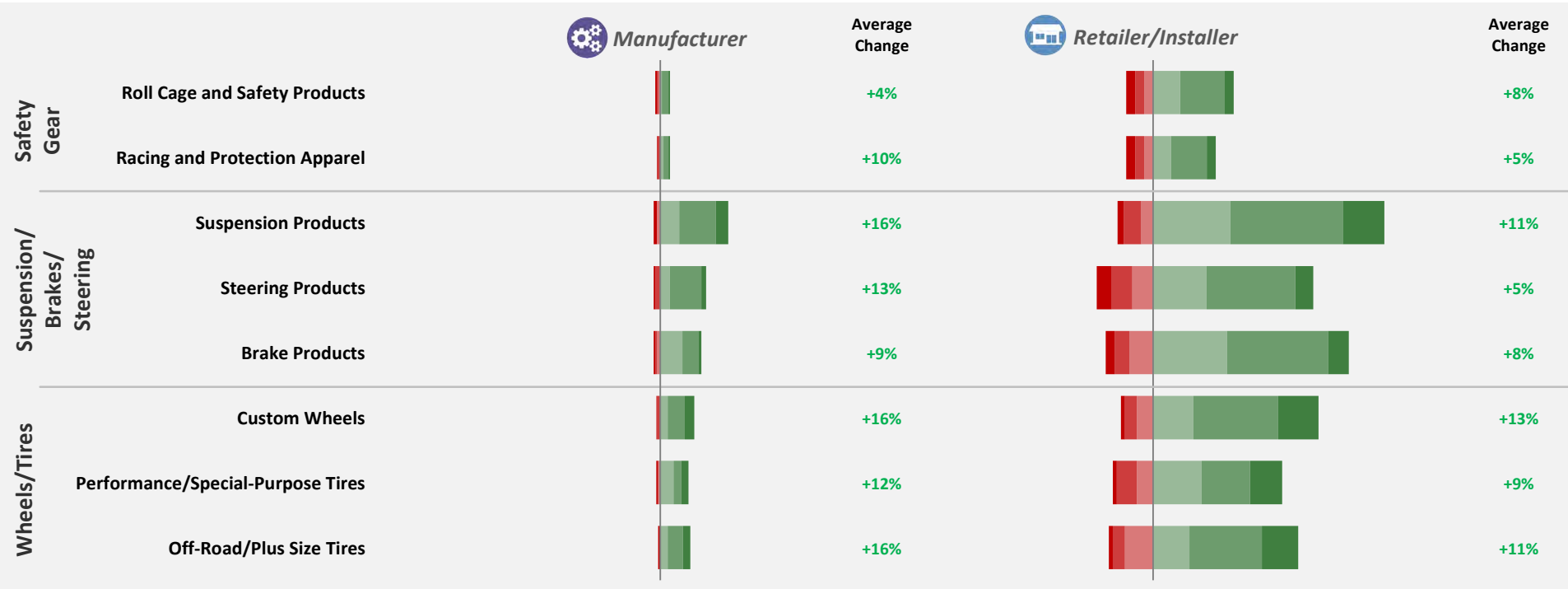
Change in Product Sales Over Past 12 Months

● Decreased
 ● Stayed Same
 ● Increased



Handling-Related Products Were Often Solid Performers

Change in Product Sales Over Past 12 Months



Average Change Is Among Those That Sell Product

MANUFACTURER INSIGHTS

Manufacturers, especially larger ones, saw significant growth over the past year. However, some are concerned that they may not be able to maintain this growth amid the ongoing supply-chain disruptions.



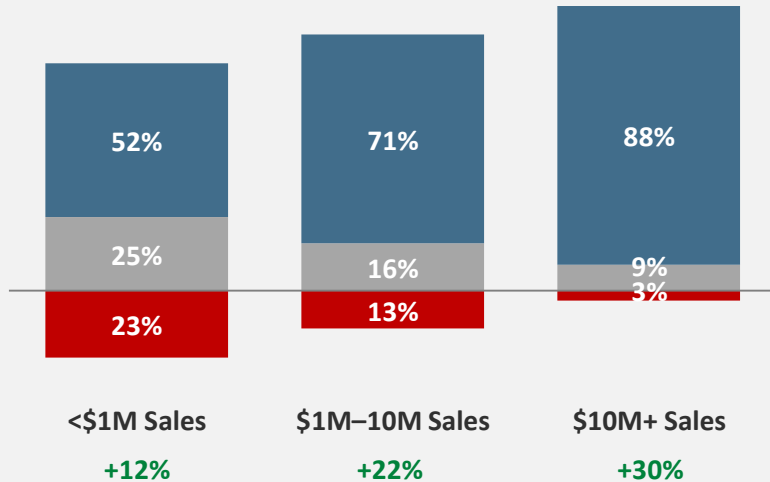
Larger Manufacturers Are Faring Especially Well

More than half of all manufacturers expect continued growth despite supply-chain uncertainties.



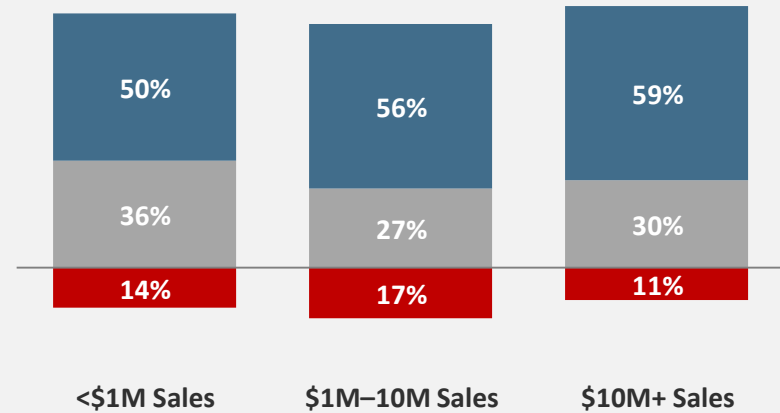
Manufacturing Sales Performance Over Past 12 Months—By Company Size

● Increased ● Stayed Same ● Decreased



Manufacturer Sales Expectations for Coming Year

● Increase ● Stay Same ● Decrease

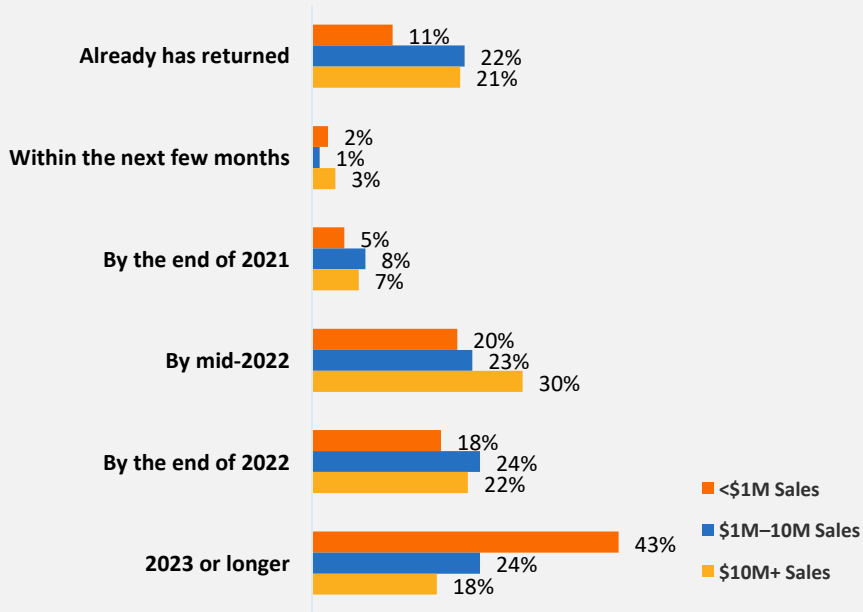


Larger Manufacturers are More Optimistic About The Future

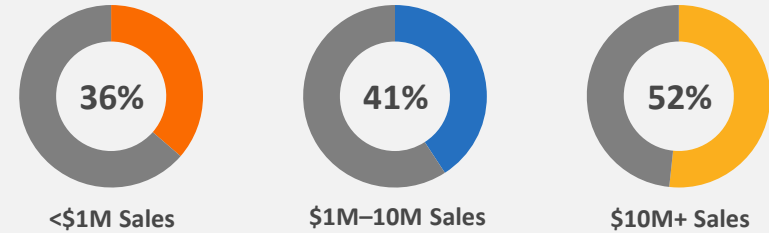
Most smaller manufacturers expect disruptions to continue into late 2022 or further.



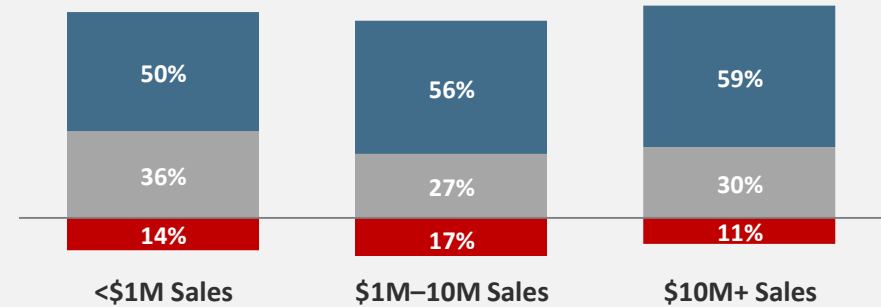
When Industry Will Return to Pre-Pandemic Levels



Expect Industry to Grow Next Year



Expectations for 2021 Sales



● Increase

● Stay the Same

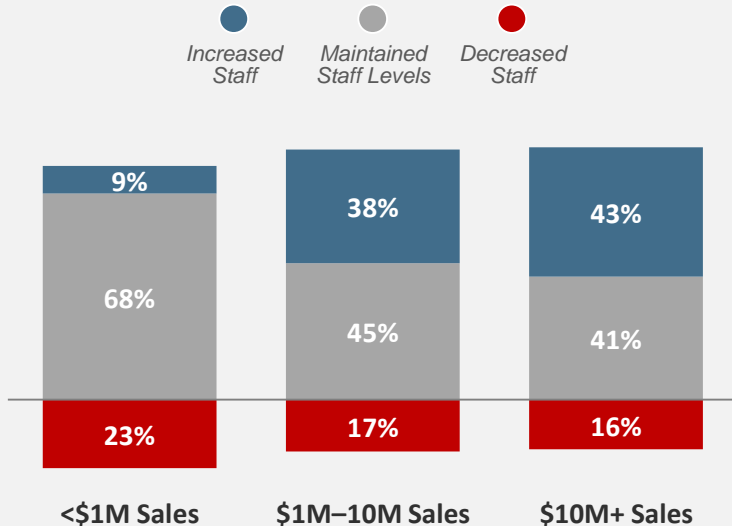
● Decrease

Manufacturers Grew or Maintained Their Staff Levels

Larger manufacturers are more likely to be hiring across the board.



How Total Number of Staff Changed Over Past Year

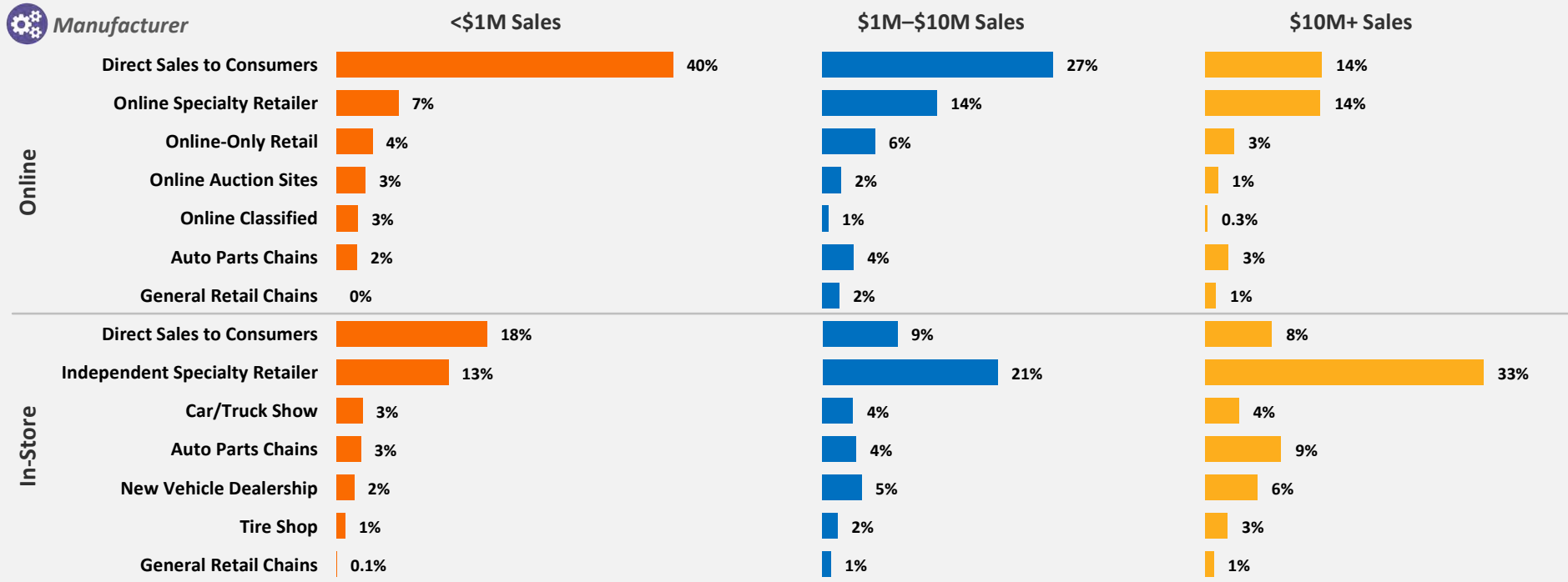


Jobs Planning to Hire for in Next 12 Months

	<\$1M Sales	\$1M-10M Sales	\$10M+ Sales
General Labor	16%	52%	63%
Sales	16%	28%	55%
Engineering/Product Development	14%	26%	46%
Customer Service/Clerical	11%	19%	45%
Skilled Trade	27%	41%	31%
Business Management	16%	19%	40%
Facilities/Operations	0%	6%	30%
Inventory Management	5%	9%	23%
Information Technology (IT)	5%	5%	16%
Automotive Trades	14%	9%	8%
Other	5%	1%	4%
Don't Plan on Hiring	43%	12%	5%

Smaller Manufacturers Have Less Access to Traditional Retail Channels

Share of Manufacturer Sales by Channel



RETAILER AND INSTALLER TRENDS

Business has been a little more mixed for retailers, who were hit harder by the COVID-19 pandemic and related restrictions. Like manufacturers, some are concerned that the coming year may be tougher from a sales perspective.



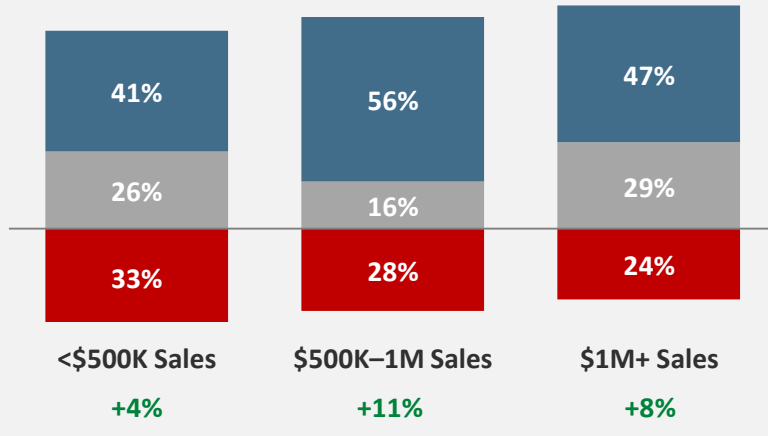
Retailers Expect to Turn The Corner In the Coming Year

Larger retailers were better able to adjust to the pandemic, but even smaller businesses see a light at the end of the tunnel.



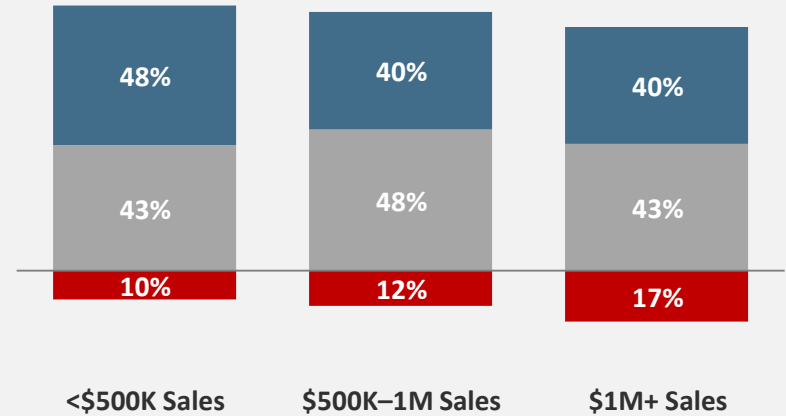
Retailer Sales Performance Over Past 12 Months – By Company Size

● Increased ● Stayed Same ● Decreased



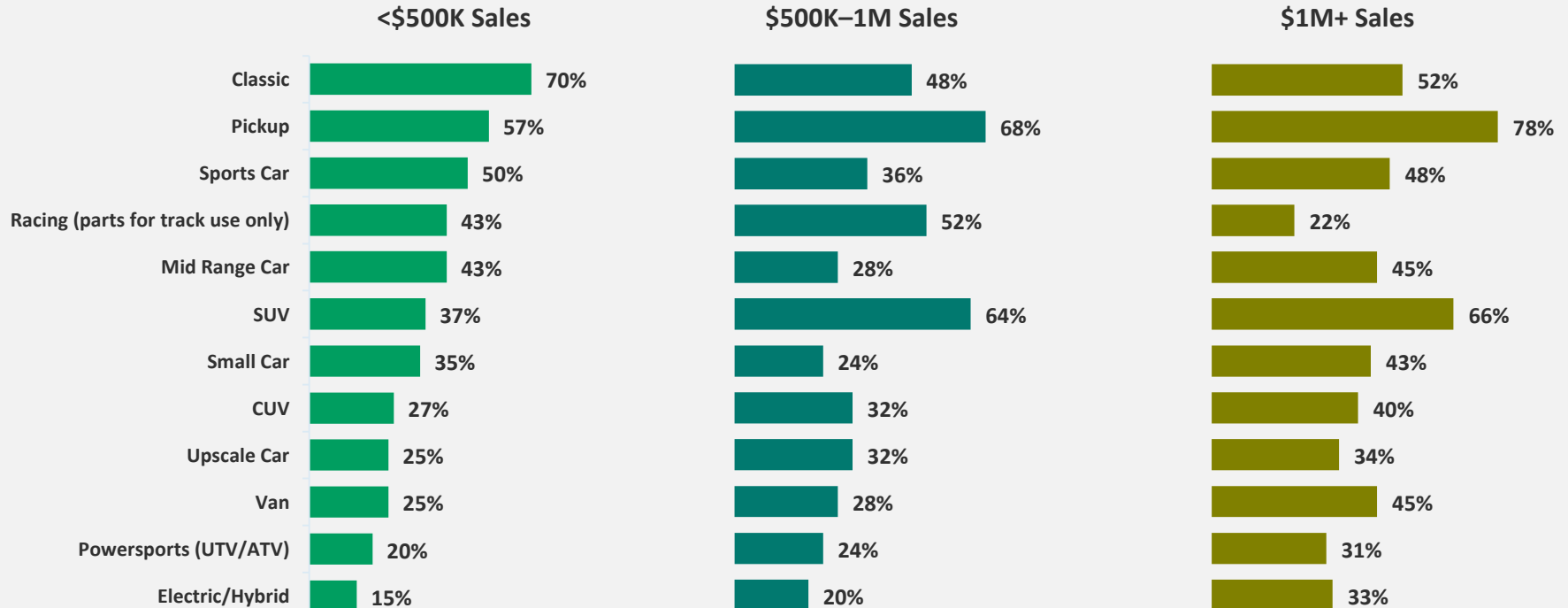
Retailer Expectations for 2021 Sales

● Increase ● Stay Same ● Decrease



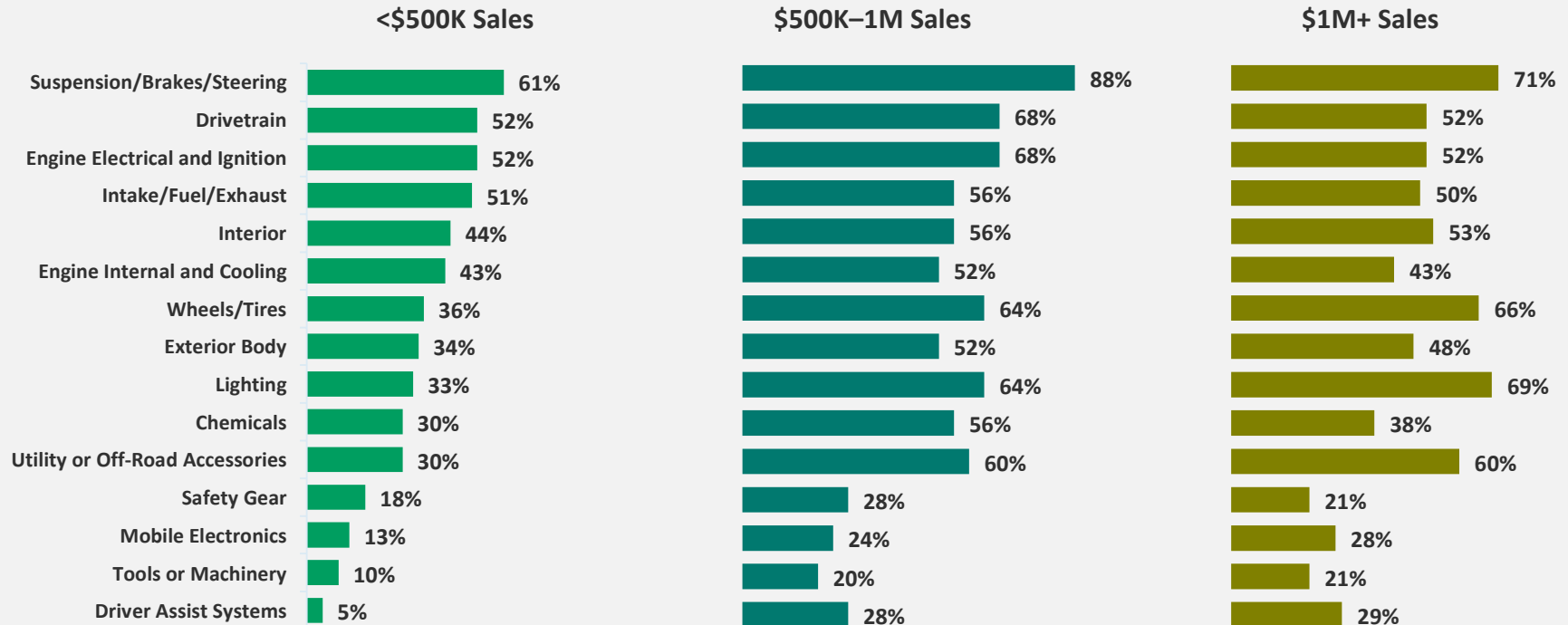
Smaller Retailers are More Likely to Focus on Specific Vehicle Niches

Vehicle Segments Sold to by Retailers/Installers



Larger Retailers Are More Likely to Sell a Broader Variety of Aftermarket Products

Types of Products Sold by Retailers/Installers

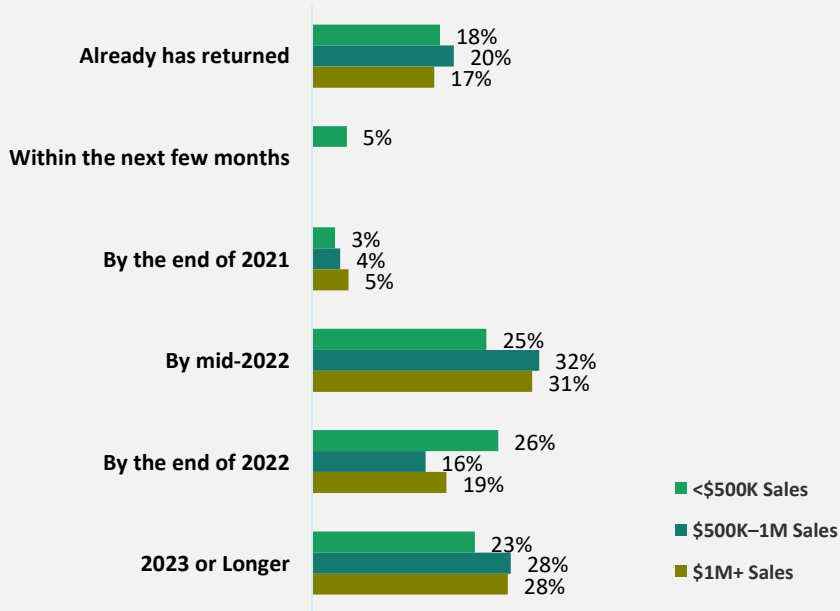


Some Retailers Are Concerned About The Industry's Prospects

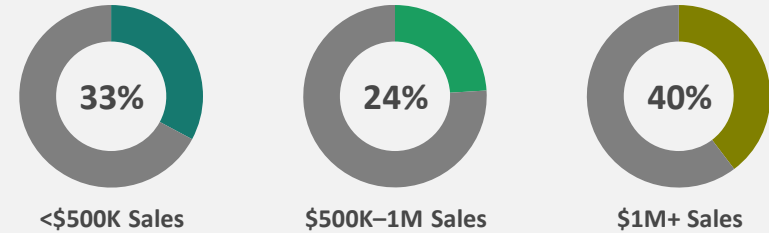
Larger retailers are more optimistic, but ongoing supply chain disruptions are generating uncertainty.



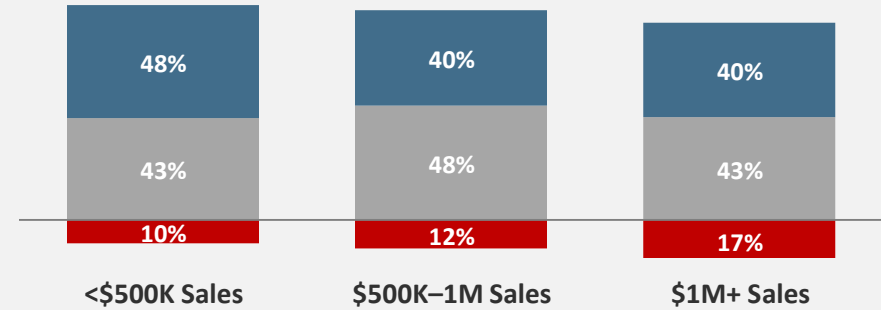
When Industry Will Return to Pre-Pandemic Levels



Expect Industry to Grow Next Year



Expectations for 2021 Sales



● Increase

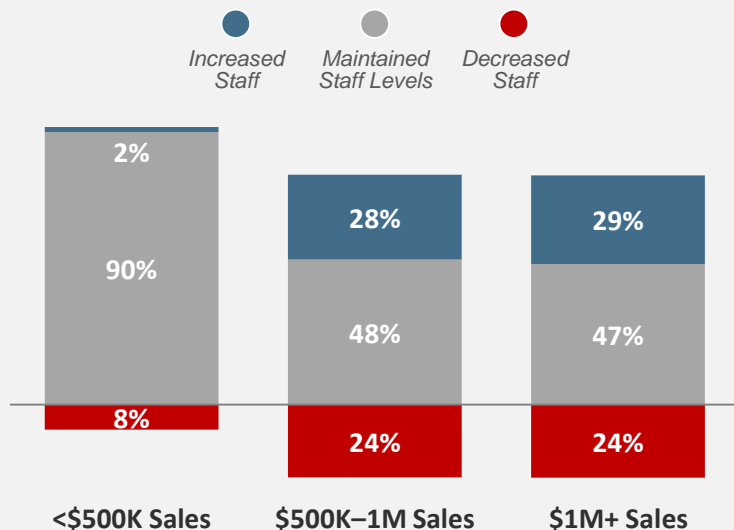
● Stay the Same

● Decrease

Smaller Retailers Are Looking to Maintain Their Staffing Levels, While Larger Companies Are Hoping to Grow



How Total Number of Staff Changed Over Past Year



Jobs Planning to Hire for in Next 12 Months

	<\$500K Sales	\$500K–1M Sales	\$1M+ Sales
Automotive Trades	26%	56%	47%
Sales	8%	16%	45%
General Labor	7%	20%	31%
Skilled Trade	16%	4%	10%
Customer Service/Clerical	5%	8%	21%
Business Management	0%	12%	14%
Information Technology (IT)	2%	4%	9%
Inventory Management	0%	0%	12%
Engineering/Product Development	0%	0%	0%
Facilities/Operations	0%	0%	3%
Other	0%	4%	3%
Don't Plan on Hiring	57%	20%	12%

EMERGING TRENDS: ADVANCED TECHNOLOGY

In the longer term, advanced technology in new vehicles will be important for the specialty-equipment market. While internal combustion engines aren't going away soon, electric vehicles will grow in sales in the coming decade. Additionally, advanced technology is becoming more common in newer vehicles—which has and will continue to have an impact on the aftermarket parts industry.



OEM Electrification Targets: Short-Term

Stated OEM Global/North American Goals

As of June 2021

GM: New 2022 Chevrolet Bolt EUV and revised Bolt EV released. GMC Hummer EV production delayed until late 2021.

BMW: Expected to show new M-badged electric car.

Ford: Full production starts of F-150 Lightning. Hybrid Mustang expected for model year 2023.

GM: Electric light-duty Silverado and Sierra models expected in 2023/2024.

In the short term, manufacturers are planning on adding more electric and hybrid models to their lineup. While they are expecting sales of these vehicles to increase, traditional combustion engines will continue to dominate their sales for the near future.

VW: 1.5 million EVs by EOY across all brands.

Audi: 30 alternative power vehicles by 2025, including 20 EVs.

BMW: Expects 15–25% of global sales to come from alternative power by 2025.

Ford: Investing \$29B in EVs through end of 2025.

Land Rover: 6 EV models by EOY.

2021

2022

2023

2024

2025

Stellantis: Plans to launch 10 electric/hybrid models across brands by EOY.

Jaguar Land Rover: Testing hydrogen fuel cell concept in 2021 or early 2022.

Ford: Ending production of diesel V6 F-150 model.

Mercedes-Benz: 10 new electric models through EQ brand.

Nissan: Plans to launch eight electric models. Hopes to to sell 1 million hybrids or EVs per year globally.

Mazda: Plans to debut two plug-in hybrids by EOY.

Honda: New crossover EV, in partnership with GM, rumored to start production.

Acura: New EV, in partnership with GM, rumored to start production.

Land Rover: First all-electric vehicle expected.

Volvo: All-electric successor to XC60 expected.

GM: Investing \$27B in EVs by 2025. Planning 30 EV models globally, 20 in North America.

Toyota: 60 new hybrid, electric, or fuel-cell vehicles by the end of the year. Selling 5.5 million offerings each year.

Volvo: Pledged to put 1 million hybrid or electric vehicles on the road by EOY. Expects 50% of global sales to be from EVs.

Source: OEM statements and interviews to media.

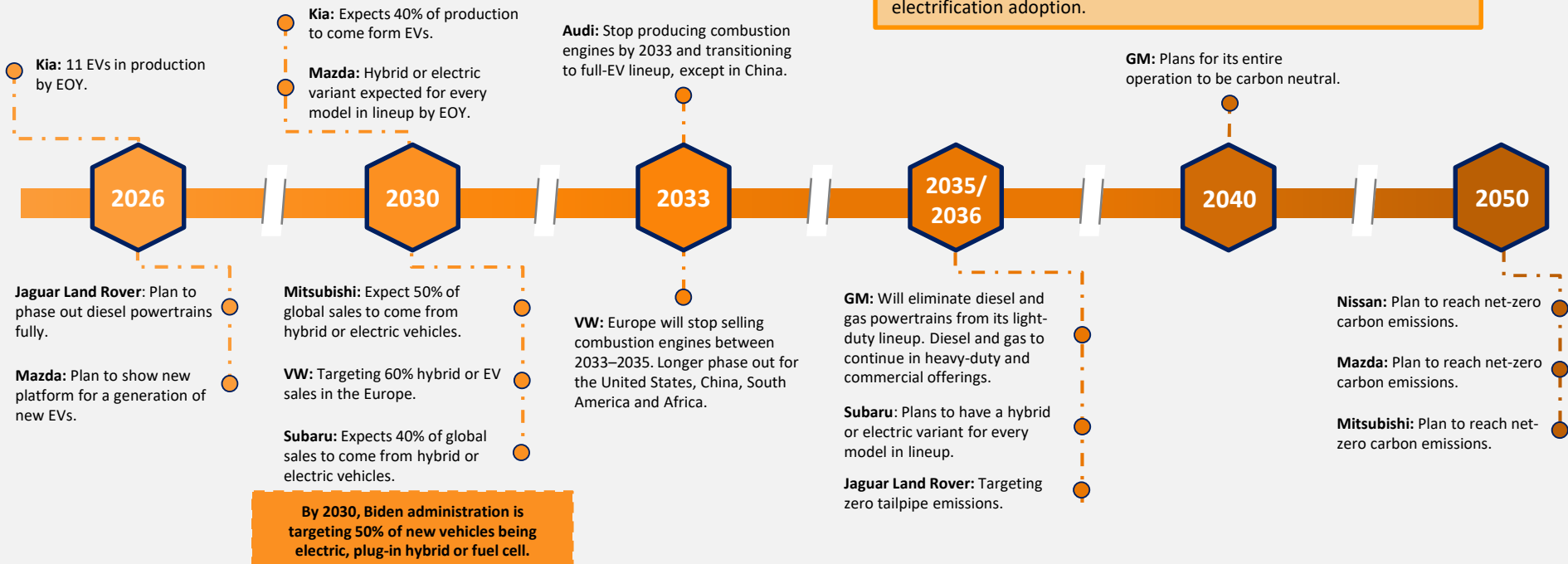
Source: Car and Driver, "Here Are All the Promises Automakers Have Made about Electric Cars." June 21, 2021.

OEM Electrification Targets: Long-Term

Stated OEM Global/North American Goals

As of June 2021

Long-term electrification plans from automakers and the federal government are much more ambitious. These plans will require significant infrastructure investment, both on the manufacturer and federal levels, to overcome the challenges to mainstream electrification adoption.

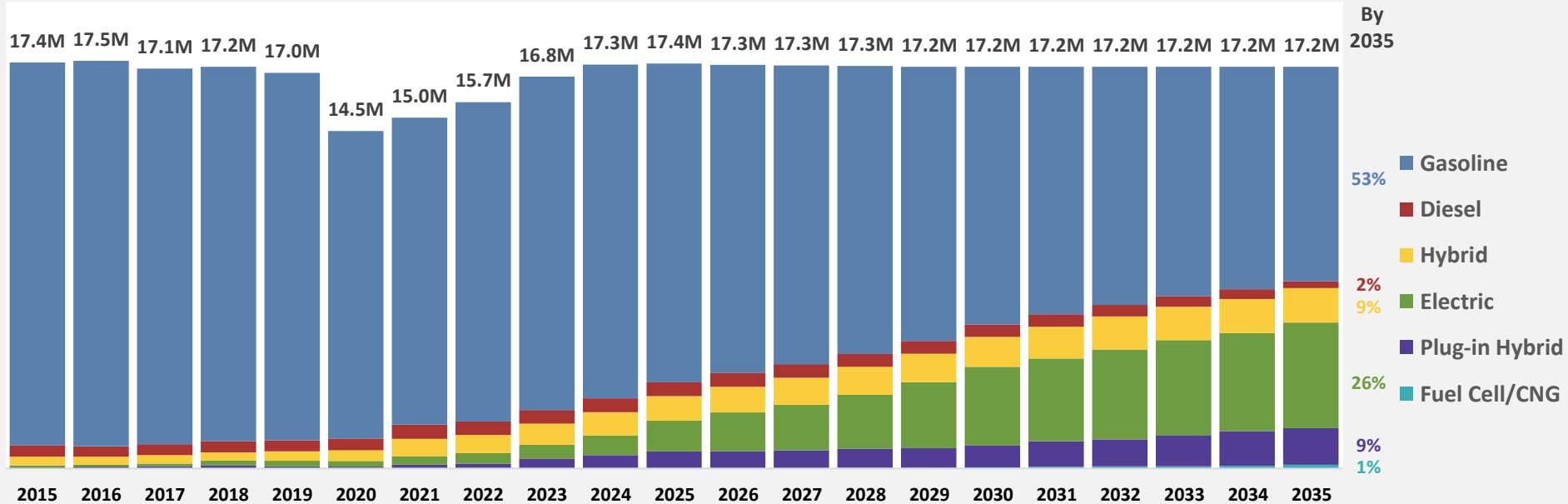


Source: OEM statements and interviews to media.

Source: Car and Driver, "Here Are All the Promises Automakers Have Made about Electric Cars." June 21, 2021.

SEMA Electric Vehicle Outlook

U.S. Light Vehicle Powertrain Sales Forecast



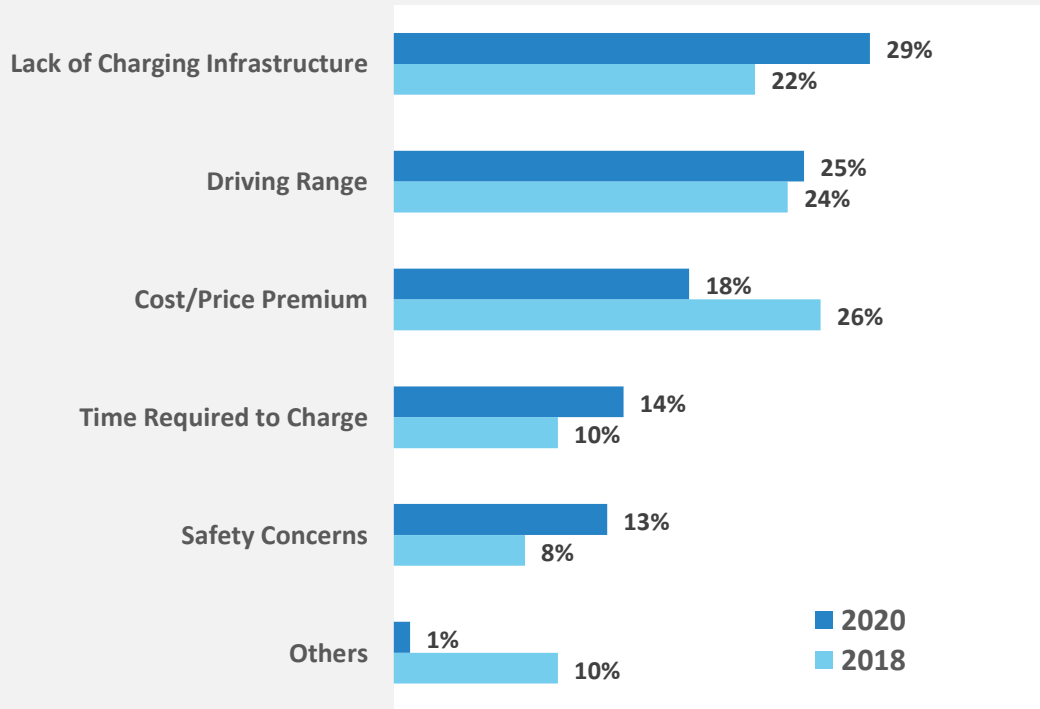
While electric and other alternative energy platforms are expected to grow in popularity over the coming years, combustion engines in the United States are not going away anytime soon. By 2035, SEMA Market Research anticipates that alternative energy will grow to roughly 45% of all vehicles sold by 2035 (26% of which coming from fully electric vehicles). With the average age of vehicles on the road today being over 12 years, it will take a while for current vehicles to cycle out. Additionally, there are significant challenges that remain for electrics. The pandemic and chip shortage also likely set back the production of these vehicles.

Source: SEMA Market Research estimates and forecasts.
Source: ©2021 Wards Intelligence, a division of Informa. Data as of August 2021.

For learn more, download the "SEMA Emerging Trends: Electrification, Alternative Power and Advanced Technology" report today.

Barriers and Challenges Remain For Electric Vehicles

Biggest Concerns Regarding Battery Electric Vehicles Among U.S. Consumers



Right now, the biggest concerns around electric vehicles (EVs) involve infrastructure and overall battery range. Consumers are worried about being able to travel far on their electric batteries and being able to charge them. While battery technology is improving and will get better in future models, there are still concerns about how far, realistically, they can go. Additionally, charging stations (specifically fast-charging ones) are still not widely available, unlike gas stations. Without a fast-charging station, topping off a vehicle quickly is difficult. In a recent study of Californians who purchased an electric vehicle between 2012 and 2018, roughly 20% said they replaced their vehicle with a gas one because of the inconvenience of charging.

EVs are also expensive. While they are cheaper now than the first models that came out, even the most entry-level models will run between \$30,000–\$40,000 MSRP on average.

20% of California EV buyers* replaced their EV with a gas-powered vehicle.

**Those that purchased car from 2012–2018*

Source: Deloitte, "2021 Global Automotive Consumer Study: Global Focus Countries."

Source: Nature Energy, "Understanding discontinuance among California's electric vehicle owners." April 26, 2021.

To learn more, download the "SEMA Emerging Trends: Electrification, Alternative Power and Advanced Technology" report today.

What Are Advanced Driver Assist Systems (ADAS)?

1 Forward-Collision Avoidance Systems

- Forward-Collision Warning (FCW)
- Automated Emergency Braking (AEB)
- Automated Integrated Emergency Intervention

2 Automated Performance Enhancement Systems

- Anti-Lock Braking Systems (ABS)
- Traction Control (TC)
- Electronic Stability Control (ESC)
- Specialty Applications

3 Advanced Cruise Control Systems

- Adaptive Cruise Control (ACC)
- Low-Speed ACC: Traffic-Jam Assist
- Full-Speed ACC
- Cooperative Adaptive Cruise Control: Platooning (CACC)

4 Lateral Collision Avoidance Systems

- Lane-Departure Warning (LDW)
- Blind-Spot Warning (BSW)
- Lane Keep Assist "Nudge" (LKA)
- Lane Centering

5 Parking-Assistance Systems

- Passive Parking Assist
- Automated Parking Assistance
- Autonomous Valet

6 Driver Vision Augmentation

- Adaptive Headlights
- Dynamic Responsive Headlights
- Infrared Night-Vision Display
- Heads-up Display (HUD)

7 Connected Vehicle Systems

- Dedicated Short-Range Communication (DSRC)
- Commercial Cellular
- Other Communication Technologies

Advanced Technology is Becoming Standard On Many New Vehicles

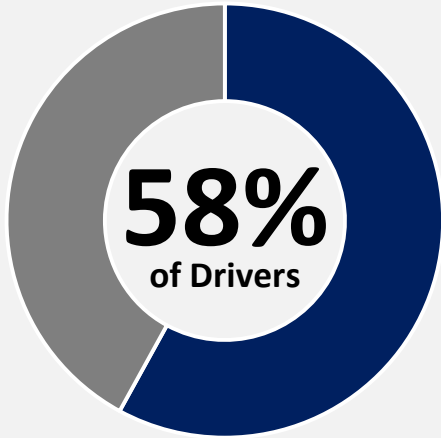
Top ADAS OEM Installations on New Cars (Model Year 2020 Vehicles)

	MY 2020 Installation Rate
Rear Object Sensor Camera	100%
Collision Warning	75%
City Speed Interval Mitigation	74%
Total Collision Mitigation	74%
Low Speed Interval Mitigation	74%
Lane-Departure Alert	68%
Adaptive Pedestrian Detection	64%
Moderate Speed Interval Mitigation	64%
High Speed Interval Mitigation	63%
Cross Traffic Alert	61%
Blindspot Alert	61%

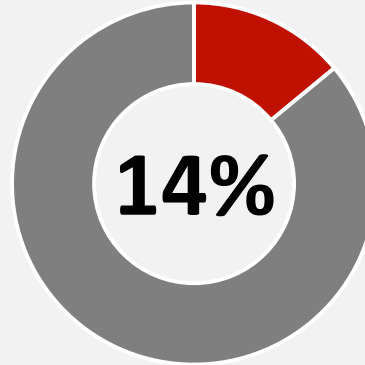
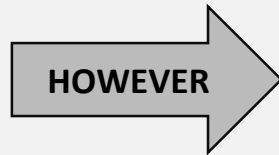
Advanced driving-assist systems (ADAS) and other advanced vehicle technologies are becoming more common in new vehicles. As per the National Highway Traffic Safety Administration (NHTSA), all new vehicles built after May 1, 2018, have a rear-camera standard. Looking at model year 2020 vehicles, approximately 75% had a collision warning system installed, and more than two-thirds had lane-departure alert. As these features become more common, it may become more challenging to integrate some aftermarket products with them. There likely will be a market also for ADAS in older vehicles as well, as these systems become more common in newer vehicles.

For more information on ADAS systems and aftermarket opportunity for them, download the "SEMA Advanced Technology Opportunity Report – 2017" at www.sema.org/research.

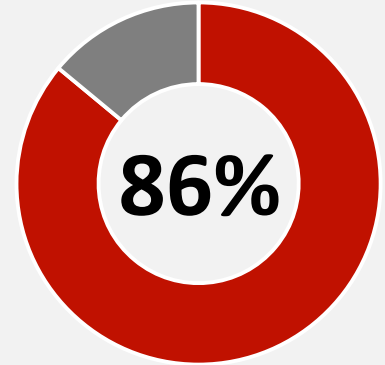
Drivers Want More ADAS, But Are Hesitant About Autonomous Vehicles



Want to see ADAS in their next vehicle
80% are looking for advancements to these systems



of drivers would be comfortable riding in a self-driving car.



of drivers are afraid to ride in an automated vehicle.

Only 22% feel manufacturers should focus on developing self-driving vehicles.

Most American drivers today want the convenience of ADAS in their next vehicle. They like the additional safety that these system brings. Furthermore, 80% of drivers are looking for this technology to evolve and get better in new platforms and models. However, this same enthusiasm does not carry over to autonomous vehicles. Only a fraction of drivers say they would be comfortable riding in a self-driving car, with the vast majority being afraid. Less than a quarter of drivers think that manufacturers should focus on developing self-driving cars. Instead, they would rather them focus on advanced safety technology.

ADDITIONAL
INFORMATION



REPORT BACKGROUND



Results in this report are based on a survey of 2,531 individuals within the specialty-equipment industry, with a focus on manufacturers, distributors, retailers and installers. SEMA conducted this survey in August and September 2021.

SEMA conducts these surveys once or twice a year. If you are among the industry professionals invited to participate, please do.

We would love to hear from you!

QUESTIONS?

Comments and suggestions appreciated.

Happy to provide clarifications.

Open-ended responses available.

SEMA Market Research is here to help.

Contact us

Matt Kennedy

Manager, Market Research

mattk@sema.org

(909) 978-6730

Kyle Cheng

Manager, Market Research

kylec@sema.org

(909) 378-4861

Gavin Knapp

Director, Market Research

gavink@sema.org