

Covid-19 Will Hurt the Auto Parts Market in 2020 and Beyond

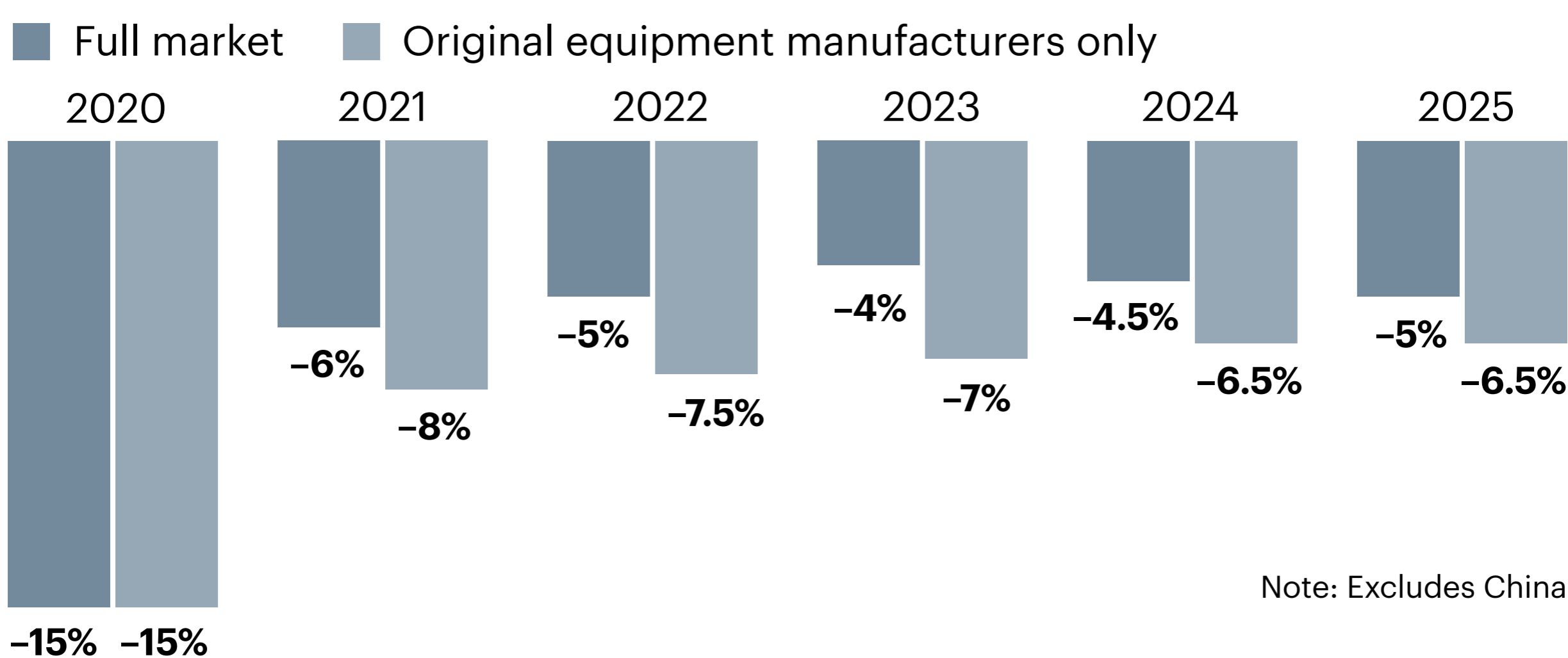
Sales of auto parts and accessories, usually stable and profitable, even amid crisis years, are more vulnerable during a pandemic.

Auto part sales will slow significantly

Sales will fall by 15% in 2020 and remain 4% to 8% lower than forecasts through 2025.



Covid-19 effect on global 2020–2025 auto parts revenue vs. precrisis planning



Three key reasons for diminishing demand



- **Car owners will drive fewer miles in 2020**

and have fewer accidents, reducing demand for auto parts

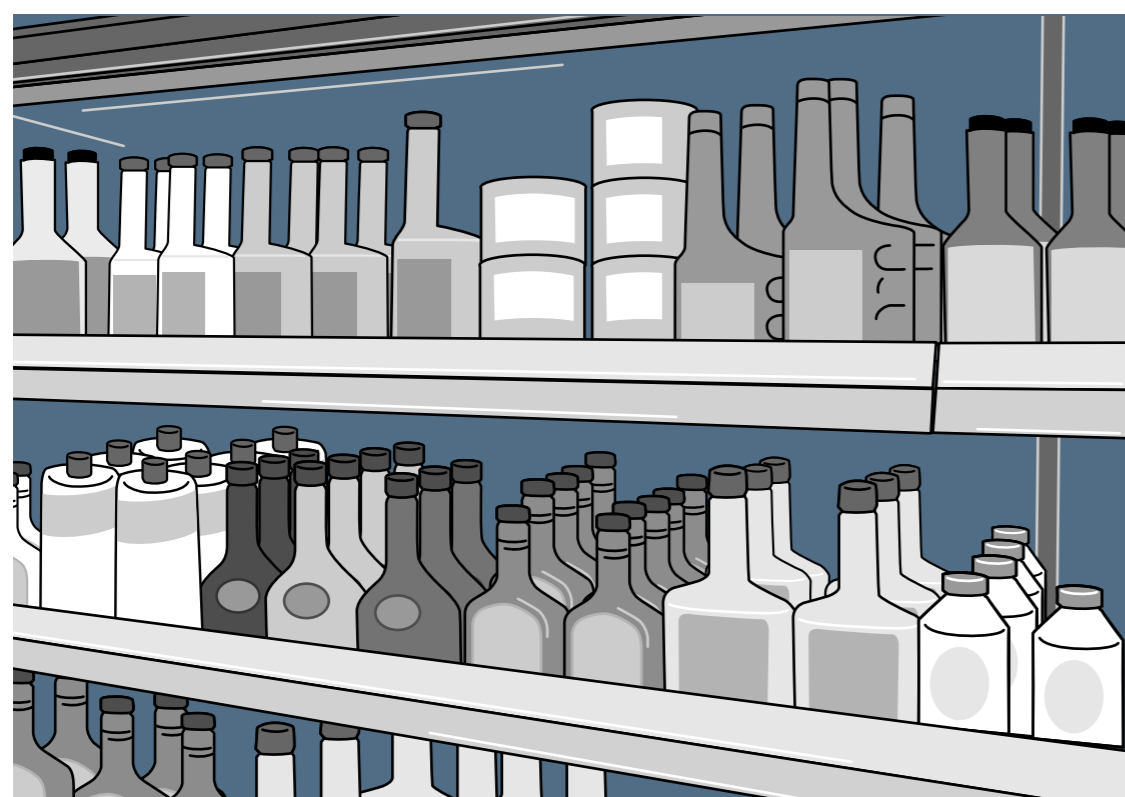
- **Corporate and private car owners will reduce spending**

because of economic uncertainty and unemployment

- **Lower growth in the total number of cars**

on the market will undercut auto part sales over the long term

Three steps to deal with the decline



- **Prepare for the postcrisis world**

Cut costs and prepare for a boost in business after Covid-19 by increasing capacity and ensuring staffing and stock levels

- **Focus on communication**

Spark customer interest through targeted mailings, discounts and bookings for the postpandemic period

- **Improve customer loyalty**

Craft competitive prices and targeted measures such as free car checkups, long-term service contracts and warranty extensions

