NEW

US forecasts to 2008 & 2013

Freedonia®

Heavy-Duty Truck Aftermarket

Study # 1789
April 2004
$3900

MD/HD aftermarket demand to grow 3.2% yearly to 2008

The US aftermarket for medium- and heavy-duty (MD/HD) components and parts is projected to rise at an annual rate of 3.2 percent, reaching $12.6 billion by 2008. This rate represents a plateau in demand compared to historical trends, though some segments of the market, such as emissions controls and electronics, will experience much faster growth. The slowing of aftermarket revenue growth will result from both the expected increases in new truck purchases over the next five years and from product improvements made by the original equipment manufacturers (OEMs) of MD/HD vehicles.

Overall new product quality and resulting durability has been improving in MD/HD vehicles over the past decade. Perhaps the most notable example of this trend is the increasing number of diesel engines designed to run up to an astonishing 500,000 miles between oil changes and 500,000 to one million miles between major overhauls. The increased use of new, more durable materials and designs, coupled with the continued shift toward the use of advanced electronics sensing and control systems, continues to play a major role in reducing MD/HD truck maintenance and repair costs.

US Medium- and Heavy-Duty Truck Aftermarket by Product
($10.3 billion, 2003)

New exhaust emissions control systems--especially those mandated for diesel engines -- will provide new opportunities for MD/HD suppliers.

Electronic parts and components to see most rapid gains

The largest product category in the aftermarket will continue to be mechanical products, which include non-electric/electronic engine hard parts and chassis, drivetrain and suspension parts and components. However, growth will be limited by the improved quality of these already highly durable products, as well as by the expected purchase of new vehicles over the next five years, which will reduce the overall MD/HD park's age and repair requirements.

Electronic parts and components will witness the highest annual growth, a direct result of the continued transformation of the MD/HD truck from a mechanical machine with electronic enhancements into a software-driven device. Demand for electronic controls and modules will be strong, as will continued demand for telematics-related fleet management equipment, which is largely aftermarket-installed.

In-house service to remain dominant

The dominance of in-house service provision will continue, although the strong presence of third party fleet maintenance organizations such and PHH and GE Capital will remain. Other outsourced service providers such as dealerships, garages and truck stops will also maintain their shares, especially in the line-haul segment, where access to in-house breakdown repair facilities is limited. Dealers, in particular, depend on service work to counteract wild swings in new truck demand that occur on a regular basis.

Study coverage

These and other findings are presented in **Heavy-Duty Truck Aftermarket**, a new Freedonia study available for $3900. This study provides historical data to 2003 plus forecasts to 2008 and 2013 for medium- and heavy-duty truck aftermarket parts and components demand by product and performer. Detailed profiles of major industry participants are presented, along with in-depth analysis of key competitive trends and factors.

Table of contents & sample pages inside; other studies, order information on back

Table of Contents, List of Tables & Charts

each table includes forecasts through 2008 & 2013

Study #1789 - "Heavy-Duty Truck Aftermarket"

Freedonia's methods involve:

- Establishing consistent economic and market forecasts
- Using input/output ratios, flow charts and other economic methods to quantify data
- Employing in-house analysts who meet stringent quality standards
- Interviewing key industry participants, experts and end-users
- Researching a proprietary database that includes trade publications, government reports and corporate literature

SAMPLE PAGE

The Trend Toward Integration

The MD/HD truck industry has faced a tren… the past two decades, as Western European original equipment manufacturers (OEMs) have acquired the formerly independent MD/HD truck OEMs in the United States. The historical US model was fundamentally different from that of Western Europe, especially in terms of the class 8 heavy truck sector. In the US, suppliers of what could be considered the core elements of a heavy truck: the diesel engine, transmission and drive axles, had gained control of the market-place to such an extent that customers routinely specified these components by supplier brand name when purchasing a new truck. Most traditional US heavy truck makers are in essence assemblers who build up the chassis, then add in the engine, transmission, axles and other parts specified by the customer.

The US heavy-duty truck industry evolved into this unique structure over the past 70 years. There were actually two competing strategies which truck OEMs adopted: a vertically-integrated strategy currently exemplified by Mack Trucks, which would build engines, axles and transmissions in-house, allowing customers little say in selecting alternatives for these (and many other) components. Proponents of the alternative "build to order" strategy such as FWD (no longer an independent heavy truck producer) and most currently companies like PACCAR and Freightliner, have allowed customers significant leeway in specifying the elements of their trucks. Buyers could specify a 500 hp Caterpillar diesel for traversing Western state mountains or a 200 hp Cummins for better fuel economy. They could order a Rockwell tandem drive axle, an Eaton/Fuller transmission and a Hendrickson suspension. The big, resourceful component suppliers did much of the pure technology development and R&D work for their respective components; the truck makers just had to make sure everything would fit and work together.

Under this strategy, the build-to-… differentiating elements of their vehicle… frame design and total packaging, stylin…

Explanations that support each table's data and forecasts

TABLE IV-1

MEDIUM & HEAVY TRUCK MECHANICAL PRODUCTS AFTERMARKET (million US dollars)

Item	1993	1998	2003	2008	2013
MD/HD Vehicles in Use (million)	3.6	4.2	5.1	5.3	5.5
$ aftermarket/vehicle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mechanical Products Aftermarket	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Engines & Parts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Filters	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Drivetrain Components	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exhaust/Emission Sys Components	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transmissions & Parts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brake Parts & Assemblies	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Steering & Suspension Components	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cooling System Components	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fuel System Components	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
% mechanical	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total MD/HD Aftermarket	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SAMPLE TABLE

Historical data through 2003 plus Freedonia forecasts to 2008 and 2013

Source: The Freedonia Group, Inc.

Engines & Parts

Demand for aftermarket medium- and heavy-duty truck engine parts is projected to increase … million, below the forecast average p… n the aggregate. Demand will be held … mponent quality. Gains will result from … cks sold during the economic expansion … ties for parts suppliers as these engines are repaired and maintained over their useful lives. In addition to conventional maintenance, some parts demand will be generated by retrofitting existing diesel engines to run cleaner, and from converting diesel

Data illustrated with the aid of 36 tables and charts

This study can help you:

- Determine your market & sales potential
- Learn more about industry competitors
- Assess new products & technologies
- Identify firms to merge with or acquire
- Complement your research & planning
- Gather data for presentations
- Confirm your own internal data
- Make better business decisions

COMPANY PROFILES
presented for over 35 US players such as ArvinMeritor, Dana, Eaton, Goodyear, Michelin, Cooper Tire & Rubber and Bridgestone/Firestone

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Other Titles from The Freedonia Group

Automotive Aftermarket in China

The aftermarket for automotive and farm vehicle parts in China will grow 11.6% annually through 2007. Gains will be driven by rapid new light vehicle sales and a shift towards consumer purchasers. Mechanical products will remain the largest category while electronics (e.g., security, controls) grow the fastest. This study analyzes the US$1.8 billion Chinese automotive aftermarket to 2007 and 2012 by product, service performer and vehicle. It also evaluates market shares and profiles major industry competitors.

#1740 .... 11/2003 .... $3900

Diesel Engines & Parts

Demand for US diesel engines and parts will grow 5.7% annually through 2007. Fueling gains will be a recovery in heavy-duty truck, construction equipment and industrial machinery markets coupled with further penetration of diesel engines into cars and generators. Regulations will favor newer products with better performance and fuel economy. This study analyzes the $11.4 billion US diesel engine industry to 2007 and 2017 by product and application. It also evaluates market share data and profiles leading firms.

#1714 .... 09/2003 .... $3900

World Automotive Aftermarket

Global demand for automotive aftermarket products will grow 5% per year through 2007. Gains will be driven by a growing motor vehicle park, continued maintenance and repair of older vehicles, and greater use of higher value automotive electronics. Mechanical products will remain dominant while electronics rise the most rapidly. This study analyzes the US$113 billion automotive aftermarket industry to 2007 and 2012 by product, world region and for 20 countries. It also evaluates market shares and profiles key companies worldwide.

#1674 .... 05/2003 .... $4800

Power Lawn & Garden Equipment

US power lawn and garden equipment demand will approach $10 billion in 2007. Gains will be driven by increasing demand for lighter weight and higher horsepower products, as well as by the innovations such as zero radius riding mowers. Gas-powered equipment will remain dominant while battery-powered products grow faster. This study analyzes the US power lawn and garden equipment industry to 2007 and 2012 by market, product and US region. It also assesses market share and profiles key firms.

#1648 .... 03/2003 .... $3900

World Agricultural Equipment

Worldwide demand for tractors, harvesters, planters and fertilizers, plowers and cultivators, haying and other farm machinery will rise 4.2% annually through 2006. Gains will be driven by accelerating economic activity worldwide and the increasing replacement of draft animals and human labor by machinery in developing regions. This study analyzes the US$54 billion worldwide agricultural equipment industry to 2006 and 2011 by product, region and for 26 countries. It also evaluates market share and profiles global industry participants.

#1611 .... 11/2002 .... $4800

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