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BUSINESS

By Mike Imlay

Today's Hot-Rod Market

Legacy Stylings Meet New Technologies



Today, more than ever, diversity defines the hot-rod niche, which now embraces everything from classic '30s vehicles through '70s musclecars and beyond. After weathering the recent economic downturn, the market is seeing slow, steady growth.

The automotive aftermarket owes quite a bit to hot rodders. While, technically, the industry existed prior to the street scene of the '50s, it was hot rodders who sparked the explosion of innovative performance and appearance products that now characterize the heart and soul of the automotive specialty-equipment market.

They made tinkering with, modifying and personalizing cars cool, catapulting the industry into the \$33-billion powerhouse it is today. And although the industry has since grown and broadened to encompass a dizzying array of products and trends in countless categories, hot rodding has hardly faded from the scene.

“Our buyers’ survey indicates that the 2014 SEMA Show’s Hot Rod Alley was the most visited area of the Show, with 83% of buyers reporting that they went there in search of products and trends,” said Tom Gattuso, SEMA director of trade shows. “In fact, from among our 17 Show categories, street-rod and custom-car products ranked fifth in the number of scans. With such a large number of new products introduced at the Show, the hot-rod market remains obviously strong.”

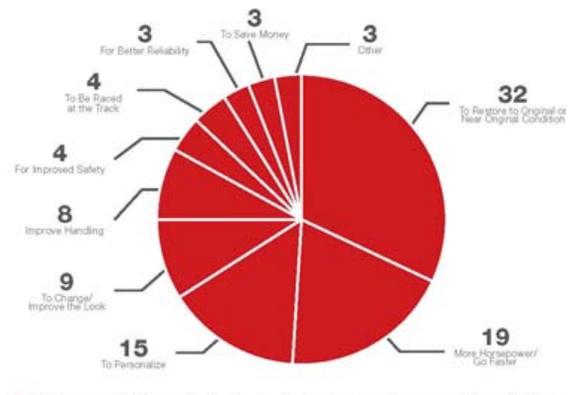
Classic Numbers

For today’s aftermarket, hot rodding is most often about the restoration or modification of classic cars, and SEMA market research into classic-car consumers and their buying habits reveals some interesting trends. First, the restoration parts market has finally seen a “bounce back” during the past two years after several years of recessional decline, with overall retail sales in the category now reaching \$1.44 billion. Meanwhile, the street-rod and custom niche weathered the downturn much better, continuing a decade-long incremental growth trend that has now reached \$1.36 billion in sales. While SEMA’s

research shows that 32% of classic-car consumers seek to restore their vehicles to original condition, 19% say they modify their cars for greater speed and horsepower, while 15% primarily seek to personalize their vehicles.

“Driven by core enthusiast groups, the street rod and custom and restoration niches have shown mild but steady growth over the last three years,” summarized Gavin Knapp, SEMA senior manager, market research. “Restoration buyers are drawn to accessory and appearance products, while street rod owners are more likely to purchase performance parts. While not affected by fluctuations in new-vehicle sales, these categories are constrained by the availability of classic cars and trucks for modification.”

In the realm of actual products purchased, intake, fuel and exhaust products continue to lead the pack, with engine accessories coming in a close second. Chassis and suspension parts and wheels are not far behind (see chart below). When buying their accessories, classic-car consumers still get a slightly larger percentage of them from mail-order operations and catalogs (20.9%) over independent specialty parts stores or garages (19.4%) and auto chain stores (17.3%).



Consumers are eclectic in their sources for parts purchase information, ranking the Internet first at 47.4%, with a near even split for magazines (38.8%) and car events (37.8%) respectively.

While these numbers help get a handle on the marketplace, John McLeod, owner of Classic Instruments and chairman of SEMA’s Hot Rod Industry Alliance (HRIA) council, noted that pinning down precise characteristics of the niche remains elusive, since the true definition of hot rodding has been “getting grayed” for some time now.

“It’s anything that you want to name it,” he said. “It’s anybody who has a passion or an interest in a vehicle that they’re personalizing, changing and enjoying. Quite honestly, my personal opinion is that anyone who’s playing with anything is welcome in our group.”

He added that the restomod trend remains currently strong with consumers increasingly searching for products that bring contemporary technologies and conveniences to their project vehicles while maintaining “that old look.”

“The tri-fives and ’50s cars are still hugely popular,” he continued. “But we’re also starting to see the ’60s come in, the Camaros and Mustangs. The musclecar era has been [popular] for a while, but it’s really hooking in now, and we’re even starting to see it go a little bit later with the late ’60s and early ’70s. What was strange or odd is cool. The musclecar is still a strong market, and there’s tons of variety there. And trucks—all trucks—because

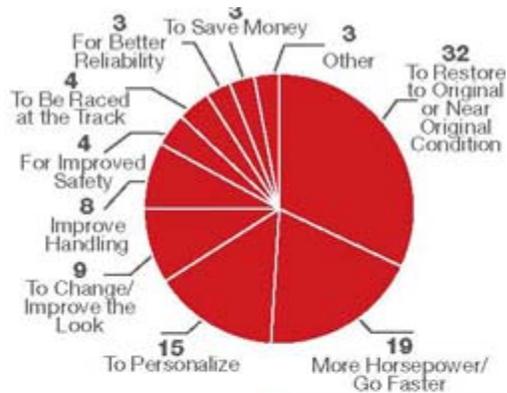
there are tons of them, they're easier to work on, relatively inexpensive and easy to get. I see that whole market really growing by leaps and bounds."

"There's little doubt that more cars are being built today than in years past, especially from the '50s and '60s," said Brian Brennan, TEN street-rod group director and editor of Street Rodder magazine, which remains dedicated to covering the hobby from its early-era cars to its post-'48 trends. "A hot rodder is a hot rodder, and while these times are different—and as such there are differences in tastes and build styles—the more I speak with younger rodders, the more I realize that the same cars from all the eras that I like, they like, too, but put their own spin on the hobby."

Who's Buying What?

Brennan and McLeod agreed that while hot-rod consumers typically skew older and decidedly male, a good number of young enthusiasts are still being drawn into the hobby through the media and car events.

"What's interesting here is that there is no doubt there is a 'graying' of the industry continuing, but we are seeing more and more 35- to 45-year-olds gaining entrance into the hobby," Brennan said. "It has to be genetic, but gearheads are born into every generation. The more dads—and moms—bring their youngun's to events, the more the hot-rod gene is passed down from generation to generation."



McLeod also sees today's hot-rodding demographic broadening significantly.

"It used to be more predominately male, but we're seeing a huge female increase, and all ages," he said. "It really is from high-school age up to the 70s or 80s. Obviously, where we see the market strongest is when parents are finishing with their kids so they have a little extra money. That could be anywhere from the mid-40s to the 60s. That's a moving target, though, because times are changing. That's what is really neat about this industry. You can't just put your thumb on one thing. If you do, you'll be grossly mistaken."



Whatever their backgrounds, when it comes to modifying and accessorizing, today's hot-rod consumers tend toward components that give their vintage vehicles the ride and handling characteristics of modern cars while retaining the aesthetic stylings of the bygone eras they've come to cherish.

“Electronic fuel injection has made significant inroads into rodding and continues to grow in popularity,” Brennan said. “Supercharged engines—especially the modern modular motors offered by Chevy and Ford—are easily benefiting from this horsepower adder. Interior accessories such as air conditioning, custom gauges, steering columns and wheels are high-priority items. Disc brakes have long been a popular upgrade to a hot rod and continue to be so, but we are now seeing bigger disc-brake packages to go along with the plus-size wheels that are continuing in popularity.”

According to Brennan, replacement chassis for '50s and '60s cars are also hugely popular.

“These chassis offer modern IFS and IRS, steering, shock absorbers, brake packages and incredible wheel and tire packages,” he explained. “Some things never change, however, so that brings us to the traditional hot-rod look and parts that are still going strong. We see billet making some light inroads back into rodding, except that this time, builders are distressing the metal so that it has an old-time look but modern usage because the modern materials can be easily manipulated.”

In fact, “easy” is an overall keyword for today’s enthusiasts, said McLeod.

“People expect for a part to fit better and work easier, with less tweaking,” he said. “So you see more R&D time and manufacturers getting more sophisticated with making parts. Everybody’s changing to where it’s bolt-in. It’s no different in the gauge business, the air-conditioning business, the suspension business. We have to make our parts easier and easier, and the customer demands more.”

To See and Be Seen

Ultimately, however, hot rodding is still about seeing and being seen. To that end, it remains an event-oriented hobby.

“The indoor car show has bounced back from the doldrums brought on by the lagging economy, and we are now seeing more life in the weekend rod run, too,” said Brennan. “This summer will tell us a great deal about the strength of the hobby and the interest in outdoor events.”

Brennan noted that the Grand National Roadster Show and the Detroit Autorama remain especially popular, and McLeod added that autocrossing has been great for drawing young enthusiasts into the scene, as has reality television, despite its controversy.

“In my opinion, it brings what our industry is to a higher number of people,” he said. “Are all of them going to get hooked and do the same things that the gearheads are doing? No, absolutely not. But it brings an interest to us, and none of that hurts.”

But McLeod emphasized that assuring the segment’s future health goes far beyond attracting consumers.

“In the HRIA, we’re trying to build a bridge for people looking to get into the industry and for people looking for them to come in,” he said. “Our biggest initiative is futures in hot rodding, and not just the youth. How we do that is constant communication and education. We just never stop that. For example, you might not be a gearhead, but you’re a whiz at math. We need accountants, too. If you’re passionate about cars, there’s probably a home someplace for you.”

In the end, he said, hot rodding remains strong, but to leverage its growth, aftermarket businesses need to pay attention, listen to customers, and help shape trends through SEMA programs and initiatives.

“We’ll become stronger as an industry if we continue to do that,” he concluded. “We simply cannot segregate and separate. I think that the slow, steady growth that most of our businesses have seen is going to continue. And I think it will be a healthier growth than we actually saw before 2008–2009, when things were rocketing and everybody was so busy growing and grabbing”