

SEMA

News



August 2005
VOL. 41 / NO. 08
\$8.00
www.semanews.com

■ **Lowdown and Lifting!**



■ **New Life for an Old Market!**



■ **Ready, Set, Go to the Show!**



VENTION CENTER

Profitable Foresights

Plus:

- Expanding Into Mobile Electronics
- Tracking Your Advertising
- Light-Truck Market Update



SEMA TRUCK RESTYLING

By Julie Hedges

Suspension Segment Makes a Strong Comeback

Today's Kits Are Available To Fit A Variety of Lifestyles,
Demographics and Income Levels



■ Better engineering, improved quality and a broader range of suspension products has fueled a boom in the segment. According to Mintel International, sales of wheels, tires and suspension products are projected to reach \$9.6 billion by 2007. (Photo courtesy of Fabtech)

billion by 2007. Total sales for the category are expected to increase an average of 7.1% a year from 2004 to 2007.

What's Behind the Boom

Conrad Fritz, owner of Tom's 4 Wheel Drive, said that beefier suspensions are the hot look right now. "Most suspension customers are going for the California off-road desert look that's so popular," he said.

A retailer and warehouse distributor based in Lexington, North Carolina, Fritz said that his business started out as a tire store in the '60s and became a 4WD shop in the '70s. He has seen both the highs and lows in the suspension segment.

"I see a boom in the suspension market about every seven years," Fritz said. "Today the popularity of wheels and tires is making the smaller 2-inch lifts popular. Many times, it's the customer's desire for a certain wheel that leads to the suspension upgrade. Either way, wheels and tires are a natural tie and help boost sales."

The price of suspension kits has jumped dramatically over the last 30 years. "In the late '70s, suspension kits sold for \$120 to \$140," Fritz said. "Now it's \$1,500 to \$1,800 for the suspension kit and \$3,800 to \$4,000 for the kit, wheels and tires."

At 4 Wheel Drive Diversified, Inc. in

The suspension segment is back, and it's bigger and better than ever. Today's suspensions come in a broad range of sizes and fit a growing number of makes and models. They are high-ticket items that offer added earning potential through installation and the sale of other performance products.

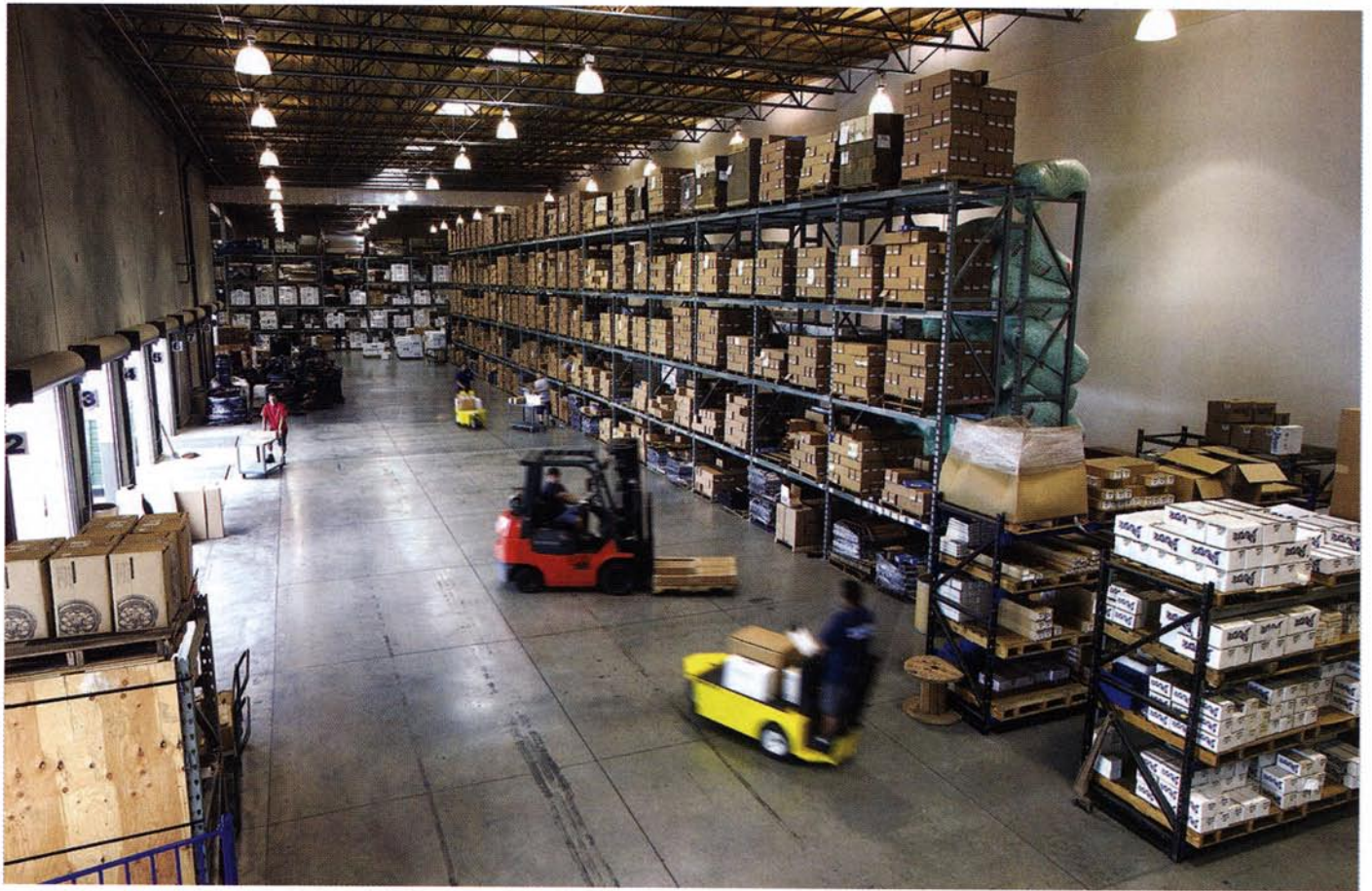
At Weathers Auto Supply, President Van Woodell said that suspensions have made a big comeback in recent years. "I thought the suspension business was dead," said Woodell. "Back in the early '90s, we were working to get out of it. Now we're working to get back into it."

Todd Thatcher, president of Jack-It Inc., said that he is definitely seeing a boom in suspension business. First quarter sales for the Utah-based retailer, which specializes in 4WD suspension products, were up 43% over last year. "We're very busy and have been hiring more people to keep up with demand," said Thatcher.

Strong consumer interest is spurring

growth in performance wheels, tires and suspensions. SEMA's Automotive Lifestyle survey shows suspension performance as one of the top planned purchases by off-road enthusiasts.

According to market researcher Mintel International, sales of wheels, tires and suspension products were \$7.3 billion in 2003 and are projected to reach \$9.6



Maumee, Ohio, President Daniel Toepfer sees the push to customize vehicles as a major reason for the segment's increase.

"The suspension customer wants a unique look," he said. "It's part of their desire to customize and personalize their vehicles."

Toepfer breaks suspension buyers into two levels: the \$1,000-and-under customer, which includes Jeeps and the older

truck market such as the late-model Ford Super Duties and pre-'97 F-150s; and the over-\$1,000 customer, which includes late-model fullsize pickups with independent front suspension.

"Sales of suspension kits priced \$1,000 and under outnumber the late-model IFS kits by two to one," Toepfer said. "We attempt to pre-qualify customers by what

■ Once thought to be a dead market, suspension systems are now a booming segment. Today, suspension kits are available to fit a variety of lifestyles, demographics and income levels. (Photo courtesy of Fabtech)

type of investment they are looking to make, then determine what suspension is right for them and their vehicles," he explained. "We don't disqualify customers if they don't have \$2,000 to spend. We give them what they can afford and look at them as future customers. We have a lot of repeat customers, and we also get many second-generation customers."

Larry Conville, public relations and print-media manager at Skyjacker Suspensions, doesn't see the increase in suspension business as tied to anything specific.

"Suspension upgrades appeal to a vast majority of the enthusiast audience," Conville said. "This includes outdoor

■ Vehicles with beefed-up suspensions are the hot look right now. Whether for show 'n' shine or for actual off-road use, suspension products appeal to a broad range of enthusiasts. (Photo courtesy of Skyjacker Suspensions)



SUSPENSION SEGMENT MAKES A STRONG COMEBACK



■ Strong consumer interest has spurred growth in performance wheels, tires and suspensions. According to SEMA's Automotive Lifestyle Survey, suspension performance products are one of the leading planned purchases by off-road enthusiasts. (Photo courtesy of Skyjacker Suspensions)

enthusiasts such as hunters and campers, off-road enthusiasts, those who need large trucks and SUVs for work and those who want something unique and customized."

Conville said that the wide range of suspension types and large number of vehicles they'll fit has expanded the market of potential customers. "There are suspension kits to fit different lifestyles, demographics and income levels," he said.

The younger, 20-something group is the fastest-growing demographic in the suspension market, Conville said. "A lot of them are getting suspension upgrades to customize their vehicles. They are also a big part of the growth in off-road sports such as rock crawls and sand and mud racing," he said.

Fabtech, a California-based manufacturer of performance suspensions systems, has experienced steady growth for the past five years. "The sale of light trucks is one reason for the popularity of suspensions," said Gary Woofter, Fabtech's national sales director. "In addition, there has been a shift to second and third owners in many vehicles. These new owners are modifying their vehicles with new suspensions."

Woofter said that his company is also seeing an increase in the number of dealerships installing suspension on new 4WD vehicles. "Five years ago, you saw almost none of that," he said. "Suspension kits today are better than a few years ago. We looked at what the factory had developed and built our product to maintain the vehicle's stability."

At Jack-It, Thatcher said that dealerships and tire stores comprise a big portion of the company's wholesales business. He pointed to the improved quality of suspension kits and installation instructions as the reason for the growth in these markets.

"Years ago, suspension kits were poorly

made and lacked both the parts and instructions you needed to install them," Thatcher said. "Suspensions are popular today because the kits have evolved so much over the last five years. They are a lot friendlier to install, especially on newer vehicles, and they are a lot better engineered. As a result, dealerships are more confident in the products and are now installing them for their customers."

Safety, Safety, Safety

Safety is a primary concern for all those involved in the suspension market. Manufacturers, distributors and retailers pointed to proper installation as the key to both safety and customer satisfaction.

Woodell recommended that suspensions be installed by properly trained and qualified technicians. "This is not an area where you want to cut corners," he said. "If your car doesn't run well or look the way you want, that's one thing, but at 70 mph, if the suspension gives out or the brakes, tires or wheels fail, you're in for a hell of a ride. Save money somewhere else, and if you can't afford to get it done right, wait until you have the money."

Fabtech makes sure that the installation instructions are straightforward. "With clear, detailed instructions, safety in the installation is ensured," said Brent Riley, president of Fabtech. However, since independent front suspensions are too complex for most consumers, Riley said that Fabtech recommends having the suspension installed at a 4WD specialty shop.

Toepfer said that 4 Wheel Drive Diversified inspects every vehicle before installing a new suspension system. "We do an inspection before installation because once you deliver the truck, your name is on it," he said. "If it has a bad steering part, ball

joint or idler, you have to correct that problem before putting the new suspension on. If the customer doesn't have money for both the repair and the suspension, we'd rather have them fix the bad part first and come back for the suspension later. If the customer won't do that, then we walk away from the job. It's tough to walk a way from a \$2,500 job, but if it's a safety concern, we won't compromise our quality or our customer's safety. We just will not do it."

Getting into the Business

For those looking to get into the suspension market, Fritz warned that there is more to the segment than just selling the parts. He advises those interested in the suspension market to get help from a distributor. "Suspension installations today are more than just a three-wrench or two-wrench job. Guys have to know what they're doing," he said. "We have experienced technicians. Our installations department is like our own little R&D department. We can troubleshoot any problem that may come up."

Toepfer recommends selling suspension systems for older-model vehicles and kits that are priced under \$1,000 as a way to break into the suspension market. "Late-model vehicles with independent front suspensions require specialty tools and knowledge," he said. "Installation drives this segment, and it would be hard to break into this market without the proper tools and training. Customers trust you with their \$30,000 to \$50,000 vehicle, which is probably their second biggest investment next to their house. You have to be familiar with vehicle suspension and alignment to do the job properly. Correct installation is critical in suspension sales."

Skyjacker Suspensions suggests that those looking to get into the segment research the market they're in to see what the demand is for their area. "It's a competitive market," said Conville. "A lot of new companies have entered it in the last few years. It doesn't take long for a business to get a reputation, either good or bad, so you want to do your homework before entering the market." 