

Retiring Baby Boomers Affect Hot Rod Demographics

By Megan McKernan

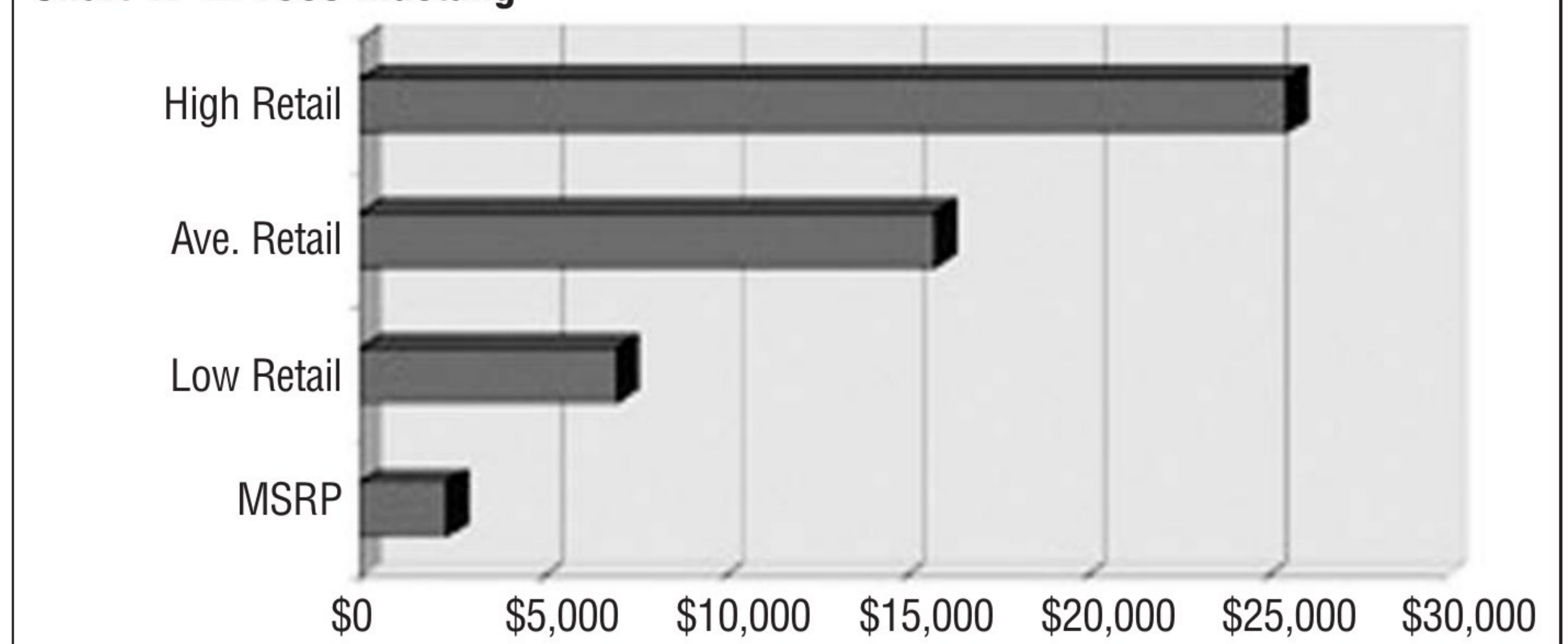
Chevrolet Bel Air. Dodge Challenger. Ford Mustang. Those are examples of some of the cars that have become icons for hot rodding and the muscle car era. The cars of yesterday are being brought back today with new looks and new powertrains, and they appeal to baby boomers and youth alike.

In general, any automobile that was produced before 1973 is referred to as “old” or “classic.” There are several subcategories within this category and, unfortunately, some grey areas as well. There are hot rods, customs, muscle cars, classic cars and historic automobiles, but there are disagreements concerning what cars and trucks fall into each category. The Specialty Equipment Marketing Association (SEMA) market research department will soon release a report on the hot rodding industry, and it will include all of these subcategories. That may offend those who feel that only automobiles produced before 1949 are true hot rods. But when we look at the hot rodding industry, the roots of the specialty-equipment market, the roots of drag racing and stock car racing, it seems unrealistic not to include customs and muscle cars in the research.

With more and more baby boomers retiring and enjoying more expendable income over the last several years, the popularity of pre-1973 automobiles has increased exponentially. Furthermore, the values of these automobiles have increased a great deal. Just take a look at the MSRP values of some American icons and their selling prices at the Barrett-Jackson Auction.

A 1965 Ford Mustang two-door hardtop with the 289ci V-8 engine sold for an MSRP of \$2,427 when new.

Chart 1: ■ 1965 Mustang



Today, those cars are worth much more. Chart 1 shows the low, average and high retail prices for that car, according to the National Automobile Dealers Association (NADA).

A 1965 two-door hardtop sold for \$4,104 at the Barrett-Jackson auction in 2003. In 2005, a 1965 custom fastback sold for \$156,600, more than 60 times the original value of the base model.

Classic Car Registrations

A natural question that comes to mind when discussing pre-1973 vehicles is “How many are out there?” Departments of Motor Vehicles across the United States have been contacted for information on how many 1972 and earlier model-year vehicles are registered in each state. This research proved to be a very difficult task. Many departments claim that they do not keep track of the makes and model years of the vehicles registered in their states, but that seemed highly unlikely. Several departments said that they could extrapolate the data but wanted to charge more than \$1,000 for it. Other states were willing to provide the data for free.

The data from 25 states indicates that there are 381,654 vehicles registered that were produced in 1948 or earlier. There are 908,608 vehicles from model years 1949 through 1961, and there are 5,013,393 vehicles from model years 1962 through 1972. In total, there are 6,332,896 pre-1973 vehicles registered in 26 states. (This total includes data from Michigan. This data was provided only as a total of pre-1973 vehicles.)

Unfortunately, not all of the states provided data on automobile makes. Therefore, the number of Fords versus the number of Chevys in a particular state cannot be determined for the majority of the states. The other unfortunate result of this is that traditional hot rods, muscle cars, street rods, and customs cannot be separated from Hondas, Nissans and Datsuns. Now, if a classic car or hot rod is anything pre-1973, that is acceptable. But for some, only those automobiles produced by Ford, General Motors and DaimlerChrysler should be classified as true hot rods.

It is important to look at how many classic cars, hot rods, street rods and muscle cars are currently registered in the United States because that type of data can be used to defend hot rodding to legislators. It can also be helpful for SEMA members to see what cars are still on the road. Not every state keeps that kind of information, unfortunately.

The majority of the data does not include any information on vehicle make. Of the 26 states for which we have data, only nine provided vehicle-make information. However, looking at this data can give us an idea of what kind of numbers might represent the entire United States.

The nine states that provided vehicle-make data—Arkansas, California, Connecticut, Idaho, Nevada, Oregon, Texas, Vermont and West Virginia—have 3,267,769 of the 6,332,896 total pre-1973 vehicles. In other words, those

nine states have 52 percent of the total, with California alone representing 44.5 percent of the total.

Table 1 shows the percentages of Ford, General Motors and Daimler-Chrysler automobiles in these states.

California, the accepted birthplace of hot rodding, has 2,775,004 registered automobiles from model years 1871 through 1972. That is by far the largest state total and represents 6.12 percent of the total number of registered automobiles in the state. Chart 2 shows the breakdown of registered vehicles of model years 1972 and older.

The popularity of pre-1973 vehicles, coupled with a retiring baby-boomer generation, has prompted a few of the OEMs to bring back some of the old name badges and redesign some of their current vehicles to appeal to hot-rodding enthusiasts. For instance, Ford redesigned the Mustang in 2005, bringing back features of the '64 to '69 model years, and this ponycar has so far experienced great success. Ford sold 127,928 2004 model-year Mustangs. This number jumped to 163,875 in 2005, representing a 28 percent sales increase. That is especially significant considering sales of the Mustang dropped by nearly 25 percent between 2001 and 2004.

General Motors unveiled a Bel Air concept vehicle in 2002. At the 2006 North American International Auto Show, GM unveiled a Camaro concept vehicle, which was a big hit. The Bel Air has yet to be manufactured, but enthusiasts are hoping that the Camaro will be available for purchase in the near future. GM also has produced its HHR and SSR light trucks, whose features take cues from the hot rods of yesterday.

DaimlerChrysler has led the way in terms of creating vehicles to appeal to hot-rodding enthusiasts. The new Dodge Charger, complete with a Hemi V8, was introduced in 2005 as a 2006 model.

The automaker recently released a Dodge Challenger concept vehicle, which Motor Trend magazine suggests could hit showrooms in 2009. The Chrysler PT Cruiser and Dodge Magnum take cues from hot rods and muscle cars and so far have experienced successful sales.

Table 1	Ford	General Motors	Chrysler
Arkansas	33.2%	48.8%	6.8%
California	27.9%	36.7%	7.2%
Connecticut	24.9%	44.4%	8.5%
Idaho	32.0%	42.7%	6.7%
Nevada	31.9%	41.5%	11.1%
Oregon	31.1%	39.8%	6.7%
Texas	31.4%	50.4%	5.3%
Vermont	34.5%	27.0%	6.1%
West Virginia	27.0%	47.0%	13.0%



Consumer Demographics

Consumer demographics give us a descriptive picture of the characteristics that make a particular group of consumers distinctive. The average age of the street rod and custom specialty-equipment products consumer is 43.7 years, and 75 percent of niche consumers are between the ages of 25 and 54, even though this group makes up only 43.6 percent of the U.S. population.

The street rod and custom niche is driven by discretionary income. More than 72 percent of consumers in the category have household incomes of over \$35,000, it further shows larger concentrations in the higher income brackets than any of the other specialty-equipment market niches. The average household income of street rod and custom consumers is \$52,956. The average length of time a street rod and custom specialty-equipment consumer has been involved with products from this market niche is 20 years.

There is much more to the hot rodding industry than can be detailed here. As noted, SEMA's market research department is working on a report specific to this industry, which will be available later this year. It will discuss the aspects of the industry mentioned here but will give greater analysis with regard to registration data. It will include other topics as well, such as car shows, swap meets, clothing and legislation that affects hot rodding across the United States. SEMA expects the hot-

rod industry to experience continued growth in the future.

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