

The Car Market - Out of Recession? - UK - April 2011

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What is this report about?

The closure of the government-funded scrappage scheme will have made the end of 2010 feel like a recession for carmakers. Following a brief recovery in sales, new car registrations began slipping back last year.

This report updates the research published in Mintel's Car Market – Into and Out of Recession – UK, January 2009 to assess whether consumers are feeling more or less positive about their prospects for buying a new car in the coming 12 months.

What have we found out?

- The best-performing brands in the recession were those best in terms of price, reliability and fuel consumption. With the increase in VAT, the added cost of servicing and booming petrol prices, car buyers are expected to continue to make these attributes the most important factors when choosing to buy a car this year.
- Based on our consumer research, there are an estimated 2.8 million fewer people considering buying a new car in 2011 compared to 2008, and 0.8 million fewer considering a second-hand car.
- Almost 27% of people plan to pay less than £4,000 for their next car. Given this amount is vastly below the price of even the cheapest new cars available on the market, the second-hand car market is expected to perform better than new cars in 2011.
- People are holding onto their cars for longer; there are fewer drivers with a car purchased within the last 12 months than in 2008. Over-55s are particularly likely to be driving a car aged four or more years old and those holding onto their cars for the longest are over-65s with no children at home.
- Younger adults appear keenest to acquire a new car (new or second-hand) in the next 12 months. Potential new car buyers are strongly biased towards 25-34-year-old parents with young children, and second-hand towards students.
- Forecasts are gloomy up to 2015, with volume sales predicted to fall to 1.5 million.

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