

Car Purchasing Process - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“Car sales reached an all-time high in 2016. While this is good news for those involved in this sector, and a reflection of the efforts to stimulate new car sales in recent years, there are many reasons to be concerned about the next few years. Numerous factors appear set to impact on demand resulting in evermore creative approaches being required in order to continue to encourage purchasing.”

– Neil Mason, Head of Retail Research

This report looks at the following areas:

- Have car sales reached a peak?
- Diesel sales appear to be in reverse
- Recent investment in online sales may finally signal growth for this channel

The UK car market has reached an all-time high in terms of sales with combined new and used volumes in 2016. Although sales have been buoyant in recent years there is current evidence that the market is stagnating. In part this stagnation comes from a slowdown in new car sales. While these were up in 2016, demand is slowing. Only a small rise was recorded between 2016 and 2015 while for the same period private purchases plateaued. Used car volumes remain buoyant, although here too growth is showing signs of slowing down.

Internally the market continues to evolve with a notable recent development being a movement away from diesel as a fuel for new vehicles. Whereas once this fuel dominated new car sales in 2012, this had fallen back by 2016. Mintel believes that environmental concerns and the recent diesel emission testing scandal are major factors in the decline in interest for this fuel. Petrol has benefited from this decline as well as the range of vehicles using alternative technologies, whose share of new sales was up in 2016.

Interest in dual purpose vehicles has been growing amongst buyers with this market making strong gains during the 2015-2016 period. An increase in share of sales was recorded with dual purpose now established as the third most popular vehicle type after supermini and lower medium categories.

The internet is seeing renewed interest from manufacturers and others despite its role in car purchasing to date being limited to information gathering. Companies such as Citroën, Hyundai, Peugeot and Smart have all launched specialist sites since late 2016 offering a near 100% virtual buying experience. With research for this report noting that some of those planning to buy in the next three years are very or somewhat likely to use the internet, this would appear a sensible strategy.

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Car Purchasing Process - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

What you need to know
Products covered in this Report

Executive Summary

The market

Car purchases surpass 10.5 million units in 2016
Figure 1: UK new and used car sales, by volume, 2011-21

Used car sales dominate the market
Figure 2: New and used car market volumes, 2011-16

Recent popularity of diesel appears to have peaked
Figure 3: Sales of cars, by fuel type, 2011-16

Dealers are growing their share of the overall market...
Figure 4: Change in share of new and used car volumes, by channel, 2013-16

Companies and brands

Mixed fortunes for car manufacturers

Manufacturers and distributors invest in online as a sales channel

Advertising expenditure expands

The consumer

Car owners are in the majority

Nearly half of all cars were purchased in the last two years

More than half of adults plan to buy a car in the next three years
Figure 5: Intention to purchase a car in the next 3 years, February 2017

Less than half of those planning to purchase expect to do so in the coming 12 months
Figure 6: Strongest intentions to purchase a car in the next 3 years, February 2017

New cars are preferred over used
Figure 7: Likelihood of new or used purchase, February 2017

Savings and part exchange are the most popular methods of paying for a car
Figure 8: Methods of payment for next car, February 2017

A minority of buyers are interested in buying online
Figure 9: Likelihood of buying next car online, February 2017

Independent and dealer websites dominate for online purchasing
Figure 10: Preferred internet, February 2017

Petrol leads as the preferred fuel for future car purchasers
Figure 11: Preference for future fuel types, February 2017

Diesel emission testing scandal records high awareness

What we think

Issues and Insights

BUY THIS
REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Car Purchasing Process - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Have car sales reached a peak?

The facts

The implications

Diesel sales appear to be in reverse

The facts

The implications

Recent investment in online sales may finally signal growth for this channel

The facts

The implications

The Market – What You Need to Know

Car sales surpass 10 million in 2016

Financial factors are a major factor behind stronger sales

Used car sales dominate the market

The dominance of diesel would appear to be at an end

Dealers dominate new and used car sales

Rising costs and competition from other forms of transport remain a threat

Market Size and Forecast

Car purchases breach 10 million units per year for the first time in 2016

Figure 12: UK new and used car sales, by volume, 2011-21

Figure 13: Best- and worst-case forecasts for UK new and used sales, 2011-21

Forecast methodology

The impact of the EU referendum vote

UK car market is performing better than could have been expected

Figure 14: Alternative market scenarios for the post-Brexit car market, at current prices, 2016-21

Figure 15: Detailed post-Brexit scenarios for UK new and used car sales, at current prices, 2016-21

Wider demand for vehicles is set to soften after a period of expansion

Market Segmentation

Used cars continue to remain popular with purchasers

Figure 16: New and used car market volumes, 2011-16

South East accounts for a fifth of new car registrations

Figure 17: New car registrations by region, 2011-15

Private sales of new cars show signs of stagnation

Figure 18: UK new registrations of motor vehicles, 2011-16

Company car purchases dominate but are in decline

Figure 19: New car registrations by keeper, 2011-15

Dual and multipurpose vehicles benefit from increased interest

Figure 20: New car registrations, by broad segment, 2011-16

Private buyers switching to lower medium and dual purpose cars

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Car Purchasing Process - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 21: Share of vehicle types amongst private purchasers, 2011-16

Popularity of diesel suffers...

Figure 22: Sales of new cars by fuel type, 2011-16

...as interest in purchasing AFVs grows

Figure 23: Hybrid and electric new car registrations (Great Britain), by volume*, 2011-21

Channels to Market

Dealers are growing their share of the overall market...

Figure 24: Sales of new and used car volumes, by channel, 2013-16

...as well as the used car market

Figure 25: Sales of new and used car volumes, by channel, 2013-16

Number of dealer outlets record stability

Figure 26: Number of UK franchised dealer outlets, 2000-17

Most major manufacturers have rationalised their site portfolio

Major names dominate the franchised dealer market

Figure 27: Top 10 main dealership groups in the UK, by turnover 2013-15

Independent sector dominated by car supermarkets

Figure 28: Top 10 independent dealership groups in the UK, by turnover, 2015

Renewed interest in the internet

Figure 29: new dedicated manufacturer online portals (UK) since mid-2016

Market Drivers

Consumer confidence continues to increase

Figure 30: Mintel's well-being index, February 2009-January 2017

Loan rates remain low...

Figure 31: Monthly percentage values of selected interest rates, January 2008-February 2017

...and help to boost consumer lending for car purchases

Figure 32: Value of advances (£mn) on sales of all cars bought on finance by consumers through dealerships, 2011-16

Low levels of inflation assisting car buyers

Figure 33: Annual change in CPI, 2005-16

Insurance costs are on the way up

Figure 34: Average premium for comprehensive car insurance policies, 2012-16

Increased use of public transport

Figure 35: Public transport passenger journeys (Great Britain), 2004/15-2015/16

Number of taxi and private hire licences is growing

Figure 36: Total licensed taxi and private hire vehicles (England and Wales), 2005-15

Car rental continues as a direct alternative to purchasing...

Figure 37: Size of fleet and Number of rentals, 2010-16

...while car club membership approaches a quarter of a million

Figure 38: Car club vehicle and membership growth, June 2008-November 2016

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Car Purchasing Process - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Companies and Brands – What You Need to Know

Mixed fortunes for car manufacturers...
...and for established models
Dealers address customer experience
Online receives increased interest as a sales channel
Advertising expenditure expands

Market Share

Ford, Vauxhall and Volkswagen suffer a reversal in their fortunes
Premium marques continue to make ground as consumers trade up
Value brands are also growing in popularity illustrative of further polarisation
Figure 39: Manufacturer shares of new car registrations, 2010, 2012, 2014 and 2016
Fragmentation increasingly evident when it comes to model share
Figure 40: Top 10 new car models, 2014-16
Key Ford, Vauxhall and Volkswagen models dominate used car market
Figure 41: Top 10 used car models, 2016

Competitive Strategies

Moving with the market
Acquisition for growth
Focusing in on customer experience
New ways to reach customers

Launch Activity and Innovation

Online activity accelerates
Citroën pledges to fix its prices
SEAT looks at greater involvement with potential buyers
Tinder-like app that makes online car shopping simpler

Advertising and Marketing Activity

Expenditure up overall since 2012 albeit with slowdown since 2015
Figure 42: Recorded above-the-line, online display and direct mail total advertising expenditure by UK car dealers, 2012-16
Webuyanycar dominates a market that is slowly consolidating
Figure 43: Leading UK car dealers: Recorded above-the-line, online display and direct mail total advertising expenditure, 2012-16
Old media gives way to new
Figure 44: UK car dealers: Recorded above-the-line, online display and direct mail total advertising expenditure, by media type, 2012-16
Nielsen Ad Intel coverage

The Consumer – What You Need to Know

Car ownership has grown to stand at 71% of the adult population
44% of car owners purchased their vehicle in the last two years
Over half of adults expect to buy a car in the coming three years

BUY THIS
REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Car Purchasing Process - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Interest in buying a new car has grown recently
Savings and part exchange are the most popular ways of buying a car
Online remains a niche channel although interest is higher amongst certain groups
Petrol is the preferred fuel amongst car buyers
Two thirds of adults are aware of the diesel emission testing scandal

Car Ownership

Car owners are in the majority
Figure 45: Car ownership, February 2017

Some adults more than others are likely to own a car
Car ownership climbs between 2015 and 2017
Figure 46: Car ownership, 2015-17

A sizeable percentage of cars have been purchased in the last two years
Figure 47: Statements about car ownership, February 2017

Regional splits evident
Young adults are important buyers
Women show a growing interest in buying new
Rising new car sales impact on this section of the market
Figure 48: Car ownership, 2015-17

Most adults without a car cannot drive
Figure 49: Statements about those not owning a car, February 2017

Age, household size and location are some of the factors affecting those without a car

Car Purchasing Intentions

Over half of adults plan to buy a car in the next three years
Figure 50: Intention to purchase a car in the next 3 years, February 2017

Wealth plays a major factor
Full-time employed are key market
Lifestyle changes are important driver
Owners of new cars are more likely to purchase again in the next 3 years
Purchase intentions appear to be weakening...
Figure 51: Intention of purchasing a car/s in the next three years, 2015-17

...with less than half of those planning to purchase expecting to do so in the coming 12 months
Figure 52: Strongest intentions to purchase a car in the next 3 years, February 2017

Income and socio economic status have a big impact on purchasing intentions
Young adults appear less certain about purchasing
Families are important buyers in the coming six months
Cycle of replacement may explain purchasing plans for owners of new and used cars
Stability evident when it comes to purchasing intentions over the coming 3 years
Figure 53: Intention of purchasing a car/s in the next three years, 2015-17

Nearly half plan to buy new in the coming 3 years

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Car Purchasing Process - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 54: Likelihood of new or used purchase, February 2017

- Income is a major determinant of buying new
 - Owners of new cars are more likely to purchase another new car
 - Buying new records a sizeable increase in popularity since 2015
- Figure 55: Intention of purchasing a car/s in the next three years, 2015-17

Methods of Payment

- Savings and part exchange with an existing vehicle are popular methods of payment
- Figure 56: Methods of payment for next car, February 2017

- Finance popular with wealthy and middle-aged adults
- Savings are important to older adults as well as those that are wealthy
- Innovative methods of ownership popular with new car buyers
- Use of innovative methods of payment appear to be growing in popularity
- Income is a major factor in encouraging interest in other methods of payment

Interest in Online Purchasing

- Cautious interest in buying a car online
- Figure 57: Likelihood of buying next car online, February 2017
- Certain groups are more likely to favour online...
 - ...with families having an especially strong interest
 - Online is of greatest interest to owners and buyers of new cars who expect to purchase in the next three years
 - Independent and dealer websites dominate for online purchasing
- Figure 58: Preferred internet channel for future car purchase, February 2017

Interest in Fuel Types

- Petrol dominates for potential car buyers
- Figure 59: Preference for future fuel types, February 2017
- Hybrids are the most popular non-fossil fuel power source
 - Older adults appear wedded to petrol
 - Popularity of diesel amongst those living in cities continues
 - Parents and high earners are best target for alternative fuels
 - Recent car buyers show preference towards diesel as well as hybrid technology to power their next vehicle...
 - ...yet for the wider market of future purchasers it is petrol that is preferred
 - Older and wealthier adults appear especially flexible when it comes to fuel choices
 - Petrol sees surge in popularity between 2016 and 2017
- Figure 60: Preference for future fuel types, 2016-17

Awareness of Issues with Diesel Emission Testing

- Majority of adults aware of the diesel emission testing scandal
- Figure 61: Awareness of issues with diesel emission testing, February 2017
- Age and gender denote clear divisions in awareness
 - Income also plays a big part in awareness

BUY THIS
REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
 APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Car Purchasing Process - UK - April 2017

Report Price: £1995.00 | \$2478.79 | €2334.35

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Those most likely to purchase a car record highest awareness of scandal

Appendix – Data Sources, Abbreviations and Supporting Information

Data sources

Exclusions

Market sizing and segment performance

Abbreviations

Consumer research methodology

Appendix – Market Size and Forecast

New and used car sales

Figure 62: New and used car market volumes, 2011-21

Fan chart forecast

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com