

Car Purchasing Process - UK - March 2021

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This report looks at the following areas:

- The impact of COVID-19 on the UK car market.
- How COVID-19 and other factors might affect purchasing.
- Recent developments in sales by new/used, vehicle type and fuel categories.
- Key drivers impacting on purchasing in the UK market.
- The main channels used for purchasing
- Future consumer purchase intentions, preferences by new/used, fuel type as well as the role of online in the purchasing decision.

The COVID-19 pandemic appears to have hit business and fleet purchases more than those from private individuals. Data from the SMMT records a 29% fall in volumes between 2019 and 2020 compared to a weaker 26.5% decline for private purchases. Yet the fall in demand from both markets illustrates the wide impact that the pandemic has had on confidence and the willingness of individuals and the commercial sector to purchase. Neither can be guaranteed for a quick recovery in sales.

Future purchasing plans have also been badly affected by the COVID-19 pandemic. After combined new and used car sales dropped by 18.3% between 2019 and 2020 to 8.17 million units, recovery for the sector is forecast to be slow. Sales are forecast to advance by only 11.5% in 2021 and reach their 2019 level by 2023. Changes in purchasing plans provide an indication of why there has been this fall. Amongst those planning to buy in the coming 3 years, those planning to purchase in the next 6 months were 24% in November 2018 yet had dropped to 18% by November 2020.

Despite the expected short-term impact of the COVID-19 pandemic on social distancing and personal safety, there appears a long-term trend towards shared access to cars. Car clubs are one of the most obvious developments with membership growing in recent years and surpassing in excess of 550,000 by early 2020. Equally, use of other ways of accessing personal transport are



“Demand for cars, both new and used, has been in decline following sales peaking in 2016. Dropping to around 10 million units in 2019, the sector was further affected by the COVID-19 pandemic during 2020 with a further fall. Looking ahead, sales will recover although as they do the market is set to see a change in how consumers wish to research and make a purchase”.

- Neil Mason, Retail

Category Director
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expanding with the number of private hire licences increasing by 45.5% between 2015 and 2020. For those selling cars, dealing with these and other challenges are only likely to grow.

Interest in smaller cars appear to be growing. After a period when this sector has been under threat from rising interest in SUVs (Sports Utility Vehicles), there is recent evidence of a return to growth. Analysis of new car sales between 2019 and 2020 record a rise in supermini and lower medium formats with their combined share ahead 2.1 percentage points. Some of this is likely to be driven by the growing popularity of AFVs (Alternative Fuelled Vehicles) many of which are offered as smaller format vehicles. With Mintel expecting demand for AFVs to grow further, and more product launches expected from manufacturers, further growth in demand for smaller vehicles is set to continue.



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- Online has a big role for middle aged adults
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