

Electric and Hybrid Cars: Inc Impact of COVID-19 - UK - December 2020

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This report looks at the following areas:

- The impact of COVID-19 on the hybrid and electric car market.
- How COVID-19 and other factors will likely impact the market's future prospects.
- Trends in demand for particular hybrid and electric technologies.
- Key drivers impacting on the market, in particular legislative trends, support for the sector as well as the wider impact of the relationship between the UK and EU from 2021.
- The main channels used for the purchase of hybrid and electric cars.
- Company and brand shares within specific segments of the market.
- Consumer interest towards hybrid and electric cars as well as concerns.

For what is expected to be a difficult year for the UK new car sector, the performance from the hybrid and electric sector of the market will be welcomed. Mintel estimates that new car sales in the sector will expand by 45.7% to 273,500 units compared to losses for the petrol and diesel sectors of 36.4% and 48.2% respectively.

Despite an inevitable impact on the hybrid and electric market, COVID-19 is not expected to have as great an impact on sales as it will the wider car market. Sales of hybrid and electric cars are set to rise from 187,869 units in 2019 to 273,500 units in 2020 compared with the overall car market which is expected to see sales drop back from 2.35 million units to 1.57 million units. Looking beyond 2020, while the wider car sector is set to begin to recover in 2021/22, helped by the December 2020 Brexit agreement between the UK and EU, growth is still expected to be modest. In contrast, the prospects for hybrid and electric cars are much more promising. The imposition of additional restrictions in December 2020 and national lockdown in January 2021, associated with the COVID-19 pandemic, are expected to have limited detrimental impact. Hybrid and electric sales are forecast to expand by 102.5% and 128% respectively between 2020 and 2022.



"Demand for new hybrid and electric cars is growing. Although currently a much smaller sector than cars powered by traditional petrol or diesel, sales are outstripping both of these established markets. Based on our forecasts, potentially half of new cars could be hybrid, plug-in hybrid or 100% electrically powered by the middle of the coming decade."

- Neil Mason, Retail

Category Director
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The future prospect for the UK economy is one of the major threats to the hybrid and electric car market. Not only will COVID-19 depress GDP growth and consumer spending during 2020, it is anticipated to also impact into 2021/22. While direct impacts on consumers are likely to be significant, indirect impacts on expenditure from public and private sectors in supporting this sector, such as through investing in infrastructure for these vehicles, also shouldn't be overlooked. Both potentially could have a major impact on the sector's prospects as the economy begins to recover.

Exploiting the demands of young adults is a major opportunity for those in the hybrid and electric car market. Mintel's research notes that not only are under-35s more likely than older adults to own newer cars, potentially making them more likely to be repeat purchasers, they are also a group where interest in hybrid and electric car technology is highest. Young men in particular should be viewed as an especially important target as they record some of the highest interest in newly commercialised technology such as PH-EVs (plug-in hybrid) and FC-EVs (fuel cell) cars.

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- Only around a quarter of cars in ownership are under three years old
- Car use polarised towards commuting or broader uses
- Interest in hybrid and electric is high but few want to purchase one now
- Most car owners want the security of tried and trusted technology
- Information is moving online
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