

Car Review - UK - February 2021

Report Price: £2195 | \$2995 | €2600

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This report looks at the following areas:

Cars powered solely by fuels other than petrol and diesel have come of age. Despite the new car sector suffering from a downturn in sales during 2020, in large part because of the impact of the COVID-19 pandemic, the AFV (Alternative-fuelled Vehicle) market has seen spectacular growth. Assisted by the launch of a growing number of hybrid and 100% battery electric models, AFVs accounted for 17.5% of new car sales in 2020 compared with 7.4% in 2019 and only 2.8% in 2015.

COVID-19 has brought further misery to a UK car market that was already suffering from falling sales. Combined new and used volumes were down at 10 million units in 2019 with 2020 expected to see a collapse in sales to 7.91 million units as consumer confidence and disruption to sales channels hit purchases. The recent lockdown in January 2021 will not have helped and recovery to pre-COVID-19 levels is not expected until 2023 when sales are forecast at 10.04 million units.

The pace of the UK's economic recovery following the COVID-19 pandemic remains a major concern for the market, especially for new car sales. GDP growth has been downgraded and it is likely that this will affect the likelihood of expenditure on high-ticket items such as cars. The new car sector is particularly exposed on grounds of higher typical prices with Mintel expecting used car volumes to recover at a faster pace in the short and medium term.

UK car owners have long focused on smaller vehicles with Mintel expecting this interest to continue and play an important role in the recovery of the sector. The recent popularity of SUVs (Sports Utility Vehicles) appears to be slowing as growth in share of new sales slows and share of promotional expenditure falls away. Changed priorities following the COVID-19 pandemic are set to refocus some car owners towards more sustainable solutions with smaller cars a key beneficiary.



"The UK car market is currently passing through a difficult period. Falling sales since 2016 have been impacted further since 2020 by the COVID-19 pandemic. The result has been difficulties for both new and used sectors. Yet the car market continues to offer opportunities."

- Neil Mason, Retail Category Director

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- The impact of COVID-19 on the UK car market.
- How COVID-19 and factors such as the Brexit agreement might affect the direction of travel for the car market.
- Recent developments in new/used sales, vehicle category and fuel preferences.
- Key drivers impacting on the market and main channels used for purchasing.
- Company and brand shares within the new car sector.
- Consumer preferences towards types of car, innovations, channels for information and alternatives to car ownership.

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