

# Car Review - UK - 2023

Report Price: £2195 | \$2995 | €2600

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## This report looks at the following areas:

- The impact of COVID-19, and more recently the cost-of-living crisis, on the market for cars.
- Trends in new/used sales, vehicle category and fuel preferences.
- Key drivers impacting on the market and main channels used for purchasing.
- The main channels used for the purchase of cars.
- Company and brand shares within the market.
- Consumer preferences towards different types of car, importance of factors when choosing a car, recent changes in car use and channels used for information on cars.

Despite the expansion that has already taken place within the market towards larger specialist cars, such as SUVs (Sports Utility Vehicles), growth continues at the expense of more traditional vehicle styles such as saloons/hatchbacks. Ownership of small saloons and hatchbacks fell 3 percentage points between 2019 and 2022, from 31% to 28%, whilst the share of the market for SUVs increased by 2 percentage points from 11% to 13%.

The current cost-of-living crisis is focusing attention of car owners towards getting a good deal when purchasing. Mintel's research illustrates this with the importance of upfront costs of purchasing a car up 4 percentage points compared to 12 months ago while the issue of quality is ahead by 2 percentage points.

Currently the biggest threats to the UK car market are the difficulties faced for both new and used car markets. The new car sector remains constrained by the twin effects of production difficulties as well as consequent inflationary price pressures faced by buyers as a result of shortages in supply. While used car sales have benefited from increased demand, similar problems can be found here with rising prices and stock shortages continuing to impact this sector.



"Difficulties for the UK car market continue as the current cost-of-living crisis delays what was expected to be a rapid return to normality after the recent pandemic. Yet despite this, demands from car owners continue to evolve."

– **Neil Mason, Retail Category Director, February 2023**

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Changes in driving habits post-pandemic have resulted in both increases and decreases in travel depending on purpose. Mintel's research suggests that some car owners are driving more than others with long term this having the potential to change the demands of these owners when it comes to the purchase of a vehicle. Groups likely to have such demands include those who typically purchase their car from new, owners of smaller vehicles and those located in urban areas.



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