

Car Retailing - UK - July 2012

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“The much-expected recovery of the new car market following the recent recession has failed to materialise. Cautious consumers have in many cases opted to delay the purchase of a vehicle or buy used. For manufacturers and dealers, the result is ever more intense pressure to ensure that they fully understand the needs and desires of buyers.”

– Neil Mason, Head of Retail Research

In this report we answer the key questions:

- When will new car sales recover?
- Do the public prefer buying used?
- Where next for the car market?
- How will manufacturers cope with a fragmenting market?
- How should dealers and others engage with buyers?

This report presents a review of the UK market for car retailing. It is an update to Mintel’s last report into this market: Car Retailing – UK, August 2011.

Although it has only been 12 months since Mintel last reviewed this market, the impact of the UK economy to fully recover from recession has adversely affected car sales and the prospects for the retail sector. Any improvement in the sale of new cars appears to have halted with the used sector continuing to be the main focus of consumer activity.

Car retailing is proving an increasing challenge for all those in this market with the steady decline in the size of the dealer network. Those that continue to operate are increasingly looking at larger sites and at ways of improving profitability. Even the internet, which in recent years has been mooted as the next great development, has itself suffered from difficulties as evidenced by the departure of companies such as Autoquake and Tesco Cars.

Consumers’ approach to buying a car in these difficult times remains cautious. Where possible used cars are being preferred over new therefore resulting in robust second-hand prices. Smaller cars are currently in vogue although there is a trend as well towards trading up where possible to more expensive brands. Research prior to the purchase of a car is seen as important to many with the use of tools available through the internet increasingly complementing the more traditional methods of visiting a car dealer and asking the opinions of family and friends.

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