

Cars and Commercial Vehicles - UK - May 2019

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This report looks at the following areas:

- **Brexit headwinds exacerbate challenging market conditions**
- **Government fuel policy and the exodus from diesel**

Cars and commercial vehicles faced a challenging year in 2018 as both production and sales fell for a second consecutive period. This decline was underpinned by Brexit headwinds and the exodus from diesel, which continue to undermine domestic sales. Meanwhile, weakened demand in global markets has further limited production.

The exodus from diesel, triggered by the government's fuel policy, has been a huge constraint on the market since 2016. The diesel sector plummeted again in 2018, with car sales falling by nearly a third. This sharp fall negated the growth in petrol and AFV sales, which saw overall demand in the domestic market escalate further downhill in 2018.

The industry looks to be at a crossroads, marked by global automakers' costly ongoing shift away from fuel and towards hybrid and electric vehicles. This transition continues to limit investment and activity in the UK. However, it has also opened avenues for growth, namely in the AFV market.

Looking forward, there remains a cloud on the horizon. The UK is due to formally exit the UK by the 31st October 2019. The manner in which this is done will be fundamental to the future of the industry. All focus and expression from the industry surrounds the importance of the UK avoiding a no-deal.

Forecasting the manner in which the UK will leave the EU and the subsequent performance of the UK is almost impossible. However, it remains fundamental that the industry is safeguarded in negotiations, particularly from any potential obstacles to its frictionless trade with the EU, which has underpinned much of the industry's impressive recovery since the 2008 economic crisis.



"The cars and commercial vehicles market contracted for a second year in 2018 amid a cocktail of challenges, both internal and external to the industry. Brexit headwinds and the exodus from diesel continue to undermine domestic sales, while production remains constrained by weakening global markets."

– **Marco Amasanti, B2B Analyst**

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Table of Contents

OVERVIEW

- What you need to know
- Covered in this Report

EXECUTIVE SUMMARY

- The market
- Cars and commercial vehicles market contracts for a second consecutive year

Figure 1: UK total vehicle registrations and forecast, '000, 2014–23

- AFV market continues to boom in 2018
- Companies and brands
- Difficult trading conditions reflected in closures
- Global automakers hold up electric as the future of automobiles
- What we think

ISSUES AND INSIGHTS

- Brexit headwinds exacerbate challenging market conditions
- The facts
- The implications
- Government fuel policy and the exodus from diesel
- The facts
- The implications

THE MARKET – WHAT YOU NEED TO KNOW

- Total vehicle sales and manufacturing fall for a second consecutive year
- Passenger cars underpin total decline
- Alternatively-fuelled vehicles
- Vehicle sales are forecast to remain flat in the coming years

MARKET SIZE

- Total vehicle sales and manufacturing fall for a second consecutive year
- Uncertainties continue to undermine domestic demand
- Vehicle manufacturing fell sharply in 2018 amid global pressures
- Export markets falter in 2018

Figure 2: Total vehicle registrations, 2014–18

Figure 3: Total vehicle production, 2014–18

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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MARKET SEGMENTATION

- **Passenger cars underpin total decline**
- **Car sales see biggest fall since financial crisis**
- **Car production stutters as investment into the sector nearly halves**

Figure 4: Passenger cars registration and production, 2014-18

- **Commercial vehicles sector performs more stably**

Figure 5: Commercial vehicles registration and production, 2014-18

ALTERNATIVELY-FUELLED VEHICLES

- **AFVs continue double-figure sales growth**

Figure 6: Alternately-fuelled vehicles registrations, 2014-18

- **Growth remains underpinned by hybrids**

Figure 7: Alternately-fuelled vehicles registrations, by type, 2017 and 2018

- **Changes to the Plug-In Car Grant**
- **What this could mean for AFVs**

MARKET FORECAST

- **Vehicle sales are forecast to remain flat in the coming years**

Figure 8: UK vehicle registration market forecast, '000, 2019-23

- **Commercial vehicles to further outperform cars**

Figure 9: UK vehicle registration market forecast, by cars and commercial vehicles, '000, 2019-23

- **Consumers remain optimistic of purchases**

Figure 10: Intention to purchase a car in the next three years, November 2018

- **AFV sector forecast to break 300,000 annual sales by 2023**

Figure 11: Forecast alternately-fuelled vehicles registrations, 2019-23

THE IMPACT OF THE ECONOMY

- **Disposable incomes continue to grow steadily but consumer confidence remains low**

Figure 12: Gross disposable income per head, current price, £, Q1 2014-Q4 2018

MARKET TRENDS

- **Uncertain consumer landscape is compounded by market difficulties**
- **Exacerbating market difficulties**
- **Reasons for hope in 2019**

What's included

Executive Summary

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Infographic Overview

Powerpoint Presentation

Interactive Databook

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Figure 13: Mintel financial confidence tracker, January 2016–February 2019

- **The fleet sector maintains dominance but increasingly challenged by uncertainty**

Figure 14: Car registrations by sales type, % of total, 2018

- **Global market**
- **The strain of uncertainty continues to limit EU exports**
- **Weakening Chinese demand drives the importance of other export markets**

Figure 15: UK top car export destinations, % of exports, 2018

MARKET DRIVERS

- **Industry struck by a series of closures**
- **Continued strain of Brexit uncertainty**
- **Falling demand from China**
- **Back to Japan**
- **A costly shift in global consumer demand**
- **The drive to ultra-low emissions**
- **What this means for the industry**

COMPANIES AND BRANDS – WHAT YOU NEED TO KNOW

- **Difficult trading conditions reflected in infrastructure decline**
- **Automakers continue to strive for electrification**
- **Continued Chinese interest**

INDUSTRY STRUCTURE

- **Changes in the structure of the industry**

Figure 16: Analysis of changes in the structure of the cars and commercial vehicles industry, outlets and businesses, 2014–18

- **Structure by employment**

Figure 17: Analysis of the employment structure of the cars and commercial vehicles industry, number of outlets and employees, 2017 and 2018

- **Structure by turnover**

Figure 18: Analysis of the financial structure of the cars and commercial vehicles industry, number of businesses and turnover, 2017 and 2018

COMPETITIVE STRATEGIES

- **Brexit headwinds and wider uncertainties**
- **Continued electrification efforts**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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COMPANY PROFILES

- **Daimler UK**
- **Recent company activity**
- **Financial information**
Figure 19: Financial analysis of Daimler UK, € million, 2014-18
- **Ford Motor Company Ltd**
- **Recent company activity**
- **Financial information**
Figure 20: Financial analysis of Ford Motor Company Ltd, £ million, 2013-17
- **Peugeot Motor Company Ltd**
- **Recent company activity**
- **Financial information**
Figure 21: Financial analysis of Peugeot Motor Company Ltd, £ million, 2013-17
- **Volkswagen Group UK Ltd**
- **Recent company activity**
- **Financial information**
Figure 22: Financial analysis of Volkswagen Group UK Ltd, £ million, 2013-17
- **Volvo Group UK Ltd**
- **Recent company activity**
- **Financial information**
Figure 23: Financial analysis of Volvo Group UK Ltd, £ million, 2013-17

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- **Abbreviations**
- **Methodology**

FURTHER SOURCES AND CONTACTS

- **Trade associations**
- **British Vehicle Rental and Leasing Association (BVRLA)**
- **Confederation of Passenger Transport UK (CPT)**
- **European Automobile Manufacturers Association (ACEA)**
- **Finance & Leasing Association**
- **Freight Transport Association (FTA)**
- **International Organization of Motor Vehicle Manufacturers (OICA)**
- **The National Franchised Dealers Association**
- **Retail Motor Industry Federation (RMI)**
- **Road Haulage Association (RHA)**
- **Society of Motor Manufacturers and Traders (SMMT)**

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Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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- Auto Trader
- Commercial Vehicle Dealer
- Motor Trader Magazine
- Trade events
- Automechanika Birmingham
- The Commercial Vehicle Show

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Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

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