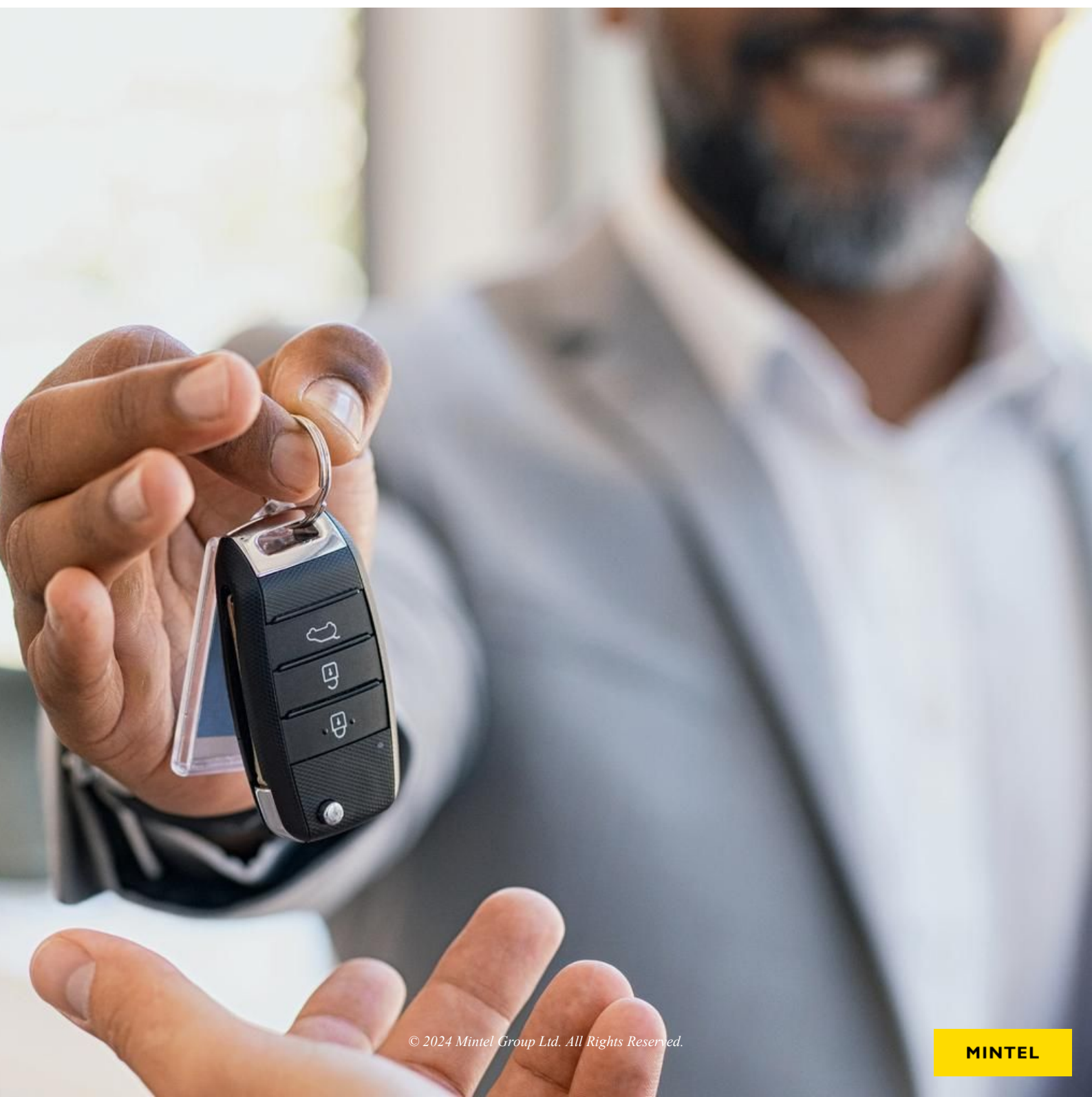


CAR PURCHASING – GERMANY – 2020

Germany will face a very challenging year due to the impact of COVID-19, with depressed sales forcing the car sector to focus on its most promising segments.



Bettina Krechel, Research
Director - German
Reports



Report Content



EXECUTIVE SUMMARY

- Mintel's perspective

Market context

- COVID-19's impact on German consumers
- Germany represents a sizeable car market
- Difficult period ahead for the German car market
- Opportunities continue to be available for manufacturers
- Hybrid and electric vehicles are now the key challenger to petrol
- Move away from traditional manufacturers accelerates market fragmentation
- Traditional sales channels remain popular

Mintel predicts

- New car sales set to be impacted by COVID-19 during 2020
- The impact of COVID-19 on the new car market
- Germany will remain an attractive market...
- Germany will remain an attractive market...
- ...despite short-term difficulties

What consumers want and why

- Consumers want: to own a new car
- Consumers want: to buy a car in the next two years
- Consumers want: the services of a dealer
- Consumers want: a range of channels if less wealthy
 - Graph 1: where last car purchased, by income, January 2020
- Consumers want: hybrid technology over diesel
 - Graph 2: consumer fuel preferences, January 2020
- Consumers want: reassurance about electric cars
 - Graph 3: importance of features when purchasing an electric car, January 2020

Opportunities

- New role for the car in German society
- Greater need to re-engage with older adults
- Popularity of SUVs should be exploited further
- Internet sales have potential
- Electric cars need a push

The competitive landscape

- Dealers dominate the German car market
 - Graph 4: key distribution channels, new and used cars, 2019
- New car market is dominated by German brands
- New car market is dominated by German brands
- Volkswagen's Golf is the most popular model
 - Graph 5: new car sales by model (% volume), top ten models, 2019
- Quick download resources

THE IMPACT OF COVID-19

- COVID-19's impact on the category
- Sales fall back as COVID-19 hits market
- What COVID-19 will mean in the short, medium and long term for car purchasing
- Key shifts in consumer behaviours
- How COVID-19 is impacting key consumer segments
- Social distancing and prioritising spend to harm car purchases
- Opportunities for the car purchasing industry
- The impact of COVID-19 on the marketing mix
- How a COVID-19 recession will reshape the industry
- How a COVID-19 recession will reshape the industry

MARKET DRIVERS

- Worry about being exposed to COVID-19 has grown
 - Graph 6: "How worried are you about the risk of being exposed to the Coronavirus (also known as COVID-19)?", March-April, 2020
- Skyrocketing concerns about COVID's impact on Germans' lifestyles
 - Graph 7: "To what extent are you worried about how the outbreak might affect your lifestyle?", March-April, 2020
- COVID-19 – the big unknown
- GDP growth under pressure
 - Graph 8: gross domestic product, price-adjusted, 2009-19
- Disposable income growth is positive for big-ticket spending
- Inflationary pressures mostly affect vehicle maintenance and repair
- Inflationary pressures mostly affect vehicle maintenance and repair
 - Graph 9: consumer price index, 2015-19
- Car ownership penetration continues to increase
- German car parc surpasses 47 million vehicles in 2019

- Decline in journeys taken by car noted since 2017
- Air transport and rail both see growth in number of journeys

WHAT CONSUMERS WANT AND WHY

Car ownership

- Around three quarters of German adults own a car
 - Graph 10: car ownership, January 2020
- Wealthy households are more likely to be car owners
 - Graph 11: car ownership, by income, January 2020
- Men are most likely to be car owners
 - Graph 12: car ownership, by gender and age, January 2020
- Southern Germany has the highest levels of car ownership
 - Graph 13: car ownership, by region, January 2020

Age of car owned

- Most cars were purchased more than two years ago
- Most cars were purchased more than two years ago
- Income strongly influences decision to buy from new
 - Graph 14: age of car owned, by income, January 2020
- Young adults are most likely to have recently purchased a car...
 - Graph 15: age of car owned, by age, January 2020
- ...with young men and women having different preferences
 - Graph 16: age of car owned, adults aged 18-34, January 2020
- Berlin-Brandenburg region is a key market for new car sales
 - Graph 17: age of car owned, by region (bought a new car in the last two years), January 2020

Access to cars for those without a car

- A sizeable minority of non-car owners do have a licence
 - Graph 18: access to cars for non-car owners, January 2020
- Young and old offer mixed opportunities...
- Young and old offer mixed opportunities...
- ...with older adults an attractive market
 - Graph 19: access to cars for non-car owners, by age, January 2020

Where car was last purchased

- Main dealers dominate the market
- Main and independent dealers are the leading two channels
 - Graph 20: where last car was purchased, January 2020

Car Purchasing – Germany – 2020

- Less-wealthy Germans are likely to use a variety of sales channels
 - Graph 21: where last car was purchased, by income, five most popular channels, January 2020
- Young adults lead when it comes to using the internet
 - Graph 22: where last car was purchased, by age (online and sales websites online), January 2020
- Main dealers popular for those who have bought new in the past
 - Graph 23: where last car was purchased, by car ownership, January 2020

Car purchasing intentions, next three years

- Future purchasing plans lack dynamism
 - Graph 24: car purchase intentions – next three years, January 2020
- Under 35s are the most likely to buy in the short term
 - Graph 25: car purchase intentions – next three years, by age, January 2020
- German men are another important group of buyers
 - Graph 26: car purchase intentions – next three years, by gender, January 2020
- Large households offer opportunities
 - Graph 27: car purchase intentions – next three years, by household size, January 2020
- Impact of income shouldn't be overlooked
 - Graph 28: car purchase intentions – next three years, by income, January 2020
- New car owners are an important group of potential purchasers
 - Graph 29: car purchase intentions by car ownership, January 2020

Car purchasing intentions, timeline for purchase

- Three quarters of buyers plan to purchase in the next two years
 - Graph 30: car purchase intentions – timeline for purchase, January 2020
- Younger adults are more likely to purchase in the next 12 months
 - Graph 31: car purchase intentions – timeline for purchase, by age, January 2020
- Short-term purchasing interest low amongst the less wealthy
 - Graph 32: car purchase intentions – timeline for purchase, by income band, January 2020

Car purchasing intentions, new or used

- Over a fifth of buyers are uncertain if they will purchase new or used
- Over a fifth of buyers are uncertain if they will purchase new or used
- Income strongly influences decision
 - Graph 33: car purchase intentions – new or used, by income band, January 2020
- Men are likely to be attracted towards new cars
 - Graph 34: car purchase intentions – new or used, by age and gender, January 2020
- New car owners are likely to buy new again
 - Graph 35: car purchase intentions – new or used by car ownership, January 2020

Preference for fuel types

- Hybrid technology is now the clear challenger to petrol
- Hybrid technology is now the clear challenger to petrol
- 44% would be very or somewhat likely to consider a hybrid car
 - Graph 36: preference for fuel types, January 2020
- Addressing young Germans is key in the move away from petrol and diesel
 - Graph 37: preference for fuel types (NET), 18-34 (any likely), January 2020
- Young men appear more adventurous than young women
 - Graph 38: preference for fuel types (NET), by gender, January 2020
- New car owners represent an important market for alternative fuels
 - Graph 39: preference for fuel types (NET) by car ownership, January 2020

Purchasing an electric car

- Concerns about costs and charging dominate thinking
- Purchase price is the most important factor overall
 - Graph 40: importance of features associated with purchasing an electric car, January 2020
- Older adults are likely to be a difficult group of buyers
 - Graph 41: importance of features associated with purchasing an electric car, top three features, by age and gender, January 2020

Channels of distribution

- Germans prefer to buy from main dealers
 - Graph 42: key distribution channels, new and used cars, 2019
- Main dealers are well placed in both new and used markets
- Main dealers are well placed in both new and used markets

MARKET SHARE

- Fragmentation evident as buyers increasingly look beyond established names
- Volkswagen dominates the German car market...
- ...despite seeing its share of the market decline
 - Graph 43: new car sales by brand (% volume), leading 10 brands, 2014 and 2019
- A number of established players are suffering a fall in market share
- Majority of the most popular models are also seeing their share slip
- Volkswagen's Golf remains the most popular model in the market
 - Graph 44: new car sales by brand and model (% volume), leading 10 models, 2014 and 2019
- Volkswagen still dominates the top 10 placings despite market fragmentation

MARKET SEGMENTATION, SIZE AND FORECAST

- Note on forecast in response to COVID-19
- Note on forecast in response to COVID-19

Market size and forecast

- New car market returns to growth after difficult 2018
- New car market returns to growth after difficult 2018
- New car sales forecast to reach 3.9 million by 2024
- Short-term difficulties likely as COVID-19 hits sales
- Short-term difficulties likely as COVID-19 hits sales
- Medium- and long-term offers better prospects
- Medium- and long-term offers better prospects

Market segmentation

- Commercial buyers dominate the market
- New car purchases are focused on South and West Germany
- Interest increasingly moving towards SUVs and off-road cars...
 - Graph 45: new cars sales by category (SUV and off road), 2014-19
- ...although smaller-format vehicles still dominate sales
- Diesel falls out of favour as interest in alternative fuels gains ground...
 - Graph 46: new car sales, by fuel type, 2014 and 2019
- ...with full and mild hybrids increasingly preferred
 - Graph 47: new car sales by, alternative fuel, 2014-19

APPENDIX

Note on COVID-19

- COVID-19's impact on new car market and German consumer behaviour

Appendix – products covered, abbreviations and consumer research methodology

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- Market size and forecast – volume

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