

A first semester under the signs of shortage crisis and purchase power concerns

The automotive industry has suffered another nosedive in June 2022 and continues downward trend for the first half of 2022. Successive shortage crises keep disrupting new car production while the used car market is further dimming the prospect of a recovery as well. Only electric and hybrids cars seem to resist and fend off global slump. Concern over consumer buying power shapes buyer's decision process as whether they'd choose a new car or a used one, according to socio-economic surveys by municipalities. The globalization of vehicle lease alternatives (long term rental/lease purchase), even for private individuals and used car segments highlights their attractiveness for households with budget considerations.

June traditionally records the highest registrations units and June 2022 is no exception, although it still marks the thirteen consecutive month of decline for the new car market, down by 14% compared with a year ago. AAA DATA, the augmented data leader expert, recorded 171 089 new car registrations over the past month, a figure down compared to June 2021 and 2019 where respectively 199 508 and 230 964 registrations were observed. 2019 is the last year of reference before the industry experienced major upheaval with the pandemic outbreak. With 771 982 new vehicles registered since 2022, the market fell by 16% in comparison with 2021 and by 34% compared to 2019. Used car sales are now down for seven months in a row and fell by 18% in June with 453 583 registrations and by 12% throughout the first semester (with 2 732 773 registrations up to date)

"Consumer buying power is more than ever a key concern for French households and potential buyers. The recent events are influencing French consumer behavior with drivers turning to electrified models" states Marie-Laure Nivot, Head of Market Intelligence at AAA Data. Despite French's government fuel rebate offer to help drivers stave off hard hit on their budget, soaring fuel prices are currently rattling the economy. "Their relationship with cars is changing and new emerging trends like refurbished used car meet today's consumer demands to reconcile responsible consumption with budget constraints.

Electric models escape sales slump

While the new car market is experiencing a major crisis, electric engines have managed to stay afloat and barely maintain a market share of 13% in June. Hybrids in general accounts for one in three registrations (27%) and yet still fell by 13%. They were swept away by driver's disaffection for plug-in hybrids that plummeted by 28%. Hybrids are catching up with petrol sales, which market share accounts for 37% of registrations (a 19% drop). Once a one-time wonder fuel, diesel becomes a pariah as it will soon be banned from greater cities and the implementation of low emissions zones (ZFE). Diesel sales keep getting driven off the cliff and plunged to a new low (26%) as they no longer only accounts for 18% of the new vehicle market share.

Demand for used car drops in all age groups

The used car market has been declining for 7 months in a row and is now falling at a faster pace (-18%) in June. Although it spreads to all age groups, nearly new cars (1 to 5 years old) are the most impacted as sales dropped by 28%, due to the new car market decline since 2022. Models between 5 and 10 years old are down by 17% and older models (10 years older) are down by 9% only.

Again, hybrid and electric vehicles boost secondhand car market as the only segment growing, despite plummeting growth in the used car segment. Hybrids and electrics peak at 6% of market share in comparison with 53% for diesel and 41% for petrol. It appears clearly that living in a ZFE restricted area affects largely one's purchasing behavior.

The growing part of company business vehicles in the used car market is another significant phenomenon. They account for 5% of used-car registrations in June 2022, against 3% in 2019.

Buying power concerns shapes the market landscape and transforms financing modes preferences

AAA DATA observes the propensity to buy new or used cars according to the socio-economic data by municipalities and measures to which extent purchasing power affects and shapes car consumption and customer's decision process. Without surprise, in an affluent community like Boulogne-Billancourt, new-car market share accounts for 23% of registrations for private owners in 2021. However, within the same department (Hauts-de-Seine), new cars market share doesn't exceed 9% in Villeneuve-la-Garenne, known to be a lower income community.

Budget control considerations lead more households to consider lease formulas, either long term rental or purchase lease option (LLD/LOA). Though leasing option used to be traditionally higher for business vehicles profiles, more than half of individuals (54% in June) are now choosing to finance their new car. Even the used car market grows a stronger connection with lease as the percentage of buyers who chose to lease used cars has risen from 2,9% last year to 3,5% in June 2022.

Contract terms are attractive for buyers benefiting from a large hassle-free service scope: insurance cover built in with rent and maintenance included. This enables buyers to smooth their budget and avoid unexpected costs.

More information or data available on request from the press service.

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About AAA DATA:

AAA DATA leverages historical and extensive driven valued data expertise. We detect the right insights on consumers trend and the market to predict uses of tomorrow and deliver our customers tailor-made solutions. AAA DATA uses and builds a reliable and proven database. Thanks to our strong data repository and expertise, AAA DATA shapes and provides powerful cutting-edge solutions to anticipate tomorrow's needs in a wide range of consumer sectors.

