



What people think,
feel and do



Awards 2021
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Opinium

The Rising Cost of Motoring



Key findings

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Project details

PROJECT NUMBER	N/A
PROJECT NAME	The Rising Cost of Motoring
CLIENT COMPANY NAME	Opinium
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Consumers at a crossroads: Where next for the UK car market

2021 saw the first consecutive annual fall in the number of cars on UK roads in more than a century (SMMT Motorparc data). In 2021 the number of people with a UK driving licence also fell (mostly driven by young people, ONS). There are many reasons why UK motorists may have re-evaluated their driving needs over the past couple of years.

Covid lockdowns restricted motorist's movements for months at a time and brought about a substantial increase in home and hybrid working. These changes to working habits have been normalised and are unlikely to be reversed. At the same time, the government has been placing cost restrictions on drivers in city areas, first introducing the Ultra Low Emissions Zone (Ulez) in London in 2019, before substantially expanding it in 2021. There are similar plans for more than ten other UK cities by the end of 2022. All of which is likely to cause some motorists to re-assess what they consider to be essential travel and whether they actually need a car anymore.

At the same time the UK motor industry has been dogged by supply chain shortages (from Brexit to employee shortages because of COVID, electricity price rises at the highest level in Europe, and a shortage of parts in general) all of which has constricted both the new and second-hand UK car markets. So even if consumers conclude they still need a new car, they may not want what is available.

With choice limitations on the one hand, motorists may face choice paralysis on the other. The motor industry set to go through massive change in the near future (e.g. rise in electric and hybrid vehicles, connected vehicles, driverless vehicles), along with changes in the way people own cars (leasing, HP, car sharing pools). Consumers may be overwhelmed, putting off big ticket purchase decisions.

Finally, motoring is becoming much more expensive at a time when consumers can least afford it. The war in Ukraine has resulted in a fuel price crisis in the UK with the RAC reporting an average petrol price of 107p per litre in May 20, rising to 190p per litre July 22 (+178% increase, and a similar increase for diesel). The fuel price crisis has also resulted in a steep rise in the cost of living in the UK with inflation at a 40-year high (9.4% June 2022). While consumer confidence has fallen to a record low (-41, July 2022, GfK).

Against all of this, we asked UK motorists if they have made changes to their car ownership and for their thoughts about what road the motor industry may be taking in the future.

Nearly half of car owners have considered reducing motoring costs

Opinium data shows that 59% of UK adults (c.31.2m people) currently own or lease cars (rising to 66% among higher social grades ABC1 with higher incomes, and 51% among social grades C2DE). Just over 1 in 10 (12%) do not currently own cars but have done so in the past, while 29% have never owned a car. Of those that currently own a car, 42% almost always use it for leisure or convenience trips (e.g. for shopping or to visit friends) and 12% mostly use it for leisure or convenience. In fact, only 18% say that they mostly or always use their main car for essential trips (like work or the school run). Given the tough current economic climate and the fact that so many car owners do not see their car ownership as essential, we asked car owners if they had recently considered taking any measures to reduce their motoring costs.

Opinium data reveals that almost half (45%) of UK car owners (c.14.0m people) have considered reducing the running cost or value held in the cars they own. Of these, 30% (c.9.4m people) had already taken cost-saving measures and 16% were yet to do so.

There were differences by demographic here:

- The young (18-34) were much more likely to have considered reducing motoring costs (62%) than those 55+ (34%)
 - There has been a decrease in young people holding driving licenses and the data suggests that those that do are among those most likely to be looking to reduce motoring costs. A tough road potentially lies ahead for manufacturers if they can't engage with young consumers.
- Social grade ABC1 (49%) were more likely than social grade C2DE (39%) to have considered reducing motoring costs.
 - Those from higher social grades (ABC1) with higher incomes are more likely to have more invested in their vehicles, and data shows it's these groups which are most likely to be considering reducing motoring costs.
- Those in London (57%) were also much more likely to have considered reducing motoring costs.
 - People in London are among those most likely to be considering reducing motoring costs and as the population becomes more urbanised, more may start considering whether they need a car, or whether they can justify it as schemes like ULEZ effectively price them out.
- Those using their car for one purpose were more likely to have considered reducing their motoring costs, i.e. almost always for leisure (47%), almost always for essential trips (52%) vs a those using vehicle for mixture leisure and essential trips (38%)

The fuel price crisis and the rising cost of living are the main causes driving people away from motoring

Of those that have considered reducing their motoring costs in the last 12 months, three in five (58%) said that the fuel price crisis had been the spark while half (50%) cited inflation and the rising cost of living as a reason. Other increasing motoring costs e.g. insurance (30%) come into the equation, before a long tail of secondary reasons factors, including: lack of car availability, increase in charges and factors relating to COVID (such as lockdowns and changes to working habits). These factors are likely to niggle at drivers and in combination, may make car owners question whether car ownership is worth it.

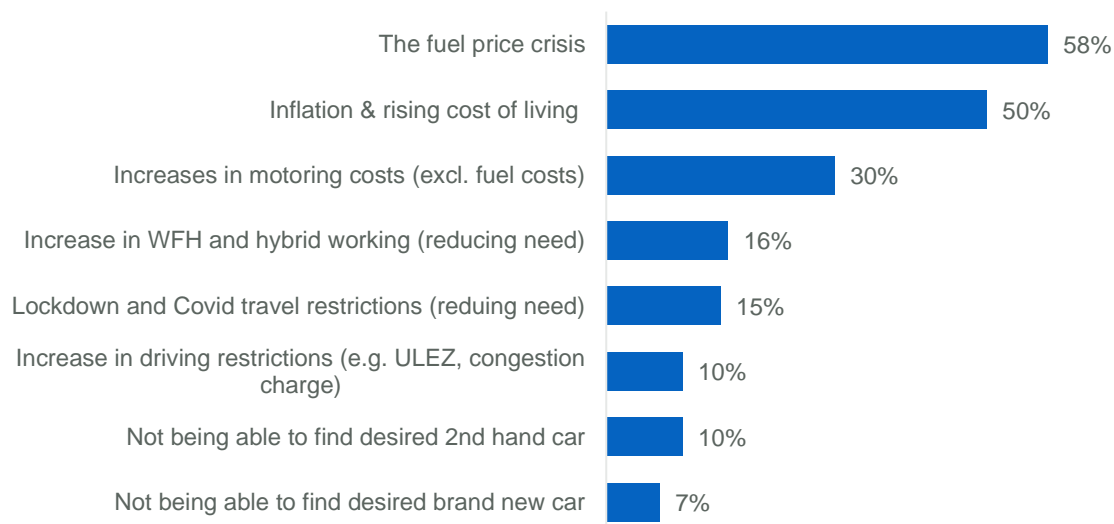
Among those considering reducing the money they have tied up in cars there were again key differences by demographic:

- The old (55+) were more likely to say that the fuel price crisis had acted as a prompt (71% vs 42% 18–35-year-olds).
- Driving charges like ULEZ and the congestion charge acted as much more of a prompt to those in London (28% vs 10% overall).

Those that almost always use their car for essential trips (e.g. work or the school run) were less impacted by the fuel price crisis (46% vs 58% overall) and rising cost of living (35% vs 50% overall) but were more likely to say that changes in working practise (working from home and hybrid working) had made them consider reducing their motoring costs (21% vs 16% overall).

The fuel price crisis was the main prompt behind people considering reducing their motoring costs in the last 12 months, closely followed by the rising cost of living

% Citing reasons for considering reducing motoring costs in the last 12 months. Base size: n=570



Reducing running costs is the most commonly considered cost saving approach

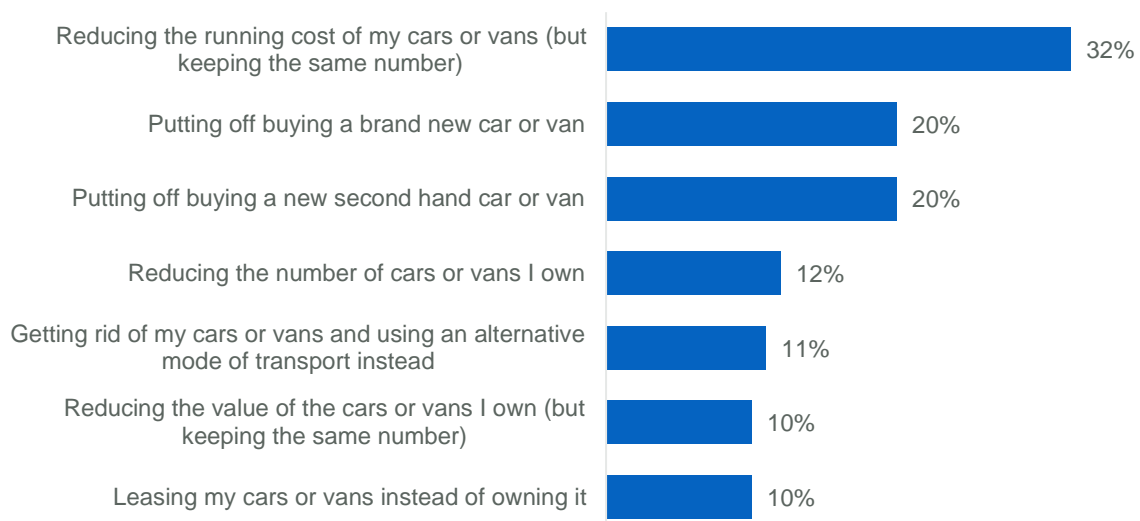
Reducing the running costs (32%) is the most commonly considered cost-saving approach among motorists who want to claw back the money tied up in their vehicles. One in ten (11%) have considered exiting the market entirely and using an alternative mode of transport, while 12% have considered reducing the number of cars that they own. One in five had put off buying a brand new car (20%) and the same number had been put off from buying a second hand car.

Among those considering reducing their motoring costs, there are differences in approach by demographic:

- Men (13%) are much more likely to consider leasing than women (6%). Men (15%) are also more open to getting rid of their car and finding an alternative mode of transport than women (7%)
- The young aged 18-34 (14%) are much more likely to consider leasing a car than the old 55+ (5%). The young 18-34 (18%) are also much more likely to consider reducing the value of the vehicles they own than the old 55+ (2%)
- Those from the wealthier social grades ABC1 (12%) are much more likely to consider reducing the value of the cars they own than C2DE (4%)
- Those living in London (37%) were among the most likely to be considering reducing running costs (vs 32% overall)

Among those considering reducing their motoring costs, reducing running costs was the most common cost saving measure considered

% Citing cost saving measure. Base: n=570



There are clearly a lot of issues and price considerations that motorists are currently weighing up. But the motor industry is set to go through radical change and upheaval in the next 20-30 years.

Urbanisation, the Energy Transition (UK Government plans to halt the sale of petrol and diesel vehicles by 2030 and remove all these cars from the road by 2040, in favour of hybrid and electric), Government emission targets (to - c.80% of 1990s levels by 2050), increased media focus on climate change (as extreme weather and activist groups such as Extinction Rebellion make headline news), new technological advancements and innovations (such as driverless, automated and connected vehicles), new ambitious entrants shaking up the car market (such as Tesla) will all shape the future of motoring. We asked what the UK public thought the future holds in store for the industry and even looking as far as 20 years on.

Key findings:

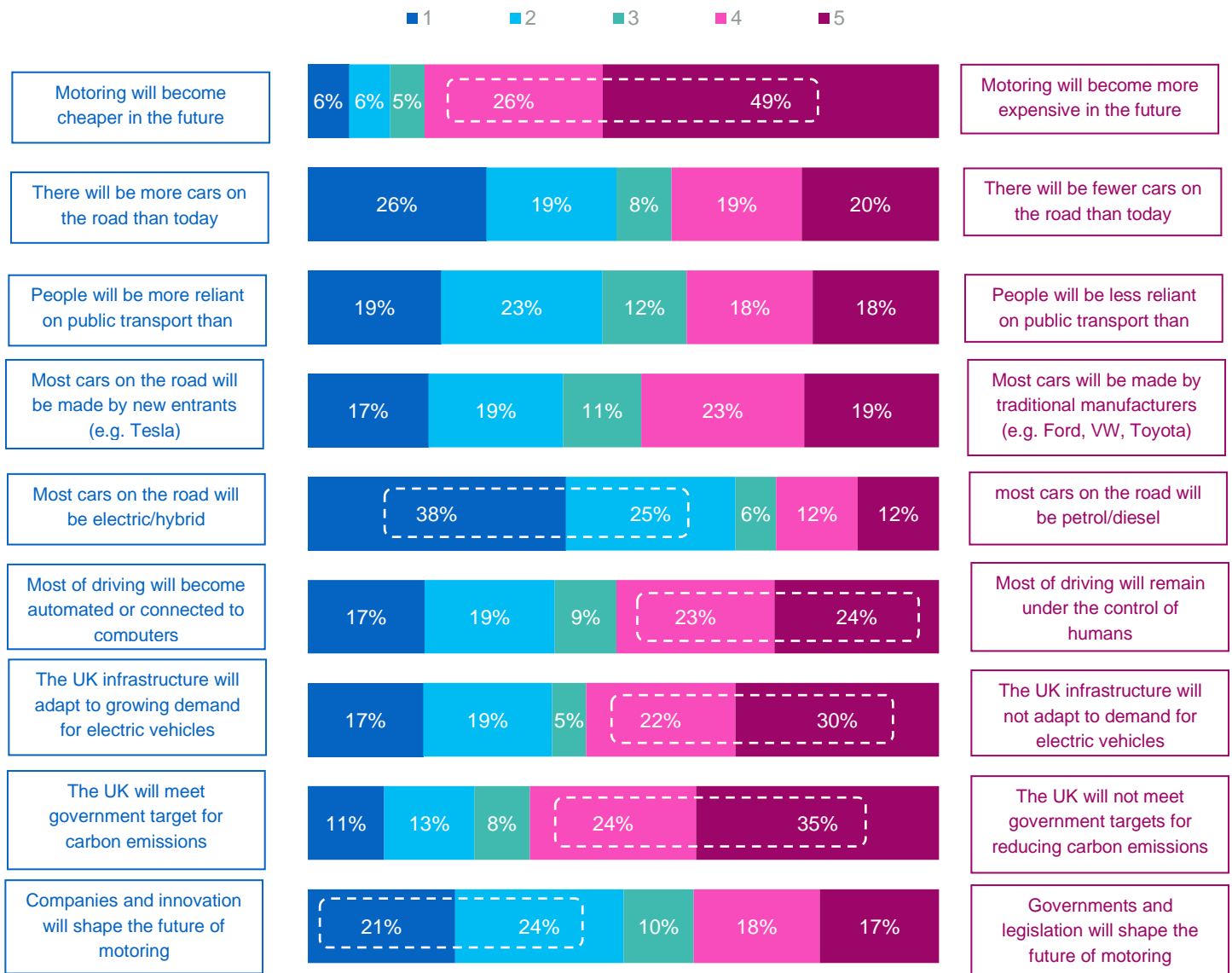
- 75% agreed that motoring will become more expensive in the future
 - The young (18-34) were marginally less sceptical, 66% agreement
- 63% agreed that there will be more electric and hybrid cars on the road than petrol and diesel
- 59% agreed that the UK will not meet current government targets for reducing carbon emissions (i.e. emissions will not fall to -c.80% of 1990s levels)
 - The young (18-34) were marginally less sceptical, 50% agreement
- 52% agreed that the UK infrastructure (e.g. charging stations, National Grid power capacity etc.) will not adapt to keep pace with the growing demand for electric vehicles
 - The young (18-34) were marginally less sceptical, 45% agreement
- 47% agreed that 'driving' will largely remain under human control rather than seeing an increase in driverless, automated and connected vehicles
 - The old (55+) were more likely to agree, agreement 52%

45% agreed that companies and innovation will share the future of motoring (rather than governments and legislation)

- There were strong but balanced views about whether there will be more or less cars on the road than today, whether or not people will be more or less reliant on public transport.
- Slightly more people agreed (42%) with the statement that most cars on the road will be made by traditional manufacturers than new entrants (36%) despite Tesla's massive growth and lead in the electrical car market, which is accepted as the future of motoring.

Three quarters somewhat (4) & strongly agree (5) with the statement “motoring will become more expensive in the future”

% Agreement with paired statements A vs B. Base size: n=2,000

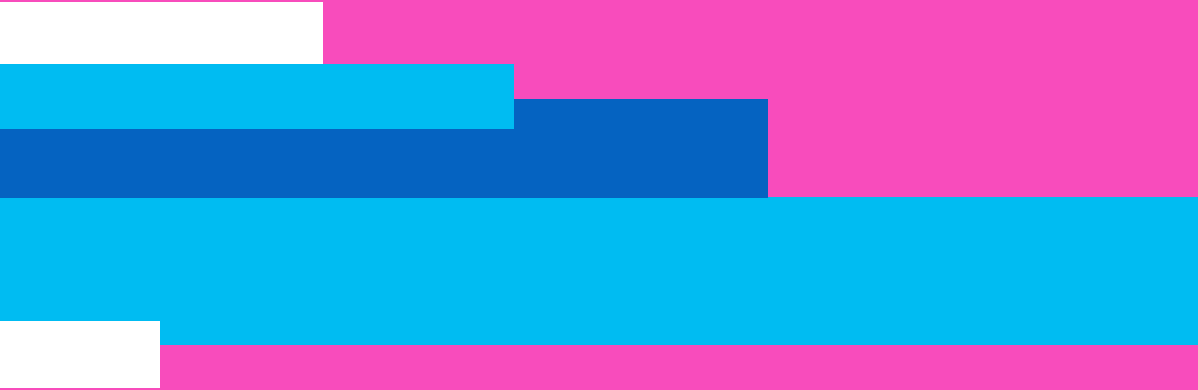


(N.B. Don't knows now shown. Between 6% and 11% said don't know across statements).

The public do not foresee a change in the number of cars on the road and are yet to be convinced that public transport will offer a viable alternative. However, the road ahead for car manufacturers and dealers looks less certain than ever before as the industry faces a raft of major changes and

challenges. Knowing what customers are thinking short and long-term and understanding customer needs is more important than ever.

- **Rapidly changing competitor landscape:** Traditional manufacturers will face increased competition from niche providers. Our data shows the public still see a role for traditional manufacturers. **How do traditional manufacturers make sure they keep up with new tech advancement and remain relevant?**
- **Affordability conundrum:** The public expect motoring to become more expensive in the next 20 years. That almost half of motorists have considered reducing their motoring costs in reaction to the recent fuel price crisis shows just how sensitive to cost motorists are. There has been a growing trend towards leasing and hire purchase, with 92% of private car sales now purchased through new car finance plans (Mintel). In the future, short-term hire on daily or even hourly rates are expected to become mainstream through car sharing organisations, some 29% of UK consumers would be interested in using a car subscription service in the future (Mintel). **How do manufacturers balance the books, making more advanced vehicles, more affordable and accessible on the terms consumers want, while still safeguarding their own profits?**
- **At-risk customers:** The young are among those most looking to reduce motoring costs and there has been a low take up of driving licences among the young. The population is set to urbanise and we have seen that those living in cities like London are among the most likely to be considering reducing their motoring costs as restrictive schemes such as ULEZ start to bite. COVID has dramatically changed the way we work and live and the data shows a large proportion do not use their cars for essential trips. **How does the industry engage with and keep these customers?**
- **The Energy Transition:** The public expect most cars to be hybrid but they do not expect the UK infra-structure to keep pace, and they do not see the UK meeting the government's current climate ambitions. They are looking for companies and innovations to shape the future of the market. **How do manufacturers demonstrate a leading role in the Energy Transition and drive things forwards?**
- **Environmental and safety concerns:** This article focuses on cost concerns in the wake of the recent fuel price crisis and cost of living crisis. A number of respondents responded in verbatim comments about having reduced the money they have invested in cars on the basis of environmental concerns and concerns about safety as driving becomes increasingly automated and reliant on computer input. **How do manufacturers navigate the evolving consumer terrain, where consumer motivations and desires are becoming ever more diverse and complicated?**



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