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([PRWEB](#)) September 5, 2003 -- Research and Markets have announced the addition of the "Motor Industry Market Review 2003" report to their offering.

### Introduction:

This survey of the UK motor industry analyses recent developments, trends and markets for new cars, commercial vehicles, motorcycles, mopeds and scooters and the manufacture of motor components. Data are studied for the period between 1998 and 2002, with the prospects and forecasts for these industries being given to 2007.

### Price Disparity:

The motor industry had an estimated value of Â£44.7bn at manufacturers' selling prices (msp) in 2002, compared with Â£39.5bn in 1998. Although there was strong and increasing demand for cars over the 5-year period, the cost of cars to the buyers began to drop. This was a result of private buyers becoming aware of a large disparity between UK and continental European prices for the same vehicles, and reacting accordingly. An increasing number of buyers found cheaper alternative sources to the trade controlled by manufacturers and their franchised dealers through parallel imports brought to the UK by specialist importers and car supermarkets. The trend to lower prices was reinforced by long-expected changes to the EU's block exemption rules, confirmed in 2002. This amendment removed manufacturers' legal entitlement to fix prices, thereby opening the market to greater competition. An additional factor was the considerable excess in production capacity over demand that existed in Europe for some of the most popular models, which resulted in many cars being surreptitiously offered at discounted prices, even by franchised dealers. This activity undermined the justification for raising prices, but also led to Ford closing its production plant at Dagenham and Vauxhall its plant at Luton.

### Cars:

Many changes have resulted from falling car prices and the end of block exemption in its old form, even though the reforms will only be gradually introduced. The franchised dealers' network is being radically overhauled, as dealers have greater freedom to operate independently in new market conditions. Car supermarkets, which are unrestricted in the brands that they buy, are now established as the popular major alternative to the franchised dealer. A side effect of cheaper prices for new cars, and consequently higher demand, is the impact on the second-hand car market, where the depreciation rate on residual values has taken a steep dive. More cars are likely to be scrapped at an earlier stage and probably most scrapyards will not be able to cope with the sudden heavy influx of unwanted vehicles.

## Commercial Vehicles:

Commercial vehicle sales are concentrated on light and heavy vans, as demand for the largest vehicles is less predictable. Good years are soon followed by bad, as the road haulage industry is plagued by excess capacity and the heavy costs of operation. There are only a few domestic manufacturers of commercial vehicles left in the UK, since many of the former famous brands were unable to compete in their home as well as export markets.

DAF (formerly Leyland DAF), Foden (owned by the Paccar group) and Dennis have survived the flow of heavy vehicle imports, mainly from Germany, Sweden and Italy. In the light and heavy van market, Ford and Vauxhall are market leaders, with LDV trailing. These companies compete with imports from France, Germany, Japan and Italy.

The bus and coach market has been invigorated by official encouragement given to the expansion of bus services. This reinforces existing demand by the principal national operating companies, which regularly update their fleet of vehicles. This is an industry where domestic production is high and growing, with a large export market. However, the level of imports is also rising, as there are excellent prospects in long-term demand for public service vehicles.

## Motorcycles, mopeds and scooters:

The market for motorcycles, mopeds and scooters is dominated by imports, as there is only one major UK manufacturer of motorcycles and none for mopeds and scooters. Triumph Motorcycles makes only high-powered motorcycles, so it operates in a limited domestic market. However, because the company has a good international profile, its export trade is highly important for sales. High-powered motorcycles are bought mainly for leisure activities, as they are mostly unsuitable for commuting. They are, therefore, vulnerable to changes in attitudes.

Over the past 5 years, there has been a considerable increase in demand, because they have become fashionable icons among the wealthier classes and because there is also a core of dedicated riders across all social groups. Demand for scooters has increased at a faster rate, and in greater volume than for motorcycles, as they appeal to a wider mix of potential buyers, including women who like the convenience of these easy-to-ride and economical machines.

Buyers tend to be people living in cities, who want to be independent of public transport for relatively short journeys and for commuting. Japan and Italy are the main scooter suppliers to the UK market, but there are also manufacturers in France, Taiwan and China.

## Component Manufacturers:

Component manufacturers have experienced a decline in their share of the domestic market. This is because they have become uncompetitive in price when compared with other European and Far Eastern manufacturers which make and assemble similar products. Imports are rising rapidly, as it has become progressively easier to bring in large volumes of autoparts by road, sea and air from distant countries. Many of the domestic component manufacturers are subsidiaries of multinational companies and, if domestic market prospects do not improve, it is possible that some will close their production facilities in the UK and become importers

themselves.

The Future:

Future prospects appear to be quite buoyant for the motor industry, although there is considerable hostility from environmental groups to any further expansion in traffic. There is the possibility that congestion charging, now operating in London, will be extended to other cities. Furthermore, parking restrictions may be tightened, parking made more expensive and road charging (in addition to fixed road tax and fuel duties) could be introduced.

None of these measures is expected to make much impact on the demand for motor vehicles, as these are now regarded as essential for modern living. As already proved, if the price of a new car is considered to be affordable then demand will soar. Currently, the ratio for car ownership in the UK is one car for two persons. This will probably soon increase to 1:1, since many individuals in families want their own personal transport.

In 2007, it is expected that cars will account for 59.9% of the total value of the motor industry. Motor components will take a share of 29.2%, commercial vehicles 10.1%, while motorcycles, mopeds and scooters will account for 0.8%.

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#### REPORT DATASUMMARY:

Motor Industry Market Review 2003

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