

RECOVERY FAILS TO MATCH UP TO SMMT EXPECTATIONS

Ford takes a battering from Asian and German rivals

The first half of 2021 showed an overall recovery of 39.2%, which was slightly below the level the Society of Motor Manufacturers and Traders (SMMT) had expected. The SMMT reckons that registrations for the second quarter of 2021 were about 9,000 units lower than anticipated at the start of the year, partly thanks to the effect of the global semiconductor shortage. Nevertheless, the rise in the overall market in June of 28.0% is broadly in line with the slow recovery expected for this year.

The biggest sign of changes in the market came from Vauxhall: just as the monthly figures for June were announced, the company said it would change Ellesmere Port production from Astras to mainly electric vans (and some electric cars). That means Vauxhall will have two factories making vans in the UK, Luton being the other, of course.

This reflects the fact that companies cannot make vans fast enough. The van market had its third best-ever period in the first half of 2021, and larger vans (2.5-3.5 tonnes) had their best first half registrations.

Meanwhile, back in the car market, VW has extended its lead over Ford to 9,000 units. If Ford can recover from that deficit, it will be as impressive as Switzerland coming back from 3-1 down against France at the Euros. Just to add insult to injury, Audi managed to outsell Ford in June. Year-to-date (YTD), in market share terms, Audi is closer to Ford than Ford is to VW.

Given that sales increases or decreases can be hard to put into context when the total market is up by nearly 40%, it is worth looking at the growth rate of manufacturers after taking into account the overall market increase. The table below shows the sales figures for 2020 and what the sales figures would have been for 2021 YTD, if each manufacturer's market share remained the same. Comparing that calculated figure to the actual sales for 2021 shows more clearly who is doing well and who is doing badly.

The best-performing major brand has been Hyundai. That is partly due to increasing sales of the new Tucson, plus the Kona and Ioniq, but also due to a recovery from a couple of very bad years

for the brand. Behind Hyundai is MG, which is now a significant brand, not simply a small brand that is growing from a low base. Most of the growth is coming from the HS, which is now neck-and-neck with the Peugeot 5008 in small family crossovers.

The fact that Audi has grown in 2021 is less impressive than the fact it is outselling direct rivals BMW and Mercedes-Benz. Audi was always going to recover from the WLTP-related product shortages it experienced in 2018-2020, but there was nothing inevitable about it becoming the leader among German premium brands.

Similarly, the increases at Kia and Volvo are more impressive than the numbers suggest. Both companies have been growing for many years, and it is harder to maintain momentum than to recover from poor years in the way that Peugeot and Mazda have done. All mainstream car brands are cyclical to some extent, based on the age of their models, but Kia and Volvo have achieved underlying growth well beyond the effect of individual new models.

Among the biggest declines are the aforementioned Ford and, more surprisingly, Mini. The One/

2020/2021 MANUFACTURERS GROWTH RATES*

Growth rate over 10%	2020	YTD 2021 Expected*	YTD 2021 Actual	Real-term growth rate
Hyundai	17,701	24649	31342	27.16%
MG	7,712	10739	13594	26.59%
Audi	40,405	56264	67842	20.58%
Peugeot	21,450	29869	34748	16.33%
Kia	28,970	40341	45277	12.24%
Mazda	8,746	12179	13603	11.69%
Volvo	17,698	24644	27143	10.14%

* If 2020 market share was repeated in 2021

Decline over 10%	2020	YTD 2021 Expected*	YTD 2021 Actual	Real-term growth rate
Ford	59,874	83,375	74,698	-10.41%
Mini	18,276	25,449	22,624	-11.10%
Nissan	30,109	41,927	36,688	-12.50%
Lexus	5,971	8,315	7,161	-13.87%
Fiat	9,242	12,869	10,990	-14.60%
Jaguar	10,551	14,692	11,854	-19.32%
Honda	11,439	15,929	12,618	-20.79%
Renault	15,269	21,262	15,712	-26.10%
Mitsubishi	4,708	6,556	4,562	-30.41%
DS	918	1,278	858	-32.88%
Dacia	7,433	10,350	6,900	-33.34%
SsangYong	669	932	615	-33.98%
Alfa Romeo	940	1,309	734	-43.92%