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Friday, 8 March 2019

Intention to purchase new motor vehicles declining

In December, 2.125 million Australians said they intend to purchase a new vehicle in the next four years, the lowest level since November 2014 and below the 15 year long term average. This represents a decline of 135,000 or 6.0% from 12 months ago in December 2017.

In addition to weakening four year levels of vehicle buying intentions, one year intentions are down by 61,000 (9.9%) over the same period last year to be currently on 553,000 and a further indication that 2019 is looking adverse for new vehicle sales.

These are some of the findings from Roy Morgan's 'Automotive Currency Report-Quarterly Detailed Report: December 2018'. This report is based on data collected from Roy Morgan's Single Source survey which involves in-depth interviews conducted face-to-face with over 50,000 Australian consumers per annum in their homes. The latest data presented here is for the three months ended December 2018.

New Vehicle Purchase Intention
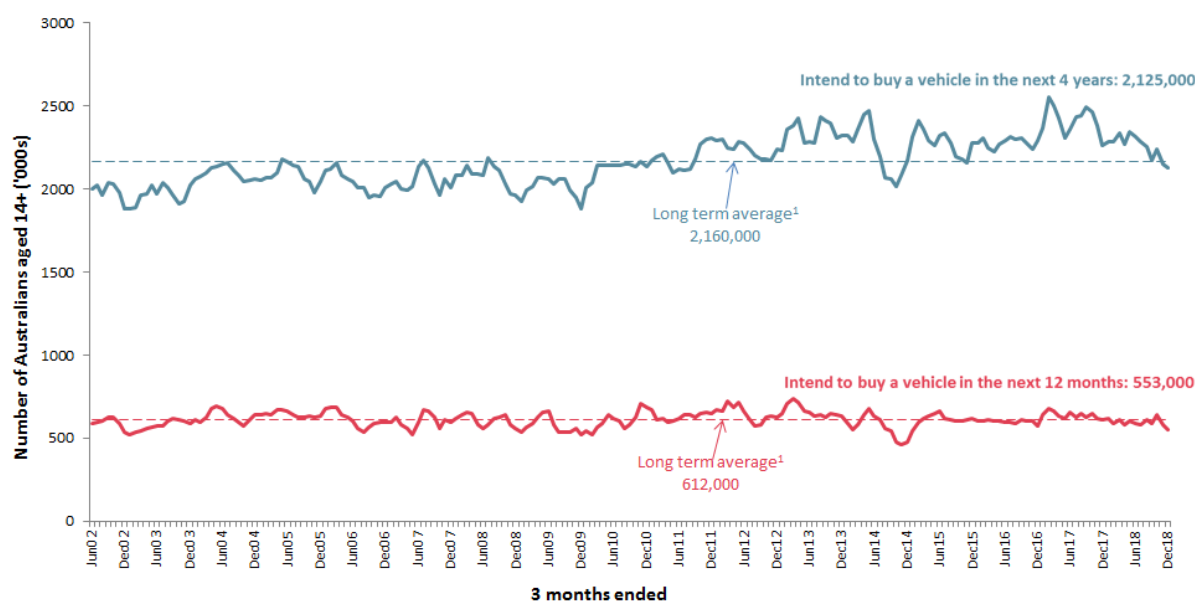
Source: Roy Morgan Single Source (Australia), April 2002 - December 2018. 3 month moving average. Average 3 month sample n=13,242
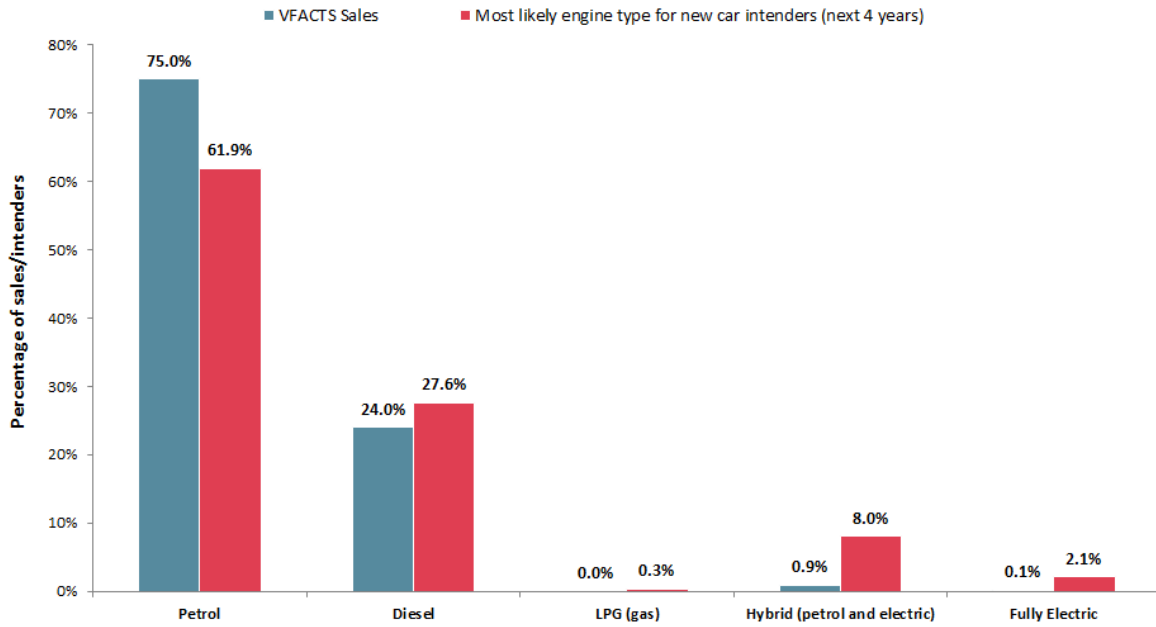*Base: Australians 14+ 1. Long term average April 2002 - December 2018*

Intending buyers show increased interest in alternatives to petrol

Among intending new vehicle buyers over the next four years, there is an increasing level of interest in alternative fuels to petrol. The share of new vehicle sales in Australia in 2018 (VFACTS) that had petrol engines was 75.0%. This compares with only 61.9% among intending buyers over the next four years, who think that their next vehicle would most likely have a petrol engine.

Alternatives to petrol all showed higher preference levels among intenders compared to their share of current sales. Diesel was 3.6% points higher among intenders (27.6%) compared to share of sales (24.0%), Hybrid (petrol and electric) higher by 7.1% points (to 8.0%), fully electric higher by 2.0% points (to 2.1%) and LPG 0.3% points higher (to 0.3%).

Fuel preference - New Car Intenders (4 years) vs VFACTS Sales

Legend: ■ VFACTS Sales ■ Most likely engine type for new car intenders (next 4 years)

Chart data (Percentage of sales/intenders):
- Petrol: VFACTS 75.0%, Intenders 61.9%
- Diesel: VFACTS 24.0%, Intenders 27.6%
- LPG (gas): VFACTS 0.0%, Intenders 0.3%
- Hybrid (petrol and electric): VFACTS 0.9%, Intenders 8.0%
- Fully Electric: VFACTS 0.1%, Intenders 2.1%

Source: Sales Share in 2018 (Private Buyers) - VFACTS New Vehicle Sales. Year ended December 2018
Source: Roy Morgan Single Source (Australia), January 2018 - December 2018. Australians 14+ intending to purchase a new car within the next 4 years, n=846

Millennials lead in preference for diesel and hybrid motor vehicles

Millennials who intend to purchase a new motor vehicle in the next four years have the highest preference for diesel and hybrid of all generations. They have a 38.1% preference for their next vehicle being diesel, against the market average of 27.6% and well ahead of the closest generation, Gen X with 28.3%. They have an above average preference for hybrid with 12.6% compared to a market average of 8.0%. The likelihood of their next vehicle having a petrol engine is only 48.2%, well below the average of 61.9%.

The oldest generation, the pre-boomers, retain the highest level of preference for petrol engines with 78.4% and a well below average likelihood of purchasing a diesel powered vehicle.

Engine preference[1] - New Car Intenders (4 years) by Generations[2]
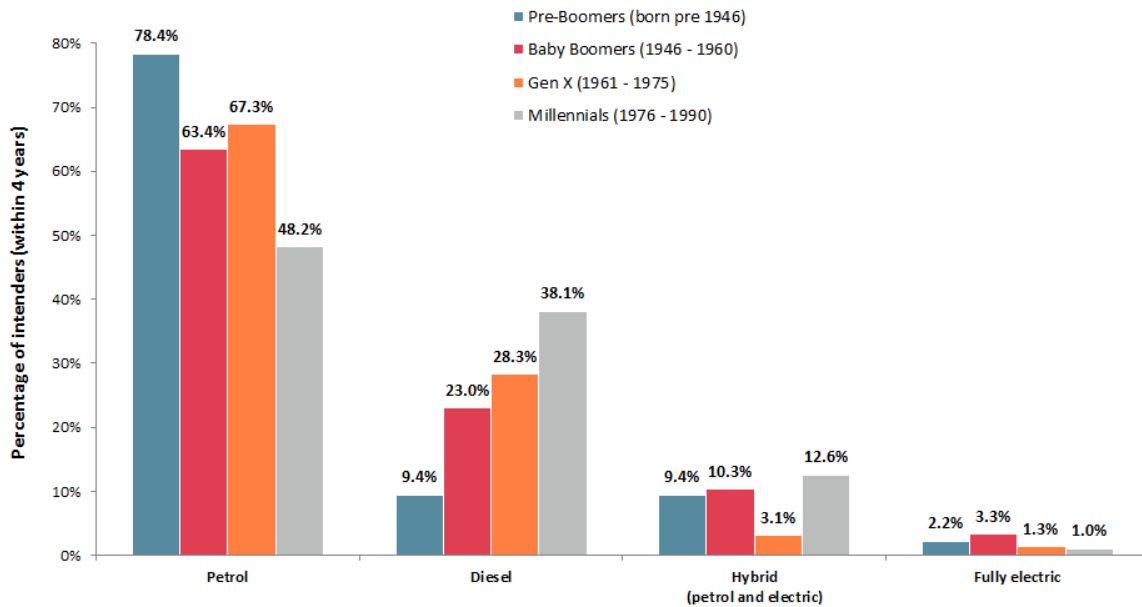
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Source: Roy Morgan Single Source (Australia), January 2018 - December 2018. Australians 14+ intending to purchase a new car within the next 4 years, n=846. Only those nominates engine preference included.
1. Excludes LPG - small sample. 2. Gen Z excluded due to small sample

Norman Morris, Industry Communications Director, Roy Morgan says:

"Over recent years there has been considerable growth in the new vehicle market but this is now facing a number of real challenges. There is currently some concern about the slowing economy, lack of wage growth, energy price escalation, declining home values and political uncertainty with a potential change of government. In addition to these potential economic constraints on new vehicle demand, the rapidly changing technologies with the resultant fuel choice decisions adds to the complexity of decision making in this market.

"We have already seen some early signs of changes in this industry, particularly in the very major move away from cars to SUVs and the speed and range of new models entering the market. Most manufacturers are ramping up their development in areas such as electric vehicles and driverless cars but it will ultimately be the consumer that will determine who the winners are.

"This research has highlighted the need to understand the generational differences in likely fuel choice as the market changes. For example the early adopters of changing motor vehicle fuels are most likely to be millennials as they appear to be more willing to move away from the traditional petrol engine cars.

"Only a small part of what we have been collecting over many years on a wide range of automotive data across all major manufacturers has been used in this release. To find out more on what is available just ask us."

To learn more about Roy Morgan's Automotive data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the Roy Morgan Online Store.

About Roy Morgan
Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years' experience in collecting objective, independent information on consumers.
Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

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