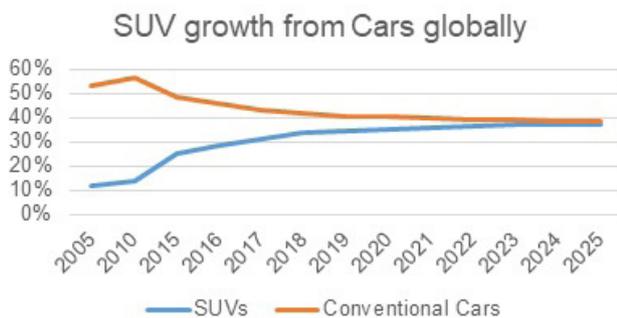


SUV Takeover

The flight from Cars to ... you guessed it ... SUVs!

Jeff Schuster, President, Americas Operation & Global Vehicle Forecasting

It is not exactly breaking news, but a trend that has been playing out for the last few years in nearly every market around the world has been the massive shift from Conventional Cars (defined as sedans/saloons, hatchbacks and wagons/estates) to SUVs – specifically, crossovers.



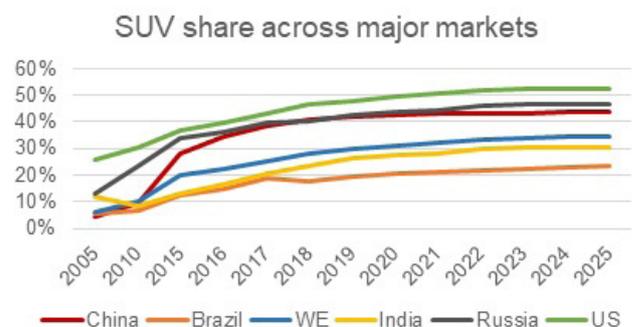
There is no denying that SUVs have gained significant traction and grown substantially in volume since 2005. Globally, the segment's Compound Annual Growth Rate (CAGR) averaged 12% from 2005-2017. In contrast, total Light Vehicle sales expanded at a much lower rate of 4%, with the majority of that growth being generated by Conventional Cars. Within the same timeframe, the Car segment grew at a CAGR of only 2%.

The impact on market share of the two bodytypes is also profound. SUVs picked up nearly 20 percentage points of market share in 2017, to 31% of global Light Vehicle sales, while Cars saw share fall by 10 percentage points to 43% of the total.

“Perhaps it is just a matter of time before we are all driving SUVs. Or perhaps, they will be Autonomous SUVs and driving us ...”

Looking ahead, the SUV run is far from over as we expect growth to continue, albeit at a slower pace. Model fragmentation will begin to level off as the number of SUV products on offer potentially reaches saturation, with around 600 different models projected to be available by the end of our forecast horizon (from fewer than 200 in 2005).

That said, SUV market share should be nearly at parity with Cars by 2025, with each holding around 38% of the market. On a global basis, Cars will remain under pressure as the SUV craze is not limited to the US, with growth now dominating most markets, including China. Future growth could mirror that of electrification as SUVs are essentially better suited to electric powertrains, with the extra ride height lending itself to a large battery pack.



While the US is the only major market where we expect SUVs to account for more than 50% of all Light Vehicle sales, growth in most markets, be they emerging or mature, is set to continue. For example, we forecast that SUV share in Russia and China will exceed 40% by 2025. As a point of reference, the volume of SUVs sold in China in 2005 amounted to just 4% of the overall market. In Western Europe, meanwhile, SUV sales accelerated as the availability of smaller models expanded, and we expect the recent phenomenal growth trend to continue in the years ahead. Even emerging markets like India and Brazil are not far behind in terms of SUV expansion, with both expected to post strong share increases in the near future.

In light of this ongoing surge in the segment, it makes sense that FCA and GM recently cancelled several car programmes and that Ford made the decision to effectively pull out of the Conventional Car business in the US.

Perhaps it is just a matter of time before we are all driving SUVs. Or perhaps, by the time that happens, they will be Autonomous SUVs and driving us ...