

Canalys: Over a quarter of new cars delivered in the US in Q1 2020 had improved safety features

Shanghai (China), Bengaluru (India), Singapore, Reading (UK) and Portland (US) – Thursday, 4 June 2020

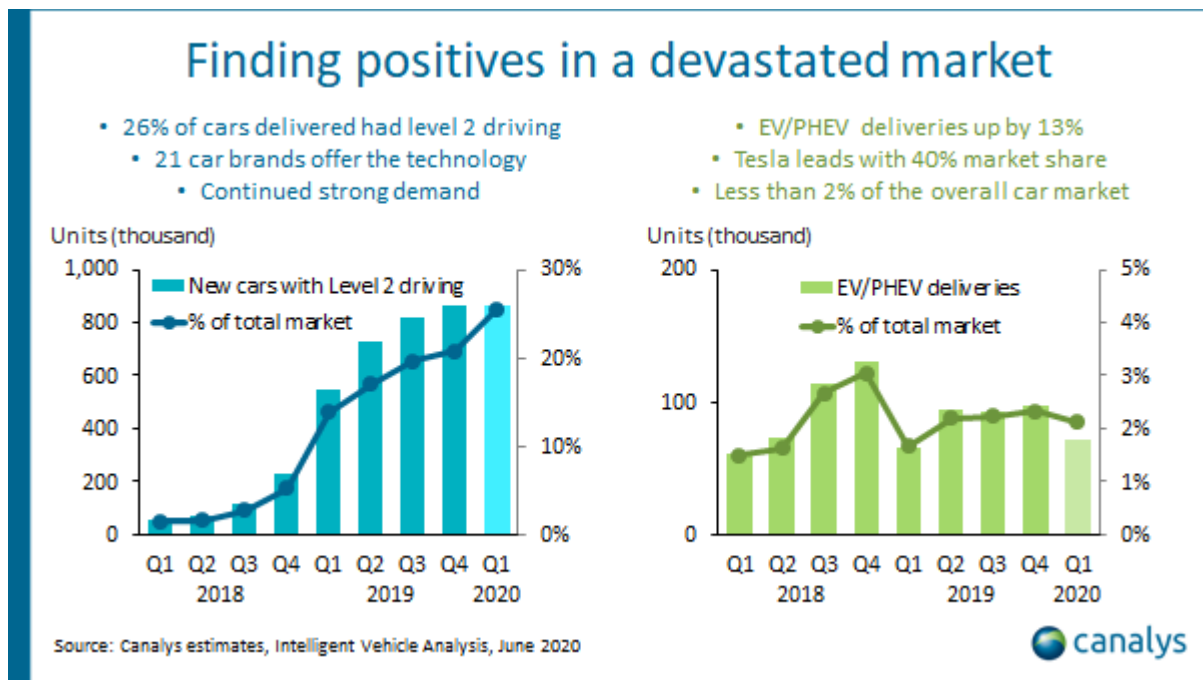
Deliveries of new cars fell by 13% year on year in the US in Q1 2020. Close to 3.4 million new cars were delivered, down by half a million on Q1 2019.

For the seventh consecutive quarter, deliveries of new cars (including pick-up trucks) fell in the US. The 13% drop was the largest single quarterly decline in recent years. The vital late quarter surge through promotions did not happen – thanks to COVID-19. Even before shelter-at-home guidance coming into effect and US car production ceasing in mid-March, concern surrounding news of COVID-19-related lockdowns from around the world certainly affected footfall in US car dealerships in March, in an already soft market.

A rise in driver assistance technology

One of the most impressive trends in an otherwise challenging market has been the rise of advanced driver assistance systems (ADAS) in new cars.

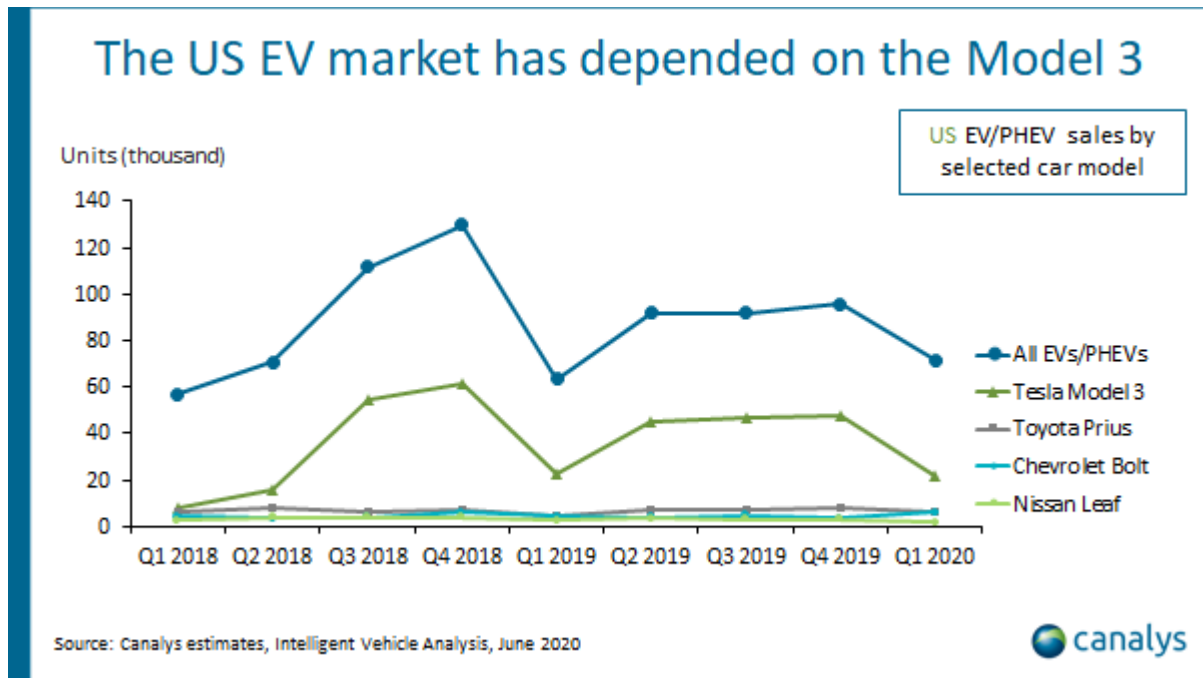
Nearly 870,000 new cars, representing 26% of deliveries in Q1 2020 in the US, had ADAS with level 2 driving capabilities. Level 2 driving systems use an array of sensors and cameras and, along with other driver assistance features, aim to deliver a more comfortable, safer driving experience.



Level 2 functionality keeps a vehicle in its lane (by applying steering support) and maintains a safe distance from the vehicle in front (by accelerating and braking). “For several quarters now, ADAS suites with level 2 driving have been standard or available on more than just premium cars. 21 car brands, including many mainstream brands, now sell cars in the US with level 2 driving capabilities,” said Chris Jones, Chief Analyst for the automotive sector at Canalys. “There is clear segmentation in the capabilities of the systems. The latest, more advanced systems provide an enhanced 360-degree view of a car’s surroundings, can anticipate upcoming speed changes, can enable overtaking and can sense when hands are not on the steering wheel.”

Electric vehicle demand disappoints

Demand for electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs) continued to disappoint and lag behind other major car markets around the world. In Q1 2020, only 72,000 vehicles were delivered to customers, an increase on Q1 2019 of 13% but less than 2% of all new cars delivered during the quarter, compared with 7% in Europe.



“Apart from in California, demand for EVs is still really low across the US,” said Jones. “Tesla still dominates the market, with a 40% share, but as we have seen in the past, when demand for its best-selling vehicle, in this case the Model 3, peaks and then drops, only the arrival of the next vehicle, the Model Y, gives the market a significant boost.”

The EV/PHEV product range has improved in the US, but predominantly at the premium end of the market. “Automotive OEMs that were early with EVs and PHEVs in the US, such as Chevrolet, Nissan and Toyota, failed to maintain momentum and successfully expand their model line-ups. There just isn’t the competition for Tesla at present,” said Jones. “Pick-up trucks account for 20% of the overall market today, but there are no EV/PHEV variants. But in 2021, Ford, Hummer, Rivian and Tesla will all launch electric-powered pick-up trucks and thus increase the target market for EVs.”

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