

WHATCAR?

Insight

ISSUE 28
FEBRUARY 2022



THIS MONTH

EV news round-up

The key headlines in a fast-growing sector

Most popular reviews

Which cars have our readers been looking at?

Target Price report

Demand is up, so discounts are down

WHATCAR?

CAR OF
THE YEAR
AWARDS
2022

INTERVIEW

Paul Philpott, Kia UK

Paul Philpott has been President and CEO of Kia UK since 2012, and this year celebrates 15 years with the company, during which time he has overseen its rise from market newcomer to mainstream acceptance.

He recently collected Kia's second What Car? Car of the Year Award in four years, this time for the EV6 electric car. This followed Kia's inaugural triumph with the e-Niro in 2019 and underlines the brand's breakthrough as a leading electric car brand.

Here he discusses the impact of that win, the opportunities and challenges for the year ahead, his views on electric car incentives and charging infrastructure, the Agency model and more.

What does it mean to win a second What Car? Car of the Year Award?

"It goes without saying, I'm unbelievably proud. As I said at the award ceremony, to win it once is a great accolade for our brand and our organisation. But to win it twice in a four-year period with two of our pioneering electric vehicles is a huge endorsement for our electrification strategy. Nobody should underestimate the value of winning What Car? Car of the Year. It's a huge endorsement for our brand and for our reputation. If there was one award I'd like to win each year, it would be What Car? Car of the Year."

How do customers react?

"It's early days yet for EV6, and the Award was only announced a few days ago, but we

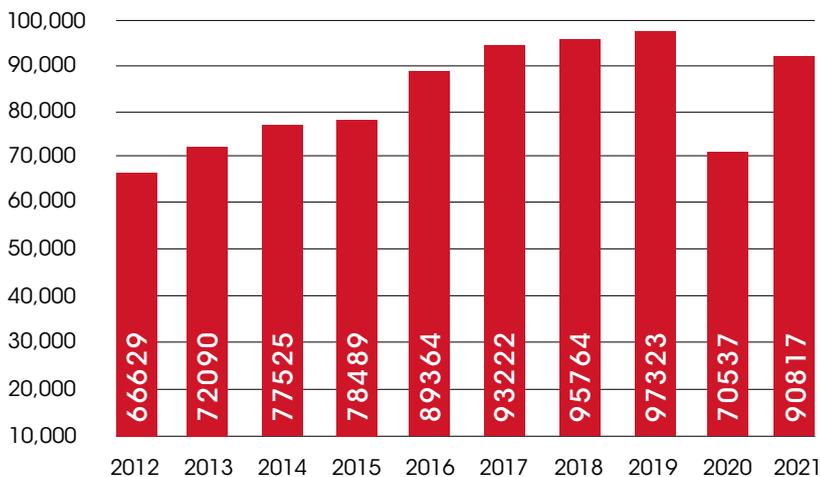
know from when we won in 2019 with e-Niro that we very clearly saw a big spike in interest. What followed afterwards was a progressive and sustainable increase in demand. What Car? has a great reputation. For a relatively new brand such as ourselves, where segments of the car buying public haven't yet considered Kia, it's a huge endorsement for us."

And what is the reaction like back in Korea?

"Warm! I always joke that when we won in 2019, [What Car? editor] Steve Huntingford and myself became famous because we appeared on the front page of The Korea Times. That shows how much this means to our company in Korea. ▼

2 Insight Interview

KIA'S REGISTRATION FIGURES THE PAST NINE YEARS



“As for a second award, well, they were very excited, because it’s an endorsement for all the investment they’ve put into rapidly moving to electric vehicles.”

Presumably you see electrification as an opportunity to leapfrog other brands, reputationally?

“I’ve often heard the phrase, ‘I understand what you’re doing, but it’s not right for us now’. Electric vehicles level a lot of that brand snobbery. Tesla has got buyers used to considering new brands, and with Kia being recognised as a leader in electrification it takes away some of those preconceptions.

“I’ve now got friendly contacts who in the past would never have considered a Kia, and now want to know all about getting an EV6.”

How far has the public mood changed regarding electric vehicles?

“Electrification’s now in the mainstream, I’d say. Electric vehicles are here and now – not something that’s coming in the future. The used market tells that story especially well; values have risen more strongly there in the past 24-36 months than petrol or diesels. They are clearly widely accepted.

“Our electric vehicle sales have gone from 700 in 2019 to more than 14,000 last year. So, that gives you an idea of just how rapidly the world is moving to electric. That trend is only going to continue.”

Does this give you confidence that the UK will hit its 2030 and 2035 ambitions for selling only electrified cars?

“If you asked that question two years ago I’d have said no chance. But things have moved incredibly quickly through the past two years and, absolutely, we’re on track to be there, probably ahead of 2030. So far this year, 20% of our orders are pure electric vehicles.

“Now, though, there are many more electric vehicles coming to market, so competition is going to increase. But while that means we have to sharpen our game, it will also drive growth overall.

“The barriers are coming down: I don’t think range anxiety is a big thing anymore. What I do think people have is charging anxiety, and that’s where the focus needs to be. There has to be absolute confidence in the charging infrastructure.

This is why government policy has to move away from grants to entice people to buy an electric vehicle, to real, tangible investment in charging infrastructure that every customer across the country can feel confident with.

“My view is that if we accept zero-emission-vehicle mandates and CO₂ targets going forward for non-EVs, there should be a mandate for charging infrastructure rollout. And there should be targets set to ensure that by 2030 the infrastructure will be adequate. If you’re anxious, you simply won’t buy an EV. I’d say charging is what makes people most anxious, and that’s where the biggest barriers lie. At the moment there’s even a backlog for

having someone to come out and fit a charging point at home. These barriers clearly need to come down.”

What can you do to accelerate the infrastructure roll out?

“Lobbying is one important part of it – there has to be a balanced view. And then we can help customers by making access to the infrastructure that exists easier, through Kia Charge, for instance, which gives people access to 20,000 charge points – 68% of the UK’s charging network – with one app.”

You mentioned grants. How much notice do you get of their reduction, and do you think they are losing their relevance?

“We got zero notice this time, but I understand that they need to do that to avoid creating a rush. The downside is that it creates a lot of work to get the orders that are in fully processed by the deadline they set.

“Today, none of our cars qualifies for a plug-in car grant because of the £32,000 threshold – and that hasn’t affected demand one bit. I also understand that less than 20% of electric cars sold now qualify for the grant. That says to me that the time for using grants to encourage take up is probably over now. The government would be better to use the budget they’re putting aside to support the remaining grants into investing in infrastructure.”

If EV sales continue to grow at current rates, can you keep up with demand?

“The industry has a broader problem at the moment with the supply of semiconductors. We’ve survived, and indeed prospered, in the past 12 months by having better access to supply; in fact, our market share went up as a result last year.

“But, taking EV6 as an example, we’re currently taking about 1000 new orders a month, but we planned it at about 5,000 units this year. So I’m having discussions about whether I can double my order.

“It’s not simple for Korea; changing our production over from traditional lines producing petrol and diesel cars to be able to build electric vehicles, with all the supply chain challenges that comes with that, is a huge investment. How quickly we electrify all of our production plants is a big challenge which, thankfully, isn’t mine. I can just be the guy in the UK who’s asking consistently for more supply!”

Have you seen any more signs of the semiconductor shortage easing?

“It will undoubtedly hold our industry back this year. The UK industry was originally suggesting a forecast of 1.96 million registrations for 2022; now the early signs are that it will struggle to get to 1.9m. The message seems to be that the semiconductor shortage will last until at least the latter part of this year. As a result of that, we’ll keep building up order banks, and in turn that means ▼

The Kia EV6 is the
2022 What Car?
Car of The Year



PAUL PHILPOTT

Job title:
President and CEO Kia UK

Career highlights:
2012-2022
President and CEO Kia UK;
2009-2012
Chief operating officer Kia Motors Europe;
2007-2009
Managing director Kia UK;
1997-2007
Commercial director Toyota GB;
1988-1997
Sales and marketing Ford Motor Co.



Paul is no stranger to collecting What Car? silverware

“I can honestly say I’ve never felt more excited about a year to come”

that, even when the chips come on stream, we will still be manufacturing our backlog for some time.”

How do you manage the shortage of supply with customers?

“At an internal Town Hall meeting back in November I said to everyone that managing short supply is a lot more challenging than managing long supply. To this day, Kia customers have never consistently had to wait a long time for their car.

“But we’re finding they are prepared to wait, providing you’re honest and upfront about the lead times. On the smaller volume, higher-priced cars like Sorento, we’re pretty much sold out until October. We are finding that customers will wait, however.

“That said, we don’t want waiting lists like that forever. We need to find a balance between having fields full of cars waiting to be sold and ending up with nine-month waiting lists. The golden scenario is to have cars that are manufactured, put on boats and then go

out through the dealers to customers as soon as they are ready. A two-to-three-month waiting time is ideal – and there could be opportunity for us if we can get there when our rivals still have five months of backlog.”

You send out the impression that you sense more opportunity right now than perhaps some of your rivals?

“There are two areas that stand out. One is electrifying cars, whether that’s electric vehicles, plug-in hybrids and hybrids, and then SUVs. We’re in great shape on both.

“As I said, I’ve done 15 years here, and I can honestly say that I’ve never felt more excited about a year to come. EV6 has been recognised as a market leader, and we’ve just launched a new Sportage with hybrid and plug-in hybrid powertrain options. The timing is perfect, and we know that we have a large and loyal customer base for that car.

“Then, in the third quarter, we’ll launch our all new Niro, with electric, plug-in hybrid and hybrid options. That’s our second-generation vehicle and it is a huge step forward from the previous one, which already did very well for us. We have huge momentum.”

One area there’s a lot of chat about is the agency model of car sales, where retailers become handover specialists only. Will Kia head that way?

“We have no plans right now to move to an Agency model. And I think the crux of this issue is around how much you value the role that the dealers play in providing an outstanding customer experience.

“If you believe that dealers can really add great value, then the agency model has no future. If you think that you’re just going to get to a stage where dealers provide the simplest services, and that actually the relationship is between the manufacturer and the customer, then agency has a future.

“But we are not a retailer, we’re a car manufacturer. First and foremost, we’ve got to develop and produce outstanding products. We’ve got to make the brand that we represent hugely desirable. And then we’ve got to sell our cars through retail processes, or retail partners, who can add real value to the customer experience. We can produce numerous examples where dealers have joined our franchise, and immediately sales have gone up in that area.

“You have to respect the specialisms of you retailers. I always think of a retailer who – way back when – was Subaru’s top seller. Back in 2008 we persuaded them to give us about one-third of their showroom. That reflects our brand standing back then. Over the years, we’ve worked well together and were eventually given the whole showroom, and now, that retailer is one of Kia’s top dealerships. Their reputation is such that people want to deal with them, whichever brand they represent.

“So I continue to believe that the strongest potential offering to the customer is to provide great products through a great brand, offered through local dealer partners who can offer outstanding customer service.

“Certainly I’d rather deal with someone I trusted than I would a chatbot...”

Making headlines

■ Calls to make UK charging infrastructure more accessible for disabled drivers

The AA and Motability, a charity that represents disabled drivers in the UK, have highlighted problems that disabled people can encounter when using electric car charging points.

This includes issues such as heavy charging cables, a shortage of space, and poor lighting.

■ New extreme fast-charging battery tech unveiled

Storedot, an Israeli battery developer, claims to have produced battery cells that reduce charge times by 50% with no increase in the cost of production. This will help improve the usability of electric vehicles for long-distance driving once the technology is rolled out, and could cut charging times dramatically for owners.

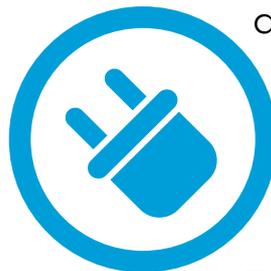


Report highlights the difficulties disabled drivers face when charging EVs



■ Electric car sales soar in 2021 despite chip shortage

Last year was the most successful year to date for new electric car sales in the UK, with 190,727 electric cars being registered. Along with hybrid and plug-in hybrid sales, this means electrified cars accounted for 27.5% of the new-car market in 2021.



■ Government grant for new electric cars cut by £1000

The Government has slashed its Plug-in Car Grant (PiCG) for buyers of fully electric cars from £2500 to £1500, plus the grant will now only be available for vehicles costing up to £32,000.

■ Shell opens its first dedicated EV charging station

Shell has opened its first dedicated electric vehicle (EV) charging hub in the UK, on the site of an old petrol station in Fulham, London. The site has been completely converted with the installation of nine 175kW rapid charge points, demonstrating how petrol stations can be reused to help meet infrastructure targets.

The best and worst discounts around right now

TOP 5 HIGHEST % DISCOUNTS PER MONTH

These are the largest discounts revealed by What Car?'s mystery shoppers over the past month. They typically highlight slow-selling and run-out models or, occasionally, models that are in a fierce manufacturer-driven battle for market share.

1	Nissan Micra 1.0 IG-T 92 Acenta	17.9%
2	Suzuki SX4 S-Cross 1.4 Boosterjet 48V Hybrid SZ4	15.6%
3	Nissan X-Trail 1.3 DiG-T 158 N-Design DCT	13.7%
4	Peugeot 508 1.5 BlueHdi Active Premium Fastback EAT8	13%
5	Peugeot 108 1.0 72 Active	12.5%



Savvy buyers can save a big sum on Nissan's small car



TOP 5 TARGET PRICE DROPS THIS MONTH

These are the discounts that have been reduced by the greatest amount in the past month, as found by What Car?'s mystery shoppers. Often they show a cut in incentives on a heavily discounted model, but they can also signal increased demand for that car.

1	Renault Captur E-Tech Hybrid models	2.8%
2	Kia Sportage petrol and diesel models	3%
3	BMW 2 Series Gran Coupé	3.5%
4	BMW 4 Series Convertible	4%
5	Renault Megane 1.6 E-Tech PHEV 160 R.S. Line auto	7.4%



Discounts have been cut on this Renault Megane plug-in hybrid



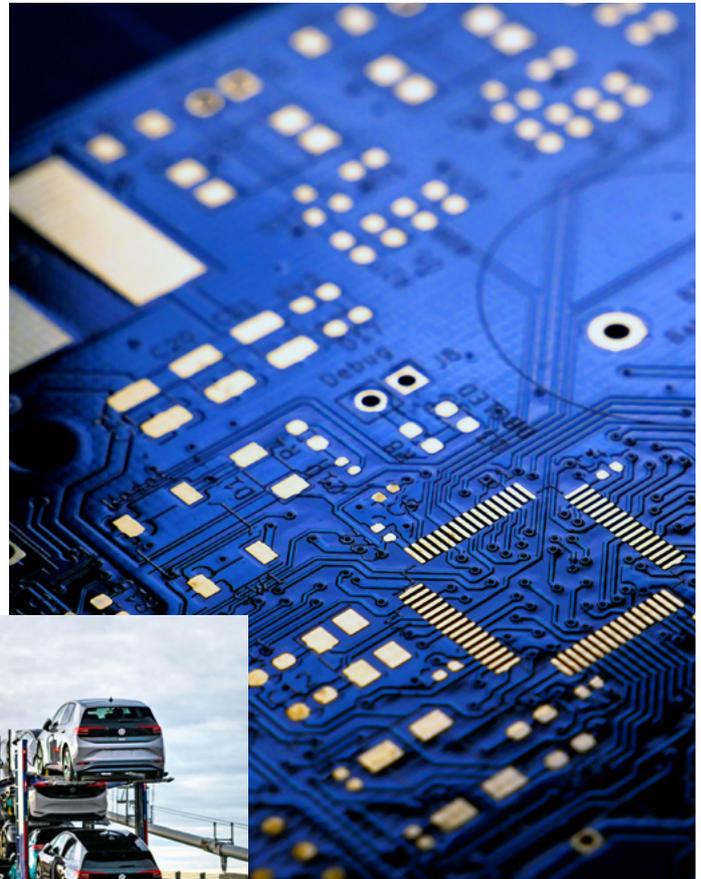
Discounts and savings – this month’s Target Price report

The average cash Target Price discount has reduced by more than 22%, in relative terms, over the past quarter, as the demand-to-supply ratio of consumers to available cars remains firmly in the dealers’ favour.

This means that buyers can expect to negotiate a typical 4.4% – or £1808 per car – cash saving in the showroom. That’s more than 40% lower than the corresponding month three years ago, prior to the Covid-19 pandemic.

Many dealer groups are reporting record profits as consumers’ expectations of buying a new car with a high discount further recede.

With many in the trade expecting the microchip supply crisis to start to ease in the second and third quarters of this year, the hope among consumer groups is that a resulting boost in car production will combine with a reduction in consumer demand (as post-pandemic holiday and social activity



Global chip shortage is expected to begin to ease in Q2 and Q3 of this year



expenditure increases), with the effect of stimulating more price competition between the car makers.

Finance-based incentives to support sales within this lower cash discount environment are still evident among manufacturers, but this support is also shrinking significantly, down by more than 26% ▼



Some dealer groups are reporting record profits

7 Insight Target Price report

(in relative terms) over the past quarter. This trend can be expected to continue in the coming months.

Some of these reductions in cash discounting and finance support are to be expected at the start of a new year, because the industry likes to test the level of demand in the knowledge that it has plenty of time later in the year to try to make



Suzuki is offering average savings of 8.7%

up for any shortfall in sales experienced.

Renault dealers are currently the most generous when it comes to offering an average cash Target Price discount across a

model range, at 9.5%, followed by Suzuki at 8.7% and Citroën at 7.8%.



Nissan made the biggest reduction in the cash **Target Price** discount typically achievable, applying a 2.5% decrease across its range, down from 9.5% to 7%.



Finance incentives are expected to reduce over the next quarter

The most popular new car reviews



Toyota Yaris Cross climbed 14 places last month

Last month's top 20 showed a potential settling of the new car market, with many perennial favourites returning to our list after a period of absence. The Toyota Yaris Cross was the month's biggest mover, climbing from 16th position to take second place this time, the new small SUV's popularity having been boosted by both a full road test and a video review. In each case, those stories were promoted through our daily newsletters.

Other movers include the Kia EV6 rising into the top 20, helped by it being named as our overall Car of the Year towards the end of January. As such, the EV6 can expect to feature prominently among this year's most popular new car reviews, and will be the subject of regular promotion across What Car?.

Conversely, the Hyundai Ioniq 5 and Volkswagen ID.3 were among the models to fall down last month's rankings, this likely coming as a result of weakening Target Price discounts.

TOP 20 MOST POPULAR NEW CAR REVIEWS ON WHATCAR.COM

Brand	
1	- Volvo XC40
2	▲ Toyota Yaris Cross
3	▲ Hyundai Tuscon
4	- Skoda Enyaq
5	▲ Ford Puma
6	▲ Kia EV6
7	▲ Volkswagen T-Roc
8	▼ Hyundai Ioniq 5
9	▲ Toyota RAV
10	▲ MG ZS
11	▲ Tesla Model 3
12	▲ Skoda Kamiq
13	▲ Skoda Karoq
14	▲ Kia e-Niro
15	▲ Kia Sportage
16	▲ Ford Kuga
17	▲ Lexus NX
18	▼ Volkswagen ID.3
19	▲ Dacia Duster
20	▲ Honda Jazz

WHATCAR? | new car buying made easy
+ > >



No savings are available on the Ioniq 5

Volkswagen ID.3 slid down our rankings



Why 2022 is the electric car year

New car buyers ordering a factory-order model have been more likely to consider an electric vehicle as their next car than one with petrol or diesel power since October 2021, according to our latest survey of more than 25,000 in-market buyers.

Analysis of new car buyer feedback from August 2021 onwards found that October last year stood as an inflection point for new factory-order buyers, with a larger proportion looking to choose electric than

petrol or diesel power for their next car since that date.

The news comes just shortly after the fully electric Kia EV6 was named our 2022 Car of the Year and confirms the growing momentum in electric cars.

What Car?'s weekly research asks buyers which powertrain they are likely

to opt for. While used car buyers strongly prefer petrol and diesel models, new buyers opting for a factory-order model have been found shifting towards electric vehicles.



POWERTRAIN CHOICE FACTORY ORDER BUYERS

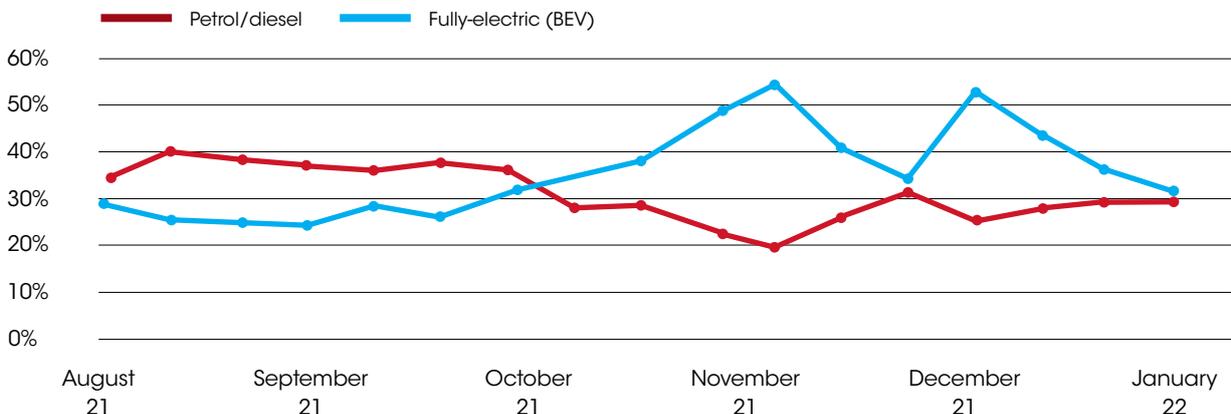


Since August 2021, What Car? has surveyed 25,022 respondents, with an average weekly response rate of 1390 in-market buyers.

The fact that electric vehicle interest has surpassed petrol and diesel vehicle interest for longer than three consecutive months is a very encouraging sign for the sector. Last year, figures from the Society of Motor Manufacturers and Traders showed that electric vehicle registrations grew by 76.3% and represented 11.6% of the

UK new car market for 2021. In December 2021, we also asked 1057 in-market buyers whether their attitudes to electric vehicles had changed over the year. Of those, 41% said that their attitudes to owning an electric vehicle had changed, with 85% stating for the positive.

This intention data reflects forecasting that suggests electric vehicle sales could eclipse those of diesels this year and close the gap between electric vehicles and their petrol-powered alternatives.



What Car? Survey data

Cars generating the most leads



Kia EV6 is proving to be a hit with potential buyers

Never underestimate the effect of being named a What Car? Award winner, because our overall Car of the Year, the Kia EV6, enjoyed a somewhat meteoric rise off the back of last month's announcement, rocketing from 14th to 7th position. That's despite minimal discounts being available at the time of writing.

Elsewhere, the Toyota Yaris Cross – itself a What Car? Award winner – experienced the biggest rise of last month, moving from 12th to 3rd place, and this leap is accompanied by some very tempting Target Price savings. Buyers can currently put one on their driveway for as little as £222 per month, for example; that's cheaper than small SUV rivals that include the Seat Arona and Vauxhall Mokka.

However, the top three cars that were sold via our New Car Buying platform last month were the Ford Kuga, Peugeot 2008 and Ford Fiesta, Despite the fact that none of the three cars appeared in the top 20 list.

TOP 20 CARS GENERATING THE MOST LEADS FROM BUYERS AT WHATCAR.COM

Brand	
1	- Volvo XC40
2	- Ford Puma
3	▲ Toyota Yaris Cross
4	▲ Dacia Sandero
5	Kia Sportage*
6	- Hyundai Tucson
7	▲ Kia EV6
8	▼ Tesla Model 3
9	▲ Skoda Kamiq
10	▼ Toyota RAV4
11	▲ Honda Jazz
12	▼ Skoda Enyaq iV
13	▼ Volkswagen ID.3
14	▼ Kia e-Niro
15	Toyota Yaris*
16	▼ Volkswagen Tiguan
17	▲ Nissan Qashqai
18	Volkswagen Polo*
19	▼ MG ZS EV
20	▼ Volkswagen Golf

*New entry

WHATCAR? | new car buying made easy
+ > >



Ford Kuga was among our most-sold cars...



...as was the Peugeot 2008 small SUV



Briefing Notes

Facts, stats and quotes from a month in motoring

87%

of electric vehicles passed their MoTs at the first attempt in 2020, according to exclusive research by Move Electric.



47% of 1483

In-market buyers we surveyed said they did not know where their nearest public charging station is.

INDUSTRY VOICE

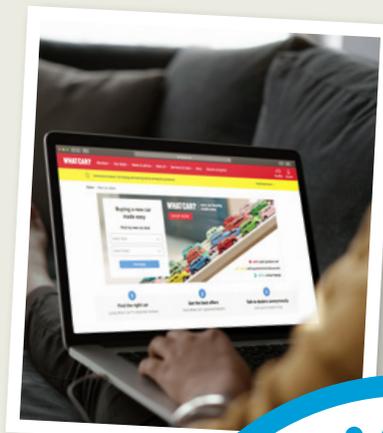


"There's a lot of emphasis put on a 'career path' these days, and there's no doubt that a structure can help. But what I would add is that the route to the top can sometimes be much more rewarding – and successful – if you deviate a bit and take a few chances. Sometimes you have to look at a role and see if you can identify the opportunity in it; if there's a chance to make a difference, people will notice you for it."

Julie David,
Managing Director,
Peugeot

65% of 1310

Whatcar.com buyers we surveyed said they would be more likely to buy their next car online if manufacturers moved to an agency sales model.



INDUSTRY VOICE

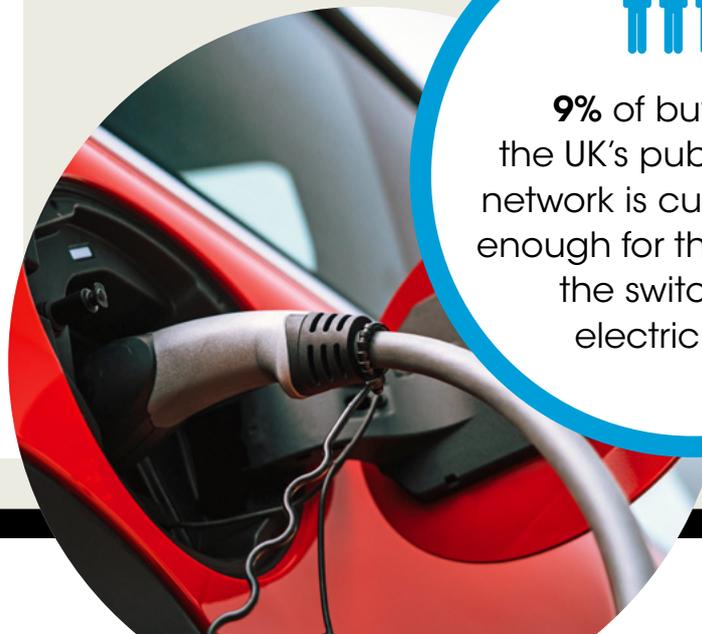


"I love the idea of working with small businesses and little farm shop operators. So, by 2032 we'll have 10,000 rapid chargers on the ground. It's not pie in the sky. We can see where all 10,000 orders will come from."

Adrian Keen,
CEO, Instavolt



9% of buyers think the UK's public charging network is currently good enough for them to make the switch to an electric vehicle.



WHATCAR?

new car buying
made easy



Get a better deal (without the hassle)

Save time, save money and cut stress.
Buy your next new car on [whatcar.com](https://www.whatcar.com)

Take control and save time, money and all the hassle of touring dealers, wading through sales patter and haggling by buying your next new car with a guaranteed discount through [whatcar.com](https://www.whatcar.com). It's as easy as **pick, shop, drive...**

+ **pick.**

What Car? makes choosing the right car simple. For 45 years, we've offered the best expert buying advice in the business – with comprehensive in-depth independent reviews you can rely on, and clear and simple guidance that helps you find your perfect car and the best deal.

✓ **shop.**

When you buy on What Car? you know you're getting a good price from a trusted dealer. Our UK-wide network of retailers have signed our Dealer Charter to deliver the best customer service and support. They've also pledged to match our comprehensively mystery-shopped guaranteed prices, so there's no need for you to haggle.

> **drive.**

At every stage of the process you're in control – picking the car you want, and the dealer and price that makes most sense for you. The result: less time wasted, less stress, and a far better deal – helping you to enjoy your new car even more.

Find the latest and best offers at
[whatcar.com/new-car-deals](https://www.whatcar.com/new-car-deals)