

The Challenger Effect

Car Dealer Live Report

March 2026



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1. State of the market

To say the last few years in automotive have been disruptive would be an understatement. The face of the UK's industry is incredibly different from ten years ago, with the arrival of a raft of new market entrants shaking up the make-up of car registrations on a level not seen for many years. So, what does the market look like today?

The latest industry data illustrates this seismic shift in global car manufacturing. Current data shows that total volumes for Q1–Q3 2025 were 2% ahead of the same period in 2019 and 4% higher year-on-year. Meanwhile, China is likely to have exceeded 32 million units in 2025 once reporting is complete, representing approximately 16% growth and far exceeding its European counterparts.

New entrants clearly set their sights on Europe to scale their operations, with the UK now home to over 75 brands. The market is more competitive than ever, with more brands competing for dealer representation, consumer attention, and fleet business. In January 2026, new market entrants accounted for 9.83% of registrations, up from 2.65% in January 2025.

In the used market, we could also expect to see the first indication of how the used proposition of these brands will play out. Looking at registrations from 2025, up to 67,000 young models from the top six new market entrants may enter the used parc this year.

As the market continues to evolve at a rapid pace, understanding where demand is taking us is crucial. As new entrants gain ground, who is losing it? What is driving this demand, and where might it plateau? To answer these questions, we commissioned a consumer survey exclusively for Car Dealer Live attendees to help dealers better understand shifts in attitudes and what this could mean for their businesses as 2026 progresses and this trend continues to gain momentum.



2. Who is driving the demand for new market entrants?

With new market entrants capturing a significant portion of the market, the consumer demand is clearly present for these new models. Our research was designed to better understand the segments of the market most at risk from erosion and the demographics these brands are attracting.

Where could the greatest brand movements come from?

The majority of drivers polled in our recent survey drove vehicles from established manufacturers, with only 2% driving vehicles from a new market entrant brand. However, it is clear that attitudes are shifting.

Over 1 in 3 respondents (36%) said their preference in manufacturers had changed somewhat in the last six months. Breaking respondents out by the current vehicles they drive, the majority of customers of German-made brands (53%) have changed their preferences, while preferences have changed the least among American-made brands (33%).

While the headlines may lead the industry to believe that there will be a mass exodus from established brands to these new entrants, only 15% of drivers who didn't already own a vehicle from a new entrant would consider one for their next purchase.

Country of origin	% changed
Germany	53%
UK	45%
Japan	44%
France	42%
South Korea	41%
USA	33%

Country of origin	% interested in new entrants
Germany	20%
UK	16%
Japan	13%
France	12%
South Korea	11%
USA	11%

Of those interested in new entrants, German-made brands were most likely to see attrition from their buyer base, with 20% of current drivers showing interest in one or more of the new entrant brands, while British and American-made brands exhibited the lowest levels of exposure with only 11% of drivers selecting the same.

Who are these new vehicles attracting?

Breaking the study down further, we can analyse the demographics behind these shifts to better understand the type of driver these brands are attracting.

Gender: Looking at those who don't already drive a vehicle from a new market brand, men were slightly more likely to consider one of these models compared to women (18% and 13% respectively). However, beyond this, men and women's opinions were largely consistent across all further questions.

Region: Those based in the North of England and the Southwest were the least confident about new market entrants, with only 27% and 28% expressing confidence in purchasing from these brands. This compares to higher levels of trust in Southeast England (43%), which may be driven by London drivers, who were among the most confident about purchasing from new brands (46%).

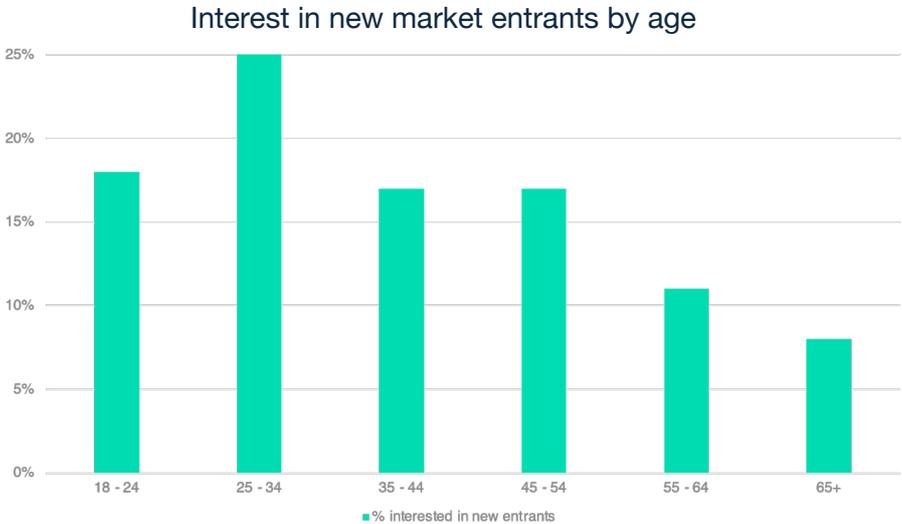
Region	% considering
Central England	12%
Northern England	16%
Northern Ireland	17%
Scotland	15%
South East England	18%
South West England	13%
Wales	21%

Scotland is a divided region, as 48% of drivers in Glasgow would feel confident buying from a new brand, while only 19% of drivers in Edinburgh agreed.

Age: The greater divides were seen between age groups, with younger drivers showing higher levels of interest than older drivers. 25% of drivers between 25-34 would consider a vehicle from a new market entrant, while only 11% of drivers between 55-64 said the same.

Older drivers were much more likely not to want to purchase from a new entrant full stop. 44% of over 65s said they would never consider a vehicle from a Chinese brand, 33% of 55-64-year-olds and 18% of 45-54-year-olds. This figure drops to only 6% of 18-24-year-olds and 8% of 25-34-year-olds.

Overall, younger drivers displayed much lower levels of brand loyalty. 52% of respondents under 34 said their preference in car manufacturers had changed in the past 6 months, while only 16% of respondents between 55-64 said the same thing.



3. Why would drivers opt for a new market entrant?

These new entrants have brought an attractive proposition to the UK market at the right time. With continued cost-of-living pressures, consumers are looking for better value vehicles. Meanwhile, as technology advances, drivers are attracted to vehicles that offer them better features and in-car experiences. Looking at why UK drivers would opt for a new entrant demonstrates that the low-cost, high-tech strategies of these brands are succeeding.

- The value these brands deliver is the top reason UK drivers would consider them. 33% of respondents said the lower price point and value of these vehicles is the main reason they'd consider one, followed shortly by lower running costs (31%).
- Their technology is also a compelling offering, with 27% citing their better electric vehicle range or technology as a point of interest.
- The longer warranties on offer from these brands also attracted attention, with 25% saying this would be a key reason to consider.

Only 4% of respondents cited that dissatisfaction with traditional brands was driving them towards these marques, while only 9% were interested in the faster innovation on display.

Looking at generational splits, younger drivers were swayed more by the better range and technology in these cars (42% of under 35s), longer warranties (32%) and the more modern design or features on offer (31%). Meanwhile, older drivers were persuaded by the lower price (42% of 55-64 year-olds) and lower running costs (33%).



4. What is hampering further progress?

For those still yet to be convinced of the new entrant offering, what is stopping them? With only 35% of those surveyed expressing confidence in buying a vehicle from one of these brands, there are several major concerns stopping the majority from feeling better about making the switch.

Top barriers cited by UK drivers about the new vehicle brands available in the UK were:

1. Vehicle quality – 53%
2. Reliability of technology – 50%
3. Access to service partners – 36%
4. Resale value – 34%

With a significant difference in attitudes between age groups, what worries older drivers? Both groups were balanced in concerns regarding technology reliability (52% for both under-25s and over-65s).

Vehicle quality is less of a concern, but still a significant one. 48% of drivers under 35 believed so, and 60% of over 55s said the same. Similarly, we see a gap between these age groups around access to service partners (30% and 46%, respectively) and resale value (26% and 44%).

Vehicle quality was also a barrier to entry across regions, aside from Central England and Southwest England, which cited the reliability of technology as the top concern (54% and 60% respectively). Scotland was the most worried about vehicle quality, with 64% of respondents expressing reservations about the quality of the cars available.

While men and women were largely aligned in the issues they perceived from these brands, women were more likely not to express any concerns about new brands than men (13% and 8%, respectively).



5. Key takeaways for dealers

The arrival of a raft of new market entrants has brought with it a range of challenges. Those open to the opportunity these brands present must evaluate how to adapt their strategies to maximise this potential, meanwhile those invested in established brands need to navigate a new, more competitive reality and protect their market share.

The data we've presented was designed to help dealers better understand where we may see movement across brands, what is driving interest in the new market entrants and what is still blocking wider adoption. Using these learnings, there are several key points dealers should take away, depending on their approach to new market entrants.

For those looking to partner with new entrants:

1. **Understand your potential customer:** Review the current demographics of your customer base and assess the level of potential demand in your region and customer base
2. **Tailor your sales and marketing strategies to tackle concerns:** Consider the reservations drivers have about these vehicles, educating your sales staff about the pushback you may receive from buyers and arm them with the insights they need to navigate these challenges
3. **Map out your aftermarket sales and revenue:** Evaluate the full composition of your aftermarket income by breaking down the contribution from servicing, MOTs, parts, repairs, accessories and warranties. Assess your current parc profile, including vehicle age and mix, to understand how shifts in technology, particularly reduced routine servicing requirements for EVs, may affect long-term margins. Review parts availability, repairability and warranty support for new-entrant brands to identify potential volatility in after-sales income. Finally, take time to consider broader concerns around reliability, long-term durability and manufacturer support when forecasting future revenue opportunities and risks.

For those looking protect their established brand's market share:

1. **Identify your exposure to risk:** Review your current customer base, assess your exposure to market erosion and how that may impact the performance of certain models and marques
2. **Understand where your brands are winning:** To retain market share, consider where your models can compete alongside new market entrants and win against some major concerns, using this to influence your marketing and sales strategies
3. **Not all brands will survive:** While competition is increasing and more brands will continue to arrive on the UK's shores, recognise that not all these brands will remain. While some established brands may exit the market, many new brands will also experience the same fate.

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