

**Automotive Industry / Consumption**

# Who buys a car?

Expansión (Spain)

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"Do you like to drive?" A well-known vehicle manufacturer ended its TV advert broadcast in Spain in 2000 with this slogan. The commercial, which showed the rhythmic waving of a driver's arm protruding from the window of a moving car, set out to convey the sense of well-being associated with driving your own car.

Since then, preferences for purchasing a vehicle have changed. In this regard, [a recent BBVA Research study](#) shows that the likelihood of buying a car declined during the crisis, and has barely gained momentum in recovery. Between 2008 and 2013, the proportion of households that acquired a new or second-hand car fell almost half to 6.1%, and has only grown around three points since 2014. In fact, families' actual expenditure on purchasing vehicles today is still around 30% below the pre-crisis maximum.

The propensity to acquire a car has declined in all population groups, so the buyer's profile has remained stable since the middle of the last decade. The estimated probability of acquiring a car increases with family size, income level and the number of employed people in the household. With regard to the characteristics of the main breadwinner, it is noted that the decision to buy decreases as the head of the family ages, even more so in households supported by men, divorced and foreign people. It is also noted that residents in municipalities with more than 100,000 inhabitants are less likely to acquire a vehicle than those who inhabit sparsely populated places, suggesting that there is a substitutability relationship between private and public transport - or other forms of travel - especially, in large cities.

During the last economic cycle, the buyer profile has only changed in two areas. The first refers to the relationship between housing demand and passenger cars. In the previous expansive phase, homeowners with a mortgage were more likely than the rest to acquire a car, suggesting that a fraction of the loan would have been destined to purchase the vehicle. This feature disappeared during the crisis and has not played any role since.

The second of the changes in the buyer's characteristics is related to the working situation of the household's main breadwinner. From 2014, having a job becomes less important as a determining factor in the decision to acquire a car, once the remaining factors affecting the transaction are considered. The growing preference of unemployed people for buying a vehicle has two complementary explanations. The first is the recovery of the labor market, which has improved the employment expectations of the unemployed and boosted their willingness to consume. The second, related to the previous one, is based on the increased availability of credit to finance the purchase of a durable good such as a car.

Although the buyer's profile has not changed significantly since the mid-2000s, some trends can be noted. In particular, young people have been less likely to buy a car since the beginning of the crisis. By comparing two families who differ only in the age of the main breadwinner, the probability of purchase by a household headed by a person under 35 quadrupled compared to the household headed by a person over 74 in 2006-2007. Since 2008 however, the differences between ages have narrowed: Households headed by a young person are now three times more likely to buy a vehicle than those supported by a person over 74 years of age.

This result is no surprise. It is likely that the lower predisposition of young people to acquire a car, along with the change in consumption habits, demographic trends and the emergence of new mobility methods influenced the car manufacturer's decision in 2015 to replace the slogan "Do you like to drive?" with "When you drive, drive".

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