

Covid-19's Long-Term Impact on New Lease Deliveries

Like the rest of the world the automotive industry has seen massive changes over the past year due to the Covid-19 pandemic. As we hopefully come towards the end of the WORDS we've put together this useful information sheet to help you understand the long-term impact that Coronavirus has had on the automotive industry and how this might affect your new lease.

There are a number of factors that already impacted the delivery lead time of a lease vehicle, from the model you choose to the location of the factory and even the weather. You can find a detailed look at these in our [guide to delivery lead times](#). This pdf will look at the Covid-19 specific impacts.

There are four main reasons for extended lead times that we are currently seeing to new models arriving in the UK and these include factory closures, new factory procedures, a microchip shortage and increased transportation time.

Factory Closures:

Over the past year and a half, we have seen lockdowns across the globe with countries stopping everything bar essential travel and closing all non-essential workplaces, forcing employees to work from home where possible. Car plants, factories, transportation companies and showrooms were not classed as essential work by most governments and so were closed during lockdowns.

Car manufacturers have their production factories in various locations around the world and so they have been affected by national lockdowns and forced factory closures at various points, and for a variety of different lengths of time over the last 18 months.

Lockdowns have meant that factories ceased producing vehicles, which in turn means that the build schedule they have has been put on hold until it is lifted. This has caused massive delays across all manufacturers, as not one has been unaffected by lockdowns.

Although production was paused manufacturers continued to take new orders, and this has added to the longer lead times as the order queues grew.

Once factories were able to reopen safely they have worked to get production levels back up however the issues we explore below have prevented the return to pre-Covid levels.

Factory Procedures:

The way that vehicles are produced has had to change in order to allow social distancing and limit contact between employees at the manufacturing plants, to ensure that their business complies with the Covid regulations in that country as well as keeping their employees as safe as possible by reducing the risk of Covid-19 being spread in the workplace should one of their employees become ill.

Measures that have been taken include:

- Introducing one-way systems for employees around their buildings
- Putting more space between the different assembly points to allow social distancing
- More frequent and deeper cleaning to help reduce the risk of transmission which could mean less active production time
- General social distancing measures

All of these measures have meant that the time it takes to actually produce a vehicle is longer than it was pre-Covid.

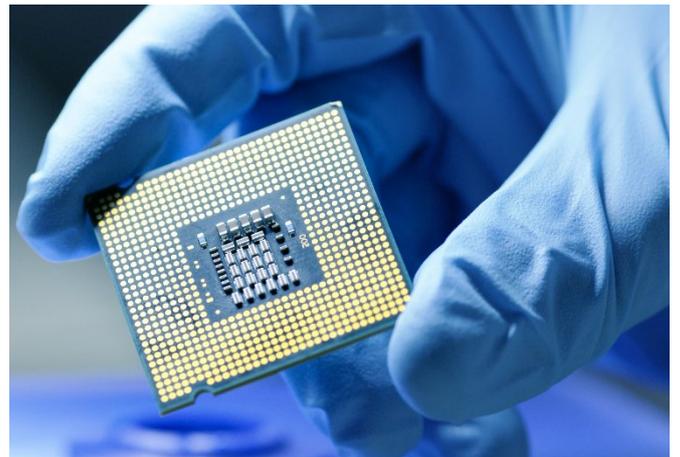
Additionally, they all have in place plans for partial or full closures in the event that an employee tests positive for Covid-19.

Microchips:

The third impact we are seeing of Covid-19 is a worldwide shortage of microchips.

Modern cars are increasingly high tech, and in order to run this technology they need microchips.

During car plant closures many manufacturers put their orders for microchips on hold. At the same time with hundreds of thousands of people stuck at home the demand for mobiles, tablets and laptops rose, and with it the demand from their producers for microchips.



The higher profit from mobile device microchips combined with the paused orders from most vehicle manufacturers has meant that there is a significant wait for these chips to be produced and shipped to car plants. Additionally, poor weather and a fire at one of the few plants that can produce the necessary microchips has compounded the problem.

For a more in depth look at why microchips are so important to the cars we drive today and the impact of the delays take a look at [this article](#) or you can view [this video](#) from carwow.

Transportation Delays:

Just like factories, docks, ports and transportation companies have had to adapt their procedures in order to put in place Covid safe procedures. This includes having to put in place social distancing measures and increased cleaning between handovers between different transportation companies and drivers. These steps take additional time which adds to the overall time it takes for a vehicle to be transported.

Add to this the impact of Brexit for the UK and the additional constraints this has put on transportation means that the lead time we would expect for vehicles being imported to the UK from Europe, as well as further afield, is getting considerably longer.



Although the number of Covid cases is reducing there are still new cases, and if a transportation or delivery driver becomes ill and has a positive test then this can also cause a delay to the delivery of your new lease.

Ports and transportation companies have put in place procedures where if a driver tests positive for Covid then any vehicle they have recently moved must not be touched for a few days and then thoroughly cleaned to reduce the risk of further employees becoming ill.

FAQs:

When will you let me know if my vehicle is delayed?

During the order process we will regularly request updates on your order from the supplying dealership for you. These updates will then be emailed across to you and should there be any movement, forwards or backwards, on it's expected lead time we will let you know as soon as we are made aware.

Am I entitled to a courtesy car if my order is delayed?

Unfortunately, as the delivery lead time is an estimate, and the delays are beyond Car Lease Special Offers control we are unable to offer a courtesy car to keep you mobile should there be a delay to your order. As the delays are being experienced across all brands and models within their catalogues most manufacturers are also unable to keep drivers mobile should their new vehicle be delayed.

What do I do about selling / returning my current vehicle if my new lease might be delayed?

As you are not entitled to a vehicle to keep you mobile should your new vehicle be delayed we recommend not arranging the sale or return of your current vehicle until the vehicle is in the UK and on its way to the dealership or until we are able to confirm a delivery date.