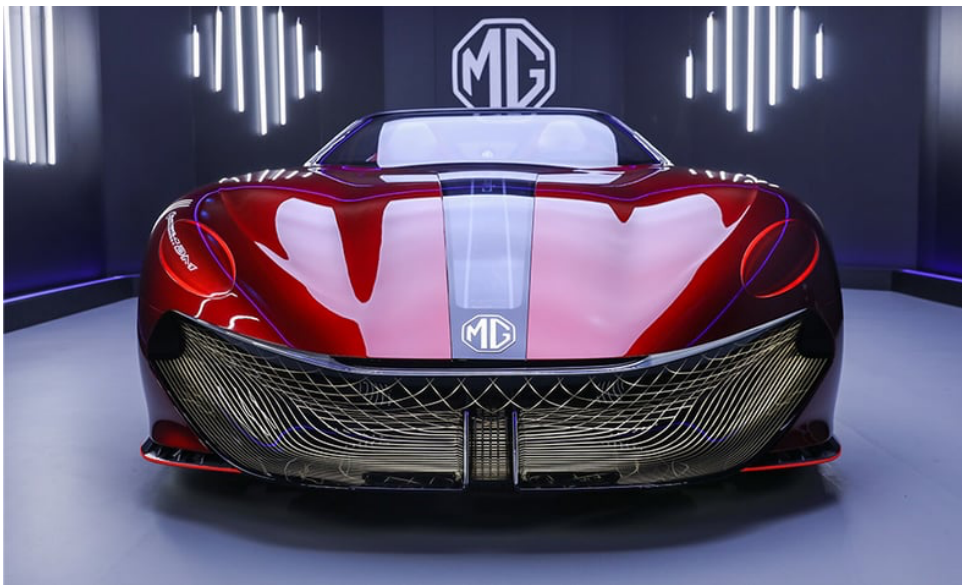


How MG became one of Europe's fastest growing brands

An expanding lineup of value-priced electric and combustion-powered vehicles has pushed the Chinese-owned brand's sales ahead of Jeep, Cupra and Honda.

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By Nick Gibbs



MG will return to its sporting roots with a full-electric model inspired by the Cyberster concept. The production car "will be a game changer in terms of perception of the brand," MG UK commercial director Guy Pigounakis said.

MG's sales in Europe last year overtook those in China, home of parent company SAIC, as the former British brand continues to lure more customers to its value-priced range of electric and combustion-powered cars.

Last year MG sold 113,917 cars in Europe, twice as many as in 2021, figures from market researcher Dataforce show. In contrast, the brand's sales last year in China were 110,101, according to figures from sales aggregator Bestsellingcarsblog.com.

The momentum has continued into 2023, with sales in Europe at 20,736, up 143 percent, according to Dataforce. The brand is now the 23rd largest in Europe by unit sales, moving ahead of Jeep, Cupra, Porsche, Land Rover and Honda.

Last year MG grew so fast that it finished second behind Tesla as measured by the increase in overall unit sales compared with the year before at 61,346, according to Dataforce.

The brand also has one of the highest shares of electric models among those offering a mix of drivetrains at almost half based on 2022 sales.

Affordable e-mobility

Perhaps most significant, MG last year launched the closest example yet of an affordable family electric car to be sold in Europe with the MG4 compact all-electric car.

The car specifically targets the VW ID3, but the entry MG4 with a 51-kilowatt-hour battery and 350 km (218 miles) range starts at 29,312 euros in Germany, compared with 39,995 euros for the entry ID3 with only a slightly bigger 58-kWh battery.

SAIC took control of MG Rover after merging in 2007 with Nanjing Auto, which bought the bankrupt UK company in 2005.

Initially, the brand restricted its European operations to the UK, starting sales there in 2011.

When it expanded into continental Europe in 2019, the company focused on full-electric cars and plug-in hybrids. That is still the case in Western European markets such as Germany, France, the Netherlands and Norway.

Combustion cars gain traction

However, MG has since expanded south and east into markets such as Slovakia, Slovenia, Hungary and Portugal with a range that includes combustion-powered models such as the ZS small SUV and HS compact SUV.

In the first two months, the brand's best-seller was the HS at 6,810 units, with the gasoline model accounting for just over 5,000 of those sales. The HS was also the UK's overall best-seller in January.



The MG HS was the UK's best-seller in January.

MG now has 624 dealers in Europe, according to its website.

This year, MG will step up its visibility by returning to its sporting roots. The brand is probably best-known globally for its MGB sports car that was discontinued in 1980 after a nearly 20-year run.

Later this year MG will unveil an electric successor to the MGB, code-named Project E, that both celebrates the marque's 100th birthday and provides the brand a halo model.

The production car, previewed by the Cyberster concept, "will be a game changer in terms of perception of the brand," MG UK commercial director Guy Pigounakis told *Automotive News Europe*.

Bumpy re-start

The reveal of the long-planned electric sports car also shows SAIC's confidence in a revival that hasn't always gone according to plan.

The brand's first Chinese-built model sold in the UK was the MG6, a gasoline-powered midsize hatchback and sedan that didn't catch on.

"They were in too early trying to sell a petrol engine when the market was diesel in that size of vehicle," one UK dealer told *Automotive News Europe*. The dealer, who asked to remain anonymous, gave up his MG franchise because the MG3 small car was taking too long to arrive.

The MG3's arrival in 2014 boosted the brand's sales to 2,326 from about 500 that year, but it took the launch of the ZS small SUV in 2017 to really turn around MG's fortunes in the UK.



Demand for models such as the MG4 EV helped MG finish second behind Tesla as measured by its increase in full-year sales, which grew by more than 61,000 units compared with 2021.

EV success

Sales rose to 9,050 in 2018, while the launch of the electric version of the ZS paved the way for MG's entry into continental Europe.

The company was even first to market with a electric station wagon -- the compact MG5 -- which is carving out a niche with taxi drivers in cities such as London, where taxis with combustion engines are being restricted. MG has, so far, not offered its budget MG3 small car outside of the UK.

Exports from China have always been SAIC's big aim for MG. The Chinese giant -- the world's sixth largest car company in 2022, according to analyst company Inovev -- has made a big deal of the brand's British heritage and has opened a large design studio in London.

Europe is one of six "50,000 vehicles" regional markets that SAIC has targeted for MG, along with Australia and New Zealand, the Americas (including Mexico), the Middle East, and ASEAN including India.

Europe has already passed that target, while other regions are getting close.

MG was the No. 7-selling brand in Australia last year, with a volume of 49,582, according to Bestsellingcarblog data.

It was also No. 7 in Mexico, with sales of 48,112 last year, while in India it was 10th with 48,063.

"MG is the best example of how fast a Chinese car can find new clients in the West and elsewhere," said Felipe Munoz, global analyst for market researchers JATO. "They make use of a British brand to expand their presence globally."

Export success, however, runs counter to a recent slump in Chinese demand for MGs. The brand's European sales overtook its volume in China partly because they have collapsed at home, falling 50 percent in the first two months of the year to 15,203, according to figures from Bestsellingcarblog.

Exports are a welcome respite from troubles in China.

"Competition is so intense at home that many Chinese automakers tell me they are making more profits from exports," Michael Dunne, head of China-angled automotive consultancy ZoZoGo, told *Automotive News Europe*.

Europe, so far, hasn't been dragged into China's current price war, meaning MG has a better chance of making money here.

Affordable batteries

China's dominance in batteries is helping.

For example, the MG4, MG's No. 2-selling car in the first two months of the year in Europe, uses the cheaper lithium iron phosphate (LFP) battery chemistry for entry versions.

"They definitely benefit from lower costs, which is in part due to the reality that China now has a full-fledged built-in battery supply chain at home," Dunne said. "Coming to market with the iconic MG brand name is like the icing on the cake."

Unfair advantage?

Some European automakers have complained that China has an unfair advantage when it comes to state support for the battery industry at home.

"Our competitors have many cards in their hands that we don't have yet, namely upstream in the supply chain of BEVs," Renault Group CEO Luca de Meo said in reference to China in a speech in January in his role as chairman of European automotive lobby group ACEA.

MG's competitive pricing of the MG4 electric compact is the first to indicate European automakers may have a problem on this front.

The company might also be undercutting rivals to grab share, but MG's Pigounakis insists that the company is making a profit on the EVs it sells in the UK.

"We price to achieve a margin that we are comfortable but with enough of an advantage to at least get us on the agenda," he said.

The pricing advantage comes from a combination of improvements made in development, supply chain and production, MG says. The MG4 is built on SAIC's new electric-only Modular Scalable Platform (MSP) that will also underpin future models, including a new version of the Marvel R electric compact SUV.

Battery supplier CATL is using a more efficient cell-to-pack method with a low-cost LFP option.

Equipment levels are also reduced, with entry models eliminating extras such as a rear passenger light and in-built satellite navigation.

The price of the MG4 has increased by more than 1,000 euros since last year's launch, but the price of the entry ID3 has jumped even higher.

Despite falling sales in China, MG has been unable to meet all the demand it has due to supply issues. In the UK, still the company's biggest European market, MG estimated it could have sold 65,000 cars "comfortably" last year instead of the 51,050 it managed, Pigounakis said.

Even so, MG finished 12th in the UK with a 3.2 percent market share, ahead of brands such as Mini, Renault and Skoda.

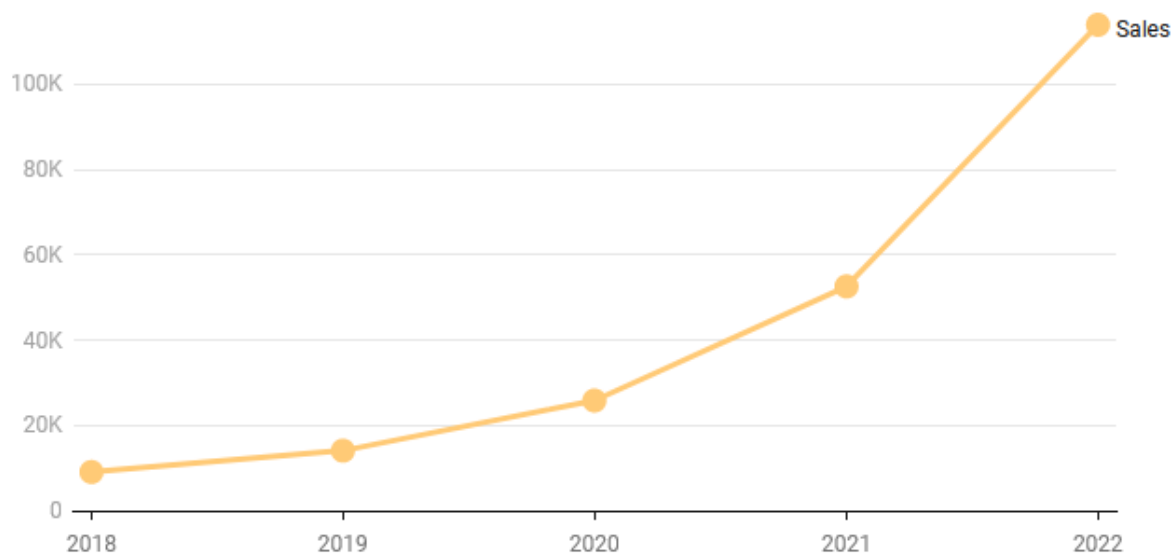
Supply issues have continued into 2023 with customers reporting delays on the ZS EV and the MG4.

MG always had a solid brand thanks to its sporting heritage. What it lacked during many of its years under British ownership was the investment to leverage that brand.

Under SAIC, the company has that investment. With a new electric sports car bolstering the brand and China's current competitive advantage on EVs, MG has ability to far surpass its reach as a British marque and become a truly global brand.

Meteoric rise

MG more than doubled its vehicle sales in the region last year



Source: Dataforce • [Get the data](#) • Created with [Datawrapper](#)

European Sales of MG Vehicles (Largest market is UK where sales are higher than the next four markets combined – Germany, France, Sweden & Italy)