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VEHICLE RE MARKETING
ASSOCIATION

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Slide 1

- Used car sales volume in 2018 on track to be 8 million transactions
- Greater focus on used by OEM's and franchised dealer groups

Arnold Clark

Sytner – Car Shops / The Car People

Pendragon – Car Store

This is in addition to normal franchised site by site activity

Increased activity and demographic coverage by Car Supermarkets

- Big Motoring World
- Imperial car Supermarkets
- Trade Centre Wales / UK
- Available Car
- Fords of Winsford

Slide 2

- New entrants. 2018 / 2019
- Leaseplan used car outlet (s)
- Others? On line used?

- Increased used car sales volumes putting greater pressure on used car buying / acquisition prices and therefore margins.

- 19600 used cars on Auction View however inputting a filter of up to 3 years old and up to 50,000 miles reduces this figures to circa 5000 units.

- As a result, prices achieved via re marketing channels have remained high versus CAP and residual value realisation does not appear to be a problem for vendors.

However.....

Slide 3

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- Certain OEM's have increasing concerns in relation to the volume of business that they may be "auctioning away" to the independent sector.
- Due to the availability in recent years of low cost PCP and leasing offers, some of the aspirational German brands have become affordable to the more volume orientated motorist.
- Example SMMT data: 2016 17000 Ford Mondeo's registered versus 56,000 BMW 3&4 Series.
- The combined German brands will dispose of circa 125 – 15,000 used vehicles via auction / re marketing companies during 2018

Slide 4 2019

- 2019 will see greater emphasis by OEM's to channel more used car via their franchised dealer network, supported by incentives, bonuses and more flexible wholesale funding arrangements.
- The increased activity will assist with dealer profitability and will help to increase OEM finance activity and increase their customer database and will go some way to stem the flow of finance business lost to the independents.
- A by product of this activity would see less used cars in circulation to the independents, thus putting even greater pressure on them in terms of stock acquisition and may require a more expansive plan of buying activity.

Slide 5

- Buying Channels
 1. Traditional auction / re marketing buying
 2. PX generation
 3. Online, eg, Motability
 4. VT – franchised dealers only
 5. Early churn PCP – franchised dealers only
 6. Upstream
 7. In house WBAC / WWAC facility.