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## Agenda

- B2C online remarketing
- Dealer buybacks and remarketing

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BAC

The slide is titled 'Agenda' and lists two topics: 'B2C online remarketing' and 'Dealer buybacks and remarketing'. The BAC logo is in the bottom right corner.

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## Dean Bowkett bio



- Over 28 years' of automotive industry experience
- A Fellow of the Association of Chartered Certified Accountants
- Been responsible for up to 31 different financial services businesses and operations in 25 countries across Europe, Asia, America and Oceania

Industry Sectors		Roles	
OEM	✓	MD	✓
Financial services	✓	Group CFO	✓
Full-service leasing	✓	Group Operations	✓
Wholesale & retail finance	✓	Supervisory Board Member	✓
Retail dealership	✓	Group Remarketing	✓
Automotive data & research	✓	Pan European Pricing	✓
Insurance	✓	Group Chief Editor	✓
Press & Media	✓	Due Diligence	✓
		Legal Expert Witness	✓

Some of the companies Dean has worked for or with:



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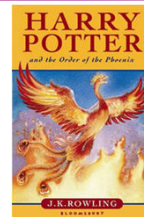
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## What was the year?

2003



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## 2003 also saw a change in OEM remarketing



- Used cars direct from the manufacturer
- Vehicles up to four years old and with up to 40,000 miles on the clock
- MG Rover collapsed in April 2005

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## Some online car businesses since 2005



Launched 2005 and collapsed in 2011.

The company model was to source top quality cars from big fleets and sell direct to retail, undercutting conventional car dealers and supermarkets by 10 per cent

webuyanycar.com



Launched 2006 and acquired by BCA in 2015. £557m t/o

wewantanycar.com

Launched 2009 and in 2013 Cox Automotive take a major investment. £71m t/o

Hertz Rent2Buy

Launched in USA in 2010 but brought to UK in 2012

Europcar  
2<sup>nd</sup> move

Launched in 2013



Beepi launched in 2013 raised \$149 million on what was a \$560 valuation of the company at its high point. Folded in 2016

CAZOO

Coming soon  
Sourcing cars from big fleets, refurbishing them and selling them B2C on the back of a trusted brand and undercutting conventional car dealers

ADESA FUTURE AUTOMOTIVE

RMS / AUTOMOTIVE

NEXTGEAR CAPITAL

AutoTrader

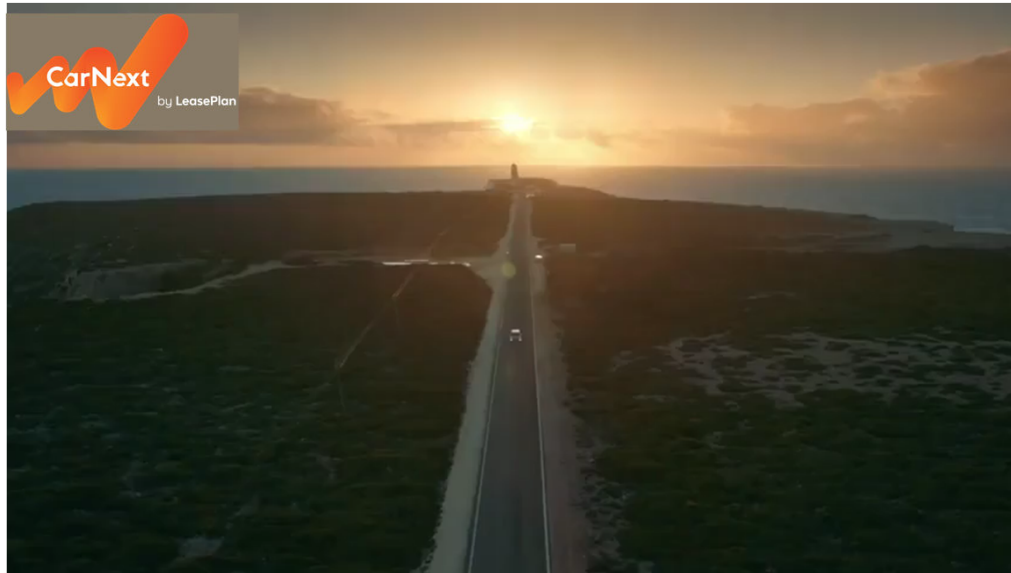
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## CarNext



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## But consumer expectations are changing

February 9

In the last few months I've had 3 customers call up days after taking their car and ask if they can "return" it? I've asked if there is a problem with the car and in all cases they have said No, they've just changed their mind and want their money back. After me explaining that we're not Amazon and we don't have a returns policy they seem to accept it and I've not heard any more.....are customers expectations changing?

- The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 covers the rights to return goods bought over the internet
- Consumers have the right to cancel an order for goods made at a distance starting from the moment the order is placed until 14 days from the day they receive the goods

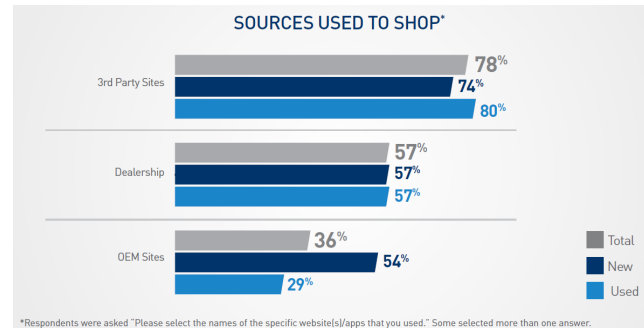
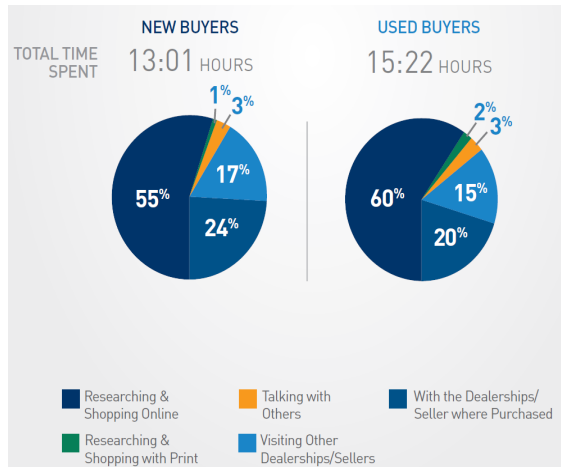
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## Buyers are researching more online\*



- 52% of car shoppers feel anxious or uncomfortable at dealerships
- 54% said they would "love" being able to sell or buy a car from home
- 42% were fine buying a car without a test drive, as long as there was some form of guarantee

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\*source: Autotrader.com 2016 Car Buyer Journey

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## Buy-backs and remarketing

- PCP and PCH are now the most common ways to buy cars
  - "86.5 percent of new private cars were bought by consumers using finance supplied by members of the Finance and Leasing Association (FLA)"
  - In November 2018 there were over 1.7 million cars being managed by the FN50
- In the UK the retail cars generally either end up going through a normal dealer part-exchange process or go back to the funder and end up in auction
- Most leased vehicles go to auction or onto an internal franchise portal
- In Mainland Europe dealers buying used cars back at the end of a contract has been common for many years, particularly in the retail finance sector



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## Why is Mainland Europe different?



- Physical auctions are far less common
- RVs with a buyback provide some safeguards for the funder against residual value risk exposure
- Dealers being allowed to “adjust” RVs within certain parameters enables competitive pricing
- It can speed up the end of contract process
  - Removes many of the remarketing costs
  - Gets the vehicle off the funders book quicker

# LEHMAN BROTHERS

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## Summary

- Online remarketing is increasingly common place in B2B transactions according to the traditional physical auctions
  - In the B2C area consumers like buying online and will buy cars that way under the right circumstances
  - But online sellers do not negate the costs of funding, storage and logistics and even introduce new costs coming from internet sales legislation
  - Remarketing B2B and B2C is changing but assurances and reputation are key to making both a success
  - **Whether you turn a small fortune into a large one or a large fortune into a small one depends on your approach and industry experience**
- Funders looking to manage their asset risk exposure could emulate mainland Europe with ore dealer buy-backs
  - Faster and cheaper end of contract process
  - But it carries risks of dealer defaults
  - This just turns an asset risk issue into a credit risk problem

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