

The background is a collage of automotive-related images: a highway at sunset, a top-down view of a car lot, and a group of people. The collage is overlaid with various geometric shapes in shades of blue, yellow, and green.

Market Insight Overview

March 2019

PHILIP NOTHARD

Customer Insight & Strategy Director - UK

“Welcome to the latest Market Insight Overview from Cox Automotive.

Every month, we provide automotive industry professionals with unique intelligence, supported by invaluable insight and market sentiment from our customers, that goes beyond the headlines to uncover what’s driving the new and used car sectors from wholesale, retail and funding perspectives. We hope our holistic analysis arms you with the essential knowledge needed to navigate the fast-paced, ever-changing automotive market.”

PHILIP NOTHARD

Customer Insight & Strategy Director - UK

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NEXTGEAR
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Modix 

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Agenda

- Retail
- Wholesale
- Funding
- Outlook



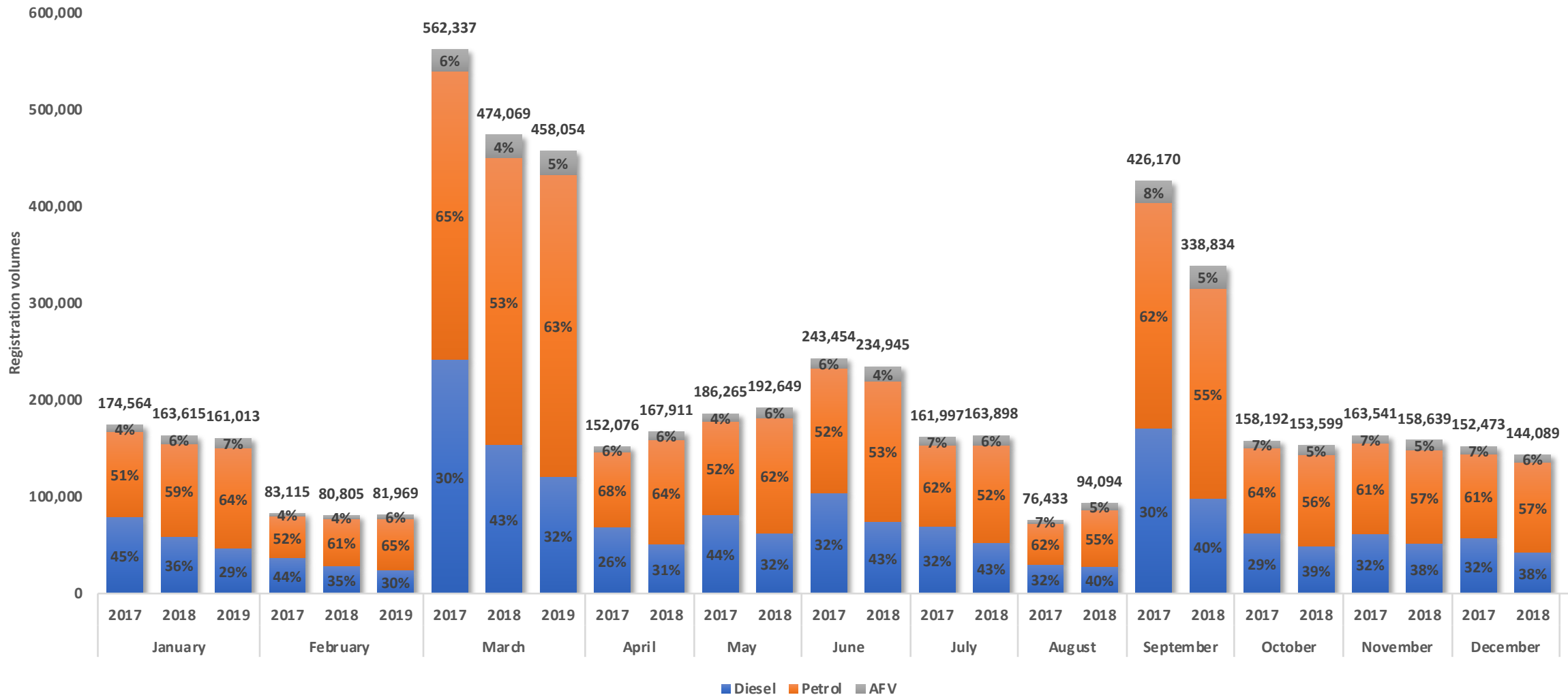


RETAIL



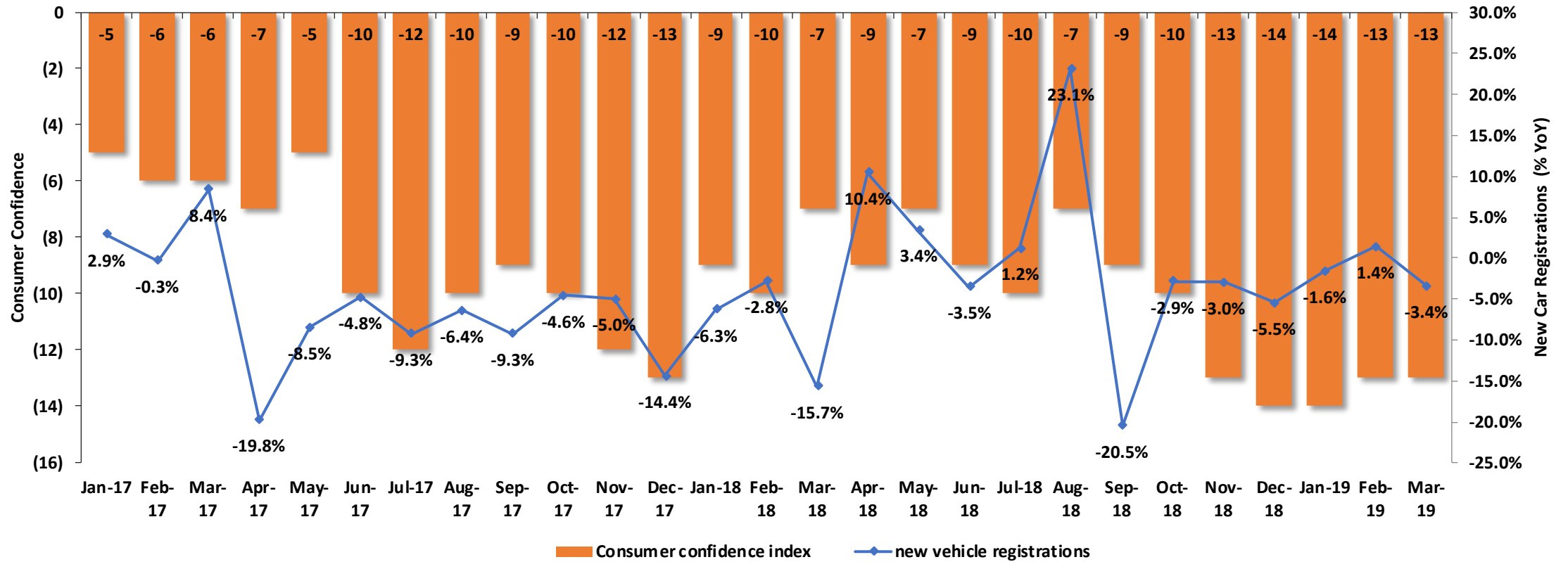
As expected, March new car registration figures made for disappointing reading, with the market down -3.4%. The Diesel share recovered marginally by 2% on February although -11% down YoY

New Registrations - fuel type % share

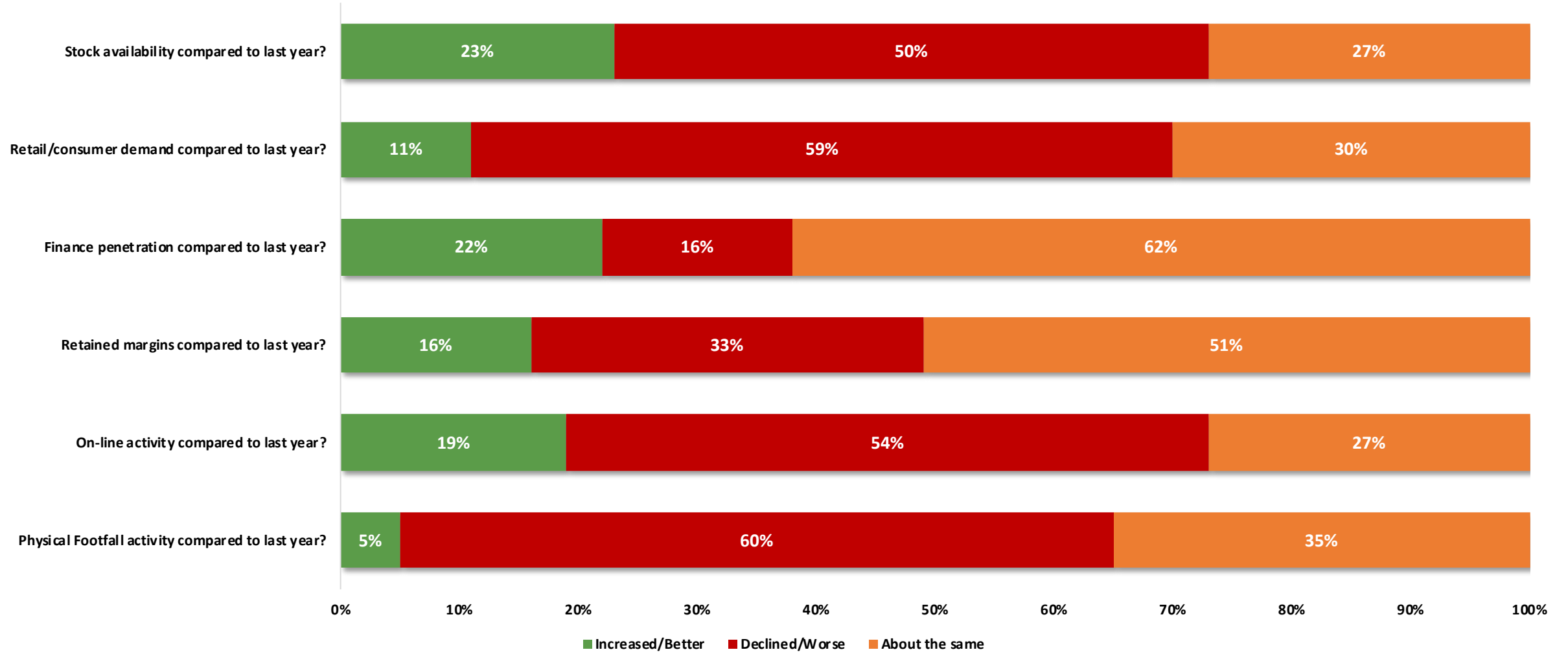


Consumer confidence index remains level at -13 as overall new car registrations decline -3.4%; however, private registrations remain stable year to date at -0.8% YoY

Consumer Confidence Index vs. New Vehicle Registrations



Two-thirds of respondents reported in the March Monthly Market Survey* a decline in consumer demand whilst half cite that retained margins remain similar to the same period last year

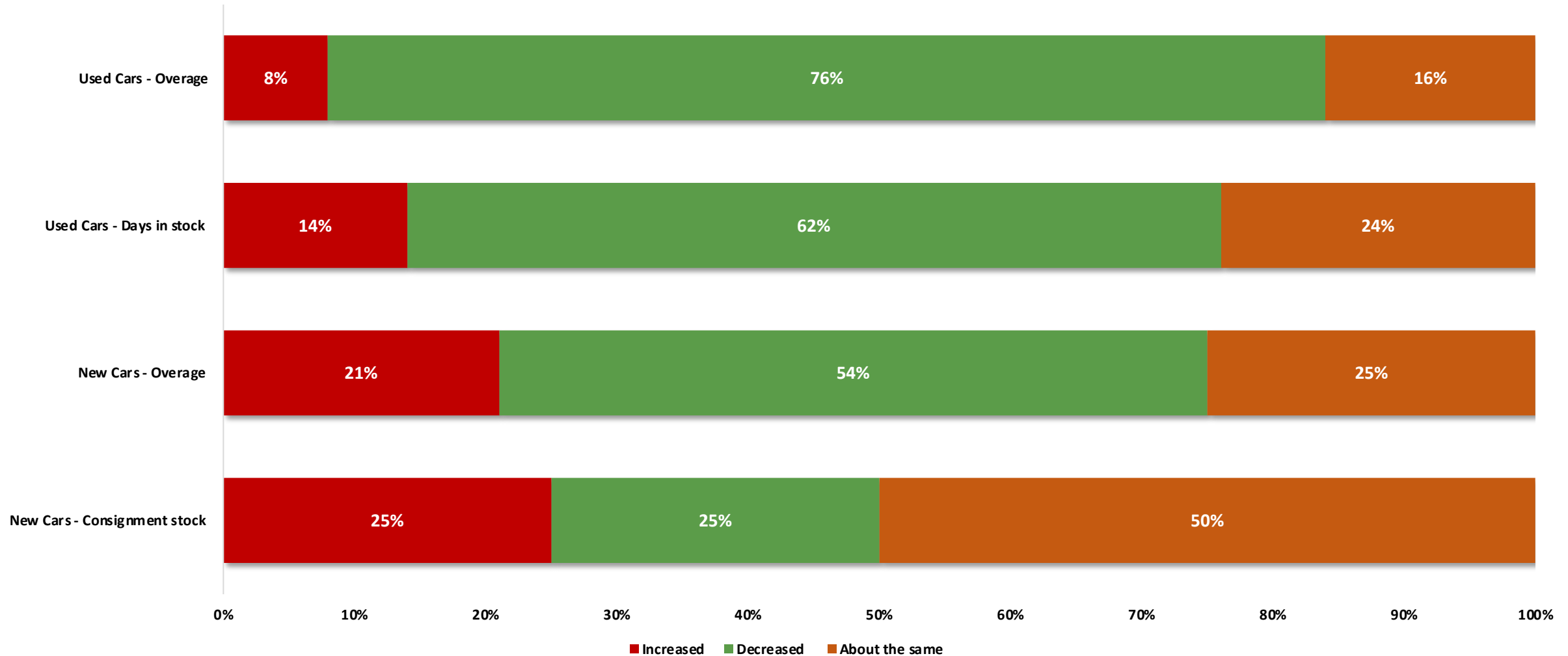


*State of the market dealer survey March '19

Retail



Challenges continue to face the new car market, as a quarter of dealers indicate an increase in consignment stock. Used car strength produces encouraging results in the March Monthly Market Survey,* as 76% of dealers report a decrease in overage and 62% report a reduction in days in stock

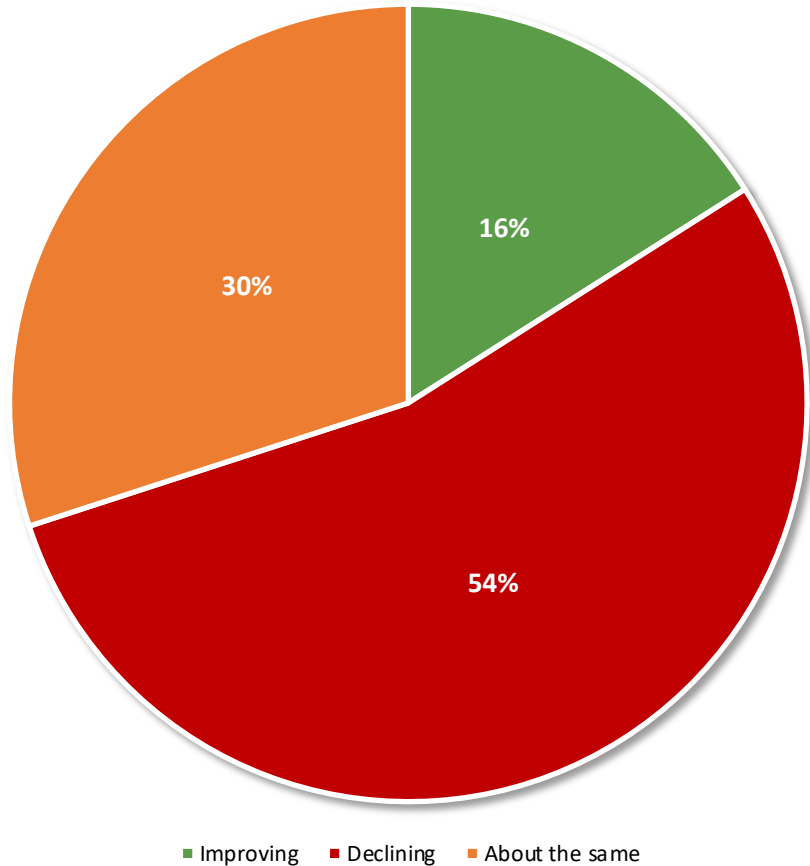


*State of the market dealer survey March '19

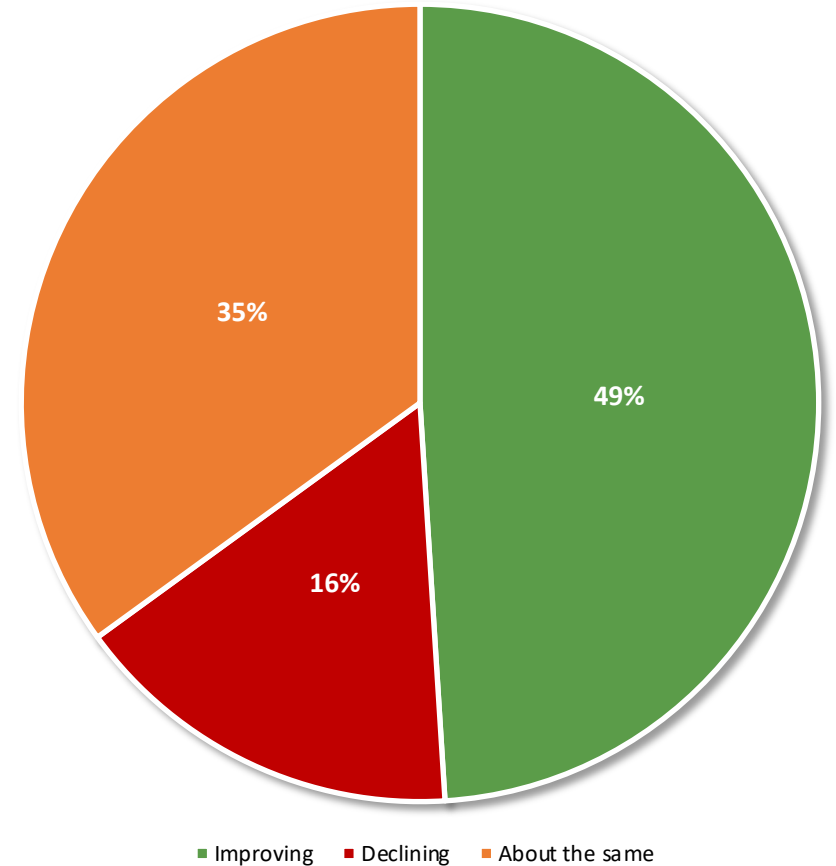
Retail

In a time of uncertainty, 30% of dealers remain positive over the economic condition over the coming months whilst 54% report in the March Monthly Market Survey* that they expect it to decline. Nearly half optimistic that sourcing stock will improve

What are your expectations for economic conditions over the coming months?
(as a proxy for demand)



What are your expectations for sourcing used vehicles over the coming months?
(as a proxy for supply)



*State of the market dealer survey March '19

RETAIL

Summary

- **Concerns on margin pressures expressed in February's dealer survey have lessened in March, but this is likely to be a continued theme in the coming months**
- **Political uncertainty in the key plate change month had a big part to play, but private registrations have held relatively steady YTD, down just 1% year-on-year**
- **According to the latest dealer sentiment survey from Modix, almost 60% of retailers feel that consumer demand was down in March compared to the prior year**
- **The new car fleet registration headline figures don't necessarily tell the full story, and manufacturers have worked hard to maintain a stable market by using all the sales channels available**
- **The used car market sentiment reports of a fall in demand in March, but dealer sentiment around days in stock suggests that this area of the market is still performing strongly**





MANHEIM

WHOLESALE



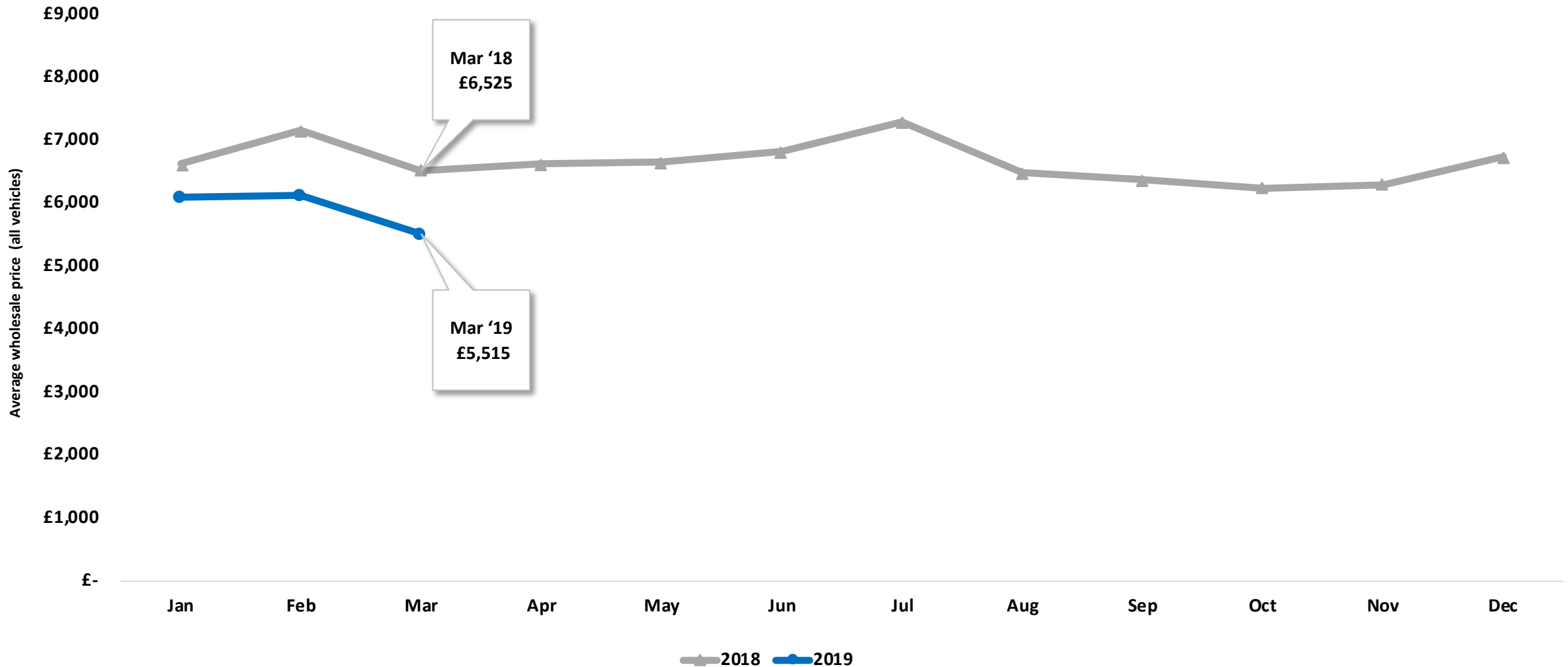
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Wholesale

The introduction of WLTP and ongoing uncertainty around taxation in the fleet sector is continuing to cause owners to hold on to their cars for longer, and as a consequence, the wholesale market is seeing older, higher mileage vehicles



Auction Wholesale Price



Wholesale

Part-exchange vehicle volumes rose by 10% month-on-month (MoM), while the average part-exchange price was up 1.7% to £4,150 and the average age increased by 2.6% to 87 months



Average part-ex price

£4,150

↑ 1.7% MoM



Average age

87 months

↑ 2.6% MoM



Average mileage

68,591

↑ 6.8% MoM



Wholesale

Petrol and diesel prices fell year-on-year (YoY) in March, likely to be influenced by an increase in vehicle age and mileage. The average price of Alternative Fuel Vehicles (AFV) increased by 2.3%



Wholesale Used Prices by Fuel Type



Petrol

£4,397

-11% YoY



Diesel

£6,771

-12.5% YoY



AFV

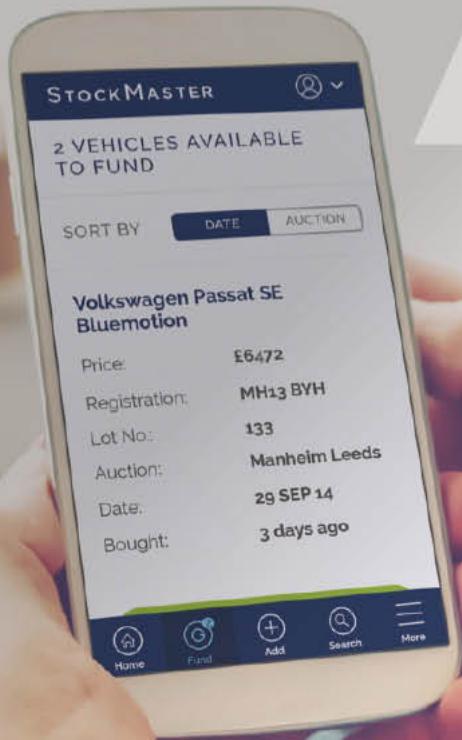
£9,907

2.3% YoY



- **Manheim report a double-digit increase in part-exchange volumes through its physical and digital wholesale channels in March**
- **Manheim saw the number of part-exchange vehicles rise by 10% month-on-month, while the average part-ex price was up 1.7% to £4,150**
- **March was a month of two halves in the wholesale market - strong prices and demand in the first two weeks, particularly for ready-to-retail stock, but the market was more challenging in the latter part of the month, possibly as a reaction to political uncertainty over Brexit**
- **WLTP and ongoing uncertainty around taxation is causing owners to hold on to their cars for longer, and we're seeing older, higher mileage vehicles entering the wholesale market**
- **Majority of manufacturer's sales continue to hit the dizzy heights of 90% conversion with cap prices close to 100%**



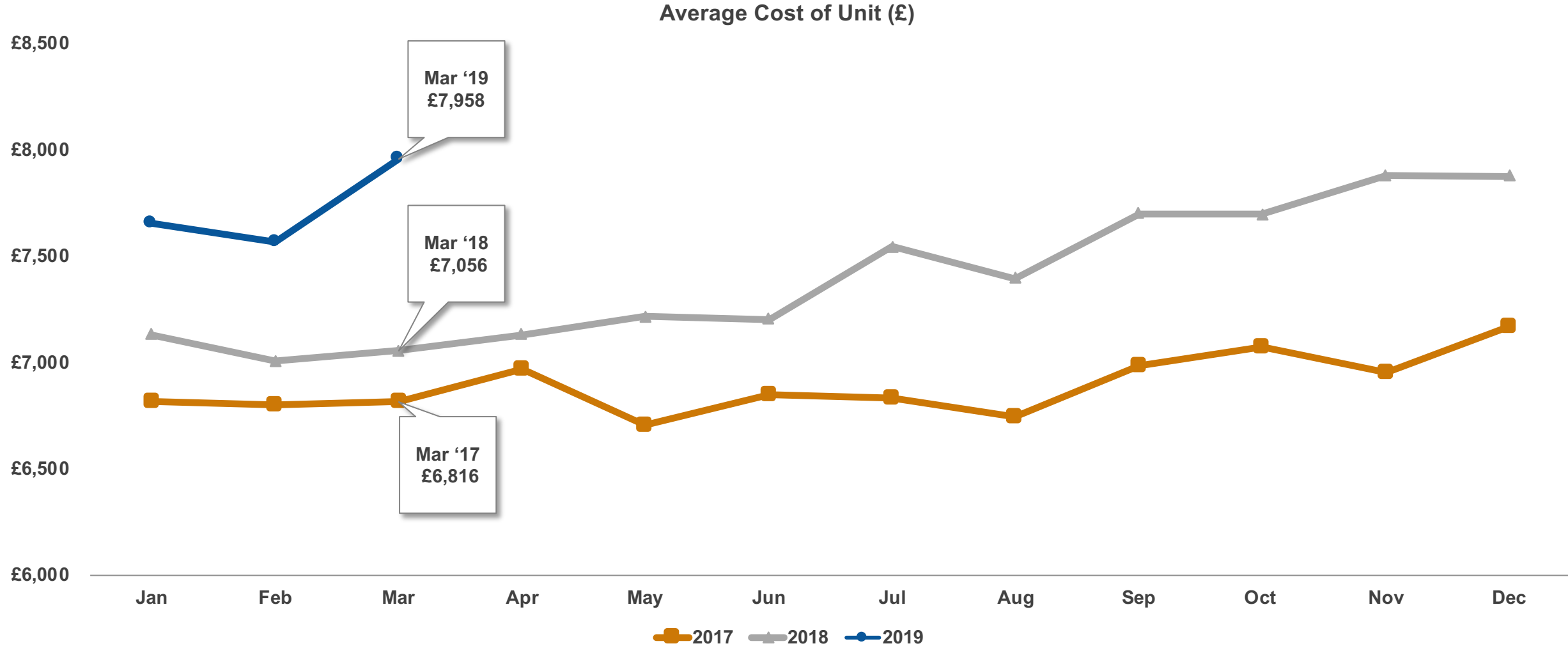


FUNDING



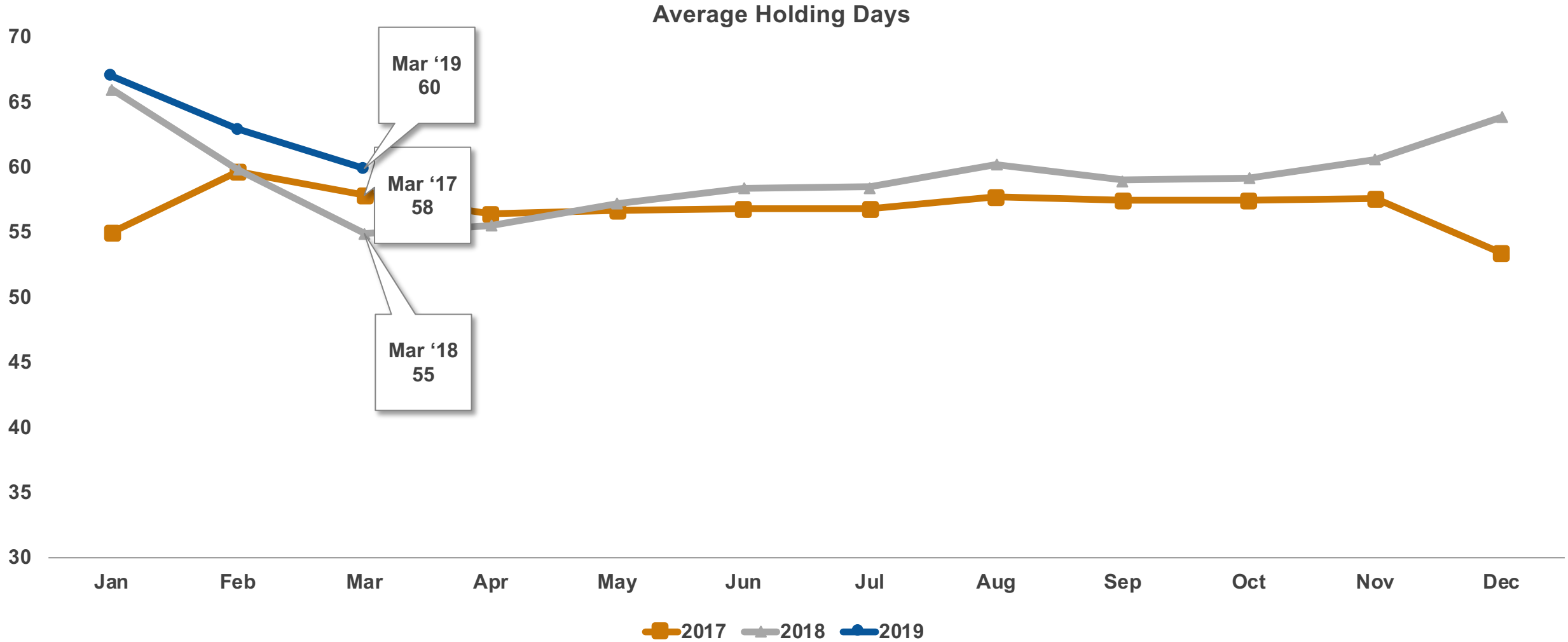
Funding

The wholesale stock funding business recorded an average cost per unit of £7,958, up 5% month-on-month and a 12.8% increase on March 2018



Funding

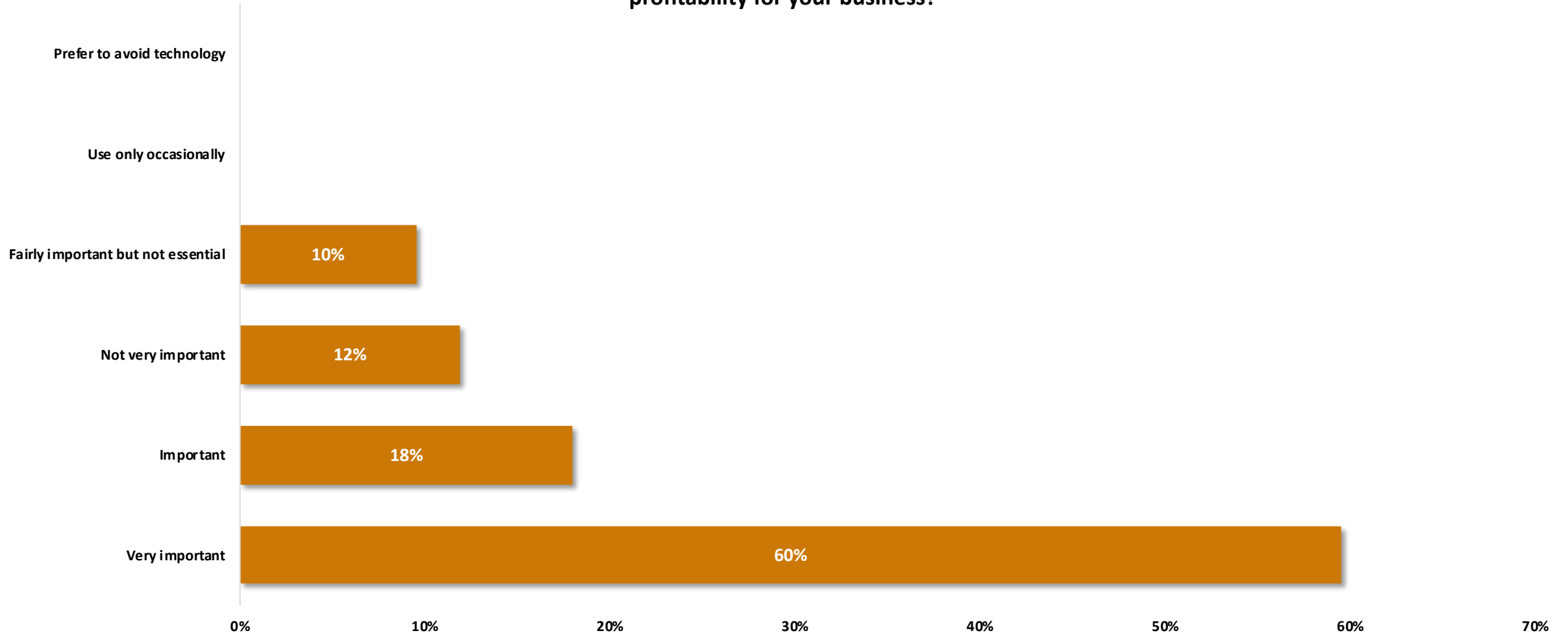
Average holding days funded increased 5 days YoY with a minor decrease of 3 days from February 2019



Funding

Four out of five dealers* surveyed said they considered integrated technologies either 'important' or 'very important'. In contrast, only one in ten considered it 'fairly important but not essential' to their business

How important are integrated technology, apps, online funding platforms etc, in helping to drive better efficiency and profitability for your business?



Funding

The average age of funded units reduced marginally from the 6.9 years in 2018 to 6.1 years, while the average mileage dropped below 60,000

March 2018



6.9 years

Ave. Age Funded



61,689

Ave. Mileage

March 2019



6.1 years

Ave. Age Funded



59,948

Ave. Mileage

The background features a dynamic, abstract composition. On the left, there are blurred light trails in shades of blue, orange, and red, suggesting motion. A large, white, diagonal shape cuts across the center, creating a clean space for the text. To the right, there are several overlapping, horizontal bars in shades of blue and orange, mirroring the color palette of the light trails.

OUTLOOK

Increasing appetite for
Manufacturers and
Dealers to embrace
eCommerce

Demand grows for
advanced vehicle
imagery solutions to
drive online buyer
confidence

Dealers investing in PPC
advertising to drive sales
as consumers turn to
online for their next
vehicle

Wholesale Outlook

Our viewpoint – 2019 the wholesale market



Demand for retail-ready stock will drive efficiencies in vehicle services, assisted by enhanced imagery

An increasingly agnostic approach to physical and digital sales streams will emerge to complement changing buyer behaviours

Buyers will expect increased transparency to drive stock confidence, leading to more detailed vehicle descriptions and assurance checks

Funding Outlook

Our viewpoint – 2019 the funding market

A strong appetite for growth means cash flow remains a priority for dealers

An increased focus on digital integration is helping dealers to purchase stock hassle free from a variety of sources

Ease and flexibility remains key for dealers



THANK YOU

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