

Cox
AUTOMOTIVE™

Market Insight Overview

September 2019

PHILIP NOTHARD
Customer Insight & Strategy Director - UK

Cox Automotive

Market Overview

“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

Individually strong. Even better together.

NEXTGEAR
CAPITAL

 **dealer**auction



MANHEIM

Modix 

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Agenda

- Retail
- Wholesale
- Funding
- Outlook



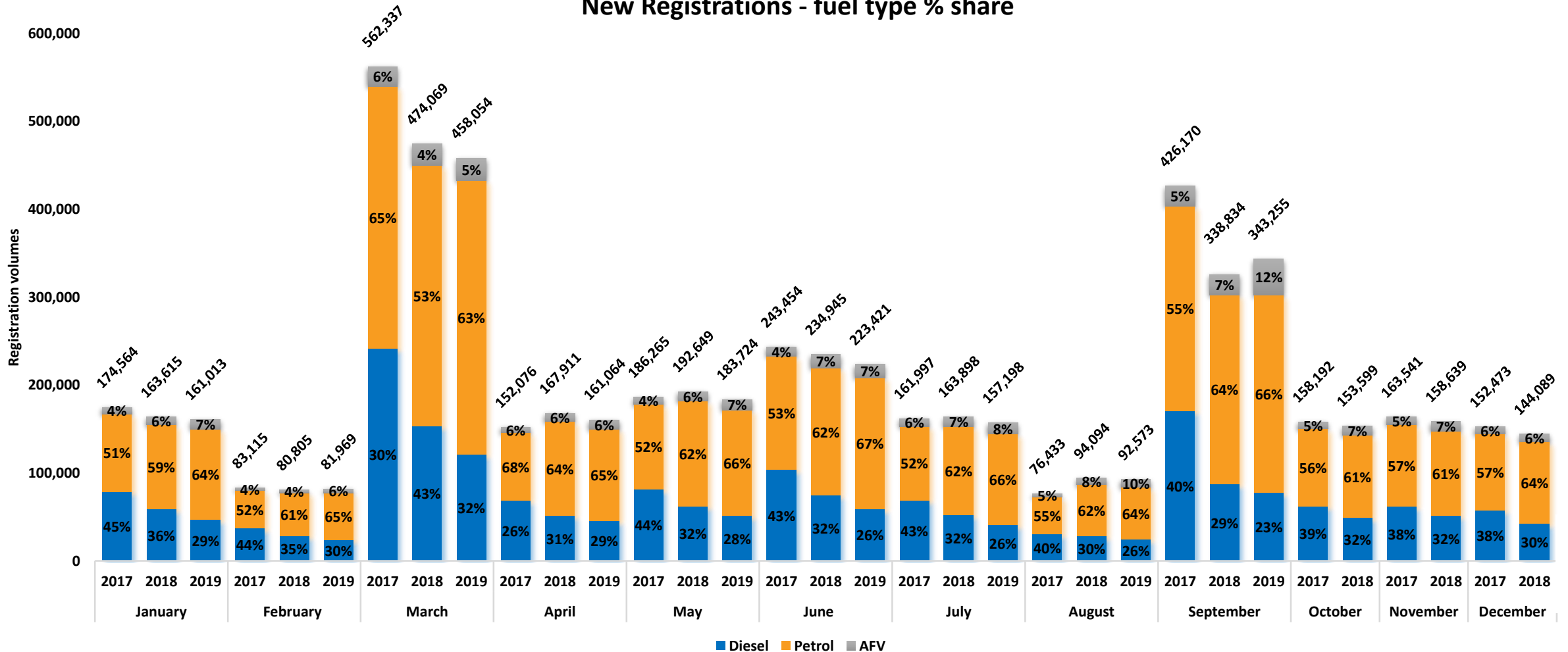


RETAIL



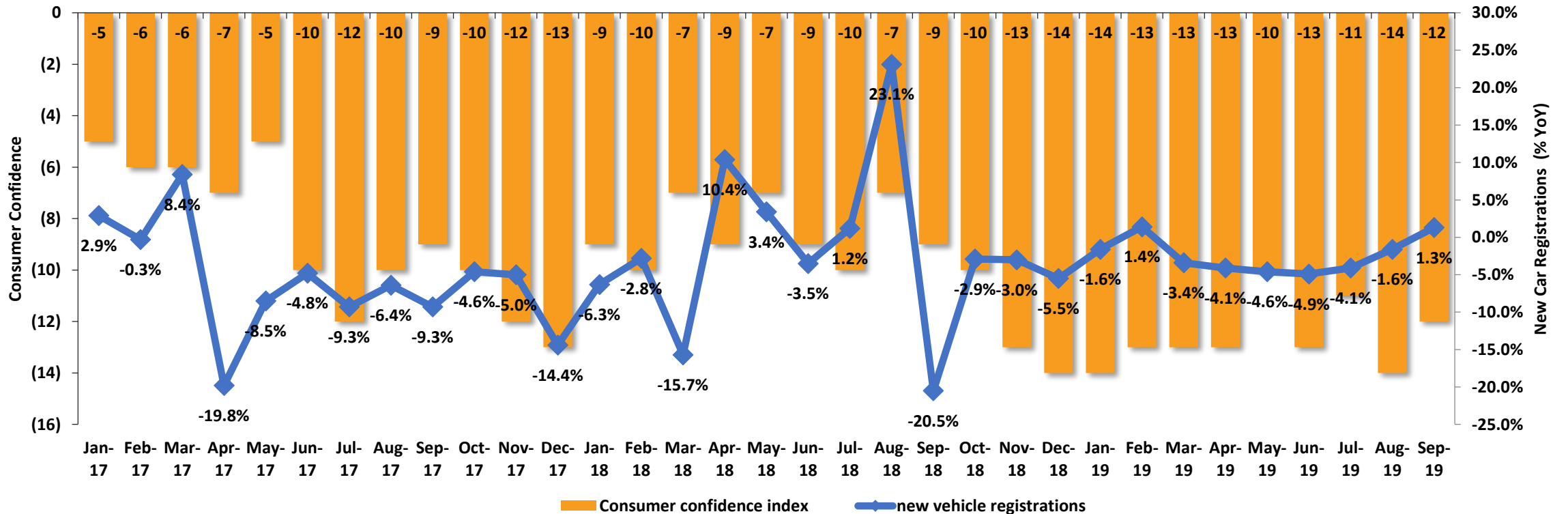
September delivered 'modest' 1.3% registration growth. Noteworthy combining August & September over the 3 years, 2019 Aug/Sept increased 0.7% (2,900 units) whilst comparing with 2017 the result was **-13.3%** (-66,775 units)

New Registrations - fuel type % share



UK Consumer Confidence improves two points to **-12** for September 2019 on the run-up to October 31st, albeit 3 points lower than the **-9** in September 2018

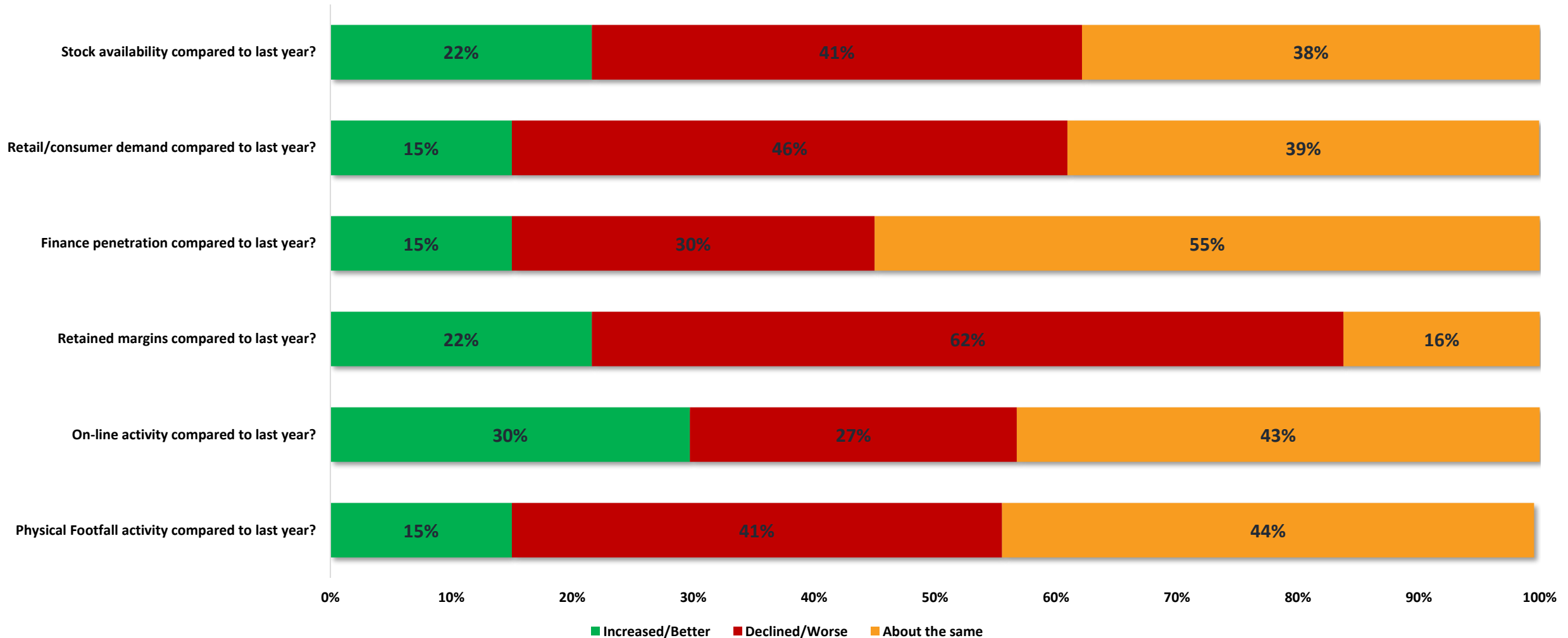
Consumer Confidence Index vs. New Vehicle Registrations



Retail



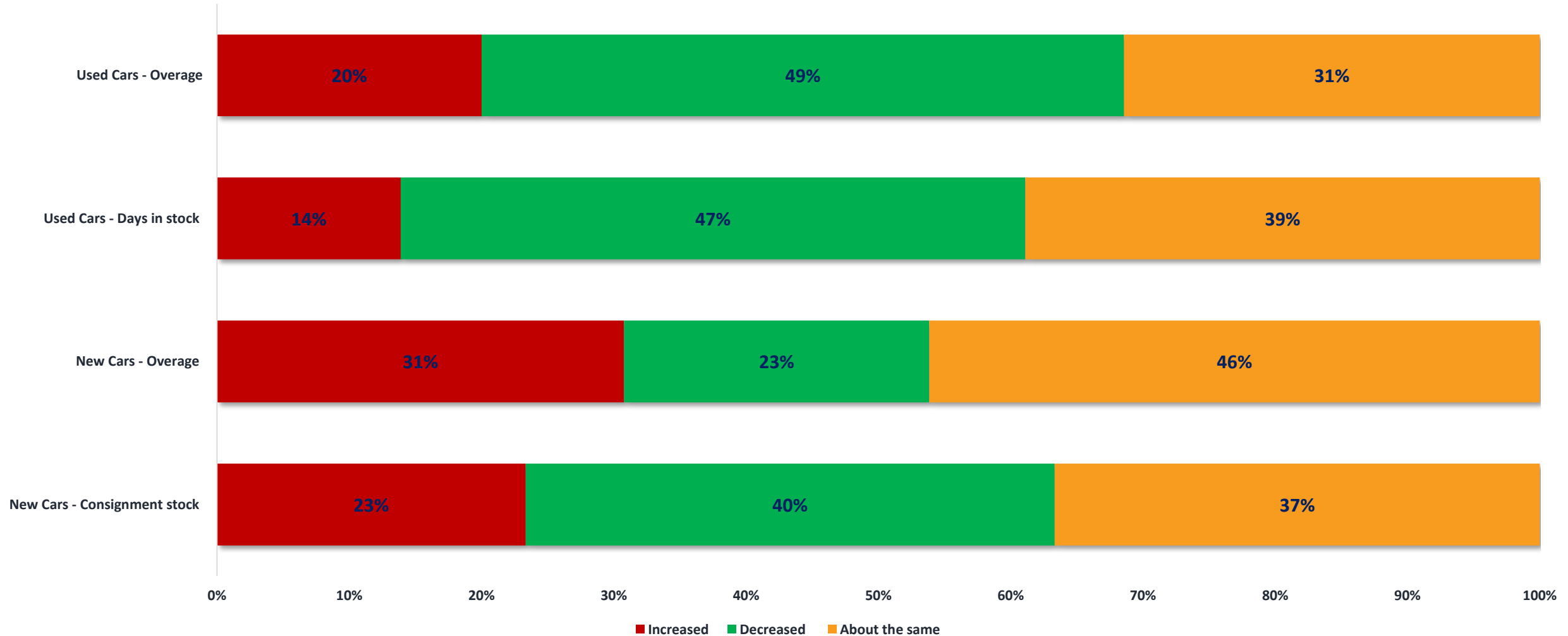
62% of dealers reported that retained margins had declined Year-on-Year. The Modix survey* also revealed a very mixed picture on demand, with just under half of dealers reporting that demand had fallen YoY, while 39% said it had stayed the same, and 15% saw an improvement



*State of the market dealer survey September '19

Retail

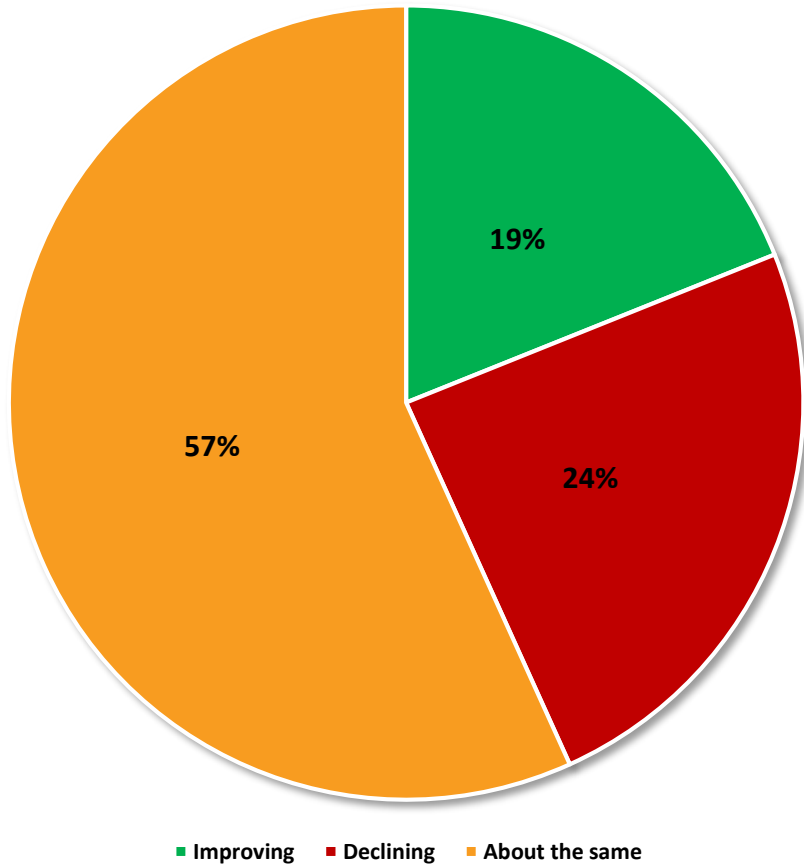
Dealers* were upbeat about used car sales, with 80% confirming that overage stock was the same or lower than last year, while 86% reported that days in stock had reduced or stayed the same



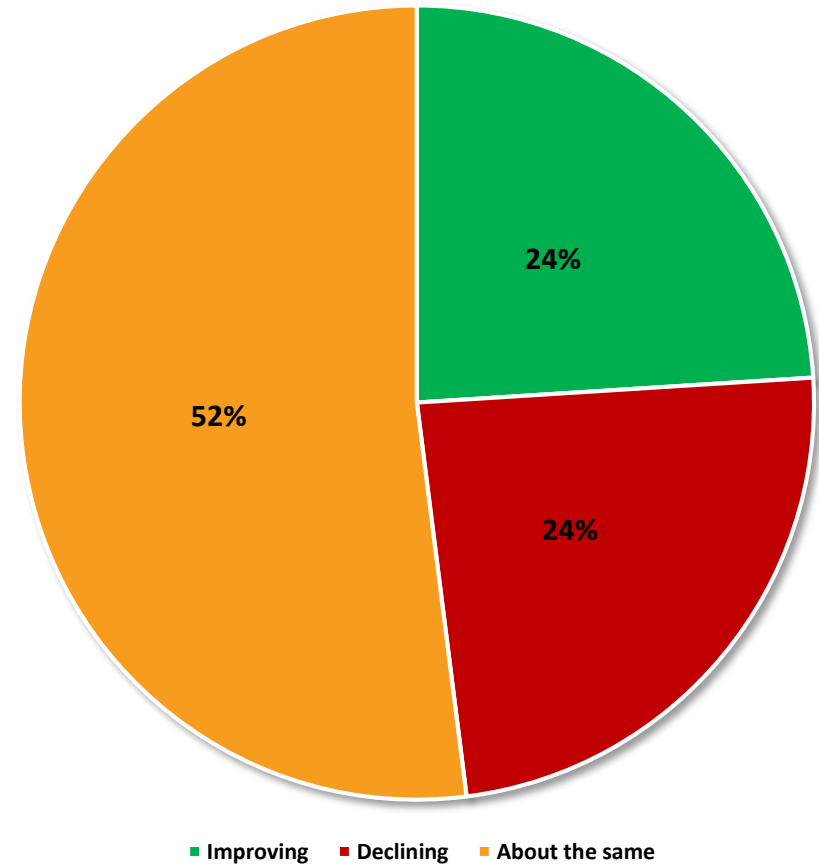
*State of the market dealer survey September '19

76% of dealers cited stability or improvement over the economic condition over the coming months whilst half are anticipating little or no change to sourcing stock over the coming months in Q4, as indicated in the September Monthly Market Survey*

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 September '19

- **September was a difficult month for the retail sector as dealers looked to the used car market to off-set challenges in new**
- **A lot of influences have come together to create a perfect storm in the new car market. Uncertainty around Brexit has created nervousness among OEMs and fleets, while the impending introduction of CAFÉ (Corporate Average Fuel Economy) targets will see manufacturers hold back some of their lower emission vehicles**
- **The general consensus is that September started well but the second half of the month was weaker**
- **Order banks are growing for new cars, without confirmation of delivery in some cases. European manufacturers are preparing for worst-case scenario on Brexit and preparing price lists that include tariffs**
- **Company cars are sticking to the usual treadmill without much in the way of extensions or early terminations beyond normal levels**





MANHEIM

WHOLESALE



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Wholesale

Manheim figures reveal that average age and mileage increased slightly month-on-month (up 1.3%), while the average price held steady at £5,679 (up 0.3%)



Average price

£5,679

↑ +0.3% MoM



Average age

86 months

↑ +1.3% MoM



Average mileage

64,434

↑ +1.3% MoM

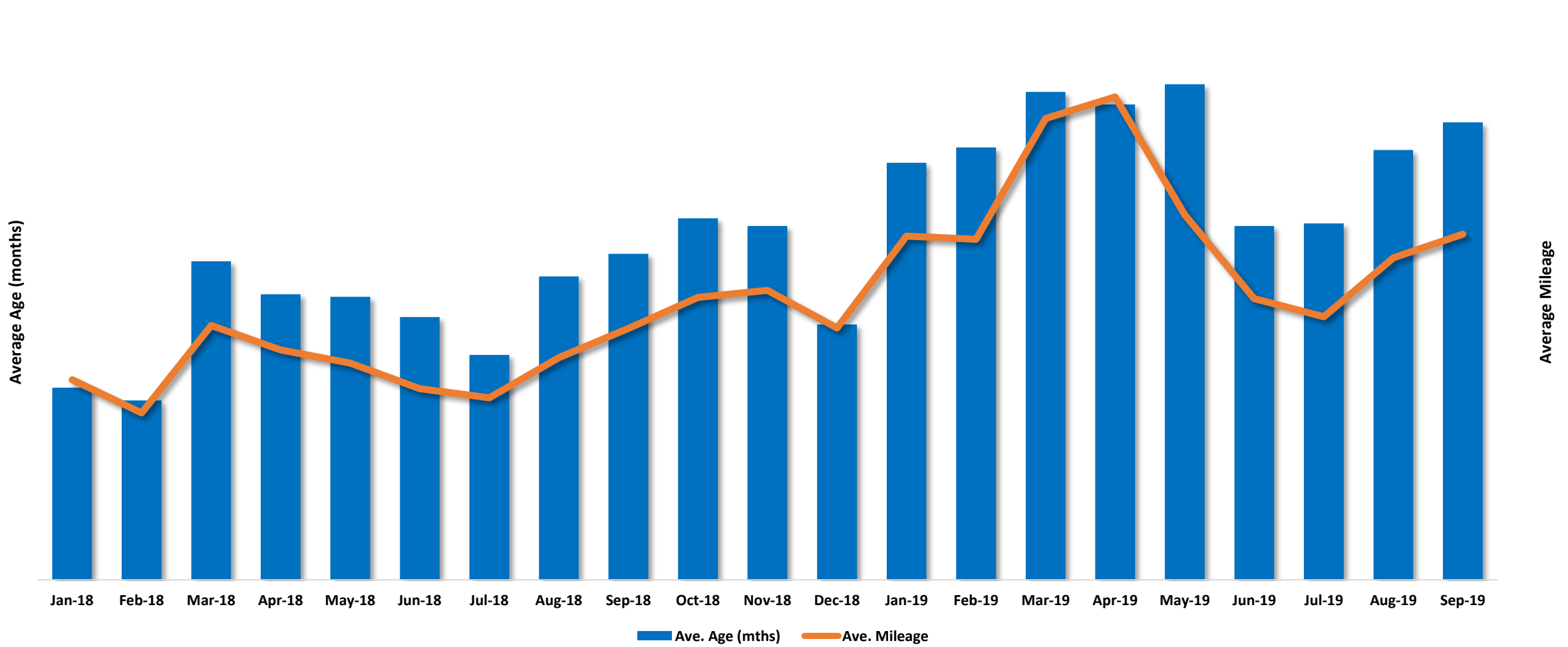


Wholesale

Wholesale stock profiles in September show an increase in age and mileage for the second consecutive month, following a year's low in June and July



Wholesale ave. Age & Mileage

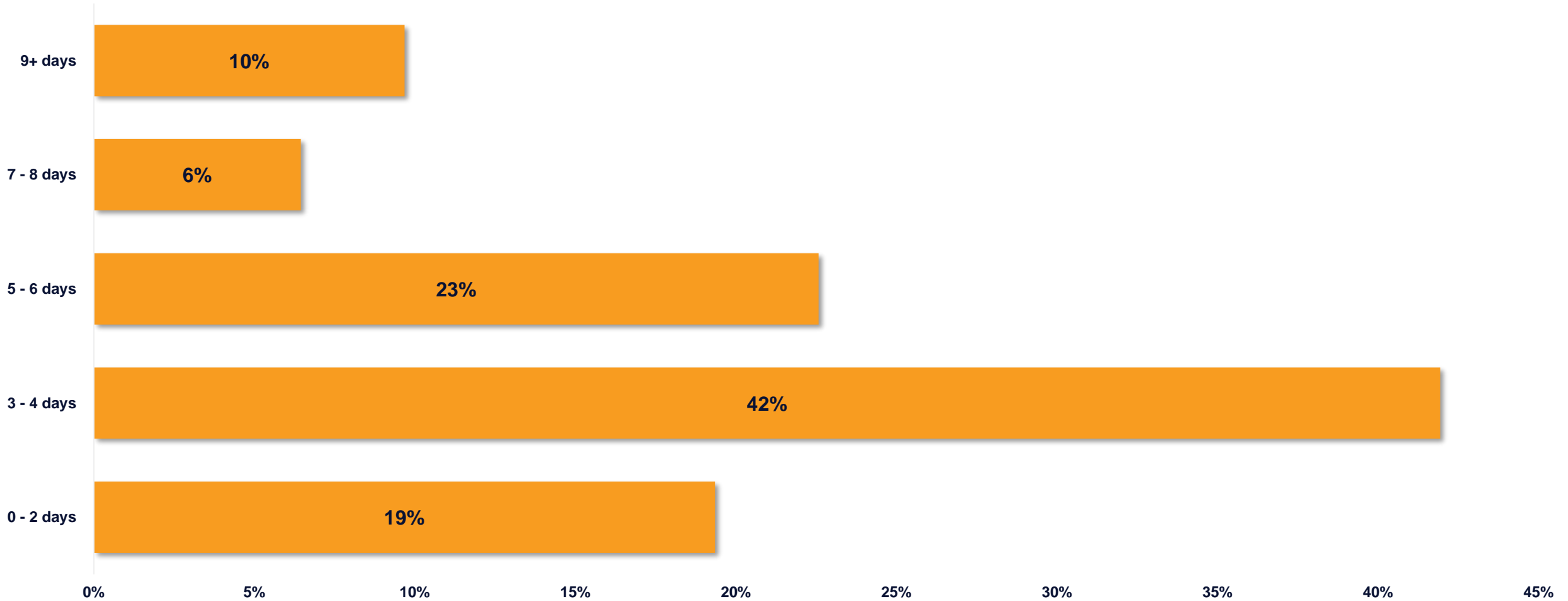


Wholesale

85% of dealers reported that time taken to complete reconditioning work is the biggest delaying factor in getting a vehicle on sale, according to the results of Manheim's latest dealer sentiment survey*



On average, how many days does it take to get a newly sourced vehicle listed for sale?



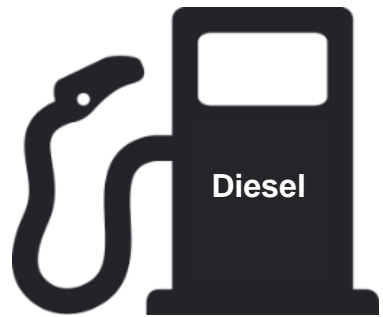
*State of the market dealer survey August '19

Wholesale

Data from Manheim reveals a dip in fuel prices for all categories except electric when compared to the same month last year



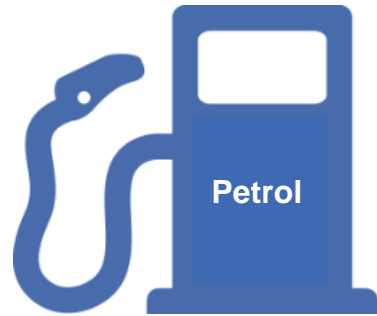
Wholesale Used Prices by Fuel Type



Diesel

£6,945

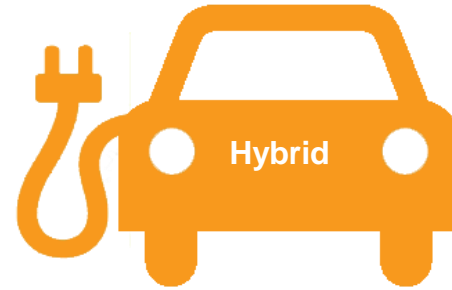
-14.3% YoY



Petrol

£4,354

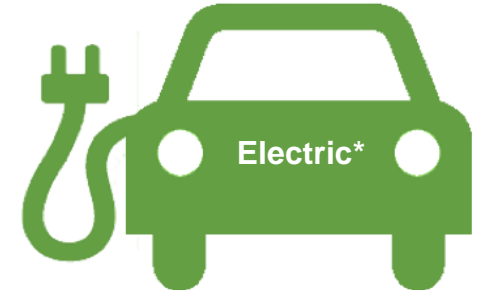
-8.7% YoY



Hybrid

£12,511

-15.3% YoY



Electric*

£12,099

34.1% YoY*

*EV £/% movements relative to lower volumes observed vs. ICE vehicles

Wholesale

The top 6 positions remain static for the most vehicles sold in wholesale* for September, whilst the Nissan Qashqai drops from 7th to 10th, BMW 3 Series into 7th and Audi A3 up to ninth place



*Manheim wholesale volumes all plates and mileages – September '19

- **Figures indicate an uplift in demand for electric vehicles, but the relatively low volume of electric vehicles, when compared to other fuel types, means that higher percentage swings are likely**
- **Manheim, a leading provider of integrated products and services for the vehicle remarketing sector, saw more than 87% of cars sell first time across the month, with most achieving or exceeding the guide price**
- **A number of factors have combined to reduce the level of stock in the wholesale market throughout August and September. Low new-car sales, long lead-times, and scrappage schemes from some manufacturers have reduced part-exchange volumes, and dealers are choosing to retail those that they take indirectly**
- **Wholesale demand exceeded supply, putting pressure on retailer's margin targets and forcing dealers to sell decent part-exchanges**
- **Average fleet car price held steady MoM despite a +35% increase in average mileage**



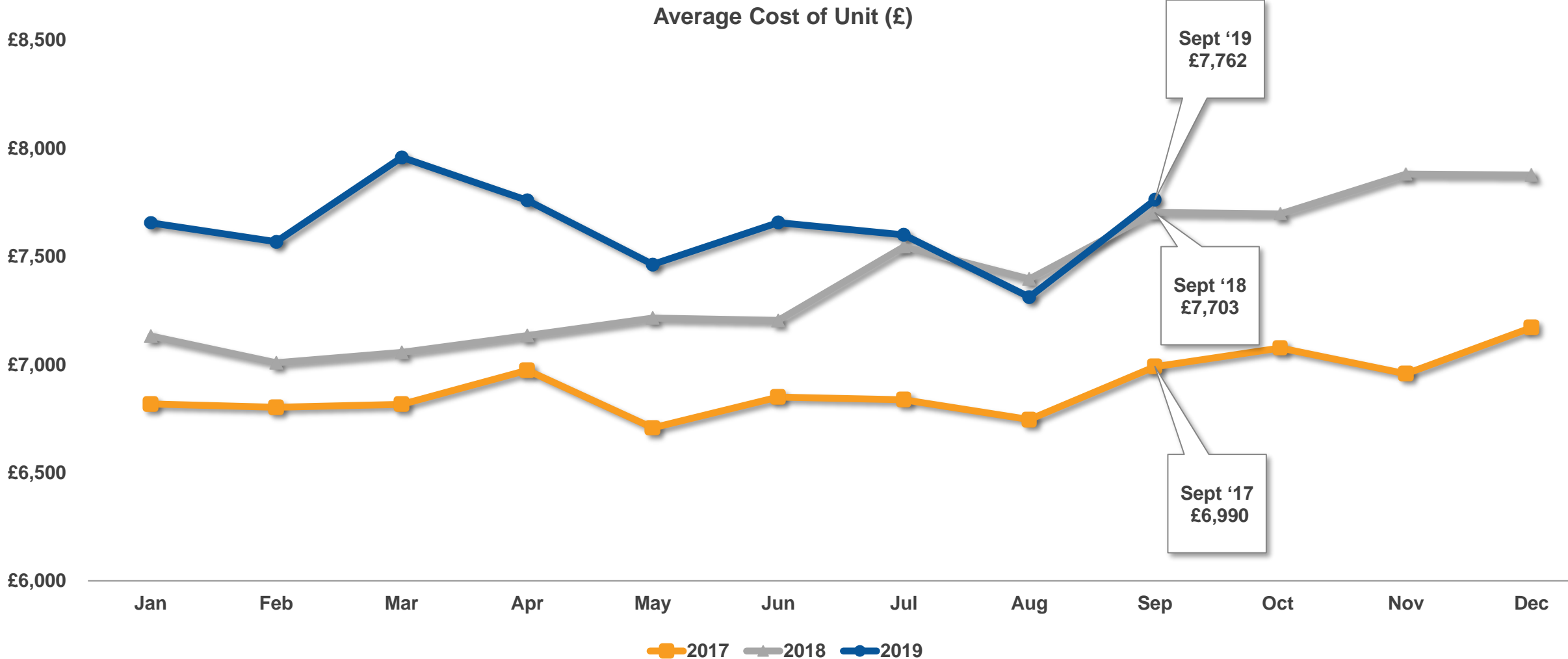


FUNDING



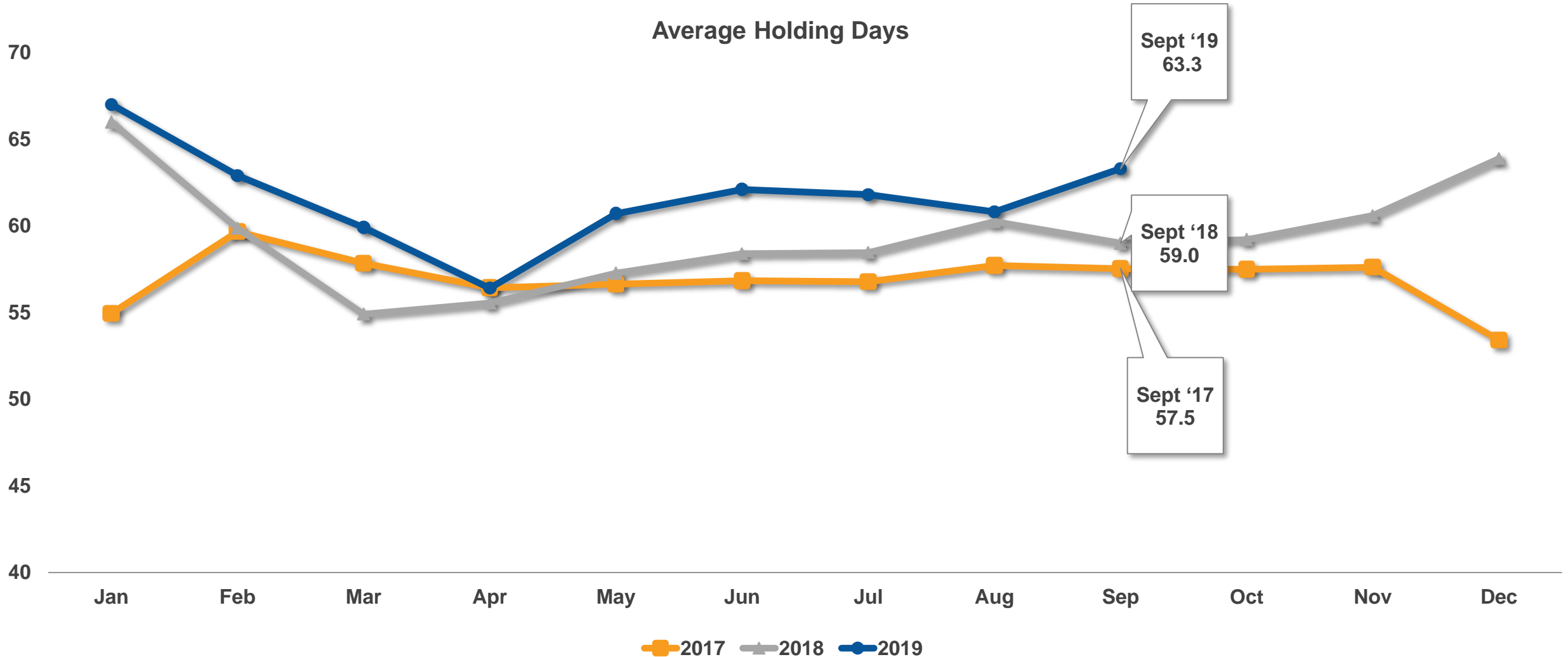
Funding

NextGear Capital, the leading provider of wholesale stock funding, also saw average age and mileage hold relatively steady but reported an average price increase of 6% MoM to £7,762



Funding

The average number of days in stock increased to 63.3 (60.8 August 2019 and 59 September 2018), increasing the average 61.7 days during 2019



Funding

The average age and mileage increase marginally YoY in line with data observed through the wholesale sector. As mileage rises to 60,277 for vehicles bought using the NextGear stock funding plan. It also saw the average age of its funded units increase from 5.8 in 2018 to 6.1 years

September 2018



5.8 years

Ave. Age Funded



59,627

Ave. Mileage

September 2019



6.1 years

Ave. Age Funded



60,277

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 triangular shape cuts across the center. To the right, there are several overlapping, horizontal rectangular bars in shades of blue and orange, creating a layered effect.

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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