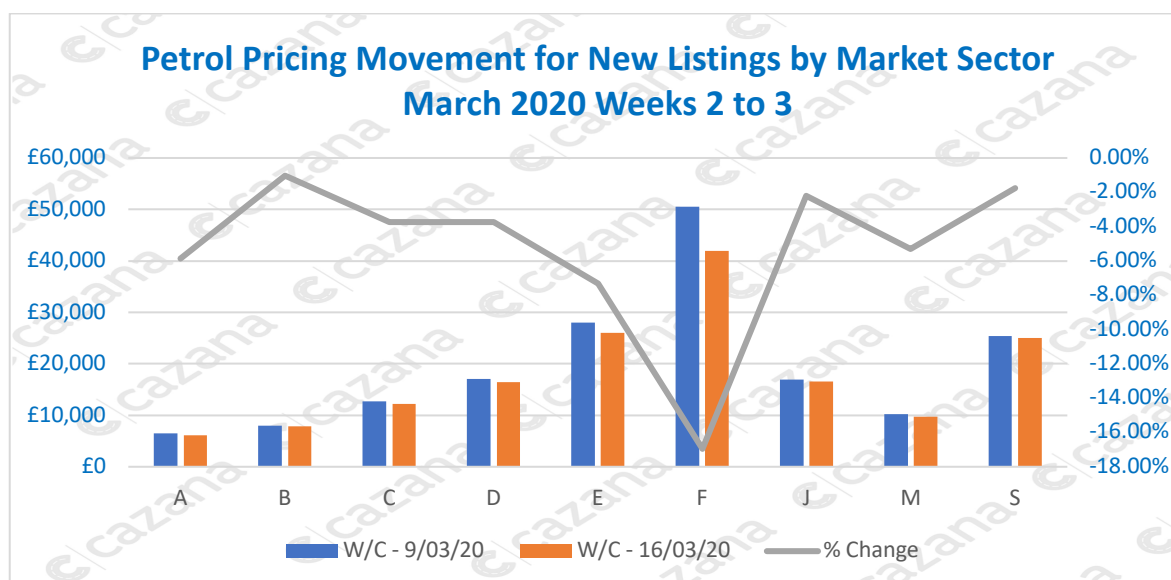


## Cazana Weekly Retail Price Watch

Written by Rupert Pontin, Director of Insight, Cazana, March 23<sup>rd</sup> 2020  
March 2020 – Weeks 2 and 3

With the UK in the early stages of the COVID-19 pandemic, the need for greater understanding is critical whether this is from a business or personal perspective. As Cazana is the only automotive data supplier capable of looking at full market retail-driven pricing data on a realtime basis, this is the first of a weekly insight delivery designed to help our industry understand what is happening in the retail market and therefore how the wholesale sector and trade pricing will respond.

The data displayed in the first chart below looks at average pricing performance for petrol cars by market sector, for new adverts placed between week 2 (week commencing 9/3/20) and week 3 (week commencing 16/3/2020) :-



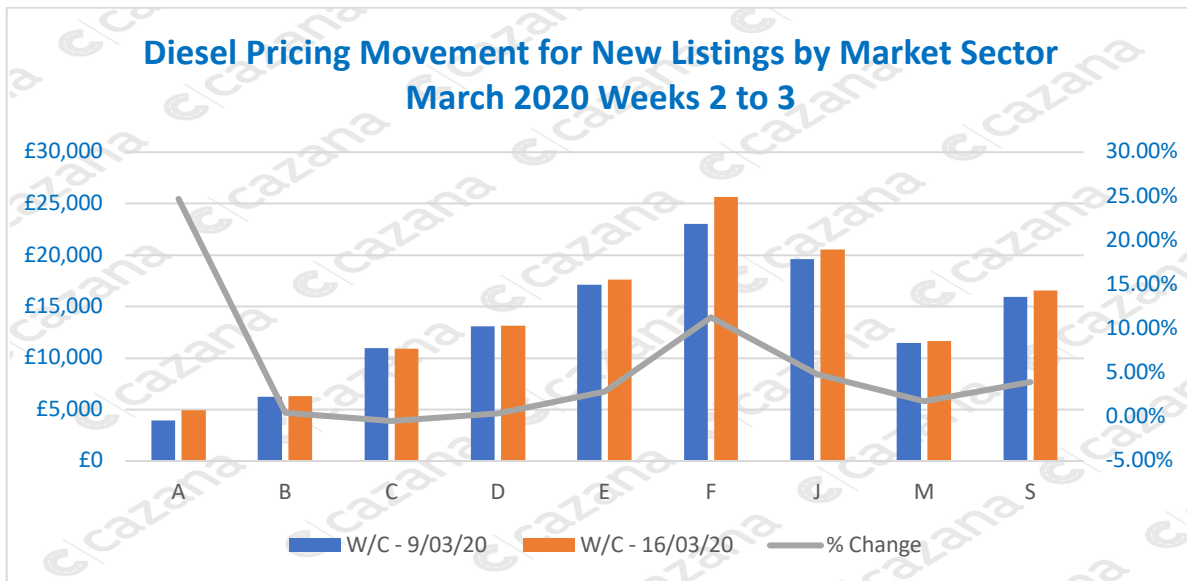
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The chart is clearly showing that petrol pricing across all market sectors has declined. The biggest move has been for the F Sector or Luxury car segment which may not come as a surprise as these buyers can be fickle and sometimes the first to require incentivisation to buy, although a retail price dip of 16.96% seems very significant. The second largest move is for the E Sector or Executive sector and at 7.33% it is still a significant move although with a similar buyer demographic. The third largest mover is the A Sector which is the Supermini cars and at 5.87% is a more direct reflection of the market consensus.

It is worth noting that the volume of cars for all three of the heavily affected sectors has not increased and total market sector representation for these has dropped by less than half a percentage point on the previous week. It is the small car market or B Sector that has shown the greatest stability with pricing down by a touch over 1 percentage point whilst there has been a half a per cent increase in the market share.

Looking at diesel propulsion and the pattern is very different. The following chart shows how the retail pricing for diesel cars moved from weeks 2 to 3 of March 2020. The first thing to note from this chart is that retail pricing for newly advertised diesel products has increased in all

sectors except the Lower Medium C Sector. This is an interesting trend given the perceived negative perception of the fuel type, and the current COVID-19 induced trading position: -

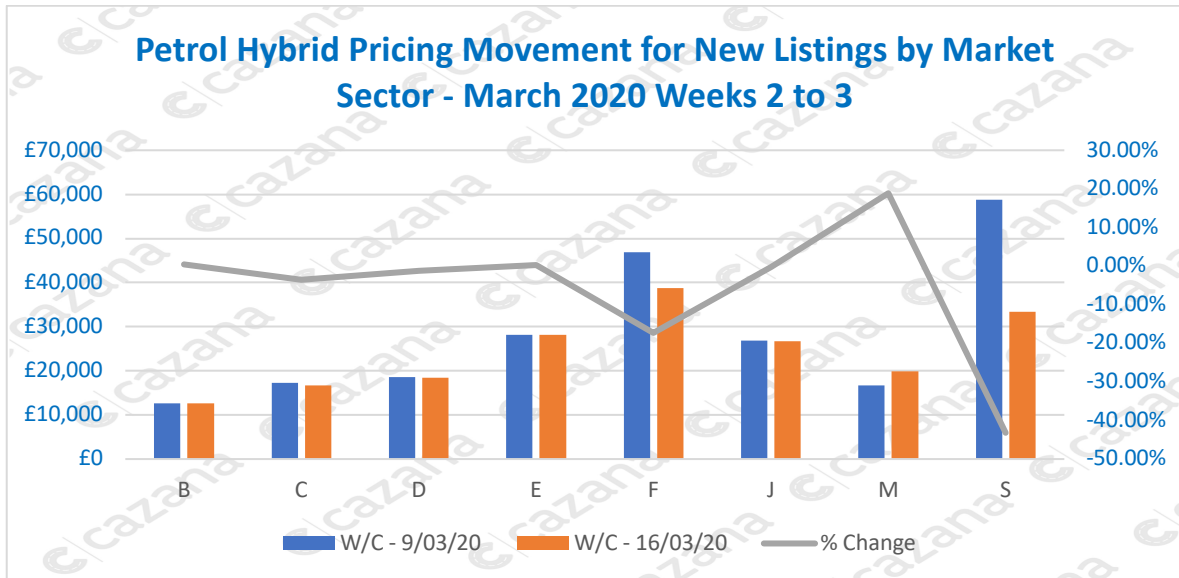


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The A Sector or Supermini segment shows the biggest positive uplift at 24.71% in retail pricing terms which is an enormous move. It is wise to acknowledge that diesel power accounts for just 0.05% of the newly advertised vehicles from a market share perspective where petrol powered cars dominate and as such the volume is very low.

The other significant movement comes from the F Sector or luxury car segment which shows the second largest positive uplift at 11.3% in retail pricing terms and as such the opposite of petrol-powered car performance in this segment. This suggests that perhaps volume has a part to play in this outcome, although from a volume perspective this would appear not to be the case as market penetration is resting at just 0.35 percentage points over the previous week. Therefore, it is likely that the profile of the stock being newly advertised has changed.

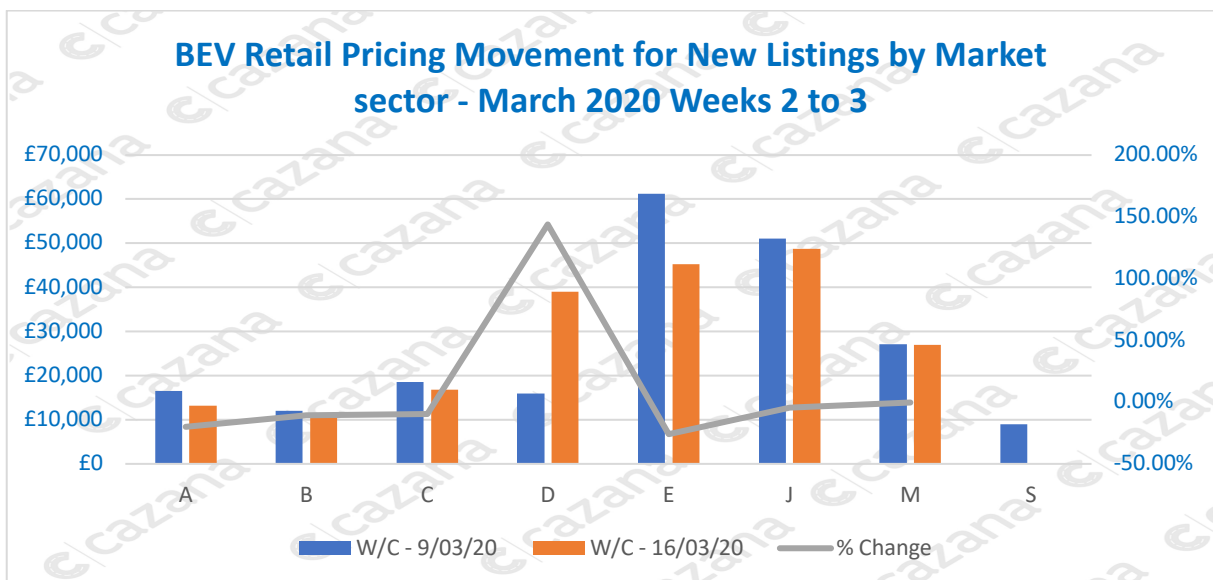
Data for Hybrid propelled vehicle by sector is lower in volume by far, although the following charts give a view of what is happening in the market. These fuel types do not have representation in all market sectors and particularly not when looking at new retail adverts on a week by week basis:-



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Looking by market sector at Petrol Hybrids and it is evident that there is perhaps more retail pricing stability than with other fuel types. This is encouraging and likely to be due to the lower volume of cars in the market matching demand more closely. For this fuel type, market penetration runs no higher than 1.26% for the J Sector SUV vehicles. The F Sector - Luxury cars and S Sector - Sports Coupes have a market penetration of less than 0.04% and as such large shifts in the data are to be expected.

For the BEV market the volume of data is also an issue as can be evidenced by the performance in the D Sector in the chart below where retail pricing has moved by 144% week on week.



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However, it would appear that generally speaking the trend is downwards which is interesting as this could imply that demand is falling overall. This would be considered a disappointment given the need to transition to this propulsion type although perhaps a reflection that to embrace this

technology takes research and time with the dealer and the car to understand how it will suite the retail customer, an approach not conducive to social distancing.

In summary, the market has seen a big reduction in the number of customers coming into the dealership. Dealerships will have to reach out in a different way and this will be key to keeping sales moving in a difficult market. Transparent understanding of what is happening in the retail market as swiftly as possible will be a critical lifeline. In overall terms, Retail Pricing for newly listed cars has dropped by 6.6% between the second and third week of March representing a dip of on average £1491 per vehicle where the average price of a used car across all sectors was £22,832 and now rests at £21,341.