

## Cazana Weekly Retail Price Watch

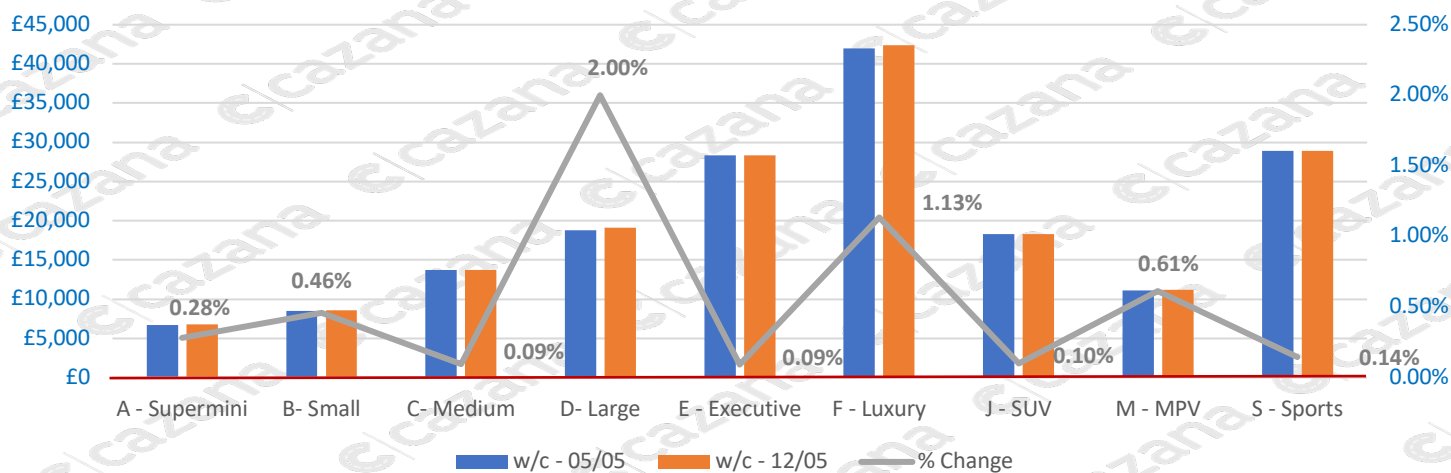
May 19<sup>th</sup> 2020

The used car market is beginning to show signs of greater activity with the increase in the number of dealers transacting car sales online rising by the day. Now that socially distanced delivery has been introduced, both business and consumer confidence is starting to grow, and more dealers are being able to transact the whole purchase process in a more seamless fashion making the customer experience better and facilitating an increase in sales volumes. This means that pricing cars appropriately to attract the consumer is becoming more important, and this is a trend that is likely to continue in the coming months.

Over the next two weeks, preparations for a return to business will gather pace and dealerships are set to open their doors to customers once again on June 1<sup>st</sup> as part of the relaxation of the COVID lockdown. Businesses are beginning to un-furlough staff nationwide and measures to ensure that consumers can safely return to premises are well underway to facilitate face to face selling once again. Screens are in place to protect both staff and customers and lines drawn on the floor to remind people to stay apart. PPE is also being sourced for use where appropriate, and it will be very interesting to see how this new way of interacting will be received by the consumer.

As far as the used car market is concerned, the first chart looks at the pricing performance of petrol-powered cars and shows some positive news. This chart shows the pricing performance moves by percentage week on week comparing the period starting on May 12<sup>th</sup> to the previous period starting May 5<sup>th</sup>.

**Whole Market Petrol Retail Price Movement by Market Sector**  
**7 Day Period - 12/05 against Period - 05/05**



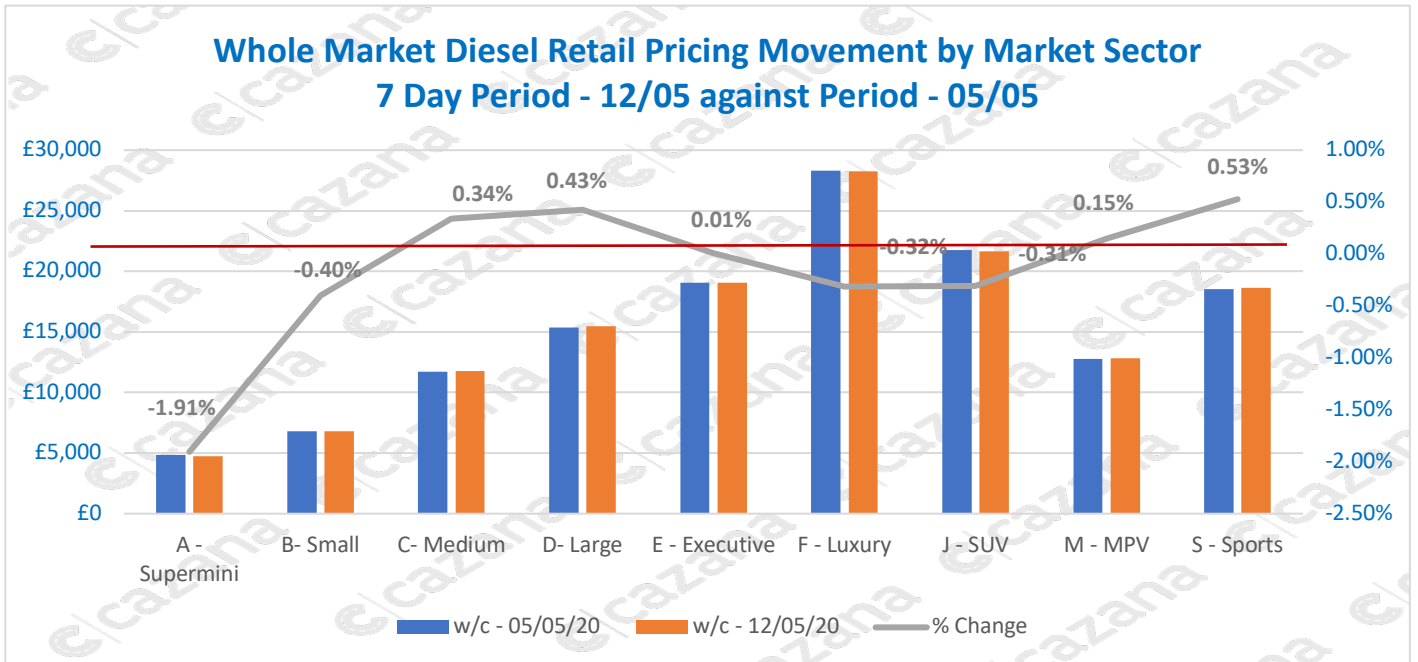
### Data powered by Cazana

Pricing moves for this fuel type have all been positive and this is of note given that petrol cars represent just over 52% of all advertised vehicles. Prices for the Large car sector showed the greatest increase at 2% which represents an uplift of £383 per vehicle and may suggest some confidence in demand for this type of car. The Luxury car sector was not far behind with an improvement of 1.13% or £481 per car although these cars represent 0.3% of the total market.

For the larger volume market sectors such as Small and Medium cars, the increases have been lower at 0.46% and 0.09% upwards representing £42 and £13 per car respectively but considering these sectors

account for 13.16% and 12.74% of total retail adverts accordingly this may suggest a balanced increase in pricing based on confidence in the consumer coming back to the market.

This weeks review of the diesel market is more varied although by no means negative overall as shown in the chart below.

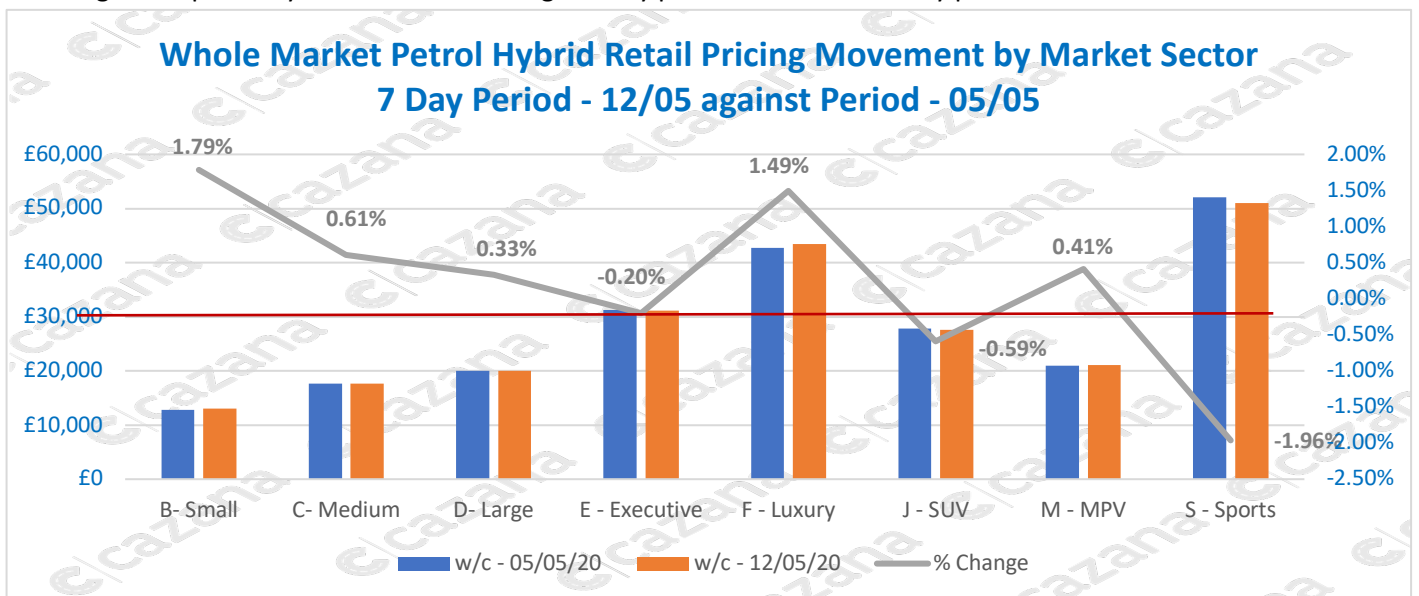


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There were drops in retail pricing across 4 of the 9 different market sectors with the biggest fall coming to the Supermini sector at 1.91%. It is important to note that these represent just 0.03% of all retail adverts. A drop of 0.4% for the Small car sector wipes out the gain from the previous week which is a surprise although perhaps reflecting the consumer demand for diesel city cars is softening.

The increase in retail pricing for Medium and Large cars is more important given that they represent just shy of 15% of retail adverts overall and uplifts of £40 and £66 per car respectively could have quite an impact across a large forecourt. The largest improvement has been for Sports cars at 0.53% or £98 per car.

Pricing in the petrol hybrid sector was also generally positive in the last 7-day period as shown below.

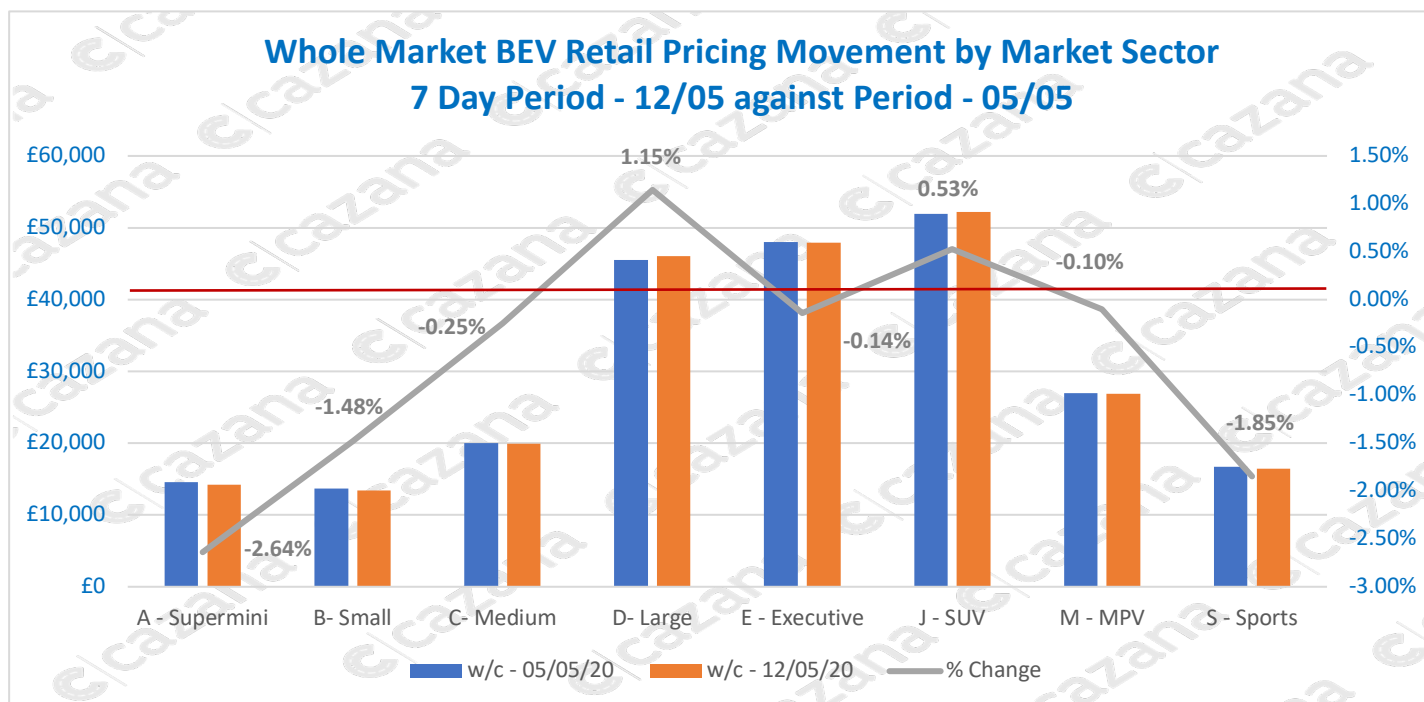


**Data powered by Cazana**

Petrol Hybrid cars represent 3.77% of total retail adverts and the largest sector is SUVs which showed a decline in pricing of 0.59% or £164 per car. This is a hard-fought area and as the volume of Petrol Hybrid cars in the market increases during the rest of the year, further drops for this fuel type are likely as the overall residual value percentage falls in line with petrol and diesel products.

The largest increase has been for the Small car sector at 1.79% or £232 per car and suggests that the volume of demand for these cars is improving and the volume in the market decreasing. This is supported by the market share data that shows that the volume of Small Petrol Hybrids has dropped by 15% since Lockdown began.

Uncharacteristically the retail pricing for BEVs showed a minimal decrease of 0.09% in retail prices overall across the period. The chart below shows the performance by sector.



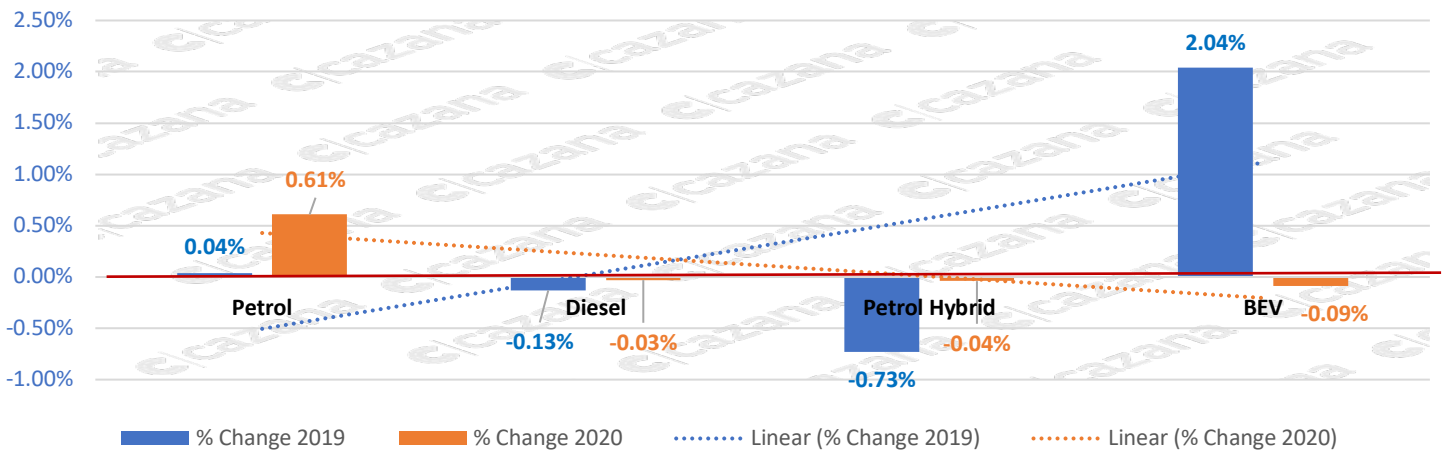
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Overall pricing has been more volatile in the last week for BEV's than it has been recently. With only 2 sectors showing an increase in prices the largest drops affected the Supermini and Sports car sectors which account for only just over 0.01 % of the total retail adverts. It is the Medium car sector that takes the largest share of retail adverts at the moment with 0.27% and the move here was down by 0.25% or £49 per car.

The positive news is the increase of 1.15% and 0.53% for the Large and SUV sectors respectively. Generally speaking, demand for used BEV's seems to be increasing and the consumer is more interested in helping drive down pollution. The effect that lockdown has had on air quality has been remarkable and there is a strong possibility that the COVID virus will help with demand for more eco-friendly cars.

The final chart looks at the performance of the last 7-day period in comparison with pricing activity during the same period in 2019. This is important to understand how the COVID-19 pandemic may be affecting pricing movement when compared to a normal open marketplace.

## Retail Price % Movement by Fuel Type 12/05 against 05/05 - Same Period Year on Year - 2019 to 2020



### Data powered by Cazana

This chart clearly demonstrates the difference between last year’s retail pricing market moves and those taking place in 2020. In this period the data has shown retail pricing is more stable which is positive considering some of the speculation given by other market pricing providers. If the impetus behind online trading and safe delivery continues, and the UK begins to come out of lockdown in 2 weeks then pricing may become more variable although stock replacement concerns will in all likelihood mean that any initial drops are replaced by stability and increases in pricing for certain power types and market sectors. The detail is key and using realtime data gives an edge over those who are using subjective legacy data for their pricing assumptions.

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**May 19<sup>th</sup> 2020**