

## Cazana Weekly Retail Price Watch

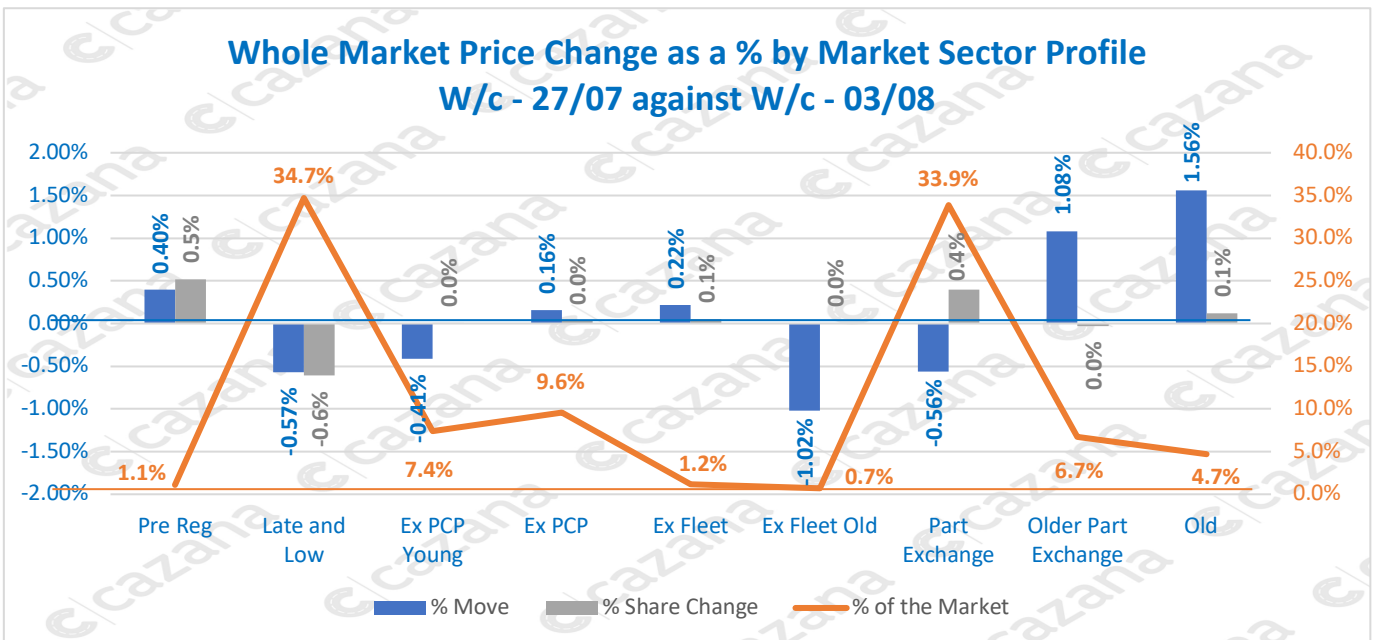
August 10<sup>th</sup> 2020

- Minimal Drop of -0.13% in Retail Pricing
- Fewer Retail Buyers in the Market but Demand Still Strong
- Retail Pricing Data Shows Greater Volatility

The first week of August saw a marginal shift in the retail market with footfall at the retailers and online enquiries slightly down on the levels of recent weeks. Firstly, this is hardly surprising given it is the holiday season and secondly the improvement in the weather, that looks set to continue throughout the month, has given consumers the incentive to spend a little time on holiday rather than staying at home. The retail price shift across the market as a whole was a decline of -0.13% in the average price of a retail advertised car. That represents a drop of just £22 per unit where the average price of a car across the whole market is now £17,303.

Whilst this drop-in price is hardly noticeable in some people eyes, across a retailer group this dip would have made a costly difference. This should also serve as a market yardstick and one that should be watched closely going forward to avoid financial challenges as the market shifts as is expected later in the year. It is also worth noting that whilst analysing the data it is clear that there is a much higher level of pricing volatility. The propensity for certain fuel types within different market sectors to show big pricing swings from one week to the next is another indicator that the coming weeks might be a little more challenging than of late.

The chart below looks at what has happened to retail pricing by market profile comparing last week against the previous week.



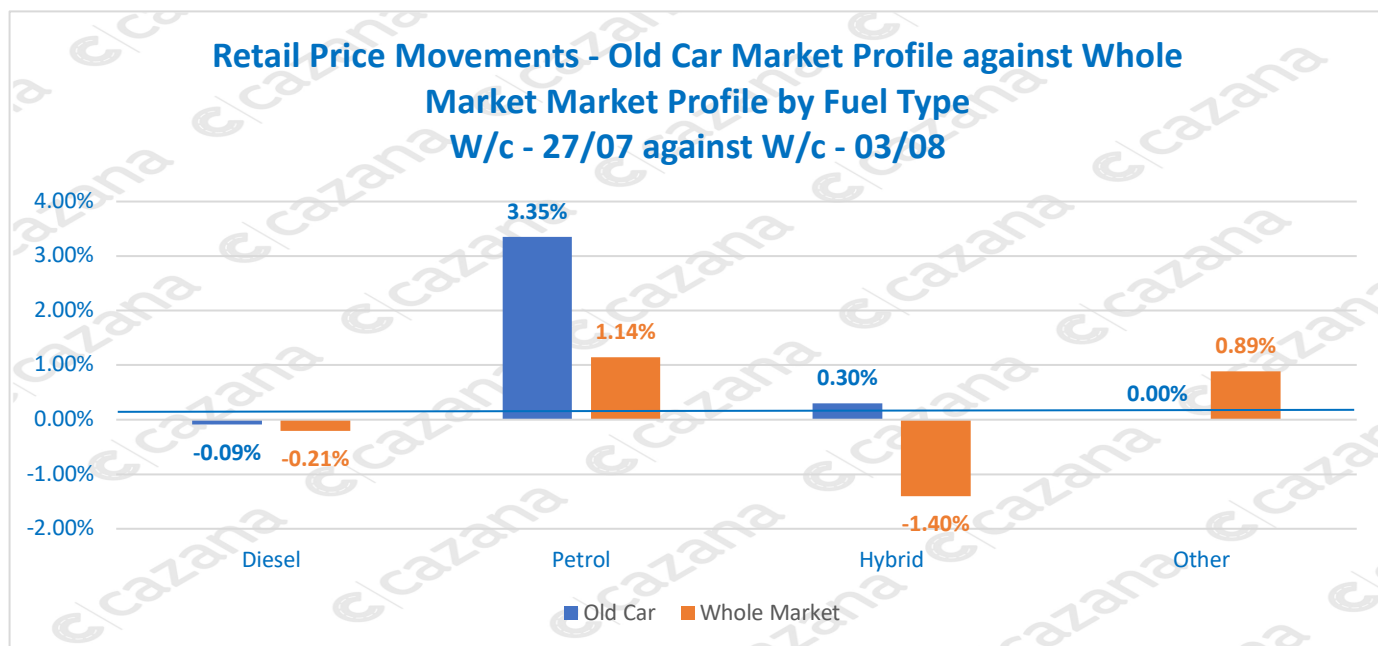
### Data powered by Cazana

This chart gives clarity to where pricing increased and decreased in the last week. The blue bars show the week on week shift in retail pricing as a percentage and this shows that retail pricing at opposite ends of the market profiles are on the increase once more, whilst mid profile cars have also shown minimal improvement. It also highlights that pricing for some key profiles has dropped, with the most significant decline being experienced in the Ex Fleet Old profile representing cars of 4 to 6 years in age. The fact that there are four profiles, that show a drop-in pricing indicates that either supply of used cars has improved, or that there is less consumer demand and therefore a need to move screen pricing to attract buyers.

The orange line qualifies the proportion of the market that each profile represents from the whole market advertising data and puts context to the relevance of the rise and fall of the pricing. As such where the Ex Fleet Old pricing has dropped by -1.02% it is clear that this profile represents just 0.7% of all retail asking price data and whilst it is important to acknowledge this drop, the price shift is therefore of less significance than the -0.57% and -0.56% drops experienced in the Late and Low and Part Exchange profiles that account for 34.7% and 33.9% of the total market respectively. This means that it is evident that retail pricing has declined across age profiles that account for just over 76% of the retail advertising market overall.

The grey bars show the change by percentage in the market penetration by profile and adding this to the previous data highlights a further dimension. As such where pricing has decreased for the Late and Low profile, the volume of cars in the market has also declined. Conversely, the drop in the Part Exchange profile pricing actually comes where there is an increase in the number of retail advertised cars. The only way to fully understand the impact of this insight is to look at the data in more detail using the Cazana reporting tools and bespoke insight.

For this period the largest pricing increase by profile came for Old Car profile consisting of cars over 10 years old. The chart below looks at some background to pricing activity by fuel type in the Old car profile to put some context behind where the pricing increase came from.



### Data powered by Cazana

This chart highlights that petrol-powered cars have seen the largest increase in pricing at 3.35% in the Old car profile. This follows the whole market retail price increase of 1.14% and it would seem that for this week petrol-powered cars have gained the most retail price value. It is also of note that Hybrid cars also show a nominal increase in retail price. The “other” fuel type represents the small number of LPG, CNG and Bio Ethanol cars on sale in this profile and the volumes are as expected particularly low.

It must be acknowledged that as mentioned earlier the pricing data has become more volatile and the increase in petrol pricing in the Old Car profile has been heavily influenced by an increase of 9.8% for the small volume of old petrol cars in the luxury car sector. Conversely, the diesel pricing has been adversely affected by a decline of -5.15% for old diesel cars in the sports car sector. There is less volatility in the age profile for Hybrid cars as volumes for this fuel type is also quite low in volume.

To summarise, it would seem that there has been a subtle shift in the market both from a consumer demand and pricing perspective. At this point, there would appear to be little to be concerned about, but it is key to ensure that all market insight is analysed in detail to make sure there is a full understanding of

market conditions. This, in turn, will drive the very best margins and ROI. Cazana are the only data provider able to give that up to the moment realtime whole market data-based insight with no manual editing and subjective decisioning overlaid.

**Rupert Pontin**  
**Director of Insight**  
**Cazana**  
**August 10<sup>th</sup> 2020**