

The background features a collage of images: a road stretching towards a bright sunset, a blue-tinted image of a car in a parking lot, and a group of people. The Cox Automotive logo is in the top left. A dark blue rectangular area contains the main title and author information.

Cox
AUTOMOTIVE™

Market Insight Overview

August 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



Modix 

COX AUTOMOTIVE

Agenda

- Retail
- Wholesale
- Funding
- Outlook





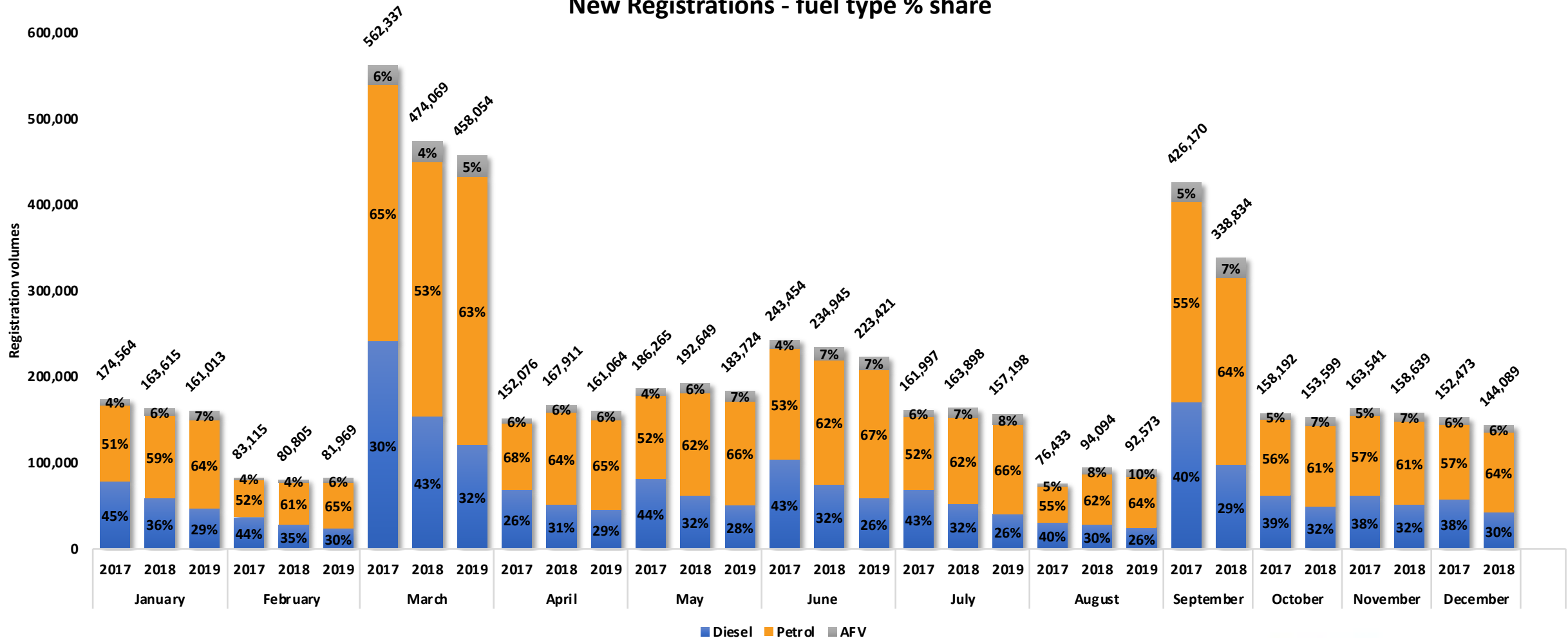
RETAIL



Retail

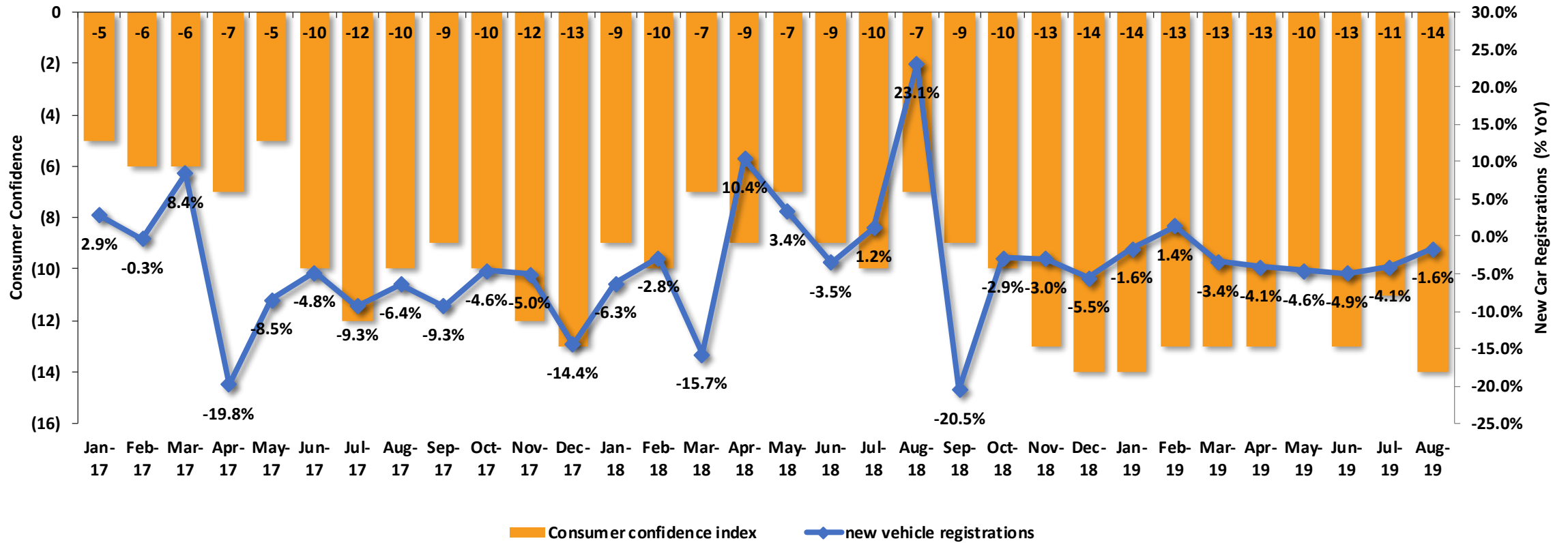
RDE drives volumes in August, with a **-1.6%** YoY decline to 92,573, but this represents a **+21.1%** increase when compared to August 2017. Year-to-date performance down **-3.5%** and the second consecutive year legislation alters standard seasonality

New Registrations - fuel type % share



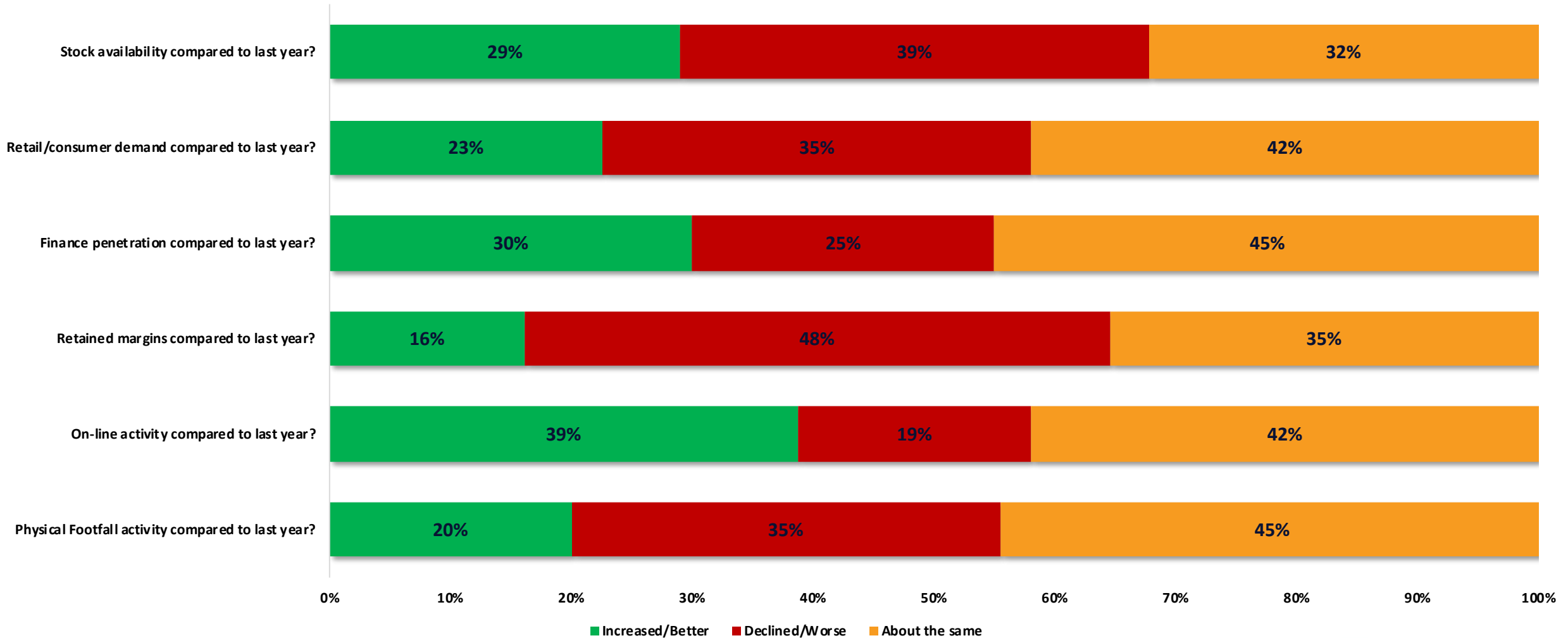
UK Consumer Confidence decreases three points to **-14** for August 2019, highlighting that consumers remain nervous about the wider economy. Whilst 59% of dealers believe that economic conditions will stay the same or improve in the coming months, according to the latest Modix survey

Consumer Confidence Index vs. New Vehicle Registrations



Retail

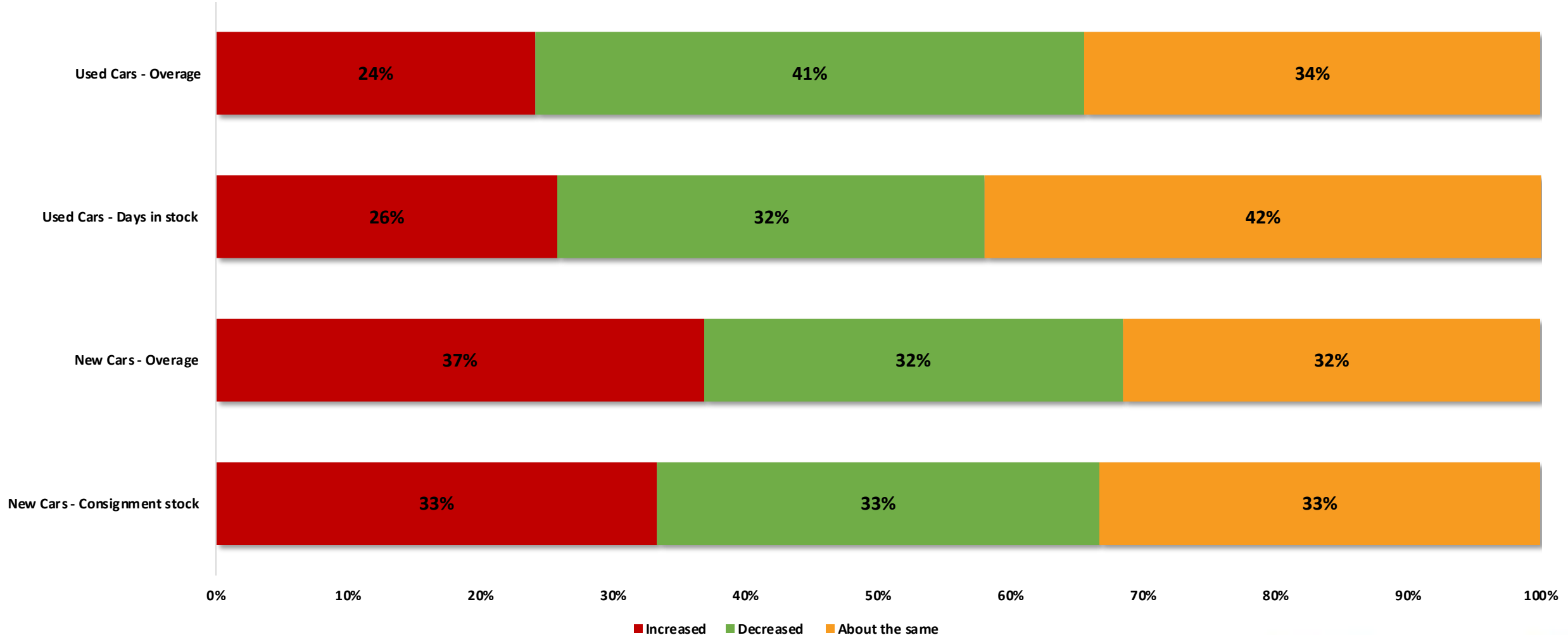
65% of dealers surveyed reported that consumer demand was the same or better than August 2018, and while 20% reported that physical footfall had improved, an impressive 39% observed an increase in online activity YoY



*State of the market dealer survey August '19

Retail

41% of dealers in the August Monthly Market Survey reported a decrease in overage used cars, with 32% citing a decrease in stock. This supports a generally stable trading month. The publicised supply and lead times for new cars resulted in 64% reporting a decrease or level overage and 66% reduction in consignment stock for new cars

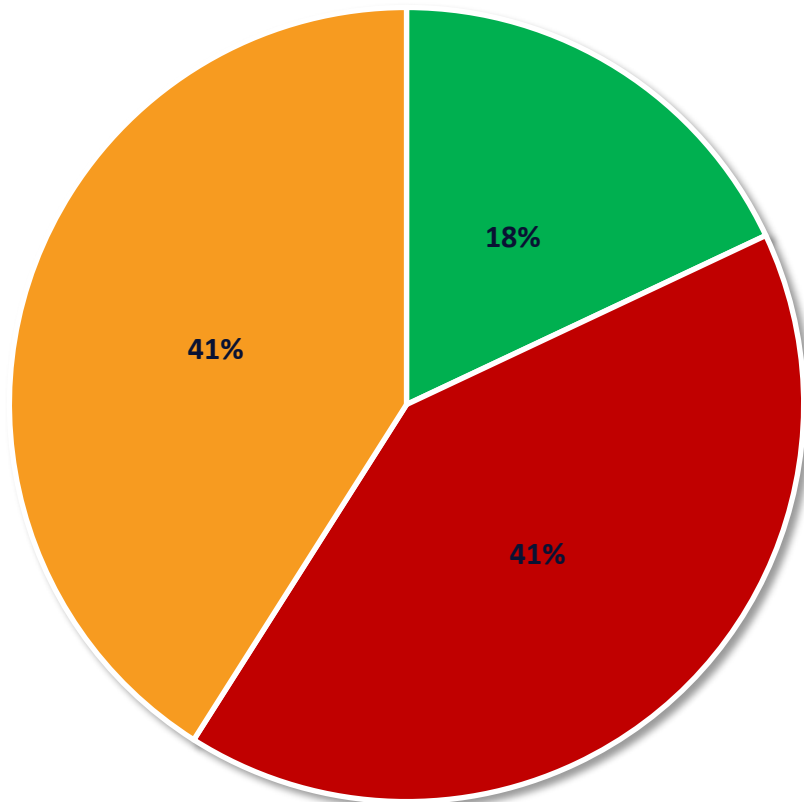


*State of the market dealer survey August '19

Retail

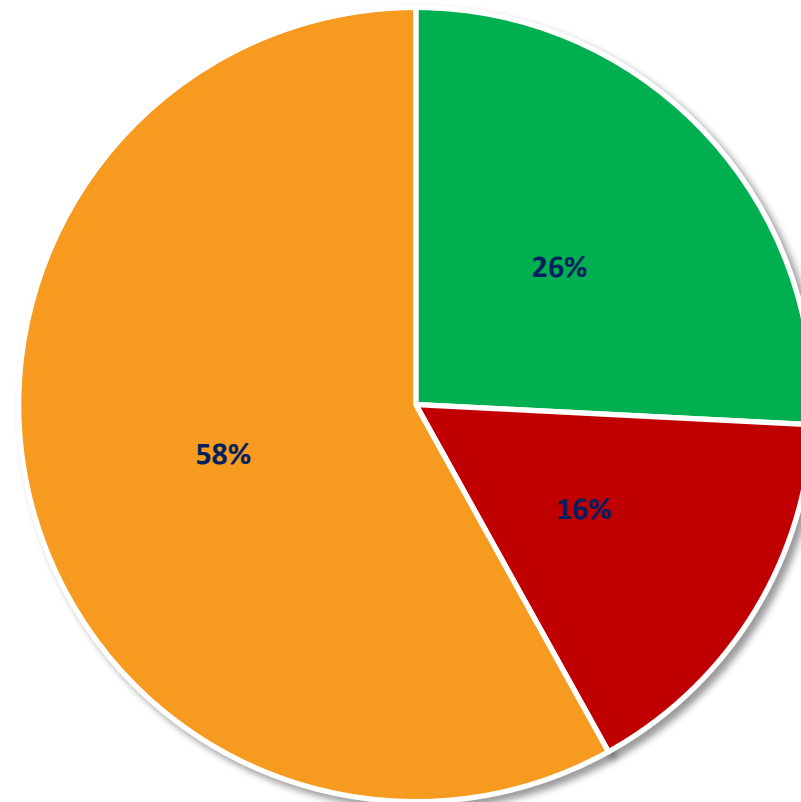
41% of dealers cited uncertainty over the economic condition over the coming months whilst one in four are optimistic that sourcing stock will improve, as indicated in the August Monthly Market Survey*

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



■ Improving ■ Declining ■ About the same

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



■ Improving ■ Declining ■ About the same

*State of the market dealer survey August '19

RETAIL

Summary

- **The introduction of WLTP, RDE and the CAFE legislation due in 2020 are all having an impact on the new car market. In recent months we've seen more clarification around company car taxation, but long lead times for the most popular new car models mean that fleet registrations are still fairly low**
- **Long new-car lead times for the most desirable models supported used-car market stability**
- **The used vehicle market held steady in the traditionally quiet month of August, with stable demand in both the wholesale and retail market**
- **The automotive retail market continued to face several challenges in August, but dealer sentiment from the latest Modix survey suggests a stable market across the month**
- **In an unpredictable market with a lot of forces at play, retailers feel that they can't let uncertainty stop them from getting on with the job at hand**



MANHEIM

WHOLESALE



COX AUTOMOTIVE™

Wholesale

August saw a slight change in the stock mix with a higher proportion of part-exchange vehicles, and an increase in average age and mileage MoM. As a result, the average part-exchange vehicle price was down **-8.1%** on July's figure at £3,388



Average part-ex price

£3,388

↓ -8.1% MoM



Average age

85 months

↑ 3.5% MoM



Average mileage

63,580

↑ 3.4% MoM

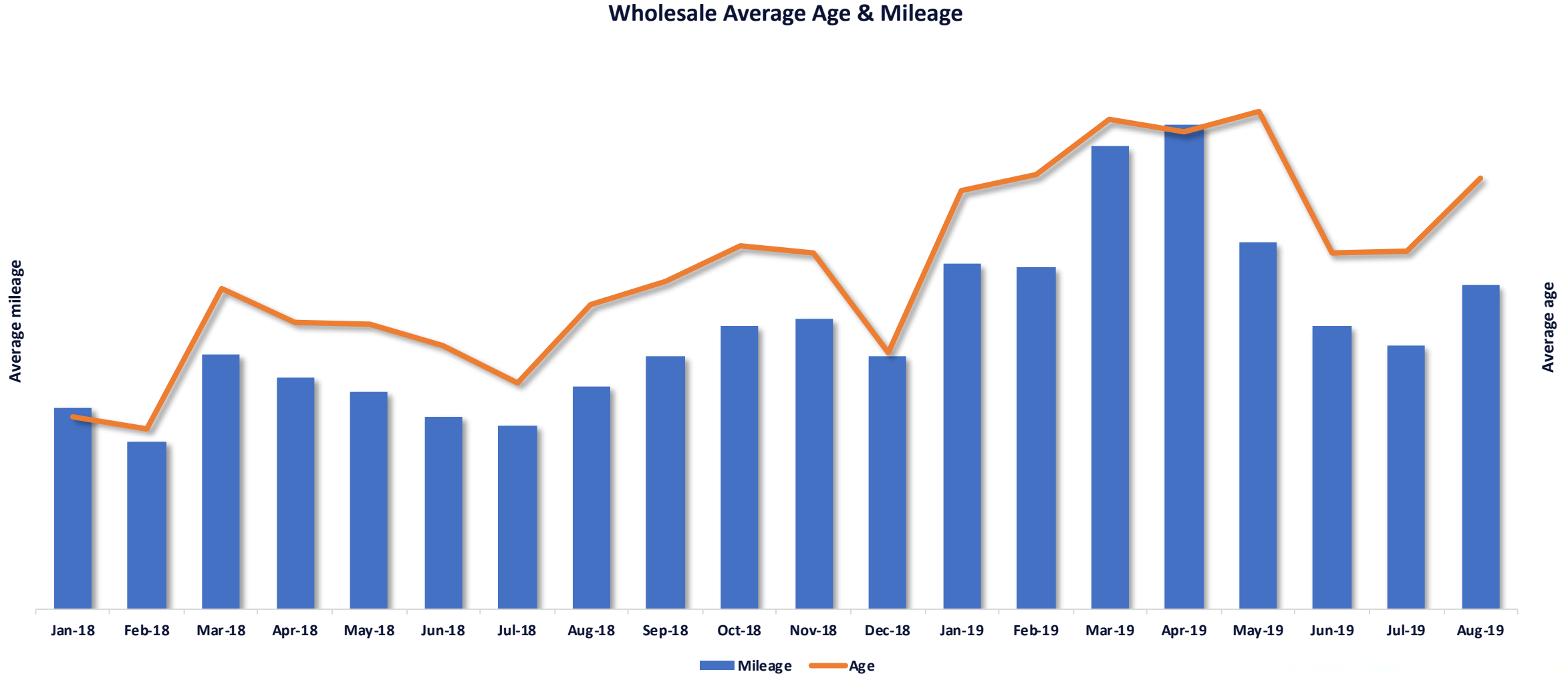


Wholesale

Wholesale stock profiles in August show an increase in age and mileage, following the seasonal uplift experienced from July into August



Wholesale Average Age & Mileage

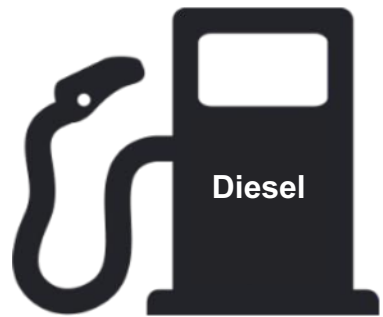


Wholesale

Data shows that diesel values have taken the biggest dip YoY, down **-17.8%** when compared to last August. In contrast, the average AFV value has been up YoY every month for the last six months, a sign of dealer and consumer interest in the vehicles



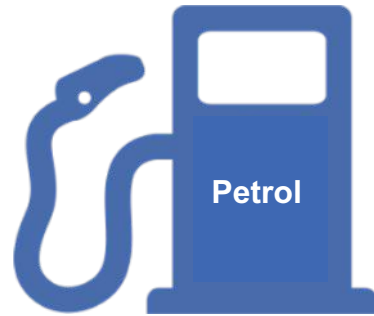
Wholesale Used Prices by Fuel Type



Diesel

£6,845

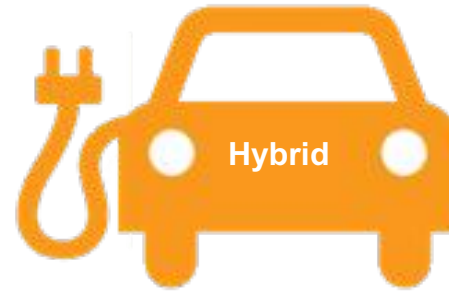
-10.4% YoY



Petrol

£4,488

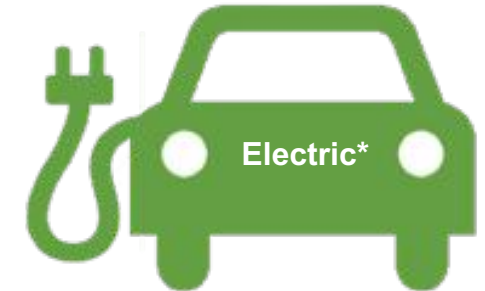
-4.1% YoY



Hybrid

£11,040

-9.7% YoY



Electric*

£16,007

8.1% YoY*

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

Wholesale

Ford and Vauxhall continue to dominate the top 4 positions for the most vehicles sold in wholesale* for August, whilst the VW Golf replaces the Fiat 500 in the fifth position and the Audi A3 replaces the BMW 1 series in tenth place



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

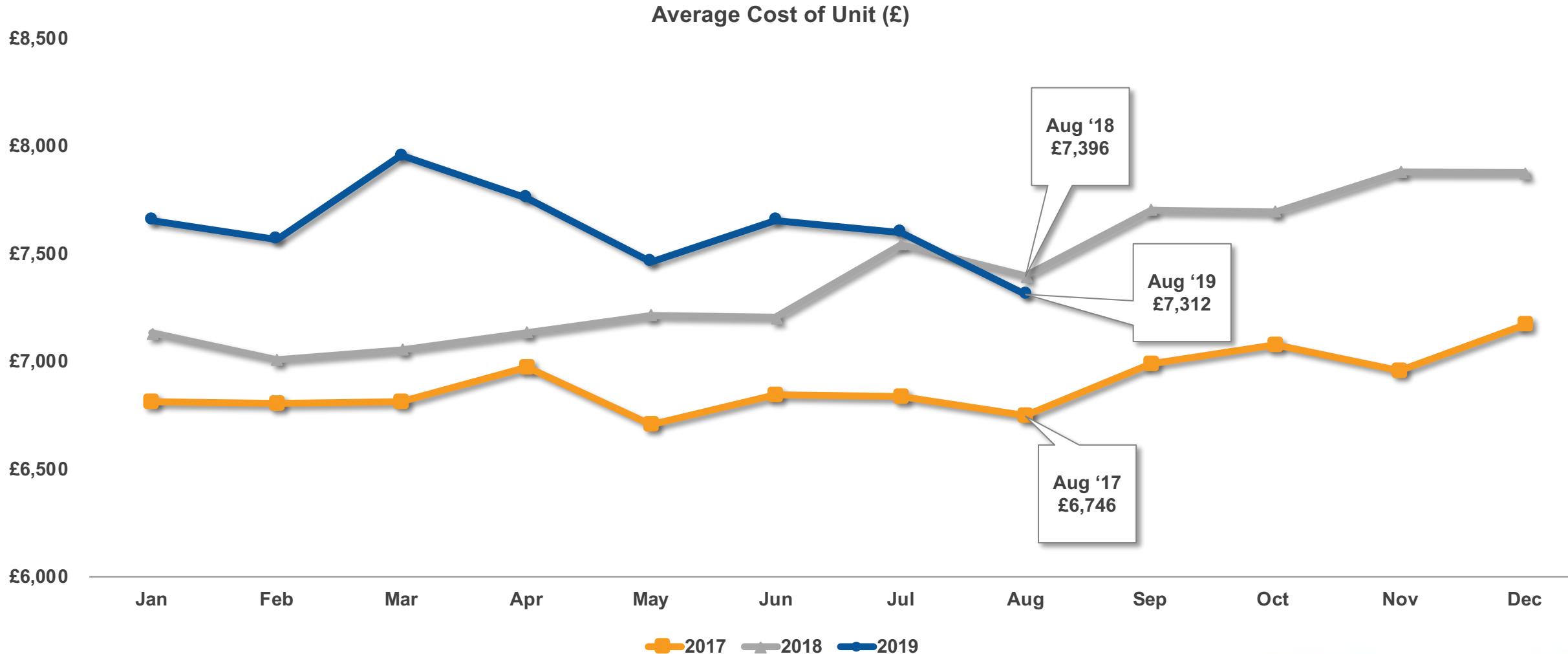
- **Average values were stable in August, and the realignment of pricing guides that we've seen over the past two months stimulated demand in the wholesale market, generating strong conversion rates across the month**
- **The proportion of 1 – 3-year old diesel vehicles at auction is falling, and this will naturally affect the average price. That said, a used diesel is still the best choice for many consumers, and good condition diesel vehicles continue to sell well at auction**
- **The MoM drop in average price at Manheim reflects a change in stock mix, rather than a downward pricing trend**
- **The continued success of Dealer Auction demonstrates a real appetite for digital wholesale, and in August the business reported that vendor numbers were up 9% YoY**
- **Dealer Auction, Cox Automotive's digital wholesale marketplace, saw the average selling price hold steady at £4,459, up just £57 on the July figure**

FUNDING



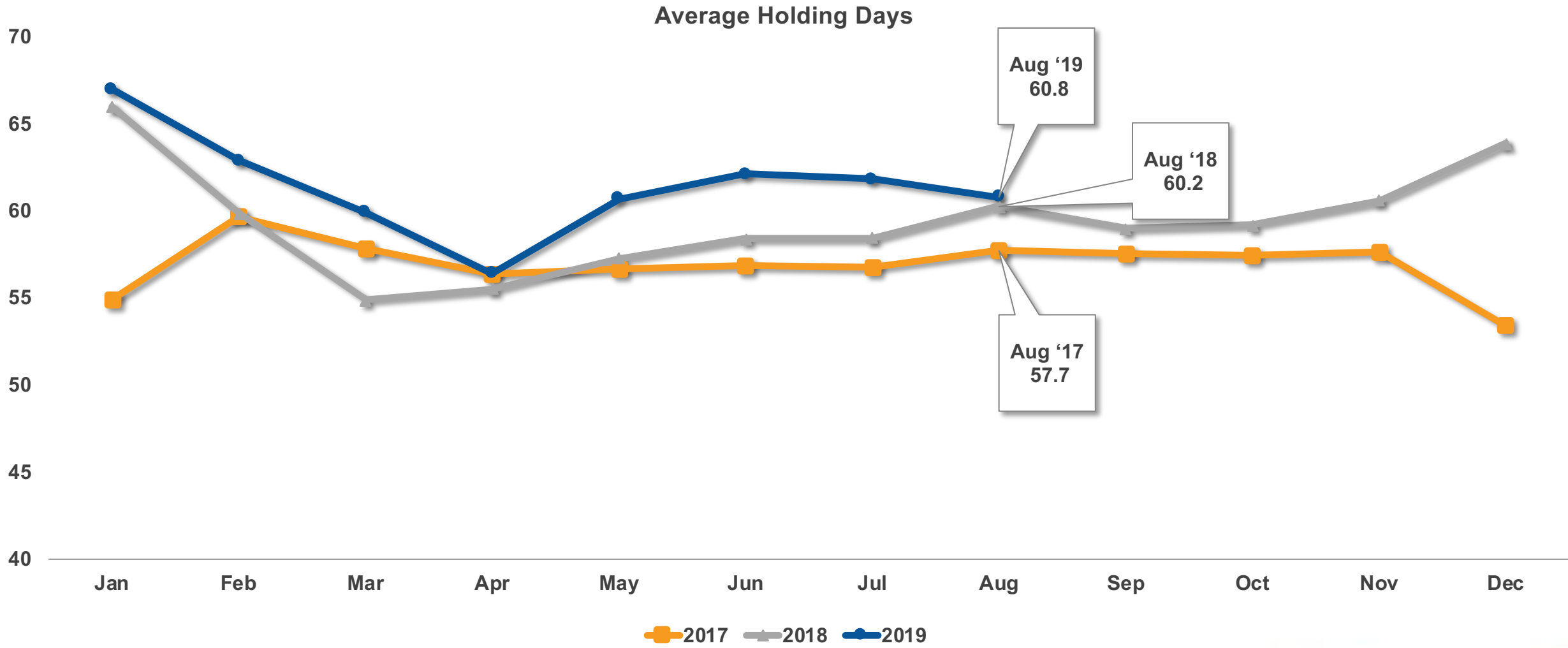
Funding

The average vehicle value remained inline both MoM and YoY at £7,312 (down £288 MoM and £84 YoY). As with the wholesale values, these declines reflect the trade values depreciation the sector has experienced over recent months



Funding

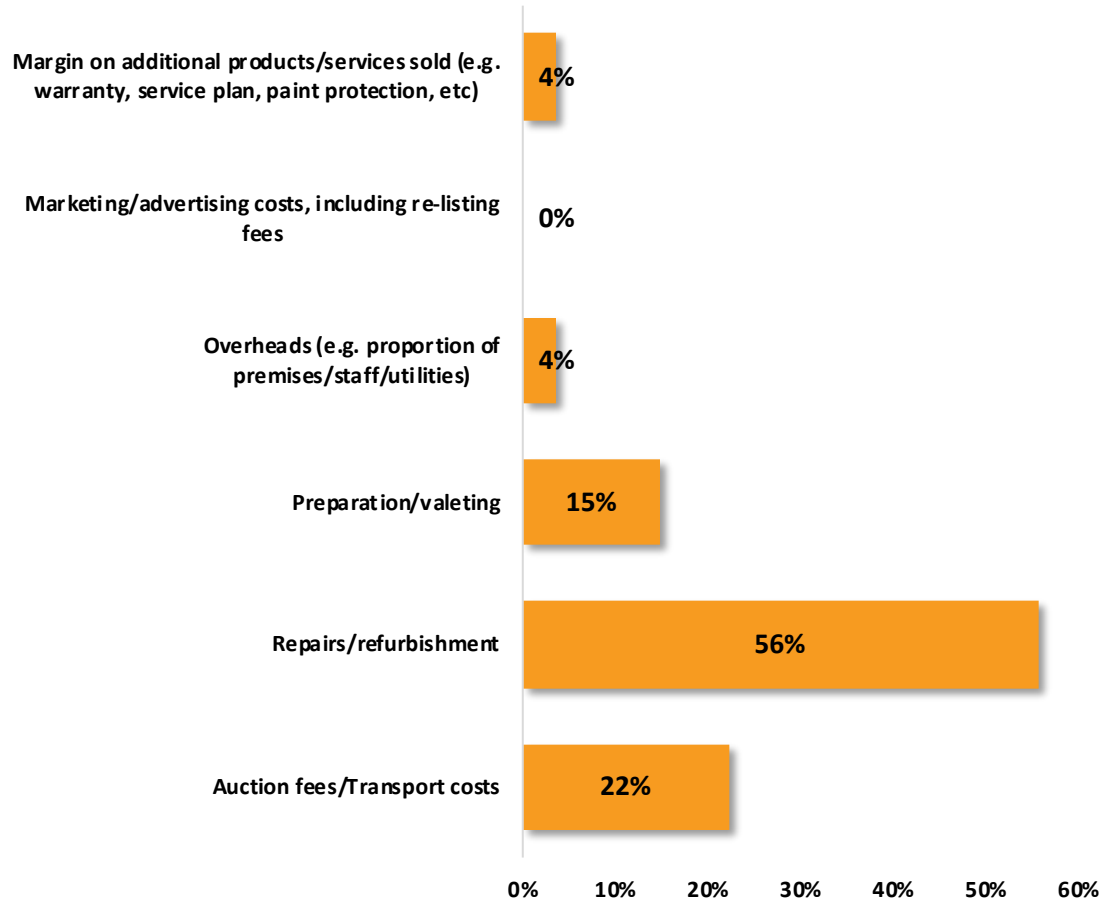
The average number of days in stock eased to 60.8 (61.8 July 2019 and 60.2 August 2018), maintaining an average in excess 60 days during 2019



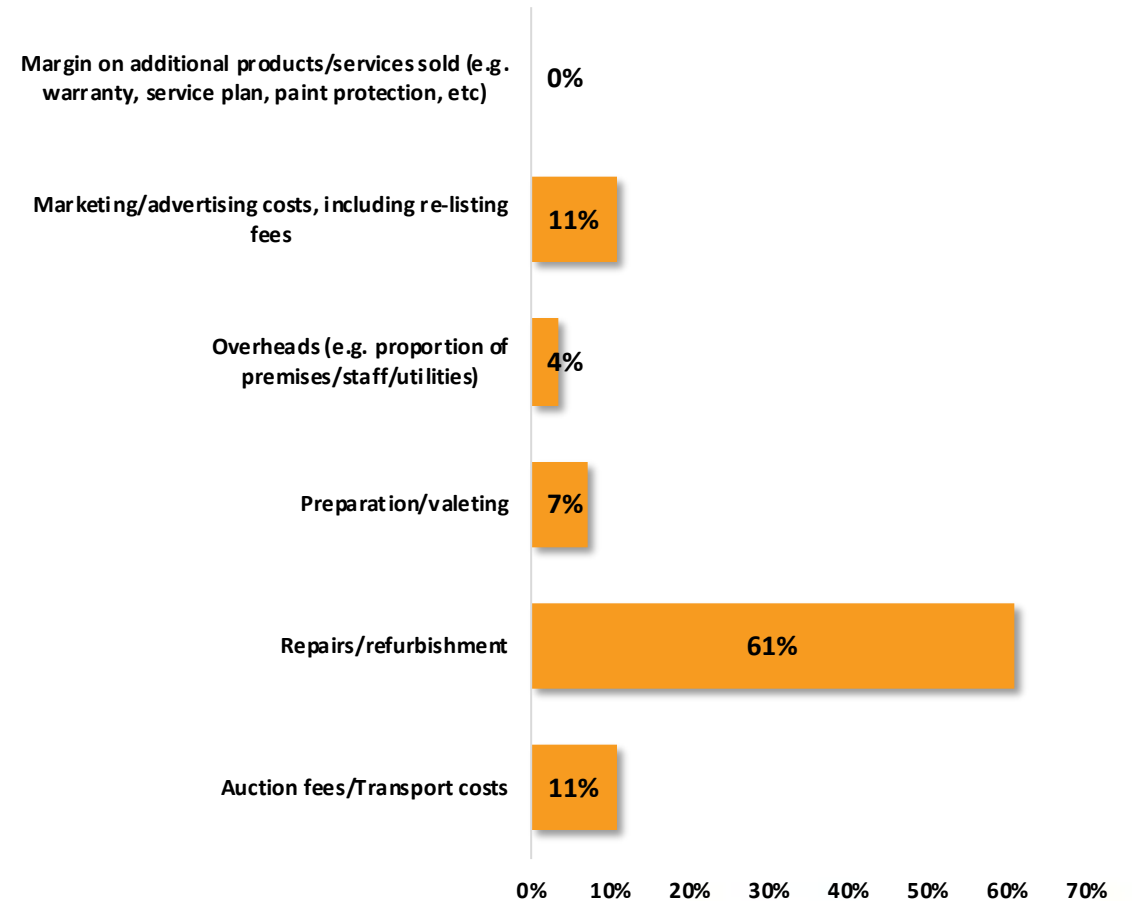
Funding

Over one in five dealers see auction fees and transport costs as the biggest impact on profitability, while just under one in ten cite costs associated with vehicle preparation and valeting as hitting profit margins the hardest

When calculating your profit on a used car sale, which of the following do you include in your calculations:



Which do you consider to have the biggest impact on your overall profit from a used car sale?



*State of the market dealer survey July '19

Funding

The average mileage marginally down marginally to 59,695 for vehicles bought using the NextGear stock funding plan. It also saw the average age of its funded units increase from 5.8 to 6.2 years

August 2018



5.8 years

Ave. Age Funded



59,787

Ave. Mileage

August 2019



6.2 years

Ave. Age Funded



59,695

Ave. Mileage

The background features a dynamic, abstract composition. On the left, there are blurred light trails in shades of blue, purple, and red, suggesting motion and energy. Overlaid on this are several overlapping, semi-transparent geometric shapes in various shades of blue and purple. The right side of the image is a plain white background, with a few overlapping blue and orange rectangular shapes on the right edge.

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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