

# THE USED CAR MARKET REPORT 2009

*A report by BCA*



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[www.buckingham.ac.uk/cam](http://www.buckingham.ac.uk/cam)  
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# Foreword



Welcome to the BCA Used Car Market Report 2009.

Given the changing economic circumstances in the United Kingdom, the used car market is evolving rapidly and becoming ever more important.

BCA's aim to provide the used car industry with meaningful information and analysis sees this year's report introducing new issues and themes.

Our editor, Professor Peter N C Cooke, the KPMG Professor of Automotive Management, the Centre for Automotive Management at The University of Buckingham is a well-known commentator on the automotive industry.

He and his team have sought to retain the best aspects of the long-established report, and have developed new commentary on the used car sector, paying special attention to the impact of recession.

It might well be claimed that 'the time of the used car has come'. It is probably attracting more attention than ever before and becoming more widely recognised as an integral part of the automotive industry. In a mature market, there are relatively few truly 'incremental new cars' sold each year. The majority of new cars are, in reality, replacements for existing cars – and invariably the equity in existing used cars has to be released before a new car or newer used car sale can take place.

Given the current uncertainty in the UK economy, and the implications for the automotive sector, the BCA Used Car Market Report is most timely for everyone involved in the used vehicle industry.

Jon Olsen  
CEO  
BCA Vehicle Remarketing

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# Introduction

We are pleased to bring you the BCA Used Car Market Report for the 19th year in succession.

Our 2009 report aims to provide the same valuable insight into the latest developments in the UK used car market that each of our previous editions has done.

The UK Market Review is based on statistical information from national sources. This is updated and compared with previous years' information to provide an authoritative assessment of volume and value trends in the used car market.

The Consumer Perspective is based on a BMRB International survey of UK car owners. This contains a review of the major factors that influence used car buyers when deciding which car to buy, where to buy from, what motorists expect for their money when buying a used car and what type of car to buy next.

This year, the Consumer Survey also looked at how the recession might affect motorists when replacing their car, what steps they might take to cut their personal motoring costs – and how the ongoing rise in the price of fuel might influence the type of car they would consider buying next time.

The European section of the Used Car Market Report contains updated trend information on its new and used car markets.

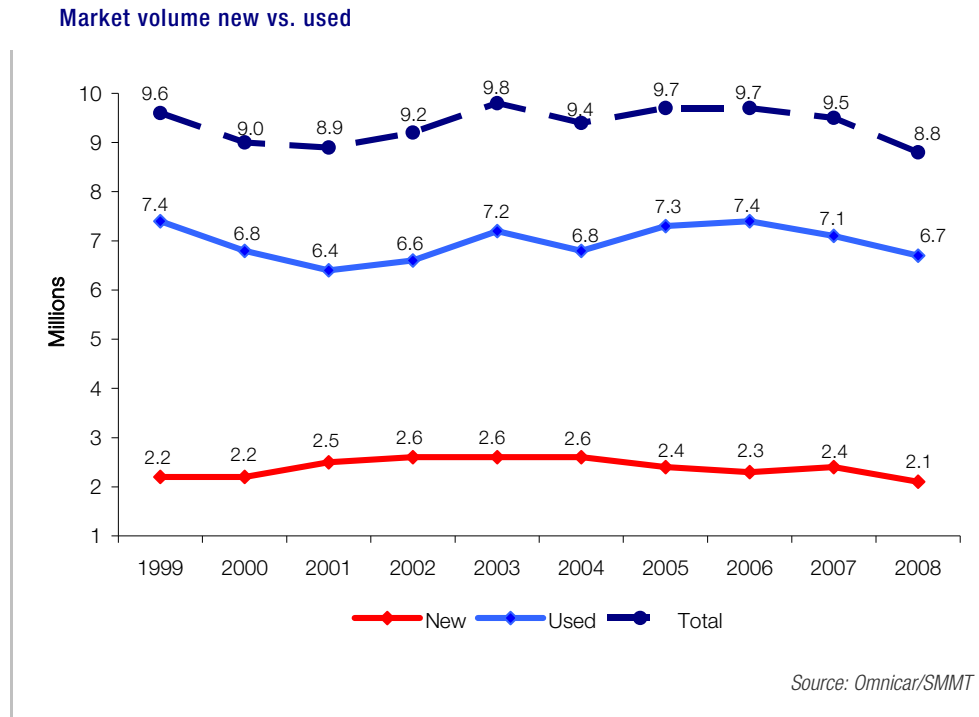
This year's report also looks at a number of issues of interest to the used car sector – examining some of the strategic issues and implications associated with the recession and the used car market. A chapter, under the somewhat portentous title of 'Recession, Used Cars, New Markets and New Focus', considers potential changes in direction of the used car industry, changing used car buyer profiles and the likely implications.

A further chapter examines a series of factors that may become more relevant during the next year or two, that justify further research and development.

BCA is pleased to continue to provide this market report to all those closely associated with the UK automotive industry.

## UK car market slows down in 2008

Combined UK new and used car volumes fell to 8.8 million units in 2008 from 9.5 million the previous year – their lowest point for 10 years, one million units fewer than 2003’s high of 9.8 million, with all of the strategic industry implications.



Following a short-lived recovery in 2007, UK new car registrations fell by 11.3% and 272,212 units to 2.13 million in 2008, nearly 450,000 less than the all-time high of 2.58 million reached five years earlier.

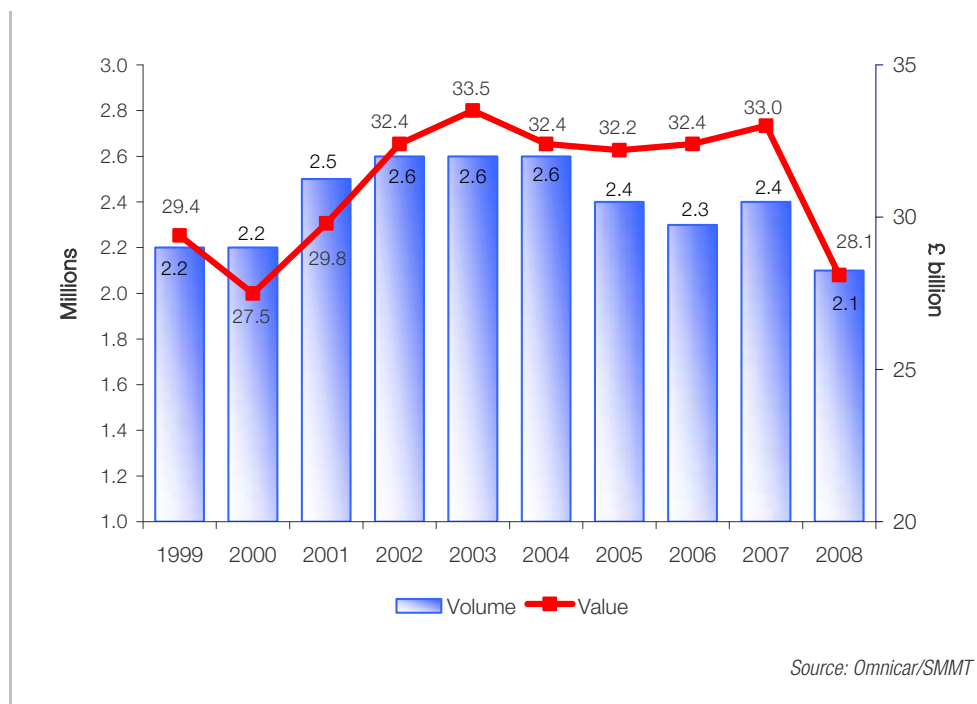
The UK’s share of the Western European new car market dropped from 16.3% in 2007 to 15.7% last year, some way short of 18.1% reached in 2003. The UK lost its six-year long second place in the European new car league to Italy in 2007. While it held on to third spot in 2008, it is in danger of losing its position to France, which sold just 81,500 fewer new cars last year.

Following three years above the seven million mark, UK used car volumes fell to 6.7 million units in 2008 as the effect of the severe economic downturn hit the used car market in the second half of the year.

### The new car market

The value of the UK new car market reached £33.5 billion in 2003 as new car volumes settled over the 2.5 million mark for three years, slipping back by around £1 billion for the following three years. 2008's marked decline in new car volumes to 2.1 million, saw the new car market value fall to a nine-year low of £28.1 billion last year.

**New car market volume and value**



Overall UK new car registrations fell by 11.3%, and 272,212 units, to 2.132 million in 2008 – 447,255 units less than the record 2.579 million set in 2003. The private, 25-plus fleet and sub-25 business sectors' new car volumes all suffered a marked fall in 2008.

Private new car volumes dropped 14.7% and 153,547 units to 892,259 last year, their market share falling to 41.9% – a long way from 49.3% reached in 2003. While new car sales to 25-plus fleet operators were down 7.1% and 84,847 to 1,109 million units, the sector's market share rose from 49.7% in 2007, to 52.1% in 2008.

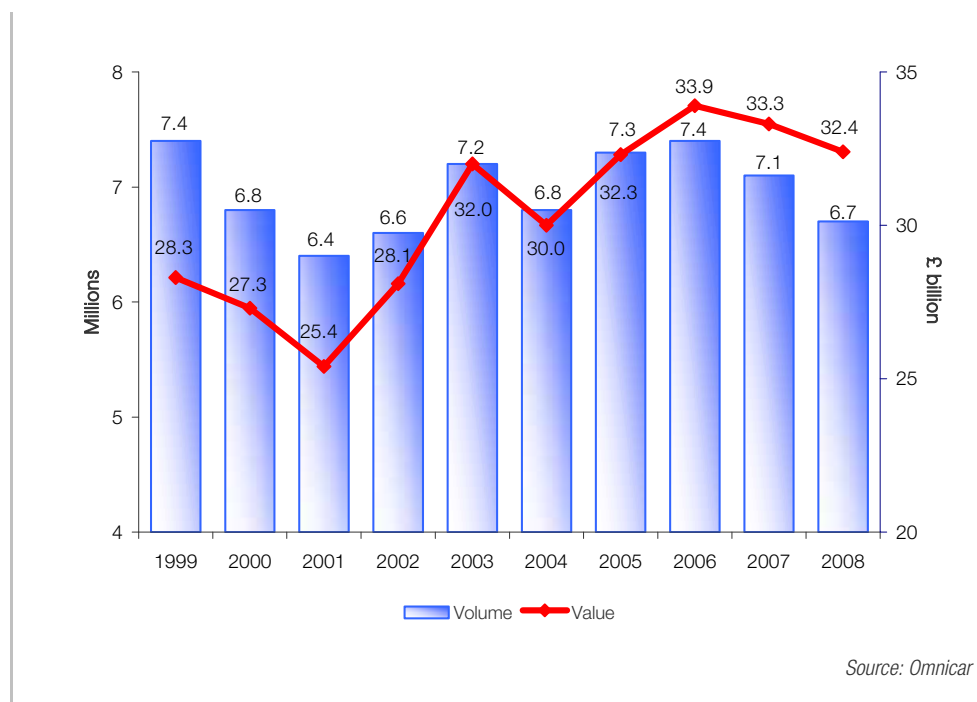
Although diesel volumes fell, in 2008, for the first time since 1999; they accounted for 43.6% of the new car market compared with just 14.1% in 2000.

The fall in new car sales is expected to accelerate in 2009; the SMMT's latest forecast suggests the new car market is likely to drop below 1.7 million units this year.

## The used car market

UK used car volumes fell for the second year running in 2008, down by 5.8% and 409,000 to 6.7 million units, due to weaker sales across all age groups – particularly 9 years-plus cars.

Used car market volume and value



Lower sales of 0-8 year-old cars and a sharp decline in 9 years-plus car volumes saw used car sales fall 5.8% to 6.65 million units in 2008.

Dealers' used car volumes were 9.1% and 360,000 units lower at 3.61 million last year, while private-to-private car sales dropped 0.7% to 2.69 million units.

- Sales of 0-2 year-old cars slipped by 1.2% to 978,000 units in 2008; their used car market share up to 14.7%.
- While sales of 3-5 year-old cars fell 67,000 units to 1.88 million, their share of the used car market rose from 27.6% in 2007 to 28.3% in 2008.
- Sales of cars in the 6-8 year age group were 3% and 49,000 lower at 1.58 million units and an improved market share of 23.8%.
- Nine years-plus car volumes fell to their lowest point for 15 years, to 2.21 million units, driving this segment's share of the market down to 33.2%.

## Consumer perspective

Thirty-five per cent of motorists in this year's survey had bought a car in the past 24 months – compared with 37% who had done so last year, and 40% two years earlier. The number of buyers opting for a used car rather than a new one was 71% for the second year running.

- 'Personal experience of a particular make/model' (38%), 'views of family and friends' (28%) and a 'test drive' (22%) continue to have the biggest influence on car buyers in making up their minds what type of used car to consider buying.
- The 'right price' and the 'right make and model' remain top of car buyers' shopping lists when deciding which used car to settle for. However 'low mileage' and 'age of car' are becoming less critical – testimony perhaps to the higher quality and rising value for money of used cars.
- Motorists have never wavered in what they expect from a used car retailer when buying a used car. They want the 'right car at the right price', 'a good deal', to 'trade in their old car' and to deal 'with friendly, helpful and professional staff'.
- Diesel-engined cars' share of the used car market reached 33% in 2008, from 30% in 2007 and 26% two years earlier – 35% of men and 31% of women choosing a diesel as their latest used car.
- The number of car owners who think they, or a member of their family, will 'certainly' or 'quite likely' buy a used car in the coming 12 months, dropped one point to 17% this year – while motorists, who believe there is a 50:50 chance they will do so, fell to 8%.
- 'Walking more often' is the measure favoured by two out of five motorists to cut their personal motoring costs, while three out of 10 drivers intend to 'drive more economically' and try to avoid 'using their car for short journeys'.
- Although three out of 10 motorists say escalating fuel costs 'will not influence' the type of car they buy next time they change, 45% intend to look for 'a car with better fuel consumption', while 20% want to move to a 'car with a lower road tax'.
- Two out of five car owners say they 'will not be changing their car' during the current recession, whereas 15% of motorists said 'rising motoring costs' would play a part in the decision to buy or not.
- More than nine out of 10 motorists are prepared to take some form of action to reduce their personal carbon footprint – 'walking more often' is favoured by 40% of motorists, with three out of five aiming to cut unnecessary journeys'.

## An industry in recession

The Overview shows a motor industry in recession; a recession that is hitting the used car market and the new car market. However, this is perhaps different to any previous recession in that it is principally man made; created through a lack of credit for goods and services, rather than a lack of demand for products.

The main issues that might be highlighted from the Overview section could be summed up as follows;

- The combined market for new and used cars has dropped, even from the lower 2007 volumes reported last year. The knock-on effect from the new car to the used car market is yet another reminder, if one is necessary, that the whole exercise is one of a supply chain and not just discreet industry sectors.
- In 2008, the value of the used car market was some £4 billion higher than the new car market; a clear message that buyers will move from buying a new car to a used car in times of recession.
- The strategic implication of the drop in new car volumes means that in the next two to three years, there will be a significant fall in the number of younger used cars coming to the market – significantly less than the used car market would conventionally be able to absorb. The implications will be explored later in terms of used car shortages, price implications from that – and, for franchised dealers in particular, a much smaller parc of younger cars for service and repairs.
- Lower used car volumes in the various age categories can also be seen. The weak sales in the 0-8 year old sector, and even weaker sales in the 9 years-plus group, shows a general slowing down in the velocity of business last year that, in turn, implies lower profit opportunities across the sector.

# UK Market Review

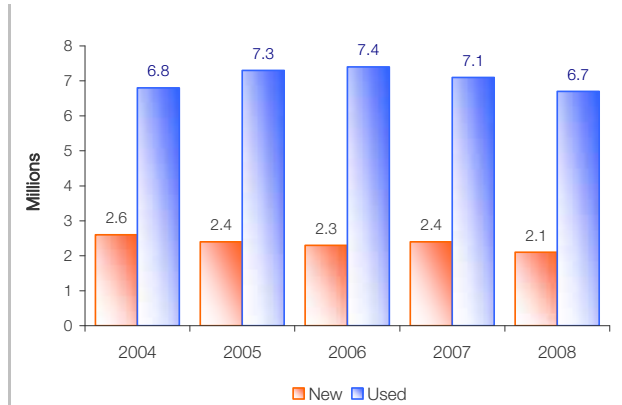
## New and used car volumes fall in 2008

The UK's new and used car markets both experienced a marked setback in 2008 as a weakening economy then recession restricted new and used car volumes.

UK new car registrations fell by 11.3% and 272,212 to 2.13 million units in 2008, their lowest point since 1996. Used car volumes were also down

last year, by 409,000 and 5.8% to 6.7 million units – pushing the used car market value down by £0.9 billion to £32.4 billion.

Car volume trends



Source: Omnica/SMMT

While the used car retailing and wholesale sectors came under considerable pressure in the second half of 2008, the wholesale sector has recovered in 2009 with signs that retailing may also be on the brink of recovery.

*The wholesale sector has recovered in 2009*

## Used new car ratios

The ratio of used car sales to new car sales rose from 3.0:1 in 2007 to 3.2:1 in 2008, reflecting the substantial drop in new car volumes compared with a lesser fall in used car sales last year.

Used:new car ratios

2004	2.6:1
2005	3.0:1
2006	3.2:1
2007	3.0:1
2008	3.2:1

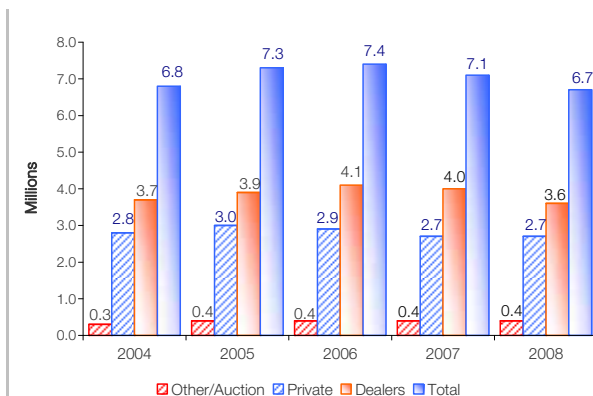
Source: Omnica/SMMT

## Used car market sectors

Weaker sales in the 0-8 year age groups and a sharp decline in 9 years-plus car volumes saw used car sales fall 5.8% to 6.65 million units in 2008.

Dealers' used car volumes were 9.1% and 360,000 units lower at 3.61 million, while private-to-private car sales dropped 0.7% (20,000) to 2.69 million units.

Volume of used car sales by source



Source: Omnica

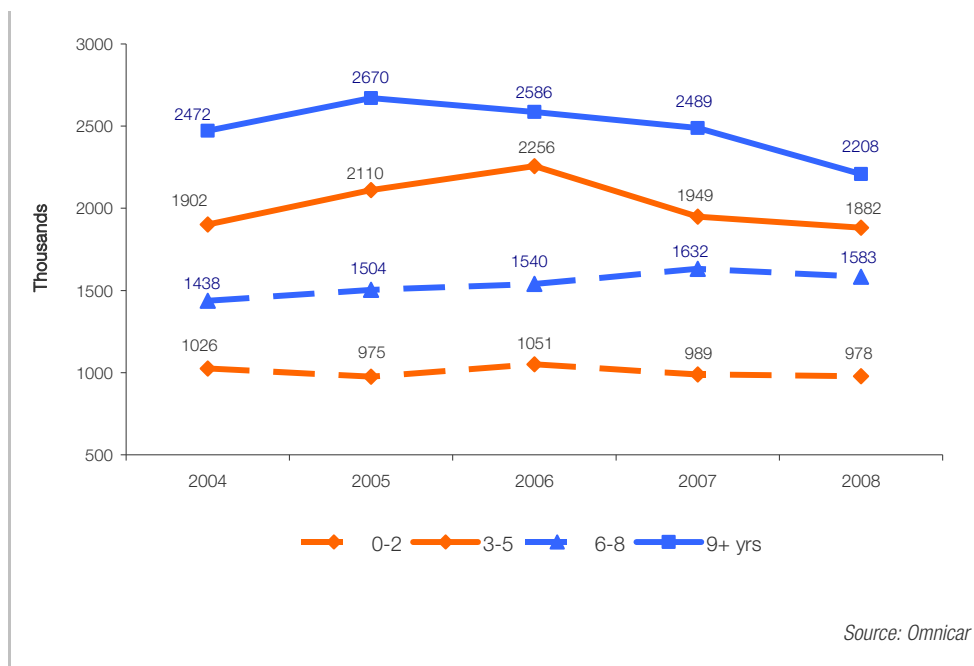
Looking at 2008 used car volumes by age of car shows:

*Car sales in the 0-8 year age groups were stronger than the market*

Car sales in the 0-8 year age groups were stronger than the market as a whole last year, down just 2.8% to 4.44 million units compared to a market fall of 5.8%.

- Sales of 0-2 year-old cars slipped by 1.2% to 978,000 units in 2008; their used car market share up from 14.0% to 14.7% year on year.

**Used car market volume by age of car**



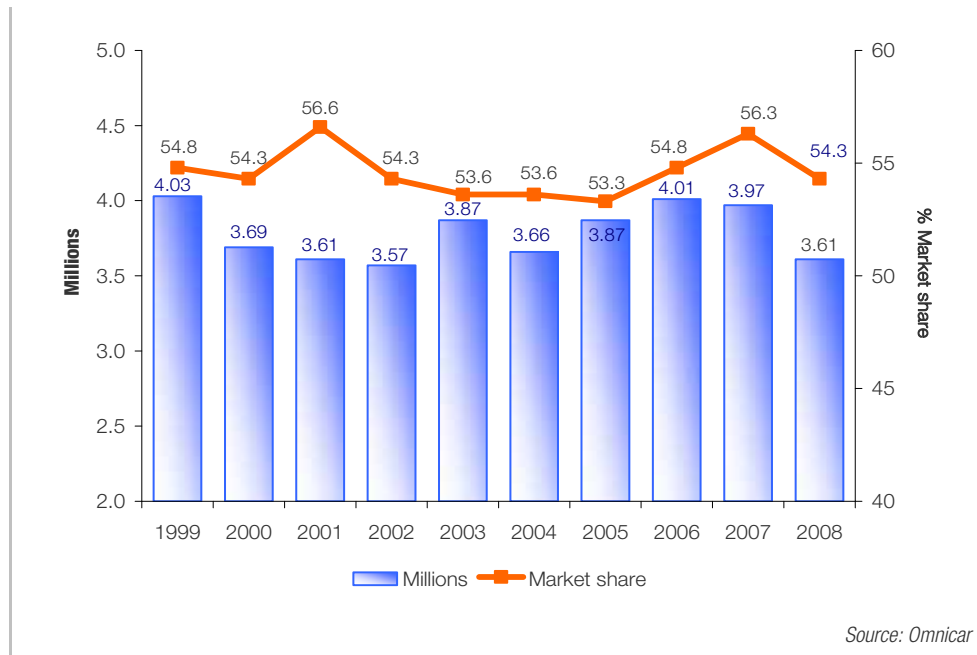
- While sales of 3-5 year-old cars fell 3.4% and 67,000 units to 1.88 million, their share of the used car market rose from 27.6% in 2007 to 28.3% in 2008.
- Sales of cars in the 6-8 year age group fared better than the market drop of 5.8% – down 3% and 49,000 to 1.58 million units and an improved market share of 23.8%.
- Nine years-plus car volumes fell to their lowest point for 15 years; by 11.3% and 281,000 to 2.21 million units, driving this segment’s share of the market down 2.1 percentage points to 33.2%.

*Nine years-plus car volumes fell to their lowest point for 15 years*

**Dealers’ used car volumes**

Weaker sales of 6-8 year-old cars helped push franchised and non-franchised dealers’ used car volumes down 9.1% to 3.61 million in 2008, their share of the used car market falling two points to 54.3%.

**Dealers' used car volume and market share**



- Dealer's sales in the 0-2 year age group edged up 0.3% to 856,000 last year, accounting for 87.2% of sales in this segment.
- Dealers' sales of 3-5 year-old cars slipped 5.2% and 80,000 units to 1.46 million and 77.5% of this sector's volume.
- In 2008, dealers lost the ground they made in the 6-8 year age group the previous year, their used car volumes sliding 19.2% to 780,000 units, taking their share of this segment down to 49.1%.

**Dealers' used car volume by age of car**



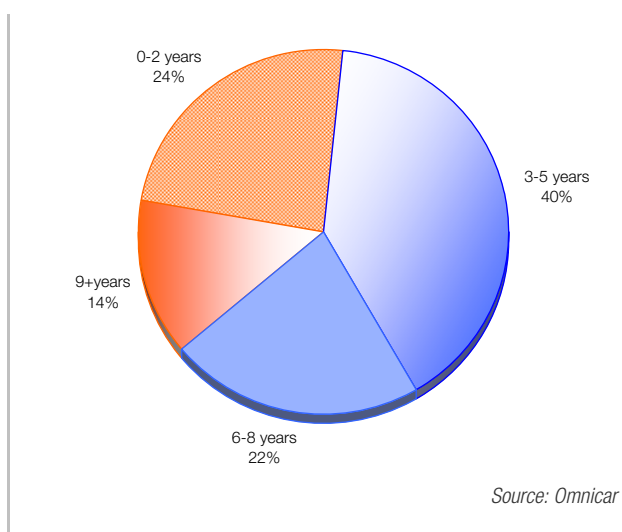
- Dealers' 9 years-plus used car volumes continued to fall in 2008, down 93,000 units to 513,000 accounting for 23.3% of this age group.

*Dealers' used car sales mix has changed*

- Dealers' used car sales mix has changed; sales of younger cars now accounting for 64% of their used car volume compared with 61% in 2007. This has

had a positive impact on average used car prices and overall values from dealers' perspective.

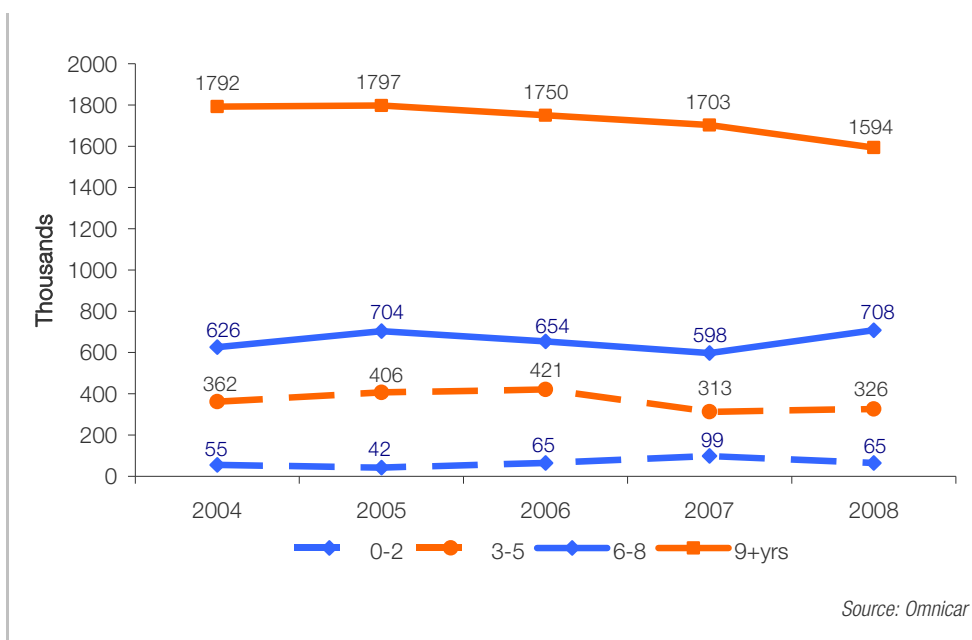
**Volume share of dealers' used car sales, by age of car 2008**



**Private sector used car sales**

Stronger sales of 6-8 year-old cars helped the private-to-private sector outpace the market in 2008; its used car volumes falling just 0.7% to 2.69 million units – and a used car market share of 40.5% compared with 38.4% the previous year.

**Private to private used car volumes by age of car**



*Private sector sales experienced a marked drop in the 0-2 year age group*

- Private sector sales experienced a marked drop in the 0-2 year age group in 2008, down 34.7% and 34,000 units to 65,000, for just 6.6% of the segment's used car volumes.

- Private-to-private sales of 3-5 year-old cars were also lower in 2008; down 4.0% to 326,000 units, their share of this sector rising from 16.1% to 17.2% year on year.
- A rise in private-to-private sales of 6-8 year-old cars of 18.5% and 110,000 to 708,000 units, pushed the sector's share up to 44.3% of this segment.
- Private sales in the 9 years-plus age group were 109,000 lower (6.4%) at 1.59 million, accounting for 71.9% of this market.

**New and used car market value**

Following two years at £66.3 billion, the overall value of the UK new and used car market fell to £60.5 billion in 2008, as the recession hit the new and used car market hard in the second half of the year.

The new car market value fell from an all-time high of £33 billion in 2007 to £28.1 billion last year, as new car volumes dropped to their lowest point for 12 years and more car buyers opted for smaller, lower-priced models.

**New and used car market values (£ billions)**

	2004	2005	2006	2007	2008
<b>New</b>	32.4	32.2	32.4	33.0	28.1
<b>Used</b>	30.0	32.3	33.9	33.3	32.4
<b>Total</b>	62.4	64.5	66.3	66.3	60.5
<b>Used *</b>	48.1	50.1	51.1	50.2	53.6

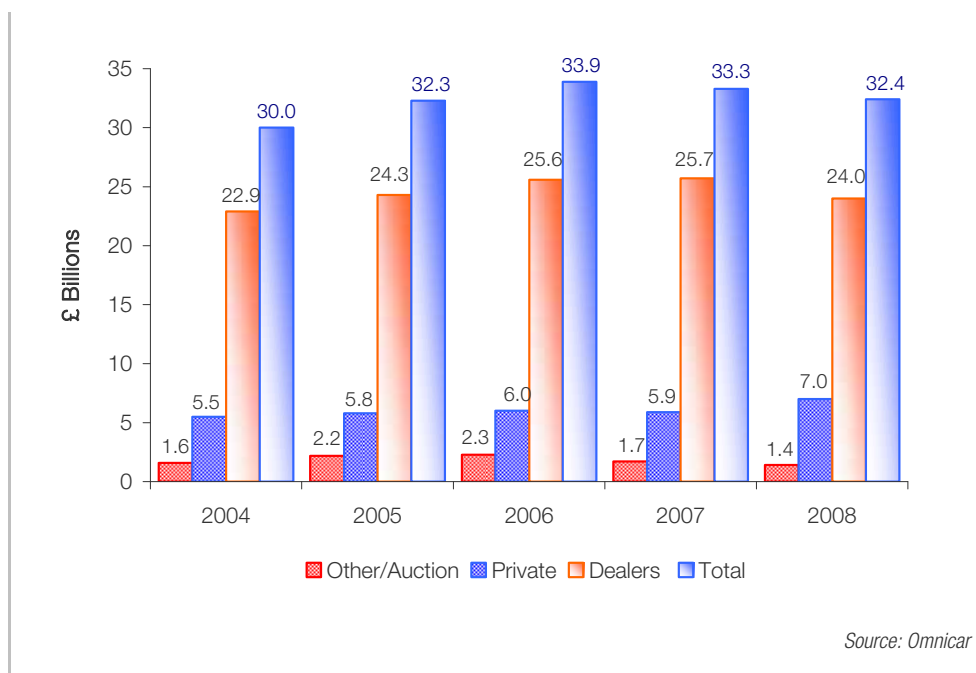
*\* as % of total market value*

Source: Omnica/SMMT

*The used car market experienced considerable pressure*

Used car sales fell markedly in 2008; with the market value falling £0.9 billion to £32.4 billion, despite higher selling prices partially offsetting lower used car volumes.

**Value of used car sales by source**



Dealers' used car sales value fell £1.7 billion to £24 billion in 2008, as the worsening economy hit the used car market hard in the second half of the year. The private-to-private sector's share of used car market value rose to 21.6%, up £1 billion to £7 billion.

Despite the overall fall in dealers' market value, their average used car selling price rose from £6,464 in 2007 to £6,641 in 2008, as used car volumes reflected a stronger mix of younger, higher-value vehicles.

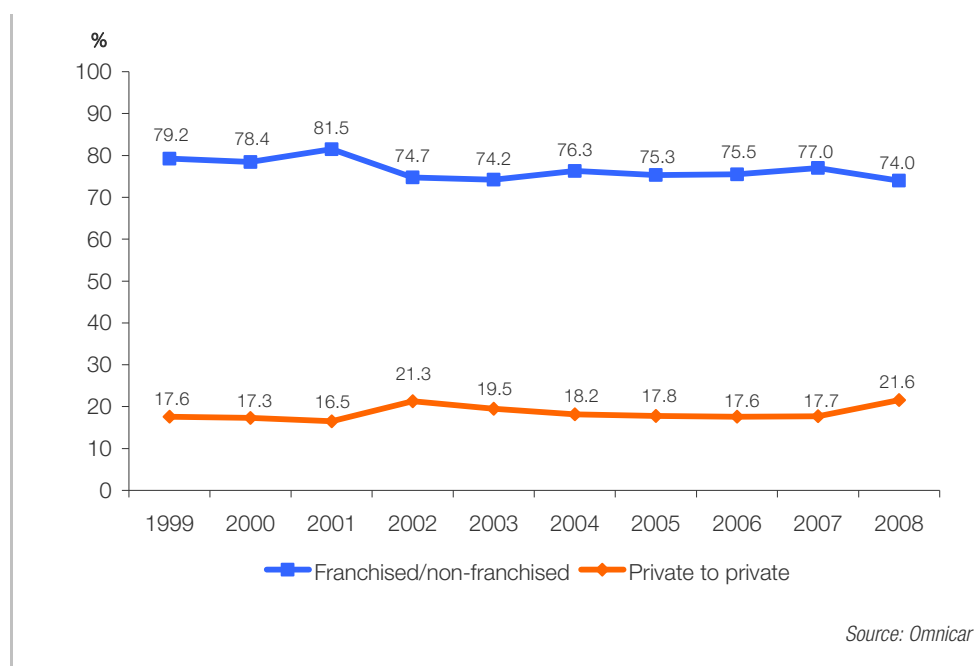
Private-to-private selling prices were also higher in 2008, rising to £2,581 from £2,179 in 2007, as the private sector increased its share of the market for 6-8 year-old cars.

### Dealers' used car market value

*Dealers' share of the UK's used car market value slipped*

Franchised and non-franchised dealers' share of the UK's used car market value slipped to 74% in 2008, due largely to the fall in sales of 6-8 year-old cars.

Share of used car market value



### Car parc flattens in 2008

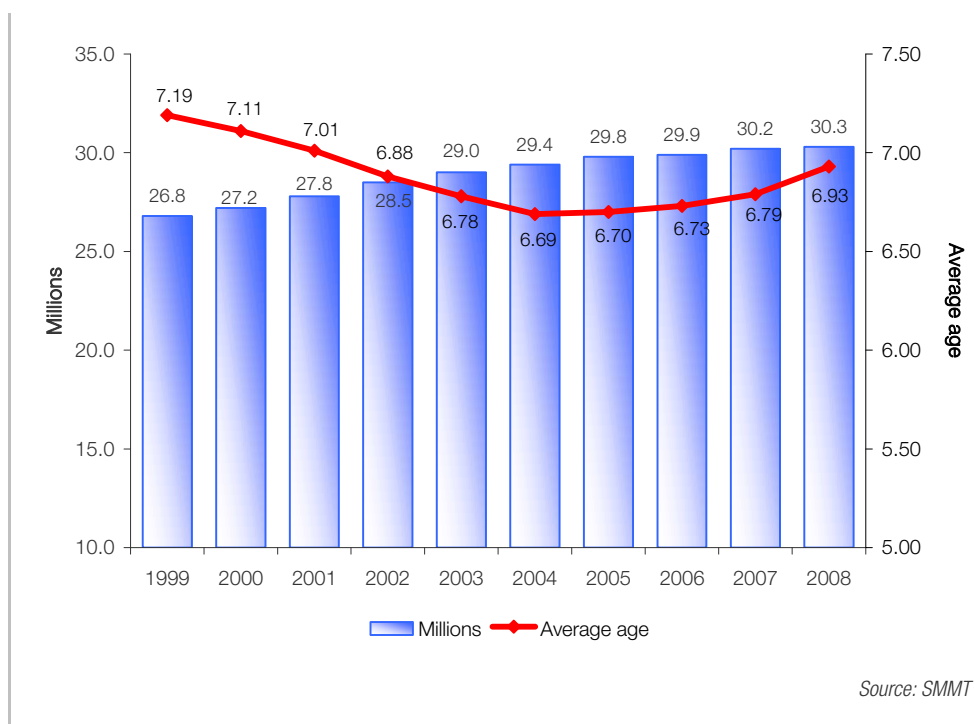
As forecast in last year's report, the UK's car parc flattened in 2008, rising just 132,000 to 30.3 million cars (see overleaf).

Several years of new car volumes well over two million saw the car parc grow from 26.8 million in 1999 to 29.8 million six years later, slowing thereafter as new car sales turned downwards in 2005. The marked fall in new car volumes in 2008 stemmed the long-term growth in the car parc last year.

*The car parc is destined to shrink for the first time*

With new car sales expected to be no higher than 1.7 million in 2009, the car parc is destined to shrink for the first time, by around 0.3 million to 30 million units at the end of this year – and continue to fall until new car volumes recover above the two million mark.

**UK car parc – average age of car**



*The average age will increase for some years as fewer new cars enter the parc*

The average age of cars fell from a high of 7.3 years in 1997 to 6.69 in 2004, as several years of strong new car sales fuelled the car parc. The average age turned in 2005 as new car volumes began to slip, rising to 6.93 in 2008. The average age will increase for some years, as fewer new cars enter the parc and the bulge of cars from several years of high sales grows older.

**The changing shape of the car parc**

The downturn since 2004, and the more recent slump in new car volumes, is having a profound effect on the shape of the UK car parc.

Five years of new car sales comfortably over 2.4 million built up the 0-5 year age sector of the car parc to a peak of 12.4 million units in 2005 – greatly to the benefit of franchised and non-franchised used car dealers who rely on this ‘lucrative stock’ of vehicles for around two-thirds of their used car sales.

*The 0-5 year car parc will drop to around 10.8 million units by the end of this year*

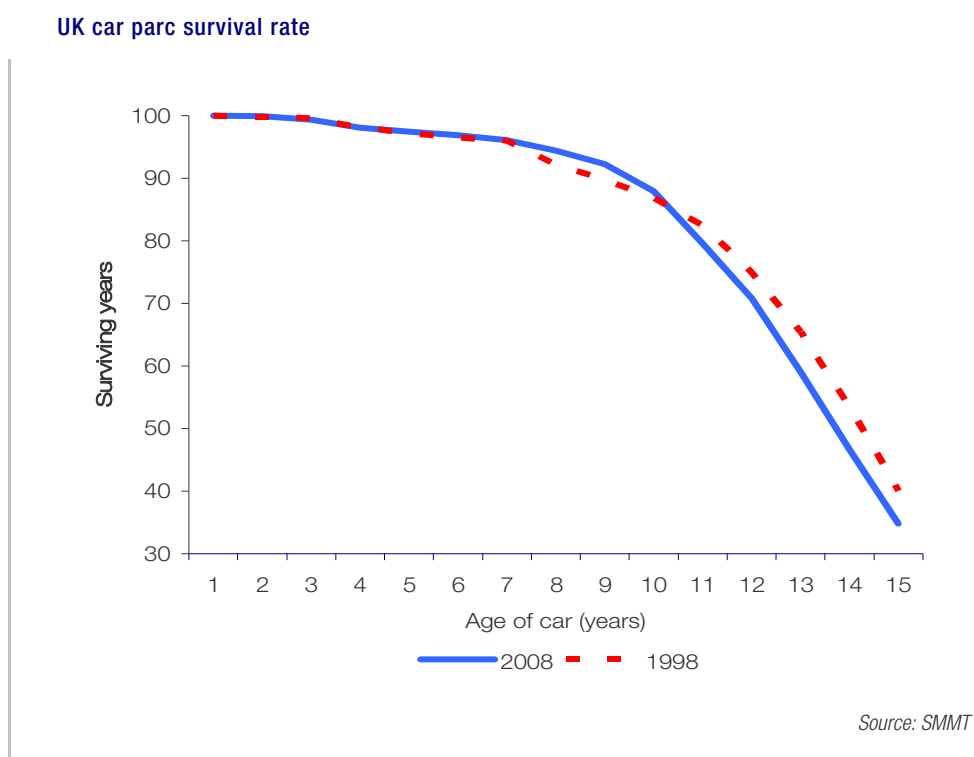
By the end of 2008, the 0-5 year-old car parc had fallen one million units to 11.4 million, and will continue to fall until new car sales recover. With 2009’s new car registrations expected to be less than 1.7 million, the 0-5 year car parc sector will drop even further, to around 10.8 million units by the end of this year.

If new car volumes are slow to recover from the recession, the 0-5 year age car parc sector could drop well below the 10 million mark by 2011.

Dealers' annual used car volumes traditionally account for around 20% of the 0-5 year-old car parc; suggesting that up to 500,000 dealers' used car sales are at risk from such a steep fall in 'used car stock' in this age group

### Fewer cars making it to the 10-year mark

While the number of cars surviving until they are five years old edged up one point to 99% last year, cars are being scrapped more quickly after the 10-year point – only 65% of them making it to 13 years old and just 34.8% still on the roads two years later.



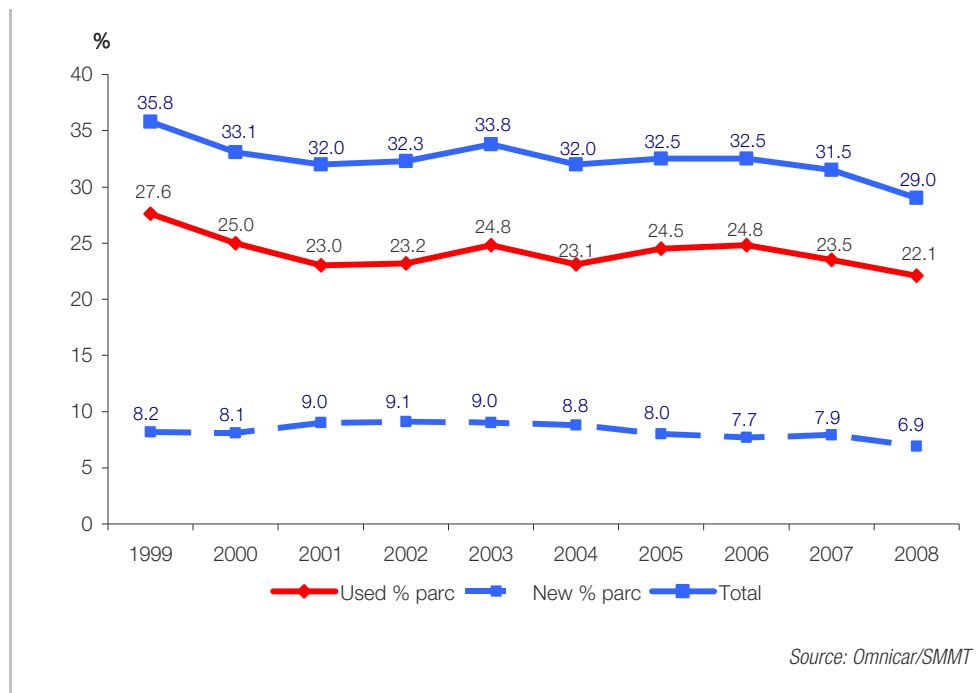
### The 'parc turn' indicator

The 'parc turn' indicator which expresses annual new and used car volumes as a percentage of the UK car parc is a useful way of monitoring car sales trends.

Lower new and used car sales of 8.8 million versus a stable car parc of 30.3 million saw the overall UK car 'parc turn' drop to 29% in 2008 from 31.5% the previous year.

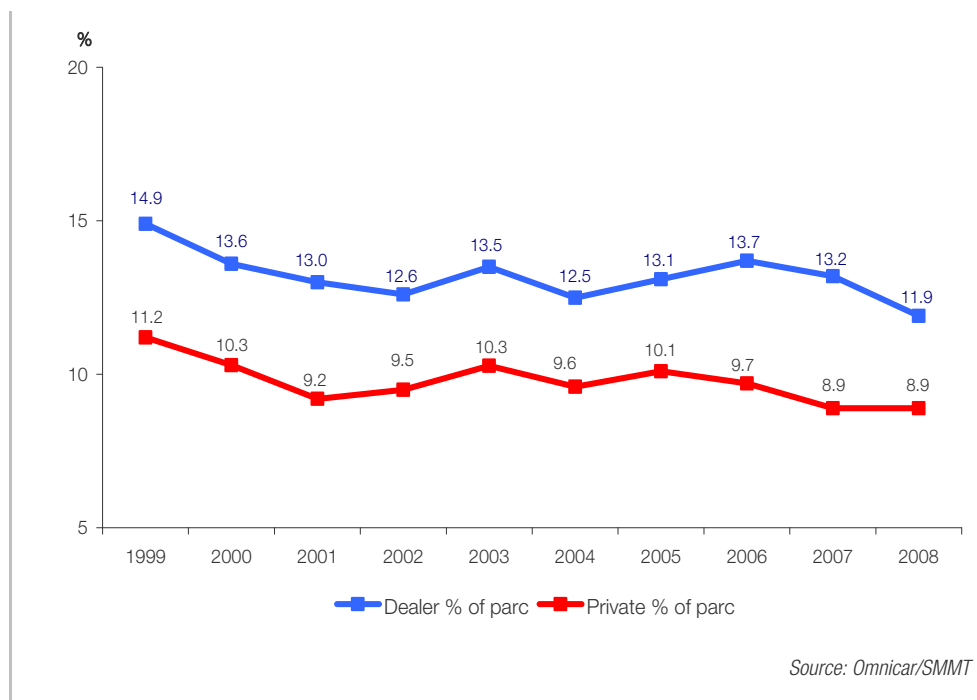
Markedly lower new car volumes in 2008 drove the new car 'parc turn' down from 7.9% in 2007 to 6.9% last year. The used car 'parc turn' also suffered a setback in 2008, falling 1.4 points to 22.1% reflecting the drop in used car volumes.

### Car parc turn



Dealers' used car 'parc turn' fell to 11.9% in 2008 from 13.2% the previous year, while the private sector's 'parc turn' remained at 8.9% for the second year running.

### Dealer vs. private used percentage of car parc



## Growing importance of the used car industry

The UK Market Review is teeming with strategic implications, some of which might be summarised as follows;

- The ratio of used to new car sales has risen considerably since 2004, reaching 3.2:1 in 2008. The implication is clear – ‘the importance of the used car industry is steadily increasing’ – and for dealers, whether franchised or non-franchised, ‘are they keeping pace in terms of focus and professionalism with such a marked change?’
- A steady decline in used car volumes, particularly in the younger segments, will almost inevitably continue as the car parc shrinks and changes shape. This, in turn will mean used car retailers will need to seek to enhance their value added, and profitability per unit, if they are to remain economically viable.
- A further phenomenon, partly caused by recession, is the growth in private-to-private sales shown in this year’s report. While one might expect a growth in a ‘grey market’ in a period of recession, this again reflects on the professionals in the field. What might used car retailers do to recoup their share of the market?
- While both the used car retailing and wholesale sectors came under considerable pressure in the second half of 2008, there has been a recovery. Wholesale values have largely returned to where they were before the economic crisis, although much reduced market volumes have had a large part to play in this. The used car retail sector has also seen a recovery, although it is best described as fragile.

*Are they keeping pace in terms of focus and professionalism?*

# The Consumer Experience

## Car owners' experience owning a used car

The BCA Used Car Market Report has so far looked mainly at the volumes and values of the UK used car market.

This Consumer Experience section focuses on the pattern of car ownership in the UK and the key factors that influence car buyers when deciding what used car to buy and where to buy from.

BCA commissioned BMRB International to carry out face-to-face interviews with 2,000 motorists in the UK, to find out their preferences and experiences in buying and owning a used car – why they chose their latest used car, what most influenced their choice of seller, what type of car they might buy next, and where and when they might buy.

This year, the consumer research also looked at how the recession might affect motorists' thoughts on replacing their car; what practical steps they might take to cut their personal motoring costs during this difficult period – and what they might look for in a car when the recession is eventually over. Respondents were also asked how the ongoing rise in the price of fuel might influence the type of car they would consider buying next time they changed.

*What practical steps they might take to cut their personal motoring costs*

Fieldwork for the BMRB consumer research took place during March 2009.

The Consumer Perspective section is split into four parts;

**Part One** – looks at the phase when motorists begin thinking about changing their car, the key issues that shape what car they start looking for and the factors which most influence their decision on exactly what car to buy.

**Part Two** – considers what aspects have the biggest effect on motorists when deciding which dealer to do business with and what type of used car they decided to buy.

**Part Three** – looks at the ongoing relationship with the selling dealer, when car owners could next be in the market for another car, what type of car they might look for and who they might buy from.

**Part Four** – assesses the likely impact of the recession, higher motoring costs and rising fuel prices on the used car market – and also looks at what steps motorists are prepared to take to reduce their personal carbon footprint.

## Part One – What used car to buy?

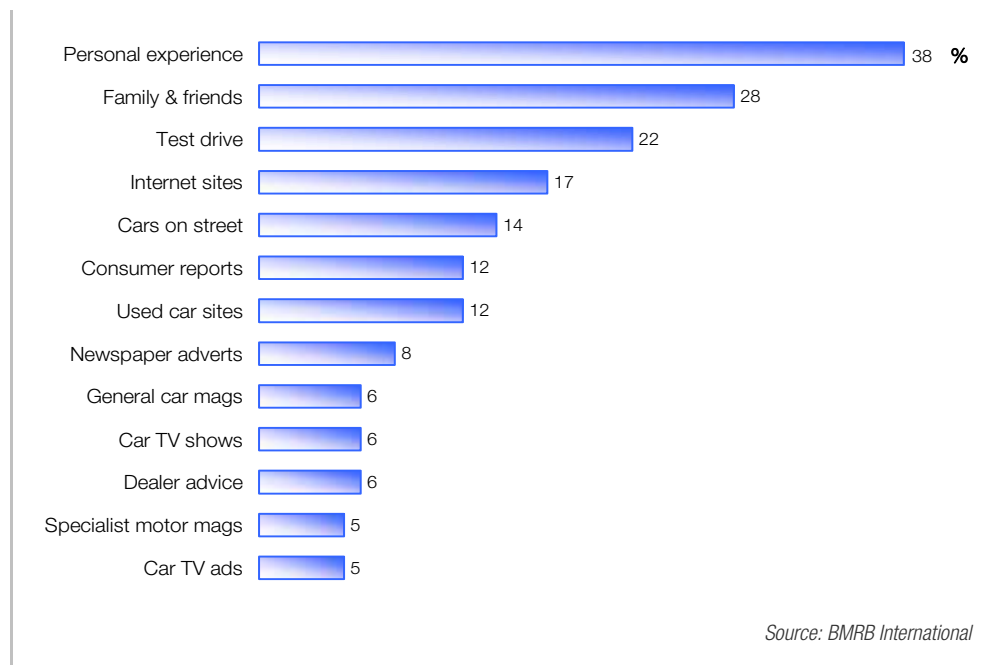
### What type of used car to consider?

While they may have slipped three or four points this year, ‘personal experience of a particular make/model’ (38%), ‘views of family and friends’ (28%) and a ‘test drive’ (22%) continue to have the biggest influence on car buyers when making up their minds what type of used car to consider buying.

*Car internet sites are having an increasing influence on decision making*

While many motorists use the Internet when researching a used car purchase, there has been a rise this year in the number of motorists claiming ‘the Internet had influenced their decision’. This year, 17% of car buyers said the Internet would influence their buying decision compared with just 10% two years ago.

**Influences on type of used car considered**



On the Internet front, men (21%) are more likely to be influenced by used car retailers’ websites than women, at just 13%. A quarter of the 17-24 year age group surf the Internet and are far more interested than others by ‘cars you see on the street’, ‘newspaper adverts’ and ‘car TV shows’.

*Influence of ‘consumer reports’ and programmes’ is waning*

The influence of ‘consumer reports and programmes’ is waning, mentioned by only 12% of motorists in this year’s survey compared with 17% last time, while the impact of ‘motoring magazines’, ‘car TV shows’, ‘newspaper advertisements’ and ‘dealer advice’ appear largely peripheral when it comes down to deciding what used car to look for.

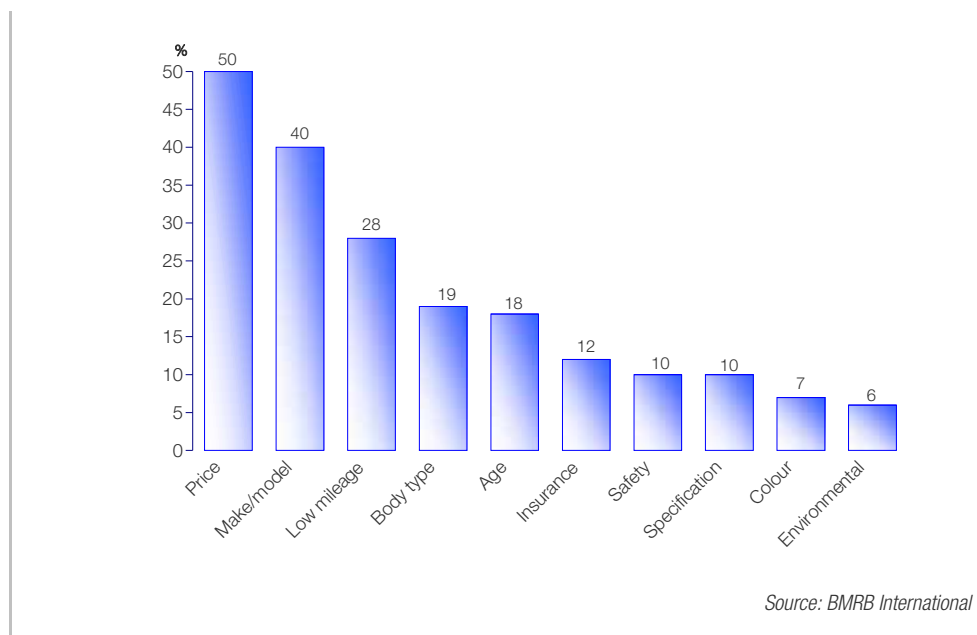
'Personal experience' is the outright number one for 55-64 year-old car owners, while 'views of friends and family' was cited by 38% of motorists in the 25-34 year group. 'Consumer reports' are more of a consideration for buyers of cars in the £10,000 – £20,000 price band, while owners of cars costing more than £15,000 pay more attention to used car displays at 'car showrooms/sites'.

### Deciding on the right used car

*The 'right price' and 'right make and model' remain top of shopping lists*

The 'right price' cited by 50% of car owners, and the 'right make and model' mentioned by 40% of respondents, remain top of car buyers' shopping lists when deciding exactly which used car to settle for. However 'low mileage' and 'age of car' are growing less critical – the former down 7% to 28% and the latter 4% lower at 18% in this year's survey – testimony perhaps to the higher quality and rising value for money of used cars.

**Crunch factors in choosing a used car**



*'Price' is critical for more than half of the 25-34 year age group*

'Price' is critical for two-thirds of 17-24 year-olds and more than half (56%) of the 25-34 year age group, but much less of an issue for middle-aged and older car buyers. 'Make and model of vehicle' is uppermost in the minds of half of 55-64 year-old motorists who are also more concerned with the 'age of the vehicle' than other age groups.

Although 'price' is a crucial issue for buyers of used cars up to £5,000, it is less important for owners of cars costing more than £10,000. 'Insurance group' is important as far as budget cars are concerned, while 'body type' and 'specification' is very much in the frame for a quarter of used cars over the £15,000 price mark.

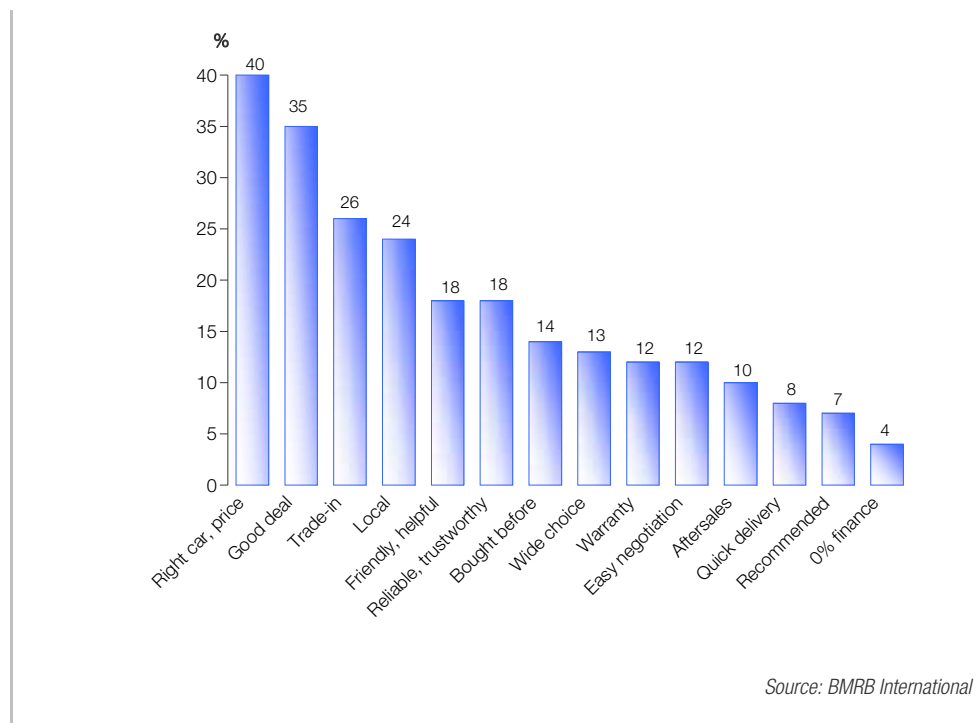
## Part Two – Where to buy from?

### Which used car dealer to deal with?

*Motorists have never wavered about what they expect from a used car retailer*

Motorists have never wavered about what they expect from a used car retailer when buying a used car. What they want is unsurprisingly straightforward – the ‘right car at the right price’, ‘a good deal’, ‘to trade in their old car’, ‘to deal locally’ and ‘with friendly, helpful and professional staff.’ Franchised and non-franchised used car dealers, who consistently meet these requirements, are well placed to attract and retain a growing number of used car customers.

**Factors influencing choice of dealer**



The top-three on used car buyers’ shopping list are identical to last year – 40% of motorists stressed the importance of ‘the right car at the right price’; 35% were looking for ‘a good deal’, while 26% of car owners wanted to ‘trade in their old vehicle’.

*Men like to feel they have ‘got a good deal’ more than women*

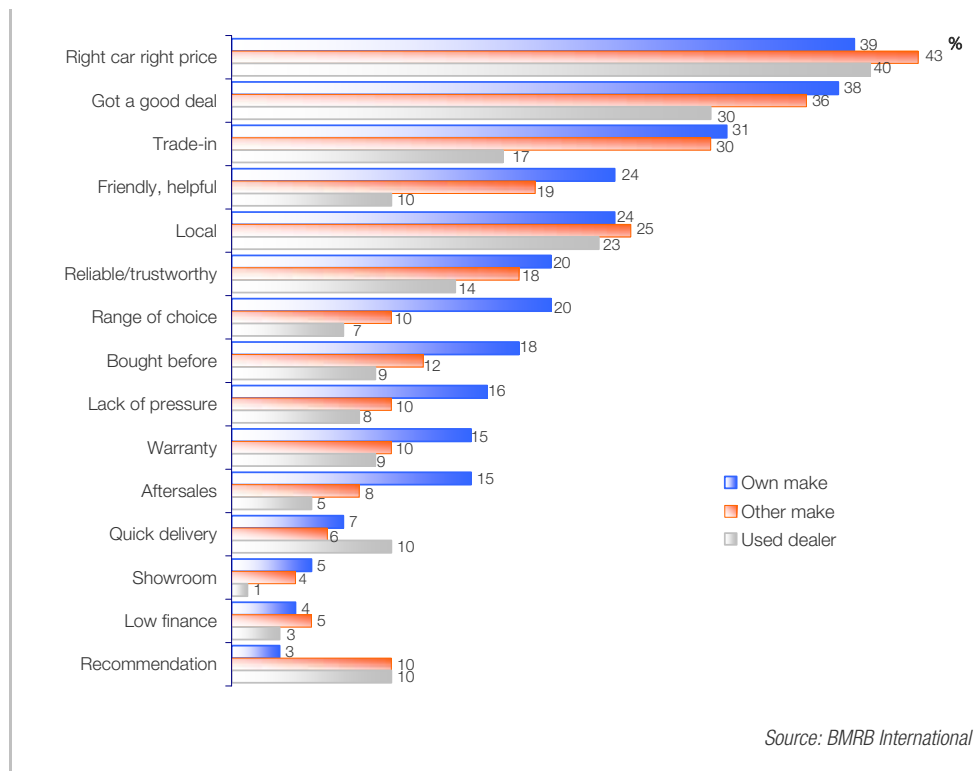
Men (37%) like to feel they have ‘got a good deal’ more than women (32%), which is also a must for half of 17-24 year-olds. This is less of a concern for 65 years-plus car owners (28%), who are more interested in ‘trading in their old car’ and ‘the dealer was recommended’. On the other hand, 55-64 year-old motorists like to be sure about ‘the cut of a dealer’s cloth’ – stressing ‘the staff are friendly and helpful’, ‘dealer appeared reliable and trustworthy’ and ‘I have bought a used car from them before’ as qualities they look for when deciding who to deal with.

Used car buyers’ requirements vary little across the various used car price bands, although half (54%) of people buying cars over £20,000 like to feel ‘I got a good deal on the car’ compared with the average figure of 35%.

## Buying from franchised and non-franchised dealers

'I got a good deal on the car' rose 10 points to 38% this year, pushing 'they had the right car at the right price' (39%) hard for top of motorists' shopping list, when buying a car from a franchised dealer selling the same make of car. Third for these used car buyers was 'I could trade in my old vehicle' (31%) followed by 'staff are friendly, helpful and professional' mentioned by 24% of respondents.

### Factors influencing choice of dealer



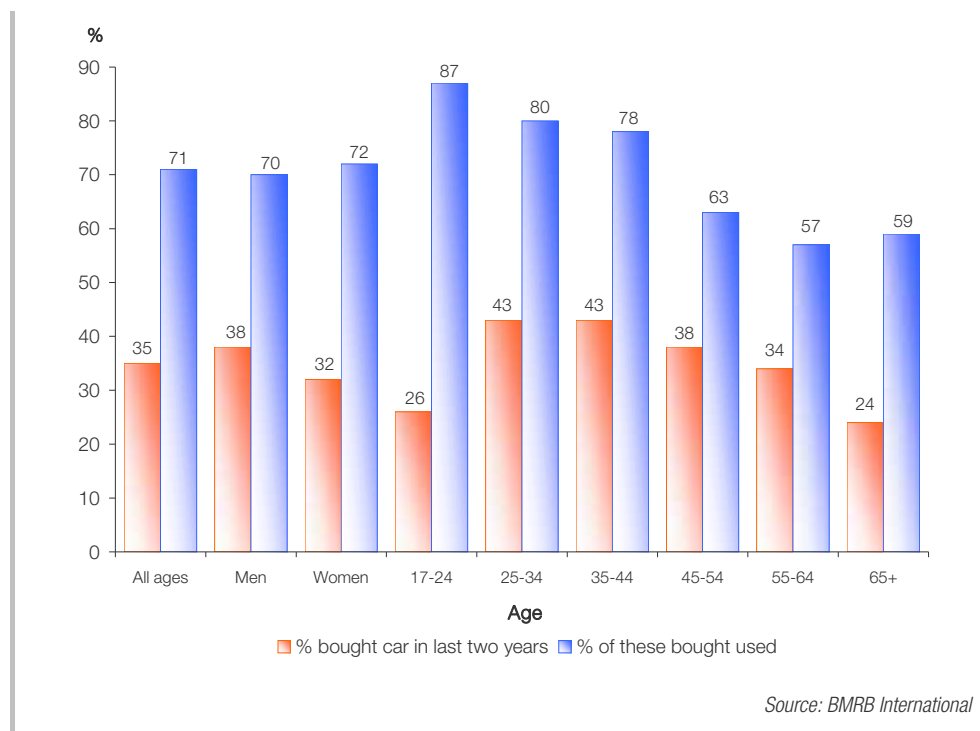
'Getting the right car at the right price' (43%) and 'a good deal' (36%), were also very important for used car owners who dealt with a franchised dealer selling another make of car – together with the 'ability to trade in my old vehicle' which rose from 21% last year to 30% this time.

While 'the right car at the right price' was equally important for two out of five customers of non-franchised used car dealers, this was less so for 'the ability to trade in my old vehicle' and 'friendly helpful and professional staff' at 17% and 10% respectively.

### Fewer motorists buy a new or used car

This year's survey shows that 35% of motorists had bought a car in the past 24 months – compared with 37% who had done so last year, and 40% two years earlier. Buyers opting for a used car rather than a new one was 71% for the second year running – although this share was of a declining market volume.

**Cars bought over past two years – by age group**



Thirty-eight per cent of men and 32% of women had bought a car in the past two years, 70% of the former and 72% of the latter choosing a used rather than a new vehicle.

The most profuse buyers of cars on this occasion were motorists in the 25-34 and 35-44 year age groups; 43% of whom had bought a car in the previous 24 months, followed by 38% of 45-54 year-old cars owners. Only a quarter of 17-24 year-olds (26%), and motorists in the 65 years-plus group (24%), had bought a new or used car in the past two years.

*A higher percentage of younger motorists than ever had opted for a used car*

This year’s survey found a higher percentage of younger motorists than ever had opted to buy a used car. Eighty-seven per cent of 17-24 year-old car owners had bought a used car in the past 24 months, compared with 80% last time. A similar pattern emerged for 25-34 year-olds (80%), where 7% more motorists had bought a used car, and the 35-44 year age group (76%), where 6% more car owners chose a used car.

The opposite is true for middle-aged motorists – with 8% fewer 45-54 year-old car buyers (63%) electing to buy a used car instead of a new one, as did 57% of motorists in the 55-64 year group compared with 68% last time.

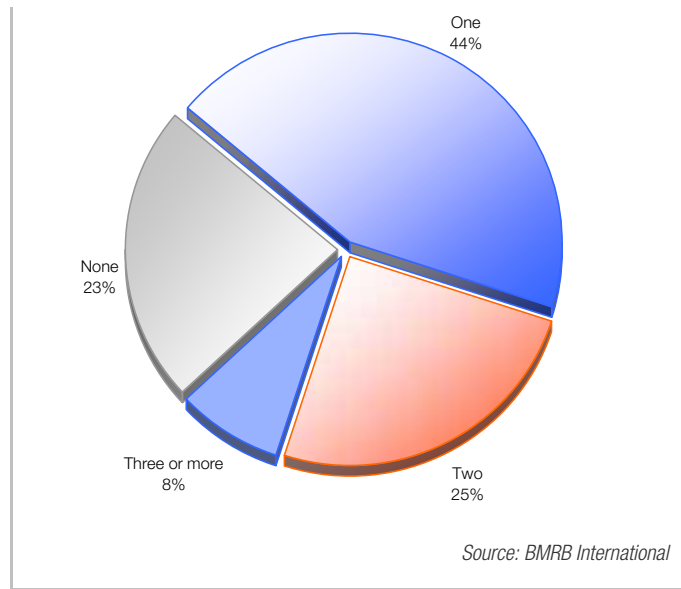
Two out of five wealthier car owner had bought a car in the past two years, 61% of them deciding on a used rather than a new one, while just 17% of low-income motorists had bought a car, nearly three-quarters (73%) choosing a used vehicle.

A quarter of used cars owners opted for cars priced between £5,000 and £10,000, while 21% favoured cheaper models costing up to £1,000. Eighteen per cent of survey respondents bought cars in the £3,000 to £5,000 band, with a further 10% going for those priced between £10,000 and £15,000.

### Seventy-seven per cent of families own a car

The number of UK families owning at least one car edged up one percentage point to 77% in this year's survey – two-car households rising from 24% to 25% and families with three or more cars also one point higher at 8%. Four out of five male respondents' families had at least one car, compared with 74% of women's households.

Cars in household



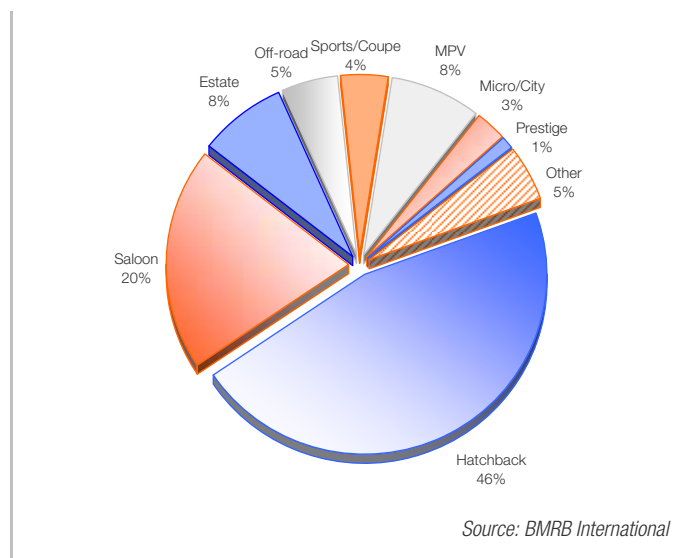
38% of wealthier families own two cars and 11% are three-car households

Motorists between 35 and 54 years of age have the most cars in their household; 86% of them owning at least one car and 35% of them two-car families. Nine out of 10 of wealthier car owners have at least one car, 38% own two and 11% of them are three-car households. Unsurprisingly, only two out five lower-income households own a car at all, and are almost exclusively one-car households.

### MPVs and Micros edge upwards

The mix of used car sales has changed little on this occasion; hatchbacks sales accounting for 46% of the used car market, and saloons stable at 20% following last year's fall from 24%. However, sales of MPVs and micro/city cars both edged up one point to 8% and 3% of the market respectively.

Type of used car bought



Twice as many motorists (10%), between 35-44 years of age, buy offroad/4x4s as the average, and this group (12%) also tops the list of car buyers opting to buy an MPV. Sport cars/coupes were chosen by 8% of 25-34 year-olds, while 6% of 17-24 year-old motorists bought a micro/city car.

*Half of cars costing over £20,000 were offroad/4x4s*

Looking at the used car purchase pattern across the various price bands, shows a quarter of cars sold between £15,000 to £20,000, and a half of cars costing over £20,000, were offroad/4x4s. Nearly a fifth of used cars bought by survey respondents in the £15,000-£20,000 price band were MPVs, while sport/coupes accounted for one in 10 used cars priced between £10,000– £15,000.

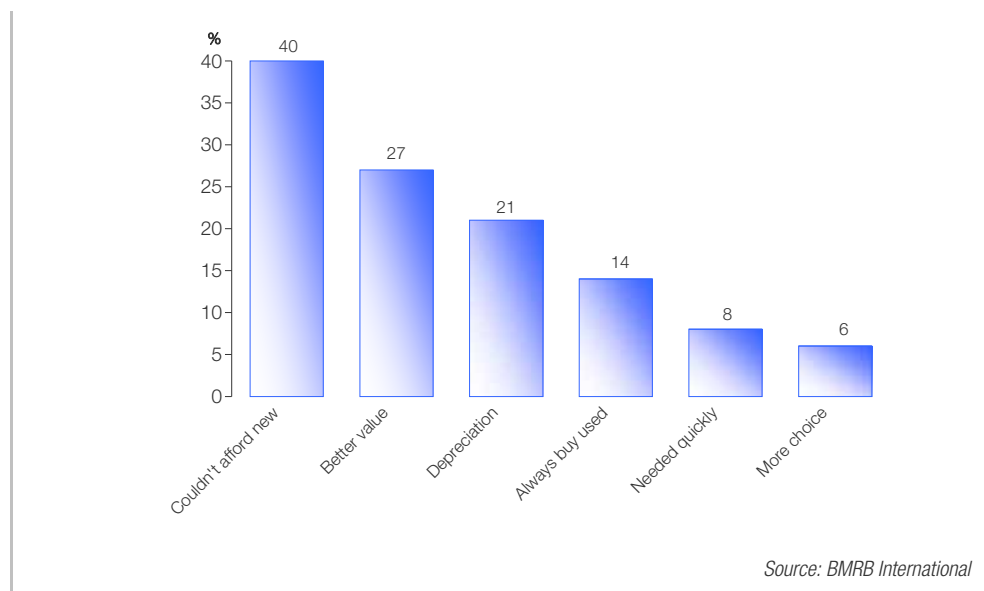
### Buying a new or used car?

Price, in the shape of being ‘unable to afford a new car’, is having an ever more powerful influence on buyers’ decision to choose a used car instead of a new one. Forty per cent of car owners in this year’s survey said ‘I couldn’t afford a new car’ was their foremost reason for buying used, 27% were confident that used cars represented ‘better value for money’, while 21% believe they are subject to ‘lower depreciation’.

*Younger buyers were clearly feeling the impact of the economic downturn*

Younger car buyers were clearly feeling the impact of the economic downturn at the time of the survey; three out of five 17-24 year-olds and half (48%) of car owners in the 25-34 year age group declaring they ‘couldn’t afford to buy a new car’ – in contrast to just 23% of 65 years-plus motorists who are in a similar position.

**Buying new or used?**



The reasons men and women choose a used, rather than a new car, differ considerably. More women (44%) than men (35%) say they ‘cannot afford a new car’ – while 31% of men are convinced ‘used cars offer better value for money’, only 22% of women feel the same way. This also applies to ‘lower depreciation with used cars’ cited as key factor by 25% of men, but just 18% of women.

A third of 45-54 year old motorists and wealthier car owners are more influenced than others by ‘used cars offering lower depreciation’ and also ‘providing better value for money’ – factors that hold much less sway with 65 year-plus motorists.

### Diesel sales on the march

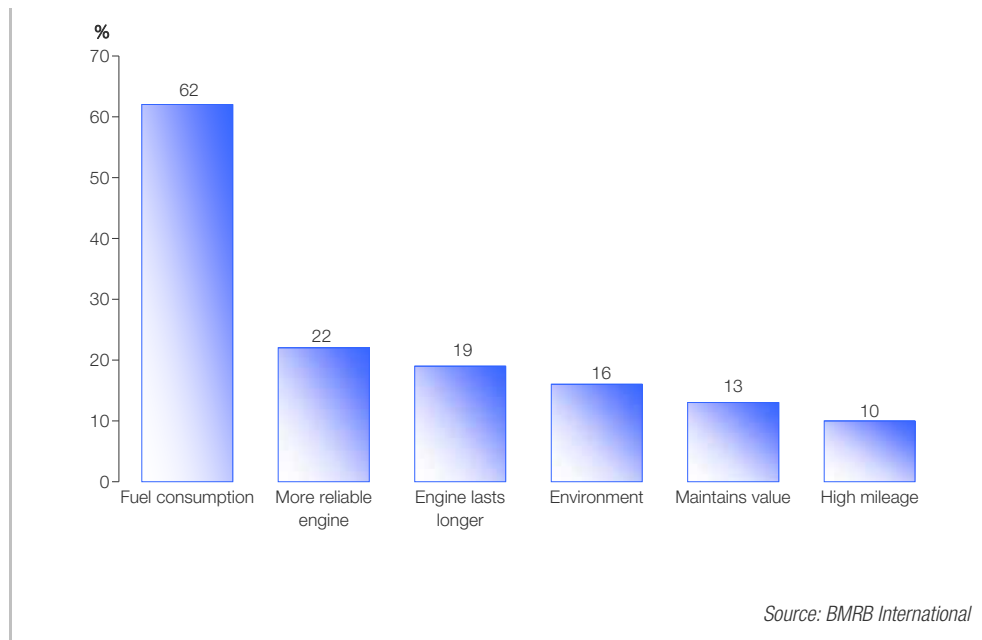
Diesel-engined cars’ share of the used car market reached 33% this year, from 30% in 2008 and 26% two years earlier – 35% of men and 31% of women buying a diesel as their latest used car.

While diesel used cars remain most popular with 35-44 year-olds (43%), but they are also growing more acceptable with 17-34 year-olds and the 65 years-plus age group who were previously much less enthusiastic about ‘oil burners’.

*Diesels now account for at least three out of five cars costing more than £10,000*

Diesels now account for at least three out of five used cars costing more than £10,000 perhaps a reflection of the fleet and leasing industries’ disposal of cars and their impact on the stock of younger used cars.

Reasons for buying diesel



While ‘better fuel consumption’ was quoted by 62% of survey respondents as the chief benefit of buying a diesel used car, a fifth of car owners also believe diesel-powered cars are ‘more reliable’ and their ‘engines last longer’.

## Part Three – When, where and what used car to buy

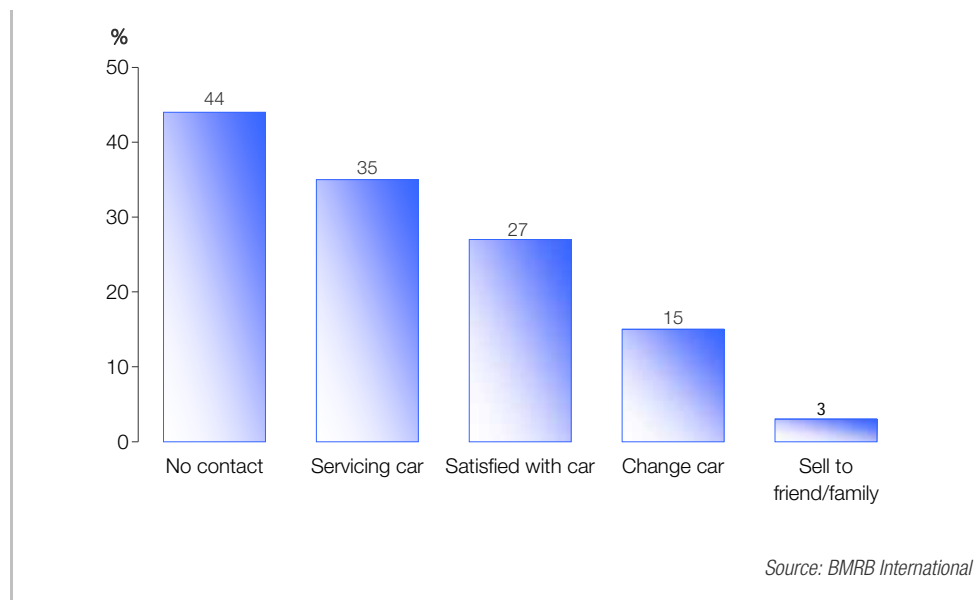
### Dealer contact with customers

Over the past five years, used car owners have been asked if the dealer they bought their car from kept in touch regularly to make sure they were happy with their car, offer them service or perhaps interest them in buying another car.

*This year's responses are as disappointing as previous occasions*

This year's responses are as disappointing as previous occasions, showing that 44% of car owners had not heard at all from their dealer. Seventy-three per cent of used car buyers hadn't been asked if they were satisfied with their car and 85% had not been approached by their selling dealer to see if they might consider replacing their car or might buy another one.

**Dealer contact with used car customers**



Dealers, asking a customer if they know of a family member or friend, who might be prepared to discuss the possibility of buying a car, is almost unheard of.

The majority of used car dealers appear to wait for their customers to get in touch with them when they have a problem or are ready to buy another car – having to spend considerable time and money searching for entirely new prospects, rather than building much closer, profitable relationships with more of their existing customers.

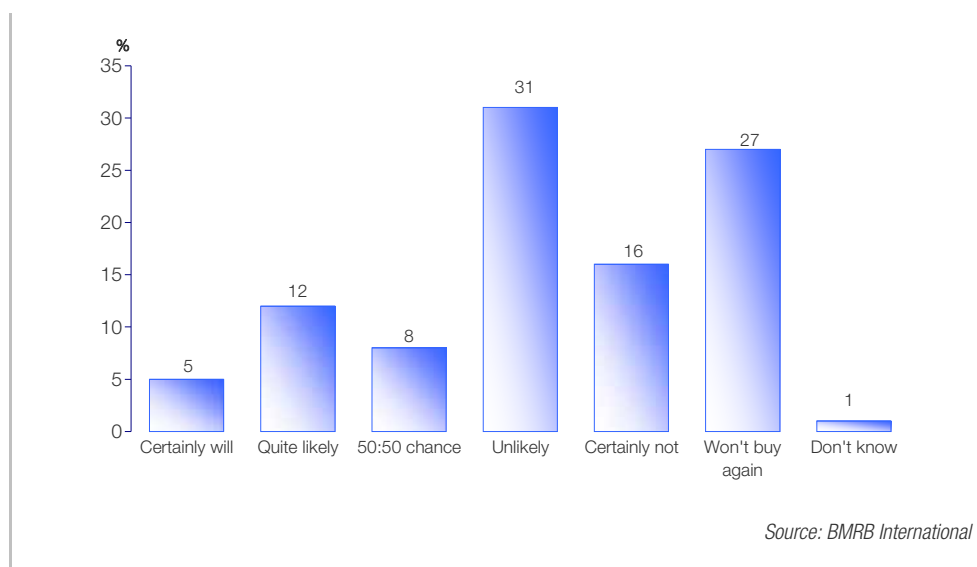
Used car owners in the 55-64 year age group fared somewhat better. Dealers had been in touch with two out of five to see if they were satisfied with their used car, and a fifth had been approached to discuss the prospect of buying another vehicle.

Dealers are also more likely to keep in touch with buyers of more expensive used cars – contacting two-thirds of buyers of £20,000-plus cars to ensure they are happy with it, speaking to around half about servicing and nearly a fifth about replacing or buying another vehicle.

### Buying in the next year

The number of survey respondents who think they, or a member of their family, will ‘certainly’ or ‘quite likely’ buy a used car in the coming 12 months, dropped one point to 17% in this year’s survey – while those, who believe there is a 50:50 chance, fell two points to 8%.

Likelihood of buying a car in the next 12 months



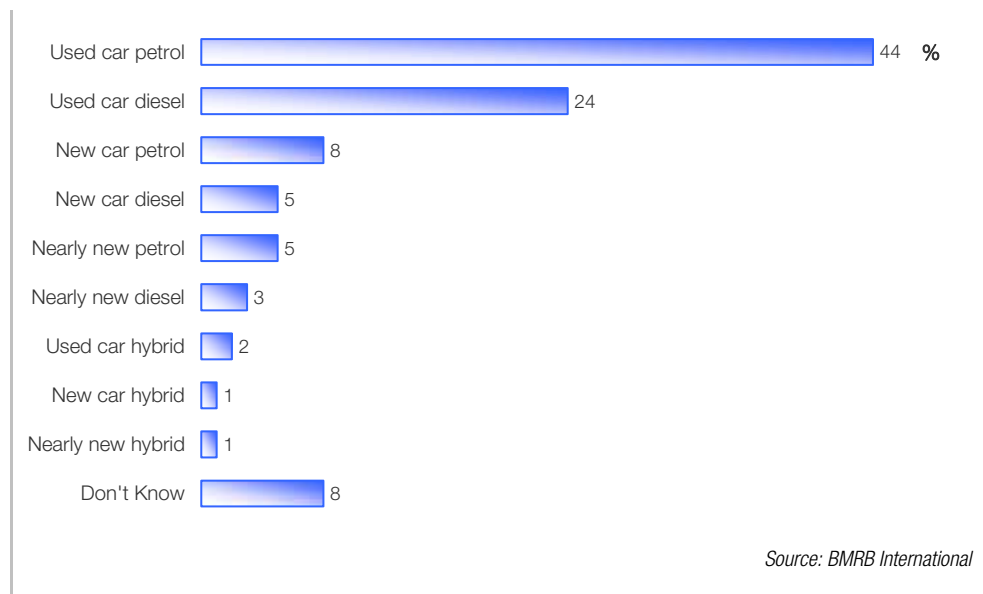
*Motorists most likely to buy a car are people in the 17-24 year age group*

Motorists most likely to buy a car are those in the 17-24 age group, 30% saying they ‘certainly will’ or will ‘quite likely’ buy a used car in the coming year – in complete contrast to 13% of 55-64 year-olds and 6% of 65 years-plus motorists..

While 20% of men might buy a car in the next 12 months, just 14% of women think this is a real possibility, while 46% of 65 years-plus car owners say they ‘won’t be buying car again in the future’.

### What type of car to buy next time?

The proportion of motorists planning to buy a used car next time they change is 79%. However, the number of prospective buyers looking for a nearly-new car dropped to 9%; compared with 10% last year and 13% two years earlier.

**Next car bought will be**

Slightly more men (80%) than women (78%) intend to buy a used car next time, while just two-thirds of car owners, in the 55-64 and 65 years-plus groups, plan to do the same.

*The chance of wealthier car owners buying a nearly-new car has fallen to 10%*

The chance of wealthier car owners buying a nearly-new car has fallen to 10% in this year's survey compared to 15% last time – although a fifth of owners of cars, in the £10,000 to £20,000 price range, think they will go in this direction next time they make a change.

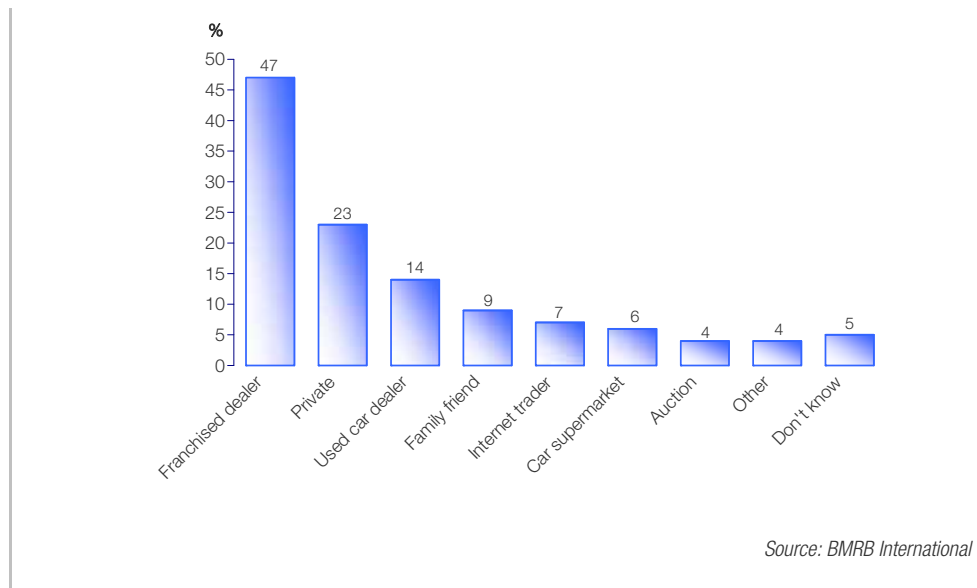
While, overall, 27% motorists say they intend to buy a used diesel, this rises steeply in line with the used car selling price. Two out of five buyers of cars between £5,000 and £10,000 foresee buying a diesel next time – as do 46% of car owners considering cars in the £10,000 to £20,000 band, and 63% of those over the £20,000 mark.

**Where to buy the next car?**

For the second year running, there is a drop in the number of car owners who plan to buy their next car from a franchised dealer – down two points to 47%, from 49% in 2008 and 52% in 2007 – in danger of losing ground to 9% of motorists looking to buy their next car from a friend or family member (see overleaf).

With some respondents saying they might consider more than one option, 14% of car owners said they will think about dealing with a non-franchised used car dealer, 7% from a car Internet trader and 6% from a car supermarket.

**Where next car will be bought**



*Three out of five wealthier and older car owners plan to buy from a franchised dealer*

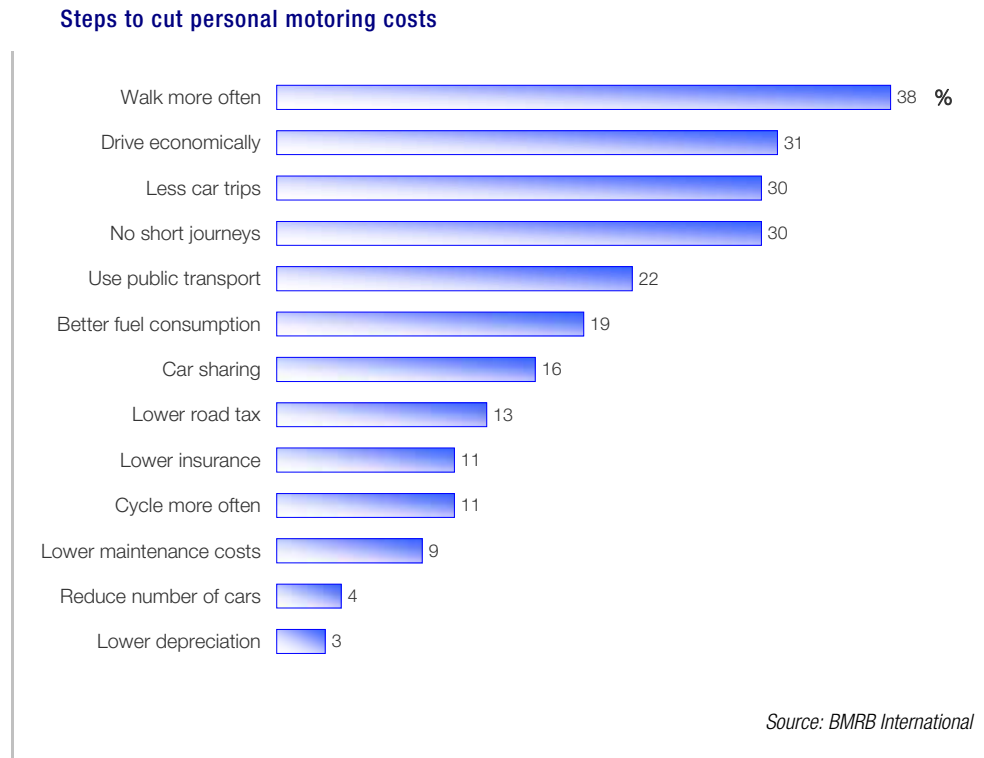
Three out of five wealthier and older car owners plan to buy a used car from a franchised dealer next time they change, while people up to 34 years of age are more likely than others to buy their next car privately or from a member of their family.

Sixty-two per cent of car owners, who bought a car in the £5,000 to £15,000 band last time, intend buy their next car from a franchised dealer as do three-quarters who purchased cars over £15,000. Car owners, with cars costing between £5,000 and £15,000, are more likely to consider buying from a car supermarket.

## Part Four –Motoring costs, recession and fuel prices

### Reducing personal motoring costs

As part of this year's consumer survey, car owners were asked what steps, if any, they might take to reduce their personal motoring costs.



'Walking more often' tops the list of measures to cut costs, favoured by 38% of respondents – followed by 'drive more economically', 'avoid using the car for short journeys' and 'reduce the number of car trips', which were mentioned by three out of 10 motorists.

*Women are more inclined than men to cut motoring costs*

Women are more inclined than men to cut motoring costs; 42% intent on 'walking more', 32% 'avoiding short journeys' and 24% considering 'using public transport' more often. Younger motorists are also keen to eat into their motoring outlay, a third are of a mind to 'car share', with a fifth aiming to 'cycle whenever possible'.

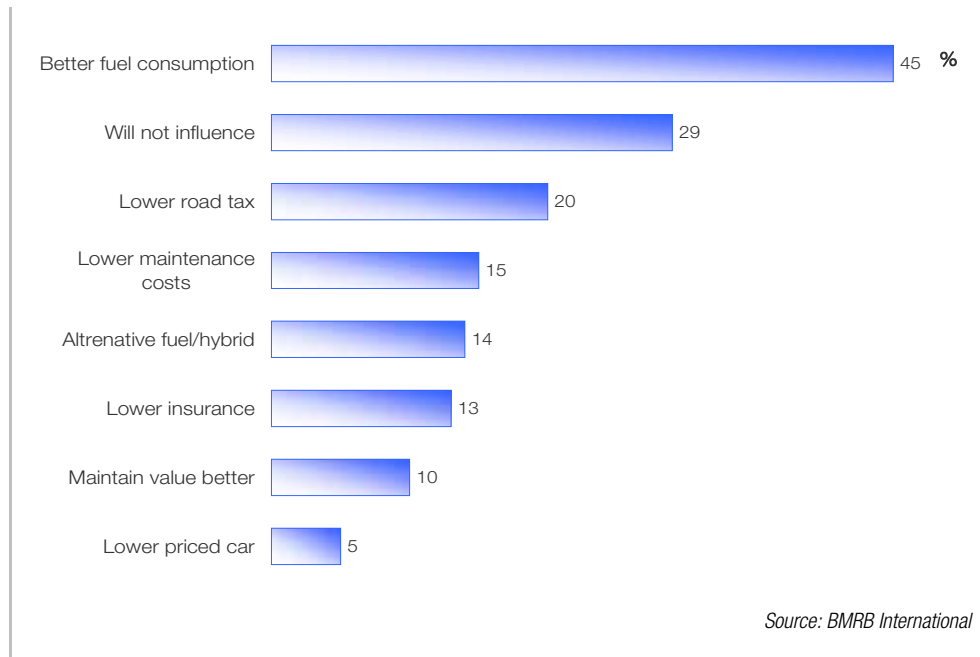
Older drivers, on the other hand, are much less inclined to change their motoring habits – with 'car sharing' and 'cycling whenever possible' decidedly out of the question.

Two-thirds of car owners in the £5,000 to £10,000 price group said they will 'walk more often', while two out of five £10,000 to £15,000 car owners plan to avoid 'using the car for short journeys' whenever they can. Owners of cars over £20,000 have very little appetite for 'cutting short journeys' or 'using public transport'.

## Rising cost of fuel

At the time of this year’s consumer research in March, pump prices for petrol and diesel were well below last year’s all-time high of 120 pence plus per litre. However, many motorists see this as a temporary respite, with much higher fuel prices expected in the coming months – including the two fuel tax rises instigated by the government.

### Steps to offset escalating cost of fuel



Although 29% of motorist said the escalating fuel costs ‘would not influence’ the type of car they buy next time they change, 45% intend to look for ‘a car with better fuel consumption’, 20% want to move to a ‘car with lower road tax’ and 15% say a vehicle with ‘lower service and repair costs’ is on the cards.

There is little difference between men and women, and across the age and social groups, as to what steps to take to mitigate escalating fuel prices. Men (48%) are more likely to look for a car ‘with better fuel consumption’ than women (41%) – and third of 65 years-plus drivers said fuel prices will not affect their decision on what car to buy.

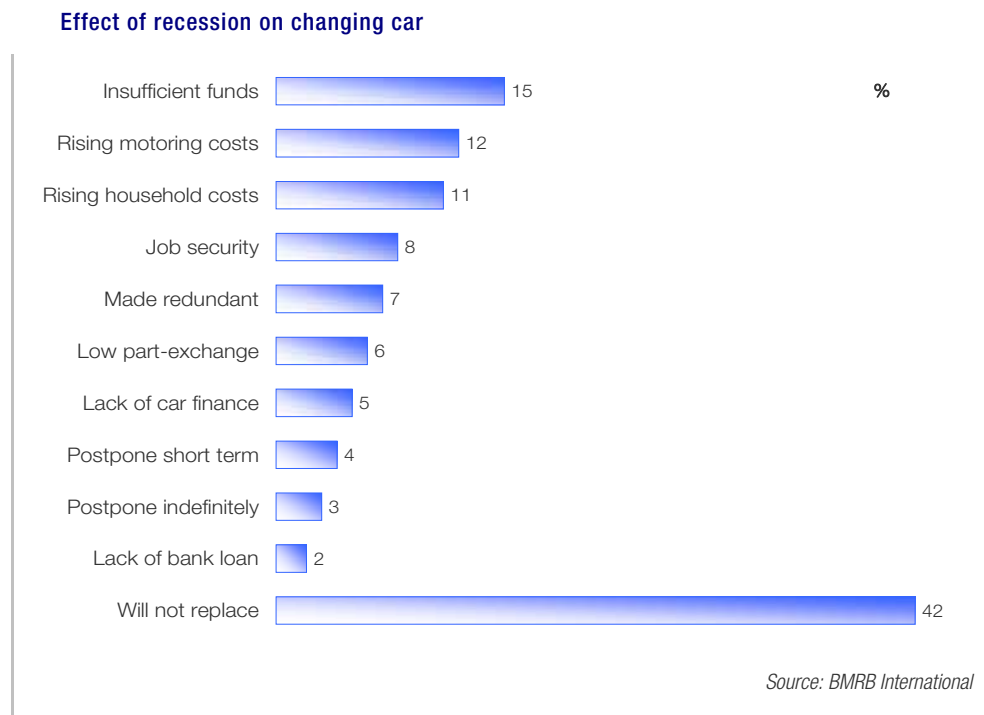
*Owners of cars in the £5,000 to £10,000 bracket are more likely to take action to offset pump prices*

Owners of cars in the £5,000 to £10,000 bracket are more likely to take some sort of action to offset rising pump prices, whereas two-thirds of those with £20,000 plus cars will not let the cost of fuel influence what car to look for.

With fuel prices forecast to reach 115 pence per litre before too long, many car owners will find it increasingly difficult to avoid taking the price of fuel into account in deciding what car to buy next time they make a change – particularly two and three-car families.

## Buying a car during recession?

The current recession is arguably the worst for decades with an unparalleled impact on every area of the economy, leaving very few people untouched. Respondents to this year's survey were asked how the recession would affect any decision to replace their car.



*Two out of five car owners will not be changing their car during such an economic downturn*

Two out of five car owners said they 'will not be changing their car' during such an economic downturn, 15% of motorists said 'insufficient funds' would play a part in their decision to buy or not, while a further 12% quoted 'rising motoring costs' was a factor they could not ignore.

People in the 17-24 year age group appear to be feeling the effects of the recession more than others, citing 'insufficient personal funds' (27%), 'rising motoring costs' (20%) and 'lack of car finance' (12%), as factors they might struggle with when changing their car. More 25-34 year-olds have already been 'made redundant' than other groups, while respondents in the 45-54 year group are more 'worried about job security' than others

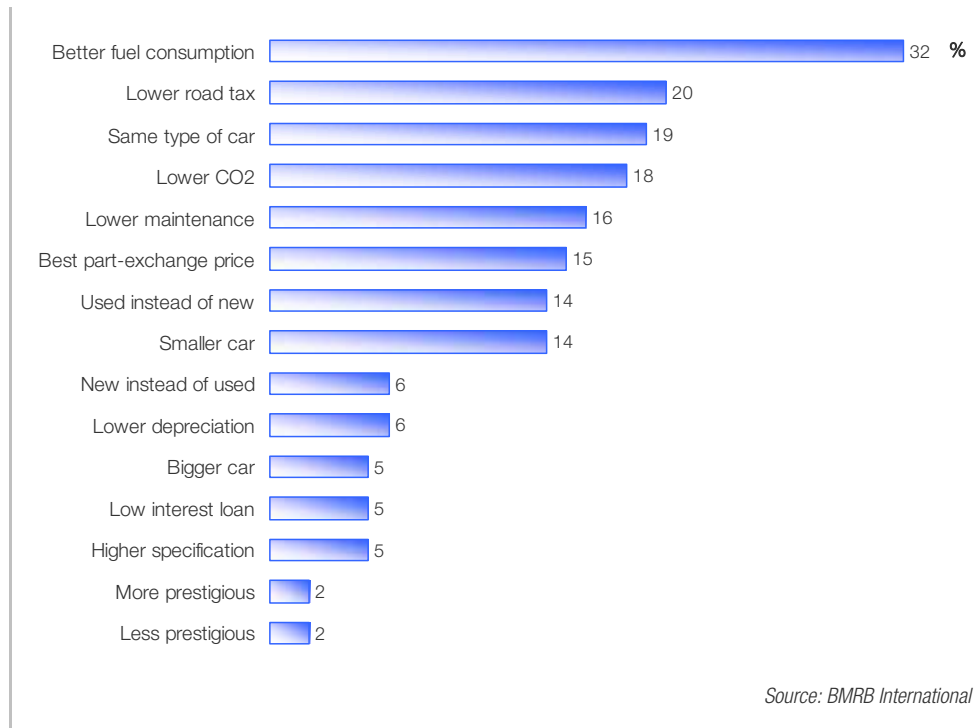
Looking across the used car price bands, car owners in the £10,000-£20,000 bracket have been most affected by 'redundancy', are concerned by 'too low part-exchange values' and more likely to 'postpone replacing their car in the short term'. A third of £20,000-plus car buyers said 'insufficient personal funds' is something they will have to take into account when considering a car change, while 14% of this group say 'job security' is a factor.

## What car to buy when recession is over?

At some point in time, perhaps this year, the first green shoots of recovery will appear, hopefully heralding the beginning of a sustained economic recovery.

Will this encourage car owners to loosen or tighten their belts and buy a cheaper or more expensive car, larger, smaller, used or new, more prestigious or a higher or lower specification model?

### What car to buy post recession?



*Even in a more optimistic economic climate, car owners are planning to be prudent*

Survey responses suggest that, even in a more optimistic economic climate, car owners are planning to be prudent and resist the temptation to slacken their grip on their motoring expenditure.

Although 19% of motorists intend to buy ‘the same type of car’ next time, a third of car buyers will be looking for ‘better fuel consumption’ and a fifth for ‘lower road tax’. This move to save money is underlined by a wish list of ‘lower CO<sub>2</sub>’, ‘lower maintenance costs’ and a ‘smaller car’– rounded off by driving a harder bargain on the ‘part-exchange value’.

More than twice as many (14%) of respondents think they might consider buying a used car instead of a new one, compared to those thinking of moving in the opposite direction. Indeed, car buyers, opting for several of these cost-cutting measures, could pay big dividends. Women (22%) are more likely to look for ‘a lower road tax’ than men (17%) – in contrast to switching from a new to a used vehicle, favoured by 15% of men compared to 13% of women.

*Older car buyers will generally settle for the status quo when their next car change comes round*

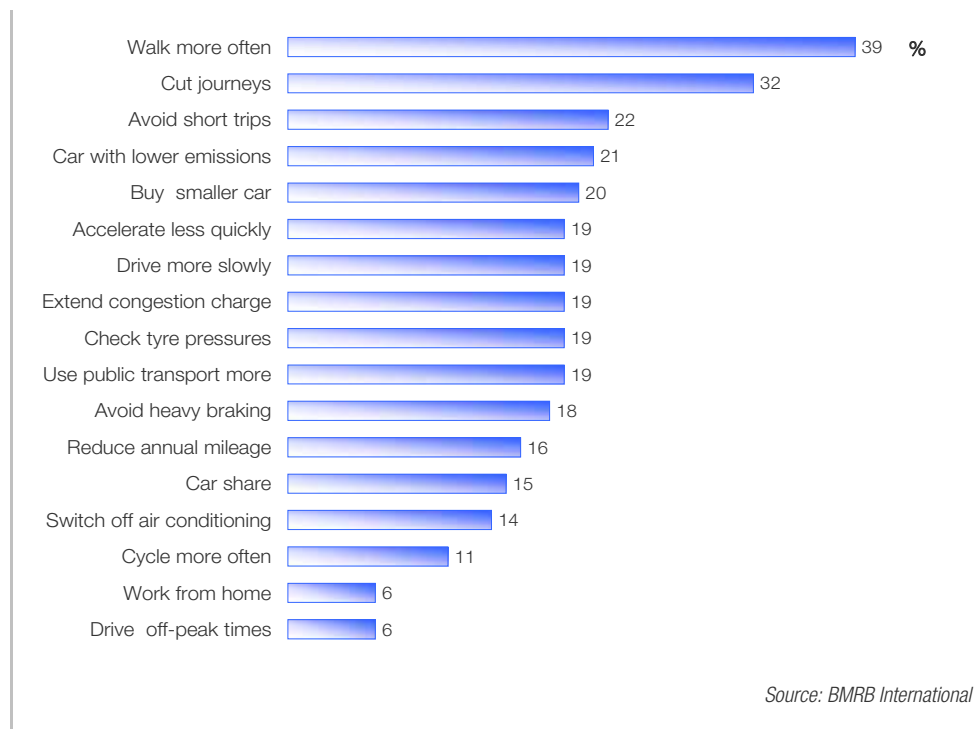
Wealthier car buyers are more likely to focus on ‘lower CO<sub>2</sub>’ and ‘lower depreciation’ than others, while older car buyers will generally settle for the status quo when their next car change comes round.

Twenty-nine per cent of motorists, with cars in the £10,000 to £15,000 price band, said they will go for ‘the best possible part-exchange price’ compared with the average of 15%, whereas half of car owners of the most expensive used cars, have a ‘car with better fuel consumption’ uppermost in their minds for their next change.

### Reducing personal motoring carbon footprint

More than nine out of 10 motorists are prepared to take some form of action to reduce their personal carbon footprint.

#### Steps to reduce personal motoring carbon footprint



‘Walking more often’, favoured by 39% of car owners, remains the most popular step motorists are likely to take to cut their personal CO<sub>2</sub>, while three out of 10 motorists see ‘cutting unnecessary journeys’ as making a worthwhile contribution. A fifth of car owners are prepared to think about ‘avoiding short trips’, ‘buying a car with lower CO<sub>2</sub> emissions’ or even ‘buying a smaller car’.

*Buying a car with lower CO<sub>2</sub> is more akin to car owners over 45 years old*

‘Walking more often’ seems to appeal more to women (42%) and younger motorists (52%), a third of whom are also more likely to consider ‘avoiding short trips’. ‘Buying a car with a lower CO<sub>2</sub> rating’ is more akin to car owners over 45 years old and wealthier car owners, while ‘using public transport more often’ is the prerogative of older people.

Although half of owners of cars costing more than £20,000 are prepared to consider 'walking more often' and 'cutting unnecessary journeys' (39%), few of them would go as far as 'buying a car with lower emissions' or 'use public transport more often'.

A third of car owners in the £10,000 to £15,000 price band see 'buying a car with lower CO<sub>2</sub>' as a real possibility, but regard 'accelerating less quickly' as a step too far to help save the planet.

### **Expect to be treated as 'first-class buyers'**

The foregoing pages provide a series of both overt and covert messages regarding consumers and their attitudes to new and used cars and the recession. It is interesting to look at the overall findings and their potential implications for the used car market:

Consider the following;

- Car owners appear to treat their used car in the same way that they have treated new cars in the past. They expect to be treated as 'first-class buyers' – not sent 'over there' to look at used cars.
- There has been, and will continue to be some move to used cars in lieu of new cars, at least during the recession; age of used cars would appear to be less of an issue than it has been, while mileage does not attract the same concern it once did
- Salespeople, by implication, appear to be still letting down used car buyers by not following up after the sale to ensure buyers are happy with their vehicle – or indeed to look for the possibility of further car sales.
- As we move out of recession, car buyers will increasingly be looking for more fuel-efficient cars; while newer models may be able to satisfy that criterion, there could be strategic implications for used car prices with, perhaps, more focus on smaller fuel-effective units.

*As we move out of recession, car owners will increasingly be looking for more fuel-efficient cars*

In summary, this section suggests used cars buyers are becoming more self-assured and assertive, and expect at least as good attention as new car buyers are accustomed to receive.

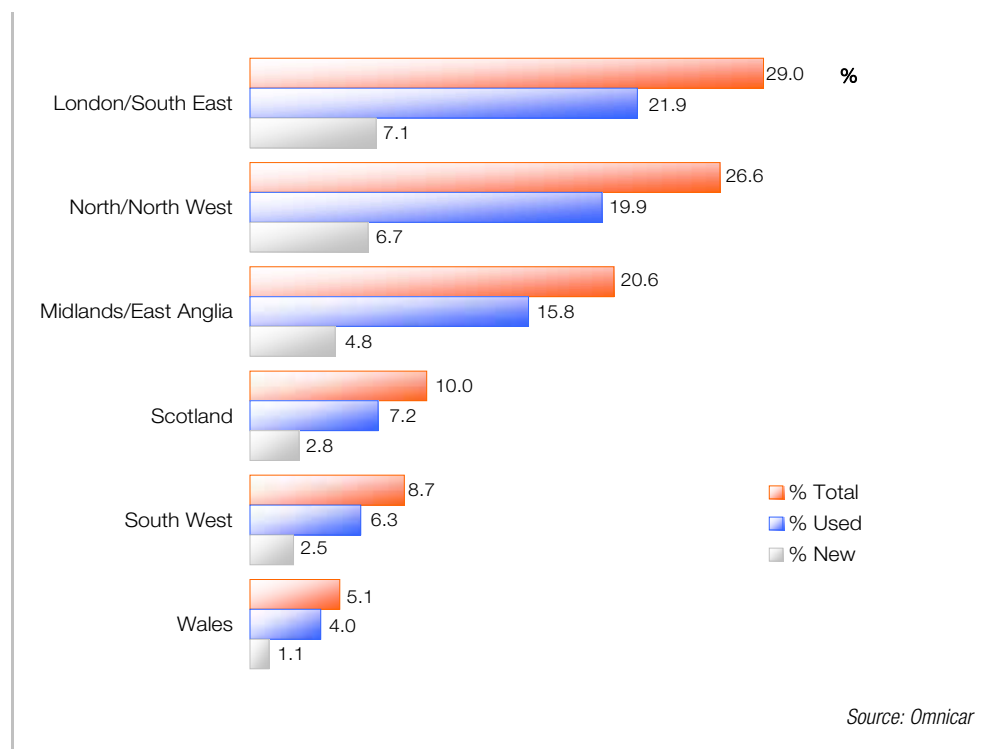
# Regional Review

## London and South East's share slips

Despite falling from 30.6% to 29.0% of the market, London and the South East remains the UK's biggest region for new and used car sales – a rise of 0.9% in its used car share to 21.9%, overshadowed by a drop of 2.5% in its new car performance.

Second-placed North and North West's car market penetration edged up 0.6% to 26.6% in 2008, due to a rise of 0.7% to 6.7% in its new car performance.

Share of national car market, 2008



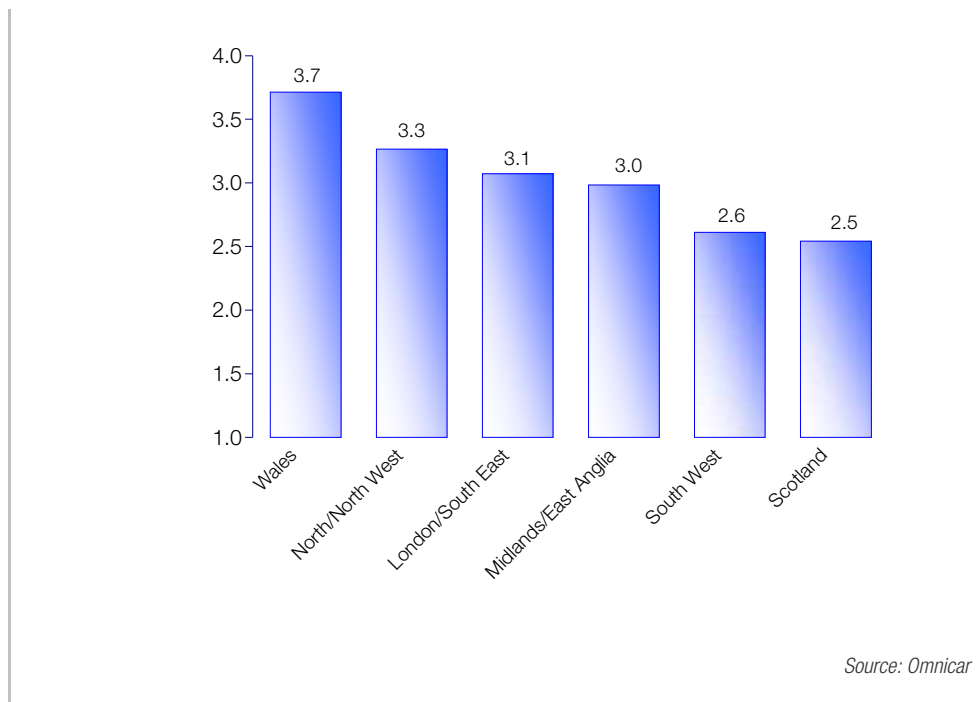
Midlands and East Anglia's share of the UK car market also improved to 20.6% in 2008 – a rise of 0.8% in its used car penetration overcoming a fall of 0.2% in its new car market share. Scotland's car market share slipped 0.3% to 10.0%, a rise of 0.7% in its used car share offset by a fall of 1.0% in its new car penetration.

While the South West's share of the UK car market was stable at 8.7%, Wales' share rose 0.7% to 5.1% - thanks to a 0.6% improvement in its used car share.

## Used:new car ratios

Wales recorded the highest ratio of used car sales to new cars sold for the third year running, followed, once more, by the North and North West at 3.3:1 – then London and the South East with 3.1:1.

Used:new car ratios, 2008

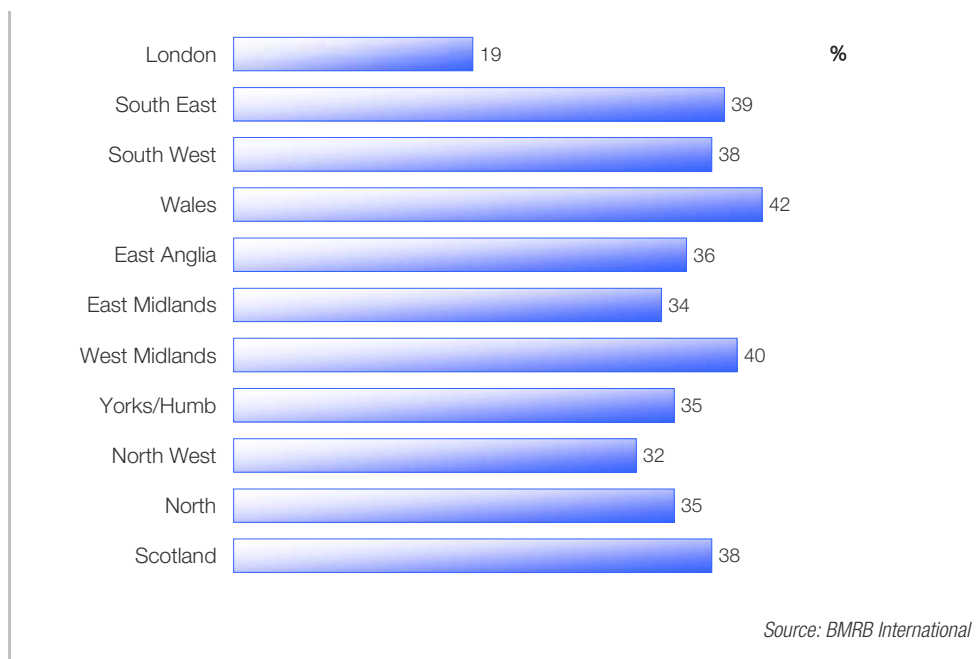


### Consumer perspective

The BMRB consumer research provides a valuable insight into the pattern of car owners’ buying and owning experiences in the various regions of the UK.

Two out of five survey respondents living in Wales, West Midlands and the South East had bought a car in the past two years, closely followed by 38% of motorists in the South West and Scotland.

Car bought over past 2 years



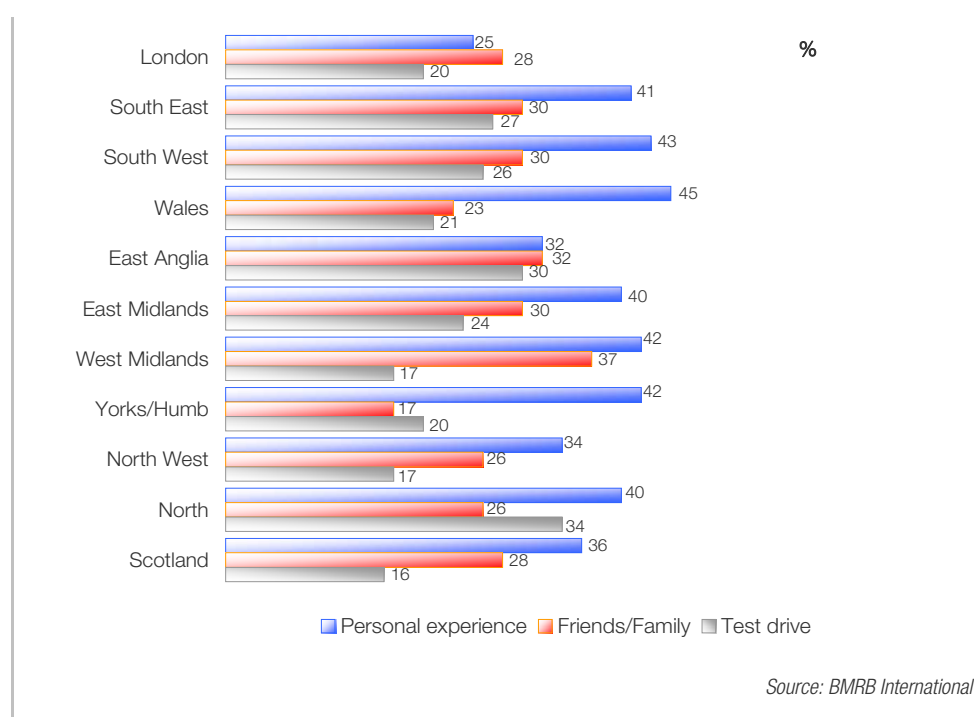
As is now customary, much fewer survey respondents living in London (19%) had bought a car in the past 24 months. Eighty-six per cent of Welsh car buyers had opted for a used car last time rather than a new one, as had three-quarters of West Midlands and South Eastern motorists – in contrast to just three out five of car owners in Scotland and East Midlands who had followed suit.

### ‘Personal experience’ remains top of the list

*‘Personal experience of make and model’ is crucial for car buyers in all 11 UK regions*

‘Personal experience of make and model’ is the crucial factor for car buyers in all 11 UK regions when making their minds up what type of car to consider buying – particularly so in the Wales and the South West with 45% and 43% of motorists respectively.

#### What car to look for?



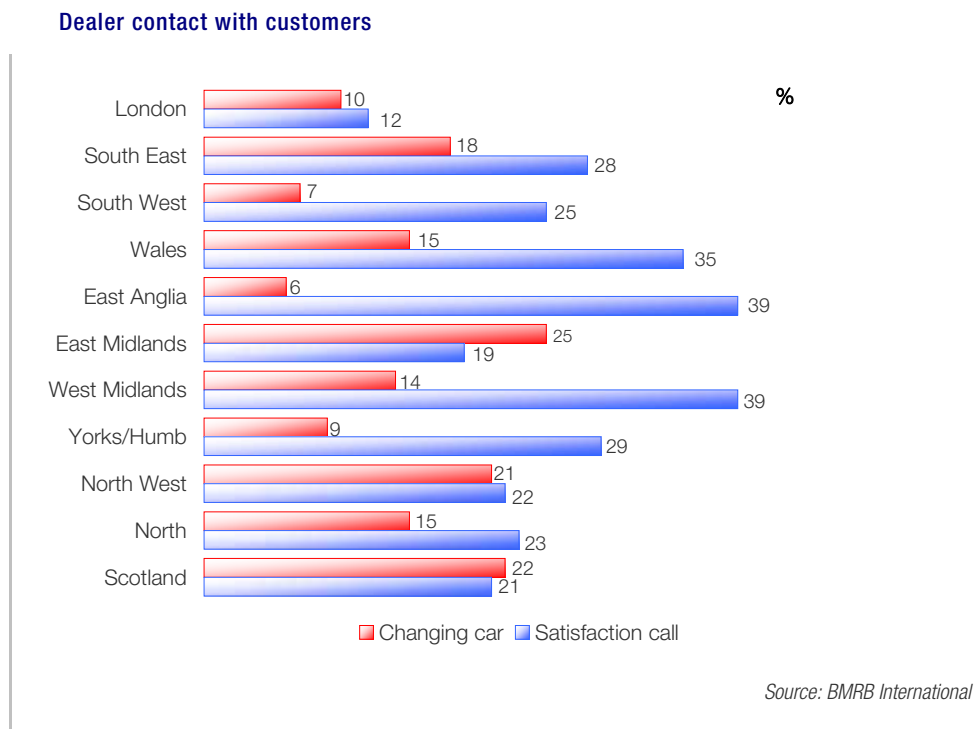
‘Views of friends and family’ (32%) is equally important to ‘personal experience’ (32%) for East Anglian car owners, but is low on the agenda for Londoners’ (8%) when first thinking about buying a used car. Northern (34%) and East Anglian (30%) car buyers are more likely, than others, to be influenced by a ‘test drive’, compared with just 16% of Scottish motorists who take this into account.

### ‘Price’ top

While 63 % of Welsh car owners and 58% of Londoners say that ‘price’ is the number one issue when deciding exactly which car to settle for, it holds less sway with Scottish (36%) motorists. ‘Make and model of vehicle’ is a close second on the shopping list for half of Northern and East Midlands’ car buyers, but not so in Wales where just a quarter of drivers are influenced by this aspect.

## Dealer follow-up calls

The level of dealer follow-up to their used car customers continues to fluctuate across the UK regions – and is arguably well below par. While seven out of 10 Scottish used car owners can recall their selling dealer getting in touch for some reason, just 45% of motorists in the South West and East Midlands could remember receiving a dealer follow-up call of any sorts.



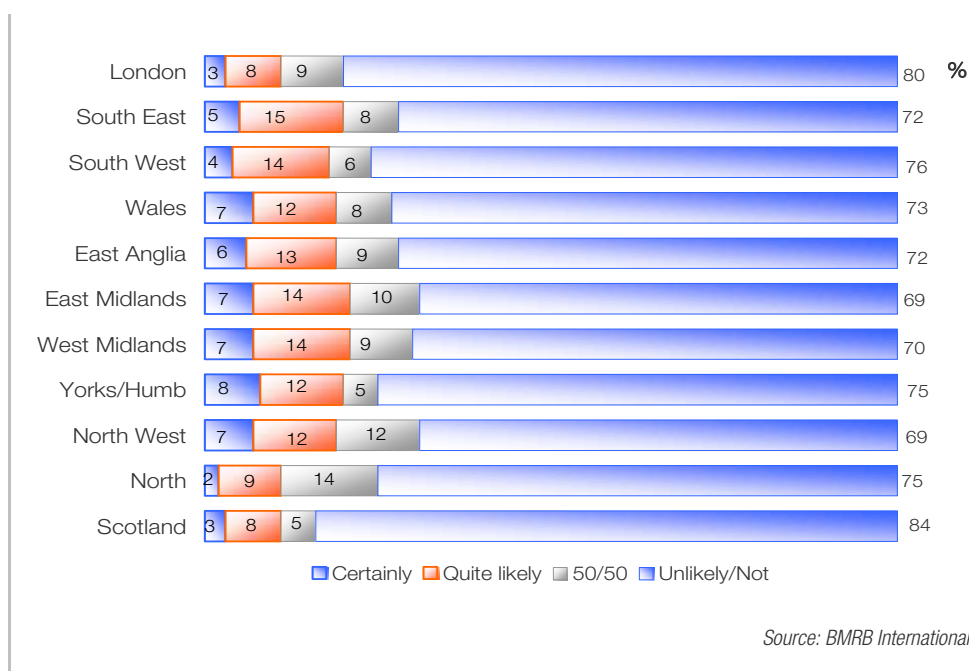
Nearly two out five used car owners in East Anglia and the West Midlands had received a dealer call to ask if they ‘were satisfied with their car’; a practice virtually unknown to London motorists.

The pattern of survey results, to find out if a customer would be prepared ‘to discuss changing their car’ is, at best, disappointing – the highest being a quarter of East Midlands’ car owners who had been approached by their dealer for this purpose. It’s astonishing that only 10% of Londoners, 9% of Yorkshire/Humberside drivers, 7% of South West and 6% of East Anglian motorists could recall their dealer making any attempt to sell them another car.

## When to buy the next car?

Eight per cent of Yorkshire and Humberside car owners in this year’s survey said they will ‘certainly’ buy a car in the coming 12 months, compared to just 2% of people living next door in Yorkshire and 3% in Scotland. Seven of the 10 regions have between 12% and 15% of motorists who will ‘quite likely’ buy a car in the next year.

### Buy a car in the next 12 months



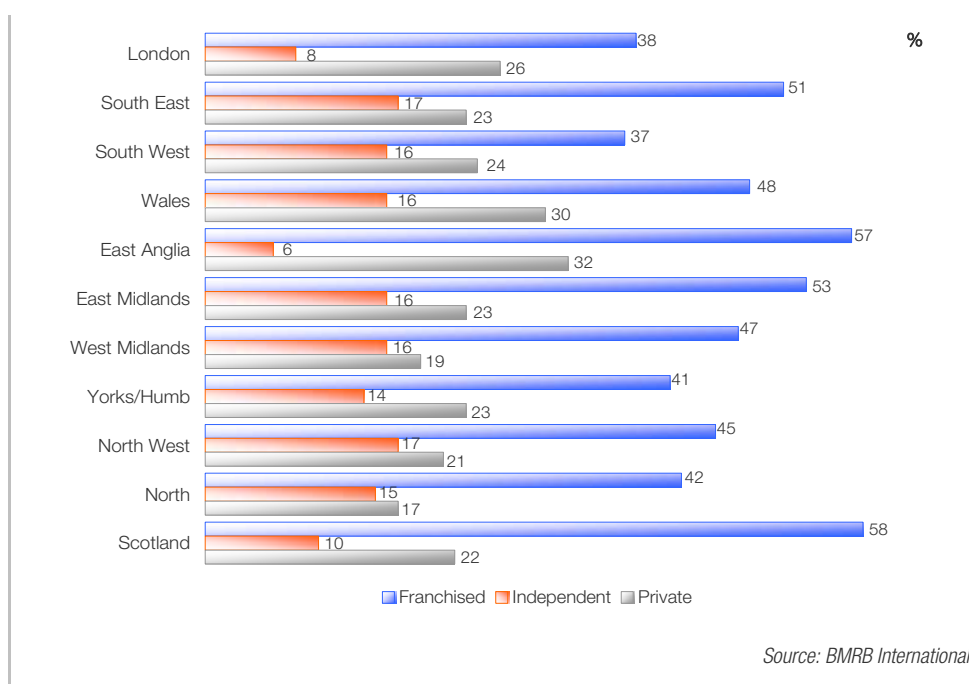
While North Westerners top the '50/50 category', four out of five car owners in London and Scotland say they are 'unlikely to or will not buy a car again'.

### Where to buy the next car?

Buying their next car from a 'franchised dealer' is the most popular choice for car owners across all UK regions and, particularly so, for 58% of Scottish motorists and 57% of people living in East Anglia, who are much less likely to deal with a non-franchised used car dealer.

*Buying from a 'franchised dealer' is the most popular choice across all regions*

### Where to buy the next car

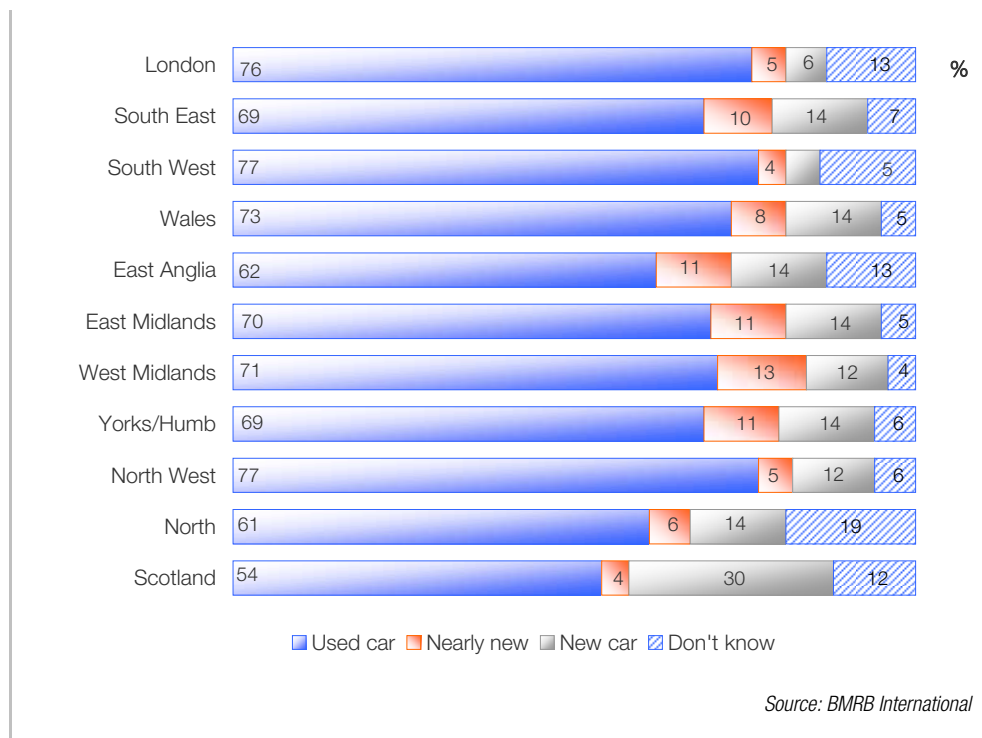


Three out of 10 East Anglian and Welsh car buyers are planning to buy privately on the next occasion, as are a quarter of people living in London and the South West.

### What car to buy next?

Three-quarters of London and North Western car owners are considering buying a used car next time they change, in contrast to just 61% of Northern and 54% of Scottish motorists.

#### What type of car next?



#### Nearly-new cars appeal most to West Midlands' car owners

Nearly-new cars appeal most to West Midlands' car owners, but are of much less interest to people living in the South West and Scotland.

Welsh and Northern car buyers have a stronger liking for a diesel used car than others – 37% of the former and 36% of the latter considering this option – a move not so prevalent in the North West and London at 23% and 18% respectively.

#### Some interesting differences

The regional analysis shows some interesting differences across the country that might have implications for players in the industry and used car retailers in particular.

- London shows the lowest proportion of used cars sold, while Wales has the highest take up. This is probably not surprising in that distances to be travelled in Wales and Scotland are greater – and London has more public transport. These figures suggest there are perhaps proportionally greater markets outside the M25 than within.
- Influences on car buying suggest, again, that Londoners have less effect on acquisition while, elsewhere, there appears to be a wider range of influences on vehicle purchase – with obvious implications for retailers.
- London dealers also appear to be less interested in building relationships with their clients compared with the rest of the country. Follow-up satisfaction calls are also much more common outside London.

# Mainland European Perspective

## Mainland Europe – a market overview

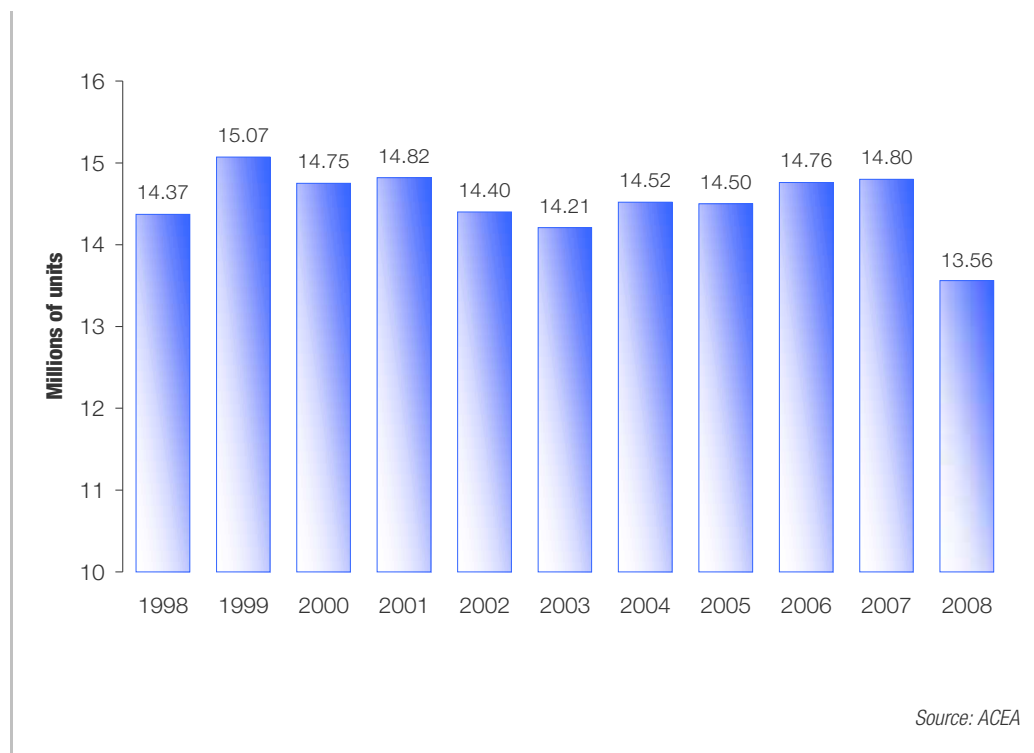
This section of the Used Car Market Report looks at new and used car markets in key countries within mainland Europe – which comprises the EU27 plus the three countries that make up the European Free Trade Association (EFTA). Western Europe is defined as the original EU15 plus EFTA.

The enlarged Europe has a population of 495 million and a car parc of 229 million passenger cars – of which 196 million are in Western Europe. According to ACEA (European Automobile Manufacturers Association), the average age of cars on Europe's roads is around 8.5 years – two-thirds of them less than 10 years old.

## New car market

European (EU27) new car volumes fell by 7.8% to 14.71 million in 2008, the steepest drop since 1993. Following 10 years of relative stability, new car sales in Western Europe (EU15+EFTA) were 8.4% lower at 13.56 million in 2008, accounting for 92.2% of the enlarged European new car market.

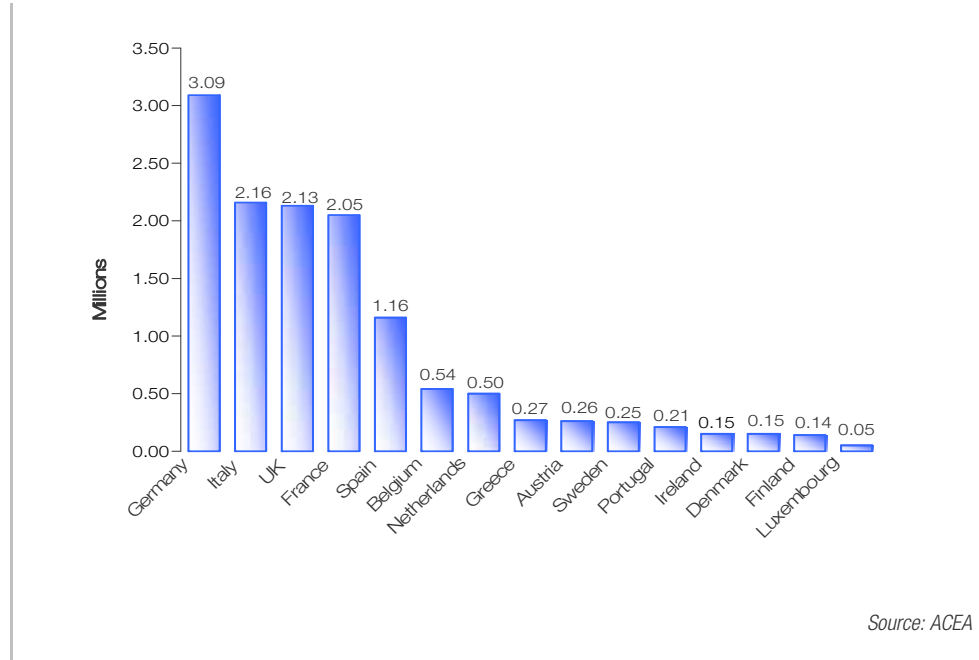
Western European new car volumes – EU15 plus EFTA



Only four western European countries saw an increase in new car volumes in 2008; Finland (11.2%), Portugal (5.7%), Belgium (2.1%) and Switzerland up 1%.

While the UK retained third place in the Western European new car sales table in 2008, its position is under threat from France which sold just 81,500 fewer cars last year.

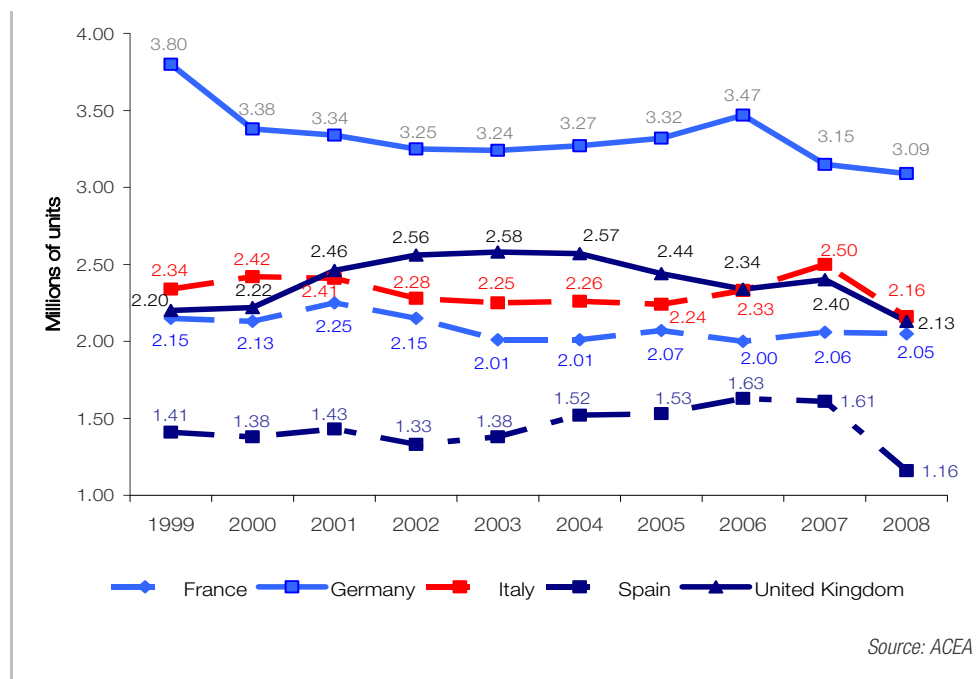
European EU15 new car sales 2008



*Of the major markets, Spain recorded its steepest fall of all time*

Of the major markets, Spain recorded its steepest fall of all time in new car registrations, down by 28.1% to 1.16 million. Italy and the UK both experienced significant falls in 2008 – Italy 13.4% lower at 2.16 million and the UK down 11.3% to 2.13 million units. New car volumes in Germany fell by 1.8% to 3.09 million, with France just 0.7% lower at 2.05 million new cars.

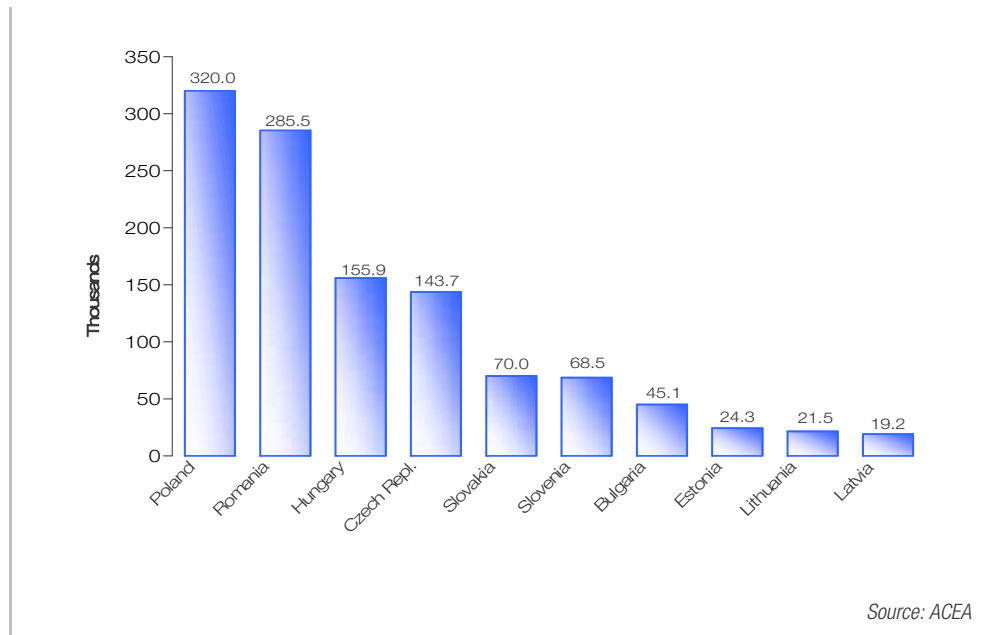
New car sales major EU markets; 2008



### New member states

Overall new car volumes fell in the new EU member states in 2008, down 0.7% to 1.15 million units. Of the bigger markets, Poland's registrations rose 9.4% to 319,965, while by the Czech Republic was up 8.4% to 143,661. Romania's new car sales dropped 8.7% to 285,489, and Hungary's by 9.2% to 155,909 units.

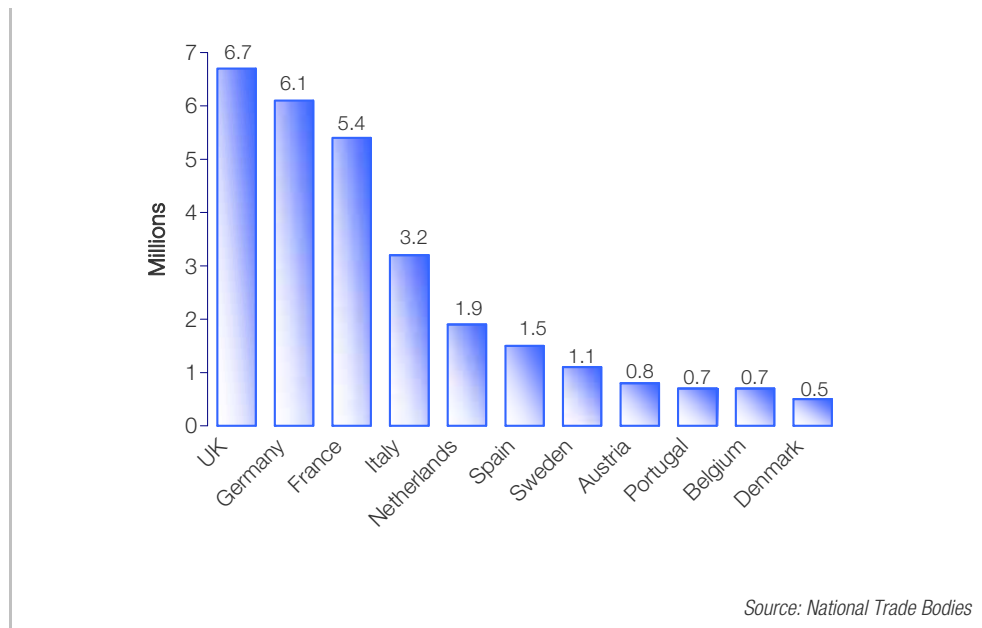
**New car sales new EU member states, 2008**



### Used car volumes

The overall used car volume for the European Union is considerably higher than the new car total; the major five markets in this report alone account for nearly 25 million used car sales annually.

**Used car volumes, 2008**

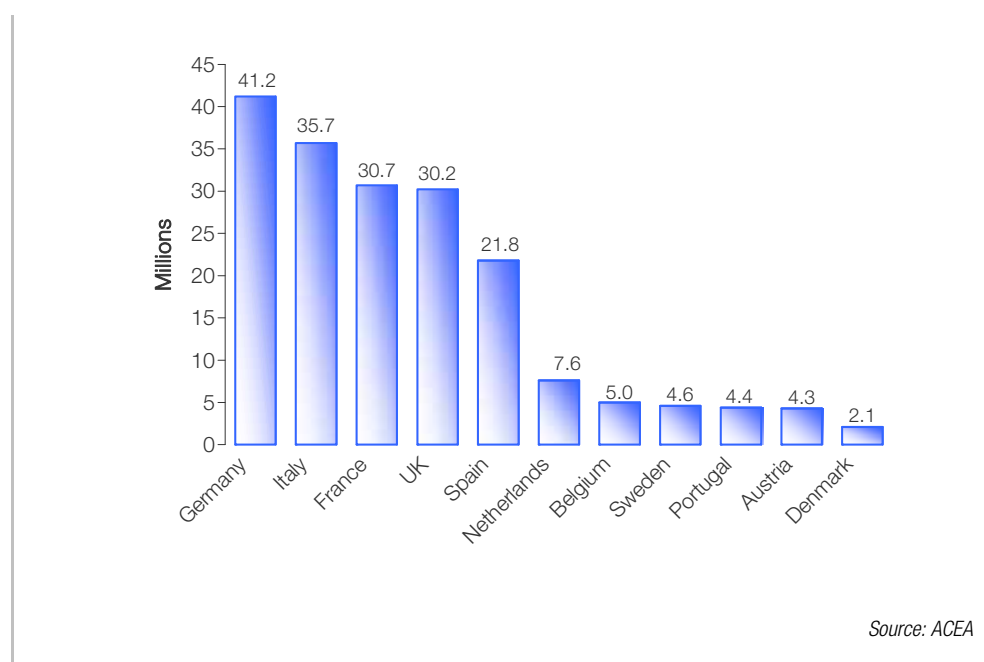


## Car parc and parc turn

Europe's 229 million car parc is highly concentrated in the five main markets of France, Germany, Italy, Spain and the UK. Car ownership rates vary widely across Europe. They are highest in Western Europe at around 500 cars per 1,000 population, compared with just 300 cars per 1,000 people in the new EU member states.

The average age of cars in Western Europe is 8.5 years – around one third up to five years old, one third between five and 10 years old and the remaining third over the 10-year mark. The UK has the youngest car parc at 6.9 years compared with Germany 8.1, France 8.2, and Italy 7.5 years.

Parc sizes, 2007



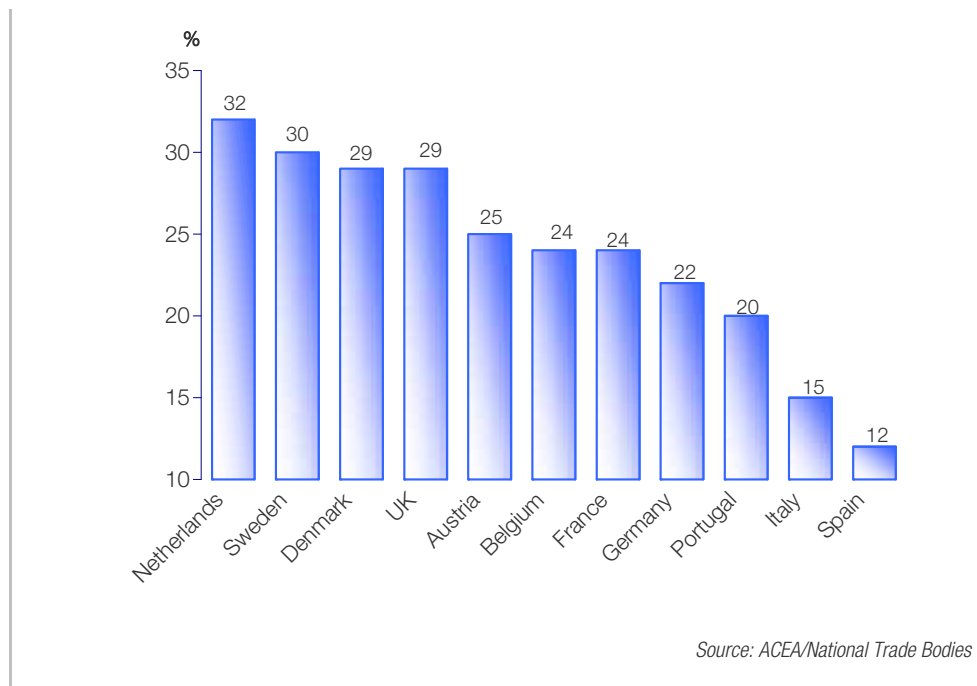
The dynamism of any car market is measured by the churn in the marketplace – the number of vehicles changing hands annually compared to the total car parc – a figure known as a 'parc turn'. Countries, with a well-developed wholesale infrastructure for used cars, and tax-friendly treatment of used car sales, normally produce a much higher churn of vehicles.

The parc turn figure (see overleaf) essentially highlights how easy, or otherwise, it is for car owners to change or acquire a new or used car. With combined new and used car volumes of 8.8 million, the UK is the most dynamic of the major European markets with a parc turn of 29%, some way ahead of second-placed France churning 24.2% of its car parc in 2008. This underlines the UK's well-developed used car industry infrastructure and strong wholesale market.

The German parc turn was 22.3% last year, reflecting a moderate fall in new and used car volumes, while Italy's fell from 16.1% in 2007 to 14.4% in 2008 – lower new and used car volumes taking their toll.

*The UK is the most dynamic of the major European markets with a parc turn of 29%*

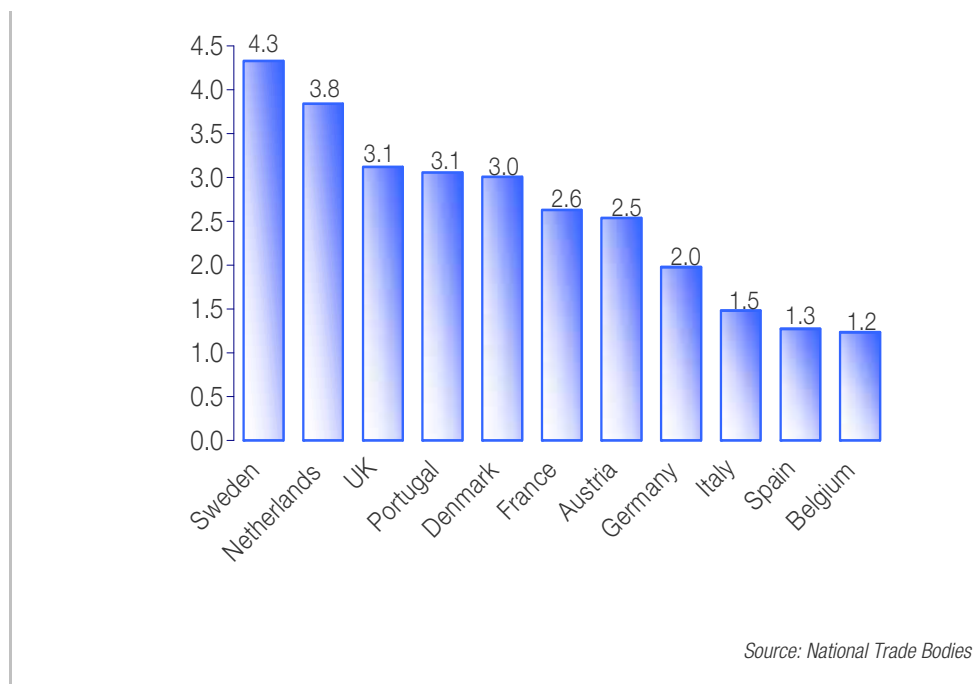
**Parc turn percentages, 2008**



At 12.1%, Spain’s parc turns lag well behind those of the other major European markets, particularly the UK which churns more than twice the volume of cars relative to the size of its car parc.

**Used:new volume ratios**

**Used new volume ratios, 2008**

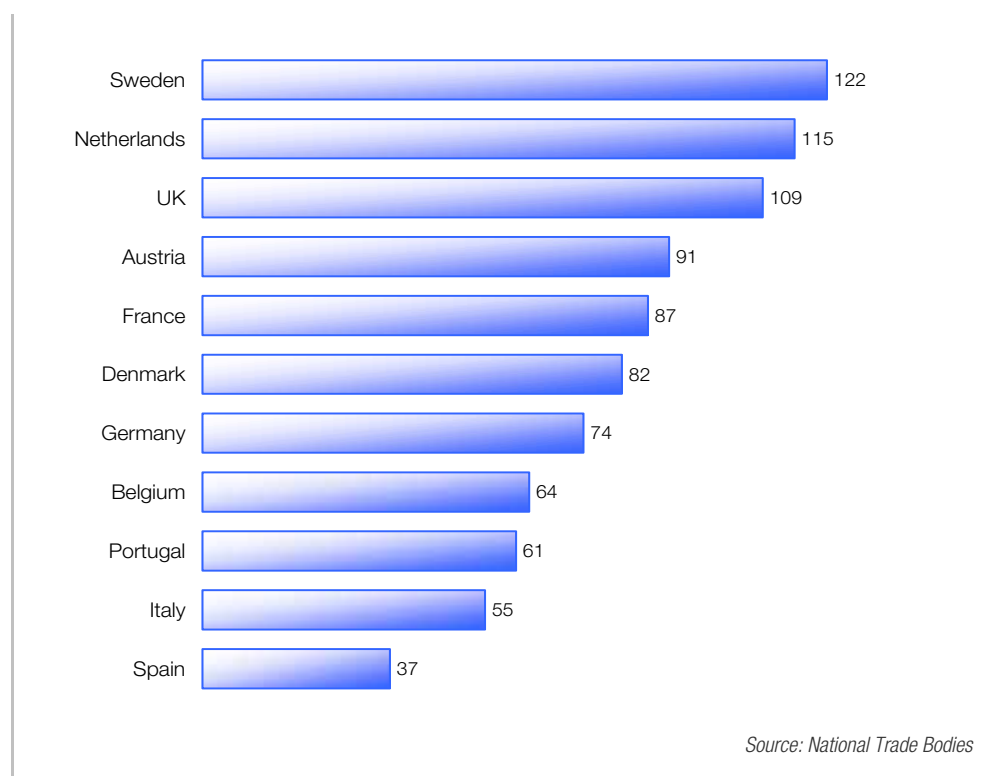


A similar pattern exists on the used:new volume ratio front, where the UK at 3.2:1, outstrips all other major markets – some way ahead of France at 2.6:1 and Germany at 2.0:1. Italy and Spain lag well behind at 1.4:1 and 1.3:1 respectively.

### Used car sales per 1,000 population

The trend continues with used car sales per 1,000 population; the UK's figure of 109 giving it a clear lead over France at 87 and Germany with 74 sales per 1,000 people. Italy (51) and Spain (37) prop up the table for this performance indicator for major markets, underlining the weaker nature of their used car industries.

#### Used car sales per 1,000 population, 2008

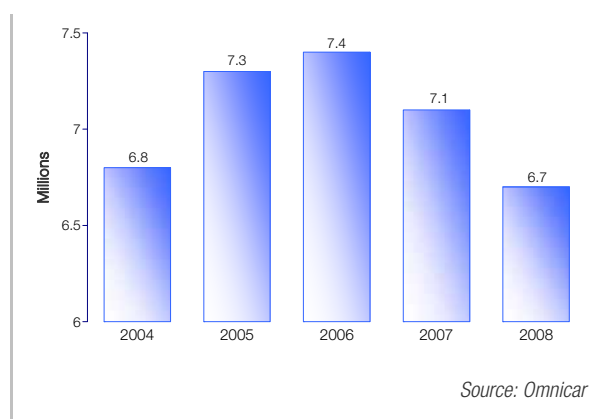


### The United Kingdom

Although used car volumes slipped 5.8% to 6.7 million in 2008, the UK retains its position as Europe's biggest used car market by some way – with Germany in second place.

UK new car volumes fell 11.3% to 2.13 million in 2008 the lowest point for 12 years.

#### UK used car sales; 2004 - 2008



With a sales per 1,000 people of 109 and a used:new volume ratio of 3.2, the UK outpaces the four other major European car markets' used car performance by some distance. While the UK's new car market continues to suffer badly in 2009, there are clear signs that the used car market is proving to be more resilient.

### Germany

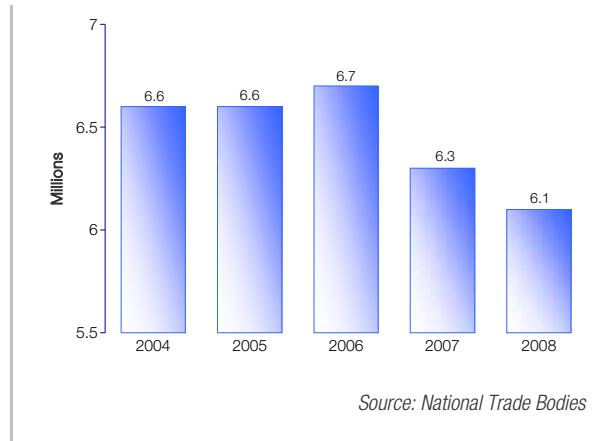
*Germany's new and used car markets were more robust than most*

Germany's new and used car markets were more robust than most last year.

New car volumes fell just 1.8% and 58,000 units to 3.09 million in 2008 – while used car sales slipped from 6.26 million in 2007 to 6.11 million units.

Germany's used car sales per 1,000 population dropped to 74 in 2008, from 76 the previous year and 82 two years earlier – falling well short of the UK's figures.

**German used car sales; 2004 - 2008**



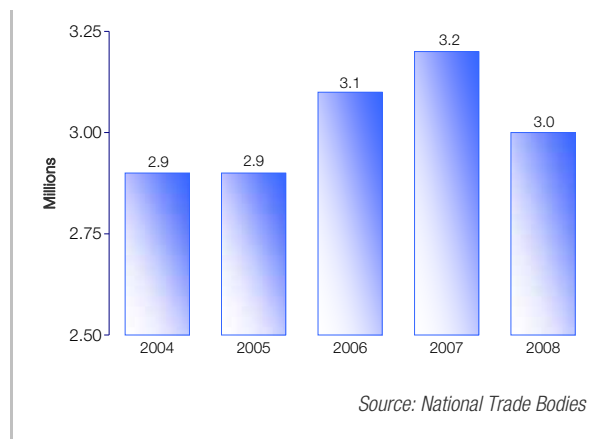
Relatively stable new and used car volumes held Germany's new:used volume ratio at 2.0:1 for the second year running, for a parc turn of 22.3%.

### Italy

Italy's used car volumes dropped by 216,000 to 2.97 million in 2008, its new car sales also falling 13.4% and 333,000 units to 2.16 million – just hanging on to second place in the EU new car sales league.

Italy's low used car performance indicators are second bottom of the major EU markets, only Spain recording poorer results.

**Italian used car sales; 2004 - 2008**



*Italy's used car market continues to disappoint*

Italy's used:new volume ratio (1.4:1), used car sales per 1,000 people (51), and parc turn of 14%, are all roughly half of the UK's figures for these key aspects – underlining how much Italy's used car market continues to disappoint.

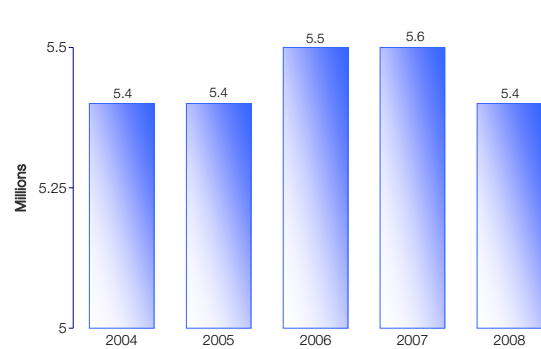
## France

France's new car volumes held firm at 2.05 million in 2008, and are almost certain to overtake the UK in 2009. Its used car sales fell to 5.39 million units, from 5.57 the previous year, taking fourth place in the EU used car league.

*France's used car indicators are second only to the UK*

France's key used car indicators remain second only to the UK's amongst the major players – its used:new volume ratio (2.6:1) and sales per 1,000 population of 87 slipping slightly from 12 months earlier, and parc turn down from 25.1% to 24.2% year on year on a rising car parc.

Used car sales; 2004 - 2008



Source: National Trade Bodies

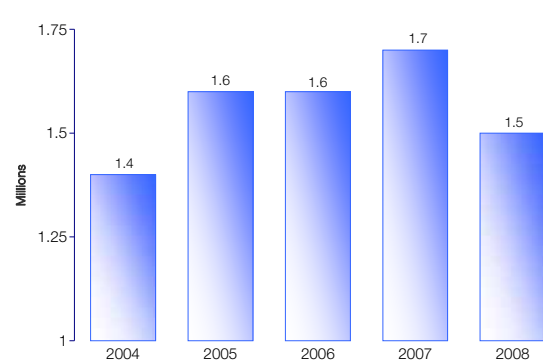
## Spain

Spain's new and used car markets both suffered a marked setback in 2008 – the former down by 28.1% to 1.16 million and the latter 12.4% lower at 1.49 million units.

Spain's used car market is arguably the 'poor relation' of the EU's major markets. Its new:used volume ratio of 1.3:1, used car sales per

1,000 people of 37, and parc turn of 12.1%, seeing it languish at the bottom of the major market's used car performance league.

Used car sales; 2004 - 2008



Source: National Trade Bodies

## Sheer diversity of markets in Europe

Perhaps the strongest message that emerges is the sheer diversity of the new and used car markets in Europe. This will be explored in much more detail in the forthcoming BCA report 'The European Used Car Industry'.

A number of highlights can be extracted from the foregoing pages – including;

- The clear implication is that the United Kingdom, while ranking third in terms of new car sales in Europe behind Germany and Italy, and possibly being overhauled by France in 2009, has the biggest used car market – a position it has held for many years.
- The differentiations between the European markets provide an insight into the range of issues and complexities that pan-European fleet operators and leasing companies have to manage as part of their activities.

**Additional sources include:**

ACEA (Association des Constructeurs Européens d'Automobiles)

Office for National Statistics

Verband der Automobilindustrie e.V.

Statistisches Bundesamt Deutschland

Zentralverband des dt. KFZ-Gewerbes

Ministerie de l'Equipement, des Transports et du Logement

CCFA (Comité des Constructeurs Français d'Automobiles) France

RAI (Rijhs Automobiel Infocentrum)

Centraal Bureau voor de Statistiek, Nederland

FederAuto, Belgium

National Institute for Statistics, Belgium

Danish Automobile Federation

Danmarks Statistik

ANFIA - Studies & Statistics, Italy

INE, España

GANVAM, España

Marketing Systems Iberia

ACAP (Associação do Comércio Automóvel de Portugal)

Statistik Austria

# Recession and Used Cars; a Hostage to Fortune?

*by Professor Peter N C Cooke*

Recession and its influence on automotive markets is a complex phenomenon which has perhaps not been studied as closely as it might had the UK's new car market not continued to run at well over two million units for so many years. However, new car volumes fell to 2.13 million in 2008 and, notwithstanding the government's much-heralded scrappage scheme, they are currently forecast by the SMMT to be in the region of 1.6 to 1.7 million units in 2009.

This section of the report seeks to examine some of the strategic issues associated with economic downturn, how it is affecting the country's automotive industries – and to see what lessons, if any, can be learned from previous recessions.

Firstly; a review of the different stages of recession and the macro-economic implications for industry.

## **Recession – a macro-economic overview**

The United Kingdom seems to be hit by some type of serious recession every 10 years or so. It is sometimes sparked off by external actions, such as the recession and inflation of the 1980s, when the price of oil was hiked by members of OPEC. Equally, a recession can be stimulated by a downturn in global business activity instigated by any number of issues. The current recession is very much a first, however, in that it is largely man made, created by a collapse in credit availability and problems leading to restructuring the global banking system.

While an economic recession generally runs through a number of fairly clear-cut stages, these may be extended or reduced by government economic actions. It is unlikely a recession cycle will hit every country in exactly the same way, but the principal stages will generally be as follows;

- **Normal or steady state economy;** is perhaps the ideal situation in that the national or global economy is in a state of equilibrium and conventionally showing a steady state of growth. National governments, the EU and the World Bank may be happy with such a state of affairs as, in addition to growth, inflation should be running at a manageable level. However, 'normal growth' may differ significantly between countries.

*An economic recession generally runs through a number of fairly clear-cut stages*

For the United Kingdom the Chancellor may be well pleased with 2% – 3% annual growth with low inflation. China, on the other hand, needs 6% – 7% annual growth just to keep a steady level of unemployment, with real ‘growth’ adding a further 2% – 3% on top of that base level.

- **Recessionary state;** while an economy may slip a little and then recover without too many untoward problems, a recession is technically when output declines for two consecutive quarters. While that may be the formal definition, politicians and the media respond much sooner with headlines demanding action ‘now’.

From an industry point of view, businesses may be willing to earn a lower than normal margin to protect cash flows in the expectation of recovery. In the current recession, motor manufacturers have all cut back production to protect inventory levels.

*Manufacturers have all cut back production to protect inventory levels*

- **Deflationary economy;** an economy where prices continue to fall and that fall does not reignite demand. Many would say this is the state of the UK economy in mid-2009. The situation gets worse if businesses sell at below the cost of production.

This is further exacerbated when buyers hold off in the anticipation of further price falls, as sellers become increasingly desperate to maintain cash flows. At the same time, manufacturing capacity can be lost as factories close and channels of distribution go into liquidation. Mid 2009, there are many UK high streets with empty properties.

- **Inflationary economy;** may be at the start of recovery when there is too much money chasing too few goods and services. This money may be peoples’ savings; or could be caused by quantitative easing or even a serious imbalance in exchange rates in a market with a high level of imports.

Such an occurrence happened in the United Kingdom in the 1980s - when the medicine to generate recovery was pretty draconian. Interest rates ran into double digits, with used car values significantly higher than normal times – and replacement prices even higher. A different business model was demanded – and those who failed to embrace the alternative model stood a real risk of going to the wall. The policy was to ‘buy now and pay later’, on the assumption that one would be paying out of inflated cash flows.

*Hopefully a stage which the UK economy can enter before too long*

- **Recovery;** hopefully a stage which the UK economy can enter before too long and, with luck, skipping over any prolonged inflationary stage in a few brief moments. However, recovery needs careful management.

Governments need to be mindful not to cause too rapid a recovery or an economy will suck in goods and services to satisfy demand that cannot be satisfied by domestic sources as a good number of suppliers have gone out of business.

While the model described is a classical economist's view, it applies pretty well to the automotive industry. However, with the United Kingdom importing over 80% of its new cars, a purist would claim the rules are slightly different.

The stages summarised by these working definitions provide the basic parameters for changing price levels; but it is important to put the motor vehicle in context within the changing economy. The definition that might be used as far as residual values are concerned might be as follows;

*'The residual value of a motor vehicle is the actual price it is anticipated to achieve if offered for sale today sold through the same disposal channel'*

While the foregoing definition might appear somewhat academic for some tastes, it does provide an indication as to what we are looking at – the average expected value of a parcel of similar vehicles at a predetermined point in time.

It is against this dynamic situation that residual values have to be predicted and judged – but there is another complication.

### What shape recession?

At the risk of being called an 'economist anorak', it is interesting to review the shape the recession might take and its strategic implications for the used car industry, given the economic levers being used by the government to try to minimise its overall impact.

*Essentially, there are three shapes of economic recession*

Essentially, there are three shapes of economic recession. No doubt, each could be subdivided into half a dozen others by any self-respecting banker, but the three principal models of recession might be defined as shown below;

- **V-shaped Recession;** essentially a 'quick drop in and a quick exit' – the economy would fall quite quickly but the economic momentum would push the economy back to normality. Some would call this a 'blip' rather than a full-scale recession.
- **U-shaped Recession;** the conventional model in which the economy slips into recession for a time, bumbles along the bottom and then starts to recover. The critical question is 'what is the length of the bottom of the U?' It is regarded as the form of recession the global economy is experiencing on this occasion.
- **W-recession;** perhaps the least attractive alternative, in that the economy sinks, starts to recover and then slips back again. While it is called it a W, it could be classed a double U. There is a risk of this form of recession hitting some economies this time round, where government action to kick start the economy has brought forward purchases, but this pump-priming is not sufficiently long or sustained to pull the economy back to full health.

## Scrappage schemes

The reason for highlighting the different shapes of recession is the introduction of 'old-vehicle scrappage schemes' by some governments.

The question is quite a simple one;

*Will a scrappage scheme merely bring forward replacement car purchase, or will it create enough genuine incremental sales to sustain industry recovery and growth?*

Only time will tell the final outcome. The United Kingdom's scrappage scheme aims to encourage owners of cars and light commercial vehicles up to 3.5 tonnes, registered before 31st August 1999, to part exchange them for a new vehicle.

The £2,000 incentive, which is applied to the invoice price including VAT, is made up of £1,000 per unit from the government provided it is matched by £1,000, or more, from the car manufacturer. In effect the government's net contribution is £870. The scheme has an overall fund limit of £300 million – 300,000 new vehicles.

*Germany, Europe's biggest market, arguably has a more ambitious scheme*

Germany, Europe's biggest market, arguably has a more ambitious scheme offering €2,500 per unit with funding in place to cover 900,000 nine year-old or over cars and light commercial vehicles.

Which scheme will be the most taxpayer effective? Already, German commentators are complaining about the number of 'small French imports' arriving in the marketplace and the car assemblers of Eastern Europe are rubbing their hands with glee. It will be interesting to observe the impact of the less ambitious UK programme on new car volumes and, for that matter, car and light commercial manufacturing output.

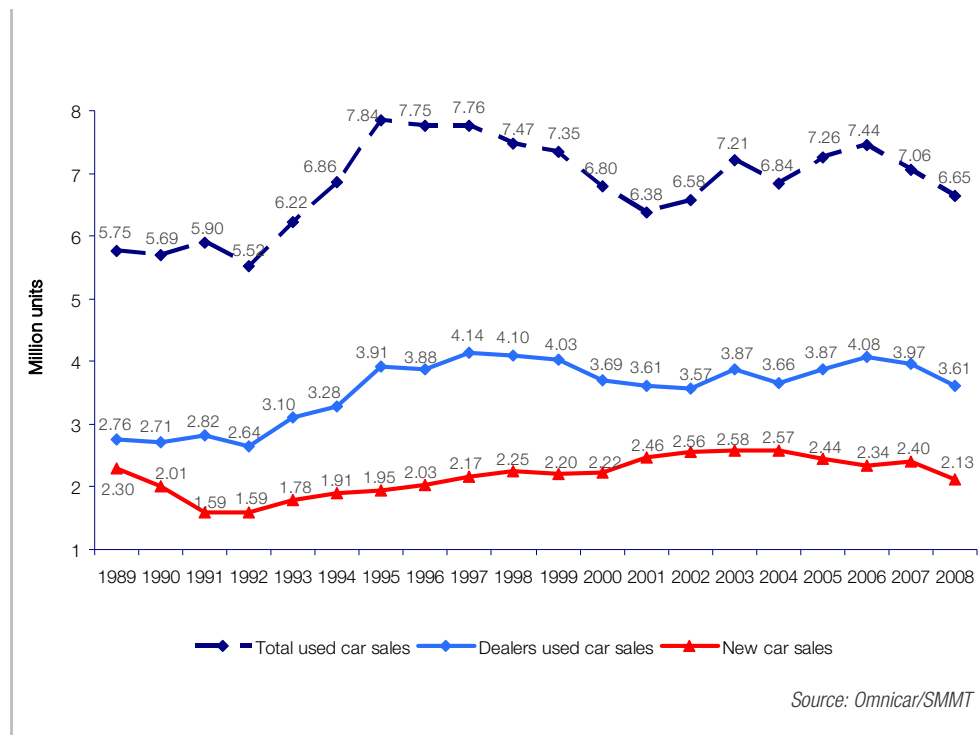
## Used car volumes and recession; a strategic view

Recession certainly impacts on the new car market, which also tends to be the focus of media attention. However, the dramatic drop in new car and LCV volumes will have a knock-on effect throughout the life of these vehicles until they are scrapped.

The chart overleaf shows the relationship between new and used car volumes over recessions since 1989.

While the shortage of new cars is a direct response to the depressed market, there is a knock-on effect on the used car market. For example, around two million plus fewer new cars sold during the recession will lead to a loss of that same number of used cars in the marketplace further down the line.

**UK new and used car volumes; 1989 - 2008**



The changed relationship with a shortage of younger used cars is interesting. If such units are in short supply, might that mean there could be a sustained rise in residual values caused by recession – for perhaps a decade – or will dealers and car buyers adjust to this situation and move to buying slightly older cars, and newer ones when the new car market eventually recovers?

*‘Would there be justification for expecting leasing companies to lower lease rates?’*

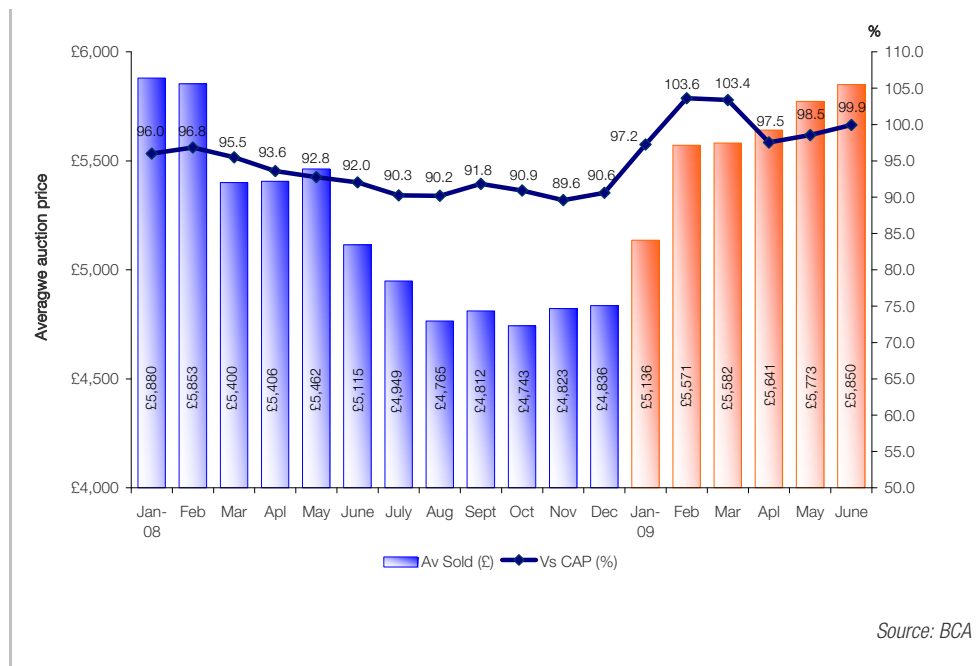
A second, perhaps more controversial question might be – ‘Would there be justification for expecting leasing companies to lower lease rates in the belief that residual values for certain vehicles might be higher due to shortage of used car stock? Or, is it more likely lessors will try to hold, or even increase rates, and try to recoup losses resulting for poor residuals achieved during recession?’

Such questions regarding residuals are perhaps not as idle as it first seems. Current market forecasts suggest it will probably take several years for new car volumes to recover to anything like the 2.2 – 2.5 million units reached in the 10 years up to 2007. Even the most optimistic industry predictions suggest that new car volumes breaking through the two million barrier are some way off.

**Short-term auction prices and recession – a speculation?**

It is perhaps too early to look for a definitive answer on whether there will be any strategic shift in average residual values achieved at auction. However, the current recession has presented some interesting results in terms of prices achieved at auction as shown overleaf.

Average used car auction values; 2008 – 2009



Source: BCA

During the very early stages of the economic downturn, auction prices held up reasonably well before falling quite steeply. Thereafter, stronger demand for used cars as normal replacements, or as a substitute for new cars, helped sustain used car demand and revitalised used car values. Equally, with some leasing companies and fleet operators postponing vehicle replacement and a lack of dealer part-exchanges, a shortage of certain used car stock kicked in the basic rules of supply and demand, driving used car prices upwards in 2009.

*Will auction prices continue to rise and return to pre-recession levels?*

What remains to be seen is – will auction prices be maintained, and perhaps get even higher, given there will be a growing shortage of used cars in younger age groups?

### The dark continent of supply and demand

The foregoing thoughts may appear a little theoretical and conceptual. However, the used car industry is perhaps the dark continent of car and light commercial supply and demand. But, in the early stages of recession, the used car market seems to be one of the more attractive and healthy sectors of the automotive industry.

The following section of the report seeks to identify some of the steps used car retailers might consider to analyse the used vehicle sector in their sales territory – and maximise the opportunities on offer.

# Recession, Used Cars, New Markets and New Focus

*by Professor Peter N C Cooke*

New car sales were hit badly in 2008. They will be very much lower in 2009; and probably remain below the two million mark for some considerable time. Used car volumes, on the other hand, have held up somewhat better and, while used car values slipped considerably during 2008, they have since staged what appears to be a sustained recovery.

*For many dealers, used car sales have been a 'life-line'*

For many dealers, used car sales have been a 'life-line for their business' – the challenge now is to grow their used car contribution further and make it more profitable during recession, recovery and beyond.

This section of the report seeks to bring together analyses shown elsewhere in the report and show how the data might be used to help increase used car volumes and margins.

While the analysis is for the United Kingdom as a whole, it might also be possible, for dealers to use a similar approach for regional data, local market information and their own records to carry out an in-depth market review and develop an effective used vehicle marketing plan.

## Objectives

The objectives of this chapter might be summarised as follows;

- Present an outline of the used car market during a period of recession and economic recovery.
- Analyse different used car market segments, to highlight business opportunities.
- Suggest what steps used car retailers might take to refine their used car stock profile and their sales strategy.

There is clearly no 'magic bullet' – but rigorous analysis of often easily-available data can provide highly-beneficial pointers on what direction to take – and which used car products and services best suit target markets.

## Used car market 2008-2009

Elsewhere, the report has identified some of the problems emerging in the recessionary car market in the United Kingdom. The following points set out some of the key issues that influence the short-term market, which might also help generate used car business;

- **Credit availability;** has been severely restricted during much of 2008 and the first half of 2009. While interest rates have, in theory, been mouth-wateringly low – in reality, qualitative barriers to borrowing rather than economic ones appear to have been in place. Thus, buyers with ready access to credit are in a very good position. What are the characteristics of such buyers?
- **Unemployment;** has reared its ugly head once more and there is speculation it could reach more than three million during 2010. Of course, that means there are still more than 25 million people employed; many of them in secure positions. Who are they, and would they be interested in buying a new or used car?

Perhaps there is an interesting psychological force at work at present? Perhaps some potential buyers are looking to downplay their big investment in a new car, opting for a used one, so they are not seen to be showing 'conspicuous wealth'?

*So they are not seen to be showing 'conspicuous wealth'*

- **Older Car Scrappage Scheme;** from mid-May the government has made up to £300 million available to encourage owners of cars over 10 years old to scrap their old car and replace it with a new one. The government is contributing £1,000 per car with the car manufacturer or dealer contributing the same or more.

From used car retailers' point of view, apart from removing up to 300,000 old used cars from the market and replacing them with new ones – they will also benefit from a greater interest and focus on used cars, This will be discussed later.

- **Potential shortage of used car stock;** BCA and other leading players in the used car market are reporting a tightening of used car stock as many fleet operators and leasing companies opt to extend their replacement cycles and dealers' part-exchange stock remains in short supply. The impact could be higher selling prices at auction and tighter dealer inventories with the consequent angst in terms of 'what do we buy for stock?' Again, this issue will be addressed later.

While one could write at length on the implications of the recession on the used car market, these four points should help to illustrate the type of macroeconomic issues that could be turned into clear benefits for used car dealers.

### New versus used car market – parallels and inconsistencies

*However old a car is, it is still very much a 'new car' to a buyer*

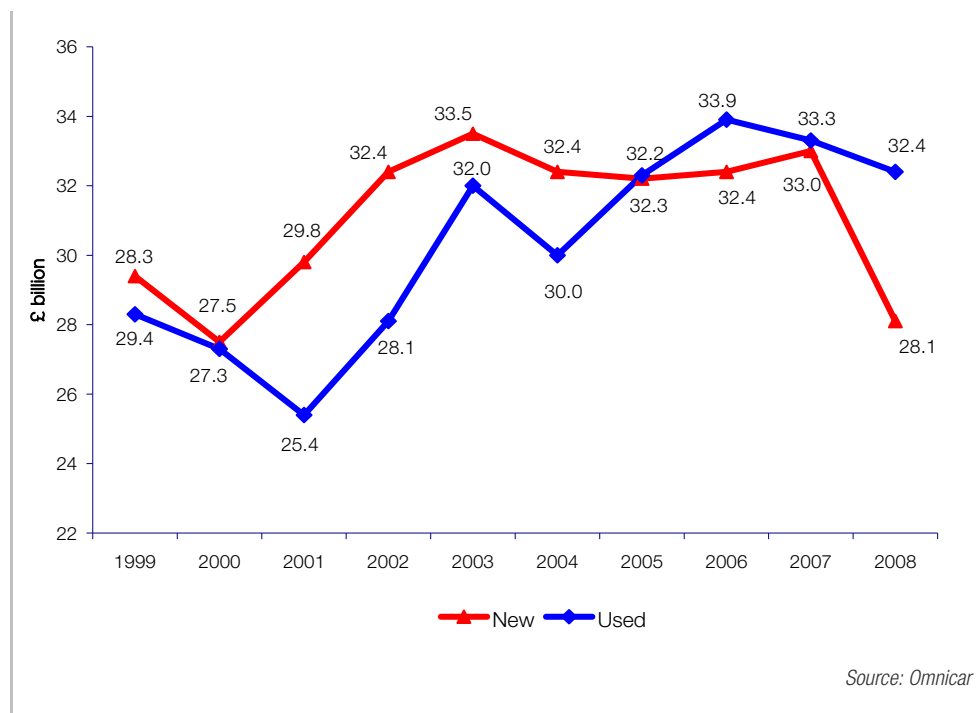
All too often it is overlooked that, however old a car is, it is still very much a 'new car' to a used car buyer. Indeed, used car buyers may have had to put more effort into saving for their 'new car' and may treat it accordingly.

Thereby hangs the clue; to a car buyer, of either a shiny, new car straight out of the showroom or a well-presented used car with perhaps a lot of miles on the clock – the buyer's needs and motivations are often exactly the same.

If the customer's needs are the same, then it is likely a used car prospect can be analysed and segmented in much the same way as new car buyer. New car style analysis has perhaps not always been applied to the used car market perhaps through lack of direction – or simply because used car buyers 'just keep coming in'. Perhaps, if new car market disciplines are applied to the used car market, dealers applying them, and acting on the results, would be even more successful?

The value of the UK used car market in 2008 was greater than the value of the new car market, and there were more than three times as many used cars changed hands as new units.

**Market value new vs. used**



*Prudence is likely to keep used car market volumes running ahead of new*

During the recession, prudence is likely to keep used car market volumes and values running ahead of those for the new car market. Quite simply, while the market opportunities for used cars are greater than new cars, those sales still have to be found and won.

However, perhaps the strongest message is even more obvious – in a period of recession, motor industry retailers need to pay even more attention to the used car sector.

### Some market analysis

It could be argued – that with used cars increasingly acceptable as a means of transport, why, during recession, buy a new car which will depreciate rapidly, when there are attractive used cars available that will fit the purpose and put much less strain on car buyers’ funds? What are the different dynamics of the used car market that might suggest the type of used car inventory that could prove attractive?

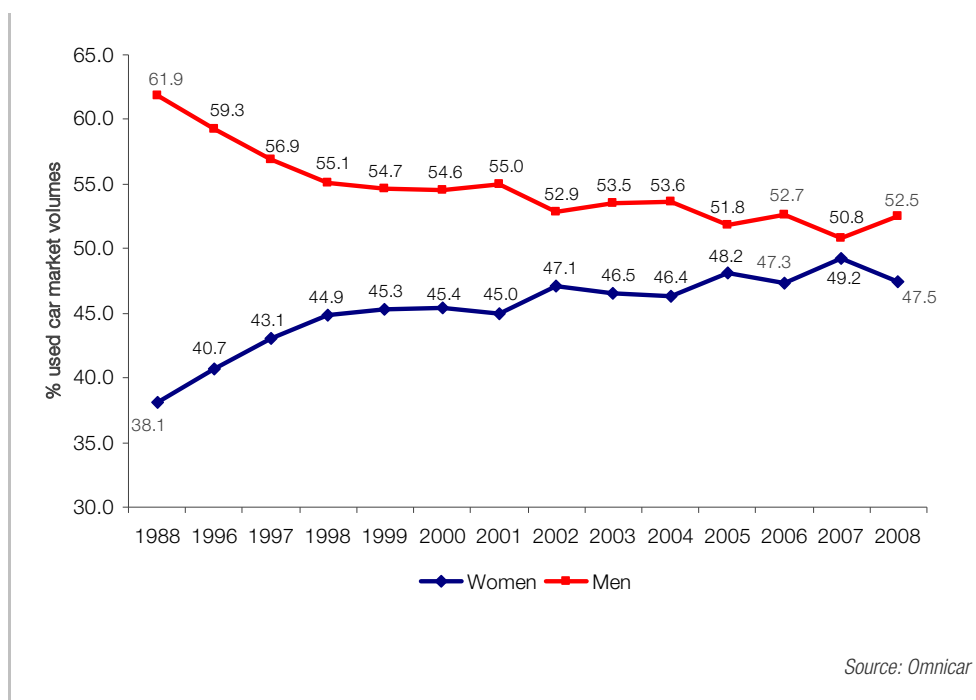
### ‘Only men buy used cars?’

Conventional wisdom has perhaps assumed that ‘only men buy used cars’ and, as such, many used car inventories were biased towards ‘boys’ needs’. Nothing could be further from the truth. The following chart shows how the gender split of used car buyers has evolved over the past 20 years. Quite simply, sales are now very much closer between men and women.

*Many used car inventories were biased towards ‘boys’ needs’*

The apparent reversal in this trend in 2008 is logical, in that there has been a drop in new car volumes and a substitution of those historic new car sales with used cars. This trend might be expected to return to its longer-term pattern once the economy starts to recover.

Used car market share by gender



From a used car retailers' point of view, there are a number of immediate issues to be examined;

- What used cars do female motorists prefer to buy and drive? Do these differ significantly from used cars preferred by men?
- Are salespeople provided with training in terms of selling to female prospects?
- Do you maintain an accurate, up-to-date database of female used car buyers and prospects – and treat them separately?

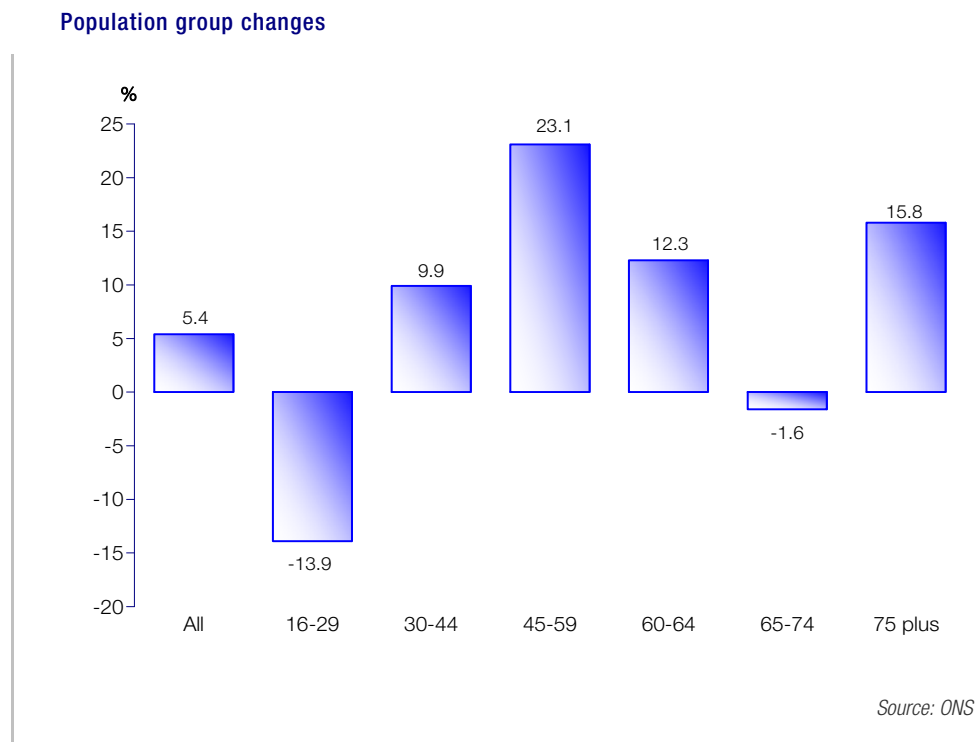
*Planning for a distinct market segment can pay big dividends*

While such steps are pretty minimal indeed, planning for a distinct market segment can pay big dividends and, if a particular retailer has been strongly 'male biased', such steps could increase the market opportunity substantially.

### Demographic evaluation

The United Kingdom's population is ageing. This, in turn, can offer used car market opportunities. Different age groups have different requirements – the 'boy racer' has very different needs and expectations to an older, retired motorist, yet both groups buy used cars.

Such changes in demographics creep up slowly but surely. The chart below shows how the various age groups' population has moved over 15 years.

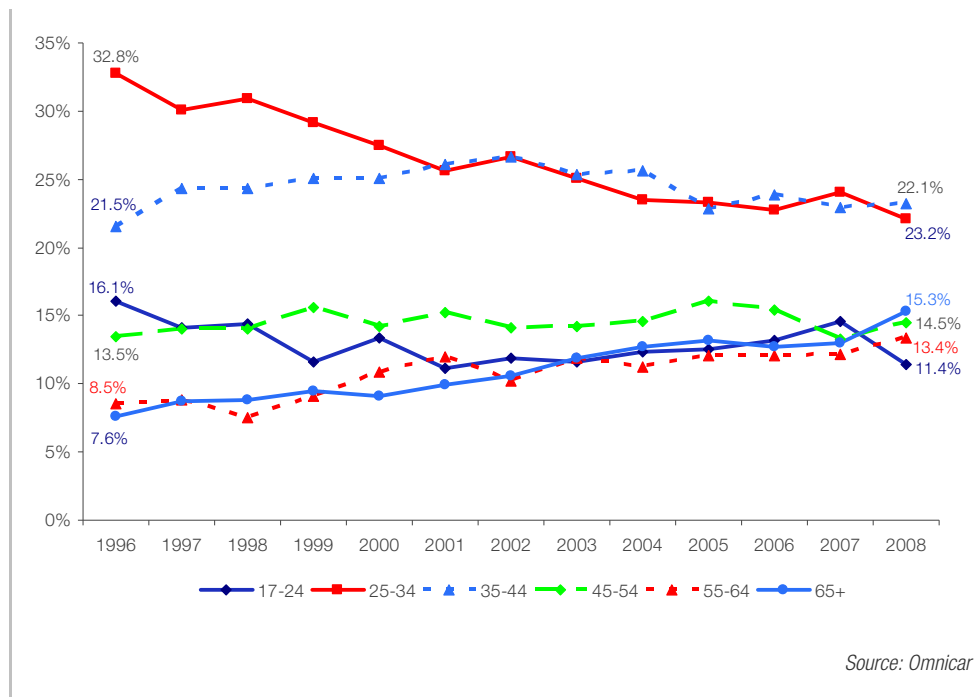


*Those retiring today may be in the market for three or four cars*

The implications of such changes suggest retailers might plan to build their inventories for retired people; smaller cars, vehicles with easy access. Those retiring today on a reasonable pension may well be in the market for three or even four cars before they decide to give up driving.

While, the ageing population trend shows a tectonic shift; a more interesting analysis is perhaps used car market share trend of the different age groups over the past 20 years.

**Used car buyers; by age groups**



It will be noted that the proportion of used cars bought by individual sectors has steadily converged; would this suggest a greater acceptance of used cars?

There are two groups that might be highlighted;

*The 65-plus age group has quite distinct needs*

- **65-plus age group;** this has shown a steady, if unspectacular, rise across the period. It represents a growth in expectations of retired people who will keep driving far longer than they once did. This group has quite distinct needs in terms of cars and supporting services.

The pattern may change as it is a group that early anecdotal evidence suggests is likely to be attracted to the current older-car scrappage scheme.

- **17-24 year old group;** a second group that has kicked up in the past few years. There may be strategic reasons for this including, for example, students living at home and commuting to college or university, rather than moving away with much higher costs living costs.

The drop in sales in 2008 may well prove to be a blip, rather than anything more significant as younger people seek to continue their higher education due to a lack of jobs – and may live or return to live at home.

- This has effectively led to 100,000 units being swapped to a younger, higher-value segment which has, again, led to a rise in overall average prices.

Predictions can be made about changes in other age groups and trends can be plotted. Individual segments may well have their own car requirements whether new or used. Equally, these different groups may have wider implications in terms of finance, service, insurance and other services.

Implications for used car retailers seeking to employ demographics would include the following;

- Have you, or can you, analyse your market territory to identify relevant used car buyers’ groups – e.g. young people or retirees. Have you analysed your sales records to identify dominant market groups?
- Do you have trained salespeople who can specialise in particular age groups?
- Do you plan your used car inventories against target age groups and identify age groups you wish to pursue?

*Do you have trained salespeople who can specialise?*

Once again, the logical analysis is to examine the demographics of the market territory objectively and focus on a chosen range of market sectors.

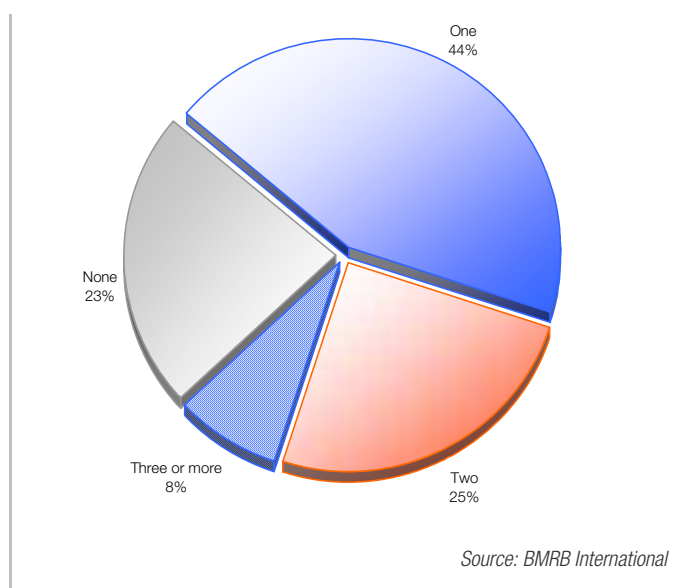
### **Cars in household – lifestyle**

Market analysis can be taken still further. Significant market advantage can be achieved by identifying the number of cars in households and the types of vehicles they own. Close to half households have access to a single car, and more households have two cars as do not have a car at all.

Currently 8% of households have

access to three or more cars – the so-called ‘family fleet’ – a lucrative vein for the used car retailers.

**Cars in household; 2008**



Once again, an analysis can be carried out at local market level and can offer a series of useful pointers on where business opportunities lie;

- What are the characteristics of various cars in household blocks – and what proportion of these are in your territory?
- Do you have a policy for family fleets – seeking to sell cars to the older children – probably funded by the parents?
- Do you keep in touch with multi-car households to sell cars beyond the first one?
- Do you use these used car buyers as sources of leads to further potential buyers?

Once again, it is possible to identify individual market segments and the type of cars they need – while some of these sectors may replace their cars, commonly used cars, on an uneconomically frequent basis.

### **Inventory strategy**

So far, the focus has been on identifying and building a market profile. However, to satisfy a market segment, it is important a used car retailer's stock is brought into line with a particular sector or sectors.

- For example, if the market sector is identified as 'younger drivers' – assume students, what sort of vehicles would be required – and importantly – when?
- Inventory for such a diverse group as students would, a safety-conscious dealer might identify, as being 'smart smaller cars – but not high performance'. That mix might be two and four-door, estates, perhaps soft-tops.
- The age of such vehicles, too, might be of some concern but older, quality units may be attractive.
- To take the exercise one step further, retailers may sometimes find finance difficult to arrange for younger buyers; that is where the 'family fleet' kicks in and a parent becomes the banker.
- Furthermore, universities have fairly well-defined terms and to many of the attendant fashionistas the same car for more than a term or two may be not cool. Open to a new opportunity? Student-style cars during vacations? To be even crueller, contact current car owners and invite them in with parents – what's another £10-15 a month to dad?

A simple thumbnail sketch, but the planning can be undertaken playing some 'what ifs' to identify market segments for potential focus.

## Applying the analyses

The analyses highlighted on the previous pages, and the short case study, plus a range of similar exercises can provide a clear profile of the used vehicle market in a dealer's field of operation. The next challenge is to identify what are the requirements of the segments a dealer decides to focus on.

An evaluation of the different levels of market data should identify what potential market sectors are available; while a review of the competitive situation would highlight competitors' strengths and weaknesses – enabling dealers to identify their own strengths, weaknesses and requirements for the market segments they plan to target.

Of course, any target market transition needs to be undertaken carefully to ensure existing customers are still retained. It has always been more cost effective to retain customers than find new ones.

*It has always been more cost effective to retain customers than find new ones*

### Potential areas of dealer development and specialisation

- Customer finance – either internal, through car manufacturer's finance sources or establish lines/relationships with external sources.
- What additional/specialist services/providers might be of interest to specific target market segments?
- Staff training; focused skills for sales staff on the identified specialist
- Marketing strategy – highlight routes for product information to chosen target sectors – Internet; newspapers; specialist websites; schools etc.
- Inventory policy – what units would be most suitable for the new target market groups?
- Vehicle sourcing; where will those vehicles be sourced from and stock kept fresh and up to date?

*For illustrative purposes only – not comprehensive*

## Segmentation and sales in recession

Can some specific segments be identified that are either counter cyclical or less susceptible to recession? It could be dangerous to focus on a segment which is subject to recession and may take considerable time to recover.

Consider some of the possible sectors that may be less affected by recession;

- **Retired motorists;** smaller cars; easy to get into and out of; probably four doors so they can accommodate their friends; use car for mobility and to pursue their hobbies. Reliability is also important; might there be a market for insurance – older persons' policies or even total management packages to minimise their exposure to unplanned larger bills?

- **Students;** while their incomes may be low, an ever greater proportion who attend further and higher education opt to live at home for financial reasons. That means a growing number need to commute, often quite significant distances. Their used car requirements may be quite simple. Parents may be a good touch, the car initially put on their insurance, part funded as part of the 'living at home package'. Maybe there is a replacement opportunity, even in deepest recession, shortly before the start of each term?
- **Family fleets,** The number of multi-car households is growing. Some will be cars for older children. If the household can afford a number of cars it may be well worthwhile treating it as a 'family fleet' and offering advantageous insurance, finance and other services. They are unlikely to be all new cars, are replaced regularly – even three children's cars each annually give a market opportunity every four months.

*Recession is a time when sales records deserve to be raked over like the embers of a smouldering fire*

Recession is a time when sales records deserve to be raked over like the embers of a smouldering fire and, with a little blowing in the right quarters, it is surprising what flames might be raised.

What might be the elements of a recession-time used car marketing plan? Cost will be critical in any such exercise, so it will need to be pretty tightly focused.

Consider the following as a framework for such a programme;

#### **A marketing plan for recession?**

- Target market segments; can you tightly define the sectors for the plan – and channels of communication?
- Check all sales, service and contact lists and other dealer data to identify prospects that fall into the target categories?
- Identify the types of vehicles/price levels prospects in the identified target groups are looking for.
- Are there additional products and services these prospects are interested in or bought?
- Can you now develop a total package for the sector – including the potential 'add-one' – sourcing add-ons if non standard?
- Establish credit lines for prospective buyers – which may well be the critical concern.
- What will the inventory policy be for units to attract specific target sectors – how will those units be sourced – auctions?
- Communicate to the target audience – a little ingenuity may be required to arrive at a cost-effective approach.
- Present the stock attractively; rotate regularly; have a strict inventory strategy – 'xx days and auction' – having cut the price, if necessary, in that period.

*For illustrative purposes only – not comprehensive*

A pretty basic checklist – but it is important to have a clear plan and to pursue focused business, especially during recession or periods of tight credit.

*'Monitoring and follow-up' is critical*

There is, however, one item missing from this short checklist – 'monitoring and follow-up'. It is critical that each piece of feedback and comment is analysed, as much from those who do not buy as to the paeans of praise from those who do. Such feedback can help fine tune used car stock and marketing approach. Equally, sensitive analysis will indicate quite quickly if you have hit a winner.

A second element of such a monitoring and follow-up exercise is quite literally, follow up! Do your salespeople call every used car buyer soon after they have driven off the forecourt as a matter of course and regularly thereafter?

The consumer survey shown earlier in the report suggests, very strongly, that dealers and their sales forces continue to fall down in terms of following up customers. Firstly, to ensure they are happy with their car, secondly for potential aftersales business and, thirdly, to identify opportunities to sell more cars.

It is as true in recession, as at any other time, that motorists look for an experience when they buy a car that includes a relationship with the dealer and the person who sold them the car – which also helps them to be sure they made the right decision on the type of car they bought – and who from.

### **There is business available – even in the deepest recession**

The used car market can be segmented in the same way as the new car market, but few dealers undertake such exercises. The challenge is to identify those segments, highlight the ones that may be prevalent in your sales territory and build a focused marketing programme around them.

*There is business for those who seek it*

There is business available for those who seek it – even in periods of deepest recession.

# Used Car Issues of Current Concern

*by Professor Peter N C Cooke*

The used car market is arguably the most dynamic of all automotive industry sectors and is certainly the least researched. In this edition of the BCA Used Car Market Report, the Buckingham automotive team seek to look at a number of current topics in the used car industry.

These issues are not necessarily offered as critical issues offering massive profit opportunities, rather to identify those that may justify further research and development opportunities.

## **Average dealer selling prices and the RPI**

It is conventional wisdom that the specification-adjusted average value of new cars slips by perhaps 2%-3% each year as manufacturers seek to make their products ever more competitive through adding product value.

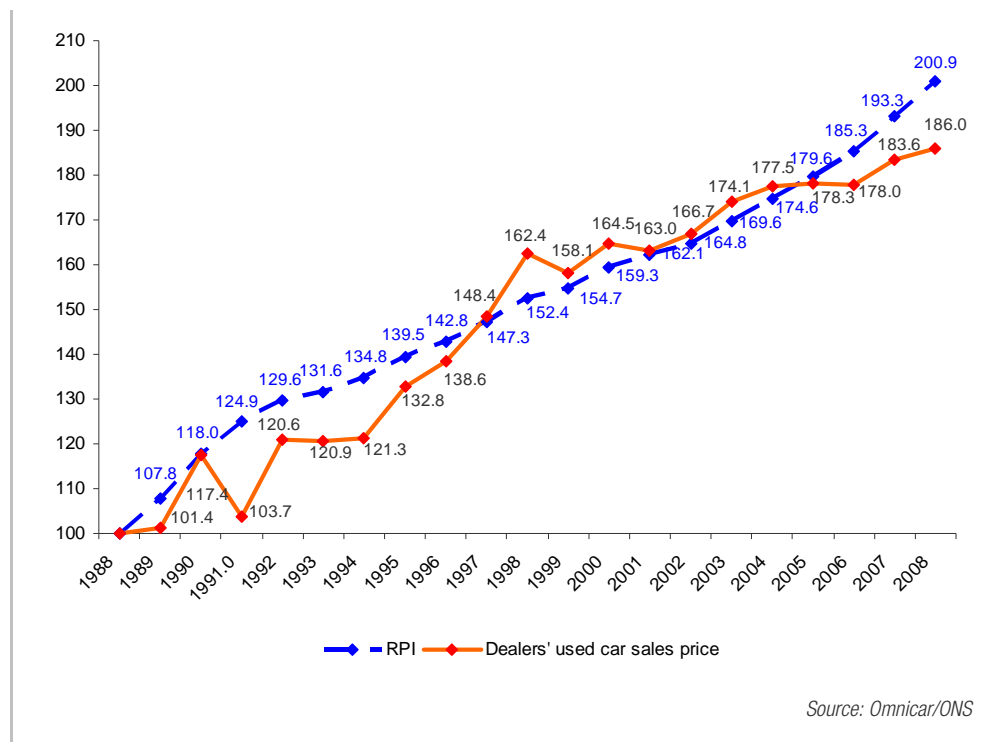
Given the relationship between new and equivalent used cars is pretty steady, it is interesting to relate dealers' average used car selling prices, to the Retail Price Index (RPI) over the past 20 years – to see whether there is any consistency, or if average used car prices are driven by a different set of influences.

The chart overleaf shows an index of dealers' used car selling prices against the United Kingdom's RPI.

*The close relationship between the two indices is quite amazing*

- The close relationship between the two indices is quite amazing; the widest variance is barely 5% over 20 years and, when one considers the economic upheavals that have taken place during this time, this must be regarded as a very close relationship.
- Twenty years is too long for the intertwined indices to be put down to 'fluke' or even 'luck'. There must be a more rational explanation.
- Given that the specification-adjusted new car average price slips by a few points each year, the phenomenon identified in the chart would suggest that, in real terms, at least compared with new car prices, the average value of a used car is steadily, if unspectacularly rising over time.
- Certainly, that would be a dangerous categorical statement to make, given the steady change in models and the issues of vehicle mixes – both in new car terms and also in terms of the used cars which find their way to auction.

## RPI versus dealers' used car selling prices;



At this stage, the Buckingham team offer this as an interesting phenomenon rather than as a serious management tool. However, Watson and Crick were awarded a Nobel Prize for their discovery of the double helix which turned out to be the basis of DNA – perhaps there is something significant in the RPI/Used Car Prices Index?

### Vehicle scrappage

An increasingly popular, but still controversial programme, being introduced by governments across the EU is the policy of 'old vehicle scrappage'. Quite simply, governments are making grants of varying sums to encourage owners of older cars – typically nine years-old plus vehicles in Europe and 10 years in the UK – to scrap them against the cost of a new vehicle, or in some cases, a nearly-new vehicle.

*The United Kingdom has what is probably the toughest of scrappage schemes*

At the time of writing the United Kingdom has what is probably the toughest of the scrappage regimes with government offering to provide £1,000 of taxpayers' money for a 10 year-old car registered in the name of the current owner for the past 12 months.

The sting is in the tail. In the United Kingdom, manufacturers have to match the government's largesse with taxpayers' money. Although, in reality, at least in the UK, some manufacturers and/or dealers appear to be offering significantly more than the base allowances as required by government. The cynic might well claim this additional munificence is due to a strategy of using the scheme to balance new car inventories.

While there may be a significant degree of hype in the comments, some parties have suggested that the popularity of the scheme may be such that it runs out of cash well before the finishing line of February 2010.

Exact rules and levels of support offered by EU governments vary quite significantly between countries as shown below:

#### Car sales scrappage programmes in Europe

Major Markets	Criteria		Incentive
<b>Germany</b>	Yes 12 January 2008 - 31 December 2009	Over nine years old	€2,500 to purchase a car up to 12 months old with Euro 4 as minimum engine specification.
<b>France</b>	Yes 4 December 2008 – 31 December 2009	Over 10 years old	€1,000–€2,000 to purchase a new car which is less than 160 g/km or an LCV.
<b>UK</b>	Yes 18 May 2009 – 28 February 2010	Cars and LCVs up to 3.5 tonnes registered before 31st August 1999	£1,000 plus £1,000 from participating manufacturers – £300 million fund limit.
<b>Italy</b>	Yes 01 February 2009 - 31 December 2009	Over 10 years old	€1,500 to purchase a car which is at least Euro 4 engine specification and emits less than 140g/km for petrol and 130 g/km for diesel.
<b>Spain</b>	Yes 1 December 2008 - 31 July 2010	Over 10 years old or 250,000 km	Up to €10,000 and 0% loan to purchase a new car or LCV. The car must cost less than €30,000 and emit less than 140 g/km. The LCV must emit less than 160 g/km.

Source: ACEA

The German scheme is based on €2,500 from the government, with dealers and manufacturers able to add whatever they feel is necessary. This has been extended to 900,000 units although there is some disquiet as it is sucking in large numbers of vehicles from France and Central Europe. Some are claiming it is also bringing in older cars from the Czech Republic and Poland to take full benefit of the scheme.

Within the United Kingdom scrappage system there are a number of parameters and issues that might be considered relevant:

- Given the United Kingdom imports more than 80% of the new cars sold in the country, there is easy political capital to be made that 'taxpayers money is being used to support foreign jobs' – in this case in Eastern Europe, Germany, France, Italy and Korea.
- Vehicle finance; while relatively few car owners who scrap a 10 year-old car are likely to have immediate access to funds to buy a new one, car manufacturers' finance houses appear to be supporting the scheme – some would say at premium interest rates.

*There is easy political capital to be made that 'taxpayers' money is being used to support foreign jobs*

- Old used cars sucked out of the market could perhaps upset the delicate balance of the marketplace. However, even if the full 300,000 units are sucked out of the market, the impact is likely to be minimal in a 10 years-plus parc of 9.5 million used cars.
- The natural pressure on the supply of low-priced new cars may well pull in products, particularly from Korea and Japan, which will change the shape and make-up of the UK car parc over time – and provide succour for these marques and supporting dealership network.

*The scrappage scheme will be judged over time*

It is against these, and other parameters, that the current scrappage scheme will be judged over time. While the practical concerns of limiting the replacement of a 10 year old vehicle with a new one can be argued easily, there are some analysts who suggest that the ability to exchange a 10 year-old car for, say a five year-old one, would have offered dealers the opportunity to sell used cars as well – units they would have had to buy and refurbish, thus creating additional dealership revenues and consequent cash flows.

Heavily-discounted new car sales produce a small margin for dealers and manufacturers alike.

### **Electric vehicles**

Government has indicated that between 2011 and 2014 it will provide grants totalling £350 million to accelerate the adoption of electric cars – whether hybrid or battery powered.

While at this stage there is a small number of electric vehicles on the road, EU and government objectives are to speed up the acceptance and adoption of electric cars in the marketplace among private and fleet car buyers. The challenge raised by electric vehicles will be driven by capital costs and, in particular, residual values.

*Electric cars will perhaps be 50% more expensive*

Initial figures suggest electric cars, given the cost of batteries, will perhaps be 50% more expensive than the equivalent hydrocarbon-powered cars. However, the cost of electricity to drive those vehicles is pretty minimal – although, at this stage, one is perhaps not considering the cost of electricity.

Given an expected finite battery life, and the relatively high cost of battery and a replacement, there will be many questions regarding the economics of vehicle operation.

One has to assume electric vehicles will eventually move into the used car market. This will, initially, produce a ‘first-time product’ for the market and there will be a certain novelty value on those units so prices may be expected to hold up to begin with.

However, over time, there will be a steady rise in the number of used electric vehicles coming to market and acceptable residual patterns will emerge as the industry builds experience.

The writer's concern is that, further down the line, when the proposition of used cars coming to market begins to approach the volume of conventionally-powered cars. Will there be a time when used cars buyers suddenly realise the life of conventional internal combustion engines is limited?

*Will there be a point when that tipping point approaches?*

Will there be a point at some stage over the next decade or more when that tipping point approaches?

While such a change, and disposal decision will be 'well into the next decade' realistically we are talking two full replacement cycles and a little more. It's not that far ahead.

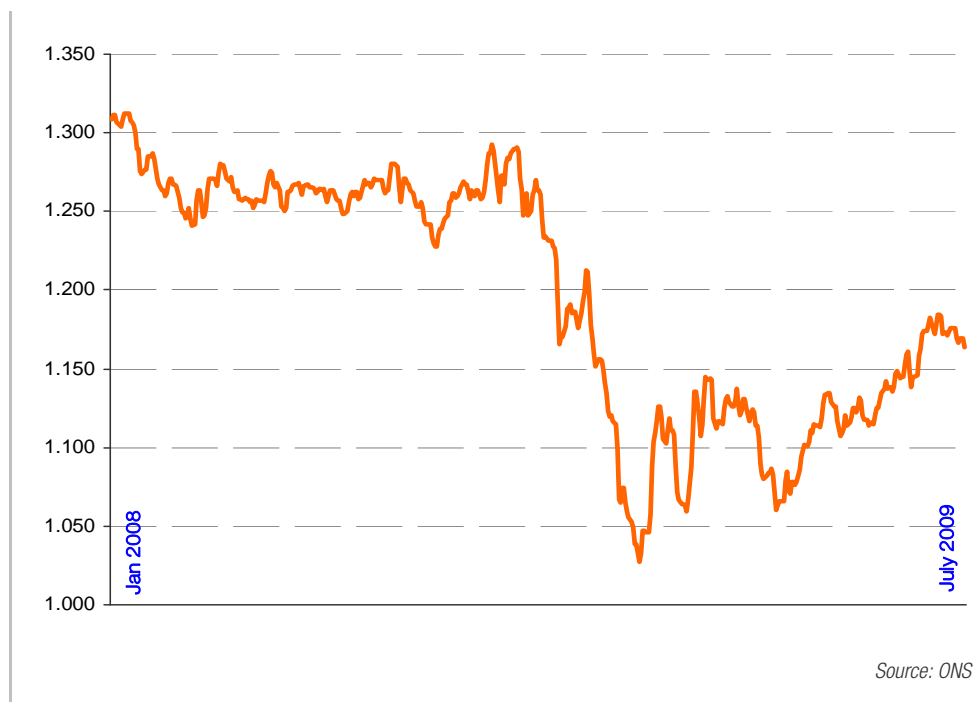
Think about it – what would your strategy be?

### Exchange rates

Historically the relative value of sterling against other currencies has not been considered highly relevant to the used car industry. Certainly, used vehicles have been exported for many years, often to Africa or occasionally to Ireland.

However, the recent decline in the pound against the Euro has encouraged the export of used cars and light commercials, sometimes bought from auctions, to the Irish Republic.

**Euro: Sterling exchange rate; January 2008 – July 2009**



The drop in the value of sterling against the Euro is not as important as the way this change has led to the growth in the export of used cars from the United Kingdom to Ireland and their ongoing sale to buyers in the Republic.

While the Irish Republic is experiencing as serious, if not a greater economic downturn than the United Kingdom, it will be interesting to watch how that dynamic influences the purchase of used cars in the United Kingdom and their export to the Ireland. If market dynamics in Ireland match those in the United Kingdom, there could well be a strong used car market, stronger than the higher-priced new car market. The strategic implications for used car availability and prices do not need spelling out if this trend continues and grows.

The Republic of Ireland is not the only member of the euro zone to drive on the same side of the road as the United Kingdom. Malta has the same characteristic and, anybody who has visited Malta, would probably concur the car parc is quite old.

While a number of entrepreneurs have, historically imported used cars from Japan, given the relationship between sterling and the Euro – and the close business ties between Malta and the United Kingdom – might this be a trade to be seen to develop in future if the relationship between sterling and the Euro does not return to its previous level?

### **Pushing out the boundaries**

Used car industry market research can offer many interesting areas – some of which are relevant, others less so, and yet others may have long-term implications.

*The critical message is to push out the boundaries*

The critical message is perhaps one that a used vehicle operation needs to constantly push out the boundaries of knowledge and understanding to identify both threats and opportunities.

## BCA – ‘We Never Stop’

### Europe's largest vehicle remarketing group

BCA is Europe's largest vehicle remarketing group, with a nationwide network of UK auction centres and operations in eleven mainland European countries. With a highly-developed programme of sales featuring the widest range of vehicles, BCA offers practical, efficient and innovative remarketing solutions for the motor industry.

BCA handles in excess of 1.4 million vehicles annually, generating a £4 billion plus turnover. Customers include fleet operators, manufacturers, finance and leasing companies, rental companies, national authorities and every sector of the retail and wholesale motor industry.

BCA has a UK network of 21 modern remarketing centres offering a full range of services to sell and buy used vehicles. BCA is also unleashing the potential of the vehicle auction market in mainland Europe and operates 26 centres in 11 mainland European countries.

### Innovation central to success

Innovation is central to the Company's success and BCA delivers a range of market-leading, physical and electronic remarketing services and web-based products including stock management, logistics, customer relationship marketing, remarketing channel management and e-commerce platform.

BCA's Inventory Management system provides maximum control over a vehicle's complete life cycle, from the moment it comes 'on fleet' as a newly registered vehicle and is loaded into BCA's system, while BCA DocuSafe delivers cradle to grave document retention and management services for vehicle owners.

The Company's Live Online service uses sophisticated web browser technology to deliver live video and real time audio to remote bidders, allowing them to compete with buyers in the auction hall. The service is undergoing huge online growth and in 2009 is selling approximately three times as many cars and vans across Europe as the service did in 2008. Supported by comprehensive online catalogues and images, and grading reports that dovetail with the lease-end inspection process, Live Online buyers have access to the widest range of stock at BCA from nearly-new to fleet and lease, together with dealer vehicles, with both cars and commercials featuring.

The award-winning on-line Auction View service delivers a range of vital information for customers, including stock location, vehicle images, sale catalogues and composite auction values, with CAP and Glass's comparisons.

A number of major enhancements were introduced in 2009 including the introduction of seven-day values for all auction stock, instantly trebling the available price dataset.

### **JTK enhances portfolio**

In 2009, BCA acquired JTK Automotive Ltd, a company that has been operating for over 6 years offering a range of remarketing products and services including inventory and channel management, affinity sales, E-auctions, wholesale and dealer exchange. The products and services combine to provide clients with integrated solutions to their remarketing needs.

BCA also operates a range of brand-specific wholesale services, bringing together vehicles from the wider marketplace to offer direct to the dealer network, giving more opportunities for buyers and sellers alike. Operating both online and offline, these services deliver another important channel to market while BCA's programme of electronic auctions allows manufacturer vendor customers to support their dealer network with selected product.

### **New facilities improve capacity**

Also in 2009, BCA announced it had acquired a 20-acre facility in Perry Barr, Birmingham. The site will be developed as a multi-channel remarketing and logistics facility over a 12 to 15 month build project due for completion in Q3 2010.

This will be an additional physical auction centre in the heartland of the UK, providing valuable additional capacity for future growth and servicing both regional and national business. It will also fulfill a role as a de-fleet and inspection centre and a hub for online sales activity, much as BCA's centres at Belle Vue, Nottingham, Bedford, Bridgwater, Measham and Blackbushe do.

### **Pan-European remarketing platform launches**

In June, 2009 BCA launched a brand new customer-focused, interactive e-commerce platform. The platform, 'www.bca-europa.', is fully flexible to work in every European marketplace that BCA operates in and includes a number of features identified by BCA's research into the needs of its customer base

The new e-commerce platform offers the ultimate in stock selection and searching, bidding and buying and buyer communication, as well as flexibility in terms of branding, language and currency. It integrates a variety of selling channels, including Live Online, instant purchase, online auctions and tenders, vehicle pricing and sales information across all markets and a full suite of account customer services.

The Company has developed a programme of International Electronic and Physical Tax Free Sales, where cars located in one country are being offered to significant numbers of European buyers in a competitive bidding environment. In the same way, BCA works actively with Pan-European customers to move vehicles to physical auctions in countries where prices are maximised.

Meanwhile, across Europe, BCA continues to develop and enhance its network, which now reaches into a number of East-European markets on a regular basis.

### **BCA Inspect, Estimate & Collect**

BCA's 'Inspect, Estimate & Collect' service is another major enhancement to the Company's portfolio and streamlines the de-fleet process for leasing companies. The Company's capabilities in this arena were enhanced with the acquisition of UFD, the UK's leading plate delivery logistics service in 2008.

### **BCA Smart Prepared**

Services such as BCA Smart Prepared are bringing benefits to customers. Smart Prepared cars are offered in premium condition for professional buyers to bid on and take away, ready for the forecourt and ensuring no retail opportunity is missed. The service has been revised from top to bottom in 2009, with new suppliers in place delivering even better value and higher quality for customers.

### **BCA's blueprint for the future**

BCA's blueprint for the future of vehicle remarketing places the Company at the very cutting edge of the industry, with market-leading, multi-channel capability. BCA means first class facilities across a pan-European network and a wide range of channels to market, supported by comprehensive logistics capacity and integrated bespoke technology solutions. All these components are aimed at delivering choice, service and value for money for all its customers.

As the clear market leader across Europe, BCA's drive for success is encapsulated in the phrase 'We never stop'. Visit the website at [www.bca-europe.com](http://www.bca-europe.com) for a look at the bigger picture in vehicle remarketing.



# BCA Network



## UK AUCTION CENTRES

- Bedford
- Birmingham
- Blackbushe
- Bridgwater
- Brighouse
- Derby
- Edinburgh
- Glasgow
- London
- Manchester Belle Vue
- Measham
- Newcastle-Upon-Tyne
- Newport, Wales
- Nottingham
- Paddock Wood
- Peterborough
- Preston
- Tewkesbury
- Walsall



## Statistical Data

This section of the Used Car Market Report includes data taken from the 2009 BMRB International survey of 2,000 UK car owners, providing an insight into their views and preferences in buying or owning a used car.

It supplies background information on the Consumer Perspective and Regional sections of the report, and allows readers to draw comparisons with their own views and experience of the UK used car market.

NB All responses are percentages.

### Q How many cars are in your household?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
One	44	45	42	29	45	45	41	45	53	43	44	53	40	34
Two	25	25	26	16	24	37	32	28	13	38	27	21	16	6
Three or more	8	10	6	15	5	5	12	10	3	11	9	7	6	1
None	23	20	26	41	25	13	15	16	31	8	21	19	38	59

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
One	47	42	43	51	44	49	42	51	34	42	43
Two	11	34	33	25	24	25	29	18	27	23	22
Three or more	1	11	9	9	13	5	10	5	9	10	5
None	40	13	16	15	19	21	19	26	30	26	29

### Q Have you bought a new or used car recently?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Yes, new in 2004 or earlier	5	5	5	2	2	4	5	9	6	6	5	4	2	4
Yes, new in 2005	2	2	3	1	2	2	1	5	3	4	2	2	1	1
Yes, new in 2006	4	4	3	1	2	5	3	5	4	6	4	3	1	2
Yes, new in 2007	4	4	3	3	3	3	5	5	3	5	5	3	2	1
Yes, new in 2008	6	6	5	-	5	6	8	9	5	9	5	5	3	3
Yes, new in 2009	1	1	1	0	1	1	1	1	1	1	1	0	0	1
Yes, used in 2004 or earlier	4	5	4	3	3	5	5	5	5	4	5	5	4	2
Yes, used in 2005	3	3	3	2	2	4	4	4	4	5	3	4	2	1
Yes, used in 2006	6	6	7	2	9	9	8	6	3	8	7	7	4	1
Yes, used in 2007	7	7	7	6	9	9	7	7	5	6	9	9	5	2
Yes, used in 2008	14	16	13	14	21	20	12	9	9	14	14	15	17	7
Yes, used in 2009	3	4	3	3	4	4	5	4	1	3	4	3	3	3
No	43	40	45	63	39	30	37	36	53	31	38	43	55	74

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Yes, used in 2004 or earlier	7	6	3	1	7	6	2	4	4	7	3
Yes, used in 2005	1	2	3	-	-	4	1	2	4	7	2
Yes, used in 2006	2	5	2	4	2	3	4	4	4	3	4
Yes, used in 2007	2	3	4	2	8	3	4	2	4	6	5
Yes, used in 2008	3	6	7	4	8	9	6	7	5	4	6
Yes, used in 2009	0	1	1	-	-	1	-	1	-	1	3
Yes, used in 2004 or earlier	4	4	5	4	6	3	3	5	5	8	2
Yes, used in 2005	4	5	2	2	-	5	4	3	2	4	1
Yes, used in 2006	6	7	8	9	10	4	5	6	4	5	7
Yes, used in 2007	5	7	8	14	7	3	7	7	8	8	8
Yes, used in 2008	7	18	17	22	10	11	17	17	13	9	10
Yes, used in 2009	2	4	1	-	3	7	6	1	2	7	6
No	57	35	41	39	39	43	41	42	49	33	44

### Q What most strongly influences the type of used car you would consider buying?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Personal experience particular make/model	38	37	39	29	33	40	40	50	36	43	41	36	30	23
Views of friends or family	28	26	31	33	38	29	24	22	23	28	29	30	27	26
Test drive	22	26	18	25	23	26	23	19	16	26	24	21	15	20
Car internet sites	17	21	13	25	26	22	15	8	3	19	18	15	16	11
Cars you see on the street	14	14	13	23	15	15	11	10	7	11	14	18	16	8
Used car showroom/sites	12	13	12	11	10	12	16	12	13	12	11	13	14	13
Consumer reports programmes (e.g. Which?, Watchdog)	12	11	14	8	11	11	11	21	12	20	13	8	3	4
Newspaper advertisements	8	7	8	14	8	9	7	5	4	4	8	9	13	9
Car TV shows	6	9	4	14	9	6	6	-	1	7	7	7	3	5
General motoring magazines	6	8	4	9	7	4	3	6	7	5	8	6	5	5
Selling franchised/used car dealer advice	6	5	7	5	4	4	6	9	9	7	7	4	4	7
Specialist motoring magazines	5	6	3	4	5	7	6	4	3	6	6	4	3	5
Car TV adverts	5	4	5	10	4	4	2	3	4	3	4	6	5	5
Other	10	10	10	7	4	9	12	14	15	10	9	11	12	15
Don't Know	5	2	8	3	6	4	5	3	9	3	5	7	8	7

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Personal experience particular make/model	25	41	43	45	32	40	42	42	34	40	36
Views of friends or family	28	30	30	23	32	30	37	17	26	26	28
Test drive	20	27	26	21	30	24	17	20	17	34	16
Car internet sites	18	20	15	22	9	16	12	18	20	15	16
Cars you see on the street	14	12	17	8	14	18	19	13	11	15	11
Used car showroom/sites	12	15	3	13	7	9	16	10	13	10	19
Consumer reports programmes (e.g. Which?, Watchdog)	13	16	13	10	17	10	11	7	11	10	9
Newspaper advertisements	9	6	11	11	5	10	8	8	8	4	4
Car TV shows	6	7	2	10	5	5	5	7	7	6	9
General motoring magazines	5	6	5	7	8	5	5	8	9	7	4
Selling franchised/used car dealer advice	3	5	4	10	1	11	8	4	4	3	14
Specialist motoring magazines	8	4	4	8	4	6	5	5	2	6	1
Car TV adverts	4	4	2	4	3	4	7	8	4	4	4
Other	9	8	10	8	13	9	9	8	17	9	12
Don't Know	10	3	7	4	8	4	0	5	4	5	7

## Q What are the crunch factors that affected your decision to buy your latest used car?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Price	50	50	50	65	56	44	48	47	43	47	50	51	53	52
Make/model of vehicle	40	40	40	34	33	34	49	54	40	44	39	38	34	42
Low mileage	28	26	31	26	29	28	27	34	28	33	28	28	20	29
Body type (e.g. estate or hatchback)	19	21	17	10	20	23	16	18	24	26	15	20	14	11
Engine	18	19	17	23	13	18	20	11	25	14	20	18	21	24
Age of vehicle	18	16	20	7	19	17	21	26	14	22	19	17	10	15
Insurance group	12	13	12	20	14	13	12	7	7	7	13	15	17	11
Specification	10	12	8	9	9	11	11	8	13	12	13	7	5	13
Safety	10	9	12	10	12	11	7	15	6	13	11	8	6	16
Colour	7	6	8	8	5	8	7	6	6	5	7	9	9	3
Environmental considerations	6	6	6	1	5	7	11	3	9	7	6	6	7	-

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Price	58	47	45	63	39	52	54	51	52	53	36
Make/model of vehicle	33	44	42	25	39	48	39	34	38	50	41
Low mileage	22	35	21	25	32	25	26	30	31	24	30
Body type (e.g. estate or hatchback)	17	27	34	10	20	13	12	14	12	18	18
Engine	17	21	21	14	6	12	17	21	19	16	19
Age of vehicle	12	19	17	16	30	12	14	18	24	18	21
Insurance group	11	6	2	15	5	14	15	32	16	14	11
Specification	5	11	8	13	7	4	11	13	9	13	16
Safety	23	10	10	2	25	11	10	12	5	3	7
Colour	10	6	3	9	14	11	5	7	3	9	7
Environmental considerations	6	6	10	4	-	11	12	4	1	7	5

## Q What influenced your decision to buy your used car from that particular dealer?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Right car at best possible price	40	39	41	48	45	44	37	38	30	45	41	33	35	38
Got a good deal on the car	35	37	32	51	29	36	37	36	28	35	35	33	34	36
Could trade in my old car	26	23	28	23	25	19	24	26	38	33	24	22	14	25
Local and convenient	24	25	23	27	30	17	35	26	17	31	18	23	21	38
Staff friendly, helpful and professional	18	19	17	20	23	13	10	32	17	25	15	12	15	19
Dealer reliable and trustworthy	18	16	20	14	21	20	10	22	15	23	17	10	15	21
Have bought a used car from them before	14	15	12	11	4	11	20	23	12	15	12	17	10	23
Wide choice of vehicles	13	16	11	13	22	10	16	15	9	12	14	15	16	13
Offered a warranty or vehicle had warranty	12	12	12	10	20	8	11	19	9	15	9	13	7	20
Easy negotiation, lack of sales pressure	12	14	10	23	15	6	14	15	10	10	13	15	10	11
Good aftersales service	10	11	10	8	6	8	12	18	10	11	8	13	9	14
Quick delivery of car wanted	8	9	6	8	13	6	6	4	11	10	6	9	5	14
Recommended by friend	7	6	8	4	9	2	8	9	12	4	8	7	10	13

### Q What influenced your decision to buy your used car from that particular dealer?

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Right car at best possible price	30	40	39	42	68	40	45	41	25	39	40
Got a good deal on the car	19	30	38	38	38	21	38	38	35	32	57
Could trade in my old car	14	28	33	19	20	31	27	31	14	22	28
Local and convenient	15	25	21	22	37	26	26	22	18	26	28
Staff friendly, helpful and professional	7	17	21	32	20	18	23	14	21	9	15
Dealer reliable and trustworthy	7	17	20	16	23	32	23	18	9	13	15
Have bought a used car from them before	13	13	14	13	8	15	18	12	13	13	16
Wide choice of vehicles	15	17	15	4	36	11	2	6	24	12	12
Offered a warranty or vehicle had warranty	4	26	7	8	12	7	12	10	8	5	2
Easy negotiation, lack of sales pressure	3	12	15	7	16	4	7	11	8	26	22
Good aftersales service	7	10	19	6	-	4	11	11	12	16	8
Quick delivery of car wanted	4	9	7	4	7	7	12	13	2	6	9
Recommended by friend	5	3	4	7	10	12	5	15	15	7	8

### Q Has the dealer you bought your car from contacted you for the following reasons?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
To find out if you were happy with your car	27	25	29	31	23	28	14	41	26	33	29	21	17	22
About servicing the car	35	33	36	27	27	38	34	47	30	37	35	36	30	13
To see if you were thinking about changing the car	15	15	15	9	12	9	21	22	18	19	12	16	9	18
To see if a friend or a family member was interested in buying a car	3	4	3	-	2	3	5	1	5	3	2	6	2	5
Nothing/no contact	44	45	42	39	58	45	53	24	39	41	37	49	59	63
Other answers	1	-	2	-	-	-	2	2	2	2	1	-	-	-
No answer	3	5	1	-	-	1	3	8	6	2	4	3	-	10
Don't Know	0	-	1	-	-	1	-	-	-	-	1	-	-	-

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
To find out if you were happy with your car	12	28	25	35	39	19	39	29	22	23	21
About servicing the car	34	31	32	31	50	33	40	41	37	25	41
To see if you were thinking about changing the car	10	18	7	15	-	25	14	9	21	15	22
To see if a friend or a family member was interested in buying a car	-	2	7	10	-	4	3	-	3	6	-
Nothing/no contact	50	43	55	40	25	55	40	45	32	57	30
Other answers	-	1	-	-	-	4	-	-	-	3	-
No answer	-	3	-	4	8	5	-	7	-	-	10
Don't Know	-	1	-	-	-	-	-	-	-	-	-

## Q What type of car did you last purchase?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Off road/4 x 4	5	5	5	2	2	10	4	7	2	7	5	4	4	8
Saloon	20	20	19	23	16	16	21	26	22	18	16	22	25	28
Estate	8	8	8	7	10	8	7	8	11	7	9	11	4	10
Hatchback	46	47	45	48	47	39	45	45	56	45	50	43	45	32
M.P.V./People carrier	8	6	10	2	6	12	12	8	3	8	8	8	8	8
Sports car/coupe	4	5	3	2	8	5	2	5	1	3	3	4	8	2
Prestige e.g. Jaguar	1	2	-	-	1	2	2	-	-	2	0	-	1	-
Micro/City Car	3	3	3	6	4	4	2	-	1	4	4	2	1	7
Other	5	4	6	10	5	5	4	1	4	6	4	6	3	6

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Off road/4 x 4	7	5	3	2	18	2	9	3	3	9	-
Saloon	19	14	37	17	24	15	18	12	24	28	20
Estate	4	10	13	6	5	6	6	3	12	14	8
Hatchback	35	47	30	52	38	54	42	57	48	30	64
M.P.V./People carrier	12	9	2	6	-	15	7	9	8	7	8
Sports car/coupe	3	4	7	7	12	2	6	3	1	3	-
Prestige e.g. Jaguar	2	-	3	-	-	-	-	3	-	2	-
Micro/City Car	2	4	-	4	-	4	7	4	2	3	-
Other	12	6	5	6	2	2	6	5	2	2	-

## Q What influenced you most in buying a used car with a diesel engine?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Environmental considerations	16	14	18	10	14	18	15	16	22	21	16	10	13	11
Maintain value better	13	14	13	19	5	13	18	16	11	17	14	16	3	0
More reliable engine	22	28	15	29	16	16	28	29	30	21	21	27	23	11
Better fuel consumption	62	63	60	57	51	59	73	65	74	59	68	55	67	44
Engine would last longer	19	23	14	24	16	16	8	35	30	13	20	25	26	0
Do a high annual mileage	10	11	8	19	28	7	0	3	4	8	16	6	5	11
Other	18	17	19	10	23	17	23	16	19	20	18	20	10	22
Don't Know	16	14	18	10	14	18	15	16	22	21	16	10	13	11

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Environmental considerations	21	29	6	16	0	35	8	17	3	11	0
Maintain value better	5	12	17	16	50	15	13	17	8	17	7
More reliable engine	5	24	22	26	0	25	21	39	14	44	13
Better fuel consumption	58	59	83	63	50	70	71	44	56	61	73
Engine would last longer	11	25	6	11	33	35	21	17	8	28	27
Do a high annual mileage	11	8	22	5	0	10	17	0	8	11	13
Other	21	16	0	11	33	10	17	33	36	22	0
Don't Know	21	29	6	16	0	35	8	17	3	11	0

### Q Which of these reasons influenced you to buy a used car rather than a new car?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Couldn't afford a new car	40	35	44	60	48	45	37	30	23	34	41	45	40	38
Used better value for money	27	31	22	20	27	33	31	27	21	37	28	26	16	13
Lower depreciation with used cars	21	25	18	5	21	24	32	28	16	35	22	15	11	8
Always buy used cars	14	16	12	8	16	16	17	14	13	13	14	17	14	7
Needed a car quickly	8	10	6	11	12	10	7	4	5	6	9	12	7	3
More choice when buying a used car	6	7	5	7	7	6	5	5	5	6	8	7	3	2
Don't Know	4	3	6	6	3	2	3	5	7	2	4	4	8	7

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Couldn't afford a new car	42	40	44	45	33	45	44	36	38	33	34
Used better value for money	28	31	28	30	16	29	32	24	19	22	22
Lower depreciation with used cars	17	30	20	16	16	16	25	17	22	24	15
Always buy used cars	9	15	19	17	19	8	14	15	15	14	14
Needed a car quickly	7	8	10	12	4	8	8	7	7	8	9
More choice when buying a used car	8	7	8	8	2	8	2	7	2	2	5
Don't Know	8	3	1	7	6	2	2	1	5	6	8

### Q How likely is it you or a member of your family will buy a used car in the next year?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Certainly will	5	6	4	11	8	5	5	3	1	7	4	6	4	3
Quite likely	12	14	10	19	13	14	14	10	5	13	14	12	10	6
50:50 chance	8	8	9	13	10	10	8	7	3	9	10	7	7	4
Unlikely	31	32	30	25	33	34	33	33	28	37	33	32	21	19
Certainly not in the next 12 months	16	16	15	14	16	18	13	18	15	15	15	16	19	11
Won't be buying a car in the future	27	23	30	18	18	20	25	28	46	19	22	24	36	54
Don't Know	1	0	2	2	1	0	2	0	2	-	1	2	2	3

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Certainly will	3	5	4	7	6	7	7	8	7	2	3
Quite likely	8	15	14	12	13	14	14	12	12	9	8
50:50 chance	9	8	6	8	9	10	9	5	12	14	5
Unlikely	39	39	30	27	20	35	37	28	23	20	17
Certainly not in the next 12 months	12	15	15	14	16	14	18	17	15	18	21
Won't be buying a car in the future	26	17	30	29	32	19	15	28	32	36	46
Don't Know	2	1	1	2	4	1	1	1	-	2	1

### Q When you come to buy a car is it most likely to be:

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Used car, petrol	44	44	44	56	50	43	43	29	39	41	44	44	47	50
Used car, diesel	24	27	22	16	27	28	29	27	17	22	25	27	27	18
Used car, hybrid	2	2	3	2	2	2	3	2	2	2	3	2	2	1
Nearly new (up to 9 months old) used car, petrol	5	5	5	7	5	4	4	5	4	5	4	6	6	6
Nearly new (up to 9 months old) used car, diesel	3	2	3	1	1	4	4	2	4	4	3	2	1	-
Nearly new, (up to 9 months old), used car, hybrid	1	0	1	0	0	0	-	2	1	1	0	0	-	-
New car, petrol	8	9	7	5	5	5	5	14	15	12	8	5	3	9
New car, diesel	5	4	5	3	2	5	5	9	5	6	4	4	3	4
New car, hybrid	1	1	1	1	0	0	0	0	2	1	1	1	-	1
Don't Know	8	7	9	8	7	7	7	10	11	6	8	10	10	10

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Used car, petrol	54	44	47	41	41	39	44	38	53	25	35
Used car, diesel	18	24	29	32	21	29	25	29	21	33	16
Used car, hybrid	4	1	1	-	-	2	2	2	3	3	3
Nearly new (up to 9 months old) used car, petrol	4	6	3	1	7	7	8	10	2	3	-
Nearly new (up to 9 months old) used car, diesel	0	4	1	5	4	3	5	1	2	3	3
Nearly new, (up to 9 months old), used car, hybrid	1	0	-	2	-	1	-	-	1	-	1
New car, petrol	5	8	3	1	4	8	6	8	8	12	23
New car, diesel	1	5	1	11	10	6	6	5	2	2	7
New car, hybrid	0	1	1	2	-	-	-	1	2	-	-
Don't Know	10	6	13	4	9	6	4	7	7	18	12

### Q If you buy a car in the future, where do you think you will get it from?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Franchised dealer (part exchange)	25	22	28	14	17	26	29	28	34	32	25	23	13	21
Private sale	23	27	20	31	38	25	21	11	10	17	23	27	30	22
Franchised dealer (buy direct)	22	24	20	18	14	24	20	32	24	29	24	17	15	12
Independent used vehicle dealer (buy direct)	9	10	8	8	7	9	14	8	9	8	9	10	9	9
Family or friend	9	9	9	19	10	9	7	4	3	6	7	12	13	14
Internet trader	7	7	6	11	13	7	4	1	0	3	9	5	11	4
Car supermarket	6	7	4	5	6	9	4	5	3	7	6	5	4	3
Independent used vehicle dealer (part exchange)	5	6	5	1	5	6	6	6	8	6	5	4	6	3
Auction	4	5	3	9	4	4	3	4	3	3	3	7	6	3
Other	4	3	5	6	2	3	5	3	4	3	3	3	5	8
Don't Know	7	5	9	6	7	5	7	7	9	5	6	7	8	11

**Q If you buy a car in the future, where do you think you will get it from?**

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Franchised dealer (part exchange)	16	27	22	22	22	30	26	26	25	23	29
Private sale	26	23	24	30	32	23	19	23	21	17	22
Franchised dealer (buy direct)	22	24	15	26	35	23	21	15	20	19	29
Independent used vehicle dealer (buy direct)	4	11	7	9	3	11	11	10	11	14	6
Family or friend	12	5	15	6	6	7	15	6	8	10	6
Internet trader	8	7	6	6	9	6	5	7	11	1	2
Car supermarket	13	5	2	2	2	4	8	3	6	3	5
Independent used vehicle dealer (part exchange)	4	6	9	7	3	5	5	4	6	1	4
Auction	9	4	3	-	3	2	5	3	4	4	8
Other	6	3	4	-	5	3	2	8	4	8	-
Don't Know	11	5	7	8	6	4	5	7	8	7	8

**Q How might the severe economic conditions affect your decision on changing your car?**

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Will not replace car	42	40	44	31	39	42	43	43	51	43	38	44	46	43
Insufficient personal funds	15	15	16	27	20	18	14	11	7	13	18	17	14	13
Rising motoring costs	12	12	11	20	14	9	13	9	9	10	13	11	14	9
Rising household costs	11	10	12	12	17	11	9	11	6	7	12	13	12	11
Worried about job security	8	8	8	9	10	10	13	6	1	9	7	10	6	3
Made redundant	7	8	6	4	13	11	10	3	1	8	6	8	6	3
Too low part-exchange	6	8	5	3	6	9	6	8	5	8	6	6	6	7
Lack of car finance	5	7	4	12	7	5	4	5	3	4	8	4	5	5
Postpone short term	4	5	3	3	3	3	2	7	5	6	5	1	3	1
Postpone indefinitely	3	3	2	1	0	2	4	4	4	3	3	3	2	2

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Will not replace car	40	49	51	43	15	38	41	48	38	40	35
Insufficient personal funds	14	13	16	11	23	14	22	12	19	12	16
Rising motoring costs	14	11	7	13	10	15	16	10	14	9	10
Rising household costs	15	10	9	11	7	13	10	15	13	9	7
Worried about job security	6	8	4	6	20	11	8	9	7	3	11
Made redundant	6	8	5	8	8	7	11	6	6	6	9
Too low part-exchange	5	5	4	5	5	6	12	10	5	7	8
Lack of car finance	9	5	3	5	4	7	6	5	5	4	8
Postpone short term	3	4	3	3	4	5	4	3	5	6	6
Postpone indefinitely	4	3	1	5	2	3	3	1	2	4	3

## Q What steps might you take in the recession to reduce your personal motoring costs?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Walk more often	38	34	42	50	38	38	36	38	34	39	39	38	34	39
Drive more economically	31	34	27	25	32	30	32	30	33	32	30	31	29	28
Avoid short journeys	30	28	32	33	35	29	30	31	24	29	34	29	26	29
Reduce car trips	30	28	32	27	33	23	31	32	33	28	32	31	28	24
Use public transport	22	21	24	28	17	14	16	30	31	25	22	18	21	21
Change to lower CO <sub>2</sub> car	19	22	17	13	17	20	23	23	18	23	19	20	13	13
Car sharing	16	16	16	35	22	19	12	8	8	18	17	14	15	12
Car with lower road tax	13	13	13	5	11	15	15	19	11	12	14	14	13	11
Cycle whenever possible	11	13	9	17	12	13	12	10	4	11	12	12	8	10
Car with lower insurance premium	11	11	10	9	9	11	11	14	9	9	9	15	9	11
Car with lower maintenance costs	9	10	8	7	10	11	11	8	7	10	9	10	7	5
Reduce number of cars	4	5	4	2	6	5	4	4	4	6	3	5	3	2
Car with lower depreciation	3	4	3	-	5	3	2	4	5	6	2	3	3	3

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Walk more often	43	43	43	29	20	48	37	34	43	30	23
Drive more economically	26	29	31	31	12	35	32	31	31	40	34
Avoid short journeys	34	30	32	30	28	35	32	26	24	19	34
Reduce car trips	26	31	37	31	14	37	40	22	24	30	24
Use public transport	42	20	16	15	18	30	22	19	26	16	13
Change to lower CO <sub>2</sub> car	14	19	22	18	22	20	26	19	16	19	18
Car sharing	17	16	17	17	17	13	15	11	21	21	16
Car with lower road tax	9	11	13	10	13	14	20	15	10	12	19
Cycle whenever possible	10	12	12	10	9	14	12	12	10	8	11
Car with lower insurance premium	9	10	8	15	9	9	16	13	8	6	14
Car with lower maintenance costs	6	10	9	9	6	7	11	14	6	12	11
Reduce number of cars	4	5	3	2	5	5	6	4	5	3	3
Car with lower depreciation	5	2	1	2	3	8	1	5	4	4	6

## Q What might you look for in a car when the economic recovery eventually comes?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Car with better fuel consumption	32	33	31	23	31	34	38	39	23	40	29	29	26	29
Car with lower road tax	20	17	22	22	16	23	17	25	16	17	20	19	24	24
Same type of car	19	17	21	12	17	16	20	24	21	19	20	18	16	17
Car with lower CO <sub>2</sub>	18	19	16	11	21	19	17	20	16	22	18	15	12	14
Car with lower maintenance costs	16	15	16	22	12	18	17	14	11	16	19	13	12	16
Best possible part-exchange price	15	14	17	9	16	15	16	15	17	17	16	12	15	13
Smaller car	14	14	14	17	10	11	12	17	18	12	12	18	17	12
Used car instead of new car	14	15	13	20	12	14	16	11	11	13	14	14	16	13
Car with lower depreciation	6	8	4	3	7	5	6	8	7	9	7	2	3	9
New car instead of used car	6	6	5	9	6	5	4	5	6	7	6	3	6	4
Higher specification/ performing car	5	6	4	9	10	4	7	3	1	6	7	4	4	-
Low interest credit	5	5	5	11	5	5	3	7	2	3	8	6	5	1
Bigger car	5	5	5	6	10	6	4	1	2	5	3	6	5	3

### Q What might you look for in a car when the economic recovery eventually comes?

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Car with better fuel consumption	30	33	30	33	21	39	37	36	29	41	21
Car with lower road tax	13	17	18	15	10	28	25	23	16	24	28
Same type of car	11	27	18	16	8	24	18	14	15	22	18
Car with lower CO <sub>2</sub>	20	17	19	21	25	25	13	18	18	19	9
Car with lower maintenance costs	17	14	10	8	20	19	27	13	16	15	13
Best possible part-exchange price	14	18	12	9	10	13	26	12	14	18	15
Smaller car	14	12	13	17	23	8	17	14	15	11	19
Used car instead of new car	13	16	15	22	9	12	12	13	11	14	13
Car with lower depreciation	5	6	6	4	4	9	4	7	9	7	7
New car instead of used car	4	5	3	9	-	9	5	7	8	5	7
Higher specification/ performing car	4	8	6	3	9	4	5	3	2	5	4
Low interest credit	5	3	7	1	-	3	5	3	7	6	13
Bigger car											

### Q Which of the following measures are you prepared to take to reduce your personal motoring carbon footprint?

	Total	Men	Women	17-24	25-34	35-44	45-54	55-64	65+	AB	C1	C2	D	E
Walk more often	39	37	42	52	37	43	35	40	32	43	40	35	34	40
Cut out unnecessary journeys	32	30	35	27	31	35	38	34	26	34	33	30	31	29
Avoid short trips	22	22	22	32	20	28	24	17	13	23	24	22	15	25
Buy a car with lower carbon dioxide emissions	21	23	20	9	16	23	27	27	21	27	19	21	14	17
Buy a smaller car	20	20	21	17	19	20	20	25	18	20	19	23	21	20
Check tyre pressures frequently	19	22	17	15	21	22	17	18	19	20	21	20	13	17
Accelerate less quickly	19	23	14	17	19	17	18	23	20	21	19	18	17	12
Use public transport more often	19	17	20	22	14	13	15	24	28	22	20	13	19	14
Drive more slowly	19	19	18	17	16	20	21	14	22	17	21	20	17	15
Avoid heavy braking	18	20	15	21	17	12	18	22	19	22	18	17	11	12
Reduce annual mileage	16	18	14	15	14	16	16	18	17	17	14	16	17	19
Car share whenever possible	15	13	18	30	21	19	11	6	10	19	17	12	11	8
Switch off air conditioning at every opportunity	14	14	15	9	18	16	16	16	10	18	14	11	14	11
Cycle more often	11	13	9	19	14	13	8	12	4	12	11	12	9	6
Drive at off-peak times whenever possible	6	7	6	2	5	3	4	9	13	8	6	6	5	5
Work from home	6	6	7	7	8	8	8	5	1	7	9	4	2	4

### Q Which of the following measures are you prepared to take to reduce your personal motoring carbon footprint?

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/Humb	North West	North	Scotland
Walk more often	50	40	39	26	32	45	40	38	41	32	35
Cut out unnecessary journeys	33	36	32	28	14	42	45	26	27	31	26
Avoid short trips	29	25	19	18	31	21	19	18	18	14	25
Buy a car with lower carbon dioxide emissions	15	23	22	22	16	23	25	22	20	28	15
Buy a smaller car	15	23	15	12	20	14	27	28	15	21	25
Check tyre pressures frequently	15	21	20	15	17	22	21	17	17	23	20
Accelerate less quickly	16	20	22	19	20	19	18	16	14	18	25
Use public transport more often	35	18	11	14	17	19	13	16	28	17	14
Drive more slowly	11	20	11	20	16	18	20	18	21	30	21
Avoid heavy braking	15	20	17	17	13	14	16	16	19	20	23
Reduce annual mileage	14	18	20	9	13	16	21	15	14	12	17
Car share whenever possible	12	15	16	14	11	16	14	11	23	23	15
Switch off air conditioning at every opportunity	16	16	11	17	18	16	20	10	11	14	9
Cycle more often	14	11	12	8	7	18	9	13	10	9	9
Drive at off-peak times whenever possible	6	10	6	2	2	7	8	7	3	5	4
Work from home	9	10	8	6	3	6	1	4	5	3	4

## Research

The BCA Used Car Market Report is based on information from Omnica, the Society of Motor Manufacturers and Traders (SMMT) and many other trade and industry sources.

In addition, a consumer survey was carried out by BMRB International, based on interviews with 2,000 respondents, representative of the UK adult population aged 17 years and over. Fieldwork for this research was undertaken during March 2009.

The Used Car Market Report was written and produced for BCA Vehicle Remarketing by Professor Peter N C Cooke and the automotive group at The Centre for Automotive Management, University of Buckingham Business School, The University of Buckingham, Buckingham, MK18 1EG

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