

A large, stylized red 'C' shape that frames the main text. It is composed of two thick, curved segments that meet at the top and bottom, leaving a white space in the center.

COMMUNICORUK

MOTORS UPDATE 28/05/20

IDEAS THAT **INSPIRE**
RELATIONSHIPS THAT **COUNT**
RESULTS THAT **MATTER**

"With the car showroom off limits, dealers are being forced to adapt their selling methods. Historically, online car sales have been slow to catch on, but the current lock down has given online car selling fresh impetus."

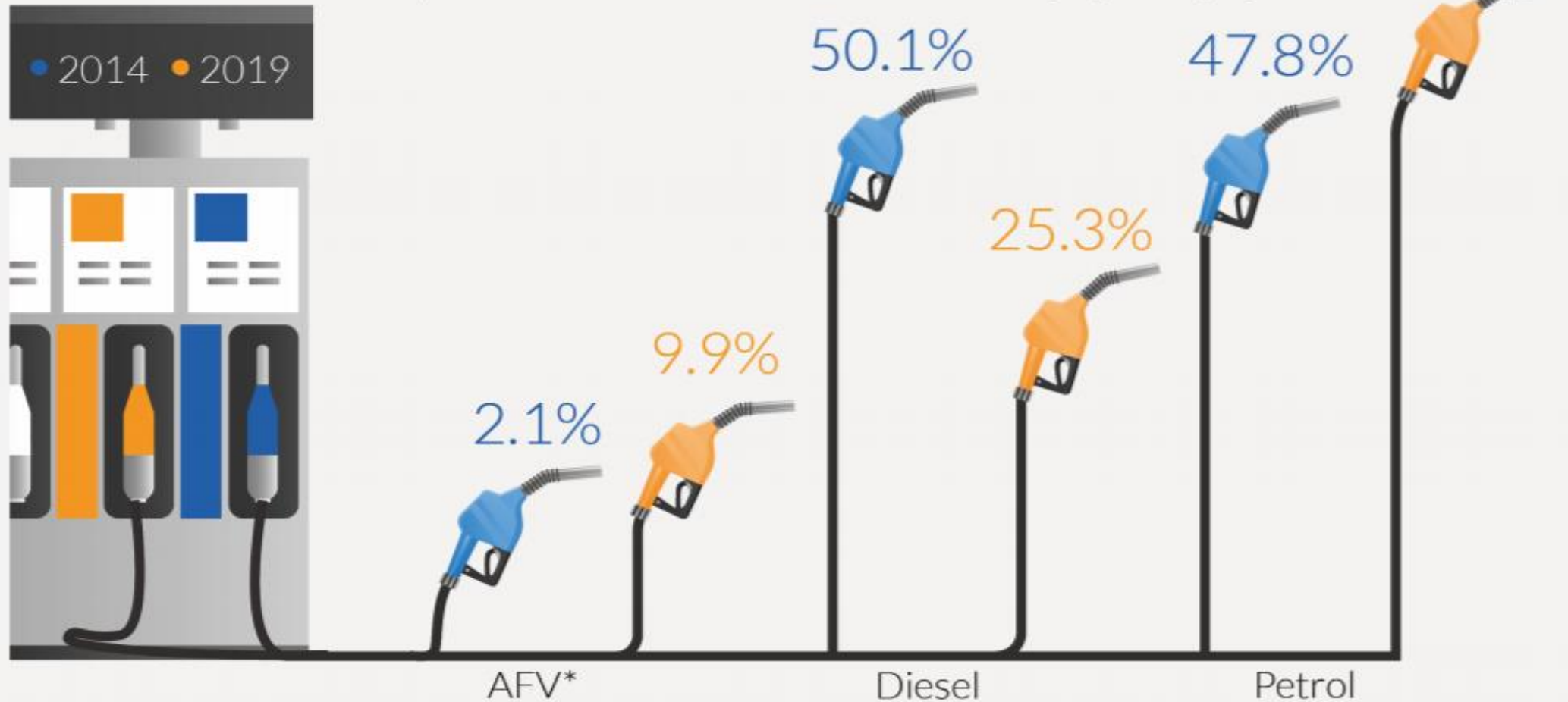


PRE-PANDEMIC

Interest in diesel fades amongst purchasers

Sales of new cars by fuel type

Increases in taxation, the 'Dieselgate' emissions testing scandal and worries about air pollution have all helped reduce interest in diesel as a fuel resulting in it taking a reduced 25.3% of new sales in 2019. Petrol has benefitted from this demise with AFVs also making significant progress.

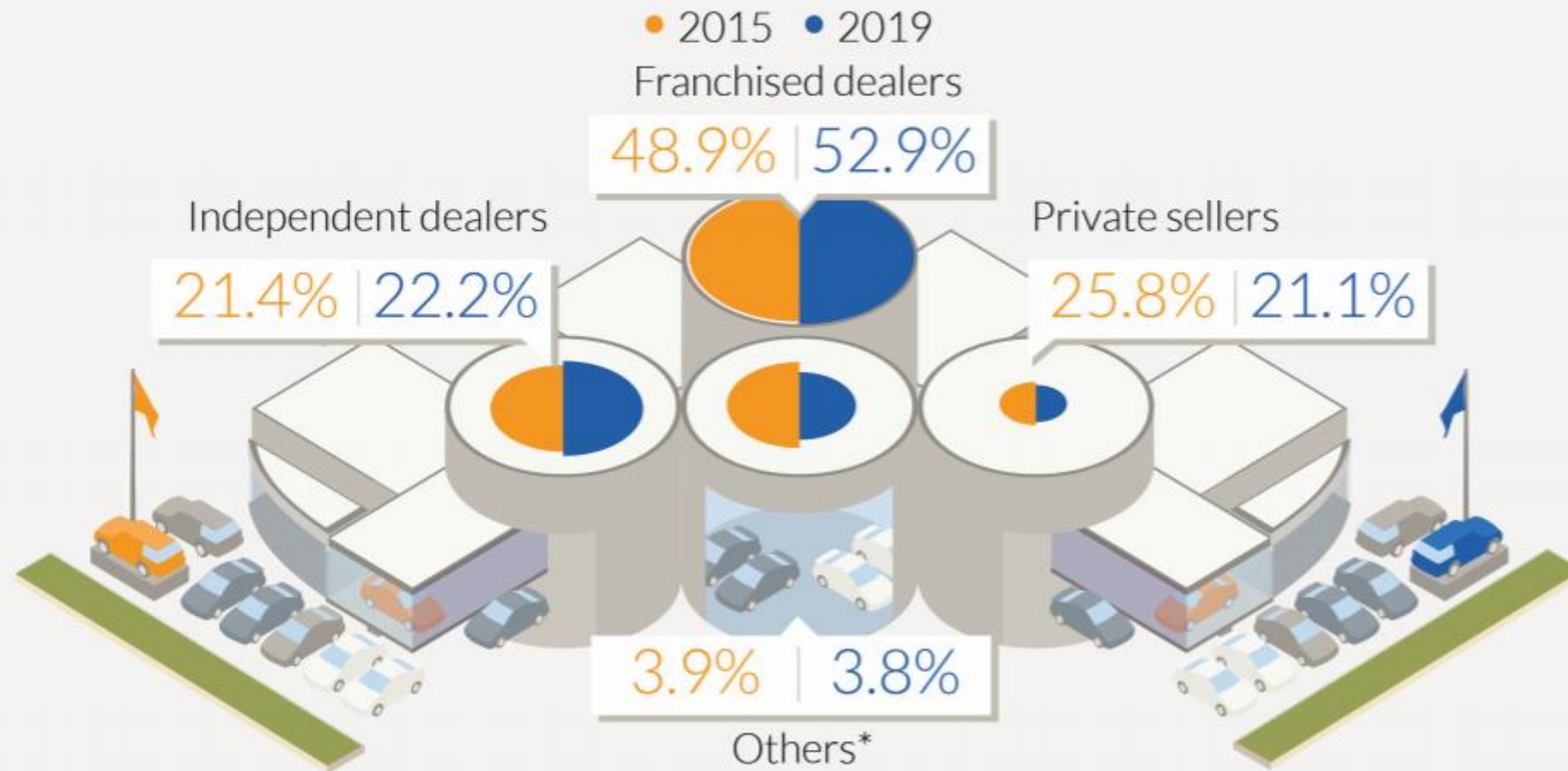


Note: * Alternative Fueled Vehicle includes vehicles sold into private, fleet and business sectors | Source: SMMT/Mintel

Franchised dealers dominate the car market

Sales of cars, by channel

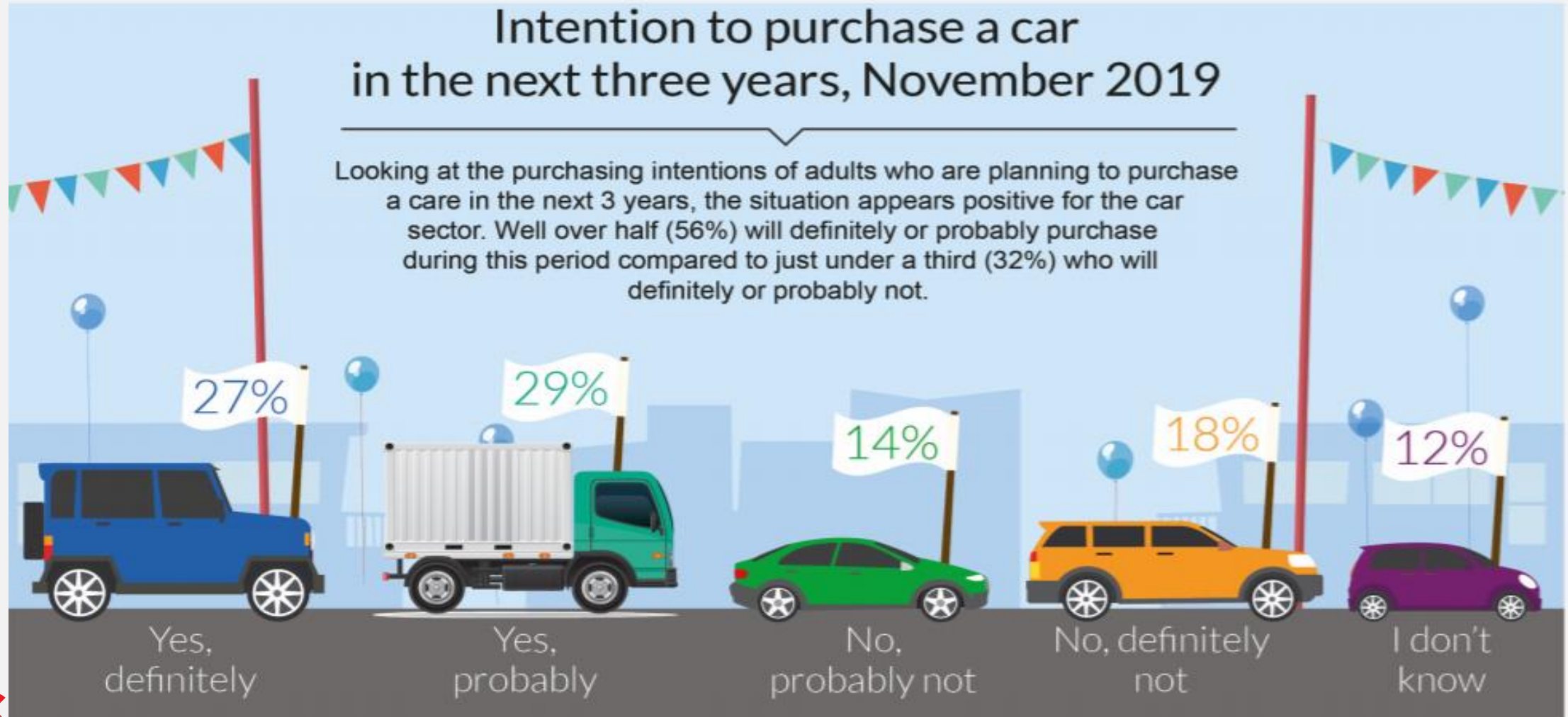
Franchised dealers are the main channel for car purchasing benefitting recently from rising new car sales. Independent dealers are also performing well as a result of a strong used sector. In contrast private sellers have seen their profile decline while other methods of purchasing have, as yet, failed to make any significant progress.



More adults plan to buy than not buy in the next 3 years

Intention to purchase a car in the next three years, November 2019

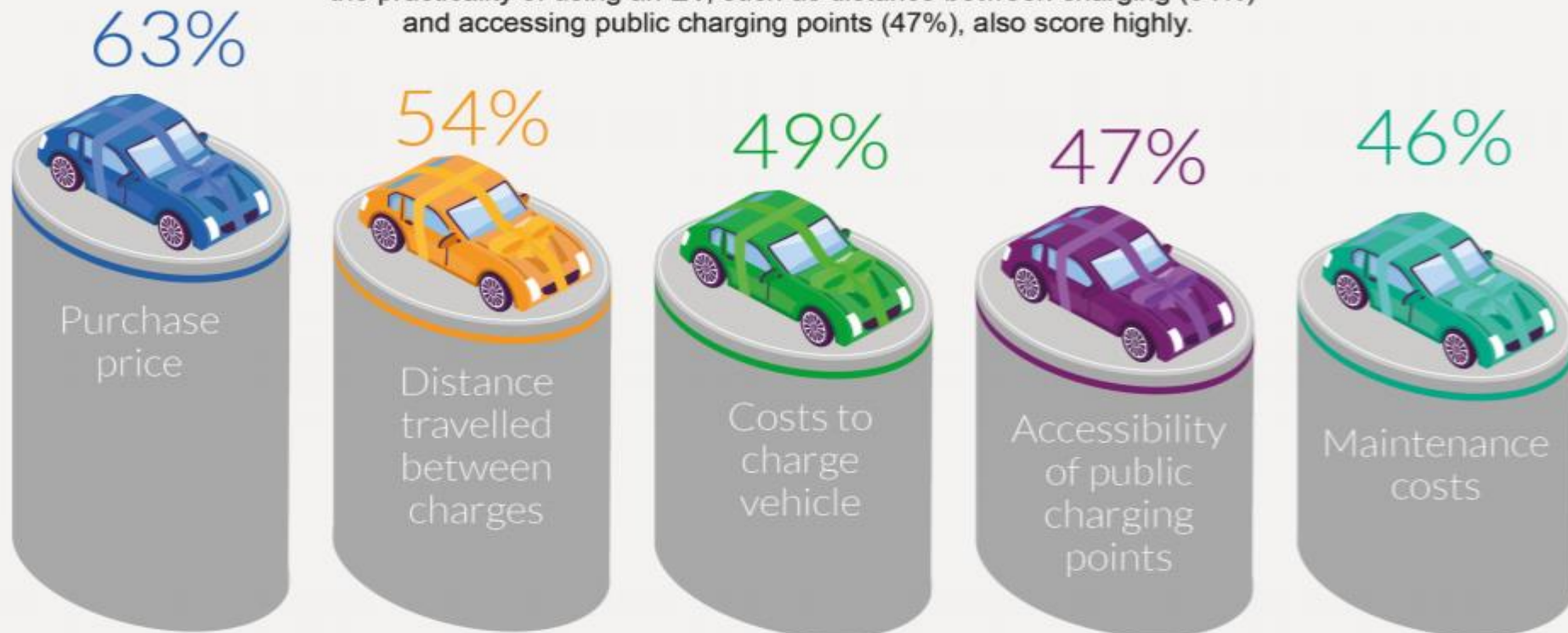
Looking at the purchasing intentions of adults who are planning to purchase a car in the next 3 years, the situation appears positive for the car sector. Well over half (56%) will definitely or probably purchase during this period compared to just under a third (32%) who will definitely or probably not.



Cost are important when considering an electric car

Purchasing an electric car, (top 5 features), November 2019

When looking at a 100% electric car costs are important for potential buyers. Purchase price (63%), costs to charge (49%) and maintenance costs (46%) are all significant. Only the practicality of using an EV, such as distance between charging (54%) and accessing public charging points (47%), also score highly.





CURRENT SITUATION

Online car buying solutions to circumnavigate COVID-19 lock down restrictions



- SMMT are forecasting a **25% fall** in new car registrations in 2020, as a result of the COVID-19 coronavirus pandemic.
- The car showroom, the natural purchasing channel for buyers, is **closed** during the virus crisis.
- Likely expansion of online car buying solutions to circumnavigate lock down restrictions and make it easier and more convenient for customers to buy a car **online** without the need to visit the showroom.



COVID-19 to impact car sales more severely than damage caused by Brexit uncertainty



- Already reeling from a slump in sales in 2019, the COVID-19 coronavirus pandemic threatens to impact car sales far more severely than the damage caused by Brexit uncertainty last year.
- In early April, the Society of Motor Manufacturers and Traders (SMMT) downgraded its interim market outlook for 2020 to **1.73 million registrations**.
- This is 25% lower than the 2.31 million units registered in 2019.

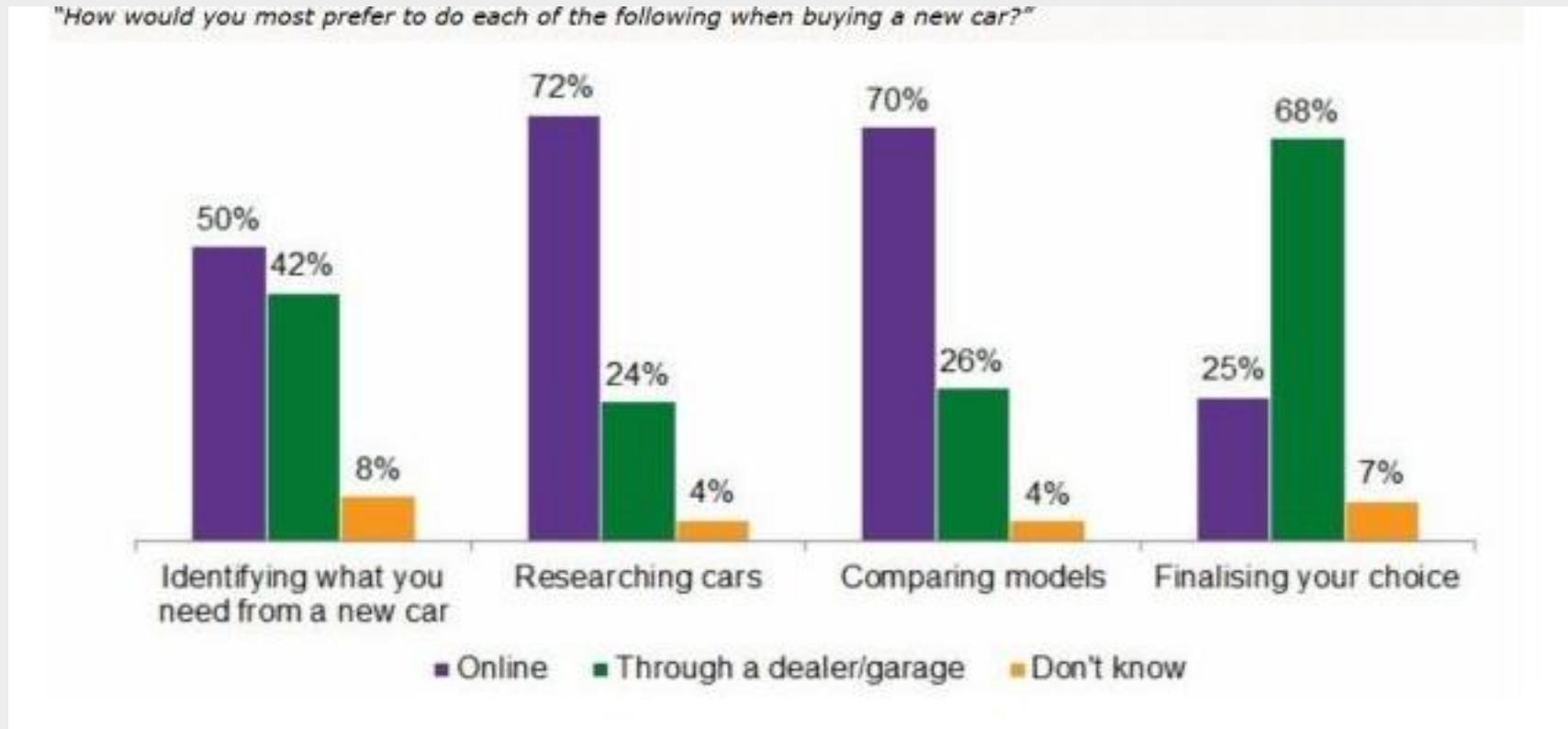


Car registrations slump

- **Car registrations slump 44.4% in March as COVID-19 crisis hits market**
- According to figures published by the SMMT, 203,370 fewer cars were registered in March 2020 than in March 2019,
- The industry was hit by showroom closures to contain the spread of the COVID-19 coronavirus.
- With the car showroom off limits, the focus has turned to online car buying solutions.



Barriers to online car purchasing holding back online car sales



While much of the car purchasing process can be done online, very few buyers are prepared to complete the purchase online. The car showroom is a crucial touchpoint in the car buying journey, giving buyers the opportunity to test drive before purchasing. With consumers being forced to source more of their purchases online, there has never been a more opportune time for car dealers to come up with solutions that make it easier and more convenient for customers to buy a car online.



Virtual tours and kerbside delivery make the online car buying process easier and more convenient



Over the past month we have seen a number of innovative solutions introduced by car dealers to maximise online car buying convenience:

- **Seat's** Live Showcase service enables customers to speak with a dedicated expert and experience the car they are interested in, without having to leave their home.
- **Skoda** is demonstrating its cars to customers via the digital Skoda Virtual Showroom, which enables prospective buyers to receive a live interactive product demonstration from a Skoda product specialist from the comfort and safety of their home.
- **Renault UK** has opened a Virtual Showroom for potential customers to get up close and personal with its cars while they're stuck at home. Experts on the Virtual Showroom platform at renault.co.uk and dacia.co.uk take them on a live walk round selected vehicles. **Dacias** can be bought end to end fully online via the Dacia Buy Online system – including finance approval and home delivery once dealerships have reopened – while Renault and Dacia's new Remote eSign portal lets the buyer complete and sign finance documents remotely.
- **Motorpoint**, which has a network of thirteen branches across England, Scotland and Wales, has launched a free home delivery service to customers within a 100-mile radius.
- **Rockar** is piloting a new free Contactless Handover service to ensure cars can be delivered safely and directly to a customer's home.
- **BuyCar.co.uk** is arranging 'contactless handover' of cars and **Carwow** and its partner dealers are offering a 'delivery & disinfection' service for home test drives and the option to purchase 100% remotely, with the delivery driver dropping the necessary documents through the customer's letter box for a contactless buying experience.



SMMT's Reasons to #unlockauto



REASONS TO #UNLOCKUKAUTO

RETAILERS ARE READY

Dealers have been preparing to reopen for weeks, with many already offering 'click and collect'.

New cleaning and test-drive processes, contactless handovers, appointment systems and showroom layouts will keep customers and staff safe, helping get Britain back on the move.

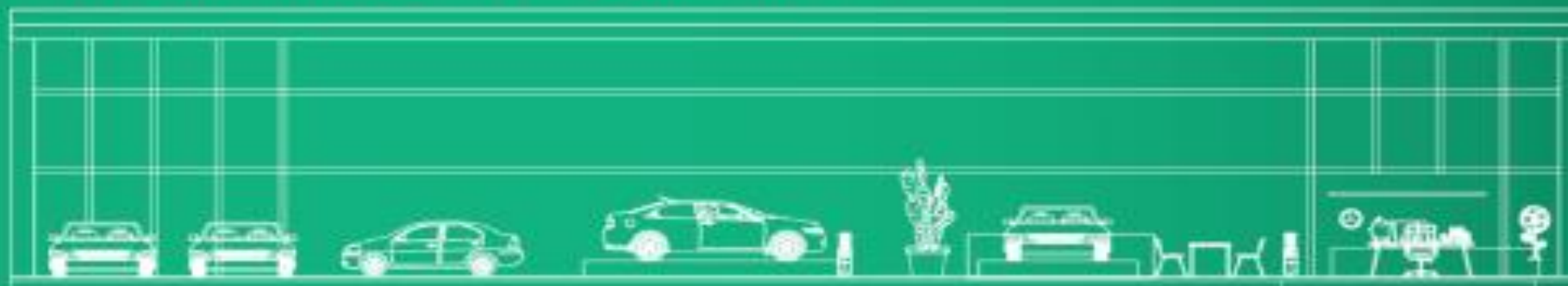


SMMT's Reasons to #unlockauto

REASONS TO #UNLOCKUKAUTO

SAFE SPACES

Car showrooms are some of the easier retail premises to accommodate social distancing. They are generally airy and spacious, with outdoor areas and can easily allow measures such as one-way walkways, shielding, and contactless transactions.



SMMT's Reasons to #unlockauto

REASONS TO #UNLOCKUKAUTO

CUSTOMER DEMAND

Many people were unable to take delivery of new vehicles or shop around as their finance and lease deals came to an end before lockdown, and re-opening showrooms will allow this demand to be fulfilled. Further, surveys suggest that many drivers who don't own a car are now thinking about buying one to help them make essential journeys safely.



SMMT's Reasons to #unlockauto



REASONS TO #UNLOCKUKAUTO

TECHNOLOGY AND CHOICE

There are more than **440** car models to choose from in the UK in shapes, sizes and fuel types to suit all driving needs, with almost a quarter (23%) alternatively fuelled. Re-opening showrooms will help people make the switch to these leaner, greener vehicles, while also benefitting from the latest cutting-edge safety and infotainment tech. >



Key Takeaways



The COVID-19 crisis is putting pressure on all retail businesses, but the pain is likely to be more severe for those sectors that largely rely on face-to-face contact such as car retailing.



With the length of disruption caused by social distancing car dealers need to act fast and offer alternative car showroom buying experiences.



Online car sales have yet to gain much traction but with COVID-19 fuelling an increase in online shopping the pandemic could be the stimulus to boost uptake of online car sales.