

Unlocking the online market

A range of smart new digital strategies from different retailers are driving trade at a tough time

Used car dealerships have had to change their approach to automotive retailing in response to shrinking margins and falling registrations.

Sales in the UK's used car market declined 0.1% in 2019, down 9,935 on the previous year, according to the latest figures from the Society of Motor Manufacturers and Traders.

But retailers have been fighting back with a range of new strategies designed to boost business by harnessing the latest technological advancements in e-commerce that the industry has to offer.

The first step some suppliers have taken is to add 'good' and 'low' price tags to their classified adverts. These price indicators are designed to enable the consumer to make faster and better-informed decisions.

Chris Penny, brand director at AutoTrader, which established three price flags – low, good and great – on some of its for sale vehicles more than three years ago, said the intention was to incentivise retailers to price towards the middle of the market and push consumers in that direction too. In

December, it also introduced fair and high price markers, based on average valuations from what it described as "robust and accurate data."



"It's about giving the consumer more context in the decision-making process – a high-priced car isn't necessarily a badly-priced car, and a low-priced car isn't necessarily a well-priced car," said Penny. "That way it generates more trust in the retailer, enables the consumer to make a well-informed and quick decision, and provides as much information as you would receive in the dealership. The overwhelming majority of consumers say

that they found the price flags helpful in guiding them towards the right vehicle. By the same token, consumers will still click on a high-priced vehicle because they want to find out why it's higher than the average car in the market for a variety of reasons."

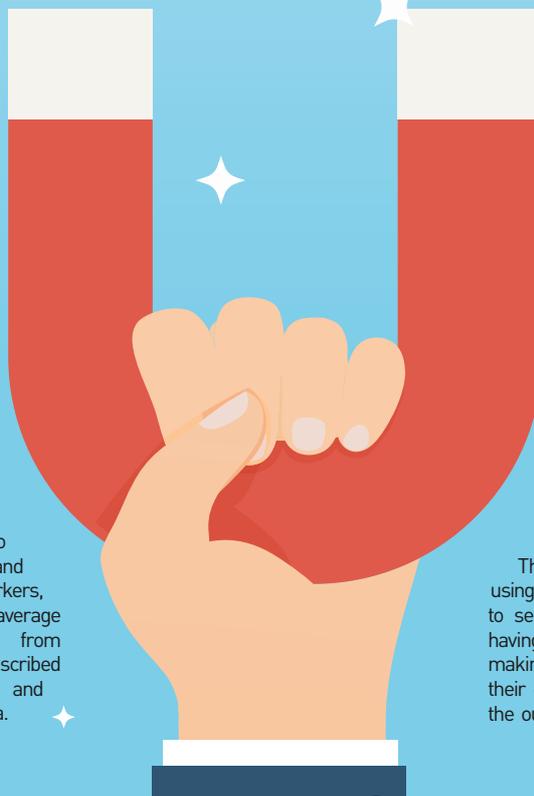
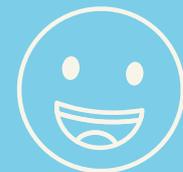
Wendy Harris, vice-president of European sales for CarGurus, which analyses hundreds of thousands of vehicles in the UK daily, and rates deals as great, good, fair, high or overpriced, said the

unbiased ratings make it easier for buyers to search across listings, find the right car for them and make an informed decision about purchasing it. For retailers, the ratings drive better consumer leads, she said.

"It can support retailers in the next stage of the buying journey too, making it easier to achieve the asking price, as buyers who may often want to effectively haggle can already see that the car is fairly priced," said Harris. "It can also help retailers to price cars right the first time, avoiding wasting time with having cars on forecourts that might not be priced accurately."

SPEEDING UP THE STOCK BUYING PROCESS

There has also been a rise in dealers using trade stock portals that enable them to sell between themselves rather than having to stand around in an auction hall making bids. The platforms have come into their own in recent weeks following the outbreak of the Coronavirus and



SPOTLIGHT: USED CARS

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the subsequent clampdown on travel and large gatherings.

Kieran Teeboon, managing director of Dealer Auction UK, which launched in 2008, said that his platform complements the physical auctions and provides dealers with multiple ways to access the market. The newly-relaunched platform, run in conjunction with AutoTrader, also allows dealers to set up alerts for the stock they want to see, ensuring fast turnaround of stock, he said.

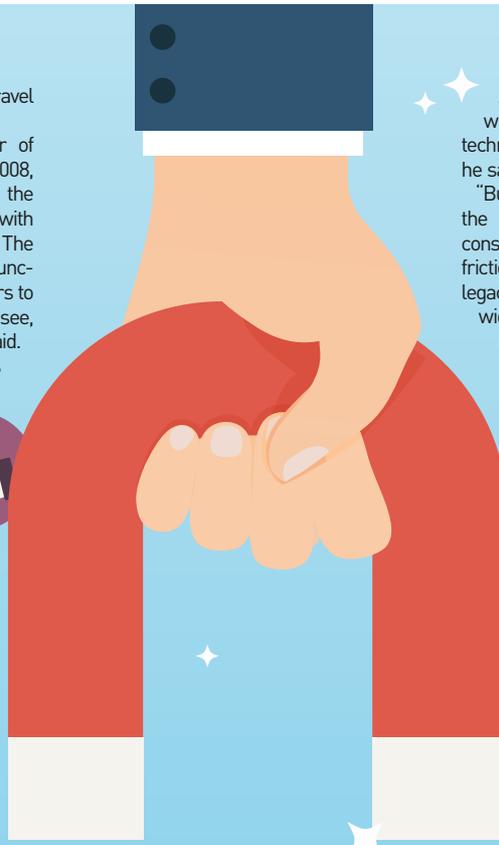
"Trading vehicles isn't a 'one size fits all' approach and, for many dealers, the ability to take advantage of both physical and virtual auctions provides real benefits," said Teeboon. "Indeed, we offer the whole Manheim physical auction catalogue on our platform, alongside our own partners' stock, so dealers have extensive choice when they are looking to buy. Around 600 new vehicles are loaded onto the Dealer Auction platform every day and, combined with the Manheim listings, dealers should have details for more than 7,000 vehicles at their fingertips."

Autorola's group sales director Jon Mitchell said that increasingly more dealers, fleets, manufacturers and daily rental vendors have adopted online trade stock portals as part of their overall remarketing strategy. This is because of the speed of purchase, and time and cost saved on travelling to search for stock, and not having to transport cars to auction, he said.

"We now have 2,000 active buyers and this number has grown in recent years as we have built the trust with buyers that the vehicle they see online with photos and descriptions is the one that will arrive on their forecourt," said Mitchell. "And if in the small number of cases the buyer is not happy with what they have bought, our resolution service gets issues resolved quickly and efficiently."

RISE OF THE ONLINE SALES PLATFORM

The emergence of online used car retail models such as BuyaCar and Cazoo has been another gamechanger. The growth in this market has been fuelled by the need for dealers to widen their reach and sell more cars, a desire to protect margins, and



Amazon-like buying experience, which incorporates facial recognition technology to validate finance applications, he said.

"BuyaCar has demonstrated and refined the concept of online motor retail as consumers increasingly demand that frictionless purchase experience – but legacy sales processes still dominate the wider industry," said Oldham. "Online motor retail will explode in the next five years and dealers will benefit as we build the biggest platform of its kind."

Cazoo's founder and chairman Alex Chesterton said that consumers' buying habits were simply following those of other sectors. His company has tapped into that, enabling the consumer to buy or finance a car online and have it delivered to their door within a few days, which comes with its own opportunities and challenges, he said.

"There are challenges with selling complex products online without any face-to-face interaction," said Chesterton. "And of course offering national delivery is not without challenges. The opportunity, however, is a very large market where even a small share is material."

Online used car finance approvals have also revolutionised used car retailing. Ivendi has been a pioneer in this area with a solution that enables the consumer to receive an instant quote from the lender any time of the day.

Ivendi's CEO James Tew said the key benefit of online used car finance approvals is time saved by both dealer and consumer, as well as the paperwork required. It also makes the whole buying journey more seamless, he added.

"If you want to apply at 7pm and the dealership is closed you can just go online and get credit approval within about seven to 10 seconds, so you're not having to wait around until the following day to find out,"

said Tew. "From the dealer's perspective you are effectively taking the shopper out of the market, and from a consumer standpoint they then have the assurance that everything is now in place to purchase the vehicle once they have been approved for credit." **ALEX WRIGHT**

“IT'S ABOUT GIVING THE CONSUMER MORE CONTEXT IN THE DECISION-MAKING PROCESS”

CHRIS PENNY, AUTOTRADER

customer demand for a frictionless buying experience.

BuyaCar has delivered almost 20,000 vehicles to customers since it was formed in 2002. Its chief executive Andy Oldham said the market for online used car retail has only really taken off now because the industry has realised the sales potential. BuyaCar has taken the lead on this, with the establishment of an

