



The Year of the Used Car

▶ 2018 Report

Executive Summary

We have analysed the used car market while surveying 2,000 future in-market consumers to better understand the needs and expectations of today's used buyers. We found that the used sector represents an under-exploited opportunity for retailers.

Introduction

The new car market has experienced extraordinary growth, often achieving several consecutive years of record annual sales. With the increased use of the internet and digital communications for pre-purchase research, reviews and product information, the way in which cars are bought and sold has changed as dramatically as the vehicles themselves.

However, change is afoot. A 5.7% decline in new car registrations in 2017 may be an early indicator that the new car market is starting to settle down. [1]

Right now, the picture is different across the used sector. The success of PCP finance deals for new cars has flooded the second-hand market with vehicles reaching the end of their three or four-year cycles. These often well-specified vehicles are landing on forecourts with attractive price tags.

Customers have been quick to take notice. Our research shows that nearly 50% of buyers intend to buy used for their next car purchase. This figure rises to 60% amongst those looking to purchase in the two years. [3][4]

But while customers might expect a drop in price they won't accept a drop in service levels compared to buying brand new. Add to this a more informed consumer living in the age of the internet and you can be certain used-car buyer expectations are higher than ever. To capitalise, retailers must stand out.

With over half saying a video tour is an important or essential part of the online used buying experience, the proven success of bespoke, digital communications could be vital for retailers looking to reap the rewards of the 'Year of the Used Car'. [3][5][6]



In 2017 alone
8.1 million
used vehicles
changed hands.
[2]

The Used Car Buyer

Knowing your customers is half the battle, whether used or new. As the industry evolves rapidly, the traditional used car buyer has changed.

Basic demographics can help retailers better understand who is considering buying a used car and whether they're walking into the showroom or enquiring online.

Women are slightly more likely to turn away from the new car market, with over half intending to buy used, compared to 45% amongst men. As for age groups, used vehicles are the most popular option for prospective car buyers aged 25-34 (51%).^[3]

More than ever, first-time buyers are keen on used, with 18-24 year olds far more likely to buy used for their next car purchase (50%) than over 55s (44%), owing to superior value for money and the availability of technology now accessible at a lower price point.^[3]

Yet the latter are far more flexible in their purchasing choice.

In fact, more than a fifth of over 55s are unsure whether their next purchase would be new or used. This reveals a clear opportunity for used retailers who can secure sales by utilising effective marketing and a strong customer journey ^[3] - areas in which digital tools like personal videos can shine.

Figures highlighting the shift to used are extremely encouraging for used retailers, but the deeper needs and changing expectations of today's car buyers mean there's plenty of scope for development.



Three quarters of consumers are either undecided or looking to buy used for their next car - it's the finer details that make the difference when making a sale.^[3]

What do Buyers Want?

Customers who choose to purchase a used vehicle don't expect second-hand customer service. In fact, nearly three quarters of customers expect the same level of customer service regardless of whether they are buying used or brand-new.

Importantly, just under a quarter of buyers have already had a negative experience when buying used, with 28% of those saying it was due to a poor service from the retailer they bought it from. Delivering excellent service levels is crucial.

To capitalise on the used car boom and meet customer expectations, retailers need to bring the new car buying experience to the used car market.

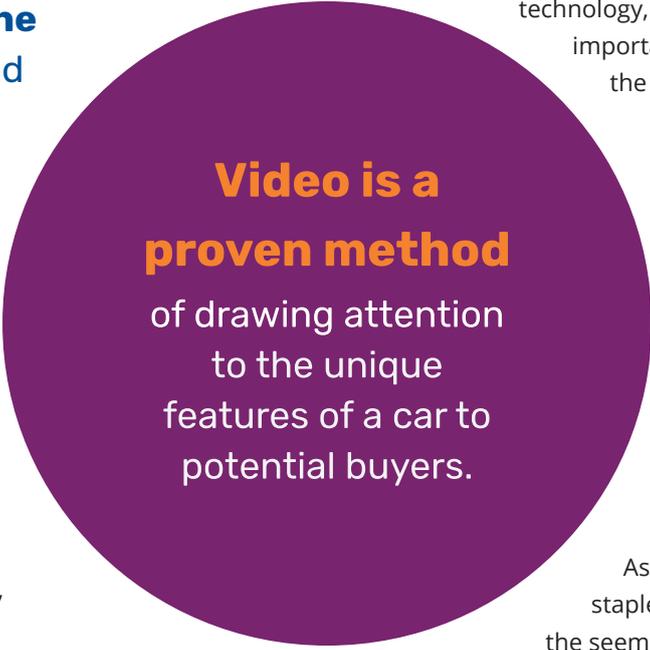
The key is not just to know who is looking for a used car, but what they want from it.

The biggest concerns for used car customers are, unsurprisingly, aspects that relate to the mechanical health of vehicles. The three biggest areas of concern being mechanical reliability, a full service history and bodywork problems.^[3]

New car buying trends are already becoming established in the used market. The rise of advanced technologies in new vehicles have made some gizmos far more accessible to used-car buyers. A fifth of customers are concerned used cars will be equipped with out-of-date technology, making it nearly as important as the reputation of the brand itself (25%).^[3]

Above all, customers want a personal buying experience and a quality product. Given the digital tools at a retailer's disposal today, proving a car is a quality fit for an interested customer is more than achievable.

Aside from the staple elements, even the seemingly insignificant, such as interesting or unusual car gadgets, can emotionally engage a customer, and ultimately help to seal a sale.^[3]



Video is a proven method of drawing attention to the unique features of a car to potential buyers.

Bespoke Buying and Building Trust Through Video

With the majority of negative used car experiences a result of poor mechanical reliability (57%), transparency and trust are essential foundations for retailers to deliver good customer service in the used car market.^[3]

But with more of the customer journey taking place away from the retailer, how can the used car sale remain transparent and trustworthy?

As video has established itself into the retail sector as a whole, it has also formed an essential part of the car buying experience.

Versatility and personalisation has been key to the rise of video in the automotive retail market. Its potential impact on the used car market cannot be understated as it brings the magic of buying a new car to the used buyer.

Whether you're buying a suit or a car, the journey and results are better when they're personalised. Video delivers this tailored experience with genuine results - shoppers who watch video are 80% more likely to commit to a purchase than non-video viewers. The benefits of making a mass-market and pre-owned purchase a more personal experience are evident.^[8]

Research has shown that **nearly three quarters** of consumers prefer to watch a video when researching a product.^[7]

With 30% of used car buyers concerned about a poor service from their retailer, video is an effective way to enhance the customer experience to boost sales.

It's also becoming a requirement with over 50% of customers believing an online video tour of a listed car is an important part of the purchasing journey.^[3]

Moving used car stock has never been so vital, with soaring consumer interest coinciding with record levels of unsold used stock. While video and imagery are recognised as useful sales tools, the evolution of mobile and video technology – making acquiring high-quality video assets easy – has helped turn video into a very real way of selling stock quickly.

▶ The use of video could potentially result in **2.8 million sales** every year from customers who never set foot in automotive retailers.^[9]



CitNOW's Sales and Workshop app alone helped **treble luxury car sales at the Leven Car Company.**



CitNOW Web video reduced the time Volkswagen retailers took to sell a car **by 8.5 days.**

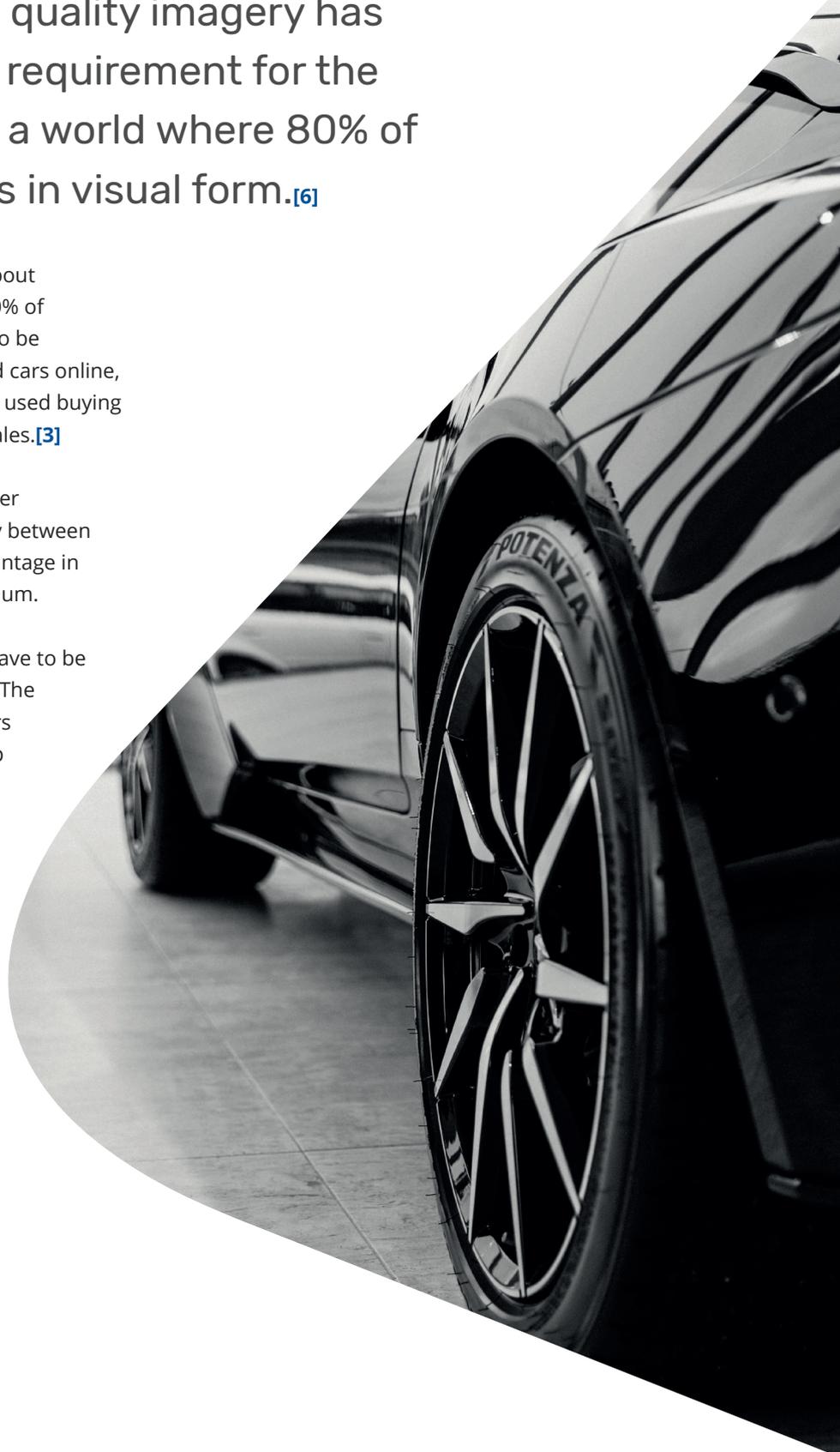
Worth One Thousand Words

If video has a growing reputation as a game-changer for retailers, quality imagery has become an essential requirement for the modern consumer in a world where 80% of internet traffic arrives in visual form.^[6]

Retailers can't afford to be complacent about imagery. Our research found that over 90% of consumers believe high-quality imagery to be important or essential when viewing used cars online, demonstrating imagery adds value to the used buying experience, as well as actually securing sales.^[3]

It makes sense. High-quality imagery better informs a buyer and fosters transparency between customer and retailer; an invaluable advantage in the used market where trust is at a premium.

The good news for retailers is it doesn't have to be the time-consuming process it once was. The days of costly, professional photographers are long behind us. Our intuitive Web app allows retailers to seamlessly capture and upload high-quality content to the web with a detailed listing in just hours, dramatically reducing the time to market a vehicle.



Detail in the Sale

Despite their importance, generic imagery and video is not enough on its own: the devil is in the detail, and the sale might be too.

With bodywork problems or accident damage among the most significant concerns for used buyers (45% and 42% respectively), a more comprehensive catalogue of images can be the difference between an enquiry or a missed opportunity. Nine out of ten consumers thought shots of a car's bodywork were important or essential images when viewing a used car.^[3]

The demand for detail was highlighted in our research which found that almost two in five consumers rated exterior and interior photography among the most important elements of an online vehicle advert.^[3]

Internal imagery is almost as important – perhaps a result of the rise of in-car technology – with 68% of consumers judging 360 interior imagery an essential or important part of an online used car advert, and over 70% saying shots of the in-car technology was essential or important in images or videos sent by their retailer.^[10]

Detail adds to consumer confidence. Customers don't just want to explore the condition of the car itself. Other imagery, such as the car's mileage, are highly desirable too – more than 60% of consumers felt shots of the mileage were essential. That extra minute used to take a more in-depth photograph or video could be what builds trust between the buyer and retailer.



The Final Word

Alistair Horsburgh, CEO, CitNOW



“The ‘Year of the Used’ brings numerous opportunities for retailers, so long as they can successfully engage their customers. Lower price tags and appealing products won’t necessarily secure a sale; trust and transparency could be the elements which tip the balance.

“We can offer the digital tools and training retailers need to appeal and engage the modern, customer. If they can perfect the tailored and personal sale, they can rise above their competitors.”

References

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