Industry Insight

BVRLA

Leasing Outlook

April 2022

Second chance

Used vehicle leasing as a model to combat supply disruption and RV uncertainty

Market spotlight
A world of risk

Quarterly report
PCH and vans drive growth

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Call of Duty

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In association with: AutoTrader, apd Global Research, Solera Vehicle Solutions | cap hpi, International Asset Finance Network Online

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Market Headlines

BVRLA fleet grows 5.1% year-on-year (page 4)

Car fleet up 0.9%; van fleet up 18.8% year-on-year (page 5/6)

BCH down 2%; PCH up 17.3% year-on-year (page 5)

Plug-in vehicles take 45% of new car orders (page 6)

Average BCH contract mileage up 12% year-on-year (page 8)

BEV fleet forecast to rise 41% by Q4 2022 (page 10)

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Executive Panel

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Each quarter, we obtain the views of a selection of members of our Executive Panel to enhance our report insights. To join the panel email Phil Garthside at **phil@bvrla.co.uk**.

Market Summary

While reviewing the market, a senior leasing executive provided a useful summary of the business outlook, saying: “At the moment, you can get yourself into a place where you just see risk.”

His comments related to the growing residual value exposure associated with the surge in sales of electric cars, combined with wider uncertainty around used petrol and diesel vehicle prices. In the current climate, though, he might have been referring to almost any aspect of the leasing market.

Even before adding the economic implications of the tragedy unfolding in Ukraine to the mix, industry leaders were aware the future was particularly hard to predict.

Will there be sustained economic growth after the pandemic? How much will inflation grow and how will it affect business customers and consumers? What impact could disruption to supply chains and extended lead times have on buying behaviour? How could leasing demand be affected by any government action to recoup the costs incurred during the pandemic?

In this environment, agility and innovation become an important cornerstone of business growth, enabling leasing companies to adapt to market changes, however rapidly they appear.

For example, executives see an emerging opportunity to develop used vehicle leasing, particularly for electric vehicles.

Creating a secondary leasing market has two benefits. Firstly, it adds a layer of protection from residual value uncertainty, as a vehicle spends a greater proportion of its life on lease before it is sold.

Secondly, it creates new revenue streams that expand the customer base for leasing services, while also providing additional mobility options to drivers if lead times for a new car are too long.

This reflects the fact that the secret of long-term success for leasing companies will continue to be maintaining their laser-like focus on the customer and providing the services they require.

Therefore, recently proposed Consumer Duty regulations from the Financial Conduct Authority are seen as, potentially, a positive step forward to making legislation fit for the real-world, particularly if it means the beginning of the end for restrictive and out-of-date compliance standards set out in the nearly 50-year-old Consumer Credit Act.

Leasing executives see an opportunity to increasingly focus on the spirit of the legislation, with the customer at the centre, instead of being forced to communicate with ‘magic words consumers may not even understand’.

The coming year may be framed by risks, but with the right outlook leasing leaders can see a market rich in opportunities.

BVRLA Fleet Update

Q4 2021 saw strong annual growth for the BVRLA leasing fleet, with a 5.1% year-on-year increase in the car and van numbers taking it above pre-pandemic levels. Commercial vehicles were the engine of growth as the van fleet increased by nearly 80,000 units. PCH and BCH maintained their opposing growth trajectories; personal leasing took a larger share of the fleet, while business leasing declined, but at a slower pace, promising a potential return to growth during 2022.

“We see plenty of pockets of opportunity, a lot more than we have supply to fulfil, but the market is a moving picture, especially with inflation; for wages, I have never seen anything like it.”

BVRLA Fleet Focus Q4 2021

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BVRLA DATA HUB

Overall fleet

Total fleet
1,876,426
(+5.1% YEAR-ON-YEAR)

Share of total fleet

	Q4 2020	Q4 2021
Cars	76%	73%
Vans	24%	27%

BVRLA fleet exceeds pre-pandemic levels as outlook improves

TREND
+91,472
(YEAR-ON-YEAR)
Total fleet size

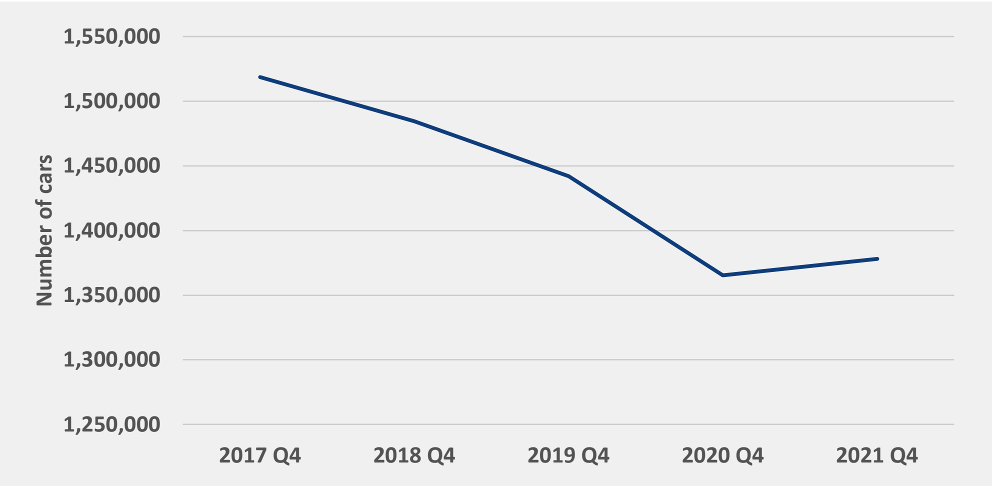
A strong end of year performance from BVRLA members took their combined car and van fleet beyond pre-pandemic levels during Q4 2021.

The increase of 5.1% was the strongest in four years and takes the overall fleet size to a level last seen in early 2019.

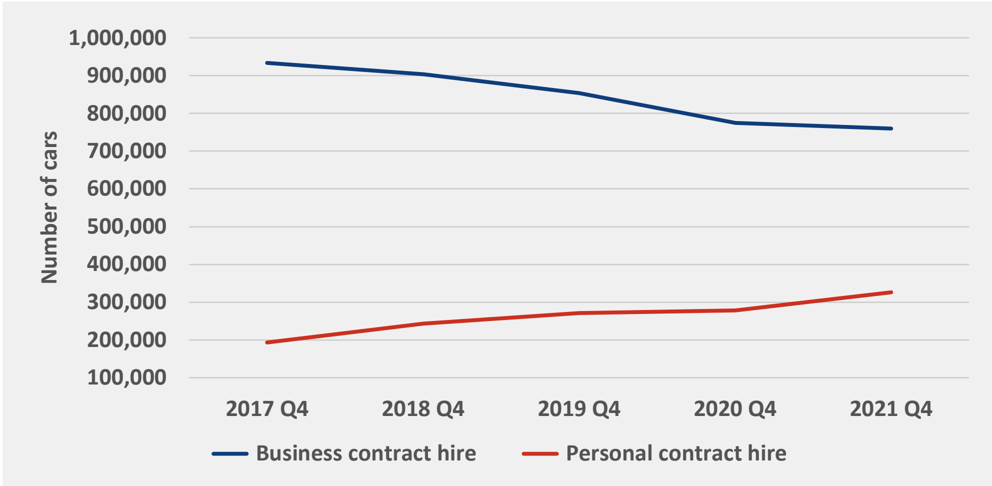
The commercial vehicle fleet continues to drive the majority of growth, accounting for 86% of the year-on-year gains with an increase of nearly 19% in the fleet. The initially slow recovery of the car fleet seems to be gathering pace, increasing from a year-on-year rise of 0.5% last quarter to almost 1% for Q4 2021.

BVRLA Fleet Focus Q4 2021

Total car fleet



BCH v PCH car fleet



BVRLA car fleet takes next step on long road to recovery

The BVRLA car fleet saw the pace of year-on-year growth nearly double compared to last quarter. The recovery still remains modest at 1%, but the addition of 12,736 vehicles represents the second consecutive quarter of overall growth.

The consumer fleet is entirely responsible for annual car fleet growth, with a year-on-year increase of more than 54,000 units. In the business car fleet, year-on-year declines are slowing, but still remain. For Q4 2021, the fleet was down nearly 42,000 units on the same period in 2020. However, there is growth compared to last quarter, so the first reports of a year-on-year increase are getting closer, possibly by Q4 2022.

TREND

1,378,146
(+0.9% YEAR-ON-YEAR)
BVRLA CAR FLEET

Consumer fleet drives growth as industry awaits BCH recovery

Increasing demand for PCH continues to drive growth in the BVRLA car fleet. Year-on-year growth of more than 17% is a strong finish to a year during which the fleet has increased by nearly 50,000 units.

The pace of growth accelerated during the year, reflecting strong market demand for personal leasing products. Although the BCH fleet fell by 2% year-on-year, it remains a crucial part of the BVRLA fleet, accounting for 55% of cars, and there are signs of recovery ahead. The fleet is bigger than last quarter and annual declines are much lower than in 2020, as the BCH fleet edges towards annual growth during 2022.

TREND

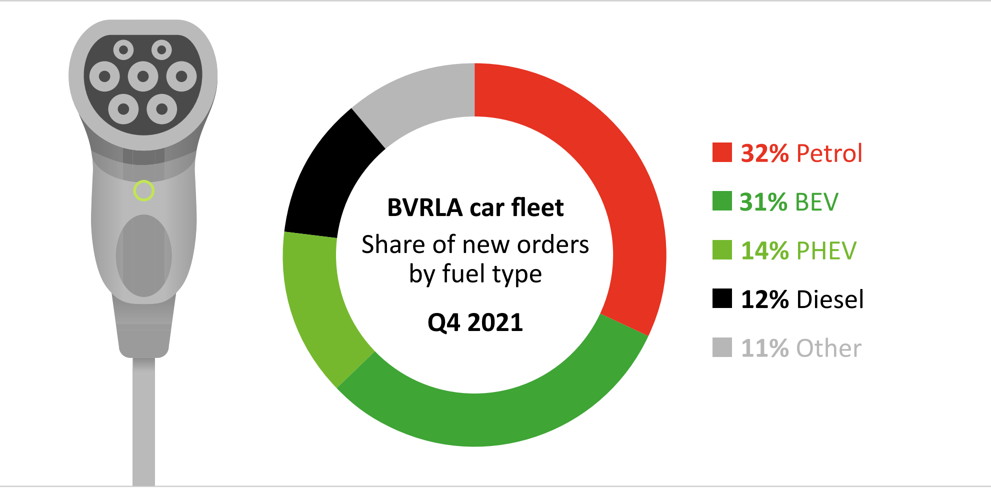
759,527
-2% (YEAR-ON-YEAR)
BCH CAR FLEET

TREND

326,041
+17.3% (YEAR-ON-YEAR)
PCH CAR FLEET

BVRLA Fleet Focus Q4 2021

Car fuel choices



EVs join the mainstream as plug-in demand accounts for one-third of new orders

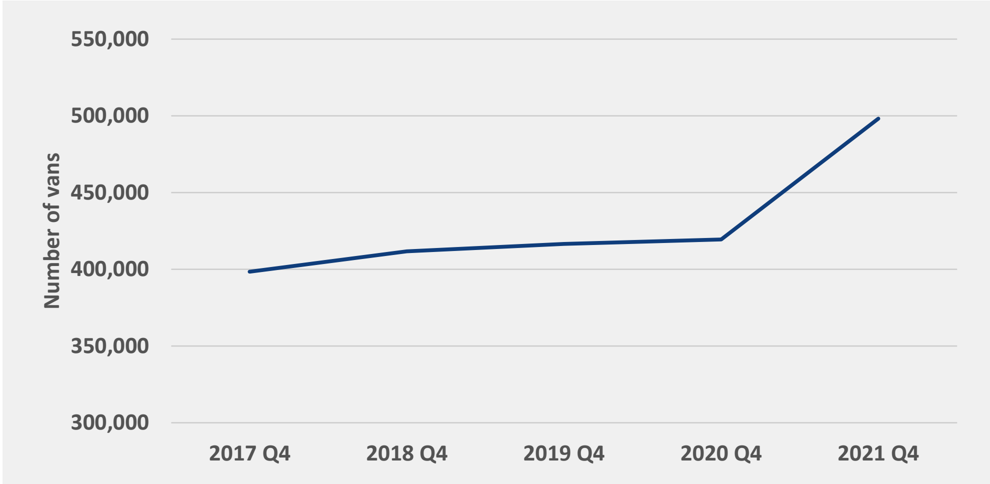
Electric vehicles almost took the crown as the most popular new car among BVRLA customers during Q4 2021, accounting for 31% of orders.

Taxation remains the key factor behind demand as drivers can slash their bills by going electric, particularly if they are part of a salary sacrifice scheme, where more than three quarters of orders are for EVs. Among BCH customers, electric cars top new vehicle orders, accounting for 42% of registrations, compared to 8% of orders specifying diesel, which historically dominated choice lists. Diesel has been relegated to one of the least popular choices as confidence grows in zero-emission alternatives.

TREND
+78%
(YEAR-ON-YEAR)
PROPORTION OF NEW SALARY SACRIFICE ORDERS TAKEN BY BEV

TREND
+42%
(YEAR-ON-YEAR)
BEV SHARE OF BCH NEW CAR ORDERS

Van fleet



Van fleet reaches half a million to crown a record year

The BVRLA van fleet grew by nearly 80,000 units during 2021 and Q4 was one of the strongest quarters of the year.

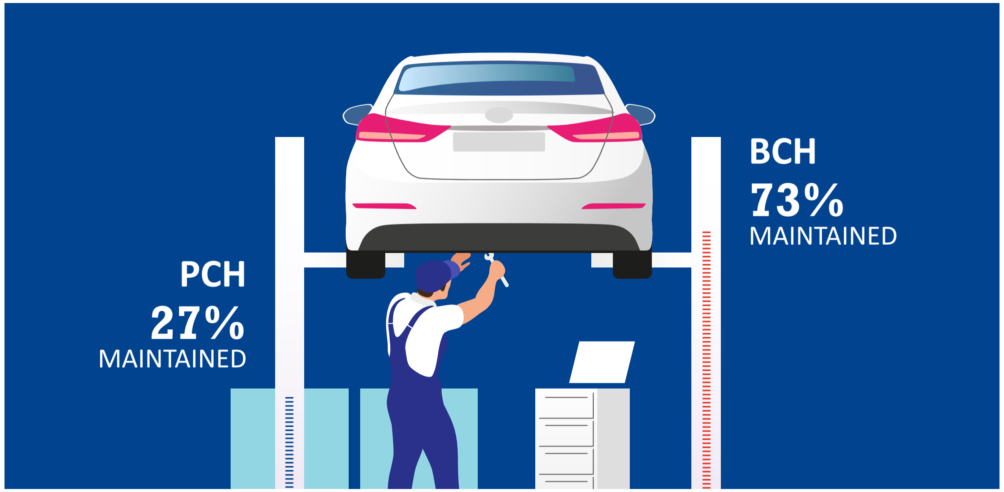
The fleet size leapt by nearly 19% year-on-year as demand continued to grow, driven by an improving economy and expansion of home delivery fleets.

Growth in van fleets has prompted safety groups to call for manufacturers to place more focus on fitting crash reduction technology to bring vehicles up to the standards fleets expect from their cars. A key focus is the ADAS collision avoidance system, which experts say reduces the risk of crashes by 35%.

TREND
498,280
+18.8% (YEAR-ON-YEAR)
TOTAL VAN FLEET

BVRLA Fleet Focus Q4 2021

Maintenance contracts - proportion of maintained fleet by funding method



Regulated contracts

Maintenance contracts maintain stable proportion of fleet

The low proportion of personal leasing contracts sold with maintenance represents a potential opportunity for growth among contract hire companies.

Currently, just 27% of PCH vehicles are supplied with a maintenance contract, compared to 73% of BCH contracts.

Salary sacrifice has shown the potential for the right product to drive maintenance revenues, with 99% of the fleet provided with maintenance contracts, although the proportion is dropping slightly for new orders.

There is also potential for growth within the commercial vehicle fleet, where just half of BCH vehicles are leased with a maintenance contract.

TREND
557,751
BCH MAINTAINED FLEET

TREND
89,034
PCH MAINTAINED FLEET

Growth in PCH drives up regulated proportion of new cars

The proportion of new cars that are regulated is increasing as a growing number of drivers opt for PCH or salary sacrifice.

For Q4 2021, a total of 37% of new car contracts were regulated, compared to 28% of the overall fleet.

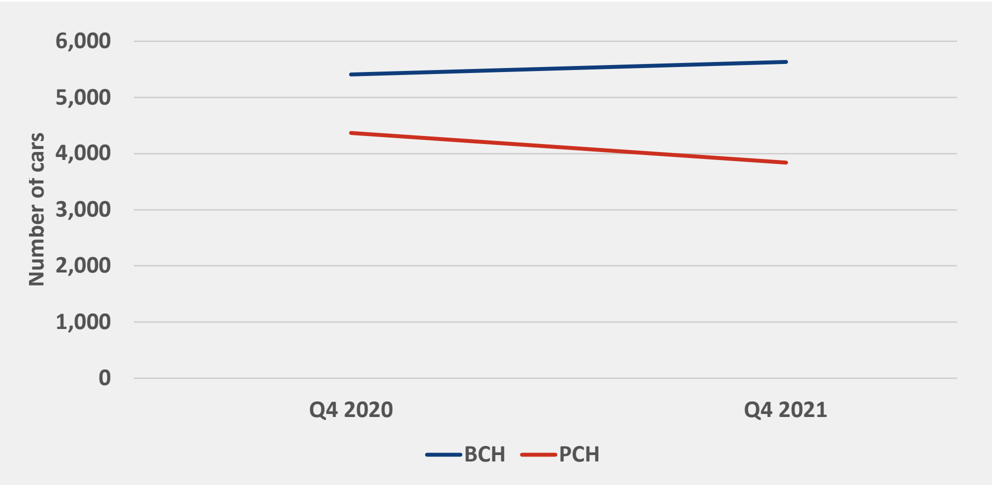
This is driven by PCH, where 100% of contracts are regulated, and salary sacrifice, where two-thirds are affected.

By contrast, BCH registrations are almost universally unregulated.

As the proportion of PCH and salary sacrifice vehicles on the BVRLA fleet grows over time, it is likely to shift the balance of the fleet, with a greater proportion affected by regulation.

BVRLA Fleet Focus Q4 2021

Used vehicle leasing



Signs of increasing activity in used vehicle leasing market

During the final quarter of 2021, used vehicle leasing accounted for a growing proportion of leasing agreements.

Overall, used vehicle leasing was used in just over 4% of agreements, which represents a jump in demand compared to previous quarters, although the volumes remain small. The fleet is less than 20,000 cars, so small changes can lead to large variations in percentages, but leasing executives are talking more seriously about the potential of used vehicle leasing.

In addition to opening up new revenue streams, it protects leasing providers from exposure to an uncertain residual value environment, particularly for diesel and electric vehicles.

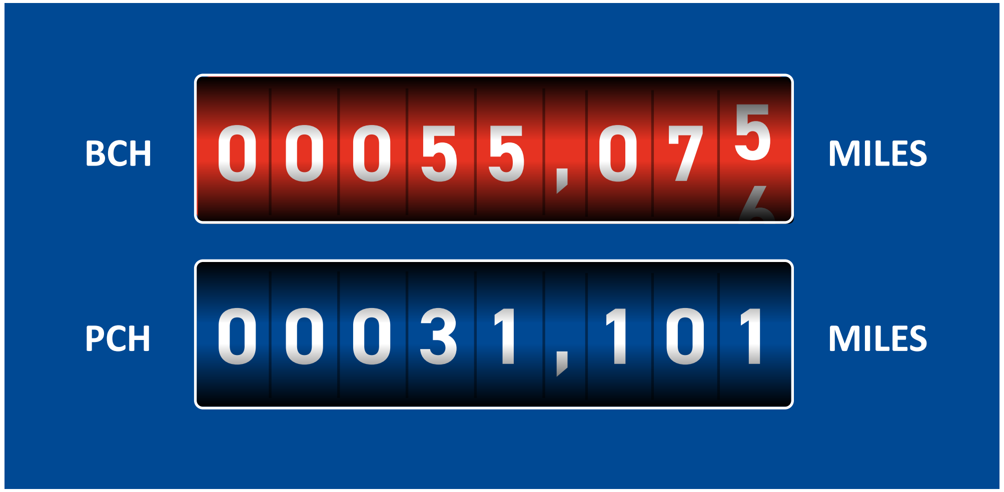
1.3%

PROPORTION OF USED CAR LEASING IN BVRLA FLEET

4.1%

PROPORTION OF USED CAR LEASING WRITTEN DURING Q4 2021

Contract mileage



Contract extensions help push up fleet mileage

Ongoing supply chain difficulties have extended lead times to more than a year for some popular models, leading fleets to operate their current cars for longer while they wait for replacements.

Contract extensions are proving a simple way for companies to manage extended delivery times, while other options include switching drivers to an equivalent model that is more readily available.

Leasing executives predict that disruption to the supply chain will continue throughout 2022, with customer service teams engaging with fleets earlier in their replacement cycles to explain how they can respond to changing market dynamics.

TREND

+12%

(YEAR-ON-YEAR)

BCH CONTRACT MILEAGE

TREND

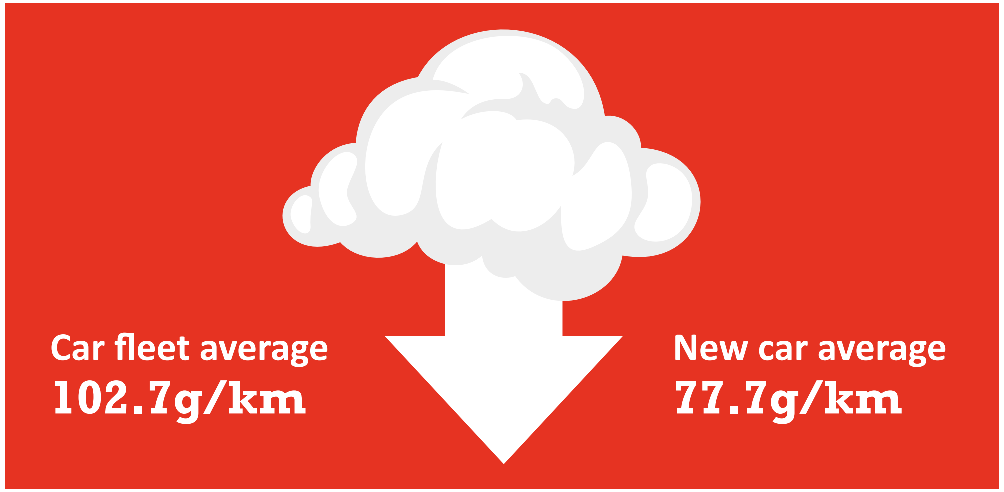
+15%

(YEAR-ON-YEAR)

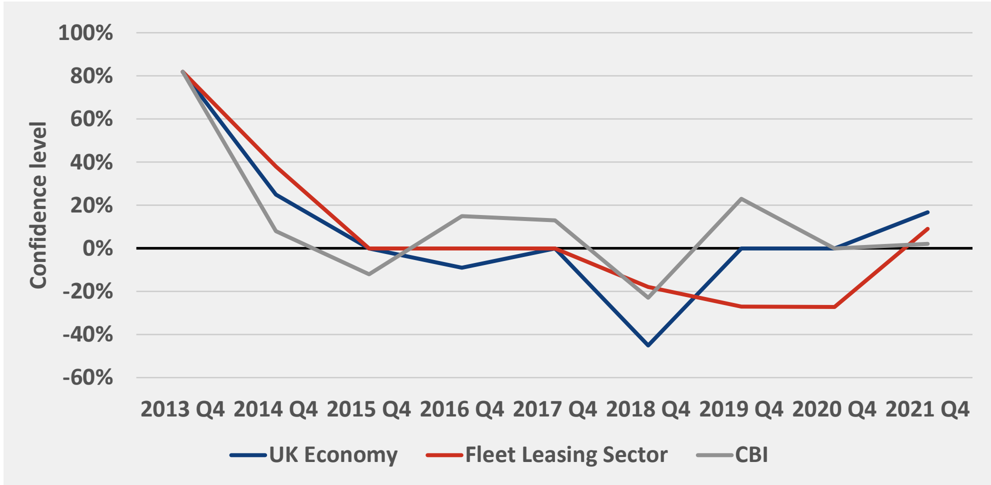
PCH CONTRACT MILEAGE

BVRLA Fleet Focus Q4 2021

BVRLA fleet CO_2 emissions



Industry confidence



Business fleets drive down CO2 emissions to record lows

Emission levels for new cars joining company fleets have fallen to record lows as the nationwide switch to electric vehicles continues.

Leasing companies report that average emissions of new vehicles delivered to BCH customers during Q4 2021 were down 27% year-on-year to just 58.4g/km. Average emissions of vehicles delivered to PCH customers were down 8% to 93.8g/km over the same period.

Overall, CO2 emissions for new car deliveries are down 21%, which has reduced average emissions for the total BVRLA car fleet to 102.7g/km.

Average emissions of the total BCH fleet are now 92.9g/km and the PCH fleet is 123.8g/km.

TREND
-21%
(YEAR-ON-YEAR)
NEW CAR CO_2 EMISSIONS

Leasing chiefs' confidence grows despite Q4 pandemic concerns

The leasing confidence survey captures a moment in time when the country faced what may have been the final hurdle in the national battle against COVID-19.

During 2021, confidence grew as restrictions were lifted, but the final quarter saw talk turn to new restrictions being introduced to combat a winter health crisis, so the leasing industry outlook became less positive.

At the end of the year, leasing executives were less confident about the economy, the leasing sector and margins than they were at Q1 2021, but sentiment was still ahead of Q4 2020.

The removal of restrictions in Q1 2022 could improve the industry outlook, but this could be dampened by the economic and inflationary impact of the Ukraine crisis.

TREND
+36 points
(YEAR-ON-YEAR)
CHANGE IN LEASING CONFIDENCE LEVEL

BVRLA Member Outlook

Proposed Consumer Duty plays to industry's customer service strengths

Would you recommend your company's products and services to your friends or family?

This simple question provides a fresh way of thinking from the Financial Conduct Authority as it investigates a proposed Consumer Duty that aims to set higher expectations for the standard of care that firms provide to consumers.

Another example question from the FCA that highlights the spirit of the new legislation is 'Would I be happy to be treated in the way my firm treats its customers?'.

With a greater proportion of the BVRLA fleet being taken by regulated products, such as PCH, the new regulations are an important development for the industry.

While the FCA argues the Consumer Duty will require a significant shift in culture and behaviour for many firms, it is likely to play to the strengths of leasing companies that have prioritised high customer service levels for decades.

The Consumer Duty is likely to bring change, but leasing executives say this represents a valuable exercise in assessing the services they provide and the processes that support them.

All firms will need to focus on the actual outcomes experienced by consumers, according to the FCA, and act in a way that reflects how consumers actually behave and transact in the real world, better enabling consumers to access and assess information, and to act to meet their needs and financial objectives.

This makes a refreshing change from the half-century-old Consumer Credit Act, which leasing executives say restricts them from responding in the way modern consumers would like; its shortcomings have been particularly problematic during the pandemic, they add.

One leasing executive said: "The regulation is just so out of date. It just creates so much friction in our ability to do business and make life easy for the customer."

The principles set out in the Consumer Duty will benefit customers, but also provide a valuable opportunity to improve understanding of products within businesses.

According to one leasing leader: "It is all about evidencing and justifying pricing and there is real benefit in going through that thought process of 'how do we put these quotes together', because I think it will help to educate a number of people in the business as to how it works and why it is fair."

Rather restrictive but officially complaint 'magic words', the focus could be more on 'making life easier for the customer', for example when choosing between different financial products, such as PCH or PCP. This will be increasingly important as regulated contracts taking up a growing proportion of the BVRLA car fleet.

Electric drive

Supply chain limitations are most likely to impact the electric vehicle market, as demand on manufacturing capacity grows throughout Europe.

Car and van fleet forecast

	2017 Q4	2018 Q4	2019 Q4	2020 Q4	2021 Q4	2022 Q4	Forecast change Q4 21-22
CARS	1,518,615	1,484,455	1,442,061	1,365,410	1,378,146	1,392,000	1%
VANS	398,439	411,853	416,589	419,544	498,280	513,000	3%
TOTAL	1,917,054	1,896,308	1,858,650	1,784,954	1,876,426	1,905,000	2%

* Based on forecasts from seven BVRLA members. Total sample 680,000 vehicles. Fleet size forecast data rounded to nearest 1,000.

Car fleet forecast by fuel type

	2017 Q4	2018 Q4	2019 Q4	2020 Q4	2021 Q4	Fleet size Q4 2021	Forecast fleet size Q4 2022	Forecast fleet size change Q4 2021-22
Diesel	73%	66%	54%	45%	32%	441,007	375,000	-15%
Petrol	21%	27%	35%	35%	36%	496,133	505,000	1.8%
BEV	0.3%	0.4%	1.1%	5%	12%	165,377	233,000	41%
PHEV	3.9%	4.9%	2.4%	6%	12%	165,378	210,000	27%
Other	2%	1.9%	7%	9%	8%	110,251	69,000	-38%

BVRLA Member Outlook

In the next two quarters, the leasing market may see a historic first as battery electric vehicles take the largest proportion of new orders, having already almost equalled petrol during Q4 2021.

Leasing executives predict a rapid ongoing change to the overall car fleet, with diesel dropping 15% over the coming year, while the BEV fleet increases 41% to more than 230,000 vehicles.

The combined BEV and PHEV fleet, currently around 330,000, will leap to nearly 450,000, they say, ahead of diesel on 375,000 and nearly matching petrol's share of

505,000 cars. If supply constraints can be overcome, this predicted growth could be even higher. Last year, leasing executives predicted the pure electric fleet would be 93,000 by Q4 2021. The fleet ended the year 65% above that target.

As one leasing executive said: "Manufacturers are prioritising the build of green vehicles, which benefits those ordering plug-in cars, while also supporting employers' environmental objectives."

Business growth

Since 2017, the market share between personal and business leasing has shifted, with PCH growing from 17% to 30%; leasing companies forecast a rise to 32% by Q4 2022. While this is still only half the BCH fleet, each contract is likely to represent a single consumer, so the potential for any problems to create significant administrative headaches is much greater.

While demand for PCH is expected to increase 4.3% by the end of 2022, there is also a positive outlook for BCH, with the fleet predicted to grow 1% to 765,000 as businesses return to growth following the pandemic. Predictions from leasing executive were made before the formal end of restrictions, so their forecasts may prove conservative.

Currently, the BCH car fleet is nearly 100,000 units below the levels seen just before the pandemic, so it will potentially take years to recover.

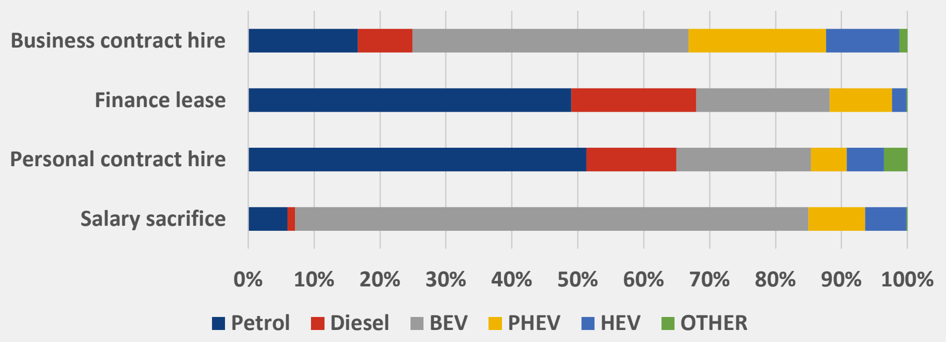
However, leasing executives face tough questions when predicting the future size of the BCH fleet as company car requirements have changed during the pandemic. For example, new working practices include greater levels of home working and video conferencing.

Where there is growth, executives raise concerns that stock shortages will limit the market recovery during 2022, with 2023 already pencilled in as a key delivery year.

Therefore, market performance depends heavily on how rapidly manufacturers overcome supply chain problems to fulfil leasing company order banks, many of which stand at record levels.

Both leasing companies and brokers are speaking to fleet customers earlier to ensure they are fully briefed on potential lead times, ensuring clients start the renewal process early and consider if they need to take any short-term measures in the interim while they wait for new cars.

Fuel choices by funding method Q4 2021



Car fleet forecast by funding type

	2017 Q4	2018 Q4	2019 Q4	2020 Q4	2021 Q4	2022 Q4 forecast	Forecast change Q4 2021-22
BCH	933,682	903,880	853,986	774,844	759,527	765,000	1%
PCH	193,877	243,186	271,663	277,953	326,041	340,000	4%
TOTAL	1,127,559	1,147,066	1,125,649	1,052,797	1,085,568	1,105,000	1%
BCH	83%	79%	76%	74%	70%	68%	
PCH	17%	21%	24%	26%	30%	32%	

Opinion - used market prices

SOLERA Vehicle Solutions | cap hpi

Dylan Setterfield
Head of Forecast Strategy, cap hpi

Cheaper cars have been more in demand, with prices for smaller, older or higher mileage cars faring better than the mid-price range.

We are living through a cost-of-living crisis, with household disposable incomes squeezed by increases in the costs of just about everything. The conflict in the Ukraine has accelerated the increases to energy prices and although the UK consumer has been protected from this to a degree so far, further increases to household budgets are imminent.

So what effect has this situation had on used car prices? The first table shows the monthly movements in cap Clean values for the month of February (published in March book), graduated by age band. When looking at the movements by age, cars up to three years old saw reductions of -0.3% on average, whereas older cars actually increased: 10-year-old vehicles went up by an average of +2.6%.

Naturally, cheaper cars have been more in demand, with prices for smaller, older or higher mileage cars faring better than the mid-price range. However, more expensive cars have also been less impacted: the typical buyer being less concerned with cost-of-living increases. This can be seen clearly in the table which shows movements by price banding.

Cars under £5,000 went up by more than +3% (although this is the equivalent of just +£93), whilst the values for cars between £15,000 and £30,000 struggled the most, with more expensive cars increasing: those over £50,000 rose by +0.4%, equivalent to +£184. At the time of writing, March has continued in a similar vein.

Overall, our expectation for the future used market remains relatively unchanged. However, this is a result of the cost-of-living crisis reducing expected demand, at the same time that ongoing supply issues have constrained new car supply for longer than expected (with the obvious parallel impact on used car supply). The conflict in the Ukraine has provided further complications, although most of the effects on supply appear to be relatively short term in nature and impacting a limited range of models. However, the increases in raw material and energy costs would appear to have a significant long-term implication for profitability, especially for the German manufacturers.

The used market remains complex on an individual model level – the small car sectors would naturally appeal to those seeking to downsize for financial reasons, but these sectors are currently the most overheated: 36/60 values for petrol City Cars and Superminis were both up by an astonishing +44% year over year in early March, with retail values for many models very close to, or even surpassing, cost new.

Since the middle of last year, we had been quizzing the Bank of England regarding the dangers of a period of “stagflation” – a combination of high inflation, sluggish growth and the potential difficulties for central banks, due to traditional levers available to them not necessarily having the desired effects. Opinions differ widely as to how long high inflation will persist, but even under the most pessimistic estimates, we expect the shortfall in used car supply due to reduced new car registrations since March 2020 (now almost 1.5 million cars) to outweigh the negative economic impacts.

cap Clean movements February 2022 by age banding

Sector	6mth5k	1yr10k	3yr60k	5yr80k	10yr100k
City Car	1.5	1.5	1.2	1.6	4.7
Supermini	-1.1	-1.1	0.3	1.1	4.3
Lower Medium	-0.2	-0.2	-0.4	0.4	3.7
SUV	-0.1	-0.1	-1.0	-1.2	1.2
Upper Medium	-0.4	-0.4	-0.0	0.5	2.9
Executive	-0.7	-0.6	-0.7	-0.4	1.1
Total	**-0.3**	**-0.3**	**-0.3**	**0.2**	**2.6**

cap Clean movements February 2022 by price banding

Sector	<£5k	£5-10k	£10-15k	£15-20k	£20-30k	£30-50k	>£50k
City Car	3.3	1.4	1.6	-0.3	0.6		
Supermini	4.0	1.3	-0.3	-1.1	-2.1	-0.0	
Lower Medium	3.9	1.2	-0.3	-0.4	-0.6	0.5	0.0
SUV	2.0	0.4	-1.4	-1.3	-1.0	0.4	0.7
Upper Medium	3.1	2.0	0.3	-0.2	-0.5	-0.4	-1.2
Executive	1.2	1.1	-0.1	-0.8	-0.6	-0.7	-0.2
Total	**3.3**	**1.2**	**-0.3**	**-0.7**	**-0.8**	**0.0**	**0.4**

Opinion - customer satisfaction

GLOBAL RESEARCH

Dr Andrew Skelhorn
Research and Insight Director, APD Global Research

Supply problems, magnified by the global semiconductor chip shortage, continue to have a significant impact upon customer CSAT and NPS scores.

The decline in customer satisfaction since the start of 2021 has continued in vehicle orders, as vehicle and parts supply problems continue to bite. But there has now been a recovery in all other areas of customer contact.

In this quarter's Leasing Outlook, we compare customer and driver satisfaction with leasing companies and brokers over the last 24 months, as well as survey comments using APD's Sentiment.360 analytics tool to discover what lies behind the results and the role supply chains have on overall satisfaction (CSAT) and Net Promotor Scores (NPS).

CSAT scores in Q1 2022 have now recovered from pre-pandemic levels in most primary areas of customer interaction. But have continued to slump around vehicle orders (Graph 1 - CSAT Trends).

NPS scores, which had declined in all areas since 2020, also showed strong signs of recovery, especially around the vehicle delivery process (Graph 2 - NPS Trends).

An analysis of the factors selected, and of driver comments, shows that the most frequent positive sentiment still revolved around the professionalism and politeness of staff and delivery drivers, efficient service, and vehicle cleanliness.

Negative sentiment for vehicle delivery highlighted lead times, and information regarding the estimated delivery date. Increasingly prevalent was the issue of vehicle spec being less than expected.

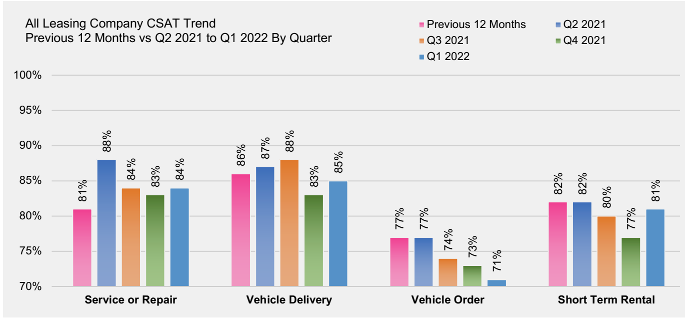
For service events the issues were authorisation, communication, and failure to repair first time, as they have been for some years, but increasingly prominent factors included the choice of garage locations and unsatisfactory suppliers.

Drivers no longer seem to be working entirely from home, and the issue of underused mileage is returning to pre-covid levels. Issues specific to electric vehicles have also featured less in recent comments, as leasing companies and brokers have become more confident in providing improved levels of support in this area.

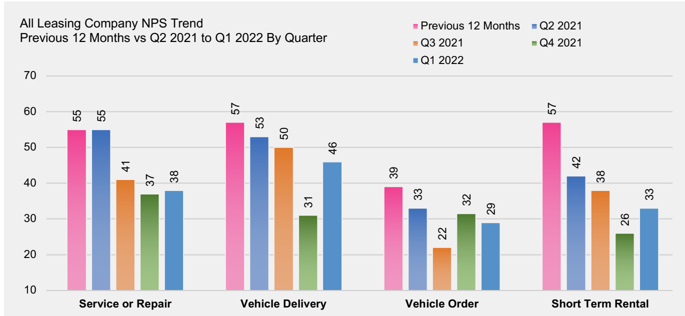
Supply problems, magnified by the global semiconductor chip shortage, continue to have a significant impact upon customer CSAT and NPS scores.

This has been evident around the order process since Q2 of last year, but has become increasingly pronounced since Q3, with no indication from fleet customers and drivers that they are satisfied with the solutions offered.

CSAT Trends



NPS Trends



At issue and the strongest sentiments expressed are inaccuracy in quoted delivery dates at the point of order and failure to minimise the frustration of ongoing delays and reduced spec through effective communication. This dissatisfaction with the order process continues to colour driver satisfaction throughout the delivery process and seriously impacts their likelihood of recommending a leasing company or broker.

Opinion - used market overview

AutoTrader

Ian Plummer
Commercial Director, Auto Trader

We're constantly monitoring new trends, changing market dynamics, and evolving consumer behaviors. As promised, in this edition of the Outlook Report, I wanted to highlight those I believe will have the biggest impact on the automotive sector this year:

Digital retailing

Arguably the biggest trend we're observing is the shift in consumer sentiment towards online retailing. Not only did monthly visits to our marketplace increase nearly 30% on 2019 last year, but the volume of enquiries sent to retailers increased 62% - people aren't simply looking to start their journey online, but they want to engage more online too. And in our study of over 5,000 consumers, 72% said they're open to buying a car online, which is up from 61% in 2020.

Recent NFDA/ICDP/Auto Trader research also revealed that retailers who'd recently implemented digital retailing believed they were selling more cars, more efficiently and to more satisfied customers. I've no doubt that the most successful businesses in the coming years will be those that are able to cater for all buying needs and preferences, whether online, offline, or a blend of the two.

Real-time data sharing

When data isn't shared between systems in real-time, selling channels quickly become out of sync, leading to inconsistencies, inaccurate details, and even advertising vehicles no longer available. At best this causes huge inefficiencies, but at worst, can dent sales and margins.

Critically, it also undermines digital retail, because for a true omni-channel experience, data needs to work across multiple platforms in real-time to ensure a consistent and joined up consumer journey.

Key to real-time data sharing is working in open partnership and to that end, earlier this year we introduced a free stock management solution, Auto Trader Connect, which enables businesses to update multiple back-end and consumer facing systems in real-time. The response has been overwhelming with circa 4,000 retailers already signed up to it and over 70 third party system providers integrating it into their platforms. As we see growth in retailers embracing digital, we expect to see a similar trend in real-time data sharing.

Driving electric adoption

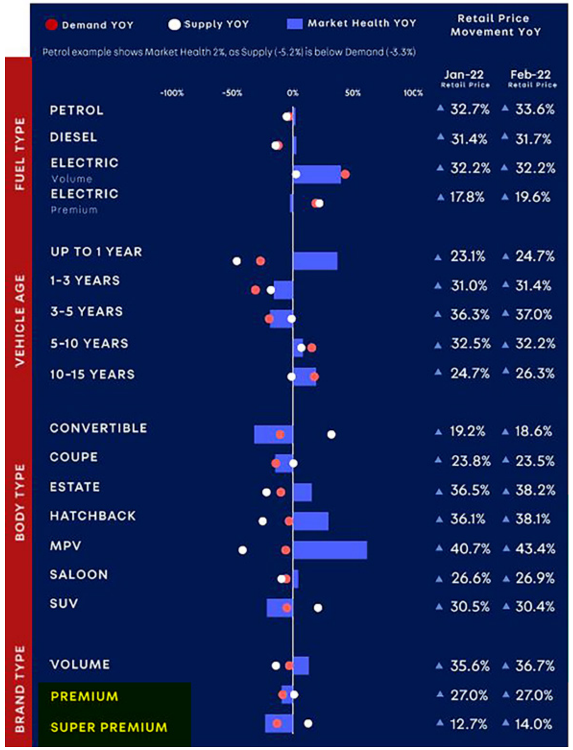
We can also expect to see the industry build on its progress in driving EV adoption - last year we saw more choice (with four times as many new models available on our marketplace versus 2020) and more consumer awareness (share of new car advert views recently peaked at 30%) leading to more sales (BEVs accounted for 1 in 6 sales last month .

New entrants as well as new models from established players are already leaving a big mark on the market, but with a new plug-in due to launch each week in 2022, there's every chance that the new car landscape and established order will be shaken up even further this year.

We'll continue to track how these, and other trends develop throughout the year.

Demand, supply, market health & price movement

Charts shows demand, supply, market health & price movement Charts show yoy growth - Market Health (blue bar), Demand (red) and Supply (white), with pricing movements



BVRLA
DATA HUB

For full data, visit the BVRLA data hub at:
https://www.bvrla.co.uk/resource/bvrla-data-hub.html

This report provides a consolidated view of the Quarterly Leasing Survey and the forward-looking Leasing Outlook report. In addition to the data highlights provided in this report, you can now access an extensive list of tables as part of the Quarterly Leasing Survey online, by following the link provided above.

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