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The Motor Ombudsman reports optimism among retail sellers of new and used cars

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Motor Ombudsman snap poll reveals air of optimism amongst car retailers for second quarter of 2021...



- Non-essential businesses, including car showrooms, will be welcoming customers back to their premises during April, as Covid-19 restrictions continue to be eased
- The Motor Ombudsman-accredited car retailers surveyed in the snap poll are expecting new and used car sales in the second quarter of 2021 to be higher than the same pre-Covid period in 2019
- The recent cut in the government's plug-in car grant, social distancing and limited consumer budgets are forecast to be amongst the main challenges set to face dealerships during the coming weeks



With car showrooms allowed to welcome customers back to their premises during the month of April, as lockdown restrictions for non-essential businesses are eased, The Motor Ombudsman has conducted a snap poll of car retailers accredited to its Vehicle Sales Code to gauge their views on new and used car demand during the second quarter of 2021 versus the same three months in 2019 prior to the arrival of the Coronavirus pandemic.

From the franchise dealerships and independent car retailers surveyed, the study revealed that just over half (53%) are forecasting new car sales to be higher for the April to June period compared to the same quarter two years ago (i.e. pre-Covid), after total UK new car registrations also rose by 11.5% in March 2021 versus March 2020*. Just under a third (29%) of survey participants thought that new car demand would be comparatively lower in the second quarter of 2021 versus that seen a couple of years ago, whilst the remainder (18%) are predicting it to be the same as the April to June period in 2019.

When asked about used car purchases, 70% are estimating this to be higher in the second quarter of 2021 compared to the transactions in the equivalent months of 2019. A fifth (20%) of car retailers think that used car sales will be the same as the April to June period a couple of years ago, with only 10% of businesses predicting lower demand.

As more showrooms reopen their doors across the country on 12th of April, potential challenges that retailers said they could face in securing sales were namely, motorists displaying less interest in greener models due to the government's plug-in car grant recently being reduced during lockdown (32% of poll participants), and the requirement for social distancing, making it more difficult to host customer events (36%), and to develop a relationship with consumers during the sales process (29%). In addition, around half (53%) of those surveyed stated that limited affordability may have the potential to affect footfall, as some motorists remain on furlough or have an element of uncertainty in their current job.



Bill Fennell, Chief Ombudsman and Managing Director of The Motor Ombudsman, said: “It has been valuable gaining a first-hand view of what car retailers within our accredited business network are expecting during the coming weeks when it comes to sales performance, and the main hurdles that they are likely to face as showroom doors reopen. Although challenges clearly remain with the much- anticipated return to face-to-face sales, the results of our snap poll nevertheless paint an encouraging outlook. This bodes well for businesses up and down the country after they have been waiting patiently to greet customers once again, and to get back to being able to interact with them on the forecourt.”

To view the car retailers accredited to The Motor Ombudsman’s Vehicle Sales Code, visit www.TheMotorOmbudsman.org/Garage-Finder.

*Source: Society of Motor Manufacturers and Traders (SMMT) – The 11.5% year-on-year increase for March 2021 versus March 2020 is for private, fleet and business new car registrations combined.

Notes about the survey data:

The survey of Motor Ombudsman-accredited car retailers was conducted online between 31st March and 07th April, 2021.

Highlights of research results:

1. With customers allowed to visit showrooms once again, how do you think new car sales for April to June 2021 (the second quarter of the year) will compare to what you saw in a “typical” second quarter in 2019 (i.e. before the pandemic)?
 - I think they will be higher 53%
 - I think they will be lower 29%
 - I think they will be the same 18%



2. With customers allowed to visit showrooms once again, how do you think used car sales for April to June 2021 (the second quarter of the year) will compare to what you saw in a “typical” second quarter in 2019 (i.e. before the pandemic)?

- I think they will be higher 70%
- I think they will be the same 20%
- I think they will be lower 10%

3. What do you see as some of the main challenges when you reopen your showroom? that apply)

- Limited budgets if customers are still on furlough / have uncertainty in their jobs 53%
- Not being able to hold events to invite customers to 36%
- Less interest in greener models due to the plug-in car grant being cut 32%
- Building a good relationship with the customer whilst maintaining social distancing 29%

About The Motor Ombudsman:

The Motor Ombudsman is the fully impartial Ombudsman dedicated solely to the automotive sector, and self-regulates the UK's motor industry through its comprehensive Chartered Trading Standards Institute (CTSI)-approved Codes of Practice. Thousands of businesses, including vehicle manufacturers, warranty product providers, franchised dealers and independent garages, are accredited to one or more of the Codes, which drive even higher standards of work and service, and give consumers added protection, peace of mind and trust during the vehicle purchase and ownership experience.

For more information on The Motor Ombudsman, visit www.TheMotorOmbudsman.org.