

Cars.co.za

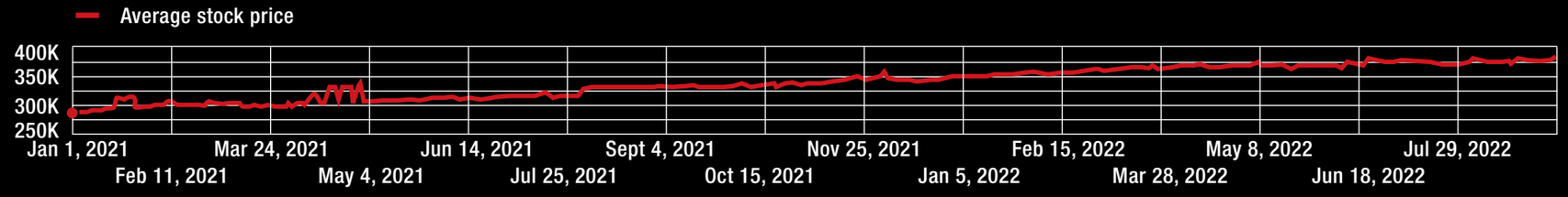
DEALER MARKETING INSIGHTS 2022

01

SCOPE AND INTENTION

Presentations made to – and discussions held at – the recent NADA DPP conference in Nelspruit confirmed a number of developments we'd begun to observe in our industry. The used vehicle bubble we've been experiencing (which was driven primarily by the limited availability and higher pricing of new stock) has burst… Robust sales numbers, good margins and strong consumer demand led to many dealers having record months. But what now?

The table below shows the average price increase of used vehicles listed on Cars.co.za from January 1 2021 to September 1 2022. During this period, prices increased by an average of 34%, while our dealer market remained relatively unchanged. Although the size of the inventory has grown significantly, the stock profile has not shifted in any meaningful manner. This clearly illustrates the supply and demand factor that drove up used-vehicle prices to the point where the gap between new and used vehicles narrowed, may now swing in favour of the former.





02 MARKET CONDITIONS

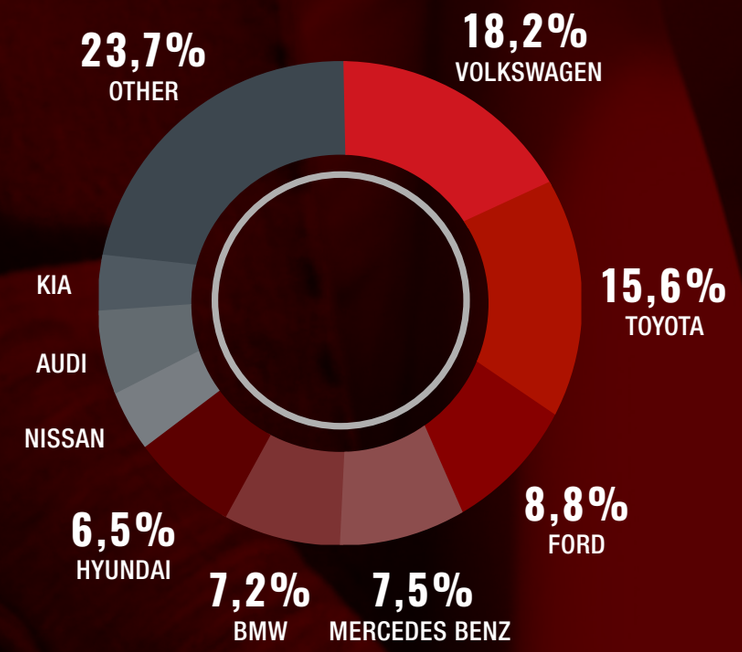
What we've gleaned from the various inputs from speakers at the conference, is the higher likelihood of interest payment increases on our loan accounts, because the net effect of having expensive stock in a declining market is an increase in stock days. This is a major expense for most used-vehicle businesses and can seriously erode profitability. It is going to be critical to manage stock and pricing to remain competitive over the coming months.

Suffice it to say, we need to consider what is being paid for new stock and align purchasing to the demand of the average consumer. We expect this realignment will be necessary across ALL brands and models, due to the marginalised gap in pricing between used and new vehicles, and the stock availability coming from OEMs.

In order to provide you guidance on prevailing market conditions, we present a handful of graphs that illustrate what is happening on the demand side at Cars.co.za. All of the graphs pertain to data taken over the last 3 months, and can give you an indication on current consumer wants and needs.



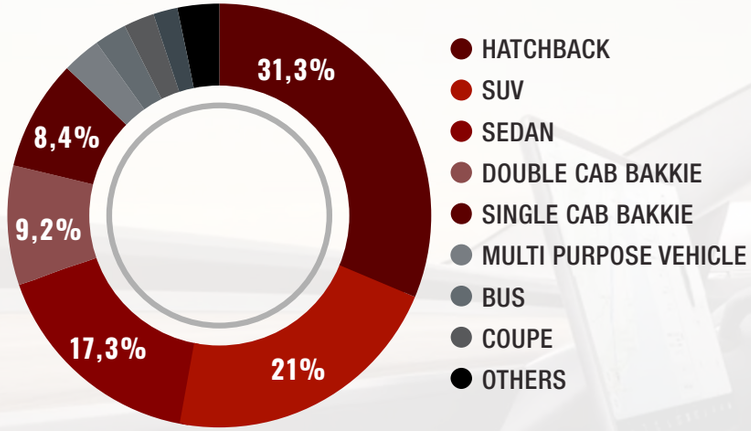
This is the brand split regarding lead submissions – it shows the percentage of interest from the market in specific automotive brands.



02 MARKET CONDITIONS



This graph illustrates market demand for specific vehicle body types by percentage.



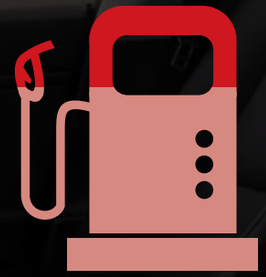
NOTE THAT ALTHOUGH DEMAND FOR SEDANS HAS DECREASED DRAMATICALLY OVER THE YEARS,



17% OF OUR LEAD SUBMISSIONS

ARE STILL FOR SEDANS!

These two graphs relate to demand for Automatic vs Manual-, and Diesel vs Petrol models, respectively.



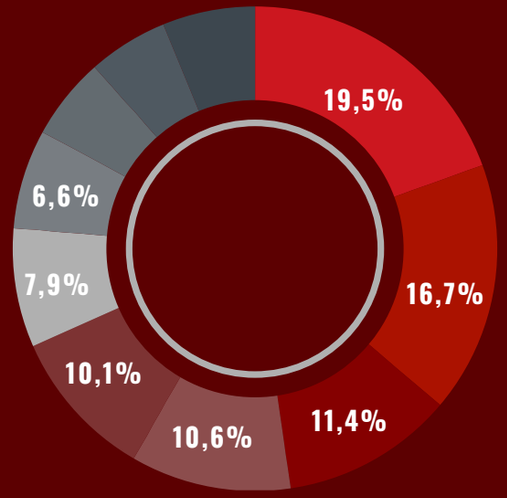
- **31,1%** DIESEL
- **68,9%** PETROL



- **45%** AUTOMATIC
- **55%** MANUAL

03 OPPORTUNITIES

As ever, the local used-vehicle market remains particularly price-sensitive; the breakdown below relates to the percentage of shoppers submitting leads in relation to our set pricing brackets.



NOTE THAT THE MOST POPULAR PRICE AREA IS

BETWEEN R200 000 – R300 000 AND ACCOUNTS FOR

20% OF OUR LEADS



It's critically important to understand consumer demand over the coming months to ensure we achieve our goals.

Hopefully, these data insights will help you make informed business decisions based on the needs of consumers.