



European Economic Recovery

- Implications for Automotive Distribution

Professor Peter N C Cooke

Emeritus Professor of Automotive Management

The University of Buckingham

peter.cooke@buckingham.ac.uk

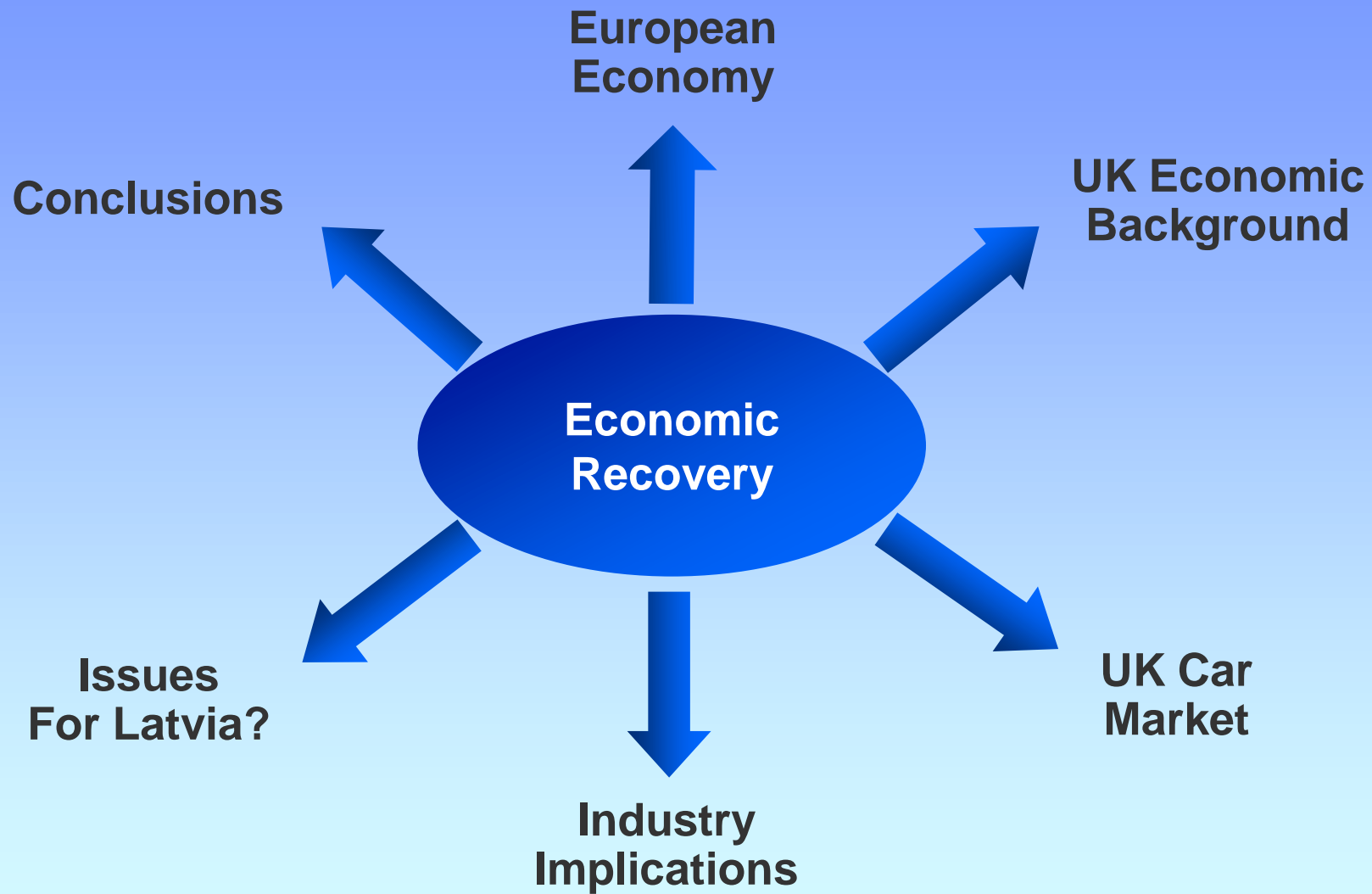
www.buckingham.ac.uk/cam

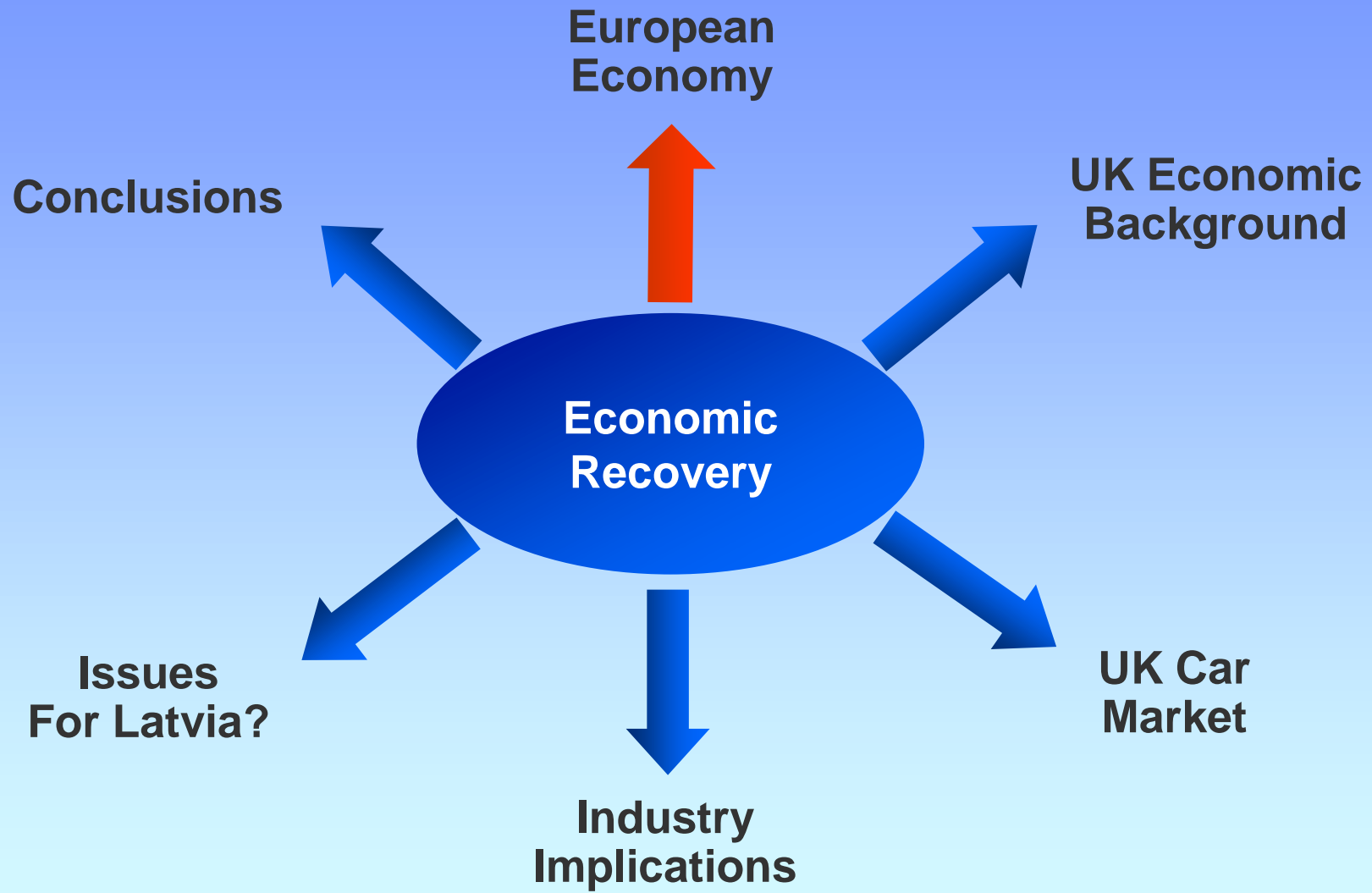
The University of Buckingham



Objectives

- Review the EU economy and anticipated recovery
- Examine historic and anticipated changes in the automotive sector
- Present the UK economic and automotive recovery as a case study
- Seek to highlight possible messages for Latvian automotive distribution



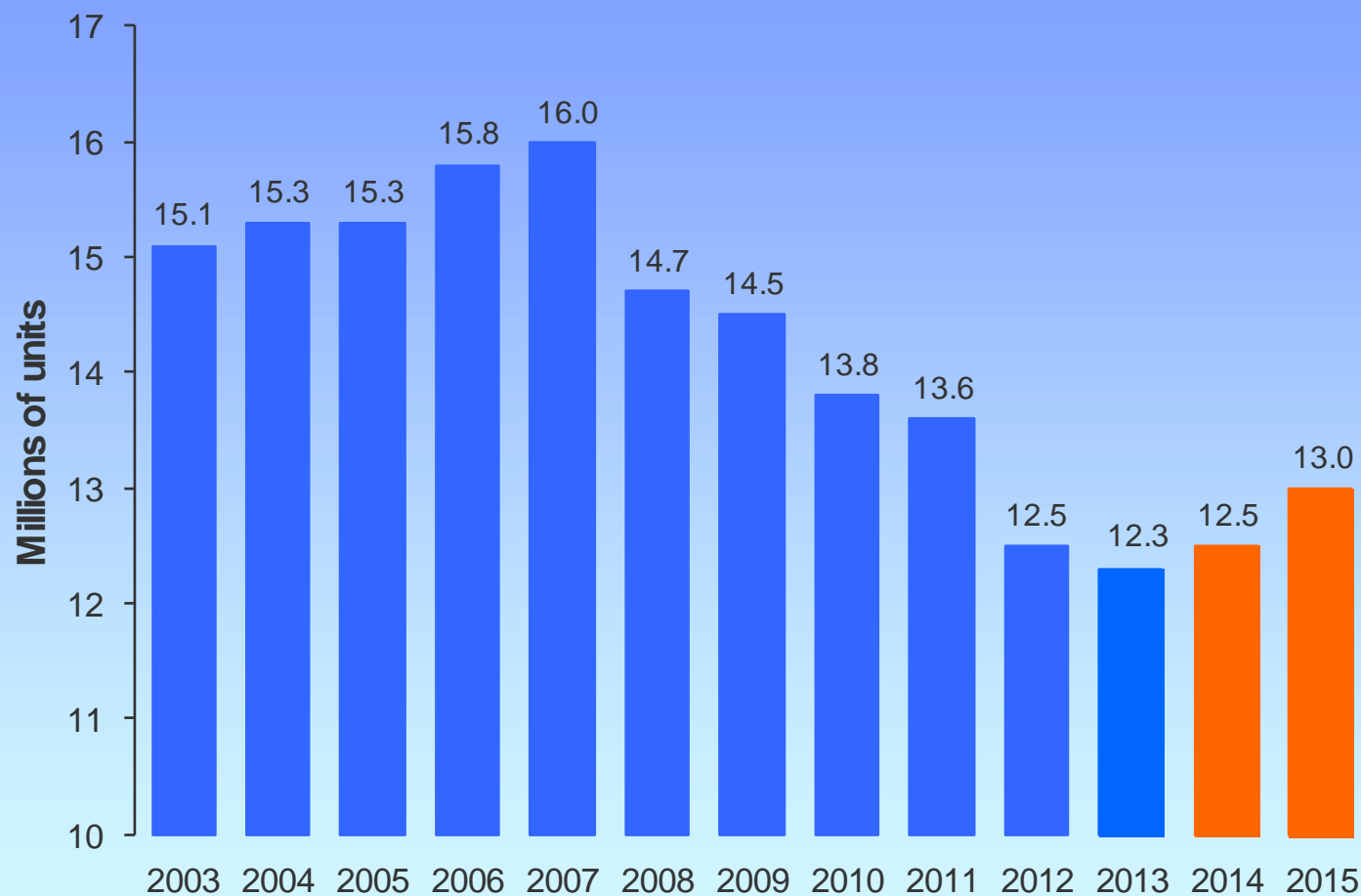


Eurozone Annual GDP Growth 2000 - 2015



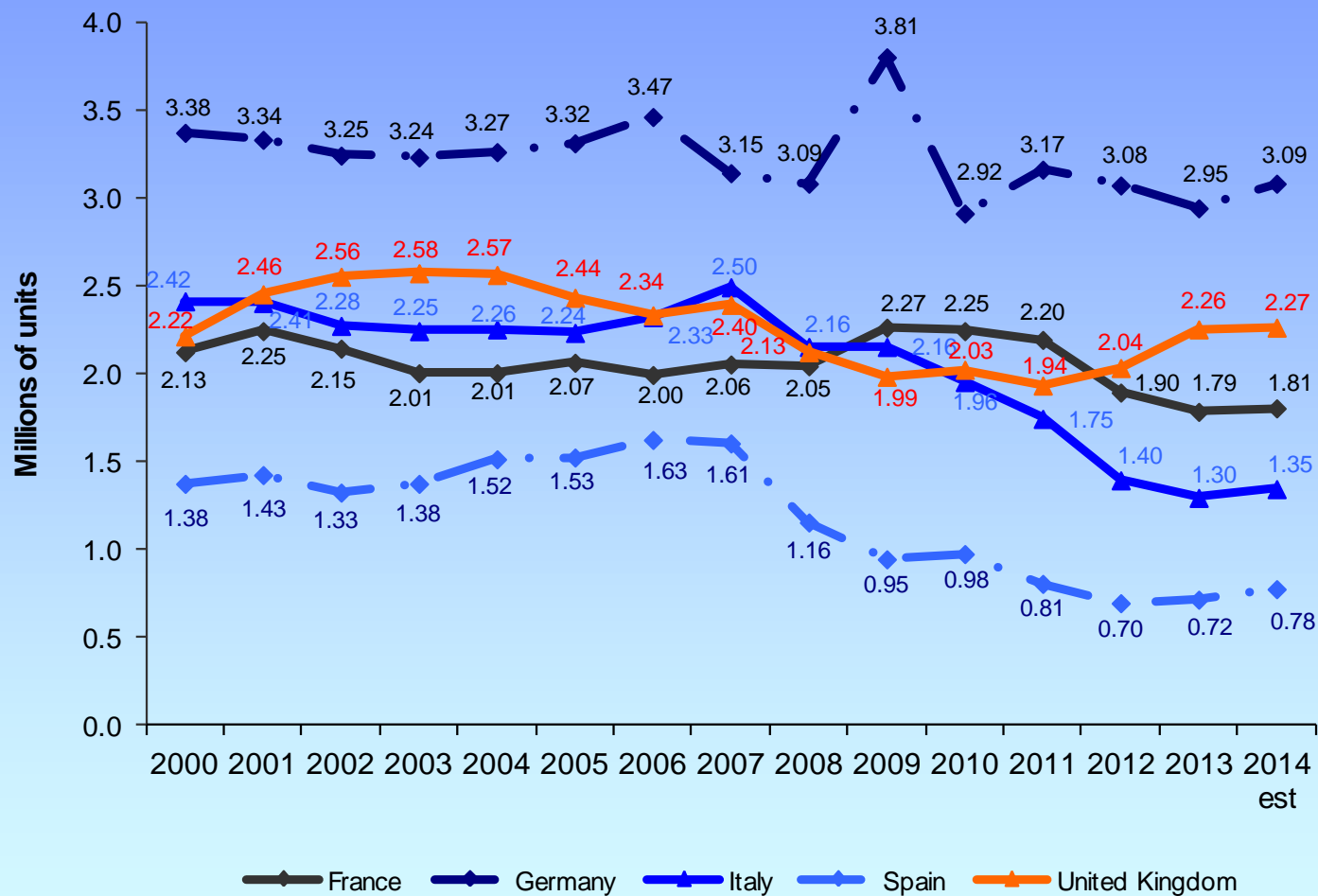
Source; Eurostat

European New Car Registrations; 2003 - 2013



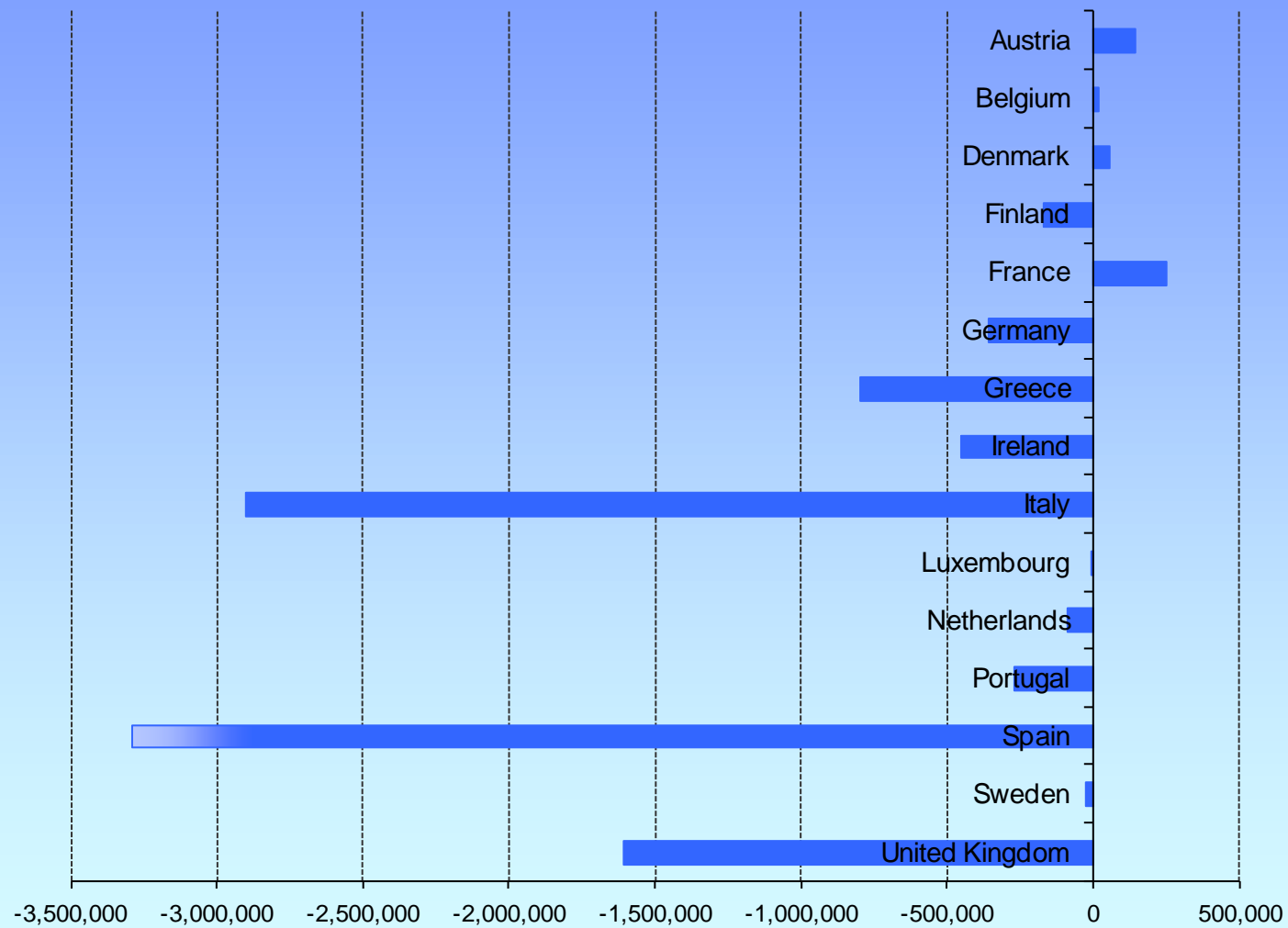
Source; ACEA

New Car Registrations Major Markets; 2000 - 2013



Source; ACEA

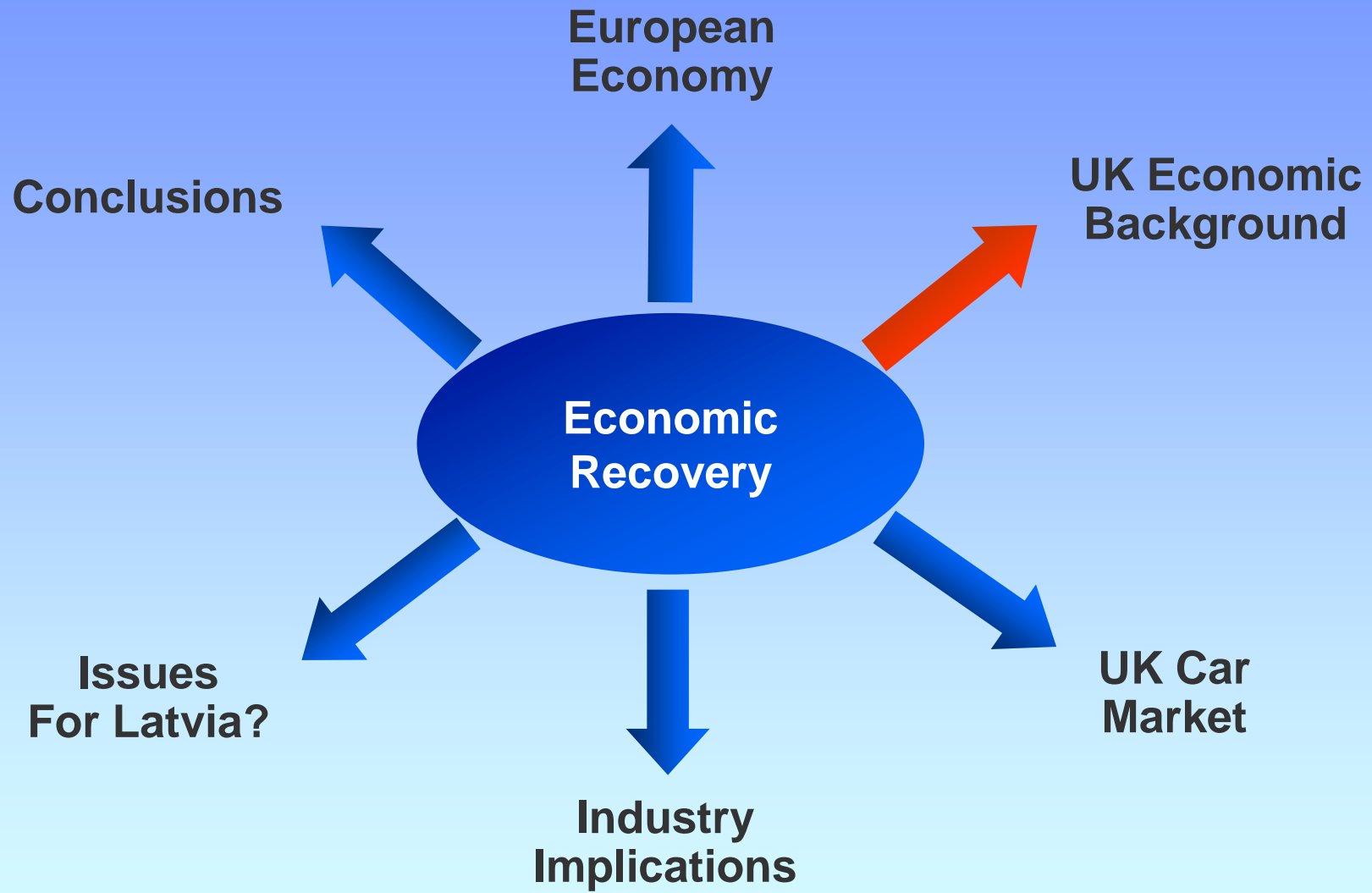
EU 5 Year Car Parc; 2009/2013 vs. 2004/2008



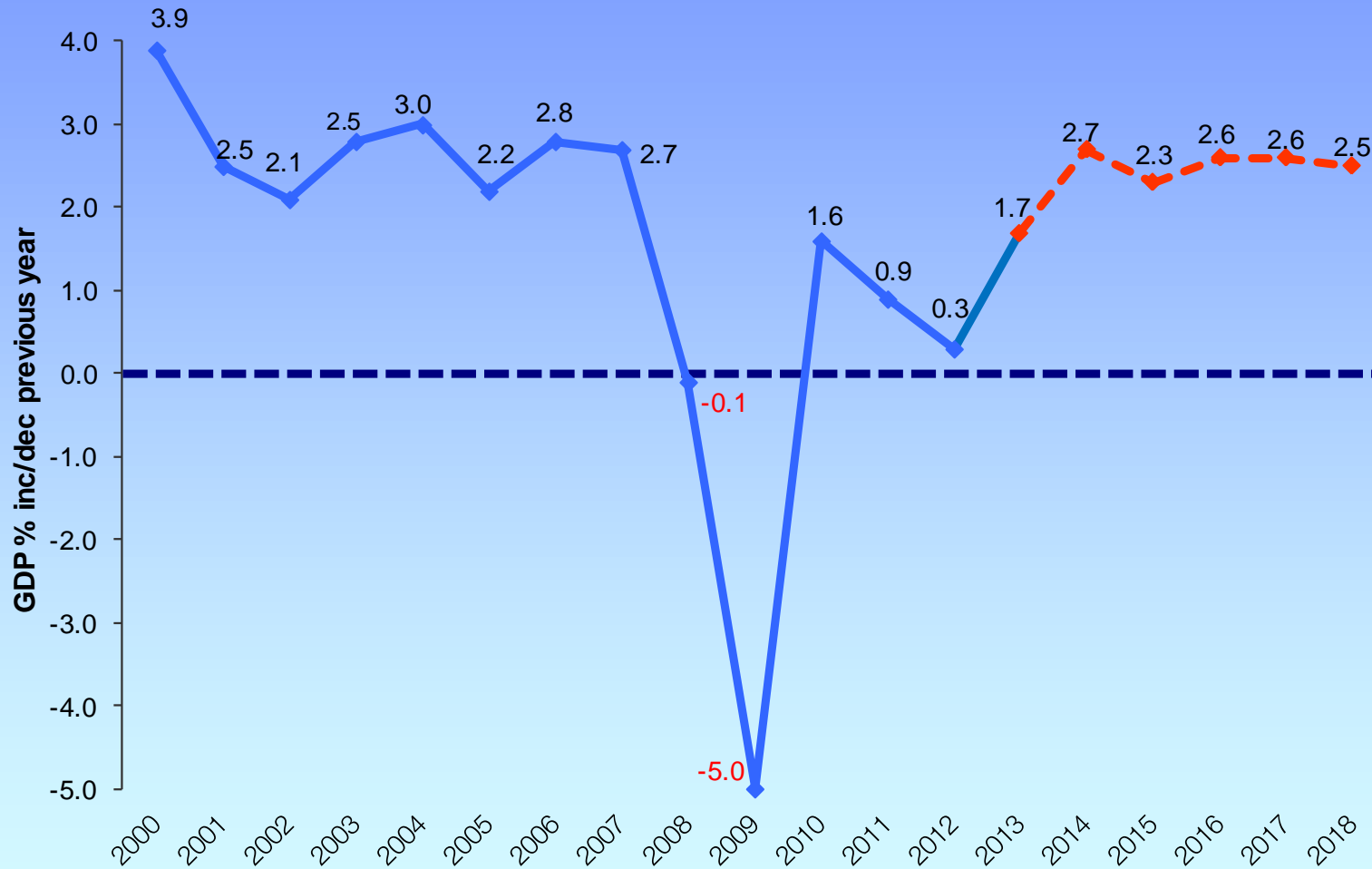
Source; ACEA

Implications of Historic Change

- Significantly reduced new car registrations
- Changing market penetration
- Slow economic recovery
- How will OEMs handle the situation?
- The consensus is that the EU new car market is unlikely to return to pre-2008 levels in the short to medium term
 - if ever

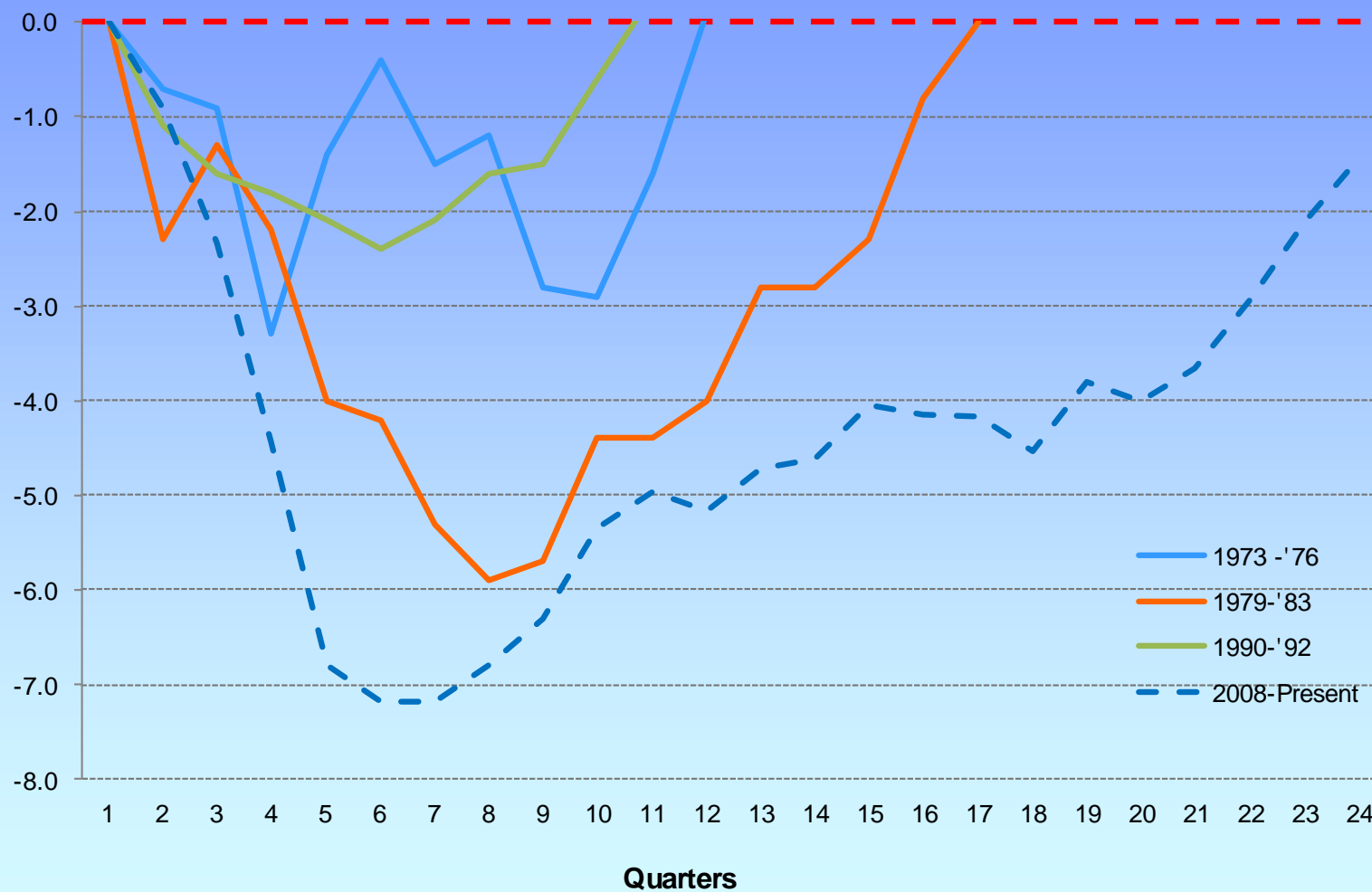


UK GDP vs. Previous Year; 2000 - 2018



Source; ONS/OBR

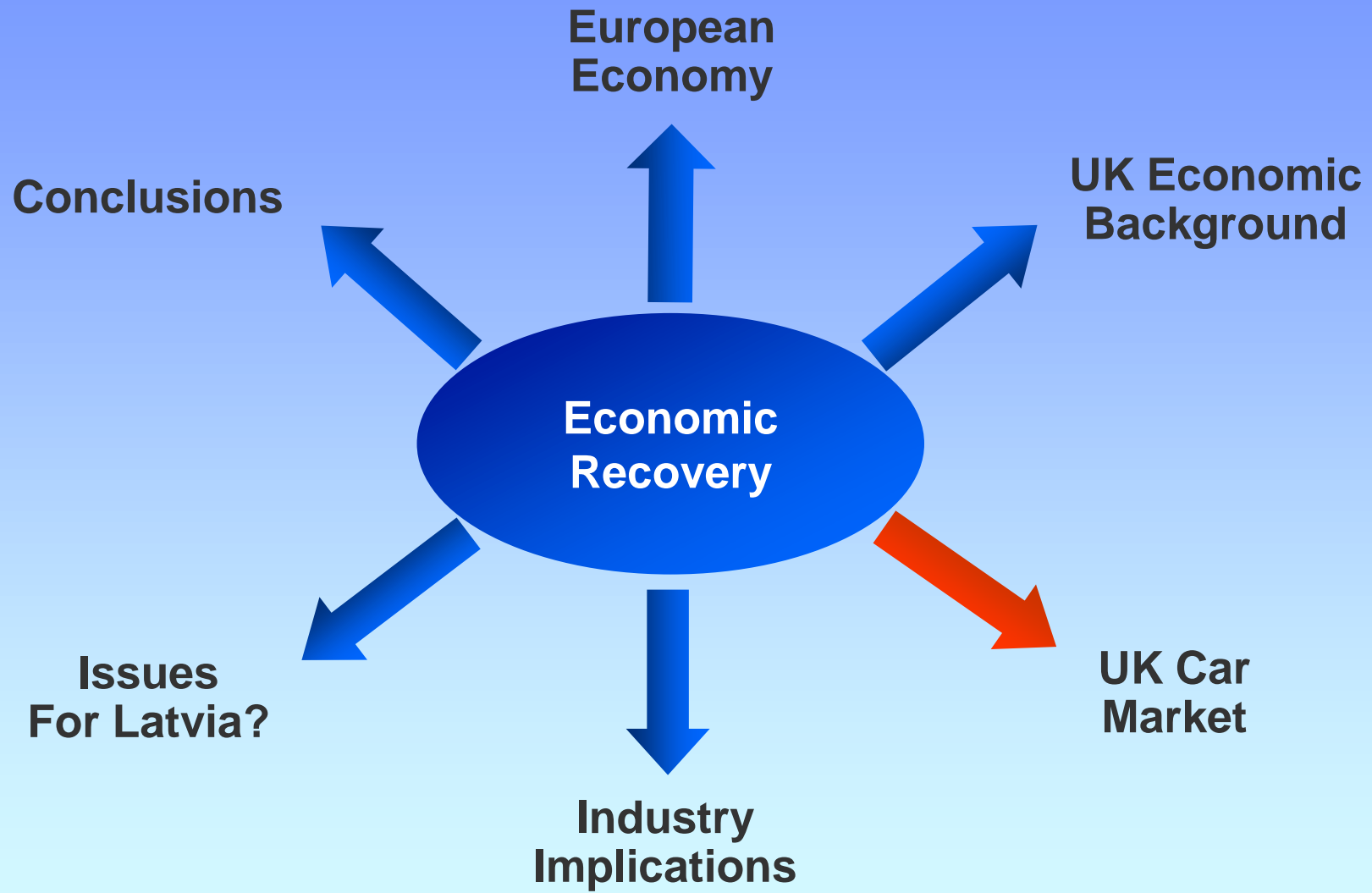
UK GDP Growth by Quarter Past Recessions



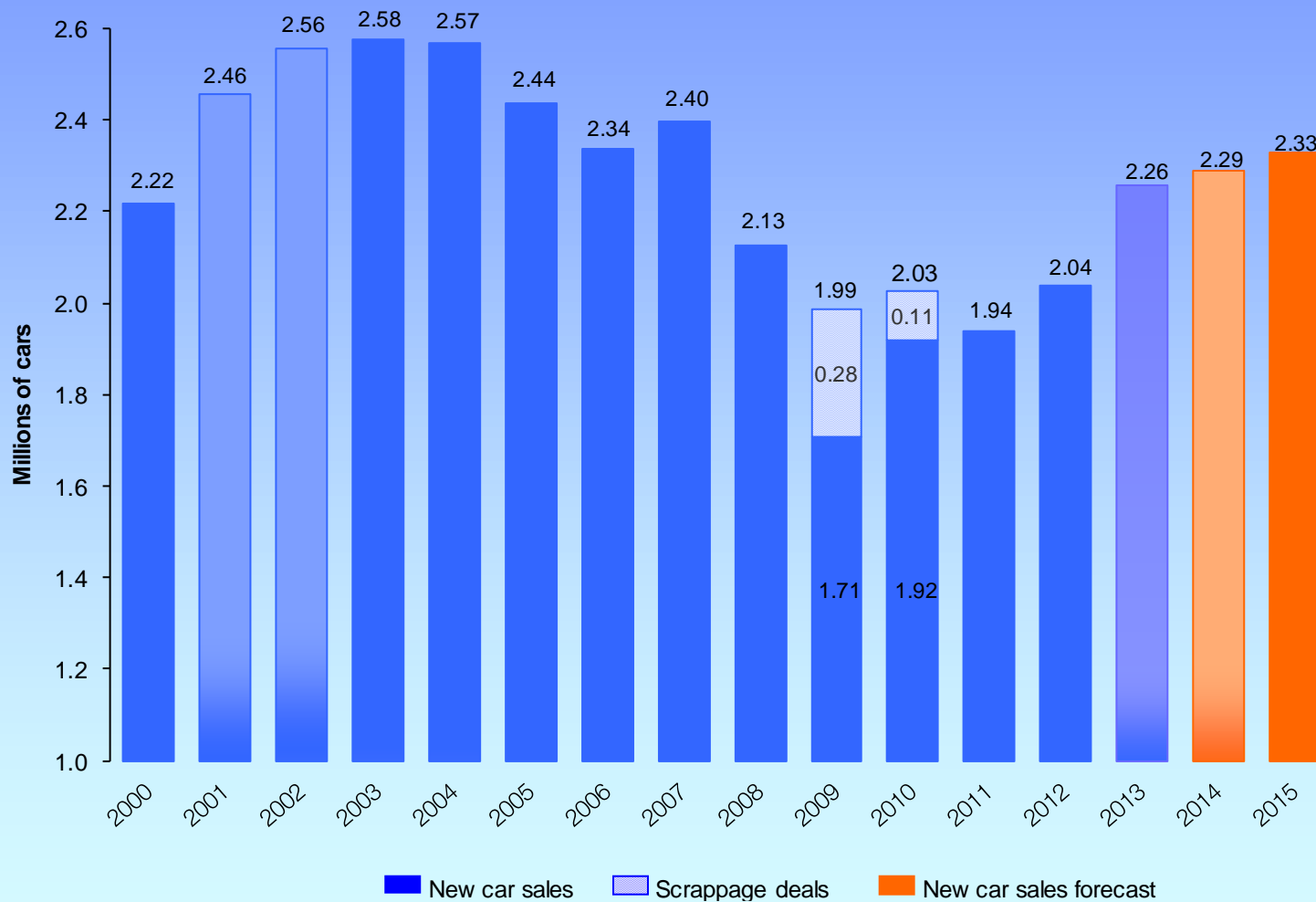
Source; ONS

UK Implications of Economic Change

- Recent deep recession
- Shortage of disposable income
- Need for business to reinvent itself for recovery
- Need for reduction in state spending
- Unacceptable level of unemployment

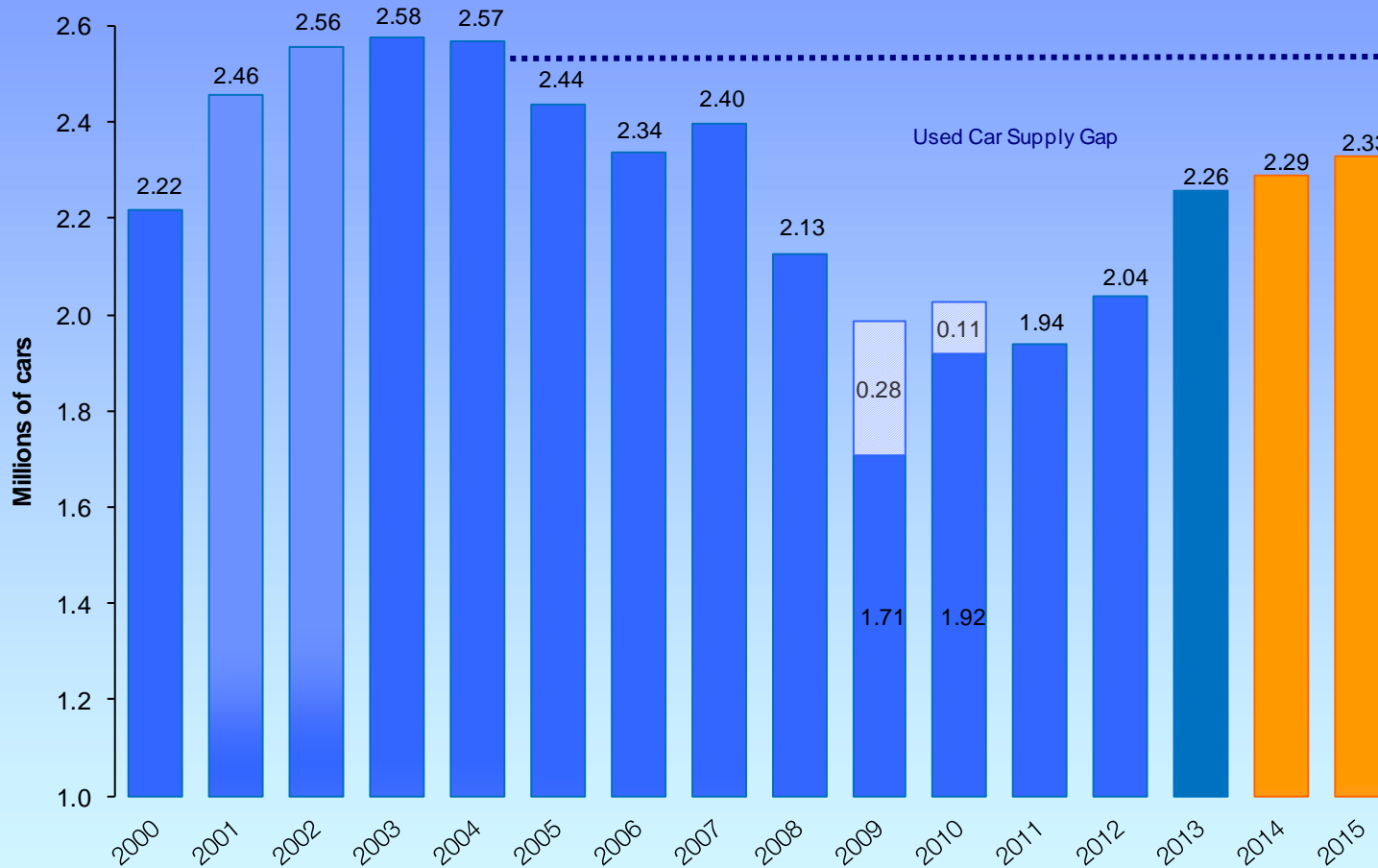


UK New Car Registrations; 2000 - 2015



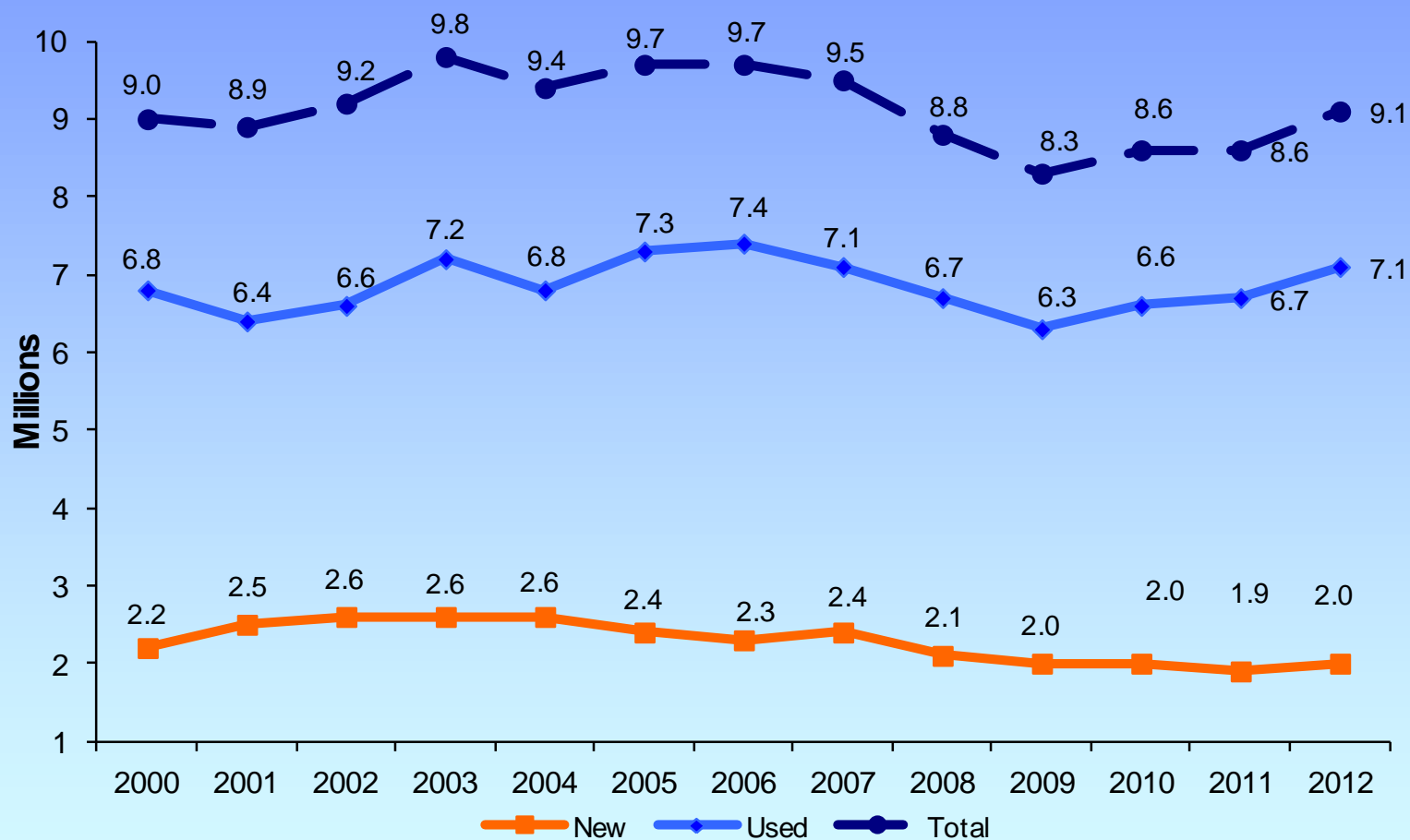
Source; SMMT

UK Used Car Supply Gap



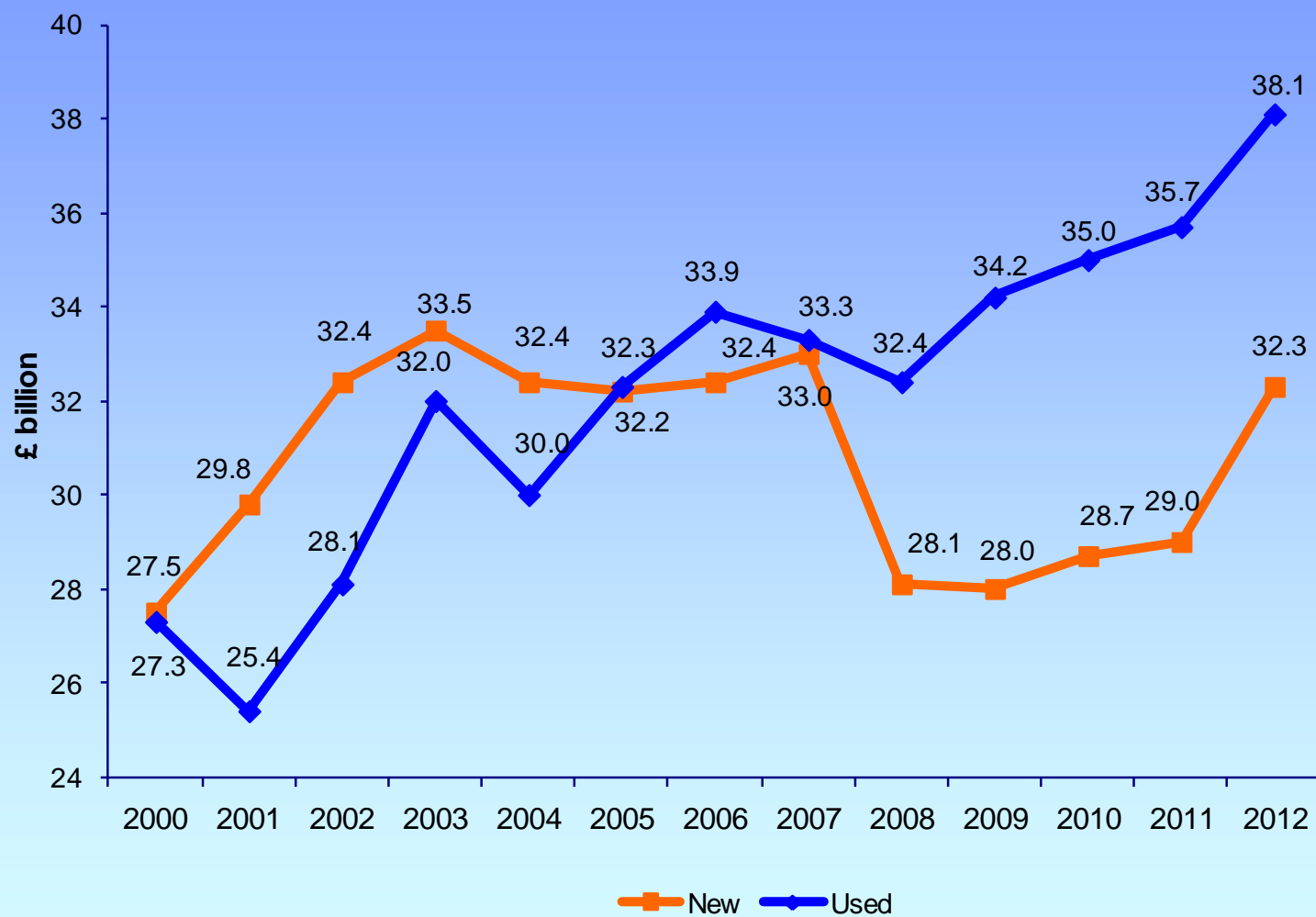
Source; SMMT/Buckingham

New vs. Used Car Market Volumes; 2000 – 2012



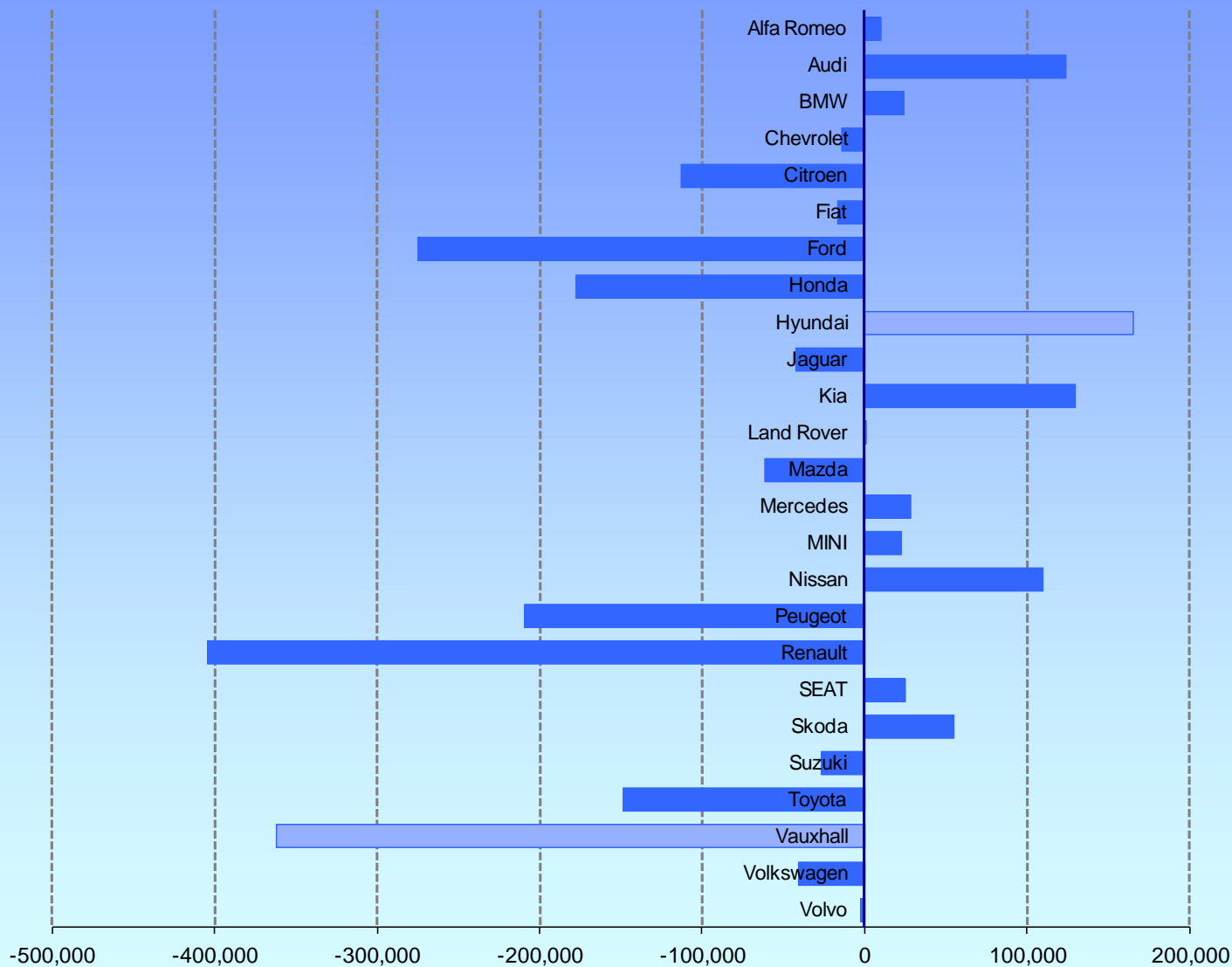
Source; BCA Used Car Market Report

New vs. Used Car Market Values; 2000 – 2012



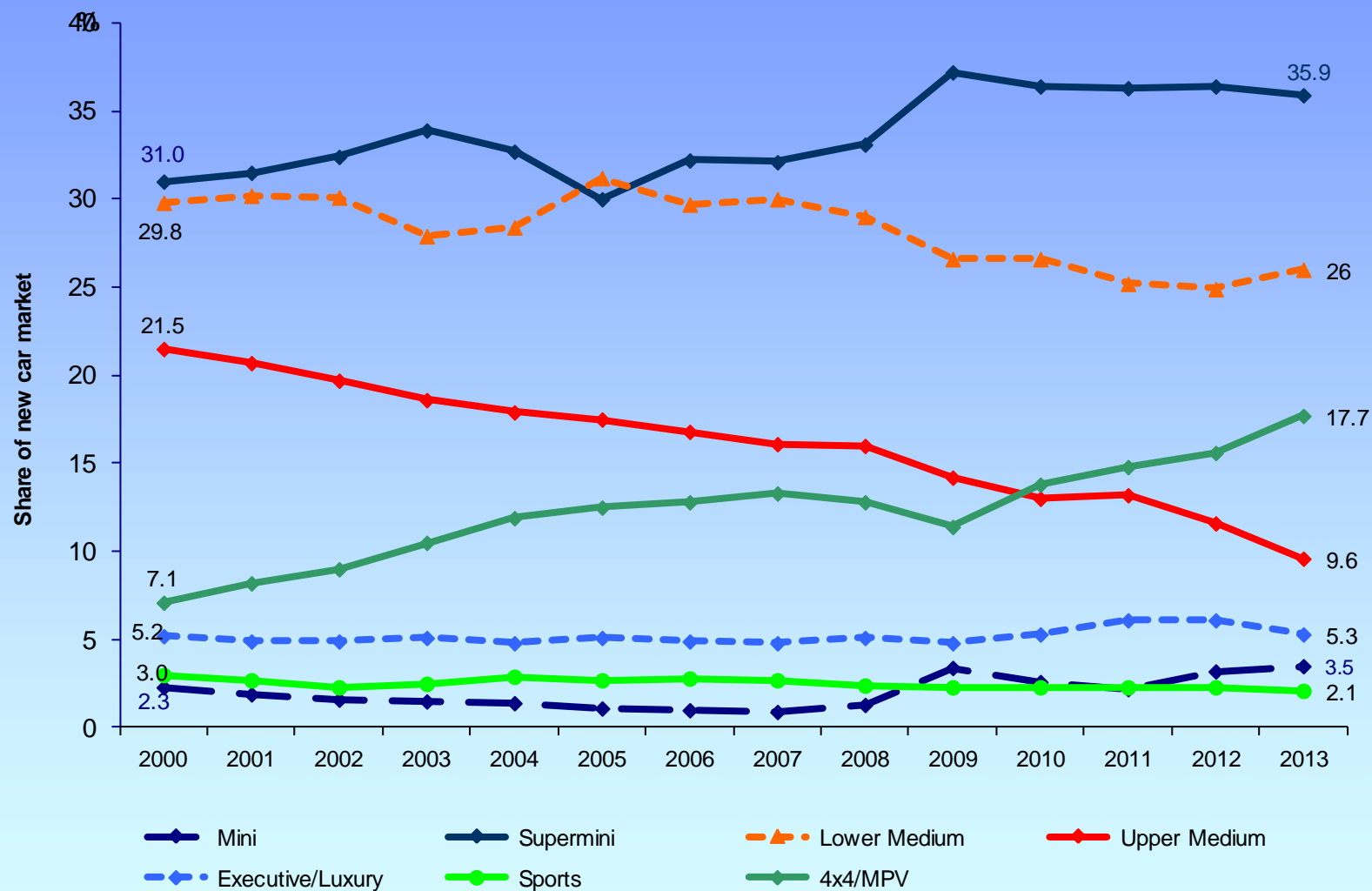
Source; BCA Used Car Market Report

UK 5 Year Car Parc; 2009/2013 vs. 2004/2008



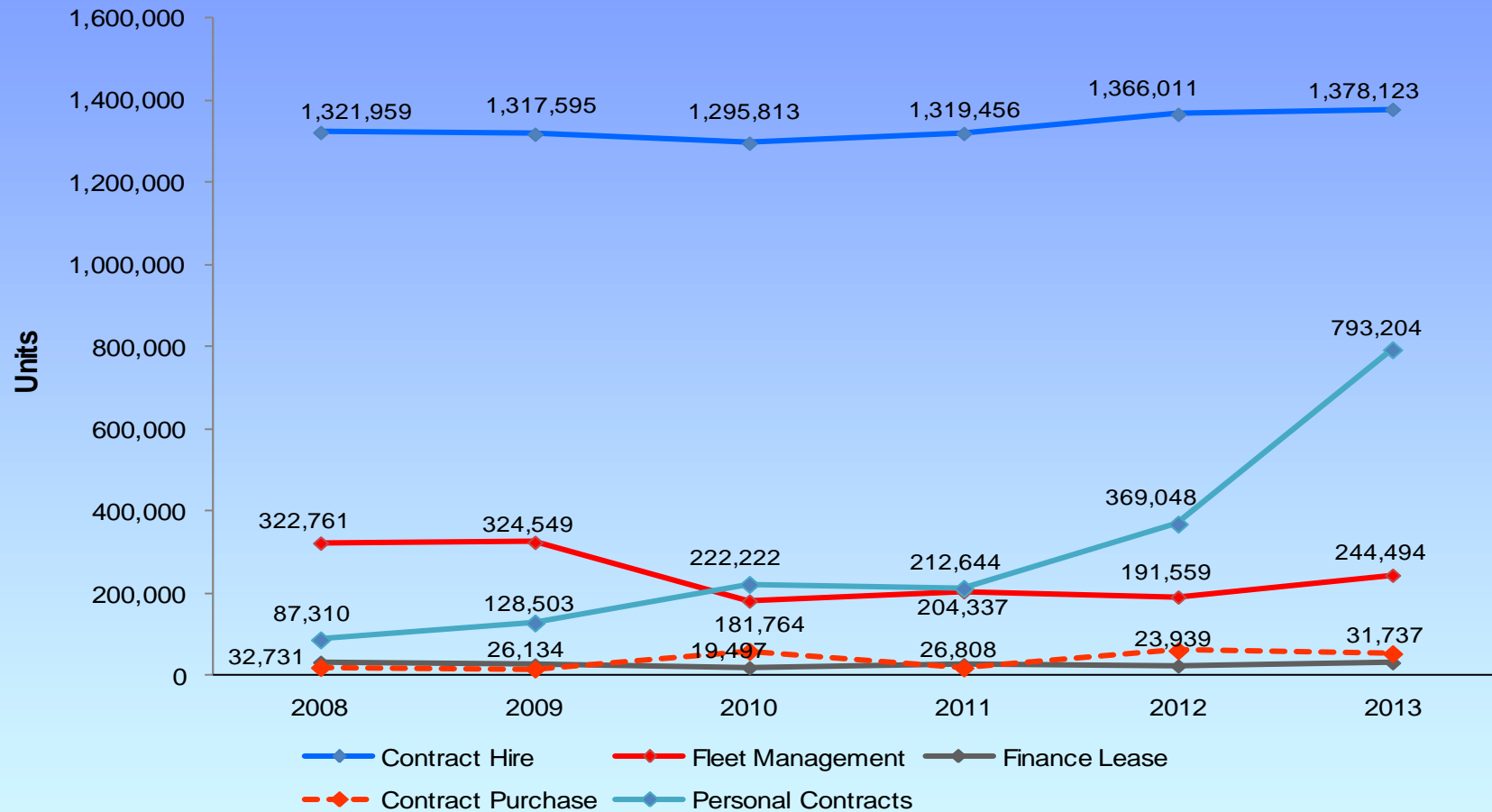
Source; SMMT

UK New Car Registrations Segments; 2000 - 2013



Source; SMMT

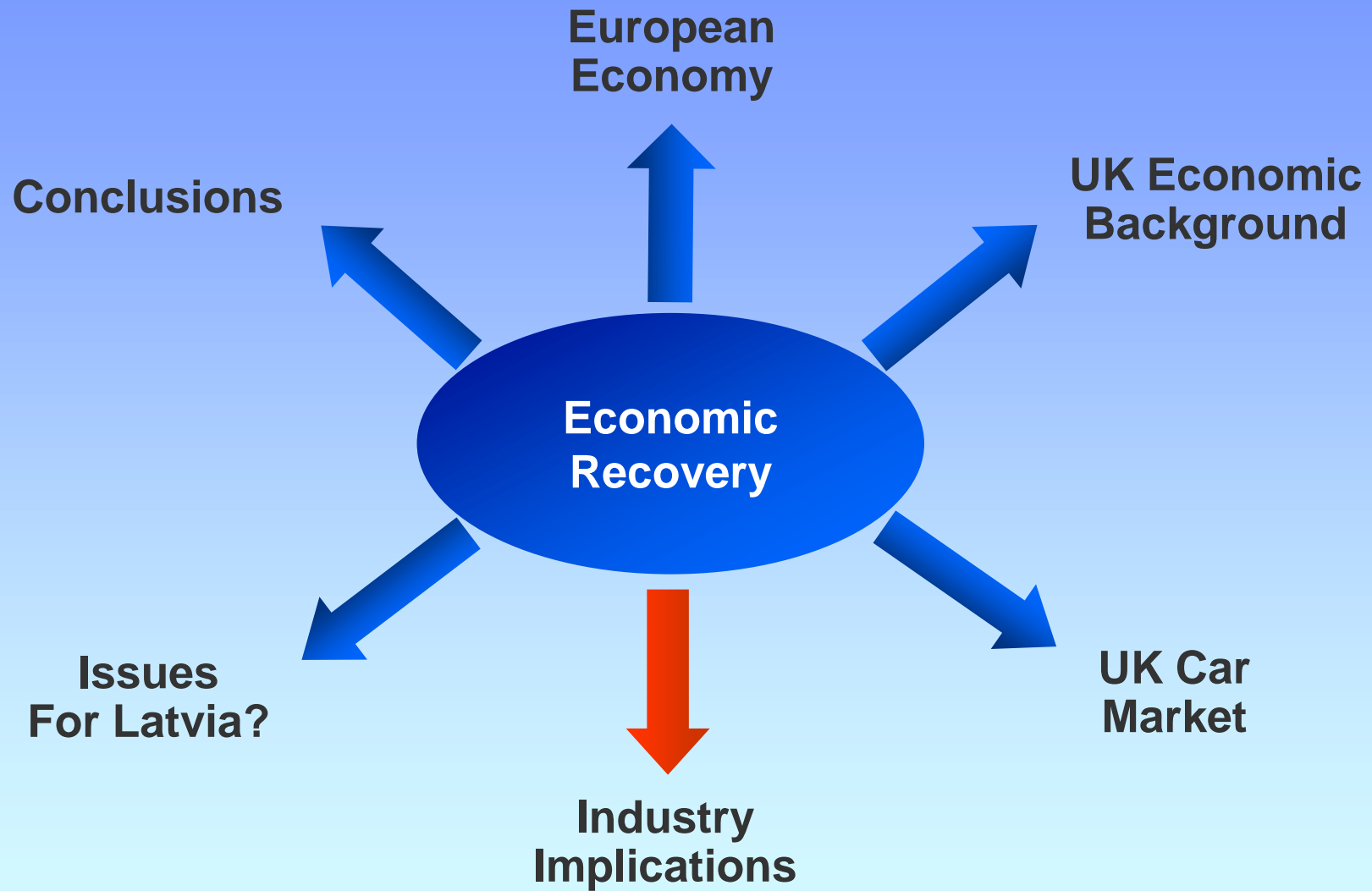
Car Finance Parc; 2008 - 2013



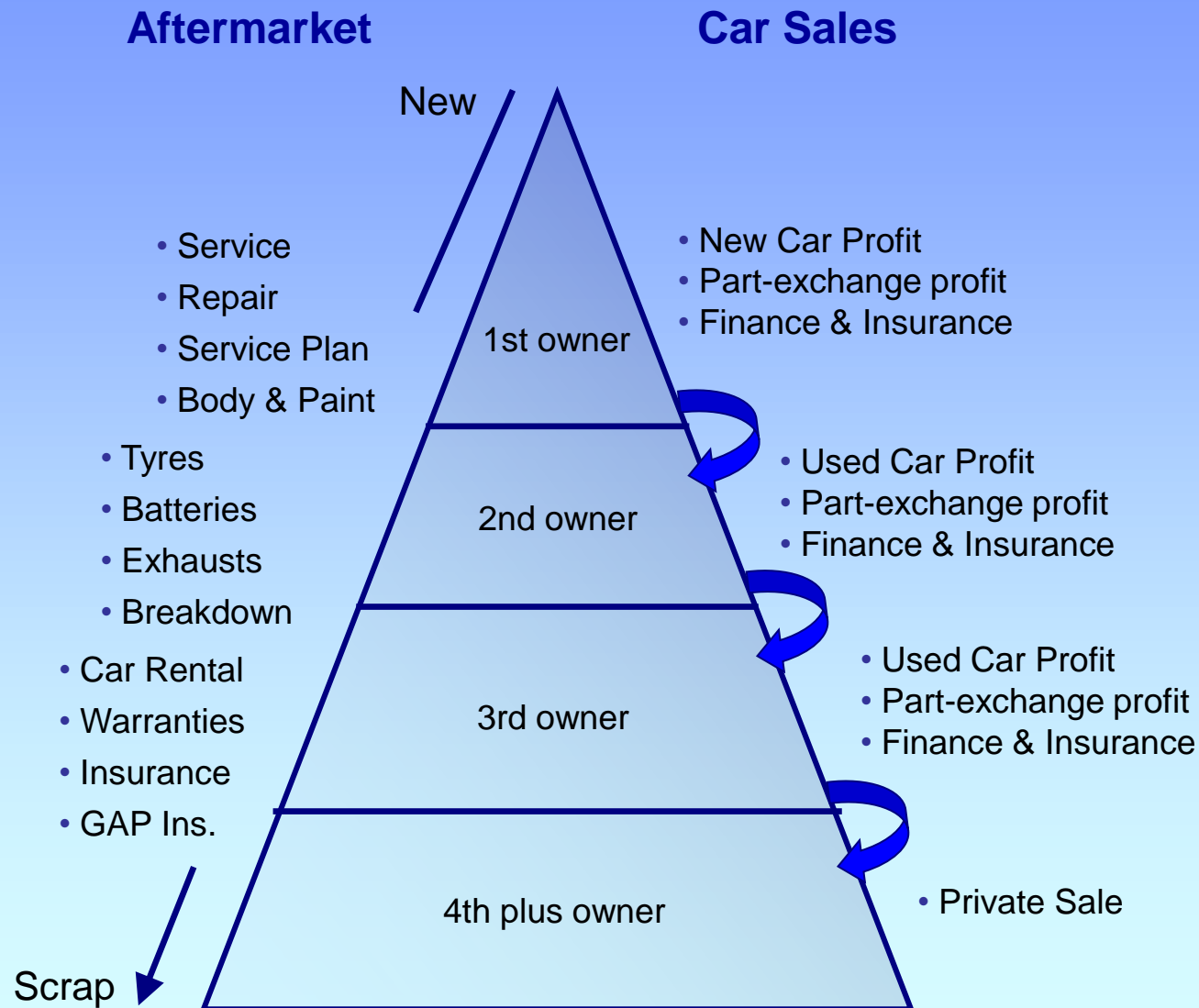
Source; BVRLA

Issues to be Resolved in UK Market

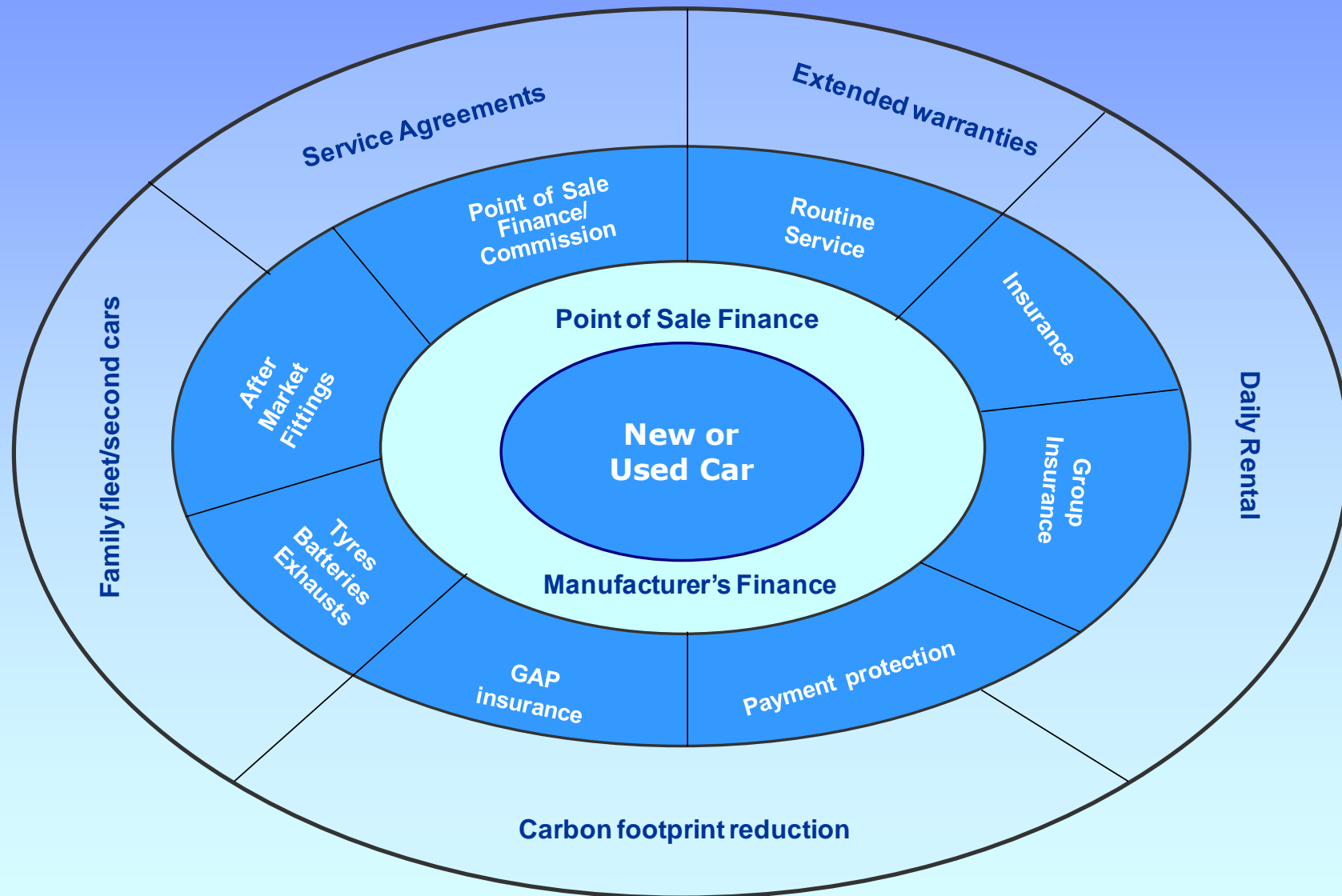
- Shortage of 'younger used cars'
- High volumes of ex-OEM finance cars expected
- Change in OEM car parc
- Reduction in low-cost finance
- Average age of car parc
- Risk of increasing interest rates



Automotive Business Model

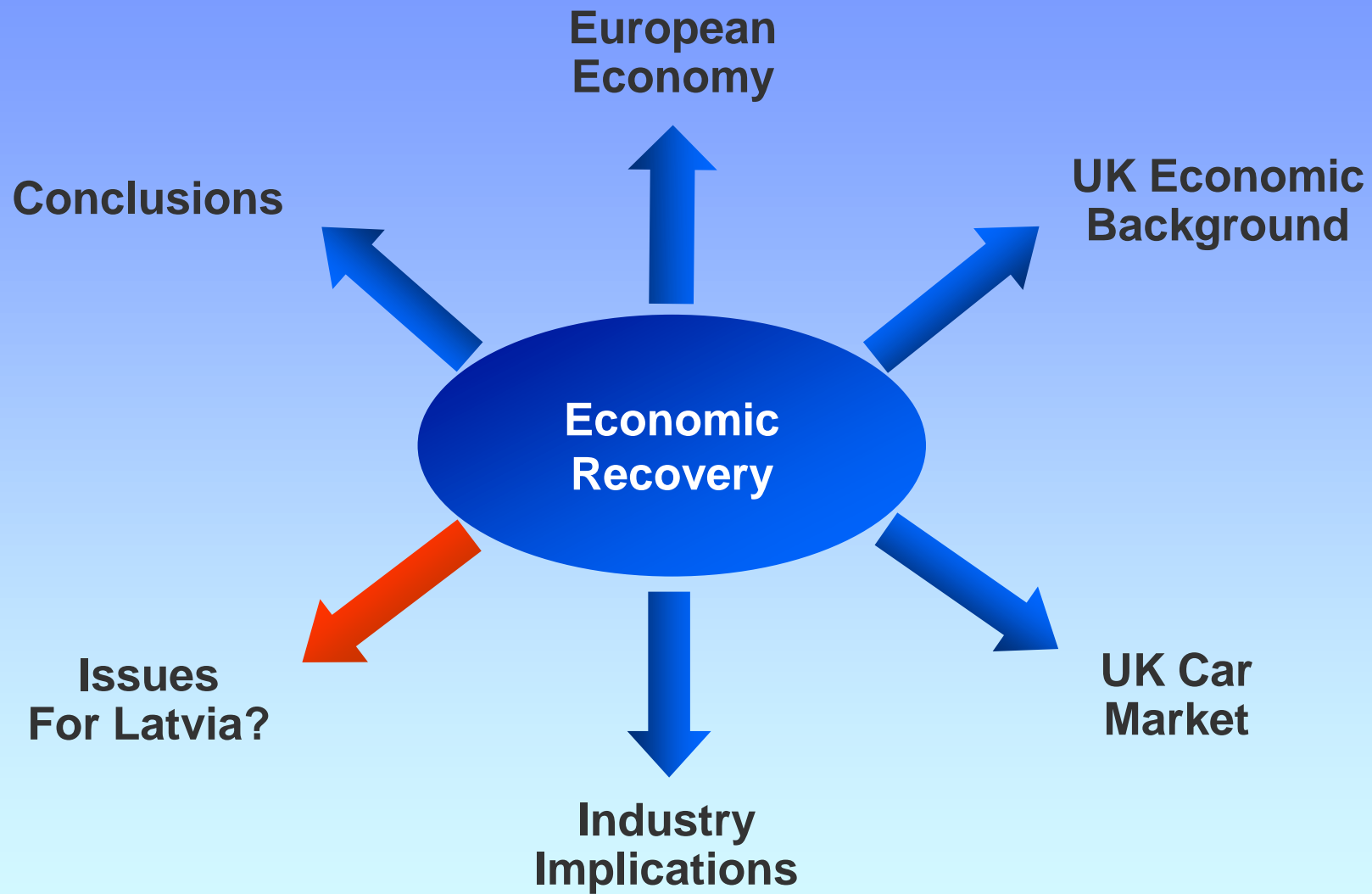


Auto Product Support & Profit Opportunities

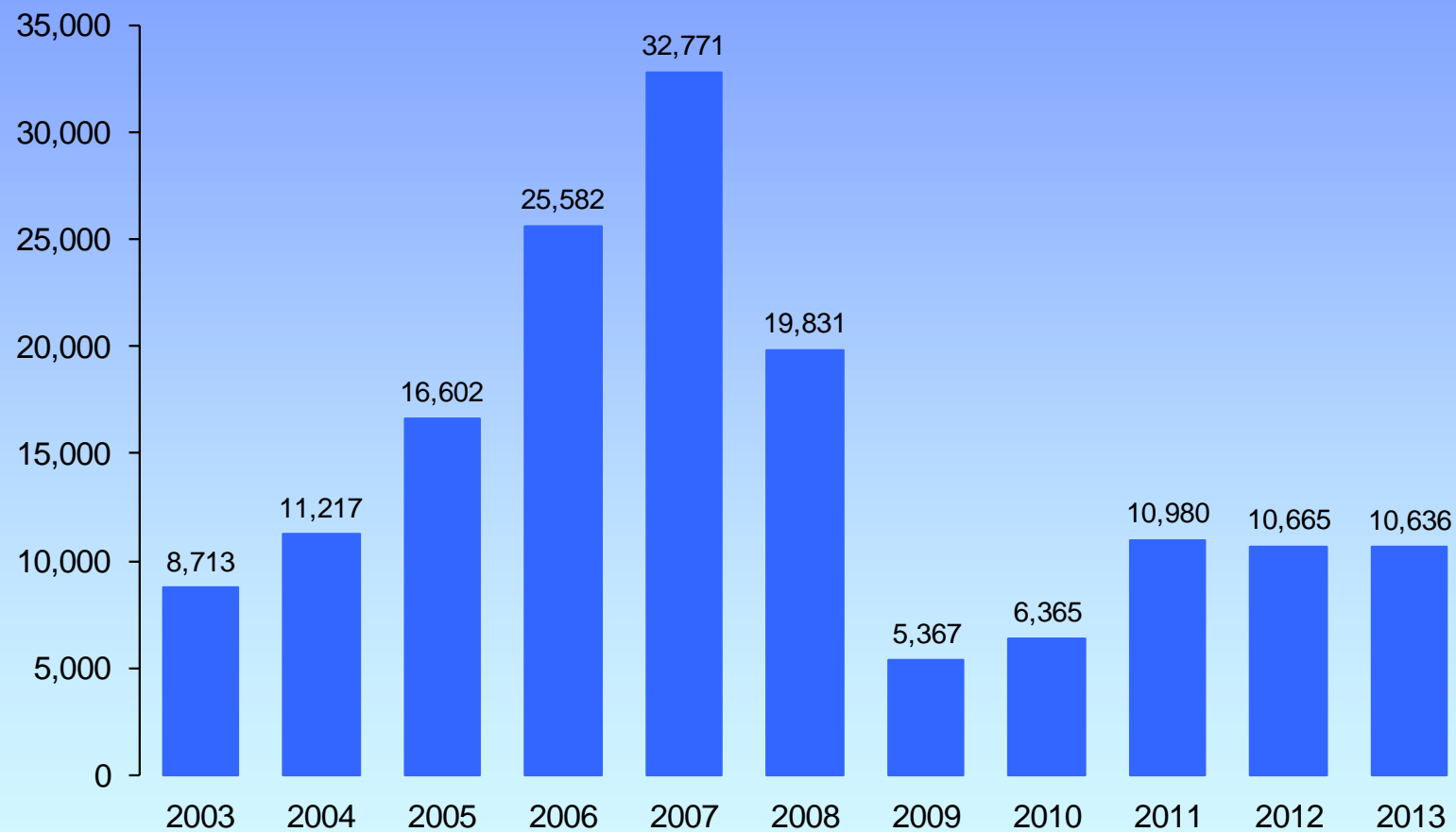


Implications

- All areas of the dealership to work together
- Profit to be sought from a wide range of opportunities
- The dealer as a one-stop shop
- Integrated dealer – importance of dealer training
- Importance of dealer staff training



Latvia New Car Registrations; 2003 - 2013



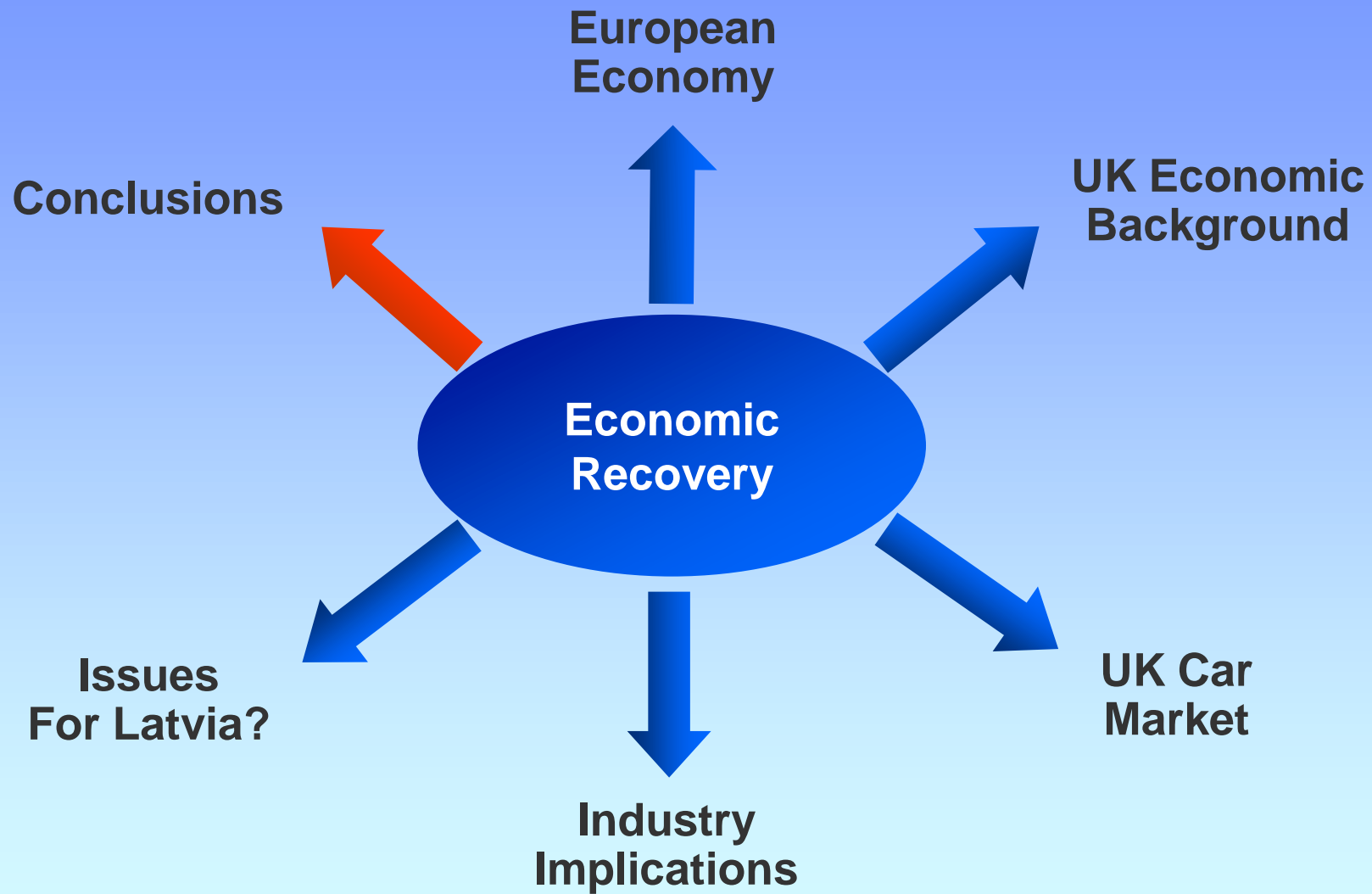
Source; ACEA

Issues for Latvia?

- Changing new car market
- New car packages and finance
- Evolving used car market – profit opportunities
- Shortage of younger used cars
- Developing service opportunities – pricing policy
- Staff training – sales, service, finance, customer care
- Seeking the one-stop shop?

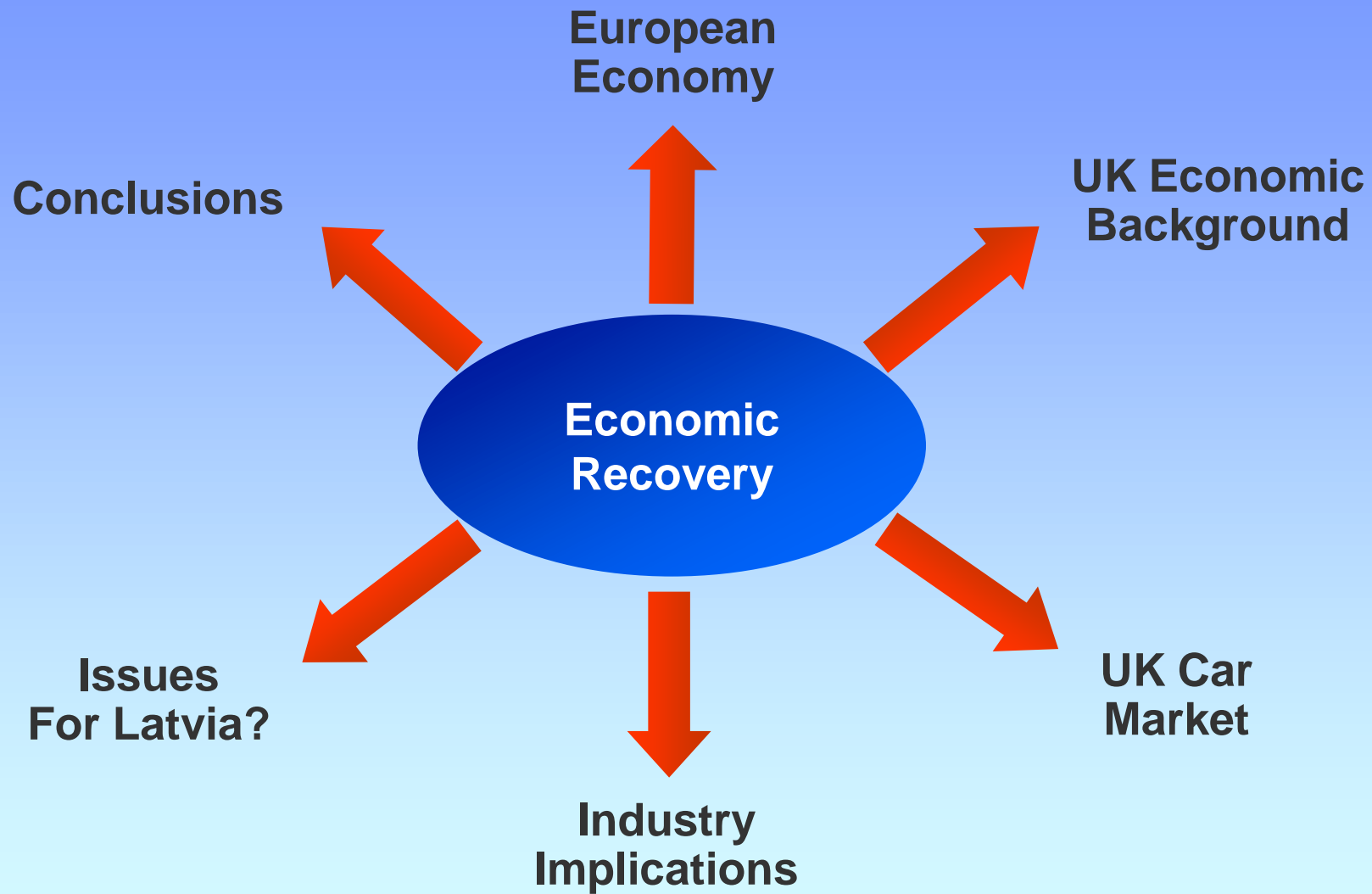
Issues for Latvia II

- Updating the car parc
- Vehicle finance
- Creating the total package – new and used
- Business retention – not just price



Some Conclusions and Implications

- Issues emerging from slow market
- Rebuilding the market shape
- Seeking sustainable profitable business
- Watch changes and implications elsewhere





www.buckingham.ac.uk/cam