



## Rising hesitancy over buying is the new norm

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There is no doubt that new and used car sales are right at the forefront of the car retailer's commercial strategy at the moment, said Rupert Pontin, Director of Insight at Cazana, the motor trade analysts.

As another week of strong sales performance passed by and the retailers continued to make the most of the pent-up buyer demand, new car sales looked good, although the restrictions on supply continue to make the headlines, but the release of the new car registration data by the SMMT this week will qualify the real impact of the lack of product.

Used car sales performance is also good with a consistent volume of leads making life a little easier for the sales teams. Online transactions appear to be consistent although for those customers coming to the showrooms, there are reports of a slight reluctance to commit to buy at the point of closing the sale.

This is interesting as it perhaps defines the type of buyer that comes to the showroom as being less committed to buying a car or perhaps just more cautious full stop. Whichever the answer, this behaviour is symptomatic of the new normal.

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The real issue in the used market right now is vehicle supply and whilst it is evident that the logistics and remarketing facilities are coming up to speed with the market expectations, there are still delays in the defleet and prep supply chains that are hampering vehicle supply.

- Used Car Sales Increase by +16.5%  
Week on Week
- Cazana Used Car Retail Price Index  
Down by -0.9%
- New Retail Advert Listings Drop by  
-1.6%



Members of the Vehicle Remarketing Association struggle to meet demand on a daily basis under the current challenging social distancing rules that hamper operational efficiency. The resulting sometimes erratic supply of used cars in the wholesale market has seen some quite extraordinary pricing for some used car stock, but the concern is that this enhanced wholesale price is not recoverable by the corresponding increase in the retail price of the car.

On a more positive note, it would seem that this behaviour is reasonably limited to those retailers and traders either exceedingly short of stock, or where a car is being bought for a sold order. Both circumstances carry a high level of risk, especially when the retail price can move so much from day to day, and realistically, real-time pricing data is the only way to minimise loss and maximise return.