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CARZONE MOTORING REPORT



Examining Trends in the
Irish Motoring Industry

Carzone.ie
Ireland's Ultimate Motoring Marketplace

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Introduction

Welcome to the fourth Carzone.ie Motoring Report, a bi-annual digital publication focusing on the state of the car market and the opinions of thousands of Irish motorists.

Following a record start to 2014 in terms of new and used car sales, it's clear there's optimism in the market and more consumer confidence than there was this time last year. In the used car market, that's supported by an increase in searches for large executive saloons on Carzone.ie. So much so that the BMW 5 Series is now the second most searched for model of all. Used car transactions were significantly up around the country according to Cartell.ie and they show no sign of slowing any time soon. Carzone.ie remains at the forefront of bringing high-quality used cars and happy buyers together. Over 100 million searches for used cars were carried out on Carzone.ie during the first half of 2014. Carzone.ie is not only Ireland's Ultimate Motoring Marketplace with over 20 million visits generating over 900 million page impressions last year, it's also an authority in the used car market and the search data allows an incredibly detailed look at buying trends.

As before we've broken down the data so it can be looked at on a county-by-county basis, which makes for very interesting reading. Complementing this was a survey of 2,520 Irish drivers of all ages and backgrounds. We asked them to tell us about their car buying and selling preferences, how they feel about the economy, what their biggest financial worries are and, for this edition, what they think about safety, both in terms of their own cars and driving in general. The results were a little startling in places, especially with regards to mobile phone usage while driving.

Some of the analysis in this document was made possible by accessing Cartell.ie's database of vehicle transactions. Cartell.ie was the first company to offer car history checks in Ireland and continues to lead the industry.

The first six months of 2014 have been fascinating from a motoring point of view. We hope the rest of the year follows the upward trend.

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KEY FINDINGS

The key findings from the first six months of 2014



01 Despite stable diesel prices, the cost of fuel is the biggest financial concern for Irish motorists. It's followed by road tax costs and the price of car insurance.

02 Black is the most searched for colour in the used market, though silver (just) trumps it in new car sales.

03 Celebrating its 40th birthday, the Volkswagen Golf is not only the best-selling new car this year, it's also the most searched for used model.

04 The BMW 5 Series is now the second most searched for used car on Carzone.ie, ahead of the BMW 3 Series. Other large German executive models have seen a surge in popularity, in a sign of consumer optimism.

05 While the majority of motorists claim to understand new legislation regarding mobile phone usage, a worrying 91.5% have witnessed another driver making a call or sending a text from a hand-held phone while driving.

06 Irish motorists are well-educated in the legislation surrounding correct child seat usage.

07 A significant 58.9% of motorists were not aware that VRT and the higher rate of VAT are charged on safety related optional extras in new cars. Most were unhappy with this discovery.

08 Although 80.4% of car buyers consider safety equipment as part of the buying process, only 59% are aware of the independent safety test organisation, Euro NCAP.

09 Second hand buyers do not have a fear of the number 13, as the '131' and '132' plates occupy 10th and 13th spot in Carzone.ie searches.

10 Used car buyers continue to favour cars from 2008, hoping to make the most of the emissions-based tax regime.

11 Used car sales are up around the country by an average of 20%. A total of 541,237 transactions took place in the first half of 2014, up from 454,836 in the first half of 2013. Cavan, Offaly, Monaghan and Clare recorded the biggest gains.

12 Normalisation is returning to the used car market according to Cartell.ie, where buyers are going back to changing their cars every three or four years.

13 More used Fords changed hands in the first four months of the year than any other brand, followed by Volkswagen and Toyota.

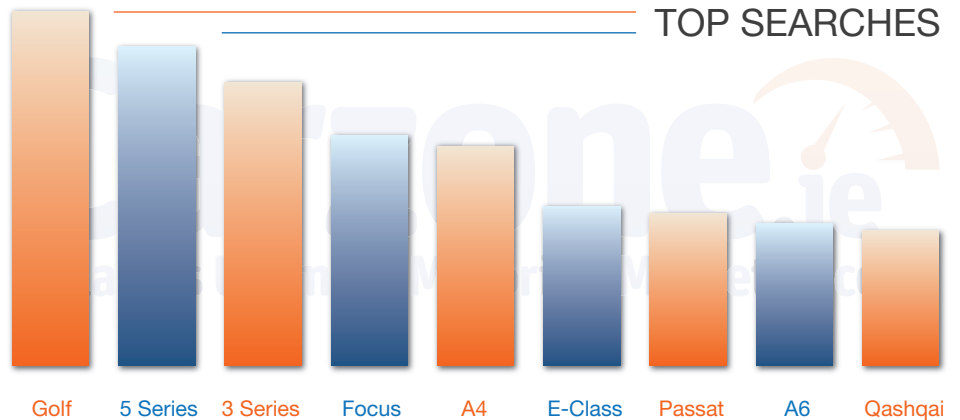
14 The biggest percentage increase in used car transactions was recorded by the German luxury brands. Sales of used Audis are up 27.3%, followed by BMW at 25.7% and Mercedes-Benz at 23.6%.

Status quo in the site searches

Celebrating its 40th birthday in 2014, the Volkswagen Golf remains the nation's favourite used car if searches on Carzone.ie are anything to go by. It was the most searched model of all for the first months of this year, continuing a trend set in the latter half of 2014. Somewhat surprisingly, the BMW 3 Series is pushed down into third spot by its big brother, the 5 Series. Could this be a sign of improved consumer confidence? The trend continues elsewhere, as other large executive German saloons gain popularity on the second hand market: the Mercedes-Benz E-Class is up one place to seventh overall, while the Audi A6 jumps two places to eighth. Further down the ranking, but perhaps just as significant, the sporty looking Audi A5 Sportback leaps from 24th place to 19th. Interestingly, the only SUV in the top 20 is the Hyundai Santa Fe (the Nissan Qashqai is in 10th spot, but it's classed as a 'crossover').

Despite all the shifting about, the most searched for car brands are mostly unchanged, certainly in the top six places. BMW takes it from Volkswagen, Audi, Ford, Toyota and Mercedes-Benz. Reflecting the success of Czech brand Skoda, it moves up two places from 12th to 10th, while MINI jumps from 22nd at the end of 2013 to 19th overall this year, perhaps spurred by the arrival of an all-new version.

When the first of these Carzone.ie Motoring Reports were compiled - looking at 2012's data - the most searched for year was 2008, which was no surprise given the change-over that year to emissions-based taxation. It was assumed that buyers



TOP TIP:

Don't restrict your search to a single colour, as odds are everyone else is doing the same thing - especially if it's black.

would continue to search for cars that are no more than four years old, but in fact, that changeover year is still the most popular, accounting for 8.19% of all searches in the first six months of this year. It's followed by 2010, 2011 and 2012, while 2009 is inexplicably demoted to sixth place - in line with a dismally low number of cars registered in Ireland that year.

Encouragingly, in terms of the Irish economy, '141'-registered cars were searched for by enough users of Carzone.ie to put it in eighth place. And triskaidekaphobia (the fear of the number 13) appears not to be as big an issue as many thought last year, as '131' and '132' plates were in 10th and 13th spots respectively.

Despite the apparent optimism amongst car buyers, we're still a conservative lot when it comes to colour preference. Black remains, overwhelmingly, the most searched for colour, ahead of white, red, silver, blue and grey. Saying that, a somewhat amusing 310 people

searched for pink cars, so we're not all shrinking violets.

And delving into the data in a little more depth reveals that not all counties follow the herd. Silver is the most popular colour in Wicklow and Carlow; Sligo and Leitrim dwellers prefer red; blue is favoured by Laois and Cavan motorists; and white tops the bill in Monaghan. In terms of makes and models, there are fewer anomalies, and the Volkswagen Golf is the clear winner around the country. The Focus vies with it in most counties and the only ones to search more for another model are Longford, where the Audi A4 is the most popular car and Monaghan, for the Opel Insignia. The larger population of Dublin and nearby counties have enough influence over the results to catapult the BMW 5 Series and 3 Series to the top of the used car search charts, but elsewhere in the country they're not quite so sought after.

Here's to the future



In spite of a lifting of the financial mood in the country, the top financial concerns when it comes to running a car have not changed in the past six months. The cost of fuel is foremost in Irish motorists' minds, despite the stable price of diesel in the past six months at about 147 cent per litre.

Next up are road tax costs. While buyers of efficient new cars benefit from the emissions-based taxation, where most pay no more than €200 per year, drivers of older models, taxed according to engine size, have to consider an annual bill of over €500 if their car is a 1.6-litre or larger. Respondents chose the cost of car insurance as their third largest financial concern and 66.1% of those surveyed believe their motoring costs will increase over the next decade, from an average right now (covering insurance, tax, petrol, repairs and servicing) of €3,669.30 per annum.

Hence motorists are doing more research online than ever before when buying a car. A considerable 36% of respondents researched more than five different models before choosing their car, and while independent dealers are still the favoured source of cars (at 32%), private sellers accounted for a sizeable 27.9% of motorists' purchases over the first half of this year.

In terms of planned spend, most buyers now reckon they'll purchase a car valued between €5,001 and €10,000 (at 29.2%), whereas the previous survey showed a slim majority for a higher spend. That is one of the few negative trends in this report, though the differences are too small to read anything into it at this stage. It's certainly something to keep an eye on.

Following on from that, fuel costs are seen as the biggest obstacle facing drivers trying to afford a car two years

from now (32.9% of respondents). Lack of income from employment isn't far behind at 26.4%, followed by the cost of buying the car in the first place.

TOP TIP:

Consider trading in your older model for a new car using a PCP finance scheme. It may work out cheaper in the long run.

New car market effect

Signs are that 2014 will be the best for new car sales in some time. At the end of July this year a total of 84,460 new cars had found homes in Ireland, considerably up on the same period in 2013 (64,845 cars). Indeed, that figure better the total for the whole of 2013, when only 74,300 new cars were sold - down from an already poor 2012, in which 79,574 new cars were registered. Predictions are for a total of close to 100,000 sales come the end of 2014, which isn't near the dizzying heights of 2008, when 151,444 new cars were registered, but is certainly approaching a sustainable number.

As in the used car searches, the Volkswagen Golf dominates the new car sales chart, though the BMWs that are so popular second hand sell in much lower numbers. In second place is the all-new Nissan Qashqai, followed by the venerable Ford Focus and Fiesta, ahead of Toyota's stalwart Corolla saloon. One to watch for the future is Hyundai, which has jumped to fourth spot overall in new car sales.

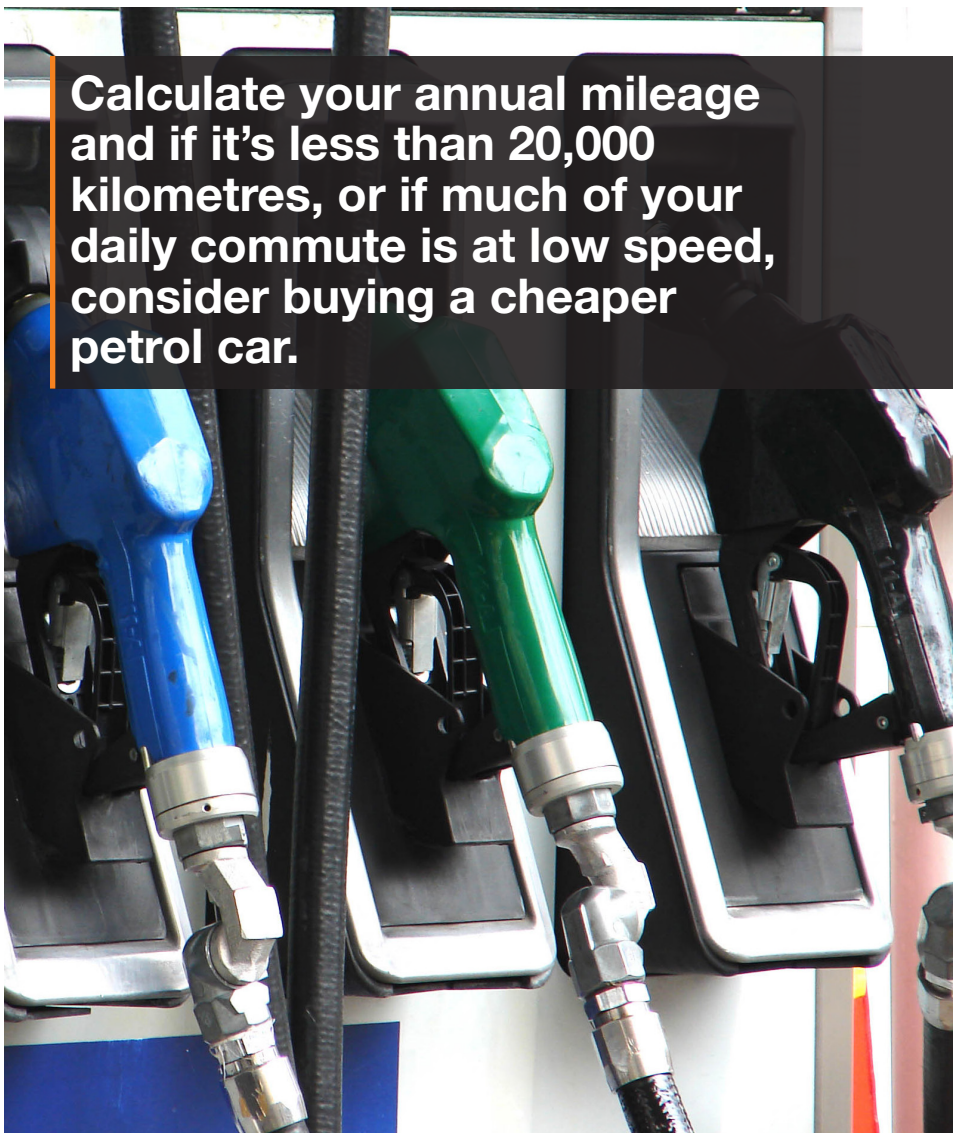
New car buyers appear to have slightly different colour preferences to their used car counterparts, as silver is the most sought after paint hue. In fairness, it only just beats black to the top spot, with 21.36 % of sales in comparison to 20.75 %. They're followed by grey, then white in a very monochromatic palette.

Unsurprisingly, diesel powered cars are favoured by the majority of new car buyers, at 73.23% of sales this year, and an equally significant 67.68% have emissions ratings of 120g/km or less. That's despite the introduction of plenty of new petrol powered cars with competitive emissions ratings at

lower purchase prices. Nonetheless, demand for diesel cars in the second hand market, and hence their stronger residual values, will continue to support this situation. An overwhelming majority of Carzone.ie site searches were for diesel cars, at 81.33%.

Yet, the survey reveals that over half (53%) of motorists travel less than 25 kilometres to work each day. That equates to an annual mileage in the region of 15,000 kilometres. The fuel economy savings, by choosing diesel over petrol, over such a short distance

are not likely to be considerable, and commuters that spend much of their journey at low speed should really reconsider petrol - or indeed hybrid or electric power. Petrol models are often cheaper to buy - in the case of both new and used cars - and they could be a canny purchase for a low mileage driver. Indeed, 50.4% of the survey respondents that bought a used car in the past six months went for a petrol model. Incredibly, 59.2% of those that plan to buy before the end of 2014 aim to get a diesel car.





SAFETY IN NUMBERS



For this edition of the Carzone.ie Motoring Report, we asked our survey respondents a few questions relating to safety. First up is the car itself. Most mass-produced models sold in Europe today are submitted to Euro NCAP for safety and crash testing. Euro NCAP is a completely independent organisation, classed as an International Association under Belgian law. Each member pays an annual subscription and must fund the testing of at least one car model each year.

Car manufacturers can fund the testing of their own cars but Euro NCAP has total control. The manufacturer cannot influence the testing, assessment or publication of the results. Research papers show that the Euro NCAP tests have encouraged car makers to improve car safety above and beyond the minimum level required by the law and the testing procedure evolves to keep pace with development.

We wondered how aware Irish drivers were of the Euro NCAP ratings, and it's as relevant to buyers of used cars as it is to new, as the testing has been carried out since the nineties. Despite that, only 59% of respondents had heard of the Euro NCAP rating

and only 40.3% of those bought a car partly due to its safety score. However, a massive 80.4% of motorists said they consider the safety features of a car before choosing to buy. When asked which safety devices are particularly important, the majority of people (82.1%) included airbags in their list. Trailing those by some distance, at 59.5%, were anti-lock brakes and a stability and traction control system (at 56.7%). Given how new automatic braking and driver drowsiness detection systems are, it was a little surprising to find solid support for them at 41.2 and 22.9% respectively.

The latter systems in particular, and others, are still, sadly, often relegated to the options lists of new cars. That's in a bid to keep the purchase price down and remain competitive of course, but buyers aren't incentivised to pay more for safety options either, as legislation means these extras are subject to VAT and VRT. Interestingly, 58.9% of those surveyed were not aware of this and the vast majority indicated their displeasure at the situation.

Unfortunately, this applies to child seats too, meaning that parents on a budget may often end up with a seat that is less safe in a crash than a more expensive model. Some 40.2% of our respondents indicated that they have children under the age of 11. Over 70% of those have one to two child seats

in their car at any time. Encouragingly, most appear to be educated in the weight-based ratings system for child seats, and an impressive 72.1% confirm they are aware of the new legislation relating to penalty points for the driver for an incorrectly fitted, or inappropriate, child seat.

Along the same lines, the majority of respondents (82.6%) said they know about the new legislation relating to texting while driving. However, the effectiveness of the law relating to using a mobile phone while driving is brought into question, as 53.4% of those surveyed admit to being in a car while the driver has either made a call or sent a text from a hand-held phone. Rather more worryingly, a significant 91.5% of respondents say they've witnessed another driver making a call or sending a text from a hand-held phone while driving in the past six months. That's despite 72.5% rating talking or texting on a hand-held mobile phone while driving as incredibly dangerous.

TOP TIP:

Never, ever text while driving. A lot happens on a busy road in a few seconds and a momentary distraction is all it takes to cause a potentially serious crash.

MARKET SUMMARY

IS NORMALITY RETURNING TO THE USED MARKET?

Cartell.ie did some interesting number crunching on used car market transactions for the first four months of this year. Not only did it reveal a considerable jump in used car transactions across the country, it also showed an increase in demand for luxury brands, plus, perhaps most importantly, there are signs of 'normalisation' in the market.

John Byrne of Cartell.ie explains: "In a normalised market we would expect to see an even spread of transactions across most of the registration years as motorists return to normal three- or four-year sales cycles. This was more in evidence in the first four months of 2014 than the same period in 2013. Combined with the significant increase in used

vehicle transactions in the market year-over-year we are clearly seeing signs of a return to what we would consider a normalised used market."

In that same period, an average jump of 20% in the number of used car transactions was recorded, up from 454,836 in the same period of 2013 to a huge 541,237 for the first half of this year. While a transaction is defined as a vehicle sale, be it dealer-to-dealer, dealer to private or private to private (and includes all vehicle types and tax classes) the percentage gain is highly significant. Counties showing the largest percentage increase in transactions were Cavan (28.18%), Offaly (24.95%), Monaghan (24.54%) and Clare (24%).

Sales of all car brands around Ireland increased accordingly, but the largest percentage gains were by Audi, BMW and Mercedes-Benz - in that order at 27.3-, 25.7- and 23.6% more transactions than in the same period in 2013. In terms of overall transactions, Ford is top, ahead of Volkswagen and Toyota.



Buying Guide

To complement the tips provided throughout this document, we've compiled a checklist to help ease the task of buying a used car. Admittedly it can be a daunting experience the first time, and there are pitfalls to be aware of, but for every disappointed buyer there are thousands of happy drivers. Even if you're an experienced used car buyer it's worth brushing up on your skills.

1. FOCUS ON YOUR REAL NEEDS

Do you have a family? Then get a family car. A business person that wants to uphold a professional image? Then choose a compact executive or luxury model. And if you need to transport lots of passengers, the practical world of the MPV awaits. Whatever your requirements there will be a car out there ideally suited to you and your lifestyle. Talking of which, work out where you will actually use the car, as a model that is naturally at home in the city may not be quite so suited to long motorway slogs.

TOP TIP: diesel cars fitted with particulate filters are unsuited to a life spent almost entirely in town.

2. SET A BUDGET - FOR EVERYTHING

It seems obvious, but it's easy to get caught up in the excitement of buying a car - usually the second most expensive purchase after a house. Becoming irrationally and emotionally attached to a prospective automotive suitor can see you suddenly overspending - so decide on a budget long before you start searching for cars, and stick to it. Remember also that the costs don't stop when you have taken possession of the vehicle - there's insurance to think about for a start, along with annual road tax and maintenance.

TOP TIP: allow a little extra in your budget to cover an inspection, car history checks and any miscellaneous costs that may arise.

3. SHOP AROUND

Once you've decided which makes and models would suit both your lifestyle and financial situation, make a short list of examples to actually go and view. If needs be look at 'worse' examples first, as this will give you a good basis to judge which one is the best of the bunch. Compare and contrast with other examples at the same price point and spend some time researching any problems that individual models may be famed for - using anything you find to your advantage.

TOP TIP: it's worth checking with your local mechanic or friends to get their opinion of certain cars they've had experience of.

4. INVEST IN A FULL INSPECTION

An independent expert will be able to look over the car, take it for a drive and offer a full report as to its condition and any future work required. This can be arranged with specialist garages or even the AA, the latter of which will also provide a guarantee. It may not be cheap, usually costing upwards of €250, but offers peace of mind and potential bargaining points for the buyer. If the seller is reluctant to allow an inspection they may be hiding something and our advice is to look for another car.

TOP TIP: if an inspection reveals a potential issue, don't be afraid to walk away from the deal, no matter how much you like the car. It'll be money saved in the long run.

5. DRIVE THE CAR

It's important to drive any prospective purchase before handing over money. Check to see if the vendor's insurance - or your own - covers this. Drive the car from cold if possible, pay attention to how quickly the engine starts, if there is any unusual smoke from the exhaust, strange noises or wayward handling and braking. Try and drive the car on a typical route for your intended use and make sure there are no fluid leaks and that all the electrics are fully working.

TOP TIP: never agree to inspect a car in the dark or when it is wet, as issues with the bodywork and wheels may not be visible.

6. PLAY THE HAGGLING GAME

Most sellers will have included a small margin in the price so be prepared to offer less than a car is advertised at. Ignore sob stories and don't let emotions get in the way of making the deal - selling and buying a car should be treated as a business transaction. Offer a realistic amount and when you are close to agreeing offer your hand to shake on the deal encouraging the vendor to accept. Leave a small deposit (unless taking it away that day) and obtain a receipt for all financial transactions.

TOP TIP: don't be over eager in terms of rushing to see a car 'before it's sold' - there will be plenty more on the market.

7. CROSSING THE T'S AND DOTTING THE I'S

This is possibly the most important part of buying a car - get this wrong and it could end in tears. Ensure that the VIN (Vehicle Identification Number) matches that on the car's log book and the address is the same as the location of the vehicle itself. It's also worth doing a full history check with Cartell.ie to make sure the car isn't subject to outstanding finance or an insurance write-off. If it all checks out then fill in the necessary paperwork for the vendor to send off and before you drive the car away make sure you have suitable insurance cover.

TOP TIP: reduce the chances of buying a stolen car by asking to do the transaction at the seller's home and ask them for ID and proof of insurance.

Selling Guide

Buyers will find plenty of information to help them along, but it's oft forgotten that these same people are usually selling a car as well, and while it's theoretically a simpler transaction, there's much the seller can do to maximise their car's value and speed up the process.

1. PRICE IT RIGHT

The first thing you'll need to do is price your car correctly. A quick check on the internet to see what similar examples are selling for is a good place to start. It pays to know the market and remember, although haggling is part of the process, don't set your advertised price too far above your minimum or you'll get no interest. Be wary of benchmarking your car's value against those offered by dealers, as they usually charge a little more to include warranty cover etc.

2. BE HONEST AND GIVE DETAILS

Make it clear from the off the exact make and model you are offering, as well as any special trim or specification designation. Modern cars are better equipped than ever before, so prioritise any listed extras - leave out power steering, but mention satnav and air conditioning if fitted. It's also important to mention any remaining NCT or road tax, as well as any recent expenditure, like a cam belt change or new tyres, as buyers will see this as one less future expense.

3. DON'T HURRY THE PHOTOS

A picture can tell a thousand words, so make sure your images count. Take photos with a clear background (think sky and grass, not housing estate) and in good weather with plenty of light. Try and keep the sun behind the camera, but your shadow out of the frame, and include a shot of every angle - front, back and both sides - as well as the engine bay, interior and any special features. Ensure your shots are in focus and if there is any damage mentioned in the advertisement consider showing this as well - there's



no point hiding it, as this will irritate a potential buyer that turns up to view the car.

4. PREPARE THE CAR FOR SALE

There's a reason that the cars in professional advertisements look immaculate - they've been valeted inside and out. You don't have to go to the expense of having it cleaned by a professional, but you should give it a basic wash before you take any pictures and before a buyer views the car if it has got dirty again. It's important to pay particular attention to the interior, especially if it's a family car subjected to pets or young children.

5. MAKE THOSE FIXES

Things like stone chips or kerbed alloy wheels can really let down a car's appearance, but are usually cheap and easy to sort. If the tyre tread is running low consider replacing them, and make sure all of the fluids (oil, water, screen wash, brake fluid, etc.) are topped up as necessary. It's also worth gathering all of the car's paperwork together and singling out any larger bills to show that the car has been maintained properly - a large history folder points to a well-looked after car.

6. THINK LIKE A BUSINESS PERSON

Expect lots of questions, either over

the phone, email or in person. Make sure you have the facts correct - when does the tax run out, was there any advisories on its last NCT and how many owners has it had? Most buyers will likely want to test drive the vehicle so make sure that either your or their insurance covers them for this - otherwise offer them passenger rides only. Never leave the buyer alone with the car and its keys either, and turn the engine off if swapping drivers on a test drive.

7. SEALING THE DEAL

Expect a bit of haggling, but be clear to yourself what is an acceptable amount to receive for the car. Other buyers will come along if this one doesn't want to pay your minimum. Make sure you are happy with the method of payment as well, be it cash on collection, cheque or bank transfer. Ensure all funds have cleared before you release the car. It's wise to write a receipt for both the buyer and seller, signed by both, and fill in all the official paperwork, sending off the relevant parts and informing your insurance company that you have sold the car to another party. We'd advise you to ask the buyer for ID too.

CARZONE MOTORING REPORT

