

1998 can be attributed to several factors. Like franchised retailers, independents have experienced falling margins as a result of higher stock acquisition costs.

The emergence of used car supermarkets – both franchised and independent - has also been a factor. Used car supermarkets averaging well over 2,000 units a year probably account for 6% of the market but used car retailing overall remains fragmented with over half of all independent dealerships selling fewer than 200 units a year.

Small independent used retailers have been vulnerable to increased reconditioning costs, to FSA regulation and then to the credit crunch. The once ubiquitous sole traders have declined in number most obviously.

So, while the used car market has been far more stable over time than the new, albeit with constant short-term fluctuations, it has been no bed of roses. Those looking to expand have found suitable sites and affordable financing both at a premium - property costs have risen faster than the market justified.

Still, on the plus side, the most professional independent used retailers are still at liberty to select and price their stock as they see fit and that fluidity is what maintains stability in the used market. Traders can respond rapidly to changes in the demands of upwards of seven million buyers whose very number and variety smooth the peaks and troughs of demand.

While the used car supply side was, until a year ago, distorted by forced registrations and fleet marketing tactics, this has now changed. According to some

ABOUT THE REPORT

The Future of the UK Used Car Market 2009-2014 is published by Trend Tracker for investors and industry professionals at £1,250 + VAT, inclusive of an electronic PDF file, the printed copy and a PowerPoint executive summary. You can get further details at: www.trendtracker.co.uk

estimates, as many as a quarter of businesses operating fleets have been holding on to company cars for an extra year before replacing them.

European factories have been cutting the over-production of new cars, removing nearly-new pre-registered stock from the used market. This should have created space on the forecourt for a more natural, customer-centred stock policy and a rapidly increasing new to used ratio.

In principle franchised retailers can control what used stock they buy and how they price it - with a freedom that applies to no other part of the franchised business. But with the car manufacturer still being the dog that wags the tail and with funds scarce for all but the largest groups to invest in used operations, it seems the franchised used car business is set to ride passively with the market rather than grasp the opportunity.

■ *Author Toby Procter is a director of Trend Tracker (www.trendtracker.co.uk)*

PROTECTING THE INDUSTRY AND OUR CUSTOMERS

Earlier this year, Motor Codes was proud to announce its latest consumer code of practice - the Motor Industry Code of Practice for Vehicle Warranty Products.

Established by the motor industry, Motor Codes Ltd acts as a self regulatory body for the automotive sector and operates three codes which guarantee industry standards for the protection of consumers and benefit of businesses.

Developed in association with some of the industry's leading organisations, the Code replaces the SMMT Code of Practice for Mechanical Breakdown Insurance Schemes and was launched in July to set a new, high standard for all warranty providers to follow to ensure that products and the information provided are consistent across the sector.

Ultimately, the aim is to protect the needs of the motorists. Today's consumer is more knowledgeable than ever; conscious of the need to protect their purchases and investments and have the peace of mind that, when they are putting their hand in their pocket, they are getting the value they want.

This has been the case for financial services products for some time.

Consumers have been provided with straightforward information when choosing financial services products and they've been offered a 14-day cooling off period that

allows them to ensure the product is right for them. Plus should the consumer have any complains, there's been the peace of mind that the Financial Ombudsman Service offers support and guidance.

So the new Vehicle Warranty Code has been welcomed by consumer groups as it provides the reassurance that the product they are purchasing meets those high standards and all information is clear, concise and straightforward. Plus there is the independent and free advisory line for any advice or questions.

For auto retailers this also gives them the reassurance that, if they're providing customers with warranties administered by subscribers to the Code, they have clear and straightforward documents and the product itself meets high industry standards.

Overall, this is a great step for the warranty industry. I'm also proud to have been recently appointed as non-executive board member for Motor Codes so I'm looking forward to playing a role in any future developments which can only help to strengthen the sector and be crucial in instilling customer confidence in warranty products.

■ *This editorial was supplied by Tim Heavisides, group chief executive of Car Care Plan (www.carcareplan.co.uk), a commercial partner in Auto Retail Network*