

AFFORD FOCUS:

A Definitive Report on the UK's
Used Car Finance Market in 2020

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Foreword

By Reg and Louis Rix, Founders of CarFinance 247



The used car market is in our blood. It was our dad's business when we were growing up. And it's been in our family for generations. Still is.

It's also an industry that sees over 8 million sales a year. And it's showing no sign of slowing down any time soon.

But for us, used car finance is all about improving people's everyday lives. Getting the school run sorted. That big boot for the big shop. The car you're proud to park outside the office.

We're helping people get the thrill of being back on the open road. And the freedom that comes with it.

We're passionate about what we do, and we're proud to be the UK's number one online used car finance broker*. One in 20 used cars financed is done so with our help. That's over 1,000 people picking up their new pride and joy every week - and almost 200,000 since we launched a few years ago.

Methodology: An online survey was conducted by Atomik Research among 2,004 adults aged 18+ from the UK. The research fieldwork took place on 17th to 22nd July, 2019. Atomik Research is an independents creative market research agency that employs MRS-certified researchers and abides to MRS code

*The UK's number one online car finance broker by unique users to the website. Based on Hitwise data - 108,204 to CarFinance 247 vs. 63,343 for nearest competitor. January 2019.

With that many people relying on us to get from A to B, it's important that we know everything there is to know about our industry.

That's why we commissioned this report. We wanted to get under the hood of the used car market. To understand how people buy their cars. What they need and what they want. What they drive and what drives them.

There's plenty to get your teeth into. Did you know that people spend an average of £413.93 a month on their used car finance? Or that 1 in 6 Londoners buys a used car on their credit card?

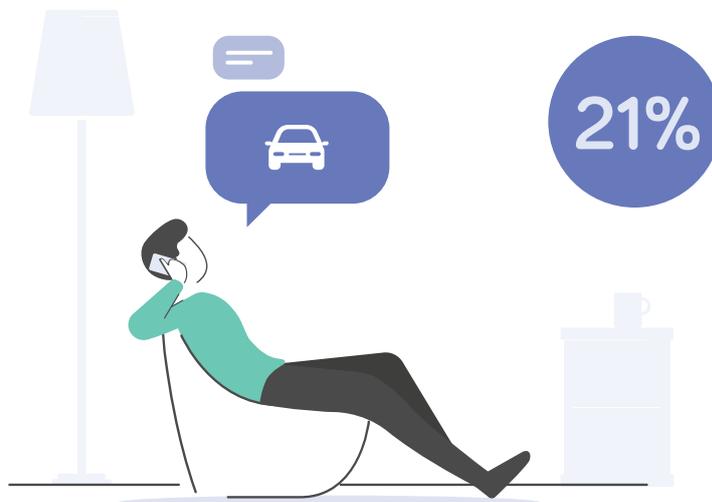
And that's not all; we're just starting to scratch the surface.

As we start a new decade, we're committed to keeping our finger on the pulse, staying close to our customers, and helping more people get that new car feeling every day.

Intro to Financing

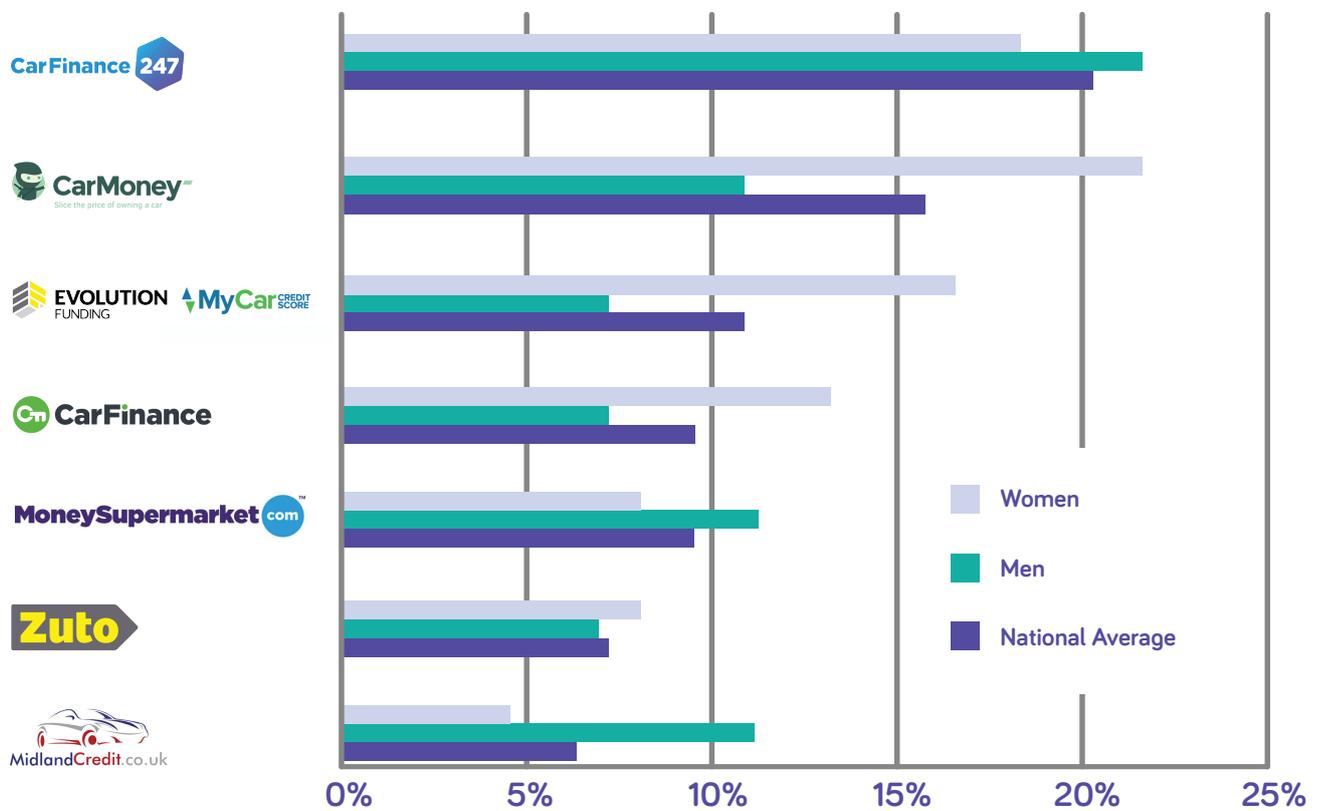
Choosing Finance

Researching online and speaking to a local dealership are the two main influences in choosing a financing option (22% and 21%, respectively).



Used Who?

Men are more likely than women to have used CarFinance 247 (22% vs 19%), while women are more likely to have used Car Money (22% vs 11%), Evolution Funding (17% vs 7%) and Find Me Car Finance (14% vs 7%).



Driving the Choice

The main reason for using finance to buy a used car is being able to **split the cost** over a period of time (37%). When it comes to choosing a finance option, **familiarity and word-of-mouth** are the two biggest influences.



Men are more likely to follow the same **steps** as last time (25% vs 21% of women), while women are more likely to **solicit advice** from friends and family (21% vs 16%).



Of all buyers, 81% would be likely to purchase their next car using the **same type of finance**, while 49% would prefer to go online, and 43% would use a dealership.



Of those who would choose **online car financing** in the future, the **ease and speed** of it is the primary reason (23%).



Among those who would choose a **dealership** in future, the key factor is feeling that they can get everything sorted in **one place** (29%).



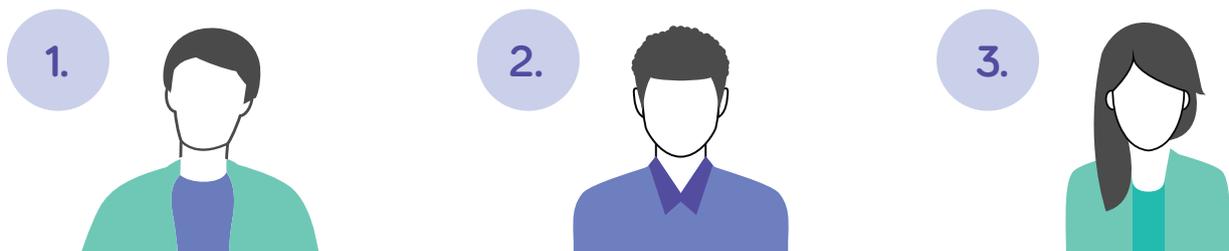
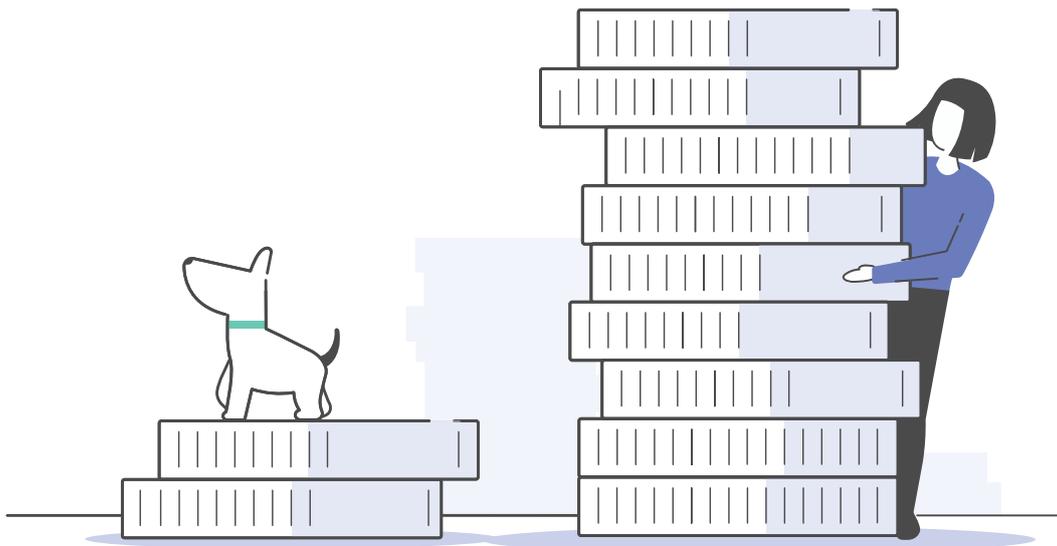
Among those who would choose a **lending institution** (7%), the main reason is **good past experience** (33%).

Spread the Cost

44% of used-car owners chose financing on their most recent car purchase.

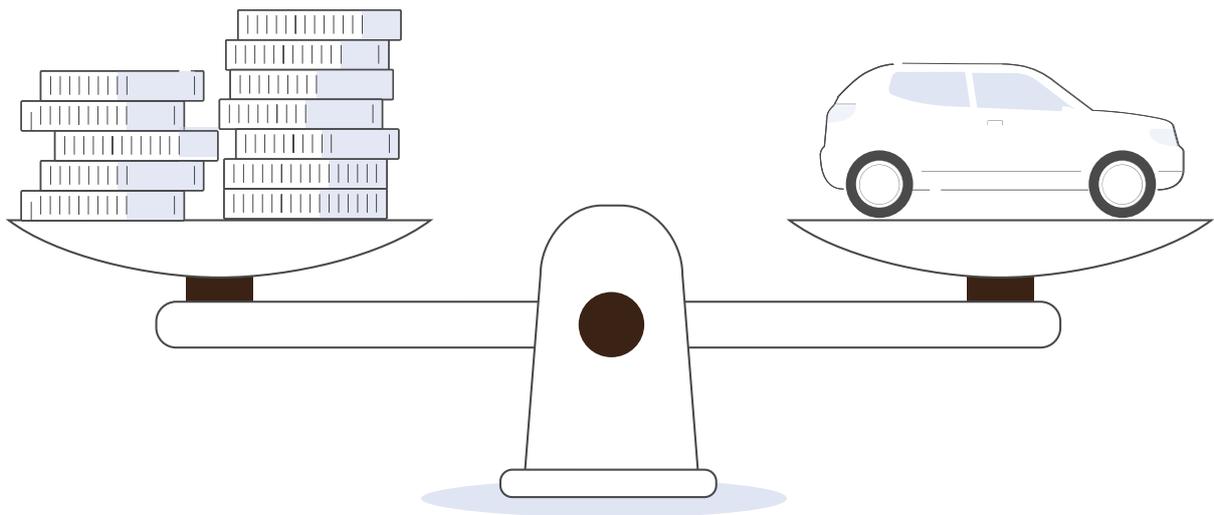
The main reason was that it allows them to spread the cost over a period of time (37%), followed by needing a top-up on savings (23%).

On average, they considered 3 lenders before choosing one.



How Much?

On average, used car owners using a finance broker pay **£413.93** for their car each month, an average of 19% of their monthly take-home income. Men tend to pay more than women, **£418.90** compared to **£407.40**. The average CarFinance 247 user pays **£150 less** than the national average.



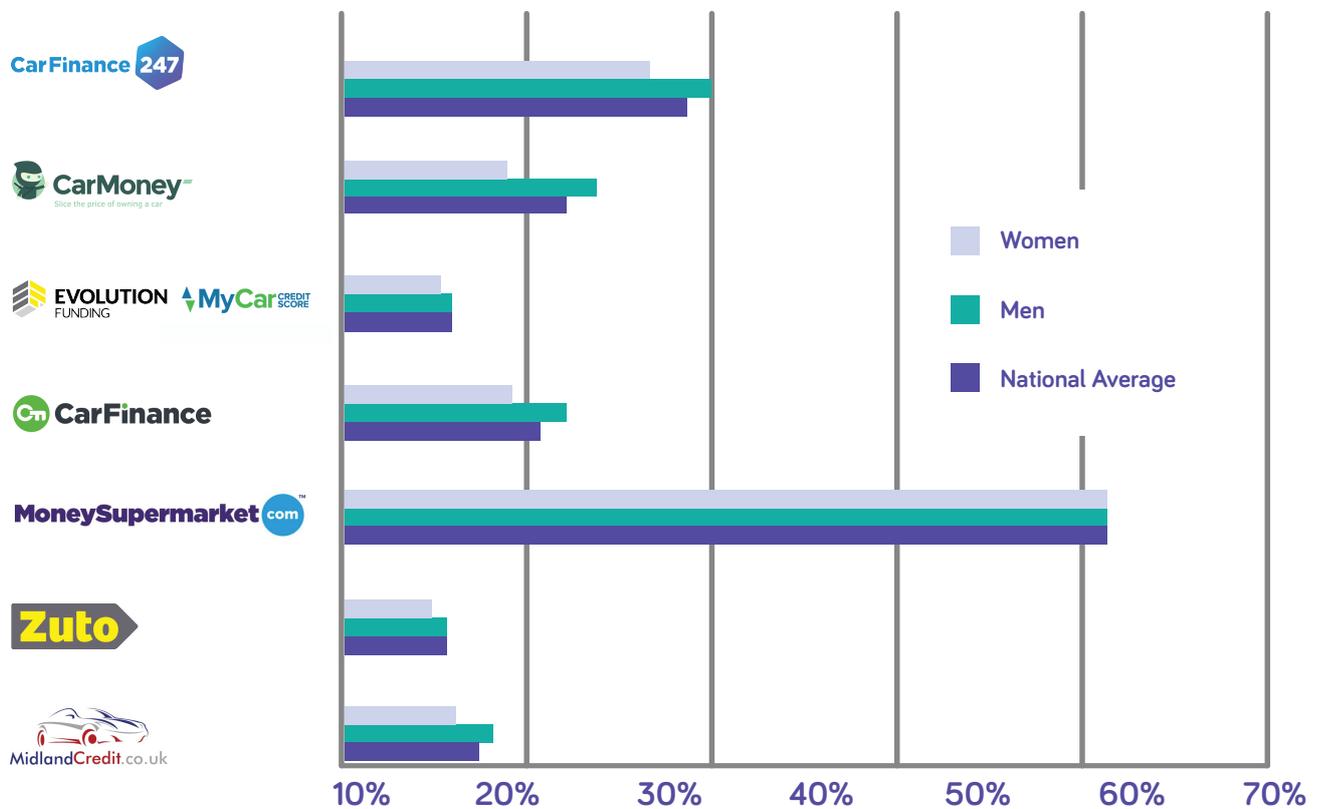
Awareness

Used car buyers are most likely to be aware of [Moneysupermarket](#) (62%).

In comparison, almost a quarter (23%) have heard of [CarFinance 247](#).

Men tend to be aware of a wider variety of finance brokers than women.

Men are also more likely to have negotiated on the terms of their financing (45% compared with 40% of women). Under-35s are the most likely to negotiate on the terms (77% vs a national average of 43%). They're also most likely to feel that they've achieved the best possible deal with their car finance (76% vs a national average of 67%).



Knowledge

Most used car buyers (86%) say that they **understand their car finance options** (43% are very confident and 43% are somewhat confident). Women (18%) are more likely than men (10%) to be unsure.



Where to Buy

Why Buy

The biggest reason for purchasing a new used car is simply the desire to drive something different (29%) followed closely by their old car not working or failing MOT.



Buying

Dealerships are the most popular destination for used car purchases made within the **last 3 years** (69%).

In addition, data from Cox Automotive indicates that the used car market has remained comparatively stable as of July 2019 while the new car market has experienced a decline.

A report from Autovista group in November 2018 says the annual used vehicle market is four times the size of the new car market and the finance levels in the two sectors are almost the same.

It is within this context that we can begin to identify key trends and opportunities in the used car market.



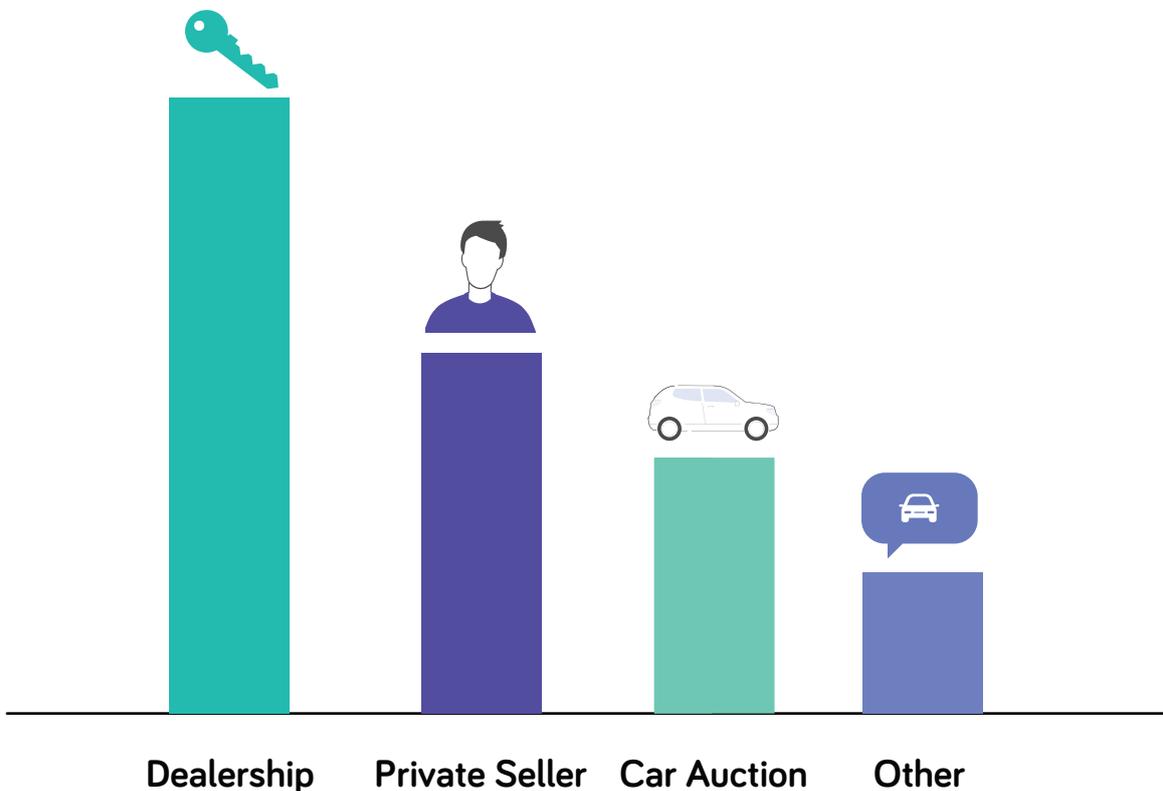
Buying: Dealer or No Dealer?

When it comes to their most recent car purchase, 6 out of 10 people used a dealership. There's a higher tendency among women to opt for private sellers (26%) compared to 23% of men.

This personal approach carries over into tackling financing, as women are more likely than men to want to visit the dealership directly next time around (53% vs 36% of men).

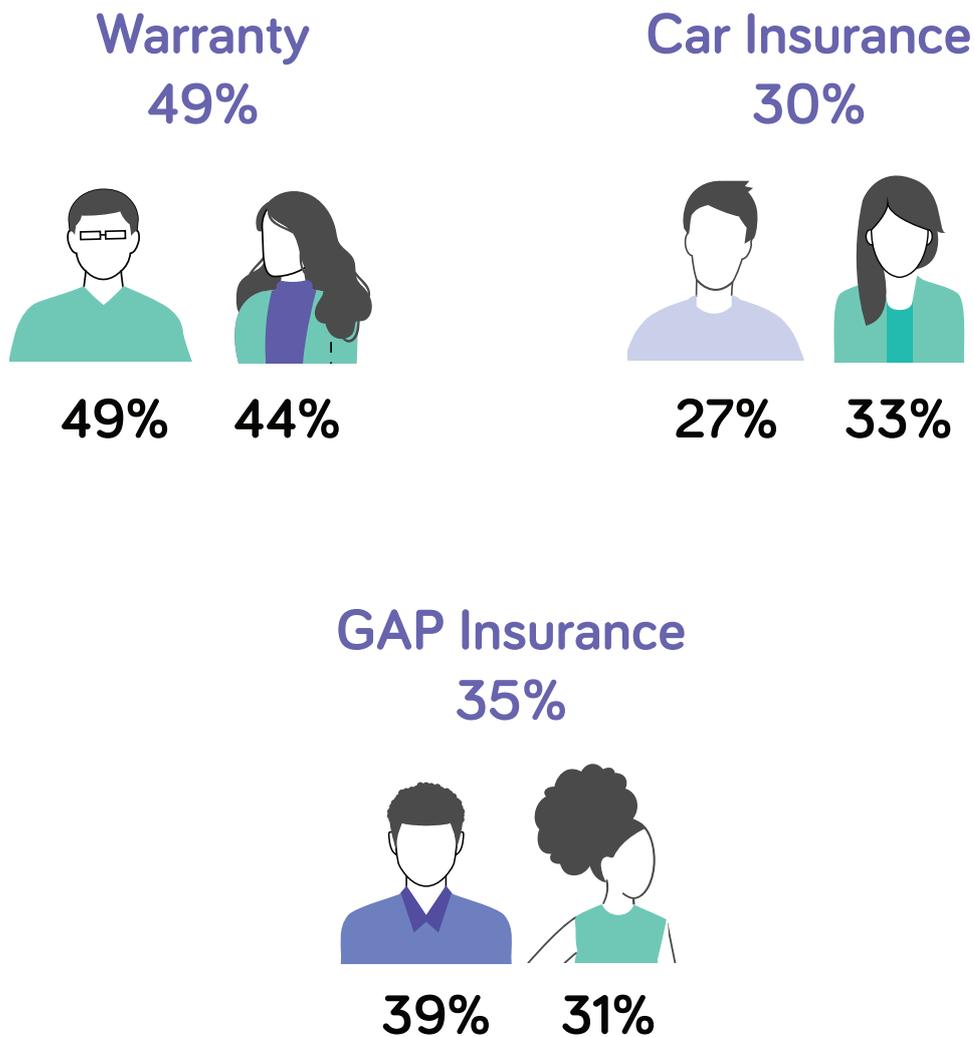
Men are more likely to want to go online for future car financing, 56% compared to 42% of women.

And 25-34 year-olds are most likely to research financing options online - 33% compared to the national average of 22%.



Add Ons

The **top 3 extras** offered were: warranty (49%), GAP insurance (35%) and car insurance (30%). Men (39%) are more likely to be offered GAP insurance than women (31%) and warranty (49% vs 44%), In contrast, women are more likely to be offered car insurance (33% vs 27%) and other financial products such as a credit card (28% vs 22%).



Payments

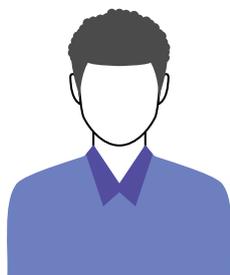
People who bought their car on finance pay an average of **£413.93** per month, with men paying more for their cars per month (averaging £418.90) compared to a female average of **£407.72**. **Londoners pay more** per month than any UK region (£456.27), while those in the **South East pay the least** (£379.10).



London Monthly Average
£456



National Monthly Average
£413



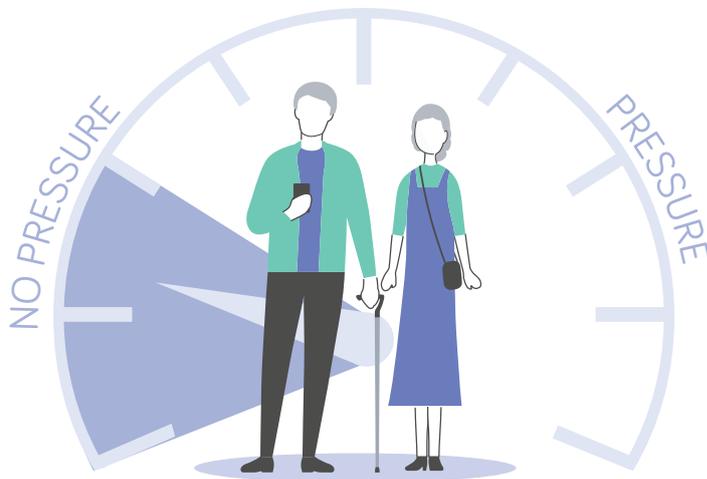
Male Monthly Average
£418



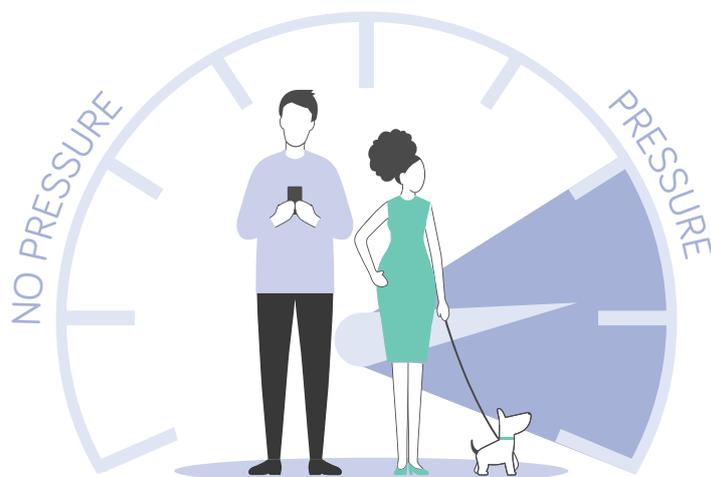
Female Monthly Average
£407

Pressure

Almost a third (31%) of consumers felt pressured to use the finance plan offered by their dealership, with 25 to 34-year-olds more likely to feel pressured (70%). That compares to 82% of people 65 and older who said they didn't feel pressured at all.



65+

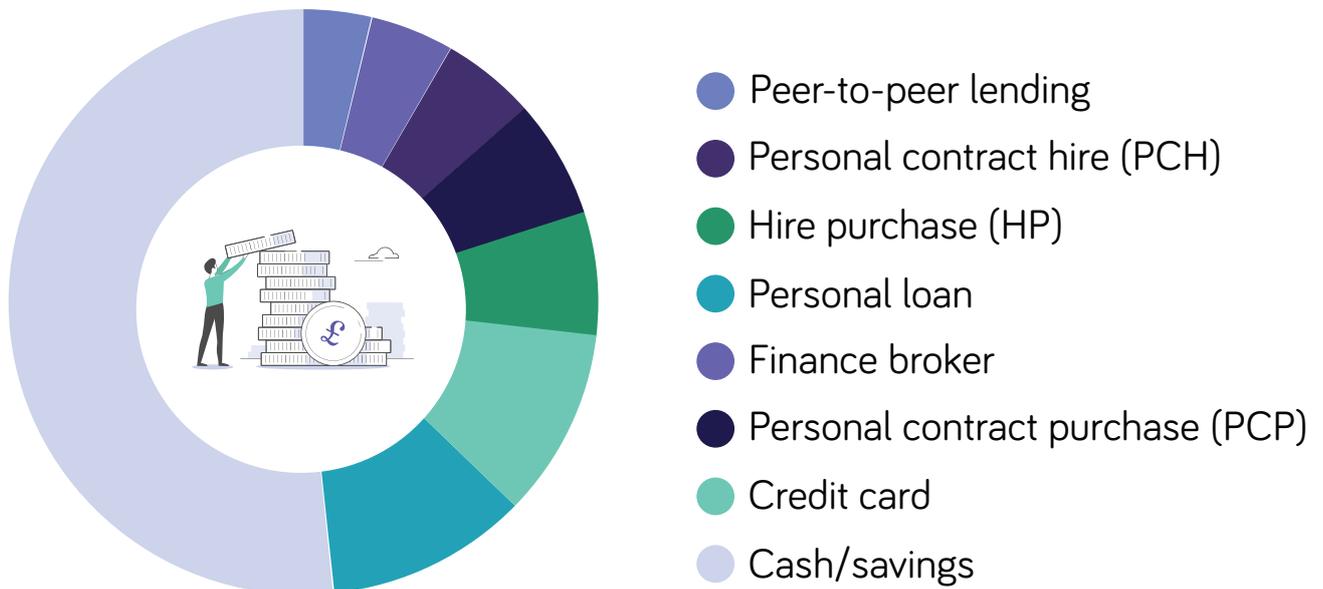


25-30

Ready to Roll

Cash remains the **most common** method of payment when purchasing a car, and 52% paid for their car this way, compared to 12% who used a personal loan, 10% who used a credit card and 7% who used hire purchase from their dealer. 4% used a finance broker.

People who used a finance broker were the most likely to **buy a hybrid** (28% vs a national average of 9%).



<https://www.am-online.com/news/used-cars/2019/08/13/used-car-market-stable-in-july-despite-new-car-market-decline>
<https://autovistagroup.com/news-and-insights/used-car-market-be-uk-automotive-industrys-growth-generator-2019>

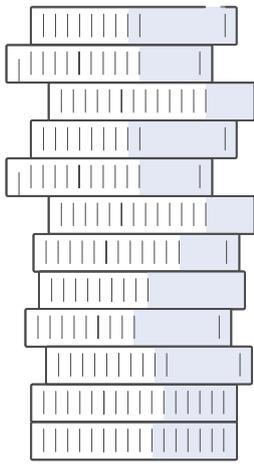
Extras

Almost half (48%) of people consider the warranty the **most important factor** when shopping for car finance. Women considered GAP insurance more important than their male counterparts (36% vs 27%) while men prioritised warranty (49% vs 47% of women) and car insurance (24% vs 17%).

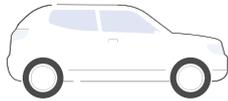


Priorities

Price (23%) is the main consideration when buying a used car, followed by running costs (13%), style (11%) and fuel efficiency.



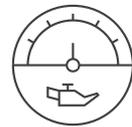
Price
23%



Running costs
13%



Style
11%



Fuel efficiency
11%

Choosing

Buyers are most likely to opt for a [metallic finish in black](#). Next favourites are silver and blue. The most popular type of vehicle is petrol. While diesel sales have slumped in the new car market, the number of used diesel cars is rising. According to Autovista Group, that could be because people think buying a used one is not as bad for the planet as buying new and increasing the number of diesels in existence.

What colour is your current car?



BLACK
22%



SILVER
21%



BLUE
15%



WHITE
13%



RED
12%

What type of vehicle do you drive?



PETROL
53%



DIESEL
27%



HYBRID
9%



PLUG-IN HYBRID
7%

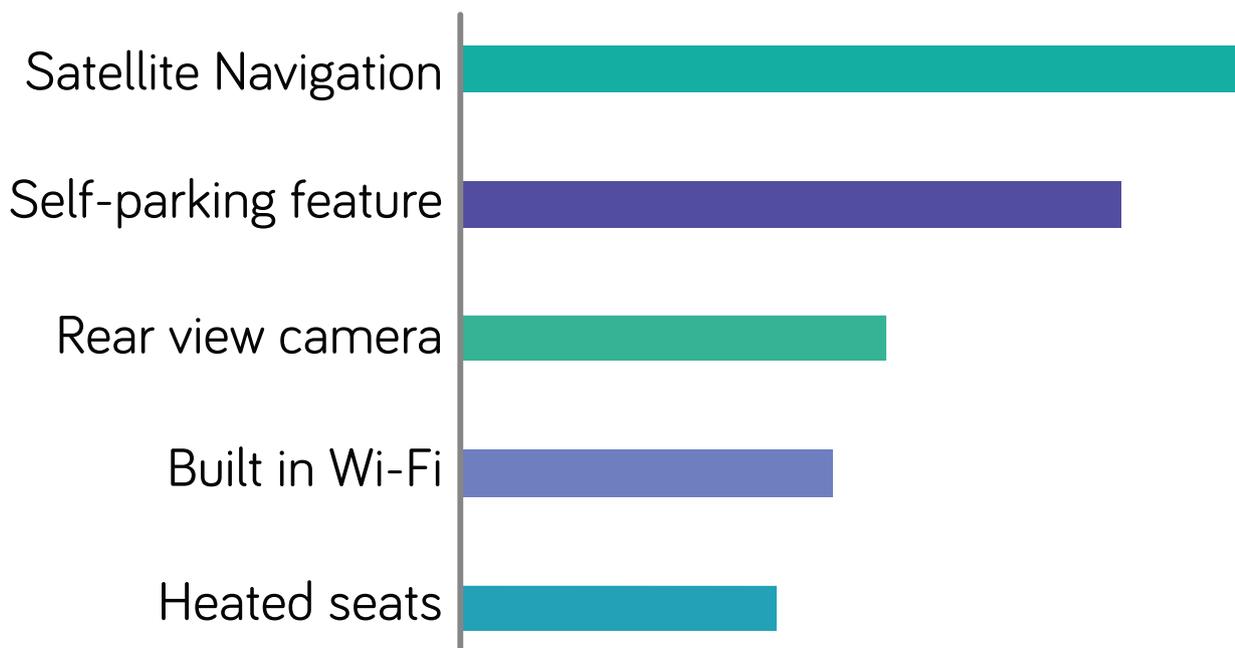


ELECTRIC
4%

Make

Ford is the **most popular brand** among used car buyers, with 15% choosing this option. Buyers prefer a metallic finish over a matte one. The most sought-after features on the interior of the car are satellite navigation (14%) and self-parking.

Favourite Features

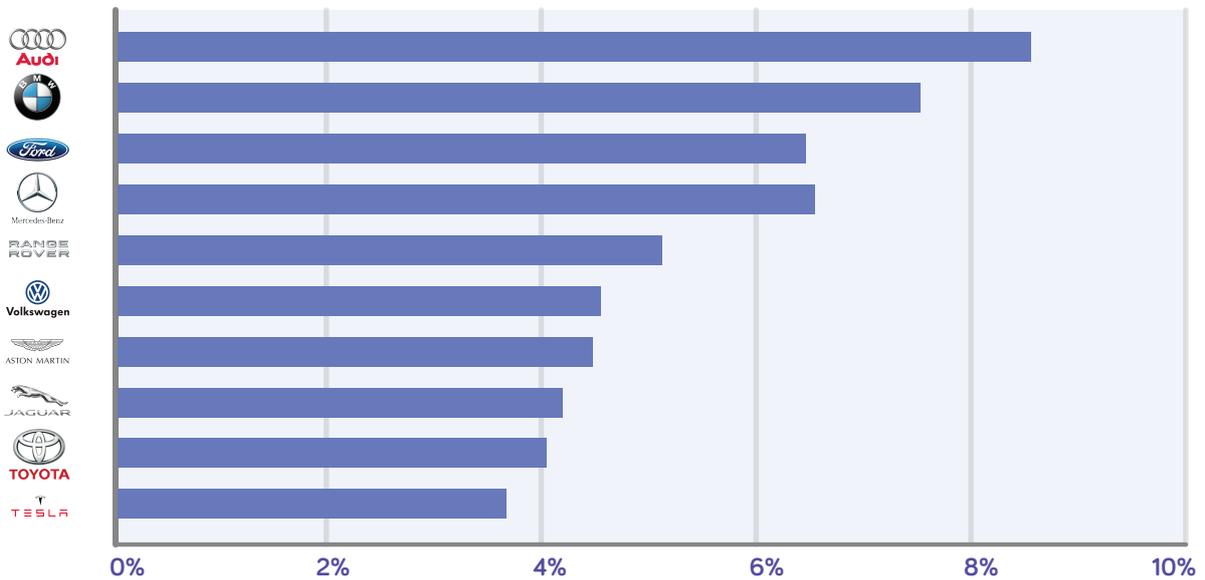


The Car

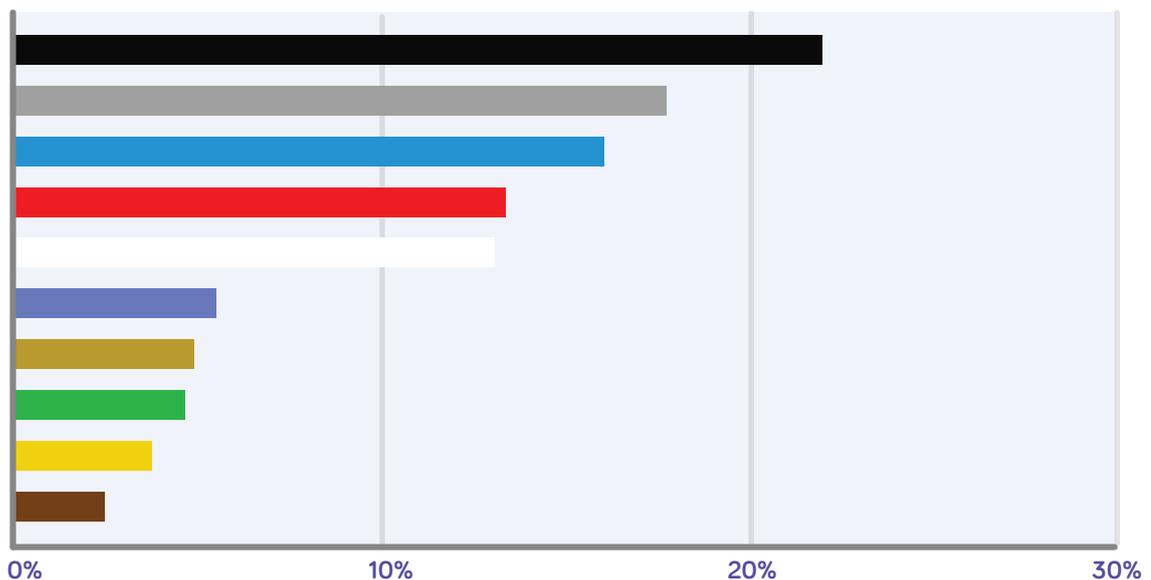
Black to the Future

An Audi is the make most used car buyers say they [want in the future](#). Like their current motor, it is likely to be black and in metallic finish. BMW and Ford come next on the list, while silver and blue are the next most popular colours.

Top 10 Most Desired Cars



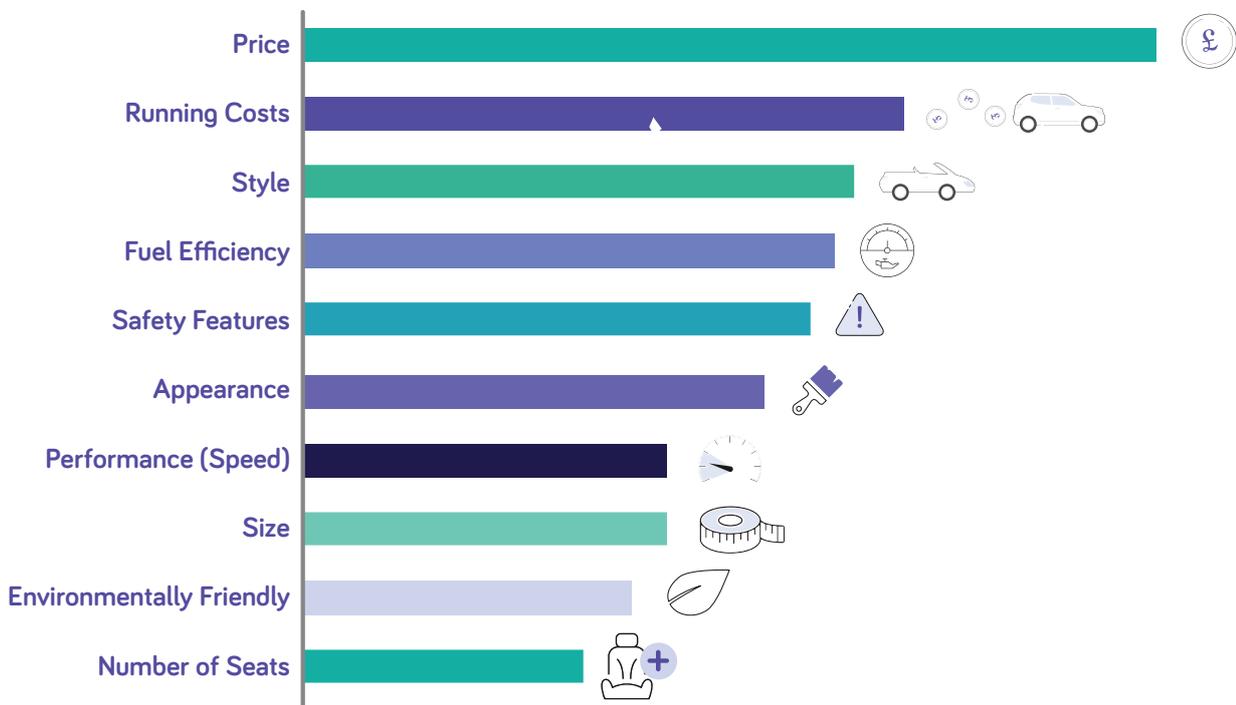
Top 10 Most Desired Colours



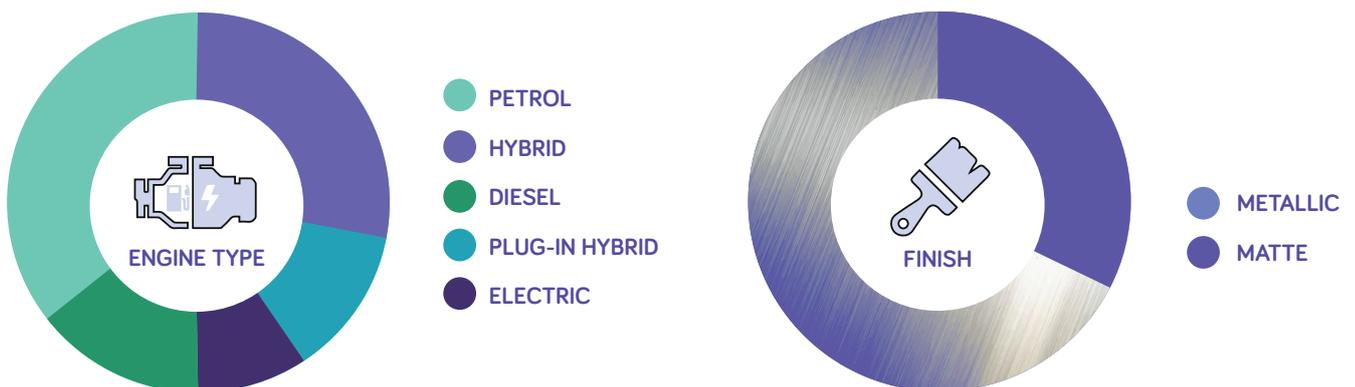
What Matters Most

When it comes to used car purchases, price, running costs and style are the top considerations for consumers. In terms of engine types, petrol leads the way, followed by hybrid engines. Despite recent concern over emissions, diesels still come in 3rd place.

Top 10 Most Important Considerations



Most Desired



The UK's most popular cars through the decades

Here's a look at some of the most popular second-hand cars through the last six decades, together with their prices when new. For five of those decades, Fords have led the way, with the Cortina, Escort, Focus and the iconic Fiesta twice. The prices show, apart from a blip in the 80s, how the real cost of owning a motor has gone down – from over 100% of annual average salary in the 60s, to less than 50% now.



1960s - AUSTIN 1100

Released: 1962
Price new: £674 (2019 equiv £13,997)
Avg UK salary in 1962: £567



1970s - FORD CORTINA

Released: 1972
New: £963 (2019 equiv: £12,601)
Avg UK salary in 1972: £1206
Cost as a % of then salary: 80%



1990s - FORD FIESTA MK3

Released: 1989
New: £8,299 (2019 equiv: £19,659)
Avg UK salary in 1990: £13,760
Cost as a % of then salary: 60.3%



1980s - FORD ESCORT RS1600i

Released: 1983
New: £6,700 (2019: £22,422)
Avg UK salary in 1983: £5912
Cost as a % of salary: 113%



2000s - FORD FOCUS MK1

Released: 1998
New: £12,495 (2019: £20,858)
Avg UK salary in 2000: £18,939
Cost as a % of then salary: 66%



2010s - FORD FIESTA ST

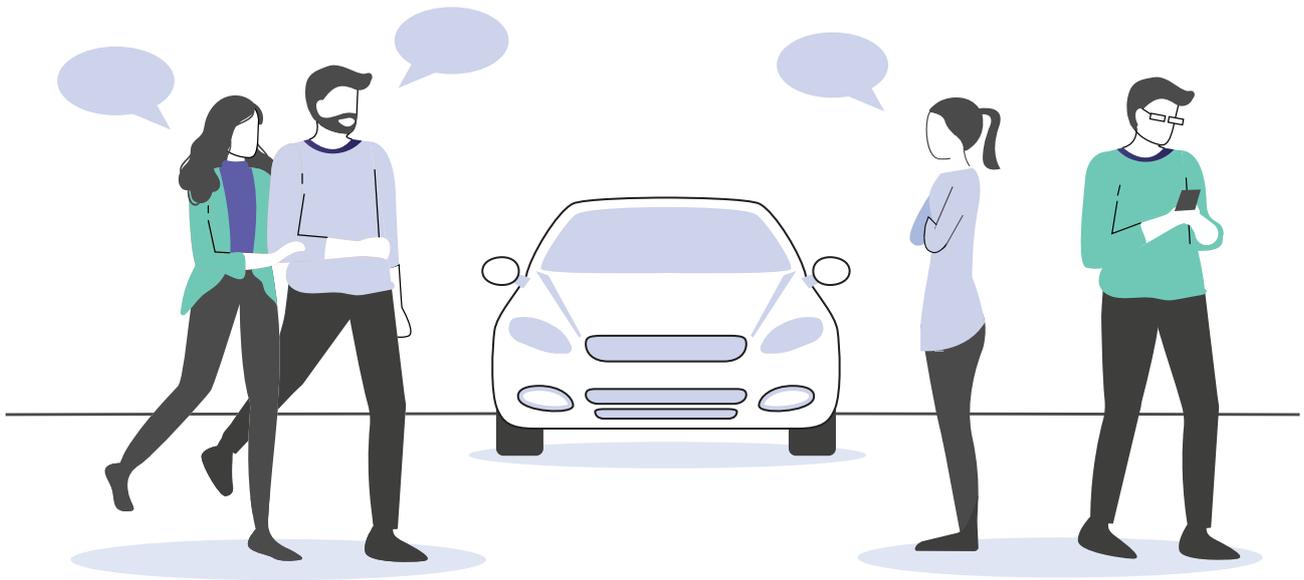
Released: 2007
New: £11,389 (2019: £15,671)
Avg UK salary in 2007: £24,000
Cost as a % of then salary: 47%

Buying

It's Personal

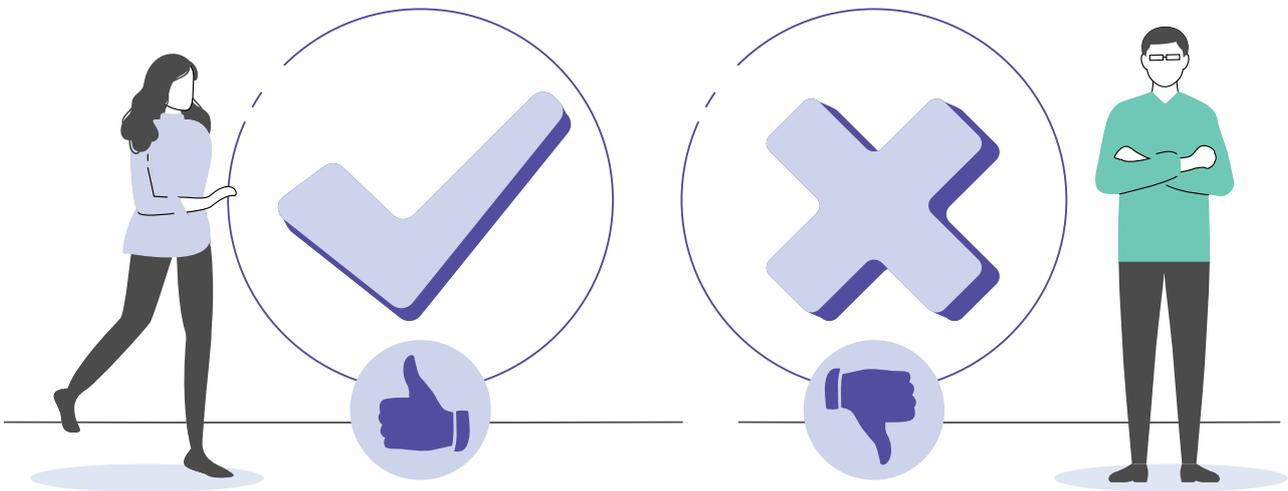
Choosing a used car is very much a personal decision for almost two-thirds of buyers.

Meanwhile, 23% say it is a joint decision with their partner, and 14% leave it completely up to their other half.



Good or Bad?

Buyers were strangely ambivalent about their used car buying experience. In fact, they split almost half and half in all questions about how they rated their dealership.



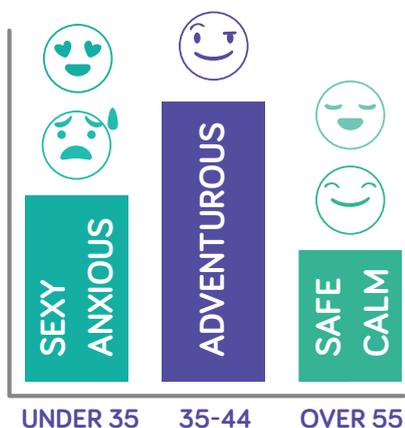
Wow Factor?

When considering how getting into their car makes them feel, **SAFE** came out on top for a quarter of buyers.

Women (23%) are more likely to choose **SAFE** than men (21%). **Men** (21%) are more likely to say **CALM** than women (15%).



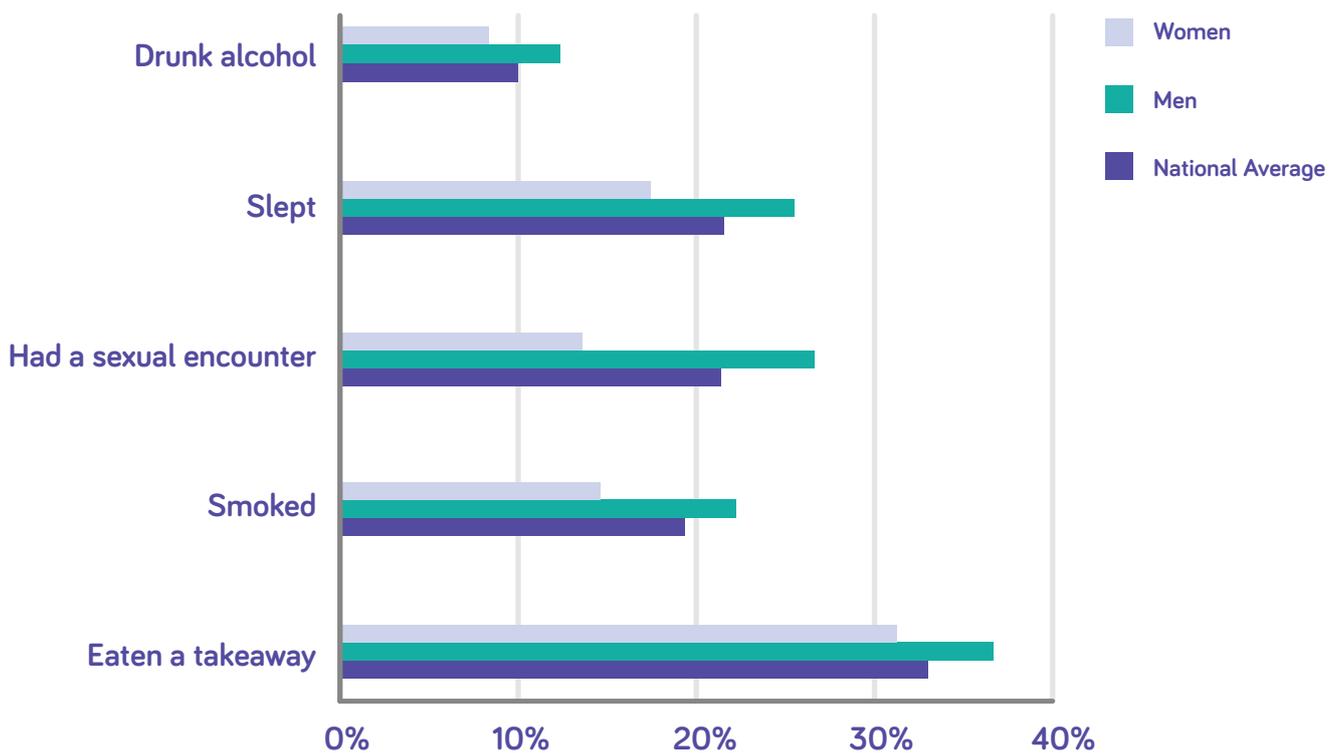
Among the age groups,



- **35-44s** are most likely to say **ADVENTUROUS** (12% vs a national average of 9%)
- **Over 55s** are most likely to feel both **SAFE** (26%) and **CALM** (23%)
- **Under 35s** are most likely to experience a range of powerful emotions, such as **SEXY** (10% vs a national average of 4%) and **ANXIOUS** (8% vs 4% national average)

Tyred & Emotional

A car isn't *just for driving*. It's a mobile dining room, a bedroom, and sometimes even a passion wagon! Some people (we're hoping just passengers) actually confess to enjoying a cheeky glass of booze. Over a third have eaten a takeaway in their car, and 21% have slept in it (men 25% compared to 17% of women). And 21% have had a sexual encounter in a used motor, although men, (27%) seem to be more frisky than women (14%)!



It Could Be Woo-Hoo!

When it comes to comparing getting their dream car to a special event or feeling, 24% compare it to winning the lottery. And the **most common exclamation** on getting the keys to a dream used car is “Woo-hoo!” for 18% of people.



Summary By Numbers



22% of male used car buyers would choose CarFinance 247...that's more than any other firm in the UK



£413 is the average used car monthly loan payment.
That's 19% of respondents' earnings



69% of used car owners buy from a dealership



50% of people buy a used car with cash



21% of owners have had sex in a used car...and 21% have eaten a pizza inside.
Hopefully not both at the same time!

And there's more...



The most bought used car is a metallic black Ford with a petrol engine.



The most desired is a metallic black Audi with satnav and automatic parking.

Conclusion

The UK used car industry is substantial. Over 8 million used cars are sold every year – and it's showing no signs of slowing down.

We're proud that CarFinance 247 is at the heart of that industry. We've grown quickly, but we've never lost sight of the reason why we do what we do: helping to improve people's everyday lives.

It's that purpose that unites our 500-strong family; a group of people passionate about doing the best we can for the people who put their trust in us.

We're constantly working to make sure we know the used car industry inside out. But it's important that we evolve with our customers and continue to learn from them.

That's why we commissioned this research. To better understand their needs and desires. To find out what drives them and what drives them mad. To learn more about their experiences and what we can do to make them better.

Some of the results confirm what we thought. Others are a bit more of an eye-opener. But they all provide vital insights that will allow us to help even more people get that new car feeling every day.

Contacts & Further Information

For any further information, please contact Verity Hogan
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