

WHATCAR?

# Insight

ISSUE 37 DECEMBER 2022



Catherine Faiers joined Auto Trader as marketing director in 2017

## INTERVIEW WITH

# Catherine Faiers

COO, Auto Trader

**C**atherine Faiers has been responsible for Auto Trader's day-to-day operations since May 2019, when she was appointed chief operating officer. She joined the company as marketing director in 2017, and prior to that was COO at Addison Lee, corporate development director at Trainline and a director at Close Brothers Corporate Finance.

Here, Faiers discusses how she progressed to her current role, the state of the used car market, what makes Auto Trader special and why it always tries to be as open as possible with partners, plus why it has partnered with What Car? to display its used car stock.

### Tell us about your career?

"I've had lots of different jobs in lots of different industries, but for the past 15 years or so I've only been working in relatively big digital businesses.

"Whilst I've never had a career plan, I'm curious, and I like to learn. Every new job that I've done has always been about learning something new. I also follow people I know or have a connection with. I believe you have a choice in who you work for, and have focused on looking for leaders who are going to support and get the best out of me.

"I've also always looked at industries that are going through a huge change, too. At Trainline we built an app and transitioned to being a digital business ▼



## THIS MONTH

### EV news round-up

The key headlines in a fast-growing sector

### Cars generating the most leads

Which models have prospective buyers been searching for?

### Target Price report

Savvy buyers are wisening up to increased discounts in the market



rather than a call centre. I joined Addison Lee just as Uber arrived in London, sparking huge change. And then I joined Auto Trader when the surge in interest in electrification, autonomy and new ownership models began.

"I'm a big believer that you can make things happen when you are in an industry where things are happening. I find that really exciting."

### What culture sits behind Auto Trader's success?

"It is based on collaboration, which means a very flat organisational structure with almost no hierarchy. Everyone has a voice and is encouraged to express a point of view. And it's very much a culture that welcomes challenge, different thinking and different perspectives.

"How do we maintain that? Firstly, a member of the senior leadership team meets every single person that joins the business as part of the recruitment process, for no other reason than to get to know them a bit and see if they think they'll fit with our culture, and values.

"Secondly, our PLC board meets with people from across our employee networks every other month, and they spend an hour and a half or so with none of the exec team there, just the non-execs. It's usually themed in some way, and it means the board is connected to our people directly, and vice-versa.

"We're also pretty restless – success gives us the confidence to move on to the next thing, and that's where we derive our satisfaction. Auto Trader people want to make stuff happen. That doesn't mean we don't celebrate success – obviously we do – but we do tend to go about it in quite a humble way and internally rather than externally. We have around 1000 people now, with a deep-rooted company culture

that takes Auto Trader beyond being just a business."

### Why does culture, and a diversity of culture, matter?

"Personally, I just don't believe that businesses can be successful over the long-term unless they represent the customers that they serve. It's obvious, but businesses should reflect the communities and the stakeholder groups and the customers that they operate with.

"We're fortunate at Auto Trader that we've got a rich history over 50 years. Our leadership team would say our job is to make sure we're still here and relevant in another 50 years. We can only do that by hearing the voices of all of the car buyers, all of the retailers, all of the manufacturers, all of the people that make up the very rich and diverse industry that we operate in."

### Last year's results were extraordinary, with profit before tax up 91% and revenues of £433m. Your most recent six-month operating profits were £149.1m. What drove that success?

"The first thing to say is that the year-on-year figure is comparing with a dire 2020, when we went free and discounted for large periods, so we were always going to be flattered by more normal trading conditions. But, yes, financial performance has been good since.

"There are some things we do very well compared with some other businesses I've encountered. The first is our unrelenting focus on partnership. I know that might sound like me saying the right thing, but as a marketplace we've got lots of different stakeholder groups; car buyers on one side, retailers, manufacturers and everyone else on the other side. We need to balance their needs for our shareholders – but

generally doing the right thing for one group means the others also benefit. For instance, if we secure more stock for retailers then we have more choice for consumers.

"The priorities are always changing. The pandemic was an extreme example, but by going free we put our people and our customers first. That didn't mean we weren't focused on our business or shareholders, but the weight of priorities was different and we believe doing the right thing for one group in the short term will ultimately be to the benefit of all stakeholders over the longer term.

"The other thing that we've focused on in recent years is being open with everyone in the industry. Historically that wasn't always the case, and nor were we always humble. From our CEO Nathan [Coe] down we're naturally quite open people, and I think he's led a shift in how transparent we are, and how eager we are to learn from others, and that has helped put us at the centre of the industry.

"Finally, I think our heritage gives us permission, encouraged by our board and our shareholders, to think very long-term. Anything we are doing now we try to play through to four or five years ahead. Will it solve a car buyer or retailer need? That allows us consistent and solid success."

### Are there any risks that come with success?

"The biggest potential downside has to be the risk of complacency, doesn't it? That's why our culture is so key – that curiosity to learn and restlessness to do better is crucial. It helps that the board and leadership team are continually challenging, and that new competitors enter the market regularly. It feels to me like we're always on our toes."

### Even so, there's often a hint of resentment from parts of the industry when you announce your profits. How do you stay resilient?

"There's always tension in any customer supplier relationship. The strength of a good business is how you manage that, and try to change that conversation to manage the tension.

"Clearly, we see that our products deliver really tangible value and return on investment, especially the advertising products, where the profitability for sellers is stronger than ever and our price changes have not kept up with the margin growth that retailers have seen on every car sold in recent years.

"Beyond that, it comes back to that partnership theme. We've tried to work really hard on that partnership so, for instance, our sales team isn't commissioned or paid a bonus to push a given product or hit an arbitrary target. That means they can start every customer conversation with a version of 'What are your goals?' ▼



**"Our job is to make sure we're still here and relevant in another 50 years."**



## “Within minutes, one of our experts can tell retailers what they are doing well.”

“Today, we can help find answers, because we have data that can tell them the speed at which individual cars are selling, what price they are selling for, what stock profiles are working and so on. In minutes one of our experts can tell a retailer what they are doing well. I’m yet to meet a customer that one of our team can’t sit with and change their business for the better. We’ve got about 250 people in that team, and they exist to help our customers.

“Not everyone engages, but that means we have to work harder to demonstrate what more we can bring to the discussions. There are always challenges, but we’ll keep working on them.”

### How do you keep your focus when you are developing so many new ideas?

“One of the biggest – if largely unseen – shifts in our business in recent years has been growing our tech team to 350 people. We do about 1500 releases a week directly into our software base. We have no contractors, so all of our developers are our employees and they ‘own’ the code base, and have a vested interest in not building up technical debt or looking for quick fixes or solutions.

“The result is we’ve got a brilliant software stack, which allows us to be incredibly agile. I see that as our biggest strength – more so perhaps than even the brand, our history and other assets.”

### What do you see happening to used car prices amid the rising cost of living?

“It’s a genuinely fascinating time, because we’re clearly entering into a period of weaker consumer demand, and probably a recession. But the backdrop in which we’re entering that recession is exceptional. Used car profitability has been stronger than it’s ever been over the last couple of years, and the results of the big groups in particular are still very strong.

“Our data shows that most prices are still up year on year and also month on month because demand, while still softer, is still there sufficiently to outstrip supply.

“We’ve also seen the price of new cars go up by 20% on average over the past three years, and that naturally provides a significant headroom for used car pricing to grow. Our data does not suggest there is going to be a sudden drop-off in values. The balance between supply and demand is pretty consistent to where it was pre-pandemic.”

### Do you think the pandemic will speed the uptake of online buying?

“We’ve just done a big bit of research on this, and what’s clear is that more and more people want to do more and more of the journey online – but only about 3.5% actually want to buy their car entirely online.

“What’s more, that percentage isn’t growing at anything like the pace it was during the pandemic; it’s stabilised. My feeling is the shift is permanent, but not transformational.

“What might be more significant is the shift towards electric vehicles; it feels like they gained real momentum and that shows no signs of easing.”

### What Car?’s used car classifieds are now powered by Auto Trader’s stock lists. How did that come about?

“It is a combination of two great brands in the industry – the greatest, probably – so it makes sense, right?

“But making sense doesn’t always mean something happens; in this instance, though, we acknowledged the two brands offer something quite different for our audiences, and we brought that openness to doing partnerships to the table.

“Our audiences are at different stages of their journey, so it became clear that there is relatively little overlap between them, and the overlap gave us a brilliant opportunity to get new people seeing our cars. Part of the reason our brand is so strong is that we don’t partner anywhere, so I’d say What Car? is one of the few brands that really does work for us. The numbers underline that too; we’re getting more engaged buyers, so the cultural fit and brand alignment are clearly working.”



# Mountain to climb: **What Car?** duo ascends Kilimanjaro

**AT 05:46 ON** Monday 28th November, Haymarket Automotive duo Rachael Prasher and Jim Holder stood on top of Africa's tallest peak, Mount Kilimanjaro, completing a five-and-a-half-day trek totalling 37 miles up the 5895-metre mountain. The pair formed a part of a 15-strong expedition of industry heads, raising money for the automotive charity Ben, with the entire group reaching the summit. So far, the pair have raised 76% of their £14,000 fundraising goal.

Following the Machame route, famed for its steep inclines, the duo experienced everything from tropical rainforests to freezing nights on the



barren mountain. The high altitude also meant the entire group had to do several ascents and descents on the mountain before the summit push, to reduce the effects of altitude sickness on the body and mind.

The summit day included a final six-hour push up the remaining 1100 metres of the mountain, with the trek beginning at midnight in order to be able to see the sun rise over Africa.

"It's been challenging throughout, with the daily treks and cold nights draining our reserves, but summit night was something else again," said Prasher. "It was below zero when we started, and between 3am and 5am was somewhere around minus 10. With only a head torch to pick our way up it was a gruelling test of mental as well as physical strength."

**To donate, scan the QR code below.**



The triumphant but tired group atop the mountain





# Making headlines this month

## BATTERY LIFE CONCERNS FOR USED EVS

Some electric vehicles (EVs) are reaching 'end of life' battery capacity after just eight years, according to battery specialist Silver Power Systems. The data was based on 6300 fleet vehicles and consumer cars, represented across 24 different makes and models.

## LONDON'S ULTRA LOW EMISSION ZONE TO COVER ENTIRE CITY

London's Ultra Low Emission Zone (ULEZ) will expand to cover every borough from August 2023. Electric vehicles (EVs) are currently exempt from the £12.50 daily charge for non-ULEZ-compliant vehicles.

## FIRST FULLY ACCESSIBLE EV PUBLIC CHARGER REVEALED

The UK's first fully accessible electric vehicle (EV) charger has been revealed by design firm Duku EV. The unit, which features a 7.5m long cable that automatically coils and uncoils, aims to make lifting and carrying charging cables much easier for drivers with disabilities.

## LIDL OPENS FIRST CUT-PRICE EV RAPID CHARGER IN FRANCE

Lidl has opened the first discount rapid charger at

one of its supermarkets in France. While it is yet to be confirmed for the UK, the 'e-station' offers a charging rate of 360kW at 35p per kW.

## EVS TO PAY ROAD TAX FROM 2025

Buyers of new electric vehicles will have to pay £10 of tax for the first year from 2025, according to plans revealed by the Government. This will then rise to a fee of £165 from the second year onwards.

## BENEFIT-IN-KIND FOR EVS TO INCREASE FROM 2025

The benefit-in-kind (BIK) rate for electric vehicles used as company cars will increase from 2% to 3% in April 2025, and then rise 1% each consecutive year to 5% in 2027/28, according to Government plans.



London's ULEZ zone will expand to cover all the capital's boroughs from next August





# The best and worst discounts around right now

## TOP 5 HIGHEST % TARGET PRICE DISCOUNTS THIS MONTH

These are the largest discounts revealed by What Car?'s mystery shoppers over the past month. They typically highlight slow-selling models or, occasionally, models in which there is a fierce manufacturer-driven battle for market share.



BMW X3 M can hit 62mph in just 3.8sec

1 <b>BMW X3</b> xDrive M Competition	19.7%
2 <b>Volkswagen Arteon</b> 1.5 TSI R Line	17.0%
3 <b>Volkswagen Passat Estate</b> 1.5 TSI SE Nav	15.9%
4 <b>Volkswagen Golf Estate</b> 1.0 TSI Life	13.2%
5 <b>BMW 530d</b> MHT xDrive M Sport auto	13.0%

## TOP 5 TARGET PRICE DROPS THIS MONTH

These are the discounts that have been reduced by the greatest amount in the past month. Often they show a cut in incentives on a heavily discounted model, but they can also signal increased demand for that car.



Latest Juke is a four-star small SUV

1 <b>Nissan Juke</b> 1.0 DiG-T 114 Acenta	-3.2%
2 <b>Toyota Highlander</b> 2.5 VVT-i Hybrid Excel Premium CVT	-2.3%
3 <b>Volkswagen Touran</b> models	-2.0%
4 <b>Citroen C3</b> models	-1.8%
5 <b>Volkswagen Passat Estate</b> 1.5 TSI SE Nav	-1.6%



# This month's Target Price report

**O**ur latest data reveals that a third of our featured manufacturers have increased average cash Target Price discounts, another third have reduced discounts and the final third remain broadly unchanged.

This represents a turbulent market state where dealers are trying to maintain the seller's advantage that grew out of the Covid-19 pandemic and semiconductor supply crisis.

This is despite market factors, such as demand, the cost-of-living crisis, vehicle supply and electric car sales targets moving slowly, but inexorably, towards restoring the buyers' advantage.

Salespeople will continue to resist discounting, because they, and consumers, have become accustomed to this over the past couple of years. However car buyers need to be encouraged to push for better deals, and be prepared to shop elsewhere if a salesperson won't budge.

The all-segment average cash Target Price discount is marginally up on last month, at 3.9% or £1778 per car. This figure reduces to £1481 per car after allowing for dealer contributions towards manufacturer finance offers.

An additional average of £897 per car is then available as a finance deposit contribution when consumers buy using a manufacturer's PCP deal at

an average 7.1% APR bringing the total (cash and finance) average Target Price saving to £2378 per car.

Although the average PCP APR has increased from 6.5% to 7.1%, manufacturers have tried to cushion the effect of this with a 14.4% increase in the average finance deposit contribution (up from £784 per car to £897).

Peugeot dealers are the most generous when offering an average cash Target Price discount across a model range at 7.4%, followed by Smart at 7.2% and Renault at 6.2%.

**DS**

has the biggest increase in the typically achievable cash Target Price discount, with a 1% increase across the range, up from **3.9% to 4.9%.**



DS is offering buyers average savings of 4.9% across its model range



# Target Price market watch

## SMALL SUVs

Following three successive monthly increases in the average cash Target Price, the typically achievable transaction price saving across small SUVs is unchanged from last month, at 4.1% or £1155 per car.

Although this is a competitive segment in terms of the choice of models, it is also a very desirable start point for consumers wishing to access SUV-style driving. This means that dealers can keep cash discounts at an average of 2.1% on over half of the models in the segment.

For consumers who are flexible with their brand choices, better deals are available. Nissan buyers can pick up an average 7.9% cash saving on Juke variants, a typical 7.2% reduction is achievable on Seat Arona models, while Renault dealers will typically sanction a 6.6% cash discount on Captur versions.

The cash Target Price discount is adjusted to £1010



Buyers can expect to haggle an average of 4.1% on the price of small SUVs

## SMALL CARS



Thanks to a fourth consecutive monthly increase, the average cash Target Price discount across small cars is currently 4.6% or £1030 per car.

Once dealer contributions towards manufacturer's PCP offers are accounted for, the total (cash and finance) average Target Price saving is £1467 per car based on an average PCP APR of 7.1%.

While the average PCP APR has increased from 6.3% to 7.1%, the average finance deposit contribution has jumped from £479 per car last month, to £622 currently. Toyota, Peugeot, and Renault dealers are offering the best average transaction price discounts, with 7.3% (£1667 per car) on Yaris versions, 6.8% (£1506 per car) on 208 petrol and diesel models and 6.6% (£1373 per car) on Clio variants.

Yaris is available with 7.3% discounts



per car after allowing for dealer contributions towards finance offers. These offers are linked to an average PCP APR that is currently 7.4%, and includes an additional £855 per car in finance deposit contributions. This means the total (cash and finance) average Target Price saving across the segment is £1865 per car.

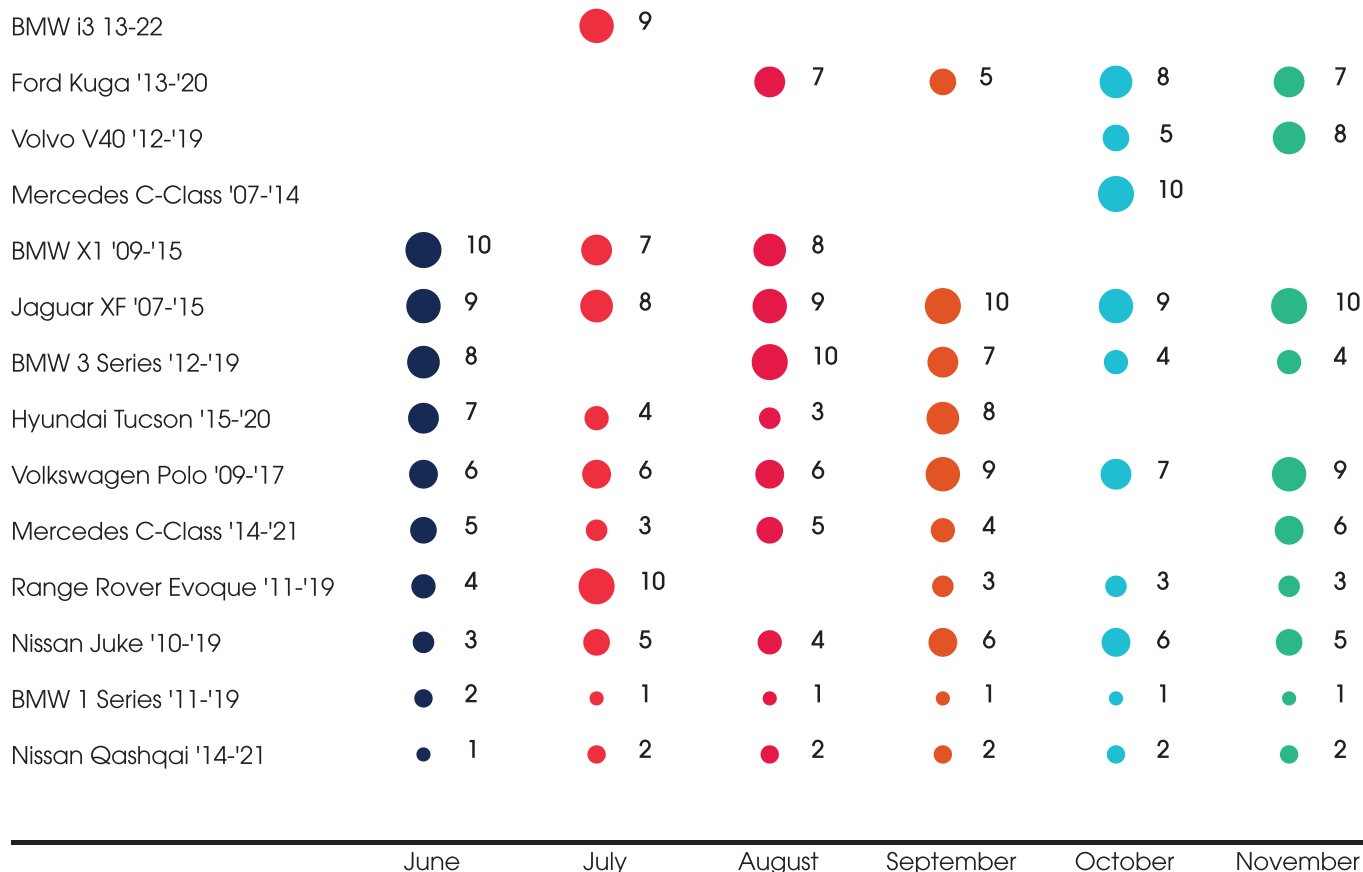
We expect savings to trend upwards over the next quarter, because small SUVs will not be immune to the competitive pressures that are expected to build throughout 2023 because salespeople have to start battling for business again, as the industry increases car production.





# Most popular used car reviews

## MOST POPULAR USED CAR REVIEWS ON WHATCAR.COM



**T**he **BMW 1 SERIES** was our most popular used car in November (its fifth month in a row at the top), followed by the Nissan Qashqai. And with winter

approaching, sizable SUVs are generating interest, hence the Land Rover Freelander and Porsche Cayenne entered the top 20, alongside the Mazda CX-5.

The latest generation (2017-present) of CX-5 was recently named as our Used SUV of the Year, but the accolade has garnered attention for the, 2012-2017 version too.



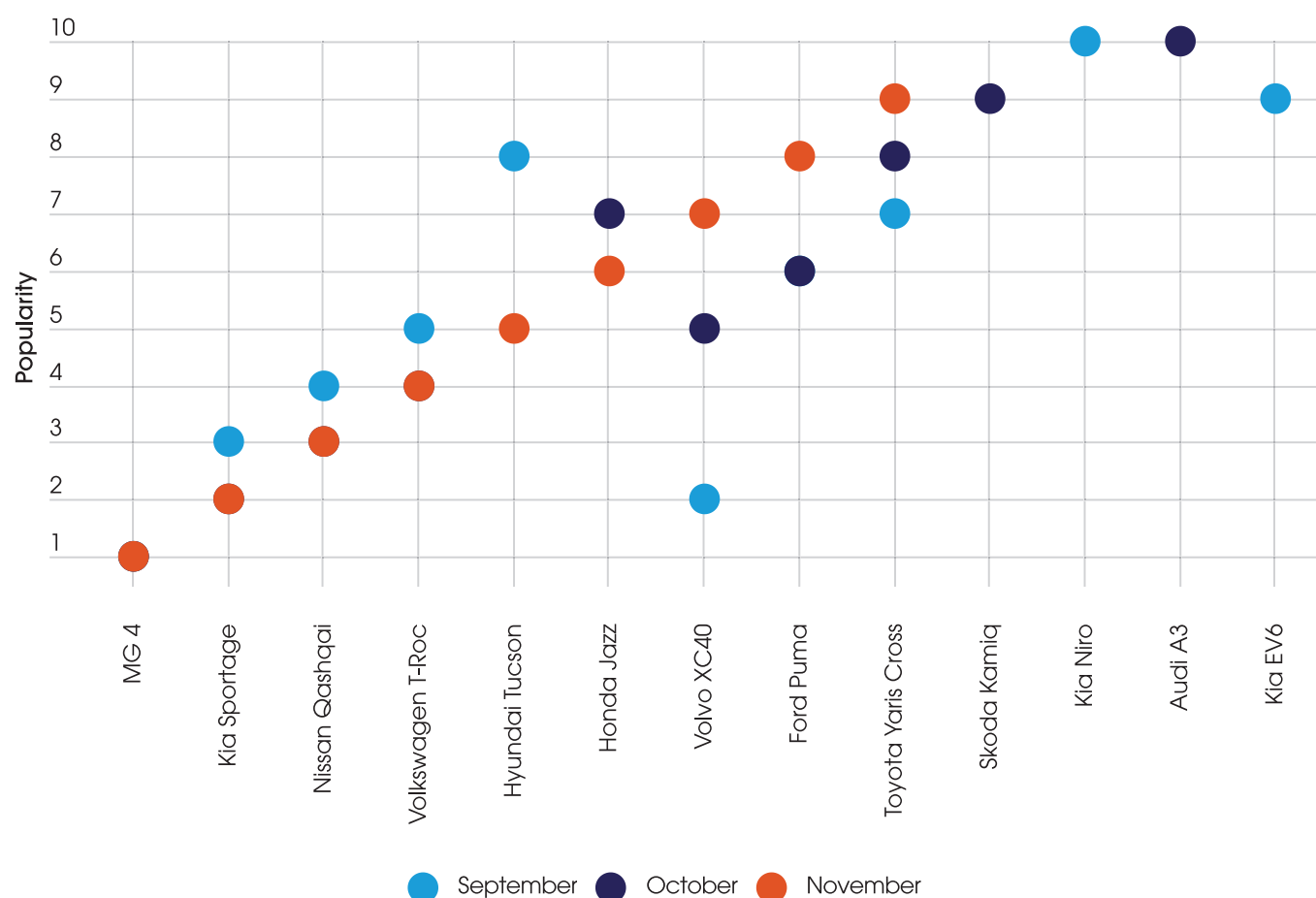
Despite the popularity of SUVs among our top 20 last month, the 2015-2020 Hyundai Tucson failed to reach 20th position for a second month, having

previously featured among the top 10 used models. The newer generation came first in the family SUV class within our annual Reliability Survey, so we could start to see a shift in interest towards that version instead. Premium cars performed well, too, with the Audi A3 rising two places and Mercedes-Benz C-Class six places.



# The cars generating the most leads

CARS GENERATING THE MOST LEADS FROM BUYERS AT WHATCAR.COM



**F**or the third month in a row, the car generating the most leads from What Car? readers was also one of the cheapest electric cars in the country, the **MG 4**. With prices starting from just £276 per month at the time of writing, clearly the idea of going green in an affordable, five-star electric car appeals to our readers.

Elsewhere, the biggest rise of the past month came from the Hyundai Tucson, with

this four-star family SUV taking fifth place, having languished in 14th position in October. This rise may be helped by a new set of PCP finance offers from Hyundai, netting buyers a £1500 finance deposit contribution alongside attractive interest rates.

Our own discounts make for tempting reading, with buyers able to save up to £1774, and finance packages starting from £290 per month.







# Briefing notes

Facts, stats and quotes from a month in motoring

## 150kWh

The maximum size of BMW's new sixth-generation battery packs, which it will soon begin assembling in Hungary.

## 13.5%

The average battery degradation in an electric car over six and a half years of ownership, according to research by telematics provider Geotab.

INDUSTRY  
VOICE



"We should not forget that the supply of chips is really a crisis in our sector."  
Former Jaguar Land Rover CEO  
**Thierry Bolloré.**



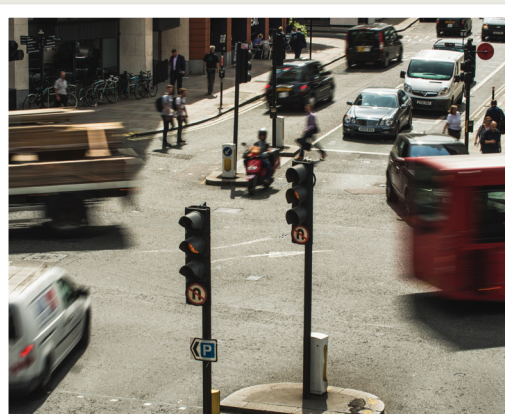
INDUSTRY  
VOICE



"We can deliver a car that needs 80 percent less charging and has twice the range on the same battery pack compared to a standard EV."  
- Lightyear Vice-President **Tom Selten**, on his company's ambitions to sell solar powered electric cars in Europe.

## 67%

Of under-25s think that drivers aged over 70 should have to retake their driving test, according to research by learner driver insurer Veygo.



## 44%

Less pollution in Central London following the introduction of the city's Ultra Low Emission Zone (ULEZ) in 2019.



50TH ANNIVERSARY ISSUE

WHAT CAR?  
50  
years

# WHAT CAR?

Britain's biggest and best car buyer's guide January 2023

## TAX-BUSTING SUV HEROES

Luxury and practicality from just £146 per month



VOLVO  
EX90

BMW X5

Only  
5%  
tax



RANGE ROVER SPORT



Futuristic new **BMW i7** driven



New brand **beats** Audi & Tesla



Save £1471 on a **5-star** Ford

PLUS!

EV charging  
networks

Best and worst named



January 2023 New Audi Q8 e-tron, Nissan X-Trail, Skoda Enyaq Coupé

# EVERYTHING YOU NEED TO KNOW EVERY MONTH