

## A letter from our CEO:

# John Veichmanis



**I spent the summer meeting as many partners as possible and truly appreciated the feedback you shared on how we can be the best platform for you.**

While the Government postponed the industry's ICE ban from 2030 to 2035, our special feature in this Insider edition delves into the theory of consumer adoption of new technologies. Despite the policy changes, we think strong opportunities remain for dealers and OEMs - to help drive mass adoption. **Read more on p.6.**

I wanted to update you on some key progress with initiatives from the last quarter, designed to help you source the best stock and drive quality enquiries for new sales.



### Stock sourcing

#### Enhancing our daily online auctions

Our auctions now include light commercial vehicles - vans, 4x4s and pick up trucks - giving dealer partners more choice of stock than ever. Our most popular listed models include VW Transporters, Ford Transits and Land Rover Defenders. A huge 45% of our LCV listings are under five years old, while 55% have under 60,000 miles on the clock.

We know quality is critical, so every listing is pre-qualified. Automated background checks are provided by MotorCheck, whilst HPI checks provide additional peace of mind. We've also introduced services to collect sellers' documentation and deliver vehicles directly to your forecourts.

With consistently low acquisition costs and no subscription fees, we hope to really help maximise your margins as we approach the year-end.

### Car selling

#### Revving up sales in September

We helped stimulate buyer demand with a September Sale campaign and a new online advertising campaign. Our partners offered amazing deals and our enhanced on-site merchandising converted 17% more sales.

### Reviewing and racing

#### Our content drives real demand

This quarter, we've been racing [Formula 1 cars](#), [Bentleys](#) and we were one of only a handful of media from around the globe to introduce the world to the new [Tesla Model 3](#). Importantly, our content drives real consumer demand which you can read about on p.5 of this edition of Insider.

I'll be back on the road very soon, so please do reach out if you have suggestions, questions, ideas or just want to catch up. We hope you enjoy this dive into our quarterly data.

Warm regards

# INSIGHT FROM THE INDUSTRY:

## Premium SUVs drive strongest margins for used car dealers

Average resale profit margin  
**£4,721**

The 10 most profitable cars to buy in our auctions

Make	Model	Profit
Jaguar	F-Pace	£4,721
Mercedes-Benz	GLE	£4,600
Land Rover	Range Rover Sport	£4,588
Audi	Q7	£4,466
Volkswagen	Golf R	£4,443
Ford	Mustang	£4,205
Land Rover	Range Rover Velar	£4,105
Land Rover	Discovery	£4,092
Land Rover	Defender	£3,731
Audi	Q5	£3,544

Since we launched our [stock acquisition service](#) in 2021, it's helped add **100,000 used vehicles to dealer forecourts, worth a combined value of over £1.5 billion**. With more premium stock being listed, it's making a real difference to our dealer partners' bottom line.

When we look at the most profitable makes and models since March, it's the Jaguar F-Pace that tops the list of the potentially most profitable used cars dealers are buying in our online auctions, **with an average resale profit margin of £4,721**.

### The importance of SUVs

Analysis of the selling prices of cars sold in carwow auctions over the last six months compared with their retail valuation indicates that eight of the top 10 most profitable models were premium-brand SUVs.

Second in the ranking is the **Mercedes-Benz GLE**, with an average profit of £4,600, followed by the **Range Rover Sport** (£4,588), and the **Audi Q7** (£4,466). The only non-SUVs to make the top six were the **Volkswagen's Golf R** and the iconic **Ford Mustang**, with average potential margins of £4,443 and £4,205, respectively.

Three more **JLR** vehicles – the **Velar**, **Discovery** and **Defender** - followed at £4,105, £4,092 and £3,731 respectively. Completing the top 10 is **Audi's Q5**, with an average profit of £3,544.

Potential profit margin analysis based on the difference between the actual selling price in carwow's online auction versus the CAP Retail price over the last six months. All vehicles analysed are Grade 1. Preparation costs and buyers fees not included.

# The new car trends you need to know about...

The lure of EV pioneer Tesla shows no sign of waning, and actually increased in the third quarter of this year as the Model 3 joined the Model Y at the top of our best-seller chart - the first time we've had one, let alone two electric vehicles leading the way.

The **Model 3** was also our second-most most configured model on the platform during Q3, behind only Kia's ever-popular **Sportage**, a strong supply of Tesla saw them take the lead for sales, with the **Toyota Yaris** and **VW Polo** rounding out the top five and showing **small cars are still in big demand**.

The **MG 4** - carwow's 2023 Car of the Year, managed to split the two Teslas for EV configurations, with Jaguar's refreshed **i-Pace** and the soon-to-be-launched **Volvo EX30** also proving to be red hot.

## Best-selling



**Tesla Model Y**  
1,179 sales

**Kia Sportage**  
587

**VW Polo**  
542

**Tesla Model 3**  
873

**Toyota Yaris Cross**  
549

Including factory, stock, used and leasing

## Most configured



**Kia Sportage**  
32,195 configs

**Hyundai Tucson**  
19,379

**VW Tiguan**  
18,088

**Tesla Model 3**  
22,375

**VW Golf**  
19,116

Total factory configurations

## Top-configured electric



**Tesla Model 3**  
22,375 configs

**Tesla Model Y**  
17,295

**Volvo EX30**  
6,249

**MG 4**  
17,784

**Jaguar i-pace**  
8,305











EV factory configurations

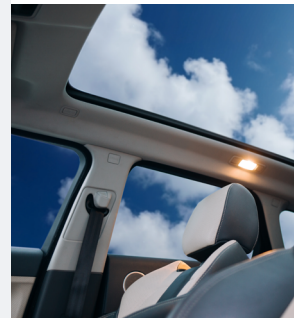
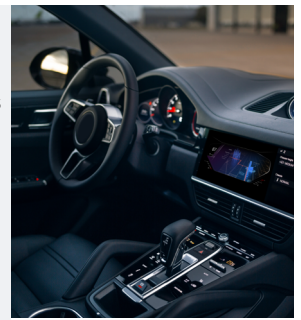
# Buyers zoom in on cameras while privacy glass is a clear favourite:

Rear-view cameras are once again in focus for customers as the most in-demand extras customers are looking for, but as we head towards winter priorities have changed up above drivers, with panoramic sunroof plunging down from the silver medal position to fifth.

Despite the change in season, sun protection or rear privacy glass is increasingly popular, coming in second and knocking a heated steering wheel and head-up display each down a spot compared with the end of Q2. Retractable tow-bars have dropped out of the top 10, with prudent customers increasingly eyeing extended warranties.

## Top 10 most-specified features

-  Rear-view camera
-  Privacy / Sun-protection glass
-  Heated steering wheel
-  Head-up display
-  Panoramic sunroof
-  Space-saver spare wheel
-  Heated front seats
-  Contrasting black roof
-  Upgraded audio system
-  Extended warranty



# BIGGEST MONTH EVER IN AUGUST: 77 million views

It was our biggest month ever, with **77m views** and a whopping **189.6m views** in total over the quarter, cementing our position as **world leaders in car content**.

Our [F1 v Rimac v McMurtry drag race](#), has so far been watched over 6.3 million times, our preview of the new [Toyota Land Land Cruiser](#) hit 1.8m watches and our prediction of how the next [BMW M5](#) will look was seen 1.6m times!

## F1 vs World's Fastest Drag Race

6.3m views



Get ready for the most exciting drag race in carwow history! Red Bull RB8 vs Rimac Nevera vs McMurtry Spéirling.

[Watch now on YouTube!](#)

## BMW M5... Well, kind of!

1.6m views



Our in-house team of experts has created video footage of what we think the all-new M5 will look like.

[Watch now on YouTube!](#)



## The power of a YouTube review

YouTube is a powerful source of information and a place of research for our audience.

We want to give realistic impressions of the cars, taking viewers through Mat's experienced opinion, 360 walk-arounds and even deploying the 'stick of truth' to really help customers compare makes and models. Most importantly our YouTube content inspires audiences to take tangible action.

**We see this in our configuration data, which shows that for a newly launched model, a carwow car review can drive a huge up tick in configurations.**

Configurations are one of the leading indicators before enquiry and purchase, and an important metric we track for interest in new sales.

This quarter, Mat took viewers on a tour of the new Tesla Model 3, which resulted in a **75% increase in interest (configurations) for the Model 3**, and inside the new Mazda CX-60 which recorded an increase of **50% in the two weeks following the review.**

He also deep-dived into the **brand new Smart #1**. The media activities with carwow around launch, combined with Mat's review, resulted in thousands of configurations for the new model, with **67% of the configurations** being attributed to the Smart #1 media campaign in collaboration with carwow.

**Tesla Model 3**

**75% increase in configs**



[Watch our Tesla Model 3 YouTube video](#)

**Mazda CX-60**

**50% increase in configs**



[Watch our Mazda CX-60 YouTube video](#)

**Smart #1**

**67% increase in configs**



[Watch our Smart #1 YouTube video](#)

**84%**

of carwow customers use our reviews to help find their next car

# HOT TOPIC

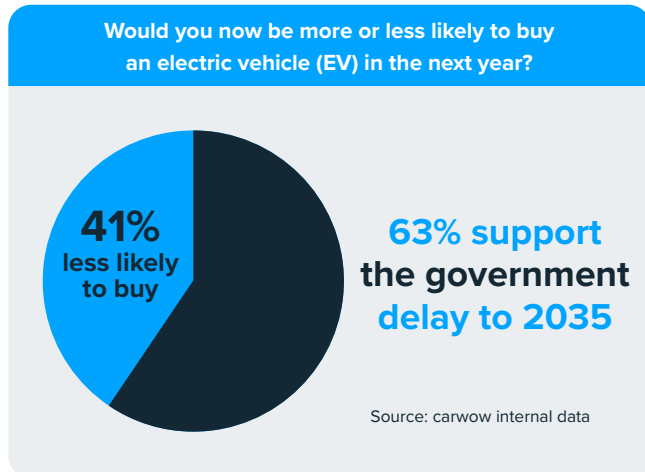
## The industry needs to do more to bridge the chasm to reach EV's 'Early Majority'



**Sepi Arani**  
Commercial Director, carwow UK

In a recent carwow webinar, we explored our latest consumer research into EVs and what, if any, parallels we could take from the world of general tech adoption. Here are the key learnings from that session...

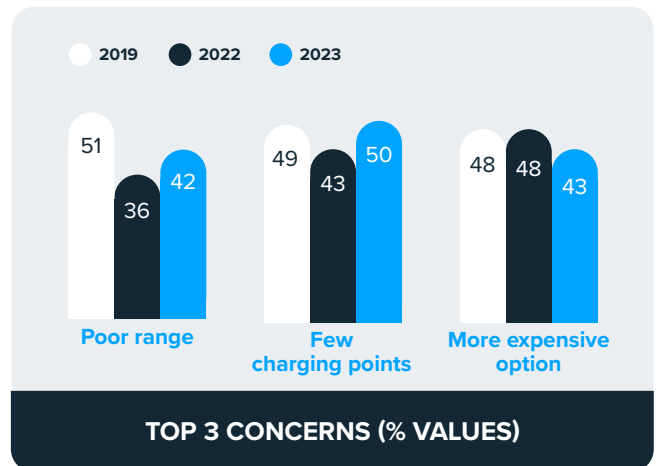
Just as consumer consideration for EVs appeared to be rising in 2023, the government announced the delay to the 2030 ICE ban, creating more uncertainty. Our flash survey immediately after the announcement, found that **41% were now less likely to buy an EV as their next car.**



It's not just government legislation that causes indecision; our customers tell us the **range (42%), perceived lack of EV infrastructure (50%) and price mismatch with ICE vehicles (43%) are still major sticking points for them to make the leap.**

However on a more positive note, **of the early adopters who already drive an EV, 81% said they intend to buy another in the future.**

So, if the products deliver this level of customer satisfaction, why is adoption lagging? Consistently negative press coverage doesn't help the cause, spreading 'FUD' (fear, uncertainty and doubt). But, our research shows that 21% of buyers are what we refer to as 'passive considerers'; those who expect to buy an EV in the future but not for their next car.



This represents a huge opportunity, and increases the onus on us all – OEMs, retailers and marketplaces like carwow – to help bridge the gap between EVs early adopters and the mass market.

### Next wave of EV buyers need proof

Without getting too theoretical for a moment (!) there are social science models that look to explain how, why, and at what rate, new ideas and technology spread in society. I think those models can help give us in the automotive industry some historical context to what we're seeing when it comes to EVs now, and where we might go from here.

If we look at a model called **'Rogers Diffusion of Innovation'** we see that the adoption of EVs so far maps almost identically to this model.

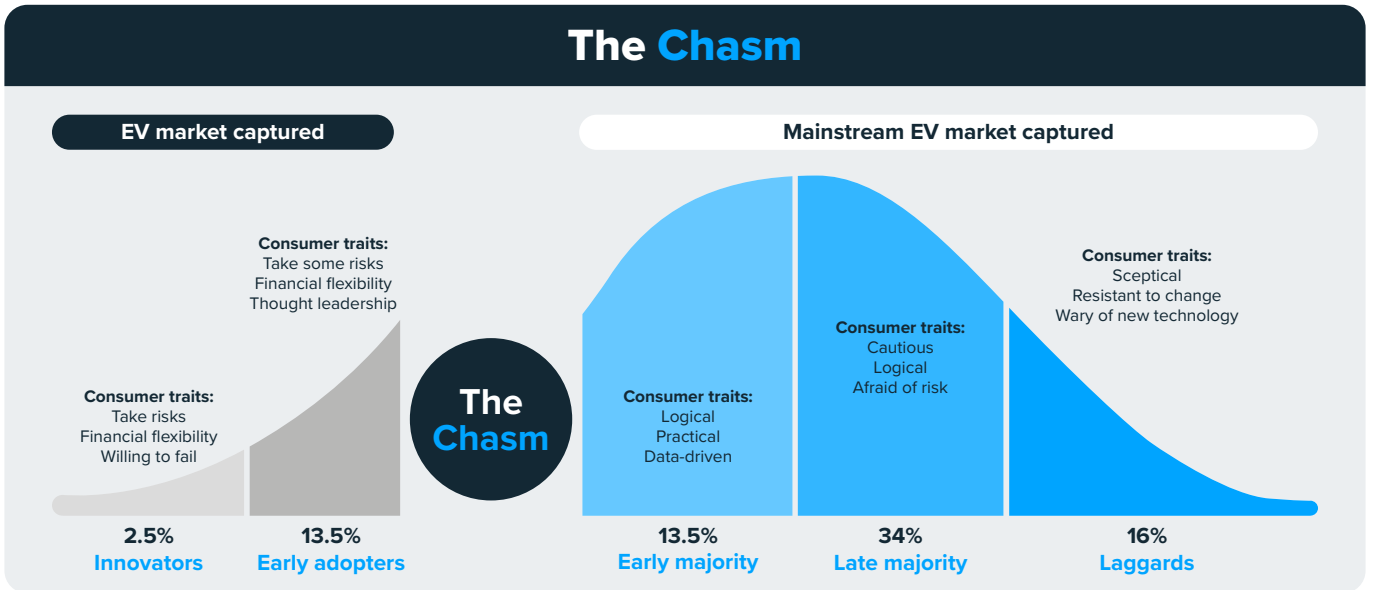
According to this framework, the EV market has successfully secured the commitment of 'Innovators' and 'Early Adopters' – around 16% of the market (in the model).

Now though, we need to actively engage with the next categories of adopters, the 'Early Majority' and 'Late Majority', who together comprise 68% of all potential customers.

These two groups have different attitudinal and behavioural traits. The 'Early Majority' are logical, practical and driven by data when purchasing products, while the 'Late Majority' are also logical, but are also more cautious and risk-averse.

**“Of the early adopters who already drive an EV, 81% said they intend to buy another in the future.”**

# The Chasm



## Building confidence and bridging the chasm

This next, more cautious group of customers is likely to wait for the technology to prove itself. Crucially, they'll invest in what they perceive to be second-generation products they see as more reliable, having ironed out any of the kinks of first gen models. Providing comprehensive external validation - via in-depth reviews and straight-talking comparisons - will be even more important to these groups - to get EVs into the hands of the next wave of buyers.

According to the Rogers model, it's at this point that we will begin the 'Slope of Enlightenment' which catalyses mass adoption. And we can lean into this in how we market EVs.



Bold claims about in-car technology won't be enough to convert the 'Early Majority'; they need to see, hear and experience EVs in real life to appreciate their advantages. For this group, the efficiency and substantial benefits of EVs are more important than the product's perceived popularity. They're pragmatists who ask around and seek external support to guide their decisions, so need a fuller sales experience via extended test drives and honest reviews.

## Holistic experience

The rise of Chinese brands could also help accelerate EV adoption. In carwow Germany, BYD now claims the largest share of leasing enquiries and with the German market operating a year or two ahead of the UK, we might expect to see similar trends emerge here in the near future.

One of the most important ways OEMs and retailers can contribute to the mass adoption of EVs is by selling the whole experience, not just the car. Whether that be around talking to buyers about their lifestyle, home charging set-up, benefits of off-peak tariffs, putting them at ease over public infrastructure and talking to the general ownership experience.

Retailers are in a unique position to engage, guide and reassure, via digital channels and in person. They can also provide practical incentives to entice wavering customers, such as discounts on home charge points or favourable finance and warranty packages that mitigate risk and counter that embedded 'FUD'.

With a more holistic view of EV ownership that addresses 'Majority' audience group concerns with practical, logical evidence, all consumer confidence will grow and sales will naturally follow.

I'd like to thank our external panellists [Kim Costello](#) - CMO & CCO - Pendragon, [Natasha Kizzie](#) - Automotive Industry Head - Google, [Johan Bracht](#) - Analyst - McKinsey, [Abigayle Andre](#) - Creator of She Talks Cars, for sharing their expert insights on our webinar; EVs: looking back to drive forward.

If you'd like to register for future online events, please email us at [webinars@carwow.co.uk](mailto:webinars@carwow.co.uk). The webinar is now available for watching on demand - [click here](#).

## Get in touch

Have any questions, ideas, or just want to catch up with our CEO?  
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