

## BEGGS ON THE USED CAR MARKET

AUGUST 24, 2009

### *Market overview and Wholesale trends...*

HELLO AND WELCOME TO THIS WEEK'S EDITION OF BEGGS ON THE USED CAR MARKET. THANKS FOR TAKING THE TIME TO TUNE IN AS WE LOOK AT SOME OF THE ISSUES AND RESULTS IN THE USED CAR INDUSTRY OVER THE PAST WEEK.

IT CONTINUES TO BE AN ALMOST UNREAL MARKET. THE NEW CAR MARKET, DUE TO SUCCESSES OF THE CASH FOR CLUNKERS PROGRAM, HAS KEPT THE SALES PROFESSIONALS AND F & I MANAGERS WORKING SOME EXTRA LONG HOURS COMPLETING DEALS AND MAKING SURE ALL OF THE PAPERWORK IS COMPLETED PROPERLY. AS THE PROGRAM COMES TO AT LEAST A TEMPORARY END ON MONDAY NIGHT, AUGUST 24 AT 8:00PM, THE RUSH TO TAKE ADVANTAGE OF THE POTENTIAL \$3500 TO \$4500 INCENTIVE CONTINUED THROUGH LAST WEEKEND.

THE FOCUS ON NEW CAR SALES DIDN'T DETER CONSUMERS AND DEALERS FROM BUYING GOOD USED CARS. DUE TO THE LACK OF NEW CAR INVENTORY AND THE CONTINUED FACT THAT USED CARS ARE SMART RETAIL PURCHASES, THE DEMAND FOR NICE LATE MODEL USED INVENTORY CONTINUES. THIS MIGHT HAVE EVEN BEEN EMPHASIZED MORE SO FROM THE CASH FOR CLUNKERS HOPEFULS WHO DID NOT QUALIFY.

EVEN THOUGH THE AVERAGE NUMBER OF DAILY VEHICLE ADJUSTMENTS WAS NOT AS GREAT THIS PAST WEEK, AVERAGING A SOLID 332 DAILY CHANGES, THE DIRECTION OF THESE ADJUSTMENTS WERE MOSTLY ON THE POSITIVE SIDE.

OVERALL THE CLEAN CONDITION ADJUSTMENTS SHOWED 72% OF THE ADJUSTMENTS INCREASING AT AN AVERAGE AMOUNT OF JUST OVER \$193. THOSE THAT WERE ADJUSTED DOWNWARD DROPPED \$182. BUT DUE TO THE VOLUMES THE OVERALL AVERAGE CAME IN A VERY POSITIVE \$88.

LOOKING IN MORE DETAIL THE TREND FOR THE 10 CAR SEGMENTS THAT BLACK BOOK TRACKS SHOWS THE LARGEST WEEK OVER WEEK DIFFERENCE WE HAVE SEEN SINCE THE LAST WEEK IN MARCH. THE AVERAGE DIFFERENCE CAME IN AT AN INCREASE OF \$31, LED BY A STRONG CHANGE IN THE PREMIUM SPORTY CAR SEGMENT.

WITHIN THE TRUCK MARKET, WE SAW MORE STABLE MARKET CHANGES WITH 5 OF THE 14 SEGMENTS SHOWING NO TREND DIFFERENCE, WITH 3 DROPPING – INCLUDING THE LUXURY SUVs, COMPACT CROSSOVERS AND FULL-SIZE CROSSOVERS – WHILE THE TOTAL SEGMENT

AVERAGE WAS STILL A STABLE \$3 INCREASE FROM THE PREVIOUS WEEK FOR THE TOTAL 14 SEGMENTS.

THIS PAST WEEK I HAD THE OPPORTUNITY TO BE A PART OF THE INTERNATIONAL AUTOMOTIVE REMARKETERS ALLIANCE SUMMER ROUNDTABLE. IT WAS A GREAT TIME LISTENING TO THE THOUGHTS OF THE INDUSTRY'S LEADING REMARKETERS, AUCTION PERSONNEL AND EVEN A FEW DEALERS. THERE ARE SOME TREMENDOUS NETWORKING TIMES BUT EVEN MORE IMPORTANT ARE THE EDUCATIONAL OPPORTUNITIES, BOTH STRUCTURED AND DURING THE VARIOUS CONFERENCE COMMITTEE MEETINGS, PRESENTATIONS, PANELS AND CONCURRENT SESSIONS.

THE IARA CERTIFIED AUTOMOTIVE REMARKETER PROGRAM IS A TREMENDOUS EDUCATIONAL TRAINING PROGRAM CONSISTING OF 20 COURSES COVERING ALL PHASES OF THE REMARKETING INDUSTRY. CHECK THIS OUT AT [WWW.IARAONLINE.ORG](http://WWW.IARAONLINE.ORG).

THE LACK OF SUPPLY OF USED INVENTORY CONTINUES TO BE THE DRIVER OF THE STRENGTH IN VALUES AND AUCTION ACTIVITY AND SALES CONVERSION RATES AT THE AUCTIONS. I MENTIONED TO ONE REMARKETER THAT I BET HE WISHED HE HAD MORE UNITS TO SELL WITH THE PRICES BEING SO STRONG. HIS RESPONSE SAID IT ALL. 'NO, IF I HAD MORE, EVERYONE ELSE WOULD HAVE MORE, THE SUPPLY WOULD BE GREATER AND THEN THE PRICES WOULDN'T BE AS STRONG'.

THAT PRETTY MUCH EXPLAINS IT ALL. WE LOOK FORWARD TO SEEING YOU ON THE AUCTION LANES AGAIN THIS WEEK.

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