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MANUFACTURERS SEEKING GREATER PROFIT FROM SMALLER CARS WHILE CONSUMERS GAIN IN VALUE

- **Economic slump and taxation driving consumers to smaller, cheaper cars**
- **Volume-weighted car prices have risen in recent years**
- **Many models now offering buyers greater value for money**

JATO Consult, the consultancy division of JATO Dynamics, the world's leading provider of automotive data, has published a detailed analysis of consumer buying trends and vehicle pricing that suggests a strong shift towards smaller cars.

The JATO report studies a number of social and economic factors and the effect these have had on the new car market, car pricing and buying behaviour in the five largest European car markets – France, Germany, Italy, Spain and the United Kingdom.

The findings suggest a general shift towards smaller cars. This is being driven by consumers wishing to purchase cars at a lower initial price, whilst also taking advantage of lower CO₂, taxation and lower overall running costs such as fuel and maintenance. Further, scrappage incentive schemes introduced across Europe are providing added momentum in the small car market, by reducing transaction prices and improving accessibility.

“Our report comes at an interesting time”, says David Di Girolamo, Head of JATO Consult. “There are so many factors influencing consumer behaviour within the new car market across Europe. Taxation, incentives and European legislation are all effecting model specifications and buying habits, whilst the economic crisis is putting more pressure than ever on both company and household budgets.”

However, JATO is keen to point out that whilst lower priced small cars are winning market share from the larger more expensive segments, buyers who are prepared to downsize are still looking for well specified, fashionable products. Likewise, manufacturers are seeking to maintain profitable margins by selling higher specification cars.

“The likes of MINI and Fiat are the leading examples of how manufacturers can take advantage of market trends. They have both made small, cheaper to run cars into desirable fashion accessories, and consumers are spending considerable sums of money buying high-specification versions”, continues Di Girolamo.

“These cars satisfy the need for consumers to be buying smaller, more economic cars, yet still deliver the manufacturers a healthy profit, which hasn’t always been possible with small cars. Larger cars have historically delivered the greater profit,” he concludes.

BMW is also highlighted by JATO as a manufacturer who has responded admirably to changing market conditions. Significant emissions saving technology introduced across its model range have made its larger premium models more acceptable to a greater number of buyers, whilst the introduction of the 1-series range has opened the brand up to a new group of consumers.

In the value sector, Dacia has won significant new market share by offering honest, no frills value for money at an affordable price point.

Although official list prices have risen in ‘real terms’ since 2003, the JATO report concludes that new cars represent better overall value for money than they did in 2003, by offering more space, better quality, greater safety and higher specifications than ever before.

Example of specification-adjusted 2009 prices vs. equivalent 2003 prices for the same vehicles:

Country	2009 Model & Version	2009 Spec-Adjusted Price	2003 Model & Version	2003 Price	2009 vs. 2003 after VA
Italy	Fiat Panda 1.2 Emotion	€ 11,291.00	Fiat Panda 1.2 Emotion	€ 10,311.00	+9.50%
Italy	Fiat Punto Multijet Dynamic	€ 12,963.00	Fiat Punto 1.9D ELX	€ 13,638.00	-4.95%
Spain	Seat Ibiza 1.9TDi Style	€ 11,531.50	Seat Ibiza 1.9TDi Stella	€ 13,861.00	-16.81%
Spain	Ford Focus 1.8 TDCI Trend	€ 18,062.50	Ford Focus 1.8 TDCI Trend	€ 18,650.00	-3.15%
Germany	Golf 2.0TDI 81KW Trendline	€ 20,894.00	Golf 1.9TDI 74kW Trendline	€ 20,090.00	+4.00%
Germany	Audi A4 2.0TDI Ambition Avant	€ 32,340.00	Audi A4 1.9TDI 96kW 6sp Avant	€ 28,730.00	+12.57%
France	Renault Clio 1.5 DCi 70 Authentique	€ 14,397.50	Renault Clio 1.5 DCi 65 Authentique	€ 12,850.00	+12.04%
France	Peugeot 308 1.6 HDI 90 Confort Pack	€ 20,478.50	Peugeot 307 XS 2.0 HDI 90	€ 19,050.00	+7.50%
Great Britain	Ford Focus 1.6 Zetec	€ 19,507.21	Ford Focus 1.6 Zetec	€ 17,768.90	+9.78%
Great Britain	Vauxhall Corsa 1.2i 16v Club	€ 11,695.47	Vauxhall Corsa 1.2i 16v Club	€ 11,373.55	+2.83%
Average					+3.33%

JATO Consult produces studies on a variety of industry topics, extracts of which are available to download at the [JATO Consult Report Centre](http://www.jato.com). For more information about JATO Consult please visit www.jato.com or email consult@jato.com.

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Editorial note: JATO Dynamics background

JATO was founded in 1984 and provides the world's most timely, accurate and up-to-date information on vehicle specifications and pricing, sales and registrations, news and incentives. The company has representation in over 40 countries, providing unique local market expertise. The JATO client base includes all of the world's volume vehicle manufacturers, giving them the ability to react to short-term market movements, plan for long-term developments and ultimately to meet consumers' needs. JATO's data has also been adapted for consumer use in motoring web portals where customers can see the advantages and disadvantages of a specified model against any other while major leasing companies use JATO data to drive the vehicle quotation process. Visit JATO at www.jato.com

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